

## HOUSING AND PLANNING BILL

### To give local authorities greater discretion to use Starter Homes and other affordable housing in a way that best reflects local incomes and housing needs

#### Amendment:

#### Clause 4

Page 3, line 15, leave out subsection (1) and insert— “( ) An English planning authority may only grant planning permission for a residential development having had regard to the provision of starter homes based on its own assessment of local housing need and viability.”

Proposed by: Lord Kerslake (Crossbench)

#### Briefing

- The government is introducing “Starter Homes” in the Housing and Planning Bill. These are privately built and sold homes which can only be bought by first time buyers aged under 40 and will be sold for up to 80% of what the same property would be sold for on the open market.
- The government intends to deliver 200,000 of these Starter Homes by 2020. It will do this by both letting developers build them on some new brownfield sites, but mostly by replacing affordable housing on every reasonably sized private development with a nationally determined proportion of Starter Homes.
- The government’s recent consultation on Starter Homes indicates that it plans to require that 20% of new homes on all major developments must be Starter Homes. This requirement will take precedent over Section 106 agreements and is based on government analysis which shows that the average viability for affordable housing on a major site is 22%. What this means in practice is that, on a 100 unit development, 20 of the 22 affordable homes will now be Starter Homes – with just 2 homes left over for other kinds of affordable housing such as social rent or shared ownership. We have estimated separately that around 85,000 low rent affordable homes will now not be built as a result of this policy.
- Shelter has raised serious concerns about this. There is nothing wrong with Starter Homes on their own terms - but our analysis suggests will be unaffordable to families on low wages across much of the country. By 2020 we calculate the average Starter Home will be unaffordable *even to average earning families* in the majority (58%) of the country. Shelter estimates that Starter Homes will be unaffordable to families earning the new National Living Wage in 98% of the country.
- For this reason, they should not come at the expense of affordable homes to rent – they clearly serve very different markets.
- **The purpose of this amendment is to allow local planning authorities to exercise local discretion over the proportion of Starter Homes and forms of affordable housing (such as shared ownership and social**

**rented housing) that are specified in planning permissions.** This discretion would need to be informed by analysis of local need, based *at least* on a consideration of local average and low incomes. This amendment would mean that while Starter Homes are still built across the country, the proportion of Starter Homes versus other forms of affordable housing (shared ownership, low rent) would vary according to where they best reflect the needs of local people.

- In areas where Starter Homes are unaffordable to people on local average incomes local authorities should be allowed to negotiate a better deal for local people. This amendment would allow local authorities to negotiate a lower proportion of Starter Homes and a higher proportion of genuinely affordable homes. This local discretion would be in keeping with the principles of localism, and will become even more important in the future as house prices continue to rise faster than wages, raising the selling prices of Starter Homes too.