

Affordable Housing Commission

Key issues:

1) Definitions:

We need different income related definitions for different products. These should apply consistently to a) Housing Requirements assessments (SHMAs); funding regimes; targets in housing strategies at all levels and planning policies and plans (national; regional; sub-regional; local; neighbourhood), including site allocations and to development management decisions on individual planning applications.

Targets for sub-market housing should be disaggregated and related to incomes of specific target group at either local or sub-regional (housing market area) level:

- a) social rented housing with security of tenure and allocated on the basis of housing need (ie local authority and most HA provision) ; 30% of net incomes for lowest quartile of local household incomes (This was affordability definition in 2004 London Plan)
 - b) 'living rent' 30% of average incomes of households who cannot access market sector. This could be applied to some HA provision and to regulated private rented sector provision, with cap on rent at local housing allowance limit.
 - c) shared ownership. This could be based on 40% of household incomes for middle two quartiles, ie additional 10% is a contribution to an equity stake. Local councils could set a range of income levels, and require shared ownership schemes to produce a range of outputs in terms of costs. (This is similar to definition of affordability for intermediate housing in the 2004 London Plan)
- The current government planning definition of affordable housing as up to 80% market price or 80% market rent must be dropped.

2) Use of Government Funding (including Mayoral and local authority funding and indirect public subsidy through discounted land sale)

Capital Funding should be focused on social rented schemes which meet criteria in a) above.

Funding for category b) should be through Local Housing allowance/ housing benefit (universal credit) to households. In appropriate cases, this will be through direct payment to provider.

No direct or indirect subsidy should be made to sub-market housing in category c), with any loan in the form of an equity stake repayable (based on any enhanced value) on resale.

No public funding should be made available either directly or indirectly to developers for market or sub-market housing, other than where criteria a) is met, in which case management of housing should be through a regulated provider (LA or HA). All forms of subsidy to developers and home owners should be terminated, Including Right to Buy discounts.

3) Housing standards

Mandatory standards on new construction and retrofitting, including physical standards, use of materials and fire risk, with explicit liability on developers/property owners, contractors and sub-

contractors, with re-establishment of public sector building control system
Mandatory physical, management and health and safety standards for all rented housing irrespective of ownership
Increased regulation of all management of all providers and managers of rented housing, including private landlords, with a focus on interests of tenants and tenant protection.

4) Planning and Compulsory Purchase

Require statutory plans at all levels of governance with explicit requirement to meet full range of housing needs identified in SHMA, but in areas of limited development capacity, to provide housing requirements of those unable to access market homes. This requires a national spatial plan with a range of housing targets and reinstatement of a system of regional/ sub-regional planning (NB Raynsford commission report is not sufficiently explicit on this issue)
Development proposals which do not meet the range of housing needs set out in a statutory local plan or site allocation document should be rejected, irrespective of developer viability issues.
Land cost for the purpose of planning application assessment and compulsory purchase should be on the basis of Existing use value of a site or property. Local councils and Mayors with planning or housing powers should be able to acquire any site identified in a plan as a housing site or meeting specified suitability criteria at Existing Use Value. This includes any site where a developer has planning consent but not started on site within a specified time period, EUV in such a case disregarding the value of any planning consent). Planning policies should set targets for types of housing, build form, bedroom size mix as well as tenure/affordability.

5) Land and property taxation

This has two components:; a) means of additional revenue to provide capital subsidy for new social rented housing (or acquisition of existing market dwellings to provide social rented housing) and b) taxation measures which will have a positive effect on the effective use of existing and new housing supply (ie: to disincentivise vacancy and under-occupation as well as property price inflation above the level of income inflation).

A comprehensive review is required, to include:

- a) Reforms to council tax (revaluation; higher bands and multipliers related to floorspace and/or levels of occupation)
- b) Reintroduction of schedule A income tax on imputed rental value
- c) Replacement of stamp duty by taxation of capital gains applying to homeowners as well as landlords
- d) Annual tax on land AND property value (ie: not just a land value tax)
- e) Taxes on inheritance and transfer of housing wealth within families either before or on death.

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