

3 February 2014

Planning & Development Committee

Government Consultation on Starter Homes

Report of: Gordon Glenday, Head of Planning

Wards Affected: All

This report is: Public

1. Executive Summary

- 1.1 The Government is consulting on a change to national planning policy to promote Starter Homes Exception sites. This report outlines the proposed changes and suggests a response to the twelve specific questions in the Consultation paper, with some context of Brentwood's housing needs. A response is required by the 9th February 2015
- 1.2 An amendment to national policy may override Local Plan provisions and if so may not be appropriate in all circumstances. However, local responses to Starter Homes, and Rural Housing with more flexible and targeted support should be considered.

2. Recommendation

- 2.1 **That members consider the report, and delegate approval of a letter of response from the Acting Chief Executive to the Head of Planning in consultation with the Chair and Vice-Chair of the Committee taking account of views expressed.**

3. Introduction and Background

- 3.1 The Consultation Document proposes an amendment to national policy to be made by a Written Ministerial Statement. If agreed, after consideration of the responses to the Consultation, the new policy would come into force immediately the Statement is issued.
- 3.2 The new national policy is proposed as follows (bold type added to indicate issues discussed in the next section of this report):

*Local Planning authorities should work in a positive and proactive way with landowners and developers to secure a supply of sites suitable for housing for first time buyers. In particular, they should look for opportunities to create **Starter Homes exception sites on underused or unviable industrial and commercial land that has not been identified for housing.** Where applications for starter homes come forward on such sites, they should be approved unless the local planning authority can demonstrate that there are **overriding considerations** in relation to **health, safety or infrastructure** that cannot be mitigated.*

***Planning conditions or obligations** should be attached to permissions for starter homes on Starter Homes exceptions sites, requiring that the homes are offered for sale at a minimum of 20% below normal market price **to people who have not previously been a home buyer**, and who are below the age of 40 at the time of purchase. They should prevent the **re-sale** of the properties at market value for a [five to fifteen year] period. In view of their contribution to meeting housing needs, Starter Homes exception sites **should not be required to make contributions to affordable housing or be subject to the Community Infrastructure Levy.** Starter Homes exception sites may include **a small proportion of market homes**, at the planning authority's discretion, where this is essential to secure the required level of discount for the Starter Homes on the site.*

4. Issues, Options and Analysis of Options

Issues

- 4.1 Relevant national policy is always a material consideration in the determination of planning applications, but the Local Development Plan is the starting point under legislation. The Plan is supported by technical studies that form part of the Council's evidence base. These studies include Strategic Housing Market Assessments and Employment Land Reviews. It is not clear how the proposed policy will be incorporated into the LDP.
- 4.2 The Starter Homes Exception Sites initiative is proposed for brownfield land only but makes no allowance at present for any need to protect employment land for other uses. The terms "underused" or "unviable" need a broader planning context than a limited economic focus. The proposal that overriding considerations against Starter Homes Exception Sites should be limited to health, safety and infrastructure indicates a thinking that heavily contaminated sites, sites with severe access difficulties and sites which are too remote to form part of a sustainable community will not be included .

- 4.3 The age qualification restriction under 40 years is to apply to all applicants, and not just one in a couple. Rules for re-sale restrictions do not at present have an owner-occupation obligation or prevent lettings as opposed to outright sale. Such matters cannot be regulated by Planning conditions, or a normal Section 106 legal agreement. The restriction period for re-sale is suggested in the Consultation Paper to be for a period of between 5 and 15 years. The Paper acknowledges that if the period is too long it is likely to affect a mortgage provider's willingness to lend on a Starter Home property
- 4.4 The policy for Starter Homes Exception sites seeks to bridge the financial gap for affordable low cost housing by removing CIL or Section 106 contributions, and relying on a bargain with the developer in return as well as the uplift from industrial land value to housing value – allowing a small proportion of market housing to achieve viability. Values will always be governed by local market forces and will vary across the country.

Options

- 4.5 The proposed response to the consultation questions are set out in Paragraph 6 of this Report. There is an opportunity to provide additional comments.

Analysis

- 4.6 Home ownership in the UK is at a 25-year low. The English housing survey published in February 2014 shows that the number of households living in private rented accommodation was more than those in social housing. A quarter of the 4 million households in private rented accommodation are subsidised by housing benefit. Housing benefit has increased by two-thirds in the previous five years.

5. Reasons for Recommendation

- 5.1 Brentwood has a high unaffordability gap for both purchasers and rent, and a limited land supply.

6. Consultation Response

- 6.1 *Overall principle of a new national Starter Homes Policy? (Q1)*

The principle of Starter Homes for first time buyers is supported. Parliament enacted a scheme under housing legislation giving local housing authorities powers to grant assistance, but this was wound up by Section 171 Local Government and Housing Act 1989. There are residual powers in the Housing Act 1985 but of very limited scope at present. The Planning system is one means of supporting Starter Homes but is not the only one.

The challenges for first-time home-buyers include mortgage finance restrictions and the affordability gap of incomes in relation to market rents and prices. The challenges are extremely difficult in South East England. The

Government could invite local authorities to put forward local initiatives in addition to promoting national schemes.

The House of Commons Communities and Local Government Select Committee published its report into the operation of the NPPF in December 2014 and sent the report for printing a week before the Government announced its Starter Homes Exceptions sites initiative. The Committee recommends ensuring equal weight is afforded to environmental and social dimensions as it is to economic consideration.

National Starter Homes policies need to be supported by local initiatives for housing at below market levels or with local support. The Government seeks 100,000 Starter Homes over five years and a cohorts of vanguard programmes to support the first generation of Starter Homes schemes. Such programmes need to be rooted in the Local Development Plan and Strategic Market Housing Assessments.

6.2 *Should the Starter Homes Exception policy focus solely on commercial and industrial brownfield land? (Q2)*

No. Where a Local Plan has employment land retained for future needs a national policy for Starter Homes should not sacrifice employment land without a careful appraisal of the long term planning balance

6.3 *Do you agree that the types of land most suitable for Starter Homes will be under-utilised or non-viable sites currently or formerly in commercial or industrial use? (Q3)*

No. It may be that mixed use sites, and Rural Housing exemption sites should also be considered. The national financing arrangements may also be capable of local adjustment. Former or existing enforcement sites which have a history of unauthorised commercial use may be considered but this should not be automatic.

6.4 *Do you consider it necessary to avoid Starter Homes developments in isolated locations, or where there would be conflicts with key protections in the NPPF? (Q4)*

Yes, particularly if the key protections are reflected in the Local Plan and there is no social infrastructure.

6.5 *Do you agree that the Starter Homes exception site policy should allow at the planning authority's discretion a small proportion of market homes to be included when they are necessary for the financial viability of the Starter Homes site? (Q5)*

No. Landowners will negotiate on that footing and undermine the basis of the Government's policy assumption.

- 6.6 *Do you agree that the Starter Homes secured through the Starter Homes exception site policy should only be offered for sale or occupation to young first time buyers? (Q6)*

In general yes. Self build groups and co-operatives should also be considered and encouraged.

- Do you think there are sufficient mechanisms in place to police this policy? (Q7)*

No. Developers need to have control over occupations, and the owner occupation terms monitored by the mortgage providers. It is notoriously difficult to monitor planning conditions seeking to achieve *bona fide* occupation.

- 6.7 *What is the most appropriate length for a restriction on the sale of a Starter Home at open market value? How should the sliding scale be set? (Q8)*

10 years. There should be the opportunity for the Local Housing Authority to operate a nomination scheme for affordable tenants for approved lettings and a waiting list for buyers (with Mortgage Guarantee support) in the 10 year period

- 6.8 *Do you agree that guidance should make it clear it is inappropriate for Starter Homes exception site projects to be subject to Section 106 contributions for affordable housing and tariffs? (Q9)*

No. There is an urgent need for housing of different tenures, notably Affordable Housing. There is a need to be innovative within the existing Planning and Housing systems rather than exempting Starter Homes.

- 6.9 *Do you agree that Starter Homes exception site projects should be exempt from the payment of the Community Infrastructure Levy? (Q10)*

No. The dwellings will generate demands on local resources and should Contribute.

- 6.10 *Do you have any views on how the register of applicants should work and what information it should contain? (Q11)*

Co-operation with Local Housing Authorities is essential. A national on-line system has no obvious means of auditing the information supplied.

- 6.11 *What kind of vanguard programme would be most helpful to support the roll out of Starter Homes? (Q12)*

The proposed National Policy should be capable of adapting to local needs and circumstances. It is not only First Time Buyers who find it difficult to obtain a mortgage. The Council of Mortgage Lenders has called for more innovative funding structures for older home-buyers to help support them and suggested harmonising equity release and mortgage markets and regulations. If Starter Homes Exception sites could be combined with housing for older home buyers instead of market housing as the Consultation policy suggests, there would be a range of housing benefits. As noted above, Starter Homes Exception sites could merge with Rural Housing Exception sites in some rural villages

Initiatives must also be taken in areas where there is a severe shortage of affordable housing. The Scottish Government has launched a Charitable Bond for affordable housing. Housing Co-operatives and self build co-operatives should also be considered.

A Local Plan has a consultation and lengthy gestation period which enable ideas to be tested and examined locally. A vanguard programme should explore the possibilities for meeting a variety of needs.

7. References to Corporate Plan

- 7.1 The location of future development in the Borough will be set out within the Brentwood Local Development Plan. The Local Development Plan is a key priority in the Council's Corporate Plan as part of 'A Prosperous Borough'.

8. Implications

Financial Implications

Name and Title: Jo-Anne Ireland, Acting Chief Executive
Tel No./Email: 01277 312 712 / jo-anne.ireland@brentwood.gov.uk

- 8.1 There are no financial implications at this stage. Starter Homes developed under the proposed Government's Policy would qualify for New Homes Bonus.

8.2 Legal Implications

Name and Title: Philip Cunliffe-Jones, Planning Lawyer
Tel No./Email: 01277 312703 / p.cunliffe-jones@brentwood.gov.uk

- 8.3 The concept of sustainable development does include have a long term purpose of preserving amenities for future generations. Whether or not a Starter Home exception site is a sound long term proposal involves Local Plan, alternative land use allocations and weighing planning considerations and carrying out a balancing exercise.

Other Implications

- 8.4 None.

9. Background Papers

9.1 Consultation Paper.

10. Appendices to this report

10.1 None.

Report Author Contact Details:

Name: Philip Cunliffe-Jones, Planning Lawyer
Telephone: 01277 312703
E-mail: p.cunliffe-jones@brentwood.gov.uk