

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOODS

|                  |   |              |                              |
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| TO:              | HOUSING, NEIGHBOURHOOD AND LEISURE COMMITTEE                            |              |                              |
| DATE:            | 15 MARCH 2017   | AGENDA ITEM: | 12                           |
| TITLE:           | FIXING OUR BROKEN HOUSING MARKET - HOUSING WHITE PAPER<br>FEBRUARY 2017 |              |                              |
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**1. PURPOSE AND SUMMARY OF REPORT**

- 1.1 The Housing White Paper, entitled "Fixing Our Broken Housing Market," was published by the Department for Communities and Local Government in February 2017. The White Paper explains how the Government intends to provide lasting reform that will get more homes built now and for years to come. It sets out the support the Government will provide to enhance the capacity of local authorities and industry to build these new homes.
- 1.2 This report briefly summarises the content of the White Paper. It considers some of the possible implications for housing development and specifically for this Council. The Government intends to consult on elements of the White Paper and on linked documents that have been published at the same time, such as a consultation document on Build to Rent proposals (the details of the consultation are in an Appendix 1 to the White Paper).
- 1.3 Committee are asked to note the content of the White Paper and potential implications for the Council. Committee should note that a separate report on the White Paper, which concentrates on the implications for the Council's Planning responsibilities, will be presented to the Strategic Environment, Planning and Transport Committee (SEPT) on the 4<sup>th</sup> April 2017 and Planning Applications Committee on 5<sup>th</sup> April 2017.
- 1.4 It is intended that Reading Borough Council will submit a response to the consultation to cover both the questions posed and the wider implications of the paper.

**2. RECOMMENDED ACTION**

- 2.1 That the Committee notes the contents of the White Paper published by DCLG in February 2017 and implications for Reading Borough Council.

### 3. POLICY CONTEXT

3.1 The Secretary of State has presented a White Paper to Parliament setting out how the Government intends to ensure that more housing is provided in the future. This has been published by DCLG under the title "Fixing Our Broken Housing Market."

3.2 The White Paper sets out briefly the effects of England having some of the highest house price inflation and worst affordability in the developed economies. These include:

- An average home costing almost 8 times average earnings or more - this both encourages people who are able to invest in property as a second home and makes ordinary owner occupiers with large mortgages very sensitive to any changes in interest rates
- With such high prices, younger people struggle to afford their first home and many remain living with family or friends for longer than they wish
- The overall housing shortage results in rents in the private sector rising rapidly in many areas and, in areas of acute shortage, this can result in landlords exploiting their tenants.
- The loss of a private-sector tenancy is now the most common reason for homelessness

3.3 The White Paper acknowledges the need to build 250,000 new homes a year in England and it seeks to shift away from primarily trying to help people into home ownership to looking at all types of tenure.

3.4 The Housing White Paper covers a wide range of proposals. It details the initiatives and proposals under 4 main headings as follows:

- **Step 1: Planning for the right homes in the right places**
- **Step 2: Building homes faster**
- **Step 3: Diversifying the market**
- **Step 4: Helping people now**

3.5 The content of the Executive Summary List of Proposals from the White Paper is copied and set out in Appendix 1 to this report. The main points of the White Paper as they relate to the Council's Planning function are also summarised in Appendix 2. Government's revised definition of affordable housing is attached at Appendix 3.

### 4.0 HOUSING WHITE PAPER 2017 - SUMMARY AND IMPLICATIONS FOR HOUSING

4.1 The overall emphasis of the Housing White Paper is on increasing the supply of housing over the longer term, primarily through changes to the planning system and these account for 3 of the White Paper's 4 chapters. In particular, the Government proposes to introduce a standardised assessment of local housing need; to encourage cross-boundary working to meet housing needs; and will encourage the use of compulsory purchase powers by local authorities where development sites are stalled. The consultation questions included in the White paper deal largely with these Planning matters.

4.2 The White Paper places greater responsibility on local authorities to adopt up to date plans that meet local need; increases pressure on house-builders to accelerate construction; and provides support for a wider range of tenures - reducing the mandatory proportions of starter home provision on new developments and allowing that affordable new build can encompass tenures other than owner occupation.

- 4.3 The White Paper potentially presents risks and opportunities for the local authority but detail is limited on key proposals. Many of the measures are to be subject to further consultation and in part it has been suggested the White Paper has the appearance of a Green Paper in terms of the extent to which policy remains to be defined.
- 4.4 Significant challenges for the sector remain too which are outside of the scope of the White Paper and are matters for other Government departments - notably welfare reform and potential financial and market risks as a result of Brexit.

#### Existing social housing

- 4.5 A consultation will be completed on a new **social housing rent standard/policy from 2020** for housing associations and local authority landlords 'to help them to borrow against future income' and therefore investment in development. The paper confirms that the 1% rent reduction mandated for social housing from 16/17 for four years will stay in place until 2020.
- 4.6 No further detail is available to date. Prior to the Welfare Reform and Work Act 2016 introduction of the rent reduction, national rent policy applied a CPI+1% uplift per annum to social housing rents. There is a risk that the rent standard will further restrict any annual rent increases, which would have a significant impact on the Council's Housing Revenue Account (HRA). Increasingly local authority HRA's are under pressure as a result of mandated rent reductions and the impacts of welfare reform on income.
- 4.7 **Housing Associations** will continue to be considered as part of the private sector. Pressure will be placed on Housing Associations to build and to release funds for development through efficiencies. The White Paper expects the sector 'to create a single set of metrics to make it easier to compare housing associations' efficiency'.

#### Affordable and supported housing development

- 4.8 **Local Authorities and new build** - the White paper welcomes councils playing a role in delivering new housing and says that the Government will 'work with local authorities to understand all the options for increasing the supply of affordable housing'. The Government indicates that it is interested in the scope for bespoke housing deals with authorities in high demand areas and that it is willing to use all levers available to support the development of additional housing. It is unclear what this could mean in practice - the White Paper has indicated no relaxations in respect of rent reductions, raising the HRA debt cap or increasing flexibility in the use of Right to Buy receipts - all matters on which authorities have lobbied Government.
- 4.9 Funds have been made available through the **Accelerated Construction Programme** and **£45m LA Land Release Fund** for land remediation or small scale infrastructure. Reading Borough Council will continue to review opportunities to bid for funding through these and other programmes to support local development opportunities.
- 4.10 **New development vehicles** including housing companies and joint ventures are supported, but there is an expectation that tenants of 'affordable housing' that is developed by a council owned housing company should have the same rights as those of council owned properties - in particular the Right to Buy. Government has previously been clear that local housing companies should not be utilised to avoid RTB. No further detail is available at this time. Reading Borough Council has incorporated Homes for Reading Ltd which will acquire new and existing housing stock for private rent, including some property at Local Housing Allowance levels. It is unclear if the company's business model will be impacted by the proposed extension of RTB.
- 4.11 **The Affordable Homes Programme** will now fund a range of homes including affordable rent following a relaxation in restrictions and investment has been increased in the

programme (totalling £7bn). This is a change from the scheme's previous focus on low cost home ownership - which is positive in areas such as Reading with a demonstrable need for affordable rented homes to meet housing need.

- 4.12 **New definition of Affordable Housing** - Following a consultation in 2015 the Government intends to expand the existing definition of Affordable Housing to include Starter Homes (with restrictions, details in 'supporting home ownership section') and '**affordable private rent housing**'. The proposed definition of affordable housing (copied from page 100 of the White paper) is attached at Appendix 3.
- 4.13 'Affordable housing' in the context of S106 requirements could therefore include 'affordable private rent' homes and this could potentially have a significant impact on the nature of future affordable rent supply in the town. Due to competitive land prices in Reading the borough is almost solely reliant on S106 affordable housing contributions and by diversifying the options available to developers the supply of traditional Affordable Housing will reduce.
- 4.14 New build '**Affordable private rent**' housing is required to be 80% of market rent, but details are still required as to how developers will be expected to calculate this nor how tenancy rights will compare with 'traditional' social housing. The suggestion within the White Paper is that these units will be linked to more 'family friendly tenancies' of three years or more but further clarification is necessary.
- 4.15 **Sustainable approach to supported housing** - There will be a new statutory duty via the Neighbourhood Planning Bill on the Secretary of State to produce guidance for Planning authorities on how their plans should meet the needs of older or disabled adults. The Government will also explore a range of ideas to incentivise down-sizing and to enable older people to live independently for as long as possible in housing that meets their needs. Detailed arrangements for the new supported housing funding model are to be implemented from 2019/20 and the approach for short term accommodation (such as refuges) will be set out in a subsequent Green Paper in the spring.
- 4.16 **The Homes and Communities Agency** will be relaunched as Homes England and the Social Housing Regulator will split off as a stand-alone body, reflecting the HCA's changing and more commercial role in the sector and conflicts of interest arising.

#### Private Rented Sector

- 4.17 The White Paper notes that the number of households in private rented homes has doubled over ten years. The White Paper notes that, although physical standards remain below the social rented and owner occupied sectors, they are improving and the main areas for tenants' concern are security and affordability. A consultation will be completed in 2017 before bringing forward legislation to ban **letting agent's fees** to tenants. The Government will also implement measures in the Housing and Planning Act 2016 and introduce **banning orders** to remove the worst landlords or agents from operating. Local Authorities will be able to issue fines as well as prosecute. The paper reiterates the Government's intention to extend **mandatory licensing of Houses in Multiple Occupation (HMOs)** beyond the current threshold.
- 4.18 **Developing new private rented housing** - the White Paper seeks to encourage more institutional investors into housing, especially in relation to private sector rented properties - there will be a consultation on mechanisms to support 'Build to Rent' models. The Government will encourage developers to provide affordable private rented properties alongside other sorts of affordable housing.
- 4.19 **Private rented tenancies** - the Government proposes to encourage 'family friendly tenancies' of three years or longer on new build private rental homes delivered by housing associations, institutional investors and local authority housing companies. Ministers have

made it clear that this will only apply to new build for rent schemes. No steps will be taken to encourage longer tenancies for existing renters.

#### Supporting Home Ownership

- 4.20 Through a range of measures, Right to Buy and the extension of the regional RTB for housing association tenant pilots, the Government expects to help 200,000 people become homeowners by the end of parliament. **Rent to Buy** schemes will continue to be rolled out and supported.
- 4.21 **Starter homes** - new income restrictions (less than £80,000 per household, £90,000 in London) are intended to ensure that starter homes are only available to those that need them most. There will no longer be a mandatory requirement for all developments over a certain size to provide 20% as starter homes. Whilst there will be a general duty on local authorities to promote starter homes, it will be up to local areas to agree an appropriate level of delivery as part of mixed package of affordable housing that responds to local needs/markets. It is intended that the National Planning Policy Framework (NPPF) will be amended to introduce a clear policy expectation that 10% of all sites (above 10 units or 0.5ha) will be affordable home ownership (shared ownership, discounted market sale or starter homes).
- 4.22 In Reading the existing policy is that 30% of any large housing development will be affordable housing, and that 30% of that can be low cost home ownership. Because of this low cost home ownership can already equate to 9% of any policy compliant site in Reading and therefore a 10% mandate on any site is not a significant issue for the authority. The suggested change to the NPPF means that starter homes will be developed at the expense of shared ownership properties rather than affordable/social rented units.
- 4.23 **The Lifetime ISA** will be introduced as of April 2017 a further £8.6bn has been allocated to the Help to Buy ISA that has been in place since 2015. The Lifetime ISA will provide younger adults with a 25% bonus on up to £4,000 savings per year, which can be put towards the purchase of a house or withdrawn when they are 60.
- 4.24 A consultation will be completed on a range of measures to tackle unfair and unreasonable abuses of leaseholders.
- 4.25 Consideration will also be given to the need for additional measures in respect of second homes in the context of the significant demand for housing and further to the stamp duty (SDLT) increases on additional residential purchases last year. The SDLT changes impacted more widely on buy-to-let and institutional investors, not just those purchasing second homes, including Homes for Reading's business plan. Further measures could present a risk for the housing company.

#### Homelessness

- 4.26 **Preventing Homelessness** - the Government reiterates support for the Homelessness Reduction Bill and is establishing a 'network of expert advisors to work closely with all local authorities to help bring them to the standard of the best'. A number of 'trailblazer' pilots are testing new approaches to preventing homelessness. The Homelessness Reduction Bill is expected to result in significant additional costs for authorities (particularly those such as Reading in areas of high demand/costs) but the level of additional funding to support the changes has not been determined.

#### Construction

- 4.27 **Diversifying the market and accelerating construction** - the Government wants to encourage competition, institutional investment, and more innovation in methods of construction.

- 4.28 A £2.3bn Housing Infrastructure Fund offering capital grants will be targeted at the areas of greatest need and will be open to bids in 2017 with money available for the next 4 years.
- 4.29 Support will be increased for small and medium sized building companies via the £3bn House Building Fund (launched in October 2016) providing loan finance and the Accelerated Construction programme will support diversification through partnering with SMEs.
- 4.30 The challenge of a skills shortage within the industry is recognised and government support for training in the area will be reviewed. A 'new route into construction' will be launched in September 2019. The Government will also establish a Construction Leadership Council.
- 4.31 Annex A to the White Paper provides "Further detail and consultation on proposals." This includes 38 separate consultation questions on different aspects of the White Paper. It is not proposed that the Council respond on every question, which would take considerable time and resources. However there are a number of aspects that are of particular relevance to Reading Borough and responses are proposed to selected questions.

## 5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The Planning and Housing Services contribute to the Council's strategic aims in terms of:
- Seeking to meet the 2016 -19 Corporate Plan objective for "Keeping the town clean, safe, green and active."
  - Seeking to meet the 2016 -19 Corporate Plan objective for "Providing homes for those in most need."
  - Seeking to meet the 2016 -19 Corporate Plan objective for "Providing infrastructure to support the economy."

## 6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 Only minor reference is made to these matters in the changes proposed.

## 7. EQUALITY IMPACT ASSESSMENT

- 7.1 Where appropriate the Council must have regard to its duties under the Equality Act 2010, Section 149, to have due regard to the need to—
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 7.2 There are no direct implications arising from the proposals.

## 8. LEGAL IMPLICATIONS

- 8.1 These are dealt with in the Report.

## 9. FINANCIAL IMPLICATIONS

- 9.1 There are no direct financial implications resulting from this report. Financial impacts will be appraised as further detail in respect of proposals is available. Risks and opportunities are highlighted in the main body of the report.

## 10. BACKGROUND PAPERS

Fixing Our Broken Housing Market - Housing White Paper February 2017

<https://www.gov.uk/government/publications/fixing-our-broken-housing-market>

Housing and Planning Bill, October 2015.

<http://www.publications.parliament.uk/pa/bills/cbill/2015-2016/0075/16075.pdf>

Planning and affordable housing for Build to Rent: A consultation paper, DCLG 2017,

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/589939/Build\\_To\\_Rent\\_consultation\\_document.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/589939/Build_To_Rent_consultation_document.pdf)

Various other reports and documents were also published by DCLG at the same time including:

- Response to the starter homes regulations: technical consultation
- Response to changes to the National Planning Policy Framework consultation
- Summary of responses to the technical consultation on implementation of planning changes, consultation on upward extensions and Rural Planning Review call for evidence.

These can be found at the following link:

<https://www.gov.uk/government/collections/housing-white-paper>

## Fixing Our Broken Housing Market, Housing White Paper

### Proposed Changes to the Planning System.

#### Executive Summary: List of proposals

##### Step 1: Planning for the right homes in the right places

- Making sure every part of the country has an up-to-date, sufficiently ambitious plan so that local communities decide where development should go;
- Simplifying plan-making and making it more transparent, so it's easier for communities to produce plans and easier for developers to follow them;
- Ensuring that plans start from an honest assessment of the need for new homes, and that local authorities work with their neighbours, so that difficult decisions are not ducked;
- Clarifying what land is available for new housing, through greater transparency over who owns land and the options held on it;
- Making more land available for homes in the right places, by maximising the contribution from brownfield and surplus public land, regenerating estates, releasing more small and medium-sized sites, allowing rural communities to grow and making it easier to build new settlements;
- Maintaining existing strong protections for the Green Belt, and clarifying that Green Belt boundaries should be amended only in exceptional circumstances when local authorities can demonstrate that they have fully examined all other reasonable options for meeting their identified housing requirements;
- Giving communities a stronger voice in the design of new housing to drive up the quality and character of new development, building on the success of neighbourhood planning; and
- Making better use of land for housing by encouraging higher densities, where appropriate, such as in urban locations where there is high housing demand; and by reviewing space standards.

##### Step 2: Building homes faster

- Providing greater certainty for authorities that have planned for new homes and reducing the scope for local and neighbourhood plans to be undermined by changing the way that land supply for housing is assessed;
- Boosting local authority capacity and capability to deliver, improving the speed and quality with which planning cases are handled, while deterring unnecessary appeals;
- Ensuring infrastructure is provided in the right place at the right time by coordinating Government investment and through the targeting of the £2.3bn Housing Infrastructure Fund;
- Securing timely connections to utilities so that this does not hold up getting homes built;
- Supporting developers to build out more quickly by tackling unnecessary delays caused by planning conditions, facilitating the strategic licensing of protected species and exploring a new approach to how developers contribute to infrastructure;
- Taking steps to address skills shortages by growing the construction workforce;



- Holding developers to account for the delivery of new homes through better and more transparent data and sharper tools to drive up delivery; and
- Holding local authorities to account through a new housing delivery test.

### **Step 3: Diversifying the market**

- Backing small and medium-sized builders to grow, including through the Home Building Fund;
- Supporting custom-build homes with greater access to land and finance, giving more people more choice over the design of their home;
- Bringing in new contractors through our Accelerated Construction programme that can build homes more quickly than traditional builders;
- Encouraging more institutional investors into housing, including for building more homes for private rent, and encouraging family-friendly tenancies;
- Supporting housing associations and local authorities to build more homes; and
- Boosting productivity and innovation by encouraging modern methods of construction in house building.

### **Step 4: Helping people now**

- Continuing to support people to buy their own home - through Help to Buy and Starter Homes;
- Helping households who are priced out of the market to afford a decent home that is right for them through our investment in the Affordable Homes Programme;
- Making renting fairer for tenants;
- Taking action to promote transparency and fairness for the growing number of leaseholders;
- Improving neighbourhoods by continuing to crack down on empty homes, and supporting areas most affected by second homes;
- Encouraging the development of housing that meets the needs of our future population;
- Helping the most vulnerable who need support with their housing, developing a sustainable and workable approach to funding supported housing in the future; and
- Doing more to prevent homelessness by supporting households at risk before they reach crisis point as well as reducing rough sleeping.

## Summary of Changes to the Planning System.

### Plan-making

1. The white paper continues the thrust that has existed for a number of years for getting up to date local plans in place in all local authority areas through measures to speed up plan-making. Its main proposal for speeding up plan-making is that the government will consult on options for introducing a standardised approach to the assessment of housing requirements. It is hoped that this will reduce the contentiousness over determining the Objectively Assessed Need in an area. This calculation which was introduced into the planning system under the NPPF published in 2012 has become a highly contentious part of plan making. Under the proposed change, plans will need to be based on a standardised calculation, presumably meaning that there can be much less argument over the number of houses being planned for. The intention is that the new calculation will govern housing requirements from April 2018.
2. The document also seeks to make more land available for housing. However, it indicates little change in policy on Green Belt; it will remain very challenging for development to occur in areas of such designation. The focus remains on brownfield sites. It will continue to seek to increase housing density in urban areas partially through reviewing housing space standards.
3. A new mechanism is introduced for where there is unmet housing need in an area. This indicates that there will need to be a statement of common ground (SOCG) that clearly stipulates how the need will be accommodated. It is not clear how this fits in with the existing Duty to Cooperate and many of us are already working on this basis. It is possible that the SOCG should really be a joint strategic plan.
4. Knowing who owns or has control over land is seen as a way of freeing up land. There is a proposal to improve the transparency of land registry entries and also the nature of options over land. With this knowledge LPAs will be expected to be innovative and ambitious in the way in which they produce plans and assemble land to deliver them.

### Boosting local authority capacity and capability

5. Local authorities will be able to increase fees by 20 per cent from July 2017 if they "commit to invest the additional fee income in their planning department". This will help local authorities to provide sufficient resources to get their up to date local plans in place and to deal more speedily with planning applications.
6. The White Paper includes an intention to consult on deterring unnecessary planning appeals by introducing fees for them. It also continues to refer to tackling delays caused by planning conditions. It indicates that the government want to review the current system for protected species and roll out a new system of strategic licensing..
7. The White Paper indicates that the government will amend national policy to expect local planning authorities to have policies that support the development of small 'windfall' sites (those not allocated in plans, but which come forward on an ad hoc basis).
8. Providing infrastructure - the government proposes to target the £2.3bn Housing Infrastructure Fund at the areas of greatest housing need. The government will make available £25 million of new funding to help "ambitious authorities in areas of high housing need to plan for new homes and infrastructure". This will be channelled into engaging communities on the design and mix of new homes. The white paper refers to measures to assist the provision of strategic infrastructure, digital infrastructure and the Utilities.

9. In order to simplify developer contributions, the White Paper proposes a review of whether the Community Infrastructure Levy (CIL) should be replaced with a "hybrid system. This has been recommended by an expert group.

### **Giving communities a stronger voice**

Proposes to change regulations on neighbourhood plans

### **Holding developers to account**

10. The government is looking at ways that developers can be held to account for the delivery of new homes. Possible measures include:
- requiring developers to start building within two years, rather than three;
  - encouraging "more active use of compulsory purchase powers to promote development on stalled sites for housing" as part of a raft of measures to ensure that planning permissions are built out;
  - use the default two year timescales for permissions possibly using the anticipated delivery rate as a material consideration. This, together with the use of simplified completion notices and the expectation of agreed delivery rates and timescales could give Councils more control over their land supply. This only really works, however, if the Council has sufficient flexibility within their development plan to release other sites on the basis of under delivery;
  - The government will prepare new guidance, following separate consultation, to encourage local authorities to use compulsory purchase powers to seize stalled sites from developers and then auction off the land to other builders. The proceeds from the auction will then pay back the original developer;

### **Holding local authorities to account**

11. A new housing delivery test will be introduced. The test will "ensure that local authorities and wider interests are held accountable for their role in ensuring new homes are delivered in their areas". According to the white paper, the first assessment period for the test will be for the financial years 2014/15 to 2016/17. "From November 2017, if housing delivery falls below 95 per cent of an authority's annual housing requirement, the government wants the local authority to publish an action plan. If delivery of housing falls below 85 per cent of the housing requirement, authorities would in addition be expected to plan for a 20 per cent buffer on their five-year land supply, if they have not already done so,"
12. There will also be a strengthened 'presumption in favour' definition to ensure that further land is released. The 5YHLS test will remain as a further stick to ensure housing delivery.
13. To have the housing delivery test layered on top of the 5YHLS test seems to work against the principles of a plan-led system. The housing delivery test promotes the plan-led system in terms of encouraging Councils to allocate more land than they need to allow for plan-led flexibility. The 5YHLS test works against this by punishing under delivery with unplanned sites.

### **Diversifying the market**

14. The White Paper indicates that rental properties have a significant role to play in terms of housing our communities. The wider array of tenancies that are now being promoted for inclusion within the revised affordable housing definition will help both the private and public sector to find the appropriate mix for each available site.
15. With all of these measures comes a package of £25m capacity funding, the Housing Infrastructure Fund and the accelerated construction fund to help us all work together to achieve growth.

16. Whilst there are unanswered questions in the HWP about how a lot of this will work, it is encouraging to see how much the thinking has moved on and a recognition that delivering for our communities is a joint responsibility between public and private, rather than public bureaucracy being seen to hold back private aspirations. The various initiatives can be summarised as follows:

- Backing small and medium-sized builders to grow:
  - £3bn home building fund will provide loans to small developers, custom builders and offsite construction with the aim of diversifying the market
  - The government want to bring forward more small sites for development which are more easily accessed by these firms. Further to this, the Home Building Fund will provide £1 billion of short-term loan finance targeted at SMEs and custom builders to deliver up to 25,000 homes during this Parliament and £2 billion of long-term loan funding for infrastructure and large sites, creating up to 200,000 homes.
- Custom building
- Institutional Investment:
  - intends to amend planning policy to make it easier for developers of purpose-built developments for the rental market and to offer affordable private rented homes instead of other forms of affordable housing;
  - The 2017 Housing White Paper sends a clear message of the Government's support for Build to Rent. The White Paper details the government's desire to achieve more institutional investment in the private rental market. It has developed the Build to Rent Model. It has supported this through the £3.5 billion Private Rented Sector Housing Guarantee Scheme, and the £1bn Build to Rent Fund. (para 3.19). The White paper sets out the following proposals:
    - change the National Planning Policy Framework so authorities know they should plan proactively for Build to Rent where there is a need, and to make it easier for Build to Rent developers to offer affordable private rental homes instead of other types of affordable housing;
    - ensure that family-friendly tenancies of three or more years are available for those tenants that want them on schemes that benefit from our changes. We are working with the British Property Federation and National Housing Federation to consolidate this approach across the sector.
    - It talks about PRS being suitable for family accommodation.
- Supporting housing associations and local authorities to build more homes
- encouraging modern methods of construction
- The government will legislate to allow locally accountable New Town Development Corporations to be set up, enabling local areas to use them as the delivery vehicle if they wish to.
- Continuing to support existing Help to Buy and Starter Homes schemes;

### **Supporting people with need for housing**

- although retaining starter homes as a form of affordable housing, the White papers drops previous plans to impose a legal duty on councils to ensure provision of at least 20 per cent Starter Homes on all reasonably sized development sites.
- include incentives for older people to sell big family homes and plans for more sheltered housing schemes.
- Planning rules will be overhauled so councils can plan to build more long-term homes for rent and encouraging more stable, longer-term tenancies to be offered by landlords.
- relax restrictions on funding for the affordable homes programme, originally designed for shared ownership building, so developers can build homes for rentals, including rent to buy schemes.

## Housing White Paper: Proposed Definition of Affordable Housing

**Affordable housing:** housing that is provided for sale or rent to those whose needs are not met by the market (this can include housing that provides a subsidised route to home ownership), and which meets the criteria for one of the models set out below.

**Social rented and affordable rented housing:** eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

**Social rented housing** is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the Government's rent policy. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

**Affordable rented housing** is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

**Starter homes** is housing as defined in Sections 2 and 3 of the Housing and Planning Act 2016 and any subsequent secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute at the time of plan-preparation or decision-taking. Local planning authorities should also include income restrictions which limit a person's eligibility to purchase a starter home to those who have maximum household incomes of £80,000 a year or less (or £90,000 a year or less in Greater London).

**Discounted market sales housing** is housing that is sold at a discount of at least 20 per cent below local market value. Eligibility is determined with regard to local incomes and local house prices. It should include provisions to remain at a discount for future eligible households.

**Affordable private rent housing** is housing that is made available for rent at a level which is at least 20 per cent below local market rent. Eligibility is determined with regard to local incomes and local house prices. Provision should be made to ensure that affordable private rent housing remains available for rent at a discount for future eligible households or for alternative affordable housing provision to be made if the discount is withdrawn. Affordable private rented housing is particularly suited to the provision of affordable housing as part of Build to Rent Schemes.

**Intermediate housing** is discount market sales and affordable private rent housing and other housing that meets the following criteria: housing that is provided for sale and rent at a cost above social rent, but below market levels. Eligibility is determined with regard to local incomes and local house prices. It should also include provisions to remain at an affordable price for future eligible households or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement. These can include Shared Ownership, equity loans, other low cost homes for sale and intermediate rent (including Rent to Buy housing).