



Facing the housing challenge
Action today, innovation for tomorrow



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Foreword

Housing is about much more than ensuring everyone has a roof over their heads. A safe and secure place to call home gives people a strong foundation for every aspect of their lives. And we know that the vast majority of people aspire to owning their own home.

This is more than an economic calculation. For many people, homeownership represents their hopes and dreams for their families. They want to make sure that their children have the space they need to grow up, they want to have a sense of pride and belonging to their community, and they want to build up assets to ensure they have dignity and security in old age.

Across government we value and support these aspirations. And we are absolutely committed to making sure that everyone – from social tenants to aspiring first time buyers, from growing families to elderly couples – can find the housing that meets their needs and aspirations.

Rising prosperity over the past decade has helped many people onto the housing ladder. But at the same time, as supply failed to keep up with demand, too many others found their dreams frustrated as prices went far beyond their means. So this time last year, we set out our plans for the biggest housebuilding programme in decades to rebalance supply and demand and put homeownership back within reach for hundreds of thousands of families.

More recently, however, the international housing market has experienced significant challenges as a result of turbulence in global financial markets. People are finding it harder to get a mortgage; we have seen falls in house prices and house-builders are now experiencing a difficult business environment after years of extremely favourable conditions.

But the long-term trends remain the same. And without action now, we risk frustrating many more potential first time buyers and growing families in the future. We have set a target that we should be building 240,000 homes per year by 2016, and we remain absolutely committed to that.

And yet we must also be practical and realistic. We must also consider the difficulties faced by the house building industry and those in their supply chain. The current market conditions make our targets of two million homes by 2016 and three million by 2020 challenging, particularly if the current conditions are protracted. But what we must do now is to retain our focus on delivering the homes we need both now and for the future, continuing to do everything possible to promote long-term stability and fairness in the housing market.

This document sets out some immediate steps to help strike the right balance in responding to both current conditions and long term trends. It sets out our immediate priorities – providing extra help for first time buyers, helping homeowners facing difficulties, keeping housing supply, especially affordable housing supply, as high as possible, and maintaining capacity while creating the right conditions for recovery and longer term growth.

Some of the most significant measures include:

- a new scheme to support first time buyers into affordable home ownership by renting first and buying later
- launch of the first local housing companies, ensuring that local authorities once again play a central role in delivering new housing
- new proposals to deliver up to 75,000 homes in twenty more towns and cities, with £100m investment into the schools, hospitals and other facilities the areas will need
- £510m funding pot to provide real help to councils who are taking action to meet housing needs in their area and to reward those putting plans and land allocations in place.
- confirming that more funding, beyond the £200m already allocated to buy unsold stock from house builders for affordable homes, could be made available to house builders, for properties in the right place, at the right price, and offering good standards
- new plans to work with housing associations and local government to examine proposals for a wider role for mortgage rescue schemes
- new consumer information for families at risk from repossession, pulling together all the practical steps homeowners can take

These are undoubtedly more difficult times. But our priorities remain clear. We have a responsibility to the many families whose housing needs are not being met, and that demands robust action. The package being announced today will both help people facing difficulties today, and lay the foundations to help meet the long term housing needs of the country. This is not the end of the process. We will review progress and reflect on new approaches, incentives or support mechanisms which will help address the current difficulties and deliver our longer-term programme. And we will take a proactive approach wherever it is clear that we can do more to support consumers and the industry.

CAROLINE FLINT

Chapter One – One Year On: Progress and Challenges

A record of achievement ...

- 1.1** One year ago, the Government published the Housing Green Paper *Homes for the future: more affordable, more sustainable*. At the time, we recognised the vital need to provide more homes for our ageing, growing population. In response, we set out a bold, long-term ambition to deliver 240,000 additional homes per year by 2016.
- 1.2** The Green Paper set out a programme for the long term which included:
- a new housing target for 2016 of 240,000 net additional homes a year to address the serious affordability issues caused by a long-term mismatch between supply and demand
 - a target to deliver 3 million new homes by 2020 and 2 million by 2016
 - over £8bn investment in affordable housing, delivering at least 70,000 more affordable homes a year by 2010-11
 - at least 45,000 new social homes a year by 2010-11 – more than doubling new provision since 2004-05 – and over 25,000 shared ownership and shared equity homes a year
 - 200,000 homes to be delivered on surplus public sector sites by 2016
 - more sustainable homes – all new homes to be built to zero-carbon standards from 2016, introducing mandatory ratings against the Code for Sustainable Homes and new standards for water efficiency
- 1.3** One year on, good progress has been made across the range of Green Paper commitments. Highlights include:
- almost 200,000 additional homes in 2006-07 – an increase of more than 50 per cent compared with 130,000 in 2001-02
 - provisional figures show that around 30,000 social rented homes were delivered in 2007-08
 - around 24,000 households were helped into low cost home ownership in 2007-08
 - identification of suitable surplus public sector sites with capacity for some 140,000 homes
 - 104 out of 150 Local Area Agreements including housing supply as a priority, 102 with Affordable Housing as a priority

... but there are challenges ahead.

- 1.4** Despite this progress, we must recognise that the economic backdrop to our housing plans has changed over the last year. Economies across the world are now facing a more difficult environment.
- 1.5** International economic instability and continued disruption in global financial markets means that the UK economy, and in turn the housing market, faces a challenging period.
- 1.6** We are well placed to respond to this period of uncertainty. Over the past decade the UK economy has become increasingly resilient with an unprecedented period of growth and record levels of employment. Past increases in house prices mean that many home owners now have substantial equity in their homes. Unlike in the 1990s, employment levels remain historically high and interest rates low. And the long-term demographic drivers of demand remain strong. This strength puts the UK economy, and the housing market, in a good position to face the current challenges.
- 1.7** The reduced availability of credit has increased costs for first time buyers and those remortgaging. And the turbulence in the global credit markets is creating real problems in the housebuilding sector. As a result we are taking action to assist first-time buyers, those needing high-quality rented accommodation, those with mortgages and the housebuilding industry.
- 1.8** Action to assist these groups must be combined with work to enable us to meet long-term challenges. The impact of higher life expectancy and social change on housing demand will continue – and there remains substantial unmet need for housing in Britain. In a testing economic context, we must not lose sight of the need to act now to provide for the homes and communities of the future. The announcements we are making today, together with our previously-announced measures, aim to strike this balance.

The Government's objectives over the next year

1.9 The Government invests around £6bn per year in housing and regeneration programmes. At this time, our priorities for these resources are to:

- provide greater help for first time buyers
- help existing homeowners facing difficulties due to problems in the international mortgage markets
- keep housing supply, particularly affordable housing supply, as high as possible during the current difficulties in order to keep on track to meet our targets
- maintain capacity and create the right conditions for recovery and longer-term growth

Flexibility and innovation

1.10 Achieving these objectives will require innovation and flexibility. The public sector must continue to prioritise support for private sector investment. We have already announced a number of measures designed to support new ways of delivering homes and regeneration, and we have received a wide range of proposals from partners across the sector. The Government is actively analysing these proposals in coming months and we have not ruled out any options.

Support for a robust, vibrant and diverse housebuilding sector

1.11 The housebuilding industry faces a period of great challenge. Delivering our long-term targets will require a robust, vibrant and diverse housebuilding sector. We have already announced measures to assist cash flow for developers; to provide smaller sites for the market to reduce risk and to purchase homes from housebuilders which we can use for affordable housing. But we are also considering – in the medium to long term – how we encourage new players and business models to the sector; support smaller and niche firms; and expand the role played by local authorities, housing associations and the community sector in developing sites. This is vital if we are to create a robust delivery system.

A renewed role for local government

- 1.12** Successful delivery of new homes on the scale we need requires central government, local government and the industry to work very closely together. The importance of housing has been recognised through the new Local Area Agreements between central and local government, of which around two thirds have set targets for housing supply. Looking ahead, local government is well placed to make a major contribution by bringing together its stewardship of land, its planning powers and its community leadership role. Bringing surplus public land in an area back into use is just one dimension of this work. Giving local government the powers, resources and tools to make a success of this agenda is therefore a priority for the Government and is core to the announcements we are making today.
- 1.13** One key programme of work over the last year was for English Partnerships to work with 14 local authorities to develop the “Local Housing Company” model through a pilot programme. Good progress is being made and the first four of these pilot authorities – London Borough of Barking and Dagenham, Newcastle City Council, Nottingham City Council and Manchester City Council – are now announcing their plans to establish their local housing companies (LHCs). These companies have the potential to deliver around 10,000 new homes and starts on site are expected in 2009. In addition to the initial 14, a further 18 local authorities have now expressed interest in developing the next wave of LHCs.
- 1.14** LHCs provide an exciting new model in which local authorities create companies in which the authority and private sector organisations each have a share. The combination of local authority land assets and private sector investment can enhance abilities to build new homes and communities. This new approach means that rather than sell land for a one-off profit, local authorities retain a strong interest; benefiting from increases in land values and sales from market properties. The financial returns can then be reinvested in housing and regeneration outside the Housing Revenue Account system.
- 1.15** In addition to building up the LHC programme the new Homes and Communities Agency will make working with local government, and developing new public-private joint ventures and collaborations on land and housing delivery, a top operational priority. The agency will be a key new tool in shaping housing supply and in diversifying the range of providers in the coming years.

Chapter Two: Responding to uncertain times – mitigating the effects

2.1 We are committed to a range of actions to respond to the current turbulence and to broaden the choices available to households. This includes help for those wanting to get on the property ladder, support for existing homeowners and measures to help keep supply as high as possible during this downturn.

Help for first time buyers and young families

2.2 Despite house price reductions in recent months, too many young families, key workers and other first time buyers are not able to afford to buy their own home. We have already helped more than 100,000 people take their first step on the property ladder through our shared ownership and shared equity schemes and we believe these products will play an increasingly important role in the future.

2.3 Research shows that around 70 per cent of tenants want to own a home of their own and we believe that Government has a role to play in helping people meet their aspirations. Since the Open Market HomeBuy products were enhanced in the Budget this April, thousands of people have submitted applications, demonstrating the continued desirability and demand for our low cost homeownership products.

2.4 We have already taken significant action to help these groups:

- expansion of the eligibility criteria for some low-cost home ownership products, to include all first-time buyers with a household income below £60,000 who could not otherwise afford to buy
- announced £100m extra within the affordable housing budget to expand Open Market Homebuy to help an additional 2,500 first time buyers to purchase a newly built home in 2008-09
- provided a purchase assistance grant of £1,500 to the first 2,000 purchasers of two new Open Market Homebuy products announced in this year's Budget, to help them with the costs of moving into a new home
- commissioned Brian Pomeroy to examine barriers to greater private sector funding of shared equity. Although difficult in the current climate, the Government believes that such schemes could play a useful role in the future in meeting housing needs and aspirations, and in providing greater long-term stability in housing demand

Next Steps

- 2.5** The Government would like to see new ways of giving people a hand up to homeownership. We have asked the Housing Corporation to pilot a 'Rent to HomeBuy' scheme. This scheme aims to help prospective first time buyers who find that they are unable to buy a share of a property through HomeBuy at the present time (for example because they have been unable to find a suitable mortgage) but could do so in the future, for example when mortgage availability has improved. Eligible households will be able to rent a new build property at less than market rent for a pre-specified period. At the end of that time (or sooner if they are able) they will have the option to buy a share of the property through the New Build HomeBuy scheme.
- 2.6** The affordable rent will enable households time to save for a deposit or for their financial circumstances to improve sufficiently for them to enter homeownership.
- 2.7** Registered Social Landlords and other Housing Corporation partners who are interested in participating in the 'Rent to HomeBuy' pilot are being asked to put in bids during the Housing Corporation's current bidding round.
- 2.8** We will be carrying out an evaluation of the success of the pilot scheme, to see how, if successful, it might be developed for the longer term.

Help and advice for existing homeowners

- 2.9** Whilst the number of repossessions remains far below what they were in the 1990s, we will continue to take all necessary action to ensure that families who face financial difficulties have the independent information and support they need. On 9 May we announced a £10m package of measures to fund face-to-face debt advice provided by third sector partners, including Citizens Advice Bureaux (CAB), and provide:
- expanded access to free legal representation at county courts throughout England
 - a strengthened National Homelessness Advice Service to provide a new comprehensive debt advice service
 - further specialist training for CAB staff and local authorities on debt advice to help families get their finances back on track

Next steps

- 2.10** The Government is engaging with the mortgage industry on ways in which we can work together to support households during this period of market turbulence.
- 2.11** The industry is currently reviewing its voluntary arrangements for supporting borrowers, working with consumer groups, including debt advisers, providing updated debt information and proactively identifying at-risk borrowers facing repayment problems. The Government welcomes this approach and wants to see all lenders meeting these standards. It is also important that lenders continue to fulfil commitments under statutory regulation to treat their customers fairly and sympathetically, and that repossession is only considered as a last resort.
- 2.12** The National Housing Advice Service will shortly be distributing an information leaflet, *Worried about your mortgage? Get advice now*, listing practical steps homeowners can take to address their financial situation, together with the contact details of advice services. The leaflet will be distributed via CAB, Shelter, local authorities and money advisers.

Maintaining the delivery of affordable homes

- 2.13** The 2007 Comprehensive Spending Review committed £8.4bn over three years for new affordable housing. This will help to deliver 180,000 new affordable homes over three years. We remain fully committed to these objectives and in recent months, we have:
- announced an initial tranche of £200m extra flexibility for the Housing Corporation to purchase unsold new homes, either to rent to social tenants or to make available to first time buyers on shared ownership terms
 - agreed that the Housing Corporation will act as a “national clearing house” to give early feedback to developers on prospective schemes which they wish to bring forward in this way
 - allocated the next tranche of £270m within the affordable housing budget to deliver 3,800 social rented homes and 1500 low cost home ownership homes. This brings the total now allocated to £3.6bn out of a budget of £8.4bn covering the next three years
 - rolled out a new bidding round for up to £1.8bn PFI credits for schemes supporting housing and regeneration

- agreed to give the Housing Corporation the flexibility to increase the grant payable at the start of works on developments which commence during 2008-09
- 2.14** In support of the measures introduced by the Government, English Partnerships is making a number of changes to better support delivery at this time:
- simplification of its procurement arrangements
 - identification of smaller parcels of land to put to the market with information on sites published today with potential for up to 3,500 homes
 - working with partners to develop flexible land payment terms where appropriate
 - offering where possible, the use of joint ventures to share site infrastructure costs

Next steps

- 2.15** Many smaller developers are already expressing an interest in taking advantage of these new land opportunities. The Housing Corporation is now in discussions with many of the major housebuilders to discuss options for bringing unsold new homes into the affordable housing sector and – within two weeks of launching the system – two substantial offers have already been taken through the clearing house process.
- 2.16** The Government is therefore making clear that it does not regard the £200m already allocated from the Affordable Housing Budget for open market purchase as an arbitrary cap. Should properties at the right price, in the right locations and offering good standards be available, we will add additional tranches of purchases in order to support delivery of our demanding affordable housing targets. This is the right approach, rather than setting an arbitrary figure which could lead to the purchase of inappropriate and low quality stock as in the 1990s.

Chapter Three: Setting the conditions for greater long-term stability and resilience in housing supply

More and better homes for first time buyers, social tenants and the wider community

- 3.1** Although current conditions are challenging, we have to recognise that there is strong pent-up demand in the housing market. Longer lives, changing lifestyles and a legacy of undersupply have led to considerable unmet need. Our target to achieve a rate of 240,000 new homes per year by 2016 was set to address these long-term trends and we remain absolutely committed to increasing supply to this level to respond to this long-term demand.
- 3.2** The signs are that current market conditions will lead to a fall in housing completions this year, which makes our targets of two million homes by 2016 and three million by 2020 challenging, particularly if the current conditions are protracted. However, the development industry has shown before it is capable of responding and delivering substantial increases in new homes over a short period – from around 130,000 net additions in 2001-02 to approaching 200,000 in 2006-07. We therefore remain committed to our overall target of three million homes by 2020 as the right long-term goal, whilst recognising the scale of the challenge this entails.
- 3.3** We need now to retain our focus on stimulating market conditions, seeking new ways to deliver the housing this country urgently needs and ensuring there is a planning framework that will support a rapid market recovery.
- 3.4** The new Homes and Communities Agency will bring together a series of investment streams and powers, and will have the freedom to direct these resources towards a wide range of activities to support its central aim of providing more and better homes. Subject to Parliamentary approval of the necessary legislation and regulations, we are working towards the launch of the HCA in December. In advance of this we have given the Housing Corporation, English Partnerships, RSLs and local authorities the freedom and flexibility they need to act quickly and effectively wherever opportunities present themselves, and to make the best use of the resources available to them.

Growth programmes

- 3.5** Providing for large-scale sustainable growth in particular areas of opportunity is a core element of our long-term strategy. Growth Areas and Growth Points are local authorities or partnerships which have committed to large-scale, sustainable growth. Combined with London and the Thames Gateway, the Growth Areas and existing Growth Points have the potential to deliver around 1.1 million homes by 2016. Over the three years to 2010-11, £1.7bn is being invested to support this work, including over £500m for the Thames Gateway.
- 3.6** Over £730m has already been made available through the Growth Fund to support the Growth Areas (outside the Thames Gateway) and Growth Points. For the first time this funding is un-ringfenced and provided as block grant: this will maximise local authorities' and their partners' ability to prioritise locally and respond flexibly to challenges in their local area at the current time, and to stimulate local housing markets to facilitate a prompt response when conditions improve.
- 3.7** These are long-term programmes, focused on delivery to 2016. They have an important role to play, in the current challenging circumstances, in conditioning the housing supply industry for future expansion and ensuring the necessary supporting infrastructure and investment they need is put in place.
- 3.8** This work needs to continue and indeed expand. The Government is therefore announcing today that a further 20 locations have been successful in securing New Growth Point status, including for the first time locations in the North of England. To support these locations a further £100m will be made available through the Growth Fund.

Eco-towns

- 3.9** Over the last year, the Government has set out proposals for up to ten new eco-towns, exemplar developments delivering high quality and well designed new communities, incorporating housing which combats the threat of climate change and is resilient to its effects. The eco-towns programme has the potential to deliver up to 100,000 new homes.

Rural housing

3.10 The Prime Minister asked Matthew Taylor MP to conduct a review on how land use and planning can better support rural business and deliver affordable housing. Many rural communities are faced by a combination of higher than average house prices and lower than average local wages. This can create challenges for individual families, the local economy and the wider sustainability of the community. Matthew Taylor is exploring how these issues can be addressed – within the context of existing protection for the natural environment – through the application of land use and planning policy. We expect Matthew Taylor to report back shortly.

A better deal for those who rent

3.11 The Government is committed to offering a wide range of housing choices. Homeownership is not right for everyone at every stage in their lives; both social and private renting sectors are therefore important. The private rented sector now houses over 12 per cent of all households in England. The sector is not homogenous and this is reflected in the approach we have taken to date in introducing light touch regulation to protect those who are most vulnerable and to promote good management practices.

3.12 Attracting institutional investment into new private rented property is an important factor in the current debate about housing supply. In recent years we have seen the growth of commercial providers of high quality student accommodation. Success in designing a financial model that supports new build designed for a broader private rented market would be an attractive product in the housing market. Such investment models could support more professional approaches to being a landlord and help improve the overall quality of the sector.

3.13 This is one of the reasons why we have invited Julie Rugg and David Rhodes, from the Centre for Housing Policy at the University of York to undertake an independent review of the sector with a view to advising Government on how best to take forward private rented policy. They are engaging widely to ensure the views of stakeholders feed into their considerations. They should report in October 2008 and we will look to respond to their recommendations in the Housing Reform Green Paper planned for late 2008.

Support for homeowners

Mortgage rescue schemes

- 3.14** A number of stakeholders are developing models for mortgage rescue to help families with children, the elderly and other vulnerable groups stay in their homes. A small number of local authorities, including Herefordshire and Wakefield – working with local housing associations – have or are planning such schemes. Generally, such approaches allow people to staircase up to full ownership as their financial situation improves again. The Government will, in partnership with stakeholders, consider the viability and practicality of such schemes alongside the case for offering such support more widely.
- 3.15** Some councils are assisting households through an emergency hardship fund, usually in the form of loans, as part of their homelessness prevention work. All English councils will have published their new local homelessness strategies by the end of July, which will have a key focus on prevention, including preventing lender and landlord repossession.
- 3.16** Following the Housing Green Paper and HM Treasury's Housing Finance Review, in April 2008, the Chancellor of the Exchequer asked Sir James Crosby to advise on options to improve the functioning of mortgage finance markets. Sir James Crosby's work is focused on how the Government and industry experts can work together on options that may strengthen mortgage-backed securities markets as a stable source of finance over the medium and longer-term. He will report initially to the Chancellor in the summer and present proposals at the Pre-Budget Report. Improving mortgage finance markets will make an important contribution to stabilising the cost and supply of UK mortgages.

Supporting a robust sector

Strengthening delivery capacity – in the medium term

- 3.17** The health of the development industry is fundamental to achieving the homes we need. Our vision is of an innovative, sustainable, mixed economy in development, with low barriers to entry and high standards of building.
- 3.18** We are today publishing an open letter setting out our response to the Callcutt Review of Housing Supply, and we have accepted a number of its recommendations, including:
- the creation of a zero-carbon unit to co-ordinate and guide the zero carbon programme, ensuring all new-build homes are zero carbon from 2016

- undertaking further work to help ensure more people in the housebuilding industry have the right skills, exploring how stipulations about training provision might be included in land disposals or other contracts and the viability of a sector skills agreement for housing

3.19 Looking forward, we will support a renewed mixed economy in which a range of providers from all sectors can play a part. Increasing the diversity of housing provision will help boost overall production, improve the quality of new homes, and reduce vulnerability to current market difficulties. The Government has acted to support the volume housebuilders. But we also want to encourage new entrants to the housing supply market such as smaller housebuilders, whilst supporting the wider industry, including suppliers. Local Housing Companies, local authorities, housing associations, self-builders, community groups, institutional Build-to-Let providers and Community Land Trusts can all contribute towards broadening the base of housing supply.

3.20 We need to continue innovating in housing supply, and will support proposals that can improve the resilience of the housing supply sector. Many key players and stakeholders are suggesting innovative ideas for responding to current market turbulence and taking forward a new approach to housing delivery for the future. Over the next few months we will work with partners from all sectors to analyse and scrutinise new ideas for affordability, long term impact and value for money. No options have been ruled out.

Making best use of public land

3.21 Innovative approaches to land ownership will be vital to allowing more players into the sector. Local authorities, other government departments and public sector land owners will be key to success. The Green Paper set a target of delivering 200,000 homes on surplus public sector land by 2016. The programme has made good progress over the last year and has already identified suitable surplus sites with capacity for some 140,000 homes. As well as supporting the housing market, bringing land into the programme early enough to allow for preparation, planning and construction is critical to achieving both the quality and quantity of homes we seek. To ensure the pace of the programme, central Departments and their sponsored bodies have now been asked to set out by Autumn 2008 their specific contributions to the programme up to 2016.

3.22 Getting local authority surplus land back into use for affordable housing will be vital to achieving this target. Section one sets out that four authorities have now announced their plans to establish the first Local Housing Companies to do just that, and that a further 18 have expressed interest in the scheme.

3.23 To add even more momentum into the release of surplus public sector land, and to look at how more public land can be brought forward for housing using this and other funding models, Partnerships UK (the centre of excellence in public-private partnerships) will now be supporting English Partnerships, and its successor the Homes and Communities Agency, in its delivery role. The Prime Minister and the Minister for Housing and Planning are today announcing the appointment of Baroness Margaret Ford, under the umbrella of Partnerships UK, to a new role to drive forward the identification and release of surplus public sector land, primarily focusing on central government departments and their agencies.

Stronger local leadership

3.24 Local authorities up and down the country are at the forefront in meeting our housing needs. In Local Area Agreements, launched earlier this month, around two-thirds of authorities had chosen to set a target focused on delivering new homes. And the latest available data shows that, as of 1 April 2007, over 80 per cent of local authorities reported that they had at least a five year supply of deliverable sites, with other authorities working on completing assessments.

3.25 To provide support for this vital work, the Government is today making provisional allocations of the £510m Housing and Planning Delivery Grant, with allocations worth £100m in 2008-09, rising to £160m in 2009-10 and £250m in 2010-11. This money is intended to provide real help to authorities who are taking action to meet housing needs in their areas and to reward those putting plans and land allocations in place.

3.26 The Government will keep the operation of the Housing and Planning Delivery Grant under review over the next three years to ensure that we maximise its effectiveness as a strong incentive, taking account of prevailing housing market conditions, and will consult on an option to incentivise affordable housing delivery.

Planning for the longer term

3.27 Planning for housing growth in the medium to long term through regional and local plans is vital if we are to reach our target of 240,000 homes per annum. Taken together, the current set of emerging Regional Spatial Strategies provide for over 206,000 net additions per annum, an increase of 30 per cent in housing numbers over previous plans. Last year, we said in the Housing Green Paper that we would initiate "partial reviews" of these plans to ensure that they made enough provision to reach the 240,000 homes per annum ambition. Last month the National Housing and Planning Advice Unit advised the Government on the housing numbers it felt should be considered by regional planning bodies in these partial reviews.

3.28 Given the changes in the housing market over the last year, the Government has consulted regions on when to review the current plans. We need an approach which is pragmatic and sensitive to regional preferences and the current conditions. The Government believes that the current priority is for local authorities to implement existing and emerging plans and put in place robust local planning documents to ensure that enough land is allocated for housing going forward. For this reason, we have decided that we will work with regional partners on a flexible basis, taking account of regional priorities and demands including longer term housing needs, proposals for eco-towns and new growth points, and the need to manage the transition to the proposed Single Regional Strategy. We will agree work programmes and timetables with each regional planning body to ensure that there is sufficient head room within the planning system to allow for a rapid recovery of housing supply to meet the long-term demand.

Conclusion

- 3.29** This document has set out a broad response to the immediate impact of the disruption in international financial markets on the housing market – with measures to help first time buyers, support existing home owners, assist industry facing difficulties, create the conditions for a rapid recovery, and to meet the long-term need to deliver more homes.
- 3.30** However, it is not the end of the process. We will review progress and reflect on new approaches, incentives or support mechanisms which will both help address the current difficulties and deliver our longer-term programme. And we will take a proactive approach wherever it is clear that we can do more to support consumers and industry. We will continue to work with housebuilders, local authorities, registered social landlords and others to make sure that the measures outlined here are as effective as possible in meeting current challenges and responding to long-term trends

Annex – Government action to assist first-time buyers, existing homeowners and the development industry

Recent announcements:

- **Low cost home ownership** – expansion of the eligibility criteria for some low-cost home ownership products, to include all first-time buyers with a household income below £60,000 who could not otherwise afford to buy.
- **Open Market Homebuy** – announced £100m extra within the affordable housing budget to expand Open Market Homebuy to help an additional 2,500 first time buyers to purchase a newly built home in 2008-09.
- **Purchase assistance grant** – provided a purchase assistance grant of £1,500 to the first 2,000 purchasers of two new Open Market Homebuy products announced in this year's Budget, to help them with the costs of moving into a new home.
- **Debt advice** – announced a £10m package of measures to fund face-to-face debt advice provided by third sector partners, including Citizens Advice Bureaux (CAB) so families who face financial difficulties have the independent information and support they need.
- **Package to buy unsold stock** – announced an initial tranche of £200m extra flexibility for the Housing Corporation to purchase unsold new homes, either to rent to social tenants or to make available to first time buyers on shared ownership terms.
- **National Clearing House** – agreed that the Housing Corporation will act as a "national clearing house" to give early feedback to developers and organisations that come to them with offers of stock.
- **Flexible payments** – to incentivise starts in the current market, agreed to give the Housing Corporation the flexibility to increase the grant payable at the start of works on developments which commence during 2008-09.
- **Pomeroy Review** – commissioned Brian Pomeroy to examine barriers to greater private sector funding of shared equity. Although difficult in the current climate, the Government believes that such schemes could play a useful role in the future in meeting housing needs and aspirations, and in providing greater long-term stability in housing demand.

- **Rugg Review** – have invited Julie Rugg and David Rhodes to undertake an independent review with a view to advising Government on how best to take forward private rented policy. They should report in October 2008 and we will look to respond to their recommendations in the Housing Reform Green Paper planned for late in 2008.

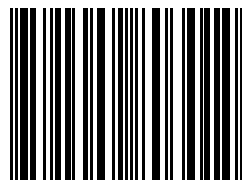
Measures announced today:

- **Local Housing Companies (LHCs)** – LHCs provide an exciting new model in which local authorities create companies in which the authority and private sector organisations each have a share. Following work with English Partnerships to develop this model, four local authorities (London Borough of Barking and Dagenham, Newcastle City Council, Nottingham City Council and Manchester City Council) are now announcing their plans to establish the first local housing companies. These companies have the potential to deliver around 10,000 new homes and starts on site are expected in 2009.
- **Rent to HomeBuy** – this scheme aims to help prospective first time buyers who find that they are unable to buy a share of a property through HomeBuy at the present time (for example because they have been unable to find a suitable mortgage) but could do so with a small amount of additional assistance.
- **No cap on package to buy unsold stock** – more funding, beyond the £200m already allocated to buy unsold stock from house builders for affordable homes, could be made available to house builders, for properties in the right place, in the right locations, and offering good standards.
- **New Growth Points** – a further 20 locations have been successful in securing New Growth Point status, including for the first time locations in the North of England. To support these locations a further £100m will be made available through the Growth Fund.
- **Housing and Planning Delivery Grant** – provisional allocations of the £510m, with allocations worth £100m in 2008-09, rising to £160m in 2009-10 and £250m in 2010-11. This money is intended to provide real help to authorities who are taking action to meet housing needs in their areas.
- **Surplus Public Sector Land** – announcing the appointment of Baroness Margaret Ford to work with English Partnerships and Partnerships UK to drive forward the release of surplus sites across the whole of the Government estate.

- **Calcult Review of Housing Supply** – accepted a number of its recommendations, including the creation of a zero-carbon unit; the promotion of multi-disciplinary teams in local authority planning departments; examining how to include stipulations about training provision in land disposals or other contracts; and dialogue with the Sector Skills Councils and the industry on the possibility of a sector skills agreement for housing.
- **Mortgage Rescue** – we will work with housing associations and local government to see whether they have a potential role in preventing repossession by buying the whole or an equity share in a property and allowing the occupier to continue to live there.
- **New advice leaflet** – the National Housing Advice Service will shortly be distributing an information leaflet, *Worried about your mortgage? Get advice now*, listing practical steps homeowners can take to address their financial situation, together with the contact details of advice services. The leaflet will be distributed via CAB, Shelter, local authorities and money advisers.
- **Regional Spatial Strategies** – agreed to work closely with regional partners to develop a region by region approach which takes account of NHPAU’s advice, proposals for eco towns and new growth points, and the need to manage the transition to the Single Regional Strategies.

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