

Barker review of housing supply

Issue 1 – We need to understand how much housing would have to be provided to make a difference, and how much of a difference we would need to make in order to address current concerns. For example, we in Berkshire would expect to increase the housing stock in our area by about 12% over the period 2001-2016 (in line with our requirement in RPG9). What effect is this likely to have on the balance of supply and demand? It seems to fall short of the forecast growth in household formation from among the current local population. How much more would it take to start to have a significant effect in terms of easing the housing market (as distinct from keeping up with household formation) and would it be realistic, in terms of the environment, transport, the capacity of the building industry, politics, etc. to build at this level over a sustained period?

Issue 1 – Related to the above, you ask about the shortfall of housing numbers against RPG, but nowhere do you ask whether RPG itself represents an adequate response to housing need. Housing provision at a local level is the result of a series of decisions which are cascaded down from central government. In the case of the south-east region, some would argue that the level of housing provision in RPG9 was dictated by political, rather than any other, considerations. Allocating housing land supply at any level tends to be difficult and controversial. If central government does not take a firm lead in addressing the need, the local authorities certainly will not do so unilaterally.

Issue 1 - We know about the current inelasticity of supply, but how elastic is demand at a regional level? How much frustrated demand is there, from people wanting to move to the south-east but unable to do so on cost grounds? If supply could be increased to the point where it started to reduce regional house-price differentials, would this stimulate an increase in demand from outside the region that would still leave many existing households within the south-east unable to compete in the market?

Issue 1 – the adequacy of housing land supply is to a considerable degree dependent upon the densities achieved in its development. This is a matter which is greatly exercising the minds of the planning profession, and which raises a host of questions, such as: how we win acceptance of higher densities among a population, much of which seems wedded to suburban forms of housing? We seem to be singularly unsuccessful in promoting good examples of higher density housing. Is limiting the car parking provision associated with new development an appropriate means of increasing densities, given that the Government seems quite keen on the idea of car ownership (if not of their inappropriate use)? There are also market considerations – for example, what impact does building at a higher density have on the cost of construction and the value of the finished product, and are the building industry therefore encouraged or discouraged financially from increasing density?

Issue 1 - Does the manner in which land is acquired and brought forward for development (in particular, the process of options) work differently in this country to that in the rest of Europe? It might be useful to see how others do it.

Issue 1 – The spatial dimension is important to the affordable housing debate. Pockets of high housing prices occur all around the country, but generally there are areas of much lower-cost housing within easy reach. But in large areas of the south east, like the one in which I work (Maidenhead) you would have to look very much further afield (generally beyond a sensible commuting distance) before you could find

average house prices that were affordable to a wide range of the population. Those who need affordable housing will tend to be less mobile than the average (for cost reasons, if nothing else). A policy of concentrating affordable housing in a few large growth areas would therefore only have a localised impact (for example, large amounts of affordable housing in the Milton Keynes growth area will have little or no impact on the needs of the Thames Valley – in this case, the mobility argument is reinforced by the poor quality of the communications between the two areas).

Issue 2 – Substantial increases in the supply of housing would certainly pose challenges for the development industry, from the controversy involved in assembling the land required to providing the labour required. One question you do not ask is what the incentive is for them to do so? For example, the greatest scope for reducing cost would seem to be by reducing the cost of land. Assuming the development industry holds significant land banks, it is difficult to see what the attractions are for them of increasing supply to a point where the value of those land banks is substantially depressed.

Issue 3 – The Planning Bill will not significantly improve the speed or predictability of the Development Plan system. The Bill is a repackaging of the development planning process that does not touch its fundamental mechanics. For example, it does nothing to tackle some of the key causes of delay, such as the time taken up by consultation or the universal right of appearance at local inquiries that can lead to them taking literally years. Methods of participation that have their origins back in the 1960s are today operated by a public that is far more sophisticated in their use, and there is a mind-set among some opponents of development that holds that the next best thing to overturning a development proposal is to delay it indefinitely. We need to decide as a society the balance we want between rights of participation and debate, and speed and certainty in the planning process. Nor is there anything in the Bill that will affect the amount of land that comes forward for housing (not that anyone has made such a claim for it) or facilitate the delivery of difficult or controversial sites, where this might be unavoidable.

Issue 3 – Section 106 agreements delay the release of land, because it is only when they are completed that the developer can be sure of the full extent of his liabilities, and thus what they can afford to pay for the land. They then have to enter into a further stage of negotiation with the landowner, which is one of the reasons – outside the control of the local planning authority – that the granting of a consent involving a S106 is such a protracted process.

Issue 3 – One related question you might have asked here was whether planning consents always get turned into development and, if not, why not? Lapsed consents are in fact very low in an area like Berkshire. We did a snapshot in one Berkshire district to give an idea of the scale of the problem, and found lapsed consents represented about 0.5% of the total consents granted (a total of six dwellings). The development industry sometimes argues for a 10% allowance for non-implementation, but this should be examined very critically in areas of high demand.

Issue 4 – Surely the simple answer as to why the market has not expanded the provision of affordable housing or rental housing is the same as it was throughout much of the 19th century – that there is no profit in it? Land for affordable housing does not tend to come cheaper than any other form of housing land; building regulations rightly expect affordable housing to comply with the same health and safety standards as market housing, and space standards cannot be squeezed to any significant degree, so costs are little different. Rented housing will be provided where there is a viable market – witness the rapid growth in up-market apartments

for rent in major towns and cities (often bought as investments by private individuals and rented out).

Issue 4 – As both a point of general principle and a practical consideration, how appropriate is the use of the housing development industry to fund affordable housing? Some local authorities are seeking as much as 50% of housing as “affordable” (however this is defined). What are the realistic limits to affordable housing being funded by what some regard as a hidden tax on the housing developer? How much cross-subsidy of affordable housing can a given amount of market development support, and how much of the nation’s overall need for affordable housing can therefore be met by this means? There are also some important issues to be looked at in cases where the local authorities have to fund part of the cost of the affordable housing element

Issue 4 - How does the requirement for affordable housing affect the economics of house-building generally? Does it on the one hand contribute to market housing cost inflation (if the developer cross-subsidises the affordable element through the price of the rest of the development), or does it depress the sum paid to the landowner (and possibly thus act as a deterrent to land disposal)? Is it appropriate that responsibility for subsidising affordable housing should be placed on the private housebuilder to the extent that it is? Might it not be argued that the providers of other forms of development help to generate demand locally for housing and might therefore equally be asked to contribute towards affordable housing?

Issue 4 – One problem for those needing affordable housing is not just getting on the housing ladder, but being able to climb up it as their housing needs change over the years. This manifests itself for us as a problem in keeping middle-order staff, who often find it necessary to move out of the area to meet their housing needs in an affordable way. Policy on affordable housing needs to think not just about the first step into the housing market, but also about where people go from there.