



Ryedale District Council

REPORT TO: Policy & Resources Committee

DATE: 4th October 2007

REPORTING OFFICERS: Forward Planning & Economic Development Manager,
Development Control Manager & Housing Manager

SUBJECT: HOUSING GREEN PAPER

WARDS AFFECTED: All

1.0 PURPOSE OF REPORT

- 1.1 To outline the key elements of the Government's recent Housing Green Paper, 'Homes for the Future: more affordable, more sustainable', and to agree the District Council's response to these proposals.

2.0 RECOMMENDATIONS

- A) That the comments set out within this Report are forwarded to the Department for Communities and Local Government as the response of Ryedale District Council to the Housing Green Paper;
- B) That a Member's Briefing be organised to consider options for new initiatives and policy approaches to deliver the aims of the Housing Green Paper within Ryedale.

3.0 REASONS SUPPORTING DECISION

- 3.1 Meeting housing needs is a major national challenge, and a fundamental element of building sustainable communities. The importance of housing is reflected at the local level through the priorities of both Imagine Ryedale and Ryedale District Council's Corporate Plan, and the policies of Ryedale's emerging Local Development Framework and the Housing Strategy. The District Council has a Corporate Aim 'to have opportunity and choice of housing and employment for all', and a Corporate Objective to 'provide an average of 75 affordable housing units every year'. The challenge in Ryedale is significant, with the second highest house prices in the Yorkshire and Humber Region. The house prices, together with the relatively low average wage level, mean that Ryedale has one of the most acute affordable housing
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problems in England. Disturbingly, rates of new house building in Ryedale have almost halved since the 1990's and are now significantly below the rate set out within the Draft Regional Spatial Strategy. There have been some improvements in terms of the number of affordable units being approved as a result of changes to the Council's planning policies, but rates of deliver are still some way behind the Council's target. Other housing indicators show generally sound progress over the last three years but some slippage in certain indicators over the last year.

- 3.2 The Government is seeking to address national housing challenges through the variety of measures outlined in the Housing Green Paper. Many of the Government's proposals will impact on the activities and approaches of local authorities, not least through the planning system where there will be considerable pressure to meet housing targets and to provide sufficient land for future homes. The comments set out within this report respond to the specific measures that are proposed, however the over-riding messages of the Green Paper are clear – that local planning authorities have a key role in delivering the Government's three aims of: more homes; homes that are greener and well-designed; and more affordable homes. Furthermore, there are both measures to encourage local authorities to achieve these improvements in supply, and implications for those authorities that do not. There must be full awareness of these measures in setting future District Council policies (in particular the Local Development Framework) and activities, and in the decision making of the Planning Committee, if local housing needs are to be adequately addressed. To this end, a Member Briefing is proposed to debate the options available.

4.0 BACKGROUND & INTRODUCTION

- 4.1 This introduction to the Green Paper by the Minister for Housing states that 'Homes are the building blocks of our communities'. The Government believes that 'everyone deserves a place they can be proud to call home, at a place they can afford' and that 'housing is critical to Britain's future'. The Paper states that 'substantial progress has been made in the last ten years' in terms of increased home ownership through low mortgage rates, improved quality of homes for social tenants and much reduced levels of homelessness. However, there is a strong recognition of ongoing major pressures, with many unable to get on the housing ladder or living in cramped conditions, with house building not keeping up with rising demand for a generation, and with house prices doubling in real terms in the last decade. Lack of action will damage the economy, widen wealth inequality and significantly affect the life chances of the next generation.
- 4.2 The vision of Government is for 'everyone to have access to a decent home at a price they can afford, in a place where they want to live and work'. It is argued that 'Good quality, affordable housing enables stable and secure family lives: we are all healthier, happier and wealthier when we have decent homes close to schools, healthcare and transport links'. In addition, 'Good housing

can improve our social, environmental and economic well-being. It helps create better communities that can attract investment and skilled workers. And getting the design right can also improve the environment and reduce our carbon footprint'.

- 4.3 The Green Paper sets out a range of actions and proposals to tackle the major housing challenges, and to specifically provide:
- More homes to meet growing demand
 - Well-designed and greener homes, linked to good schools, transport and healthcare
 - More affordable homes to buy or rent
- 4.4 The Paper is set out in five sections:
- Progress and challenges
 - More homes to meet growing demand
 - How to create places and homes that people want to live in
 - Making housing more affordable
 - Delivery: how we make it happen
- 4.5 This report identifies the principle implications of the Housing Green Paper for local authorities, who are seen as key partners in delivering the required changes. A copy of the Executive Summary of the Green Paper is attached at Annex A. The full document can be viewed at <http://www.communities.gov.uk/publications/housing/homesforfuture>.
- 4.6 Comments on the Housing Green Paper must be submitted 15 October 2007. It should be noted that Green Papers are consultation documents issued by the government, which contain policy proposals for debate and discussion. Following this consultation the government will normally publish firmer recommendations in a White Paper, which will have detailed proposals for legislation. Nevertheless, many of the measures set out in the Housing Green Paper are already being implemented or introduced and it apparent that housing issues are a key theme for the Brown Government.

5.0 REPORT

More homes to meet growing demands

- 5.1 Housing supply is not keeping up with demand. Whilst stock is increasing by 185,000 units a year, the number of households is projected to grow at 223,000 a year, many of which will be people living alone. Furthermore, housing completions have dropped from around 350,000 per year in the late 1960's to only around 160,000 per year now. Consequently, the Government has revised its housing targets and now aims for 3 million new homes by 2020, with 2 million of these by 2016. This will provide additional levels of housing not seen for 40 years.

- 5.2 The national house building targets to 2016 will be met through:
- 1.6 million homes already in place in existing Regional Spatial Strategies, together with planned development in identified Growth Areas, such as the Thames Gateway and Milton Keynes / South Midlands.
 - 150-200,000 additional homes in the new round of Regional Spatial Strategies under consideration, and farther partial RSS reviews where needed.
 - 100,000 extra homes in 45 towns and cities in 29 new Growth Points, which have recently been identified.
 - An additional round of New Growth Points, to include the North for the first time.
 - 5 new eco-town schemes of between 5,000 and 20,000 each.
- 5.3 It is stressed that there are difficulties in finding affordable housing in every region, in urban and rural areas, and that new housing is needed throughout the country in a way that is sensitive to local needs. Rural areas often face a significant shortage of affordable housing, and funding for affordable housing in rural districts tends to be directed to the towns instead of the villages. The Affordable Rural Housing Commission identified a need to deliver more social and shared ownership housing in villages, and the Green Paper proposes that it will set a target for such housing for 2008-11 and support seven new pilot Community Land Trusts in rural areas to give local communities access to land for affordable house building. A Rural Housing Advisory Group has been established to consider further innovative and efficient ways of delivering more rural affordable housing. The Green Paper states that it is important that *'local and regional delivery bodies engage with rural people and communities to better identify rural affordable housing needs and work in partnership to deliver homes where they are needed most'*. Amongst these may be measures set out in PPS3 such as allocation of sites for affordable housing in rural areas in appropriate situations.
- 5.4 The partial reviews of regional plans will increase regional and local targets, and embody the new eco-towns and Growth Points, and will be carried out by 2011. Significantly, a new Housing and Planning Delivery Grant will replace the current Planning Delivery Grant and will be available to Councils who:
- deliver against their housing plans to meet local needs and meet agreed 'development timetables' to speed up new housing. These timetables will commit councils to set out clear and ambitious plans on the number and type of homes needed in a local area, including family homes
 - identify banks of deliverable land suitable for new homes.
- New guidance for councils will show how the land supply should be found. Councils that do not identify enough land and which do not grant sufficient planning permissions will find that appeals decisions on housing applications are more likely to be allowed, as well as losing out on the new Delivery Grant.

- 5.5 There is to be a renewed emphasis on providing new homes on surplus public sector land (particularly Government land), with a key role for English Partnerships. There should be a minimum of 50% affordable homes provided on such sites. The importance of brownfield land continues, and a new homes agency will work with local authorities to support their place-shaping role. Councils must also reduce the number of homes left empty for long periods.

Better homes

- 5.6 The Government want both more homes and *better* homes – that are built to high design and environmental standards and are part of mixed communities with good local facilities. The push for new homes must assist the tackling of climate change and all new homes should be zero carbon by 2016. There must also be improvements to the quality of social homes.
- 5.7 It is recognised that delivering the necessary infrastructure is critical to delivering housing. Successful communities require access to schools, health care, roads, public transport, water, energy sources and public spaces. The Green Paper confirms that planning and delivering local and strategic infrastructure is critical to ensuring the Government meets its new commitment to increase housing supply, and that local authorities have crucial, leading role to play. They should work in partnership with infrastructure providers and key local partners such as the Highways Agency (!).The Paper proposes that the Planning Inspectorate should consider the demonstration of infrastructure availability and planning as part of a test of soundness of a development plan document. It is also stated that *'Local authorities are well placed, through their role in preparing Sustainable Community Strategies and Local Area Agreements, to negotiate with and influence other local and regional partners. They can ensure through existing partnership arrangements that all local partners adopt a co-ordinated approach to creating the necessary infrastructure to deliver housing growth.'*
- 5.8 Government has invested £14 billion on infrastructure in the main growth areas of London, the south east and the east during 2006-7. Future funding through a Community Infrastructure Fund will be targeted towards Growth Areas, New Growth Points and eco-towns. More generally, the Green Paper notes that substantial funding for infrastructure to support housing growth is provided by the private sector through developer contributions, and revisits the proposal for a Planning-gain supplement (PGS) to largely replace S106 planning obligations. This was put forward in 2005 as the means by which increases in land value created by planning decisions could be released more effectively (with 70% paid directly to the planning authority) to help finance the infrastructure needed to stimulate and service growth, and ensure that local communities better share in the benefits that growth brings. The Green Paper states that unless a better alternative can be identified soon, the Government will legislate in 2009 to introduce the PGS. The Green Paper sets out possible alternative approaches to the PGS:

- A lower rate Planning-gain Supplement, with a lesser scale-back of planning obligations
- A Planning-gain Supplement limited to greenfield sites
- A charging mechanism based on an expanded system of planning obligations. This would make it easier for local authorities to develop policies seeking standard charges to mitigate the impact of development, and fund strategic and sub-regional infrastructure, in particular transport. Charges would be set out in Development Plan Documents, and clearly linked to infrastructure need, with an evidence base justifying the charge level for different types of development
- A statutory planning charge. The Government could legislate to allow local authorities to require standard charges to be paid for infrastructure need, enabling them to capture planning gain more systematically. This would enable all local authorities to require developers to pay average standard charges, based on the total costs of infrastructure in an area.

5.9 Changes to the Building Regulations will be introduced to achieve the target of all new homes to be zero carbon by 2016. There will also be a PPS on Planning and Climate Change by the end of 2007. Other aspects of design must also be improved and good and very good development must become the norm. Flexible housing must also better meet the needs of society, including the needs of an ageing population, and recognise the need for family housing.

More affordable homes

5.10 The Government has recognized the need to provide social housing for those unable to buy or rent a home of their own estimating that there will be a newly arising need of at least 40,000 new social rented homes a year. In addition more affordable homes to buy are also required, including increasing the provision of family housing. A £6.5 billion investment in social housing is planned over the next three years with 45,000 new social homes a year by 2010-2011. The proposals also include new ways for councils to build on council land and to be involved with the delivery of affordable housing, and more opportunities for the private sector to build social housing.

5.11 The Green Paper contains proposals for extending the opportunity for more people to get a step on the housing ladder by enabling them to buy a share in their own home. These include the provision of at least 25,000 more shared equity homes each year, the delivery of shared ownership and affordable homes through the private sector and developer contributions and increased opportunities for social tenants to purchase a share in their own home.

5.12 The Government proposes to look at ways in which to help mortgage lenders finance mortgages, including some affordable longer term fixed rate mortgages and have detailed three specific areas of work which they would like to explore.

Delivery

- 5.13 To deliver the plans for housing growth, higher standards and better places to live, there is a need for enough skilled workers, particularly built environment professionals and construction workers. Government wishes to support capacity and capability in these areas, with 94% of local authorities now experiencing recruitment and retention difficulties (up from 30% in 1995) in planning and other related sectors. The Green Paper proposes a number of initiatives and strategies to address this issue.
- 5.14 The Green Paper closes with a call for key partners, including local authorities, to sign up to and take responsibility for their part in delivering the ambition of 'providing more housing than has been seen in this country for a generation'. This requires political buy-in from local leaders and strong commitment from the public and private sectors. The Paper states that '*Young families can no longer afford for national ambition to be met with local opposition... This does not mean imposing unacceptable development, but does mean making the case for growth, engaging with how it is delivered and ensuring it is of good quality. Front-line councillors too need to ensure that the often unheard voices of would-be first time buyers are represented in their own work.*' The Paper highlights that the Local Government White Paper placed housing at the heart of the local authority place-shaping role, and states that the key way in which local authorities can quicken delivery is to provide more land for housing. Government wants local authorities to '*step up to play a stronger role in addressing the housing needs of all their residents*'.
- 5.15 Local authorities should include the full involvement of local people, who need to be reassured about the provision of infrastructure and see a commitment to quality design and good local facilities before growth can be welcomed. The Government intends to bring relevant evidence and information together to provide a 'toolkit' to help local communities resolve housing problems.

Proposed Comment

- 5.16 *Concern over house building rates is shared at a local level. After an average house building rate of over 200 through the 1990's, Ryedale currently experiences only around 130 new units per year, which has dropped to only around 100 in certain years. This is despite the District having the fourth most severe gap between average wage levels and house prices at a national level (source: Joseph Rowntree Housing Trust) and an RSS target of 230 new homes each for the current period. An up to date audit of currently outstanding permissions is close to completion and there is strong likelihood that Ryedale does not have a 5-year supply of housing land, and that most of the current supply is made up of single units or small development in village locations. The combined impacts of the restrictions on release of land that were introduced via PPG3 in 2000, the end date of 2006 of the Ryedale Local Plan and the confusion and delay that have resulted from the introduction of the new Local Development Framework system mean that there is not an*

identified housing land supply for Ryedale for forthcoming years (although this situation is reflected throughout much of North Yorkshire). It is imperative the Government supports local authorities to both assist with short-term measures to aid the supply of housing, and to quickly progress Local Development Frameworks through the current morass. There is a strong willingness to assist with the delivery of housing but clarity and direction are required to rapidly progress the allocation of land for housing in LDFs. Furthermore, punitive measures through the new Delivery Grant will only slow progress further at those authorities who do not yet have an identified housing land supply. Further alterations to Regional Spatial Strategies risk slowing progress on LDFs even further; in the case of the Yorkshire Humber RSS it is imperative that housing figures are updated as part of the current review, and that the Panel's recommendation to slightly reduce the housing figures for areas like Ryedale are not pursued - such proposals are wholly inconsistent with the spirit of this Green Paper. The assistance of English Partnerships, the new homes agency and the Rural Housing Advisory Group are all welcome but must be available to rural districts and not just to growth areas.

- 5.17 Measures to support improved design and energy efficiency of new housing are welcome and the aspirations of the Green paper are laudable. The next steps identified needs to be developed and time needed for them to 'bed-in' with the development industry in order to raise the bar for good design at all levels. At this stage attempting to introduce, explore and evaluate additional quality assurance approaches to measure improvements maybe a step too far. Any new framework for assessment should recognise the importance of local distinctiveness and be flexible in promoting high standards of sustainable design and construction which are appropriate to their location The provision of necessary infrastructure is fundamental in order to meet housing needs and build sustainable communities – however, this applies as much to rural Districts such as Ryedale as it does to identified growth areas. Government support has been directed to the growth areas and elsewhere there has been a conspicuous absence of support, including from relevant bodies such as the Highways Agency. The message must be disseminated from Government to relevant agencies and service providers that their actions and investment must support the housing delivery role of local authorities. It is wrong to assume that existing mechanisms such as LAAs are sufficient to deliver this infrastructure at a local level. To assist the delivery of necessary infrastructure and services to support required development this Council supports either the expanded system of planning obligations or a statutory planning charge in preference to a planning gain supplement – it is key that funds raised locally from new development are fully available to meet infrastructure needs in that area, and that there is an ability to set such charges to reflect local circumstances and requirements.
- 5.18 The increased overall provision of affordable housing, together with opportunities for a greater role for housing associations and the private sector (and some role for local authorities) in delivery, are again to be welcomed. Ways in which these opportunities can be maximized will be examined when further detail is available, with regard to identifying local opportunities for

action. Increased chances of home ownership for those who do not wish to rent are important and the opportunity should be taken to look at other models to facilitate this, particularly where they have previously been used and are known to work. The average house now costs some £210,000 - over eight times the average salary, and this gap is greater in many parts of Ryedale. Any proposals that will help mortgage firms finance longer term fixed rate mortgages will be of benefit both in terms of increasing the affordability of mortgage repayments and assisting with long term financial planning.

- 5.19 *Ryedale shares the difficult experience of other local authorities in terms of recruitment and retention of relevant professionals and it is important that Government continues recent efforts to increase the number of graduates, and that experienced staff are retained. The need for 'buy in' and political leadership at a local authority level is recognised, particularly as much of the opposition to new house building occurs at the local level. It is equally recognised that local people must be involved in the debates and choices about new housing in order to secure their support. These factors add weight to the justification for a Member's briefing to consider means by which improved progress and action can be achieved within Ryedale.*

6.0 OPTIONS

- 6.1 Despite being a Green Paper, some of the suggested measures are being introduced or implemented already through other mechanisms (e.g. the new Housing and Planning Delivery Grant and the requirement for a 5 year land supply). In view of this, and because of the importance of housing issues within Ryedale and the urgent need to improve delivery, it is considered that a member's briefing should consider the possible options for action that are available to the District Council.

7.0 FINANCIAL & LEGAL IMPLICATIONS

- 7.1 Financial implications include potential loss of revenue via the Housing and Planning Delivery Grant, as a result of insufficient supply and / or delivery of housing. Legal implications will not be fully apparent until a White Paper and subsequent legislation are in place.

8.0 RISK ASSESSMENT

- 8.1 Failure to respond to the challenges set out within the Green Paper would increase the risk of inadequate action to address the substantial local housing needs, and therefore one of the Council's corporate priorities. In addition, failure to identify sufficient housing land will result in a very significant risk of appeals for housing development being allowed.
- 8.2 However, it should be noted that concerted action to progress initiatives in line with the Green Paper will have staff resource implications in parts of the Council that are already heavily committed to progressing current activities to provide additional and enhanced housing in Ryedale.

9.0 CONCLUSION

- 9.1 In view of the importance of housing issues to people within Ryedale, and the particular local circumstances that affect the delivery of housing, it is considered that the above comments should be forwarded to Government on behalf of the District Council. Furthermore, a Member's Briefing is required to consider the range of options available to the Council, in the light of the Green Paper and associated initiatives, to achieve the delivery of housing to meet local needs.

Background Papers: Department for Communities and Local Government: Homes for the future: more affordable, more sustainable (The Housing Green Paper 2007) – see <http://www.communities.gov.uk/documents/housing/doc/Homesforthefuture>

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Department for Communities and Local Government

Homes for the future: more affordable, more sustainable

Executive Summary

Our vision

We want everyone to have access to a decent home at a price they can afford, in a place where they want to live and work. Good quality, affordable housing enables stable and secure family lives: we are all healthier, happier and wealthier when we have decent homes close to schools, healthcare and transport links.

But this is not just an issue for families. Good housing can improve our social, environmental and economic well-being. It helps create better communities that can attract investment and skilled workers. And getting the design right can also improve the environment and reduce our carbon footprint.

Therefore, the strategic housing decisions we take collectively over the next few years are critical to the life chances of the next generation.

Section I: What's happened since 1997

Since 1997, housing has improved for many people. Homeowners have seen the value of their properties increase. Social tenants have seen massive improvements in the quality of their homes. And concerted action has slashed homelessness and directly helped 77,000 households to buy their first homes.

All of this has been achieved in a climate of economic growth and stability – far removed from the boom and bust of previous decades. Low inflation and low interest rates have led to over 1 million more home owners over the last ten years.

We have achieved a great deal through our investment in housing over the past ten years. That investment means social housing now has over 1 million fewer non-decent homes and the number of private sector vulnerable households living in non-decent homes has been reduced by over 300,000. We have also cut the number of rough sleepers by over two thirds and ended the long-term use of bed and breakfast accommodation for families with children. Our investment has also helped improve demand for homes in some previously blighted urban areas.

The challenges we face

But we face new challenges today. Demand for homes to buy or rent is growing faster than supply. And as house prices have grown faster than wages, it is becoming increasingly difficult for young people to get a step on the housing ladder. And the challenges of climate change mean we need to provide greener, better-designed housing for the future.

This Green Paper sets out our proposals to improve the housing fabric of our society. We

will work with our partners to provide:

- More homes to meet growing demand;
- Well-designed and greener homes, linked to good schools, transport and healthcare;
- More affordable homes to buy or rent.

Section II: More homes to meet growing demand

Our first challenge is to provide more homes. Housing supply has increased substantially in the last few years and is now at its highest level since the 1980s, but supply is still not keeping up with rising demand from our ageing, growing population.

Why we need more homes: While the housing stock is growing by 185,000 a year, the number of households is projected to grow at 223,000 a year, many of them people living alone.

New targets: That is why the Government is now setting a new housing target for 2016 of 240,000 additional homes a year to meet the growing demand and address affordability issues. The level of housing supply needs to increase over time towards this target and we believe that a total of three million new homes are needed by 2020, two million of them by 2016.

Delivering 2 million homes by 2016 and 3 million homes by 2020: Our proposals assume that housing supply will rise over time towards the 240,000 per year target in 2016, delivering approximately two million new homes by 2016 and continuing at around 240,000 homes per annum over the next four years to deliver an extra million new homes by 2020.

The two million new homes that will be delivered by 2016 will include the following:

- **1.6 million homes are already in existing Regional Spatial Strategies (RSS) and plans now in place including around 650,000 homes in Growth Areas** with support from the 2003 Sustainable Communities Plan (e.g. Thames Gateway and Milton Keynes/South Midlands);
- **150,000-200,000 additional homes in the new round of RSS and plans now under consideration**, including many smaller sites and urban area schemes, together with **further, partial RSS reviews** where they are needed;
- **100,000 extra homes in 45 towns and cities** that make up the **29 New Growth Points** which have already come forward in 2006 proposing high growth schemes. Those towns will be eligible for additional support and growth funding – comparable to support which Growth Areas receive, including access to a £300 million Community Infrastructure Fund for Growth Areas, New Growth Points and eco-towns;
- **An additional round of New Growth Points** including for the first time the

North. Our ambition would be to deliver around **50,000 new homes**. The final number will depend on the strength, costs and sustainability of bids coming forward;

- We are launching today an invitation for local authorities and developers to propose **5 new eco-town schemes**, with the entire community designed to be able to reach zero carbon standards. Each scheme could provide between 5,000 and 20,000 new homes giving a total of some **25-100,000 homes**. Final decisions will depend on the strength, costs and sustainability of the bids received.

Delivering homes where they are needed: Young families face problems finding affordable homes in every region, in urban and in rural areas. New housing is therefore needed throughout the country delivered in a way that is sensitive to local needs. We are extending the New Growth Points programmes to northern cities and towns.

Rural homes: We recognise that rural communities face particular pressures. We will set out measures to ensure more social and shared ownership homes are delivered in villages, as the Affordable Rural Housing Commission proposed. The Housing Corporation is investing £230 million to deliver around 6,300 homes in small towns and villages through its 2006–08 affordable housing programme. We will set a target for delivery of affordable housing in rural areas over the period 2008-11. We are also supporting seven new potential pilot Community Land Trusts in rural areas, giving local communities access to land for affordable house building.

Planning reviews: We will set up partial reviews of regional plans to increase regional and local targets and ensure the new eco-towns and additional Growth Points are properly handled in the planning system. Reviews of Regional Spatial Strategies will be carried out by 2011 to reflect plans for 240,000 homes a year by 2016.

Local planning incentives and enforcement: A new Housing and Planning Delivery Grant will direct extra resources to those councils who are delivering high levels of housing and to those councils who have identified at least 5 years worth of sites ready for development. Local councils will have to identify enough land to deliver the homes needed in their area over the next 15 years by rapidly implementing new planning policy for housing (PPS3). We are publishing new guidance showing how councils can find the land they need. Where councils have not identified enough land and do not grant sufficient planning permissions, planning inspectors will be more likely to overturn their decisions and give housing applications the go ahead at the appeal stage. We will also consult on ways to strengthen the requirement on developers to commence development or lose planning permission, and what more can be done to develop a consistent approach to the disclosure of land holdings.

Public sector land: We have raised our target to 200,000 new homes to be delivered on surplus public sector land by 2016, a significant increase from the previous target of 130,000 announced in the Pre-Budget Report. English Partnerships will set out new standards for housing on surplus Government land, which will increase the number of affordable homes developed, bring forward sites more quickly and ensure that design and environmental performance standards are raised to meet housing policy objectives.

Recycling homes and land: We also need to make the most of existing homes and buildings and disused land. We believe brownfield land should be the priority for development. The Government will continue with the national target that over 60% of homes should be built on brownfield land and every region and local authority will be expected to set their own target for brownfield land use. The new homes agency¹ will work with local authorities to support them in their place-shaping role, including on how local authority and other disused land can be used to lever in private investment and transform communities. Councils, as part of their strategic housing role, need to reduce the number of homes that are left empty for long periods of time. We will explore a range of measures including the new Housing and Planning Delivery Grant.

Section III: Better homes: How we create places and homes that people want to live in

We don't just want to build *more* homes. We want them to be *better* homes, built to high standards, both in terms of design and environmental impact and homes that are part of mixed communities with good local facilities. Our new homes need to be part of the solution to climate change; not part of the problem. We will work with other government departments to make this a reality. We also want to improve the quality of existing social homes, so that everybody has decent housing.

Infrastructure funding: We have already delivered significant investment in infrastructure through mainstream government funding. £14 billion was spent on infrastructure in the three main regions of growth (London, the South East and East) during 2006-07. We are setting out new procedures to ensure mainstream programmes provide proper support for high growth areas.

New settlements should be attractive places with good quality neighbourhoods and green public space that help create healthy communities. They must provide good local infrastructure – transport, schools and healthcare. Such provision will be central to our plans and we are proposing new procedures for councils and Government departments to plan for new schools, new health facilities and improved transport facilities. We are funding CABI Space to assist local authorities with their green space strategies, in order to provide more and better open spaces for people to use, including play areas for children. Green spaces are an essential part of our Growth Areas, New Growth Points and eco-towns programmes, where a tenth of Growth Area funding has been dedicated to improve parks, forests and green spaces since 2003.

We will also continue with targeted funding for Growth Areas, New Growth Points and eco-towns including the new £300m Community Infrastructure Fund over the next three years. Announcements on levels of funding will be made in the Autumn.

Planning Gain: We also believe that more infrastructure funding could be drawn from the value uplift that the planning system generates. We propose a Planning-gain Supplement Bill – to ensure that local communities benefit from new developments. But if a better way is identified before this year's Pre-Budget Report of ensuring local communities receive

significantly more of the benefit from planning gain, including to invest in necessary infrastructure and transport, and it is demonstrated that it is a better alternative, the Government will be prepared to defer next session's legislation. This Green Paper sets out possible alternative approaches to facilitate discussion with key stakeholders.

Greener homes: New housing needs to be much more sustainable for the future. We need a revolution in the way we build, design and power our homes. A quarter of the UK's current carbon emissions (around 150 million tonnes of carbon dioxide each year) arise from how we heat, light and run our homes. We want to increase protection of the environment by cutting carbon emissions and we want all new homes to be zero carbon from 2016. We will strengthen building regulations by 25% in 2010 and by 44% in 2013 to set the standards we need to help achieve this. We will also set new minimum standards for water use in new homes cutting average water use by almost 20%. And we are consulting on how best to rate new homes against our Code for Sustainable Homes to inform consumers and help drive up standards. We have set up a task group to look at research and work across the supply chain to deliver the improvements we need.

We will monitor closely the effectiveness of our new planning policy protecting new homes from flooding.

We are committed to the principles of the Green Belt. We will make no fundamental changes to Green Belt planning policy, as set out in PPG2.

Well-designed and good quality homes: Our aim is to eliminate poorly-designed new housing, and make good and very good new development the norm. And we recognise that getting the design right can improve the quality of life for all members of the community, as well as improving the environment, creating safer and stronger communities and reducing our carbon footprint. We recognise the inspirational power of the very best and are encouraging innovative new designs of the highest standards, for example through competitions in eco-towns. These competitions will stimulate new architectural thinking on how to achieve a strong vision and identity in a range of new settlements and at individual building level, whilst reflecting local character and context.

We will work closely with the Commission for Architecture and the Built Environment (CABE) on its work with the public and private sectors to raise design standards. A light-touch review of CABE in the autumn will ensure we maximise its contribution to good design as we expand housing growth. We will also pilot a quality assurance programme with local authorities and developers, to explore ways to provide a meaningful concession to developers who meet quality benchmarks, with a view to speeding up the development process whilst safeguarding design outcomes.

Our new planning policy for housing (PPS3) ensures that housing developments reflect the varied needs of local communities, providing more affordable homes, proper infrastructure and high standards of design. And our *National Strategy for Housing in an Ageing Society*, to be published in the autumn, will set out more on ensuring housing growth responds to the needs of an ageing population.

Section IV: Making housing more affordable

House prices have doubled in real terms in the last decade. The average house now costs over £210,000, over 8 times the average salary. This has made it more difficult for young people and families to buy their own home. Although building more homes is essential to tackle long term affordability pressures, more support is also needed to help young people and families over the next few years. While we have focused on improving the quality of social housing since 1997, we now need to develop more affordable homes both to rent and to buy, including increasing provision of family housing. Local authorities will have new opportunities to build and manage new houses as well as Housing Associations and the private sector.

We plan a £8 billion programme for affordable housing in 2008-11, a £3 billion increase compared to the previous three years.

At least 70,000 more affordable homes a year by 2010-11: We want to ensure there are more affordable homes and more opportunities for people to get on the housing ladder. Government will help deliver at least 180,000 new affordable homes over the next three years, and more than 70,000 affordable homes a year by 2010-11 – with an ambition to increase further in the next spending review.

At least 45,000 new social homes a year by 2010-11 – a 50% increase in social housing in 3 years, more than doubling new provision since 2004-05, and **a goal of 50,000 new social rented homes a year**, in the next spending review period.

We will significantly expand the programme of converting temporary accommodation into settled homes, adding to the number of homes which will become intermediate or social housing.

Over 25,000 shared ownership and shared equity homes a year funded mainly by the Housing Corporation (or its successor the new homes agency) to particularly help key workers and others who can't afford to buy near where they work.

Thousands more shared ownership homes through local housing companies and public sector land. We will use public sector land to deliver additional shared ownership homes without grant. We will set out more details on the scale of this programme as the work with local housing companies progresses.

Rural Affordable Housing: The new homes agency will work with rural councils so that they can meet the particular pressures faced by rural communities by supporting social housing and shared ownership homes in villages and rural areas as well as in larger towns. Later in the year, building on advice from the regional assemblies we will set a target for rural affordable housing for 2008-11.

Local Housing Companies: We are setting out proposals for new local housing

companies that local councils can establish (in partnership with the new homes agency) in particular to deliver shared ownership homes and homes for first time buyers built on local council land. We believe these have the potential to deliver tens of thousands of shared ownership homes over the next five years.

Private Sector Shared Equity: We believe the private sector can play a greater role in offering shared equity mortgages or shared ownership homes, and we want to see far more competitive products on offer. Communities and Local Government are appointing Brian Pomeroy, to help us follow up on the Shared Equity Task Force report and advise us on ways to develop the private sector shared equity market. We have already launched a shared equity competition for lenders to develop more shared equity and we are now announcing a new 17.5% government equity loan product. Through this, we aim to increase both the range of private sector organisations involved in this area and the competitiveness of products available.

Improving the way the mortgage market works: We want to look at ways to help mortgage lenders finance mortgages, including more affordable longer-term fixed rate mortgages.

Wider delivery of affordable housing in mixed communities: We want to see a wider range of organisations bringing in more resources to build affordable housing. The first ten Arms Length Management Organisations and other local authority companies have pre-qualified to bid for social housing grant, and more will have an opportunity to pre-qualify next year. We are setting out new ways for councils to use their land and resources to build homes, and are seeking views on changes to the treatment of rents and capital receipts from additional homes which would incentivise this. We also want to promote greater private sector involvement in increasing social housing.

Section V: Delivery: how we make it happen

More skilled workers: We need enough appropriately skilled workers to deliver our housing ambitions. This means improved training and tackling recruitment and retention difficulties in key areas and a focus on ensuring we have enough skilled professionals, construction workers and planning officers to meet our ambitions.

Implementation: a shared endeavour: This Green Paper sets out a scale of ambition to provide more housing than seen in this country for a generation. If we are to build these much needed homes we must join in a shared endeavour – with political leadership and delivery support shared between national, regional and local levels; with private, public and third sector providers all playing full roles; and involving local communities.

Everyone needs to take responsibility and account for the part they play in delivery. Communities and Local Government and English Partnerships are working with the Prime Minister's Delivery Unit to design a delivery mechanism to ensure this ambitious, cross government programme is realised. We want to see local people effectively involved in the debate about housing growth and infrastructure provision in their communities.

Local authorities have a critical role to play in achieving a major increase in new homes and

their strategic housing role is at the heart of achieving our ambitions for housing supply. We want to see local authorities step up to play a stronger role in addressing the housing needs of all their residents, as part of their strategic housing role.

And we want home builders to rise to the challenge faced by the new targets for housing delivery, working with us to bring forward more land and tackle quickly any operational barriers to our plans.