

The Housing White Paper 2017



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Our Real Estate team has examined the key considerations for the market in light of the UK's first Housing White Paper in 20 years.

The Government's acknowledgement that the housing market is broken and that we need concerted action from all involved if we are going to fix it, is welcome. The tone of the White Paper is positive and the encouragement offered to the sector has been well received.

The scale of the challenge is huge and the White Paper makes no bones about that. We need a considerable increase in supply across all tenures. The change of emphasis from a single minded pursuit of home ownership options to something more flexible was expected and reflects earlier comments from Ministers and last year's Autumn statement.

The White Paper is a consultation document. Responses are to be received by 2 May. All those involved in the sector would be well advised to respond to the questions posed.

Much of the content of the White Paper repeats what has previously been announced. In this note we pick out some of the key areas where new proposals have been made.

Planning

The White Paper addresses issues within the planning system needed to bring forward housing delivery. Government's proposals to reduce the timescales for developers to implement permission from three to two years and their plans to strengthen the requirement for local authorities to have up-to-date local plans is certainly a step in the right direction. The Government intends to deal with this by making local plans more accessible and easier to produce, whilst intervening where necessary to ensure that every community has an appropriate housing plan in place. They also propose to intervene where local authorities do not have a local plan in place.

The White Paper promises a further consultation on how local authorities should assess a five year housing land supply with the Government planning now to return to a nationally standardised way of calculating housing demand. It proposes to take this approach forward from April 2018, although local authorities will be given more time if they are collaborating on ambitious proposals for new homes.

Government has also ruled out any consideration of reforming the green belt and there is also no national spatial plan to balance economic growth or any indication of how local authorities will be resourced to deliver the new measures.

Affordable housing

There is a commitment to a conversation with the housing association sector and local authorities about rent policy post 2020. That is welcome and it is to be hoped that the end result is something that provides certainty to housing associations and local authorities in relation to their capacity for future development. The current programme of rent reductions, whilst helping many tenants and having an impact on the benefit bill, also means less homes are being built than would have been had the previous rent policy continued.

The White Paper refers to Government's wish for housing associations to develop more homes and to look for ways of creating additional capacity. A reasonable long term rent settlement is essential to that.

Although Government has widened its approach to the overall delivery of affordable housing, the proposal to retain a minimum of a 10% affordable home ownership requirement on new schemes will continue to push the home ownership agenda. The mix of homeownership products will however be an interesting question for individual local authorities as they seek to balance there being no minimum requirement for Starter Homes with a general duty to promote their supply. The removal of the 20% mandatory requirement for Starter Homes across new schemes will be welcome news for those wishing to offer more established products, including shared ownership.

There had been considerable debate about the period after which the discount on sale of a Starter Home would be written off. The White Paper refers to a 15 year period which is considerably longer than was previously discussed. Mortgage lenders' reaction to this will be interesting. They were concerned as to the distorting effect on values of the initial discount if the clawback period was shorter.

The Paper also provides more detail about those who will be eligible to purchase and, in particular, provides that only those obtaining a mortgage will be able to do so.

Build to Rent

It's encouraging to see the Government has now not only moved away from a focus purely on home ownership in general, but to see a specific consultation which could make a serious difference to the Build to Rent market. The proposal to change the NPPF will encourage planning authorities all around the country to incorporate Build to Rent into their plans. We all know that Build to Rent doesn't work everywhere, but knowing the planning authority is behind it will improve confidence to bring forward opportunities where it does.

Local authority impact

Local authorities will be disappointed that there is no immediate prospect of the relaxation of the housing revenue account debt cap, which has prevented Councils from delivering significant numbers of new affordable homes. However, Councils will be heartened by the support offered in the White Paper to the continued use of new models (including housing companies and joint ventures with developers and housing associations) to develop housing for sale and market rent.

Rural exception sites

The White Paper signals a greater commitment to enabling Local Authorities to provide affordable homes in Rural Exception Sites. This could have a positive impact in rural areas but in developing any policy Government will need to look beyond the planning stage to the end product. Currently there is a very limited lending market for properties with restrictions on resale and this will need to be addressed to prevent it impacting on deliverability.

Lifetime ISA

The introduction of the Lifetime ISA as an enhancement of the existing Help to Buy ISA should be welcome news to young adults as it provides not only a 25% savings bonus towards the purchase of a first home but also suggests a longer term plan with a savings top up to assist with saving for retirement. This combined with the increased commitment to funding Rent to Buy homes should provide much needed extra support to those struggling to save for a deposit.

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