

## Housing Reviews

### Purpose

For discussion and direction.

### Summary

This paper provides an overview of: (a) the Government review which considers the role of local authorities in supporting housing supply led by Cllr Keith House (Eastleigh Council and Vice Chair of LGA Environment and Housing Board) and Natalie Elphick (Chair of Million Homes, Million Lives); and (b) the review of housing led by Sir Michael Lyons and commissioned by the Labour Party. The paper provides an update on LGA engagement and sets out proposed next steps to influence both reviews.

### Recommendation

That the Executive receives the report and endorses the proposed next steps to influence the reviews.

### Action

As directed by the Executive.

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## Housing Reviews

### Background

1. The Labour Party announced a review of Housing, independently led by Sir Michael Lyons at their party conference in 2013. The review is concerned with identifying measures to increase the supply of new homes in England above 200,000 a year by the end of the next Parliament. The review will complete its work by summer 2014.
2. Sir Michael Lyons and his review team will consider the following issues in detail:
  - 2.1. The land market; in particular how to encourage greater release of residential land and how to ensure that land brought forward with planning permission is built out quickly.
  - 2.2. Attracting greater investment in housing; including an assessment of the flexibilities required through the Housing Revenue Account to allow councils to build more homes and wider activity to remove barriers to institutional investment.
  - 2.3. Stimulating large scale development through new towns and garden cities; the review will consider effective delivery of large scale development and effective measures to incentivise potential new settlements.
  - 2.4. A new “right to grow”; the review will consider the incentives, disincentives and requirements that should be used to ensure cooperation between Local Authorities to meet housing need.
  - 2.5. Incentivising and sharing the benefits of development with communities.
3. The LGA has submitted written evidence to the Lyons review, which will be circulated to Members in advance of the meeting.
4. The Government announced a review of the Local Authority role in supporting housing supply as part of its Autumn Statement in late 2013. The review will be led by Cllr Keith House (Eastleigh Council and Vice Chair of LGA Environment and Housing Board) and Natalie Elphick (Chair of Million Homes, Million Lives<sup>1</sup>). The review will report jointly to the Secretary of State for Communities and Local Government and the Chief Secretary to the Treasury by the end of 2014.
5. The review will consider the following issues:
  - 5.1. How stock holding authorities are using their self-financing flexibilities to support housing supply. Recommendations from the review must not breach the Government’s fiscal consolidation plans or require changes to the national accounting framework.

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<sup>1</sup> Natalie Elphicke is chair of Million Homes, Million Lives. It works with councils and housing associations for more better-quality affordable housing that is built in the right places. She is also non-executive director of Principality Building Society. She is a qualified barrister and solicitor, and previously a city law firm partner specialising in housing finance.

- 5.2. How local authorities could bring forward housing through their use of housing assets, use of land and through innovative financing mechanisms.
- 5.3. How local authorities can drive efficiency improvements in their management and development of housing to free up resources to support new housing development.
- 5.4. How data on local authority assets including housing and land can be made more transparent.
- 5.5. How the public sector costs of local authority-led housing development compares with the private sector driven routes (including Housing Association development).

### **Issues**

6. Both reviews provide a good opportunity to influence both the current policy debate and manifesto commitments on housing in advance of the next general election. In particular the reviews provide an opportunity for the LGA to:
  - 6.1. Stress that the planning system is not the major barrier to housing development and press for certainty in planning policy going forward.
  - 6.2. Highlight the activity taking place by local authorities to attract and support housing supply locally across all tenures. The LGA's recent publication '*Supporting Housing Investment*' provides detailed case studies on council activity to secure institutional investment, set up joint ventures and use land assets to support housing.
  - 6.3. Highlight that housing need cannot be met by the private sector alone. Over the last 40 years, the private sector has built an average of 130,000 homes a year. Local Authorities can play an increased role to deliver new houses but only if they are given stronger financial flexibilities. This should include changes to the Housing Revenue Account and the Right to Buy to maximise investment in new and replacement housing.
  - 6.4. Develop proposals to support strategic planning for housing and major new development sites that are locally led.
7. The Executive is invited to comment on these proposed messages and provide further guidance on the position the LGA should take towards the two reviews.

### **Engagement and next steps**

8. The LGA plans the following engagement with both review groups:
  - 8.1. The Environment and Housing Board, at its meeting on the 19 March, will consider its response to both reviews. The Board will also identify any additional research and evidence required.
  - 8.2. Political level engagement with both reviews. The LGA Chairman has already met Sir Michael Lyons on 16 January 2014 to discuss the review.

8.3. The LGA will submit written evidence and oral evidence if invited to both reviews.

8.4. The LGA will engage in working groups as appropriate and will encourage both reviews to work closely with councils directly to learn from their experience and good practice.

**Financial Implications**

9. There are no additional financial implications arising from this report.