

A stormy passage

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Jeremy Blackburn dissects the provisions of the Housing and Planning Act 2016

After a lot of toing and froing, the *Housing and Planning Bill* finally made its way through both Houses of Parliament. Many consider the final act to be the product of significant concessions, somewhat controversial and laden with post-enactment regulations. But the act will undoubtedly have significant implications for all professionals working in the residential sector in England and Wales.

The large number of regulations made meticulous scrutiny of the bill a difficult task, which means that there is a lot more to consider and further work will be undertaken by Parliament and other stakeholders. However, there are several set provisions that could have lasting ramifications for the housing and planning sector.

Housing

It is beyond doubt that the Conservative government used this act to confirm its belief in homeownership. There are copious examples of this, such as the starter homes initiative, the extension of right to buy to include housing association tenants, and the requirement for councils to consider the sale of vacant stock – the latter on a sell and replace basis.

The housebuilding industry and first-time buyers alike will welcome these provisions, but there is little in the act to suggest that there will be better conditions for those wishing to downsize or for ‘second steppers’.

Starter homes, for example, will have to be new build and will only be available to first-time buyers who are aged under 40. There are other conditions: the dwelling must be sold for at least 20% less than market price, while the total is capped at £250,000 outside London and £450,000 in the capital. Owners will not be allowed to sell the property at full market price until after a set time period – likely to be at least 5 years, subject to technical consultation. This caveat will not be so welcome for young families who purchase a starter home but later need to upsize within this time period.

The target for 200,000 new starter homes, defined as ‘affordable housing over the course of this parliament’, is a drop in the ocean in terms of the UK’s housing needs. RICS’ historic policy is that the UK government needs to focus on all housing tenures, not just new build for homeownership. The starter home initiative, coupled with the stamp duty land tax changes, again financially assists the lower end of the market – affirming the Conservatives’ pro-homeownership doctrine.

Similarly, the extension of the right to buy will increase homeownership at the expense of low-cost housing for rent. The obligation on councils to replace any retained higher-value houses as they become vacant is adequate, although the replacement affordable home can be

a starter home. It is also intended that the receipts should be ringfenced to fund the aforementioned extension of the right-to-buy initiative, rather than serving as a council revenue generation tool. The definition of 'higher value' will be determined after consultation.

Looking to the letting sector, the proposal for a rogue landlord database and a requirement for letting agents to keep client monies in separate business accounts marks the start of the much-needed regulation of the sector. However, there need to be more details on monitoring and enforcement, and RICS practice standards far exceed this latter measure. The government could make significant improvements to the landlord?tenant experience if further professional standards were introduced.

Planning

There are a number of provisions that should boost the delivery of homes. The introduction of planning permission in principle is a welcome move that should speed up the delivery of housing, as will the promotion of self-build and custom housebuilding. An increase in development participants will also streamline the system, assist SMEs and create and maintain jobs.

Other initiatives to increase housebuilding include granting planning permission in some circumstances under the nationally significant infrastructure projects regime, and the register of brownfield sites suitable for housing development. However, to reach the zenith of a national brownfield map, this register will need to include both private and public sites.

Conclusion

The act had a turbulent journey through Parliament, which explains why there are still open-ended provisions and regulations that need tightening. As always, RICS will ensure the voice of its membership is heard through consultation responses and parliamentary evidence sessions.

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Further information

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- This feature is taken from the RICS *Property journal* (November 2016)