

Briefing Paper 4: Funding and planning priorities to provide the right tenure mix for affordability and housing types

- New development must meet priority housing needs
- Investment in new affordable homes needs to be trebled
- Affordability needs a much stricter definition

Introduction

The Government's target of 1.5 million new homes over its 5 year term should contain a target for new social rented homes. Recent housing development has not provided the appropriate range of new homes to meet objectively assessed housing need. Families with children are in expensive temporary accommodation, while others are in homes that do not suit their special needs.

Realistic and desirable policy objectives

- New housing development should respond to the objective housing need evidence in local or sub-regional strategic housing market assessments; and where development capacity is limited, priority should be given to meeting the most acute needs.
- Planning permission should only be granted for new residential development which responds to objectively assessed housing need.
- Direct public funding and indirect subsidy (through land value subsidy or planning gain) should be focused on meeting the needs of those who cannot access market housing.
- Both funding and the use of planning powers should ensure an appropriate range of house types and sizes to meet different assessed requirements, including the provision of housing appropriate to the needs of elderly people, people with disabilities and people with support needs.
- All new homes should meet required construction standards, space standards and should meet standards relating to efficient energy use, efficient water use, and contribute to zero carbon objectives.
- All new homes should be in locations which have good access to affordable public transport, social amenities including leisure and open space.

How desired policy objectives can be achieved

Government should do a rapid review of local authority housing needs assessments across the country and require by a certain date that they are completed or updated.

Government should ensure that the housing needs assessments contain estimates of need for different types of sub-market housing, with social rented housing as a distinct category, and local requirements for different special needs.

Government should set national targets for different types of new housing, with a separate target for social rented housing, based on a national aggregate of assessments of housing requirements.

Government to provide a definition of affordable housing linked to incomes or guidance on what the government expects. The Highbury Group recommends that for social rented housing this should be in the range of 30% net average household income for the lowest quartile of households (as applied in the original London Plan).

Government funding should therefore be targeted primarily on those who are unable to access the private market and are therefore in need of social rented housing. It is increasingly evident that neither councils nor housing associations have the resources to fund new social rented homes at affordable rent levels and that cross-subsidy from private developments is not able to deliver this housing either in quantitative or qualitative terms. Public subsidy to new social rented housing needs therefore to be significantly raised both in terms of grant per home and overall level of national subsidy. **The current funding of £5 billion a year needs to be increased to at least £15 billion a year.**

Government funding to be targeted on meeting the assessed need for family size homes as well as small homes, and housing suitable for elderly and disabled persons. **Value for money assessments of bids for grant should be undertaken on the basis of cost per bedspace not cost per unit**

Both the built form and location of new development should be appropriate for the intended occupants, and should be in locations which have good access to affordable public transport, social amenities including leisure and open space

Social housing to be managed by regulated bodies, such as local authorities, housing associations and housing cooperatives. (The role of other forms of sub-market housing is covered in Briefing Paper 5 on intermediate housing.)

Homes England, as the main government agency for funding sub-market housing (with the Mayor of London carrying out this function in London) needs to focus on funding the provision of social housing through regulated bodies which are non-profit making.

Funds should be allocated across the country in accordance with relative housing need and projects funded on a value for money basis in agreement with the relevant statutory housing authority. This will ensure funds are only allocated to sites which are deliverable and to schemes which are appropriate to meeting housing needs.

Lessons from past experience in the UK

Even in more stringent times of post WW2 and in the 1970s, investment in new and existing housing that households could afford led to periods of some prosperity and growth. Most of this new housing

was well built and desirable, in places where people wanted to live. The focus on providing new and better homes promoted improved health, education and employment.

We have experienced decades of underinvestment in social housing combined with an unregulated private market and an output of new homes by developers which is both insufficient and unaffordable for the majority of households in the UK.

Directly subsidised central government funding of social housing, through non-profit making regulated bodies, saved public money as no financial return was required. Value for money was achieved in agreement with the relevant statutory housing authorities and this ensured that funds were only allocated to sites which were deliverable and schemes for meeting housing needs.

When the majority of funding switched to the former Housing Corporation in the 1980s and 1990s, it operated to achieve cost effective schemes and delivered housing targets. The housing funded included homes for families but also for smaller households in sheltered housing for older people to rent, supported housing for people with special needs and new housing provided through schemes for alternative ways of living thereby accommodating a range of communities. With Homes England, and the GLA in London much higher levels of public investment than in recent years will be required, but will result in significant revenue savings to the public sector in the medium and longer terms.

Contribution to achieving the Government' key objectives.

- The government's housebuilding target including a significant increase in new social housing for rent will reduce major revenue costs.
- New affordable housing of the right type and size will reduce homelessness; improve health and give a good start in life for the children of poorer households.
- More new affordable housing will contribute to economic growth in local areas and increase jobs, skills and purchasing power; while achieving energy efficient homes to meet climate change targets.

Duncan Bowie

duncanbowie@yahoo.co.uk