

Facing up to recession in architecture

The demand for homes has not gone away but is temporarily on hold. Barry Munday reviews options for architects and allied professions.



Barry Munday is chairman of the ACA/RIBA Recovery Task Force and until recently chairman of PRP Architects.

Housing was the first and most obvious casualty of the credit crunch and the dramatic reduction of housing starts in both the affordable and private sectors has hit architectural practices specialising in housing particularly hard. It is anticipated that the next 12 months will see starts down to around 70,000 homes, less than one third of the 250,000 homes a year that the government says are needed to meet the demand of increased household formation.

In January the ACA/RIBA Recovery Task Force (see box overpage) canvassed a range of housing practitioners for ideas as to how we might pull out of this trough and perhaps develop a healthier and less volatile housing market.

Key themes

There was a high degree of consistency between the respondents on key themes:

In the short term:

- Increase the amount and flow of mortgage lending

Task Force planning proposals

- Returning to the default position of giving new planning permissions a five-year life
- Removing constraints such as business rates and capital gains tax for home based businesses
- Amending the Use Classes Order to allow business land and floor space to be developed or adapted for residential accommodation but need to be conscious of likely renewed demand for office space as recovery gets under way
- Introducing impact-based Permitted Development rights for non-householder development (as proposed by the recent Killian-Prety review)
- Incentivising authorities to designate low control planning zones using their Local development order powers through the Housing and Planning Delivery Grant regime.
- The ACA/RIBA Joint Task Force has commenced a dialogue with the School of Architecture at London Metropolitan University to determine the feasibility of offering a short course, comprising 12 3 hour sessions over 12 weeks, providing a solid induction into the planning policy, legislation and practice. The course would also represent valuable CPD for architects who wish to engage in planning consultancy as part of their service offer to clients.

- Raise grant levels for Housing Associations
- Help construction companies and professional practices to weather the recession by means of credit guarantees etc.
- Encourage the Homes and Communities Agency to prioritise and concentrate action on projects that are ready to go and which are in areas of greatest demand

Some of these issues are currently being addressed by Government and its agents. Needless to say, the RIBA/ACA Task Force supports these moves in principle and urges Government to accelerate financial assistance to reduce the impact on companies and individuals.

However, these short term fixes must not mask the serious housing issues facing the country and there needs to be a more thorough review of measures needed to prevent future boom and bust and accelerate production whilst achieving high standards, comparable to the best in Europe or elsewhere.

In the medium to longer term policies will need to focus on:

- A move away from over-reliance on land and house price inflation to subsidise construction of affordable housing and other "public good" items.

Encouraging a wider range of tenure options including low cost private renting, with mechanisms to move freely between tenures at different life stages.

- Planning for sensible densities which reflect how most people would prefer to live for the long term, with more "family-friendly" design of homes and open spaces.

Ensuring that the recently reformed Planning system is fully implemented with a move away from Land Use Planning and Development Control mind-sets to Spatial Planning which factors in regional and local infrastructure requirements.

- Removing or reducing delay and uncertainty (and hence cost) by adopting clear national and local policies on housing standards including those on environment and space.

Encouraging and facilitating development of publicly owned or other bulk land with Local Government or other controlling bodies taking a visionary lead and ensuring that high standards of sustainable design are both set and maintained.

- Finding new mechanisms to encourage long-term investment in "place-shaping" using patient capital from sources such as pension funds or others.

What are the implications for ACA/RIBA?

Advising Government:

- The institutions should continue to make representations to Government via the work of the Housing Group and Design for Homes.

- Collaborative working with other organisations

The above changes raise big issues which are outside the compass of any one organisation. There are many "think tanks" operating across the housing industry, all of whom are grappling with similar issues, though their solutions may be different. It would make for a more powerful dialogue with Government if the various organisations came together on areas on which they agreed.

Setting standards

The institutions, through their working groups, need to take a lead on helping to devise new standards to respond to the changing housing scene, for instance:

- Space standards which recognise that tenures will be more integrated and less differentiated in the future and people will move more easily from one to another.
- Environmental standards. Working with others to define and develop affordable low carbon solutions. (Note: The RIBA has already made representations to Government regarding the existing housing stock).

Education

The new models for housing will require different and more integrated ways of working.

- The RIBA should work with the Universities and other professional bodies to develop more multi-disciplinary courses targeted at sustainable place-shaping.
- The ACA/RIBA should encourage more cross-over with planning and bring about a return of the Architect/Planner within Local Authorities as a means of developing capacity for spatial master planning. (See proposal for induction courses proposed by the Task Force planning sub-group, previous page).

RIBA and ACA join forces to fight recession

As reported by the Architects' Journal

The RIBA and the Association of Consultant Architects (ACA) have united to set up a recession-busting Recovery Task Force

Chaired by architect Barry Munday, the taskforce will help architects and co-professionals of all sizes through the credit crunch, as well as preparing plans for 'an effective recovery'.

The task force hopes to identify a series of practical measures to 'enhance economic activity' in the design and construction industries, and will offer assistance to help 'minimise the social impacts of a recession'.

It will also provide best-practice advice to members in dealing with the effects of a recession and examine how best to help students and graduates seeking practical experience in a difficult job market.

'The RIBA recognises the challenges faced by the profession in these uncertain times,' said RIBA president Sunand Prasad, 'and is doing all it can to minimise the effect of the recession on its members, practices and the wider industry.'

Prasad added: 'I am glad to be working with the ACA on the task force, to bring to bear the best expertise and experience on a difficult problem. We will use our influence and experience to help ensure that the industry is ready to respond as we emerge from the recession.'

Brian Waters, president of the ACA, said: 'The aim [of the taskforce] is to identify, solicit support and promote a series of immediate measures that will make beneficial changes on the ground, which will increase economic activity for architects, associated professionals and contractors.'

Suggestions from RIBA and ACA members for areas for the task force to explore are welcomed.

Meanwhile, the RIBA has launched a members-only online Recession Survival Kit, described as a 'practical and tailored guide... featuring advice for all'.

The Task Force core group includes architects, Rob Smith senior partner of Davis Langdon and a partner of Alan Baxter & Associates, engineers.

Defending its members

Several respondents have referred to worrying developments in the light of the current housing industry collapse including:

- Unrealistically low fee-bids
- Unfair contract terms

These issues are likely to become more serious as the recession



Sunand Prasad, RIBA President



Brian Waters, ACA President

from great uncertainty with live projects stalling or being cancelled at short notice. Anecdotally, areas that still appear to be active albeit at lower levels of activity are strategic master-planning of major sites, housing for older people, dealing with the existing stock and environmental advice to RSL's, Local Authorities and Contractors.

Housing work overseas which has been strong until recently has fallen away in Russia though continues to offer opportunities in the Middle East and China.

It would appear that the best UK opportunities in the immediate future are likely to come from the public sector and RSL sectors as they grapple with how to continue to provide much needed affordable homes. There will be the need to re-engineer projects in the light of loss of cross subsidy from private sales including:

- Changing development mix to maximise subsidy for affordable housing
- Re-negotiating Section 106 Agreements to reduce development costs

In the medium term there will be opportunities to help shape the new and emerging housing policies. Central Government, Regional Development Agencies and Local Authorities and the HCA will all require help to prepare new spatial strategies which experienced housing and planning practices are well placed to do.

In the longer term, house building will revive. The demand for homes has not gone away but is temporarily on hold.

deepens and the institutes need to be vigilant in defending its members and promoting the value of professional services and standards.

What are the implications for individual practices and members?

In the short term, practices who are involved in housing are suffering