



Laying the Foundations: A Housing Strategy for England

London First Brief

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Highlights

The government has published its [housing strategy](#) proclaiming it to be – with the usual hyperbole – ‘a radical new strategy to reignite the housing market and get the nation building again.’ Whilst the strategy contains some welcome new ideas amongst the plethora of re-announced policies it seems unlikely that on its own it will indeed get the nation building again.

The most interesting new policies to emerge are as follows:

- **New build indemnity scheme:** will provide up to 95 per cent loan to value mortgages for new build schemes, backed up by a housebuilder indemnity fund supported by the government.
- **£400 million Get Britain Building investment fund:** will provide development finance to progress schemes that have planning permission, are ready to build out but are stalled.
- **Potentially allowing developers to require the renegotiation of planning obligations:** if asked to by a developer, a local authority would have to reconsider a s.106 agreement signed prior to April 2010.

As yet there is little information to support these headline announcements. A prospectus will be published by the end of the year for the £400m investment fund and a consultation will be launched with regard to the renegotiation of planning obligations. The potential success of such initiatives is therefore hard to judge until the detail is available. The new build indemnity scheme is a welcome addition to the existing FirstBuy scheme. The government is right to focus mortgage support on new build developments as the number of new homes built in England continues to lag behind frustrated demand and need.

What does this mean for London

There are no new powers or funding in the housing strategy that apply only to London. However, as a result of the enhanced powers given to the Mayor over housing in the Localism Act, London is well positioned to exploit the opportunities that arise from the new policies in the strategy. For example, the housing strategy states that HCA will be using its land and some resource to pilot developments that stimulate the delivery of private rented homes. The Mayor controls the HCA’s functions in London so we would expect this policy to be fully utilised in London.

Where the Mayor has taken over a planning application he should be willing to renegotiate planning obligations that were agreed prior to April 2010, if housebuilders wish to hold such discussions. The Mayor should also encourage boroughs to adopt a positive attitude towards this policy.

The new build indemnity scheme will be market-led, which considering the strong demand for housing in London should mean that housebuilders will seek to utilise this product in the capital. In addition, the Mayor should consider if there is anything that the GLA can do to tailor the scheme to support London's housing market.

Annex A of this brief provides a summary of the key new policies in the housing strategy and Annex B lists the government's existing housing and related policies (planning and infrastructure for example) that are also addressed in the document.

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Annex A: New policy announcements in the housing strategy

Policy	Timeline
<ul style="list-style-type: none"> • New build indemnity scheme: Led by the Home Builders Federation and the Council of Mortgage Lenders. Open to all housebuilders and lenders in England. Only for new build houses and flats. Provide up to 95% loan to value mortgages for new build properties in England. Housebuilders deposit 3.5% of sale price in an indemnity fund for each home sold through the scheme. The government will provide security for the loan by way of a guarantee and has made provision for the scheme to support 100,000 households. 	<ul style="list-style-type: none"> ➤ First loans available in spring 2012
<ul style="list-style-type: none"> • Reopen s.106 agreements signed prior to April 2010: Developers will be able to require local authorities to reconsider such agreements. The government will ensure that any appeals are dealt with quickly by the Planning Inspectorate. 	<ul style="list-style-type: none"> ➤ Consultation due shortly
<ul style="list-style-type: none"> • £400m Get Britain Building investment fund: Offers finance to stalled schemes that have planning permission and could build out soon. 	<ul style="list-style-type: none"> ➤ Prospectus published before end of the year
<ul style="list-style-type: none"> • Data to be published on almost all government land and property holdings: To be led by the Government Property Unit as part of the release of public sector land initiative. 	<ul style="list-style-type: none"> ➤ Spring 2012
<ul style="list-style-type: none"> • Locally planned large-scale development: Government to publish thoughts on how best to deliver large new housing settlements. Seek to encourage such development through a competition in areas where there is clear support and private sector interest. The government will offer (limited) planning and infrastructure support to help deliver these developments. 	<ul style="list-style-type: none"> ➤ Prospectus published spring 2012
<ul style="list-style-type: none"> • £30m short-term finance loans to custom build (self-build) projects 	<ul style="list-style-type: none"> ➤ Plans published early 2012
<ul style="list-style-type: none"> • Red Tape Challenge for housing, planning and construction: Although the Red Tape Challenge is an old government policy, it will focus on housing in the New Year. 	<ul style="list-style-type: none"> ➤ January 2012
<ul style="list-style-type: none"> • HCA marketing of private rented sector opportunities: A pilot to be launched by HCA with local authorities, with the HCA investing their land in the development to build new rental homes. The first scheme will be in Hemel Hempstead. 	<ul style="list-style-type: none"> ➤ First site announced now, more in April 2012
<ul style="list-style-type: none"> • Review of barriers to investment in the private rented sector 	<ul style="list-style-type: none"> ➤ Review completed in 2012
<ul style="list-style-type: none"> • An additional £50m of funding to tackle concentrations of poor quality empty homes 	<ul style="list-style-type: none"> ➤ Funding plans announced spring 2012

Annex B: Re-announcements

- FirstBuy (£400m to assist first-time buyers)
- £500m Growing Places Fund
- Release of public sector land; and build now, pay later policy
- Land auctions (pilot of land disposal element of model with MoD and HCA land)
- Localism Act (neighbourhood planning, Community Right to Build, flexible tenancy for social housing, Home Swap Direct etc)
- New Homes Bonus
- Local Government Resource Review and Tax Increment Financing
- Reforms to the Community Infrastructure Levy
- Making it easier for communities to reclaim unused or underused public sector land
- Government backing for industry-led plan to support more custom build homes
- Introduction of the National Planning Policy Framework (presumption in favour of sustainable development etc)
- Affordable Rent programme (registered providers can charge up to 80% of market rent for new affordable homes. In London, an average of 65% of market rent has been agreed)
- Opening up the provision of social housing to profiting making companies
- Housing Revenue Account reform (create a self-financing model)
- Right to Buy (consult on increasing the level of discount for purchases – potentially up to 50% of the value of the property. For every property sold an additional affordable rent home will be built).
- Tax changes to support institutional investment into the private rented sector (changes to SDLT and REIT legislation)
- Bringing empty homes back into use (homes brought back into use qualify for a New Homes Bonus; currently consulting on allowing local authorities to charge a levy on top of council tax on homes that have been empty for more than two years; HCA £100m of capital funding to spend on empty homes)
- Welfare reform (introduction of Universal Credit affecting housing benefit)
- Energy efficiency (further improvements to the Building Regulations in 2013 supporting off-site carbon reductions measures; launch of the Green Deal in 2012 – companies offer energy efficiency investments to householders and recoup payment through energy bills)