

# ROYAL TOWN PLANNING INSTITUTE

## Evidence to the Barker Review of Housing Supply

August 2003

### Introduction

This evidence to the Barker Review of Housing Supply prepared by the Royal Town Planning Institute (RTPI) is underpinned by a clear recognition of the importance of housing in this country and of the crisis that we face if adequate, decent housing is not provided. The Royal Town Planning Institute (RTPI) is a learned and learning society representing over 18,000 chartered town planners. It has recently adopted a New Vision for Planning and, as part of this, merged with ROOM, the National Council for Housing and Planning in order to create a more inclusive, outward looking, informed and interventionist body. As part of this radical evolution the Institute and ROOM@RTPI are taking a more direct interest in housing issues and, in particular, the relationships between policies and practice in housing with those in planning and regeneration.

The work of the RTPI and of ROOM@RTPI displays both a clear understanding of the role that planning plays in aiding the supply of housing and a commitment to play our role in improving the ways in which we provide decent housing for all those need it. Our recent joint report - *Planning for Housing: The role of planning in delivering Sustainable Communities*<sup>1</sup> sums this up by stating that:

*The provision of adequate, decent, high quality housing that is accessible to all those who need it is a fundamental part of any national and local economic, social and environmental strategy. Well planned, good, accessible and affordable housing contributes directly to the range of key tasks that face this country – improving the health of the nation, raising educational standards, reducing social exclusion, contributing to sustainable economic development, and reducing the need to travel, as well as fulfilling a basic need for shelter. It is the role of both planning and housing policy and practice to ensure that this happens. It is not the role of either system to block the delivery of such housing through an over narrow view of environmental protection, through a lack of understanding as to how housing markets really work or through an inflated view of the degree to which public policy can influence them.*

The RTPI suggests that this evidence is read in conjunction with that report and the evidence is drafted to minimise the overlap with that statement. A copy of the summary report has been provided to the Review and the full report is available on <http://www.rtpi.org.uk/resources/publications/p8.html>

This evidence to the Barker Review of Housing Supply raises five key overall points before addressing some of the specific questions posed. These key points, which are examined below, all relate to the relationship between planning and the market and are:

- that planning for housing is a highly contentious issue and that, in places, the statutory planning system becomes the forum through which political issues are expressed and a resolution sought;
- that plan making at the local level cannot succeed without a credible coherent regional – and, indeed, national – framework
- that the role and importance of planning must be seen within the context of all the other national and local factors that influence the supply of housing land;
- that the planning obligations system will not deliver the affordable housing we need; and

- that national housing policy and planning policy and practice need to encourage a far wider range of tenures and providers

## **Key arguments**

### ***The political nature of the process***

It is clear that planning is a process which involves political decision making and a need to reconcile differing demands and values. This process is clearly informed and guided by technical and professional knowledge and skills, and by community involvement, but it needs to be borne in mind throughout this Review not only that planning decision making and policy development in local government is inextricably linked to the democratic process but that planning issues are amongst the most contentious and complex faced by elected members. This is nowhere more true than for planning for housing. This point is an important one as any recommendations that are based on a view of planning as being a value free technical exercise will not succeed.

To take one example, as the regional planning guidance which is now embodied in RPG9 went through various stages of drafts and inquiries the housing targets changed significantly – with the total for the region ranging from 33,300 pa to 51,925 pa (see table at end<sup>2</sup>). The changes in allocation cannot be said to all reflect a changing technical view of housing need but do reflect, in part, an expressed political resistance to development. It can be seen that whilst, in some counties this process has raised the targets for housing, in others the existing RPG targets are lower than the building rates actually achieved in previous years. This underachievement is compounded by an apparent inability to reach these targets – although, as stated below, the RTPI would query the extend of this ‘undershooting’. The RTPI welcomes the fact that, currently, SEERA is taking a much more robust approach to defining need and encouraging provision of housing in its preparatory work for the South East regional spatial strategy.

Applying this general point to this review, an answer to the question, for example, of whether supply is ‘overly constrained’ will depend on the standpoint of different stakeholders in the housing supply process – whether developers, countryside lobbyists or those in housing need. This is illustrated, for example, by a survey reported in the Sustainable Communities document for the South East<sup>3</sup>. Respondents were asked to identify the major weaknesses of the South east. 31% said high house prices, 16% said a lack of affordable housing but 9% said that there was too much housing. There must be concern that, in some areas, the politics of the planning process are such that it is the latter 9% whose views are heeded.

Similarly, the fact that in the South East, 11% of the land area is urbanised, 50% of the land area has international or national designations including 24% of the land area which is greenbelt, and in total 80% of the non-urban land area has environmental and landscape designations will be viewed very differently by, for example, a member of the HBF to a member of the CPRE.

It is the role of planning to seek to reconcile such competing priorities and to advise a political process on the real needs of a local and wider economy. The need to create sustainable communities requires planning policy needs to be unequivocal in meeting real needs – whether for housing, employment or environmental protection - and addressing well founded concerns. All those involved in planning need to play their role in engendering a major change in culture in the attitudes towards housing development.

### ***The need for credible, coherent regional and national frameworks***

There are three aspects of this issue. First that national policy is not, in itself, coherent; secondly that there is no way of planning to guide housing demand on an inter-regional basis and, third, that the new generation of regional plans need to be integrated and spatial.

At national level, two of the ODPM's SR2002 performance targets are to:

*make sustainable improvements in the economic performance of all English regions and over the long term reduce the persistent gap in growth rates between the regions, defining measures to improve performance and reporting progress against these measures by 2006.*

(Joint with HM Treasury and DTI) and

*achieve a better balance between housing availability and the demand for housing in all English regions while protecting valuable countryside around our towns, cities and in the greenbelt - and the sustainability of existing towns and cities - through specific measures to be set out in the Service Delivery Agreement.*

Both the need to define methods of achieving the targets and the conflicts inherent in them are clear. In relation to housing, there is an internal conflict between increasing housing availability and the protection of open land leading to the lack of a clear unequivocal national policy message, leaving planning at the local level to resolve the inherent conflict. This is complicated by a policy framework which requires the system to gain benefits from housing development to fund affordable housing and yet seeks to restrict development on those greenfield sites where such benefits will be most usually maximized.

At the inter-regional level, there is the need to put into place mechanisms whereby the opportunities presented by the existence of underused infrastructure, including housing and differential growth rates are examined to establish whether housing markets can be restructured in any way. The RTPI recognises that it is not possible simply to move demand around the country. Restrictions on new building do not limit household formation or lead to migration to areas of lower demand. However, the RTPI does believe that a co-ordinated approach to infrastructure investment and the bringing forward of strategic sites can improve inter-regional balances, including in housing supply<sup>4</sup>. The RTPI believes that this can only be done effectively if the whole of the United Kingdom has a Spatial Development Framework and has consistently campaigned for such a document to be prepared<sup>5</sup>. The RTPI urges the Barker Review to consider the role of such a mechanism in achieving more balanced housing markets.

At regional level, there are now or are proposed a wide range of strategies; including the proposed regional spatial strategy, housing strategy, transport strategy, economic strategy, cultural strategy and the sustainable development framework. These are prepared by a number of bodies – the regional planning body, housing board and development agency. There is the clear need for integration between these interrelated strands of policy making and for integration between strategy development and resource allocation. There is also the need to have more robust and transparent methods of monitoring. In the case of housing, we query whether it is correct that new housing completions are falling behind RPG targets? ODPM has quoted interim figures because the new Housing Flow Statistics are not yet generally available. In the South West, ODPM's estimate of completions<sup>6</sup> was 16,300 p.a. since 1996, compared with RPG target of 20,200 – a 19% shortfall – whereas RPG monitoring suggests 20,265.

### ***The wider contexts in the study of supply***

It is very clear from the terms of reference of this review and from the Chancellor of the Exchequer's statements on this matter<sup>7</sup> that the role of the planning system is seen as

crucial to the land supply. The RTPI agrees with that but is very concerned that an over-emphasis on planning runs the risk that equally important contributors to the current problems of housing supply will go unaddressed and that the ability of the planning system not only to aid in the supply of housing but to reduce risk and increase quality in doing so will be undermined.

This key point is borne first by taking into account all the other factors that affect demand and supply of housing. These include such factors as mortgage rates and the range of mortgage products, stamp duty, salary levels, patterns of public investment<sup>8</sup>, demographic and migration factors; interest rates; the attractiveness of housing for institutional investments; public investment in housing; the availability of personnel and skills in the construction and related industries. Secondly, it should be noted that new housing forms a very low proportion of total housing turnover. In 2001, there were 1,458,000 transactions in the housing market and, yet, only 123,451 new homes were completed. In the former 'Avon' area around Bristol, for example, annual gross additions to the housing stock average at about 0.8% and total sales of new properties account, on average, for some 14% of all property transactions.

It is, however, also worth noting in this context that the price of new housing is more expensive than prices within the existing stock. In 2002 the median price of new housing in the UK was £133,500 and that of other housing was £100,000. Only 6.0% of new housing was priced at less than £60,000 whilst 23.6% of other housing came into this band.

Thirdly, there is the need to look at the relationship between the release of land through planning policy and control and price elasticity. The note on the scope of the Review refers to inelasticity explaining that 'when demand for houses increases, output of houses tends not to increase quickly enough to satisfy this demand.' Past research has shown that inelasticity would also apply should the planning system be somehow 'freed up' and large amounts of land released.

Such research that has been undertaken indicates that it would require an extremely large expansion of the house building programme to reduce house prices to any significant extent. For example, a study published in 1996<sup>9</sup> found that 'releasing a lot of extra land has only a moderate impact on prices. For example, a 32% general increase in plan provision might only reduce prices by 8% in the medium term.' Earlier studies<sup>10</sup> had found that 'increasing plan targets by 75 per cent would raise output by 16 per cent on average over six years and lower prices by 7.5 per cent, so enabling an extra 3-4 per cent of new households to buy a new home.' This research does require updating but the underlying messages about the relationship between land release and elasticity must remain the same<sup>11</sup>.

As far as actual prices are concerned, the Government's response to the Select Committee report on Sustainable Communities in the South East has stated, in relation to the announcement of 200,000 more homes in the south east that "we never claimed that our proposals would cause the absolute level of house prices to fall' – merely that they 'should help to moderate the growth trend in house prices in the longer-term.'

Finally, there is the need for a clearer understanding of the components of housing supply and the relationship between these and the planning system. The areas of significant decline in supply lies in the housing provided previously by local authorities and now by housing associations<sup>12</sup>. A crude analysis of this would indicate that public investment would have a larger part to play in this than a land supply restricted by the planning system. We cannot rely on the planning system, for a variety of reasons, to deliver enough social housing. We have to go back to housing legislation and finance.

An important corollary to these arguments is the fact that, if the Government is inclined to react to imbalanced housing markets by removing elements of planning control, then it runs the risk of removing those benefits of planning control that do contribute to a more effective supply of new housing. These factors are, notably, certainty, with the developer knowing that there will be a planned approach to the quality and scale of development of adjoining areas, integration of the delivery of infrastructure, and an emphasis on the quality of housing built. The RTPI strongly believes that a significant diminution of the management of development that the planning process represents would have the opposite effect in terms of housing markets to that intended.

### ***Planning obligations and housing***

Planning has a real role in delivering housing for all and in creating mixed and sustainable communities<sup>13</sup>. This is a proper role for planning. The RTPI does not believe that this role should extend to planning acting as the means by which a proportion of the funding for this public good is collected from the private sector. This duality of roles both forces the planning system and those who operate it to take on a role for which they are unsuited and causes delays to the system over and above the current delays arising out of under-resourcing. The planning system has become a tax gathering mechanism. There is the need for this Review of housing supply to examine the other means by which affordable housing can be financed – whether it is through corporation, property, development land or capital gains taxes or through other innovative means such as community development trusts or other land assembly and distribution mechanisms. The RTPI recognises that successive attempts to capture the increase in land and property values created by the operation of the planning system have not succeeded (these include betterment, the operation of the land commission and development land tax). However, there is the need to understand why this has happened and then to apply the lessons to new means of capturing the uplift in values that the development system creates.

Added weight is given to this argument by the fact that the current system of planning obligations – necessary as it is in the absence of other mechanisms – is not achieving additional affordable housing. A research report<sup>14</sup> published by the JRF last year, which was part funded by the RTPI found that:

*the main result to date is to change the geography of new social housing provision, not to increase the total amount of affordable housing provided. On current evidence, were the Sec. 106 policy to reach its potential, it would use up all and more of the additional SHG made available for new housing. Relatively few homes secured would be additional to those already included in the SHG programme.*

### ***need for a wider range of tenures and providers***

The RTPI believes that more emphasis needs to be placed in policy on an intermediate market in housing catering for those who are currently unable to compete for market housing but who do not qualify for benefits or support. This type of housing, which includes shared ownership and equity and sub-market private renting<sup>15</sup>, is growing but too much policy, including that of planning, is seen in terms of a split between housing for sale and rented housing provided by a registered social landlord. In order to aid the development of this type of housing, the planning policy needs to be able to specify types of housing more clearly. The joint RTPI/CIH report referred to previously proposes that:

*The three categories of housing suggested below would provide sufficient differentiation:*

1. *social housing – housing for rent managed, either directly or through contract, by an organisation that is subject to regulation and/or inspection by a government body,*
2. *intermediate-priced housing – that would embrace housing for private renting at below market rents, shared ownership and low cost market for sale, and*
3. *standard market housing – to include all other forms of private housing for sale or rent.*

## **Specific Points**

In this evidence, the RTPI wishes to focus on those issues on which the review seeks comments on which it has most expertise and over which its members and all those associated with planning have most control. For this reason, we do not address the specific questions posed under the headings of 'Industry Constraints' and 'Social Housing and the rental sector' but make specific points on each of these.

### ***Land Constraints***

***Is there a shortage of suitable land for development? Are there any factors which reduce land owners' willingness to sell?***

The first of these two questions has been the source of dispute for a number of years. An RTPI survey in 1998 commissioned by the Urban Task Force found that, in 1998, there was planning permission outstanding for 262,000 dwellings just on greenfield sites with land allocations but no permissions for a further 240,000 dwellings and a suggested further 156,000 to be allocated in new plans<sup>16</sup>. This figure has been used by some lobby groups to suggest that there is a significant supply of housing land being held back by the housing development industry. This argument disregards the dynamic nature of housing land supply with, for example, some 225,150 dwellings started on greenfield sites between 1998 and 2003<sup>17</sup> while the stock of permissions will have grown in that time.. The RTPI suggests that there is the need to examine the scale and nature of land banking by the industry and it is understood that the Joseph Rowntree Foundation has now commissioned work on this.

It needs to be remembered that the planning system is charged with bringing forward sufficient land for its projection of housing need. Planners undertake both local needs assessments and housing capacity studies with guidance from the ODPM on how to undertake these. The proposed revisions to PPG3 suggest that plans should allocate sufficient housing land for a ten year supply.

The willingness of owners of land to sell is a critical factor that may not be solely a matter of price. Allocations in Local Plans are sometimes not taken up for reasons that are beyond planning control or because they are not good housing sites. The demand for additional benefits, affordable housing, school places, open space, public transport contribution etc all affect one thing, the bottom line price of the land and owners may prefer to await potentially less demanding situations even if those are perceived to be years away. Add-ons are a deterrent to developers and landowners. Easy brownfield sites are rapidly being developed leaving the more difficult ones that the industry will shun and the numbers of houses completed will decline further.

***Are there problems associated with land assembly particularly brownfield land?***

Overall, the RTPI advocates the need to have a much more proactive planning system that brings sites forward for development through allocation, assembly, cpo, planning briefs and

masterplans and partnership working. We have urged that the process of development control becomes one of development management.

One of the main problems in land assembly is the difficulties surrounding the Compulsory Purchase process in terms of the stages that a local authority has to undergo to achieve an order, the lack of available resources to pay the costs involved, the loss of skills to undertake the process and a degree of overlapping and confusion between CPO powers in different pieces of legislation – the differences between the Planning and Compulsory Purchase Bill and the draft Housing Bill is a current example. Whilst the Planning and Compulsory Purchase Bill should improve matters by broadening the reasons for allowing a CPO, there is scope for further improvements.

A second problem – that of a traditional requirement that public bodies dispose of land at the best price - is now currently being addressed. The RTPI welcomes the introduction of the General Disposal Consent 2003 which allows local authorities to sell off land, in certain circumstances, for less than its market value.<sup>18</sup> This provision needs to be extended, unequivocally, to all publicly held land.

Finally, a significant number of sites are affected by a ransom (see *Stokes v Cambridge*) and/or a restrictive covenant. In order to remove these restrictions to development it can cost in approximately 1/3 of the site's value as development land – if the ransom/covenant holder is willing to deal.

***Does the practice of optioning land restrict the overall supply of land? Is optioning necessary? If so why?***

Without optioning land would be sold to developers in two main ways - with or without planning permission. Only companies with significant financial reserves would be able to acquire land without the benefit of planning permission and take the risk of not securing consent upon it. Such 'developers' could then sell land into the marketplace to the highest bidder.

It could be argued that this would produce a land market distorted by land holders who would seek to withhold land from the marketplace until a local supply shortage develops since they take profit from the increase in land value rather than on unit completions. They can therefore maximise returns by selling into an undersupplied market. Conversely, it is often actual developers (e.g. house builders) that take out option agreements. This enables them to forward plan on a more secure basis and continue to deliver unit completions (and unless there is a situation of market collapse they will because they take profits from unit completions) on a regular basis rather than when they can secure land.

***Is the land allocated for housing in local development plans sufficient to meet housing need?***

This evidence has already commented that, in some areas, housing targets may be more influenced by a political process which reflects local resistance to development or by a real assessment of a lack of capacity given other constraints, than by a purely technical matching of need with allocations. At the national level, the level of completions implied by Regional Planning Guidance targets for England (some 155,000 per annum or 170,000 per annum with 'Communities Plan' figures) implies matching with national projections of household growth (152,000 p.a.). However, firstly, it is not clear whether this match signifies a national strategy and, secondly, household growth projections do not take into account any backlog of unmet need and other factors.

A recent report by the Joseph Rowntree Foundation<sup>19</sup> concluded that, 'to achieve the level of output suggested by an analysis of the need for additional homes would require some 225,000 new homes each year in England alone .... To deal with stock renewal would further increase the new build requirement.' On this basis, the land allocated for housing is not sufficient.

***Is the RPG housing shortfall explained by a shortfall in the number of appropriate planning applications?***

One way of measuring this would be to look at the total number of housing units contained in applications and to analyse these by refusals and appeals. This information is not available but it is relevant to look at the overall development control statistics. It can be seen from the table<sup>20</sup> at the end of this report that major housing schemes do have the highest rate of refusal. This rate has increased from 20% in 2000/01 to the 23% shown for 2001/02. In itself, this figure is meaningless as it may be caused by a wide variety of reasons – for example, poor quality applications, by speculative applications in protected areas or by political resistance. However, it would be worth pursuing the reasons for this further.

**Industry Constraints**

The RTPI does not wish to contribute answers to the specific questions under this heading. However, we wish to re-inforce the role of planning in creating a more stable market. One of the questions posed in this section is whether attitudes to risk deter investment in land for housing? As mentioned earlier in this evidence, one of the key outcomes of planning is certainty and this framework of knowledge about local policies and the minimisation of the risk of non-conforming development in the locality must contribute to a greater propensity to invest.

Secondly, it is clear that there are other constraints on the industry than any lack of land. The lack of skills is a major problem. There is scope for other industrialised forms of house development e.g. timber framed and modern methods of construction but even these need a level of on-site skill that historically the UK has been unable to demonstrate.

**Policy Environment**

***Are there problems with the interpretation of planning guidance by local authorities, if so what are they and why?***

The Review team is advised to refer to two recent studies of the operation of the planning system in relation to housing<sup>21</sup>. Planning guidance can be ambiguous and sets multiple targets (total numbers, brownfield ratio, affordable housing, densities, car parking, etc.) which undoubtedly make it more difficult for local authorities to apply efficiently.

***Are there any particular aspects of planning policy which do not properly reflect the wider social and economic costs and benefits of housing?***

In some areas, the focus of policy needs to reflect a 'whole stock' approach to housing provision looking across all forms of tenure and range of provision. The social and economic costs and benefits of housing – including their sensitivity to alternative targets – may not be considered adequately because the methods used to distribute housing targets, derived from household projections, are mechanistic and divorced from a detailed, dynamic analysis of the forces for change and the mechanisms of adjustment.

***Does the planning system provide incentives to develop brownfield land?***

Usually the other way around i.e. it is assumed that by restricting planning on greenfield sites that development will automatically go to brownfield. The planning system can provide only limited incentives to develop brown field land – e.g. through lower obligations for other ‘abnormal’ costs of development – but cannot necessarily compensate for an adverse relationship between costs and values, which must depend to a great extent on demand and the resulting property values.

***Is planning guidance applied appropriately?***

Again, the Review team is advised to refer to two recent ODPM studies of the operation of the planning system in relation to housing. There is considerable variation between LPAs and even the Inspectorate.

***Is the current reform programme sufficient to address inefficiencies in the planning system?***

In answering this question, the RTPI does not accept that the planning system can be characterised as being inefficient but takes this question as addressing current acknowledged shortcomings in that system. It is necessary in this context to see the ‘current reform programme’ as encompassing not only the provisions of the Planning and Compulsory Purchase Bill but, also, the moves being taken by the ODPM and others to change the culture of planning; actions on the resourcing of the planning service – notably through Planning Development Grant and planning fees; the development of new approaches to planning education including lifelong learning, through the RTPI’s Education Commission; the review of policy guidance, specifically, in this case, the current consultaion on aspects of PPG3 and current thinking both about the purpose of planning and about the nature of practice and the skills required to put into practice the new concept of ‘spatial’ planning. Any one of these elements of change, taken in isolation, would not be sufficient to address recognized shortcomings. Certainly the current Bill in itself only provides a framework within which new forms of planning can operate but its efficacy will rely on improved skills and knowledge and resources.

Taken together, however, all these initiatives have the potential to make real and lasting improvements to planning.

***Are section 106 agreements an effective means for addressing and mitigating the impact of developments?***

This evidence has already referred to the RTPI’s view that the planning system should not be used as a means of financing the development of affordable housing. The same concern applies to the range of impacts that have to be financed through an effective levy on development. These can range from transport infrastructure to the provision of schools and from environmental improvements to community facilities. The RTPI accepts that where a development has a particular impact on local services and infrastructure, then it is right that this should be subject of an agreement to mitigate the effects of that development through supporting investment in infrastructural and other improvements. However, we are concerned that, as funding for some public services is reduced or transferred to the private sector, the planning system is called upon more and more frequently to bridge funding gaps.

This is not simply a philosophical point. As has been stated, the negotiations that surround Section 106 agreements can extend the period for negotiations on a planning application significantly.

The RTPI recognises that its members will have to continue to operate within the existing system in the short term and regrets the fact that the ODPM is yet to bring forward suggestions for improvements to the system of planning obligations following consultation on this over eighteen months ago.

***Do Section 106 agreements create any perverse incentives?***

The RTPI has already referred to the perversity of national policy in requiring the release land for private housing to get affordable housing and the pressures on greenfield sites that this could engender. More generally, it is open to question as to whether planning gain for social housing has reduced the overall supply (by making developers unwilling to develop at all). Whilst there has been significant public discussion over this, focussed on the London Plan's requirement for 50% affordable housing, there is no clear evidence that this policy has had this effect. It remains true, however, that affordable housing is stigmatized and its presence in private development can affect value and sales.

***Do regulations governing "change of use" affect the use of existing buildings for housing?*** and

***Are there market failures you can identify affecting the development of environmentally sustainable housing, regeneration of urban areas and protection of the countryside?***

The RTPI is not clear as to the thrust of these questions but would be pleased to discuss them if clarification is provided.

***How does the tax regime influence the use of land? For example the tax treatment of new build homes differs from that for conversions of existing housing stock - does this preclude certain types of development? Does taxation prevent the most efficient and effective use of land?***

The RTPI is pleased that the Review is focussing on the links between taxation regimes, fiscal policy and land supply. The RTPI believes that such factors as a lack of capital gains on realized housing value increases leads to a greater distortion in the market than does the operation of the planning system. One of the main differences to housing in other countries, particularly in comparison with many European countries, is that housing in these countries is seen essentially as a matter of providing a place to live. In Britain much of the housing demand is driven less by need and more by housing being a form of investment (reflecting housing being essentially for owner occupation) either by trading up or contributing to the private rented sector.

The Review will need to consider the extent to which fiscal policy prevents land coming forward for development. For example, does an instability in housing markets lead to developers/speculators taking profits on trading in land banks rather than deriving an income stream from housing development or rental? Some companies are probably more interested in satisfying their share holders/price than meeting any Government or social obligation in respect of housing requirements. It could be argued that there is the need for fiscal controls on land banking – although the extensive use of options rather than ownership may circumvent this.

New development and conversion/modification of existing properties should be treated under the same tax regime. It is often easier to abandon older housing and seek new rather than engage with the refurbishment and upkeep of existing premises. To make better use of existing stock there should be no VAT on essential maintenance and/or enhancement. Finally, there is the need for a taxation system that encourages the use of empty properties.

## Social Housing and the rental sector

The RTPI does not wish to address the specific questions posed under this heading in this evidence but draws the Review team's attention to the need for the definitions of affordable housing in planning terms to be changed (see above).

### References

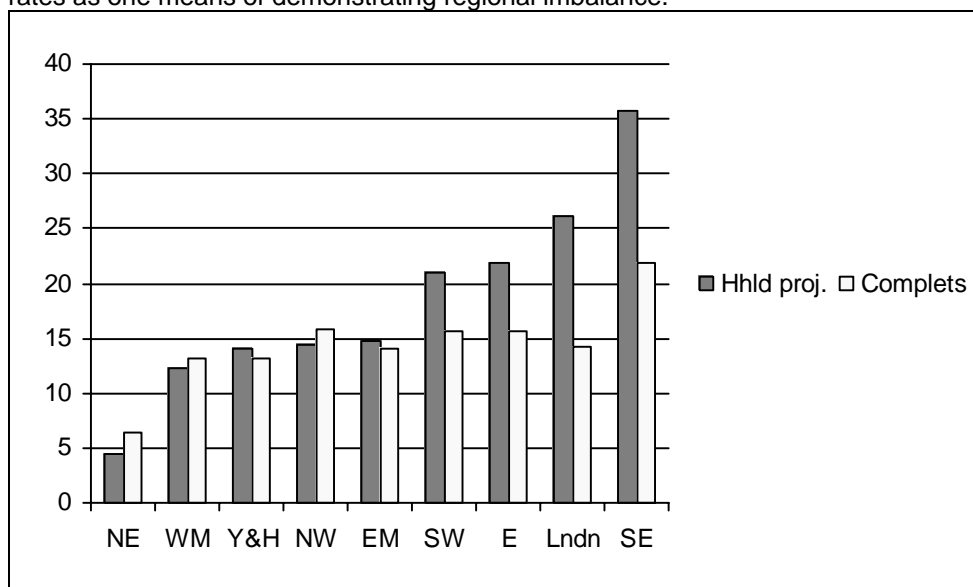
<sup>1</sup> Merron Simpson and Kelvin MacDonald (2003) *Planning for Housing: The role of planning in delivering Sustainable Communities*, Chartered Institute of Housing and the Royal Town Planning Institute

<sup>2</sup> **Annual Average Housing Targets for the South East**

	SERPLAN 1996 – 2016	'CROW' 1996-2016	1st Draft RPG per year	RPG9 per year	Actual Ave 1991 - 98
Beds	2,154	3,200	2,780	2,430	2,118
Berks	2,663	4,150	3,440	2,620	2,754
Bucks	3,217	4,600	4,150	3,210	3,152
E. Sussex	1,813	3,225	2,420	2,290	2,278
Essex	4,195	7,500	5,420	5,240	5,770
Hants	5,096	8,450	6,580	6,030	5,845
Herts	2,546	4,400	3,290	3,280	3,727
I. of Wight	477	650	620	520	451
Kent	4,985	7,500	6,440	5,700	4,983
Oxon	2,078	3,750	2,680	2,430	2,695
Surrey	1,747	2,350	2,250	2,360	2,664
W. Sussex	2,270	2,150	2,930	2,890	3,212
<b>TOTAL</b>	<b>33,300</b>	<b>51,925</b>	<b>43,000</b>	<b>39,000</b>	<b>39,209</b>

<sup>3</sup> ODPM (2003) *Sustainable Communities in the South East: Building for the Future*, ODPM

<sup>4</sup> The chart below shows annual average household projections and annual housing completion rates as one means of demonstrating regional imbalance.

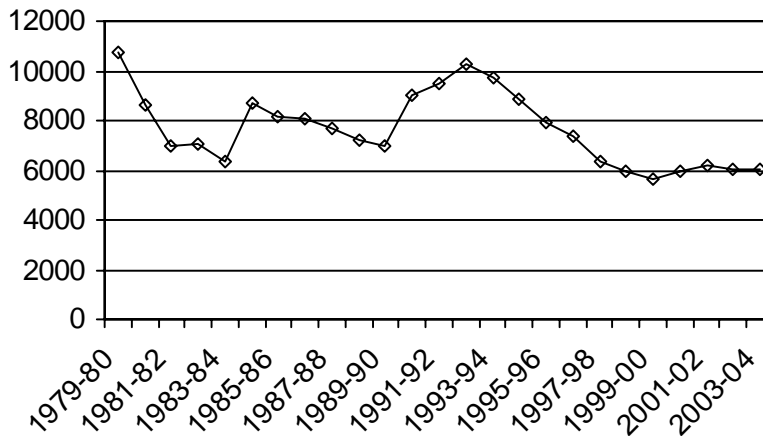


<sup>5</sup> see, for example, Cecilia Wong, Joe Ravetz and Jeff Turner (2000) *The United Kingdom Spatial Planning Framework: A Discussion Paper*, RTPI and the memorandum the RTPI produced for the Select Committee inquiry into Planning for Sustainable Housing and Communities - HC 77-11 of Session 2002-03 pp.95-99

<sup>6</sup> Based on returns from building inspectors, which appear to undercount conversions and have other omissions.

<sup>7</sup> As part of the statement to the Commons on the UK's entry to the Euro on 9<sup>th</sup> June 2003, the Chancellor stated that, "... because Britain has experienced difficulty in balancing housing supply and demand, we propose to build upon and extend the reforms already announced by the Deputy Prime Minister in respect of planning and supply - including simpler planning guidance, speeding up decisions, reserve powers to call in applications, and the case for binding local plans".

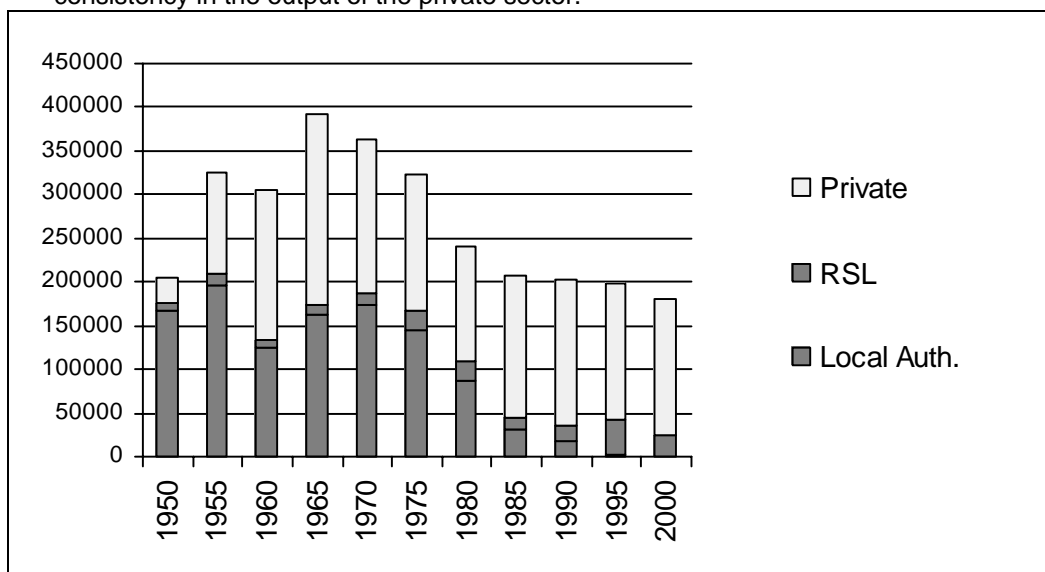
<sup>8</sup> The chart, below, shows the trend in total government spending on housing in real terms since 1979. These figures do not take into account the increase in expenditure announced through the 2002 spending review. However, even given this significant increase, it can be seen that current levels of spending are significantly lower than at points in the past. This is reinforced by the latest TME outturn figures that show that whilst housing expenditure has increased from 0.3% of GDP in 2000/01 to an estimated 0.5% last year, it remains at less than half the proportion of GDP that it was in 1985/86.



<sup>9</sup> Glen Bramley and Craig Watkins (1996) *Steering the Housing Market*, Policy Press  
<sup>10</sup> Glen Bramley (1993) 'Planning, the Market and Private Housebuilding', *The Planner* (January)

<sup>11</sup> See also Gerald Eve and Department of Land Economy, University of Cambridge (1992) *Relationship Between House Prices and Land Supply* HMSO and Roger Tym & Partners and Three Dragons (1999) *Housing in the South East: The Inter-relationship between Supply, Demand and Land Use Policy*, DETR

<sup>12</sup> The chart below shows actual housing completions at five year intervals. This shows the shortfall in the provision of affordable housing provided by the public sector balanced by a degree of consistency in the output of the private sector.



- 13 The current PPG3 on *Housing* (2000) states clearly that ‘a community’s need for housing is a material planning consideration which should be taken into account in formulating development plan policies and deciding planning applications involving housing.’
- 14 JRF (2002) *Planning gain and affordable housing*, JRF Findings, October
- 15 see Graham Martin (2001) *Swamps and alligators: The future for low-cost, home-ownership* YPS in association with JRF
- 16 Urban Task Force (1999) *Towards an Urban Renaissance*, E&FN Spon
- 17 using a combination of ODPM statistical tables on ‘permanent dwellings started and completed by tenure, England’ and ‘new dwellings and residential land from previously developed land’. See [www.odpm.gov.uk](http://www.odpm.gov.uk)
- 18 See ODPM Circular 06/2003. Under the 2003 Consent local authorities will be able to dispose of any interest in land held under the Local Government Act 1972 which they consider will contribute to the promotion or improvement of the economic, social or environmental well-being of the area at less than best consideration providing the undervalue does not exceed £2,000,000.
- 19 JRF (2002) *Land for Housing*, JRF

**Table 1.4** Planning decisions by district planning authorities<sup>1</sup> by speed of decision and type of development: England 2001/02

Type of development <sup>2</sup>	Percentage		Applications granted		Percentage of total decisions <sup>3</sup>	
	All decisions	of all decisions	Thousands	Per cent	Within 8 weeks	Within 13 weeks
<b>MAJOR DEVELOPMENTS</b>						
Dwellings	6.8	1.2	5.2	77	18	35
Offices/research and development/light industry	1.4	0.3	1.3	83	32	52
Heavy industry/storage/warehousing	1.4	0.3	1.3	94	35	59
Retail, distribution and servicing	1.0	0.2	0.9	85	23	42
All other major developments	3.2	0.6	2.8	89	26	48
<b>All major development</b>	<b>13.8</b>	<b>2.6</b>	<b>11.5</b>	<b>83</b>	<b>23</b>	<b>48</b>
<b>MINOR DEVELOPMENTS</b>						
Dwellings	50.6	9.5	35.2	72	43	68
Offices/research and development/light industry	8.6	1.5	6.2	87	56	78
Heavy industry/storage/warehousing	5.1	0.9	4.2	83	59	79
Retail, distribution and servicing	12.8	2.4	11.2	88	61	83
All other minor developments	62.5	11.7	55.5	89	59	80
<b>All minor development</b>	<b>137.6</b>	<b>26.8</b>	<b>113.9</b>	<b>83</b>	<b>64</b>	<b>78</b>
Change of use	37.8	7.1	31.1	82	51	76
Householder developments	261.5	48.0	235.2	90	76	92
Miscellaneous	0.2	-	0.1	88	31	49
<b>Section 78 developments<sup>4</sup></b>	<b>456.6</b>	<b>84.4</b>	<b>391.8</b>	<b>87</b>	<b>68</b>	<b>84</b>
Advertisement	26.7	5.0	21.4	80	72	88
Limited building consents	31.8	5.9	28.4	90	53	74
Conservation area consents	3.0	0.6	2.6	86	43	64
<b>All developments excluding 'Other'</b>	<b>812.0</b>	<b>95.9</b>	<b>644.2</b>	<b>87</b>	<b>65</b>	<b>82</b>
Other (not included above) <sup>5</sup>	22.1	4.1	-	-	67	67
<b>All other development</b>	<b>382.7</b>	<b>71.7</b>	<b>318.9</b>	<b>72</b>	<b>78</b>	<b>88</b>
<b>ALL DEVELOPMENT</b>	<b>1194.7</b>	<b>167.6</b>	<b>963.1</b>	<b>79</b>	<b>68</b>	<b>83</b>

<sup>1</sup> Includes metropolitan and non-metropolitan districts, unitary authorities, London boroughs and national park authorities.

<sup>2</sup> Full definitions of development type are given in the Notes and Definitions.

<sup>3</sup> The percentages in these two columns are cumulative not additive.

<sup>4</sup> Decisions under section 78 of the Town and Country Planning Act 1990.

<sup>5</sup> Includes applications which cannot be granted or refused.

- 20
- 21 ENTEC, Three Dragons, Nottingham Trent University (2002) *Delivering Affordable Housing Through Planning Policy* HMSO and Nathaniel Lichfield & Ptnrs (2003) *Delivering Planning Policy for Housing: PPG3 implementation study*, ODPM