

# Housing delivery needs the right vehicle

We could do with a London Housing Delivery Authority with land, funding and planning powers

In the 1970s and 80s, Lambeth Council had a policy of opposing office development along the Albert Embankment and in Vauxhall, on the grounds that what was required was homes, not workspace. A local MP called Stuart Holland used to aggregate all the empty office statistics to 'prove' that London had an adequate supply, while bemoaning the lack of homes. (Needless to say, he wasn't interested in whether buildings of the right size were available to commercial companies, only in the totals.) Flip forward a couple of decades, and a developer comes along with a proposal for a residential tower, one block back from the river. What do the planners say? We don't want residential, we want offices!

Either planners were twenty years ahead of the game or 20 years behind it. What they should have been worrying about wasn't what the market wanted to do at any particular moment, but the broad policies which would encourage good development of anything and everything – that is to say land assembly, transport infrastructure and resilient planning frameworks.

What we have seen more recently, both in Lambeth and neighbouring Wandsworth, is a wave of riverside development which has been informed by accident (the relocation of the US embassy and consequent residential towers), opportunism (successive owners of Battersea power station and its environs), and transport proposals (the Northern Line spur) based on both.

Planning, in short, has become reactive rather than proactive – and not just in the boroughs mentioned above. This attitude might be said to be in a London tradition of going with the flow rather than trying to impose ideas from above – medieval London rather than Wren's grand plan. It seems doubtful whether this approach will be capable of dealing with the series of complex issues affecting the capital today, starting with an unanticipated spurt in population over the last two decades, much of it uncontrolled inward migration. Add to that increased longevity, the chronic failure to build sufficient new net housing stock in both private and public sectors, and you have a formula for trouble.

It is true that some local authorities are now more confident about their ability to tackle these challenges using their own assets and resources. But looking at London as a whole, we are simply not building enough supply to meet what is now very much anticipated demand. It is time that the Mayor and the GLA began thinking about far more dirigiste initiatives, instead of relying on a reluctant private housing sector to supply a sufficient 'affordable' programme (and why should it?).

The last major public housing project completed in London was the Olympic Village, which was delivered by an Olympic Delivery Authority which (a) owned the site; (b) had sufficient public funding; and (c) was its own planning authority. What we could now do with is a London Housing Delivery Authority, with the same land, funding and planning powers – and well-bonused executives. The bonuses, unlike the grotesque gifts sprinkled over incompetent private sector directors, would be based strictly on the delivery of homes.

Not speeches. ■

Planning in London has been published and edited by Brian Waters, Lee Mallett and Paul Finch since 1992

>>>

# Bye-bye right-to-buy?

Right to Buy is a primary shibboleth that needs abolition or adjustment, whoever's in charge

News that L&Q, one of the UK's largest housing associations, is to pursue no more new developments temporarily and will concentrate on delivering its existing pipeline, is evidence if any was needed of the impact of political and economic uncertainty. Don't light the fuse on the Saturn Five rocket of a large development if the outcome is uncertain. Plenty of investors and developers have taken a similar view and the industry has contracted as a result, while house prices have stabilised or fallen. Mostly the latter.

No kind of certainty really exists right now, while the threat of a Middle Eastern war disrupting oil supplies, with consequences reminiscent of the 1974 oil crisis, is, er, putting out the fire with gasoline. Risk is proliferating and cannot be contained within a rational economic equation. Ask many developers seeking to renegotiate the viability of their schemes. Batten the hatches and ride it out.

For demonised overseas investors, however, still surfing the currency markets, the bargainous value of the pound has renewed their appetite for investing in London and nothing comes in handier-sized chunks than London residential real estate. Rule of law, liberal economic policies and a restrictive planning environment continue to make the capital a happy hunting ground. Although investors may be substantially more diffident about the prime end of the market, they have shown themselves more interested in the robust middle market, where demand is unlikely to be satisfied for many decades, as no one saw fit in a timely way to tackle the ever-increasing backlog building up over previous decades.

You may say this is not planning's concern and that an adequate amount of planning approvals already exist. They won't be implemented while more risk resides in development and less in holding land, although the truth of this is hotly contested. Meanwhile many boroughs' annual housing targets are laughably low, between 150 (City of London) and around 3,500 (Newham and Tower Hamlets). Not even a third of the 65,000 total that implies, however, is actually being delivered. It's nuts.

None of this scenario diminishes by one iota (a name for a new crypto-currency?) the need for all those new homes in London. The state, us, must subsidise them, as argued in the previous leader. Whether this will come to pass in any meaningful sense is unclear. The current (at the time of writing) chancellor Sajid Javid is to spend like a drunken sailor on roads and hospitals. Theresa May has already unlaced the Treasury's hold on local government borrowing. But what has not yet changed is Right-to-Buy.

Even the most right wing supporter of this cornerstone Thatcherite policy, must be aware that it remains the most powerful disincentive to local authorities to spend borrowed money, on which they must keep paying interest, only to be forced to sell off cheap the asset created in applying it. It is the most illogical of all the deeply illogical forces that distort the housing market. It has to change. The Left talks of transferring the right to buy to private sector tenants and of new rent and tenancy controls. That way madness lies, and history will repeat itself.

But Right to Buy is a primary shibboleth that needs abolition or adjustment, whoever's in charge. ■

---

# Increasing house prices a result of cheap money, not growing demand

When Sajid Javid was housing secretary he referred to our 'broken housing market', referring to the undersupply of new homes. Most people accept that Britain is not building enough homes, including the Bank of England.

Writing in *The Times*, economics editor Philip Aldrick says it turns out we've been wrong and "skyrocketing prices, which have arisen 60 per cent above inflation since 2000, have more to do with the Bank than the builders. That's the Bank's own finding." The Bank's Underground blog: "We find that the rise in real house prices since 2000 can be explained almost entirely by lower interest rates ... increasing scarcity of housing has played a negligible role".

They disaggregate housing into its two components: the asset (the property) and the service (meaning having a roof over your head), Aldrick explains. "If the problem is supply, with more people wanting a place than there are homes to accommodate them, the cost of the service ought to have risen. But the Bank found that rents, a proxy for housing services, have increased roughly in line with inflation. "That does imply that housing hasn't got significantly scarcer over the past two decades" he concludes.

But what about the chronic shortage? he asks. "Ian Mulheirn, chief economist of Renewing, Tony Blair's thinktank, says there isn't one. Official figures show that since 1996 English housing stock has grown 168,000 per year while household numbers have increased by 147,000. We now have a surplus of one million homes he estimates. This suggests that England needs only 160,000 homes a year, not the 250,000 in Mr Javid's 2017 white paper. "This means that the explosion in house prices has been driven by falling interest rates.

To many that may seem obvious. Low rates mean that borrowers can afford more debt and what they can afford, banks will lend. More money means higher prices and, hey presto, a boom. That is not a bubble even though house prices are now eight times average incomes compared with 4.5 times in the 1990s. Mortgages are as affordable today as they have always been because money is so cheap".

He concludes that rather than economic, the consequences have been social: pushing homes out of reach for those without rich parents, causing home ownership levels to tumble and leaving new borrowers with frightening levels of debt.

## The global population is headed for a steep decline

If the above analysis might worry house builders they might add to their misery by reading *Empty Planet: The Shock of Global Population Decline* by Darrell Bricker and John Ibbitson. "For half a century, statisticians, pundits, and politicians have warned that a burgeoning planetary population will soon overwhelm the earth's resources. But a growing number of experts are sounding a different kind of alarm. Rather than growing exponentially, they argue, the global population is headed for a steep decline.

Throughout history, depopulation was the product of catastrophe: ice ages, plagues, the collapse of civilisations. This time, however, we're thinning ourselves deliberately, by choosing to have fewer babies than we need to replace ourselves. In much of the developed and developing world, that decline is already underway as urbanisation, women's empowerment, and waning religiosity lead to smaller and smaller families".

>>>

>>> In *Empty Planet*, Ibbitson and Bricker travel from South Florida to Sao Paulo, Seoul to Nairobi, Brussels to Delhi to Beijing, drawing on a wealth of research and first hand reporting to illustrate the dramatic consequences of this population decline – and to show why the rest of the developing world will soon join in.

The evidence suggests that the total global population will start a sharp decline around 2050 which, with an already ageing population in developed countries, will sharply reduce the world's working age population. This trend has already commenced in Japan and several EU countries and the fertility rates in India and China are far below those necessary to maintain the size of their populations.

Both robotisation of work and the availability of immigrants will become assets rather than concerns, as now, once the trend is acknowledged and, in so far as climate change is caused by population it will be self-correcting if not too late.

So, are we building a future surplus of homes in London and the South East?

## A tiered planning system is in the works

A sort of a vision is beginning to emerge from MHCLG. Secretary of State Robert Jenrick in his conference announcements mentioned the introduction of a 'new tiered planning system' (*SEE Briefing*) and that the anticipated Green Paper on 'accelerated planning' would be published next month. Maybe all will become clear.

We have previously dubbed the emergence of expanded Permitted Development rights, the Prior Notification process and 'Planning in Principle' as a shadow planning system borne out of frustration with the overburdened and laborious process we now have. That a clear, predictable hierarchy focussed on proportionate demands for and consideration of information requirements might emerge from government would be good.

But (you knew there would be a but) laudable recent initiatives like Neighbourhood Plans and now a new National Design Guide and promised design codes seem to push in the opposite direction. Forgive us for the repetition, but under-resourced planning departments focussed on 'development management' and rarely qualified to assess viability appraisals or the quality of proposed architecture are simply being tasked with doing too much.

Find ways to re-skill officers and boost their resources by all means but in parallel cut back their responsibilities by pushing all measurable criteria, such as minimum standards for housing, into Building Control. The Building Regulation process is a model of perfection and achievement compared with its old monopolistic self (are you old enough to remember the chaos of Middlesex House?). Competition may not be perfect but it works!

If by restructuring planning around tiers of appropriate complexity, superfluous and gratuitous information and assessments can be stripped out and we might get somewhere. But there is then the baby-and-bathwater dilemma. Take Planning in Principle – establish first just the principle of acceptable development (like outline planning permissions of old) and then seek 'technical approval'. Where does design quality assessment fit or does it get lost inbetween?

Given that planning is a verbal and legalistic system it may be that worthwhile reform can best be achieved by introducing new processes and diminishing those that are failing.

We can all look forward to lots of consultations. ■