

Executive Summary

Our vision

We want everyone to have access to a decent home at a price they can afford, in a place where they want to live and work. Good quality, affordable housing enables stable and secure family lives: we are all healthier, happier and wealthier when we have decent homes close to schools, healthcare and transport links.

But this is not just an issue for families. Good housing can improve our social, environmental and economic well-being. It helps create better communities that can attract investment and skilled workers. And getting the design right can also improve the environment and reduce our carbon footprint.

Therefore, the strategic housing decisions we take collectively over the next few years are critical to the life chances of the next generation.

Section I: What's happened since 1997

Since 1997, housing has improved for many people. Homeowners have seen the value of their properties increase. Social tenants have seen massive improvements in the quality of their homes. And concerted action has slashed homelessness and directly helped 77,000 households to buy their first homes.

All of this has been achieved in a climate of economic growth and stability – far removed from the boom and bust of previous decades. Low inflation and low interest rates have led to over 1 million more home owners over the last ten years.

We have achieved a great deal through our investment in housing over the past ten years. That investment means social housing now has over 1 million fewer non-decent homes and the number of private sector vulnerable households living in non-decent homes has been reduced by over 300,000. We have also cut the number of rough sleepers by over two thirds and ended the long-term use of bed and breakfast accommodation for families with children. Our investment has also helped improve demand for homes in some previously blighted urban areas.

The challenges we face

But we face new challenges today. Demand for homes to buy or rent is growing faster than supply. And as house prices have grown faster than wages, it is becoming increasingly difficult for young people to get a step on the housing ladder. And the challenges of climate change mean we need to provide greener, better-designed housing for the future.

This Green Paper sets out our proposals to improve the housing fabric of our society. We will work with our partners to provide:

- More homes to meet growing demand;
- Well-designed and greener homes, linked to good schools, transport and healthcare;
- More affordable homes to buy or rent.

Section II: More homes to meet growing demand

Our first challenge is to provide more homes. Housing supply has increased substantially in the last few years and is now at its highest level since the 1980s, but supply is still not keeping up with rising demand from our ageing, growing population.

Why we need more homes: While the housing stock is growing by 185,000 a year, the number of households is projected to grow at 223,000 a year, many of them people living alone.

New targets: That is why the Government is now setting a new housing target for 2016 of 240,000 additional homes a year to meet the growing demand and address affordability issues. The level of housing supply needs to increase over time towards this target and we believe that a total of three million new homes are needed by 2020, two million of them by 2016.

Delivering 2 million homes by 2016 and 3 million homes by 2020: Our proposals assume that housing supply will rise over time towards the 240,000 per year target in 2016, delivering approximately two million new homes by 2016 and continuing at around 240,000 homes per annum over the next four years to deliver an extra million new homes by 2020.

The two million new homes that will be delivered by 2016 will include the following:

- **1.6 million homes are already in existing Regional Spatial Strategies (RSS) and plans now in place including around 650,000 homes in Growth Areas** with support from the 2003 Sustainable Communities Plan (e.g. Thames Gateway and Milton Keynes/South Midlands);
- **150,000-200,000 additional homes in the new round of RSS and plans now under consideration**, including many smaller sites and urban area schemes, together with **further, partial RSS reviews** where they are needed;
- **100,000 extra homes in 45 towns and cities** that make up the **29 New Growth Points** which have already come forward in 2006 proposing high growth schemes. Those towns will be eligible for additional support and growth funding – comparable to support which Growth Areas receive, including access to a £300 million Community Infrastructure Fund for Growth Areas, New Growth Points and eco-towns;
- **An additional round of New Growth Points** including for the first time the North. Our ambition would be to deliver around **50,000 new homes**. The final number will depend on the strength, costs and sustainability of bids coming forward;
- We are launching today an invitation for local authorities and developers to propose **5 new eco-town schemes**, with the entire community designed to be able to reach zero carbon standards. Each scheme could provide between 5,000 and 20,000 new homes giving a total of some **25-100,000 homes**. Final decisions will depend on the strength, costs and sustainability of the bids received.

Delivering homes where they are needed: Young families face problems finding affordable homes in every region, in urban and in rural areas. New housing is therefore needed throughout the country delivered in a way that is sensitive to local needs. We are extending the New Growth Points programmes to northern cities and towns.

Rural homes: We recognise that rural communities face particular pressures. We will set out measures to ensure more social and shared ownership homes are delivered in villages, as the Affordable Rural Housing Commission proposed. The Housing Corporation is investing £230 million to deliver around 6,300 homes in small towns and villages through its 2006–08 affordable housing programme. We will set a target for delivery of affordable housing in rural areas over the period 2008–11. We are also supporting seven new potential pilot Community Land Trusts in rural areas, giving local communities access to land for affordable house building.

Planning reviews: We will set up partial reviews of regional plans to increase regional and local targets and ensure the new eco-towns and additional Growth Points are properly handled in the planning system. Reviews of Regional Spatial Strategies will be carried out by 2011 to reflect plans for 240,000 homes a year by 2016.

Local planning incentives and enforcement: A new Housing and Planning Delivery Grant will direct extra resources to those councils who are delivering high levels of housing and to those councils who have identified at least 5 years worth of sites ready for development. Local councils will have to identify enough land to deliver the homes needed in their area over the next 15 years by rapidly implementing new planning policy for housing (PPS3). We are publishing new guidance showing how councils can find the land they need. Where councils have not identified enough land and do not grant sufficient planning permissions, planning inspectors will be more likely to overturn their decisions and give housing applications the go ahead at the appeal stage. We will also consult on ways to strengthen the requirement on developers to commence development or lose planning permission, and what more can be done to develop a consistent approach to the disclosure of land holdings.

Public sector land: We have raised our target to 200,000 new homes to be delivered on surplus public sector land by 2016, a significant increase from the previous target of 130,000 announced in the Pre-Budget Report. English Partnerships will set out new standards for housing on surplus Government land, which will increase the number of affordable homes developed, bring forward sites more quickly and ensure that design and environmental performance standards are raised to meet housing policy objectives.

Recycling homes and land: We also need to make the most of existing homes and buildings and disused land. We believe brownfield land should be the priority for development. The Government will continue with the national target that over 60% of homes should be built on brownfield land and every region and local authority will be expected to set their own target for brownfield land use. The new homes agency¹ will work with local authorities to support them in their place-shaping role, including on how local authority and other disused land can be used to lever in private investment and transform communities. Councils, as part of their strategic housing role, need to reduce the number of homes that are left empty for long periods of time. We will explore a range of measures including the new Housing and Planning Delivery Grant.

¹ This refers to the government's new delivery body for housing and regeneration, currently being consulted on as *Communities England*, in 'Delivering housing and regeneration: Communities England and the future of social housing regulation'. More information on the role of the new homes agency is given in Chapter 12: Implementation: A shared endeavour.

Section III: Better homes: How we create places and homes that people want to live in

We don't just want to build *more* homes. We want them to be *better* homes, built to high standards, both in terms of design and environmental impact and homes that are part of mixed communities with good local facilities. Our new homes need to be part of the solution to climate change; not part of the problem. We will work with other government departments to make this a reality. We also want to improve the quality of existing social homes, so that everybody has decent housing.

Infrastructure funding: We have already delivered significant investment in infrastructure through mainstream government funding. £14 billion was spent on infrastructure in the three main regions of growth (London, the South East and East) during 2006-07. We are setting out new procedures to ensure mainstream programmes provide proper support for high growth areas.

New settlements should be attractive places with good quality neighbourhoods and green public space that help create healthy communities. They must provide good local infrastructure – transport, schools and healthcare. Such provision will be central to our plans and we are proposing new procedures for councils and Government departments to plan for new schools, new health facilities and improved transport facilities. We are funding CABI Space to assist local authorities with their green space strategies, in order to provide more and better open spaces for people to use, including play areas for children. Green spaces are an essential part of our Growth Areas, New Growth Points and eco-towns programmes, where a tenth of Growth Area funding has been dedicated to improve parks, forests and green spaces since 2003.

We will also continue with targeted funding for Growth Areas, New Growth Points and eco-towns including the new £300m Community Infrastructure Fund over the next three years. Announcements on levels of funding will be made in the Autumn.

Planning Gain: We also believe that more infrastructure funding could be drawn from the value uplift that the planning system generates. We propose a Planning-gain Supplement Bill – to ensure that local communities benefit from new developments. But if a better way is identified before this year's Pre-Budget Report of ensuring local communities receive significantly more of the benefit from planning gain, including to invest in necessary infrastructure and transport, and it is demonstrated that it is a better alternative, the Government will be prepared to defer next session's legislation. This Green Paper sets out possible alternative approaches to facilitate discussion with key stakeholders.

Greener homes: New housing needs to be much more sustainable for the future. We need a revolution in the way we build, design and power our homes. A quarter of the UK's current carbon emissions (around 150 million tonnes of carbon dioxide each year) arise from how we heat, light and run our homes. We want to increase protection of the environment by cutting carbon emissions and we want all new homes to be zero carbon from 2016. We will strengthen building regulations by 25% in 2010 and by 44% in 2013 to set the standards we need to help achieve this. We will also set new minimum standards for water use in new homes cutting average water use by almost 20%. And we are consulting on how best to rate new homes against our Code for Sustainable Homes to inform consumers and help drive up standards. We have set up a task group to look at research and work across the supply chain to deliver the improvements we need.

We will monitor closely the effectiveness of our new planning policy protecting new homes from flooding.

We are committed to the principles of the Green Belt. We will make no fundamental changes to Green Belt planning policy, as set out in Planning Policy Guidance note 2.

Well-designed and good quality homes: Our aim is to eliminate poorly-designed new housing, and make good and very good new development the norm. And we recognise that getting the design right can improve the quality of life for all members of the community, as well as improving the environment, creating safer and stronger communities and reducing our carbon footprint. We recognise the inspirational power of the very best and are encouraging innovative new designs of the highest standards, for example through competitions in eco-towns. These competitions will stimulate new architectural thinking on how to achieve a strong vision and identity in a range of new settlements and at individual building level, whilst reflecting local character and context.

We will work closely with the Commission for Architecture and the Built Environment (CABE) on its work with the public and private sectors to raise design standards. A light-touch review of CABE in the autumn will ensure we maximise its contribution to good design as we expand housing growth. We will also pilot a quality assurance programme with local authorities and developers, to explore ways to provide a meaningful concession to developers who meet quality benchmarks, with a view to speeding up the development process whilst safeguarding design outcomes.

Our new planning policy for housing (PPS3) ensures that housing developments reflect the varied needs of local communities, providing more affordable homes, proper infrastructure and high standards of design. And our *National Strategy for Housing in an Ageing Society*, to be published in the autumn, will set out more on ensuring housing growth responds to the needs of an ageing population.

Section IV: Making housing more affordable

House prices have doubled in real terms in the last decade. The average house now costs over £210,000, over 8 times the average salary. This has made it more difficult for young people and families to buy their own home. Although building more homes is essential to tackle long term affordability pressures, more support is also needed to help young people and families over the next few years. While we have focused on improving the quality of social housing since 1997, we now need to develop more affordable homes both to rent and to buy, including increasing provision of family housing. Local authorities will have new opportunities to build and manage new houses as well as Housing Associations and the private sector.

We plan a £8 billion programme for affordable housing in 2008-11, a £3 billion increase compared to the previous three years.

At least 70,000 more affordable homes a year by 2010-11: We want to ensure there are more affordable homes and more opportunities for people to get on the housing ladder. Government will help deliver at least 180,000 new affordable homes over the next three years, and more than 70,000 affordable homes a year by 2010-11 – with an ambition to increase further in the next spending review.

At least 45,000 new social homes a year by 2010-11 – a 50% increase in social housing in 3 years, more than doubling new provision since 2004-05, and **a goal of 50,000 new social rented homes a year**, in the next spending review period.

We will significantly expand the programme of converting temporary accommodation into settled homes, adding to the number of homes which will become intermediate or social housing.

Over 25,000 shared ownership and shared equity homes a year funded mainly by the Housing Corporation (or its successor the new homes agency) to particularly help key workers and others who cannot afford to buy near where they work.

Thousands more shared ownership homes through local housing companies and public sector land. We will use public sector land to deliver additional shared ownership homes without grant. We will set out more details on the scale of this programme as the work with local housing companies progresses.

Rural Affordable Housing: The new homes agency will work with rural councils so that they can meet the particular pressures faced by rural communities by supporting social housing and shared ownership homes in villages and rural areas as well as in larger towns. Later in the year, building on advice from the regional assemblies we will set a target for rural affordable housing for 2008-11.

Local Housing Companies: We are setting out proposals for new local housing companies that local councils can establish (in partnership with the new homes agency) in particular to deliver shared ownership homes and homes for first time buyers built on local council land. We believe these have the potential to deliver tens of thousands of shared ownership homes over the next five years.

Private Sector Shared Equity: We believe the private sector can play a greater role in offering shared equity mortgages or shared ownership homes, and we want to see far more competitive products on offer. Communities and Local Government are appointing Brian Pomeroy, to help us follow up on the Shared Equity Task Force report and advise us on ways to develop the private sector shared equity market. We have already launched a shared equity competition for lenders to develop more shared equity and we are now announcing a new 17.5% government equity loan product. Through this, we aim to increase both the range of private sector organisations involved in this area and the competitiveness of products available.

Improving the way the mortgage market works: We want to look at ways to help mortgage lenders finance mortgages, including more affordable longer-term fixed rate mortgages.

Wider delivery of affordable housing in mixed communities: We want to see a wider range of organisations bringing in more resources to build affordable housing. The first ten Arms Length Management Organisations and other local authority companies have pre-qualified to bid for social housing grant, and more will have an opportunity to pre-qualify next year. We are setting out new ways for councils to use their land and resources to build homes, and are seeking views on changes to the treatment of rents and capital receipts from additional homes which would incentivise this. We also want to promote greater private sector involvement in increasing social housing.

Section V: Delivery: how we make it happen

More skilled workers: We need enough appropriately skilled workers to deliver our housing ambitions. This means improved training and tackling recruitment and retention difficulties in key areas and a focus on ensuring we have enough skilled professionals, construction workers and planning officers to meet our ambitions.

Implementation: a shared endeavour: This Green Paper sets out a scale of ambition to provide more housing than seen in this country for a generation. If we are to build these much needed homes we must join in a shared endeavour – with political leadership and delivery support shared between national, regional and local levels; with private, public and third sector providers all playing full roles; and involving local communities.

Everyone needs to take responsibility and account for the part they play in delivery. Communities and Local Government and English Partnerships are working with the Prime Minister's Delivery Unit to design a delivery mechanism to ensure this ambitious, cross government programme is realised. We want to see local people effectively involved in the debate about housing growth and infrastructure provision in their communities.

Local authorities have a critical role to play in achieving a major increase in new homes and their strategic housing role is at the heart of achieving our ambitions for housing supply. We want to see local authorities step up to play a stronger role in addressing the housing needs of all their residents, as part of their strategic housing role.

And we want home builders to rise to the challenge faced by the new targets for housing delivery, working with us to bring forward more land and tackle quickly any operational barriers to our plans.

Supporting documents

Alongside this Green Paper we are publishing a series of documents providing more detail on this package of investment and reform:

- Eco-towns Prospectus – setting out a vision and specification for local authorities and developers, including an invitation to propose at least five new eco-towns;
- Building a Greener Future – our strategy and timetable for achieving zero-carbon homes by 2016;
- Building Regulations, Energy Efficiency Requirements for New Dwellings, a forward look at what the standards may be in 2010 and 2013;
- Water Efficiency in New Buildings – our joint policy statement with Defra;
- Improving the Sustainability of New Homes – making a rating against the Code for Sustainable Homes mandatory;
- Strategic Land Availability Assessment: Practice Guidance – to provide local planning authorities with advice on identifying land for housing and assessing deliverability;
- Impact Assessment for the Homes for the future: more affordable, more sustainable;

- Regulatory Impact Assessment for Energy Efficiency Requirements for New Dwellings;
- Regulatory Impact Assessment for Building a Greener Future.
- Draft Guidance on Planning Performance Agreements; and
- Provisional Allocations to Local Authorities of the Second Tranche of Planning Delivery Grant for 2007-08.