



RTPI

mediation of space · making of place

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14 May 2009

Catherine Glossop
Centre for Cities

Email response sent to: c.glossop@centreforcities.org

Dear Catherine,

RESPONSE TO CALL FOR EVIDENCE: REGENERATION AND THE RECESSION: UNLOCKING THE MONEY

Thank you for the opportunity to respond to the above call for evidence. The Royal Town Planning Institute (RTPI) is a membership organisation representing over 22,000 spatial planners. It exists to advance the science and art of town planning for the benefit of the public.

The RTPI is committed to assisting the planning and development sector contribute to the regeneration outcomes sought by all tiers of government. It does not claim to be expert in financial systems; we can contribute by investigating, promoting and implementing tools that the planning system can use to support development during an emerging economic up-turn. You will note on that basis that we have responded to some but not all of the questions posed in your call for evidence.

Please find the RTPI's responses to the questions pertinent to planning enclosed below.

If you require any further assistance, please contact Rebecca Coates, Planning Policy Officer on 0207 929 9466 or email rebecca.coates@rtpi.org.uk.

Yours sincerely,

Rynd Smith
Director Policy and Partnerships

Enc.

Response to questions:

2. What practical steps can the public sector take to keep momentum going on regeneration during the recession and to take advantage of the upturn when it eventually comes?

It will be vitally important for the public sector to maintain the emphasis on plan making capacity within local planning authorities (LPAs) to deliver up to date and sound Core Strategies, Action Area Plans and any other development plan/local development plan documents that seek to deliver regeneration outcomes. Without sound and timely local policy in place, it will be hard to generate the certainty that allows regeneration to take advantage of the opportunities that will emerge when the market revives. The RTPI takes the view that economic recovery is likely to trigger a phase of quite intense place competition, in which investment is most likely to flow to the places offering the most immediate opportunities for the highest and most secure financial rewards. These are likely to be places that combine the attributes of initial attractiveness, itself underpinned by a clear continuity of planning vision for place over time, and certainty around immediate development opportunities, underpinned by clear policies and proposals in Core Strategies and allocation documents, together with (to the extent that will be possible in the early phases of recovery) certainty around necessary infrastructure provision and funding.

It follows that the RTPI is keen to ensure that LPAs retain experienced planners throughout the economic slowdown, resisting the temptation to delivery redundancies in response to short-term reductions in income from planning application fees. Instead, the resource of skilled and experienced development management planners should be in part re-directed into LDF/ local development plan making, policy formulation, infrastructure planning and regeneration. This will also ensure that existing skills are broadened and development management skills inform policy development.

In some circumstances, there may also be a case for LPAs to relax planning policies and/or s106 requirements in order to release stalled projects provided they can demonstrate how they will recoup infrastructure funds to deliver the infrastructure and services required to support the community. The RTPI suggests the following tools that might support the development sector in this area:

- LPAs should liaise with the construction/property sector stakeholders to identify priority projects/proposals, for example significant regional/sub-regional growth proposals which have been argued to be held 'below the waterline' by the current requirements of conditions and s106 agreements. This can be done through via an LPA/industry concordat (Bristol City Council have developed a valuable model here).
- LPAs should undertake an audit of conditions and s106 agreements on relevant schemes experiencing difficulty in moving forward.
- LPAs should be prepared to reassess whether the contributions they have asked for (or are asking for) are in accordance with the tests in circular 05/2005 i.e. that they are needed for the development to take place.
- Conditions and s 106 requirements that are 'necessary' should not be removed as to do so would suggest that the original application should have been refused.

- However, there is scope to consider timing and delivery variation on necessary conditions and s106 requirements. For example, requirements for payments or actions before the commencement of development could be varied to ensure that they are levied before the completion of development, or even within a short timeframe after the completion of development. Such a deferral approach could enable developers to gain a cash-flow benefit and reduce interest finance on borrowings in ways that may assist.

3. What might be the long term impact of the financial crisis on the development industry? How might the private sector's approach to regeneration differ in the years ahead?

The RTPI envisages two alternative scenarios for the long term impact of the economic slowdown:

- I. Strong stimulus is provided to the sector and it maintains the scale and skills required to deliver housing and regeneration when the economy recovers. This would be achieved by strong government commitment, for example via the housing package announced in the budget together with the HCA continuing to invest in new development and to unlock delivery, the continuation of the 'building schools for the future' programme and related initiatives. Planning skills and capacity are part of the package that is necessary to achieve strong stimulus and encouragement should also be provided for LPAs to invest in their planning capacity, at least to the extent of ensuring that it does not reduce in scale or capacity and that sound, up to date plans are delivered and that authorities stand ready to deal expeditiously with early regeneration related planning applications. The government needs to continue to invest in delivering physical development and infrastructure and in the maintenance of planning capacity if the scale of and skills in the development and planning sectors are to be maintained at a level that enable it to respond to upturn in a timely fashion. There needs to be ongoing preparedness to borrow to enable this stimulus to be delivered at this stage in the economic cycle.

It is reasonably clear that the government are working toward this scenario. However, some recent signals such as the proposal to reduce the scale of the Housing and Planning Delivery Grant and to divert funding to reduce the otherwise anticipated rises in social housing rent levels suggest that the government does not have a clear vision about importance and the best means of achieving strong stimulus in the development and planning sectors.

The RTPI favours a strong stimulus approach and envisages that its fuller deployment would ensure a development and planning sector that is ready to meet the challenges of the upturn when this arises and hence able to deliver a more rapid economic recovery.

- II. An alternative scenario would be for government to limit or provide no stimulus to the development and planning sectors. With less government funding for regeneration and declining and then stable low demand for new housing and jobs in the short term, there will continue to be less investment in infrastructure and skills in the sector. Skills and capacity would be lost to a greater extent than has already happened and these would take correspondingly longer to replace.

The property sector has been one of the largest industries affected by the economic downturn with a large number of redundancies; this reduction in skilled labour and professional skills could reduce the ability of the sector to fully realise the potential of reduced land values and increased lending confidence when the economy recovers.

The RTPI sees such a scenario as an extreme case, but considers it is important for government to act in a coherent and integrated fashion to ensure that it does not eventuate.

4.

5. What alternative financing models, such as Accelerated Development Zones and Regional Infrastructure Funds, could be introduced to keep regeneration going through the recession and beyond? How might these models work in practice? What might be the costs and benefits of using these tools?

The RTPI encourages government to utilise options that can be developed within current legislative and policy settings to deliver short term models for regeneration where possible. This is not to suggest that legislative and regulatory reform is not worthwhile: it is merely a practical observation that such reform has timescales that are likely to extend beyond the time in which immediate industry stimulus is most necessary. Significant amendments to existing legislation could reduce certainty and delay implementation that will in turn reduce the ability of the development industry to capitalise on the up-turn.

Whilst the RTPI does not claim expertise in financial systems development, we support alternative financial models such as ADZs and RIFs provided they can be delivered in ways that do not entail a need for primary legislative change at this stage in the economic cycle.

The RTPI jointly commissioned a study into Effective Practice in Spatial Planning¹ (published in 2007) which supported the use of RIFs to deliver effective resource management and coordination. It concluded that: '*The creation of Regional Infrastructure Funds [RIFs] will create new areas of engagement between local and regional interests and the establishment of Regional Infrastructure Groups [RIG]*'.

We support a system where proven and sustainable forecasts in likely land value increases can contribute to investment in infrastructure and services that will benefit the community at an early stage.

There is scope for the development of medium to long term reforms that would entail legislative change and would make our systems more robust facing potential future economic downturns.

6. What kinds of legal and policy changes might be necessary to trial new financing tools like ADZs?

One way of achieving a RIF-based solution could be to accelerate the impending CIL regulations in a

¹ <http://www.rtpi.org.uk/download/1559/EPiSP-Final-report.pdf>

manner that would enable the making locationally and subject specific infrastructure plans, as distinct from the generic infrastructure plans proposed to be underpinned by the regulations still pending. Such plans could be useful as a short-term measure and might generate a more certain revenue stream that could be used to back advance borrowing to provide infrastructures (equivalent to Tax Increment Funding TIF). Careful drafting would be required to ensure that the relationship between regional and local infrastructure funds (which could still be collected through s106 contributions) were clearly defined and that developers were not exposed to what would amount to double charging.