



WA BRIEFING

Think Big: What to expect from the Government's Housing White Paper

2nd February 2017

INTRODUCTION

The long-anticipated, repeatedly delayed Housing White Paper is finally due to be published next week. It will be a seminal moment for Theresa May's government, and of course for the industry.

Many of the policies contained in the White Paper have either been announced at the Autumn Statement or trailed heavily in the media.

What is clear is that this is a time of real change for the industry. Housing is an increasingly visceral issue, one that touches the lives of most of the adult population.

The sector has had fair warning that it will be coming in for increased levels of political scrutiny and intervention. In particular, we can expect measures on land, planning, off-site manufacturing and promoting the delivery of new housing across all tenures.

THE POLITICAL CONTEXT SHAPING THE GOVERNMENT'S THINKING

Housing policy is inextricably linked with the Prime Minister's wider social and economic aims – supporting families who are 'just about managing', demonstrating that government can be a force for good in peoples' lives, and increasing the UK's productivity. Number 10's commitment to this area shouldn't be underestimated. Mrs May expects to be judged on her progress on housing at the 2020 election, and the issue is close the hearts of John Godfrey (her Policy Director) and Nick Timothy (her Co-Chief of Staff).



At a ministerial level, there is a generational shift underway with Housing Minister Gavin Barwell representing a younger, more urban constituency that is crying out for more housing. Mr Barwell has been far more vocal than his predecessors in calling for more new homes to be delivered across all tenures.

Secretary of State for Communities and Local Government Sajid Javid knows his political future lies in his ability to demonstrate that he can deliver on one of the thorniest areas in domestic politics.

The stakes have been raised for Mr Javid with recent figures showing that housing starts increased by 6% in Q3 2016, compared with Q2 2016. He cannot afford to slip back on the progress that has been made. That housing starts and completions remain below pre-recession levels gives him room for manoeuvre.

This paper offers a view on the political direction of travel for housing, and which policies are most likely to be incorporated in the government's White Paper. We must, of course, caveat this by stating that these are not predictions.

WHAT COULD BE IN THE WHITE PAPER?

- The government remains committed to delivering one million new homes by 2020. This was a manifesto commitment, and it's widely recognised that this is the minimum of what needs to be achieved to keep up with population growth.
- Expect further announcements that make use of the £2.3 billion Housing Infrastructure Fund and the £1.7 billion Accelerated Construction Fund that the government has already announced. This could include incentives for utility companies and other infrastructure delivery partners to make brownfield land available for development.
- The Homes & Communities Agency is being put front and centre of the government's agenda on housing. Under Sir Edward Lister's leadership, the agency is being given a mandate to drive the delivery of homes. Some of this will be achieved by developing land the HCA owns. The organisation will also focus on joint working with councils that are ambitious about delivering homes in their area. It could also offer security to developers to enable them to build at scale, helping to release finance for investment.
- Sajid Javid is particularly concerned about landbanking. He has repeatedly stated that it is a problem, and not one to be downplayed. Some form of measure to discourage landbanking could be introduced, whether through a levy that would kick in after a specified period of time, or a 'use it or lose it' policy that could see permissions revoked.
- The government still needs to find a way to make starter homes work as a policy. Expect further partnerships with local authorities to be announced, and some flexibility on the 20% threshold to allow starter homes to be delivered in tandem with affordable homes. Build to rent developers could be exempted from the requirement to deliver starter homes.
- Extending Right to Buy to housing association tenants is a policy that is proving difficult for the government to deliver from a fiscal perspective. It is possible the policy could be watered down, delayed or fudged. Shared Ownership is a popular concept that is well-understood, and could provide the government with a respectable alternative.
- The government is keenly aware of labour market pressures, with fewer people choosing to work in the construction industry every year. Modern methods of construction that enable off-site



manufacturing are of significant interest to the government, which is keen to support the nascent industry. Public land could be set aside specifically for prefabricated home manufacturers to build upon, and government funding or backing for councils and developers could be tied to a requirement to use off-site manufacturers. Tax breaks could also be given to the sector.

- The government recognises more can be done to speed up the delivery of homes by reducing planning regulations. Planning departments have been amongst the worst affected by local government cuts. Rather than seeking to replenish the ranks of local authority planning departments, the government aims to roll back regulations – particularly regulations that apply after planning permission has been granted.
- Most local authorities are now regarded as an obstacle to the government achieving its targets. The government could introduce new measures to force local authorities to set out more ambitious housing targets in their local plans. Councils that fail to meet those targets could be excluded from new funding sources such as the New Homes Bonus or the Housing Infrastructure Fund.
- More positively, a Land Capture Value mechanism could be introduced to make it viable for local authorities to enter into partnerships with developers. Councils could also be given greater incentives to permit building on green belt land.
- In a similarly radical fashion, stamp duty reductions or exemptions could be introduced for older people who are downsizing. This would help free up housing stock in those parts of the market its most needed, not to mention a popular policy for some of the Conservative Party's most enthusiastic voters. Whether that's enough to make it worth Treasury's while remains to be seen.





HOW WA CAN HELP YOU

Assessing the impact on your organisation

An assessment of the immediate political and economic implications of the White Paper:

1. The latest political developments and implications for you.
2. How to effectively position your organisation within the developing political, media and policy narrative around housing.
3. A presentation to your senior team on the government's proposals and our analysis.

Supporting your engagement strategy

A deep-dive into your public affairs, PR and communications strategy to help you maximise impact:

1. Review your strategy and stress-test your messaging in light of the White Paper.
2. Make recommendations on how you revise your strategy to ensure it effectively responds.
3. Support in responding to the government's consultation on the White Paper.
4. Help you to forward-plan your political engagement against key milestones.

ABOUT WA

WA is the agency of choice for clients with complex public affairs and strategic communications challenges.

WA blends creative, strategic thinking with experience to solve public affairs and strategic communications challenges. We develop and protect clients' reputation, inform the policy debate and help clients get up to speed quickly on the external issues and stakeholders that matter.

CONTACT

Dominic Church
Managing Director

Email: dominicchurch@wacomms.co.uk

Phone: 020 7222 9500

<http://www.wacomms.co.uk>

Follow us on Twitter at [@WA_Comms](https://twitter.com/WA_Comms).

COMMUNICATIONS | STRATEGY | INSIGHT