

2017 Housing White Paper:

This is It, or But Really, is This It?

NO GAME CHANGERS

Introduced as 'a bold, radical vision for housing in this country', the Housing White Paper 'Fixing our broken housing market' was published earlier today. Whilst its heart is undoubtedly in the right place, the Paper fails to announce any concrete, game-changing new policies. It does though acknowledge that home owning is not the only game in town and the degree to which Housing Associations are clearly being seen as part of the solution is to be welcomed.

The challenge facing the country as regards housing supply and affordability does not need repeating here. The Paper's response to that challenge spans 4 broad areas:

- planning for the right homes in the right places;
- building homes faster;
- achieving greater diversity in those who deliver homes; and
- helping people now (acknowledging that the first 3 policy areas will take time to fully deliver).

PLANNING

The Government is clearly upset that many Local Planning Authorities are not adequately addressing the production of their statutory plans – a key element of the planning process. Only a third have adopted a plan since the National Planning Policy Framework was published in March 2012. The process is seen as slow, expensive and bureaucratic. It's difficult to argue with that one. In response the Government:

- is already legislating through the Neighbourhood Planning Bill to put beyond doubt the requirement for all areas to be covered by a plan;
- says that it will 'intervene' to ensure that plans are put in place (by exercising powers being acquired via the NPB);
- will make regulations to ensure that all plans are reviewed at least every 5 years;
- will facilitate a number of other tweaks to the plan making process – from how LPAs consult each other on cross boundary planning issues, to improving the use of digital tools in the process;
- feels that the approach to identifying housing need in the current plan making process is flawed. So it intends to introduce a standardised approach to making that assessment. It hasn't yet decided what that approach will be – it will consult on that. The implication of the White Paper is that LPA's will be encouraged/ incentivised/ cajoled into using that approach once settled on, but not necessarily forced to use it.

Land ownership transparency

Lack of transparency of land ownership is seen as preventing land coming forward for development. This is despite the fact that we have one of the most comprehensive and open Land Registries in the world. So the Paper includes some quite technical suggestions to make it more comprehensive and more transparent – opening up, for example, the possibility that option contracts will need to be registered at the Land Registry and be visible to all.

National Planning Policy Framework

A significant number of amendments to the current National Planning Policy Framework are expected. These include:

- ensuring that LPAs have a clear strategy to maximise the use of suitable land;
- imposing on LPAs a duty to ensure that their plans demonstrate that there is sufficient available land which will receive planning to meet the identified housing demand;
- increasing the weighting to be attached to use of brownfield sites;
- restricting low, and promoting high, density development (where appropriate);
- calling for a proactive Build to Rent policy; and
- sites to deliver 10% affordable home ownership units (but with flexibility as to product type).

As trailed at the weekend, the Paper clarifies that the Green Belt is to remain protected.

Little & large

The Government feels that small sites are being overlooked. This means that developable land is ignored, whilst also forcing smaller developers out of the picture. So LPAs will be expected to support planning for smaller sites and to work with larger landowners to encourage the subdivision of development opportunities.

But it's not all about small ad hoc developments. The Government is to legislate to allow locally accountable New Town Development Corporations.

Neighbours

The Government will seek to ensure that neighbourhoods have the opportunity to be more involved in the development process. It argues that if local people have the right to be more involved, they will be less wary of new development. Initiatives and changes will include:

- further funding to neighbourhood planning groups;
- increasing the importance of design expectations within both local and neighbourhood plans, so that design is something that is fully consulted on rather than being left as a discussion between the planners and the developer. Considering that what is and isn't a good design is often a topic for heated discussion between married couples (let alone a whole neighbourhood), this will be interesting.

FASTER

It is a clear Government view that we need measures to make the process from planning through to practical completion run more quickly. Such measures include:

Fees

Good News: the Government intends to ensure that LPAs have more resources to help reduce the length of time it takes to secure planning.

Bad News: the solution is to increase the planning fees that LPAs can charge. These will definitely go up by 20% from July 2017. The Government is considering allowing a further 20% raise for LPAs that are 'delivering the homes their communities need'.

Conditions and contributions

A fact often overlooked is that, for complex applications, getting a dated planning permission is often the end of the beginning rather than the end of the end. Pages of conditions which need to be discharged are the norm.

The Neighbourhood Planning Bill will therefore include provisions enabling the Secretary of State to prohibit conditions that do not meet national policy tests and to ensure that pre-commencement conditions are only used if the applicant agrees.

The introduction of the Community Infrastructure Levy has gone some way in simplifying the calculation and negotiation of developer contributions. But not, the Government believes, far enough. It will examine options to reform this area with an announcement in the Autumn Budget 2017.

Skills

There are various relatively warm but fuzzy words on increasing the supply of skilled labour, with an acknowledgement that BREXIT has given rise to 'concerns' in this area.

Name and shame and refuse and encourage

Subject to consultation, the Government proposes to require larger house builders to publish information on build out rates.

There is a suggestion that, in limited situations, planners may be required to look at a developer's track record of delivery when deciding whether or not to grant them planning.

Usually, planning permissions will currently lapse if works are not commenced within 3 years of grant. The Government is considering reducing that to 2 years. It is also looking at beefing up the rules that enable an LPA to bring a planning permission to an end if a developer is not 'getting on with it'.

Testing times

The Government will be monitoring to what degree the housing demand identified in the statutory local plan is being

met. Failure to build enough homes may result in (i) the local authority having to produce a further action plan; (ii) the LPA having to plan for even more homes; and (iii) there being a presumption in favour of sustainable development (regardless of what the plan says), thus taking an element of control away from the LPA.

DIVERSITY

The Government very clearly acknowledges in the Paper that to meet its ambitious targets a number of players will need to step up.

Although large traditional house builders will have to play their part, the Government clearly feels that there is an over reliance on them.

The good news, for Housing Associations, is that it is clear that they are back as being seen as key players in achieving the delivery targets. Although the Paper doesn't include many initiatives to help them, the clear implication is that there will be less unpleasant surprises (such as rent reductions) in the coming years. The Paper confirms that the 1% rent reduction will be with us to 2020, with consultation to take place on what follows.

The Social Housing Regulator will become a standalone body (separate from the HCA) and the HCA will become Homes England with the purpose of 'making a home within the reach of everyone'.

There are a number of more minor proposals that are intended to encourage small scale development, self-build and methods of modern construction (remember them?). Whilst these are to be welcomed, we doubt that they will lead to any fundamental changes in the market.

NOW

The Government sensibly acknowledges that the above will not suddenly solve the housing crisis. It's a crisis that is decades in the making and it will take decades to resolve. The last few pages of the Paper, therefore, look at what the Government is doing to support those looking for a home now. These include:

- a new Lifetime ISA to help people save for a deposit;
- Help to Buy to continue to 2021 (with a commitment to work with the sector on what will happen post 2021);
- continued commitment to starter homes; and
- a commitment to continue with Housing Association Right to Buy.

AND FINALLY

Agents under the spotlight: Legislation is to be brought forward to ban letting fees charged to tenants.

Ground rents: the Government will consult on a range of measures to tackle 'unfair and unreasonable abuses of leasehold'. This is, amongst other things, likely to look at restricting those ground rents with short review periods and the potential to increase significantly.

Older people: the Government will introduce a statutory duty for the Secretary of State to issue guidance on how local authorities should meet the housing needs of older and disabled people. This gives the impression that the Government has sidestepped the issue of under occupancy of large family homes by 'the older generations'.

IN CONCLUSION

That the housing market is broken is not in debate. Whether, however, the White Paper amounts to a bold and radical vision to fix it, is. Our view is that, as far as it goes, the Paper is positive. It recognises that home ownership is not the only game in town. It recognises that large and small private developers, Housing Associations and local authorities all have a part to play in increasing supply. And it paves the way for a number of sensible initiatives of varying size. But the Government will need to roll its sleeves up further if it is to prove ground breaking in the literal sense.



Neil Toner

Partner
020 7065 1823
neil.toner@devonshires.co.uk



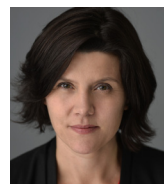
Paul Buckland

Partner
020 7880 4346
paul.buckland@devonshires.co.uk



Triya Maicha

Partner
020 7065 1805
triya.maicha@devonshires.co.uk



Donna McCarthy

Partner
020 7880 4349
donna.mccarthy@devonshires.co.uk

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