

BRIEFING



The Coalition Government's Housing Strategy -
Laying the Foundations: A Housing Strategy for England

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LAYING THE FOUNDATIONS: A HOUSING STRATEGY FOR ENGLAND

The Coalition Government has this week published its Housing Strategy setting out policy proposals to increase house building – through demand-side and supply-side measures – and create economic growth and jobs.

The paper was launched by David Cameron and Nick Clegg revealing the position housing policy has within Government and in particular the role housing construction can have in boosting the economy. Many of the measures announced are the result of extensive and long-term efforts by the Home Builders Federation to inform government thinking at the highest levels.

The key proposals for house builders are:

1) A new build indemnity scheme.

Developer/sales led, the scheme will apply to any house or flat of any house builder who wishes to participate. The scheme will enable buyers to purchase a home with just a 5% deposit. For sales under the scheme, the home builder will deposit 3.5% of the sale price for a period of 7 years in a captive fund. The Government will provide a further guarantee equivalent to 5.5% of the sale price. Each participating home builder will have a "cell" in the captive for each lender they have an arrangement with. We understand 7 of the largest lenders will support the scheme, accounting for over 80% of the mortgage market.

[Please click here to view fuller briefing on the scheme.](#)

2) Get Britain Building investment fund.

£400million fund to provide development finance – in the form of equity stakes, risk sharing and loans - to house-builders to unlock stalled, 'shovel-ready' sites. This looks essentially to be similar to the supply side aspects of the previous Kickstart scheme. Few details are currently available. A full prospectus, inviting bids, will be published before the end of 2011 and the Government is particularly keen for this fund to help smaller and medium-sized regional developers.

3) Renegotiation of s106 agreements.

Following on from requests made by ministers back in the March of this year the Government will shortly consult on measures that would allow developers to *require* local authorities to reconsider s106 agreements made prior to April 2010. This proposal will

work in conjunction with our current discussions with Government on reducing regulatory burdens and increasing certainty alongside flexibility.

4) Accelerated public sector land disposal.

Following the announcement in October, smaller landholding departments will now be required to identify land for disposal. The Government's Property Unit will shortly be publishing comprehensive data on almost all Government land to enable communities and developers to identify potential sites. This public sector land policy is linked to the Government's *Build Now, Pay Later* model.

5) Growing Places fund.

£500million infrastructure investment fund for Local Economic Partnerships and local authorities to boost local economies and address local housing supply issues. We are aware that the Government is very keen that this be used for funding infrastructure that could unlock housing sites in particular. Proposals for funding to be made by 20th December.

'Blue Sky' and re-announcements

A number of the proposals in the Housing Strategy have either been announced before or have very little detail in them but are worth members bearing in mind:

- Support and encouragement for comprehensively-planned larger developments. A competition to promote the development of a wave of larger-scale housing projects where there is clear local support and private sector appetite. Prospectus to be published.
- Support for 'streamlined and collaborative' planning – investment to promote tools such as Local Development Orders. This will sit alongside prioritisation of proposals that fit with national infrastructure.
- Localism Bill and National Planning Policy Framework coupled with neighbourhood planning.
- New Homes Bonus coupled with proposals for the local retention of business rates and enabling local authorities to carry out Tax Increment Financing.
- Firstbuy
- Removal of central standards for houses built on public sector land, removal of additional HCA standards for public sector build. This fits with HBF's involvement in the Local Housing Delivery Steering Group, chaired by Sir John Harman. In January 2012, the Government will launch a Red Tape Challenge, encouraging individuals and business to look at red tape in housing, planning and construction
- Government support for local authorities working alongside proposals for industry-led guidance on making provision for different housing types including retirement housing.

- Continuing work on design will include hosting a ‘Ministerial-led’ design summit to “scope a cross-sector package of design support”

The housing strategy reveals the scale of concern in Government with lack of economic growth in general and housing supply in particular. [Click here to view the document in full](#)

If members have any further questions please contact John Slaughter, by email info@hbf.co.uk or tel: 0207 960 1600.

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