Improving housing affordability with better planning

Inside Government: Supplying quality, affordable housing for the future
London
5th December 2017

Tom Kenny, Policy Officer, RTPI
@tomekenny
Our key message

Planning is not cause of the housing crisis and thus planning reform is not a silver bullet solution to it. We should look elsewhere for solutions.
Three better solutions

To make housing more affordable we should:

1. Resource planning to take a pro-active, strategic approach

2. Take steps to diversify the housebuilding market

3. Intervene in the land market
Improving housing affordability with better planning
Inside Government
London, 5th December 2017

Research on better planning

The Deliverability and Affordability of Housing in the South West of England

Professor Glen Bramley,
James Morgan
Heriot Watt University

Sarah Ballantyne Way,
Lin Cousins,
Dominic Houston
Three Dragons

RTPI Research Report no.16
October 2017

Local authority direct provision of housing

Professor Janice Morphet &
Dr Ben Clifford,
Bartlett School of Planning,
University College London

Planning permission and development finance

Dr Claudio De Magalhães &
Sonia Freire Trigo.

December 2017
Better Planning for Housing Affordability

Position paper (February 2017)

Why better planning is part of the solution to the housing crisis
Highlighting examples of better planning

<table>
<thead>
<tr>
<th>Sheffield City Council Planning Service</th>
<th>STUCK SITES PROJECT – UNLOCKING STUCK HOUSING SITES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turning derelict sites into new homes</td>
<td></td>
</tr>
</tbody>
</table>

**RTP Awards for Planning Excellence 2017 - Projects**
Category Entering - Excellence in Planning to Deliver Housing

**STUCK SITES PROJECT – UNLOCKING STUCK HOUSING SITES**

- Turning derelict sites into new homes

- St. Vincent’s Church, Solly Street, S1 4BA
- Informal Planning Advice Note
- Ground floor - 20 units
Planning is not the cause of or solution to the housing crisis
Neoliberal critiques of planning for housing

When it comes to housing, stick to Occam's Razor. It's planning constraints & NIMBYism wot done it. Simple but true.

The 1947 Planning Act and the Greenbelt killed off about half of all private housebuilding' - @CitySamuel #thinkiea
Rising number of housing permissions

### Table 1: Number of residential units approved

<table>
<thead>
<tr>
<th>Year</th>
<th>North of England</th>
<th>Midlands</th>
<th>Southern England</th>
<th>England - All</th>
<th>Wales</th>
<th>Scotland</th>
<th>Great Britain</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>40,188</td>
<td>29,283</td>
<td>106,738</td>
<td>176,209</td>
<td>9,235</td>
<td>16,701</td>
<td>202,145</td>
</tr>
<tr>
<td>2012</td>
<td>48,947</td>
<td>26,369</td>
<td>119,984</td>
<td>195,300</td>
<td>6,457</td>
<td>15,349</td>
<td>217,106</td>
</tr>
<tr>
<td>2013</td>
<td>53,500</td>
<td>41,117</td>
<td>122,871</td>
<td>217,488</td>
<td>7,821</td>
<td>15,852</td>
<td>241,161</td>
</tr>
<tr>
<td>2014</td>
<td>58,241</td>
<td>42,120</td>
<td>138,949</td>
<td>239,310</td>
<td>9,690</td>
<td>17,812</td>
<td>266,812</td>
</tr>
<tr>
<td>2015</td>
<td>66,842</td>
<td>48,792</td>
<td>145,144</td>
<td>260,778</td>
<td>8,270</td>
<td>19,300</td>
<td>288,348</td>
</tr>
<tr>
<td>2016</td>
<td>83,034</td>
<td>44,464</td>
<td>165,629</td>
<td>293,127</td>
<td>9,020</td>
<td>20,914</td>
<td>323,061</td>
</tr>
</tbody>
</table>

**Change on a year earlier**

<table>
<thead>
<tr>
<th>Year</th>
<th>North of England</th>
<th>Midlands</th>
<th>Southern England</th>
<th>England - All</th>
<th>Wales</th>
<th>Scotland</th>
<th>Great Britain</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>-6%</td>
<td>-1%</td>
<td>0%</td>
<td>-2%</td>
<td>37%</td>
<td>-20%</td>
<td>-2%</td>
</tr>
<tr>
<td>2012</td>
<td>22%</td>
<td>-10%</td>
<td>12%</td>
<td>11%</td>
<td>-30%</td>
<td>-8%</td>
<td>7%</td>
</tr>
<tr>
<td>2013</td>
<td>9%</td>
<td>56%</td>
<td>2%</td>
<td>11%</td>
<td>21%</td>
<td>3%</td>
<td>11%</td>
</tr>
<tr>
<td>2014</td>
<td>9%</td>
<td>2%</td>
<td>13%</td>
<td>10%</td>
<td>24%</td>
<td>12%</td>
<td>11%</td>
</tr>
<tr>
<td>2015</td>
<td>15%</td>
<td>16%</td>
<td>4%</td>
<td>9%</td>
<td>-15%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>2016</td>
<td>24%</td>
<td>-9%</td>
<td>14%</td>
<td>12%</td>
<td>9%</td>
<td>8%</td>
<td>12%</td>
</tr>
</tbody>
</table>

N.B. Residential projects of all sizes and residential units on non-residential projects and conversions.

Improving housing affordability with better planning
Inside Government
London, 5th December 2017

Overemphasis on planning risk

Forthcoming RTPI/ LSE/ UCL research on planning risk:

- Planning is just one element within larger calculations around risk
- Planning risk more important for some types of developers than others (e.g. land promoters > volume housebuilders)
- Policy instability emerging as a big risk
The danger of the anti-planning argument

RTPI (2016) Delivering the Value of Planning survey of RTPI members

Reforms based on planning as the problem lead to inadequate attention to design, quality, location and creating better communities. RTPI members agree

- 73% think constant changes to planning have hindered their ability to deliver good places
- 53% think these changes have hindered housing development
- 70% think they are less able to deliver benefits of planning compared to 10 years ago
1. The potential of strong, pro-active, strategic planning
What could planning be?
Planning is severely under-resourced

Council of despair
Britain, local government spending, by service
% change 2010-17*

<table>
<thead>
<tr>
<th>Service</th>
<th>Spending, 2009-10*, £bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning &amp; development</td>
<td>2.5</td>
</tr>
<tr>
<td>Housing</td>
<td>3.0</td>
</tr>
<tr>
<td>Culture</td>
<td>2.7</td>
</tr>
<tr>
<td>Transport</td>
<td>7.2</td>
</tr>
<tr>
<td>Libraries</td>
<td>1.1</td>
</tr>
<tr>
<td>Central services</td>
<td>3.6</td>
</tr>
<tr>
<td>Environment</td>
<td>5.9</td>
</tr>
<tr>
<td>Social services</td>
<td>23.2</td>
</tr>
<tr>
<td>Total</td>
<td>49.5</td>
</tr>
</tbody>
</table>

Source: IFS
*Fiscal years ending March

Economist.com
Making the case for investing in planning

• Cuts are impacting on delivery and development
• Planning services are surviving on goodwill and professional integrity of officers, but not sustainable
• Lack of proactive plan-making likely to result in fewer projects, particularly public-private partnerships and regeneration
The benefits of better planning

PROJECT BENEFITS: PROCESSES

- Signalling of expectations to developers
- Confidence to invest in property
- Democratic and community engagement
- Tackling ownership constraints
- Tackling physical constraints

PROJECT BENEFITS: OUTCOMES

- Capturing value uplifts
- Control of harmful uses
- Co-ordination between developments
- Connection with strategies
- Efficient organisation of economy
- Stable environment for investment
- Better quality places
- New markets in regeneration areas

SPATIAL BENEFITS: PROCESSES

- Integration of land use and infrastructure
- Provision of public goods
- Democratic and community engagement

SPATIAL BENEFITS: OUTCOMES

- Efficient organisation of economy
- New markets in regeneration areas
Recent research on planning and large scale developments in South-West of England shows importance of planning:

- Success of large projects dependent on strategic planning and strong partnerships with local authority.
- Large scale projects were only developed with now abolished strategic planning processes.
2. Diversifying the housebuilding market
Local authority housebuilding
New UCL research on local authority housing delivery in England

Janice Morphet & Ben Clifford (2017), Local authority direct provision of housing

• Estimated 65% of authorities directly involved in housing
• Only 9% not involved in any housing activities
• Table with selection of activities for every council in England

www.rtpi.org.uk/housingaffordability
3. Intervening in the land market
Intervening to help the housing crisis

Intervene in the market to reduce land speculation and make it easier to plan strategically and fund infrastructure.

- Different approaches to land value capture
  - Improving s106 & CIL
  - New means: Tax Increment Financing, land value tax, impact fees – more research needed...
- Enabling site assembly including by compulsory purchase at near existing use value
- Transparency of information on land ownership and control
#RTPI

16 Ways

Open up the Land Registry

Identify land for housing

Encourage Build to Rent

Identify land for housing

Proactive land assembly by LAs

Intervene in the land market

Innovate to mitigate climate change

Get the public sector building

Let LAs charge planning fees

Devolution Deal = Housing

Innovative funding of affordable housing

Align transport and planning

Invest in the next generation

Find local plans partially sound

Ready sites for SMEs

Better use of existing stock

Keep housing associations building
Thanks for listening

tom.kenny@rtpi.org.uk
@tomekenny