



Homes for the Future: More Affordable, More Sustainable

Consultation Response from the West Midlands Voluntary and Community Sector Housing Network

We welcome the opportunity to respond to the consultation on the future housing programme. We support the ambition of greater local control, greater sustainability and an increase in social rented housing. We have some concern about how that ambition can be delivered both generally, because of the continued emphasis on reducing costs, and locally because of high land values and a very limited supply of development land. The Green Paper does not address the real tension between increasing employment opportunities and increasing housing supply. Whilst it may work regionally in terms of the spatial strategy it is hard to see how that can work in all localities unless there is a surplus of development land. We also have concerns about the short, medium and long term environmental impact of a significant growth of house building that relies on technology rather than people. We address these concerns in detail below.

This response follows the layout of the document.

Response in detail.

0. Executive Summary
 - 0.1 Whilst supporting the housing vision we are not convinced of the deliverability of that vision. The driver for the growth in housing is the economic and employment growth in London and the South East. This has already created a substantial body of commuters to London from the South West, East Anglia, the Midlands and further afield including Liverpool and Greater Manchester. It is our view that the housing and economic strategies should be complimentary.
 - 0.2 To achieve the desire to improve the environmental impact of growth more attention should be given to retain existing housing, industrial units and reducing travel to work. Economic policy should therefore encourage (re)development in the North. This will create jobs, which in turn will stimulate the housing market and lead to reductions in (long distance) commuting. It will have the added value of taking pressure from London and the South East.
1. Section I
 - 1.1 Whilst it is understandable that the Green Paper concentrates on achievements since 1997 it would be wrong to ignore the earlier changes in housing policy. The Green Paper in part

addresses this by proposing to permit Local Authorities to return to housing development. Also to increase the supply of social rented housing.

- 1.2 The drive for growth in owner occupation has been successful for many but not for all. People have been trapped in housing that they can't afford to leave thereby reducing social and economic mobility. Others have lost their homes and found it difficult to recover. Yet others are trapped in homes that can't afford and can't maintain.
- 1.3 A consequence of the drive to home ownership has been the devaluing of rented housing especially social rented. In the 1950's, for example, social rented housing was aspirational. People valued the build quality, the location and the security. In contrast by the end of the 1980's it became seen as undesirable, as housing for poor and socially marginalised people. With the growth of system building in the 1960's and the subsequent failure to maintain it was no longer seen as good quality housing.
- 1.4 The reality is that social housing is residual housing. It is the place where housing authorities discharge their housing duties. The challenge is to turn that round. For new social rented housing to be valued it must return to be aspirational and supply needs to meet demand.
- 1.5 There needs to be a linked change to the Homeless Persons legislation to allow Housing Authorities to secure housing to meet their homeless duties from a wider range of sources. This would include buying existing privately owned stock. This will avoid the ghettoisation of homeless people and the consequent devaluing of social rented housing.
- 1.6 Whilst we accept that the market determines where, when and to what price private developers build that should not affect developers of social housing. If the government is determined to increase the social rented housing stock then it can, and should, set the target and resource it accordingly. This would have the added benefit of creating a level of job security in the building trade.
- 1.7 Meeting the newly arising need of 40,000 households each year is surely the target for the expansion in housing.

2. Section II

- 2.1.1 Whilst the targets for new building are much improved on previous targets they arguably still fall short of meeting the full level of demand. It is therefore vital that all housing is used to house people. Housing should not be allowed to stand empty and used as an investment opportunity. As part of all new building a duty should be placed on developers/owners to ensure housing is occupied within a set time from completion. If it remains empty for longer than that period council tax should be levied at a rate of at least twice the maximum council tax for the H banded properties irrespective of the actual banding of the dwelling. This should be in addition to the powers that Local Authorities have under the empty homes legislation.
- 2.1.2 In encouraging more developments in more areas the government needs to recognise the significant cost differentials based on a range of factors. The two most obvious factors being land values and size of individual plots of development land. In some areas where most building plots are small in size and land values are high much needed, high quality, social rented housing will not be delivered unless the grant rates reflect the real costs.
- 2.1.3 Whilst we note the reassurances in the report about the new "Eco towns" we would welcome far more detail about the total carbon footprint. We find it hard to evidence how the use of green field sites on such a scale can be carbon neutral to build. This is both in terms of the loss of open land and vegetation as well as the inevitable impact of transporting people and materials to these sites.
More fundamentally we find it hard to understand how the government will ensure that people live and work in these new towns and co-operate with the environmental

objectives. If the towns prove popular they will attract people who will prefer to live away from their place of work. If they prove less than popular then we can not see how the government will ensure that jobs and services stay when the customer base is not there. We believe it makes more sense to enable existing communities to grow in response to evidenced need. To meet the environmental objectives such new housing should be developed to the 'eco' principles. Consistent with these principles they should be developed with local labour and local materials. If at all possible they should recycle existing buildings as has been done in some Town Centre and as Urban Splash have done commercially.

Infrastructure also will be a challenge in a new 'Eco town'. Roads, rail and utilities will have to link into existing networks thereby impacting on a wider area than the development. In existing settlements the infrastructure is in place. In places with ageing populations building for younger households will help retain existing schools and related services. As part of such new developments upgrading public transport and ensuring that the transport runs to key places and operates at the right time could actually reduce car use in our towns and cities.

- 2.2.1 We welcome the recognition that land use under PPS3 should be reviewed. Local Authorities should be free to determine land use to meet, housing, economic and environmental needs.
- 2.3.1 We welcome the bringing of surplus central government land into use. However we believe that the government should also 'encourage' the ex-public utilities to review their land banks. These companies will have generated 'windfall' profits from their holdings and could return some land for social use.
- 2.4.1 We note the recognition that owners of the half a million empty properties could be losing £8,000 a year in lost income. However it is clear that, for some owners, that is not enough of an incentive to bring their property into use. We believe that there needs to be real cash penalties for not bringing homes into use. At the very least there should be a penalty through the council tax system. This could be on a sliding scale from 100% of the rate that applies to the property to 200% of the band H rate (irrespective of the value of the property) dependant on the length of time the property stands empty. Perhaps new build left empty should carry a higher penalty sooner than a property left empty because of a death.

3. Section III

- 3.1 Homes certainly do need to be better and built to high standards. They should also be lifetime homes. That is homes that are able to respond to changing household needs without major cost and without major alterations. Responding to ageing and disability for instance. Here the ground floor should have a room that is, or could easily be, a wet room for shower and toilet. Stairs to a design that make it easy to install a stair lift and rooms already to wheelchair standard. Plus pre-prepared floors and ceilings that make it easy to install a lift. On the outside, level access and an easy route for wheelchairs and adapted vehicles. Having a house ready for such changes will also reduce the additional energy input into any conversions and reduce the amount of waste generated from the conversion work.
- 3.2 We note the section on flooding and water use. New developments could increase the risk of flooding and could certainly contribute to both a rise in water consumption and a

reduction in the water returning to aquifers. Houses that have two or more bathrooms and three or more lavatories will increase the amount of water consumed. Where there is choice water fittings should be of a type that consumes the least water. We suggest therefore that new housing should, as standard, recycle grey water for lavatories and watering the garden. Rain water should be taken directly to ground water. There should be a minimum of hard standing and any hard standing should freely drain into soakaways, balancing ponds, etc to minimise the amount of rain water than goes into road and storm drains.

- 3.3 Whilst we fully support the drive to end poorly-designed new housing we are concerned about the ability for social housing providers to deliver that ambition. We note elsewhere in the report the concern to control costs. We note that Housing Associations are expected to reduce build cost across the country. Here in the West Midlands Housing Associations are expected to reduce housing building costs by 9.5% in the next affordable housing programme. This inevitably leads to building to a budget rather than building to a standard. If the higher costs of land of some areas are also taken into account then it is even harder to see how the build standard can be improved without addressing the financial support available.
- 3.4 We support the link to health and the support to increase health spending in growth areas. However we also note the difficulties in making real inroads in to health improvements especially in areas of deprivation. The links between health, housing and incomes have long been established. The opportunity should be used to make a real difference to the lives of people in areas of deprivation. As part of investing in growth areas the opportunity should be taken to make sure that health services are spread more appropriately to focus on the greatest need. Using the vehicle of Local Area Agreements to also focus on prevention and health improvement.
- 3.5 We note the use of the Community Infrastructure Fund and reinforce that it should be used to upgrade public transport to make it easy for people to get about and to discourage car used. Therefore the type, timing and cost of public transport should be appropriate to ensure its use. We would recommend that thought also needs to be given to encouraging housing, schools and shops to be within walking distance of each other.
- 3.6 To support the development of infrastructure we would support Approach D. We believe a national system based on standard charges (with annual reviews) will be more straightforward and easier for developers to understand and factor in.

4 Section IV

- 4.1 We very much welcome the ambition of making housing more affordable. In many places people on or below the national average income can not afford to buy. Few if any social housing tenants can afford to buy. The private rented market is both small and, in the main, expensive. We would very much welcome an increase in the opportunity for newly formed households and those on low incomes who wish to buy their own homes. There is a real concern that Shared Ownership housing delivered in rural areas is becoming increasingly less affordable to local people on below average incomes. This is affecting the sustainability of rural communities and resulting in properties standing empty or being sold to people from other communities who can afford it. The problem is insisting on valuing the dwellings at open market value. We would argue that they should be valued at a lower level because they were built with subsidy and carry restrictive covenants that impose residency restrictions.
- 4.2 We welcome the proposal to create Local Housing Companies. However we are unclear why they should be restricted to just developing on local council land. Many authorities

- have little or no land. But they do have unmet housing need and would welcome the freedom to respond creatively to meeting that need. The council could, for example, buy up small sites that commercial developers would not handle.
- 4.3 To avoid the mistakes of the past social rented housing needs to be spread through all new housing developments rather than built as single estates. We also believe that Local Authorities should have powers to insist that all developments no matter how small must have some social rented housing and or a commuted sum set as a percentage of the finally selling price (actual not estate agent valuation).
- 4.4 We support the return of the Housing Revenue Account to the control of Local Councils and an ending of the use of positive and negative subsidy. We firmly believe that the local rent paid by tenants should benefit them and their housing.
- 4.5 As stated elsewhere the drive for improvements in the quality of new housing should be backed by an appropriate grant mechanism.
- 4.6 We note that the government view is that there will be winners and losers in any reform of the Housing Revenue Account. But there already are winners (those in full subsidy) and losers (those with negative subsidy). Whilst not against the principle of redistribution - the HRA redistributes from the poor of one area to the poor of other areas. Further the tenants are paying a rent for a service on their own homes and not to subsidise tenants in another part of the country. Taxation is the appropriate vehicle for redistribution not a charge for a service.
- 4.7 We support the proposed changes in the use of capital receipts.
- 4.8 We would recommend that the 'Temporary to Settled Homes' scheme should be extended from London to other parts of the country. In areas of low levels of social housing and high property values the problems are the same. Local Authorities should enjoy the same choices to resolve local housing shortages – especially for those in greatest need.
- 4.9 Given that this Green Paper is proposing increasing the freedoms of Local Authorities and of giving greater power to local people it would be consistent to allow Local Authorities to bid for decent homes money.
- 4.10 There is a mismatch between economic growth, property values and wages. The government can not continue to find ever more inventive ways of subsidising owner occupation. It is time to consider other options two of which could be: -
- Develop significant numbers of social rented housing. This will create more choice and have the effect of damping down house price inflation.
 - Encourage development in areas of low housing demand (linked to economic regeneration identified above), and higher levels of unemployment and low wages. As a subset of this to also review, with a view to raising, the national minimum wage.
- 4.11 We support the view that developers should contribute to the delivery of affordable housing targets. We particularly welcome the inclusion of targets for social rented housing. We would anticipate that developers contribute to the targets on all developments that remove, change, or increase the housing stock. We take the view that developers should contribute where they are demolishing and rebuilding buildings for housing, where they are converting existing dwellings from single to multi use or from multi use to single use and where housing is being replaced by non-housing or vice versa. As stated earlier if it is not feasible (because the site is too small) to include social rented housing in the development then the developer should commute a sum equivalent to a fixed percentage of the sale price.
- 4.12 We have concerns about the benefits of the Home Information Packs compared to both the cost of the packs and the cost of enforcement where sellers do not comply. We understand that mortgage lenders are insisting on a separate, and independent, survey prior to agreeing to grant a mortgage – even where packs fully comply with the legislation.

We can understand the precautionary principle (caveat emptor) behind this. Further the packs do not prevent vendors from withdrawing their property from sale if they believe they can get a better offer later. We would argue that the adoption of the Scottish procedure for selling houses would deal with most problems in the housing market. It would also make it more straightforward for Housing Associations, ALMOs and Local Authorities and make it easier for them to control costs.

- 4.13 Whilst supporting the idea of shared equity we have some concerns about the complexity of the current system. The current system is also inflexible in that it limits borrowers to only a narrow range of lenders. Borrowers should be free to find the best deal in the market place for their circumstances.

However a problem that is experienced in some places is the lengthy process of – remarketing of discounted sale schemes and some shared equity schemes. Because of the rules the seller has to wait months whilst a qualifying buyer is found and the qualifying buyer then secures a mortgage. This process can and does fail and then the seller is free to sell to the first/highest bidder meaning that a qualifying person will lose out. We would suggest that Local Authorities are granted the freedom to either buy the property from the seller so that they can get on with their lives then market it until a suitable qualifying buyer is found – or to be able to issue a mortgage.

- 4.14 We do not consider it appropriate for the government to interfere in the mortgage markets. The appropriate role of government is to regulate to ensure fairness and probity and to protect the consumer.

- 4.15 Given the current turmoil in the mortgage market caused by the sub-prime mortgage market it would be inappropriate to encourage that form of lending. If people can not afford to borrow at safe levels of repayment and able to meet their other outgoings then they should get access to affordable housing and social rented housing.

- 4.16 Linked to the above it is doubtful that increasing the ability of lenders to borrow short to lend long will offer security to anyone. If people can not secure housing at safe levels of borrowing then the government should increase investment in affordable housing not support risky practices in lending and borrowing.

- 4.17 We are not convinced that there is a benefit to a review with a view to removing ‘any potential barriers to the further development of property backed assets’. We recommend that Local Authorities should be given powers (backed with cash) to buy properties from struggling home owners and to then rent them back to the home owner until they are able to re-enter the mortgage market. This would avoid disruption to the household, maintain schooling, employment and social networks. It would take pressure off of the homelessness service and reduce the likelihood of increased pressure on health and social services.

5. Section V

- 5.1 Micro-contractors and short term contracts are an inevitable consequence of driving down costs of building and increasing the costs of employment. For there to be any significant change there needs to be increased certainty in the house building and house maintenance market. This can be done by increasing the ability of Local Authorities to return to significant levels of social housing development.

- 5.2 The skills gaps and staff shortages, it could be argued, are also a consequence of the driving down of costs and the uncertainty of the house building programme. As above certainty needs to return to the market. The desire, stated elsewhere in the Green Paper, to increase local recruitment of workers will only succeed if there is some certainty of long term employment.

- 5.3 We note the drive toward 'Modern Methods of Construction'. This does not sit comfortably with the ambition elsewhere in the Green Paper of increasing the skilled workforce, local recruitment and building sustainable homes. It has the potential to reduce the flexibility of the supply chain, to reduce competition and to act against local design. Local choice and citizen empowerment being other ambitions of this Green Paper.
- 5.4 We are not sure that ignoring the supply chain is a reasonable way of measuring the sustainability of new housing. If materials and labour are travelling significant distances and if the manufacturing process generates waste and consumes energy then that should be included. We believe that a more sustainable option is through the use of local labour and local materials. Further system built dwellings are inherently less adaptable than traditional built dwellings.
- 5.5 We welcome the increased emphasis on community involvement. The Housing Network an excellent track record of engaging with local communities. However there are limits to what can be achieved, and sustained within existing resources. Given the increasing importance of the LAA we would suggest that an additional, community engagement, funding stream be identified to make empowerment a reality.
- 5.6 We do support the view that developers (para 40) need incentives to develop their landholdings and to discourage land banking when land and property values are increasing. We suggest that a tax on undeveloped land would be more effective than changing planning rules. As stated above we believe the tax should be phased according to the length of time that has elapsed between purchase and applying for planning consent and then from the granting of planning consent to the completion of the development. An added benefit of the tax could be that monies raised could be used to develop social rented housing.
- 5.7 We suspect that a process of statutory disclosure of land holding would be bureaucratic and unsuccessful (para 47). Linked to 5.6 above we think that Local Authorities should be given powers to tax unused landholdings. This would be simpler, would encourage development and would increase the delivery of much needed social rented housing.
- 5.8 Whilst we support the view that surplus public land should be brought into use we would like to see this defined. For instance we would wish to see a clear central commitment to retain playing fields, parks and other open spaces. Particularly in town and urban centres. We would also like to see restrictions on the use of private gardens for development. We do not believe it appropriate that private gardens are considered as brown field sites. They are important wild life havens and also help temper the harshness of the built environment.

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