

The Planning White Paper and affordable housing:

The views of social landlords

A survey by the Affordable Housing Commission



**Affordable
Housing
Commission**



About us

Affordable Housing Commission

This report was published by the Affordable Housing Commission, with research by the Smith Institute and funding from the Nationwide Foundation.

The Affordable Housing Commission was formed in October 2018 as an independent group of housing leaders, chaired by Lord Best. It was founded by the Smith Institute with the support of the Nationwide Foundation. The Commission's main report 'Making Housing Affordable Again: Rebalancing the Nation's Housing System', was published in March 2020. A follow-up report, 'Making housing affordable after Covid-19' was published in July 2020.

For more information visit: www.affordablehousingcommission.org

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Executive summary

This report is based on the Affordable Housing Commission's online survey of social landlords' opinions of the recent Planning White Paper 'Planning for the Future'. In keeping with the Commission's interest in examining the causes and effects of the affordability crisis, the survey focused on whether or not the White Paper proposals will lead to more and better social and affordable housing.

The Commission received 54 responses from social landlords across England. These landlords own or manage up to 900,000 homes.

The headline findings are:

- A clear majority disputed the government's claim that the planning reforms will help build the homes the country needs
- The vast majority of social landlords surveyed think the reforms will lead to less social and affordable housing
- A clear majority of social landlords think the potential benefits are outweighed by the disruption the reforms will cause
- The overwhelming majority of social landlords think it is not the right time to be introducing major planning reforms

The survey results showed:

- Seven out of ten (72%) disagreed with the government's statement that the reforms would deliver the homes the country needs.
- A majority (57%) of those surveyed expected that the reforms would lead to a significant decrease in the supply of social rented homes. Overall, 85% thought the reforms would lead to less social rented homes.
- The results were less pronounced for their own new delivery of social housing. Nevertheless, half the respondents felt it would result in them supplying fewer social rented homes (49%) and affordable housing (47%). Meanwhile only 4% expected to deliver more social rented homes and 11% more affordable homes.
- Over eight in ten (83%) of those surveyed expected that the new national Infrastructure Levy proposed in the White Paper would deliver less on-site affordable housing.
- There was a more positive, but still mixed, view of the government's claim that the planning reforms would result in a simpler, faster and more predictable system. Almost four in ten (39%) agreed with the government's statement. However, four in ten (39%) felt the opposite.
- It was overwhelmingly felt (74% of respondents) to be the wrong time to be

introducing root and branch planning reforms.

- Almost two thirds (63%) felt that the potential benefits of the proposals did not outweigh the potential disruption caused by the transition to a new system.
- In open ended questions, some respondents felt the benefits of the reforms could be to simplify and speed up the planning process. However, the main concern from the majority of social landlords was that the reforms could result in the loss of social housing. Respondents were concerned about changes to the planning gain system, suggesting the retention of Section 106 Agreements or ring fencing part of the new Infrastructure Levy for affordable housing.

Survey details

The online survey was conducted between 7th October and 26th October 2020. There were 54 responses, which were self-selecting.

The respondents represented social landlords providing homes across England: 17 from local authorities and 37 from housing associations.

In which regions do you operate ?



Number: 54 responses

Those responding on average owned or managed 17,000 homes. Together respondents represented approximately 900,000 homes (although the survey could not guarantee that two people from the same organisation responded).

The Planning White Paper

The 'Planning for the Future' White Paper (August 2020) seeks to: “streamline and modernise the planning process, bring a new focus to design and sustainability, improve the system of developer contributions to infrastructure, and ensure more land is available for development where it is needed”. The Secretary of State's foreword to the White Paper states the reforms: “Will help us to build the homes our country needs, bridge the present generational divide and recreate an ownership society in which more people have the security and dignity of a home of their own... to facilitate a more diverse and competitive housing industry, in which smaller builders can thrive alongside the big players, where all pay a fair share of the costs of infrastructure and the affordable housing existing communities require and where permissions are more swiftly turned into homes”.

The government launched a concurrent 'Consultation on changes to planning policy' (August 2020), which covered proposals to amend the standard method for calculating housing need; gave details of the new First Homes scheme, including changes to setting developer contributions; and a scaling up of the Permission in Principle system. These plans follow earlier reforms to Use Classes and Permitted Development Rights.

The White Paper argues that the current, discretionary planning process is overly complex, inefficient and opaque. It calls for a simpler, faster system, which “make land available in the right places and for the right form of development”. MHCLG claims the changes will: “mean more good quality, attractive and affordable homes can be built faster – and more young families can have the key to their own home”.

The proposals are far reaching and include:

- Replacing the existing discretionary system with a new more rules-based system
- Ensuring every area has a new simplified Local Plan, to be developed and agreed in 30 months
- General development management policies would be set nationally, with Local Plans containing design codes and subject to a single statutory 'sustainable development' test (replacing legal and policy tests)
- New much shorter Local Plans would be in one of three categories/zones – growth areas “suitable for substantial development”, renewal areas “suitable for some development” and “protected areas”
- Councils would be responsible for allocating land suitable for housing to meet binding housing targets set by central government
- Changes to the way local communities are consulted on new Local Plans, using online maps

- Replacing developer contributions (Section 106 Agreements and Community Infrastructure Levy) with a new flat-rate National Infrastructure Levy
- Creating a fast-track system for beautiful buildings and establishing national/local design guidance for developers
- Make all new homes 'zero carbon ready'
- Support SME builders and developers
- A simpler framework for assessing environmental impacts and enhancement opportunities and widening the nature of Permitted Development

Survey results

The survey asked two open ended questions at the start to gain a general impression of the pros and cons of the White Paper proposals.

Respondents stated that the main benefits of the planned reforms were likely to be around simplicity, speed and transparency/accountability. For a few respondents the reforms meant there would be less development risk and therefore developers could deliver more homes. It was also said that the reforms to Local Plans could take some of the 'political heat' out of the planning process.

"Hopefully some quicker planning decisions"

"Simplifying the planning framework will hopefully allow us to deliver more homes quickly"

However, others stated that while the goals were laudable, the "devil is in the detail"; that the reforms were rather vague and that there were few positives for social housing providers. This scepticism was evident in the rest of the survey results.

When asked about the main downside of the proposed reforms, concerns centred around affordable housing and planning obligations. There was widespread concern about the removal of Section 106 Agreements and what this would do to affordable housing numbers. Indeed, the vast majority of responses mentioned the potential reduction in affordable housing supply or the removal of S106. There were concerns about increasing the thresholds under a new national Infrastructure Levy so that fewer developers would make contributions to sub-market housing; about social and market housing being in competition, with trade-offs favouring homes for sale; and generally too much focus on homeownership rather than the provision of affordable homes for rent.

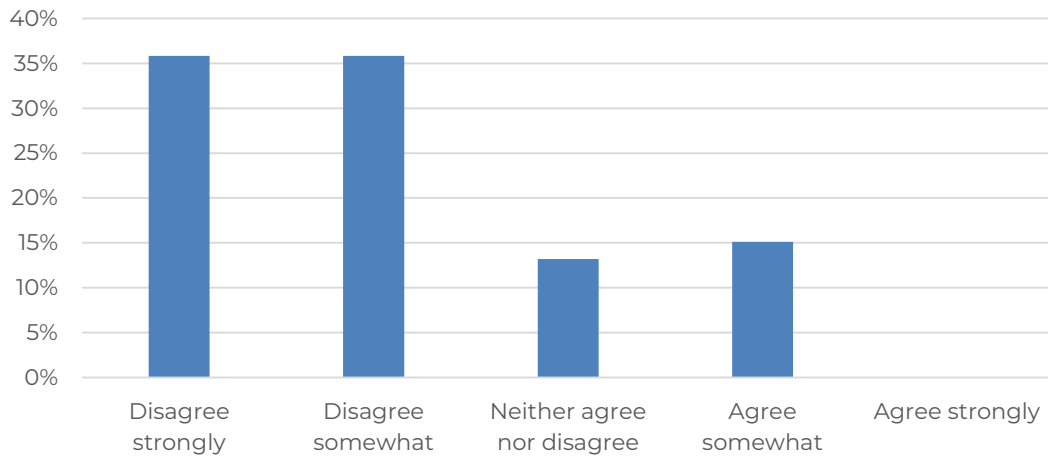
There were also concerns about destabilising the system, build quality, local control (eschewing local and site knowledge) and over new environmental standards. It was also noted that funding for affordable housing could be in competition with infrastructure requirements, which may lead to disputes over scheme viability.

"They will deprive areas of huge numbers of affordable rented homes"

"The huge risk to provision of genuinely affordable social housing through the uncertainty around the removal of S106 (and the destabilising impact on short/medium term delivery of such radical changes to the system)."

The survey asked respondents about whether they agreed with the government's statement that the planning reforms would help the country build the homes needed. There was scepticism from those surveyed, with seven in ten (72%) disagreeing or strongly disagreeing with the statement.

The government states that its proposals will help “build the homes our country needs”. Do you agree?

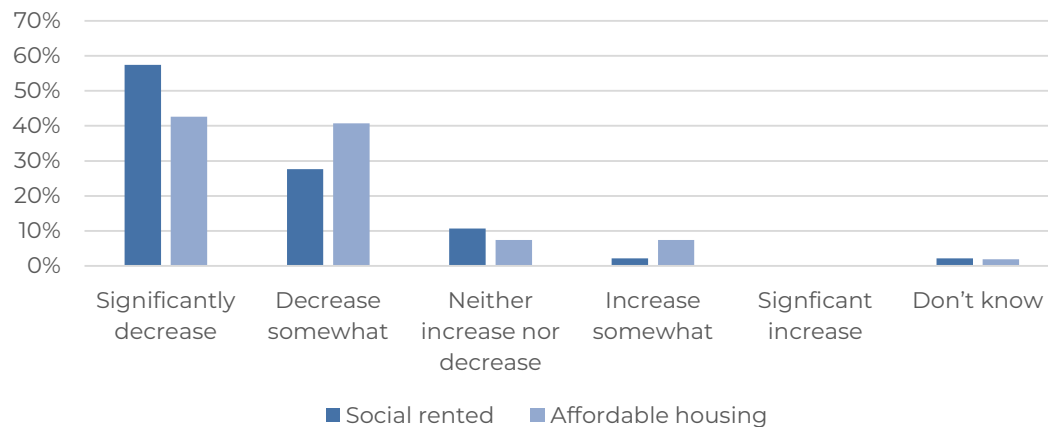


Number: 53 responses

Those surveyed also thought that the reforms would lead to a reduction in the supply of social and affordable homes. A majority (57%) of those surveyed expected that the reforms would lead to a significant decrease in the supply of social rented homes. Overall, 85% thought the reforms would lead to less social rented homes.

Fewer respondents thought that the reforms would lead to a significant reduction in the supply of affordable homes. Nevertheless, over eight in ten (83%) still felt that there would be a decrease.

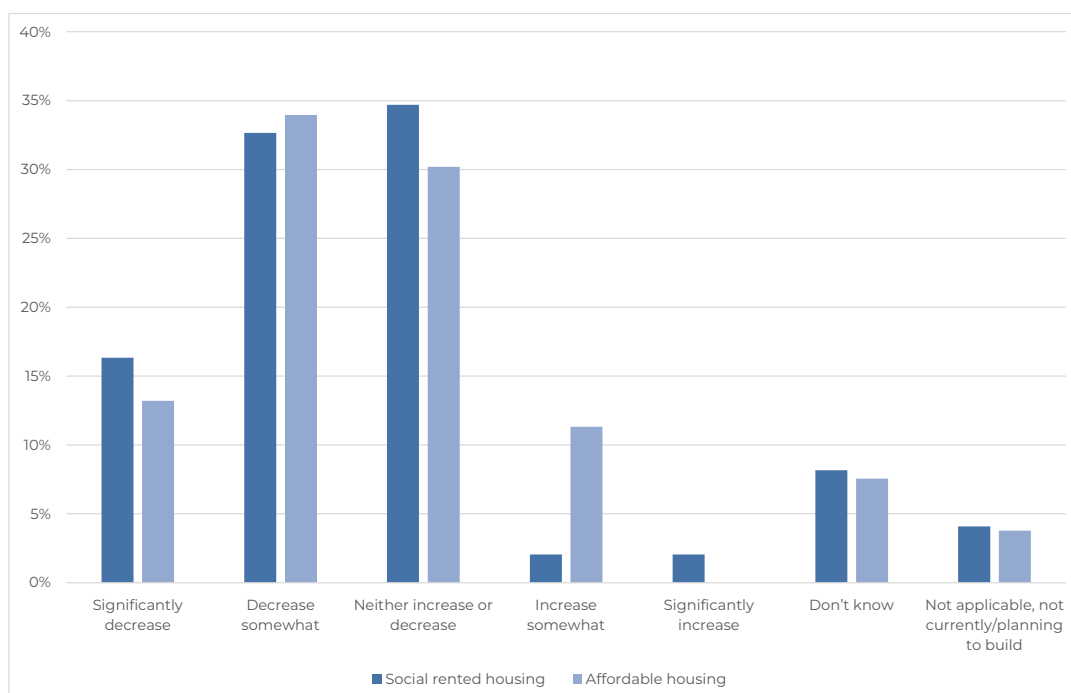
Do you think the proposals will help increase the supply of social rented and affordable homes?



Number: 47 for social rented and 54 for affordable housing

There was less concern about the impact the reforms would have on respondents' own social and affordable housing provision. Just under one in six (16%) felt that their social rented supply would fall significantly and 13% for affordable housing. Around a third felt that the reforms would not affect their social rented (35%) or affordable output (30%). Nevertheless, half felt it would result in them supplying fewer social rented homes (49%) and affordable housing (47%). Meanwhile only 4% expected to deliver more social rented homes and 11% more affordable rented homes.

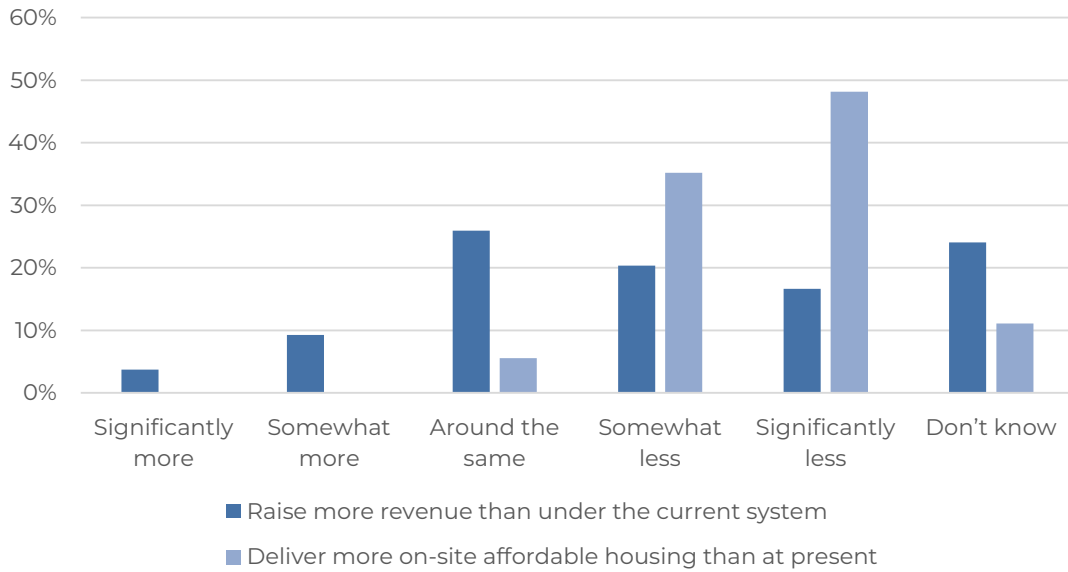
Do you think you as a social landlords will build more social and affordable housing as a result of the proposed reforms?



Number: 49 for social rented and 53 for affordable housing

Over eight in ten (83%) of those surveyed expected that the proposed national Infrastructure Levy would deliver less on-site affordable housing. The picture was more complex for the level of revenue that it would raise. A quarter of responses stated that they did not know (24%) and a further quarter (26%) stated that they thought it would raise around the same level of revenue. Nevertheless, only 13% stated it would raise more revenue compared with 37% stating it would raise less.

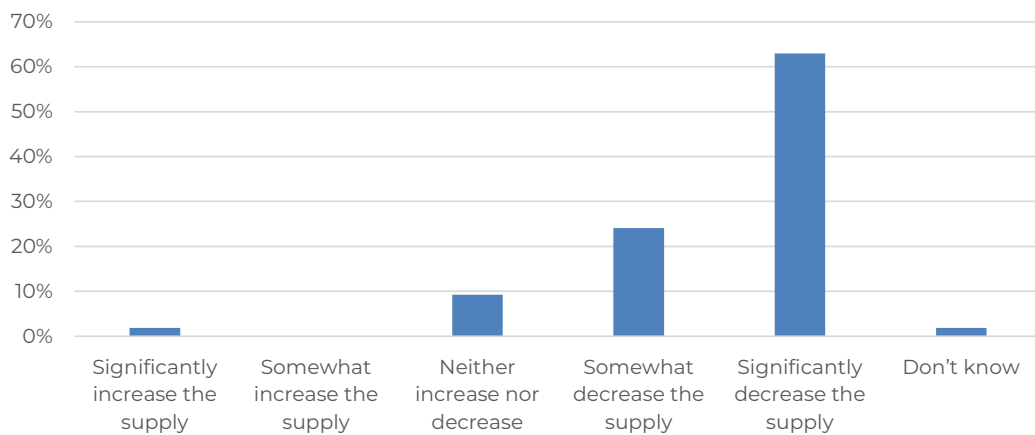
The government states that the new Infrastructure Levy on development will raise more revenue than under the current system of developer contributions, and could deliver more on-site affordable housing than at present. Do you agree?



Number: 54 responses

There was a clear consensus amongst those surveyed that increasing the small sites threshold (up to 40/50 units), below which developers do not need to contribute to affordable housing, would have a detrimental impact on the delivery of affordable housing. Almost two thirds of responses (63%) stated that it would significantly decrease the supply of affordable housing. Overall, nine in ten (87%) thought it would reduce affordable housing supply.

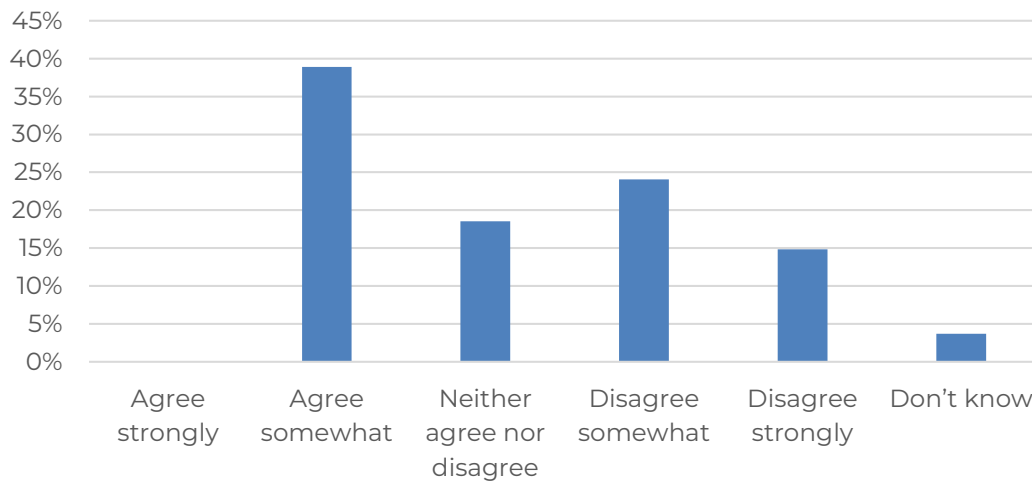
What impact do you think lifting the small sites threshold, below which developers do not need to contribute to affordable housing, up to 40 or 50 units will have on the delivery of affordable housing?



Number: 54 responses

There was a more positive, but still mixed, view of the government's claim that the planning reforms would result in a simpler, fast and more predictable system. Almost four in ten (39%) agreed with the government's statement. However, four in ten (39%) felt the opposite.

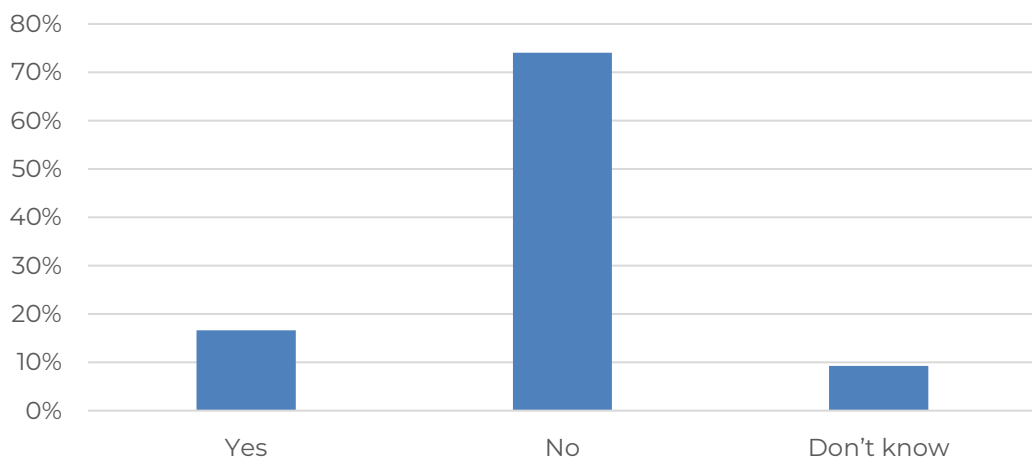
The government states that the proposals will result in “a significantly simpler, faster and more predictable system”. Do you agree?



Number: 54 responses

Despite mixed views on whether it would simplify and quicken the planning process, it was overwhelmingly felt (74% of respondents) to be the wrong time to be introducing the reforms.

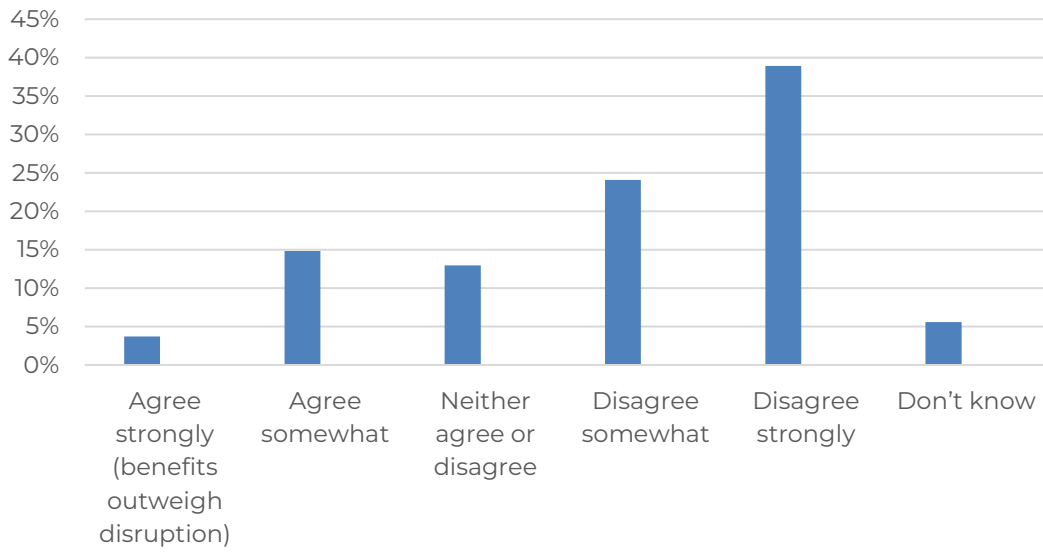
Do you think this the right time to introduce the reforms?



Number: 54 responses

Furthermore, most (63%) felt that the potential benefits of the proposals did not outweigh the potential disruption caused by the transition to the new system.

Do you think the stated benefits of the proposal outweigh potential disruption caused by the transition to the new system?



Number: 54 responses

The survey ended by asking respondents what changes they would like the government to make to the White paper. Respondents focused on ring fencing or having an element of the Infrastructure Levy dedicated to affordable housing. Others suggested that Section 106 Agreements should continue and be kept outside the national Levy system (and for some restrict the Levy to onsite contributions). There were also calls not to increase the exemption thresholds to 40/50 homes.

“Keep affordable housing outside the Levy system and continue to deliver through S.106”

“Ensure that any funds raised through levies will be ring fenced for affordable housing provision”

The First Homes scheme was raised as an issue for some, with suggestion that it should be scaled back or simply not go ahead.

“Remove requirement to deliver 25% First Homes”

“Prioritise the delivery of genuinely affordable homes”

Conclusion

The Planning White Paper seeks to create a “more engaging, equitable and effective system”. According to the Prime Minister the reforms are unlike anything we have seen since the Second World War: “Not fiddling around the edges, not simply painting over the damp patches, but levelling the foundations and building, from the ground up, a whole new planning system for England.”

The reforms are far reaching and will impact directly on future housing supply, including the provision of new social and affordable homes. The government is confident the reforms will provide more and better affordable housing, notably in least affordable places. This survey puts that proposition to the test and asked social landlords what they think, how they see the reforms affecting them and the social housing sector as a whole, and what they would like to change.

The survey places the spotlight on how the different proposals – from the new Local Plans to the Infrastructure Levy, impact on stock owning councils and housing associations. It gives a flavour of how the sector views the White Paper and is intended to help inform the consultation and decision-making process.

Social landlords clearly hold mixed views on the merits and disbenefits of the existing system and most would probably agree with the overall objectives of the White Paper – to make the planning system “more efficient, effective and equitable”. However, it is clear from the survey that the reforms are controversial, although some elements – the new Levy in particular – are more contentious than others, such as speeding up the system.

Overall, the vast majority of social landlords surveyed think the potential benefits of wholesale, radical reform are outweighed by the disbenefits. Three quarters of respondents said now is the wrong time to be introducing major changes to the planning system. A clear majority expected the reforms to lead to a significant reduction in affordable housing, especially new social rented homes. Although respondents said they were less pessimistic about the decline in supply from their own organisation, very few expected to provide more affordable rented homes.

The survey represents a snapshot of the views of social landlords. It was not intended to provide insights into all aspects of the White Paper or to capture differences of opinion on alternative options. But it does give an impression of what the sector thinks and raises some serious concerns over how the reforms might reduce the supply of social and affordable homes.

The Affordable Housing Commission

The Affordable Housing Commission is comprised of: Lord Richard Best, Chair; Sinéad Butters, Chief Executive, Aspire; Ian Fletcher, Director of Policy, British Property Federation; Professor Ken Gibb, Director, UK Collaborative Centre for Housing Evidence; Robert Grundy, Head of Housing, Savills; Kate Henderson, Chief Executive, National Housing Federation; Lindsay Judge, Senior Research and Policy Analyst, Resolution Foundation; Geeta Nanda, Chief Executive, Metropolitan Housing Association and vice-chair of the London G15; Jo Negrini, former Chief Executive, London Borough of Croydon; Martin Newman, Co-founder and Co-ordinator, Giroscope; Jenny Osbourne, Chief Executive, TPAS – the tenant engagement experts; John Slaughter, Director of External Affairs, Home Builders Federation; Gavin Smart, Chief Executive, Chartered Institute of Housing; and Dan Wilson Craw, Deputy Chief Executive, Generation Rent

The Commissioners are members of the Affordable Housing Commission in a personal capacity. The views expressed in this report do not necessarily reflect the views of their organisation.

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