



RTPI

Royal Town Planning Institute

RTPI reponse to Housing, Communities and Local Government call for evidence on the long term delivery of social and affordable housing.

July 2019

1. We warmly welcome the chance to submit evidence to the Housing, Communities and Local Government Select Committee [call for evidence on the long term delivery of social and affordable rented housing](#).
2. Whilst we were happy to see the Government publish its Social Housing Green Paper last year we would have liked to have seen a larger focus on supply. As such this inquiry and its explicit focus on supply is very welcome. Using public investment to build more social homes is crucial to addressing the housing crisis. However, it is also crucial to ensure homes are located near centres of employment, with good transport links and access to schools, hospitals, leisure opportunities and everything else people need. And we cannot rely on developer contributions to deliver these homes, particularly with increasing demands on developers to contribute to social infrastructure including education and health.
3. This response is mostly specific to England, however the RTPI does draw on expertise across the UK and Ireland. Please contact RTPI policy officer Tom Kenny, at tom.kenny@rtpi.org.uk with questions or to discuss any of these issues further.

About the RTPI

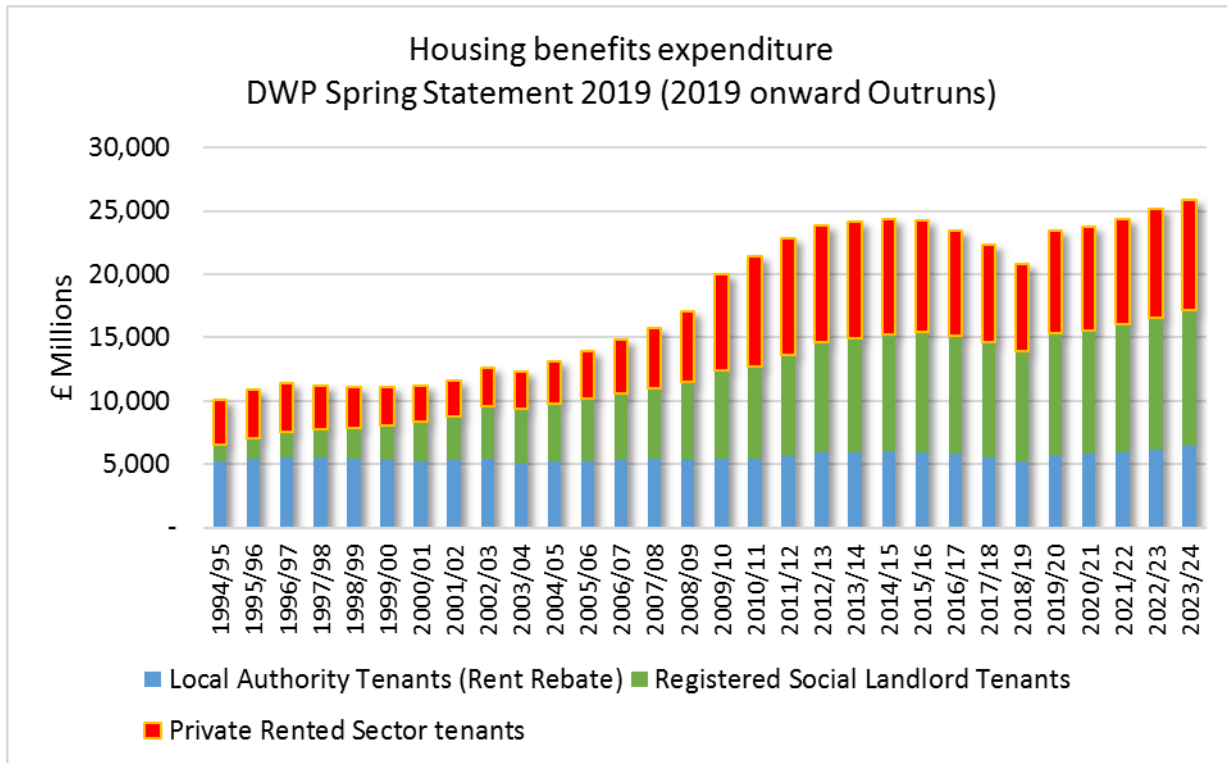
4. The RTPI champions the power of planning in creating prosperous places and vibrant communities. As learned society, we use our expertise and research to bring evidence and thought leadership to shape planning policies and thinking. As a professional body, we have over 25,000 members across all sectors, and are responsible for setting formal standards for planning practice and education.

How can the Government ensure the sustainable delivery of social and affordable rented housing to meet long-term need and contribute to the Government's overall housebuilding targets?

What levels of central government funding will be required to support this delivery over the next 10 years.

5. The annual Housing Benefit Bill now stands at more than £25 Billion of which 34% goes to the Private Rental Sector (see Figure 1). If affordable housing were delivered and retained by the public sector, this money could be recycled, and value uplift captured by the private sector, thereby providing better value for the treasury.

Figure 1: Housing benefits expenditure in England



5. It is clear that central government funding for social housing will need to greatly increase to respond to need. Estimates by Savills¹ (£7 billion a year) and Shelter² (average of £10.7bn a year for 20 years) provide an indicator of the likely scale of investment needed. It is worth being clear, however, that this is investment which would provide an asset and income stream for government, and that both these models also project a longer-term aggregate saving to Government, in particular through reduced housing welfare bills.

6. A major social housebuilding programme will require extra responsibilities for already overstretched local planning authorities. Upcoming RTPI research has identified a 42% cut in net expenditure on planning between 2009-10 and 2017-18, with far steeper cuts in some regions.³ Additional funding will need to be secured for planners and other local authority place-focused professionals such as architects.

How effective are existing government incentives and programmes and what further incentives should the Government provide to key stakeholders to stimulate delivery.

Incentives geared towards supporting demand for home ownership

7. The trend in recent years has been for policy (and resources) to be used to promote home ownership and stimulate demand rather than improving access to social housing. From the 1990s the introduction of Buy to Let mortgages has contributed to a larger private rented sector, with a lower proportion of professional landlords. Combined with the loss of social

¹ Savills (2017), '[Investing to solve the housing crisis](#)'

² Shelter (2019), '[A vision for social housing](#)'.

³ www.rtpi.org.uk/resourcing



housing stock, this has led to local authorities facing increasingly large housing bills as they are forced to house people in the private rental market. More recently Help to Buy and Shared Ownership schemes have continued this trend. Rather than directing resources to helping those in highest housing need, they have propped up the house selling market. We need to shift away from these subsidies and towards supporting social housing.

Overreliance on the planning system to provide funding for affordable housing

8. Better planning can help secure the delivery of social housing, however, it is crucial that the planning system is not seen as the main vehicle for funding it. Every UK Government in Westminster since 1990 has attempted to fund social housing primarily from developer contributions. This is on top of the ever-increasing s106 requests for physical and social infrastructure and funding operational public services. This has put pressure on the planning system to deliver things it was never supposed to deliver and distracted politicians from the need to deliver larger changes to tackle the housing crisis.

9. Social housing was formerly properly built on council owned land by councils. There may have been problems with this approach, especially in terms of failing to integrate social housing with other types of housing. However, by the 1980s councils were building almost no new homes and sought to use the planning system to extract contributions from developers to fund social housing. Developer contributions like Section 106 agreements were never intended to fund affordable housing. They would be better used for (1) the infrastructure needed to support the developments, and (2) raising the bar on what is expected in terms of sustainable place-making. A key additional benefit of using S106 for its original purpose is that it helps make new development more popular with communities.

10. The following are some of the main failings of the current system:

11. High transaction costs in working out how much affordable housing will be delivered. The negotiations around developer contributions are a major cause of delays in planning, and thus make it harder for planners to do their more strategic work. Both developers and councils are forced to spend large amounts of money on consultants, surveyors, and lawyers. This is a particular problem due to resource imbalances between councils and developers.

12. Affordable housing competes with other potential beneficiaries of developer contributions, often ending in a failure to deliver any of them adequately. This in turn contributes to the unpopularity of new housing developments. Communities have legitimate concerns that developments will not provide sufficient investment in local infrastructure, while poorer areas in particular struggle to secure funding for affordable housing and infrastructure.

Ending Right to Buy

13. Right to Buy provides a major barrier to building new social housing. The current system forces councils to sell council homes at a discount and they are not able to retain the income to build new social housing. They also then lose the rental income from the property. Often these properties are sold on after five years, and they also often end up being privately rented – sometimes with the council paying the rent through housing welfare benefit. This is an unintended consequence of the Government's ambition to stimulate the market.

14. Despite the lifting of the HRA borrowing cap, many local authorities are still reluctant to build new social housing knowing that they might lose it to Right to Buy. The Government also recognises that local authorities are using other innovative new models to get homes built in



their area outside the HRA and supports councils setting up housing companies. However, they have indicated that they expect tenants in social and affordable rented homes built through the companies to be given the opportunity to buy the home, to match the rights given to tenants in affordable homes built through the HRA. This is a clear disincentive to local authorities who are planning to build.

Are supply subsidies the best way of supporting delivery, or should other approaches be considered?

15. Yes – supply subsidies are crucial, noting that other approaches are also important. The current Government model is based largely on cross subsidy for registered providers. As described above, the existing model is flawed because it takes resources away from other placemaking outcomes. Another problem is that it makes affordable housing provision vulnerable to market variations for example slow-downs in sales or rising build costs. Moving towards increased grant is the most obvious way to support delivery of affordable housing.

16. Whilst securing investment from elsewhere is desirable, it is crucial to make the case for public subsidy of social housebuilding. This doesn't all need to be 'new money'. Instead the Government could redistribute some or all of the funds allocated for 'Help to Buy', for example.

17. There are other ways the Government could help unlock new finance for housebuilding. 2017 RTPI-supported research on 'Local Authority Direct Provision of Housing'⁴ recommended several such options to help finance local authorities to build homes:

18. Allowing councils to retain Right to Buy receipts to spend on housing

19. Adopting International Financial Reporting Standards (IFRS) accounting standards to allow local authorities with HRA stock to revalue them at market rates and raise investment against the value of these assets

20. Allowing local authorities to increase/ change the bands for council tax, to fund infrastructure investment through capturing land value uplifts associated with housing development

21. We welcome the lifting of HRA cap for borrowing to build new social housing – this was a key demand of our members for years and a recommendation of recent RTPI-sponsored research on local authority housebuilding led by UCL.⁵

22. To further enable councils to build they also be able to retain 100% of Right to Buy receipts to spend on social housing if it is not abolished.

What the role of (a) local authorities – as enablers and providers, (b) Homes England (c) housing associations and (d) other providers should be in that long-term delivery.

Local authorities

23. There is great variability across councils in the form of local policy hooks in local plans in supplementary planning documents (SPDs). These cover specific details (adaptability

⁴ Morphet, J. & Clifford, B. (2017), '[Local authority direct provision of housing](#)', RTPI & NPF

⁵ Janice Morphet & Ben Clifford (2017), Local authority direct provision of housing, NPF & RTPI, www.rtpi.org.uk/lahousing



standards, tenure splits, maintenance issues) but the lack of consistency is not helpful to applicants and there is a resource issue for the 300+ local authorities trying (with mixed outcomes) to establish affordable housing policy. We recommend a comprehensive review of affordable housing SPDs and identifying where national policy, guidelines or templates could help streamline the planning for affordable housing.

24. Local authorities have a major role to play in building new social housing. Despite their currently small delivery they have a record of high delivery. They also have a clear incentive to meet the housing need of the most vulnerable – both to achieve their social aims and to reduce the housing benefit bill. At the moment almost £10billion a year in local housing benefit in Britain goes to private landlords at an average of £21/week more than social rents.⁶

25. Recent RTPI research on the direct provision of housing from local authorities found that 69% of local authorities are directly involved in housing delivery and that almost none were not involved at all. This suggests that there is a foundation on which to expand local authority housing provision.⁷

26. Housing Enablers provide a key interface between the community, planning, and housing services in councils. This role requires resources for councils to support this but you get direct benefit in delivery of social housing and a greater variety of housing. This should be supported and resourced.

Homes England

27. Homes England already plays a broad role in the UK housing market but it could do more – for example actually acting as a developer as well as operating on a partnership model. It could also provide access to development finance to developers and registered providers. Most banks don't understand the development and development delivery process and often have inflexible and onerous conditions which can put at risk development viability and delivery where scheme starts may be delayed or there are necessary changes to phasing and delivery for example. This is a particular issue for SME developers.

28. Recent RTPI research on local authority direct delivery of housing found a demand from local authorities outside London for Homes England to take a similar role to the one the GLA has played in London, in providing funding and support. Programmes for infrastructure or construction, often as repayment loans, no doubt help delivery of homes, but there is more work required to demonstrate that this has resulted in increased affordable housing delivery.

Housing associations

29. Housing associations are already consistently delivering 25,000 new homes a year in England⁸ and these homes are likely to be more affordable than market products. It is crucial to sustain and develop this output, especially since housing associations have helped the industry through previous economic downturns. In areas where Councils transferred their stock, it is

⁶ National Housing Federation (2016), '[The growing Housing Benefit spend in the private rented sector](#)'

⁷ Morphet, J. & Clifford, B. (2019), '[Local authority direct delivery of housing: 2019 continuation research](#)', RTPI

⁸ DCLG, 'Live Tables on House Building', Table 244: <https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building>



unlikely that the Local Authority will be have the capacity to deliver at scale and these area will continue to rely on housing associations. However nowhere have housing associations come close to filling the gap left by the decline of local authorities building. And even their 'affordable' products may still be out of reach for many people, often charging 80% of market rent. So housing associations need support to continue building but also grant funding to deliver social housing.

Other providers

30. The RTPI believes diversifying the housing market is key to solving the housing crisis, and particularly to the provision of new social housing, which volume housebuilders have little incentive to produce. Local authorities and housing associations are crucial to this, but other models including community led housing may also have an important role. One key way to enable this may be for local authorities to assemble ready-permitted sites and make them available to custom- and self-builders, including, or perhaps giving priority to community-led schemes. RTPI is currently supporting research on community housing and planning, which explores how local planning policy can provide support community-led housing.

How does the Government ensure long-term provision (a) meets the needs of tenants and (b) is adequately regulated.

31. We welcomed the Government's proposal to "strengthen guidance to encourage new affordable homes to be designed to the same high-quality as other tenures and well-integrated within developments". Tenure blind development, ensuring that there are no 'poor doors' in housing schemes, is essential if we are to provide sustainable, healthy and inclusive communities. The alternative options, where lower value social units are designed and built to a different standard and at times segregated within the overall scheme, would only result in unworkable and unmarketable schemes. It is in everyone's interests to ensure that a tenure blind or pepper potting approach is adopted as the way forward to quality placemaking and coherent communities. We see the manifold benefits going well beyond land use planning and good design to include wider social benefits and community enhancement.

32. The Government should also consider other key elements of design of social housing, including:

- a. **Working towards zero carbon homes:** It is also important to make sure new developments align with environmental goals. The RTPI supported the zero carbon homes policy as way to improve energy efficiency in new buildings and demonstrate leadership on climate change. We would like to see it reinstated.
- b. **Inclusive design:** The RTPI is a key supporter of the "Inclusive Design" agenda, supporting colleagues in the Design Council in helping develop best practice for planners in designing places which enables everyone to participate equally, confidently and independently in everyday activities.⁹ Good design practice should run through at every level, from minor developments to large scale master planning, and certainly in the provision of social housing.
- c. **Health and wellbeing:** Health issues are not always acknowledged in housing requirements, even though the quality, design and context of housing can have

⁹ Design Council, [Inclusive Environments](#)



significant effects on health and wellbeing. Planners have an important role in providing the right housing for populations, along with other built environment professionals. This means quality housing that is located in the right place, with the right services nearby. More evidence and guidance on this can be found in RTPI's 'Promoting Healthy Cities'.¹⁰

33. If local authorities are going to deliver large amounts of new social housing, they will need to foster design expertise and innovation in their housing teams. This should be supported. Recent research published by RTPI found that some local authorities were motivated to engage in housebuilding [in order to improve the quality of design](#), whether for social or other housing.¹¹ The UK Collaborative Centre for Housing Evidence (CaCHE), of which RTPI is a partner, recently produced a briefing on 'Promoting design value in public rented housing'.¹²

34. The Government must also focus on the location of development. Without taking this locational view we can't match housing delivery with wider sustainability objectives. It is important to focus development within and around existing settlements, at densities which support walking, cycling and public transport, and in places where residents can access jobs, services and leisure opportunities. Failing to do this can result in car-dependent developments, which require new energy, water and transport connections, and risk increasing congestion and air pollution.¹³

35. Our papers on '[Urban Form and Sustainability](#)'¹⁴ and '[Poverty, Place and Inequality](#)'¹⁵ point to the dangers of developing housing without reference to infrastructure. In addition to reducing access to key infrastructure, it has implications for the environment and climate change and for health and quality of life. Not factoring this in contributes to poverty, for example by burdening people with high transport costs or poor access to employment opportunities. It is tenants' wider environment, not houses in isolation that correlate with employment and social mobility. Health and wellbeing is also an important consideration. Planning in the broadest sense – from development management and infrastructure to the location of health and community services – can play a central role in creating the kind of environments that enhance people's socio-economic circumstances and health and wellbeing.

36. The ageing population and increased longevity causes another issue for social housing. Sole tenants who may have lived in the house for several decades can be sole tenants in a 2, 3 or 4 bed house, meaning the house cannot be made available for a family who needs it. We need to think about ways of incentivising people to move, in particular by building accommodation which is more suitable for their needs in places they want to live.

37. A related issue is around lack of flexibility when the delivery of social units is unbalanced. Housing Market Needs Assessments can show a large requirement for one bed properties particularly where you have older persons/couples. However, overprovision of smaller homes can lead to a number of issues. First it limits the ongoing opportunities for the

¹⁰ RTPI (2014), [Promoting Healthy Cities](#)

¹¹ Morphet, J. & Clifford, B. (2017), [Local authority direct provision of housing](#), RTPI & NPF

¹² CaCHE (2018), [Promoting design value in public rented housing](#)

¹³ See our research on the [Location of Development](#)

¹⁴ RTPI (2015), 'Urban form and sustainability'

¹⁵ RTPI (2016), '[Poverty, place and inequality](#)'



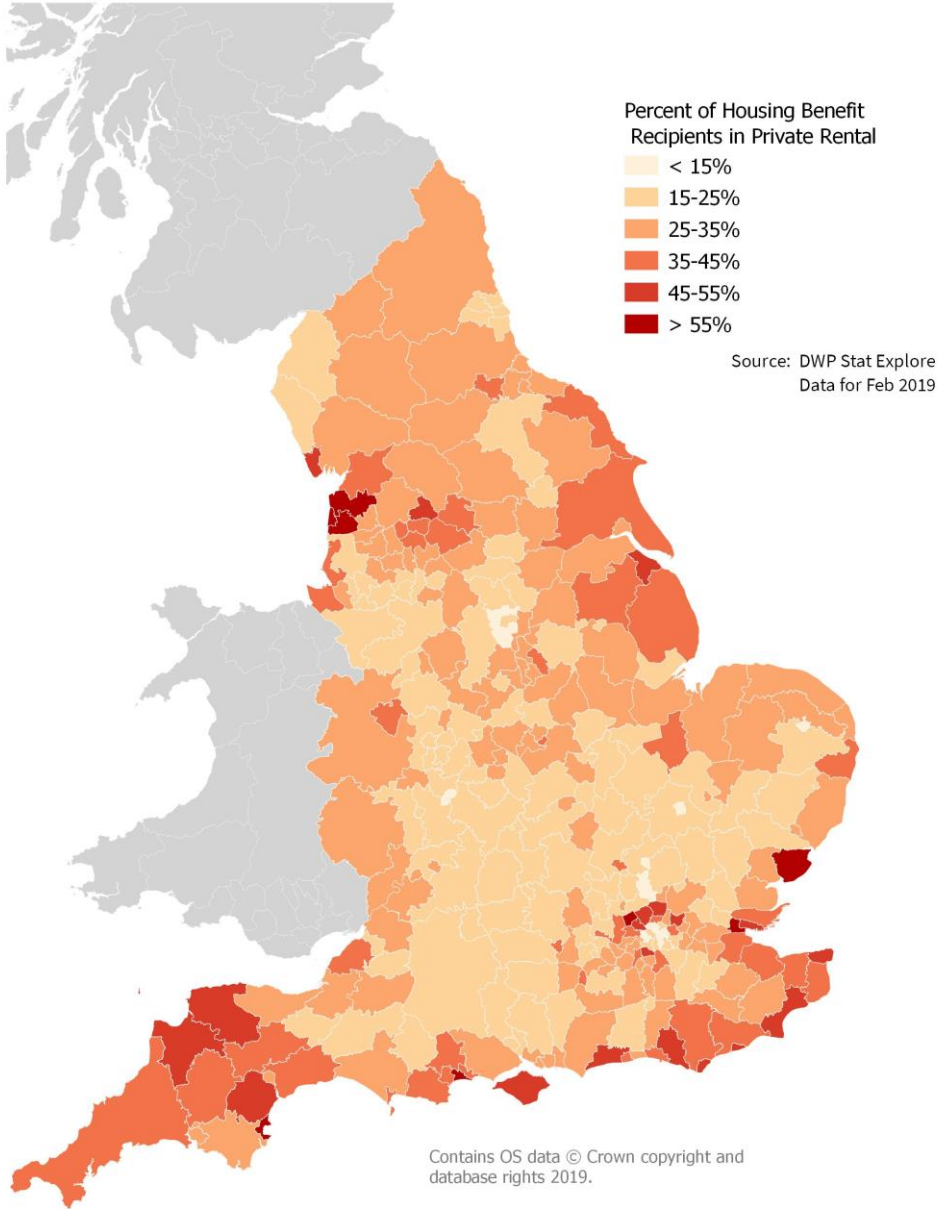
homes in the future including providing space for live-in carers or flexibility for accommodating families as demographic needs change. Second, calculating need based on a strict 'bedrooms per person' approach perpetuates the view of social housing as being based on minimal standards.

How can the Government's approach to delivery best meet the different needs of individual regions and area.

38. Housing policy needs to recognise that there are different needs within major conurbations urban fringe and rural areas and more importantly differences between stockholding councils and those relying entirely on RPs for social housing. Only 160 of the 326 local councils still have an HRA, the rest have already transferred their housing stock to housing associations. Any new policy and funding arrangements need to be considered in relation to a variety of council contexts.

39. Similarly one needs to consider that geographic inconsistencies in the availability of social housing with some councils (e.g. Blackpool) having more than 70% of housing benefit recipients in PRS (see Figure 2). Some of these areas are low value/low demand areas where the ability to deliver Affordable Housing via developer contribution is limited. In rural areas and national parks major developments of market housing are not appropriate yet there is local need for affordable housing. Any policies or programmes must support delivery across the many different geographical areas.

Figure 2: Per cent of housing benefit recipients in PRS in each local authority



What lessons can be learned from alternative approaches to social and affordable rented housing delivery in other countries and jurisdictions.

It is worth considering that the Right to Buy has now been successfully withdrawn in Wales and Scotland.