

Housing Supply and Strategic Planning in England

Duncan Bowie

Bartlett School of Planning, University College London

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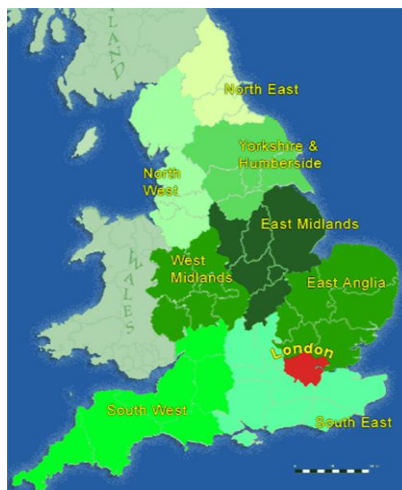
Duncan Bowie
Bartlett School of Planning,
University College London

Tokyo 10.12.2019

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England and its regions



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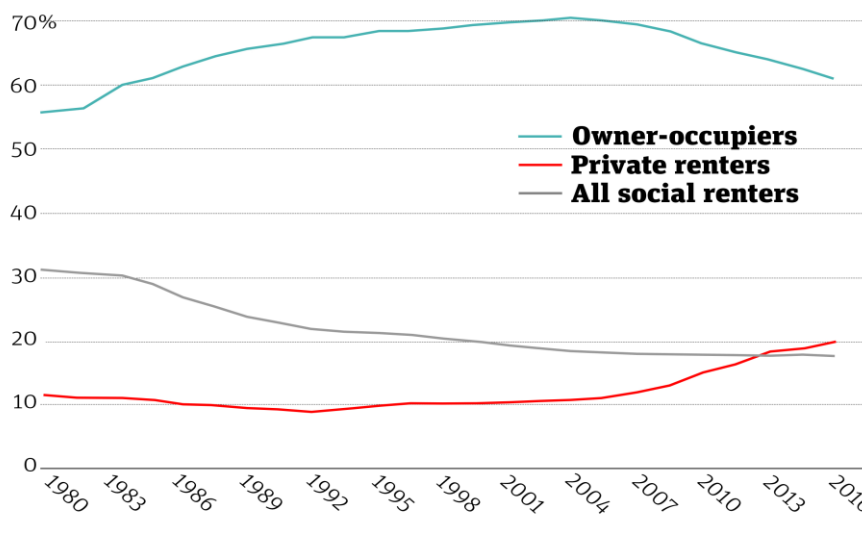
The Governance structure: Housing Supply

- Central Government : Ministry of Housing, Communities and Local Government
- Homes England – Government funding agency (previously Housing Corporation; Homes and Communities Agency)
- The Mayor of London has housing funding powers
- Local housing authorities
- Housing associations : regulated independent (charitable) housing providers receiving government grant
- Private developers

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Changes in tenure since 1979

(source Office of National Statistics ONS)



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Changes in housing tenure by region

(source: https://popchange-data.liverpool.ac.uk/Briefing3/PopChange3_HousingTenureEngland.pdf)

Table 1. Households by tenure (%) by region. SR is social renting, PR is private renting, OO is owner occupied (home owning)

Region	1971			1981			1991			2001			2011		
	SR	PR	OO	SR	PR	OO	SR	PR	OO	SR	PR	OO	SR	PR	OO
East	29.4	17.8	52.6	29.3	10.0	60.8	20.0	9.0	71.0	16.5	10.8	72.7	15.9	14.9	69.2
East Midlands	28.5	20.4	51.0	30.0	10.2	59.9	21.3	8.0	70.6	17.5	10.3	72.2	16.1	15.1	68.8
London	24.9	34.0	40.5	34.8	16.6	48.6	28.9	13.9	57.2	26.2	17.3	56.5	24.4	25.4	50.2
North East	41.9	19.5	38.5	45.8	8.9	45.3	34.3	6.7	58.9	27.6	8.7	63.6	23.2	13.8	62.9
North West	27.9	18.9	53.1	31.5	8.9	59.6	24.5	7.4	68.1	20.1	10.7	69.3	18.5	15.6	65.9
South East	21.7	21.1	57.0	23.2	12.2	64.6	16.1	10.1	73.8	14.0	12.1	74.0	13.9	16.5	69.6
South West	22.8	21.1	55.9	23.7	12.6	63.8	16.4	10.8	72.8	13.5	13.4	73.1	13.5	17.3	69.2
West Midlands	33.5	16.2	50.3	34.3	8.1	57.6	25.4	6.9	67.7	20.6	9.8	69.6	19.2	14.2	66.5
Yorkshire and The Humber	32.1	19.5	48.4	33.8	9.9	56.3	25.8	8.3	65.9	21.0	11.4	67.6	18.4	16.1	65.5
England	28.1	21.8	49.9	31.0	11.1	57.8	23.1	9.3	67.6	19.3	12.0	68.7	17.9	17.1	65.0

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Decline in social renting households

(source: https://popchange-data.liverpool.ac.uk/Briefing3/PopChange3_HousingTenureEngland.pdf)

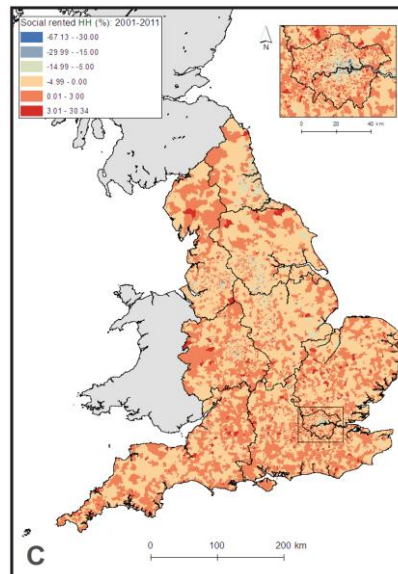
Table 2. Social renting households by region

Region	1971	1981	1991	2001	2011	1981-1991	1991-2001	2001-2011	1981-2011
East	429,141	497,926	397,369	368,581	380,331	-100,558	-28,788	11,750	-117,595
East Midlands	349,692	409,999	330,890	303,324	300,423	-79,109	-27,566	-2,901	-109,576
London	655,791	872,526	799,166	790,347	785,993	-73,361	-8,819	-4,354	-86,533
North East	373,245	432,956	352,073	294,692	259,506	-80,883	-57,381	-35,186	-173,450
North West	662,301	776,870	649,382	564,597	550,481	-127,488	-84,785	-14,116	-226,389
South East	485,268	586,591	475,089	459,008	487,473	-111,503	-16,081	28,465	-99,118
South West	312,999	370,022	302,144	282,249	301,520	-67,878	-19,895	19,271	-68,502
West Midlands	558,938	619,751	506,131	443,583	435,170	-113,620	-62,548	-8,413	-184,581
Yorkshire and The Humber	531,708	596,730	497,160	434,142	402,653	-99,570	-63,018	-31,489	-194,077
England	4,359,083	5,163,372	4,309,403	3,940,523	3,903,550	-853,969	-368,880	-36,973	-1,259,822

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Change in social renting

(source: https://popchange-data.liverpool.ac.uk/Briefing3/PopChange3_HousingTenureEngland.pdf)



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Tenure change: key points

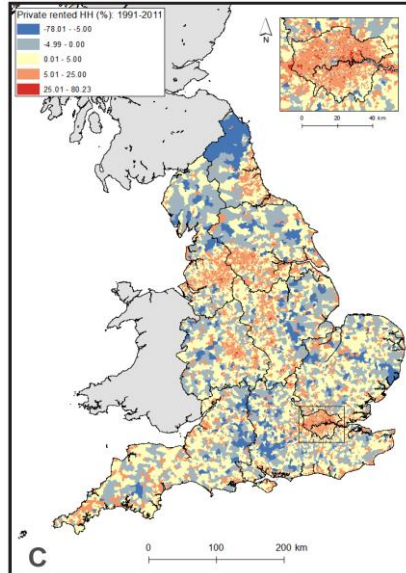
(source: https://popchange-data.liverpool.ac.uk/Briefing3/PopChange3_HousingTenureEngland.pdf)

- The number of social renting households fell from a peak over 5.1 million in 1981 to a low of 3.9 million in 2011, with the biggest decrease (of over 850,000) between 1981 and 1991.
- Between 2001 and 2011, the largest changes in the proportion of social renting households were in parts of London, Manchester and Birmingham, where there were decreases of over 40%.
- The largest decrease in social renting household numbers between 1981 and 2011 was in the North East (40%), while the smallest decrease was in London (10%).
- In every region of England, the proportion of households that were private renting fell between 1971 and 1981, and between 1981 and 1991; in all regions there was an increase in this proportion between 1991 and 2001, with a larger increase between 2001 and 2011.

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Change in private renting

(source: https://popchange-data.liverpool.ac.uk/Briefing3/PopChange3_HousingTenureEngland.pdf)



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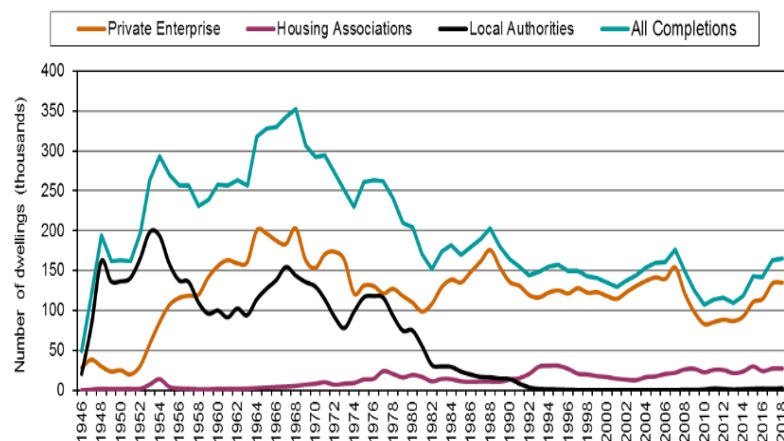
Housing challenges

- New housing development not matching growth in household population
- Increased homelessness – both street homelessness and households in temporary accommodation
- Increased overcrowding but also increase in under-occupation – inefficient use of existing housing stock
- Increase in private renting – no control over rent levels or security of tenure and limited regulation of physical and management standards
- Dramatic decline in social housing supply but also recent decline in homeownership

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Housing completions since 1946

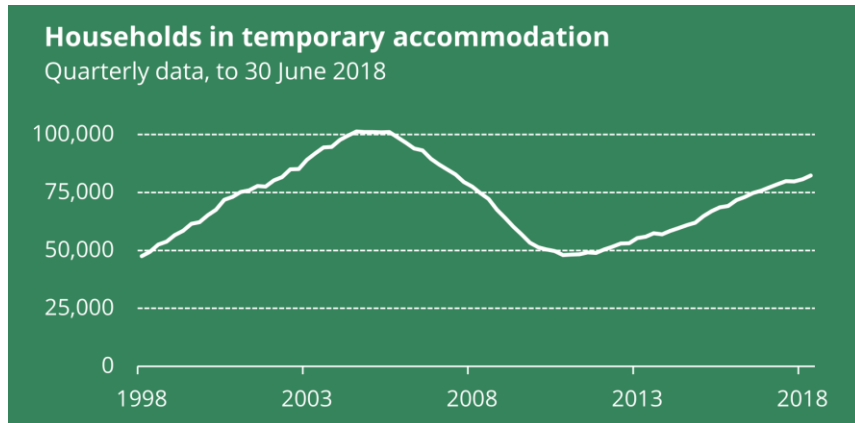
(https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/835887/House_Building_Release_June_2019.pdf)



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Homelessness

(source: MHCLG: Homelessness statistics)

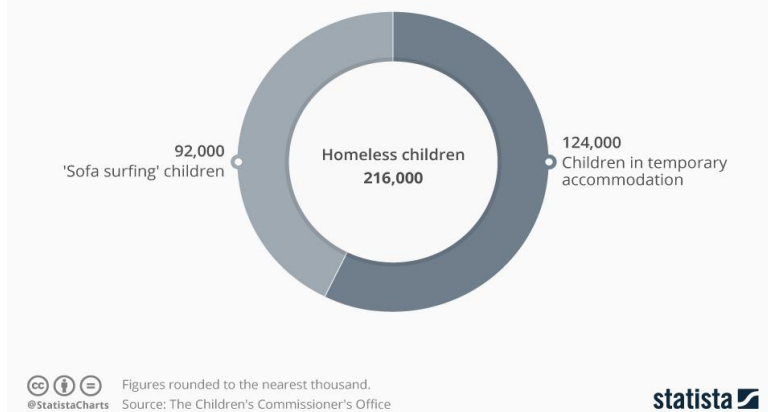


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Homeless Children

England's homeless children problem

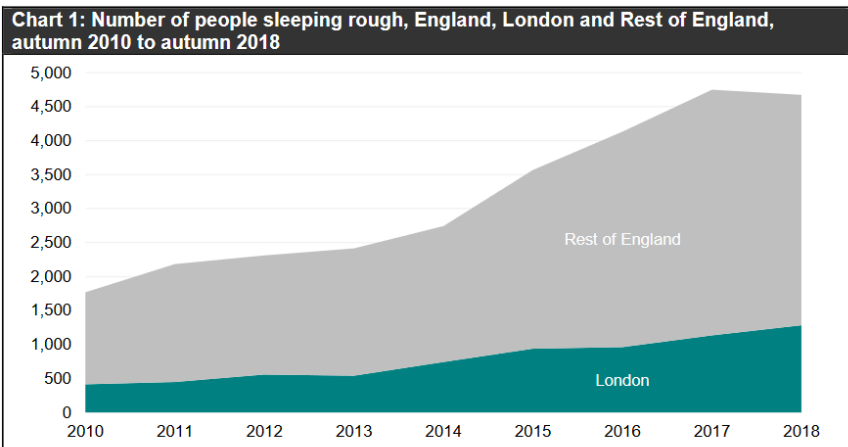
Estimated number of children classified as 'homeless' in England in 2016/17



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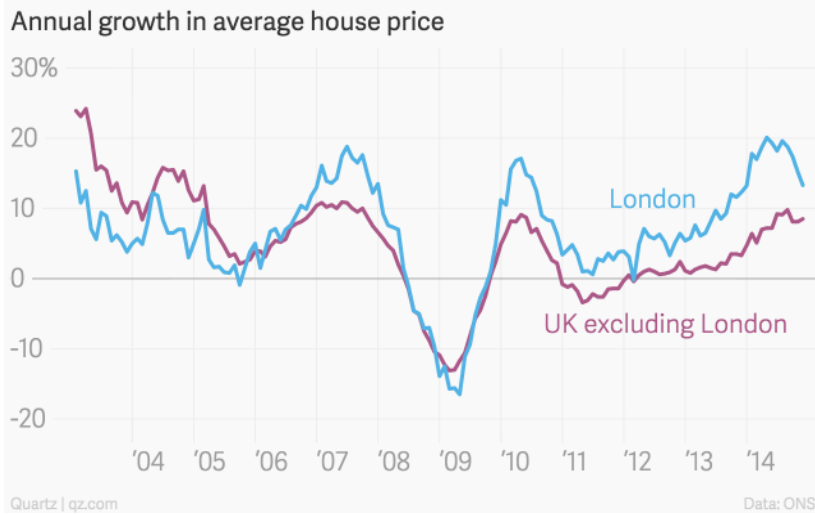
Street Homelessness

(https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/781567/Rough_Sleeping_Statistics_2018_release.pdf)



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House-price changes



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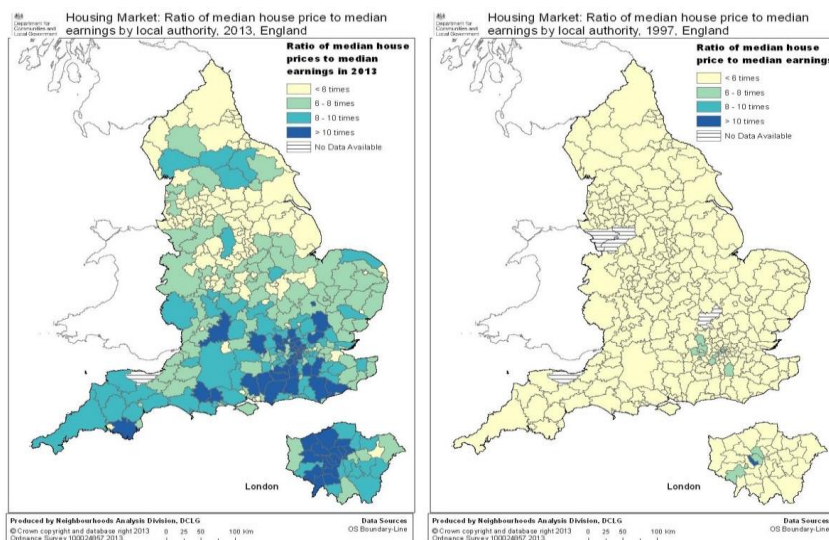
The Affordability challenge

28. The Halifax house price to earnings ratio has risen now for 15 consecutive quarters



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Affordability challenge by area

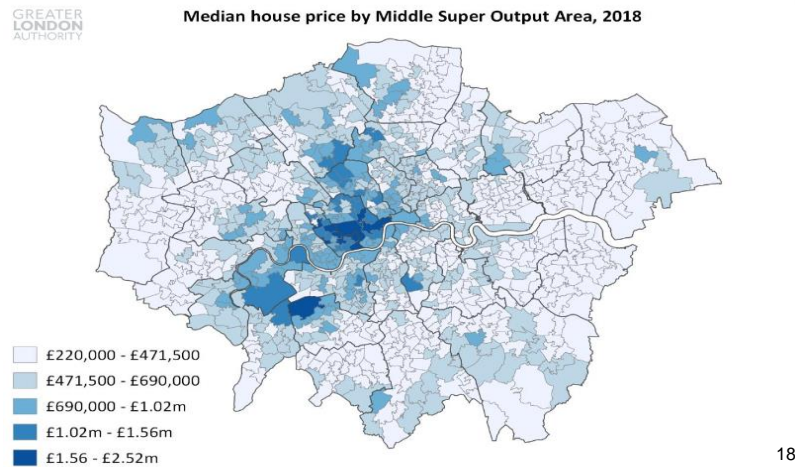


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London house-prices

(source: Mayor of London: Housing in London 2019: <https://data.london.gov.uk/dataset/housing-London>)

4.5. Average house prices are highest in inner west London and lowest in outer east London



The Current Context

- Undersupply of housing and critical undersupply of housing affordable by lower income groups- most acute in London and the South East
- Insufficient family sized homes being built
- Government funding again focused on homeownership
- Losses of social housing through 'Right to Buy', estate regeneration and existing social rented homes being converted to higher rented homes
- Lower income households in private rented sector dispersed to lower value areas
- Local Authorities unable to resource core adult and child care services, so selling assets to finance services

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Public housing investment

- No government funding between 2010 and 2018 for social rented housing at target (controlled) rents
- Funding for rented homes at up to 80% market rent ('affordable rented homes') with limited security of tenure (minimum 2 years)
- New 2019 Johnson Government Ministers shifting focus back from social rent to promoting homeownership
- Possible extension of Right to Buy to housing associations
- Grant rate per home only a third of what is needed
- Many Local Authorities having to finance new investment from asset disposals

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Improving Local Performance

- Much stricter planning policies could be applied for development management
- Planning briefs for sites should be based on assessment of housing needs in area
- Public sector may share development risk but could also share potential long term value appreciation
- Disposals of public land should be with conditions on form of development
- Direct housing development by local councils when cost effective
- Local councils should set income related targets for affordable housing including social rent

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The Governance of Strategic Planning

- Central government: Ministry of Housing, Communities and Local Government
- Planning Inspectorate
- Local planning authorities responsible for adopting Local Plans
- Plans subject to local consultation and public examination
- Central government can veto plan adoption
- Central government can 'call in' individual development applications

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The policy framework for planning in England

- National Planning Policy Framework (NPPF) and National Planning Guidance
- No National Spatial Plan for England
- Regional planning abolished in 2010
- Mayor of London has strategic planning powers
- Some voluntary collaboration between groups of local authorities
- Neighbourhood planning introduced in 2011 Localism Act
- Development management decisions as plan led but system is 'discretionary' and largely reactive to market led development proposals

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Local Planning Framework

The development plan out of London



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London: Different Framework

The development plan in London



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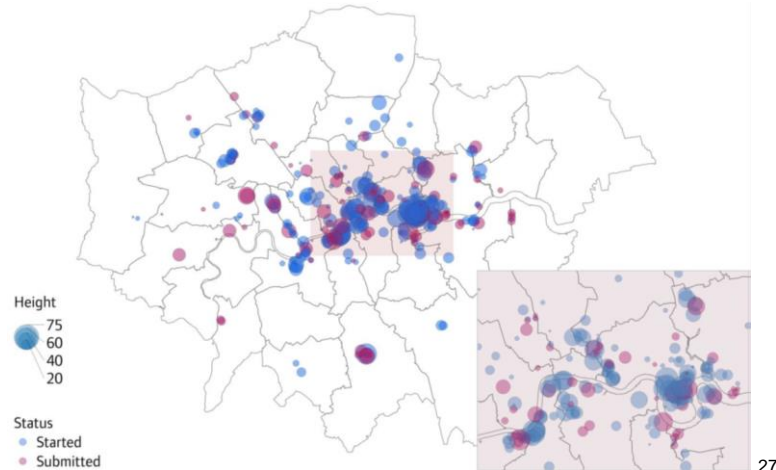
Deficiencies in outcomes from the planning regime

- Focus on increasing housing output in numerical terms, with less consideration for type of housing and affordability
- Development largely investment market driven not plan led
- Compact city and densification drives up land prices
- Lower and middle income households displaced from higher cost areas, especially from central London

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High-rise development in London

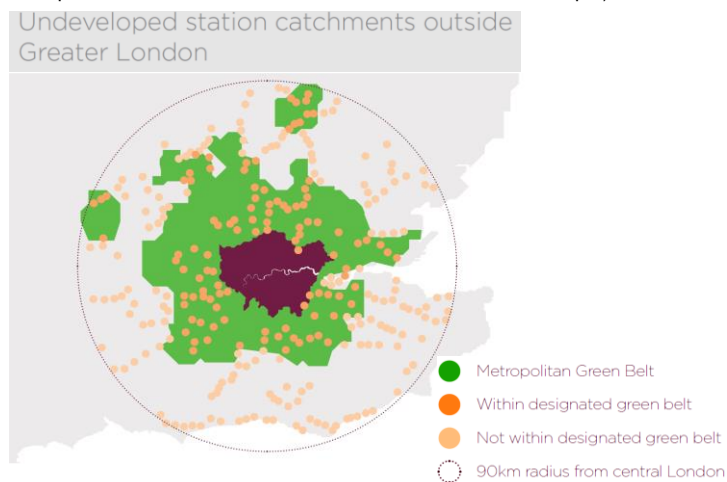
(source: Mayor of London: Housing in London 2018: <https://data.london.gov.uk/dataset/housing-London>)



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Development opportunities in London city region

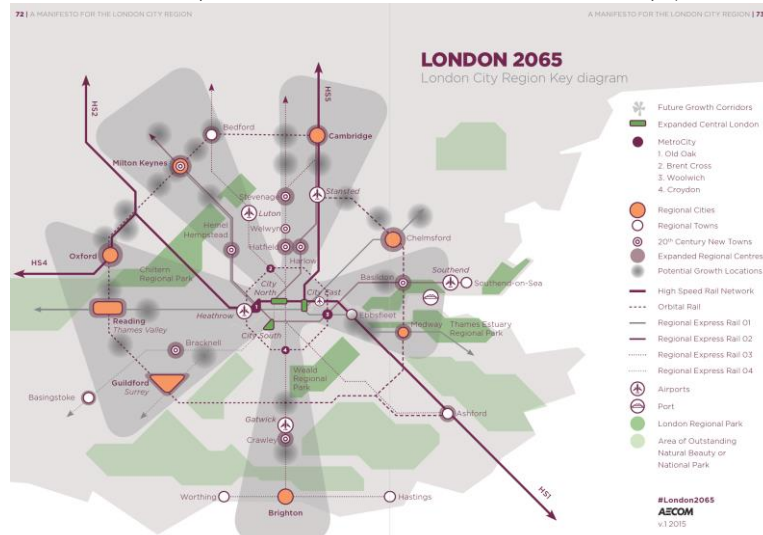
(Source: AECOM: London 2065 Manifesto https://www.aecom.com/wp-content/uploads/2015/10/AECOM_Cities_London_2065_Manifesto.pdf)



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A Framework for London city region development

(Source: AECOM: London 2065 Manifesto https://www.aecom.com/wp-content/uploads/2015/10/AECOM_Cities_London_2065_Manifesto.pdf)



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The key reforms required

- Public Funding
- Land ownership
- Planning
- Taxation
- Public sector control

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Public Funding

- Refocus on public subsidy on social rented provision with genuine affordable rents and security of tenure
- Restore the previous grant regime to affordable housing related to cost
- Stop all public subsidy to forms of home ownership, including discounted sale of council and housing association rented homes
- Any public investment in home ownership or shared ownership should be on basis of repayable public sector equity stake
- Programme of social and physical infrastructure funded from taxation
- National public funding for estate refurbishment
- Restore revenue support from central government to local councils

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Land Ownership

- Local councils should acquire land for development of social housing
- Local councils and Mayors should have power to compulsorily buy land at Existing Use Value
- Councils should only dispose of land with strict covenants on forms of development and taking an equity stake in any value uplift

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Planning

- Government must prepare a National Spatial Plan, which identifies areas for residential and employment growth and which links to national infrastructure investment
- Local Planning authorities must allocate sites to meet all housing needs and only approve development proposals which meet these needs
- City regional planning structure to ensure delivery of housing across local authority boundaries with targets based on joint assessments of needs and capacity
- New statutory planning framework for planning of London metropolitan region – must include suburban intensification and urban extensions
- Mandatory minimum standards for all new development

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Taxation

- Replace stamp duty on property purchase tax on value appreciation as annual tax and/or tax on disposal
- Consider reintroduction of tax on imputed rental value for owner occupied property
- Council tax should be reformed to be progressive with higher bands and updating of rating valuation and to relate to effective occupation of property
- Penal tax rates on long-term vacant property
- Reform inheritance tax in relation to inheritance of property. Replace by lifetime gifts tax ?

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Power

- Remove remaining central government imposed limits on local authority borrowing
- Allow local councils to set council tax rates to increase council resources and remove dependence on central government grant
- Councils should be able to take equity stake in private development as condition of planning consent

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