



CIH response to DCLG consultation on proposed changes to national planning policy

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planningpolicyconsultation@communities.gsi.gov.uk

1. Introduction

1.1 The 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.

2. Affordable housing – broadening the definition (questions 1 and 2)

2.1 CIH is concerned that broadening the definition of affordable housing in the way proposed, when coupled with the other proposed measures which give priority to the development of starter homes within the overall target for increased housing delivery, will weaken the ability of local planning authorities to ensure that other affordable models (for rent and shared ownership) will be delivered.

2.2 Although the requirement will remain in NPPF for local planning authorities to promote balanced communities, we do not believe that this is enough to ensure other housing at rents local people can afford or other low cost home ownership models will be developed (as stated in the draft equalities statement) in the light of the cumulative impact of measures prioritising starter homes. Our member survey showed:

- 52 per cent of respondents thought that the proposed policy would not increase the number of homes delivered overall
- The majority of respondents – 80 per cent – believed that the delivery of starter homes would result in fewer homes for affordable rent
- 49 per cent believe the policy will lead to fewer shared ownership homes being delivered
- Many believe that this policy will lead to a significant loss of alternative options that would be more affordable to a wider range of households than are likely to be able to access starter homes.

2.3 Our joint [report](#) with Orbit into shared ownership the challenge of affordability for people wanting to own their own home was highlighted. The average income of people entering shared ownership was £27,000 compared to nearly £40,000 for those entering home ownership through the Help to Buy scheme. There will also be a sizeable minority of households who are unlikely to be able to access home ownership at all, and so we must ensure that policies in the NPPF can support local authorities to ensure they can require a full spectrum of affordable housing options to address the range of household incomes and needs, through planning gain.

2.4 Developers may prefer starter homes as their contribution through section 106 agreements, which have provided over 37% or over 16,000 affordable homes in 2013-14 (and historically have delivered significantly more – see JRF, [Rethinking housing obligations: balancing housing numbers and affordability](#)). CIH's forthcoming UK Housing Review highlights the critical significance of planning gain for the development of affordable homes:

Another vital contribution to affordable housing is that provided by 'planning gain' (or section 106) linked to private housing development. This has been growing again for the past three years after the recession, and in 2014/15 at 14,370 homes, was double the level in 2012/13. The composition of the total is however changing, with static numbers of social rent properties delivered, and growth in those for affordable rent and homeownership. The effects of policy changes in the use of section 106 have yet to be felt in a all in numbers delivered, however, this is likely to change as obligations on developers are reduced, and as they also shift away from providing below-market rented housing towards homeownership models such as Starter Homes. The government impact assessment shows that for every 100 starter homes built using section 106 funding, between 36-46 fewer younger household (under age 40) will have access to below market-rented housing or low-cost homeownership.

2.5 Including starter homes within the affordable homes definition will lead to higher land value expectations. This will have significant implications for rural areas, where the guarantee of properties remaining affordable in perpetuity is often critical to the provision of low cost sites and gaining community support for development. We believe the expectation that starter homes will be the affordable element will lead to many landowners holding onto sites in the expectation of an increase in value. The loss of the 'in perpetuity' requirement is likely to lead to less community support as they see future generations of local people unable to benefit. Support to increase home ownership in rural areas might more effectively be achieved by targeting guarantees to encourage more lenders to provide mortgages on shared ownership product with 'in perpetuity' clauses.

2.6 An additional concern in relation to starter homes is that the product is not flexible enough to address the real local and regional differences in 'affordability'. In particular, single households under 35, or families with children requiring more than two bedrooms are unlikely to be able to access this model as a solution for their housing needs. One respondent to our survey drew attention to the fact that only six households on their waiting list would be eligible for and able to access a starter home as currently proposed. Local authorities should be able to apply flexible price caps linked to local earnings.

2.7 If the definition of affordable housing is extended as proposed, CIH calls for careful monitoring of the outputs delivered through section 106 in official statistics so that the different types of affordable products can be

distinguished, and that government at national and local levels can judge the extent to which any one product has been displaced by another and the consequent impact on local households in housing need. This could then form part of the evidence base to support review/ development of Local Plans and future requirements for affordable housing for rent and ownership in developments to meet local housing needs.

2.8 CIH recognises and welcomes action to tackle the housing crisis, and step up in the number of new homes to be developed but we have concerns about the impact of this proposed policy to achieve those ambitions. We do not believe that the initiative as set out will achieve the additional numbers Government anticipates. We are also concerned that the focus is exclusively on numbers delivered, and issues of quality of those new homes is not addressed, particularly in relation to energy efficiency and adaptability. This is a missed opportunity to ensure that what we build ensures sustainability in the long terms in respect of the health and wellbeing of households and communities (and therefore contributing towards tackling the growing demand on and costs of public services such as health and social care). We recommend that government ensures that local planning authorities, in discussion with developers, can require quality standards and measures to ensure sustainability and to address current and future needs. The provision of homes at 80 per cent discount of the market price value must not be at the expense of the quality of homes being added to the overall stock. Alongside the proposed duty to promote starter homes, local planning authorities should be able to require high standards in energy efficiency and adaptability.

2.9 The draft equalities statement acknowledged the detrimental impact for some people with protected characteristics defined in the Equalities Act 2010, notably disabled people. This is primarily due to the likelihood of reduced numbers of homes for affordable rent being developed; they will be further disadvantaged if the homes available for ownership are not suitable or flexible to adapt to their needs. These households risk being doubly disadvantaged by the policy as proposed.

3 Increasing density around commuter hubs (questions 3-5)

3.1 CIH supports development to higher density where the sites are well connected and transport links are sustainable in the long term. We agree that density levels should remain a local decision, depending on the sustainability of those hubs, and to mitigate against any detrimental unintended consequences.

4 Supporting delivery: New settlements, brownfield and small sites

Questions 6-10

4.1 We agree with measures that support local planning authorities to be proactive in identifying all opportunities for sustainable housing development, as part of their strategic approach. Policy support for new developments through the NPPF will help to carry through new

settlements/ garden towns which are struggling through the examination stage due to criticism/ concerns about perceived over reliance on this as a solution. Where there is robust evidence of need and coherent, joined up plans to ensure sustainable infrastructure, these should be supported through national policy.

Brownfield land

4.2 We previously [responded](#) to the measures on encouraging more development on brownfield land; the focus must be on its suitability, which should include consideration of how well the locality of that land ties in with the wider plans for a local area, and the connection with adequate facilities, transport links and plans for economic and employment growth and development. Linking these sites with planning permission in principle must allow scope for the local planning authority to include a range of affordable models and not only starter homes at that stage, as to introduce this too late in the process may lead to increased expectation on land values and challenges for viability – a particular challenge for high value and rural areas.

Small sites

4.3 Clarity on the use of small sites and approaches to windfall sites will be helpful in particular for rural areas, where most development is on small sites. Removing any ambiguity would reduce delays and costs associated with gaining planning permission.

4.4 If all/ any of these sites are to be linked with Planning Permission in Principle, it must be clear that affordable housing requirements (including for affordable rent) are taken into account at this stage, rather than included in later technical permissions, when land price will have been agreed and potentially reduce the capacity to deliver the full spectrum of affordable housing models for rent and ownership that are needed locally.

Action against significant under-delivery – a housing delivery test

4.5 RTPI have demonstrated that, in the last year, planning permissions increased to 216,000; however, house completions over several years have remained significantly below the 240,000 a year needed, and only 131,060 were delivered in the year to June 2015. So there has been improvement in action to grant permissions; delays are still occurring elsewhere in the build out process, which also need to be considered. Further measures could include the requirement to identify other deliverable sites as suggested, but this will not necessarily work in all areas – for example rural areas where there are limited numbers of land owners, and delays can be caused by a number of factors. Other measures could include withdrawal of allocations of sites that have not been developed in five years.

In addition local planning authorities have experienced significant funding reductions (46 per cent reductions over 2010-2015, according to the NAO report of 2014, [The impact of funding reductions on local authorities](#)) with impact on the capacity of local planning authorities to ensure timely action

to drive forward delivery. The housing delivery test and interventions should be developed in such a way that can support more effectively working between the authorities and developers to increase scale and pace of delivery.

5 Supporting delivery of starter homes

Questions 13-16, change of land use

5.1 The lead-in time to develop employment land can be longer than for housing. Whilst it may be attractive to consider re-designation for residential use in the short to medium term, this must not be at the expense of long term strategic plans to create areas for development, linking into the local authorities and local economic partnerships strategic plans. If re-designation is considered it will be appropriate to consider what range of products, including starter homes, will be best suited to the area and to evidenced local housing requirements. We recommend that there should be a regular review of land designation rather than any automatic re-designation, to enable local planning authorities to ensure that there is ongoing appropriate allocation of employment land.

Questions 17-18 rural exception sites

5.2 The delivery of affordable homes in perpetuity, whether for rent or shared ownership, is a critical factor in land being brought forward in rural areas at lower value. It is also key to achieving community support for local development. Starter homes may be an appropriate product for some rural areas where local demand can be evidenced. However, it may be more appropriate for these to be used, as market housing is, to cross subsidise the development of other affordable housing that can remain affordable in perpetuity. This approach will expand the range of products available for local households as well as encouraging ongoing local support for development. Where this can be sustained, it encourages future development as local communities recognise the benefits for current and future generations (as demonstrated in the case studies in CIH/RSN publication [How to involve the community in rural housing development](#)).

Questions 19-20

5.3 Affordable housing development in the greenbelt can be appropriate if consistent with the Local Plan. Starter homes should be considered as part of a mix of housing options delivered through neighbourhood plans, where there is local support.

6 Transitional arrangements

Question 21

6.3 The paper proposes a transitional period to reflect changes that will need to be made to Local Plans in respect of the definition of affordable housing. Given the current challenge to adequate resourcing of the planning function in many local areas, it is likely that there will be delays as a result of this, and it will be important to enable local planning authorities to respond appropriately. This will need to be a consideration

to the nature and timing of introduction of the housing delivery test, for example.

7 Conclusion

- 7.1 CIH supports measures to help people to realise their aspirations for home ownership. Starter homes have their place in the solutions to achieving that; however, we are concerned that these may be given priority at the expense of other products that can help a wider range of households to realise that aspiration. Shared ownership, for example, is accessed by households with an average income of £27,000, compared to nearly £40,000 for Help to Buy.
- 7.2 In addition, we need to ensure that local planning authorities retain the flexibility and authority to require a full range of affordable housing products, including affordable rent, to meet local needs. Overall we are concerned that this and other housing policies will lead to the loss of other affordable housing options for rent and shared ownership. Our modelling shows that, due to a combination of factors including: no new social rented homes built under the Affordable Homes Programme from 2015; conversion of social rents to Affordable Rents; the Right to Buy for council and housing association tenants; and the sale of high value council stock, we can expect an estimated projected loss of 405,000 existing social rented homes over the period from 2012 to 2020.