

Housing Commission to explore new routes to housebuilding

RTPI Evidence to LGA Housing Commission

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Introduction

The Royal Town Planning Institute (RTPI) has over 23,000 members who work in the public, private, voluntary and education sectors. It is a charity whose purpose is to develop the art and science of town planning for the benefit of the public. The RTPI develops and shapes policy affecting the built environment, works to raise professional standards and supports members through continuous education, practice advice, training and development.

The RTPI is currently consulting its members as part of preparing its formal response to the DCLG consultation. This evidence has been informed by some early responses to our internal consultation and by our preceding policy and research work.

LGA Housing Commission Issues and Answers

Housebuilding - new ways that councils can enable investment in new homes;

- Front fund infrastructure

In order to deliver well planned places rather than just housing in isolation, councils should link together infrastructure expenditure, policies and planning with policies and planning for housing in order to unlock potential sites, for example through budgetary processes or guarantees against future income streams.

The deliverability of housing schemes is often determined by the infrastructure investment agreed. The German, French and Dutch approach is for local authorities to buy the land, front fund the infrastructure investment and then sell the land in parcels to developers and keep the land value uplift to fund the initial costs. This raises the question of how councils can be more proactive in

infrastructure funding. In a recent study, using examples from France, Germany and Holland¹ RTPI suggests a more joined up approach between infrastructure investment, planning, housing policies, Local Plans, Strategic Development Plans and Local Development Plans which will unlock large sites by decreasing the risk on private and public developers who can then deliver houses.

- Land Value Capture

The windfall in value which goes directly to private landowners when public investment in infrastructure is made or planning permission is granted seems a reasonable place to look for funding for this infrastructure. The additional funding created would allow councils to be more proactive in their approach to infrastructure provision. It is often public investments that produce this unearned increment in land value, so a more equitable, effective, and efficient distribution of this uplift between landowners and the community could be a fair and efficient way of funding housing and infrastructure. The success of Tax Increment Financing (TIF) in funding the Northern Line Extension, and the use of a Business Rates Supplement to fund Crossrail, are a good indication of the latent public good land owners are sitting on, and which councils should be afforded the opportunity to tap into.

Best Practice: Local authorities can apply to HM Treasury to retain an uplift in business rates for a period (usually 25 years) and use part of the present value of this sum to fund infrastructure or decrease blight in development areas. Falkirk Council's £67 million TIF scheme is expected to bring in £413 million in private investment into the area, creating almost 6,000 jobs and hundreds of apprenticeships. Under TIF, councils fund improvements by borrowing against future business rates income that should be created by the regeneration and development the 25 year TIF plan has three phases across Falkirk and Grangemouth. Under the plan, links from the M9 motorway to industrial areas will be improved and 400,000 square metres of business space will be made available.

- Public Private Partnerships (PPPs)

PPP models can be leveraged to build infrastructure and housing and to ensure that what is built meets the standards acceptable to the community. Effective PPPs have the potential to channel the private sector's risk-taking capacity and access to funding, while ensuring that the economics of the arrangement still serves the public good.

Best Practice: RTPI award winner: The Rise at Scotswood, in Newcastle's west end, is the product of a PPP – the New Tyne West Development Company – comprising Newcastle City Council and developers Barratt Homes and Keepmoat. The aim is to reverse the fortunes of an area decimated by the decline of heavy industry and create a diverse, sustainable community of around 6,000

footnotes

¹ See

http://www.rtpi.org.uk/media/1562925/rtpi_research_report_11_planning_as_market_maker_november_2015.pdf

people living in approximately 1,800 well designed, modern, energy efficient homes – supplied by a district heating centre. Around 1,200 terraced homes were cleared from the sloping, uneven 60 hectare site, which overlooks the River Tyne. The city secured private sector partners to share the risk of a £265 million investment, designed to address the growing housing need. Outline planning permission was achieved in 2007 the site was identified as a key site in the Benwell Scotswood Area Action Plan ground works, funded by the Homes and Communities Agency, started in 2010. KPMG ranked this the seventh largest UK land remediation in 2012. The Rise will be integrated into the existing community through the enhancement of existing public spaces, the creation of new ones, an improved road network and the development of new retail and community facilities.

Best Practice: In Scotland, Resonance provides a partnership to deliver affordable homes with the capital cost shared between an RSL and a private investor. The RSL borrows against future income streams to fund the cost of bricks and mortar, whilst the investor funds 'land' costs. The RSL rents out the units at mid market rates and gets to keep a percentage of the units in perpetuity. The private investor benefits from any rise in capital value over an agreed period. Critically, reduced borrowing cost is facilitated by a guarantee from local or central government against any shortfalls in rental income. In the case of the Innovation Fund, the Scottish Government is providing the guarantee at the estimated cost to the public purse of only £3,600 per unit. The funds borrowed by the RSL are transferred to the investor on completion of each unit and used to offset land and construction costs. The properties are then let by the RSL on short assured tenancies.

Place making, community and infrastructure - the role of councils in shaping homes within prosperous places and communities;

it is paradoxical that at the very time that policymakers have accepted the arguments for devolving more powers to city regions, there is not an accompanying recognition that local planning authorities represent the skills and ability of local areas to invest in their own future economic success and to reduce the spatial economic inequalities that drag down the UK's overall economic productivity.

RTPI's research on The Value of Planning,² suggests that proactive planning in councils can deploy policy instruments to shape, regulate or stimulate the behaviour of market actors to deliver homes within places in order to create prosperous communities.

For example, land assembly and infrastructure investment boost demand and hence viability whilst enabling development at higher densities. Tools such as masterplanning, upfront investment in sustainable transport infrastructure, design standards, and land assembly models, can all be employed to lead development outcomes to the achievement of specific goals.

Best Practice: Birmingham city council initiated a project whereby the council built 250 homes for sale in Handsworth, an inner city, urban area of Birmingham. As part of the regeneration of the area the council built the new homes, which subsequently created demand in an area where a house had

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² See <http://www.rtpi.org.uk/valueofplanning>

not been built for 20 years. The homes were all sold in a short space of time. This shows the ability of councils to break from the market rules that constrain developers to follow the market, and is evidence of the possibility that a paradigm shift in housing delivery is possible if councils lead on development. Councils need to be given the legroom to engage in this kind of entrepreneurial planning.

Best Practice: IJburg, the Netherlands, where the market as well as the place was created from scratch by public sector action and investment led by Amsterdam City Council. The strategic planning context which selected IJburg as a major growth area, with extensive transport infrastructure then installed by the municipality, enabled developers to have confidence in the likely level of demand.³ This ensured a clear and consistent development programme which intriguingly tied developers in at an early stage through a partnership that required the private sector to buy land in advance at an agreed price. In contrast, large development sites in the UK are usually subdivided between several house builders, each of whom acts as master and parcel developer on their own site. The result is that no-one takes overall responsibility for the production of the place as a whole, and there is a series of isolated developments rather than a unified creation of place.

Employment, welfare reform and social mobility - the role of housing in supporting tenants to find and progress in sustained employment;

While there is a link between housing and supporting tenants to find and progress in sustained employment, there is a danger of concluding on the basis of this connection that all we need to do is build houses. In reality housing is only one part of the equation in supporting tenants to find and sustain employment. RTPI research shows that it is tenants' wider environment, not houses in isolation, that correlate with employment and social mobility. Thinking about housing and employment in isolation, and not giving due consideration to the kinds of places we want to deliver will have a detrimental effect on wider socio-economic considerations. Planning in the broadest sense – from development management and infrastructure to the location of health and community services – can play a central role in creating the kind of environments that enhance people's socio-economic circumstances.

In fact poorly planned housing developments that focus on housing numbers at the expense of infrastructural considerations correlates with higher rates of obesity, traffic fatalities, pollution, lack of social capital, vehicle miles travelled, less physical activity, greater residential energy use, lack of access to fresh food, isolating, and car-dependent communities. Additionally, the frequency of chronic medical conditions (asthma, hypertension and cancer) increases with unplanned housing sprawl, as do problems related to stress and mental ill health. Finally, long distance commuting increases absenteeism and reduces productivity in the workplace.

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³ See

http://www.rtpi.org.uk/media/1562925/rtpi_research_report_11_planning_as_market_maker_november_2015.pdf

In sum supporting tenants to find and progress in sustained employment is not just about building houses, it's about place creation, which means delivering social, environmental and physical infrastructure alongside housing, and using front-loaded infrastructure to drive development.

Best Practice: As the winner of the RTPI's 2005 Planning for New Neighbourhoods award, and a recent finalist for the RTPI's 2014 Scotland's Best Places competition, the Crown Street Regeneration Project encompassing most of the Gorbals area of South Glasgow has been objectively approved as an exemplar of excellent planning.

In the 1990s, Glasgow City Council began an ambitious redevelopment scheme, known as the Crown Street Regeneration Project, using more sophisticated and modern planning techniques, such as master-planning, competitive design tendering, and public consultation, in collaboration with a wide range of public and private partners. Since the start of this project, much has been written about the transformative effect on the area, which can be clearly seen and felt and intuitively grasped by residents and visitors. Attractive design has replaced grey monotony, a social mix of housing has been introduced, pedestrian environments and public spaces have been improved, and space for employment opportunities have been provided for. Residents have also largely expressed satisfaction with both the area and homes, which were generally built 15% larger than prevailing space standards.

The 2015 RTPI study *The Gorbals Regeneration - Delivering Economic Value through Planning*⁴ proposes that living in safer, cleaner and more attractive places is likely to enable individuals to become more economically active and live more fulfilling lives, and the study provides some strong evidence. The publication makes a much needed case that good planning and place-making has a direct impact on individuals' lives, rather than just delivering 'gentrification' effects. The study finds correlations between investment in planning as a means to improve the physical environment and subsequent changes in people-based economic indicators such as employment and social mobility.

The major implication of this analysis is that if improving places can be shown to lead to improved economic outcomes for individuals within those places, then there is an important role for town planners and other built environment specialists in using their professional skills to improve the economic life chances of individuals.

Health and quality of life for an ageing population - the role of housing in adapting to an ageing population and preventing onward costs onto social care and health services

Housing plays an important role, as many of the chronic health conditions experienced by older people have a causal link to, or are exacerbated by, particular housing conditions; falls in houses are a major cause of care needs and hospitalisation. Yet the National Housing Federation⁵ estimates that

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⁴ See http://www.rtpi.org.uk/media/1387124/rtpi_working_paper_gorbals_regeneration_june_2015.pdf

⁵ See <http://www.housing.org.uk/press/press-releases/national-housing-federation-calls-for-thousands-of-new-care-ready-homes-are/>

8m over-55s are living in houses that will become unsuitable for them as they grow older, and suggested that around 100,000 new homes need to be built specifically for older people to meet the demands of an aging population. Although the National Planning Policy Framework⁶ identifies duties for councils to meet housing demands for elderly people based on demographic trends, many new developments are not filling the gap, which means that older people looking to downsize or move into more appropriate accommodation as their personal circumstances change may struggle to find an appropriate property. The Planning Advisory Service⁷ has released a case study of proactive councils⁸ when it comes to meeting the need for older people's housing.

Where housing is located will also be crucial (RTPI's Location of Development⁹ project will be looking at the implications of this). Access to services and jobs is more difficult for older people who may not be able to drive or are in a situation of dependency to be driven. The Elderly Accommodation Counsel (EAC) residents consultation shows the importance of location and being close to shops and public transport for older people. Older people can become vulnerable through a lack of transport, services, facilities, opportunities for social engagement and fear of crime in their area; social isolation and persistent loneliness, particularly in later life, have a huge impact on people's health and wellbeing and can lead to physical and mental health issues. According to Age UK,¹⁰ more than a million people over the age of 65 in the UK report feeling lonely often or always and a similar number of people report feeling trapped at home. In addition, it can be very hard to care for older people – both social care and medical care – when housing is thinly distributed across a rural or peri-urban environment.

Research on the effect of the built environment on mobility in older people indicated that mobility is associated with land use patterns, for example densities and land-use mixes that provide proximity to destinations such as shops and parks.¹¹ By contrast, low-density areas are shown to be negatively associated with walking as areas of this sort often have poor accessibility and great reliance on car travel. Access to public transport, local amenities and diverse retail outlets can encourage individuals to remain engaged with their local community, and having green spaces is an important age-friendly features of urban environments.

Ensuring healthy ageing requires a different emphasis on enablement and possibilities beyond the discussion on pressure and costs. An ageing population presents an opportunity to rethink and redesign our communities in a way that is inclusive and better for all. Older people in the UK contribute an estimated £61bn to the economy¹² through employment, volunteering and caring, but many feel unrecognised: an overwhelming 92% of respondents to survey don't feel older people's skills, knowledge and experience are valued and harnessed by society. In planning strategies, we

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⁶ See <http://bit.ly/1oMGxUz>

⁷ See <http://www.pas.gov.uk/>

⁸ See <http://www.pas.gov.uk/documents/332612/0/Aging+Population+Case+Study/86293aaa-cf4a-469e-b732-6c675d716159>

⁹ See <http://www.rtpi.org.uk/knowledge/research/projects/location-of-development/>

¹⁰ See <http://www.ageuk.org.uk/latest-press/over-1-million-older-people-in-uk-feel-lonely>

¹¹ See <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3134204/>

¹² See <http://www.ageuk.org.uk/latest-press/archive/61-billion-the-economic-contribution-of-people-aged-65-plus/>

need to refer to older people not only in terms of (adapted) housing but in broader terms, considering people as workers, consumers, residents, community activists and thus thinking about broader issues such as health, retail, employment, transport and community facilities provision, in order to tap into the potential older people represent for our societies.

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