

Meeting of the Executive Members for Housing and Adult Social Services and 10 September 2007 Advisory Panel

Housing Green Paper and the Eco-Towns Prospectus

Summary

1. This report outlines the key ideas and proposals contained within the Government's recently published Housing Green Paper and Eco-towns Prospectus and provides some initial thoughts on the implications and opportunities presented for York. Government is seeking views on the Green Paper by 15 October 2007.
2. The report seeks EMAP approval for officers to prepare and submit a formal response to the Green Paper by the deadline date under delegated powers, though in close consultation with lead members (the next available Housing and Adult Services EMAP being *after* the 15 October deadline). The response would be jointly prepared between Housing, City Strategy and Economic Development Unit.

Background

3. On 23 July 2007 the government published a Housing Green Paper¹ entitled *Homes for the future: more affordable, more sustainable*. The Green Paper sets out current government policy to increase the supply of housing, to provide well designed and greener homes supported by appropriate infrastructure and to provide more affordable homes to buy or rent.
4. Some of the planned approaches detailed in the Green Paper had been announced before its publication but many others are new. Government has indicated its intention to consult on these new approaches.
5. The government also published the *Eco-towns Prospectus* alongside the Green Paper. This set out plans to support the development of around five new towns of between 5-20,000 homes each. These new towns would exploit the potential to create complete new settlements to achieve zero carbon developments and more sustainable living using the best new design and architecture.

¹ A green paper is a tentative government report or proposal without any commitment to action; the first step to changing the law. Green papers may result in the production of a white paper.

Housing Green Paper

More homes to meet the growing demand

6. The government recognises the need for even higher levels of new housing, including affordable housing, to meet the rising demand from an ageing, growing population. Nationally the number of new households is projected to rise by 233,000 per year.
7. The Paper sets out targets to deliver 2 million homes by 2016 and 3 million homes by 2020. This will require an increase in the number of additional homes to 240,000 by 2016, which will include building in northern and rural areas. It seeks to support more low carbon developments.
8. The government is proposing to take action in a number of areas to achieve its ambitions. Some of the main ways in which it will seek 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 Points². For the first time areas in the north of England will be eligible to apply.
 - Inviting bids for at least 5 new eco-towns, in *addition* to those already planned, 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 the Green Paper (see Annex 1 for more details of the Eco-towns Prospectus).
 - Releasing public sector land to build new homes.
 - Access to £300million through the Community Infrastructure Fund available for Growth Areas, New Growth Points and eco-towns.
 - Piloting 14 Community Land Trusts in rural and urban areas
 - Setting new measures to ensure more social and shared ownership homes are built in rural areas and a target for delivery of affordable housing over the period 2008-11.
9. If proposals are implemented there will be a programme of revisions to Regional Spatial Strategies (RSSs) to accommodate the new homes and ensure that the New Growth Points and eco-towns are handled properly through the planning system. The Government expects that all such reviews will be completed by 2011. Changes to regional strategies in future will set

² The Government invited local authorities in the South, South East, South West, East Midlands and West Midlands to submit growth proposals. In October 2006 twenty nine of these bids were selected as New Growth Points.

out to integrate economic development, housing and infrastructure more effectively. This process will be led by the Regional Development Agencies (RDAs).

10. Local authorities that allocate sufficient sites for development and deliver high levels of housing will be rewarded financially. The government proposes a new Housing and Planning Delivery Grant (HPDG) that will direct extra resources to councils delivering higher levels of housing and those that have identified at least 5 years worth of sites ready for development. This new grant will replace the current Planning Delivery Grant and the housing supply element will be targeted at the areas where housing growth is a priority.
11. Local councils will have to identify enough land to deliver the homes needed in their area over the next 5-15 years by rapidly implementing new planning policy for housing (PPS3) and new guidance will be published showing how councils can find the land they need³. Where councils have not identified enough land planning inspectors will be more likely to overturn their decisions and give housing applications the go ahead on appeal.
12. Additional sites of surplus public sector land have been identified and the Register of Surplus Public Sector Land will be extended to include all central government departments. The target for homes built on surplus public sector land has been increased from 130,000 to 200,000 by 2016, including potentially 60,000 on surplus land held by local authorities.
13. The government will continue with the national target that over 60% of homes should be built on brownfield land and every region and local authority will be expected to set their own target for brownfield land use.
14. The Green Paper restates the government's commitment to the principles of the Green Belt and says no fundamental changes to Green Belt policy, as set out in Planning Policy Guidance Note 2, will be made.

Creating places and homes that people want to live in

15. As well as an emphasis on more homes the Green Paper also sets out how the Government will support the delivery of better homes, designed to high standards with good design and low environmental impact with good local facilities. New settlements should provide good local infrastructure, transport, schools and healthcare.
16. Government will provide infrastructure funding for Growth Areas, New Growth Points and eco-towns via the £300million Community Infrastructure Fund. Government believes that even more infrastructure funding could be drawn from value uplift that the planning system generates and proposes a Planning

³ Government has recently published guidance to show how to draw up Strategic Housing Land Availability Assessments in line with Planning Policy Statement 3. Central Government holds surplus land with the potential for up to 100,000 new homes and local authorities hold surplus land able to accommodate a further 60,000.

Gain Supplement (PGS) Bill to ensure that local communities benefit from new developments. PGS would not be introduced earlier than 2009.

17. The government wants to tackle 'land-banking' and will consult on ways to strengthen the requirement on developers to commence development or lose planning permission, and what more can be done to develop a consistent approach to the disclosure of land holdings.
18. New planning policy for housing outlines the government's aim of encouraging and supporting well designed, good quality homes that reflect the varied needs of local communities. For example, Planning Policy Statement 3: Housing (PPS3) already places an emphasis on family homes and a *National Strategy for Housing in an Ageing Society*, due to be published in the Autumn, will ensure that housing growth responds to the needs of an ageing population. The government is currently consulting on whether its *Code for Sustainable Homes* should in future require builders to adopt Lifetime Homes Standards.
19. The government hopes that by improving the options for older people to downsize it may increase the health and independence for older people and also increase the supply of larger homes to meet the needs of younger families.
20. The government is aiming for all new homes to be zero carbon from 2016 and will strengthen building regulations to help achieve this. It will also set new minimum standards for water use. Government will be consulting on a mandatory rating of all new homes against the *Code for Sustainable Homes*.

Making housing more affordable

21. The Green Paper also proposes measures that will help make housing more affordable. It includes a commitment to build at least 70,000 affordable homes a year by 2010-2011, of which 45,000 will be social rented housing doubling the amount built each year compared with 2004.
22. It is intended that there will be a big increase in direct government investment in social housing through the Housing Corporation and the new homes agency (currently being consulted upon as 'Communities England') with many of the new homes provided by housing associations. The government has announced £8 billion investment from the Comprehensive Spending Review for 2008 to 2010-11, representing a £3 billion increase over the current spending period.
23. The government is keen to exploit what it sees as unused 'financial capacity' within the housing association sector. The allocations process for grant funding will be reformed to incentivise higher borrowing by associations.
24. The private sector will continue to be able to bid for Housing Corporation social housing grant (SHG). The Private Finance Initiative (PFI) is also seen as a resourcing model to be explored.

25. There are also opportunities for local authorities to play a more direct role in building new homes, particularly where this offers value for money.
- Specially established local authority companies (i.e. Special Venture Vehicles) and Arms Length Management Organisations (ALMOs) 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.
 - Any new build properties funded through SHG will be held outside of the Housing Revenue Account (HRA) so the full value of rents and sale proceeds are retained by the council, provided this is re-invested in affordable housing.
 - 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.
26. 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 PFI can be taken forward.
27. On reforming the HRA, the government is still reviewing 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 system⁴.
28. The government is keen to increase choice for those aspiring to home ownership by expanding the range of low cost home ownership products. It proposes ways of making mortgages more affordable and more stable over the long term (i.e. longer fixed rates). It also wants to see better use of Section 106 sites, particularly in rural areas and increased supply of homes without grant on surplus public sector land, led by programme of new local housing companies created by local authorities.

⁴ Self financing would allow selected councils, in effect, to leave the HRA subsidy system. Self financing authorities would have a one-off adjustment to their HRA based on the net present value of anticipated future payments into or out of the HRA subsidy system. The councils would then retain the full rental incomes from new build properties. Modelling work over the last year with a group of councils shows potentially significant benefits from more long term planning and more active asset management, with scope to lever in more private sector investment to support increased supply.

Potential implications and opportunities for York

29. The extension of the Growth Points programme to include the north of England represents a welcome recognition of growth and demand across the country. In York, demand for housing far outstrips current supply, helping drive average prices to over eight times average incomes. The 2007 York Strategic Housing Market Assessment found that York needed an additional 982 homes per year (both open market and affordable) over the next five years to achieve a balanced housing market. It concluded that the latent level of demand for market housing is substantial and the need for affordable housing higher than almost any city on the north of England.
30. The New Growth Point programme clearly presents new opportunities for those wishing to pursue higher levels of housing growth. A York Growth Point would require the city to take substantially more housing than previously planned and agreed through the RSS. The benefits of more housing would need to be considered against established policies and objectives in the city and surrounding rural areas to protect the historic and natural environment. New Growth Points are not necessarily incompatible with historic towns and cities - it is about balancing growth and ensuring it is of the right quality and in the right locations, a number of historic cities - Cambridge, Oxford, Worcester and Lincoln are already existing Growth Points.
31. Similarly, the Eco-town Prospectus presents a range a new opportunities to those with an appropriate surplus public sector or brownfield site distinct from existing urban settlement and capable of accommodating between 5,000-20,000 homes. Whilst no doubt an exciting opportunity, the options available to York are perhaps more limited than those presented by the New Growth Point programme. Even so, many of the principles set out in the Prospectus could still be applied to future developments in the city.
32. The government has requested submission of expressions of interest for New Growth Points and Eco towns by the end of October 2007⁵. However, key questions about appropriate levels of housing and economic growth for York are still being addressed within the Local Development Framework (LDF) Core Strategy consultation and Community Strategy review process throughout September/October.
33. Discussions have recently taken place within the Leeds City Region (LCR) group⁶ concerning New Growth Points and Eco towns. LCR Chief Executives have been consulted on the scope to develop a city-region approach, and on plans to commission consultants to prepare the basis of such a proposal. It is understood that several local authorities within the LCR have already

⁵ Notification of this deadline was sent in a letter dated 2 August 2007 from CLG to all planning authority chief executives.

⁶ Leeds City Region comprises the 10 local authority districts of Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield, and York. It was set up in 2004, and since then has been working to look at how policy and delivery at this broad area level can be changed to improve economic growth and competitiveness.

signalled their interest in taking part in the New Growth Point initiative. Proposals emerging from this work will be considered in more detail at the LCR Leaders Board on 8 October, leaving time for submission of expressions of interest by the deadline date.

34. The identification and release of surplus public sector land for housing where the geographical location is appropriate will clearly help those areas where land supply is limited and should also help deliver a higher number of affordable homes. However, the benefits to York may be limited at this present time – the latest Register of Surplus Public Sector Land (June 2007) published by English Partnerships shows only one entry for York, a 0.10 hectare site belonging to York and Selby Primary Care Trust. City of York Council is currently undertaking a Strategic Housing Land Availability Assessment and Employment Land Review due for completion by the end of September. The government is also undertaking a further review of surplus land held by government departments and organisations.
35. New measures to discourage private sector builders from land banking are to be especially welcomed. There are approximately 225,000 outstanding permissions throughout England at present and around 3,400 in York. This only serves to maintain and increase new build house prices.
36. The government's proposal to support the pilot of up to fourteen Community Land Trusts⁷ (CLTs) should provide an opportunity for valuable evidence-based learning for an approach that has yet to be fully tested in the UK. Current knowledge and awareness of CLTs is limited, though the model is now being promoted more widely by government and rural housing agencies. The recently published Quirk Review entitled *Making Assets Work*⁸ pointed to the positive outcomes that can be achieved through community ownership and management of assets and the role local authorities can play in facilitating this. Further information regarding community land trust can be obtained from the York Rural Housing Enabler⁹.
37. The York Strategic Housing Market Assessment 2007 found that there were an estimated 30,402 under-occupied dwellings in York, representing just over 37% of total housing stock. The largest houses show the highest proportion of under-occupation and the most likely types of households to be under-occupied are multiple pensioner households (60.1%) or households containing two adults and no children (40.0%). Measures to encourage

⁷ A Community Land Trust (CLT) is a mechanism for democratic ownership of land by the local community. Land is taken out of the market and separated from its productive use so that the impact of land appreciation is removed, thereby enabling long-term affordable and sustainable local development. The value of public investment, philanthropic gifts, charitable endowments, legacies or development gain is thus captured in perpetuity, underpinning the sustainable development of a defined locality or community.

⁸ An independent review, which looked at Community Management and Ownership of Assets, led by Barry Quirk, Lewisham Council's Chief Executive Officer. Community organisations can realise tremendous potential by taking on the management and ownership of community assets. *Making assets work*: Publication title: **Making assets work: The Quirk Review**. Date published: 15 May 2007. Product code: 06GC04436. Price: Free

⁹ Carolyn Vaughan Downs – tel. 01904 554527

builders to adopt lifetime homes standards should, if approved, help increase housing options for older people, make sustaining independence more achievable and help the city make better use of its housing stock.

38. Given that a significant proportion of carbon emissions come from heating and servicing homes the government's emphasis on carbon zero development within the Green Paper is to be broadly welcomed. However, given that existing stock will far outnumber new build for many years to come more emphasis could perhaps be placed upon ensuring improvements to existing homes to bring them closer to the *Code for Sustainable Homes* standards
39. Government proposals for a sharp increase in the number of affordable homes built each year present a range of new opportunities. The government sees an increased role for local government in delivering affordable homes, either through use of surplus land or through local housing companies, ALMOs or even through direct local authority provision outside of the Housing Revenue Account. The government is currently reviewing the housing subsidy system and considering reform of the Housing Revenue Account to enable wider involvement in housing provision. Details of this review are being worked through and will be consulted on as they are announced.

Next Step

40. The Housing Green Paper and associated Eco-town Prospectus contain a wide range of ideas and proposals aimed at delivering more homes to meet growing demand, creating better homes that meet peoples needs, creating greener homes and making homes more affordable.
41. The Green Paper gives important clues as to the direction of Government policy and provides a 'heads up' for councils regarding future opportunities.
42. As can be seen, the government has signalled a step-change in the number of homes it wants built over the next 13 years, and is considering an array of enabling measures to help deliver this. Some of the ideas and proposals featured in the Green Paper are already in place, such as measures enshrined within Planning Policy Statement 3, but many others represent the government's current thinking and will be subject to further consultation in the future.
43. Competition for the additional resources presented in the Green Paper, especially those likely to follow a successful New Growth Point of Eco town bid, is likely to be high. Several authorities within the region, and within the Leeds City Region, have already signalled interest in being selected as a Growth Point. Given the importance being placed on the Green Paper by government it is possible that future national and regional infrastructure, transport and other funding will be prioritised towards those areas delivering the 'growth points' agenda.

44. The LDF Core Strategy consultation and Community Strategy review will help identify appropriate future levels of housing and economic growth in York, albeit not in time for the deadline for submission of expressions of interest for New Growth Points of 31 October. Early discussions are advised between all relevant departments concerning how best the city might benefit from the opportunities presented in the Green Paper.

Consultation

45. This report has been written in consultation with colleagues in City Strategy and Economic Development.

Corporate Priorities.

46. This report links to the following corporate priorities:
- Improve the quality and availability of decent affordable homes in the city

Implications

47. Given this is a briefing report concerning possible future government policy there are no implications directly associated with it.

Risk Management

48. There are no risks directly associated with the recommendations within this report.

Recommendations

49. The government invites views on the range of ideas and proposals contained within the Green Paper and requests these are submitted by 15 October 2007. The recommendation therefore is for the Advisory Panel to advise the Executive Member for Housing to:

- i. Delegate responsibility for submission of a formal response to the Green paper to officers in Housing, City Strategy and Economic Development, who will seek to formulate a response in consultation with lead members over the next few weeks.

Reason: The next available EMAP meeting is on 29 October 2007, *after* the deadline submission date of 15 October.

- ii. Provide any initial views on the details of the Green Paper and the comments supplied within this report.

Reason: So that these comments can be incorporated into the final response to government.

- iii. Ask that any other comments on the Green Paper be submitted to the Head of Housing by 30 September 2007.

Reason: So that these comments can be considered for inclusion into the final response to government.

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Report Approved

Date

24 August 2007

Wards Affected:

All

For further information please contact the author of the report

Annexes:

Annex 1 Eco-Towns Prospectus

Background Papers:

Title: Homes for the future: more affordable, more sustainable - Housing Green Paper

Consultation period: 23 July 2007 to 15 October 2007

Product Code: 07 HC 0478

Price: Free – Available to download at:

http://www.communities.gov.uk/pub/967/HomesforthefuturemoreaffordablemoresustainableHousingGreenPaper_id1511967.pdf)

Title: Eco-towns Prospectus

Date published: 23 July 2007

Product code: 07 HC 03748/e

Price: Free – Available to download at:

<http://www.communities.gov.uk/index.asp?id=1511894>)