



The Lyons **Housing Review**

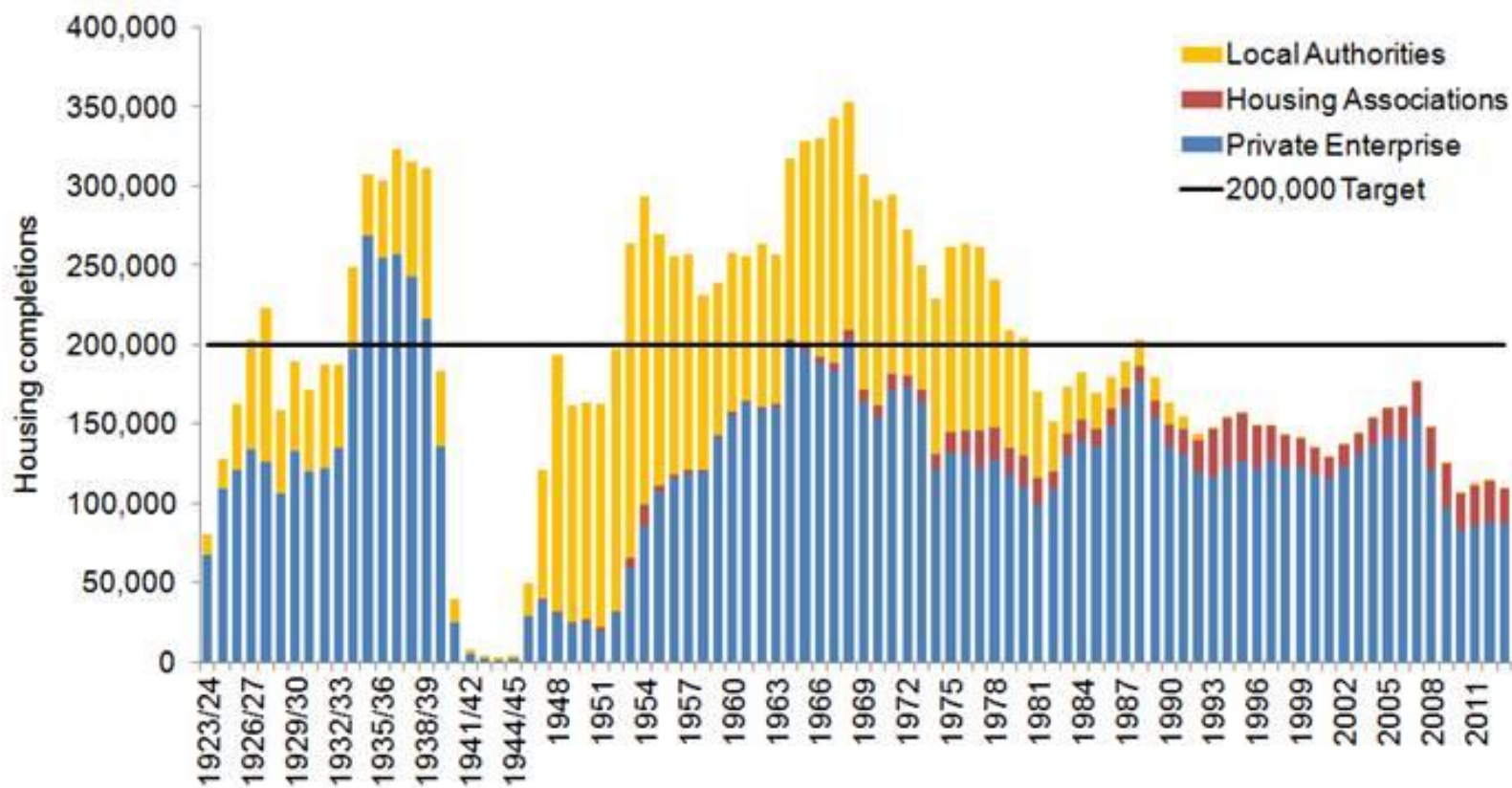
Mobilising across the
nation to build the homes our
children need

Ed Turner, Aston University / Oxford City Council
Presentation to Highbury Group, 10th November 2014

The Review

- Independent review tasked with producing roadmap to achieving Ed Miliband's pledge for 200,000 homes per year by 2020
- 12 expert commissioners
- Extensive and wide ranging exploration: over 250 submissions; meetings; roundtables; study visits
- A comprehensive strategy to drive systemic change
- A range of interconnected recommendations to tackle underlying causes

Returning to historic home building achievements



Why it matters?

- Providing homes for our children and grandchildren
 - Average house prices are 8 times average incomes
 - The average first time buyer needs a deposit equal to 65% of their income.
 - Those in private rented sector spend 40% of income on rents
 - One in four adults between the age of 20 and 34 still live with their parents
- Crucial to economic growth
 - 4 in 5 employers say a lack of affordable housing limits their ability to get the staff they need
 - £1 of construction output generates £2.84 of demand in the wider economy
 - 200,000 homes per year = 230,000 new jobs and 1.2 % to GDP in 5 years.
- Critical to good management of the economy
- Current system one cause of increasing inequality

Overriding principles

- No uniform solutions – a range of measures
- Balance central drive and local flexibility
- Early impact and long-lasting incremental change
- Recognition of public expenditure constraints
- Build on experience of what is working well
- Beware unintended consequences
- Additionality
- Numbers and quality and sustainability
- Hearts and minds – building support for new homes

The issues we need to address

- Making more **land** available in the right places and ensuring it is developed
- Putting **communities** in the driving seat to get the homes they want, when and where needed in attractive places
- **More people building homes** - over reliance on volume house builders; need a wider range of commissioners and builders
- **Investing in infrastructure** - ensuring homes come with roads, schools, utilities and services
- **Building homes for all** – homes that are more affordable and offer more choice for different chapters in life
- **Securing investment** for new homes and infrastructure

Government- national leadership and intent

- **Intent and priority** - explicit national targets, Housing Minister attending cabinet, Housing and Planning White Paper and Bill
- **Align and strengthen central machinery** (cross Government Task Force, Independent Commission, Housing Observatory)
- **Re-task HCA** as government's delivery agency, focus on surplus public land, and aggregator for private investment
- **Consolidation and devolution of funding for housing to city and county regions** – as part of the economic development fund based on clear delivery contracts and evidence of strong partnerships with Housing Associations and developers

Bring more land forward and ensure it is developed

- **Tighten requirements for land supply in Local Plans** (deadline and Planning Inspectorate intervention where needed; and focus on delivery)
- **Strategic planning across housing market areas**, enforced by Planning Inspectorate where cooperation fails
- **Streamlining and simplifying planning** processes (including redline applications for small sites)
- **Access to housing** – local people and first time buyers
- **Transparency** in the land market on options and prices
- **Use it or lose it** – 2 year planning permissions, more work required for start on site; powers to apply council tax to undeveloped sites; streamlined CPO powers

Land assembly and development partnerships

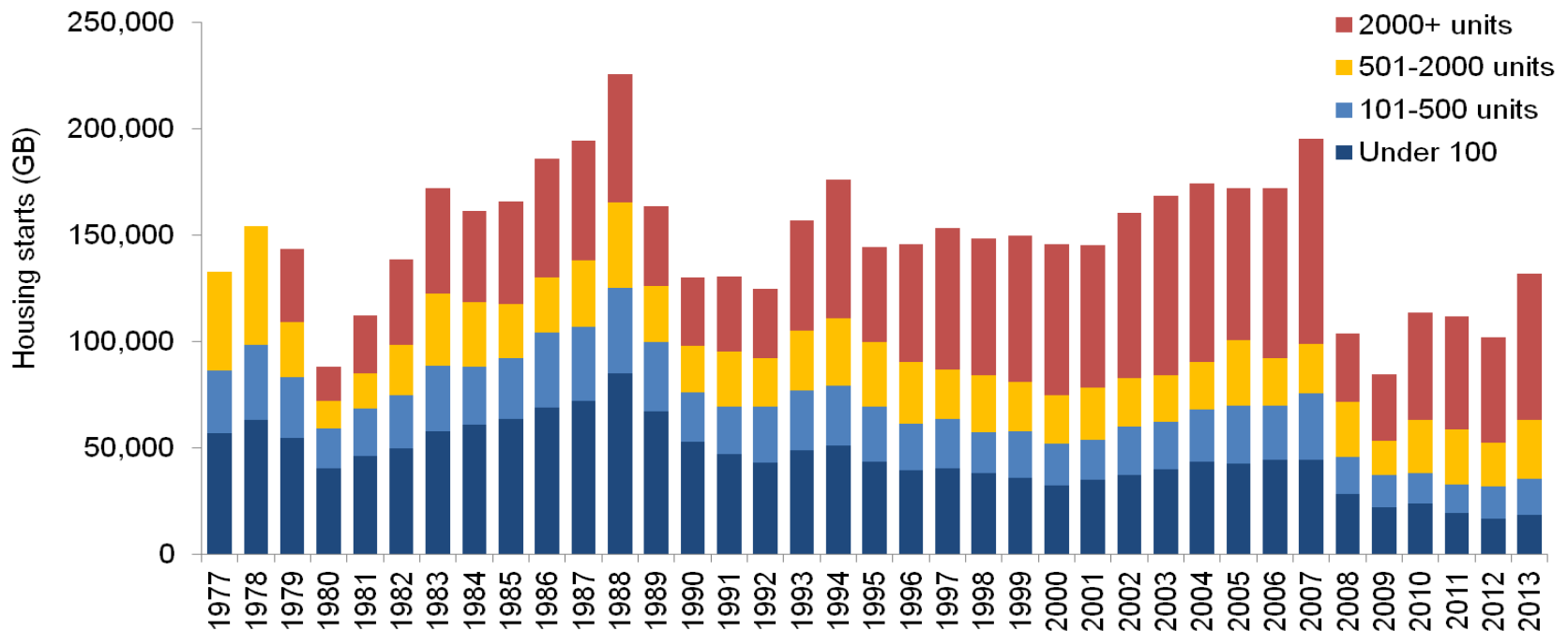
- A **more active role for councils** in driving land assembly and development partnerships
- **Packaging sites** for a wider range of developers and a wider range of homes
- **Housing Growth Areas** – land assembly, capturing land value, development partnerships
- **New Homes Corporations** – LA led local delivery agencies, bringing together partners, funding and land to unlock development
- Long term **investment of public sector land**
- More ambition for **Garden Cities, Garden Suburbs and re-shaping towns and cities**

Meeting the full costs of Infrastructure

- **Capturing land value to fund infrastructure and affordable housing** through long term investment of land; CPO at existing use value plus uplift in Housing Growth Areas and Garden Cities
- **Streamlining capital investment** – Revolving Infrastructure Funds
- **Community Infrastructure Levy** – allow separate negotiation of planning gain on large sites and fundamental review of CIL
- **Redefine affordable housing** in NPPF to ensure it reflects local needs
- **Reverse proposed minimum threshold** for affordable housing S106
- **Clear guidance on viability** assessment
- **Arbitration mechanism** for large Section 106

The house building industry has contracted in size and output

Housing starts by size of developer, Great Britain



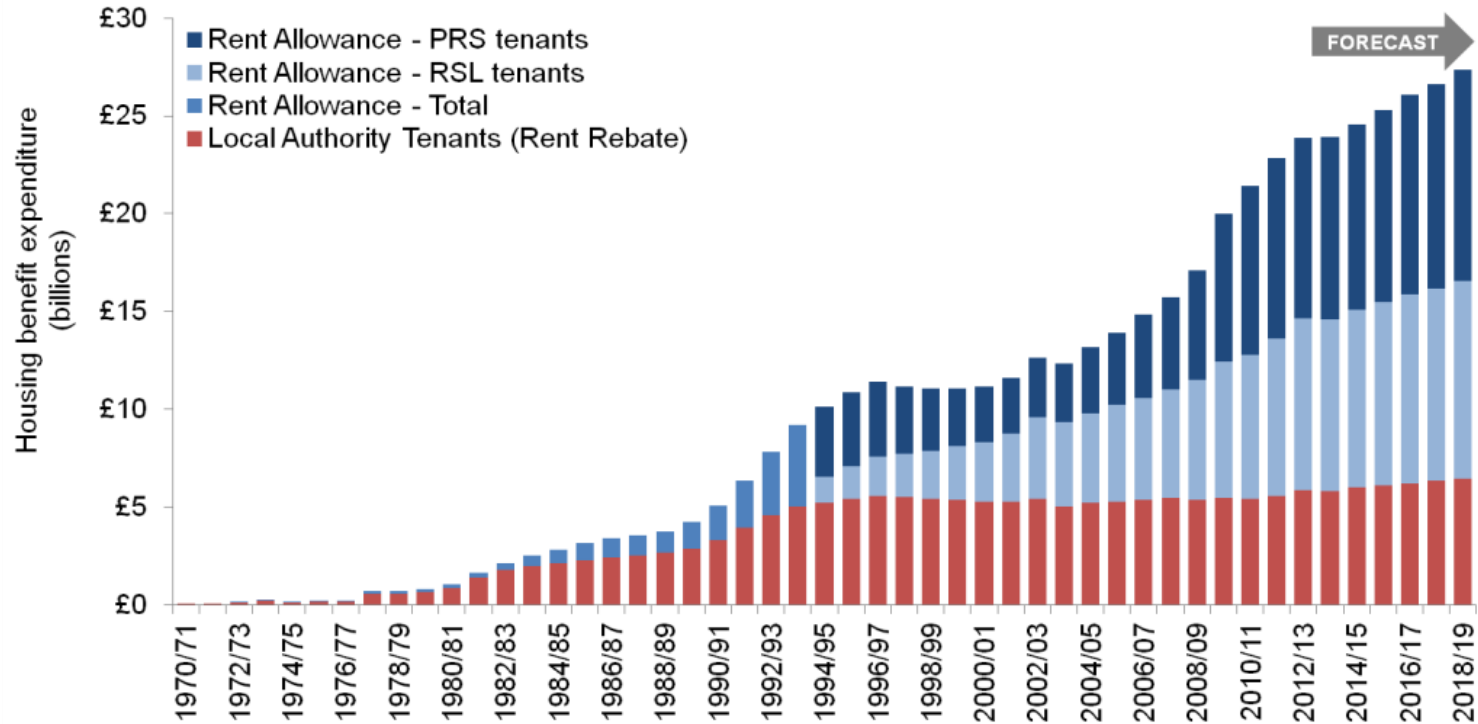
Source: NHBC, DCLG

Who will build the homes we need?

-
- Conditions for **volume house builders** to do more (policy stability, land supply, risk sharing partnerships)
 - Revival of **SME** builders (help to build guarantees, redlining small sites, Identification and packaging of small sites)
 - Tapping capacity of the **wider construction industry**
 - A **wider range of organisations commissioning housing** (new types of developer, Housing Associations, councils)
 - **Self commissioned** and community led homes
 - Skills and materials supply

The growing housing benefit bill

Housing benefit - long-term spending and projections



Source: DWP

Housing for all

- More homes for **market rent** (identifying need in Local Plans, clear national standards, lead developer role)
- **Social and affordable housing** as priority for public investment
- A new and coherent offer for **shared ownership** (clear brand, wider eligibility, more flexibility, Government guarantees)
- New focus on **homes for older people** and those looking to downsize (incentivise investment)

Public expenditure

- Public expenditure constraints will continue
- **Housing as a priority** for capital investment (Ed Balls)
- Emphasis on **better use of existing resources** (£21 bn on 38 schemes; New Homes Bonus; 10bn Guarantees)
- **Flexibility on** HRA caps where appropriate **within** tight HMT management of existing aggregate; review of caps in longer term
- **Unlocking capacity in Housing Associations** through extending guarantees; further discussion on mergers, partnerships, flexibility on rents and allocations and valuing properties

The planning framework

- **Tighten requirements for land supply in Local Plans** (deadline and Planning Inspectorate intervention where needed; single methodology for housing market assessments; speed up plan making through 2 stage process)
- **Focus on delivery of plans** (active monitoring and sanctions for underperformance – buffer, designation, New Homes Corporations)
- **Strategic planning across housing market areas**, enforced where cooperation fails
- **National spatial assessment** to link national infrastructure investment to opportunities for new homes and address economic imbalances
- **Brown field first** with sequential test
- **De-risking and streamlining planning** – redline applications for small sites; planning performance agreements for large sites; use of conditions
- **Resourcing planning** – joint working and full cost recovery fees in return for guaranteed service standards