

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT  
GENERAL COMMITTEES

## Public Bill Committee

### HOUSING AND PLANNING BILL

*Third Sitting*

*Tuesday 17 November 2015*

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#### CONTENTS

Examination of witnesses.

Adjourned till Thursday 19 November at half-past Eleven o'clock.

Written evidence reported to the House.

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**The Committee consisted of the following Members:**

*Chairs:* †MR JAMES GRAY, SIR ALAN MEALE

† Bacon, Mr Richard ( <i>South Norfolk</i> ) (Con)	† Lewis, Brandon ( <i>Minister for Housing and Planning</i> )
† Blackman-Woods, Dr Roberta ( <i>City of Durham</i> ) (Lab)	† Morris, Grahame M. ( <i>Easington</i> ) (Lab)
† Caulfield, Maria ( <i>Lewes</i> ) (Con)	† Pearce, Teresa ( <i>Erith and Thamesmead</i> ) (Lab)
† Dowd, Peter ( <i>Bootle</i> ) (Lab)	† Pennycook, Matthew ( <i>Greenwich and Woolwich</i> ) (Lab)
† Griffiths, Andrew ( <i>Burton</i> ) (Con)	† Philp, Chris ( <i>Croydon South</i> ) (Con)
† Hammond, Stephen ( <i>Wimbledon</i> ) (Con)	† Smith, Julian ( <i>Skipton and Ripon</i> ) (Con)
† Hayes, Helen ( <i>Dulwich and West Norwood</i> ) (Lab)	Thomas, Mr Gareth ( <i>Harrow West</i> ) (Lab/Co-op)
† Hollinrake, Kevin ( <i>Thirsk and Malton</i> ) (Con)	Glen McKee, Katy Stout, <i>Committee Clerks</i>
† Jackson, Mr Stewart ( <i>Peterborough</i> ) (Con)	† <b>attended the Committee</b>
† Jones, Mr Marcus ( <i>Parliamentary Under-Secretary of State for Communities and Local Government</i> )	
† Kennedy, Seema ( <i>South Ribble</i> ) (Con)	

**Witnesses**

Terrie Alafat, Chief Executive, Chartered Institute of Housing

Mike Kiely, Chair of the Board, Planning Officers Society

Trudi Elliott, Chief Executive, Royal Town Planning Institute

Dr Hugh Ellis, Head of Policy, Town and Country Planning Association

Shaun Spiers, Chief Executive, Campaign to Protect Rural England

Duncan Wilson OBE, Chief Executive, Historic England

Duncan McCallum, Policy Director, Historic England

Brandon Lewis MP, Minister of State for Housing and Planning, Department for Communities and Local Government

## Public Bill Committee

Tuesday 17 November 2015

[MR JAMES GRAY *in the Chair*]

### Housing and Planning Bill

9.25 am

*The Committee deliberated in private.*

#### Examination of Witnesses

*Terrie Alafat, Mike Kiely, Trudi Elliott and Dr Hugh Ellis gave evidence.*

9.26 am

**The Chair:** I welcome you all to the third oral evidence session of the Housing and Planning Bill Committee. I am particularly glad to welcome our four witnesses today, from the Chartered Institute of Housing, the Planning Officers Society, the Royal Town Planning Institute and the Town and Country Planning Association. Perhaps you would be kind enough to introduce yourselves for the sake of the record.

**Trudi Elliott:** I am Trudi Elliott, the chief executive of the Royal Town Planning Institute.

**Dr Hugh Ellis:** I am Dr Hugh Ellis, head of policy at the Town and Country Planning Association.

**Mike Kiely:** I am Mike Kiely, chair of the Planning Officers Society.

**Terrie Alafat:** I am Terrie Alafat, chief executive of the Chartered Institute of Housing.

**The Chair:** Thank you all for coming. We have until 10.15 am—45 minutes, or thereabouts—to hear your evidence.

**Q224 Matthew Pennycook** (Greenwich and Woolwich) (Lab): We know we need to build more homes, and I think that there is a broad consensus that we need to build homes across all tenures to meet the demand. Can you give us your view as to whether the Bill as a whole will increase the supply of housing across all tenures? Specifically on starter homes, what do you think the consequences for affordable housing will be? Do you think there is a risk that starter homes will crowd out other forms of affordable housing?

**The Chair:** Answer as you will, but all four of you do not have to answer every question.

**Trudi Elliott:** We commend the Government, and indeed all parties, for their commitment to solving the housing crisis, which is one of our big national challenges. We have not done a detailed analysis of the implications of each of the clauses. We have seen the impact assessment, and certainly the aspiration is that the Bill as a whole will improve supply. Having said that, from our members' perspective, a lot of the challenges of housing delivery are outside the issues in the Bill, including access to finance and a skills shortage right through the supply chain. We are in a position now where, as a result of

previous changes, planning permissions per year are up to 242,000, whereas completions or starts have got up to only between 131,000 and 133,000. So it is the other stuff in the system that will help us to deliver homes that we have to focus on.

I also have to say that there is a massive challenge in local government regarding resourcing in planning. We have recently instructed Arup to undertake a review of all the authorities in the north-west, which is a microcosm of the country. There has been a 37% cut in resource going into planning, particularly development management. Although the officers have managed to keep the statutory targets on target—the granting of permission—there is an impact on both pre-application work and post-planning permission work. Arup summed up the situation to us as being that the system is being kept going on the good will and integrity of planning officers, and that is not sustainable in the future. We have to work collaboratively with local government, Government and the profession to look at how we can address this resource challenge. One of our concerns about the Bill is that we need to ensure that it does not inadvertently increase the burden on local authorities either through complexity or additional demands that are not resourced.

In terms of starter homes, 100 years of planning has demonstrated to us that what successful places need is a range of tenure and homes. We absolutely understand and commend the Government's concern about home ownership. It is a massive aspiration in this country, and the number of people owning their home has gone down. But from the way the starter home provisions in the Bill look as if they are going to be constructed, they have the potential to squeeze out other forms of affordable housing. If the regulations are too rigid, they could reduce the flexibility of local authorities and reduce finance. So in the implementation of starter home provision, we urge the sort of flexibility that enables local authorities and developers to generate mixed communities and ensure that as many schemes as possible are viable and have, both in the long term and short term, a mix of housing tenure.

**Matthew Pennycook:** It would be nice to hear from the other witnesses as well, if we have time.

**Dr Hugh Ellis:** Very quickly, our biggest concern about starter homes is simply the fact that they are not affordable. In many areas, particularly rural areas, the affordability gap between 80% market prices and lowest quartile median income is very stark. We are creating a new powerful legal duty in planning—the first one on housing—that is very much focused on a particular tenure that is not affordable to many people on medium and low incomes. That is a significant issue.

The second issue is more general. Briefly, the Bill is a missed opportunity. This is a nation that pioneered place making for new and renewed communities, at scale, very effectively in the post-war era and has gone on doing that. However, the Bill does not get at the heart of housing delivery. It does not challenge the dominant housing model, which has largely failed, particularly in England. Nor does it deal with things like the objectives for place making or high quality standards, particularly compulsory purchase issues, nor does it create a framework, for example, for garden cities, which this nation pioneered and of which it should be justly proud.

So there is a great sense of a missed opportunity in the Bill. The tools are at our hands, and the evidence, advice and resources, are well developed to put forward a programme that could put us into the delivery of the post-war totals—300,000 to 350,000 homes a year. But that can only be done by recognising that planning is a powerful solution to housing and place making, and is not the problem.

**Mike Kiely:** I agree with what colleagues have said. We have a significant housing crisis, and we need to use all the tools at our disposal. I think a number of elements are missing from the Bill. There are sites out there that are not coming forward, and local authorities need the ability to unlock those sites. The compulsory purchase provisions in the Bill are welcome, but they do not go far enough to enable us to CPO sites that are capable of being developed for housing, but where the land owner is sitting on those sites and speculating on their increasing value.

The other area that is missing, if you look at other more successful cities in Europe and America, is the private rented sector. For some reason that does not fly in this country. The money is out there willing to invest in the private rented sector, but we need to try to unlock it.

My final point is that it is important to assist the bringing forward of affordable housing through varying subsidy means, but subsidising starter homes by 20% for just five years and then allowing that person effectively to get a 25% windfall is very short-sighted. That money will go into the housing system and will inflate housing prices further because it is additional capital that will be at the disposal of people to buy homes, and that will drive up prices. The homes are not affordable to start with, and then they make housing in general less affordable because of the increase in capital going into the system.

**Terrie Alafat:** We also find that the focus on building new homes is positive, and we support all the measures that try to ensure that the planning system enables more house building. We also support the ambition to improve access to home ownership, but it is fair to say that we are a bit concerned that starter homes may crowd out both more affordable rented accommodation and shared ownership. We think starter homes are positive—it is another product for the housing market. We know that we need a variety of products for people on different incomes and with different aspirations, but we also find that that particular product will only be able to help a certain group in the population.

Savills did some research that showed that a normal couple on a medium income would struggle to afford a starter home in 48% of local authority areas, and only about 10% could afford a home in London. So we think this should be an addition to the housing supply, not instead of.

Finally, it is important to look at the affordable rented sector. We support measures to increase the private rented sector, but we have done some analysis to look, within current policies, at the loss of the social rented sector between now and 2020. We looked at existing stock, at existing policies around the shift to affordable rent, at right-to-buy projections—these are all projections—and we could see a loss of about 400,000 units at social rent.

So we would say we are quite supportive. We are looking forward to seeing the detail on section 106 and how that will operate in practice. We suggest there should be as much flexibility as possible at a local level to be able to look at local housing needs, to make certain that they get the right mix of provision on the sites they develop for housing.

**Q225 Matthew Pennycook:** We know that effective place making requires decent infrastructure. Do you have concerns, if starter homes are exempt from the community infrastructure levy, that the necessary infrastructure to build sustainable communities will not be there?

**Mike Kiely:** Almost certainly. It seems an odd public policy to take money away from necessary infrastructure and subsidise a five-year reduction, and then that individual gets the benefit of that public subsidy. When you set your CIL, there is always a huge gap between the moneys that you can bring in through section 106 and CIL and the necessary infrastructure bill. It is always a challenge to provide the infrastructure, and we need to try and get as much money as we can into the public purse to deliver that supportive infrastructure. This will clearly reduce that, and will mean we are less able to provide the schools, highway improvements or whatever that facilitate the functioning of communities. It will be harder for us to do that.

**Q226 Kevin Hollinrake (Thirsk and Malton) (Con):** Ms Alafat, you mentioned in your submission the need for local planning and development teams to have more resources. Do you not feel that the changes contained in the Bill on the planning system—to require a local plan by 2017, to make time timely decisions, and on planning in principle—will effectively ensure that local authorities properly provide the resources for their planning departments and prioritise that to ensure economic development?

**Terrie Alafat:** As Trudi has already mentioned, the reality is that local authority planning departments have been under significant pressure already. It is worth thinking about the implementation of this, given how important planning is, to try to make certain that we have the right resources at local level, but also the right skills. I think that is an important implementation issue. In terms of the Housing and Planning Bill, there are other very good measures being taken—for example, in the private rented sector—that require local authorities to do more on enforcement, but we need to look at the resourcing of that as well.

**Q227 Kevin Hollinrake:** You would accept, then, that local authorities will need to look in more detail at this and prioritise resources in planning departments as a result of the changes.

**Terrie Alafat:** I think that if we are trying to engage local authorities to support house building, we need to give them the tools to do that, but we also need to look at the resourcing issues.

**Q228 Kevin Hollinrake:** That is a matter for them to prioritise, isn't it? Some local authorities have reduced resources within their planning departments back to 50%.

**Terrie Alafat:** Yes, they have.

**Kevin Hollinrake:** That cannot be right. The developers we speak to every single day speak of their frustration with planning systems, because those departments are not properly resourced.

**Terrie Alafat:** Obviously, these are local decisions. Local authorities have to look at their prioritisation across their statutory duties. I am not in a position to decide that for local authorities, but it is fair to say that if housing growth is a priority for the country, we need to look at how to do that with the involvement of local authorities, which have an important role to play. It is interesting that on some of the other proposals in the Bill—pay to stay and the selling off of high-value stock—the funding is going to be taken back by central Government. It is worth asking in the round whether we are giving local authorities the tools and resources to deliver this.

**Q229 Kevin Hollinrake:** Dr Ellis, you referred to the changes in the planning processes as radical. Would you expand on that?

**Dr Hugh Ellis:** The most radical change in the Bill, I guess, is the end of English discretionary planning. The powers in the Bill on permission in principle are extraordinary. They apply to all land and all forms of development contained in the appropriate documents, which is all development plans. There has been a very strong narrative that this will only apply to housing, and only to a small number of houses, but the permission in principle idea, which is as close to zonal planning as we have got in this country, gives the Government the power at any time to introduce it to all forms of development. For example, fracking could easily be a part of it in a minerals plan.

What really puzzles me is, if you want to use this power in a restricted, focused way, why create such an extraordinary level of change in the plan? To give you an idea, the English discretionary planning system was developed in response to zonal planning. It was meant to be more flexible, particularly for the private sector, and more democratic. The zonal planning systems in the US have been extremely problematic. They have been in the Supreme Court 25 times since 1920 because of their explicit use for racist purposes. If you are going to introduce zonal planning, you really have to be careful about how you do it. A White Paper or a Green Paper would have been great.

Discretionary planning and zonal planning are two different cultures and two different systems, and the Bill does not work out how they will mesh together. If you try to drive those two cultures and systems together without an awful lot of forethought, you have a major problem. The balance between permission in principle in the plan and the technical detail later on is important, and the Bill makes it clear that you have to approve the technical detail in accordance. We have created a very, very powerful new mechanism.

The TCPA, looking at 120 years-worth of European and international planning, sees it as a fundamental change. There is nothing wrong with fundamental change, so long as it is carefully worked through so that the issues of local democracy, sustainable development and high-quality outcomes are secured, but we cannot see that any of those critical issues have been fully considered or worked out in this Bill process.

**Q230 Kevin Hollinrake:** But local plans and neighbourhood plans have been through a democratic process.

**Dr Hugh Ellis:** They have been through a democratic process, but at the moment there are two bites of that democracy: there is the democratic process that says that there is a plan allocation, and then there is a second process that says that a planning application comes in on the detail, and you have a right over that as well. That is the two-stage process we have at the moment. If you want to change that, that is fine, but it is a significant democratic change.

The most important issue is a fundamental planning principle that has not been discussed, which is that the detail and the general principle are intimately related. Anyone who does planning will tell you that you cannot make a decision in principle about a site until you know the detail of its flood risk appraisal and the degree of affordable housing you want on the site. To try to split principle and detail as if they are not connected in reality is extremely dangerous. Understanding the principle of a site means you have to understand the detail of its implications.

**Q231 Helen Hayes (Dulwich and West Norwood) (Lab):** You have already touched on some of the issues I was going to ask about. I want to come back to the issue of place making. As representatives of the planning profession—I was once a planner myself—you know that planners try to secure the best possible place making outcomes across all types of planning decision making. Can you comment in broad terms, but perhaps with some detailed examples, on the implications of the Bill for the ability of planning to deliver high-quality places? What consequences might we see in future as a result of the Bill?

**Trudi Elliott:** I suppose one of the challenges with the Bill is the amount of detail that is going to be covered by the regulations. For example, we think that if permission in principle is going to work with a local authority's place-making and plan-making function, an amendment to clause 102 would probably be the way to go. If you limited the qualifying documents to the development plan and the register, and if you limited that to the brownfield register, you have a fighting chance of making this mini-system within a system work within the overall place-making agenda.

As Hugh has outlined, not all brownfield is the same. Part of the reason why brownfield land has not been developed is the constraints of the site. The Government have been looking at the criteria to address that. We think accessibility needs to be added to the proposed criteria—it is a massive issue for place making.

If we do not link homes to jobs, we really are in a difficult situation. The other challenge we have on place making is linking up homes, jobs and the infrastructure required and when that infrastructure goes in. There are places in the Bill where that challenge is acknowledged. One thing we may need to look at is mechanisms outside the scope of the Bill on getting more resourcing into infrastructure, because the more infrastructure we can have, the more sites we can unlock. We are doing work with a number of organisations from Adam Smith to Shelter on land value capture and how we can generate more resource in the system for the necessary infrastructure that creates great places.

**Dr Hugh Ellis:** One brief example in the Bill on place making is changes to urban development corporations. The development corporation model is extremely powerful. There are procedural changes to the way in which we designate urban development corporations, but nothing to secure high-quality outcomes on the corporations themselves—no obligations on place making or quality. Starter homes are another clear example.

The interesting thing is that England is falling very badly behind, both on individual building standards and building techniques in terms of innovation and on the wider project of place making. Internationally, many other cities and countries are doing much better. The reason is that they set democratically very high standards for their industry to achieve. Plainly, with the loss of things like zero carbon and other standards, we have set that process in reverse. There is an opportunity in the Bill, a significant one, to make clear that the achievement of housing growth is both about numbers, particularly for those people most in need, and also about inclusive places and strong place-making standards. That is the English tradition—that is how we built garden cities and how we achieve Letchworth. We achieve Letchworth through very strong planning.

**Mike Kiely:** I want to touch on two things. One is the nationally significant infrastructure projects. The Government are introducing the ability for an element of housing to be provided—we accept that and it is sensible—where it is functionally related to the infrastructure project. The caretaker's house is the example, although you cannot have one of those now and it is a nonsense. Another example would be Sizewell B, where the workers' accommodation will be converted to housing later. That is fine, but there is this “next to or close to” test, which suggests that housing—up to 500 units is suggested—completely unrelated to the nationally significant infrastructure project can be given consent just because it is nearby. I heard that they were talking, or thinking, about fairly significant distances, not close proximity. We are not saying no to including housing in NSIPs, but if we are going to include it, let us have a proper debate about it. The measure seems to be a bit of a fudge and that part of the proposal should be reconsidered.

Permission in principle is a potentially good idea that is in danger of going off the rails. It would be wrong if we see it as a move to a sort of zoning principle, for all the reasons that Hugh has given. It is a fundamentally different way of going about things. It has its origins in complaints largely from small house builders that the outline application process has become burdensome. It has become burdensome because of myriad changes to the planning system over many years, many of which come from Europe. That makes the process more complicated. An outline application is complicated because it produces a planning permission that has conditions attached to it. That is the only point in time at which the authority gets to put conditions on that consent, and therefore it has to look into the matters behind those conditions. That is what drives the complexity. The idea of separating the permission from the conditions was the origin of the proposal, but the measures in the Bill on converting allocations and allocations that go down to five units is a massive additional burden on local authorities.

The people who drafted the Bill have misread the national planning policy framework. On when a strategic housing land availability assessment needs to be produced, it talks of looking at sites larger than 0.25 hectares that are capable of taking at least five units. The threshold is a quarter of a hectare, not five units. In London, that will more than double the amount of work that local planning authorities will have to do on their SHLAAs. I urge you to read carefully your own definition in the NPPF, and use that in the Bill rather than what is in there at the moment. Frankly, every site in London is capable of taking five units, and producing the register would be an impossible burden. If the threshold is at 0.25 hectares, that is manageable. We are doing that work already and we can easily convert it.

**The Chair:** Can I try to hasten us along a little bit? We have taken 25 minutes so far, and we still need to take questions. That is a slow rate of progress. We might try to make questions and answers quicker.

**Q232 Helen Hayes:** I have one more quick question. Could you comment on the implications of the Bill for the involvement of local communities in the planning process?

**The Chair:** Not everyone need answer.

**Trudi Elliott:** We think that that is a problem with the permission in principle, unless you make the amendment we suggest. Some of the documents referred to currently as potentially in scope do not have the same consultation mechanism. Therefore, either the Bill has to introduce a consultation mechanism, or it needs to limit the qualifying documents to those that have proper public consultation. That is the route we would recommend.

**Q233 Mr Stewart Jackson (Peterborough) (Con):** The regulations in the previous Parliament allowing developers to challenge section 106 agreements freed up capacity and new build on dormant sites. Do you not agree that there is a case to be made that starter homes will do the same for marginal, brownfield sites under these proposals?

**Trudi Elliott:** I think any new model must be helpful in terms of giving greater flexibility and potential. It has the potential. I suppose that what we need to avoid is the unintended consequence when something that is potential to somebody could adversely affect either the flexibility of a local authority or the viability of other sites for other developers. I would urge greater flexibility in the implementation of the starter homes and less prescription about percentages, for example. What we know is that the more prescription there is around some of these things, the less flexibility there is for sensible deals to be done between local authorities, developers and communities to get things delivered.

**Q234 Mr Jackson:** It is therefore fair to say that, unless a site that is developed is 100% starter homes, the idea that no infrastructure will be developed is not the case. Another example from recent history is the affordable rent regime, which released extra funding to go back into community facilities infrastructure, along with other tenures. Surely that is the point. There will still be mixed-tenure facilities or developments, but an element of them will consist of starter homes.

**Trudi Elliott:** Yes, and what we are saying is that we should not prescribe what that element should be. We are saying: give more flexibility to local authorities and developers about what will make a scheme stack up financially and deliver that sort of mixed community. What you do not want is a prescribed percentage of starter homes that can then squeeze out other forms of housing, particularly affordable housing.

**Mr Jackson:** You said “can” rather than “will”.

**Trudi Elliott:** Exactly: it can squeeze it out. That is why I am saying that you need flexibility in relation to individual sites and schemes.

**Q235 Mr Jackson:** Dr Ellis, first, I have to say that I think it is pretty risible to compare the proposals in this legislation with Supreme Court challenges to US zoning policy based on racism. That is a ridiculous comment to make, frankly. Can I specifically ask you to concede that one reason why this is quite a strong piece of legislation in terms of direct intervention from the Secretary of State is the failure over a long period of local planning authorities to produce development plans in a timely and expeditious manner? You did not mention that at all in your evidence.

**Dr Hugh Ellis:** You didn’t ask me.

**Mr Jackson:** You didn’t volunteer it either.

**Dr Hugh Ellis:** It is certainly not risible. The Minister, in evidence to the Select Committee on 7 September, was asked about the American and US zonal planning system and said it was an interesting example. My point is that the emphasis is entirely on the Government. If you want to make radical changes to the English planning system, that is of course your democratic right, but you have to be clear and transparent and you also have to have done the work to understand the implications.

The point about zonal planning is that it has major implications across the world. There are successful models in the Netherlands and there are deeply unsuccessful models in the United States. The literature is there and the Department should know that stuff. There is very powerful literature about the impact. I would strongly advise the Committee to look at the equalities impact assessment for the Bill and to ask officials how much work they did in comparing other zonal planning systems across the world in relation to those implications. It is important because we are trying to deliver mixed communities that benefit people in the round. That is the key objective of planning. That means that whatever system we introduce, we have to be absolutely clear about what those implications are for social justice.

In relation to your question about the degree to which plans have been delivered across England, yes, the performance has been pretty poor. That is absolutely true. The question is how we can speed that up. When you get down to the root cause of what those problems are, they are very often, for example, issues around the lack of strategic planning such as how we deal most effectively with strategic housing growth in the south-east. That means that England must have effective strategic planning. The one thing that we have done in the last six years is abolish that framework. That was a profound mistake.

**Mr Jackson:** It didn’t work. That’s why.

**Dr Hugh Ellis:** It worked very well.

**Mr Jackson:** No, it didn’t work. Regional spatial strategies did not work.

**Dr Hugh Ellis:** They worked well—

**Mr Jackson:** They didn’t work.

**Dr Hugh Ellis:** They worked by understanding that there were multiple housing pressures and by dealing with those pressures strategically, making sure that housing growth was linked to where infrastructure was provided and where environmental constraints, for example, provided opportunities. That framework was very important. As we move forward, we need to think about how we can best deal strategically with housing growth. Otherwise, what happens is that communities get extremely pressured in ways that they cannot deal with. They need that strategic support to make truly sustainable places.

**Q236 Mr Jackson:** What I would say, to put it on the record, is that regional spatial strategies delivered the lowest number of homes since 1923 in the last year that they were fully operational before the coalition Government.

I want to move on to the evidence from the Chartered Institute of Housing. Can I ask about this figure of 48%? It is a rather confusing figure. I am always slightly surprised when I see in evidence the phrase “areas north of the midlands”. That doesn’t really specify where that is. What is it 48% of? Is it 48% of population? Have you published the data?

**Terrie Alafat:** Can I just explain? The data that I referred to are from work that Savills has done. Something came out just this week as well. Savills has been doing an analysis of housing markets across the country—it is not CIH research; it is Savills research. Obviously, I could send the Committee the link to the research. It looks at couples—not individuals—on a medium income, so therefore you could have two working people or one working person, and at the 20% discount on house prices in country as a whole. Forty-eight per cent. of local authority areas would struggle. That is not saying “just north of the midlands” or whatever. Savills has produced maps that show that. It is its market analysis. Of course, in London, as we know, house prices are higher. As with a lot of this research, that just gives an indication. One would have to look in detail at any specific area to see how it plays out, but it at least raises the question of starter homes being the answer to home ownership. The only point we are trying to make is that we do not want it to be the only focus in terms of meeting people’s needs. It will mean that some individuals will get access to the housing market through starter homes, and that is a good thing. Indeed, if that means that it frees up more sites and brings more land in for housing, that is all very good because it adds to supply.

The point is that we should recognise that it will not be the only answer. If you start looking at some of the shared ownership products, for example, which have been here for quite a long time—we are hoping there will be more because I think the sector is interested in expanding them—in some parts of the country, they will often be available for high-value property for people on lower income but who still want to get into home ownership. There are always, at any time in any developed nation, a proportion of the population—I have seen different estimates—who cannot afford home ownership at that point. Then you start looking at rented sector and alternatives. That is the only point we are trying to make.

**Q237 Mr Jackson:** You are inviting the Committee to conclude that the 20% discount on the market price is affordable on only 52% of transactions and purchases in the country—you are using local authority areas—and that on 48% it is completely unaffordable. I would challenge you on that, because I do not think that is true.

**Terrie Alafat:** Again, this is looking across the country at couples on median income. It is being used simply to raise the issue of recognising that it is not going to be the answer across the country in all areas to home ownership. That is the point we are making.

**Q238 Mr Jackson:** You are not raising the issue. You oppose the policy, effectively, because of the evidence that you pray in aid from Savills.

**Terrie Alafat:** No, we do not oppose the policy. I have made it clear that we do not oppose the policy.

**The Chair:** We should probably move on. I should perhaps remind you that the witnesses are here better to inform the Committee, rather than necessarily agree with us. That is an important thing to remember. I call the shadow Minister, Roberta Blackman-Woods.

**Q239 Dr Roberta Blackman-Woods (City of Durham) (Lab):** There seems to be a supposition underpinning some of the clauses in part 6 that the reason we are not building enough homes in this country is that planning departments are too slow. Do you agree with that supposition? What do you think could be done to improve the planning system, without bypassing local communities in that decision-making process, as the Bill suggests?

**Trudi Elliott:** As I said, we commissioned Arup to look at this issue in the north-west. They looked at all types of authority in the north-west. They concluded that, where there were statutory targets, local authorities' performance, despite the cuts, had actually improved. We are getting planning permissions through the system quicker and the absolute number of planning permissions has gone up—we are now at 242,000.

What they identified is the crisis in resourcing in planning departments. I acknowledge the comments of one of the Committee Members that this is a matter for local authorities to determine, but the reality is that the crisis in resourcing is impacting on speed in two areas. It is impacting on pre-application discussions, particularly where there is no agreement with an individual developer. They are also impacting on post-grant planning permission matters—the negotiation of section 106 conditions and so on—because there are simply not enough people, and not just in the planning department, because there are associated challenges in legal departments and the need for legal input into some of those issues.

The swiftest way to speed up the system would be for us collectively to ensure that there were sufficient resources in local government planning departments to work the system. What we have got at the moment is a system that requires a level of resourcing in local authorities that they have not got.

They are also having difficulty retaining and recruiting staff. That is something we are trying to address in terms of the overall supply of qualified planners. It is now one of the top five professions for getting a graduate

job, so we are doing our bit at that end, but local authorities are having difficulty recruiting and retaining. That is partly because it is less attractive there. It is not just about salaries; it is about whether you pay your professional subscriptions, continuing professional development and all of that. The quickest way to improve the system is to get more resource into local planning authorities. Every one of my members, 50% of whom are in the private sector and are trying to get developments done, will tell you that that is the quickest way to speed up the system.

**The Chair:** Can I encourage everyone to be as brief as you can? We have 10 minutes left and quite a lot of questions still to go. Can we have brief questions and answers, please?

**Mike Kiely:** On the resourcing of planning departments, we have been here before. When we came out of the previous recession, we were not in the realms of severe cuts to local government. The planning sector was able to gear up with help from the Government, which had a bursary system to meet that challenge. It is a cyclical industry, and we regularly go through cycles and do not learn the lessons.

There are things that the Government can do to increase resources in planning. The development sector and the British Property Federation are lobbying you to increase fees or give us the ability to increase fees for development management work, and that needs to happen urgently. It varies a lot, but on average the fees cover only between two thirds and three quarters of our costs.

Outside London, some of the local planning authorities are quite small, and I question whether they are viable as local planning departments and whether they are able to do the development planning work. That area also needs to be looked at. Authorities combine, but only at the officer level. There is a limit to their efficiencies if they still have to manage 120 or 180 members because they are not combined at the political level. There are things that can be done to improve the effectiveness and resourcing of planning departments.

**Q240 Dr Blackman-Woods:** I have a brief follow-up question. The Government's preferred development model seems to be urban development corporations. We are being asked to pass legislation that will enable them to come through the Houses on a negative instrument. Do you think that is a good model, and should we be doing more to make UDCs locally controlled?

**Dr Hugh Ellis:** The development corporation model can be successful, but it is interesting that UDCs, compared with new town development corporations, have much less opportunity for public involvement, particularly on the designation process. New town development corporations were designated only after a local public inquiry, which seems to us to be very important. The UDC model is designed for smaller scale regeneration.

The point we will go on making is that development corporations were the great legacy we gave to the world to deliver new places. They were the positive part of planning in the post-war settlement, and they were really effective. They are a great vehicle, if they are delivered in the right way and to the right standards, for boosting housing supply, but they need other things. You need a national spatial vision for England, and you need to be able to join demographics and housing

infrastructure. One of the most extraordinary things about this nation is our complete inability to join major transport infrastructure with demographic change. There is no overview of England in that sense, which leads to much more unsustainable outcomes for people, the environment and, ironically, the economy.

It is a great shame that the most effective tools—this is about the tools in the toolbox—for delivering high-quality new places, particularly in relation to harnessing land tax effectively, were the new town development corporations, which were locally led. Buckinghamshire asked for the designation for Milton Keynes in the 1960s. It was not imposed on them—that was news to me and is fascinating. It was worried about piecemeal, badly serviced development all over the county, so it undertook a study and asked the Government at the time for the designation.

That is the choice that England faces. It either faces 340 small authorities attempting to do this in a fragmented way, or it seeks the support of proper, strategic approaches. It is not an imposition, but a recognition that the geography of England is really—

**The Chair:** I think we have got the general gist. Thank you very much.

**Q241 Seema Kennedy** (South Ribble) (Con): Dr Ellis, can I quickly go back to your written evidence? Is all your analysis through the prism of the 1947 Act, the nationalisation of development rights and all those things? Is that the gold standard by which you work?

**Dr Hugh Ellis:** At the time, it was certainly the best way of settling the key arguments about how to control land in the public interest. We represented them in our evidence only because we are struggling to see what the underlying principles in the Bill are based on for this reform package. We are looking for a standard to which you can go back and say, “That’s the kind of planning system we want.” I do not understand from the Bill what our planning system will look like in 2020, how it will fit together strategically and locally, and what people’s rights will be.

Given that we have not had consolidated planning legislation since 1990, which is a long time ago, our planning legislation is extraordinarily complicated. The TCPA is advocating, yes, by all means, let us have change, but let us base it on clear transparent principles: local democracy, the idea of comprehensive planning and high place-making standards. That 1947 settlement was interesting because it was cross-party, particularly driven by solving the land tax problem. That seems interesting to us.

**Q242 Seema Kennedy:** Would you accept, though, that the world has moved on? The nationalisation of planning has not really worked now. Up until 2010 the number of houses it was delivering, in the light of the 1990 Act, was too low and there needed to be radical change.

**Dr Hugh Ellis:** I do, but that was 1990. The 1947 Act and the New Towns Act 1946 delivered at the peak almost 400,000 units a year. That was delivered through effective planning. All that we are suggesting, given the age of our organisation, is that there are some important lessons that we need to learn from the past. I think the

last 20 years of planning reform have all sorts of problems, so you are quite right. We are arguing for a comprehensive reassessment, if that is what we want, of planning. We are arguing against walking blindfolded into a new planning framework where these issues have not properly been discussed.

**Q243 Teresa Pearce** (Erith and Thamesmead) (Lab): Ms Alafat, reading through your evidence, you do not seem confident that one-for-one replacement of right to buy is likely to happen. What are your views on the fact that replacement, if it does happen, does not need to be in the same area? What effect do you think that would have?

**Terrie Alafat:** To clarify the position on one-for-one replacement, we did some interim analysis a couple of months ago. That was, of course, based on what we knew in the policy as it was evolving. In particular, the definition of high value and how that will work in practice has an effect in the receipts that would be delivered.

Our early analysis showed that if you looked a higher-end estimate, the receipts would probably be just enough on the estimates for the right to buy. We were more concerned about the replacement of the local authority housing stock as well. More work needs to be done. We are keen that Government work on the definition and consulting. That is quite positive because that is really important.

The reality is that when you look at the numbers—the receipts that will be generated across the country and where, given the high value, with that definitional issue—there is no doubt that there will be higher receipts in areas such as London and parts of the south-east. The receipts generated in some other parts of the country will probably not be enough to replace in the local area. There will be a whole issue about how the funding is apportioned to deliver the one-for-one replacements. That is still very much up for discussion and there is obviously a lot of work going on around the implementation of the policy.

**Q244 Teresa Pearce:** What do you think the consequences will be for the provision of affordable housing?

**Terrie Alafat:** Again, there is a whole issue about whether the one-for-one is affordable rent or shared ownership, and that is again under discussion. What I pick up from the housing sector is that quite a number of the housing associations are still very interested in providing social rent and affordable rent. We have to see what the mix will be. We will have to see how this actually works in practice. What does it mean to be high-value? What is the level of receipts? What does it mean for one-for-one across housing associations and local authorities? There is a lot more detail that needs to be worked on.

**The Chair:** In the two minutes left to us, Richard Bacon.

**Q245 Mr Richard Bacon** (South Norfolk) (Con): Dr Ellis, you mentioned that it was a failed model, and I think many of us would agree with that. Do you think there is anything in current law or in the Bill that would prevent a local authority from taking a more strategic role—you mentioned Letchworth—in relation to land assembly and land capture?

**Dr Hugh Ellis:** There is not anything that prevents it. The key issue is more about whether it has been enabled. The biggest problem with compulsory purchase and land assembly, which clearly relates to compulsory purchase powers as a last resort, is the compensation code. The compensation code changed radically in 1961.

**Q246 Mr Bacon:** Before you continue, I was not really asking about compulsory purchase. It is not against the law for local authorities to buy land, is it?

**Dr Hugh Ellis:** It is not against the law for them to buy land—

**Q247 Mr Bacon:** And it is not against the law for them to buy agricultural land, is it?

**Dr Hugh Ellis:** No.

**Q248 Mr Bacon:** And it is not against the law, having bought that land, to grant themselves planning permission on it, is it?

**Dr Hugh Ellis:** No, it is not.

**Mr Bacon:** Thank you.

**Dr Hugh Ellis:** I have to say that the issue, though, is the likelihood of that happening. The reason it has not happened over the last 40 or 50 years is—

**Mr Bacon:** Because we have a failed model. Yes, I know that already. We agree on that.

**Dr Hugh Ellis:** No; it is because the enabling powers that would allow local authorities to do that are not in place.

**Mr Bacon:** You have just said that it is not against the law.

**The Chair:** Order. Thank you very much, Dr Ellis. Sorry to interrupt you in mid-flow, but under the rules of the House we have to stop at precisely 10.15 am, when Big Ben chimes. I apologise for that. I thank all four of our witnesses for an extremely interesting and lively session, which I am sure has better informed the Committee. Thank you very much to the witnesses for coming, and for their evidence.

**Dr Blackman-Woods:** On a point of order, Mr Gray. The witnesses are here to give us evidence. It is really important that we are allowed to hear that evidence from the witnesses, and that their evidence is not crowded out by members of the Committee shouting. I do not think that is a sensible way for us to continue.

**The Chair:** I am most grateful to the hon. Lady for that point of order. Certainly, if any member of the Committee were shouting, I would be the first to call them to order. I tend to agree with the hon. Lady, because quite frankly, once or twice during that evidence session I felt that we were tending to disagree with our witnesses. It does not matter if we disagree with them; we should not say so. I acknowledge the hon. Lady's point of order, and certainly, if there were to be any such disturbance I would be the first to come down very heavily indeed on it.

## Examination of Witnesses

*Shaun Spiers, Duncan Wilson and Duncan McCallum gave evidence.*

10.17 am

**The Chair:** I welcome the next panel. We have half an hour to speak to the Campaign to Protect Rural England and to Historic England. Sadly, one of the CPRE witnesses was unable to make it, I think because of ill health. We wish him a speedy recovery. I am sure that Mr Spiers will do a doubly good job. First, I ask the witnesses to introduce themselves for the record.

**Shaun Spiers:** I am Shaun Speirs, the chief executive of the Campaign to Protect Rural England. I am a generalist, and the person who is missing is the planner.

**Duncan Wilson:** I am Duncan Wilson, the chief executive of Historic England.

**Duncan McCallum:** I am Duncan McCallum, policy director at Historic England.

**Q249 Dr Blackman-Woods:** The CPRE has expressed concern that the starter home developments contained in the Bill will crowd out other forms of affordable housing. Clearly, the Minister has said that he thinks local authorities will be able to negotiate for other types of development as well. Will the members of the panel say whether or not they are convinced by that?

**Shaun Spiers:** No, we are not convinced. We think that it will crowd out other forms of development. The local authority will have a duty to provide starter homes. Local authorities find it hard enough to negotiate section 106 agreements, very often from a position of weakness in which they have to meet extremely high—really, implausibly high—housing numbers. If they have to negotiate starter homes as part of their agreement with developers, it is highly unlikely in many cases that they will also be able to negotiate any truly social or affordable housing.

**Duncan Wilson:** I am not sure that that question is particularly for us, but more generally, anything that increases pressure on local authority resources is going to make life more difficult for us in arguing the case for the historic environment.

**Q250 Dr Blackman-Woods:** The CPRE has also expressed concern about the affordability of starter homes. Do you want to say anything more about that? Do you think the discount should be in perpetuity? Also, do you think that it will deliver more homes for rural areas?

**Shaun Spiers:** Our concern is particularly about rural affordable housing. The deal between the National Housing Federation and the Government to sell off rural affordable homes, which are affordable in perpetuity, will make it extremely hard to replace those rural homes, because it costs more to build a social house in a village. There is less land available, and there are relatively few specialist advisors. So if you sell the social housing in villages—in four fifths of villages there is no opt-out at all, and in one fifth of villages there is an opt-out but not a full exemption, so some of the larger providers who have only a few rural homes will have an incentive to sell them—it will be extremely difficult to replace those homes. Replacing them with starter homes that can be sold on the open market within five years, and which in

any case will cost an average of eight and half times median rural wages—that is median rural wages, not lowest quartile wages—is no substitute.

The question for the Government and the Committee is, are we content to see villages become the preserve only of people who can afford to buy a home, or do we hold by the idea we have all had of villages for centuries, that they are genuinely mixed communities?

**Q251 Kevin Hollinrake:** Mr Spiers, on that point, you have obviously read the voluntary agreement between the Secretary of State and the National Housing Federation. It details the fact that housing associations would have discretion not to sell, for example where a property was in a rural area and could not be replaced. Does that ease your concern?

**Shaun Spiers:** It does not ease it at all, I'm afraid, for two reasons. One is that it is a discretion. Some specialist rural providers, such as Hastoe Housing, which gave evidence to the Committee last week—the chief executive of Hastoe and I are meeting the Minister tomorrow to discuss this point—have said that they will not sell. Other, larger providers, who have a few really high-value properties that are harder for them to maintain, because most of their stock is in urban areas—they might have those properties because of transfers or takeovers over the years—will be quite likely to sell them.

The other thing is that in the agreement between the National Housing Federation and the Government, the definition of “rural” is extremely narrow. It excludes about four fifths of what we would regard as rural areas, and it is almost impossible to get a rural area designated as rural by the Secretary of State under the current agreement. So the Rural Coalition, a group which includes the Campaign to Protect Rural England and the Country Land and Business Association, has proposed a much more comprehensive and much clearer definition of “rural” to the Government, but unfortunately the Government have not so far adopted it.

**Q252 Kevin Hollinrake:** I accept that you are keen to get a definition, but as to your point about housing associations, Mr Orr said last week in evidence that housing associations

“do not want to move away from the business of providing housing for people who are in the greatest housing need”. —[*Official Report, Housing and Planning Public Bill Committee*, 10 November 2015; c. 37, Q89.]

Why would you feel that they are likely to sell off houses when local communities need them?

**Shaun Spiers:** I think the whole point is that rural areas are different. Even if you think that all housing associations are still thoroughly motivated by social need—there is a question mark over the ethos of some of the larger housing associations, but even if you accepted that they still had a social mission—it would be quite legitimate for a housing association to say, “We will sell this affordable home in a Cotswold village, where it has got high value, and build two homes in a lower-value area, and that fulfils our social mission”; and so it may. The CPRE is about rural England and about keeping a social mix in villages, and once that house has been sold it will be very difficult to replace it.

**Q253 Kevin Hollinrake:** Talking about some of the provisions in the Bill, such as the brownfield register,

I know the CPRE has been very keen on providing housing on brownfield sites. How do you think that will play out in future housing development?

**Shaun Spiers:** We were very pleased to see the brownfield register. There is a statement in the impact assessment that says that we have wildly exaggerated the availability of brownfield sites. We did research with the University of the West of England to show that there was enough suitable brownfield land, most of it already in planning, to provide 975,000 homes, and that that stock is constantly replenished. We do not understand why the impact assessment queries that, because we have never seen any analysis from the Government to query it. That aside, the fact of the brownfield register is a positive thing. It will make smaller sites available for small builders, which is a big need—possibly for self-builders. I think that when the brownfield register is completed it will entirely verify our 1 million figure.

**Duncan Wilson:** If I might comment on the brownfield register from the Historic England perspective, I should start by saying that we are also in favour of brownfield development, but the national planning policy framework contains a number of checks and balances which we are concerned may be lost, perhaps inadvertently, in whatever process emerges from the brownfield register proposals. That is more about the law of unintended consequences than anything deliberate, but it is not entirely clear in the Bill how it will operate. That may be left to statutory instrument or ministerial statement, but we would like to see it explicit at the outset so that we could be confident that the role we have under the present system to make the case for the historic environment is not entirely bypassed by the brownfield register.

The factors that we normally highlight either need to come into play at the inscription of the site on the register or in the technical detail stage. By calling that stage the technical detail stage, there is an implication that nothing very major can be raised. So we have do some concerns. Let's take the example of a brownfield site in a conservation area. Our concerns relate to the sensitivity of a development in terms of massing materials or the archaeological implications of developing a brownfield site, which could be missed. They might not be known when permission in principle is granted, but might subsequently become clear. The present system allows some due diligence to take place before final permission is granted. We are concerned that the new system may not allow for that stage.

**Q254 Helen Hayes:** Taken in the round, the Bill introduces some fairly substantial reforms to the planning system. Could you comment on the extent to which, in your respective areas of expertise, you think that rural and heritage matters will continue to receive appropriate attention at the appropriate stages in the planning process and whether you have any concerns?

**Duncan Wilson:** I refer to my previous answer. Our main concerns relate to uncertainty around the brownfield register. We do not believe the present process, at least on our part, is unduly cumbersome. Our turnaround time on planning applications and listed building consent is 99.8% within 21 days, with an average turnaround of 12 days. From our perspective, I am not sure the proposals are shooting at the right target. We acknowledge that local authorities are very stretched, and we have been doing our best to make up for those deficiencies with

additional training and support for planning departments, but realistically it is a much bigger problem than we can address. There at least needs to be some acknowledgement of that, as well as a streamlined process.

**Q255 Helen Hayes:** On the concern about permission in principle and technical details, what would be an appropriate balance of heritage-related inputs at each of the two stages of the proposed new process?

**Duncan Wilson:** The problem with permission in principle is that the present system allows for reserved matters that can be resolved further down the line. We are not sure that the provisions of the brownfield register would effectively do that. In effect, we are comparing it with outline planning permission and detailed planning permission. It seems from the way in which the brownfield register has been talked about that there is not much you can do once you have given permission on the brownfield register for the site to be developed, in terms of conditional clauses relating to archaeological investigation or perhaps some fairly fundamental design points. It is a question of clarifying where that comes into play and whether it can come into play before inscription on the register.

We would not want whole categories of site not to be inscribed on the register because these factors have not been sufficiently examined. The issue is more about how it will work in practice, which can be sorted out. Our starting point is that brownfield development is a good thing, provided that it is reasonably sensitively designed where that is an important factor.

**Duncan McCallum:** Some sort of light-touch desk-based assessment to cover that and spot the things you cannot see immediately may be a way around that. It would give some reassurance that any development that takes place on that site is going to be satisfactory and, most importantly, that there are not going to be any unexpected discoveries. Obviously you cannot predict everything that might turn up, but it would give some reassurance that you are unlikely to find anything of great value on the site, so the development can go ahead.

**The Chair:** The CPRE wants to get a word in edgeways. Mr Spiers, please go ahead.

**Shaun Spiers:** On permission in principle, we noted in our evidence that we are concerned that it might complicate matters rather than make them more straightforward, but that can be worked through. The overriding view is that the brownfield register is positive and will relieve rural areas from inappropriate development—urban sprawl and so on. Obviously we do not want brownfield land of high heritage or environmental value to be developed, but that should not end up on the register.

I have emphasised my point about the right to buy, but one other point on that is that the Government and the National Housing Federation set a great deal of store by covenants. They say that housing on rural exception sites will not be sold off because it is protected by covenants, but we are concerned that those covenants might not be sufficiently strong and could be subject to challenge. If we do not want housing on rural exception sites to be sold off now or in future, but the Government are not prepared to give a full rural exemption, it would be good to have a total rural exemption for housing built on rural exception sites now or in future, because

we know that landowners will not sell housing at a discount or gift housing for affordable homes if they are not affordable in perpetuity.

The last point about the effect of the Bill on rural areas is that we think there is scope to introduce a neighbourhood right of appeal, which would encourage neighbourhoods to engage with the local planning process and to come forward with land in their village, parish, or indeed urban neighbourhood for development. They would want, though, to be protected against appeal or the sort of the decision that was made in Northamptonshire at the end of last month, where, on the day when a neighbourhood plan went to referendum, they were made to accept a development that was not in the development plan because the local authority did not have a five-year housing land supply.

It will be very hard to persuade the many neighbourhoods throughout the country that are not engaging with the neighbourhood planning process to do so unless that process is better protected. A small neighbourhood right of appeal, quite narrowly defined, will help to encourage rural parishes throughout the country to engage with the neighbourhood planning process and volunteer more housing than might be in the local plan.

**The Chair:** Five colleagues want to ask questions in the 12 minutes remaining, so brevity is of the essence.

**Q256 Chris Philp (Croydon South) (Con):** You just raised the issue of local plans, Mr Spiers. Do you welcome the provision in the Bill that effectively requires local authorities to have a local plan in place by 2017, otherwise one will be developed for them? That could avoid exactly the kind of risk you outlined a moment ago.

**Shaun Spiers:** Yes, we think local authorities should definitely have a local plan. Currently, local authorities are not completing local plans in part because of how the housing numbers are calculated and the fact that local authorities do not feel empowered to resist housing numbers that will have bad environmental consequences. As well as the stick, the Government should provide a carrot by looking again at how housing numbers and objectively assessed need are calculated.

**Q257 Chris Philp:** Will both witnesses confirm what I think is their view, namely that the emphasis in the Bill on brownfield development, combined with the maintenance of the sanctity of the green belt, should protect rural England from overdevelopment?

**Shaun Spiers:** If it was as simple as that, it would. We welcome both the emphasis on brownfield and the sanctity, as it were, of the green belt, but we are extremely concerned about the fact that local authorities will be required to commit to implausibly high housing numbers—sometimes double the average housing output over the past 15 years—which will mean they will have to release sites, sometimes in the green belt and sometimes in areas of outstanding national beauty, which will then be developed by developers and the brownfield sites will go to waste. You cannot crack this problem unless you also look at how the housing numbers are calculated. The report we published yesterday is a cracking read, and I commend it to everyone.

**Q258 Teresa Pearce:** Mr Spiers, you said that you do not have any confidence that the voluntary agreement, with the exemption for rural stock, will happen. Do you think that exemption should be in the Bill?

**Shaun Spiers:** I think that there should be a full exemption for rural areas, properly defined, in the Bill, yes.

**Q259 Teresa Pearce:** In your evidence you said, on the agreement between the National Housing Federation and the Government, that you feel the right to buy failed to follow the guidance in the Treasury's green book. If they had followed the guidance, what would they have had to do?

**Shaun Spiers:** We have written to the Secretary of State, and we are meeting the Minister for Housing and Planning tomorrow to discuss this issue. As far as we know, there has been no rural briefing. To follow the guidance, the Government would have to think that rural areas are different. It is harder to build a home; the way homes come forward is different; wages are lower; house prices are higher; and 8% of the stock is affordable stock, compared with 20% in urban areas, so there really is a rural difference.

**Q260 Mr Bacon:** Mr Spiers, you mentioned self-build. What scope do you think there is, particularly in rural areas that are provided for in chapter 2 of the Bill, to encourage local communities to do more self-build and custom house building? Does the CPRE see that as a problem, or do you welcome it?

**Shaun Spiers:** We think there are lots of questions about how it will work out in practice. The wording in the Bill is not sufficiently clear, and it is certainly not sufficiently clear to me. This is one of the areas on which I wish Matt Thomson, our head of planning, was with us. It would be useful if local authorities were required when allocating large sites to devote a proportion of the site to self and custom build housing, which would get the small and medium-sized enterprises going and provide better-quality housing.

**Q261 Mr Bacon:** So in principle you support it.

**Shaun Spiers:** In principle, we are very keen on self and custom build housing, yes.

**Q262 Mr Bacon:** You said that landowners are unwilling to gift land or give it at a discount unless they think it is protected in perpetuity. Do you think there is a role for landowners to work more closely with, or even create, mutual housing co-operatives or to work with community land trusts to create the in-perpetuity protection that you are talking about?

**Shaun Spiers:** Yes, I do. The in-perpetuity affordability is absolutely key. There is no limit to demand for housing in a rich Cotswold village. The difficulty is providing affordable housing.

**Q263 Mr Jackson:** On the specific point about starter homes, as you know, Mr Spiers, for the past year or so the policy has been governed by ministerial fiat in respect of rural exception sites, which you mentioned earlier. Given that many people in villages want to try to retain familial links with their sons and daughters who perhaps do not have the wherewithal that they had to buy starter homes in villages, is it not better that you

have some new homes within the framework of starter home policies within the village envelope? Most local planning authorities do not allow homes to be built in the open countryside; they allow them to be built only within the village envelope. It would formalise the situation in a more satisfactory way if there were more starter homes for local people in the village. In that respect, notwithstanding what you said about affordability, surely that is cumulatively a positive development.

**Shaun Spiers:** It may be, but it depends. You need to take it on a village-by-village basis. Villages should grow organically, and in some villages there may be a need for starter homes or even marker homes. We should not confuse starter homes with affordability. If somebody buys a starter home and rents it the next day, makes it into a holiday home or whatever, you are not meeting the crying need—

**Mr Jackson:** But that is not going to happen.

**Shaun Spiers:** It could happen. From the CPRE's point of view, the crying need in rural villages is for socially rented housing that is affordable in perpetuity. That does not come at the exclusion of other things, but I think a starter home that is at 80% cost for five years and then is sold on the open market is meeting not that need, but a different need. It is helping the village to expand for anyone, but it is not meeting the needs of local people.

**Q264 Mr Jackson:** In reality, is not the present situation just one extreme—that is, unsatisfactory infill, rural exclusion and probably small-scale? For those local authorities that do not have development plans and five-year supplies, an urban extension is stuck on the end of a village, where 100 homes might be built. The starter homes policy potentially, with the other permissive policies that are outlined in the Bill, actually achieves a medium and delivers more homes for people who cannot buy at the market rate.

**Shaun Spiers:** It may do—it has to be on a village-by-village basis. There is a danger of over-complicating things. The best thing for villages that want to expand and take on more housing is to engage with a proper neighbourhood planning process and to have their social stock protected. Some villages will benefit from starter homes and some villages will regard them as imposed on them and not benefiting the village in the long run. But a proper neighbourhood planning process can help the village grow organically and control its social mix.

**Mr Jackson:** We agree on that.

**The Chair:** We have a few more minutes left. Does anyone have other views on the Bill that have not been winkled out in the course of our conversation so far?

**Duncan Wilson:** As I said at the outset, we are supportive of the development of brownfield land. We are not quite sure about whether the mechanism is going to work, although we could be convinced about that, and we understand the general objectives. Our general observation is that the national planning policy framework is working well and we do not want to disrupt that, because it allows the case for the historic environment, from our perspective, to be put and assessed by the local planning authority. We do not necessarily disagree with the objectives of the Bill, but would like to know more about how it is going to work in practice.

**Shaun Spiers:** The one area that I have not mentioned is that, where the permission in principle works—we are slightly sceptical about it—it should trigger a neighbourhood planning process whereby a neighbourhood can draw down funds to develop a neighbourhood plan, and shape the development that is in the outline plan and ensure its quality, the mix of housing and so on. That would help to get local support for high-quality development, which is one of the things everyone wants. We could use the neighbourhood planning mechanism alongside the permission in principle.

**The Chair:** Mr Hollinrake has thought of a last-minute question.

**Q265 Kevin Hollinrake:** Mr Spiers, you concede that, if a property is sold through the housing association through the extension of right to buy, the person living there is still part of that social mix?

**Shaun Spiers:** They are while they carry on living there. They can sell it on, though, and that has been the problem with the sale of council houses in villages. Villages have been transformed by the sale of council houses. The village that I partly grew up in had council houses built in Cotswold stone with Cotswold slate roofs paid for by a local philanthropist. They have almost all now been sold on the open market because they are very desirable houses built to Parker Morris standards. They are not for local people anymore. Portable discount, maybe; but if you want to have villages in 20 or 30 years' time that have a genuine social mix of the sort all of us have always thought was intrinsic to village life, we need to think again about the right to buy as conceived in the Bill.

**Q266 Kevin Hollinrake:** Your villages must be different to my villages. I live in a rural area in north Yorkshire that is quite expensive, but a lot of the properties sold into the market through the original right to buy have people on lower incomes still living in them, having either bought them or rented them. I cannot accept that that is not part of the social mix you are trying to ensure. Those properties tend to be less expensive than the other properties in those villages.

**Shaun Spiers:** Do you think that that will be the case in 20 years' time?

**Kevin Hollinrake:** It is certainly the case now; we are 20 years on from the original right to buy, are we not?

**Shaun Spiers:** I can assure you that it is not the case in many villages across England.

**The Chair:** We have come to the end of our allotted time. To both Historic England and CPRE, thank you very much for your evidence, which has been extremely useful for the future deliberations of the Committee.

#### Examination of Witness

*Brandon Lewis MP gave evidence*

10.45 am

**Q267 The Chair:** We come to the high point or the low point—I am not sure which—of our deliberations: the Minister will address us. It is the high point of our deliberations, no matter which party we come from.

I take this opportunity to welcome to the panel the Minister, Mr Brandon Lewis, who I know wants to make a few opening remarks. I remind the Committee that we are here not to disagree or, indeed, to agree with the Minister, but to enlighten ourselves about his views with regard to the Bill.

**Brandon Lewis:** Thank you, Chair. I am not quite sure I can live up to the introduction of being the high point, but I will be happy if Members decide to support and agree with me. I appreciate the chance to say a few words about what we have heard so far and the purpose of the Bill. I want my comments to match the main themes of what we have been talking about so far, so I will begin by looking at starter homes and housing supply and management.

We have heard a lot about the importance of affordable housing, which I have no doubt we will return to over the next few weeks. I want to clarify, from the outset, that affordable housing is a priority for the Government. That is why we have committed to build more new affordable homes than in any equivalent period in the past two decades. Hon. Members on Second Reading and those who have given evidence and spoken in Committee so far have underlined the need for affordable homes, including for social tenants, which we agree with, but as Ian Fletcher said last Tuesday, we cannot look at the Bill in isolation from wider Government policy on housing. We are already making social housing more affordable by cutting rents for housing association and local authority tenants. That is equivalent, by the way, to £12 off the average weekly social rent. Indeed, we have seen more council homes built in the past four years than in the previous 13 years.

It is now the turn of those who want affordable housing to buy. Starter homes are the next stage in our package of affordable housing support for everyone across tenures. I found it helpful therefore to hear Richard Blakeway confirm that the GLA welcomes the introduction of starter homes and the Government's focus on promoting home ownership, with a real role for starter homes in London. We heard fears from those such as Councillor Philip Glanville, who said that starter homes would cost £420,000, but as the Committee has heard, the Council of Mortgage Lenders says that first-time buyers purchase properties costing an average of £280,000 to £290,000 in London, as well as across the country. There is also a 20% discount for starter homes. I hope that puts those concerns to rest once and for all.

I will give a couple of examples. In my constituency, you can buy a two to three-bedroom new build home for £145,000 to £160,000. In the constituency of the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Nuneaton (Mr Jones), you can buy a two-bedroom apartment for £125,000 or even £95,000, and a three-bedroom house for £150,000. When you then put a 20% discount on those homes, let alone linking them to the Help to Buy scheme that the Government have brought in, it really makes home ownership affordable for people again.

Tim Pinder and Mark Patchitt expressed their concerns about the amount of compensation the Government will give to housing associations. I want to assure the Committee and be very clear that we will provide full compensation for the discount and that housing associations will retain the sales receipt, enabling them to invest in

the delivery of new homes. They also asked why such a commitment was not in legislation. We heard comments this morning from Shaun Spiers about things he would like to see in the legislation around the voluntary agreement for the right to buy. It is worth remembering the exact words of David Orr, who made it very clear that this is a “voluntary deal” and that the “core principles” will be the basis on which it operates. I will be very clear: we legislate only where we need to.

We have heard a lot from London over the past few sessions. Witnesses from the LGA and London local authorities gave strong evidence about the scale of the housing challenge in London. The LGA said that we need to build at least 230,000 homes in the capital. I was pleased to see a number of witnesses agree that the measures in the Bill will increase housing supply and, indeed, housing supply in London. Amendment 1 and new clause 1 propose a way of going further. I look forward to discussing those at the appropriate time over the next few weeks.

Whether we talk about one home extra being built for every one sold, or two built for every home sold, let us be clear: before the extension of right to buy, a relevant social property might not have gone to someone new for another 20 or 30 years, or even longer. Now, not only will that home help somebody into home ownership, but the sale will deliver at least one extra home within three years. It is a good deal for Londoners and for the rest of the country. We heard concerns about how it will be funded. Richard Blakeway believed the sale of high-value council houses would cover at least the cost of the discount and the cost of re-provision in London. We are doing complex thinking about how to best implement this and we are working and liaising with local authorities. As you have heard, I am still meeting various bodies.

On ensuring social rents better reflect income, we will flesh out various provisions in secondary legislation. Putting the detail in regulations allows the policies to be influenced by the debate in Committee. Further analysis and the views of local people will also be taken into account—those people will implement the policies on the ground—which is something Governments have practised for generations.

We welcome thoughts, as always, but, as we debate the clauses, my hon. Friend the Under-Secretary and I will be clear that we owe it to housing associations, councils and those on the ground to resist any amendments that will limit our ability to adapt the detailed implementation of the policy. We need to do this based on the feedback that we get on various issues over the next few months. When we get to clauses that give the Secretary of State the power to make regulations, the Committee may wish to reflect on the flexibility of those and how adaptable they can be. Many of our witnesses, including this morning’s, have expressed support for the approach in that flexibility.

I want to touch briefly on our reforms to the private rented sector. We have heard from Campbell Robb and Jon Sparkes, for example, how important it is to have a secure home. I know many witnesses want us to go further to crack down on rogue landlords. David Smith, for example, wanted the most serious offenders to always go to court, and I know that many already do, but I am happy to look into how we can go further to get the worst representatives—those rogue landlords—driven

out of the sector. The vast majority of landlords support those who rent their homes, and the Bill will help them go further to do so.

We all agree that the planning system needs to be streamlined in order to deliver more homes to rent and more homes to buy. We want developers to know where suitable brownfield land is, and we will make the planning process more predictable by allowing planning permission in principle to be given. We want those who wish to build their own home to know it will be easier to do so, and therefore boost the economic recovery of small builders, too. We are improving neighbourhood planning. Local plans have been around for more than a decade. Despite some of the reasons given in evidence so far, the time for excuses is over. If plans are not in place, I make no apologies for intervening and making sure that we work with communities to get them done, representing people in their communities.

Finally, as I said earlier, the Bill is part of our wider package to help people into home ownership and to deliver a full range of affordable housing across all tenures. I hope we will not have too many Divisions over the next few weeks. On clauses where we divide, I ask Members to consider this: everyone on this Committee wants more homes for people to buy or rent. We all want to make it easier and safer for people to live in their properties or to manage them effectively. Every clause in the Bill helps such things to happen, and every vote against helps to prevent or delay it. I am happy to take any questions the Committee may have and I look forward to debating the Bill with everybody in the next few weeks.

**Q268 Dr Blackman-Woods:** We have heard from a number of witnesses—perhaps not the ones mentioned by the Minister—who pointed out that starter homes, although welcome, are not an alternative to genuinely affordable housing. On what evidence base did the Government decide to prioritise the delivery of starter homes above all other types of affordable housing, and what do they mean for our meeting the delivery of affordable housing targets locally?

**Brandon Lewis:** They are part of the mix. The recession has meant that first-time buyers have been very hard hit. I am proud of the fact that we now have roughly double the number of first-time buyers that we inherited back in 2010. That is good news, but we want to go further and do more to help first-time buyers get the chance to own a home of their own. Help to Buy was a part of that and has played a huge part in the more than 200,000 helped since 2010 by Government-supported schemes.

Help to Buy has meant that people can get a home with a 5% deposit, but does not deal with whether homes are affordable to purchase. We are making it clear that an affordable home is not simply a home to rent; many people—86% of our population—want to own their own home. One of the things that I find most disappointing is people arguing against that. With great respect, Shaun Spiers—whom I like and meet with regularly—spent a long time making a case for why people in villages should not have a chance to own their own home. I absolutely refute that. I want to do everything possible to ensure that people who aspire to that chance to own their own home get the opportunity to do so, whether through the extension of the right to buy or through creating starter homes.

Starter homes will give people the chance to buy a new home of their own at a 20% discount on the market value. New two-bedroom homes, including white goods, are being built in parts of the country for £129,000. A two-bedroom home can be under £150,000 in my constituency and, as I said, in the constituency of the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Nuneaton (Marcus Jones), under £100,000. With a 20% discount and perhaps a link to Help to Buy, buying a home is affordable again. That is an important thing to be doing.

Furthermore, that is only part of the mix, which is one of the points that I have made in response to questions and before the Communities and Local Government Committee only last week. No one is saying that the Bill in and of itself deals with the entire housing market. The Bill does part of the job and the Government are doing a lot of other things. The housing market includes people with shared ownership, the affordable rental sector and social renting, market-priced housing, and private rented sector housing, as well as the retirement housing that is coming forward—there is a whole range of tenures. Starter homes are only part of the mix.

**Q269 Dr Blackman-Woods:** We all accept that starter homes are part of the mix, but what will the Bill do to ensure that the whole mix is delivered? From witness after witness, we have heard that the prioritisation of starter homes will crowd out other sorts of affordable housing, which are needed as well. On what evidence base did the Government come up with the plan to prioritise starter homes over everything else?

**Brandon Lewis:** I am sure that we will debate such matters over the first few sittings in the next week or so, but I draw attention to my opening remarks in answering your question. When first-time buyers are the hardest-hit part of the housing sector, it is entirely appropriate for us to do what we can to help them. I am slightly surprised at your comment, which I would reverse: why for so many years has no one been making the case for people who want to own their own home being crowded out of the affordable housing market by other forms of affordable housing? For the first time we are able to introduce a product that will create new homes for people who want the chance to be able to afford to buy their own home, alongside affordable rent as part of the mix. To say that something that does not exist yet is crowding anything else out seems anomalous.

**Q270 Dr Blackman-Woods:** However, do you accept that it is quite unusual to come up with a policy where witness after witness says that we all think it is good to support starter homes, but not at the expense of other types of housing, which are very much needed as well?

**Brandon Lewis:** You have also had people making the point that this is not necessarily at the expense of other things and is part of the mix. For example, Dr Ellis from the TCPA made your point today as well, but, with the greatest of respect, this is also someone who tried to make the case that the regional spatial strategies worked, despite the delivery of the lowest level of housing starts since 1923; argued that the Bill brings back segregation; and at other times argued that Hull is about to disappear as an area. I therefore do not give

that a lot of credibility. A lot of other people have made the case for starter homes being a good thing, not least the tens of thousands of people who have registered to buy one. We will do all we can to deliver for them.

**The Chair:** I now have eight Members who have caught my eye for the 25 minutes left to us. With mutual respect and by keeping things as short as possible, we can get everyone in.

**Q271 Stephen Hammond (Wimbledon) (Con):** Is there any evidence to suggest that starter homes will necessarily crowd out other low-cost ownership, or indeed that every starter home will be built at the maximum? Is there not some evidence, particularly from the Council of Mortgage Lenders and others, that a number of the starter homes might be built well below that cap?

**Brandon Lewis:** Absolutely. That is a key point to bear in mind, which we managed to flush out of Councillor Glanville eventually. Other witnesses have made that clear, including the Council of Mortgage Lenders. We have put in a cap and made it very clear what the price limit will be. We expect to see that delivered. Also, the 20% discount is at least a 20% discount. I would not be surprised if we see people coming in with bigger discounts, which would also help to move this market.

I have just listed some homes, and people can look on Rightmove themselves—I wrote a blog for it just a couple of weeks ago—and find plenty of new-build homes at well below £200,000 and in some areas below £100,000. I expect to see that. When we then link that with the 20% discount on top of the market price, and if somebody can also link it with Help to Buy, then somebody earning £20,000 or £25,000 to £35,000 who has been effectively locked out of the ownership market since the great Labour recession suddenly has a chance to own their own home again. I think that is a really good thing.

You make a really good point about the mix. We will continue to see a mix. People sometimes underestimate—or maybe do not understand the housing market enough to appreciate—the way that large developments in particular work. Housing associations work in partnership with large developers. There are a number of very large developments that private sector developers are building at the moment in partnership with housing associations. They will not want to change that. They both want those joint ventures, both financially and in delivering the mix. Some housing associations are building in phenomenal numbers at the moment, and are looking to go further. We will be working with them to deliver that. In schemes in London or outer London, or indeed other parts of the country, you can see them working together. The finances of that work for both developers and housing associations, and both have made the case publicly and in this Committee about the importance of a mix of tenures on a site. I think we will see that continue.

**Q272 Stephen Hammond:** Presumably it is that mix that gives you confidence that some of the infrastructure that is needed will be built.

Mr Spiers, and indeed the GLA, have suggested that 95% of the brownfield sites are already under development or have planning permission attached to them. Is that a number that DCLG recognises?

**Brandon Lewis:** No. What we have said we will do, and what we were elected on a manifesto to do, is to make sure that 90% of brownfield sites have planning permission by 2020. I do agree with Shaun Spiers and others who have commented that we need to identify these brownfield sites. I have worked with the Campaign to Protect Rural England over the past year or so to make sure that we do everything we can. We all want to see those sites built out first. The brownfield fund is also part of making sure that we deal with some of the viability issues of some of those sites. It is important that we encourage local authorities to do this. Having the register out there in a way that is transparent and in the public domain will help that. Planning permission in principle goes a long way to help that.

You also make a very good point, as Mr Jackson did earlier, about infrastructure. By having mixed sites and larger sites, of course the part of the site that is not delivering starter homes will still be creating both the community infrastructure levy and section 106 agreements, where that is appropriate and relevant for that local authority. That is putting aside local growth fund issues and devolution deals, which are also providing infrastructure. It is right to do so, and we need to make sure that we are providing infrastructure as well as well designed homes for people.

**Q273 Helen Hayes:** Yesterday in the Communities and Local Government Committee, we heard evidence from four councils. Two of them were Conservative-led, one Liberal Democrat-led and one Labour-led. All of them gave very compelling evidence that, despite the comments you just made about the ability of the Bill to deliver a mix, it simply isn't there. They talked about the way in which the 1% rent reduction will undermine the ability of councils and housing associations to deliver new socially rented stock. One of the councils was up against its borrowing limit on its housing revenue account already, and said that once that is taken into account the receipts from homes that are sold under the right to buy will not be there to replace homes that are lost to the rental market.

The evidence from housing associations, which was previously heard by this Committee and also by the Communities and Local Government Committee, is that while many of them say that the Bill will deliver more homes as a whole, most of them say that they as individual housing associations will be delivering fewer of those homes at social rent. I am afraid that I am just not convinced by the statement that starter homes will be part of a mix, and that they will not crowd out much-needed homes for rent. I would be very grateful if you would say a bit more about where the evidence is for those statements, because I have not seen it.

**Brandon Lewis:** You have conflated a few things there, so I will try to cover all of them if I can. First, the 1% cut is obviously an advantage to tenants in social housing of both local authorities and housing associations, and I am slightly surprised that you seem to be against us reducing the costs for residents.

Local government has done a phenomenal job in the last few years of realising efficiencies, sharing management, sharing chief executives, reducing its costs. I will be quite up-front about this, as I was in the Select Committee: I think local government can go further. I think it has a long way to go in doing similar things on planning.

Touching on some of the evidence given this morning, I think that local authorities can go a lot further in terms of having good resilient resource as well as saving efficiencies.

Housing associations have not been subject to that kind of transparency. I think a 1% reduction year on year over the next four years is not an unreasonable thing for the public to expect them to do, which tenants then benefit from as well. Equally, I have spoken to housing associations that have made the point to me that they expect to reduce their rent by 4% to 5% next year, in one case because they are being challenged by the private rented sector. That is no doubt because social housing rent has gone up in the last four or five years by roughly double what the private sector has. We need to be up-front about that.

You say it affects housing supply, but we have housing associations saying quite the opposite. The largest, Sanctuary, is talking about increasing housing supply; L&Q just last week, I think, published the fact that it has had a very successful bond issue to go and build further. It has very ambitious plans to build more, some of which, like others, it does in partnership with private developers. It shows and backs up the point in the closing remarks of David Orr in his evidence. He said that yes, this will drive up housing supply, and yes, housing associations will want to deliver starter homes. That is a good thing.

Touching on the point about HRA, we have to be very cautious about the housing revenue accounts situation. We gave local authorities some headroom last year for those who wanted to bid to go a bit further if they were near the headroom. There is more than £2 billion-worth of headroom in the HRA nationally for local authorities to use to build, and I think that they should be doing that if they want to show they are building more. We also need to bear in mind, however, that any use of HRA affects the public sector borrowing requirement. It affects the country's books, and we need to do what we can to make sure we are managing our deficit so that we can get on top of the debt we inherited.

**Q274 Helen Hayes:** South Cambridgeshire District Council told us yesterday that it was up against its borrowing cap on the HRA, which meant that the receipts from homes sold under the right to buy would not yield sufficient funds to replace those homes. I hope that you will look at the evidence session, because I do not think that the evidence from four councils from all political persuasions, which was very powerful yesterday, should be ignored.

I want to ask about the issue that was raised in the earliest evidence session this morning about the lack of quality standards for the delivery of affordable homes and for urban development corporations. How confident are you that those measures will see genuinely high-quality development going forward?

**Brandon Lewis:** Actually, if you look at some of the papers put out by the NHBC over the last few months you will see that—don't get me wrong, as Housing Minister I get people coming to me, and when I visit sites I see issues out there, and I am not pretending for a minute that people buying new homes do not have issues from time to time; we have all done it, and I have done it as well—the reality is that, from a general point of view, we build some of the highest-quality homes in

the world at the moment. That is good, but it does not mean we cannot look to go further. I make the point quite regularly that I think we should be looking to ensure quality of build and quality of design—design is important not just in terms of what homes look like but also in terms of master planning.

On starter homes and affordable homes, I put together a design panel earlier this year that is still in place. Starter homes are a very good example of where quality is important to us, which we made very clear by having some of the most renowned architects involved in that—Terry Farrell, Quinlan Terry and others. It has put forward design templates, so that we can say to people that if they buy a starter home, it will be at least as good as homes designed by some of the best architects this country has to offer. If a local developer with the local authority comes up with something that is better or more appropriate for them, then I believe in trusting local people to make local decisions. But starter homes will be at least as good as the best architects that we have can design.

**Q275 Maria Caulfield (Lewes) (Con):** I am pleased to hear that the starter homes are a mix of the affordable housing element. I wondered if the Minister could confirm—we did not hear it in the evidence in either session really—that for those on a low income, being able to afford a mortgage is crucial because mortgage monthly payments are significantly lower than rental monthly payments in the private sector. Could the Minister shed any light on that? Encouraging people to be able to own their own home would help those with low monthly incomes.

**Brandon Lewis:** Absolutely. I have seen plenty of examples of people who have made that case to us over the past few years—they are in the private rented sector and are paying a certain amount in rent, but when they work out what the equivalent mortgage cost on that home would be, it is roughly half. Usually it is at least 30% less than their rental costs, but more often than not it is 40% to 50% less. The challenge had always been around getting a deposit together to buy that home. That is what the Help to Buy scheme was about, as it allows people to buy their home with a 5% deposit.

I come back to a point I made earlier about starter homes: if you are able to buy a starter home, particularly in the kind of price range I outlined, which you see partly in East Anglia and certainly outside London—the evidence session with Shelter was quite enlightening in pointing out that this debate is about more than just London—and if you can get a 20% discount on market value, that makes it affordable again. It makes it a real possibility for someone—especially people in the private rented sector but potentially in the affordable rented sector and the social housing sector, as well, with right to buy—to look at it as a chance to own their own home. I come back to the fact that we were very clear: we were elected on a mandate to deliver home ownership to an extra 1.3 million people. We are very aware of the fact that 86% of that population want a chance to own their own home and we will do everything we can to support them in reaching that ambition.

**Q276 Maria Caulfield:** To return to the point about delivering one-for-one in the right to buy sector, I asked in a previous evidence session about housing associations looking at other models of house building—not just

traditional house building but perhaps things like modular house building—but we did not really get an answer from the housing associations. What are your thoughts about alternative ways of building? Also, on pay to stay, we have heard that housing associations are worried about the 1% cut in council housing rent yet they could not say why they are not implementing the pay to stay measures that are already in place for those who earn £60,000 a year or more. That would bring them some income, so why are they not doing that to fund new house building?

**Brandon Lewis:** There are a few points in there. On build-out rates and different types of building, I absolutely agree. The reality is that, generally, we still build homes in the way we did 20 years ago—sorry, 100 years ago—which means it takes, on average, 20 weeks to build a house, if the weather holds out. Modern technology means you can build a house much quicker. I have seen two two-bedroom semi-detached homes built in a day. Modular homes can be built in a couple of weeks. They are high quality and have very high energy efficiency. I highlight that, because they do not need any more regulation on zero-carbon homes—those kinds of homes deliver that. That really speeds up the rate of delivery.

The National Housing Federation, on behalf of its members, has been talking to us with some very ambitious plans for going further. We are already seeing organisations—Sanctuary, L&Q, Gemini and others—looking to be quite exciting with what they are building. They already build a mix of tenures, with market properties to sell as well as affordable private rented sector and social sector properties as well. They are looking more and more at that kind of modern technology. If we can do that, we will see a dramatic sea change in the way we deliver housing, certainly in terms of the scale and speed at which we can do so. One of the biggest challenges we face—I appreciate that this is slightly outside the remit of the Bill, but it highlights my earlier point about the Bill being part of the solution—is that we still have house builders building out on sites at an average of 50 homes a year. With modern technology we could easily convert that to 200-plus homes a year. That is where we should be looking to go. There is a real opportunity there.

The extension of right to buy through housing associations will help housing associations release capital and get access to capital. That allows them to build homes that would not otherwise exist; hence David Orr's point, which he made quite clearly, that this will drive up housing supply. Every time a home is sold, that creates an income and a generation of asset that that housing association can use to build more homes. The reinvigorated right to buy scheme was introduced in 2012. There have been three years to build homes, and at the moment we are ahead of schedule in terms of building one for every one sold. In London, it is closer to two. We can expect to see that with the extended scheme. In some parts of the country, that will mean more than one home built for every home sold.

**Q277 Matthew Pennycook:** Minister, this is not in the Bill, but you have indicated previously that regulations will allow starter homes to switch to full market value after five years. I am struggling with that logic, and I wonder whether you can help me: at a time when you are asking for Government, across all Departments, to

make greater savings, and given that the rationale is to ensure an affordable home ownership offer, what is the logic for giving people that windfall rather than ensuring that starter homes remain in perpetuity as affordable homes?

**Brandon Lewis:** I am happy to answer. We went through this at the Communities and Local Government Committee, so you might want to have a look at the transcript. There are schemes selling homes at a 20% discount in perpetuity—Pocket Living, a super product in London, is a good example. We are saying something slightly different for two reasons. First, this is not about building any number of starter homes—they stay in perpetuity and therefore you can slow down building, which is what happened with social housing under the previous Labour Government. We will need to build starter homes and to keep building them. We want to build 200,000 in this Parliament, but not stop there. We need to keep building them for first-time buyers going forward and to see that number grow and grow.

There is a clear logical reason for mortgage lenders, bearing in mind that we want people to be able to buy these homes. Most people buying a home will need to get a mortgage. It is not a discount if a 20% on market value discount is available but market value can never be realised.

**Q278 Matthew Pennycook:** What assessment has the Department carried out on the number of people who are currently unable to buy their own home but will be able to do so under the starter home programme? I asked a previous witness about this but did not get a satisfactory answer. In essence, I am trying to get at what estimate you have done of the widening of the home ownership pool that the Bill and the starter home policy in particular will create. What are the numbers over and above those already in a position to buy their first home?

**Brandon Lewis:** We have already said we want to see 1 million new home owners in this Parliament. The 200,000 starter homes are part of that, but only part of the picture.

**Q279 Matthew Pennycook:** Can I push you on what assessment you have made?

**Brandon Lewis:** I am not going to publish here the advice we are looking at on taking policy forward. We don't do that. Our policy is to make home ownership available to more people with 200,000 starter homes. The clear evidence is that first-time buyers were the hardest hit through the recession under the previous Labour Government and we want to do what we can to help them. We have already doubled the numbers and we want to go further.

To finish with your query on five years—the issue applies to right to buy as well. Why should somebody who owns their own home that they have bought through one scheme be treated any differently to anyone else who owns their home? They should have the same rights over their home as other people. I have very little sympathy with the argument that, just because somebody has bought their home through a scheme, they should have different rights of ownership to anybody else. Once somebody owns their home, they should have the same right to do what they like with it in good time as any other home owner.

**Q280 Chris Philp:** To develop the question about home ownership versus rental, would you agree with the analysis that Crisis and Shelter alluded to that home ownership is a fundamentally better form of tenure because it is more secure and the person owning their home gets to participate in house price growth? As Maria Caulfield said, it is often cheaper as a form of occupancy than the private rental sector. Is that part of the reason why you are so keen to promote home ownership?

**Brandon Lewis:** The short answer is yes. It is important to bear in mind one of the differences between the private rented sector here and in other parts of the world, particularly the US and to an extent Germany. One of the biggest challenges for somebody in this country in the private rented sector is that 91% of the stock is owned by small landlords who own nine properties or less. I think the point was made in the evidence session that nearly 90% of the people who move in the rented sector move home through their own choice.

The biggest risk to a tenant in the private sector is if the landlord decides to sell to an owner occupier and the type of tenancy at the property changes. In other parts of the world, where there is more institutional investment, multi-family housing and things like that, if a landlord decides to sell their property, they sell it to another private landlord. The tenant's invoice changes from one company to another, but the tenure of the property does not. That is why people here still look to ownership to be a key part of secure tenure. Extending every opportunity for people to get into ownership is a good thing.

**Q281 Chris Philp:** Do you agree that extending home ownership is an effective way of fighting poverty?

**Brandon Lewis:** Certainly. We can go back to when the right to buy scheme was brought in. The Minister who took it through the House was Michael Heseltine, who came to our Department to extol his wisdom—he showed me some of the debate, which I read through. It is interesting that some of the arguments against right to buy back then, in the early 1980s, are almost word for word what we hear from people on the left of politics in the Labour party today. They do not seem to have learned. One thing that people should have learned is that right to buy has been arguably—I would make the case—one of the most powerful forms of social mobility this country has ever seen.

**Q282 Chris Philp:** Absolutely. To pick up a point that was alluded to by the planning witnesses earlier, they mentioned that planning departments in councils are under-resourced, which is probably broadly true. Do you have any sympathy for proposals that some developers have made that they would be willing to pay much higher planning fees provided that they got a better service in return? For example, if they did not get the service, the enhanced fee might get refunded? I know it is a complicated area and the council might simply swipe the money. Do you have any views on those proposals?

**The Chair:** Quickly.

**Brandon Lewis:** We need to be very cautious about simply allowing local authorities freedom on planning fees. It could be gamed, to an extent. I am sure that no

local authority that any of us know would ever do this, but arguably they could put planning fees so high that it would make it difficult for small developers. Equally, there are planning performance agreements in place, particularly in London where we see very substantial agreements being formed between developers and planning authorities. However, I do think there is a real issue of making sure that local authorities are performing well and that they have very resilient planning teams.

I made the point to the Select Committee just last week, as well as on the Floor of the House last week during Question Time, that planning authorities should be sharing services and resources much better on planning. There is a long way to go with that and much to be found, not just in efficiency but in quality of service, quality of job for planners and excitement around the job. We could see a great improvement there, but we also need to focus on delivering small sites and small planning permissions in the same way we have seen improvements on large site speed of delivery over the past few years.

**Q283 Peter Dowd (Bootle) (Lab):** The Government have pledged that property sold via right to buy will be replaced on at least a one-to-one grant basis, a one-to-one grant being provided for that purpose. Existing state aid rules do not allow for the Government to provide such aid to home builders, save for the provision of social housing. If grants are provided, for example, for building housing for commercial sale, it is possible that it would breach state aid law and give housing associations an unfair advantage over commercial house builders. What assurances can the Committee have that such a grant arrangement will be compliant with state aid?

**Brandon Lewis:** It would have to be compliant or we would not be able to do it.

**Q284 Peter Dowd:** You are giving that assurance?

**Brandon Lewis:** If it was not compliant, we would not be able to do it, so it will be compliant.

**Peter Dowd:** So you are giving us the assurance, yes?

**Brandon Lewis:** Yes.

**Q285 Kevin Hollinrake:** Going back to starter homes and affordable rents, you talked at the Select Committee about local authorities and developers still being able

to negotiate arrangements to suit local needs. Will you expand on that to say how that will happen in practice?

**Brandon Lewis:** At the moment local authorities negotiate with developers and we see different types of development and different viability issues in different parts of the country around what works and what the mix will be. Yes, we want to see starter homes. We think there is a real need to deliver homes that are affordable for people to buy and we want to put a clear focus on that, but local authorities will still negotiate what is right for them locally, what the viability is locally, and they are ultimately the ones who make the planning decision locally.

I think there was a fundamental misunderstanding by the TCPA representative today about how planning permission works in principle. Actually, it is ultimately driven by a democratic, locally-focused scheme. They support the RSS, so I suppose I should not have been overly surprised by their evidence. Ultimately, local authorities have the final decision as to whether a planning permission is approved. Even when a plan is there in principle, the detail is for the local authority, and part of that will be the negotiations around what is viable.

At the same time, as I said earlier, I think we will continue to see developers working with housing associations to deliver mixes of housing, not least because that is how the financial modelling works for the developments that they are putting forward.

**The Chair:** That brings us to the end of our three evidence sessions preparatory to our detailed consideration of the Bill. I hope the Committee will agree that it has been an extremely useful series of panels. I thank the Minister for appearing in front of us and for being frank and straightforward in his responses. We will meet next on Thursday at 11.30 am in Committee Room 12 to start detailed, line-by-line consideration of the Bill. I thank the members of the Committee for their patience and I hope we have managed to get as many members in as possible during the question session.

11.25 am

*The Chair adjourned the Committee without Question put (Standing Order No. 88).*

*Adjourned till Thursday 19 November at half-past Eleven o'clock.*

**Written evidence reported to the House**

HPB 28 Mayor of London's office, Greater London Authority

HPB 28A Annex A: Breakdown of Social Housing Types in London By Borough

HPB 28B Annex B: shared ownership completions map

HPB 29 Councillor Philip Glanville, Cabinet Member for Housing, Hackney Council

HPB 30 The Riverside Group Ltd

HPB 31 Friends, Families and Travellers

HPB 32 Association of Rural Communities

HPB 33 CBI

HPB 34 Association of Retained Council Housing

HPB 35 Community Law Partnership

HPB 36 Leasehold Knowledge Partnership

HPB 37 Electrical Safety First

HPB 38 Retirement Housing Group

HPB 39 Council of Mortgage Lenders

HPB 40 Evidence submitted anonymously

HPB 41 Sedgemoor District Council

HPB 42 London Borough of Tower Hamlets

HPB 43 Pearman St Cooperative Ltd

HPB 44 Araba Taylor

HPB 45 Finsbury Park Housing Co-operative

HPB 46 Wildlife and Countryside Link

HPB 47 The Woodland Trust

HPB 48 Campaign to Protect Rural England

HPB 49 Chartered Institute of Housing

HPB 50 Town and Country Planning Association

HPB 51 Miller Walk Housing Co-operative Ltd

HPB 52 Rentplus

HPB 53 Gary Jones

HPB 54 Capsticks LLP

HPB 55 Vine Housing Co-operative

HPB 56 Edward Henry House Co-operative

HPB 57 Mike Kiely, Chair of the Board, Planning Officers Society

HPB 58 Campaign for the Abolition of Residential Leasehold (CARL)