



Policy Position:

# HOUSING

Spring 2021

# ADEPT

The Association of Directors of Environment, Economy, Planning & Transport

## POLICY POSITION: HOUSING

### KEY MESSAGES

- A robust and comprehensive housing policy is key to the successful delivery of the Government's strategies for clean growth, reducing carbon emissions, green recovery and levelling up.
- ADEPT welcomes the Government's commitment to a significant increase in housebuilding, but this cannot be delivered by the private sector alone. There must be a strategic approach to planning new housing that recognises the wider regional housing market rather than imposing rigid targets. More new homes must not mean lower quality in terms of design, health and environment.
- The housing challenge is not just about building new homes, we need to make best use of the existing housing stock and tackle the key issues of access and affordability, ensuring the provision of a higher proportion of affordable homes.
- Well-designed and healthy homes must be a priority. COVID-19 pandemic has exacerbated inequalities and highlighted how much housing conditions are a crucial determinant of health. Well-designed housing is central to the reform of adult social care and the creation of adaptable dwellings to meet people's changing needs over time.
- ADEPT supports the National Planning Policy Framework ambition that the planning system must contribute to the achievement of sustainable development, and should be simpler and more responsive. The Planning for the Future White Paper (August 2020) missed the opportunity to make tackling the climate and environmental emergencies a key principle of the planning system.
- Improving the energy efficiency of our homes and switching to low carbon heating methods are essential to meeting the statutory commitment to achieve net zero by 2050. National infrastructure investment must ensure that homes are fit for the future, that new housing is zero carbon and the existing stock is retrofitted to high standards through a national strategy delivered locally.
- ADEPT is working to achieve high quality places where people want to live and work and are enabled to do so by proper infrastructure including transport, utilities, digital connectivity and green space. Housebuilding is held back by infrastructure delays and pricing.

## What ADEPT will do to help overcome barriers to development, good quality and affordable housing

- Bring together government, Homes England and our corporate partners to identify key barriers and develop cross-sector interventions to tackle them.
- Work with partners across local government, academia and civil society to articulate a housing policy that is consistent with a green recovery from the pandemic and wider local strategies to tackle the climate emergency.
- Advocate what 'good' looks like, provide an evidence base and case studies.
- Provide a community of practice, collective thinking and options appraisal.
- Make the case for regional spatial strategies to drive housing development and to align with sub-national transport, infrastructure and industrial planning.
- Encourage a more collaborative approach in two-tier areas so that local planning decisions align with strategic needs.
- Help articulate the different housing issues between the high demand areas in the South East and other parts of the country.



## About ADEPT

The Association of Directors of Environment, Economy, Planning and Transport (ADEPT) represents place directors from county, unitary and metropolitan authorities, along with directors of Local Enterprise Partnerships and corporate partners drawn from key service sectors. ADEPT members are at the very heart of maximising sustainable growth in communities throughout the UK. We are delivering the projects that are key to unlocking broader economic success and creating more resilient communities, economies and infrastructure.

## Context

For some years, there has been a consistent view from government that the housing market is broken and failing to deliver the supply of new homes that are needed. This in turn has led to rising prices, fewer mortgages, higher rents, exploitative practices, some overcrowded and unsafe homes, and rising homelessness. For government, there are three reasons why we aren't building enough homes:

- **Some councils are failing to plan properly to meet housing need in their areas**
- **It takes too long between the granting of planning permission and the construction of new homes**
- **The housebuilding market is over-reliant on a small number of big players, which makes it difficult for other parties to enter, to innovate, and to diversify.**



The revised National Planning Policy Framework (NPPF) published in 2019, set out the framework within which locally-prepared plans for housing and other development must be produced. The presumption in favour of sustainable development is intended to achieve economic, social and environmental objectives, including sufficient new housing to meet assessed local needs. The NPPF provides guidance on affordable housing (normally 10% in major developments), the need to identify a five-year supply of deliverable sites, and rural housing. Government has recently consulted on proposed minor amendments to the NPPF to reflect 'building beautiful' recommendations.

In May 2019, the Climate Change Committee's (CCC) report, *Net Zero - The UK's contribution to stopping global warming*, reassessed long-term greenhouse gas (GHG) emissions targets and recommended a new target of net zero GHG emissions by 2050 to deliver the UK's commitment to the Paris Agreement on climate change. This was accepted by government, and the UK became the first major economy to set a legally binding target of net zero by 2050 (compared with the previous target of at least 80% reduction on 1990 levels). The Government subsequently published its *Ten Point Plan for a Green Industrial Revolution* to accelerate the path to net zero, and further sectoral strategies are expected. In April 2021, government accepted the CCC's 6th Carbon Budget recommendations and set a target of 78% GHG reductions by 2035.

The Government published its *Planning for the Future* White Paper in August 2020 (awaiting response to consultation). The White Paper contained a number of radical proposals to increase the supply of new housing by simplifying the planning system and changing the way that communities and local authorities can engage in planning decisions. A new rules-based system with all land categorised into one of three zones – growth, renewal, and protected – would give a streamlined process where local authorities no longer determine individual planning applications. The White Paper proposes a radical change to the way in which monies are collected for developments, by replacing the Community Infrastructure Levy (CIL) and the use of Section 106 agreements with a new Infrastructure Levy.

The COVID-19 pandemic has highlighted the health implications and inequalities of housing. Poor housing conditions such as overcrowding and high density are associated with greater spread of the virus. Many people have had to spend more time in homes that are less safe, where it is difficult to maintain distance from others, where they have had inadequate space and facilities to learn or work at home, and with reduced access to external green space for exercise and wellbeing. The economic impact of the pandemic is likely to lead to increased mortgage and rent arrears, and to more homelessness.

## ADEPT position

**ADEPT firmly believes that housing is not just about bricks and mortar. For individuals and families, it meets a basic human need and has a major impact on their health and wellbeing. For communities and places, it is vital in terms of cohesion and sustainability. For the economy, growth and prosperity are dependent on having sufficient homes in the right places, with the right infrastructure and facilities, providing flexibility and mobility for the workforce.**

We fully support the Government's aspiration to deliver significantly more new housing, although we are not convinced that the 300,000 target is realistic and deliverable. We were an early proponent of stretching targets for new homes and are pleased that this now has a wider currency. We are keen to work with Homes England to support bold interventions across the UK.

A strategic approach to planning and infrastructure is fundamental to delivering the Government's ambition for housing development. But for ADEPT, it's not just about numbers: we need to balance social, economic and environmental objectives as we aim to create and maintain vibrant sustainable places for all. The housing challenge has to be more than building new homes. **We need to have well-designed and healthy homes, make best use of the existing housing stock, and tackle the fundamental issues of access, affordability and net zero.**

For ADEPT, housing inequality symbolises both generational and geographical divisions in the UK. As set out in our policy position on the Industrial Strategy, we agree with the Localis report, *The Delivery of an Industrial Strategy* (2018) that many people feel estranged from the economy, that they do not share in its benefits when it is doing well, and that they feel estranged from the political system. The Government's Levelling Up agenda is aimed at addressing these divisions.

The country's failure to provide enough affordable housing has helped create a situation where more people feel like they are losing out from the UK economy. This has had a disproportionate effect on younger people, who are less able to buy a home than previous generations (only 38% of 25 to 34-year-olds are homeowners, down from 57% 10 years ago) and spend a high proportion of their incomes paying rent and struggling to save for a deposit.

We believe that this may be leading to a shift in the public mood away from opposing more housing in their neighbourhoods. People are more likely to accept new development where it is well-designed and where they can see that it benefits their community in terms of meeting housing need and improving prosperity. **Good quality affordable housing is an important part of making places more prosperous and sustainable, moreover, it is a key ingredient of a successful growth and recovery strategy.**

ADEPT perceives a clear risk of crisis in the housing labour market without major investment in training and high-quality apprenticeships linked to the Levelling Up agenda and the green industrial revolution. We need more people in the workforce with design and construction skills in order to build the volume of new homes that are needed and to adapt existing homes. The UK's exit from the EU may cause further workforce pressures.



## Key issues

There are five key issues for ADEPT:

- **Housing supply – building more homes**
- **The planning system and infrastructure development**
- **Quality – including environment and health**
- **Zero carbon and climate resilient homes – new build and retrofit**
- **Access – tenures and affordability.**

These complex issues are inter-related, so action needs to be taken across the board, avoiding a specious search for one simple solution.



## Building more new homes

**ADEPT believes that the financial restrictions on councils preventing them from building more council homes should be lifted completely. The national housing shortage is one of the most pressing issues we face and it is hard to see how the market alone can build anything close to the 300,000 homes a year target.**

In its response to the 2017 Housing White Paper, the Local Government Association (LGA) noted that the last time this country built more than 250,000 homes a year, councils built more than 40 per cent of them. Today councils are only responsible for a tiny proportion of the total completed, mainly due to the financial restrictions in place on borrowing to invest in more council homes. We welcome the removal of the Housing Revenue Account borrowing cap in 2018 and subsequent relaxation of restrictions in how councils can use Right to Buy receipts. However, we believe that these restrictions should be lifted completely (including use of all receipts from sales and the level of discounts applied locally). **Councils must be able to build new homes for social rent at genuinely affordable levels to meet local needs, using their assets and income streams to finance further investment.**

Housing associations and registered providers are also important players in housing investment and delivery, particularly those in strategic partnerships with Homes England to enable and facilitate delivery. This links to the key issue of access and affordability: the market on its own does not provide the range of affordable homes for rent and purchase that local people need. As house price increases continue to outpace earnings and home ownership becomes harder to achieve, it is more important to stimulate other tenures and sectors, including social housing provided or managed by housing associations and registered providers.

**We support the ambition to build more homes, but we do not believe that the 300,000 homes target is realistic and deliverable, or that the formula (the ‘standard method’) for allocating local targets to local planning authorities (LPAs) is appropriate.** The target should be reviewed in the light of latest demographic trends and the impact of the COVID-19 pandemic on changing use of town and city centre buildings from commercial and retail to residential. The imposition of formula-driven targets can have unintended consequences and imbalances, so development must be planned strategically with reference to regional housing markets and infrastructure provision. The difficulties faced by the Government in late 2020, when consulting on proposed changes to the standard method led to an arbitrary 35% target uplift in the top 20 urban areas, show the dangers of a formula-driven approach.

Large-scale strategic developments such as garden communities offer opportunities and benefits but are hampered by short-term funding systems for planning and infrastructure. It can be difficult to support long-term development proposals which extend beyond current local plan periods.

**We are acutely aware of the additional demands that more housing brings on local services and infrastructure – these must be properly resourced if development is to be high quality and sustainable.** Opposition to new housing development is often founded on fears of more traffic congestion and pressures on services, as well as the failure of the market to provide sufficient affordable homes for young people locally.

As we have stated previously, there is a well-documented shortage in construction skills. To counter this, we need a stronger emphasis on promoting apprenticeship schemes, with similar initiatives both for public and private sector. The skills strategy must support green recovery, net zero, and adapting existing homes to be fit for the future.

The current volume housebuilding market does not deliver sufficient numbers or enough affordable homes. Big builders can hold onto land banks or options on major sites, therefore controlling the build-out rate and making it difficult for SMEs to compete - particularly in places where there are few smaller sites. The market should be disrupted to encourage more competition, diversity of providers, new technical solutions, and more innovation by the big builders. Recovery from the COVID-19 pandemic and the need to reimagine our town and city centres gives the opportunity to prioritise brownfield and urban regeneration over continued greenfield expansion by volume housebuilders.

## Planning and infrastructure

**Building more houses should not be at the expense of delivering high quality places and homes where people want to live and work. Local authorities face competing priorities in the tension between building new homes and delivering low-carbon, well adapted development.**

The National Planning Policy Framework places duties on councils to address climate change and to deliver sustainable development. LPAs can introduce policies to deliver low-carbon and energy efficient developments. Yet they cannot always deliver these because they face counter policies on housing targets and viability that leave them open to appeal or challenge. This means that repeatedly new housing contributes to emissions and will in future need retrofitting at the expense of its owner. Additionally, homes are built to the Building Standards in place when planning consent was granted, this means homes are still being built today to outdated standards.

The NPPF says that the purpose of the planning system is to contribute to sustainable development. We believe this means transport and digital infrastructure must be aligned more effectively with housing delivery. There must be the right level of developer funded infrastructure provided in a timely manner and viability is also a vital consideration in delivering the housing needed. There must be transparency about the feasibility of development and land value capture must be properly and fully addressed – this goes to the heart of the issue of housing supply.

ADEPT considers that LPAs need the resources to deliver the world-class service our communities deserve and our economy needs. A proactive, well-resourced planning system is vital to building homes. We believe that:

- **Planning departments are severely under-resourced - councils are working hard to approve applications (approving nine out of ten submitted) but it is not just about the costs of delivering housing. *The burden on local authority budgets of housing schemes once built, needs to be recognised.***
- **We welcome the Government’s acknowledgement of the need to increase funding for LPAs, particularly as further changes to national planning policies will place additional burdens on planners, ecologists and other professions.**
- **Ring fencing of fees would send a clear message that it is important to ensure that planning departments are properly resourced.**
- **Delivery is not solely in the hands of local authorities - private developers, housing associations, infrastructure providers, mortgage lenders and communities all have a role to play.**



The LGA calculates that taxpayers are currently subsidising the costs of dealing with planning applications by around £200 million a year. Even the housing delivery test falls to local authorities to fulfil and for those authorities that fail it there are consequences.

**We understand government frustration with a local planning system that is seen to cause delay and inconsistency, but delivery is not solely in the hands of local authorities.** When developers do not build out planning permissions - maybe because of land banking or slow delivery to maximise sale values - authorities that have a high number of approvals are disadvantaged through no fault of their own. Alternatively, major infrastructure investment, which may not be within the control of the local planning authority, could be required to deliver housing numbers.

The 2020 Planning White Paper is undoubtedly the most radical set of proposals to be put forward by any government since the creation of the planning system in 1947. Not least because it seeks to fundamentally move from a discretionary system based on local democratic decision-making to a hybrid, rules-based zonal approach not seen anywhere else in the world. **We consider that the proposed reforms as set out in the White Paper require more evidence to substantiate them.** The White Paper sees the planning process and planning system as being about regulation and control rather than achieving wider sustainable outcomes.

We share the ambition to create a locally led planning regime that can act at pace to help create sustainable places. Successful housing delivery will require both better scale and cross-boundary planning aligned to infrastructure delivery. Major housing development needs to be planned strategically at a regional level, not impose formula-driven targets (the standard method for assessing local housing need) on individual LPAs. We have concerns about less local democratic involvement, lack of a climate focus, the distribution of resources.

**The White Paper misses a once-in-a-generation opportunity to place the climate and biodiversity emergencies at the heart of the English planning system.** There is also a real opportunity to use the White Paper reforms to support creating a post-Covid world where communities are designed to be healthier. The proposals as they stand are likely to lead to increased inequalities across the country through an unfair distribution of resources that favours higher value areas such as London and parts of the South East, disenfranchising local communities in the process.

All actors involved in the delivery of housing need to be accountable for their role. Local authorities are ready to work with developers, land owners, utility providers and communities in delivering well-designed sustainable homes, but sustainable communities cannot be created without the infrastructure and the support that enables them to grow in an appropriate way over time. **There must be greater incentivisation for the development industry to build quality homes alongside the supporting local services and infrastructure, and real consequences where they fail to deliver.** Well-planned good growth should not be a burden on an existing community.

The role of utility providers and service planning in delivering housing must be addressed. Housebuilding is held back by delays in infrastructure and the high cost of utility connections. Utility providers are constrained by funding programmes and pricing rules, so they do not plan far enough ahead and are not aligned with housing development. Growth without sufficient, quality infrastructure does not make good places. For example, the Oxfordshire Housing and Growth Deal aims to deliver 100,000 new homes by 2031 but this is dependent on some £8.4bn of infrastructure investment being planned well in advance and delivered in a co-ordinated way.

We welcomed the £2.3bn Housing Infrastructure Fund (HIF) to support housing delivery. However, we would encourage the Government to ensure that the processes and procedures underlying the bidding and delivery are as clear and streamlined as possible. **It is often time consuming and complex for local authorities to submit bids, which if unsuccessful just diminish existing hard-pressed resources. Impractical conditions on the delivery of HIF projects have led some councils to withdraw from funded schemes.**

**ADEPT would like to see a simplification of the many housing and regeneration funding schemes, and a reduction in the proportion of funding that is subject to competitive bidding. We would also like more flexibility in the balance of how funding can be used. Often local authorities struggle with revenue budgets whilst having sufficient capital programmes and are unable to capitalise such programmes.**

The Government should take the opportunity to look at how other countries deliver infrastructure. There are alternative approaches that can offer the UK alternative ways of funding infrastructure through capturing the uplift in land value resulting from the granting of planning permission and public investment being made on or near a piece of land.



## Quality

**Houses are not just buildings but should be warm, comfortable, accessible and safe homes where families are raised and people grow old, and in which people are healthy, independent and secure throughout their lives. Quality of housing is ensured through good design that incorporates key essentials, including health, safety, energy and water efficiency, environment, blue / green infrastructure, and resilience to climate change.**

Health and housing are inextricably linked, with housing a key determinant of health. Poor housing can have serious long-term effects on both physical and mental health and wellbeing. We need to make homes and neighbourhoods places where people can live healthier lives.

Housing is also inextricably linked with care. Social care and the funding of it are overdue a fundamental reform.

**We support the view of the Association of Directors of Adult Social Services (ADASS) that housing is central to care and our lives, and that this is one of the nine key statements that should shape the future of adult social care.** We believe that as far as possible, care should be built around individuals and families living at home – not around organisations and buildings such as hospitals and care homes – to enable people to stay independent and engaged in their communities. Local authorities sit at the heart of places and well-suited to coordinate care and support.

More of this care is likely to be provided in people's own homes and will be integrated into specialist housing and care packages such as supported living and extra care housing, facilitated by technological developments. Supported housing provides a vital bridge between housing, support, health and care. It helps people to live fulfilled and independent lives, engaged with local communities and with positive outcomes. It reduces cost pressures on public services by keeping people out of more costly health and care settings. The housing stock should be improved and diversified to enable this, and to free up larger homes for people who need them. The housing stock should be future-proofed by creating adaptable homes that can meet people's changing needs over time.

Building and fire safety are essential quality considerations especially for people living in high-rise accommodation.

**We welcome post-Grenfell legislation to improve building and fire safety standards, but again note that the human and financial costs of having to adapt and improve existing buildings are greater than designing and building higher standards at the outset.** The cost of remedial works for landlords and residents is likely to be significant, and it is important that government takes firm action to ensure that costs are borne by those responsible for the materials, design, construction and regulation of the buildings and not current tenants and leaseholders.

**A healthy environment should be at the core of the design process.** Planning policies and decisions should facilitate physical activity and mental wellbeing, including recreational space and encouraging walking and cycling in safety. Access to green spaces such as parks, open spaces and the countryside is associated with better overall health, lower stress levels and reduced depression. Green spaces and infrastructure are not only important for people's health and wellbeing, but also for supporting wildlife and biodiversity, and protecting natural capital and heritage.

The planning system helps to deliver good quality housing and there are risks associated with weakening it. For example, permitted development rights give incentives to landlords to convert commercial premises into more profitable housing use, but this can lead to poor quality homes in locations unsuitable for sustainable and healthy living.



ADEPT is working with partners to promote the integration of green infrastructure in new developments. We welcome the Government's commitment to strengthening the principle of environmental and biodiversity net gain in housing and infrastructure development in its 25 Year Environment Plan and Environment Bill, and we will work with colleagues in DEFRA and Natural England to help make this work in practice.

We welcome the new fuel poverty strategy *Sustainable Warmth* (Feb 2021) and the planned toolkit for local authorities to assist enforcement, but this does not go far enough in providing resources to ensure compliance. Councils lack capacity to enforce compliance with the Minimum Energy Efficiency Standards (MEES) regulations.



## Zero carbon and climate resilient homes

**Improving the energy efficiency of our homes and switching to low carbon heating methods are essential to meeting the statutory commitment to achieve net zero by 2050. A top priority for investment in our national infrastructure must be to ensure that homes are fit for the future, that new housing is zero carbon and the existing stock is retrofitted to high standards through a national strategy delivered locally.**

One of the five immediate priorities for government action set out in the *Blueprint for accelerating climate action and a green recovery at the local level*, is to upgrade our existing homes to ensure they are fit for the future, and that new housing is zero carbon. Planning policies and building standards should be complementary, including on energy efficiency and climate resilience. This is not just about reducing carbon emissions but also protecting people from high energy bills and the impact of future climate change. All new homes should be required to be zero carbon by 2025, with local authorities having the planning and building powers to require this.

**Retrofitting of the existing housing stock must be one of our national infrastructure investment priorities.** All homes should be up to a good standard (at least EPC 'C') by 2030, consistent with the Clean Growth Strategy. A long-term place-based delivery approach to retrofitting is needed, with local authorities playing a core role in cutting emissions, tackling fuel poverty, creating demand and growing supply chains. Increased funding and long-term certainty are essential to build the supply chain and to mobilise private capital for retrofitting, which will be fundamental for long-term delivery. Short-term bidding and delivery timescales undermine efforts to build a supply chain where the market is confident to invest in the technology and skills required, as recent experience with the Green Homes Grant scheme has shown.

Government needs to do more to encourage investment in improving the energy efficiency of homes in all tenures. There should be greater incentives for developers, landlords and homeowners to install solar PV panels, insulation and green heating systems. These could include green mortgages, low-cost finance for home energy retrofitting, tax incentives such as variable Stamp Duty, and reduced VAT rates on domestic energy efficiency measures and low carbon heating. In addition, the Government can do more to raise standards for new boilers, and to invest in research and development in new energy efficiency and heating technologies.

**Homes must be built or adapted to ensure that they are resilient to the impacts of a rapidly changing climate – they must be able to stay cool and dry.** Residents must be protected from flooding, other extreme weather events, high temperatures and rising sea levels. As with carbon reduction, it makes practical and financial sense for resilience measures to be built into new homes rather than having to be retrofitted subsequently.

## Access and affordability

Affordable housing is a vital issue but it has been that has been defined in different ways. It has been stretched to include homes let at up to 80% of market rents – more than £1,500 a month in some areas – and homes for sale up to £450,000. The UK faces an acute housing affordability crisis, with around 1.7m private rented households currently paying more than a third of their income in rent and a million owner-occupiers paying more than a third of their income on their mortgage.

The Planning White Paper committed to ‘ensure that affordable housing provision supported through developer contributions is kept at least at current levels.’ We welcome this and other commitments to improve the supply of affordable housing and the need for a range of tenures, but to date they have not been sufficient to compensate for market failure. Housing is a complex market and a mixture of solutions and tenures is required to provide choice and meet the needs of people, communities and the economy. Just as the construction industry cannot deliver the volume of new houses needed on its own, so the private rented sector cannot meet the needs of everyone unable to buy their own home. **As the aim of home ownership becomes harder to achieve, ADEPT believes it is more important to stimulate other tenures and sectors – including social housing built and managed for (if not necessarily by) local authorities – to meet demand.**



COVID-19 has highlighted the insufficient supply of affordable housing, including the need to accommodate rough sleepers and find move-on accommodation, as well as the need for key worker housing and to support low-income households.

A lack of affordable homes to rent is an important factor behind the rise in the use of temporary accommodation. **Local authorities are currently housing over 77,000 homelessness families in temporary accommodation, including more than 120,000 children.**

ADEPT supports proposals to make tenancies longer term and more secure in order to give families the stability needed to learn and prosper. Local authorities across the country are working to improve affordability and standards in the private rented sector. We welcome the Government’s moves to tackle rogue landlords, but councils need the freedom to implement licensing schemes and robust enforcement action in those areas where it is needed.



- ADEPT members are the place-making strategists and policy shapers across top tier local authority areas
- ADEPT members are specialists, delivering services and sharing best practice across key sectors including environment, planning, housing, transport and economy
- ADEPT members design strategies for the future, taking communities beyond 2035
- ADEPT members operate in networks, cutting through boundaries to work with partners across the political, public, private and community sectors
- ADEPT members provide opportunities to develop new talent, supporting the Place Directors of tomorrow

# ADEPT

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