tcpa

planning for the upturn – developing in the downturn

a tcpa action agenda

The reduction in planning applications by around one fifth[1] and the fall in housing starts by 58%[2] obscure the underlying need for many of the UK population to acquire a new home. At present building rates, the Government's target of 3 million new homes by 2020 will not be met. But the TCPA's projections show that Government estimates of the number of future households remain conservative. Much of the recession – and therefore the recovery – clearly depends on the availability of credit, and specifically mortgages. If credit and mortgages become available again quickly, the recovery in the land values and prices could be fast. Others are predicting a faltering recovery, in which private housebuilding will not climb significantly, owing to weaker capacity in a now contracted industry. Good planning that provides for bringing forward development in either of these two circumstances will therefore be crucial to getting development right for future generations.

The outline agenda for action presented here is born out of the TCPA's unique cross-sector membership – it represents an active response to the need to both develop well in a downturn and plan properly for the upturn.

An agenda for discussion

- It is paramount that planning authorities and other key stakeholders maintain good planning throughout the downturn. Creating **sound masterplans for well-planned high-quality places will be key to building confidence and value in development** to aid recovery from uncertain economic times. Development plans which are owned and championed by council and civic leaders and which capture the imagination of their communities have too often been lacking and must stage a return. Standards must be maintained within developments themselves as pressure for financial contributions from development for less directly related investment intensifies.

Good progress has been made in recent years in improving planning and the quality of new development. Most Regional Spatial Strategies are now in place, and BRE Ecohomes 'Excellent' standard homes (including homes built to Code for Sustainable Homes Levels 3 and 4) are now being widely delivered – and all three housing delivery sectors are meeting higher standards in new development. This progress must not be reversed by any abandonment of planning policies that guarantee quality. Since funding for development is to be repaid by future taxpayers, they will have the right to expect standards to be maintained. Progress towards zero-carbon homes must continue, but developers will not be able to

fund the off-site energy provision that will be needed to realise the zero-carbon goal. Similarly, Lifetime Homes standards and wheelchair access are both vital for an increasing proportion of the population, and we must continue to increase the number of homes meeting such standards. Delivering poor-quality cramped alternatives will only serve to increase the stock of obsolete flats lying unsold in many town and city centres.

- The Government should declare support, under the auspices of the Homes and Communities Agency, for **the delivery and build-out of the country's most important, highest-quality development projects of over 150 dwellings and appropriate infrastructure**, including 'Carbon Challenge' sites, priority urban regeneration schemes, and any approved eco-towns. **Planning permissions should be extended to their previous five-year lifespan** to avoid unnecessary renewal applications (as the TCPA argued at the time of the change).

- Housing associations working with local authorities and the new Local Housing Companies must become **the new planner-developers**, as private sector housebuilding is projected to recover only slowly from the recession. Local authority housing starts are rising (albeit from a very low base), and local planning authorities can and must work with their housing colleagues to support such ventures. However, it is clear that, without the expertise of partners in the housing association sector, councils will struggle to make any significant impact on the number of new homes needed.

- Section 106 agreements will no longer generate funding for as wide a range of infrastructure as has previously been sought. Skills to assess viability need to be improved, and local authorities should be cautious in renegotiating existing section 106 agreements, but the **phasing of payments within many will need to rescheduled**. Clawback clauses with a form of 'index-linking' to potential increases in land values should be agreed to ensure that recompense is made to the public purse in the event of soaring future land values.

- A significant proportion of the substantial revenue that has been received from planning obligations in a typical year[3] will not be received this year. To ensure that key projects can still go ahead, **supporting infrastructure in some authority areas can be funded from local authority borrowing**. In other areas this investment will simply not happen. Investment can be repaid by future tax revenues from an 'index linked' Community Infrastructure Levy on areas that benefited from the development, or through a new system of Tax Increment Financing. The Public Works Loans Board has ample ability to fund such borrowing, but local authorities must be allowed to apply Revenue Support Grant and/or the Housing Revenue Account to assist with interest payments.

- Many billions of pounds will continue to be invested through the Building Schools for the Future programme, and health investment at some scale will continue to be required, albeit within tighter public spending constraints in the future. **Creating high-quality new places and decent homes must be integrated with health and education investment programmes** to ensure that the benefits of timely infrastructure provision support the creation of the homes we need and vice versa. This is vital to countering the tide of urban discontent which has gripped parts of the UK and which has on occasion expressed itself through the emergence of extremist political parties.

- Historically, the TCPA was one of the biggest supporters of the original co-operative and co-partnership housing programmes, which once provided an intermediate route to obtaining a new home based on part or full ownership. Longer-term solutions to the recession in development will not be found through regulatory retreat. **Attracting institutional investment into the development of homes for rent** requires a new model to be created for such investors, while smaller-scale co-operatives – which can self-commission new homes for groups of families or individuals – need to be established. The mutual building society model and Real Estate Investment Trusts (particularly if they were able to attract the investment made by Britain's 1.2 million smaller landlords) could be part of today's solution, in which smaller-volume schemes are more likely to be successful than big-volume housing production. There is a need to move away from grant funding such development and towards investment securing a long-term return and a stake in the maintenance and welfare of the neighbourhoods created.

- In the longer term, and to encourage investment in affordable housing, an acceptable alternative way to safeguard the enduring provision of social housing needs to be found to replace the current use of clauses in section 106 agreements which commit individual dwellings to the social rented sector **'in perpetuity'**. Mortgagee in possession clauses can provide a solution that ties the dwelling to its current resident for their lifetime.

- Greater amounts of lower-density development – **more quality family homes with gardens** – than are assumed in a number of adopted plans will need to be brought forward in many places. The dogmatic assumption that density equates to sustainability is often mistaken; it is time to accept that, with the right transport solutions and appropriate energy supply, medium-density houses can be just as environmentally advanced as high-density development, with its greater engineering and embodied carbon requirements. Re-planning of schemes will be vital in the period of recession and recovery.

- In any given year, existing housing – as opposed to new housing built that year – will represent around 99% of the stock. New development should always seek to enhance the existing neighbourhood in design terms and through new energy and transport infrastructure. **Government programmes to insulate and improve the existing stock** must be supported by employing the benefit of investment delivered by neighbouring new development wherever possible.

- Instead of moving house, many people continue to adapt their existing home. To support this area of activity, **another tranche of minor development – typically house extensions – should be codified** through Approved Documents as per the Building Regulations, thus removing the need for planning permission.

- A number of local authorities and opposition parties now advocate the abolition of Regional Spatial Strategies (RSSs), along with the allocated developments and targets they contain. Except in London, regional strategies have struggled to gain the authority that directly elected assemblies would have provided, but **any abolition of RSSs before structures have been put in place to save the committed development they contain would severely damage prospects for recovery, would leave the country without any strategic or regional planning framework, and potentially would lead to poor sustainability outcomes across the country**.

Notes

1 http://www.communities.gov.uk/publications/corporate/statistics/planningapplicationsQ32008
2 http://www.communities.gov.uk/publications/housing/housebuildingq42008
3 http://www.communities.gov.uk/publications/planningandbuilding/valuingplanningobligations and http://www.ft.com/cms/s/0/2f04055c-01f3-11de-8199-000077b07658.html

A TCPA action agenda as agreed by the Policy Council of the Town and Country Planning Association on 23 September 2009.

tcpa

- **we are:** independent and open to all who want better places
- **we have achieved:** greener cities, new towns, and better homes
- **we create:** ideas, knowledge, publications, campaigns, and independent policies
- **we aim to:** secure homes, empower communities, and deliver a sustainable future

...through planning

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