



Department for  
Communities and  
Local Government

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7<sup>th</sup> February 2017

Dear Colleague,

## **HOUSING WHITE PAPER – Fixing our Broken Housing Market**

I am writing to provide you with further details of the White Paper that I have today laid in the House – ‘Fixing our Broken Housing Market’.

This Government has been clear that at the very heart of our mission is building a country that works for everyone, a society that is fairer and where regardless of someone’s background or that of their parents, everyone is given the chance to achieve all they are capable of.

However, as you will be only too aware through your work in your constituencies, this country’s broken housing market puts that vision at risk. An average home now costs almost 8 times average earnings. And, in 21<sup>st</sup> century Britain it’s no longer unusual for houses to “earn” more than the people living in them. Without help from the “Bank of Mum and Dad”, many young people will struggle to get on the housing ladder. As recently as the 1990s, a first-time buyer couple on a low-to-middle income saving five per cent of their wages each month would have enough for an average-sized deposit after just three years. Today it would take them 24 years. At the root of this very complex problem is one simple fact; this country is not building enough homes.

Over the last six years we've made improvements in tackling the undersupply of housing that this country faces. Since 2010 we have delivered nearly 900,000 homes and housing supply has reached its highest level in eight years. But last year we still only delivered around 190,000 homes, despite household growth projections of over 220,000 and decades of pent-up demand.

We need to do much better, and that means tackling the failures at every point in the system.

First, **we need to plan for the right homes in the right places.** Growing businesses need a skilled workforce living nearby, and employees should be able to easily move to where jobs are without being forced into long commutes.

But at the moment, some local authorities duck the difficult decisions and fail to produce plans that actually meet their housing need. It is important that all authorities play by the same rules. We need to have a proper conversation about housing need, and we need to ensure that every local area produces a realistic plan which they review at least every five years.

We will insist that every area has an up to date plan. And we will increase transparency around land ownership, so it is clear where land is available for housing and where individuals or organisations are buying land suitable for housing but not building on it. This will put communities back in charge of getting the attractive homes they want and need - for young professionals, older people, growing families, people on low incomes, people with disabilities and more. It will reduce speculative development, and support our villages, towns and cities to develop in a way that preserves the unique character of their communities, and protects precious countryside. The White Paper reaffirms our commitment to the Green Belt, making it clear that Councils may only amend it in exceptional circumstances and after consulting local people.

Second, **we need to build homes faster.** We will invest in making the planning system more open and accessible, and tackle unnecessary delays.

Development is about far more than just building homes. Communities need roads, rail links, schools, shops, GP surgeries, parks, playgrounds and a sustainable natural environment. Without the right infrastructure, no new community will thrive – and no existing community will welcome new housing if it places further strain on already stretched local resources. So we will take steps to ensure infrastructure is provided in the right place at the right time by coordinating Government investment, including through the targeting of the £2.3bn Housing Infrastructure Fund.

Efficient and effective planning departments are vital to get new homes delivered. That requires them to be properly resourced; so we are allowing them to raise the fees they charge by 20% from July 2017 if they commit to invest the

additional fee income in the planning department. On top of that we will consult on a fee for planning appeals to discourage frivolous appeals that cause delays.

We're giving councils and developers the tools they need to build more swiftly, and we expect them to use them. Local authorities should not put up with applicants who secure planning permission but don't use it. And we will hold local authorities to account for their performance through a new housing delivery test.

Third, **we will diversify the housing market**, opening it up to smaller builders and those who embrace innovative and efficient methods. We set out how we will support housing associations to build more, explore options to encourage local authorities to build again, encourage institutional investment in the private rented sector and promote more modular and factory built homes. We will also make it easier for people who want to build their own homes.

These measures will make a lasting, positive impact on housing supply, but they will inevitably take time to have an effect. So, finally, **we will help people now** – from investing in affordable housing to banning unfair letting agent fees to preventing homelessness.

This is a problem which has built up over decades, under successive Governments; it will not be solved overnight. But this Government cannot do it alone. Fixing our broken housing market requires concerted action. Central government, local authorities, the private sector and communities must all work together to deliver the homes this country so desperately needs.

I do not underestimate the scale of the task and I recognise that making the case for new housing can be challenging. But if we fail, housing in this country will become ever more unaffordable, with negative consequences for our economy, social mobility and quality of life.

Building the homes we need is possible. In the past few years we have seen: annual house building starts increase by 30 per cent; almost 300,000 affordable homes built in England; and more people getting on the property ladder thanks to schemes such as Help To Buy and the reinvigoration of the Right to Buy.

Now we need to go further and meet our obligation to build many more houses, of the type people want to live in, in the places they need to live. That's exactly what this White Paper will deliver.

It will help the tenants of today, facing rising rents, unfair fees and insecure tenures. It will help the homeowners of tomorrow, getting more of the right homes built in the right places. And it will help our children and our children's

children by halting decades of decline and fixing our broken housing market for good.

A handwritten signature in black ink, appearing to read 'S. Javid', enclosed within a thin black rectangular border.

**RT HON SAJID JAVID MP**

## **List of proposals**

### **Step 1: Planning for the right homes in the right places**

- Making sure every part of the country has an up-to-date, sufficiently ambitious plan so that local communities decide where development should go;
- Simplifying plan-making and making it more transparent, so it's easier for communities to produce plans and easier for developers to follow them;
- Ensuring that plans start from an honest assessment of the need for new homes, and that local authorities work with their neighbours, so that difficult decisions are not ducked;
- Clarifying what land is available for new housing, through greater transparency over who owns land and the options held on it;
- Making more land available for homes in the right places, by maximising the contribution from brownfield and surplus public land, regenerating estates, releasing more small and medium sized sites, allowing rural communities to grow and making it easier to build new settlements;
- Maintaining existing strong protections for the Green Belt, and clarifying that Green Belt boundaries should be amended only in exceptional circumstances when local authorities can demonstrate that they have fully examined all other reasonable options for meeting their identified housing requirements;
- Giving communities a stronger voice in the design of new housing to drive up the quality and character of new development, building on the success of neighbourhood planning; and
- Making better use of land for housing by encouraging higher densities, where appropriate, such as in urban locations, where there is high housing demand; and by reviewing space standards.

### **Step 2: Building homes faster**

- Providing greater certainty for authorities that have planned for new homes and reducing the scope for local and neighbourhood plans to be undermined by changing the way that land supply for housing is assessed;
- Boosting local authority capacity and capability to deliver, improving the speed and quality with which planning cases are handled, while deterring unnecessary appeals;
- Ensuring infrastructure is provided in the right place at the right time by coordinating Government investment and through the targeting of the £2.3bn Housing Infrastructure Fund;

- Securing timely connections to utilities so that this does not hold up getting homes built;
- Supporting developers to build out more quickly by tackling unnecessary delays caused by planning conditions, facilitating the strategic licensing of protected species and exploring a new approach to how developers contribute to infrastructure;
- Taking steps to address skills shortages by growing the construction workforce;
- Holding developers to account for the delivery of new homes through better and more transparent data and sharper tools to drive up delivery; and
- Holding local authorities to account through a new housing delivery test.

### **Step 3: Diversifying the market**

- Backing small and medium-sized builders to grow, including through the Home Building Fund;
- Supporting custom-build homes with greater access to land and finance, giving more people more choice over the design of their home;
- Bringing in new contractors through our Accelerated Construction programme that can build homes more quickly than traditional builders;
- Making clear that on top of the allowance made for windfall sites, at least 10% of the sites allocated for residential development should be small sites;
- Encouraging more institutional investors into housing, including for building more homes for private rent, and encouraging family-friendly tenancies;
- Supporting housing associations and local authorities to build more homes; and
- Boosting productivity and innovation by encouraging modern methods of construction in house building.

### **Step 4: Helping people now**

- Continuing to support people to buy their own home – through Help to Buy and Starter Homes;
- Helping households who are priced out of the market to afford a decent home that is right for them through our investment in the Affordable Homes Programme;
- Making renting fairer for tenants;

- Taking action to promote transparency and fairness for the growing number of leaseholders;
- Improving neighbourhoods by continuing to crack down on empty homes, and supporting areas most affected by second homes;
- Encouraging the development of housing that meets the needs of our future population;
- Helping the most vulnerable who need support with their housing, developing a sustainable and workable approach to funding supported housing in the future; and
- Doing more to prevent homelessness by supporting households at risk before they reach crisis point as well as reducing rough sleeping.