

# Consultation Response Sustainable communities: building for the future

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# Shelter

This briefing sets out Shelter's response to Sustainable communities: building for the future (the 'Communities Plan'). In doing so, it focuses largely on the investment and associated measures in the Plan to tackle homelessness and boost the supply of affordable housing, and the reforms to improve standards in the private rented sector that will be included in the forthcoming Housing Bill.

## Introduction

The Communities Plan sets out the Government's vision for building sustainable, inclusive communities, outlines its plans for achieving a 'step change' in housing policy and identifies how the resources announced in the July 2002 Spending Review will be allocated in the period up until 2005/06 to meet those objectives. The key points are:

- A £5 billion package for affordable housing (including approximately £1.5 billion nationally in 2003/04 and £1.1 billion in London, the South East and the East of England in 2004/05 and 2005/06 for building new affordable homes)
- £500 million to tackle low demand and abandonment in nine 'pathfinder' areas in the North and Midlands
- Further measures to assist local authorities in meeting the Government's decent homes target including a £2 billion budget to fund an expansion of arms length management organisations
- £610 million to facilitate a new housebuilding programme aimed at delivering an estimated 200,000 homes in four growth areas in the South East
- A £260 million programme to tackle homelessness
- New legislation to improve conditions in the private rented sector
- A new regional structure for allocating housing resources with future investment decisions based on strategies drawn up by new regional housing boards
- Further reforms to the Right to Buy, increased support for existing low cost home ownership schemes and a new task force to look more broadly at options for promoting home ownership
- £350 million and further reforms to improve the efficiency of the planning system
- £200 million to improve public spaces and promote 'liveability'

## Summary of Shelter's response

The Communities Plan identifies housing as one of this country's most pressing public policy issues. As it sets out, the shortage of affordable housing in London and many parts of southern England has reached crisis point, with a chronic lack of affordable homes for key workers and record numbers of nearly 85,000 homeless households living in

temporary accommodation. At the same time, many communities in the North and Midlands are suffering from low demand and abandonment.

As the Deputy Prime Minister notes in his foreword to the Plan, these problems are the result of decades of neglect and under-investment and a long term political commitment is needed to reverse them. Shelter therefore welcomes the Plan as marking a significant shift in government thinking and supports the communities-focused approach to policy-making. However, it is important to recognise that it provides only the starting point for the level of commitment and investment that will be needed over the coming years.

Shelter strongly welcomes the priority the Plan gives to increasing the supply of affordable housing and the identification of specific resources for tackling homelessness. However, we remain concerned at the extent to which the new resources for affordable housing will reach those most in need - the record number of homeless households living in temporary accommodation. This is something we will be looking for central government and the new regional housing boards to address as more details emerge about how the money will be spent.

## **Tackling homelessness**

The Plan identifies £260 million in funding for tackling homelessness. The Homelessness Directorate within the ODPM will be responsible for administering these resources which will be focused on sustaining the reduction in rough sleeping, meeting the target to end the use of bed and breakfast for homeless families with children by March 2004 and supporting policies and services aimed at preventing homelessness.

### **Shelter's response**

Shelter strongly supports the identification of specific resources for tackling homelessness. This reflects the very welcome priority that this issue is being given by the Government. These resources will enable the Homelessness Directorate to implement the strategy set out in the More than a roof report and, in particular, to support innovation at the local level in preventing homelessness.

## Increasing the supply of affordable housing

The Communities Plan sets out a £5 billion package to increase the supply of affordable housing. These resources will prioritise the needs of key workers (at least £1 billion of this package will be for this group) and homeless households. It will be largely focused on three priority regions: London, the South East and the East of England.

Year	2002/03	2003/04	2004/05	2005/06	Total 2003/04- 2005/06
Housing investment for affordable housing and improving housing conditions (£m)	1,714	2,425	2,450	2,519	7,394

These figures do not differentiate between capital resources for new affordable housing and other forms of housing investment (reinvestment in existing stock to meet the decent homes target, private sector renewal and shared ownership schemes). However, the Plan makes it clear that investment in affordable housing will total £1.483 billion in 2003/04, an increase of £197 million on the resources announced in the July 2002 Spending Review. This includes £300 million for the Housing Corporation's new Challenge Fund for fast track and innovative new build housing.

From 2004/05, resources currently allocated through the local authority Housing Investment Programme (HIP) and the Housing Corporation Approved Development Programme (ADP) will be merged into a single pot and decisions about how the money is spent will be based on regional housing strategies drawn up by new regional housing boards. The boards will include the Government Office for the Region, the Housing Corporation, the Regional Chamber, the Regional Development Agency, English Partnerships and other relevant bodies. Each board will be required to produce a draft strategy by July 2003 to inform the allocation of resources for 2004/05 and 2005/06.

Although these new arrangements make it impossible to accurately project future spending, the Plan makes it clear that around £1.1 billion will be invested in new affordable housing across the three priority regions in 2004/05 and 2005/06.

## Shelter's response

Shelter welcomes these new resources and the Government's indication that priority should be given to meeting the needs of homeless households. It is right that the biggest

increases in resources are focused on those areas where current shortages are most acute. We also support efforts to help key workers and welcome the move away from indirect subsidy for this group in the form of loans, which do not increase overall supply and encourage house price inflation, towards investment in bricks and mortar, which increases supply and promotes mobility between sectors. We believe that key worker schemes should benefit essential workers on low wages - administrators, porters and cleaners - as well as those on moderate incomes such as teachers and nurses.

However, as welcome as these new resources are, they will not be enough to meet need. In our submission to the 2002 Spending Review No room to play we set out a detailed estimate of the need for affordable housing based on research carried out by the Centre for Housing and Planning Research at the University of Cambridge. This research found that an estimated 90,000 new affordable homes are required each year to meet current and future need, a figure accepted in the recent ODPM select committee report on affordable housing.<sup>1</sup> The new investment announced in the Communities Plan will still leave a significant shortfall against this estimate.

Given the extent of this shortfall, we believe it is critical that new resources target those most in need - the record numbers of nearly 85,000 homeless households living in temporary accommodation. Shelter believes that a national target to reduce the amount of time homeless families spend in temporary accommodation should be adopted to ensure this is given priority.

## **The Right to Buy and home ownership**

The Communities Plan suggests that further measures to modernise the Right to Buy (RTB) will be included in the forthcoming Housing Bill. This follows the recent announcement of a reduction in the maximum discount available under the scheme in 42 local authority areas characterised by high demand for housing. It also suggests that restrictions on the Cash Incentive Schemes (CIS) run by local authorities to assist low income tenants into home ownership will be lifted, and proposes a new task force to look more broadly at options for promoting home ownership.

### **Shelter's response**

Shelter strongly welcomed the recent changes to RTB discounts and believes that other high demand authorities should be able to apply for the reduction. We also welcome the signal that further reforms will be included in the forthcoming Housing Bill. We believe these measures should focus on increasing the supply of social housing lettings, as well as tackling abuses of the scheme. Possible reforms include increasing the initial qualifying period for the scheme and extending the period within which the discount must be paid back if the property is sold on, as well as specific measures to restrict the scheme in regeneration areas.

We also welcome efforts to promote home ownership without reducing the social housing stock, including reforms to the CIS scheme. A relaxation of the restrictions on the scheme - the maximum CIS grant is currently limited to 80 per cent of the maximum RTB discount - would make it more attractive to tenants and help free up some desperately needed accommodation. We also support the creation of the new task force to look more broadly at this issue.

## Planning

The Plan provides a £350 million Planning Delivery Grant and identifies further reforms to help improve the efficiency of the planning system. The existing framework for providing affordable housing through planning obligations (as set out in PPG3 and Circular 06/98) will be updated and proposals will be published to enable local authorities to secure affordable housing on smaller sites. The Audit Commission will also consult shortly on proposals to include the performance of planning authorities, including their responsibilities for delivering housing, within Comprehensive Performance Assessments (CPAs).

### Shelter's response

Shelter believes there is potential to deliver significantly more affordable housing through the planning system. However, as recent research carried out by Cambridge and Sheffield Universities shows, many local authorities are struggling to exploit this potential and, in many cases, the system is not delivering any additional affordable housing at all.<sup>2</sup> We therefore recommend that some of the resources identified in the Plan are spent on assisting planners in developing a better understanding of the development process and, in particular, development finance.

We look forward to the revisions to PPG3 and Circular 06/98 and strongly support proposals to enable authorities to secure affordable housing on smaller sites - we believe that the thresholds currently preventing this should be removed altogether. We also welcome the proposal to include the performance of planning authorities within the CPA process.

## Growth areas

The Plan includes proposals to provide an additional 200,000 homes in four 'growth' areas - the Thames Gateway, Milton Keynes/South Midlands, Ashford and the London/Stansted/Cambridge corridor. £610 million will be provided to facilitate this programme - £446m for the Thames Gateway and £164m for the other areas.

## Shelter's response

We support these proposals, which should provide a focused approach to delivering additional housing in a region where supply is failing to keep up with demand. However, it is critical that resources for affordable housing are available across other parts of London and the South East. Not all housing needs arising in the region can be met adequately in the four growth areas alone and arrangements for pooling lettings will need to be sensitive to the needs of people living outside those areas.

## The private rented sector

The Communities Plan reaffirms the Government's intention to improve standards in the private rented sector (PRS) by introducing a new Housing Bill. This will be published in draft shortly and will be scrutinised by the ODPM select committee before a full Bill is introduced. In addition to bringing forward proposals to reform the home-buying process and amend the Right to Buy (see below), it will include measures to:

- Introduce a licensing scheme for houses in multiple occupation (HMOs)
- Provide new powers to license private landlords in areas of low demand
- Introduce a new Housing Health and Safety Rating System (HHSRS)

## Shelter's response

Shelter strongly welcomes these measures, particularly the introduction of a licensing scheme for HMOs which meets the Government's longstanding manifesto commitment on this issue. Ministers have indicated that the new legislation will be broadly along the lines of that included in the Home Energy Conservation Bill introduced by Dr Des Turner during the last parliamentary session. We hope that, at the same time as publishing the draft Bill, the ODPM will also clarify any issues that are likely to be left to secondary legislation including the definition of what constitutes an HMO and the scope of the mandatory scheme.

We also support the introduction of licensing to tackle bad landlords in areas of low demand. In implementing this, it will be important to ensure that arrangements are in place to re-house tenants who might otherwise be made homeless. Our evidence is that examples of poor conditions and bad management can also be found in areas of high demand. We therefore hope that these powers will be made more widely.

The replacement of the current Housing Fitness Standard with the new HHSRS is also welcome. Ministers have suggested that this may in part provide a vehicle for tackling overcrowding. Shelter believes that they should also give serious consideration to the

measures in Andy Love MP's Housing (Overcrowding) Bill, which is currently before Parliament.

More broadly, Shelter believes these measures should be linked to a wider strategy for improving standards and supply in the sector. We estimate that the failure of the PRS to meet housing need may be adding as many as 10,000 households to the annual affordable housing requirement. To enable it to deliver accommodation to meet a range of needs, including those of key workers and people on low incomes, we believe the recommendations in the report of an independent commission established by Shelter with the support of the Joseph Rowntree Foundation<sup>3</sup> should be adopted. These include:

- New measures to encourage institutional investment in the sector including a new tax transparent vehicle and tax credits to encourage landlords to provide accommodation at sub-market rents
- A legal requirement that landlords should be 'fit and proper' backed up by a statutorily approved code of practice to ensure that minimum standards are met and that tenants, as 'consumers', can challenge bad practice
- Reforms to housing benefit to enable the sector to play a more effective role in meeting housing need by increasing certainty for landlords and reducing hardship for tenants
- The promotion of the Tenancy Deposit Scheme, rent guarantee schemes, voluntary accreditation and other best practice to ensure consistent standards across the sector

As a first step, we believe measures to introduce a statutory Tenancy Deposit Scheme should be included in the forthcoming Housing Bill.

## **Anti-social behaviour and empty properties**

The Plan makes a strong link with policies to tackle anti-social behaviour (ASB) and the forthcoming White Paper and Bill being drawn up by the new Anti-Social Behaviour Unit at the Home Office. It identifies an additional £50m to further expand neighbourhood warden schemes and includes plans for pilot projects to assist local authorities in co-ordinating teams to deal with ASB and related issues in the private rented sector. It also sets out a package of measures to make better use of empty properties, including proposals to give local authorities powers to compulsorily lease long term empty homes.

### **Shelter's response**

Shelter supports neighbourhood warden schemes and, in particular, efforts to improve the response to ASB in the private rented sector - although ASB occurs across all housing tenures, the response up to now has concentrated solely on the social sector. More broadly, we believe the Government must develop a strategy for tackling ASB that



delivers effective solutions, is rooted in evidence and is sensitive to wider policies to tackle social exclusion and reduce homelessness. This should focus on prevention and resettlement, as well as enforcement measures.<sup>4</sup> We also support plans to introduce powers for local authorities to compulsorily lease long term empty properties.

End Notes:

- 1 ODPM: Housing, Planning, Local Government and the Regions Committee: Affordable housing - Third Report of Session 2002/03 (HC 75 - I)
- 2 Tony Crook et al: Planning gain and affordable housing: Making it count (JRF, 2002)
- 3 Private renting: a new settlement; the report of an independent commission established by Shelter with the support of the Joseph Rowntree Foundation (Shelter, May 2002)
- 4 Shelter has produced a more detailed briefing on tackling anti-social behaviour