

House of Commons Public Accounts Committee: Housing - State of the Nation Inquiry

The Royal Institute of British Architects champions better buildings, stronger communities and higher environmental standards through the practice of architecture and our 40,000 members. We provide the standards, training, support and recognition that put our members – in the UK and overseas – at the peak of their profession. With government and our partners, we work to improve the design quality of public buildings, new homes and new communities.

The RIBA welcomes this inquiry. We are committed to assisting the Government to build the homes our country needs, and ensuring public money is invested wisely to deliver well-designed buildings which will stand the test of time.

To better achieve these ends, we recommend that the Government should:

- Change 'best consideration' rules so that the value of social return is given equal consideration to economic return when local authorities dispose of public land;
- Promote the use of Post Occupancy Evaluation;
- Commission the Chief Planner to produce an annual report providing high-level monitoring of quality and delivery within the built environment, and establishing priorities for research, policy and action;
- Make deals with Combined Authorities and Local Authorities so that they are given greater flexibility to tailor responses to local conditions, and make a better use of public resources;
- Provide greater certainty for the industry in the context of the Brexit vote, especially with regards to the status of non-UK EU nationals in the UK.

Investing in quality housing to meet the nation's needs

1. Several decades ago, a deliberate decision was taken to switch public funding away from building homes to subsidising housing costs through housing benefit. This policy has clearly failed to deliver the homes we need.
2. It has also seen led to a spiralling of the housing benefit bill to over £20 billion a year, whilst fewer and fewer homes are actually affordable for those on a low income. This represents a terrible waste of public money.
3. The current Government has made welcome moves towards greater direct investment in new build housing. Since the EU Referendum Vote, the Government have announced a £3 billion fund to support small and medium-sized enterprises; an additional £1.4 billion for affordable housing; a £2 billion accelerated construction programme; a £2.3 billion Housing Infrastructure Fund; and support for 17 garden towns and villages. We welcome these measures. However:
 - a. There is a strong argument for the Government to go further to invest directly in housing, particularly homes for affordable and social rent (see below);
 - b. It is crucially important that we see new homes built which are well designed, and which meet the needs of their residents now and for generations to come. It will be poor value for the public if the Government sees new homes built which do not support the wellbeing of their occupants, which damage our environment, or which have to be replaced within a few decades to come, as was the case for some of our post-war housing stock.
4. Despite numerous examples of good practice, polling for the RIBA has suggested there is a problem with the design of new-build homes in England. 31% of people said they would not consider buying a home built in the last ten years, or would only consider it as a last resort.¹ Of these, 60% said it was because the rooms are too small, 46% said they lack style, and 45% were concerned about the lack of outside space.² Thirty-eight per cent of those who buy a new build property report at least 11 problems to their builder within the first few months of moving in.³ And, while it is much harder to assess whether new housing is creating successful neighbourhoods, there is no doubt that the exemplary standards represented by the Built for Life criteria are often not met.⁴
5. We welcome the Government's recognition of the importance of design and build quality in its Housing White Paper.⁵ The Paper includes some proposals which could have a significant, positive impact. This includes the expectation that design codes will be developed at the local and neighbourhood level - which the RIBA has been arguing for.

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<https://www.architecture.com/files/ribaholdings/policyandinternationalrelations/homewise/caseforspace.pdf> p8

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<https://www.architecture.com/files/ribaholdings/policyandinternationalrelations/homewise/caseforspace.pdf> p8

³ <http://www.hbf.co.uk/policy-activities/customer-satisfaction-survey/2016-results/>

⁴ <http://www.builtforliveshomes.org/go/about>

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf

6. However, there is much more the Government could do to ensure that public investment maximises quality and quantity in new build housing. The RIBA set out a series of recommendations recently in *Housing Matters: #20ways to tackle the housing crisis*.⁶ These include:
 - a. The Government should ensure Design Review Panels are an integral part of the planning process – particularly for larger and more complex schemes.
 - b. Key factors that affect quality of life and affordability of housing like space, access and environmental standards should be subject to regular review to ensure that the highest possible standards are adopted.
 - c. A distinct, clear planning use class should be introduced for housing for older people that is designed to Housing our Ageing Population: Panel for Innovation (HAPPI) principles.
 - d. Viability assessments used for Section 106 discussions should be public documents – with no commercial confidentiality restrictions.
7. Land values in some areas of the country are so high that, once developers have bought land, the money left for design and build high quality is substantially curtailed. Currently "best consideration" rules prompt local authorities to sell public land to the highest bidder, which only worsens this problem. Instead, the RIBA recommends that, when public land is sold, the value of social return should be given equal consideration to financial return to the local authority.
8. We also believe that when the Government subsidises housebuilding, it could achieve best value for money through the use of Post Occupancy Evaluation. These are assessments of what is working well and not working well in a new development, and they seek to provide lessons for what could be improved in future schemes.

Better joined-up thinking

9. The National Audit Office note in their report that "There is potential for government housing policies to have conflicting objectives. Various public bodies have responsibilities for housing, often using housing as a means of achieving other objectives. Also, changes made in one area of housing policy can impact on other areas. This can lead to tensions in delivery."⁷
10. The RIBA believes that the current approach to developing built environment policy is fragmented with polices and guidelines developed across different departments to meet different agendas. One of the most significant challenges to tackling this lack of clarity and direction is the absence of a single individual or body with responsibility for developing a long-term approach to national level policy making.
11. As such, the RIBA has been campaigning for the government to appoint a Chief Built Environment Adviser, as a recognised expert appointed from within the sector to lead co-

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<https://www.architecture.com/RIBA/Campaigns%20and%20issues/Assets/Files/RibaHousingMatters.pdf>

⁷ <https://www.nao.org.uk/report/housing-in-england-overview/> p8

ordination of built environment policy. In its response to the House of Lords National Policy for the Built Environment Committee's report *Building Better Places*,⁸ which adopted this recommendation, the Government has stated that it will look to develop the existing Chief Planner role to include the facilitating communication and implementation of policy on the built across Government.

12. In order to support a Chief Planner/ Adviser in this role, the RIBA makes the following recommendations:
 - That the government publishes an annual report providing high-level monitoring of quality and delivery within the built environment, and establishing priorities for research, policy and action
 - That the Department look to develop a single-cross cutting policy for the built environment, facilitated by the Chief Planner/ Adviser

Devolution and local flexibility

13. On the other hand, it is important that housing policy decisions are taken at a lower level where this is appropriate. As the National Audit Office notes, "There is substantial regional variation in the housing market across England, and it is growing".⁹ As a result, the challenges, opportunities and requirements across the UK vary considerably, from regeneration requirements, empty homes and low land values, to high land values and acute pressures on affordability. This requires targeted policy responses. However, the Government has in recent years sought to address weaknesses in the housing market through national policy mechanisms, such as Starter Homes.
14. The RIBA believes that, where appropriate, Combined Authorities and Local Authorities should be given greater flexibilities to tailor responses to local conditions and make a better use of public resources. For instance, in return for specific commitments to deliver numbers of homes, and homes for market sale, they should be given flexibility around affordable homes requirements for individual sites. They should also be able to pool funding streams to unlock large sites and regeneration programmes. The pooled funds should combine: starter homes land remediation grants, shared ownership HCA funding, new homes bonus payments, housing investment fund finance (such as that in Greater Manchester), stamp duty receipts from new-build homes, other revenues from council tax premiums.
15. The Government states within the Housing White Paper that they are "interested in the scope for bespoke housing deals"; and that "through these deals we will also look to promote the alignment of decisions on infrastructure and housing at higher spatial levels, including through joint local planning and statutory spatial plans".¹⁰ We believe that this is a strong signal that the government is prepared to move towards the kind of arrangement that this is needed.
16. Local authorities should also be given the flexibility to leverage their own assets to build more housing. The cap on Housing Revenue Account receipts should be lifted to allow councils to

⁸ <https://www.publications.parliament.uk/pa/ld201516/ldselect/ldbuilt/100/100.pdf>

⁹ <https://www.nao.org.uk/report/housing-in-england-overview/> p7

¹⁰

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf p53

borrow to build social housing.

17. Finally, while the Government has recently provided greater flexibility in its Affordable Housing and Shared Ownership Programme, to allow for "funding affordable rented homes as part of mixed-tenure sites will help underpin the swift build-out of those sites, accelerating overall new supply", it has also stated that "we continue to expect that the majority of expenditure allocated within the Programme will support home ownership".¹¹ We believe it would be a better use of public money to allow housing associations, in conjunction with their local planning authority, to use Programme funding to build the type of affordable homes which are actually needed in their local areas. This would include homes for social and affordable rent.
18. These measures could lead to considerable government savings by reducing future expenditure of the housing benefit bill for private rented tenants.

Brexit vote impact

19. The National Audit Office notes that there is the potential for the result of the EU referendum to impact upon the Government's capacity to meet its housing targets.
20. The RIBA has carried out a survey of over 1,100 architects to assess the impact of the Brexit vote upon our profession. It found that:
 - a. A high proportion of respondents reported direct impacts, with 61% reporting projects delayed or put on hold and 37% seeing projects cancelled;
 - b. 40% of UK-based non-British EU nationals have considered leaving the UK with earnest intent;
 - c. The proportion of respondents who have considering increasing their work in the UK (26%) significantly outweighs the proportion of those looking to decrease their work in the UK (5%).
21. Among the recommendations the RIBA has made to ensure the industry in the UK remains resilient include:
 - a. It is critical for those individuals and the businesses they work for that the government confirms the status of non UK EU nationals in the UK and ensures that EU architectural qualifications continue to be recognised within the UK.
 - b. The Government must set out long-term investment plans and funding for infrastructure, housing and other key sectors to reduce the volatility in the construction market. Where appropriate transitional arrangements should be put in place to reflect the impact of leaving the EU.
 - c. We must avoid red tape in the UK market by ensuring that UK standards are compatible with those of our main trading partners.

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/581465/SOAH_P162_1_Prospectus_addendum_for_CME.pdf