

HOUSING GREEN PAPER: HOMES FOR THE FUTURE, MORE AFFORDABLE, MORE SUSTAINABLE

1. INTRODUCTION

- 1.1 The Council is asked to consult on a range of proposals relating to housing supply in England. The proposals are set out in the Government Green Paper: Homes for the Future, More Affordable, More Sustainable.
- 1.2 The Housing Green Paper was published in July 2007 and the full document can be downloaded from the Communities and Local Government website at www.communities.gov.uk.
- 1.3 The key driver behind the Housing Green Paper is the supply of new homes. It confirms housing as one of the highest priorities and sets out new ambitious building targets, increased investment and new ways of identifying and using land for development.
- 1.4 This report will summarise the Green Paper and focus on the implications for the New Forest area and will seek views on how this Council should respond.

2. WHAT ARE THE KEY HOUSING CHALLENGES FOR THE FUTURE?

- 2.1 The demand for homes to buy or rent is growing faster than supply. Significant demographic change, fast-rising house prices and environmental constraints mean that it is vital for Government to develop a strategy towards housing over the years ahead, to ensure that there are more homes, that they are better designed, that they are greener and more affordable.

3. HOW MANY NEW HOMES ARE NEEDED?

- 3.1 The Paper sets an ambitious target of delivering 2 million new homes by 2016 and 3 million new homes by 2020. This will raise the annual house-building target from 200,000 to 240,000 new homes per year. The new homes that will be delivered to 2016 will include the following:
 - 1.6 million homes are already planned in Regional Spatial Strategies (RSS)
 - 650,000 homes in the Growth Areas.
 - 200,000 in a new round of RSS and RSS reviews
 - 100,000 extra homes in 45 towns and cities that make up the 29 Growth Points
 - 5 new eco-towns with the potential to supply 25,000 – 100,000 homes.
- 3.2 The Waterside area of the New Forest District lies with the Partnership of Urban South Hampshire (PUSH) sub-region. PUSH is a designated Growth Point. Currently, PUSH has agreed to deliver 80,000 homes by 2026.

4. MEETING THE RURAL CHALLENGE

- 4.1 Almost 20% of England's population live in rural settlements, with more than 50% of all Local Authorities experiencing the highest house price to income ratio. Outside of the PUSH Area, the remainder of the New Forest District is predominantly rural. The ratio of property prices to local earnings is 11:1. Only 12% of homes in rural areas are social housing for rent, compared to 21% in urban areas.
- 4.2 PPS3 has provided rural planning authorities powers to deliver and address the need and demand for housing in rural areas. The Housing Corporation has been commissioned to lead a feasibility study to consider the case for a new time limited funding programme to help overcome barriers to the provision of affordable housing in rural areas. The results of this study will be of interest to the Council and its partners within the Hampshire Alliance of Rural Affordable Housing (HARAH).
- 4.3 The Paper advises that the Rural Housing Advisory Group is identifying new schemes to increase rural housing supply and finance affordable housing, including seven pilot Community Land Trusts. Community Land Trusts are seen as an innovative way to deliver rural housing and to ensure that low cost housing remains affordable over the long term. This is an issue that affects many rural areas since house price inflation, even on low cost housing schemes is dramatic resulting in many low cost homes being unaffordable to local people.
- 4.4 The Regional Assemblies have been asked to advise on future funding provision for affordable rural housing and recommendation has been made to increase the level of finance available for the South East. A target is to be developed in the Comprehensive Spending Review (CSR07) period for affordable housing in rural areas which is welcomed.

5. HOW WILL GOVERNMENT IMPROVE THE REGIONAL DELIVERY OF HOUSING?

- 5.1 A single strategy will be developed for each region, embracing the current RSS and Regional Economic Strategy. Executive responsibility for preparing the single strategy will lie with the Regional Development Agency.
- 5.2 There will be further consultation on local planning incentives for faster delivery of new homes, including the allocation of a new Housing and Planning Delivery Grant (HPDG). This could have a wider remit for example to reward performance on bringing long term empty homes back into use.
- 5.3 A review of surplus land in Central Government ownership has identified land with the potential for up to 100,000 new homes. In addition, Local Authorities hold surplus land with a potential for a further 60,000 new homes. The review of surplus sites across Government and its agencies will continue to identify and bring forward more land to deliver the new targets for housing. This is not significant for the New Forest district as the Council does not own large land holdings that are considered both surplus and suitable for housing development.

- 5.4 A Community Infrastructure Fund (CIF) will be designed to complement mainstream transport funding, uniquely linking the provision of funding for transport infrastructure to the delivery of housing. This scheme will fund the projects that are vital to unlocking large development sites that might not be prioritised for funding from main programmes.
- 5.5 The review of public sector land and improved co-ordination of the provision of infrastructure by Central Government will primarily benefit authorities who have significant land holdings, or form part of the major Growth Areas or Points.

6. WHAT SORT OF HOUSING NEEDS TO BE SUPPLIED?

- 6.1 The Green Paper sets out the case for increased housing supply and improved housing affordability. But in meeting this challenge it is vital that homes are well designed, high quality, energy efficient and are flexible and responsive to the changing needs of society.
- 6.2 There is a greater emphasis on family housing, especially on social rented homes. The Housing Corporation has adopted a target of a quarter of all social rented homes to be three or more bedrooms.
- 6.3 Housing for an ageing population and growth in households who are over 65 in the South East will be a significant issue. In particular, the New Forest has double the number of over 65s compared with other authorities and is home to 3% of the South East's population in this age group.
- 6.4 The Paper states that increased focus on the implications of an ageing society will lead to more attractive options to downsize for older people currently living in larger homes that are difficult for them to manage. A National Strategy for Housing in an Ageing Society is to be published in Autumn 2007.
- 6.5 However, the Green Paper fails to inform on how the housing needs of older persons will be met. This is an important issue for the New Forest because of pressures to permit development of luxury retirement flats which are attractive to people who wish to migrate into the district. How can we build more manageable and affordable properties to meet the housing needs of local older people?

7. GREENER HOMES

- 7.1 Around a quarter of the UK's carbon emissions arise from how we heat, light and run our homes. The Green Paper has set milestones to achieving zero carbon in new build homes from 2016.
- 7.2 To achieve this, a timetable and process for changing Building Regulations has been set to new standards. A consultation on a mandatory rating for new homes against the Code for Sustainable Homes will be launched. To be eligible for social housing grant all new housing association homes must achieve Code 3 for Sustainable Homes, but there is no requirement for market housing to reach this standard.

- 7.3 These current policies fail to provide a 'level playing field' between the private and public sector, and whilst the higher standards are welcomed, it will nevertheless, have an impact the cost of developing affordable housing.

8. A PLANNING PERSPECTIVE

- 8.1 "The Green Paper emphasises the key role that local authorities have as planning authorities in delivering new housing development. The paper reiterates the importance of the progressing work quickly on the Local Development Frameworks, and in particular on identifying broad locations for housing in core strategies, and site allocations in development plan documents. The use of brownfield land is restated as a national priority.
- 8.2 The importance of maintaining a supply of building land for housing is highlighted. Councils will be required to identify at least 5 years' worth of sites ready for housing and a further 10 years' worth for future development in their plans. The Paper warns that failure to have up to date plans in place, or failure to demonstrate an up to date five year supply of deliverable sites, may result in councils having their planning decisions on applications for housing development overturned on appeal.
- 8.3 Because the Government consider it crucial that authorities maximise the supply of building land in their areas, from 2008 a new 'Housing and Planning Delivery Grant' (HPDG) will be introduced to reward the delivery of both new housing on the ground and the identification of at least 5 years worth of sites ready for housing development."
- 8.4 The national target to develop at least 60% of new homes on brownfield land should not be assumed to apply to individual Districts irrespective of local circumstances. This Council will develop policies within its Core Strategy that will not damage the character of existing towns and villages, and will seek to preserve its green and open spaces.

9. MORE AFFORDABLE HOMES TO BUY OR RENT

- 9.1 The Government recognises the need to provide social housing for those unable to afford or buy a home of their own. The Barker Review of Housing Supply 2004 estimated a newly-arising need of 40,000 new social rented properties per annum.
- 9.2 The Council already recognises this as a significant problem for the New Forest. For the first time, the number of households the Council's Housing Register exceeds the Council's stock in the District. Homelessness continues to rise and there are over 200 households living in temporary accommodation.
- 9.3 Whilst there are a number of reasons why the number of new affordable homes built has slowed, the Green Paper sets out measures to reverse this trend and increase the target to 70,000 new affordable homes each year to be provided by 2011.

9.4 The proposals for delivery are set out in the table below:

Proposal	Delivery
1. Increased investment of £8 billion over the next 3 years	To deliver 70,000 homes a year by 2010-11. 45,000 of those will be for social rent and 25,000 shared ownership or shared equity homes.
2. Increasing Housing Association's contribution	Refinement of the development and investment process. New Regulation to assist Housing Associations to make the most of their existing assets and ability to borrow, freeing up unused 'financial capacity'.
3. Working with the Private Sector	Greater investment, innovation and involvement from the Private Sector, including the development of Private Finance Initiative Schemes.
4 . A renewed role for Local Authorities	Having a direct role in the building of new homes where it provides value for money.

9.5 However, one of the fundamental ingredients to increase the overall housing number is land supply. The Green Paper does not fully address the issues regarding land supply and its contribution to the targets.

10. WHAT ROLE CAN A LOCAL AUTHORITY HAVE IN MEETING THE TARGETS?

10.1 Local Authorities can contribute to improving existing housing and in facilitating the supply of affordable housing through:

- enabling new affordable supply to be built
- influencing the decisions that are made
- having a direct role in the building of new homes where it provides value for money.

10.2 Some Local Authorities will have the opportunity, through a Local Authority Company, to access social housing grant to build new homes. This year the first Arms Length Management Organisations (ALMOs) have qualified for bidding for social housing grant.

10.3 The Green Paper is clear that only where direct housing development by a local authority offers better value for money than other options, will it be supported. However, if councils chose to invest their own money in new homes, councils should be able to keep the income and capital returns generated. Currently, only ALMOs can keep both rental income and capital receipts as their properties are held outside of the HRA. Early reports suggest that the first ALMOs have experienced many hurdles and problems in their endeavour to access social housing grant and develop new homes, indicating that this option is a complicated and laborious process.

- 10.4 The Government also wishes to examine the effect of providing incentives for councils to build within the HRA and the potential to encourage more local investment in housing. The costs and benefits of 'self-financing' and allowing some councils' to in effect leave the HRA subsidy system and retain their rental incomes is not yet known. Further work is needed to establish the affordability of such a scheme to a local authority and the Government. A case for more local control over income and investment decisions has already been strongly made, but there is concern from Government that dismantling the redistributive system of pooling 75% of capital receipts nationally, would risk creating winners and losers.
- 10.5 There are further proposals to review the rules governing the treatment of housing capital receipts, in particular to incentives for local authority shared equity schemes. The Government will consider allowing councils to retain housing capital receipts generated by the disposal of equity shares in local authority dwellings if those receipts are retained for the provision of affordable housing.
- 10.6 The Green Paper states that a group of councils has shown potentially significant benefits by modelling a new approach to leave the HRA subsidy system and retain their rental incomes. Further technical guidance is to be produced for councils. The guidance will cover powers, limitations, risks and risk management, financial, legal and other commercial matters. It will be reported at Cabinet the names of the councils who wish to pilot this model.

11. IMPLEMENTATION

- 11.1 The Green Paper proposes that councils must play a stronger role in addressing the housing needs of residents, but develop their strategic housing role by using the full range of housing and land use planning powers.
- 11.2 Local authorities have already available to them a range of tools, duties, influences, guidance and powers which enable them to work together with other stakeholders, for example through Local Strategic Partnerships or Local Area Agreements.
- 11.3 Another partnership model is known as a 'Local Delivery Vehicle' (LDV). The principle of a LDV is to combine local authority land assets, public funding streams and private finances or enterprise together to improve delivery. A full description of LDV is set out in Appendix 1.
- 11.4 Examples of LDVs are also known as:
- Local Authority Owned Company (ALMOs)
 - Community Land Trusts
 - Local Housing Company
 - Limited Liability Partnership
 - Single Estate Transformation Model
 - Strategic Housing and Regeneration Partnerships
- 11.5 At this present time, the LDV models only provide local authorities the opportunity to secure increases in land and asset values over the long term, because they are outside of the HRA.

12. THE IMPACT OF THE HOUSING GREEN PAPER ON THE NEW FOREST DISTRICT

- 12.1 The impact of targeting investment for new housing and infrastructure to the Growth Areas and Points may re-direct resources away from rural authorities. The long term future of the Council's capital programme is uncertain and dwindling capital receipts will affect the Council's ability to independently invest in affordable housing. Whilst the paper sets out ambitious housing targets and plans for investment, this is unlikely to assist the Council in meeting local housing needs if we are reliant on central or regional funding decisions, other than in the areas which fall within the PUSH Sub Region.
- 12.2 However, the creation of a Rural Housing Advisory Group and commitment to provide some additional funding for rural affordable housing is welcome. As is the opportunity to pilot new initiatives such as Community Land Trusts. It is important that the Council is engaged and involved in exploring these initiatives to ascertain the benefits and opportunities they will create.
- 12.3 This Council has already considered the future of its housing stock by an options appraisal. Therefore, the arrangements to operate outside of the HRA have not been pursued. However, as a local authority who is in a negative subsidy position, the changes to how councils manage the HRA may be an attractive option. The Paper is clear that consultation is sought on this issue and Members may wish to consider their response.
- 12.4 The proposals to develop more sustainable, better designed and energy efficient homes are welcome. The Council must ensure that its planning policies are aligned with PPS3 and the Code for Sustainable Homes. This will be achieved through our Local Development Framework Core Strategy and subsequent Supplementary Planning Documents.

13. FINANCIAL IMPLICATIONS

- 13.1 There are no direct financial implications other than the proposals to changes to the HRA set out in this report at Section 9.

14. EQUALITY AND DIVERSITY IMPLICATIONS

- 14.1 Ensuring new homes are designed so they can address the needs of particular groups, such as children or older people will ensure that new housing is inclusive.

15. ENVIRONMENTAL IMPLICATIONS

- 15.1 The proposals to build greener, more energy efficient homes will lead to more affordable warmth and a reduction in carbon emissions. However, the government milestone to achieving zero carbon in new build homes from 2016 will be challenging.

16. CRIME AND DISORDER IMPLICATIONS

- 16.1 Well designed housing can contribute to fight against crime and create places where people wish to live and work.

17. PORTFOLIO HOLDERS COMMENTS

- 17.1 The Housing Portfolio Holder welcomes the opportunity to debate the key issues contained in this report and to submit to the Government the agreed response.

18. TENANTS CONSULTATIVE GROUP COMMENTS

- 18.1 A meeting with the TCG will be held on 2nd October to consider this report. Comments will be reported at Cabinet.

19. HOUSING REVIEW PANEL COMMENTS

- 19.1 The Panel considered the proposals set out in the Government Green Paper: Homes for the Future, More Affordable, More Sustainable.
- 19.2 Members discussed the summary of consultation questions and suggested responses and were largely in agreement. However, several comments arose regarding the content of the responses including: -
- 19.3 The Panel felt strongly that private sector housing should be required to meet the same sustainability building standards as public sector housing and that the Government should create a level playing field with appropriate legislation.
- 19.4 Some members of the Panel felt that the word 'particularly' should be deleted from the response at 19.4 in order to strengthen the tone of the response.
- 19.5 The Panel felt that the question at 19.5 was too onerous and as a result the response was 'too woolly'. The Council would not be able to give a full and proper response until the 'proposals' were more clearly defined.
- 19.6 The Panel felt that whilst the models set out in 19.6 were good examples of partnership working in principle, evidence of this would not be seen in practice, unless there was more investment and funding in schemes such as ALMOS
- 19.7 The Panel felt that whilst it was too early at this stage for the Council to enter into any PFI agreements, that the Council should actively get involved and research other local authority schemes. They agreed that the Cabinet be recommended to agree the contents of the Housing Green Paper and suggested responses set out in Report C to the Panel, taking into account the comments mentioned above.

20. SUMMARY OF CONSULTATION QUESTIONS AND SUGGESTED RESPONSES

- 20.1 Views are sought on the range of ideas and proposals within the Green Paper. However, the Government is seeking views on the following questions:

- 20.2 Are there any additional tools and mechanisms needed to deliver the design policies which will achieve the up-lift in quality and inclusive design?

Ensure that all built development is constructed to standards set out in the Code of Sustainable Homes and that market housing achieves the same standards that public sector housing is required to reach..

Introduction of minimum space standards and design measurement systems that can be set to meet local standards. Building extra space in social rented stock, where bedroom size is rationed and child density is highest.

Support by the Planning Inspectorate for Local Development Frameworks that embrace the principles of good design, inclusive homes and green space.

- 20.3 Should there be further work to explore and evaluate quality assurance approaches to design?

Yes, but quality assurance should be set and measured locally.

- 20.4 Should council retain the full rental income from, and capital receipts on disposal of, additional new properties financed from local resources?

Yes, if local authority land or assets are used to subsidise the provision of new affordable homes. This is particularly relevant if land is gifted for shared ownership or shared equity housing as the capital uplift on first and subsequent sales is currently captured by the housing association provider and lost to the council.

- 20.5 What are views on the proposals to change the pooling regime for receipts from shared equity schemes that local authorities develop?

This would be welcome.

- 20.6 What are the strengths of the models of delivering new supply (for example ALMOS or Community Land Trusts)?

The models are good examples of partnerships which can ensure greater strategic planning development focus for local or wider areas. These examples will share and spread development and regeneration risks, provide access to private finance, increase delivery and supply.

- 20.7 Are there other models that could effectively secure the outcomes sought?

There are examples of other Private Finance Initiatives that are currently under development. Officers from the Council are monitoring the outcome of these models.

21. RECOMMENDATIONS

- 21.1 Members are asked to consider their response to the Housing Green Paper and to endorse, where agreed, Officers and Members comments.

21.2 That the Council's response to be submitted to Communities and Local Government no later than 15th October 2007.

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Background Papers:

Housing Green Paper:
Homes for the Future,
More Affordable, More
Sustainable

CABINET REPORT: HOUSING GREEN PAPER

What is a Local Authority-Owned Company and its role in delivering additional housing?

A wholly-owned local authority company could build and own new affordable housing. Councils looking at this model have focused on delivery of additional social rented or shared ownership housing using land held in the Housing Revenue Account (HRA) to support the development. Where LAs have Arms Length Management Organisations (ALMO) these could fulfil the same role.

What are Community Land Trusts?

A Community Land Trust (CLT) is an independent non-profit trust which owns or controls land and housing in perpetuity for the benefit of the community. A wide range of corporate structures are possible including housing association models. CLTs already operate in some areas.

Following seminars earlier this year, Salford University and the Housing Corporation have chosen 7 rural and 7 urban CLT pilots, based on their likelihood of success. The pilot CLTs will receive technical support and guidance from the University and the Corporation to help them get up and running. The Housing Corporation will be inviting bids for financial support later in the year from CLTs as part of its National Affordable Housing Programme.

What is a Local Housing Company?

Joint venture Local Housing Companies could act as the master developer for new communities within an area, working in partnerships with builders and funders. Local Housing Companies would develop new homes and meet specific needs such as affordable and family housing. Chapter 3 sets out our proposals to support local authorities to establish Local Housing Companies.

What is a Limited Liability Partnership?

A Limited liability partnership (LLP) is a form of legal structure which could be established between housing associations and private developers for the purpose of developing and providing new housing supply: market sale, low cost home-ownership/equity share and social rented housing. There is potential for local authority involvement in LLPs as partners with a view to the development of local authority land.

What are single estate transformation models?

The purpose of an estate transformation venture would be the creation of a sustainable mixed community. This would be likely to involve selective demolition; provision of new housing supply for home-ownership, market sale and low-cost home ownership; social rented and possibly council housing. Provision of new local infrastructure would also be likely, such as a community centre, health centre, recreational facilities and open space.

What are Strategic Housing and Regeneration Partnerships?

A flexible Public Private Partnership joint venture vehicle could focus on housing and regeneration. This could also deliver PFI funded housing development. Such partnerships would provide all types of new housing, and attract wider social infrastructure investment together with the physical, social and economic regeneration of an estate or wider local authority area.