



Department for Communities and Local Government

Mr Duncan Bowie
Highbury Group on Housing Delivery

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Your Ref:

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Dear Mr Bowie,

Thank you for the letters you sent to the Rt. Hon Eric Pickles MP and Nick Boles MP on behalf of the Highbury Group. The Ministers have asked me to reply on their behalf.

We welcome your report, which we note is based on your members' specialist knowledge of the housing sector. Government is fully committed to addressing the country's dysfunctional housing markets, and fully recognises the importance of addressing both the demand and supply side of provision. This recognition has been reflected in a range of policies to boost the supply of new homes, including a package of support for councils and developers to help accelerate locally-led sites; the Local Infrastructure Fund to accelerate the development of key enabling infrastructure; and the Get Britain Building investment fund to support smaller and medium sized sites.

The Government's public land programme is likewise an important means of increasing the supply of developable land, especially when an estimated 40% of large sites suitable for development are owned by the public sector. The Build Now, Pay Later terms ensure that development takes place as quickly as possible to provide the homes which the country so desperately needs. At the same time, there is no evidence that developers are land banking former public land; and by the end of September 2013, departments had sold land with the capacity for more than 62,500 units. With regards to affordable housing, the number of affordable homes included in new build sites is a matter considered at the planning stage between local authorities and developers and is a matter for local decision.

Linked to supply, I was interested to read your points on funding infrastructure. As you mention in your report, Government is already investing recoverable funding through the Local Infrastructure Fund to support the development of locally-led large scale schemes. Our focus is on creating the conditions for housing growth and supporting local ambition for new long term communities, and to date we have found bespoke solutions to support several schemes which have the capacity to deliver up to 69,000 new homes.

On funding more widely, your report rightly points to the importance of identifying new funding mechanisms which can take a long term investment view of the housing market. Government is already taking action in this area. Following the Montague Report into the private rented sector, we have launched a build to rent fund which will provide £1 billion in equity finance for new homes purpose built for private rent. This programme is in addition to the £5 billion Private Rented Sector Guarantee scheme, which offers direct guarantees to a wide range of housing providers. Nor is this work confined to the private rented sector;

Government's new, innovative affordable rent to buy product will provide £400 million of equity loans to support the construction of properties to support tenants into home ownership. The affordable housing sector has its own debt guarantee scheme, also worth £5 billion. This scheme enables housing associations to borrow and, when combined with £450 million in grants, could help deliver up to 30,000 new affordable homes to rent; over and above the 170,000 already planned by 2015. And from 2015, we will also be rolling out a new model for building affordable homes which is aimed at providing a pathway to home ownership for those who could otherwise find themselves without that opportunity.

Finally, I would like to thank you for taking the time to send us your report.

Yours sincerely,

Sarah Callanan

Housing Strategy and Markets Division