



## About Us

BuildEast is an informal alliance of the 15 largest **developing housing associations** based across the East of England. We provide homes that are fit for the future in the East. Together we meet the needs and ambitions of the people and communities in our region. Together we combine our individual strengths to make a bigger difference.

Collectively BuildEast plans to build at least 22,000 homes over the next 5 years, directly employs more than 4,500 people, manages in excess of 150,000 properties and houses over 300,000 people.

BuildEast work together to:

- Make the case for investment in housing
- Consider the impact of government policy on housing associations
- Share information/experience to help improve the efficiency of BuildEast members
- Form a lobbying body on issues we want to try and influence
- Raise the profile of housing associations through insightful research
- Network and try to influence key decision makers

## Members

### **Catalyst Housing Association**

Catalyst Housing is a housing association operating in London and the south- east of England. It currently manages 32,000 rented and leaseholder homes including a wide range of affordable housing. They are also a member of the G15 group of London housing associations.

### **bpha Ltd**

Bpha is a housing association located in the Oxford and Cambridge arc. They currently manage 19,000 homes and have 400 employees.

### **Broadland Housing Association**

Broadland have been providing quality affordable homes across Norfolk and North Suffolk since 1963. They provide 5,000 quality homes.

### **Cross Keys Homes**

Cross Key Homes is the largest housing association in Peterborough. They manage over 11,500 properties which include social housing, shared ownership, private rent and leasehold.

#### **CHP**

CHP is a locally and governed managed housing association based in Chelmsford, Essex. Established back in 2002. They currently manage 10,000 homes and provide services for over 20,000 customers.

### **Estuary Housing Association**

Estuary is a Essex based Housing Association. They work within every district in Essex, the three outer East London Boroughs and in the Suffolk Coastal District. The organisation manages just over 4,600 properties in total and have just over 300 employees.

### **Flagship Group**

Flagship provide 28,000 homes for affordable and market rent, and for shared ownership and sale across the East of England. They have a turnover of £160m, employ over 1,033 people and are proud to have an A1 Moody's rating.

### **Grand Union**

Grand Union Housing Group was formed in 2008 they currently own and manage over 10,000 homes across Bedfordshire, Northamptonshire and the surrounding counties.

### **Greenfields**

Greenfields Community Housing is a community-centered housing association based in East Anglia. They own nearly 9,000 homes in Essex and South Suffolk.

### **Havebury Housing Partnership**

Havebury, a specialist in affordable housing in Suffolk, offers social housing in the Bury St Edmunds and Haverhill areas. They manage over 6,400 houses and flats in towns and villages around Bury St Edmunds and Haverhill.

### **Hightown Housing Association**

Hightown operates in Hertfordshire, Bedfordshire, Buckinghamshire and Berkshire. They currently manages almost 6,600 homes and employs over 1,000 staff. With an annual turnover of £84 million, the organisation is committed to developing 1,000 new affordable homes over the next two years.

### **Settle**

Settle is a not-for-profit housing association which provides homes across eight local authority areas in Hertfordshire and Bedfordshire. It currently manages over 9,000 homes.

### **Swan**

Swan Housing association first formed in 1994 and it aims to provide high-quality and affordable homes to rent and buy in the Essex and East London Area. They locally manager over 11,000 homes and have a secure development pipeline of 8,000 homes and an ambitious corporate strategy which aims to deliver an additional 10,000 homes by 2027.

### **Watford Community Housing Trust**

Watford Community Housing Trust is a housing association providing around 5,000 affordable homes and additional services to over 20 local communities throughout Watford and parts of Three Rivers.

## **Consultation Responses**

The four policy areas covered are:

- changes to housing need assessment methodology,
- extension of planning permission in principle,
- First Homes
- temporary suspension of affordable housing obligations on smaller sites of 40-50 homes.

Q1-7 answered below

Q1: Do you agree that planning practice guidance should be amended to specify that the appropriate baseline for the standard method is whichever is the higher of the level of 0.5% of housing stock in each local authority area OR the latest household projections averaged over a 10-year period?

Q2: In the stock element of the baseline, do you agree that 0.5% of existing stock for the standard method is appropriate? If not, please explain why.

Q3: Do you agree that using the workplace-based median house price to median earnings ratio from the most recent year for which data is available to adjust the standard method's baseline is appropriate? If not, please explain why.

Q4: Do you agree that incorporating an adjustment for the change of affordability over 10 years is a positive way to look at whether affordability has improved? If not, please explain why.

Q5: Do you agree that affordability is given an appropriate weighting within the standard method? If not, please explain why.

Q6: Authorities which are already at the second stage of the strategic plan consultation process (Regulation 19), which should be given 6 months to submit their plan to the Planning Inspectorate for examination?

Q7: Authorities close to publishing their second stage consultation (Regulation 19), which should be given 3 months from the publication date of the revised guidance to publish their Regulation 19 plan, and a further 6 months to submit their plan to the Planning Inspectorate? If not, please explain why. Are there particular circumstances which need to be catered for?

Q1-7 response:

We support the principle that areas of greater housing need should have a higher housing requirement.

As a housing association we are not involved in the highly technical and detailed assessments of housing need. Therefore, we are not best placed to comment on the impact of detailed changes to the inputs of the methodology. At the broad level, we support an approach that simplifies the assessment process and offers greater clarity in the assessment of housing need. We agree that the current approach can give rise to debate and delay at Examination over the detailed inputs and an approach that cuts through this would be helpful in speeding up the plan-making process.

One of our members has noted that in one main development area, Milton Keynes, the numbers in the new method require less homes to be built than they do now. Whatever approach we use moving forward it must successfully push up delivery. Could there be a central way of setting what housing is to be delivered locally, taking into account regional needs?

Q8: The Government is proposing policy compliant planning applications will deliver a minimum of 25% of onsite affordable housing as First Homes, and a minimum of 25% of offsite contributions towards First Homes where appropriate. Which do you think is the most appropriate option for the remaining 75% of affordable housing secured through developer contributions? Please provide reasons and / or evidence for your views (if possible):

i) Prioritising the replacement of affordable home ownership tenures and delivering rental tenures in the ratio set out in the local plan policy.

ii) Negotiation between a local authority and developer.

iii) Other (please specify)

We have concerns that First Homes will be delivered at the expense of more affordable products such as social rent/affordable rent and even shared ownership. We are interested to understand the evidence to support the need for delivering a minimum of 25% of onsite affordable housing as First Homes, effectively a new sub market product. There is no detail on

what will happen in the absence of an up to date Local Plan policy and no detail on what is considered viable if no up to date Local Plan policy.

We are keen to see an approach that creates mixed communities targeted to address local needs. The reduction in shared ownership homes that may result is a specific concern. We suggest that a First Homes policy of less than 25% would be appropriate to pilot the product, especially given the well-evidenced and compelling need for affordable housing at social and affordable rents.

Local authorities should have the flexibility to negotiate the remaining 75% AH with the developer to secure the tenure split that mostly accurately reflects the housing needs in the area. This is likely to reflect Local Plan intent. We are extremely concerned that adopting this First Homes policy will result in the loss of homes for those on the lowest incomes – those people who experience the worst impact of market failure.

There is a high need for affordable housing in the East of England where we operate. In 2018/19 house prices were on average, 11 times incomes across the region. An 80% mortgage requires an income of £76k and yet the average income is just £30k (NHF Home Truths). First Homes have a narrow market. To illustrate, one of our members quotes that *'in our operational area to buy the average house on the 30% discounted product will require an income of £54k pa, which is £20k above local average salary levels.'*

National organisations such as the CIH, Shelter, JRF, NHF, Crisis and so on have said that **90,000 new social rented** homes are required in this country per year.

We have seen the **rise in homelessness** and the numbers of rough sleepers brought in from the streets during the pandemic. We know that many households will be at risk of homeless once the eviction ban lifts. It is well documented how many households are living in poverty. In March 2020 we had **93,000 families living in temporary accommodation**, a 14 year high.

50% of all new affordable homes are delivered via s106. It is critical that this delivery is increased and not put at risk. We are extremely concerned that the development of 25% First Homes will reduce the amount of social and affordable rented homes that are available to folk on the very lowest incomes – those who experience the worst effects of market failure.

We would also note that the planning reform proposals do not reflect the findings of the recent Housing, Communities and Local Government Committee which recommended...

- *It is crucial that the Government links local incomes to a definition of affordability, rather than using "affordable" as a synonym for below market rent or market value.*
- *There is compelling evidence that England needs at least 90,000 net additional social rent homes a year. ...England has only ever surpassed 300,000 in a year when social housing has made a significant contribution.*
- *It is disappointing that the Government does not have a published plan on social housing, nor has its own assessment of social housing need. We regard an estimate of*

*need to be essential to calculating how much investment the Government may need to make to meet social housing need and deliver such a “step change”.*

- *A social housebuilding programme should be top of the Government’s agenda to rebuild the country from the impact of COVID-19.*
- *The Government should count investment in social housing as infrastructure spending, rather than day-to-day spending. Evidence shows that spending on a long-term social housebuilding programme pays back to the Exchequer over time.*

<https://publications.parliament.uk/pa/cm5801/cmselect/cmcomloc/173/173.pdf>

Q9: Should the existing exemptions from the requirement for affordable home ownership products (e.g. for build to rent) also apply to apply to this First Homes requirement?

No comment to add to the proposals

Q10: Are any existing exemptions not required? If not, please set out which exemptions and why.

No comment to add to the proposals

Q11: Are any other exemptions needed? If so, please provide reasons and /or evidence for your views.

No comment to add to the proposals

Q12: Do you agree with the proposed approach to transitional arrangements set out above?

We agree that where sites have reached an advanced stage of negotiation that it would be impractical to start again including First Homes. However we do not believe that the consultation is strong enough on what constitutes ‘advanced negotiation’ and this might need to be strengthened to offer clarity to all parties.

We would also like to see an impact assessment of this policy on affordable housing delivery.

Q13: Do you agree with the proposed approach to different levels of discount?

We do not envisage that First Homes will meet the needs of those on lower incomes, only those on higher incomes will benefit from the 30% discount at this price point, therefore it would not address housing need, or help those who could otherwise afford not to buy a home. Instead it would seem to enable those who could perhaps afford to buy a secondhand home on the open market the ability to buy a brand new home at a higher price point. Shared ownership is more suited to those on lower incomes who can only afford to buy a lower share.

We are concerned that if a discount is offered then it may have a negative impact on the overall quantum of affordable housing that can be delivered.

The overriding principle has to be that the discount generates a home for sale at a price point that is not available within the local market.

Q14: Do you agree with the approach of allowing a small proportion of market housing on First Homes exception sites, in order to ensure site viability?

Yes this seems appropriate to enable delivery

Q15: Do you agree with the removal of the site size threshold set out in the National Planning Policy Framework?

No, the threshold should remain in place, the size threshold was set appropriate to the area/village.

Q16: Do you agree that the First Homes exception sites policy should not apply in designated rural areas?

We believe that local authorities should have the discretion to include First homes as part of the affordable housing offer on rural exception sites where a need exists and where this would help with delivery of these sites.

Q17: Do you agree with the proposed approach to raise the small sites threshold for a time-limited period?

We are actively being encouraged to buy land and deliver affordable homes, however raising the threshold will inevitably push up land values making it more difficult for us to buy land in order to deliver affordable homes.

We do not believe that viable sites which can otherwise readily provide for affordable housing should be arbitrarily exempt from the provision of affordable housing. If sites have a delivery problem or the SME builder cannot build the homes as planned as a result of Covid then it is appropriate that a support package is in place. However this should be negotiated on a site by site basis and not applied as a blanket policy. The loss of affordable housing that these sites would otherwise generate could amount to a substantial loss of affordable homes at a time when the country desperately needs more affordable homes.

We anticipate a particularly negative impact from this policy on rural housing provision. This could also have the opposite effect. SME builders rely on the income paid by RPs to support development costs through staged payments. This might therefore undermine delivery on small sites.

We also suggest that sites of 40-50 unit are too large for small scale local developers, in normal times. In a post COVID-19 and potential recession scenario, they are likely to be the scale of site

a national developer would be interested in, with a relatively quick build out rate, minor infrastructure investment, lower sales risk, less competition.

It has the potential to push land values up, out of reach of small developers, but even if they could compete, they would be exposed to more income risk. The sales market is uncertain, the removal of the stamp duty holiday in 7 months' time and withdrawal of help to buy over the next couple of years, means the market is difficult to predict, small developers are very exposed to these uncertainties.

There are better ways to support smaller developers:

- The planning system could break up strategic size sites, offering self-build clusters of plots to small local developers
- Don't remove the traditional affordable homes, enable tenure mix change within the recognised affordable product range
- Encourage more tenure diversity away from market sale, into intermediate and affordable homes
- Extension of help to buy for SME developers
- Built local, buy local - stamp duty voucher scheme, local buyers buying from local SME

Q18: What is the appropriate level of small sites threshold?

i) Up to 40 homes ii) Up to 50 homes iii) Other (please specify) Site specific, as detailed in q17.

Q19: Do you agree with the proposed approach to the site size threshold?

No, see q17.

Q20: Do you agree with linking the time-limited period to economic recovery and raising the threshold for an initial period of 18 months?

We do not agree with the policy, see q17. If it were to be introduced, then it should be time limited to the period of recession only. We suggest 4 months.

Q21: Do you agree with the proposed approach to minimising threshold effects?

We agree that developers should not artificially sub divide sites in order to escape the need for affordable housing on site.

Q22: Do you agree with the Government's proposed approach to setting thresholds in rural areas?

Yes – it is essential for the provision of affordable housing in rural areas that this threshold is maintained.



## Supporting SMEs

Q23: Are there any other ways in which the Government can support SME builders to deliver new homes during the economic recovery period?

See q 17.

Q24: Do you agree that the new Permission in Principle should remove the restriction on major development?

Yes – we support initiatives that speed up the process.

Q25: Should the new Permission in Principle for major development set any limit on the amount of commercial development (providing housing still occupies the majority of the floorspace of the overall scheme)? Please provide any comments in support of your views.

No comment to make

Q26: Do you agree with our proposal that information requirements for Permission in Principle by application for major development should broadly remain unchanged? If you disagree, what changes would you suggest and why?

No comment to make

Q27: Should there be an additional height parameter for Permission in Principle? Please provide comments in support of your views.

No comment to make

Q28: Do you agree that publicity arrangements for Permission in Principle by application should be extended for large developments? If so, should local planning authorities be:

i) required to publish a notice in a local newspaper? ii) subject to a general requirement to publicise the application or iii) both? iv) disagree

If you disagree, please state your reasons.

Q29: Do you agree with our proposal for a banded fee structure based on a flat fee per hectare, with a maximum fee cap?

No comment to make

Q30: What level of flat fee do you consider appropriate, and why?

No comment to make

Q31: Do you agree that any brownfield site that is granted Permission in Principle through the application process should be included in Part 2 of the Brownfield Land Register? If you disagree, please state why.

No comment to make

Q32: What guidance would help support applicants and local planning authorities to make decisions about Permission in Principle? Where possible, please set out any areas of guidance you consider are currently lacking and would assist stakeholders

No comment to make

Q33: What costs and benefits do you envisage the proposed scheme would cause? Where you have identified drawbacks, how might these be overcome?

No comment to make

Q34: To what extent do you consider landowners and developers are likely to use the proposed measure?

No comment to make

For further information please contact Jo Barrett: [Joanna.Barrett@flagship-group.co.uk](mailto:Joanna.Barrett@flagship-group.co.uk)

Mobile:

[07816348320](tel:07816348320) |