

Submission to the Barker Review of Housing Supply

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1. Housing Shortages

- a) Areas and neighbourhoods are strongly polarised, between more and less popular housing. This in part reflects social and ethnic patterns, in part tenure concentrations. For example, Barking, only 15 minutes by train from the City, has house prices of half the London average. Apartments in central Manchester sell at central London prices in a city with generally low and in some areas falling house prices. There are many other examples.
- b) There is significant under-used capacity in areas of high prices and acute shortage, in the shape of small infill sites, spaces over commercial premises, empty buildings, derelict industrial and service space, planning blight etc. Islington and Hackney epitomise this pattern.
- c) Much new housing is poorly planned and designed and uses up to 40% more land than necessary (see Urban Design Compendium, by Llewellyn Davies). Planning issues, such as width of access roads, overlooking rules, guidance on car parking provision, affect housing capacity. Building rooms over garage space, making attics accessible for study or children's spaces, creating utility and leisure space underneath homes are largely neglected areas that are popular on the Continent.
- d) Transport links make a great difference to land use, housing demand and spreading out growth pressures. For example, the West Midlands have extensive underused capacity, in part because of growing transport unreliability in both rail and road networks. Meanwhile house prices in Stratford, East London, have shot up since the new transport interchange opened up.
- e) Much housing demand is for central locations fuelled by a steep rise in single and childless households, by the growth in students, by a regrowth in city centre employment and services. There is more housing demand for smaller, more manageable, higher density housing units than there is supply – although developers **are** shifting in this direction. It is a major shift, given our historic love of houses with gardens.
- f) The shortage of affordable housing in high demand, high employment areas is affected not just by the loss of council housing, through right to buy and limited output by housing associations, but also by the continuing influx of cheap labour from overseas to fuel the growing service sectors of prosperous areas. As we suck in more labour on low wages, these workers need low cost housing which both creates greater competition for the affordable sub-market homes available, and intensifies pressures on private renting pushing up market prices per room. Simultaneously, high benefit dependency in existing social housing, reflects under-employment and a benefit trap for many existing families (now falling).
- g) It is important to link shortages in some areas with the **large** oversupply of homes in many parts of the country. (See Communities Plan (2003) p.10; Cities for a Small Country (2000); Unpopular Housing Report by DETR/ODPM, (1999)). In the North West this reaches 20 planned, built or empty homes for every projected household (Government Office North West). There is a serious imbalance in development and a chronic oversupply of new build, partially subsidised and affordable homes in the North West. Similar figures would apply in the North East, Yorkshire and Humberside.

2. Unresponsiveness of suppliers

- a) The building industry is conservative and for most of our new supply of homes, we rely on volume builders who make most profit on green field sites at low density. This is mainly because of unrecognised indirect public subsidies in the shape of infrastructure and services.

This problem has only just received government recognition as a result of feasibility studies on the infrastructure requirements of the growth areas.

- b) The incentives for renovation, repair, conversion of existing property and use of infill sites are generally low. In the case of VAT on repair as opposed to VAT exempt new build, there is a positive disincentive to make use of urban capacity.
- c) Planning and building regulations make it difficult to use space over commercial premises for residential purposes. This could easily be overcome, as happens in most European countries.
- d) There has been a high resistance to adopting timber frame and other off-site construction in England (now very common in Scotland). It dominates the US housing production industry, is fast, relatively cheap, flexible, and potentially environmentally beneficial.
- e) Planners have been slow to adapt to new conditions, often constraining densities, size of units, height of buildings, materials etc. They have both followed the lead of developers (favouring low density, large detached or semi-detached houses) and encouraged a conservative approach to design. Stronger enforcement of the 1999 PPG3 would itself make a significant difference. But new density and design guidance is urgent to meet the new conditions.
- f) Patterns are now changing fast and 30% of all new private housing is at higher density in flats. Many new builders are using off-site production methods. There is no doubt that the construction industry would adapt to land and planning constraints if given incentives toward conversions, infill, higher density, brown fields etc. More work needs to be done on reducing the barriers to these changes.

3. Land Constraints

- a) England is the third most densely populated major country in the world (Times World Atlas, 2000). The amount of land affected by development far exceeds the actual land built upon. Over 75% of our land is in direct use, an extraordinarily high percentage. In the South East there are severe land constraints. By contrast the US has 25 times the land supply per head of population, and France has 5 times.
- b) Other countries facing an acute land shortage are forced to concentrate development and build at **much** higher densities to conserve the natural environment. Britain now builds at extraordinarily low and unsustainable densities. By building at 50 dwellings per hectare (a moderate density, in line with popular traditional English villages and towns), we would double our land capacity and virtually eliminate the need for additional green field land (see *Cities for a Small Country* p189).
- c) The proposed growth areas of Milton Keynes and Cambridge cover very large swathes of land, much of it green belt land. The transport, social infrastructure and congestion implications of the proposed scale of development are extremely costly. The impacts on the environment, flood risk, energy use, water resources could place other policies on climate change and sustainable development at risk, unless handled with immense care and innovative approaches (e.g. using renewable energy, re-cycled materials etc.). This would require radical and rapid new approaches.
- d) The Thames Gateway offers the potential to address some of the most serious shortages, using creative design, innovative techniques and modern planning. It could provide a model of integrated, high density, sustainable regeneration that would relieve pressures on London, the South East and Eastern regions. It is an under-used, under-valued and under-invested area.
- e) All over the rest of the country there are large under-used brown field sites. This is an inevitable consequence of our early industrialisation and urbanisation. Used well, discarded land offers enough capacity to see us far into the future, due to our earlier disregard for environmental impacts. New planning and design proposals around mixed uses, public

space, public transport, pedestrian and cycle friendly streets would enhance the value and therefore intensity of use of many more existing urban areas.

- f) Brown field land should not be regarded as a one-off supply. Since 1999, a further 20,000 hectares of brown field land have been identified by the NLUD (ODPM, 2003). There is a continuing flow of disused and discarded sites that currently shows little sign of abatement.
- g) Cars and roads take up a large supply of land – over 40% of the land in each housing development. It is possible to halve this by creating transport hubs, supporting higher density, more viable development. This would greatly increase housing capacity. Similarly constraining car parking space in new developments frees up land. In London it is enabling many additional units.

4. The Policy Environment

There is a mismatch between the actual funding incentives to developers, construction firms and local authorities, and the declared aims of the government in relation to:

- a) sustainable development
- b) an urban renaissance and urban regeneration
- c) regional disparities
- d) a shift towards public transport away from over-reliance on cars

The Treasury may be able to cost the following elements of current patterns:

- a) the infrastructure subsidy to sprawl homes
- b) the cost in additional subsidies (income support, education, neighbourhood renewal etc) of social and ethnic polarisation and segregation resulting from green field building (see US evidence)
- c) the value versus costs of fast transit links between the South East, Midlands and North, modelled on the EU fast-rail systems, opening up spare capacity in the regions (vis Lille, Bordeaux, Turin, Hamburg etc)
- d) the subsidy cost of VAT exemption for new build versus the cost in lost housing capacity of VAT on repair (with particularly harsh impact on Northern and Midlands inner urban housing)
- e) the road congestion and health costs of current land use and development patterns (See US evidence).

5. The Social and Rented Sectors

It is extremely important to ensure a viable supply of affordable homes for rent for many lower paid households at different stages of their lives.

- a) The history, current condition and investment needs of council housing mean that this sector must continue to change radically through transfer to non-profit landlords or the creation of arms length bodies.
- b) Almost all developed, urbanised countries rely on non-profit providers to help plug gaps in the housing market. This is both socially and economically useful, in spite of limitations. Arguably more homes should be provided in high demand areas through non-profit independent landlords.
- c) The private rented sector will provide many useful affordable, often short-term homes, helping new comers, newly forming households, low wage earners. In this country, for most of the 20th century, subsidies and tax incentives have been stacked against private renting and for this reason it plays far too small a role. There have been many suggestions for redressing these imbalances.
- d) An increase in private renting would greatly help the supply of affordable homes. For example, many owner-occupiers under occupy and would rent out more rooms or create self-contained flats within their home if the tax system favoured this. At the moment tax incentives are unrealistically low.

Conclusion

This brief outline of issues is intended to indicate:

- a) the potential for tackling housing shortages
- b) the connection between infrastructure (particularly transport), subsidies and housing supply
- c) the under-used urban capacity, even in areas of high demand, and the unequal incentives favouring green field building
- d) the proximity and potential of low demand regions, particularly the Midlands, to high demand regions, particularly the South East and London
- e) the failures of planning, the unrealistically low densities, the perverse incentives to waste precious green field land.

This submission does not lay sufficient emphasis on the social and racial impacts of current patterns of development, and the urgent need to re-attract and hold families and higher earners in urban areas to create a more cohesive society. This applies as much to London and the South East as it does to the regions. Overall, the issues of housing, transport, land use, neighbourhood regeneration and social cohesion are strongly interlinked. Many small, incremental, flexibly applied incentives and actions would shift current supply patterns in a more logical and sustainable direction, solving many current problems.

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