

Meeting housing needs after the crunch: busting some myths

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**“Recession & housing markets:
short term trough or long term shift?”**
RTPI GA Liverpool July 2009



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Myth 1: The planning system provides houses (PPS3)

1. No: the planning system provides land for housing
2. More land does not necessarily mean more housing
3. A gap can exist between effective demand for houses (public and private) and planned supply of land
4. 'Fire and forget' RSS land supply trajectories increase this risk

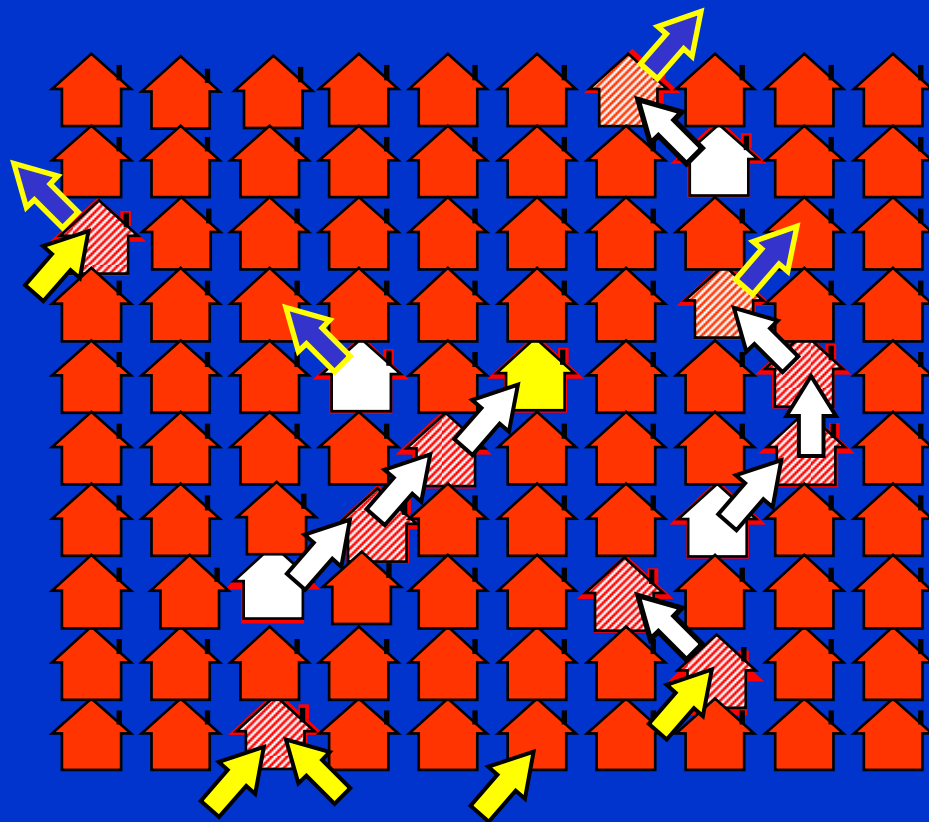


Myth 2: New houses are needed for net new households

1. There is no such thing as a 'net household'
 - ~60% of the net increase in households is old households getting older and smaller
 - Very few new young households access new housing
2. 90% of housing choice is from existing stock
3. Most entry level housing is existing homes in the poorer areas of cities
4. The condition of existing stock is what matters for delivery of 'decent housing'



Housing choice, migration and social change are whole stock processes



Snapshot:

- 90 no move in last year
- 10 houses change hands
- 3-4 are vacant

Dynamic:

- 1 new house
- 10 have moved house
- 4 have left area or died
- 5 new households set up

Net stock change: +1

Net households: +1

Total choices: +20

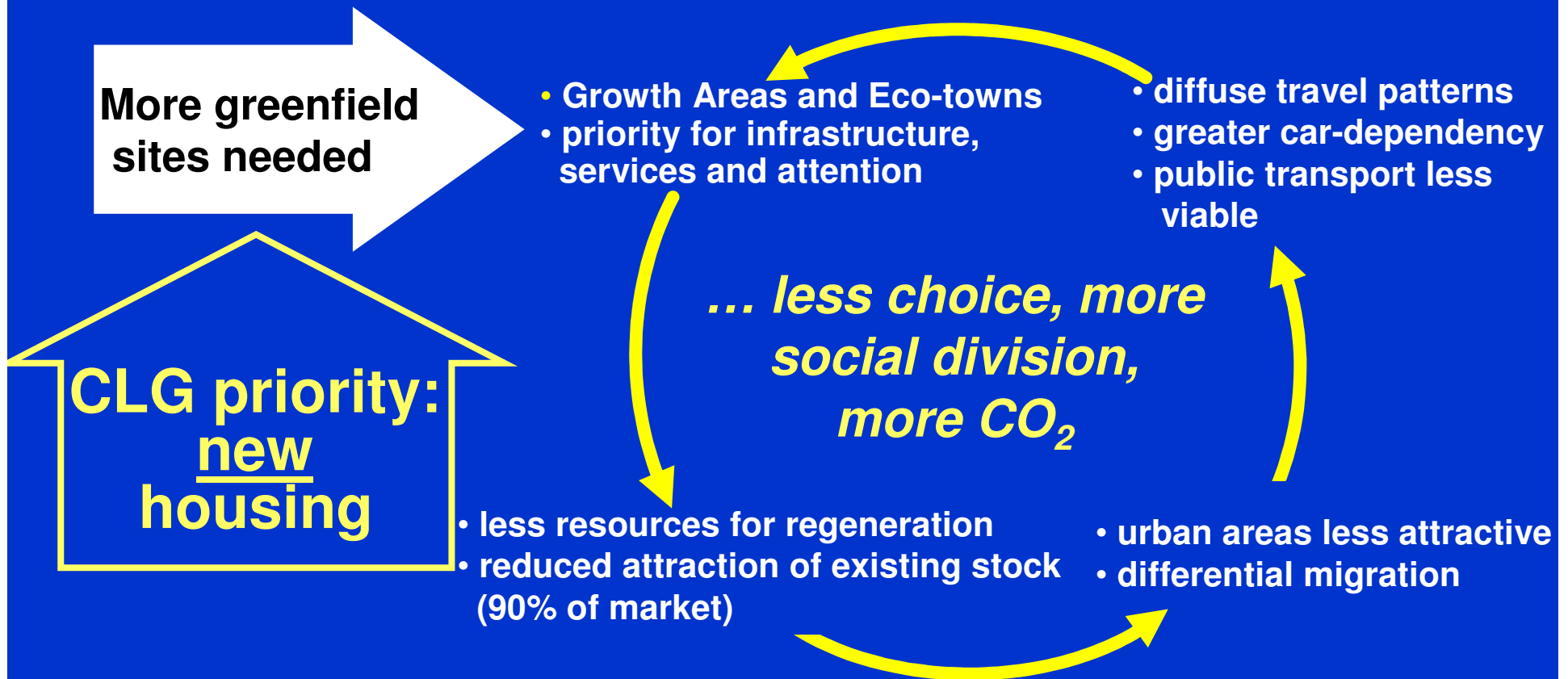


Myth 3: more housing land increases choice

1. Where there is oversupply housebuilders will prefer greenfield sites to brownfield
2. More greenfield may increase new housing for sale, BUT:
 - New development will attract an unfair share of attention, infrastructure and services
 - Existing housing areas are disadvantaged, and social divides made worse
 - Choice of decent existing stock (90% of market) is reduced
 - This particularly affects the poorest new households



New housing, locational choices: social and travel effects



Myth 4: More new houses will improve affordability

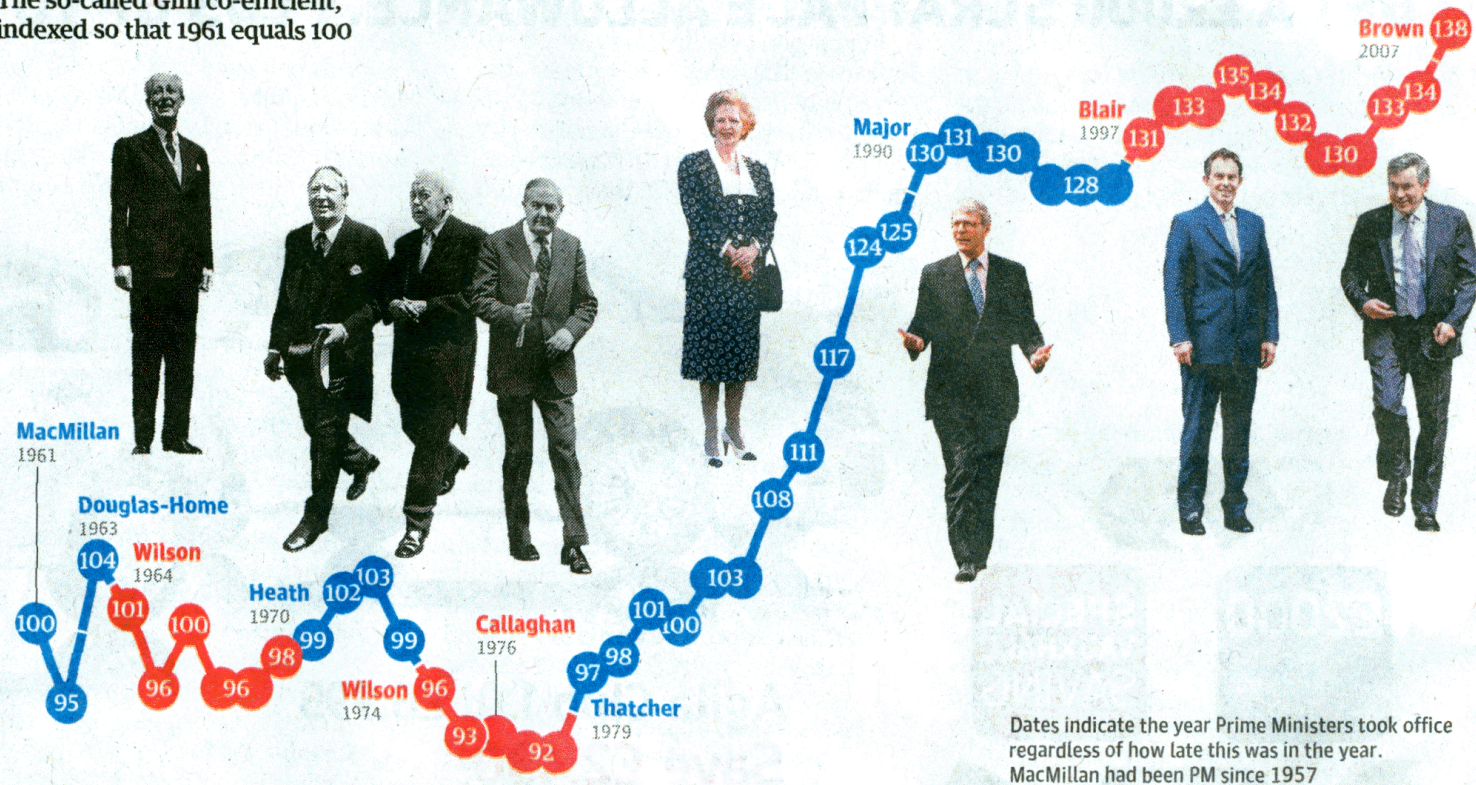
1. Most of the value of housing lies in its context, not the bricks and mortar
2. 240,000 pa new build only returns purchase affordability to the 2007 level
3. Affordability depends on rental levels, not just purchase prices
4. Ending the house price bubble may increase ability to buy, BUT
5. Increasing income inequality hits the poorest



Increasing income inequality hits the poorest (Gini 1961-2007)

How the gap has widened

British inequality index.
The so-called Gini co-efficient,
indexed so that 1961 equals 100



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Myth 5: Household projections are a firm basis for planning

1. Household projections depend on volatile economic and social processes
2. National household projections are revised every 2-3 years
3. Subnational projections are even more volatile
4. Under-supply of land is easily corrected; over-supply has permanent results



A case to answer?

Present planning policy for housing provision is to maximise new build so as to improve affordability. BUT this:

1. Cannot be implemented
2. Does not deliver its own main objective
3. Risks extensive collateral damage

Should RTPI support such a policy?



A way forward?

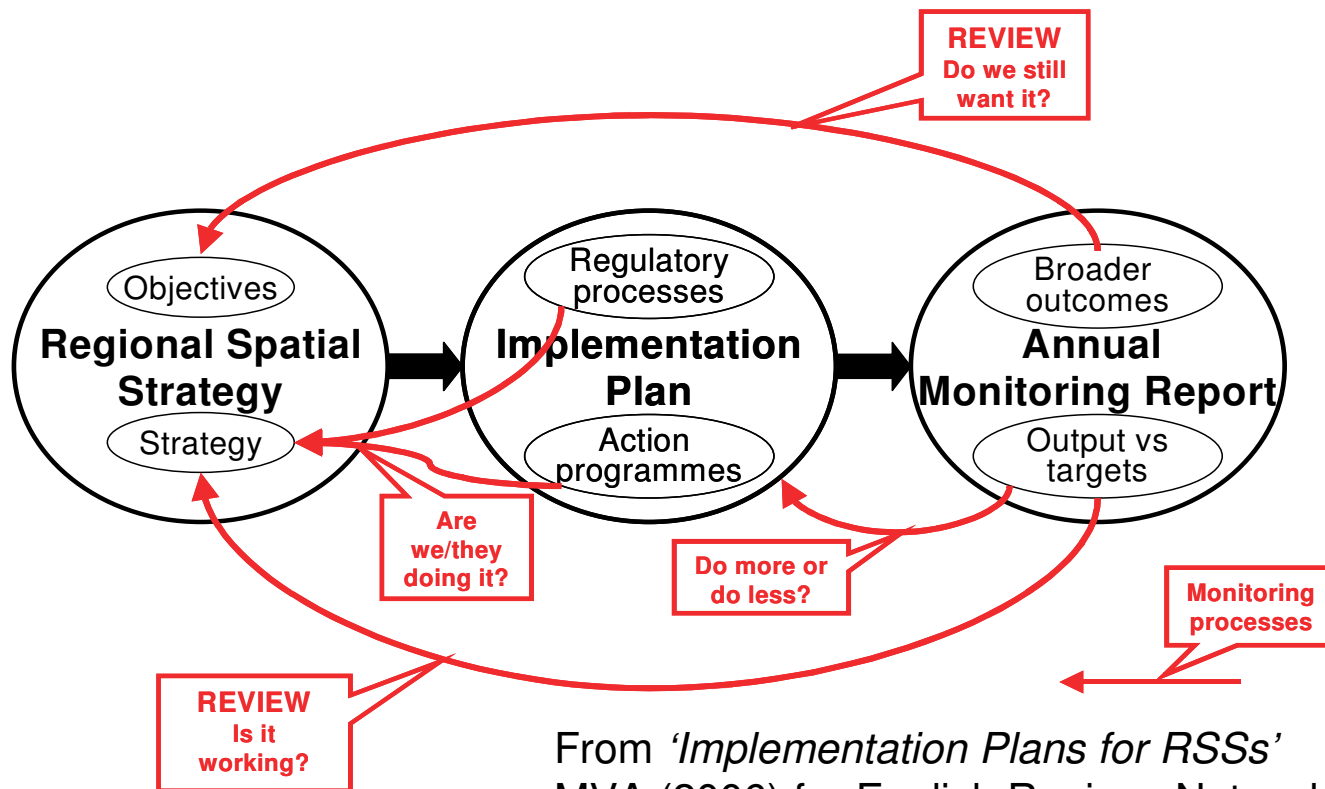
*“Good planning assumes the future is unpredictable”
(John Robinson, Shell UK, 1986)*

- 1. So, good planning requires a clear sense of strategic direction + tactical flexibility to respond to new problems and opportunities**
- 2. Planning for housing land must therefore:**
 1. Respond to the possibility of high long-term needs; but
 2. Avoid irreversible harm from over-provision year to year

aka ‘Plan, monitor & manage’



'Plan, monitor & manage' at regional level



See also 'Making 'Plan monitor & manage' work', A Wenban-Smith (2002), Planning Theory & Practice, vol 3 No 1, pp 33-51