About CIH

Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals and their organisations with the advice, support and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world.

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Chartered Institute Housing response

Summary of our views about the housing white paper and the government’s position on housing in general

Our country currently faces a crisis of housing supply and affordability. The white paper’s focus on measures to increase supply is therefore most welcome, as is the recognition that new homes must be built for a variety of tenures including both homes to buy and to rent. However we consider that there are a number of areas where government policy must go even further if we are to fully address our housing crisis. We encourage government to prioritise the following:

1. Develop a long-term plan to increase housing supply overall, and the supply of affordable homes specifically

Experts estimate that we need to build around 250,000 homes in England alone to keep pace with our growing population. However in 2016 just 140,660 were completed. This is not a short-term issue, we have failed to build the number of homes we need for the last 20 to 30 years. It’s a long-term challenge that needs a long-term plan. We would therefore encourage government to seek cross-party consensus around a long-term strategy to build the homes that we need over the next 20 to 30 years.

CIH also believes that a broad range of options are needed to cater for households on different incomes and that ensuring that a substantial proportion of new housing is genuinely affordable for those on average and lower incomes should be a central aim of this strategy. Currently, the high cost of housing is a real barrier for too many people searching for somewhere to live. For example:

- the ratio of median house prices to median earnings is 7.6, rising to 14.8 in London and 10.9 in the wider South East
- the latest Halifax survey notes that the average deposit paid is now over £32,000 across the UK and £100,000 in London. Shelter estimates that it would now take a childless couple 6.5 years to save for a 20 per cent deposit, rising to 13.5 years in London. For a couple with one child, these figures rise to 12 and 26 years
- our analysis shows that median monthly private rents are on average 35 per cent of median monthly net incomes across England as a whole, rising to 68 per cent in London and 43 per cent in the South East.

However in 2015/16 just 32,000 new affordable homes were completed in England, the lowest number for 25 years. Although changes set out in the white paper go some way towards beginning to address this, it is still the case that government spending on housing remains skewed too heavily towards promoting home ownership. In total, government will invest £51 billion in housing before 2021, but just 16 per cent of this is intended to directly support the construction of new affordable homes to rent.

Furthermore just 6,000 of these new affordable homes were for let at social rents and we remain concerned about the ongoing decline of this tenure. We estimate that through a combination of right to buy sales, conversion of existing units to affordable rent and demolitions by 2020 there will be almost 250,000 fewer homes for social rent than there were in 2012. We therefore consider that government still needs to further rebalance its priorities to invest in new affordable homes, and that this should include a return to funding new homes for social rent. Although building for social rent
requires higher levels of government grant to be invested up front, it is clear that this brings long-
term savings through cheaper rents, leading to savings in housing benefit.

2. Develop a comprehensive strategy to reduce homelessness

Government statistics clearly show that homelessness is rising in all its forms. For example 2015/16
saw a six per cent increase in the number of homelessness acceptances to 57,730, a figure which has
now increased by 40 per cent since the last low in 2009/10 (40,020). Further at the end of December
2016, 75,470 households were in temporary accommodation, including 118,960 children, and this
figure is 50 per cent higher than in 2010.

We support the Homelessness Reduction Act 2017 which is a good first step to tackling this problem.
However we also know that legislation alone is not enough and will not deliver its intended aims on
its own. History tells us that we can reduce or even eliminate homelessness but that this requires a
co-ordinated approach. That means government giving local authorities the resources that they
need to implement their new duties as well as providing funding for new affordable homes to rent
and a concerted effort across the housing sector.

3. Better join up of housing and welfare policy

We remain seriously concerned that government policy on housing and welfare is not sufficiently
joined up.

Even cheaper social housing is increasingly becoming inaccessible for people affected by welfare
cuts which include the bedroom tax, the reduced benefit cap and, from April 2019, the local housing
allowance (LHA) cap. We expect that for single people under 35 in particular, the extension of LHA
will cause a real problem. 84 per cent of stock retaining councils currently have rents exceeding the
shared accommodation rate for a one bedroom flat. With regards to the reduced benefit cap, we
expect 60 per cent of those affected to be social tenants and, even in local authority housing, a
couple with three children will typically face a shortfall of more than £25 per week in almost every
local authority area.

There is a danger that these changes will leave some households unable to find anywhere to live
which will completely undermine the aims of the Homelessness Reduction Act.

We are also most concerned about the future of supported housing in the wake of the decision to
review the way in which it is funded. This has caused a great deal of uncertainty and we are aware
that many organisations have delayed decisions to invest in much needed new homes while others
are considering withdrawing from provision altogether. It is vital that the replacement funding
model adequately meets new and future need as, if we don’t get this right, we risk placing added
burdens on already stretched health and social care services.

We therefore urge government to consider housing and welfare policy together to comprehensively
address the housing crisis.
Chartered Institute Housing response

CIH views on other measures included in the white paper but not specifically referred to in the consultation questions

There are a number of measures referred to in the housing white paper which are not the subject of specific consultation questions but which, given their importance in ensuring that we are able to build new homes in the volumes required, we would like to take this opportunity to address.

Enabling local authorities to build

We strongly support the proposal to enable more local councils to build by allowing them to enter into bespoke deals with government to do so. In 2017 local authorities completed just 2,000 new homes. However if as a country we are to build in anything like the numbers required to meet need, we will need local authorities to play a much bigger role than this.

Our previous research with CIPFA shows that since local authority self financing was introduced, subsequent policy changes, most notably the introduction of the one per cent p/a rent reduction, have reduced councils’ capacity to build over the next 30 years from 500,000 new homes to just 45,000. Many are also constrained by a lack of borrowing headroom and whilst we understand that government is not minded to raise borrowing caps across the board at this time, we consider that allowing individual councils to enter into deals which both exempt them from further rent reductions and allow them to borrow more (where needed) would deliver more homes. We believe that this could be delivered without an overall increase in local authority borrowing.

In a recent survey of our member opinion panel (a group of around 500 CIH members who comment on policy issues) 77 per cent also agreed that allowing councils to enter into bespoke deals would help to diversify the housebuilding market, reducing our reliance on a small number of volume house builders.

Developing a revised rent framework for social housing

We support the proposal to set out a clear rent policy for social landlords from 2020–89 per cent of our member opinion panel respondents agreed that this would help to diversify the house building market.

We consider that the overall priority for any new settlement should be to maximise the delivery of new homes, including homes that people on low incomes and those who need help in meeting their housing costs can afford. To support this we need a rent framework which will provide the certainty that local authorities, housing associations and arms length management organisations need to play a full part in delivery and access the borrowing they need to do so.

Establishing a rolling framework of seven to 10 years on a contractual basis and renewed periodically (say every three to five years) would provide a balance of flexibility and certainty while avoiding the ‘cliff edge’ presented by a harder, fixed term approach.

The new settlement will also need to give careful consideration to the mechanism by which rents are updated on an annual basis. The previous rent framework set yearly rent increases at CPI+1 per cent. This might represent a useful starting point for discussions about a new rent framework. CIH
recognises that the challenge here is to balance future development capacity with affordability for the households living in new and existing homes and also to manage the impact on the welfare bill. This is a complex set of relationships and requires careful modelling and assessment of options.

There is also scope for learning from the Welsh Government’s approach to rent policy under which landlords are given total rent envelopes for their stock within which they have flexibility to vary rents depending on local circumstances. This offers a degree of freedom alongside overall financial control. Although few have taken full advantage of this, it is a model that could be replicated in England.

This is a critically important policy area, not least because landlords and investors’ confidence in the rent framework was badly impacted by the decision to abandon the previous rent framework agreement less than 18 months after its inception. A key challenge for any new rent framework will be to rebuild that confidence and trust so that landlords and investors feel able to plan and invest for the longer term.

**Encouraging social lettings agencies**

There is strong evidence to support the view that social lettings agencies can help provide solutions for people who have become homeless or are at risk of homelessness. The social lettings agency approach can enable access to good quality, affordable rented housing for households unable to access the private rented sector, whether that is because local market rents are unaffordable for them or because landlords perceive them as high risk.

The growing gap between LHA entitlement and actual private market rents means that recipients of LHA are being limited to a decreasing proportion of the market – the bottom five to 10 per cent in many areas, according to our analysis. Use of private rented housing to prevent homelessness in England has dropped by 30 per cent since 2009/10 and its use to discharge full statutory homelessness duties accounted for just four per cent of all cases in 2015/16. In addition, loss of tenancy in the private rented sector remains the single biggest cause of homelessness accounting for 32 per cent of total acceptances according to the latest published data, an increase of 20 per cent on the 2009/10 figures.

The Homelessness Reduction Act 2017, will place new duties on councils to take ‘reasonable steps’ to either prevent someone from becoming homeless, or to help them secure accommodation if homelessness cannot be avoided. Access to the private rented sector will no doubt be expected to feature significantly in local efforts to meet these new obligations but research by Crisis and the Joseph Rowntree Foundation found that half of councils across England currently find it ‘very difficult’ to assist applicants into privately rented accommodation.

We think that government support for the development of social lettings agencies or similar approaches can help open up the private rented sector for many more low income households who would otherwise require some form of statutory assistance to resolve their housing needs.
Answers to specific consultation questions

Q3. Do you agree with the proposals to:

a) amend national policy so that local planning authorities are expected to have clear policies for addressing the housing requirements of groups with particular needs, such as older and disabled people?

We agree with this proposal. CIH has long argued that robust planning for greater numbers of accessible and adaptable mainstream housing, and more specialist housing, is necessary as we experience a significant increase in the ageing of the population.

Government figures show that by 2039, total household numbers are set to increase from 22.7 million to 28 million, and 74 per cent of that increase will be households headed by those 65 and over (a projected increase of 155,000 a year, whilst those headed by someone over 85 will increase by 53,000 a year). There will also be a significant increase in the number of single person households which will make up one-third of all household growth, and 62 per cent of that growth (43,000 households a year) will be those aged 65 and over. It is therefore a strategic imperative to include housing that is suitable for those ageing households in the overall development of new homes.

Given that this increased longevity is not yet matched by a corresponding increase in healthy life expectancy (for example although at 65 a man may expect to live a further 18.8 years, 8.2 years will not be in good health), the housing we build needs to be adaptable to support safe independent living for as long as possible. This would contribute to other public sector priorities such as addressing the increased demand for costly health and social care interventions.

However, there is already a significant undersupply of appropriate homes. Habinteg have identified that whilst there are 11.6 million disabled people (of all ages) in England, only six per cent of homes have basic accessibility features. In respect of specialist housing models, Savills have estimated a requirement for 725,000 housing with care units by 2025 to meet the needs of our ageing population (across the UK). Jones Lang LaSalle estimated a minimum of 11,000 housing with care homes are necessary simply to keep pace with the projected annual increase of over 65s of two per cent per year.

So a fundamental challenge for people seeking to move to more appropriate and suitable housing is the lack of availability of that provision and housing options generally, in the areas where they want to live. Currently the under supply of specialist housing and smaller, more adaptable mainstream housing means that people often ‘stay put’ because there is nothing into which they want to move.

CIH welcomes recent measures to address this issue, for example the statutory duty, to be introduced in the Neighbourhood Planning Bill, for the Secretary of State to set guidance on how local planning authorities should meet the housing needs of older and disabled people in their local plans, and policies to use Optional Building Regulations to increase the supply of accessible homes.

Housing strategies and local plans should bring together the housing needs requirements with other needs assessments, such as joint strategic needs assessments and strategies, so that planning for housing contributes to the health and wellbeing of those communities with suitable housing
developments – providing a range of size, type, tenure and price of homes, including more with higher accessibility standards.

We need to recognise, however, that even with a significant increase in the development of new housing many people will choose or need to remain in existing homes, so new development must be accompanied by ongoing investment in support to people to adapt the homes that they live in, as and when needs arise. For that reason we acknowledge and welcome government’s ongoing investment in disabled facilities grants within the Better Care Fund, (BCF) and would urge that this is maintained beyond the BCF.

Finally, we remain very concerned about the future of supported housing. We are aware that the current uncertainty has caused many organisations to delay decisions to invest in much needed supported housing. To resolve this adequately, we are clear that:

• any new funding framework must reflect the actual costs of supporting some of society’s most vulnerable people
• as both demand and costs are likely to increase in the future, the funding framework must be flexible enough to respond to this
• there are substantial regional variations (for example, LHA caps have a bigger impact in low cost areas) which must be taken into account when designing a new approach to funding
• the impact of any new arrangement on short-term, emergency accommodation needs special consideration.

b) from early 2018, use a standardised approach to assessing housing requirements as the baseline for five year housing supply calculations and monitoring housing delivery, in the absence of an up-to-date plan?

CIH supports the development of a standardised approach to assessing housing requirements. In a recent survey of our member opinion panel 83 per cent of respondents agreed that this would help to ensure that we are planning for the right numbers of homes in the right places.

We consider that any approach to assessing housing requirements should include an analysis of the need for affordable housing specifically, taking into account local earnings, the required tenure mix and the need for supported, specialist and older people’s housing. The approach should also reflect the data and evidence at a sufficiently detailed level to pick up on rural housing need that can frequently be lost in existing approaches.

More generally, the detail of the approach will be critical and it is important that this is developed with the involvement of local authority housing strategists and planners. We suggest that government establishes an industry wide consultation panel to develop a suitable approach, which CIH would be keen to participate in. However we consider that the proposed April 2018 date for implementation may not allow enough time for this group to develop a sufficiently robust methodology.

We agree that in exceptional circumstance local authorities should be able to develop their own approaches. However where councils decide not to make use of the standard methodology it will be essential that they are able to justify why an alternative approach is necessary and to demonstrate that the approach taken is equally robust.
Q4. Do you agree with the proposals to amend the presumption in favour of sustainable development?

We are broadly supportive of the presumption in favour of sustainable development. However the current definition of sustainability set out in the NPPF is quite limited and we consider that this should be reviewed. We would like to see local authorities considering environmental sustainability in a wider sense. This would take into account, for example, issues such as whether developments will be energy efficient and whether they will make efficient use of transport links.

Q7. Do you agree that national policy should be amended to encourage local planning authorities to consider the social and economic benefits of estate regeneration when preparing their plans and in decisions on applications, and use their planning powers to help deliver estate regeneration to a high standard?

We support this as CIH has previously argued that housing-led regeneration delivers a good return on investment, and that increased regeneration activity could deliver a net increase in the overall number of homes.

For example previous research carried out by the Centre for Regional Economic and Social Research (CRESR) suggests that for every pound invested in making improvements to existing housing stock there are wider economic and social benefits worth £1.30. For acquisition, demolition and new build housing this increases slightly to £1.37 and for new build housing to £1.70.

Our recent research, also published with CRESR and Poplar HARCA, highlights a number of examples of successful housing-led regeneration schemes. Many of these are delivering a net increase in new homes, some by redeveloping existing estates to higher densities and others by bringing brownfield land not previously used for housing into use. While ‘densification’ is not possible or desirable on every site, we consider that an increase in this kind of activity would contribute to the government’s aim to build one million new homes by 2020.

In addition to any change to planning policy, government could also increase the amount of financial support which is currently available to help kick-start regeneration schemes. We consider that the £140 million of loan funding already made available, although welcome, is not sufficient to deliver change on the scale that government envisages (the regeneration of 100 estates). In addition organisations will also need to be able to access some grant funding in order to make schemes stack up in lower cost areas.

Q8. Do you agree with the proposals to amend the NPPF to:

a) highlight the opportunities that neighbourhood plans present for identifying and allocating small sites that are suitable for housing?

b) encourage local planning authorities to identify opportunities for villages to thrive, especially where this would support services and help meet the authority’s housing needs?

c) give stronger support for ‘rural exception’ sites – to make clear that these should be considered positively where they can contribute to meeting identified local housing needs,
even if this relies on an element of general market housing to ensure that homes are genuinely affordable for local people?
d) make clear that on top of the allowance made for windfall sites, at least 10% of sites allocated for residential development in local plans should be sites of half a hectare or less?
e) expect local planning authorities to work with developers to encourage the sub-division of large sites?
f) encourage greater use of Local Development Orders and area-wide design codes so that small sites may be brought forward for development more quickly?.

We support these proposals. It is vital that local authorities are able to meet housing need through solutions tailored to meet their local context including the appropriate mix of affordable housing tenures.

In particular we welcome the recognition that small sites of less than 10 units, and under 0.5 hectares play a vital role in supporting villages, and the proposal to strengthen support for rural exception sites. However, as we have commented below (Q32b), this welcome approach risks being undermined if local planning authorities remain unable to require sites of 10 or less to provide some affordable housing contribution either directly on site or through a commuted sum.

Q12. Do you agree with the proposals to amend the NPPF to:

e) recognise the value of using a widely accepted design standard, such as building for life, in shaping and assessing basic design principles – and make clear that this should be reflected in plans and given weight in the planning process?

We are clear that the drive to build new homes in much greater numbers cannot be achieved at the expense of the quality of those homes. We would therefore like to see a stronger role for government in setting minimum standards.

The building for life standard is useful but remains limited in scope as it only covers the general environment around the home. It does not touch on other crucial issues such as space standards, accessibility (for example whether a property meets the wheelchair standard or lifetime homes standard), energy efficiency or security.

New homes built in England are on average among the smallest in Europe and we are particularly concerned that (as set out in our answer to question three) there is a severe shortage of homes that are suitable for an ageing population. It is likely that, for example, this will lead to increased numbers of people living with mobility problems, and many of these will need more space to manoeuvre than the average new build home currently allows for.

We are also concerned that government has abandoned the requirement for new homes to be zero carbon, which would have contributed towards meeting our legally binding carbon targets as well as reducing costs for residents. We would therefore welcome a more general government review of building standards, in both the market and affordable housing sectors, to build on and strengthen the work done under the previous housing standards review.
Q13. Do you agree with the proposals to amend national policy to make clear that plans and individual development proposals should:

b) address the particular scope for higher density housing in urban locations that are well served by public transport, that provide opportunities to replace low-density uses in areas of high housing demand, or which offer scope to extend buildings upwards in urban areas?

We agree that, although it is not necessarily possible or desirable in every location, there is often considerable potential to deliver new homes by redeveloping estates to higher densities. This needs to be carefully managed and it is vital that the existing community are actively engaged in the planning process. However our previous research provides a number of examples of where successful ‘densification’ of existing estates has brought substantial benefits for existing residents, as well as providing much needed new homes in mixed communities - with new homes for market and affordable home ownership being provided while levels of social housing are also maintained.

Our research also highlights the vital link between investment in housing-led regeneration and other areas of infrastructure, particularly transport. In our experience improvements to transport links which better connect communities to jobs and training opportunities are often a vital part of making regeneration possible. It is therefore essential that investment decisions around transport and housing-led regeneration are made in a joined up way.

Q25. What are your views on whether local authorities should be encouraged to shorten the timescales for developers to implement a permission for housing development from three years to two years, except where a shorter timescale could hinder the viability or deliverability of a scheme?

We agree with the proposal to shorten timescales for developers to implement planning permissions for housing development to two years. However, this should be applied carefully within the context of the site, for example many rural sites can take longer to develop due to the need to engage local communities and address potential complications. Similarly larger, brownfield sites may require time consuming preparatory work before activity can start on site. The expectation should remain at two years but with some flexibility for agreement between the council, community and developer to ensure that the development addresses specific local requirements.

In respect of SME developers, support should include help to access finance and land and offering sites with existing development permissions, to help them to offset /address the challenge of shorter delivery timescales.

Q28. Do you agree that for the purposes of introducing a housing delivery test, national guidance should make clear that:

a) the baseline for assessing housing delivery should be a local planning authority’s annual housing requirement where this is set out in an up-to-date plan?

b) the baseline where no local plan is in place should be the published household projections until 2018/19, with the new standard methodology for assessing housing requirements providing the baseline thereafter?
c) net annual housing additions should be used to measure housing delivery?  
d) delivery will be assessed over a rolling three year period, starting with 2014/15 – 2016/17?

In a recent survey of our member opinion panel, a majority agreed with the introduction of a housing delivery test. Where local plans exist there should be sufficient flexibility to measure delivery against expected development, for example, to address the particular challenges for some rural schemes, or where large schemes are expected within a certain stage of the plan period. Where delivery falls short of housing trajectories there should be a requirement on local authorities, working with partners, to have an action plan to identify the particular problematic sites and set measures to tackle these.

Measures required may include, for example having an additional buffer of land identified for development or ‘parcelling up’ larger sites to increase the number of developers, including SMEs.

CIH is keen to see government progress its proposals around developing a standardised housing requirement assessment, as this will be key in setting the baseline for those areas where a local plan in not currently in place. Using household projections until that is established is an easy proxy but we are concerned that it is limited in usefulness (not reflecting historic under supply and its impacts), hence the need to progress the standardised assessment.

**Q29. Do you agree that the consequences for under delivery should be:**

a) from November 2017, an expectation that local planning authorities prepare an action plan where delivery falls below 95% of the authority’s annual housing requirement?  
b) from November 2017, a 20% buffer on top of the requirement to maintain a five year housing land supply where delivery falls below 85%?  
c) from November 2018, application of the presumption in favour of sustainable development where delivery falls below 25%?  
d) from November 2019, application of the presumption in favour of sustainable development where delivery falls below 45%?  
e) from November 2020, application of the presumption in favour of sustainable development where delivery falls below 65%?

CIH agrees that there should be clear requirements of local authorities and developer partners to address under delivery. There should be an expectation that local authorities will identify problematic sites and establish action plans to address these, which could include ‘parcelling up’ larger schemes to bring in more developers, including SMEs.

Local authorities should also be required to identify a buffer of land in reserve that could be brought forward to address the shortfall within a clear timescale.

Penalties for significant under delivery may also be appropriate, unless there is an ‘abnormal market’, for example developers could be required to compensate authorities for the loss of expected income from council tax and so on. To ensure that the test works effectively and does not penalise local authorities or developers for underperformance that is related to wider market factors, we recommend that government should formally define abnormal conditions as follows:
• a sustained fall in the volume of sales (of both new and existing homes) within the local market. For example, a fall of at least 25 per cent below the previous five year average for at least four quarters; or
• a sustained fall in prices. For example prices falling in each of at least four quarters and an overall fall over that period of at least 10 per cent.

An abnormal market test of this sort would provide developers with reasonable protection against unfair planning obligations in an exceptional period of weak demand or prices. Such a test could also be used to establish whether local authorities can be judged to be failing to deliver their local plans.

More generally CIH is concerned that attaching penalties for local authorities would be counterproductive if this hindered the capacity of the local authority to improve and respond in the longer term. Given the issue of reduced resources that local planning departments have experienced (46 per cent reductions over 2010-2015, according to the National Audit Office), we would suggest that government should also establish and support a programme of measures to support improvement.

Q30. What support would be most helpful to local planning authorities in increasing housing delivery in their areas?

The proposal to allow an increase in planning fees is welcome in light of the significant loss of resources that planning departments have experienced. Similarly we welcome the consultation on measures to deter unnecessary planning appeals by setting fees, although this will need to be a well-considered and balanced approach.

The need to work in collaboration with neighbouring authorities to deliver the housing required can be an area of difficulty, so the requirement of a statement of common ground is a useful starting point. However government could consider how incentivising greater cooperation across authority boundaries might support a coordinated and effective approach to increasing supply, as has been developed through the devolution agenda (devolving additional funding and powers for local areas).

Q31. Do you agree with our proposals to:

a) amend national policy to revise the definition of affordable housing as set out in Box 4

CIH’s view is that the definition of ‘affordable’ needs to be robust. Local authorities must be able to enforce the requirement for affordable housing, and there should be an expectation that they do so. Without a robust definition, starter homes, discounted market sales housing and affordable private rent housing are all potentially exploitable and may not produce any housing that is truly affordable for most local people. It is also essential that local authorities are able to determine which types of affordable housing are best suited for their area including, for example, ensuring that ‘low cost’ or affordable housing remains so in perpetuity where necessary.

There needs to be a clear understanding of the requirement for affordable housing and the tenure mix informed by the standardised needs assessment with clear links through to supporting
strategies and policies. This includes supported and specialist housing requirements, for example, housing for older people. Local authorities must also be able to specify the proportion of affordable housing needed, for example, 30 per cent. This happened in the past but ceased following the financial crash of 2008/09. CIH’s view is that this should now resume.

Should government choose to change the definition of affordable housing for planning purposes, we strongly recommend that the new policy should be subject to a robust evaluation to ensure that it is not eroding the provision of new homes at sub-market rents.

In our view the final category of ‘intermediate housing’ could also be removed from the list as it is covered or implied within all the other categories contained in Box 4.

b) Introduce an income cap for starter homes?

We agree with the proposal to introduce an income cap for starter homes.

Outside of London we do not envisage that an £80,000 limit would affect the viability of starter homes as these already need to be priced at or below a maximum of £250,000. A property priced at the maximum level would therefore be likely to be affordable for a household earning £80,000 per annum.

However in London the proposed £90,000 cap could create a de facto limit on prices below the current £450,000 limit, as a property priced at the maximum would not be affordable to an eligible household without a very large deposit. However in this case an alternative affordable home ownership product, such as shared ownership, would be more suitable in any case. We therefore support the introduction of an income cap but would stress that it is vital that local authorities are able to select the affordable home ownership products that are best suited to their area. This will ensure that new homes are affordable to local people who meet the eligibility criteria and that they are meeting a genuine housing need.

c) Incorporate a definition of affordable private rent housing?

Local authorities should have the flexibility to determine what constitutes ‘affordable’ private rented housing in their local context based on local income and housing market data. It is vital that the definition includes provision to ensure that housing falling into this category either remains available for rent at a discount for future eligible households or that alternative affordable housing is provided if the discount is withdrawn.

d) Allow for a transitional period that aligns with other proposals in the White Paper (April 2018)?

It would seem sensible to allow for a transitional period which is in line with other white paper proposals.
Q32. Do you agree that:

a) national planning policy should expect local planning authorities to seek a minimum of 10 per cent of all homes on individual sites for affordable home ownership products?

We welcome this as a significant improvement on the government’s previous proposal that 20 per cent of all homes should be sold as starter homes. We had previously expressed concerns that on most sites it would not have been practical for local authorities to also require any other forms of affordable housing to be provided, on top of a 20 per cent starter homes requirement. The revised 10 per cent requirement should ensure that a better mix of homes can be provided through S106, including some much needed affordable homes to rent on most sites. However in some cases some further flexibility may still be required.

We also welcome the decision to allow local authorities to support a variety of forms of affordable home ownership, rather than just starter homes. Our analysis shows that the average annual income of someone purchasing via a shared ownership scheme is £27,000, while Shelter have previously estimated that an income of £50,000 (rising to £70,000 in London) would be needed to buy an average starter home. Therefore while starter homes will undoubtedly benefit some buyers, it is likely that most will still require above average incomes and so these will not be an affordable option for all.

There are also substantial differences in market conditions across different parts of the country. As a result different affordable home ownership products will be better suited to different areas. For example, in lower cost areas it is likely that shared ownership may not be an attractive option if many households are able to afford to buy outright. Conversely, in higher cost areas starter homes may be unaffordable for all but those on very highest incomes. It is therefore essential that local authorities are able to determine which products are best suited for their area, taking into account both demand and affordability, and to insist on the right mix of homes - up to and including being allowed to justify why local evidence shows that 10 per cent affordable home ownership might not be appropriate in some cases.

b) that this policy should only apply to developments of over 10 units or 0.5ha?

We agree that this policy should not apply to smaller sites, where there is a particular need for local authorities to be given greater freedom to determine the mix of different forms of affordable housing which are needed.

We believe that developers of smaller sites should be required to make an affordable homes contribution, on site where possible or via a commuted sum. In particular this is a critical means of providing affordable homes in rural areas, where a majority of homes are built on smaller sites. However there are strong reasons why, on these particular sites, affordable home ownership products may not be the most suitable option.

Gaining community support is vital to getting developments in rural communities off the ground and it may often be necessary to guarantee that some properties will remain affordable in perpetuity, providing a benefit for future generations of local people. There is also a particular shortage of affordable rented homes in rural communities, with Hastoe Group estimating that only
one in 10 homes are currently considered affordable, compared to one in five in urban areas. And there is a much greater reliance on S106 to provide affordable housing in these communities, with 55 per cent of all affordable homes built in villages last year being funded in this way.

Q33. Should any particular types of residential development be excluded from this policy?

The government’s starter homes technical consultation, published last year, proposed a number of exceptions from the starter homes planning requirement, including:

- developments in rural exception sites
- developments of new supported housing (we would suggest that this should cover not only residential care homes but also all other housing models that support independent living, such as extra care schemes)
- estate regeneration schemes
- other affordable housing-led developments.

Although the proposed requirement has now changed (from 20 per cent starter homes to 10 per cent affordable home ownership), we consider that these proposed exemptions still remain sensible.