

Edge Debate 81 - Can new players achieve a real increase in house building?

25th September 2017 – Bartlett School of Planning, UCL

Chair: **Terrie Alafat CBE**

CEO Chartered Institute of Housing,

Speakers: **Andrew Whitaker:** Planning Director,
Home Builders Federation

Dr Janice Morphet: Visiting Professor,
Bartlett School of Planning, UCL

Janet Sutherland: Consultant; formerly Pocket Homes,
& Lewisham & Camden Councils

Stephen Hill: C20 futureplanners

Andrew Whitaker

The HBF doesn't just represent large builders, it also includes SME's – a booklet is available. Define a small housing development as less than 100 units pa. Medium is 200- 2000. Barratt is the largest housebuilder at about 13,000 units pa. Over the last 30 years the number of small housebuilders has dropped from 20,000 to 2,500. But a big difference can be made by encouraging them.

Issues:

- Planning: The system prevents sites coming forward. Look back at Urban Capacity Studies. NPPF says LAs have got to have identified 5 year supply of sites for housing. This means large sites that = good housing land supply. Housing White Paper says large site owners should supply small builders with site. There is a need for lots of different kinds of sites.
- Restrictions on garden land – they are not considered as brownfield
- One of the best mechanisms was used by Milton Keynes and UDCs 'the drip', where land only needed to be paid for when a house was sold – it was an excellent model that we don't use any more
- Red tape & delay – Both planning & the difficulty of getting services to sites
- Complexity – it's more & more difficult to build housing, this includes doing sustainable design
- The land – don't forget about land. Builders take each other over just for their land banks – it is a cheaper solution than providing their own.

Janice Morphet

The potential of Local Authorities

(See presentation)

Drivers:

- Councils looking for rental streams
- Improving design of new build
- Cost of B&B for homeless
- Needs of specific groups, including the aged
- Failure of the market – e.g. unimplemented consents
- Policy objectives to change housing mix
- Regeneration and placemaking
- Policy objective to build housing again
- Wish to support local economy: inc. small builders, apprentices & growth sectors

Powers:

- 2011 Localism Act: LAs can act as developers

Sources of finance

- Loans, New Homes Bonus, Housing Cos, Asset backed vehicles, PPP, Pension funds, land finance or reputation, creating housing Associations, hedge funds, Open Bank, HRA, EIB.

Barriers being reported:

- Unaware of powers under the 2011 Act, Politicians not in favour, Officers not in favour, Legal advice on social rents, Right to buy, Skills

Barriers not being reported:

- Land availability, Finance, Skills

Concluding thoughts:

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LAs are using multiple means to deliver housing. They are retaining an interest in developments and being 'patient investors'. LAs nudge other land owners into action.

Janet Sutherland

(See presentation)

Focus on London. Compact homes can help singles and couples, but family homes also needed. Build to Rent – bringing in new investors, MMC reaching scale, innovation required. London has a problem housing its workers, companies struggling to recruit, hollowing out.

Singles now 35% of London households, 3m+ aged 25-44 in 2016. London needs to double housing delivery to 50k pa. Up to half new market housing in central London bought by foreign investors (13% overall).

Young Londoners chose location over space. (Less stuff, live in centre, access to experiences, short commutes, affordable)

Build to rent: 28% of London households in 2016. 40% by 2025? Funding by institutional investors after long-term income stream. 15 year covenanted rents, professionally managed. There are opportunities for LAs. Range of rental levels. Range of approaches needed: More self-build. Transfer land to Community land Trusts.

Stephen Hill

Where is the voice of the demand side? We have to reimagine what we are providing and for whom.

Housing industry commissioning own research – well-connected, mixed tenure, mixed communities etc. No imagination.

Where communities have a voice they go on fighting & say (for most part) 'Build more homes!'

- Community Land Trusts – have led to more affordable housing in Cornwall.
- Over 10 years CLTs have built as many units as LAs.

- Much larger scheme in London – original planning consent for about 450 homes only demanded 15% affordable has been turned into scheme for 800 homes with 80% affordable. Could community finance develop etc. project on that scale? It looks deliverable and GLA about to step in to help delivery.

There are barriers – access to capital. It is problematic to rely on long-term debt funding.

Envious of projects in Europe, e.g. Almere in the Netherlands, with proper planning, political leadership and available finance.

There have been 4 long-term investment cycles since 1950s offering debt – equity.

Prejudices

- 'too small and complicated'
- 'community housing groups always argue'
- 'over my dead body will I do another community co-housing project – they're completely pre-occupied with what they want'.

Very strong message: **Citizens working together can do something that they couldn't on their own.**

Q&A.

- A. Is there much activity in self-build?
- B. Challenge is going to scale and building neighbourhoods. How do you build infrastructure. Garden cities are a good model – a green environment that can be served by transport. Also sustainable urban extensions. In Europe it's the LAs who take the lead.
- TA Should the state intervene?
- C. At a micro-scale finance becomes impossible.
- D. Re. JM's research. How do we build capacity in LAs. How not to reinvent the wheel. We've done this stuff before. Is it Government's role to act? Need to

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- get rid of 'right to buy'. There should be a National Investment Bank to invest in small community-led projects.
- E. Tax policy failures have created a mountain to climb. Micro-living creates monocultures of a singular type of living.
- F. Debate is in wrong place – needs emphasis on improvements. Where is it, what's it like and who's it for?
- G. If you empower communities you can get higher densities by engaging with them and getting LA on board. Need to start low and slowly increase density – e.g. Countryside projects.
- H. Housing Association mergers meant self-build projects were inherited. Have gone back in and asked whether really popular & now looking to do more. But struggle is for sites. There are persistent groups who want to do it – building in order to stay in a place.
- I. There are discontinuities between renting and buying. Are the 2 markets related? House prices have to go down.
- J. Have been working in Spain. There conversations are about 'how much space do we need?' and also about building 'space for life' (through life)
- K. The government asked the question about how to get new entrants into the housing markets. In Kent there is not much evidence of innovation. Do new entrants generate innovation?
- L. Innovation is chiefly needed on financial side, on tax and finance – otherwise building more will not make a difference.
- M. Mass house builders have no need to innovate. We have got to do something about the use of homes in London being used as investments.
- AW innovation happens & at scale by house builders – it's driven by money. Requirements for insulation and heating have all been swept up by housebuilders. All models are part of the solution. What is the motivation behind self-build? Some do it to provide just what they wanted – see Graven Hill at Bicester. Planning system can't cope with innovation – there is a lack of policy for any innovative responses.
- N. Overseas construction is a lot simpler. Why do we need 30kW boilers in houses? It's being driven by suppliers. Why do we install ring mains when radial layouts are much more flexible?
- B. HABs are raising bonds. There is a need to open plots. Use Municipal Investment Corporation – as in Netherlands. Every other European country has a funding vehicle putting money into local infrastructure.
- O. Where has the innovation put into the Code for Sustainable Homes gone to? It triggered research from major house builders. How could we innovate to unlock land?
- P. L&G are developing a model – although very early days. Pension funds + 4% philanthropy + off-site construction + rental market = ideal for producing revenue
- Q. LAs need compulsory purchase rights + tax for under-occupation to encourage downsizing = far more effective than land supply policies.
- H. Innovation feeds into the mainstream. Example of this in Tübingen:
 1. Serviced plots for groups of people to self-build
 2. A bit calmer version develops
 3. Careful urban design for non-self-build enthusiasts.
- A. Projects need to be realised before land is re-valued.
- Conclusion:**
- SH. There is a lot of innovation in co-housing groups, e.g. over efficiency of space with shared spaces and plenty of open space. LAs and communities need to innovate first and then Government will follow.
- JS. We are not providing places for downsizing, therefore no point in taxing people out of their existing homes. L&G heavily into build to rent & they have taken the opportunity to explore a very different approach. Micro-living should only be a specialist form of housing. It's no good for kids and shouldn't become standard.
- JM. For LAs there is joy in discovering that they can do things. Confidence comes with small successes.

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AW. The solution isn't supply or taxation. It may be appropriate to be more interventionist in some places. Normal housing works and is a product many people want. But a lot of people think that their way is the only way!

TA. Need to build capacity rather than re-invent the wheel. See Working together report.

Let's get on with it and not wait for another policy change.