

What does the Housing White Paper mean for housing in London?

This note sets out an overview of what the White Paper means for housing in London. The annex provides further details about specific proposals and policies with short additional commentary.

Good but not a step-change in supply

By acknowledging in the White Paper that a combination of a lack of supply and rocketing house prices are bad for the UK's economic competitiveness, the government's top level position on housing is now in line with what the business community in London has been saying for some time. Demand for housing in London is growing and far outstrips supply – a trend that is set to continue as the population grows close to an anticipated 10 million people in the 2030s. Despite the many welcome proposals and policy changes put forward in the White Paper they are, in large part, shifts in direction and emphasis; it's a stretch to see how they will deliver a step-change in supply and provide the capital with the tools it needs to deliver 50,000 homes a year.

Support for a range of housing tenures

The well signalled shift under Theresa May away from the previous government's focus on home ownership continues with the need to increase the supply of all housing tenures forming a key part of the White Paper, including further welcomed support for build to rent development. There is also an acknowledgement that all parties involved in the housing market - developers, government, and local authorities - are part of the solution.

Building homes faster

The heavily trailed proposals to improve the build out rates of developments are particularly relevant to London with the GLA having previously noted there are 210,000 unimplemented permissions in the capital. The government is proposing to reduce the length of planning permissions from 3 to 2 years along with a potentially significant shift away from granting planning permission based on the merits of an application for a site to a system which could also take into consideration the track record of the applicant in building out sites and the planning history of the site in general. The complexity of developing in London immediately gives some pause for thought about how this will work in practice, but these proposals are couched in a consultative way and there might be an opportunity for London to consider how these changes could be flexed to work in the capital.

Starter homes

The government has listened to the strong concerns expressed about starter homes with the product being rationed further through the introduction of additional eligibility criteria. The original proposal for all developments over a certain size to deliver 20% starter homes has been softened to an expectation that for all relevant sites a minimum of 10% of homes should be some form of affordable ownership product. This is all to London's advantage with starter homes never gaining traction with London government or the development industry. However, further thought will need to be given about how this policy interacts with the Mayor's proposals to introduce a threshold approach to affordable housing – the two policies may be compatible but perhaps only if they are applied flexibly.

Notable absences

Conspicuous by its absence is any reference to reform of Stamp Duty Land Tax, which suggests this is not an issue currently high up the government's housing agenda, and any decisions about the future of the Community Infrastructure Levy, which will be made in the Autumn. While the White Paper was never going to have a London section, there is no mention of the further devolution of housing and planning powers promised under the Cameron government such as the reduction of the Mayor's threshold to 'call in' planning applications for residential development.

Catching up with London but London still needs more help

The White Paper is, perhaps inevitably, unequal to the hype which preceded it. Many of the measures proposed will not have the same influence on London as the rest of the country. This highlights two things. On the positive front, the devolution of much housing and planning policy has helped, in some instances, to put London ahead of the game on issues such as encouraging more build to rent development and pursuing policies on densification.

On the negative side, the housing crisis in London remains complex and more critical than in other parts of country and as such is likely to require further measures than the government is currently proposing. For example, the white paper continues to place a welcomed emphasis on getting public land into the market for development and states there will be a consultation about extending the flexibility to dispose of land at less than best consideration. Both positive steps, but London needs a deal now between government and the Mayor to put the Mayor in charge of disposing of surplus government land in London.

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Annex: The detail of the White Paper

Set out below are some key policies and proposals, particularly relevant to London, listed by the paragraph number as they appear in the White Paper with accompanying commentary in *italics*.

1: Getting Plans in Place

This chapter outlines measures to ensure local authorities have local plans in place. As the London Plan is the strategic development plan for London and most boroughs already have local plans in place, reforms in this area are likely to have a bigger impact outside of the capital.

1.10 – proposes enabling spatial development strategies, produced by new combined authorities or elected Mayors, to allocate strategic sites.

These proposals seemingly raise the possibility that the Mayor of London could allocate strategic sites for housebuilding. It is unclear whether this also provides additional plan-making powers for the Mayor, something which has previously been discussed with government.

1.25 & 1.39 – the government’s commitment to ‘brownfield first’ is reaffirmed as is its commitment to protecting the Green Belt.

While it is right to maintain a brownfield first approach, it is unrealistic to assume that brownfield sites will provide sufficient land to meet London’s housing need as we have previously pointed out in our report [‘The Green Belt: a place for Londoners?’](#). The White Paper reaffirms the review led process a local authority must exhaust before development can take place on the Green Belt, but it does not close the door to development on the Green Belt per se. Indeed, it appears the government is helpfully seeking to clarify that where such development takes place it should be focused first in areas that have already been developed or are close to transport hubs (A.63 in the White Paper).

1.27 – the government will consult on extending flexibility for local authorities to dispose of land at less than best consideration, alongside additional powers to more pro-actively assemble land for development.

These are positive steps but there is a missed opportunity for the government to strike a deal with the Mayor to put him in charge of disposing of surplus government land in London.

1.28 – local authorities should consider the social and economic benefits of estate regeneration alongside the capital receipt of a scheme.

We are pleased to see the government provide further support to estate regeneration as we called for in our recent report [‘Estate Regeneration: More and Better Homes for London’](#).

1.41-1.46 – this section focuses on improving design in the planning process, allowing local communities to set design expectations early in the planning process through neighbourhood and local plans including design codes. It also encourages early discussions with the community on design in the planning process. It clarifies that design should not be used as a reason to object to development where it accords with expectations set out in the plan.

The recognition of the need for good design in new development is positive although the government will need to make it clear how community preferences for particular styles will be

reconciled with the views of the Mayor and boroughs, taking into account the need to maximise densities in town centres and on previously developed land.

1.51 -1.55 – proposals to strengthen policy to deliver higher density housing, particularly in urban areas and around transport hubs, alongside a review of space standards to ensure they do not prevent new approaches to meeting demand from coming forward.

These proposals are welcome, and echo the recommendations of our report [‘Redefining Density’](#), but in many ways area already features of the London Plan and are likely to be enhanced further when the Plan is revised in the autumn.

2: Building Homes Faster

This chapter was the most heavily trailed and focuses on the government’s proposals to improve the build out rates of developments. The most notable element of this is a potentially significant shift away from granting planning permission based on the merits of an application for a site to a system which could also take into consideration the track record of the applicant in building out sites and the planning history of the site in general.

2.11 – the government proposes to make it a requirement that Neighbourhood Plans demonstrate how they meet their share of an area’s housing need.

2.15 & 2.17 – proposals to: increase planning fees by 20% provided local authorities commit to reinvest it in planning services; a further 20% increase is mooted for those delivering target levels of homes; and a maximum fee of £2,000 for planning appeals which is refundable if the appeal is allowed.

In principle, higher planning fees to secure more resource for planning departments does make sense but this must result in a better quality of service and it is unclear how this can be guaranteed.

2.24 – government will more closely monitor the performance of utility companies to ensure housebuilding is not delayed and will consider obligating them to take account of proposed development.

Proposals to improve their performance are welcome however the wording in the White Paper is vague with little or no teeth to support the principle.

2.29 - 2.30 – the independent CIL review was published alongside the White Paper and the government will consult on standardised open book Section 106 agreements.

The CIL review’s recommendations are largely welcomed but it is disappointing the government will wait until the autumn to confirm its position on this issue.

2.38 – subject to further consultation, large housebuilders will be required to publish aggregate information of build out rates.

2.39 – proposal to amend planning policy to encourage local authorities to consider, when granting planning permission, how realistic it is that a site will be developed where previous permissions on the site have not been implemented.

2.40 – seeking views on whether an applicant’s track on delivering previous similar schemes should be considered when granting planning permission for housing development.

It is clear the government is not content with a planning system which is agnostic towards who is seeking to develop. A focus on supporting those who build (and deterring those who don’t) is welcomed but questions remain about the practicality of this approach. For example, how will a local planning authority objectively assess the credibility of an applicant? And unintentionally, might such an approach frustrate smaller builders looking to increase production by moving into larger developments?

2.41 – proposal to encourage local authorities to reduce the timescale for implementation of a planning permission for housing development from 3 years to 2, except where this would impact on the viability and deliverability of a scheme.

This success of this approach in a complex development market such as London will depend on, amongst other things, the wider reforms the government is proposing to improve the speed and quality of the planning system, including reforms to the use of planning conditions.

2.44 – proposal to encourage more use of compulsory purchase powers to promote development on stalled sites through the preparation of new guidance for local planning authorities.

Where there is a clear case for CPO to be used, and it is within the public interest to exercise such power, the government should be encouraging local authorities to do so. The government’s guidance should also provide, in the context of estate regeneration, clear support for the early preparation of orders so that the formal process can be quickly commenced upon the granting of planning permission.

2.47 - a Housing Delivery Test is proposed which measures local authorities on the delivery of new homes against housing targets with a phased approach from 2017 to 2020. If delivery falls below 65% of housing targets by 2020, the presumption in favour of sustainable development will apply to all housing applications.

Its right that the government starts to pay close attention to delivery against housing targets. We outlined in our report [‘Carrots and Sticks’](#) that in addition to the stick approach (which the White Paper says should be the allocation of more land if targets are missed), a financial incentive linked to performance against housing targets is also required to encourage greater levels of housebuilding.

3: Diversifying the Market

The government has long been of the view that the housing market is too narrow and too slow to embrace change. This chapter focuses on support for new initiatives and products such as modern methods of construction and build to rent to bring new entrants into the market.

3.23 – the NPPF should be amended to make local authorities aware of the need to proactively plan for build to rent where there is need for such development. In addition, a broader consultation about build to rent has also been published.

This is a very welcome step and is an issue we have been discussing with government for some time. To some extent this is national government playing catch up with the Mayor, who

recently released London-wide planning guidance on built to rent which should give a significant boost to the sector.

3.26 – the government intends to agree a post 2020 rent settlement for housing associations and local authorities.

This is welcome but given the previous long-term settlement for the sector was changed after less than 2 years, which stalled affordable house building, the government will need to convince the sector the settlement will genuinely last.

3.33 – the government will explore the scope for bespoke housing deals with local authorities in high demand areas.

It's not clear if such a deal is open to individual boroughs in London, groups of boroughs or London as a whole. A good start would be for the government to do a citywide deal with the Mayor on public land.

3.40 – a series of measures to support modern methods of construction (MMC), including through the existing Home Builders' Fund and Accelerated Construction programme, the creation of a joint working group to develop mortgages for MMC products and considering how the operation of the planning system is working for MMC developments.

The support for MMC is a step in the right direction but falls somewhat short of the anticipated action previous ministerial comments about a 'step change' in delivery via MMC had suggested was on the way.

4: Helping People Now

This chapter focuses on immediate action that will be taken to help those currently in the housing market and first time buyers and those priced out of homeownership to access a decent home that is right for them.

4.13 – 4.17 - starter homes will be targeted at first time buyers with a maximum household income in London of £90,000 per annum and will have to be purchased using a mortgage. There will be a 15 year repayment period where if the property is sold during this time some or all of the discount is repaid. There will no longer be a mandatory requirement for 20% starter homes on all developments. Instead there will be a policy expectation that a minimum of 10% of the homes are some form of affordable home ownership.

Starter homes were always considered a problematic product for the London market and the flexibility to vary the type of affordable ownership product as part of a lower percentile of overall affordable housing is a positive step.