

CABINET

19 September 2007

HOUSING GREEN PAPER – HOMES FOR THE FUTURE: MORE AFFORDABLE, MORE SUSTAINABLE

REPORT OF HEAD OF STRATEGIC PLANNING

Contact Officer: Steve Opacic Tel No: 01962 848101 email sopacic@winchester.gov.uk

RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

Communities and Local Government has published a Green Paper entitled 'Homes for the Future: More Affordable, More Sustainable' in July 2007. Responses to the Green Paper are invited by 15th October 2007.

The Green Paper's Executive Summary is attached at Appendix 1 of this report. Like the recent Planning White Paper, the Green Paper is a very substantial document and this report does not attempt to summarise it in detail. Instead it highlights those aspects of the Green Paper which are most likely to have implications for the City Council and on which the Council may wish to comment. The report comments on the implications of these issues and recommendations are made for comments to Government, where appropriate.

The Green Paper covers many of aspects of housing, but its main focus is on increasing the supply of new housing to achieve a target of 3 million new homes by 2020. Measures proposed in the Green Paper will affect a range of City Council activities, including planning and housing enablement. It is therefore recommended that the City Council makes comments on the Green Paper and suggested comments are set out in Appendix 2 of this report.

RECOMMENDATION:

That the suggested comments set out at Appendix 2 of this report be submitted to Government as the City Council's response to the Housing Green Paper.

CABINET

19 September 2007

HOUSING GREEN PAPER – HOMES FOR THE FUTURE: MORE AFFORDABLE, MORE SUSTAINABLE

REPORT OF HEAD OF STRATEGIC PLANNING

DETAIL:

1 Introduction

- 1.1 Communities and Local Government has published a Green Paper entitled 'Homes for the Future: More Affordable, More Sustainable' in July 2007. The Executive Summary of the Green Paper is attached as Appendix 1 of this report. Responses to the Green Paper are invited by 15th October 2007.
- 1.2 The Green Paper is divided into 5 sections which cover a wide range of matters. However, its key emphasis is on facilitating an increase in the supply of new housing, to achieve a target of 3 million new homes by 2020. Measures proposed in the Green Paper will therefore affect a range of City Council activities, including planning and housing enablement. It is therefore recommended that the City Council makes comments on the Green Paper and this report recommends a series of comments which are set out in Appendix 2 of this report.
- 1.3 It is expected that, in due course, a White Paper will be produced, followed by legislation where required to implement relevant aspects of the Paper. However, many of the measures proposed in the Green Paper are already in hand or can be implemented without primary legislation, through changes to Government guidance and regulations, for example.

2 Key Issues Raised by the Green Paper

- 2.1 The Green Paper is in 5 Sections, with Sections II (More homes to meet growing demand) and IV (Making housing more affordable) being of particular relevance to the City Council. The paragraphs below highlight the key issues within each Section, but are not intended to be a comprehensive summary of the Green Paper's content.

Section I: Progress and Challenges

- 2.2 This section illustrates how home ownership has continued to rise and shows the progress made towards ensuring decent homes, reducing homelessness, making better use of land, etc. However, it highlights the continuing need for housing arising from increases in the number of households, and that new dwelling completions are failing to keep pace with demand. This has led to reducing levels of affordability, which is a particular issue in areas such as Winchester District.

Section II: More Homes to Meet Growing Demand

- 2.3 The number of households is expected to grow at 223,000 a year whereas the housing stock is only growing by 185,000 dwellings a year. As a result the

Government is seeking to increase house building to achieve a target of 2 million new homes by 2016 and 3 million by 2020. This will require annual completions to increase to 240,000 dwellings by 2016 and to stay at that level thereafter. Completion rates have not consistently been at this level since the late 1970's. This will be achieved in a number of ways, including extending the Growth Areas and Growth Points, increasing Regional Spatial Strategies' housing requirements, and the development 5 'eco-towns'.

- 2.4 The Partnership for South Hampshire (PUSH) area is already defined as a New Growth Point. The New Growth Points initiative will be extended nationwide and not just be limited to the South East, but the aim also to achieve an increase of 32% of housing above previously-planned levels in the existing New Growth Points. The Green Paper does not propose specific increases for each Growth Point, such as PUSH.
- 2.5 The Government is inviting proposals from local authorities and other interested parties for the development of 'eco-towns', which would be 'exemplar green developments' of 5,000-20,000 dwellings. A number of criteria are set out and the use of brownfield and public sector land is encouraged where possible.
- 2.6 The Green Paper notes that most Regional Spatial Strategies (RSS) have reached an advanced stage and therefore suggests 'mini reviews' to increase the housing requirements, which will also enable the increased New Growth Areas and the eco-towns to be brought forward through the planning process. Although the implication is that current RSS will be left to run their course, there is clearly pressure from Government (which ultimately adopts all RSS) for increased housing numbers. This may have implications for the South East Plan, even beyond the changes proposed by the Examination in Public Panel Report. It is proposed that, in future, the Government will issue guidance at the beginning of RSS preparation on the range of housing provision that is required.
- 2.7 It is proposed to move towards a single regional strategy, combining the Regional Spatial Strategy and the Regional Economic Strategy. The Regional Development Agency would be responsible for preparing this single strategy, not the Regional Assembly. The Government will also specify economic growth objectives for each region and will expect housing provision to match projected household growth (which the current South East Plan does not).
- 2.8 Planning Delivery Grant will be replaced from 2008 by Housing and Planning Delivery Grant (HPDG). This will be closely linked to housing delivery, particularly achievement of a 5-year supply of housing land. Report CAB1522(LDF) to the Cabinet (LDF) Committee on 11th September gave more details of the requirement to maintain a 5-year supply of housing land. The Green Paper makes it clear that, where councils have not identified enough land, inspectors will be more likely to allow appeals and 'the Secretary of State will not hesitate to use her powers to recover planning appeals and take decisions herself in order to reinforce PPS3 land supply policies'.
- 2.9 This section of the Green Paper emphasises the importance of housing provision in rural areas, especially affordable housing. Investment in affordable rural housing should not just be focussed just on towns and attention is drawn to the advice in PPS3 which allows local authorities to allocate sites solely for affordable housing in rural areas. Reference is made to the investment that the Housing Corporation is

making in rural areas and to a pilot scheme of 'Community Land Trusts' to supply and finance rural affordable housing.

- 2.10 The Green Paper emphasises the importance of bringing forward surplus public sector land for housing development, with a target of 200,000 dwellings on such land by 2016. There will be a review of surplus land in Government ownership, which is estimated to have potential for 100,000 dwellings. This review will be led by English Partnerships and include land held by various Government departments and agencies.
- 2.11 The Green Paper refers to the opportunity for local authorities to set up 'Local Housing Companies' in a joint venture with English partnerships into which the authorities would invest public land, with the Companies acting as master developers for that area. 14 such companies are proposed, none of which are in Hampshire.
- 2.12 The national target of providing at least 60% of homes on brownfield land remains, and local authorities are asked to continue to prioritise sustainable brownfield sites. There is also encouragement to developing strategies for long-term empty homes, where this is an issue.

Section III: How We Create Places and Homes That People Want to Live in

- 2.13 The importance of access to good infrastructure is recognised, along with the need to plan for and minimise environmental pressures. The Comprehensive Spending Review 2007 (CSR07) will be used to ensure that housing growth is a priority for the Government's key infrastructure departments. The Green Paper suggests how various Government Departments can work better to assist housing growth and achieve sustainable development.
- 2.14 The role of local authorities in negotiating with and influencing infrastructure/service providers through Sustainable Community Strategies and Local Area Agreements is recognised. Local authorities will have to demonstrate sound infrastructure planning as part of their LDFs and this will be one of the 'tests of soundness' examined by the Planning Inspectorate at the Public Examination stage of development plan documents. This is likely to require an implementation plan to accompany LDF documents, although the precise form that infrastructure planning takes is left to authorities' discretion. The Green Paper suggests that the Government expects to increase funding for New Growth Areas with a significant increase in funding for infrastructure.
- 2.15 The Government still proposes to introduce a Planning Gain Supplement (PGS), although this would not be before 2009. A PGS Bill is planned in the forthcoming session of Parliament but the Green Paper states that 'if, prior to the Pre-Budget Report, a better way is identified of ensuring local communities receive significantly more benefit from planning gain... the Government will be prepared to defer next session's legislation'. It is also stated that the Government will continue to listen to representations from key stakeholders and that it is offering local authorities and developers a further opportunity to discuss alternative approaches to PGS.
- 2.16 Four possible alternative approaches are outlined;
 - a) Lower PGS with less scaling back of S106 planning obligations. PGS revenues would be lower and continue to be returned to the region from which they were raised;

- b) PGS limited to greenfield sites with S106 obligations continuing to operate. This approach may require EU State Aids approval;
- c) A charging mechanism based on an expanded S106 planning obligation system. Some or all of the restrictions applying to S106 agreements would be removed, making it easier for authorities to use standard charges to mitigate the impact of development. Charges would be set out in Development Plan Documents and linked to infrastructure need;
- d) A statutory planning charge which would require developers to pay a standard charge based on infrastructure costs in an area. This would enable contributions to be collected from all developments in an area.

Further announcements (presumably on the conclusion of the consultation) are promised in the Pre-Budget Report.

- 2.17 The Green Paper emphasises the importance of good design and the importance of the mix of dwellings. There may also be a need for more family housing, alongside smaller units, and housing will need to meet the needs of an aging population.
- 2.18 The commitment to achieve zero carbon homes by 2016 is re-stated. Energy efficiency requirements will be included in the Building Regulations to achieve a reduction of carbon emissions of 25% by 2010, 44% by 2013 and zero carbon for all new homes by 2016. It is proposed that it should be mandatory for all new homes to be rated against the Code for Sustainable Homes and this is currently being consulted upon. A final version of the Climate Change Planning Policy Statement will be published later in 2007, following consultation on the draft earlier this year. The importance of water efficiency and flood risk are also recognised.

Section IV: More Affordable Homes to Buy or Rent

- 2.19 The Green Paper recognises the serious issue of house price affordability with average house prices now in excess of £200,000. In the long term increasing the supply of housing will help rebalance prices however in the short term the Green Paper recognises the need to help young people and families with more immediate measures. It is proposed to do this by,
 - £8 Billion affordable housing programme between 2008 – 11, an increase of £3 Billion
 - At least 70,000 more affordable homes per year by 2010 – 11
 - At least 45,000 new social rented homes per year by 2010 – 11
 - Over 25,000 shared ownership homes per year

Other measures designed to influence supply are discussed within the Green Paper such as setting targets for the building of rural affordable housing and the establishment of Local Housing Companies (see Para. 2.11).

The Government recognises the scale of the problem requires all options to be considered and one aspect of the Green Paper discusses the role of LA's, these can be summed up in three main areas:

- Enabling new affordable supply to be built
- Influencing the decisions that are made
- Having a direct role in the building of new homes where it provides value for money

Section V: Delivery: How to make it Happen

- 2.20 The importance of having sufficient appropriately skilled workers to build the proposed number of houses is recognised. Much of this section is, therefore, concerned with ensuring the necessary skills and capacity, including increasing the number of apprenticeships and amount of training. There are skills gaps in some professional disciplines and certain trades, especially in the South East. The continuing need to increase the number of qualified planners and raise the status of Chief Planning Officers is noted.
- 2.21 The availability of materials is not expected to be a constraint on the amount of new housing that can be constructed. The importance of sustainable construction is recognised, in terms of reducing construction's carbon footprint, water consumption, waste, etc.
- 2.22 The need to involve the local community in planning for new homes is acknowledged. This may be through initiatives such as Market Town Health Checks or the planning process. A web-based 'toolkit' of evidence and information which local communities can use is planned, covering matters such as house prices, waiting lists, housing market assessment data, and LDF processes.
- 2.23 Local authorities are encouraged to prioritise housing needs and to work together to meet them. The strategic housing and planning roles are important in identifying housing needs and planning to meet them. The importance of having a 5-year supply of housing land and not relying on windfall development is re-emphasised. Housing supply should feature in Local Area Agreements and there is scope for local authorities and key stakeholders to work together to set up 'Local Delivery Vehicles' to implement housing delivery. These may include Urban Regeneration Companies, Special Venture Vehicles, Urban Development Corporations, and City Development Companies.
- 2.24 Views are sought on the models which may be used and reference is made to the possibility of wholly-owned local authority companies to build and own new affordable housing. Other options may include Community Land Trusts, Local Housing Companies and Limited Liability Partnerships.
- 2.25 The role of the house-building industry is referred to, with encouragement to developers to bring forward land more quickly. The Government will consider whether measures are needed to require developers to build out schemes once they have been permitted or started, including changes to the planning definition of commencement. The Office of Fair Trading will be undertaking a study of house building, looking in particular at whether land is being brought forward quickly enough and customer satisfaction with the quality of new homes.
- 2.26 The New Homes Agency is intended to support local government in providing housing and is charged with a number of tasks, including increasing the supply of

housing, regenerating urban areas and disadvantaged estates, levering in private funding and improving environmental standards.

3 Officer Comments and Recommended Response

- 3.1 Much of what is referred to in the Green Paper relates to existing initiatives and policies. This section concentrates particularly on the areas where changes are proposed, especially where they will impact on the work of the City Council. A series of recommended responses are set out in Appendix 2. Unlike many other consultations, the Green Paper only includes specific questions in two areas: housing design and social housing, especially funding issues. Appendix 2 covers these questions, as necessary, along with other issues on which it is considered the Council should respond.
- 3.2 With regard to Section II of the Green Paper, there can be no doubt that housing provision is failing to keep pace with household formation and that this is having effects on affordability, especially in places like Winchester. Despite this, increasing the level of housing provision is always a contentious issue, especially if it involves increasing housing requirements at a late stage in the spatial planning process. The Green Paper provides another opportunity for the City Council to question the Government's approach to dealing with windfall sites when assessing housing land availability.
- 3.3 While the Green Paper implies that increases to the housing requirements in Regional Spatial Strategies will be achieved through 'mini-reviews' of RSS, there is a fear that Government may simply impose higher targets through the process of approving RSS, without proper consultation or awareness of the local implications. There is also a concern that, whilst Regional Assemblies may not be viewed as being particularly democratic, the proposal to give responsibility for producing RSS to Regional Development Agencies will result in reduced local accountability and influence.
- 3.4 It is therefore recommended that the City Council urges Government not to impose increased housing targets through the current round of RSS's, but to require consideration of this in separate reviews of RSS, which can give proper consideration to the issues and include adequate consultation. Any proposals for changes to housing provision in New Growth Points (including PUSH) or eco-towns should also be considered through reviews of RSS. It will be noted that the recently published South East Plan EIP Panel Report does not recommend any increase in the PUSH housing requirement. There will be an oral report on the EIP Panel Report to the Cabinet (LDF) Committee meeting on 11th September.
- 3.5 It is also recommended that the City Council objects to the proposal to give spatial planning responsibility to Regional Development Agencies and should suggest instead that economic development and spatial planning responsibilities be combined within Regional Assemblies, whilst at the same time introducing measures to make Assemblies more democratic and accountable.
- 3.6 Section III of the Green Paper deals particularly with infrastructure issues, which are a matter of considerable concern locally and within the South East. The ability and requirement to have regard to infrastructure issue is therefore welcome. There is, however, a concern that the proposed 'test of soundness' relating to infrastructure needs to be applied reasonably, given that local authorities have no direct responsibility for the majority of infrastructure provision, e.g. the various utilities. It is

not realistic to expect utility companies to give firm commitments to the provision of various infrastructure requirements at an early stage in the LDF process, for example when issues and options are under discussion. In fact they may not be able to give firm commitment to a scheme until it is in an adopted LDF document, potentially resulting in a 'chicken and egg' situation.

- 3.7 The proposed Planning Gain Supplement (PGS) is again subject to consultation and various options are suggested. The City Council's previous concerns about PGS related to whether it would raise adequate funding, given that S106 obligations were to be scaled-back, and whether PGS funds would be available to secure infrastructure provision on a particular development at the appropriate time. Experience with West of Waterlooville, for example, suggests that many of the contributions that are being secured from the developers, especially for off-site works/improvements, would have been paid to the PGS if it was in operation. This would separate them from the contributing development, with no guarantee that adequate funds would come back, and at the right time, to implement the improvements when needed.
- 3.8 Because of these concerns, the Council had preferred a tariff-based system. However, in the case of larger developments, where the specific impacts and measures needed to address them can be identified, the S106 planning obligation route is the best way to tie specific improvements to the relevant stage of a development. Comments on the various options suggested are made below.
- 3.9 Option A (lower rate of PGS with less scaling back of S106 agreements) may go some way to meeting the Council's concerns, but this would depend on where the cut-off is drawn between what is funded by PDG and what can be sought through S106 agreements.
- 3.10 Option B (PGS limited to greenfield development) is considered to be totally inappropriate. Much greenfield development is large-scale and therefore capable of being dealt with through S106 requirements. In fact PGS can be most effective where there is a lot of small-scale windfall development, i.e. on brownfield sites within built-up areas, not on greenfields.
- 3.11 Option C (expanded planning obligations) would remove some of the restrictions on the way s106 obligations can be used and enable councils to develop more standard charges for various infrastructure items. This is likely to require a lot of work to identify and justify the various charges, but would allow S106 agreements still to be used to secure specific improvements on larger developments, whilst also applying standard charges on smaller schemes. This option would therefore meet the City Council's objectives for a planning gain system well.
- 3.12 Option D (statutory planning charge) would require legislation to allow authorities to make a standard charge to cover infrastructure needs. This would make collection of contributions easier, especially where there is a lot of small-scale development. It is not clear whether local authorities could set the charges or whether S106 agreements could still be used for larger schemes. If the charges could be set locally to reflect the costs of provision, and there was scope for specific requirements to be established for larger scale schemes, this would be the best option as it removes the need to negotiate or justify each S106 obligation, once a standard charge has been set.

- 3.13 It is, therefore, recommended that the City Council supports Option D if it adequately reflects local circumstances, otherwise Option C would be preferable.
- 3.14 With regard to sustainable construction, it appears that the Government is moving to include increasingly ambitious energy efficiency targets within the Building Regulations, as well as making assessments under the Code for Sustainable Homes mandatory. This is to be welcomed as it will help to avoid the need for every local authority to develop and justify its own energy efficiency targets in the LDF. As most authorities will end up with similar requirements this could be extremely wasteful of resources. It is recommended that the City Council urges similar mandatory increases in standards for other aspects of sustainable construction such as water conservation and drainage.
- 3.15 The Government's commitment to increasing the level of investment in affordable housing (Section IV) is welcome, as locally the lack of affordable housing is considered a major issue. It also brings greater certainty to the funding of locally important housing schemes such as West of Waterlooville and Silver Hill.
- 3.16 One of the more interesting aspects of the Green Paper is the recognition LA's can have a new build role in the provision of affordable housing. Clearly the Treasury have concerns about this and the Green Paper says "*in most cases, we would expect models which offer access to private finance to provide better value for money, delivering more affordable homes for the public investment*". During 2006/07 Officers worked with the Council's financial consultants (Butlers) to model the financing and impact of building council owned houses as part of an options review of funding new affordable housing. These findings will be reported after the results of the pilot work on this issue with selected Councils is known, this will allow a full assessment of what options the council has and the Governments view on these.
- 3.17 Section V of the Green Paper does not deal with any matters which it is recommended the City Council needs to comment on. The changes to Planning Delivery Grant have been known for some time and subject to separate consultation.

4 Conclusion

- 4.1 The Green Paper draws together a wide range of housing-related issues, although many relate to existing initiatives and schemes. Where these are of interest to the City Council they are summarised above and a series of suggested comments is contained at Appendix 2 which it is recommended Cabinet endorses on behalf of the Council.

OTHER CONSIDERATIONS:

5 CORPORATE STRATEGY :

- 5.1 The Corporate Strategy includes aims to 'ensure an adequate housing supply to support the local economy' and 'use the planning system to promote the building of new homes to both meet local needs and Government set targets while protecting local character through sensitive design and appropriate densities'.

6 RESOURCE IMPLICATIONS:

- 6.1 At this stage the Green Paper is published for comment, and so does not have significant resource implications. Some of the matters raised in the Green Paper

may subsequently have resource implications and further reports may be needed to elaborate on these in due course.

7 BACKGROUND DOCUMENTS:

7.1 None

8 APPENDICES:

Appendix 1 – Housing Green Paper, Executive Summary

Appendix 2 – Recommended Comments on the Housing Green Paper

APPENDIX 1**Housing Green Paper, Executive Summary****Executive Summary****Our vision**

We want everyone to have access to a decent home at a price they can afford, in a place where they want to live and work. Good quality, affordable housing enables stable and secure family lives: we are all healthier, happier and wealthier when we have decent homes close to schools, healthcare and transport links.

But this is not just an issue for families. Good housing can improve our social, environmental and economic well-being. It helps create better communities that can attract investment and skilled workers. And getting the design right can also improve the environment and reduce our carbon footprint.

Therefore, the strategic housing decisions we take collectively over the next few years are critical to the life chances of the next generation.

Section I: What's happened since 1997

Since 1997, housing has improved for many people. Homeowners have seen the value of their properties increase. Social tenants have seen massive improvements in the quality of their homes. And concerted action has slashed homelessness and directly helped 77,000 households to buy their first homes.

All of this has been achieved in a climate of economic growth and stability – far removed from the boom and bust of previous decades. Low inflation and low interest rates have led to over 1 million more home owners over the last ten years.

We have achieved a great deal through our investment in housing over the past ten years. That investment means social housing now has over 1 million fewer non-decent homes and the number of private sector vulnerable households living in non-decent homes has been reduced by over 300,000. We have also cut the number of rough sleepers by over two thirds and ended the long-term use of bed and breakfast accommodation for families with children. Our investment has also helped improve demand for homes in some previously blighted urban areas.

The challenges we face

But we face new challenges today. Demand for homes to buy or rent is growing faster than supply. And as house prices have grown faster than wages, it is becoming increasingly difficult for young people to get a step on the housing ladder. And the challenges of climate change mean we need to provide greener, better-designed housing for the future.

This Green Paper sets out our proposals to improve the housing fabric of our society. We will work with our partners to provide:

- More homes to meet growing demand;
- Well-designed and greener homes, linked to good schools, transport and healthcare;
- More affordable homes to buy or rent.

Section II: More homes to meet growing demand

Our first challenge is to provide more homes. Housing supply has increased substantially in the last few years and is now at its highest level since the 1980s, but supply is still not keeping up with rising demand from our ageing, growing population.

Why we need more homes: While the housing stock is growing by 185,000 a year, the number of households is projected to grow at 223,000 a year, many of them people living alone.

New targets: That is why the Government is now setting a new housing target for 2016 of 240,000 additional homes a year to meet the growing demand and address affordability issues. The level of housing supply needs to increase over time towards this target and we believe that a total of three million new homes are needed by 2020, two million of them by 2016.

Delivering 2 million homes by 2016 and 3 million homes by 2020: Our proposals assume that housing supply will rise over time towards the 240,000 per year target in 2016, delivering approximately two million new homes by 2016 and continuing at around 240,000 homes per annum over the next four years to deliver an extra million new homes by 2020.

The two million new homes that will be delivered by 2016 will include the following:

- **1.6 million homes are already in existing Regional Spatial Strategies (RSS) and plans now in place including around 650,000 homes in Growth Areas** with support from the 2003 Sustainable Communities Plan (e.g. Thames Gateway and Milton Keynes/South Midlands);
- **150,000-200,000 additional homes in the new round of RSS and plans now under consideration**, including many smaller sites and urban area schemes, together with **further, partial RSS reviews** where they are needed;
- **100,000 extra homes in 45 towns and cities** that make up the **29 New Growth Points** which have already come forward in 2006 proposing high growth schemes. Those towns will be eligible for additional support and growth funding – comparable to support which Growth Areas receive, including access to a £300 million Community Infrastructure Fund for Growth Areas, New Growth Points and eco-towns;
- **An additional round of New Growth Points** including for the first time the North. Our ambition would be to deliver around **50,000 new homes**. The final number will depend on the strength, costs and sustainability of bids coming forward;
- We are launching today an invitation for local authorities and developers to propose **5 new eco-town schemes**, with the entire community designed to be able to reach zero carbon standards. Each scheme could provide between 5,000 and 20,000 new homes giving a total of some **25-100,000 homes**. Final decisions will depend on the strength, costs and sustainability of the bids received.

Delivering homes where they are needed: Young families face problems finding affordable homes in every region, in urban and in rural areas. New housing is therefore needed throughout the country delivered in a way that is sensitive to local needs. We are extending the New Growth Points programmes to northern cities and towns.

Rural homes: We recognise that rural communities face particular pressures. We will set out measures to ensure more social and shared ownership homes are delivered in villages, as the Affordable Rural Housing Commission proposed. The Housing Corporation is investing £230 million to deliver around 6,300 homes in small towns and villages through its 2006–08 affordable housing programme. We will set a target for delivery of affordable housing in rural areas over the period 2008-11. We are also supporting seven new potential pilot Community Land Trusts in rural areas, giving local communities access to land for affordable house building.

Planning reviews: We will set up partial reviews of regional plans to increase regional and local targets and ensure the new eco-towns and additional Growth Points are properly

handled in the planning system. Reviews of Regional Spatial Strategies will be carried out by 2011 to reflect plans for 240,000 homes a year by 2016.

Local planning incentives and enforcement: A new Housing and Planning Delivery Grant will direct extra resources to those councils who are delivering high levels of housing and to those councils who have identified at least 5 years worth of sites ready for development. Local councils will have to identify enough land to deliver the homes needed in their area over the next 15 years by rapidly implementing new planning policy for housing (PPS3). We are publishing new guidance showing how councils can find the land they need. Where councils have not identified enough land and do not grant sufficient planning permissions, planning inspectors will be more likely to overturn their decisions and give housing applications the go ahead at the appeal stage. We will also 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.

Public sector land: We have raised our target to 200,000 new homes to be delivered on surplus public sector land by 2016, a significant increase from the previous target of 130,000 announced in the Pre-Budget Report. English Partnerships will set out new standards for housing on surplus Government land, which will increase the number of affordable homes developed, bring forward sites more quickly and ensure that design and environmental performance standards are raised to meet housing policy objectives.

Recycling homes and land: We also need to make the most of existing homes and buildings and disused land. We believe brownfield land should be the priority for development. 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. The new homes agency* will work with local authorities to support them in their place-shaping role, including on how local authority and other disused land can be used to lever in private investment and transform communities. Councils, as part of their strategic housing role, need to reduce the number of homes that are left empty for long periods of time. We will explore a range of measures including the new Housing and Planning Delivery Grant.

*This refers to the government's new delivery body for housing and regeneration, currently being consulted on as *Communities England*, in 'Delivering housing and regeneration: Communities England and the future of social housing regulation'. More information on the role of the new homes agency is given in Chapter 12: Implementation: A shared endeavour.

Section III: Better homes: How we create places and homes that people want to live in

We don't just want to build *more* homes. We want them to be *better* homes, built to high standards, both in terms of design and environmental impact and homes that are part of mixed communities with good local facilities. Our new homes need to be part of the solution to climate change; not part of the problem. We will work with other government departments to make this a reality. We also want to improve the quality of existing social homes, so that everybody has decent housing.

Infrastructure funding: We have already delivered significant investment in infrastructure through mainstream government funding. £14 billion was spent on infrastructure in the three main regions of growth (London, the South East and East) during 2006-07. We are setting out new procedures to ensure mainstream programmes provide proper support for high growth areas.

New settlements should be attractive places with good quality neighbourhoods and green public space that help create healthy communities. They must provide good local infrastructure – transport, schools and healthcare. Such provision will be central to our plans and we are proposing new procedures for councils and Government departments to plan for new schools, new health facilities and improved transport facilities. We are funding CABI Space to assist local authorities with their green space strategies, in order to provide more and better open spaces for people to use, including play areas for children. Green spaces are an essential part of our Growth Areas, New Growth Points and eco-towns programmes, where a tenth of Growth Area funding has been dedicated to improve parks, forests and green spaces since 2003.

We will also continue with targeted funding for Growth Areas, New Growth Points and eco-towns including the new £300m Community Infrastructure Fund over the next three years. Announcements on levels of funding will be made in the Autumn.

Planning Gain: We also believe that more infrastructure funding could be drawn from the value uplift that the planning system generates. We propose a Planning-gain Supplement Bill – to ensure that local communities benefit from new developments. But if a better way is identified before this year's Pre-Budget Report of ensuring local communities receive significantly more of the benefit from planning gain, including to invest in necessary infrastructure and transport, and it is demonstrated that it is a better alternative, the Government will be prepared to defer next session's legislation. This Green Paper sets out possible alternative approaches to facilitate discussion with key stakeholders.

Greener homes: New housing needs to be much more sustainable for the future. We need a revolution in the way we build, design and power our homes. A quarter of the UK's current carbon emissions (around 150 million tonnes of carbon dioxide each year) arise from how we heat, light and run our homes. We want to increase protection of the environment by cutting carbon emissions and we want all new homes to be zero carbon from 2016. We will strengthen building regulations by 25% in 2010 and by 44% in 2013 to set the standards we need to help achieve this. We will also set new minimum standards for water use in new homes cutting average water use by almost 20%. And we are consulting on how best to rate new homes against our Code for Sustainable Homes to inform consumers and help drive up standards. We have set up a task group to look at research and work across the supply chain to deliver the improvements we need.

We will monitor closely the effectiveness of our new planning policy protecting new homes from flooding.

We are committed to the principles of the Green Belt. We will make no fundamental changes to Green Belt planning policy, as set out in Planning Policy Guidance note 2.

Well-designed and good quality homes: Our aim is to eliminate poorly-designed new housing, and make good and very good new development the norm. And we recognise that getting the design right can improve the quality of life for all members of the community, as well as improving the environment, creating safer and stronger communities and reducing our carbon footprint. We recognise the inspirational power of the very best and are encouraging innovative new designs of the highest standards, for example through competitions in eco-towns. These competitions will stimulate new architectural thinking on how to achieve a strong vision and identity in a range of new settlements and at individual building level, whilst reflecting local character and context.

We will work closely with the Commission for Architecture and the Built Environment (CABI) on its work with the public and private sectors to raise design standards. A light-touch review of CABI in the autumn will ensure we maximise its contribution to good design as we expand housing growth. We will also pilot a quality assurance programme with local authorities and developers, to explore ways to provide a meaningful concession to

developers who meet quality benchmarks, with a view to speeding up the development process whilst safeguarding design outcomes.

Our new planning policy for housing (PPS3) ensures that housing developments reflect the varied needs of local communities, providing more affordable homes, proper infrastructure and high standards of design. And our *National Strategy for Housing in an Ageing Society*, to be published in the autumn, will set out more on ensuring housing growth responds to the needs of an ageing population.

Section IV: Making housing more affordable

House prices have doubled in real terms in the last decade. The average house now costs over £210,000, over 8 times the average salary. This has made it more difficult for young people and families to buy their own home. Although building more homes is essential to tackle long term affordability pressures, more support is also needed to help young people and families over the next few years. While we have focused on improving the quality of social housing since 1997, we now need to develop more affordable homes both to rent and to buy, including increasing provision of family housing. Local authorities will have new opportunities to build and manage new houses as well as Housing Associations and the private sector.

We plan a £8 billion programme for affordable housing in 2008-11, a £3 billion increase compared to the previous three years.

At least 70,000 more affordable homes a year by 2010–11: We want to ensure there are more affordable homes and more opportunities for people to get on the housing ladder. Government will help deliver at least 180,000 new affordable homes over the next three years, and more than 70,000 affordable homes a year by 2010-11 – with an ambition to increase further in the next spending review.

At least 45,000 new social homes a year by 2010-11 – a 50% increase in social housing in 3 years, more than doubling new provision since 2004-05, and **a goal of 50,000 new social rented homes a year**, in the next spending review period.

We will significantly expand the programme of converting temporary accommodation into settled homes, adding to the number of homes which will become intermediate or social housing.

Over 25,000 shared ownership and shared equity homes a year funded mainly by the Housing Corporation (or its successor the new homes agency) to particularly help key workers and others who cannot afford to buy near where they work.

Thousands more shared ownership homes through local housing companies and public sector land. We will use public sector land to deliver additional shared ownership homes without grant. We will set out more details on the scale of this programme as the work with local housing companies progresses.

Rural Affordable Housing: The new homes agency will work with rural councils so that they can meet the particular pressures faced by rural communities by supporting social housing and shared ownership homes in villages and rural areas as well as in larger towns. Later in the year, building on advice from the regional assemblies we will set a target for rural affordable housing for 2008-11.

Local Housing Companies: We are setting out proposals for new local housing companies that local councils can establish (in partnership with the new homes agency) in particular to deliver shared ownership homes and homes for first time buyers built on local council land.

We believe these have the potential to deliver tens of thousands of shared ownership homes over the next five years.

Private Sector Shared Equity: We believe the private sector can play a greater role in offering shared equity mortgages or shared ownership homes, and we want to see far more competitive products on offer. Communities and Local Government are appointing Brian Pomeroy, to help us follow up on the Shared Equity Task Force report and advise us on ways to develop the private sector shared equity market. We have already launched a shared equity competition for lenders to develop more shared equity and we are now announcing a new 17.5% government equity loan product. Through this, we aim to increase both the range of private sector organisations involved in this area and the competitiveness of products available.

Improving the way the mortgage market works: We want to look at ways to help mortgage lenders finance mortgages, including more affordable longer-term fixed rate mortgages.

Wider delivery of affordable housing in mixed communities: We want to see a wider range of organisations bringing in more resources to build affordable housing. The first ten Arms Length Management Organisations and other local authority companies have requalified to bid for social housing grant, and more will have an opportunity to pre-qualify next year. We are setting out new ways for councils to use their land and resources to build homes, and are seeking views on changes to the treatment of rents and capital receipts from additional homes which would incentivise this. We also want to promote greater private sector involvement in increasing social housing.

Section V: Delivery: how we make it happen

More skilled workers: We need enough appropriately skilled workers to deliver our housing ambitions. This means improved training and tackling recruitment and retention difficulties in key areas and a focus on ensuring we have enough skilled professionals, construction workers and planning officers to meet our ambitions.

Implementation: a shared endeavour: This Green Paper sets out a scale of ambition to provide more housing than seen in this country for a generation. If we are to build these much needed homes we must join in a shared endeavour – with political leadership and delivery support shared between national, regional and local levels; with private, public and third sector providers all playing full roles; and involving local communities.

Everyone needs to take responsibility and account for the part they play in delivery. Communities and Local Government and English Partnerships are working with the Prime Minister's Delivery Unit to design a delivery mechanism to ensure this ambitious, cross government programme is realised. We want to see local people effectively involved in the debate about housing growth and infrastructure provision in their communities.

Local authorities have a critical role to play in achieving a major increase in new homes and their strategic housing role is at the heart of achieving our ambitions for housing supply. We want to see local authorities step up to play a stronger role in addressing the housing needs of all their residents, as part of their strategic housing role.

And we want home builders to rise to the challenge faced by the new targets for housing delivery, working with us to bring forward more land and tackle quickly any operational barriers to our plans.

Supporting documents

Alongside this Green Paper we are publishing a series of documents providing more detail on this package of investment and reform:

- Eco-towns Prospectus – setting out a vision and specification for local authorities and developers, including an invitation to propose at least five new eco-towns;
- Building a Greener Future – our strategy and timetable for achieving zero-carbon homes by 2016;
- Building Regulations, Energy Efficiency Requirements for New Dwellings, a forward look at what the standards may be in 2010 and 2013;
- Water Efficiency in New Buildings – our joint policy statement with Defra;
- Improving the Sustainability of New Homes – making a rating against the Code for Sustainable Homes mandatory;
- Strategic Land Availability Assessment: Practice Guidance – to provide local planning authorities with advice on identifying land for housing and assessing deliverability;
- Impact Assessment for the Homes for the future: more affordable, more sustainable;
- Regulatory Impact Assessment for Energy Efficiency Requirements for New Dwellings;
- Regulatory Impact Assessment for Building a Greener Future.
- Draft Guidance on Planning Performance Agreements; and
- Provisional Allocations to Local Authorities of the Second Tranche of Planning Delivery Grant for 2007-08.

APPENDIX 2**Recommended Comments by Winchester City Council on the Housing Green Paper**

The City Council welcomes the publication of the Green paper and the opportunity to comment on it. The Council makes the following comments:

Section II

- The Green Paper gives an opportunity for the Government to review its guidance on 'windfall' sites, as set out in PPS3. These sites form an important contribution to housing land supply, on brownfield sites where development is often perfectly appropriate. PPS3 should be amended so as not advise against including windfall sites within housing land availability assessments.
- The City Council urges Government not to impose increased housing targets through the process of adopting the current round of RSSs, in particular the South East Plan. Any increases are likely to be arbitrary and will not have been subject to proper sustainability appraisal, examination, or consultation. There needs to be full and careful consideration of any increased housing targets, including adequate assessment, examination and consultation, and this can only be achieved through a partial 'mini-review' of RSS. Any proposals for changes to housing provision in New Growth Points (including PUSH) or eco-towns should also be considered through these partial reviews of RSS.
- The City Council objects to the proposal to give spatial planning responsibility to Regional Development Agencies. Contrary to the suggestions in the Green Paper and the Review of Sub National Economic Development and Regeneration, this will not give local authorities increased influence and will reduce local accountability and involvement. The Council agrees that economic development and spatial planning responsibilities should be combined, but considers this should be within Regional Assemblies. However, measures also need to be introduced to make Regional Assemblies more democratic and accountable.

Section III

- Whilst generally welcome, the proposed LDD 'test of soundness' relating to infrastructure needs to be applied reasonably. Local authorities have no direct responsibility or control over the majority of infrastructure provision, especially the various utilities. Utility companies and other providers will not give firm commitments to the provision of various infrastructure requirements at an early stage in the LDF process. This will make it difficult for local authorities to demonstrate certainty of provision at the Public Examination stage of an LDD. Furthermore, it is understood that utility providers (e.g. the water companies) are not able to include a facility in their 5-year investment programmes until it is included within an adopted LDD. This would appear to be a 'chicken and egg' situation whereby a local authority may not be able to adopt an LDD because it cannot be certain enough about infrastructure provision, whereas a provider cannot programme an item of infrastructure because it is not in an adopted LDD.
- The City Council has previously expressed concerns about Planning Gain Supplement relating to whether it would raise adequate funding, given that S106 obligations are to be

scaled-back, and whether the funds would be available to secure infrastructure provision on a particular development at the appropriate time. In larger developments especially, many of the contributions that are secured, especially for off-site works/improvements, would have to be paid for by PGS if it was in operation. This would divorce them from the contributing development, with no guarantee that adequate funds would come back, and at the right time, to implement the improvements when needed. Therefore, in the City Council's view any planning gain system should allow S106 arrangements to continue in cases where it is possible to relate the requirements directly to a development scheme (usually larger sites), whilst capturing planning gain through a standard charge or tariff as widely and fairly as possible from other development.

- The City Council considers that Option D could be preferable if the charges can be set locally to reflect the costs of provision, and there is scope for specific requirements to be secured for larger scale schemes. It would be an efficient system to operate as it removes the need to negotiate or justify each S106 obligation, once a standard charge has been set. If Option D could not reflect local circumstances, Option C would give the necessary flexibility whilst enabling charges to be levied on small developments as well as large. Option A may go some way to meeting the Council's concerns, but this would depend on where the cut-off is drawn between what PDG funds and what can be sought through S106 agreements. Option B is considered to be totally inappropriate as PGS can be most effective where there is a lot of small-scale windfall development, i.e. on brownfield sites within built-up areas, not on greenfields.
- The City Council welcomes the apparent move towards increasingly ambitious energy efficiency targets within the Building Regulations, as well the proposal to make assessments under the Code for Sustainable Homes mandatory. This will help to avoid the need for every local authority to develop and justify its own energy efficiency targets in the LDF, which could be extremely wasteful of resources. However, similar mandatory increases in standards for other aspects of sustainable construction such as water conservation and drainage should be introduced.

Section IV

- The City Council welcomes the increased level of investment in affordable housing and the recognition of the importance of rural affordable housing, through the desire to set delivery targets, in contributing to sustainable communities.
- The City Council welcomes the flexibility to determine the appropriate local solutions to delivering more affordable housing and looks forward to receiving more details on the freedoms and incentives to allow LA's to directly provide new housing.

The City Council hopes these comments will influence future policies.