



## Housing Challenges and Planning Strategies in Southern England

Hello. [...] going to wait for a few minutes, erm, your tutor, the gentleman who just – what was his name? Rob – Rhod, Rhod, okay, he's gone to go and get some more handouts, because I was told there were twelve of you and clearly there are more than twelve, so I think it will be helpful if you have, you know, enough handouts to go around. How much do you know, before we start, about the UK planning system? This is an issue. Yeah? I mean, what I – what I'm going to say, really, you know, having a full understanding of what I'm going to say depends very much on whether you are pretty up to date on, erm, developments in UK planning. But I – if I know, now, that you know nothing – yeah? Is that a reasonable assessment, nothing? Almost nothing, okay. I can stop at some points and say – and try and explain a little bit more. Because what we're going to look at today is essentially Government's policies and strategies on housing. And I'm going to focus in particular on southern England and on, erm, London, and that relates very much to, erm, changes in the planning system, because that's the way in which we regulate housing supply. So, I'll go through it. You know, I'll go through it. It's just, it's very – it's an overview, essentially. Erm, but if we – if we come to a point where, you know, you don't understand or you – or you need a little bit more information, then, erm, I can – I can stop and I can explain something in greater detail. What I'm going to give you as well is a paper, it's a written paper, that tells you exactly what I'm saying, yeah, and gives you a little bit more detail, gives you a bit more detail because as I can't remember everything that I intended to say so I may skip over some points: you can go back and you can read that paper, and – you know, in your own time. And also I'll give you the overheads as well, today. Erm, actually, I might – might as well just start handing these out. Erm, so we can make a start when Rhod is back. These are the overheads. How's your English, as well? I bet it's pretty good, pretty good? Variable? Well, I'm going to speak very slow – I speak very slowly anyway, my natural tendency is to speak slowly, so. Erm, there's going to be a few missing on this row. I'll put these out there, but there'll be more in a minute so don't, don't worry. And this is the, this is the full paper. [...] Well, I'll give, give you three of those and we'll see how many we're missing in a moment. Yeah, we're missing a few but that's okay. He'll be back in a second. Yeah, I know, I know, sorry, he's going to photocopy them, back in a minute. We'll all have loads and loads of handouts. How long have you been in London so far? Four days. So this is the first, erm, talk you've had, yeah? 'Cause as I understand it, this is the first talk of four.

[introductions]

Welcome to UCL. Welcome to the Bartlett. You're not actually in the Bartlett, but I'm from the Bartlett and, er, what myself and my three colleagues are going to do over the next week or so is give you, erm, four introductions to some key issues in how – in planning, planning and development, in England. And focussed specifically on London and the South East. Clearly London and the South East is a focus for our work, because it's where we live, it's where a large number of our students are from. Erm, it's the context in which we – in which we operate as a school of planning. Erm, although we are very much an internationally focussed centre: I know you're all from Seoul, or you're from Korea and study in Seoul, erm, I have four PhD students and two of them are from Seoul. Erm, and I can – I can appreciate that, erm, there can be language difficulties. Erm, your English is a lot better than my Korean, I can tell you that for certain. Erm, but I'll – as I said a moment ago, if there's anything you don't understand; if I'm running – if I'm running ahead – and, erm, I'm not at all clear, then just stick your hand up and say 'slow down. Slow down.' And I'll go back and cover any points you'd like me to. Well, as – as Rhod has said, I'm Nick Gallant, erm, I'm a specialist in housing and planning in the Bartlett. Erm, I teach in that – in that subject area but I also research in that subject area. And what I'm going to do today is try and give you a very broad overview of what's happening in housing: in housing policy, and housing strategy, in England at the moment. I say 'in England' because since the arrival of Tony Blair's government in 1997, er, we've had devolution of political and administrative responsibility to different parts of the United Kingdom. We used to talk about the planning system affecting the whole of the United Kingdom, but now we really talk about different planning systems affecting different parts of the Union. So I'm concerned with what's happening in England. And specifically, with what's happening in southern England. But I'm going to answer six – try and answer six questions. Or offer you – offer you some – some reflections, some insights, into six key questions relating to housing.

The first one is, what is government in England trying to achieve in relation to housing provision? And, in developing policies as all governments do, what is the problem that it's responding to, okay? We have a very particular housing problem in this country, erm, it has particular characteristics. It isn't about large numbers of rural households who are homeless. It isn't about shanty town development. It is more subtle than that. But it affects people's lives in very important ways. And government is seeking to address some of these problems. So, I'll talk about that and I'll talk about, secondly, the broad challenges, and I'll talk about the particular context of London. London is a pressure point in England, it's a

pressure point for a number of reasons. It's the heart of our economy, and therefore all the people from other parts of England move to London regularly. There are a large number of job opportunities but often there isn't enough housing to actually go around, so there are barriers to accessing the London job market. And there are also pressures through the recent expansion of the European Union. There is a prediction that in the next year we will face 600,000 migrants moving to the UK from Romania and Bulgaria. So there are pressures that London faces in relation to the housing market and in relation to international migration. I'll say a little bit about that. And, in relation to that, in relation to those problems, what is Government doing in the South East? What is its strategy? It has a broader vision for housing in the South East, which isn't just about saying, 'we'll develop this policy here and this policy here.' But it has a broad set of documents, a broad set of policy strategies which it's put into place since 2001 which aim to sort-of enable local planning authorities, enable those people with a responsibility for housing, to actually undertake the task which is now in hand, i.e. to deal with this – this huge housing pressure that we face. And, at the very end, if I have enough time, and I may not: I may go on, I may decide that we've done enough – we will look at London in particular and the London housing strategy. And what mechanisms are actually being put in place by Ken Livingstone and his administration in London, and what he expects local authorities in London to actually do to respond to these sort-of wider housing pressures of which London is experiencing a part. So, that's essentially what I'm going to do and I'll conclude at the very end by telling you what I think about the likelihood of success through the strategy that the government is actually adopting.

So, speaking in 1999, the then Housing Minister for the entire UK said, 'the overall aim of the Government's housing policy is to offer everyone the opportunity of a decent home, and so promote social cohesion, well-being and self-dependence.' Hillary Armstrong speaking two years after the Labour Government came to power. Now, the turn of the century 1999/2000 was a – was a point at which Government started to think very very hard about the planning system. The planning system had existed in its current form since 1947, and there was a view that the planning system was a slow, beaurocratic process where the housing aspirations of the population as a whole are known, but at the very local level there is too much political debate about how that housing should actually be provided. And people are constantly saying, 'well, yes, we agree there is a national problem, but no, we don't want to sort it out here. We want it to be sorted out elsewhere.' Now, Hillary Armstrong tried to change the focus of the housing debate. Rather than simply on delivering new homes, on actually arguing that there were important issues for the nation as a whole, and important issues for individual communities, if they didn't deal with issues of social cohesion, well-being, and self-dependence. That it wasn't just about homes and people being homeless, it was about a breakdown of society. And that has been very much the agenda for the last seven years, that we've seen housing in a broader social policy context. And, the key term in this docu... – in this statement is 'decent homes'. Everything that Government has done over the last seven years is there to promote decent homes, and by that it means homes that allow people the – the right amount of space for their families, it allows people to actually live somewhere close to jobs, it allows people to live somewhere where they're close to friends and social networks. A decent home is a home that allows you to play a full part in society. Now, some people are socially excluded because of where they live. Some people suffer health problems because the housing that they live in is inadequate. This idea of decent homes articulates the government's philosophy in relation to housing provision. And this was the problem that they perceived. Generally there was a decline in house building over the last 50 years, and house building bottomed out in 2001. Now, planning has been blamed for this. What I mean is, the actual number of homes delivered in England through private development, social housing providers bottomed out, it reached its lowest level in 2001, since 1924. Okay. At a time when the population has been growing, when more people have been living alone, where there's international patterns of migration, you had, in 2001, the lowest level of house building ever experienced in this country in living memory. And that's a real problem, and planning was blamed for that problem. And at the same time, after the – after the Second World War, we engaged in a program of building homes specifically for people who could not afford to buy housing in the open market. Council housing. But, when Margaret Thatcher – Mrs. Thatcher – Margaret Thatcher, British Prime Minister, came to power in 1979, she said that people should have greater responsibility in their lives. She said that local authorities are not the best means of providing social housing. She said that we should make the market work more efficiently – she was very market orientated – and said that we should no longer worry, really, about providing social housing. So, she allowed people living in that social housing in 1980 and 1980 onwards to actually buy the properties from the local state. What we've experienced since 1980, as well as a decline in the actual level of private housing provision [...] fifty years, we've also experienced, added to that problem, a decline in the amount of social housing that's available for people to rent if they cannot buy homes in the open market. So, there's been a dwindling supply of social housing. For every social home added – this is by, you know, not-for-profit organizations, local authorities, housing associations, yeah – two have been lost by being sold on the private market. So we've got less private housing, we've got less public housing being built. We've got a population which is increasing, not through natural increase but through a process of international migration. And through the process of people tending to live in smaller households, therefore people wanting to live alone at an earlier age. And so the number of households we – the number of houses we require, has been increasing and the number of housing – house – houses we're producing has been going down, so, you know, the classic problem really. Erm, and this is true generally in the public sector, there's been less money to build. And, we have these household projections in the United Kingdom – you probably have an equivalent in Korea – where, we don't just look at the current situation but we think about how the situation will change over the next 25 years and over the next 50 years. And these projections, the most recent were published in 2006, show that the situation is going to get worse. Erm, it's not going to get better. We're going to have more households coming in because of international migration, we're going to have more people living alone. And we're going to need more housing. But, we're still – the planning system, largely, is still slowing down the supply, the output of new homes in this country. So, the whole thing is very very bleak. And, the planning system, of course the planning system is what I'm concerned with as a planner, has to be blamed for actually slowing the system down. And as a result of that a view has developed in housing policy, over the last five years, that the

planning system should respond to the market more – more effectively. Now, we all know, if you're – if you're – if you have a background in planning – that the idea of planning is that we believe that the market creates externalities, that if you allow development just to – just to go ahead without any consideration of other issues, that that will be damaging for the environment, okay. People will just build wherever they like. So the planning system was designed, and it was designed over the last 150 years in this country actually, but the actual modern system where local authorities actually have a final say in whether you can build a house or not, according to a plan, was developed in 1947. But what they're saying now is, we should – we should step away from planning a little bit, and we should say, well, planning is good. Planning can cost the externalities of development. Through planning we can make sure that some people have – that housing is put in the right location, so it's close to jobs and so it's close to services. But, we should also make sure that if the market is strengthening, if more people, more households are forming, if there's more demand from abroad, we should be listening to that and we should be responding to that. Now, as it happens at the moment the planning cycle goes over five years. At the beginning of that five year cycle they say, okay, this is how many houses we're going to provide for, and then they just do it. Sometimes they don't do it because there's local political problems, but they just do it. The new idea is that, erm, we should – we should listen to the market within the planning cycle and, if there's greater demand, say for example a sudden expansion of the EU, you know, to encompass Africa. That's not going to happen, but say there was, then these – that would actually be read by regional planning authorities and they would say to the local authorities, 'okay, the designations for housing land you made three years ago are now inadequate. Release more land onto the market.' Yeah, so we can build for this demand. That's a ridiculous example, but, within a local area you may find there are economic conditions that change which encourage people to move in to an area and subsequently the market, the housing supply – the land supply, rather, for housing, has to respond otherwise you haven't got enough housing. That is the problem that we've faced in this country for fifty years. Basically, that planning is restraining the supply of new housing often because planning starts with an aspiration, but that aspiration is thwarted – is prevented by, erm, local political interests coming in and saying, for whatever reason, don't build those homes. And opposing the planning process, and opposing the development process. And we're trying to get away from that situation in the UK.

So, that's the broad challenge. Just a little bit more information on the sort of – some of the statistics that have been held up by government to support this argument. Firstly, erm, living – people living alone, people living in single households will account for 67% of all future growth until 2021. So, we're not seeing the population in the UK increase massively, we're just seeing people living alone. Fifty years ago, people lived with their parents – that might be the case in Korea too – until they were thirty. And then, when they were thirty, they married and they got a house of their own, okay. And so there was a delay, there was a lag in household formation. Today, people, 22, 20, go to university, they consume housing as university students, living alone, okay. And then they aspire earlier in the life cycle to actually buy a house. Many people do that before they get married. These are social changes. These are social changes that are happening around the world and they're evident in the United Kingdom and in England, and they result in increasing demand for housing. And it's predicted that by 2026 only three out of ten of today's ten year-olds will be able to buy a home. You know, so only thirty percent of people in twenty years' time will be able to buy a home in this country, if current building regs actually continue as they are. And, in 1996, if you wanted to buy a home in this country, you needed £5000 in the bank to actually take to a building society and say, I want to buy a home, here's my deposit. In 2005 the amount of – the average amount of money you needed was £34,000. So housing is becoming increasingly less affordable in this country. Because the supply is dwindling and because there's greater competition for that supply. And as this happens, more and more people are trying to access social housing, but there's less social housing. So, this is having problems in terms of homelessness, in terms of people living in overcrowded properties, with parents, with friends. It's happening in the countryside, it's happening in London, it's happening in the major British cities, it's happening everywhere. And, there are currently 150,000 fewer workers than jobs in the south east of – in the South East. Though actually, the biggest problem, and this is what government is really concerned with, is that we haven't got a sufficient labour supply to run the economy in the strongest region, because people can't afford to live there. So, we've got the jobs, erm, but we haven't got the people to actually fill those jobs. Because the major barrier to them accessing these jobs are these figures here. They can't move down because they haven't got £34,000 in the bank. Therefore, you have a crisis in labour supply. Now, I'm going to just – just say very briefly that the biggest pressure of all of this is in London. London has an incredibly expensive housing market. I don't know how it compares with Korea, but the average house price in London at the moment is somewhere in the region of £260,000. I mean, I don't know what that means to you, probably in the region of 420, 430 thousand US dollars, er, for a – for an average property. And in many areas it's much more expensive than that. And that's – that's a major problem if you want to bring teachers or university lecturers into London to work in these sectors. It's very expensive to live here. Erm, and we need to supply for that housing. But in supplying for that housing we have other problems: Infrastructure, we haven't got enough water, I mean, it rains all the time here, yeah, terrible, terrible weather, rains all the time, and yet we have a hosepipe ban at the moment. [...] But basically you can't use a hosepipe to wash your car or water your lawn. Because there's not enough water in the region. Even though it seems to rain all the time, our reservoirs are low, because we're pulling so much water out of the ground to service a growing population that, if we are to build all the new homes we need, we're going to have to build massive reservoirs, we're going to have to build more power stations. We produce millions of tonnes of municipal waste, we're going to have to build more waste processing facilities. So, it's not just – it's not just building houses, it's actually about dealing with the environmental constraints that exist within this particular region. Government has a plan to build 200,000 homes in east London, along the Thames Gateway, all on a flood plain, okay. In order for it to be able to do that, it's going to have to deal with the environmental constraint of flooding, because nobody wants to live in a house that is going to be up to here in water in five years' time. So there are big environmental pressures that planning has to deal with as well. But we have a crisis of affordability. It is said at the moment that in South East England, which is the region just below

London, okay – the south east of England comprises of three regions, London is a region, the east of England which sits above London is a region, and the south east of England, which is another region, sits below London. In London at the moment 146,000 households are living in temporary accommodation. In the South East, 100,000 are living in temporary accommodation. It's slightly fewer, I think the figures are in my paper, in the East of England. But this is a major, major problem, of course. Now, one of the problems – I don't want you to concern yourselves too much with the demographics, i.e. the population changes which are going ahead. But what I would say, very simply, is the philosophy of planning in this country is that if you – basically, supply generates its own demand. So, if you predict what you think the future demand for housing is going to be, and you say, well, it could be more and therefore you build just above it, you will generate new demands because you will put potentially surplus housing onto the market. Or you will put a little bit more housing than people could have made do with onto the market. And that will generate its own demand. So the strategy in this country has always been to actually build below the demographic. If you look to the future, they always – and they say that there's going to be 11,000 households forming, per annum, in a particular region, they will build 10,500 new homes, erm, in the belief that some of those households would only have formed if housing is actually available. So that's a sort of key concept. So we plan for constraint. This is an example of that. This is – this is the basis of demographic projections in London – sorry, in the South East. You can see that the – the left – the left, erm, column, is – there's one, two, three, four, five, six bars here. The left bar is the projected demographic increase based on long-term – long-term population trends. If you look back over fifty years, erm, and you sort of extrapolate those trends into the future, you come up with lower bars. But, the bars on the right take into account recent expansion of the European Union, and recent international migration trends. So, if you take those they're much higher. The red line is the planned provision in the south east of England. The planned provision will never – probably never, it may have in a couple of occasions, actually keep pace with demographics. So, that's the philosophy of planning in this country. If you constrain supply, you can actually control demand. That's the philosophy, but it doesn't seem to be working, because we have homelessness problems in the south east of England, and those homelessness problems, and those labour supply barriers seem to be a result of this undersupply, which is historical and which looks set to actually continue into the future. These are things for London but why bother with those. Erm, so every year in London we're undersupplying. There is a shortage of developable land in London. Think about London. Think about what you see. Think about Bloomsbury, erm, where do we build new housing? There's no land, okay. So, that's a major problem, we have land supply constraint. The strategy at the moment is to – well, I'll talk about the strategy in a moment, but hold that, hold that fact, the fact that there's very little developable land in London. London is not a high density city, okay, don't get me wrong, it's not as if we've built every piece of land hugely efficiently and effectively and we've built at high density. We haven't. There are large suburbs of low-density development, but critically, privately owned. Privately owned with massive equity value, okay. So you can't go to those areas today and intensify them. You can't go to an area in south London of expensive terraced housing and say, 'look, everybody. For the good of the nation, we're going to knock your houses down and we're going to build tower blocks at high density.' Yeah? You can't intensify in that way, because we have a predominantly private housing sector. Yeah? A private housing market, vested in individuals. Not in the state. Therefore London is a private city, okay, and you can't intensify in that way. All you can do is, you can look to opportunities, erm, in old unused employment sites or in derelict land, which happens to be concentrated in the east of the city, and try and intensify there, and try and make sure that you build as much housing as you can, to meet need. But also, in doing so, you actually build places that people want to live in. But, the London Plan deals with this issue, okay. This is – this is an extract from the London Plan. This is what's known as its key diagram. Erm, the Greater London Assembly, which is the government structure for the city – for London, was created in 1999, and since 1999 the Mayor's office, under – under the leadership of Ken Livingston, has a – has had a responsibility to keep up-to-date a spatial development strategy, which is known as the London Plan. And that spatial development strategy governs, or basically it coordinates, what happens in the 33 boroughs – 32 boroughs plus the Corporation of London which is the City of London – that exist within London. It's a coordinating sort of framework. This is the main diagram from it, and what you see in this diagram is London divided into five sub-regions. You have the central sub-region, you see there's the – I'll go up here for a minute – you see these little lines: the central sub-region, the southern sub-region, the eastern sub-region, the northern sub-region, and the western sub-region. Now, in London, we know, because of the reasons I've just given you, that you cannot supply for all the demographic pressure. You just can't do it. So, the London strategy is actually to intensify in these little stars here. This is the London Thames Gateway, this is where the Olympics will be in 2012. Now, there are two key development corridors. Going out along the Thames Gateway, and connecting with the Kent Thames Gateway here as a development area. And then extending North-East along the London-Stansted-Cambridge corridor, so going up to Stansted Airport. Now the view in London is that along the Lee Valley here you can intensify, you can build more homes. Along the Thames Gateway you can intensify and build more homes. But, UK government has a wider strategy for England as a whole, called the Communities Plan. And the Communities Plan stipulates that there will be additional growth here. So, London is looking beyond its boundaries to its regional neighbours. In particular, down here you have the south-east of England and up here you have the east of England, and it's looking to its regional neighbours to actually absorb some of the growth that is trying to happen in London. So, London's housing is not just about London, it's about the relationship London has with its neighbours and whether it can be successful in working with those neighbours and diverting some of the demand out of the city itself. There are other growth corridors as well, this one is the Wandle Valley, the Wandle is a little river that starts just here – you can't see it, it's a very tiny little river, and the other one is the Western Wedge, coming into London along the – along a major arterial road, not – they don't offer as many opportunities as the two key brown growth areas, but they offer some opportunities.

Now, government, thinking about this challenge, and hopefully you will get a broad view of what the challenge is: it's all supply and demand, essentially. Erm, there's – there's a lot of demand, and the planning system is not producing sufficient

supply. So that's the broad – that's the broad problem, and everything is intensified, everything is focussed, on London. Because of regional migration from other parts of England and also from Scotland and Wales, and also because of international migration, mainly from mainland Europe. So, in response to this, government has done five things, okay. Erm, it has a – it has a plan to promote growth in what it calls growth areas. I've just sort-of intimated that now, when I showed you the two brown corridors, those are its growth areas. Those aren't just stipulated in the London Plan, those are stipulated by Government in its Communities Plan. One thing I'll say about planning in England, we don't have a national strategy, okay. There isn't a plan for England. It doesn't exist, we've never had one. People say we should, but we don't. We have – we have nine regional spatial strategies, dividing London in – dividing England into regions. And we have something like 450-500, erm, local development plans including unitary development plans, which is where it all happens, administered by local authorities. But there's no national strategy. But in 2003, Government issued what it called its Communities Plan, which is really a set of ideas about how we should address housing, er, in – in the – in England. And coupled with that – connected to that Communities Plan, was the idea of planning reform: that we should create a new planning system which is simpler, faster, and better for – better for development. So that we can start to address some of these shortfalls in housing supply that we've experienced over the last fifty years. And that is – it's all connected – that was coupled with Government's commissioning of a review of housing supply in 2003, by somebody from the Treasury called Kate Barker. And she did this review for Government which basically came to the conclusion that we should listen to the market, and I've already mentioned that. And – a little bit more detail here – in planning in the United Kingdom, we have, as you do everywhere, laws. We had a 1947 act, we had a 1968 act, we had a 1971 act, we had a 1990 act, we had a 1991 act and we had a 2004 act. Those are the key planning acts, okay. And, before the 1990 act, it was decided that you can't just run a planning system on the basis of people trying to interpret law; that you need guidance to local planning authorities. If you're a planning officer, sitting in a local authority, you need to be told exactly what sort of policies you should be developing, okay, otherwise there'll be no consistency across the United Kingdom, across England. So, in the late 1980s we moved to a system whereby the government issued planning policy guidance notes, and there were 24 of them originally dealing with housing, retail, the countryside, erm, and what have you, okay. And now we're in the process of revising those in line with the 2004 planning act and in line with the Barker review of housing supply. And the final strategy is that Government allows – through the planning system, Government allows local authorities to say to developers – private developers, who want to develop a field or whatever it might be, 'yes, you can develop it, but as a – as a condition on that development we want 50% of those houses to be for local people'. Okay. So we have a lot of ways of controlling the type of housing that is produced through the planning system. Now, that hasn't changed. That system was created in the late 1980s, early 1990s. That hasn't changed. What has changed is the idea that we should listen to the market more. I'm just going to go through briefly and say just one or two words about each of these things. This is south-east London. Sorry, this is South-East England. I'm very London-focussed, but this is South-East England. Erm, here we have London, here we have the River Thames, erm, now these are – within the Communities Plan, the Government has – the Government has a Communities Plan for the north of England as well, same plan, but in the north of England it's all about – there are different issues, we don't want to get into that. In the south of England, they said, we need to intensify – produce more homes, here, here, here and here. Four growth areas: Milton Keynes and south Midlands; London, Stanstead and Cambridge; Thames Gateway; and Ashford. And this is where we will make up the shortfall that we have in housing supply in England. Planning reform: in 2001 it was concluded that planning was slow, that the system was no good for business. That developers were, you know, really upset about everything and this was having problems for – for local authorities, it was having problems for – for people on the ground, for communities, and it needed an overhaul, so we had a new planning act in 2004. And again the idea is that we will create a planning system which is more responsive. Okay, what does that mean? Okay, what does that mean? Well, let's just step back a minute and talk about planning. Planning system in this country – this is it in a nutshell. In 1947 – in 1944, erm, we were still at war, okay, and it was decided that after the war we needed to do something to rebuild, okay, and we needed a framework to do this in. So, Government came up with a paper in 1944 called the Control of Land Use, okay, the control of the use of land. In it, it basically set out a vision for what the planning system should be. In 1947 it implemented an Act, the Town and Country Planning Act 1947. What that Act did was create a system whereby private landowners could no longer just build on their land, because the right to develop was given to the state, and only the state could say you can develop. It doesn't matter if you own this land, erm, it does matter where that land is, you can't build – do anything with it unless you go to a local authority and say, 'I want to build on that land.' So, they created a system whereby local authorities would have a responsibility to create plans in relation to the 1947 act and to regulate who could actually build and what they can build by a system of permits, whereby you would have to go to your planning authority and say, er, 'I want to build a house here,' and the local authority would say, 'yes' or 'no,' dependent on the policies contained within its local plan which are in turn dependent on government policies in relation to planning. Now, that system continued for many years, okay. But, the idea was after the war that most development would be led by the public sector. We had this idea that we would be, you know, reconstructing after the war, that we would buy all the land, that we would develop it – er, the state would develop it. And planning would just be the framework in which it did that. However, that didn't happen. After the Second World War, we experienced massive economic growth. The private sector became more important, and the private sector wasn't governed by the same regulations as the public sector, and all planning could do was actually just say to the private sector, 'you can do this' or 'you can't do this'. So, what the – what planning couldn't do eventually was actually guide development in a strategic way, all it could do was actually say to development, 'you can happen' or 'you can't happen'. And that bureaucratic system became bogged down in a lot of local political debate, because people, local people, became very frustrated by the power of the private sector, er, in development. And many local authorities competed for that development, they wanted development to happen. And it caused problems, it caused a friction between private interests – private development interests – and local communities. And people began to feel that planning wasn't working for them; planning was just working for business. And then, in 2004, the situation had obviously gone on for, you know, close to sixty years,

and people were really fed up, erm, and they were saying, you know, you have a planning system which was created sixty years ago which just works for business, it doesn't work for people. And it doesn't even work for business very well, because it's so slow because of the conflicts that result in the process at the local level. So we're going to create a system which is different. So what did they do? The original system comprised of local development plans at the local level, at county level, structure plans, and at regional level, regional spatial strategies – sorry, regional planning guidance. The new system comprises much simpler local plans, no county plans, and much more important regional plans. So the system is much more strategic in its focus, and far less locally orientated towards policy control, towards just dealing with the private sector at the local level. It's a faster system, plans are produced more quickly, in theory. It's a more strategic system, a more visionary system, because more is done between local authorities. And also, simultaneously, we've had a number of pieces of legislation which have tried to empower local people, erm, within local authorities and give them a stronger voice. Now, it's a – it's a system which is hugely complex, okay, but that is essentially – that is essentially it. You're going to need to read a book, okay, if you want to know about how the UK planning system is changing you're going to have to need to read a book. The horror. But anyway, the book is called Cullingworth and Nadin, 2006, *Town and Country Planning in the United Kingdom*. Okay. And if you read that book you will know how the planning system changed. And, then, what I'm saying will become that much – that much clearer. But essentially, the planning system changed. And part of that change – I [...] or not, but part of that change is to do with creating a system which is more market responsive, okay. Erm, and I've already explained what I mean by that, were you sort-of clear on that? That basically development or, you know, the – whether or not you allow development within a local authority area is far more – far more dependent on information that you have as a local planning authority on the changing nature of the local economy. So if there's stronger economic growth and strong housing need you release more land. If economic growth weakens, housing need weakens, you can rein back, you can reduce the amount of land you release for housing. So, a completely different philosophy from the way in which we plan for housing in this country. And, with that in mind, we've changed the way we plan for housing. The old system is represented on the left, the new system – it says proposed changes but it's really a real change now. Basically, it's a – it's a detailed process, okay. I recommend another book on this subject, and I'm going to – I'm going to plug my own book now, which is called *Decent Homes for All*, and is a review of this change, okay. And, erm, it's probably on the – on the reference list, but it's called *Decent Homes for All* by me and a colleague, 2007. And basically, at the moment, the Government decides – well, the Government departments work out future demographic growth, they translate that into housing need, they hand that to the regions, the regions hand that to the local authorities and say, 'build within your planning cycle for this number of homes'. And local authorities build – well, local authorities don't build, they allocate and the public – and the private sector builds. The new system will be regions continue to distribute, but regions don't just listen to Government, they actually organise their own strategic market assessments, erm, between – between different local authorities, to understand the changing nature of the market, listen to the market. They then, at the local level, they ask local authorities to allocate for fifteen years rather than ten years, and the local authorities – if you imagine this is fifteen years, this is five years, local authorities roll forward that five years' supply. But if the market changes in between time, they can draw additional housing land in from their reserve supply and actually bring in onto the market so that house prices – reasonable house prices are maintained. The problem – I mean one of the problems is, for example, within their five years' supply, they may allocate a site. That site may prove hugely contentious. It may be that it's – that if you build on it a lot of – a lot of wild birds will be – or squirrels will be upset. Yeah? See what I mean? It may be a natural nesting ground for red squirrels, which are very rare in England, and a lot of people may oppose it. And as a – when you oppose it the five year will roll along, and that section of the five year allocation will not be developed because of the political debate which surrounds those squirrels. You know what a squirrel is, yeah, it's a little creature with a bushy tail, yeah. So, erm, if that happens you can maintain supply by bringing in reserve housing from your fifteen year supply, yeah, to compensate. So you always maintain the level of house building. Under the current system sometimes the level of house building is not maintained, because you – because you have to, er, deal with the needs of the squirrels. Yeah? So, we're trying to get round political problems at the local level. We're trying to get rid of this, what we call an implementation gap, erm, so that's – that's sort-of the movement of the system, to make it more responsive. Or to enable it to respond to these local situations. Now, the other major strategy that government is continuing to employ is known as planning in affordable housing. Now, because of the system I've just described, new planning policy guidance – which is now known as *Planning Policy Statements* – actually say that we should concern ourselves with general affordability within housing markets, by focussing on broad issues of supply, okay. So we should maintain supply, and therefore houses will become more affordable. But, it has been estimated in this country that even if you do that, because of the state of the housing market, and because, you know, house prices are not going to fall drastically, they're going to be stabilised, a lot of people still won't be able to afford properties. And the statistics that I gave you earlier regarding three and ten – only three in ten of current ten-year-olds being able to buy a house in 2026. That situation will – will continue. But say, for example, the number that were able to buy increases to seven. You still have thirty percent, or three people in every ten, who won't be able to buy. So government has another strategy, and that strategy is that whenever you release land onto the market, including the land that I've just been talking about in their five year rolling supply, you use a system of planning agreements which was created firstly in 1971, then amended in 1990 and amended again in 1991, to actually enable, empower local authorities to say to developers, 'yes, you can build, but only if 50% or 20% of the houses you build are for local people'. Which means that they may be – that 50% may be given to an organisation known as a Registered Social Landlord, who then take control of that housing and then rent it out to local people. So to those ten-year-olds today who are – how old will they be, they'll be twenty-six – yes, in 2026. No, no, they'll be twenty, that's right, my maths is failing me now. But anyway, now, go to those people and say, er, we have these opportunities for you, okay. And it's known as planning gain. All it does is – because the Government has withdrawn from direct funding of social housing, since the time of Margaret Thatcher, and interestingly enough, there hasn't – there haven't really been any significant shifts in Government attitude towards housing policy since the movement

between the Conservative Government and the arrival of the Labour Government. The Labour Government of 1997 and subsequent Labour Governments have continued Thatcher's tradition of shrinking the public sector and emphasizing the role of the private sector in housing provision. So, the Thatcher Government's – towards the end of the last Thatcher Government in 1989, erm, created this system of planning gain. The Labour Government has carried it forward because it is a way to replace public subsidy with a land subsidy for housing. What I mean by land subsidy – well, land is brought onto the market, the planning system controls the use of that land. The ability to provide affordable housing is created because the public sector no longer has to buy land to build on, the land is given to the public sector, or given to Registered Social Landlords, as part of a planning permission. Therefore there is a land subsidy for new development. Okay?

[question] [...]

Land subsidy. It's like – it's like – a subsidy is like, erm – okay – if, erm, if you want to get on the bus, yeah, and you have 50p, and you need another 40p, I will give you 40p if you're very kind to me. And that will be a subsidy. I will be subsidising you, yeah? So I will be making a part payment. In this way the private sector is subsidising the public sector through – by giving them free land, not because they just want to and they're just really, really kind, but because the planning system requires them to do that as the price of a planning permission. So that's that. Erm, how are we doing for time?

[rhod] We're fine, we've got the room until four o'clock.

Alright, okay. Well, I want to talk now about London. London in particular. Now, I've already said that London, erm, is a centre of demand. It's – demand here is very intensive. And I've also said that there's very little – there's very few opportunities in many parts of London to actually intensify development. What we have really is a city which is an old city which is developed. There are areas of dereliction, there are areas in need of urban regeneration. But they're in certain parts of the city. Now, London is trying to respond to this problem. Obviously it is part of a country in which the broad strategies I've just outlined are current. London's strategy is to intensify growth where possible, particularly in the Lee Valley and in the Thames Gateway, is to key in to the growth areas that have been identified by Government in the Sustainable Communities Plan. Erm, it will benefit, of course, from a streamlined planning system. If the planning system is easier to operate, erm, then development should come forward more quickly and London should be able to respond to demand more quickly. And that's only good news for those people who need homes. But this idea of market responsiveness is not really that important in London. It's important in the south east of England and in the east of England where there is land, and they want to bring more land forward. But in London, erm, because there's a land shortage, it's not really about bringing land forward for development. It's about how much they can extract in terms of planning gain on market housing schemes where they come forward, okay. So planning and affordable housing is likely to play a very important role. The strategy I've just described to you plays a very important role in the London Housing Strategy. Erm, that's all I want to say on that really. Forget the PGS reference there. Now, the key policies in London at the moment are to provide about 30,650 new units per annum from all sources which means, you know, converting – converting offices into houses, erm, new build houses, knocking down old council estates and actually intensifying those estates. Erm, there's an opportunity on – there's an emphasis on the Thames Gateway, I've already mentioned. And it has been argued that there is considerable housing capacity in London to respond to both existing and future housing demand, but more capacity can be achieved through redevelopment and applying high densities. Now, I've already said that that is a problem in many parts of London because of, erm, the private – because of private ownership. But, you've got to remember also that there are large public housing estates in London. Now, why haven't those public housing estates been privatised? I've already mentioned Margaret Thatcher's policy from 1980 to try and sell public housing to tenants. Well, the reason is, in many parts of London, some of the public housing is not very nice. And because it's not very nice, fortunately much of it has not been bought by tenants. That gives – that creates an opportunity. It creates an opportunity for local planning authorities in partnership with the Greater London Authority, i.e. you know, Ken Livingstone's organisation, to actually work together and demolish large housing estates and then rebuild them at higher densities to modern standards. Now, that's happening in some areas. It's happening at the moment in Stepney, in East London, in a housing estate called the Ocean Estate. And it's happening in other areas. And there are some opportunities for this. Erm, but generally, erm, generally, the key strategy in London is going to be a planning strategy. And it's the strategy of actually, whenever development occurs, to say, 'you can only develop here if you include a proportion of affordable housing on – on the land you develop.' Now, I was reading an article about this yesterday. Now, if you imagine, land is very expensive in London, okay. If you build a house in London or the South East and you're a developer and you get permission, you're going to make lots of money, okay, you're going to become very rich. If we went out – if we clubbed together all our savings, we bought some land, and we developed twenty houses, okay, we're going to make – we're going to make huge profits, we can all retire, okay. We never need to work again. So that's good. Erm, but what that means is, because prices are so high in London and so high in the whole of the South East, that the amount of affordable housing in England produced through this strategy, seventy percent of it, occurs in these three regions: London, the South East, and, erm, the east of England. So seventy percent of all affordable housing in England is delivered in three of the nine English regions, okay. And that is because where land values are high, erm, local planning authorities are in a better position to actually go to an – go to a developer and say, 'we demand that you produce fifty percent affordable housing.' Because on the remaining fifty percent that the developer sells on the open market, they still make a large, large profit. Where land values are lower, in the north of England, if you went to a local authority – if you went to a developer and said, 'I demand that you build 50% affordable housing on this land', they would laugh at you, because there's limited profitability in that land, because of the economics of – the economics of land development. Which

means that in those regions you can only request a very small amount of affordable housing before you completely wipe out the profit margin on that site. So, in a strong housing market, a strong land market, like London, local planners have a lot of power to actually say to developers – because developers, they just want to develop, they're crazy, they're in a frenzy, you know, of development, they know they can make a lot of money. And the planning authorities are in a very strong position. They can say, 'well, you can develop but, you know, that developer over there, he's offered me 45%. What are you going to offer me?' 'Oh, 55, 55.' 'Well, he said 65.' 'Okay, 70, 70.' So, it's a scramble for development. So it's an extremely powerful tool, er, in London. So, erm, there is a policy – a policy at the moment says that, er, all – 50% of all additional housing should be affordable housing. And of that 50% - that doesn't mean that 50% of the population cannot afford to buy, at all. It probably means that 50% of the population have problems in buying, so the policy is changed slightly so that of that 50%, local planning authorities in London are being asked to supply seventy percent for social renting, yeah, 70% of the 50%. And then 30% for intermediate tenures. So, for example, erm, if you were a teacher in London, the likelihood is that your salary is not going to be sufficient for you to buy a house on the open market, probably. An intermediate tenure might mean that a local authority has a policy for what it calls Shared Equity, whereby, erm, it develops housing – well, it allows – it enters into an agreement with a – with a – with a – with a developer, along the lines that I've just described, and a housing association is involved. And in thirty – in thirty percent of the fifty percent affordable housing contribution, an arrangement is put in place whereby the housing association sells 70% equity shares in individual units. What does that mean? Well, it means, if you're a teacher rather than having to buy 100% of a house, you buy 70% of the house so it's cheaper. Yeah? That doesn't mean that you only own 70% of the house, and you can only use – only use – you can't use one of the rooms. You have the whole house, but eventually, when you sell the house you have to sell it, you have to – you can only sell 70% of it and 30% is retained by the housing association. It's known as the Golden Share. So, an intermediate tenure is designed to allow people to get – to basically take the first step towards owning their own home. When they – when they sell their 70% five years later, they will gain 70% of the profit. And if you own outright, you will gain 100% of the profit, if you only own 70%, you will gain 70%. And the housing association will gain 30%. But you still make money. And by making money you will have more money to invest next time, and next time you may be able to buy a house outright. So it's an intermediate tenure in that it's a step towards allowing you to buy a house completely. So these are the sorts of things that they're doing in London. These are the – this is really the key strategy, and the – a requirement of the London Development Strategy is that all the local planning authorities who are actually responsible for doing this, for implementing this, must be in line with the London Development Strategy, the London Plan. So if, in London, the Mayor's office says, you must request 50% affordable housing every time you permit a developer to build, then that's what you must do. You must contain policies within Camden – we're in Camden now, you realise we're in Camden, Camden local authority. So Camden must do that. And Islington must do that. And Westminster must do that. The City of London must do that. The planning authorities have a responsibility to be in compliance with the London Spatial Strategy. That is a requirement, now, of the 2004 Planning Act, to be in compliance. So, the 50% affordable housing, it'll be delivered through this planning strategy, yes, of course, private residential development negotiation secured through planning agreements or conditions. But part of it will also be delivered directly. If, for example, a local authority owns some land which it doesn't need any more, it can give it to a housing association and the housing association can develop on it. If the local authority can find private landlords in an area who haven't been renting out their properties for years, it can enter – it can actually have, can enter into an empty homes management order agreement with – with the private landlord – say to the private landlord, 'you must rent your house out to a local person.' They have powers, erm, but this is the strategy: to use the planning system and to use, erm, statutory powers to actually increase the supply of affordable housing in London. Erm, here is some more detail, er, on development. It says here – the only thing I want to mention on this is, 'the Mayor wants to encourage, not restrain, residential development, and boroughs should take a reasonable and flexible approach on a site-by-site basis. Now, this is interesting, because I've just said to you, boroughs will be required to do – to ask for fifty percent affordable housing contributions on new development permissions. But what if a site, a particular site, is contaminated, you know, with some sort of industrial waste, and the developer – before the developer can actually build on that site, has to dig down five metres, remove all the topsoil, remove all the chemicals, and engage in an expensive process to clean the site. That's expensive, and then you're still requiring the developer to actually provide fifty percent affordable housing. Well, that's – that's like a double cost or a double pressure on the development profit, and you may find that the developer is unable to provide fifty percent, despite the profitability of land development in London, is still unable to actually deliver that 50% because of the costs of cleaning up the site. Now, the mayor says, in that instance, take a flexible approach, okay. Be flexible. However, recently, some planning authorities in London have said, okay, we're not going to specify a 50% target, we're going to take a flexible approach. And we're going to negotiate site-by-site. And the Mayor has actually, erm, rejected their local development plans, or their local development frameworks, because of their – of their failure to include a 50% target. So there's a huge pressure in London at the moment, there's a political tension between this aspiration to deliver this 50% and the desire of many planning authorities to be more flexible in case they actually restrain development pressure – sorry, in case they actually restrain development, new development, you know, they actually hold it back by making it unprofitable. Which is very dangerous given the problems that you have of housing in the capital. So probably, the compromise will come when local authorities say, the norm is 50% from each development permission. However, individual sites where particular constraints are faced, will be considered on their individual merits. So, there's still some negotiation to be worked out on the wording of local policies, er, within London. Erm, it's also the case that some local authorities have lots of, erm, dev... – have more developable land. And some local authorities don't have any at all. But the way the planning system works is that each local authority will be asked to, in its local plan, specify how much housing land it will release every year for what level of housebuilding. Now, that's not possible because some central London boroughs are extremely constrained. So, what is actually happening, within the London Plan, withing the London Housing Strategy, local authorities are being told to work together in groups. So the west, north, central, east and south are working together.

And they're also working with their regional neighbours outside London. So if, for example, one local authority can't meet its target it can work with another local authority and it can, er, come up with a, what is known – what will be known shortly as a multi-area agreement with a – with a neighbouring local authority so that the neighbouring local authority takes part of its housing requirement and builds for it. I don't know what the nature of the bargain will be between those two local authorities, there may well be some exchange of funds, there may well be, you know, some sort of partnership working, some sort of 'you do this for us, we'll do something else for you in terms of funding.' Now, all this is very unclear in terms of exactly how it will be worked out, but bearing in mind that some local authorities have very little land in London, it is inevitable that there will be more partnerships between local authorities in the future. Not just within London, but between London boroughs and other regional partners.

Now, that's all I really want to say, you'll be very glad to hear. Just to sum up, you probably know already there are 32 London boroughs, yeah? 32 London boroughs. And the City of London, otherwise known as the Corporation of London, er, is – is basically another – another planning authority. So everything that I've talked about in relation to London has to be implemented by these local planning authorities. And all of them at the moment, following the 2004 Planning and Compulsory Purchase Act, are working towards the development of a new planning framework. Bear in mind, in London at the moment there are no new planning local – local development frameworks following on from the 2004 planning act. None of them are in place yet. This is a system in complete transition. Everybody is still working on the old system. So everything that I've talked about today will be delivered through the new system but it's not in place yet. Erm, and every local authority will have to develop what is known as a community strategy, many have done that already. The community strategy is local people deciding what they want to happen within their local boroughs. And the planning process, the local development frameworks, are seen very much as a means of delivering that aspiration. Now, herein lies a particular tension, because the local planning authorities, or local authorities, are trying to create greater local choice in what people want to happen – want to see happen in their local authorities. But still government is saying, look at the housing pressures we have nationally. Look at the issues that are – that are – that are flowing from Europe. We need to supply housing at a strategic level. But if you supply housing at a strategic level, and you impose solutions, you make local housing supply more – erm, more market responsive, more strategically responsive, what does that mean for local people? Erm, are local people actually going to be disempowered by one piece of legislation and then re-empowered by another? And in that situation do the two pieces of legislation actually cancel themselves out? What I mean is, we've had recent legislation on local government, giving local people more say in their local areas, then we've had other pieces of legislation on planning, and we're going to have more legislation on planning next year. And the planning legislation is saying 'be more strategic: this is what the country needs' and the local government legislation is saying 'empower local people to make local choices.' Erm, but the local people don't want the strategic things that Government says we need in the planning legislation. Therefore, you have huge tension between – within the political system in this country, in local government, between local choice and strategic – strategic objectives. And you may become aware, if you – if you follow political debate in this country, there are many, many lobbying organizations who fundamentally oppose the whole system of planning in this country and – are even more opposed to the way the system is changing and the way the system is becoming more market responsive. People in this country – they want decent homes, but they don't want planning to be a slave to the market. And that seems to be a situation that is developing. And, just to end, London has always historically undersupplied against its aspirations written into – into – into planning at various levels of planning. And this is true in the south east of England in general. Maybe because of this exact tension that I've just mentioned between the local and the strategic. People say, 'yes, the country definitely needs more housing, but not around here, because I have a very nice view of that field, or I have a very nice view of that parkland, or I don't want a tower block here, or I don't want any more housing next to me.' And therefore we have this thing, you may have come across it before, nimbysism. Stands for Not In My Back Yard. Which is a major pressure in London and the South East and England as a whole. The relationship between planning and local communities is a very difficult relationship. And it's a relationship that we haven't really resolved. And the new planning system tries to resolve it because it tries to give something to communities and give something to business but, you know, you can't please everybody. And, you know, whatever you give to communities, business says, 'that's not going to work'. Whatever you give to business, local communities say, 'well, you're disempowering us.' And therefore you have this continuing tension which I think is probably a major threat to delivering all of this. Okay, thank you.

I don't know if there are any questions?

[question] I've got one question actually, we looked at an article this morning in class about the Greenbelt and had a discussion as to whether some of it should actually be built on now. The article we read was written about a year ago. Two questions. The first question, have there been any developments in that debate over the last year? And secondly, the slide you showed of the Communities Plan, I think it was the fourth one, it looked as if some of that development was in the greenbelt. Maybe it was or wasn't. Can you just...

The development in the proposal for the Communities Plan, some of it is in the greenbelt. It's intensification in the London – in London – in the London greenbelt. There has been a major, major development since, er, in the last year actually – well, actually in October. Erm, I mentioned the Barker review of housing supply. The Barker review of housing supply is all about market responsiveness, and that's the major change affecting housing. Erm, there has been another Barker review. The first Barker review was so popular amongst Government ministers and local – and Government offic... – well, many Government officials, that they had a second one. And the second one was called Barker Review of Land Use Planning and that was published in October 2006. And in that, erm, Kate Barker, who's, erm – she's actually a member of the Bank of

England's Monetary Policy Committee, and she argues that the greenbelt was – you know, was a product of the – of the post-war period, and it was aimed to actually deal with – deal with the problems of coalescence of cities. Erm, you know, and, you know, to actually preserve the historical, you know, context of cities after the Second World War, during a period of rapid economic growth and rapid urbanisation of cities. But today, it may not always be appropriate. If you have a greenbelt, erm, you may be promoting development beyond the greenbelt, erm, and therefore you may be promoting people – encouraging people to travel further in order to commute back to cities. Now, there isn't a debate at the moment about, 'should be build on the greenbelt?' There is, but it's probably just troublemakers who are couching it in those terms. What Barker says at the moment is, 'let's have a look at the greenbelt boundaries', okay. In 2004 we abolished structure plans, okay. The greenbelt boundaries were – the greenbelt policies were contained in the structure plans. With the new planning system, erm, those policies will have to be moved into Local Development Frameworks and to Core Strategies, so local planning authorities now are taking those – taking those policies and moving them into – into their Local Development Frameworks, okay. But, should they just move them or should they actually have a look at them while they're moving them and seeing if they're still appropriate. And what many local planning authorities are doing at the moment is looking at their greenbelt boundaries, looking to see whether they're so tightly drawn around existing settlements that there's no – that it's going to be impossible to meet their housing requirements unless they actually leapfrog the boundaries and develop new freestanding settlements. And is that a sensible strategy? Or is a more sensible strategy actually to, erm, to, you know, build sustainable urban extensions into the greenbelt and then expand the area of protection beyond. Now, all Barker has done in the review of land use planning is actually to say, 'okay, some of you are doing it already and this seems sensible.' What we should – what we should be encouraging local authorities to do is to make most effective and efficient use of the land resources they have, and sometimes that efficiency, er, is undermined by the particularities of greenbelt designations within certain areas. So, in the process of moving, erm, the policies from the old style structure plans to the new Local Development Frameworks, yes of course it's sensible to look at your boundaries and to see whether there isn't something we can do with the greenbelt land which is more effective and more stable. And that seems eminently sensible to me.

There's a lot of material there, erm, and what I – what I've done is I've actually written out – everything I've said today is contained in the, er, in the paper I've given you. And whilst you're – whilst you're here, if you – if you need to, er, and if you have the opportunity, erm, I'm actually in Waites House on the fourth floor, so you're more than welcome to come and visit me and I can probably direct you to, you know, additional – additional reading on these subjects.