

There has been a recent flurry of announcements on stimulating housing and economic growth. This has brought focus on private rental as an important element of the UK housing market. In August Sir Adrian Montague published his government commissioned report on the barriers to institutional investment in private rented homes. On 6 September the government announced a range of measures on housing and growth, which partly address Sir Adrian's recommendations. While the official response to the Montague report is expected this autumn, the announcement of 6 September gives an early insight into government's thinking and the steps that it will be taking.

The Montague report finds, encouragingly, that there are real opportunities for institutional investors in the private rented sector. It refers to an increasing interest among developers in the build-to-rent market and that local authorities are starting to bring forward private rental schemes or private rental elements of schemes. It identifies the main constraints affecting private rented stock as the way rented housing schemes are treated under the planning framework and the lack of investor confidence that projects in the sector would produce acceptable and secure returns. The report then makes five main recommendations. A key feature is the treatment of affordable housing requirements in planning agreements. It recommends that desirability of affordable housing "should be weighed against the benefits already built into market rent developments, in the context of an accurate assessment of the economics of building homes to rent". It suggests that "in many cases, it will be appropriate for authorities to waive affordable housing requirements in relation to schemes for private rental, or to the private rental component of larger schemes...". The other four recommendations relate to government's continued commitment to the release of public land, government incentives to encourage build-to-let models and the establishment of a Housing Task Force to provide support and expertise in build-to-let schemes and to develop voluntary standards for the build-to-let sector.

In line with Montague's recommendations, the Secretary of State for CLG, Eric Pickles, announced on 6 September that the government will invest £200m in private rented housing schemes, issue a debt guarantee for up to £10b for new private rented homes and affordable housing, set up a taskforce to support the development and delivery of rented homes and seek to accelerate the release of public sector land.

Planning measures referred to in Eric Pickles' announcement to speed up delivery of housing will have implications both for affordable housing and for the workload of the Planning Inspectorate (PINS), as the government body responsible for planning appeals. These include:

- Legislation to enable developers to appeal to PINS where their sites have stalled due to them being unviable because of the affordable housing requirements (pending this, local authorities are encouraged to "seek negotiated solutions where possible");
- Legislation to allow planning applications to be determined by PINS where the local authority has a track record of performing poorly, in terms of speed and quality of decisions; and
- The introduction of new categories of commercial and business development into the regime for Major Infrastructure, which are to be determined by PINS rather than the local planning authority.

The industry will welcome fast and consistent decisions by PINS. However, the measures, taken together, place a potentially huge burden on PINS requiring major resources, without which the process will grind to a halt as we witnessed recently when the period for planning appeals was briefly reduced from six months to three. The initiatives also move towards 'centralism', not localism, but that is another issue.

The announcement of 6 September included a number of other measures. These include provision for an additional 15,000 affordable homes and 5,000 existing empty homes being brought back into use through a range of financial models and £300m of funding, measures to accelerate delivery of locally-supported major housing sites, measures to increase the use of planning performance agreements for major schemes and the introduction of permitted development rights for change of use from commercial to residential purposes.



Contact Details

For further information please contact:

London

Oliver Goodwin

T +44 207 655 1241

E oliver.goodwin@squiresanders.com

Lizzie Osborne

T +44 207 655 1204

E lizzie.osborne@squiresanders.com

Leeds

David Goodman

T +44 113 284 7039

E david.goodman@squiresanders.com

Birmingham

Martin Walker

T +44 121 222 3445

E martin.walker@squiresanders.com

Manchester

Andrew Batterton

T +44 161 830 5374

E andrew.batterton@squiresanders.com

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