

The new planning framework—opportunity for economic reality?

Graham Pye

1.1 We all asked for improvements to the existing planning system, to make the system work better.

1.2 We were offered a totally new system and (as politely as possible) responded that we were not looking for a totally new system, just improvements to the existing system.

1.3 Having considered the large volume of representations the government has introduced a totally new system, which is now enacted in law.

1.4 The essential practicality of outline planning approval (although with more detail—something most of us have been providing for the last two/three decades) was at risk but has been retained.

1.5 Regional Planning, the Regional Spatial Strategy, has been criticised in some quarters as non-democratic, non-elected. However, it has the potential, like the Monetary Policy Committee for the Bank of England, to be of considerable economic benefit.

1.6 The ‘sea change’ in perception introduced by the Barker Report, that the number of new homes built does matter and is of economic significance, can only take effect if the RSS is effective and not dominated by shorter term political considerations.

1.7 Although a Bank of England Study Paper (No.32 by M.J. Dicks of July 1988) concluded that demographic factors were surprisingly significant and the best proxy for demand, until the Barker Report the economic consequences of not building enough new homes had not been addressed. Rather, the conventional wisdom was that at any one time 10 per cent of housing stock might be for sale and of this only 10 per cent would be new housing. The resulting 1 per cent annual increase in overall stock could have no impact on the 99 per cent balance of existing stock.

1.8 If the Bank of England ran money supply like the planning system runs housing supply—that is with no response to demand, then there would be financial chaos. Let us hope that the RSS can help bring stability by assisting local delivery of the scale of new homes postulated by Professor Stephen Crow in his earlier report and reinforced by Kate Baker in her current report

1.9 When I was last President of the House Builders Federation, at the time of the 1990/91 Planning Acts, I remember the ‘*crie de coeur*’ from Local Authorities “if only the County could make up their minds, give us the numbers and let us get on with the job”.

1.10 Will the new Local Development Framework deliver where the present Local Plans have not. Deliver real homes that is, rather than drowning us in paper?

1.11 The purpose of any plan is to deliver the new, as well as protecting the old and protecting the vast amount of countryside that we do not and never have wanted to build on.

1.12 Will the opportunity afforded by the RSS to look far further ahead also assist in answering the genuine NIMBY fear that increasing the rate of house building will lead to ‘concreting over the South East’? We all know this is not true but the myth persists. Plans showing the potential for 20 to 25 years ahead should answer that.

1.13 While a hopeful message can be projected for the new RSS, in terms of current planning approvals

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to enable building to take place now, evidence suggests that these are simply not being delivered. Unfortunately, although just two years ago planning appeal hearing dates were available at historically short notice, because of renewed pressure (often in sheer frustration over endless delays) dates are twelve months away even for simple appeals.

1.14 Whatever happened to that straightforward message “Planning Permission must always be given unless there are sound, clear-cut and defensible reasons for refusal. When there is evidence of shortage there is additional presumption in favour of approval.”

Delivering the new

2.1 The quality, design and townscape (or otherwise) of the new matters long after the arguments about the total number of new homes to be built and which sites should be included in the plan and which should not.

2.2 Talking to me about his report, Professor Stephen Crow explained that whilst he had no doubt about his figures for need for new housing, extensive visits to areas of new housing had left him apprehensive about the prospect of ‘wall to wall’ new housing to meet that need.

2.3 As Chairman of the Housing Design Awards for several years now (and serving on the Awards Committee for several years before that) I have been struck by two things in particular.

2.4 The Committee spends four days each year visiting completed schemes selected from a wide range of submissions from all over England (and from Northern Ireland) and there are always one or two schemes which everybody, whether representing the ODPM, RIBA, NHBC or RTPI almost instantly recognise as special and worthy of an Award.

2.5 This year, on April 22 the first day of our visits we were in North London leaving one Mews scheme for affordable housing (for rent) and on the way to visiting another Mews scheme for housing for sale and on the main road we passed through an area where we all said in unison “Wow, this is nice”. What had struck us as strikingly nice was Hampstead Garden Suburb.

2.6 Nearly every year we also visit schemes for brand new affordable housing (for rent) built on the site of previous brand new affordable housing (for rent) which had sadly failed to satisfy occupiers aspirations and had to be reduced to expensive piles of taxpayers’ rubble. Two notable examples have been

Homes for Change, Hulme, Manchester (Design Award 1997)
Angell Town, London SW9 (Project Award 2000, Design Award 2002).

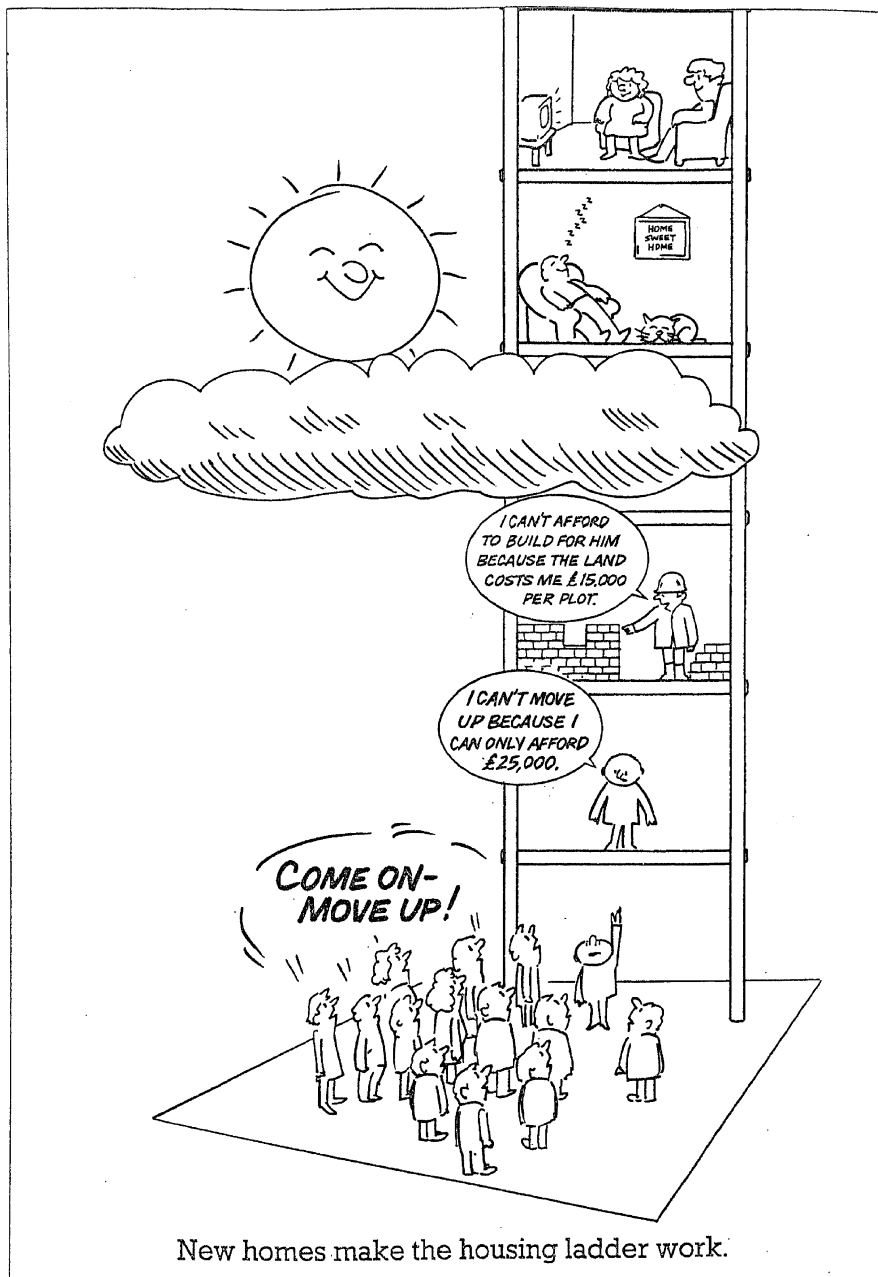
2.7 Whilst there are always plenty of examples today of a wide range of high density schemes of blocks of apartments, townhouses and mews houses in urban situations to serve as exemplars, there are surprisingly few green field schemes to serve as examples for the very important 40 per cent of new homes that Government accept will not be on ‘brownfields’, but on greenfields, particularly for family housing.

2.8 Landscaping and the design of roads are usually the key to success or failure. Sadly, despite all the flexibility designed into Design Bulletin 32 and other subsequent guidance the ability to create an innovative or classic ‘sense of place’ is frustrated by highway rules for the dominance of the motor car or highway truck that guidance has been designed to restrict. Two examples of this have been

Bishops Mead, Chelmsford (Award 2002)
The Dairy, Henlon (Award 2004).

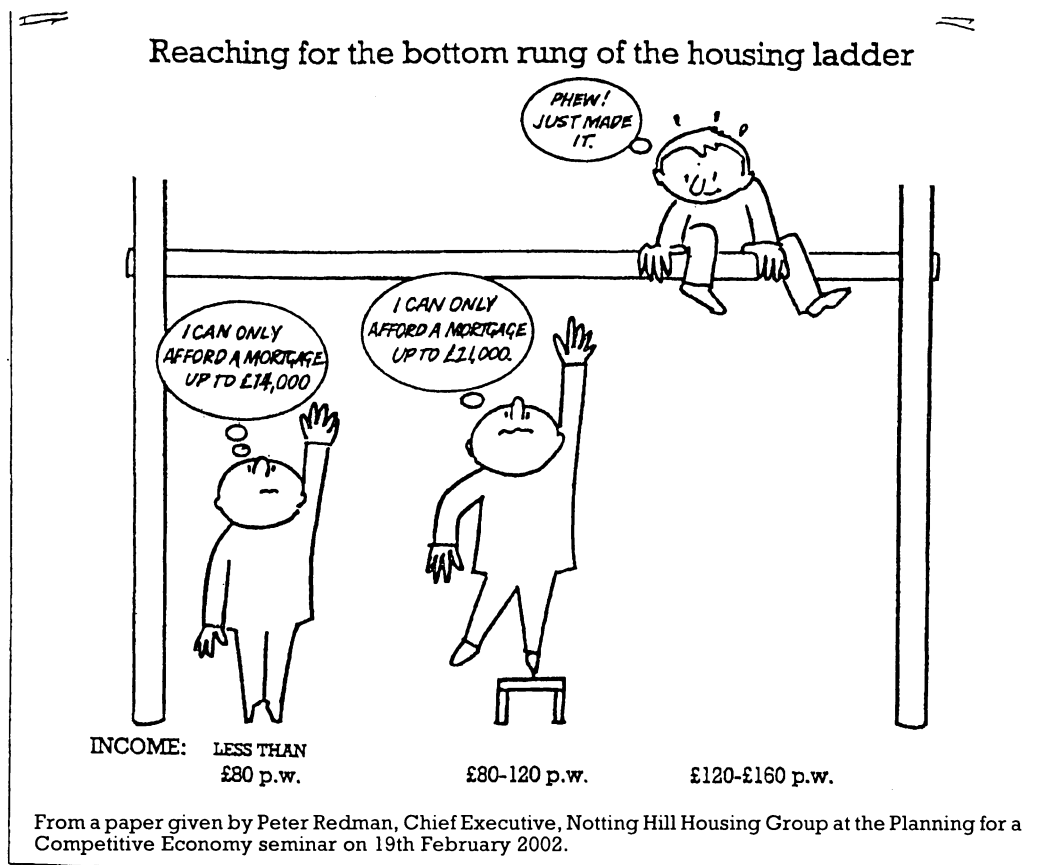
2.9 There is one further example worth quoting

Lotus Way, Jaywick Sands (Project Award 1999, Design Award 2001).
What I call “They never asked me”.



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Delivering affordable housing—time bomb or business opportunity

3.1 In 1985 when I was first President of the House Builders Federation the importance of the Housing Ladder was emphasised as

- “New homes make the housing ladder work”
- “Reaching for the bottom rung of the housing ladder”
- “Plight of the first-time buyers . . .”.

3.2 What has happened since—where do those go who cannot reach the bottom rung? Affordable Housing?

3.3 Professor Vincent Reynard, addressing the U.E.P.C. (Union Europeenne Des Promoteurs-Constructeurs) recently described the problems of affordable housing throughout Europe as a “Time Bomb waiting to explode.”

3.4 John Dunk from GOSE (Government Office the South East), addressing the Portsmouth City Council Housing Strategy Conference in April 2002 said “Money underlies everything in housing.”

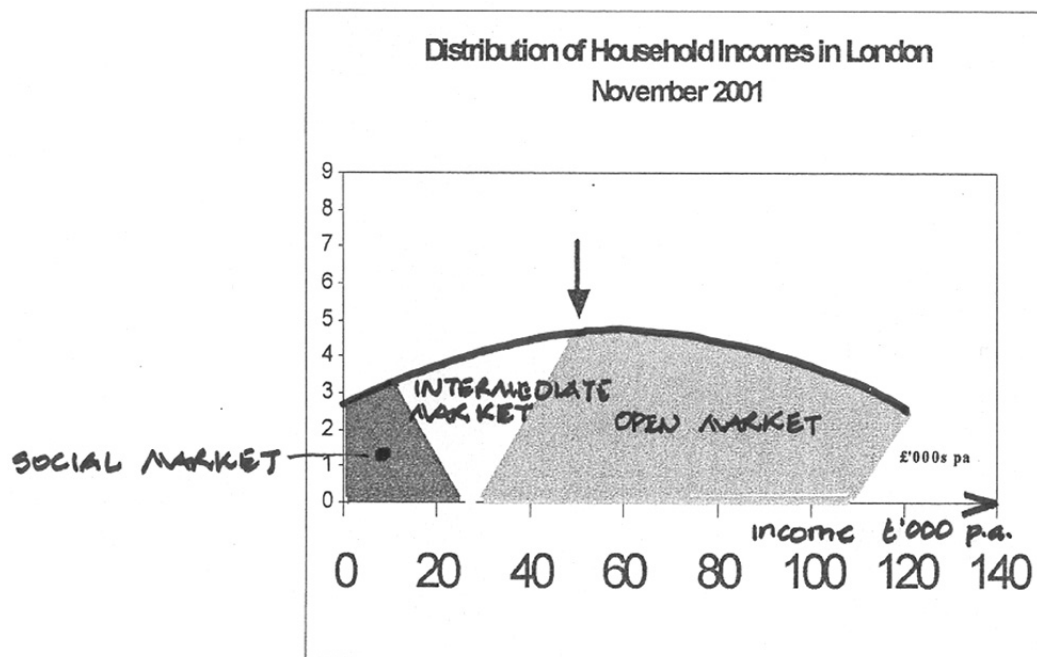
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3.5 Addressing the Housing Market Intelligence Conference 2004, Neil Hadden, Assistant Chief Executive for the Housing Corporation confirmed that its current available funds continue to be oversubscribed by a factor of 3 or 4. Much the same as it was in 1990 in my second period as HBF President. Current funds are £3.3 billion to fund 67,000 new homes over the next two years.

3.6 Addressing a Seminar audience on Cambridge/Oxford Futures in Oxford in April 2002, Professor Marcial Echenique explained Cambridge's new planning policy as arising from their computer projections that the logical end of Cambridge's previous policies was a constrained City with £1 million private houses at one end of the spectrum and social housing at the opposite end of the spectrum with nothing in between.

3.7 As we all know Circular 6/98 describes affordable housing as covering both low cost market and subsidised housing irrespective of tenure, ownership, *etc.* Affordable housing thus covers not only SOCIAL housing which is in practice rationed to those who are not and mostly never will be, economically active (with earnings of £16,000 a year or less) but also a growing workforce of people educated to NVQ levels 4 and 5 starting on salaries of £20,000 to £25,000 a year. In fact for West London, house purchase is only possible to household incomes of £50,000 a year or more (Peter Redman, CEO Notting Hill Housing Group, February 19, 2002).

3.8 A diagram of the distribution of household income for London is instructive.



3.9 We have a gap in our housing policies and housing products. This is most manifest in the Regions with the strongest economies. All too often, however, our Local Authorities insist that Affordable Housing must be primarily for those in the highest need (Peter Redman).

3.10. What happens for those in the gap—economically active, key workers, stable, hardworking and a

very good credit risk ? At the moment generally NOTHING. The Government's Starter Homes Initiative was a start, but £250 million was but a sticking plaster for what is in planning terms a gaping wound—in fact for house builders the gap is a real business opportunity if only Politicians and Planners would help. This is where so many of those who have missed the bottom rung of the housing ladder since 1985 have gone.

3.11 Quotes from Evaluation of the Low Cost Home Ownership programme, ODPM 2002, are relevant:

“Estimates of potential demand for LCHO confirm the concentration in London and the south . . . In general, estimates of potential demand, particularly in high demand areas, exceed existing provision levels by many times.”

“Consumer satisfaction with all LCHO was found to be very high, but especially so for Homebuy.”
“. . . 75 per cent Homebuy can be equated with 50 per cent shared ownership, and it is better value for money in the longer term, relative to the asset acquired.”

“Providers and other stakeholders painted a relatively negative view of the attitude of local authorities to LCHO, who generally were seen not to treat LCHO as the major priority in comparison with social rented housing.”

3.12 House builders accept that there has to be a discount to enable Affordable Housing (within the definition of Circular 6/98) to be provided, but providing that discount to the intermediate market—for key workers amongst others, has a great marketing benefit, whereas social housing has none. It is difficult to imagine purchasers of expensive market housing objecting to deserving locals (policemen, nurses, teachers or University lecturers) living amongst them, albeit at a discount.

3.13 Is there demand in the intermediate market? The experience of three London Registered Social Landlords' working together to produce 2,000 shared ownership homes in 2001 was that there was demand from over 100,000 applicants.

3.14 Is there a financial advantage for the Government, as Housing Corporation funder, for the Local Authorities, as Social / Affordable Housing funders, and tax payers, who actually fund the Government and Local Authorities anyway, in the intermediate market? The answer is Yes. The house builder (or land owner) provides the discount by selling the new homes at a discount typically at 70 to 85 per cent open market value and the ordinary mortgage market (where funds are comparatively unlimited compared to over-subscribed Housing Corporation funds) fund the balance. Housing Corporation funds already go twice as far in funding shared ownership Affordable House as they do in funding social Affordable Housing. House builders providing for the intermediate market can provide the ultimate perceived benefit of Affordable Housing without social or tax payer costs.

3.15 Is there a mechanism to ensure a discount in perpetuity for the intermediate market ? Yes there is, a designer covenant to ensure that only qualifying purchasers can buy and when they sell they must do so at the same discount to market value as they purchased.

3.16 Recycling of finance is important and a quote from Delivering Affordable Housing, LCHO Research for the Housing Corporation, is apposite:

“If the 1 million social housing residents (25 per cent) who are employed on a full time basis purchased 50 per cent of their £75,000 homes this would create a staggering £37.5 billion injection into housing which could repay loan debt, enable new developments and create flexible tenure.”

3.17 When it is clear that there have not been sufficient funds for social housing for many years, there

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are not now sufficient funds and there will not be sufficient funds in the future, why do Local Authorities insist on priority for SOCIAL HOUSING? In contrast there is comparatively unlimited funding available for the intermediate market. Would it not be sensible to treat the social housing and intermediate markets at least as having equal weight?