

RTPI response to Homes for the Many: Labour Social Housing Review

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The Royal Town Planning Institute (RTPI)

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Introduction

We welcome this review of social housing and the Labour party's commitment to build 100,000 new genuinely affordable homes every year. It is an issue that has been neglected for too long and requires new approaches. Government needs to support the building of more social housing with both new powers and public funding.

Planning will play a key role in delivering a new generation of social housing. Planning is responsible for deciding what is built and where. It is also integral to capturing uplifts in land value for the public where there is new development. Where planning is strong and supported it can ensure that the right housing mix is developed, along with the social, physical, and environmental infrastructure needed to support it. Building more social homes is crucial to addressing the housing crisis. However, it is not enough to build 100,000 new social homes a year – it is also crucial to ensure they are near centres of employment, with good transport links and access to schools, hospitals and everything else people need.

While most of this response is relevant across the UK, it is most relevant to the situation in England.¹ Please contact RTPI policy officer Tom Kenny, at tom.kenny@rtpi.org.uk with questions or to discuss any of these issues further.

Review – how did we get to where we are?

Several factors have combined to create a major shortage in the availability of social housing. These have developed or continued through various Governments in recent decades.

Reducing amount of social housing:

Late last year the Government [proudly announced](#) the delivery of an additional 41,530 new 'affordable homes' in England compared to the previous year. However this headline hid yet another year-on-year fall in the amount of new 'social housing', that is, rental properties owned by local authorities and private registered providers, with target rents determined through the national rent regime.² The latest figures show that just 5,308 social rented homes were completed in 2016-

¹ The Collaborative Centre for Housing Excellence (CaCHE), which the RTPI is a partner in, has recently drafted briefing papers on social housing in Northern Ireland, Scotland, and Wales, for more information contact urbanstudies-cache@glasgow.ac.uk

² MHCLG, Definitions of general housing terms, <https://www.gov.uk/guidance/definitions-of-general-housing-terms#social-and-affordable-housing>

17 in England, compared to 39,560 in 2010-11. In the period 1950-1980 the number routinely exceeded 100,000 a year. The current numbers being delivered are nowhere near enough to maintain the stock. The CIH [recently found](#) that more than 150,000 homes for social rent have been lost in the last five years.³

The policies of successive Governments have served to reduce the UK's social housing stock. Even with housing rising up the agenda, there is still too much focus on overall housing numbers and not enough on what kinds of housing we are providing. The relationship between housing supply and affordability is neither simple nor direct. Simply building more housing will not solve the affordable housing crisis. Instead it's important to think about the types of housing being developed. And in particular the availability of social housing.

Two of the most important impacts on the social housing stock have been:

- Right to buy has led to a large amount of social housing being lost. And since local authorities cannot retain receipts in order to deliver new social housing, this has led to a large decline in the overall stock.
- A lack of support for council housebuilding has meant that councils are unable to replace the stock they have lost through Right to Buy, let alone to build new stock to meet rising demand. [Until recently](#) local authority housebuilding had almost entirely stopped.⁴ Housing associations have made a significant contribution to housebuilding, but can only provide limited social housing without grant support from Government.

Not giving enough attention to the spatial side of development and supporting infrastructure:

In Victorian and interwar Britain, housebuilding was planned around infrastructure - new road, rail or tram networks, water and sewer pipes, schools and hospitals. Land and resources were used rationally to meet housing need. By contrast, the 1980s, 1990s, and 2000s witnessed a growing disconnect between urban form, land use and infrastructure. This resulted in peripheral, car-based housing estates, increased suburbanisation and dispersed development. Much housing in recent decades has been developed without adequate infrastructure. People living in social housing need access to employment, transport, hospitals, school and other infrastructure. Too often this has not adequately been taken into account.⁵

Policy driving up demand and focusing on promoting home ownership:

There has been a 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 housing stock, this has led to local authorities facing increasingly large housing bills as they are forced to rent on the market. More recently Help to Buy and Shared Ownership schemes have continued this trend.

³ CIH (2018), 'More than 150,000 homes for social rent lost in just five years, new analysis reveals' <http://bit.ly/cih-homes-lost>

⁴ Morphet, J. & Clifford, B. (2017), 'Local authority direct provision of housing', RTPI & NPF, <http://rtpi.org.uk/media/2619006/Local-authority-direct-provision-of-housing.pdf>

⁵ RTPI (2015), 'Urban form and sustainability', <http://rtpi.org.uk/media/1360966/urban%20form%20and%20sustainability%20briefing.pdf>

Rather than directing resources to helping those in highest housing need, they have propped up the house selling market and kept prices high.

Deregulating and defunding the planning system:

All of these problems have been exacerbated by huge cuts to local planning departments. Planners have less freedom and less resources to secure the kinds of developments communities want. This also has a direct effect on the amount of social housing that local planning authorities (LPAs) can secure through developer contributions like Section 106 agreements. Debates about viability renegotiations has been in the news recently, with potentially huge amounts of affordable housing being lost, including social housing. A large part of the problem is the great resource imbalance between developers and LPAs.

Reliance on planning, and developer contributions, to provide social housing:

Whilst the RTPI argues better planning can help deliver social housing, it is crucial that the planning system is not seen as the main vehicle for funding social housing. Every UK Government in Westminster since 1990 has attempted to fund social housing primarily from developer contributions. This has put pressure on the planning system to deliver things it was never supposed to deliver and distracted politicians from the need to make larger changes to tackle the housing crisis. It has also contributed to the tendency of Governments to focus on overall housing targets, believing that affordable housing contributions will solve the social housing issue.

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, it was misguided to imagine this system could be replaced by requiring the planning system to extract contributions from developers to fund social housing. And to imagine that public grant could therefore be removed. Developer contributions like Section 106 agreements were never intended to fund affordable housing, instead being aimed at the infrastructure needed to support the developments. The following are some of the main failings of the current system:

- Huge 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. Making social housing provision dependent on developer contributions in the planning system have directly led to current issues around viability negotiations. This is a particular problem due to resource imbalances between councils and developers.
- The need to secure contributions for affordable housing drives out other potential beneficiaries of developer contributions. In particular this includes infrastructure, which developer contributions were originally intended to be for. This in turn contributes to the unpopularity of new housing developments. Communities have legitimate concerns that developments will not come with sufficient investment in local infrastructure.
- The ability to provide a minimal amount of social housing from developer contributions allows attention to be drawn from needed reforms. Great attention is given to viability negotiations, and maximising affordable housing contributions. This attention would be better spent on achieving badly needed changes such as reforming council tax.

Definition – what should ‘affordable’ mean?

The problems described above are further compounded by confusion around the concept of ‘affordable housing’. ‘Social housing’ is certainly distinct from what is currently described as ‘affordable housing’. The former should be accessible to those on the lowest incomes, whilst the latter is an ‘umbrella term’ for many different kinds of sub-market housing. Other forms of affordable housing can be valuable, however, it is important to emphasise the distinct need for social housing rather than bundle them together. As described earlier, the current lack of substance to the term means that the Government can claim to rising levels of affordable housing being built even when the stock of social rented housing reaches new lows.

Affordable as 80% of market rates is an unhelpful category since it is not tied to local earnings and may therefore be entirely unaffordable for local people. Affordable housing tied to median local incomes is more useful in providing access to housing for local communities, but might still be inaccessible to people on the lowest incomes. Products like Shared Ownership allow access to homeownership for those who might otherwise be unable to access it and as such may have a role to play in future affordable housing mixes. However it is crucial they are not conflated with social housing provision.

The Government should review social rent levels to make them affordable to as many people as possible, and then aim to make this kind of social housing available as widely as possible.

Building – how do we build the scale of social housing required?

There is now widespread agreement that significantly more affordable and socially-rented homes are needed. Saville’s recently estimated the need for sub-market rented housing in England at 96,000 households per year in the UK.⁶ The UK Government’s housing benefit bill is currently over £25bn, yet homelessness is a growing problem. In this context, we welcome the Labour party’s commitment to build 100,000 new genuinely affordable homes a year and would encourage the stipulation that a significant proportion of these be homes for social rent.

It’s not just about numbers – the importance of place

Before discussing how to deliver more social homes it’s crucial to explain why it is important not to focus on numbers alone, but instead 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.⁷

In late 2016 we canvassed our members across the country, leading to the preparation of the policy statement, [‘Where should we build new homes?’](#).⁸ Some of the key conclusions were that a ‘Brownfield First’ approach can only work with investment in getting the land ready, that communities should be well consulted on developments in their areas, and that some greenfield development would ultimately be necessary.

Our [2015 report](#) on ‘The Location of Development’ analysed recent planning permissions across 12 English city-regions, representing over 165,000 housing units. It then analysed them by scale and proximity to major employment clusters and railway stations, in order to explore the

⁶ Savills (2017), ‘Investing to solve the housing crisis’, <http://pdf.euro.savills.co.uk/uk/spotlight-on/spotlight-investing-to-solve-the-housing-crisis.pdf>

⁷ Our forthcoming paper on Location of Development will develop this point further. See <http://rtpi.org.uk/locationofdevelopment> for updates

⁸ RTPI (2016), ‘Where should we build new homes’, <http://rtpi.org.uk/media/2540343/whereshouldwebuild.pdf>

relationship between housing, jobs and infrastructure. We are currently working on the next stage of this work.

Our papers on '[Urban Form and Sustainability](#)'⁹ and '[Poverty, Place and Inequality](#)'¹⁰ 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. It also 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. 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.

Finally poorly planned housing ends up costing the Government more - as the issues associated with poorly located housing development cost money to fix.

Who should be involved in delivering social housing?

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. In particular, local authorities and housing associations have key roles to play.

Support council housebuilding: 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.¹¹

Recent research published on the direct provision of housing from local authorities found that 65% of local authorities are directly involved in housing delivery and that only 9% were not involved at all. This suggests that there is a foundation on which to expand local authority housing provision.¹²

Moreover, if local authorities are to deliver social housing in large numbers this will require new powers for councils and/ or grant support, and far more than the UK Government has pledged so far. Government must shift to thinking about investing in social housing as an investment. Rather than directing resources to a 'help to buy' policy which inflates house prices without helping those in most need, grants should be given to help those in need of sub-market housing. This chimes with a recent Savills report estimating that major investment in social housing in England could save government £23.9bn over 30 years and predicting that £7 billion a year investment in social housing is needed – which suggests that the £2billion over four years announced by the Government is far short of what is necessary.¹³

Support housing associations: They are already consistently delivering 25,000 new homes a year in England¹⁴ 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 get through previous downturns. However they have not come close to filling the gap left by the decline

⁹ RTPI (2015), 'Urban form and sustainability',

<http://rtpi.org.uk/media/1360966/urban%20form%20and%20sustainability%20briefing.pdf>

¹⁰ RTPI (2016), 'Poverty, place and inequality,' http://www.rtpi.org.uk/media/1811222/poverty_place_and_inequality.pdf

¹¹ National Housing Federation (2016), 'The growing Housing Benefit spend in the private rented sector'

<https://www.housing.org.uk/resource-library/browse/the-growing-housing-benefit-spend-in-the-private-rented-sector/>

¹² Morphet, J. & Clifford, B. (2017), 'Local authority direct provision of housing', RTPI & NPF,

<http://rtpi.org.uk/media/2619006/Local-authority-direct-provision-of-housing.pdf>

¹³ Savills (2017), 'Investing to solve the housing crisis', <http://pdf.euro.savills.co.uk/uk/spotlight-on/spotlight-investing-to-solve-the-housing-crisis.pdf>

¹⁴ DCLG, 'Live Tables on House Building', Table 244: <https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building>

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.

Finding investment for new social housing:

Whilst securing investment from elsewhere is desirable, it is also 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', which does nothing to help those in most need, and further drives up demand and prices. It is short-sighted to simply look at grant for social housing as a cost, compared to seeing loan financing as money the Government will get back. By investing in social housing, the Government should save money in the long term by reducing the housing benefit bill.¹⁵

However there are other ways the Government could help unlock new finance for housebuilding. Recent RTPI-supported research on '[Local Authority Direct Provision of Housing](#)'¹⁶ recommended several such options to help finance local authorities to build homes:

- The total removal of the HRA borrowing cap, which would allow local authorities to borrow to build a range of new housing, including social housing.
- Allowing councils to retain Right to Buy receipts to spend on housing
- To use 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
- To allow local authorities to increase/ change the bands for council tax, to fund infrastructure investment through capturing land value uplifts associated with housing development

Securing more developer contributions:

Earlier in this response we highlighted the problems with relying on developer contributions to fund affordable housing. The RTPI does not think that developer contributions should be seen as the main way of securing social housing. However given the current importance of developer contributions to social housing, it is worth considering how to secure higher levels of contributions. In particular this should involve make it harder to renegotiate affordable housing contributions on grounds of viability. Such negotiations may be necessary in some circumstances in light of changes to the market and costs. However, national policy should make it clear that there has to be a very good reason (i.e. exceptional circumstances) to diverge from the locally adopted Plan policy. The flexibility in the planning system is not there in order to underwrite developers' poor land buying decisions and landowners' aspirational values.

A more productive approach still would be to reform the way we tax property and development. This might include:

- Reform of council tax, reviewing tax bands in light of changes in house prices over recent decades.
- Alternative land value capture mechanisms, for example Tax Increment Financing.

¹⁵ Savills (2017), 'Investing to solve the housing crisis', <http://pdf.euro.savills.co.uk/uk/spotlight-on/spotlight-investing-to-solve-the-housing-crisis.pdf>

¹⁶ Morphet, J. & Clifford, B. (2017), 'Local authority direct provision of housing', RTPI & NPF, <http://rtpi.org.uk/media/2619006/Local-authority-direct-provision-of-housing.pdf>

- The introduction of and land value tax, understood as an annual tax on land based on its optimal use as defined by local government. This could be a possible alternative to the current council tax system.

Reducing land costs/ finding land for new social housing: -

Another way to make the financing of social housing easier would be to make more land available for it. One way to do this would be to make social housing a priority for all publicly owned land. There have been several attempts to bring forward public land for housing provision. However, [the New Economics Foundation recently reported](#) that only 20% of new homes to be built on recently sold public land in England will be classified as 'affordable'. As little as 7% would be social housing.¹⁷ Thus it is important to be clear about what the purposes of releasing public land for housing should be.

Another way would be to reform the Land Compensation Act 1961 to allow local authorities, development corporations, and other public institutions like Homes England to purchase land at closer to existing use value. This would allow, for example, councils to buy agricultural or industrial land cheaply and give it permission for housing development. They can then prepare the site and sell some of the land (or houses) at, or close to, market value. They can then use the income generated to fund social housing as well as the infrastructure needed to support it. Again however, it is important to reiterate that this should not be seen as entirely removing the need for public funding of social housing.

Attempts to identify and prepare land for new social housing would also be assisted by more transparent and accessible information on land. The RTPI welcomes recent moves towards opening up the Land Registry, and other land data, most recently by the funding of the Geospatial Commission. It is vital that these plans are materialised and then built on.¹⁸

Standards – How do we secure decent standards in current and new social housing?

Good design is intrinsic to good planning. Design is not simply about aesthetics but runs much deeper, informing the way places function, how people move and feel in them and how inclusive they are for everyone. The following are just a few of the design considerations which must be a part of plans for new social housing.

Inclusive design

The RTPI is a key supporter of the "Inclusive Design" agenda, working with 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.¹⁹ 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.

Designing for health and wellbeing

Health issues are not always acknowledged in housing requirements, even though the quality, design and context of housing can have significant effects on health and wellbeing. Planners have an important role in providing the right housing for populations, along with other built environment

¹⁷ New Economics Foundation, 'Selling public land is making the housing crisis worse – new research', <http://neweconomics.org/2017/03/selling-public-land-making-housing-crisis-worse-new-research/>

¹⁸ See ODI blog for more info: <https://theodi.org/blog/what-will-the-uks-geospatial-commission-look-like>

¹⁹ See Fleck, J. (2017), 'Inclusive environments: a moral issue, a business case and a statutory issue', RTPI, <http://www.rtpi.org.uk/briefing-room/rtpi-blog/inclusive-environments-a-moral-issue,-a-business-case-and-a-statutory-duty/>

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](#)'.²⁰

Environmental design

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.²¹

Fostering design expertise

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.²² The Collaborative Centre for Housing Excellence (CaCHE), is in the process of producing guidance on 'Promoting design value in public rented housing'.²³

Tenants and residents – how do we improve involvement, voice and rights?

We also welcome the focus on the voices of residents. A great deal of the anger and mistrust following the Grenfell tragedy was residents' feelings that their concerns had been ignored for years. This is also a ubiquitous theme in resistance to estate regeneration, with common criticism that changes are being forced on residents rather than agreed with them. Communities should be involved in development, and not in a 'tick box' way. Advice on this can be found in Planning Aid's [Good Practice Guide to Public Engagement in Development Schemes](#) and the [RTPI's guidelines on effective community involvement and inclusion](#). Communities should play a central and leading role in delivering social goods and services and meeting local needs.

²⁰ RTPI (2014), 'Promoting Healthy Cities',
http://www.rtpi.org.uk/media/1119674/rtpi_promoting_healthy_cities.pdf

²¹ <http://www.rtpi.org.uk/media/1585435/Home-energy-efficiency-Letter-from-ACE-to-CHAIR.pdf>

²² Morphet, J. & Clifford, B. (2017), 'Local authority direct provision of housing', RTPI & NPF,
<http://rtpi.org.uk/media/2619006/Local-authority-direct-provision-of-housing.pdf>

²³ For more information on CaCHE contact urbanstudies-cache@glasgow.ac.uk