

# JRF Response to the Housing White Paper consultation

The Joseph Rowntree Foundation is an independent organisation working to inspire social change through research, policy and practice. Uniquely, we also run a housing association and care provider, the Joseph Rowntree Housing Trust. We are therefore well-placed to comment on many of the issues covered by the Housing White Paper, and welcome the opportunity to do so.

Our response consists of an introductory section setting out our overall views on the White Paper, and comments on some sections which are not covered by the consultation; followed by detailed responses to those consultation questions we feel we are best placed to comment on. We would welcome the opportunity to engage further with the Department.

**Brian Robson**  
Policy and Research Manager

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## Recommended actions

- Our broken housing market has led to rising poverty and insecurity. There are 3.5 million more people in poverty in the UK after accounting for housing costs.
- The White Paper shows that Government recognises the scale of the problem, but solutions must go further.
- We need a long-term strategy to build more affordable homes of all types. A Living Rents development framework would help ordinary families, and accelerate housing delivery.
- The renewed focus on renting is welcome, but further action is needed now to make the private rented sector work for people in poverty.

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## Fixing our broken housing market: critical to solving poverty

Our broken housing market has led to rising poverty and insecurity. There are 3.5 million more people in poverty in the UK after accounting for housing costs. For many people, high rental costs make the difference between just about managing and not being able to manage at all: poverty in the private rented sector has doubled in the last decade, leaving millions trapped in insecure, expensive housing.

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The Housing White Paper demonstrates that government recognises the scale of the problem. We are particularly encouraged by the Prime Minister's foreword, which notes that our broken housing market is one of the 'greatest barriers to progress in Britain today', and the important recognition that high housing costs hurt those with below average incomes the most.

The White Paper also marks an important shift in housing plans. JRF warmly welcomes the priority now attached to renting, recognising that it is becoming harder to rent a safe, secure property. This multi-tenure approach is important if we are to build the homes our country needs, and help people now.

The White Paper could go further though. We need a long-term strategy to build more affordable homes of all types, and immediate action to make the private rented sector work for people on low incomes. Whilst the White Paper, and previous announcements at the Autumn Statement, make some tentative steps in both regards, these do not go far enough. Below we set out how the government could assist ordinary families struggling with high housing costs and accelerate housing delivery through a Living Rents delivery framework; and our ideas on how government could go further to help people now.

Our response highlights:

- How a Living Rents development framework would help ordinary families, and accelerate housing delivery.
- The steps needed to make the private rented sector work for people in poverty.
- Five solutions to make effective use of the proposed 'Housing Deals' mechanism.
- The need for the definition of affordable housing to be linked to incomes.
- The important role planning obligations play in delivery of affordable housing.

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## Housing ordinary working families: a Living Rents development framework

We need a long-term strategy to build more affordable homes of all types. A Living Rents development framework offers the chance to assist ordinary families struggling with high housing costs, and accelerate housing delivery.

### Key points

- 3.4 million households (40% of renters) in England are spending more than a third of income on their rent. This has risen from 32% in 2005/6.
- A Living Rents Framework can deliver 80,000 affordable homes per year, with at least half of these let at rents linked to local incomes.

Living Rents takes as its starting point a desire to avoid ordinary working families paying more than a third of their income on rent. This 'third of income' rule of thumb is also used by the Prime Minister in her foreword to the White Paper. JRF analysis shows that in England today, 3.4 million households, 40% of those that rent their home, are spending more than this - up from 32% in 2005/6<sup>1</sup>.

These high housing costs aren't just a burden for the families directly affected. Of the 3.4 million renting households who are struggling, 1.8 million receive support for their housing costs from government. High housing costs are costing all taxpayers.

Our solution is a Living Rents development framework. This would deliver new homes available for rent, based on a starting rent set at 28% of the gross local lower quartile earnings figure (equivalent to 33% of a net figure)<sup>2</sup>. At the time the model was developed this lower quartile earnings figure represented an average week on the then minimum wage. Rents for larger properties are scaled up using a recognised equivalisation model. The aim is to ensure that rents are affordable for households with someone in full-time work – improving work incentives, easing the transition into work and reflecting wages available in the local labour market.

With a supportive policy environment, this model is capable of delivering the 80,000 affordable homes we need in England each year. By topping up existing UK Government housing investment to form a £3bn per annum pot, housing associations and local authorities can deliver at least 40,000 Living Rent homes each year; supplemented by homes for shared ownership or intermediate rent to form an 80,000 home package. Over five years, this model could deliver 40% of the Government's million homes aspiration. Crucially, it can do so quickly and at scale. There is latent demand for these homes, and providers have no interest in trickling out supply. The sooner homes are available to let, the sooner they receive an income – that's why this model can accelerate current rates of delivery.

Government could support Living Rents by amending the NPPF definition of affordable housing to include a definition of a Living Rent as a rent linked to local earnings, for which eligibility is determined in relation to local earnings, and which includes provisions to remain at an affordable price for future eligible households,

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or for the subsidy to be recycled for alternative affordable housing provision. We set this out in response to question 31(a) below.

If the policy priority is to reduce the cost of housing as a percentage of income – and it should be – then the logical solution is to introduce a rented product whose cost is linked to the low incomes of those likely to occupy the property. Living Rents achieves several policy aims – it serves the needs of ordinary working families, because it is based on the real local wages such families earn; it will lower the housing benefit bill over time; and can accelerate housing delivery.

## Helping people now

Our housing crisis has been years in the making. The solutions needed are long-term. In the meantime, government should act to help people now, through support with housing costs, action to improve the private rented sector and via bespoke housing deals.

Key points:

- Growing gaps between real rents and support for housing costs mean Local Housing Allowance should be uprated in line with local rents.
- 4.5million people live in poverty in the private rented sector. Immediate action is needed to make this sector work better for people in poverty.
- ‘Housing Deals’ present an opportunity to tackle poverty through housing and planning policy at city-region level.

## Helping people now: support for rising housing costs

73 per cent of private renting households in the poorest fifth spend over a third of their net income on housing costs<sup>3</sup>. Rents are set to continue to rise, with analysis for JRF showing that rents in the private rented sector will rise twice as fast as incomes towards 2040<sup>4</sup>.

Meanwhile, support for housing costs – theoretically pegged to the 30<sup>th</sup> percentile of local rents – has been frozen for the rest of this Parliament, having been uprated by just 1% per year in the last Parliament.

Forthcoming research for JRF<sup>5</sup> demonstrates that this has created a growing gap between real rents and the support available for housing costs. Outside London, this average shortfall is £33 per month for a 2-bed property. In outer London, the equivalent figure is £192 per month and in inner London it rises to £376 per month.

Families who cannot access work or increase hours are faced with the choice of finding the cash to cover these shortfalls from within their other living costs, or falling into arrears. Our forthcoming research, conducted by the University of Cambridge, suggests these impossible choices are proving too much, and are leading to a rise in evictions, particularly in London and the south east. These evictions are damaging for the households concerned, but have knock-on costs

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for everyone in society. As noted in the White Paper, the end of a private rented tenancy is now the most common cause of homelessness acceptances.

We therefore believe the time has come to end the freeze on working age benefits, including support for housing costs. We need an effective safety net that prevents people from falling into extreme poverty.

## **Helping people now: making the private rented sector work for those on low incomes**

The private rented sector has doubled in size in recent years and is now home to 4.5 million people living in poverty<sup>6</sup>. In addition to the affordability pressures discussed above, those in the private rented sector still face issues of quality. 31% of those in poverty in the private rented sector live in homes classed as 'non-decent'. Across the whole population, the private rented sector has the highest rates of non-decency and of hazards potentially posing a health and safety risk to the occupants<sup>7</sup>.

The Government's aim of attracting additional investment to the Build to Rent market will raise standards in some parts of the market, but as we note in response to question 31(c) below, these homes are unlikely to be affordable to those on lowest incomes. It is important to recognise that the PRS is not one single market, but consists of several distinctive sub-markets<sup>8</sup>. Additional supply which serves the needs of one sub-market (for example, those described as 'Young Professionals' or 'High income, high rent'<sup>9</sup>) will not necessarily raise standards or improve stability in other sub-markets. More action is needed to make the private rented sector work for those on lowest incomes. Below we set out solutions that we believe would make a difference.

To ensure that landlords have an incentive to engage in registration / licensing schemes, and to encourage progress towards the Decent Homes Standard, JRF has recommended changes to tax relief available to landlords. Landlords should be able to offset capital expenditure on works towards the Decent Homes Standard against profits on rents, to provide an immediate incentive to raise quality<sup>10</sup>. Offsets should be more generous for those who are part of an accreditation or licensing scheme. JRF is commissioning further research, including an international review, on the use of incentives to improve the private rented sector as a source of accommodation for those on low incomes.

Experience in the Republic of Ireland shows that a compulsory registration scheme for the private rented sector has improved public and policy understanding of the sector, for example, through the creation of a Rent Index that provides up-to-date information on prevailing rent levels<sup>11</sup>. Whilst a national system of PRS registration would improve our understanding of the operation of the sector; a more appropriate step at this stage might be to make better use of the existing provisions for selective licensing schemes, where these are needed. These schemes – which combine registration with an assessment of the management capabilities and practices of landlords – could be made more effective if decisions

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regarding the deployment of such schemes were returned to local authorities, or Combined Authorities where these exist<sup>12</sup>.

We note the White Paper states that Government is interested in considering whether Social Lettings Agencies (SLAs) can be an effective tool for those who would otherwise struggle to access accommodation. JRF shares this interest, and together with our partners at the Nationwide Foundation, we plan to commission research assessing the effectiveness, sustainability and scalability of various SLA models to understand the conditions that are needed for SLAs to grow and play a significant role to help the PRS work better for people in poverty and housing need in England. We would welcome the opportunity to engage with the Department on this research.

## **Helping people now: using Housing Deals to tackle poverty**

JRF warmly welcomes the White Paper proposal to develop bespoke housing deals with authorities which have a genuine ambition to build (para 3.33). This proposal offers the opportunity to build on the momentum of city and devolution deals, and extend their reach to new areas.

Over the last year, a JRF project<sup>13</sup> has worked with national and local policy makers to develop a suite of ideas to tackle poverty through housing and planning policy at city-regional level (LEP geographies). Below we outline some of the concepts identified and developed as part of this study. We would welcome the opportunity to engage with the Department on these further.

### **Option 1: Releasing public sector land at below market value to support affordable housing development**

City regions are seeking to accelerate the identification and release of land through joint assets boards and land commissions set up through devolution deals. While there are pressures to maximise the value of land sales to compensate for declining public sector funding, opportunities remain to explore the possibility of releasing a proportion of land to support affordable housing development.

### **Option 2: Encouraging the use of planning permissions by levying a charge on undeveloped units**

Developers sometimes fail to build out land in order to benefit from rising land values. Levying a charge on unactioned planning permissions could encourage developers to commence delivery or, alternatively, to sell the land. Either option could help to bring forward affordable housing through, for example, Section 106 planning obligations.

### **Option 3: Devolved funding for local authority house building**

The devolution deal secured by Cambridgeshire and Peterborough includes £170

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million for housing investment by 2020/21. It is notable for providing grant funding rather than recoverable loans, which has been the approach negotiated elsewhere, and also the explicit designation that some of the funding will be used for affordable tenures. Such an approach could be replicated elsewhere.

#### **Option 4: ‘Pooling’/trading in Housing Revenue Account borrowing**

Government could allow pooling or ‘headroom trading’ of Housing Revenue Account debt at city-regional level. This would enable local authorities that had ‘maxed out’ their limits to draw on unused elements of Housing Revenue Account limits of other local authorities. Alternatively, local authorities with limited or expensive land could give their Housing Revenue Account funding to other local authorities to build in return for control of some of the new stock. This trading could increase overall levels of building, especially if strategically planned across city regions.

#### **Option 5: Flexing the rules around the 1% rent reduction policy**

There is scope for government to grant city regions a waiver or, at least, a softening of the 1% rent reduction policy alongside other reforms that reduce the income of, and undermine the investment plans of, social housing providers. In return providers would commit to accelerate the delivery of new homes. This ‘offer’ itself would provide an incentive to build.

## **Response to consultation questions**

### **Chapter One: Planning for the right homes in the right places**

#### **Question 3**

Do you agree with the proposals to:

- a) amend national policy so that local planning authorities are expected to have clear policies for addressing the housing requirements of groups with particular needs, such as older and disabled people?

JRF believes that it is important that local policy takes account not just of the number of homes that are required, but of the type, tenure and cost of these homes. We welcome the White Paper’s recognition that some groups have particular needs. This includes older and disabled people, as well as groups such as Gypsies and Travellers who require a particular format of provision.

We would encourage the Government to take a broad view of the groups which may have particular needs. In addition to the groups who require a particular

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format of accommodation, there are other groups that require accommodation at a certain price point. If we are to avoid a growing number of people being exposed to unaffordable housing costs it is important that local planning authorities have clear policies for addressing the housing requirements of those on lower incomes and having more precise information about the different types of need would aid this process.

- b) from early 2018, use a standardised approach to assessing housing requirements as the baseline for five year housing supply calculations and monitoring housing delivery, in the absence of an up-to-date plan?

The principle of a standardised approach to assessing housing requirements is a sensible step, which has potential to introduce greater clarity to the planning process.

We look forward to reviewing and responding to the consultation which we understand will take place on the methodology for this standardised assessment. At this stage, we would make two points:

- This standardised approach must include a robust assessment of the local need for affordable housing; as well as the housing needs of groups covered by the policies referred to in question 3(a).
- It is important that the standardised assessment does not rely entirely on household projections. Policy must also be able to go further where local authorities can justify this. For example, additional population growth anticipated as a result of an infrastructure investment, or interventions through the Industrial Strategy, may justify a higher figure in some localities.

## Question 7

Do you agree that national policy should be amended to encourage local planning authorities to consider the social and economic benefits of estate regeneration when preparing their plans and in decisions on applications, and use their planning powers to help deliver estate regeneration to a high standard?

Area-based regeneration initiatives and approaches based on mixed communities have been successful in many places. However, the evidence suggests that initiatives focused solely on physical regeneration are better at improving areas than individual lives. It is therefore important that any interventions intended to create physical change also realise social and economic benefits that reach existing residents – such as improved community facilities or jobs for estate residents. JRF has shown how public procurement can be used to create jobs and tackle poverty in this way<sup>14</sup>. Local authorities should be encouraged through policy to ensure this is the case.

Additionally, regeneration works best with the consent and involvement of residents. JRF was pleased to work with civil servants supporting Lord Heseltine's expert panel on estate regeneration. The Resident Engagement and Protection

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guidance produced by the Panel is sensible and balanced, and local authorities should be encouraged to ensure schemes adhere to it. In particular, the guidance states that ballots of residents may be appropriate before schemes involving complete demolition take place. We think this is particularly important - residents should be offered a vote on major regeneration proposals affecting their homes and estates in the same way as they are balloted on plans to transfer ownership of their homes<sup>15</sup>.

## Question 10

Do you agree with the proposals to amend the National Planning Policy Framework to make clear that:

- a) authorities should amend Green Belt boundaries only when they can demonstrate that they have examined fully all other reasonable options for meeting their identified development requirements?

JRF's *Plan to Solve UK Poverty*<sup>16</sup> called for planners to revisit Green Belt policies and boundaries more regularly, especially in pressured housing markets, where they might enable a more flexible approach (such as swapping land plots) to the use of Green Belt for affordable housing development. We still believe that green belt has an important contribution to make to affordable housing supply in pressured housing markets.

Green Belt release should not be seen as an 'easy option' and should not be pursued when there are other reasonable options, particularly ones within reach of existing infrastructure and employment opportunities. The question is what constitutes a 'reasonable option'? Recent research for JRF<sup>17</sup> has highlighted large numbers of outstanding planning permissions, often on brownfield land on which there are viability issues. Leeds City Region, for example, estimate there are some 38,000 units with permissions on brownfield land within that City Region which are not being built out. This failure to bring development forward on permissioned sites is attributed largely to a lack of gap funding to remediate brownfield land. Were such funding to be made available (as it has already in some city regions, for example in the West Midlands there is now a £200m Land Remediation Fund) then these sites would be far more likely to constitute 'reasonable options', and might then avoid the need for the release of some Green Belt land.

- b) where land is removed from the Green Belt, local policies should require compensatory improvements to the environmental quality or accessibility of remaining Green Belt land?

This is a laudable aim, but it is unclear how these compensatory improvements would be funded. This may be an appropriate use of Community Infrastructure Levy. It is important for housing supply that compensatory improvements are not funded through Section 106 obligations. As we set out below in response to Question 32, Section 106 is an important source of funding for affordable

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housing and contributes to housing supply. Directing funding towards other improvements may actually result in fewer homes being delivered.

### **Question 11**

Are there particular options for accommodating development that national policy should expect authorities to have explored fully before Green Belt boundaries are amended, in addition to the ones set out above?

We refer above in our response to question 10(a) to the large number of brownfield housing sites with planning permission which are held back by a lack of remediation funding. If national policy were to provide funding for the remediation of these sites, it would contribute to supply, and reduce pressure on Green Belt land. In such circumstances, it would be fair to expect local authorities to explore the use of brownfield land as a reasonable option, before Green Belt boundaries are amended.

### **Question 15**

What are your views on the potential for delivering additional homes through more intensive use of existing public sector sites, or in urban locations more generally, and how this can best be supported through planning (using tools such as policy, local development orders, and permitted development rights)?

Public sector land has an important role to play in the delivery of affordable housing. Many city regions have established Joint Assets Boards and Land Commissions in order to take a strategic approach to the release of this land. While there are pressures to maximise the value of land sales to compensate for declining public sector funding, research for JRF<sup>18</sup> suggests opportunities remain to explore the possibility of releasing a proportion of land to support affordable housing development. This could be linked to agreement with housing associations to accelerate house building, as advocated by the London Housing Commission<sup>19</sup>.

With regard to infill opportunities on existing sites which would largely remain in-use, such a strategic city-region approach may not be appropriate. Such sites are likely to be especially suitable for affordable housing, given their likely proximity to employment opportunities, and we welcome government's focus on the opportunities these sites present. We are not convinced that current policy presents any major impediments to bringing forward small schemes of the type described in the White Paper.

The White Paper suggests that homes developed on such sites may be for the use of employees of hospitals, schools and other public sector land owners. We would sound a note of caution in this regard. The labour market is increasingly dynamic, and public sector employees are not immune from this. Less than half of public sector employees consider their job to be secure<sup>20</sup>. In such circumstances, linking the provision of housing to potentially insecure employment may reproduce the insecurity and precariousness in housing circumstances that the White Paper is seeking to address. It may also deter employees from taking up opportunities for

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progression with other employers. We would recommend that housing on these sites is provided as general needs affordable provision, rather than being linked to employment with a particular employer or on a particular site.

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## Chapter Two: Building Homes Faster

### Question 20

Do you agree with the proposals to amend national policy so that:

- the status of endorsed recommendations of the National Infrastructure Commission is made clear?; and
- authorities are expected to identify the additional development opportunities which strategic infrastructure improvements offer for making additional land available for housing?

We welcome the Government's plans to clarify the status of National Infrastructure Commission recommendations.

We further welcome the White Paper's proposal to amend national planning policy to ensure that additional development opportunities which strategic infrastructure improvements offer for making additional land available for housing are maximised. Building on the Housing Infrastructure Fund announced at the Autumn Statement, this is further confirmation of the closely intertwined nature of housing and infrastructure. We must view housing – and particularly affordable housing – as essential infrastructure which is required in order to enable the operation of our economy. Strong links need to be made between housing and industrial strategy.

### Question 23

We would welcome views on whether an applicant's track record of delivering previous, similar housing schemes should be taken into account by local authorities when determining planning applications for housing development.

This proposal marks a fundamental shift in the principles of planning in England. It would make planning permission applicant-specific, rather than an applicant-blind assessment of the site itself. Careful consultation would be required, and policy would need to address the sale of sites with permission, for example a developer with a strong track record obtaining a favourable permission and then selling on the site to a developer whose track record may not have enabled them to secure the permission.

If Government is minded to proceed with this proposal, there are other criteria which could be considered in an applicant-specific process. For example, it could enable Local Planning Authorities to take into account applicants' track record on section 106 contributions, considering whether applicants have a record of delivering the quantity of affordable housing first pledged, or whether they have a track record of negotiating down this percentage using viability arguments once permission has been granted.

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## Question 28

Do you agree that for the purposes of introducing a housing delivery test, national guidance should make clear that:

- a) The baseline for assessing housing delivery should be a local planning authority's annual housing requirement where this is set out in an up-to-date plan?
- b) The baseline where no local plan is in place should be the published household projections until 2018/19, with the new standard methodology for assessing housing requirements providing the baseline thereafter?
- c) Net annual housing additions should be used to measure housing delivery?
- d) Delivery will be assessed over a rolling three year period, starting with 2014/15 – 2016/17?

We would encourage government to include a measure of affordable housing delivery within the housing delivery test. This would link to the assessment of affordable housing need we believe should be included within the new standard methodology for assessing housing requirements. There are precedents for this approach – the New Homes Bonus, for example, which is intended to incentivise housing delivery, does so with reference to net additions of all housing, but includes an additional incentive for the delivery of affordable housing. Such a dual-measure approach should be replicated here.

## Affordable housing

### Question 31

Do you agree with our proposals to:

- a) amend national policy to revise the definition of affordable housing as set out in Box 4?;

The proposed definition set out on page 100 of the White Paper raises several concerns. It removes overarching reference to ability to pay, removes reference to affordability in perpetuity, and introduces new models which will not be genuinely affordable to those on low incomes. It represents a missed opportunity to respond to the analysis of rental costs in relation to incomes set out in the introduction to the White Paper – including by the Prime Minister in her foreword – by introducing new rental products linked to the low incomes of ordinary working people. We set out our concerns in more detail below.

The National Planning Policy Framework currently states that eligibility for affordable housing is 'determined with regard to local incomes and local house prices.'<sup>21</sup> The new definition removes this overarching requirement. This commitment should be reinstated, so that the requirement covers all affordable housing, rather than the situation in the proposed definition where this eligibility criteria is limited to just some of the affordable housing models set out. This will go some way to ensure that affordable housing is genuinely affordable to those on

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low incomes, and that it is prioritised for those most at risk of high housing costs and potential housing-induced poverty.

The proposed definition also removes the current overarching NPPF requirement that 'Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.'<sup>22</sup> Again, this requirement is retained within some of the individual models of affordable housing outlined, but not all. Removing the requirement for homes to remain affordable in perpetuity will result in the loss of the initial public capital subsidy or planning gain which has reduced the initial cost of these homes. It represents poor value for money for taxpayers and is difficult to justify in the context of a long-running housing crisis. Alternatives might be to enable the subsidy to be recycled or transferred to alternative properties. This would enable occupiers to become outright owners, or for the tenure of the property to be changed in some other way, whilst retaining the value of the initial subsidy to the benefit of all taxpayers.

Some of the new models proposed in the new definition will not be affordable to those on low incomes. We respond to the question on the Affordable Private Rented model in 31(c) below. JRF's concerns about Starter Homes are on record. We have demonstrated that this product will be affordable to less than 3% of new social renters<sup>23</sup>. We think it is regrettable that Starter Homes will, rather than adding to overall supply, in some cases replace homes that would otherwise have been available for rent. However, we recognise this is a 2015 manifesto commitment that Government has successfully legislated for.

The new definition of affordable housing misses an opportunity to respond to the powerful analysis set out in the introduction to the White Paper, by providing a new rental option linked to the incomes of ordinary working people. The Prime Minister notes in her introduction to the White Paper that more than 2.2 million working households with below-average incomes spend a third or more of their disposable income on housing. Figure 2 on page 12 of the White Paper sets out mean mortgage and rent payments as a percentage of weekly household incomes. If the policy priority is to reduce the cost of housing as a percentage of income – and it should be – then the logical solution is to introduce a rented product whose cost is linked to the low incomes of those likely to occupy the property.

JRF has developed such a model – in conjunction with Savills and the National Housing Federation. Our Living Rent<sup>24</sup> is detailed above – it would have starting rent based on 28% of gross local lower-quartile earnings. This ensures that the rent remains genuinely affordable to ordinary working families – because it is based on what ordinary working families earn locally. Linking rents to incomes is an idea that is gaining currency. London has its own version (a more intermediate product) and there are models emerging in Brighton, Manchester and elsewhere. The consultation presents an opportunity to include a definition of a Living Rent within the NPPF, as a rent linked to local earnings, for which eligibility is determined in relation to local earnings, and which includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision.

- b) introduce an income cap for starter homes?;

This is a sensible step forward, but one which would work better aligned with an Affordable Housing Definition which defines eligibility in relation to local incomes. An £80,000 household income eligibility cap would enable a household in the top 3% of earners in the country to be eligible for support to purchase a new home<sup>25</sup>. It is important to have local eligibility criteria to reflect very different housing and labour markets.

- c) incorporate a definition of affordable private rent housing?;

‘Affordable Private Rent Housing’ is a new model set out in the White Paper and proposed for inclusion in the new definition. This model has some attractive aspects – in particular, the flexibility over the subsidy within the home is sensible – it retains the value of the initial subsidy for future use, but does not constrain use of this subsidy within a particular unit.

However, Affordable Private Rent continues the mistakes of Affordable Rent by linking the cost of affordable housing directly to the housing market those on low incomes can’t afford to access. As a result, we have concerns over how affordable this model will be. The similar ‘discounted market rent’ model which has been used in London has resulted in rents which are in excess of the maximum amount of support with housing costs government is prepared to make available – demonstrating that they will not be affordable to those whose circumstances change, as this example from Harrow shows:

Social Rent	£565
London Affordable Rent	£611
Discounted Market Rent	£1,160
Open Market Rent	£1,450

The maximum support for housing costs available through Local Housing Allowance for a 2-bed flat in Harrow is £1,050.<sup>27</sup> This figure is frozen for the rest of this Parliament, whilst open-market rental prices continue to increase. Affordable Private Rent risks providing affordable homes without a safety net for those whose circumstances change.

### Question 32

Do you agree that:

- a) national planning policy should expect local planning authorities to seek a minimum of 10% of all homes on individual sites for affordable home ownership products?

Planning policy should be responsive to local tenure needs and local market knowledge. It is unhelpful to set fixed national percentages, or to dictate the tenures which are to be delivered.

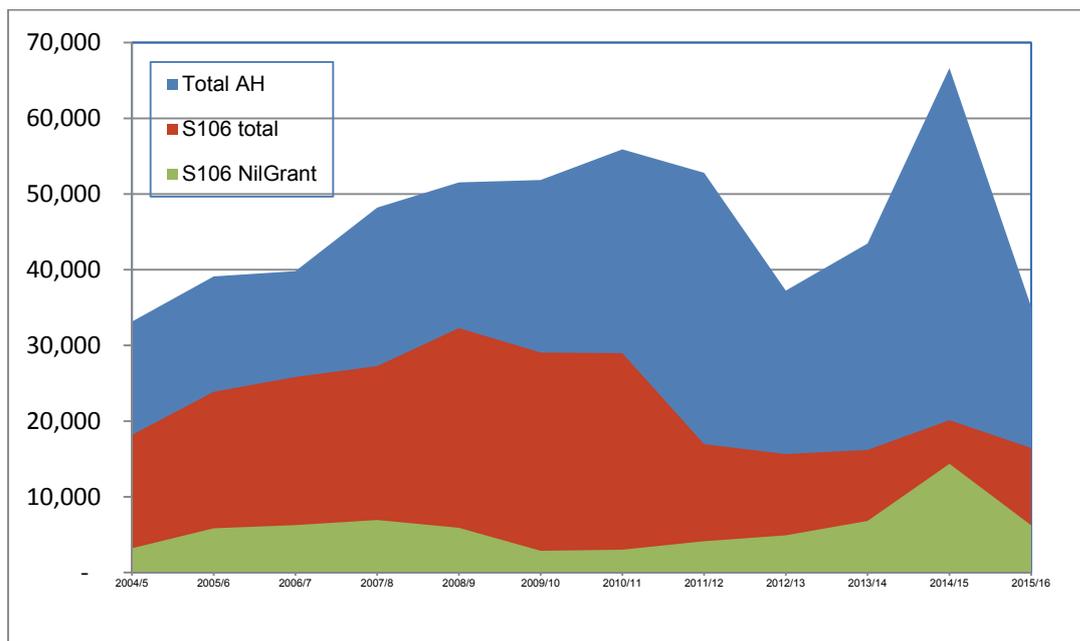
As noted above, affordable home ownership products serve a very different market to low-cost rented housing. Just 3% of new social tenants could afford shared ownership or starter homes instead.<sup>28</sup> Furthermore, in some regions there is a very marginal difference between the cost of shared ownership and buying outright – just £19 per month in the north east of England<sup>29</sup>. With such a small difference in costs, it is difficult to justify shared ownership development in some areas. Hence the need for local decisions over the type of homes to be delivered through Section 106, in response to local market signals.

Section 106 delivery is volatile, but has made an important contribution to supply of affordable housing in recent years. Academics at Oxford Brookes University have conducted two analyses of recent delivery for JRF<sup>30</sup>. This shows that section 106 has been responsible for a fraction under half (49%) of affordable housing delivery over the 12 years' data (2004/5 – 2015/16) covered.

This analysis shows that national policy changes continue to undermine the ability of S106 to deliver. Experts describe the policy situation as *'extraordinarily complex and confusing'*. More clarity and stability is required if we are to successfully balance numbers and affordability.

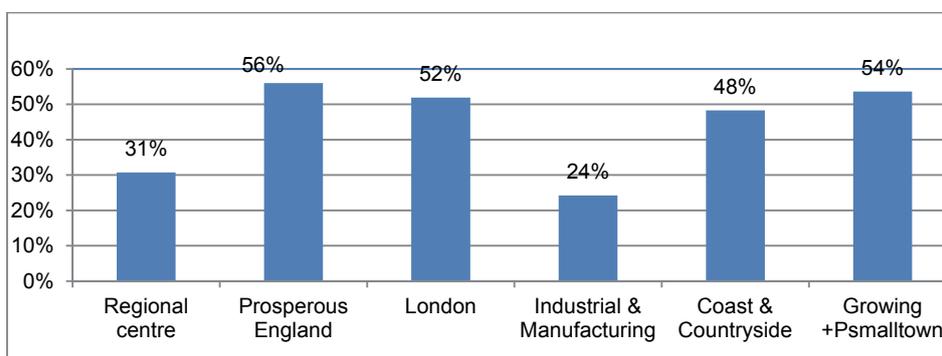
The most recent two years of data show a sharp rise in delivery of affordable homes linked to the end of an Affordable Homes Programme Funding period in 2014/15, followed by a sharp reversal to the previous levels of delivery (see Figure 1 below). This volatility illustrates the need for stability and certainty in levels of funding and planning policy:

Fig 1: Trends in the delivery of affordable housing 2004/5 – 2015/16<sup>31</sup>



The same research also illustrates the spatial variation in S106 delivery that makes a blanket national policy difficult to deliver. Researchers looked at typologies of housing market and policy areas, namely: regional centres, prosperous England, London, Industrial centres, new and expanding towns and coast and countryside. Figure 2 below shows that regional and industrial centres (largely located in the Midlands and North) continue to deliver relatively low percentages of affordable housing through S106. This is linked to issues of viability and housing demand. Prosperous England, new and growing towns (largely in the South and East of the country) and London continued to deliver higher percentages with the 'coast and countryside' typology in the middle.

Fig 2: S106 total delivery as a % of total affordable housing by typology (2004-16)<sup>32</sup>



### Question 33

Should any particular types of residential development be excluded from this policy?

If government is minded to proceed with a national fixed percentage, we would suggest that schemes which consist of 100% affordable housing of other tenures should be excluded. For example, if a local authority or housing association has the ability to deliver a scheme of homes for low-cost rent, it should not be obliged to provide a fixed percentage of (less affordable) home ownership units.

Sustainable development and the environment

### Question 34

Do you agree with the proposals to amend national policy to make clear that the reference to the three dimensions of sustainable development, together with the core planning principles and policies at paragraphs 18-219 of the National Planning Policy Framework, together constitute the Government's view of what sustainable development means for the planning system in England?

The definition of sustainable development needs to take account not only of the interconnections between economic, social and environmental components but also to clarify the environmental limits of the world's carrying capacity and the underpinning conceptual issues originally set out in the Brundtland report Our

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Common Future (1987), which recognises that sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

This points to the need to take account of future generations and intergenerational justice to ensure sustainable development. In this context a clear focus on climate change mitigation and adaptation is essential and needs to be fully embedded in requirements on local planning going forwards.

JRF recently commissioned research from the TCPA on how the local planning system is addressing climate change. This found that there are major inadequacies in current practice despite the existence of legal duties in the Climate Change Act 2008 and NPPF policy and more needs to be done to both upskill planners and ensure that local authority members and planning officers understand and are given a strong signal from Government to drive forward this agenda<sup>33</sup>.

The white paper proposals are ambiguous about the extent to which local plans may be required in all local authorities given the possible move to support strategic planning at a subregional scale alongside neighbourhood plans. We are concerned about the extent to which local areas will support carbon reduction, deal with climate change consequences including floods, sea level rise, heatwaves and other indirect impacts, and ensure adaptation and resilience in local development without adequate national policy leadership. The requirements in relation to climate change are not clearly applicable in neighbourhood plans and there is therefore an imperative to ensure that climate change requirements are applied to all strategic planning affecting spatial development if we are to ensure that local communities are prepared for climate change.

### **Question 35**

Do you agree with the proposals to amend national policy to:

- a) Amend the list of climate change factors to be considered during plan-making, to include reference to rising temperatures?

We support the consideration of a holistic approach to analysing climate change factors relevant for plan making and local place making. We would suggest that these would include: flooding (of all types including river, surface water, coastal and groundwater), sea level rise, coastal erosion, rising temperatures, heatwaves and overheating risks in the built environment as well as carbon reduction requirements.

There are also indirect impacts from climate change which will impact at local level including consequences for the costs of living which will particularly affect people in poverty<sup>34</sup> and negative impacts for health and wellbeing from overheating<sup>35</sup> and other climate change impacts on physical and mental health. The planning system and housing provision needs to address these issues in a rounded way for example to avoid the development of highly insulated homes which are then prone to overheating risks. JRF research highlights the need to examine particular risks in

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the care home sector where there is already evidence of risks of overheating<sup>36</sup> which need to be addressed through better spatial planning and building regulations as well as local management and operational practices.

We support a greater emphasis on increasing temperatures as a risk which needs to be addressed in local planning; research on planning for climate change by the TCPA indicates that currently heat is getting far less recognition in spatial planning than flood risk as a climate change issue.<sup>37</sup> Heat is also the poor relation to cold in local responses to housing and health issues and there is a general lack of ownership of heat as a concern in local authorities which needs to be addressed.<sup>38</sup> Much more could also be done to support the development of green SUDs schemes which could offer multiple benefits for flood and heat risk management as well as providing local amenity value – currently where SUDs are applied these are often grey SUDs which are unlikely to deliver the wider amenity and biodiversity benefits that can be achieved through green SUDs.<sup>39</sup> JRHT's scheme at Derwenthorpe offers an example of the benefit of using SUDs in a new housing scheme.

- b) Make clear that local planning policies should support measures for the future resilience of communities and infrastructure to climate change?

We support the notion of improving resilience in developments but suggest there needs to be a definition of what resilience means in this context. For example a resilient building could be considered as a low emissions building which is also able to withstand heat and flood risk but building resilient places means taking account of where development occurs as well as the nature of individual schemes to avoid increasing exposure to long term climate impacts for vulnerable communities. For wider considerations of what community resilience means in the context of climate change see an evidence review for JRF.<sup>40</sup>

Resilience also needs to be considered in terms of opportunities for transformational change through the planning system, for example, relocation may need to be considered at the extreme for communities where climate change may make homes untenable and new mechanisms need to be put in place to facilitate this. A place based approach needs to be considered to support more systemic change at a local level that builds community resilience by bringing communities, local authorities and other institutions together to address climate change and to consider local futures<sup>41</sup>. Forthcoming JRF research on flood resilience in disadvantaged areas highlights the need to address systemic disadvantage in flood risk management policy and identifies the case for investment to address this – with action required both through the planning system and wider flood investment policy to avoid increasing risks in socially vulnerable communities due to climate change which could undermine growth agendas<sup>42</sup> (Sayers et al forthcoming – advance copy could be shared on request).

### **Question 36**

Do you agree with these proposals to clarify flood risk policy in the National Planning Policy Framework?

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We support clarification of flood risk policy in the NPPF, which needs to take account of recent research for Defra about local authority compliance with the Flood and Water Management Act 2010 as well as TCPA research for JRF which highlights that there is insufficient long term planning at the local level for climate change and that longer time horizons are needed for assessing risk; TCPA's research also sets out a range of other recommendations relevant for any review of policy in the NPPF<sup>43</sup>.

We support the consideration of cumulative flood risk in planning policy resulting from combined impacts of new development. Forthcoming research by Paul Sayers et al for JRF indicates ongoing problems in terms of development in flood prone areas, finds that recent developments in areas prone to coastal and surface water flooding have disproportionately affected more socially vulnerable communities and that areas of new housing development will be subject to disproportionately increasing risks under climate change, assuming current levels of adaptation continue (Sayers et al forthcoming)<sup>44</sup>. Given that access to more affordable insurance through Flood Re is not available to certain rental properties and for any developments since 2009 there is also a risk that some households will be unable to access affordable insurance longer term when Flood Re ends, just as the more serious impacts of climate change kick in.

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## Notes

<sup>1</sup> JRF Analysis Unit. (2017) Analysis of Households Below Average Income data 2005/6 and 2014/15.

<sup>2</sup> Collins, H. and Lupton, M. (2015) 'Living Rents: A New Development Framework for Affordable Housing'. London: Savills. Available at: <http://www.savills.co.uk/blog/article/189220/residential-property/a-living-rent-could-solve-the-housing-crisis.aspx>

<sup>3</sup> Tinson, A. et al (2016) 'Monitoring Poverty and Social Exclusion'. York: JRF. Available at: <https://www.jrf.org.uk/report/monitoring-poverty-and-social-exclusion-2016>

<sup>4</sup> Stephens, M. et al (2014) 'What will the housing market look like in 2040?' York: JRF. Available at: <https://www.jrf.org.uk/report/what-will-housing-market-look-2040>

<sup>5</sup> Jones, M. et al (2017, forthcoming) 'Poverty, evictions and forced moves'. York: JRF.

<sup>6</sup> Tinson, A. et al (2016) 'Monitoring Poverty and Social Exclusion'. York: JRF. Available at: <https://www.jrf.org.uk/report/monitoring-poverty-and-social-exclusion-2016>

<sup>7</sup> MacInnes, T. et al (2015) 'Monitoring Poverty and Social Exclusion 2015'. York: JRF. Available at: <https://www.jrf.org.uk/mpse-2015/housing-standards>

<sup>8</sup> See for example the sub-markets outlined in Rugg and Rhodes (2008) 'The Private Rented Sector: Its Contribution and Potential'. York: Centre for Housing Policy. Available at: <https://www.york.ac.uk/media/chp/documents/2008/prsreviewweb.pdf>

<sup>9</sup> *ibid*

<sup>10</sup> Chartered Institute of Housing & Resolution Foundation (2014) 'More than a roof: How incentives can improve standards in the private rented sector'. Coventry: Chartered Institute of Housing. Available at: [http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/CIH014%20resolution\\_foundation\\_2.pdf](http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/CIH014%20resolution_foundation_2.pdf)

<sup>11</sup> Moore, T. and Dunning, R. (2017) 'Improving the private rented sector in England using lessons from Ireland'. York: JRF. <https://www.jrf.org.uk/report/regulation-private-rented-sector-england-using-lessons-ireland>

<sup>12</sup> For a full discussion of this issue, see JRF (2016) 'UK Poverty: Causes, Costs, Solutions'. York: JRF. Available at: <https://www.jrf.org.uk/report/uk-poverty-causes-costs-and-solutions>

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<sup>13</sup> Crisp, R. et al (2017) 'Tackling poverty through housing and planning policy in city regions'. York: JRF. Available at: <https://www.jrf.org.uk/report/tackling-poverty-through-housing-and-planning-policy-city-regions>

<sup>14</sup> Macfarlane, R. (2014) 'Tackling poverty through public procurement'. York: JRF. Available at: <https://www.jrf.org.uk/report/tackling-poverty-through-public-procurement>

<sup>15</sup> For more on estate regeneration, see JRF (2016) 'Estate Regeneration: Briefing for expert panel'. York: JRF. Available at: <https://www.jrf.org.uk/report/estate-regeneration-briefing-expert-panel>

<sup>16</sup> See JRF (2016) 'UK Poverty: Causes, Costs and Solutions'. York: JRF. Available at: <https://www.jrf.org.uk/report/uk-poverty-causes-costs-and-solutions>

<sup>17</sup> See Crisp, R. et al (2017) 'Tackling poverty through housing and planning policy in city regions'. York: JRF. Available at: <https://www.jrf.org.uk/report/tackling-poverty-through-housing-and-planning-policy-city-regions>

<sup>18</sup> Crisp, R. et al (2017) 'Tackling poverty through housing and planning policy in city regions'. York: JRF. Available at: <https://www.jrf.org.uk/report/tackling-poverty-through-housing-and-planning-policy-city-regions>

<sup>19</sup> London Housing Commission (2016) 'Final Report'. London: IPPR. Available at: <http://www.ippr.org/major-programmes/london-housing-commission>

<sup>20</sup> BIS (2011) 'Workplace Employment Relations Study'. London: BIS. Available at: <https://www.gov.uk/government/publications/the-2011-workplace-employment-relations-study-wers>

<sup>21</sup> DCLG (2012) 'National Planning Policy Framework'. London : DCLG. Available at: <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

<sup>22</sup> Ibid.

<sup>23</sup> Clarke et al (2015) 'Understanding the likely poverty impacts of the extension of Right to Buy to housing association tenants'. York: JRF. Available at: <https://www.jrf.org.uk/report/understanding-likely-poverty-impacts-extension-right-buy-housing-association-tenants>

<sup>24</sup> Collins, H. and Lupton, M. (2015) 'Living Rents : A new development framework for affordable housing'. Savills: London. Available at: [http://pdf.savills.com/documents/Living%20Rents%20Final%20Report%20June%202015%20-%20with%20links%20-%202019%2006%202015.pdf?\\_ga=1.42838565.1688980252.1491914231](http://pdf.savills.com/documents/Living%20Rents%20Final%20Report%20June%202015%20-%20with%20links%20-%202019%2006%202015.pdf?_ga=1.42838565.1688980252.1491914231)

<sup>25</sup> Based on a two-person household with no children, with a £80,000 household salary, paying average Band D Council Tax of £1,268 per annum. Source: Institute for Fiscal Studies (2016) 'Where do you fit in?' Available at: <https://www.ifs.org.uk/wheredoyoufitin/>

<sup>26</sup> Taken from Wilson, J. (2017) 'Making the Most of Build to Rent'. London : Future of London. Available at: <http://futureoflondon.org.uk/2017/01/19/london-build-to-rent/> (London Affordable Rent figure is a London-wide benchmark)

<sup>27</sup> London Borough of Harrow (2017) 'Local Housing Allowance Rates'. London : London Borough of Harrow. Available at: [http://www.harrow.gov.uk/info/200205/housing\\_benefit/638/local\\_housing\\_allowance](http://www.harrow.gov.uk/info/200205/housing_benefit/638/local_housing_allowance) (accessed 11/4/17)

<sup>28</sup> Clarke, A. et al (2015) 'Understanding the likely poverty impacts of the extension of Right to Buy to housing association tenants'. York: JRF. Available at: <https://www.jrf.org.uk/report/understanding-likely-poverty-impacts-extension-right-buy-housing-association-tenants>

<sup>29</sup> Average first time buyer monthly costs compared to average shared owner monthly costs, NHF figures quoted in Sim, C. and Davis, S. (2015) 'Shared Ownership 2.0 : towards a fourth mainstream tenure'. Coventry: CIH. Available at: [http://www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/Shared\\_ownership\\_2.0\\_towards\\_a\\_fourth\\_mainstream\\_tenure\\_final\\_report](http://www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/Shared_ownership_2.0_towards_a_fourth_mainstream_tenure_final_report)

<sup>30</sup> See Brownill, S. et al (2015) 'Rethinking planning obligations: balancing housing numbers and affordability'. York: JRF. Available at: <https://www.jrf.org.uk/report/rethinking-planning-obligations-balancing-housing-numbers-and-affordability> and forthcoming 2017 update of the same report.

<sup>31</sup> Taken from Brownill, S. et al (2017) 'Rethinking planning obligations: balancing housing numbers and affordability: 2017 updated figures'. Oxford: Oxford Brookes University. Available at: <http://be.brookes.ac.uk/research/spg/resources/jrfupdate-planning-obligations-and-affordable-housing-report-21032017.pdf>

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<sup>32</sup> Taken from Brownill, S. et al (2017) 'Rethinking planning obligations: balancing housing numbers and affordability: 2017 updated figures'. Oxford: Oxford Brookes University. Available at: <http://be.brookes.ac.uk/research/spg/resources/jrfupdate-planning-obligations-and-affordable-housing-report-21032017.pdf>

<sup>33</sup> Town and Country Planning Association (TCPA) (2016), 'Planning for the climate challenge', TCPA <https://www.tcpa.org.uk/planning-for-the-climate-challenge>

<sup>34</sup> Watkiss P. (2016) Climate change impacts on the future cost of living (Paul Watkiss Associates). <http://www.paulwatkiss.co.uk/documents/FINAL%20Watkiss%20report%2030032016.pdf>

<sup>35</sup> Button D and Coote A (2016) 'Public health in a changing climate' JRF <https://www.jrf.org.uk/report/public-health-changing-climate>

<sup>36</sup> Gupta et al (2016) 'Care provision fit for a future climate' <https://www.jrf.org.uk/report/care-provision-fit-future-climate>

<sup>37</sup> Town and Country Planning Association (TCPA) (2016), 'Planning for the climate challenge', TCPA <https://www.tcpa.org.uk/planning-for-the-climate-challenge>

<sup>38</sup> Burchell K (2017) 'Urban Heat: Community led resilience to urban heatwaves' [http://www.psi.org.uk/site/project\\_detail/urban\\_heat](http://www.psi.org.uk/site/project_detail/urban_heat)

<sup>39</sup> Town and Country Planning Association (TCPA) (2016), 'Planning for the climate challenge', TCPA <https://www.tcpa.org.uk/planning-for-the-climate-challenge>

<sup>40</sup> Twigger Ross et al (2015) 'Community resilience: An evidence review' <https://www.jrf.org.uk/report/community-resilience-climate-change>

<sup>41</sup> Fazey et al (2017) 'Community resilience to climate change: Outcomes of the Scottish borders climate resilient communities project'

<https://www.dundee.ac.uk/media/dundeewebsite/cechr/documents/Main%20Report%20Scottish%20OBorders%20Climate%20Resilient%20Communities%20Project.pdf>

<sup>42</sup> Sayers P et al (forthcoming June 2017) 'Flood vulnerability, risk and disadvantage', Sayers and Partners

<sup>43</sup> Town and Country Planning Association (TCPA) (2016), 'Planning for the climate challenge', TCPA <https://www.tcpa.org.uk/planning-for-the-climate-challenge>

<sup>44</sup> Sayers P et al (forthcoming June 2017) 'Flood vulnerability, risk and disadvantage', Sayers and Partners

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## About the Joseph Rowntree Foundation

The Joseph Rowntree Foundation is an independent organisation working to inspire social change through research, policy and practice.

JRF is working with governments, businesses, communities, charities and individuals to solve UK poverty. Many of the ideas outlined above were drawn from our recent [strategy to solve UK poverty](#) which contains analysis and recommendations aimed at the four UK governments.

All research published by JRF, including publications in the references, is available to download from [www.jrf.org.uk](http://www.jrf.org.uk)

If you would like to arrange a meeting with one of our experts to discuss the points raised please contact:

Brian Robson, Policy and Research Manager  
brian.robson@jrf.org.uk / 01904 615 936 / @jrfbrian