



Policy Position:

HOUSING

June 2018

ADEPT

The Association of Directors of Environment, Economy, Planning & Transport

POLICY POSITION: HOUSING

KEY MESSAGES

- A robust and comprehensive housing policy is a key ingredient in the successful delivery of the Government's Industrial Strategy. Housing is a 'gateway issue' that ties together infrastructure, people, place, and a productive business environment.
- We welcome the Government's commitment to a significant increase in housebuilding to deliver the extra homes that the country needs, but this cannot be fully delivered by the private sector alone.
- The housing challenge is not just about building new homes, we need to make best use of the existing housing stock and tackle the key issues of access and affordability. Well-designed and healthy homes must be a priority.
- We support the ambition of the National Planning Policy Framework that the purpose of the planning system is to contribute to the achievement of sustainable development.
- We are working to achieve high quality places where people want to live and work and are enabled to do so by proper infrastructure including transport, utilities, digital connectivity and green space. Housebuilding is held back by infrastructure delays and pricing.

What ADEPT will do to help overcome barriers to development, good quality and affordable housing

- Bring together Government, Homes England and our corporate partners to identify key barriers and develop cross-sector interventions to tackle them.
- Advocate what ‘good’ looks like, provide an evidence base and case studies.
- Provide a community of practice, collective thinking and options appraisal.
- Make the case for regional spatial strategies to drive housing development and to align with sub-national transport, infrastructure and industrial planning.
- Encourage a more collaborative approach in two tier areas so that local planning decisions align with strategic needs.
- Help articulate the different housing issues between the high demand areas in the South East and other parts of the country.

Background

The Association of Directors of Environment, Economy, Planning and Transport (ADEPT) represents Place Directors from county, unitary and metropolitan authorities, along with Directors of Local Enterprise Partnerships and corporate partners drawn from key service sectors. **ADEPT members are at the very heart of maximising sustainable growth in communities throughout the UK.** We are delivering the projects that are key to unlocking broader economic success and creating more resilient communities, economies and infrastructure.

Introduction

The White Paper “*Fixing our broken housing market*” was published in February 2017. It set out a broad range of reforms that Government plans to introduce to help reform the housing market and increase the supply of new homes.

The analysis of the problem was brutally simple: we have a serious housing shortage because we aren’t building nearly enough new homes. This shortage has caused a broken market characterised by fewer mortgages, higher rents, exploitative practices, some overcrowded and unsafe homes, and rising homelessness.

For the Government, there are three reasons why we aren’t building enough homes:

- Some councils are failing to plan properly to meet housing need in their areas
- It takes too long between the granting of planning permission and the construction of new homes
- The housebuilding market is over-reliant on a small number of big players, which makes it difficult for other parties to enter, to innovate, and to diversify

The National Planning Policy Framework (NPPF) was first published 2012 and brought together a wide range of policy and guidance material into a single document, with its underlying presumption in favour of sustainable development. A draft revised NPPF was published for comment in March 2018 and reflects some of the proposals from the Housing White Paper.

ADEPT position

ADEPT firmly believes that housing is not just about bricks and mortar. For individuals and families, it meets a basic human need and has a major impact on their health and wellbeing. For communities and places, it is vital in terms of cohesion and sustainability. For the economy, growth and prosperity are dependent on having sufficient homes in the right places, providing flexibility and mobility for the workforce.

We fully support the Government's aspiration to deliver significantly more new housing. We were an early proponent of stretching targets for new homes and are pleased that this now has a wider currency. We are keen to work with new colleagues at Homes England to support bold interventions across the UK.

A strategic approach to planning and infrastructure is fundamental to delivering the Government's ambition for housing development. **But for ADEPT, it's not just about numbers: we need to balance social, economic and environmental objectives as we aim to create and maintain vibrant sustainable places for all.** The housing challenge has to be more than building new homes. We need to have well-designed and healthy homes, make best use of the existing housing stock, and tackle the fundamental issues of access and affordability.

For ADEPT, housing inequality symbolises both generational and geographical divisions in the UK.

As with our policy position on the Industrial Strategy we agree with the view of the policy think tank Localis in its report *The Delivery of an Industrial Strategy* (March 2018) that many people feel estranged from the economy; that they do not share in its benefits when it is doing well, and that they feel estranged from the political system.

The country's failure to provide enough affordable housing has helped create a situation where more people feel like they are losing out from the UK economy. This has had a disproportionate effect on younger people, who are less able to buy a home than previous generations (only 38% of 25 to 34-year-olds are homeowners, down from 57% 10 years ago) and spend a high proportion of their incomes paying rent and struggling to save for a deposit.

We believe that this may be leading to a shift in the public mood away from opposing more housing in their neighbourhoods. People are more likely to accept new development where it is well-designed and where they can see that it benefits their community in terms of meeting housing need and improving prosperity. Good quality housing is an important part of making places more prosperous and sustainable, moreover, it is a key ingredient of a successful Industrial Strategy.

ADEPT perceives a clear risk of crisis in the housing labour market without major investment in training and high quality apprenticeships linked to the Industrial Strategy. We need more people in the workforce with design and construction skills in order to build the volume of new homes that are needed. Given the age profile of the workforce and the possible reduction in the number of EU nationals in the industry once the UK has left the EU, we will struggle to meet targets.

Key issues

There are four key issues for ADEPT:

- **Housing supply – building more homes**
- **The planning system and infrastructure development**
- **Quality – including environment and health**
- **Access – tenures and affordability**

These complex issues are inter-related, so action needs to be taken across the board, avoiding a specious search for one simple solution.

Building more new homes

ADEPT believes that the financial restrictions on councils preventing them from building more council homes should be lifted completely. The national housing shortage is one of the most pressing issues we face and it is hard to see how the market alone can build anything close to the 300,000 homes a year target.

In its response to the Housing White Paper, the Local Government Association (LGA) noted that the last time this country built more than 250,000 homes a year, councils built more than 40 per cent of them. Today councils are only responsible for a tiny proportion of the total completed, mainly due to the financial restrictions in place on borrowing to invest in more council homes. We believe that these restrictions should be lifted completely (including use of all receipts from sales). Councils must be able to build new homes for social rent at genuinely affordable levels to meet local needs, using their assets and income streams to finance further investment.

While ADEPT supports the ambition to build more homes, we are acutely aware of the additional demands that more housing brings on local services and infrastructure. These must be properly resourced if development is to be high quality and sustainable. Local opposition to new housing development is often founded on fears of more traffic congestion and pressures on services.

As we have stated previously, there is a well-documented shortage in construction skills. To counter this, we need a stronger emphasis on promoting apprenticeship schemes, with similar initiatives both for public and private sector. This presents an additional opportunity to link the objectives of the Housing White Paper with the Government's aspirations in the Industrial Strategy.

The current volume housebuilding market does not deliver sufficient numbers or enough affordable homes. Big builders can hold onto land banks or options on major sites, controlling the build out rate and making it difficult for SMEs to compete, particularly in places where there are few smaller sites. The market should be disrupted to encourage more competition, diversity of providers, new technical solutions, and more innovation by the big builders.

Planning and infrastructure

It is understandable that the current emphasis is on boosting the quantum of housing, but for

ADEPT, this should not be at the expense of delivering high quality places and homes where people want to live and work.

The NPPF says that the purpose of the planning system is to contribute to sustainable development. We believe this means transport and digital infrastructure and housing delivery must be aligned more effectively. Viability is also a vital consideration in delivering the housing needed, so there must be transparency about the feasibility of development and land value capture must be properly and fully addressed – this goes to the heart of the issue of housing supply.

ADEPT considers that local planning authorities need the resources to deliver the world-class service our communities deserve and our economy needs. A proactive, well-resourced planning system is vital to building homes. We support the current review of the NPPF and have contributed to thinking around it by engaging with the MCHLG at our Board meetings and Spring 2018 conference, and by submitting a detailed consultation response (available at www.adeptnet.org.uk).

We believe that:

- **Planning departments are severely under-resourced - councils are working hard to approve applications, approving nine out of ten submitted, but it is not just about the costs of delivering housing. The burden on local authority budgets of housing schemes once built, needs to be recognised.**
- **We welcome the Government's acknowledgement of the need to increase funding for local planning authorities, particularly as further changes to national planning policies will place additional burdens on the planners.**
- **Ring fencing of fees would send a clear message that it is important to ensure that planning departments are properly resourced.**
- **Delivery is not solely in the hands of local authorities, private developers, housing associations, infrastructure providers, mortgage lenders and local communities all have a role to play.**

The LGA calculates that taxpayers are currently subsidising the costs of dealing with planning applications by around £200 million a year, even the housing delivery test falls to local authorities to fulfil and for those authorities that fail it there are consequences.

We understand Government frustration with a local planning system that is seen to cause delay and inconsistency, but delivery is not solely in the hands of local authorities. When developers do not build out planning permissions, maybe because of land banking or slow delivery to maximise sale values, authorities that have a high number of approvals are disadvantaged through no fault of their own. Alternatively, major infrastructure investment, which may not be within the control of the local planning authority, could be required to deliver housing numbers.

All actors involved in the delivery of housing need to be accountable for their role. Local authorities are ready to work with developers, land owners, utility providers and communities in delivering well-designed sustainable homes, but sustainable communities cannot be created without the infrastructure and the support that enables them to grow in an appropriate way over time. There must be greater incentivisation for the development industry to build quality homes alongside the supporting local services and infrastructure, and real consequences where they fail to deliver.

The role of utility providers and service planning in delivering housing must be addressed. Housebuilding is held back by delays in infrastructure and the high cost of utility connections. Utility providers are constrained by funding programmes and pricing rules, so they do not plan far enough ahead and are not aligned with housing development. Growth without sufficient, quality infrastructure does not make good places¹.

We welcomed the £2.3bn Housing Infrastructure Fund to support housing delivery. However, we would encourage the Government to ensure that the processes and procedures underlying the bid process are as clear and streamlined as possible. It is often time consuming and complex for local authorities to submit bids, which if unsuccessful just diminish existing hard-pressed resources.

ADEPT would like to see a simplification of the many housing and regeneration funding schemes, and a reduction in the proportion of funding that is subject to competitive bidding. We would also like more flexibility in the balance of how funding can be used. Often local authorities struggle with revenue budgets whilst having sufficient capital programmes and are unable to capitalise such programmes.

The Government should take the opportunity to look at how other countries deliver infrastructure. There are alternative approaches that can offer the UK alternative ways of funding infrastructure through capturing the uplift in land value resulting from the granting of planning permission and public investment being made on or near a piece of land.

¹For example, the Oxfordshire Housing & Growth Deal aims to deliver 100,000 new homes by 2013 but this is dependent on some £8.4bn of infrastructure investment being planned well in advance and delivered in a co-ordinated way.

Quality

Houses are not just buildings but should be warm, comfortable, safe homes in which people are healthy and secure throughout their lives, where families are raised and people grow old.

There are essential aspects that ensure quality of housing, including health, design, energy and water efficiency, environment, blue / green infrastructure, and resilience to climate change.

Health and housing are inextricably linked, with housing a key determinant of health. Poor housing can have serious long-term effects on both physical and mental health and wellbeing. **ADEPT supports the view of the Association of Directors of Public Health (ADPH) that it is disappointing that the Housing White Paper does not take advantage of the opportunity to make existing homes and neighbourhoods healthier, and does not adequately focus on the need to make homes and neighbourhoods places where people can live healthier lives.**

A healthy environment should be at the core of the design process. Planning policies and decisions should facilitate physical activity and mental wellbeing, including recreational space and encouraging walking and cycling in safety. Access to green spaces such as parks, open spaces and the countryside is associated with better overall health, lower stress levels and reduced depression. Green spaces and infrastructure are not only important for people's health and wellbeing, but also for supporting wildlife and biodiversity, and protecting natural capital and heritage.

The planning system helps to deliver good quality housing, and there are risks associated with weakening it. For example, permitted development rights give incentives to landlords to convert commercial premises into more profitable housing use, but this can lead to poor quality homes in locations unsuitable for sustainable and healthy living.

ADEPT is working with partners to promote the integration of green infrastructure in new developments. We welcome the Government's commitment to strengthening the principle of environmental net gain in housing and infrastructure development in its 25 Year Environment Plan, and we will work with colleagues in DEFRA and Natural England to help make this work in practice.

Planning policies and building standards should be complementary, including on energy efficiency. We support the target set in the Government's Clean Growth Strategy to get as many homes as possible up to Energy Performance Certificate (EPC) Band C by 2030. This is not just about reducing carbon emissions but also protecting people from high energy bills. All new homes should be required to be zero carbon by 2020. There should be greater incentives for developers, landlords and homeowners to install solar PV panels, insulation and green heating systems. Government needs to do more to encourage investment in improving the energy efficiency of homes in all tenures. In addition, the Government can do more to raise standards for new boilers, and to invest in research and development in new energy efficiency and heating technologies.

Access and affordability

Affordable housing is a vital issue but it has been that has been defined in different ways. It has been stretched to include homes let at up to 80% of market rents – more than £1,500 a month in some areas – and homes for sale up to £450,000. The UK faces an acute housing affordability crisis, with around 1.7m private rented households currently paying more than a third of their income in rent and a million owner-occupiers paying more than a third of their income on their mortgage.

Housing is a complex market and a mixture of solutions and tenures is required to provide choice and meet the needs of people, communities and the economy. Just as the construction industry cannot on its own deliver the volume for new houses needed, so the private rented sector cannot meet the needs of everyone who cannot afford to buy their own home. **As the aim of home ownership becomes harder to achieve, ADEPT believes it is more important to stimulate other tenures and sectors – including social housing built and managed for (if not necessarily by) local authorities – to meet demand.**

A lack of affordable homes to rent is an important factor behind the rise in the use of temporary accommodation. Local authorities are currently housing over 77,000 homelessness families in temporary accommodation, including more than 120,000 children.

ADEPT supports proposals to make tenancies longer term and more secure in order to give families the stability needed to learn and prosper. Local authorities across the country are working to improve affordability and standards in the private rented sector. We welcome the Government's moves to tackle rogue landlords, but councils need the freedom to implement licensing schemes and robust enforcement action in those areas where it is needed.

- ADEPT members are the place-making strategists and policy shapers across top tier local authority areas
- ADEPT members are specialists, delivering services and sharing best practice across key sectors including environment, planning, housing, transport and economy
- ADEPT members design strategies for the future, taking communities beyond 2035
- ADEPT members operate in networks, cutting through boundaries to work with partners across the political, public, private and community sectors
- ADEPT members provide opportunities to develop new talent, supporting the Place Directors of tomorrow

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