Housing Policy 2004-2018:
Three steps forward and two steps back

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Key policy developments

- **1947: Town and Country Planning Act**
- **1991: Planning and Compensation Act**
- **2000: PPG3 - Housing**
- **2004: Planning and Compulsory Purchase Act**
- **2004: Review of UK housing supply**
- **2006: PPS3 – Housing**
- **2012: NPPF**
- **2017: White Paper – Broken housing market**
- ***2018: NPPF revision; Letwin review***

Housing Supply Review 2004

- Weak supply response to rising prices – worsening affordability across cycles
- Regional plans too low – need to consider affordability implications
- Land supply needs to be expanded from PPG3
- Consider cost/benefit of all regulatory change
- Planning Gain Supplement on new development
- Raise social housing output and stock
- Quality targets for homebuilders
- 36 recommendations – 5 directed to industry

Myth-busting

- The 2004 Review did NOT:

  - Ignore the impact of demand/credit cycles on price (though did not address the issues)

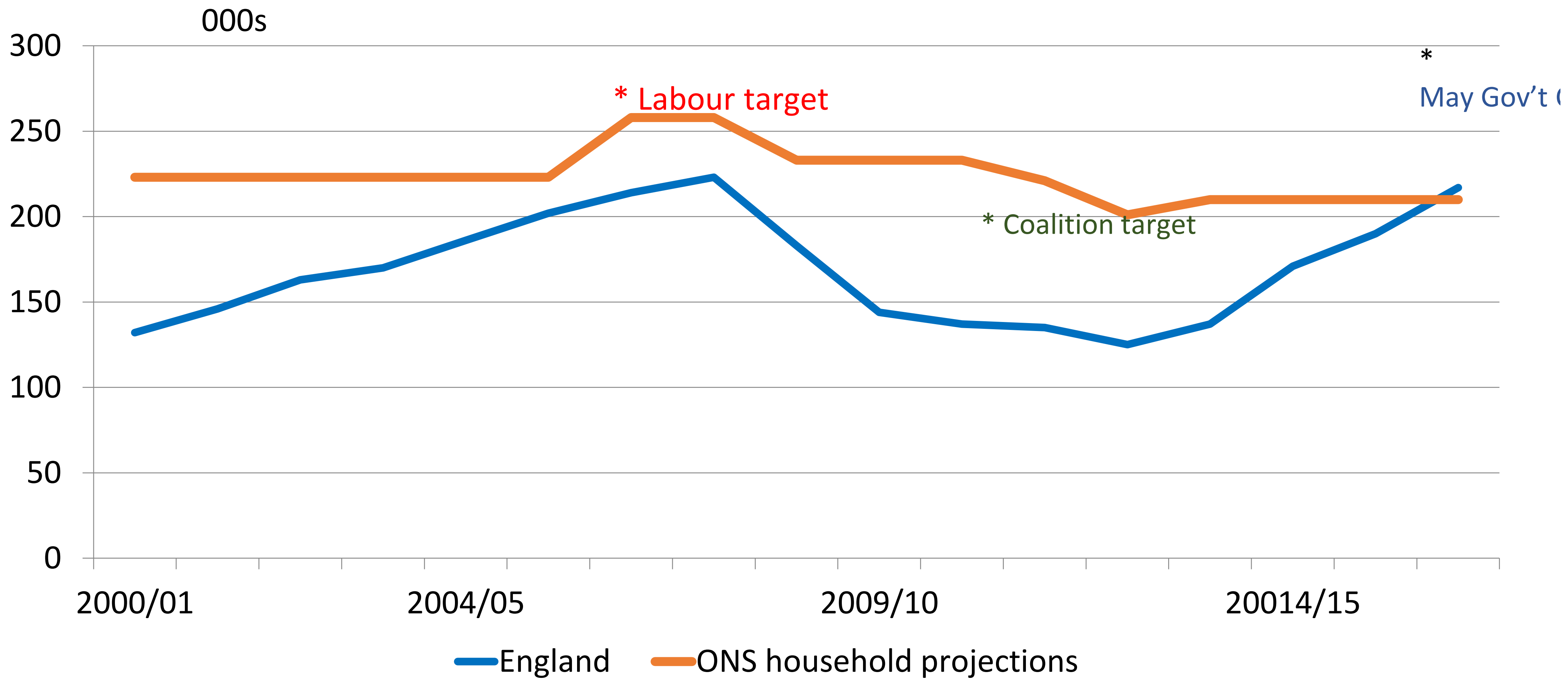
  - Ignore all environmental impacts

  - Suggest housebuilders guilty of land-banking

  - Propose a firm target for homebuilding in England (Housing Green Paper 2007)

  - Result in failure: 19 recommendations still could be seen as working

Net additions - England



Source: CLG

Elasticities and assumptions

- ONS household projections: peak 258,000

  - latest 210,000; zero net migration 133,000
- Income growth per head 1.3% - elasticity of house prices to income growth around 2.5%
- Rough guess: to get house prices in line with incomes in future: need 240,000 unless migration falls – all other things equal
- ONS also projects household size from 2.35 in 2014 to 2.21 in 2039
- Housing supply target bidding war: gov’t 300,000; NHF/JRF 340,000

Where have the people gone?

- ONS England annual new household projections: 210,000
- Post 2008: CLG annual completions: 124,000
- CLG more complete completions: 144,000
- Gap 65,000 annually
- 20,000 long-term empty homes utilised
- 90,000 young people at home: 30,000 reduction in households?
- Residual households minus houses gap: 15,000

Planning reform – but still a crisis

- Supply recovery not made good the post-crisis shortfall
- Local plans still slow to emerge
- Loss of SME builders post GFC
- Fast-growing areas – infrastructure pressure; no regional plans
- Social/affordable shortage – homelessness and temporary accommodation
- Poor PRS standards; office conversions
- Landowner behaviour?

Policies still fall short

- **Positives:**

 - Objectively Assessed Need standardisation

 - Letwin – increased competition?

 - Strategic plans – mayoral authorities – better spatial planning

- **Negatives**

 - Infrastructure?

 - Social/affordable supply

 - Green belt psychosis

 - Tax – complex issue – need to be clear why tax reform

Summary

- **Planning system much improved since 2004**
- **Local opposition in some fast-growing areas remains**
- **Green belt imposes certain urban forms**
- **Supply argument won – now too prominent in debate – focus of White Paper**
- **Land market/land value tax moved up the agenda**
- **Quality and availability of housing for poorest needs more focus**
- **Forward funding of new towns remains problematic**
- **CaCHE much needed!**