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# All Change Please...

Implications of the  
Planning Bill

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# Rynd Smith

- Director Policy and Communications
- Royal Town Planning Institute



# Royal Town Planning Institute

- Professional body for spatial planners
- Charity that advances the art and science of spatial planning
- Major provider of advice and community involvement through Planning Aid
- 21,000 members
  
- Your institute
- MRTPI
- Networks, policy and practice services



# My Brief...

- To examine emerging legislative change in the Planning Bill
- To consider it's effects on housing policy and delivery – the challenges that it poses to planners



# My Brief...

- Circumstances have changed quite substantially since I was invited to speak...
- I will address the Planning Bill; but
- I will start by taking an overview of some of the issues bearing on planning legislation and policy for housing as the RTPI sees them



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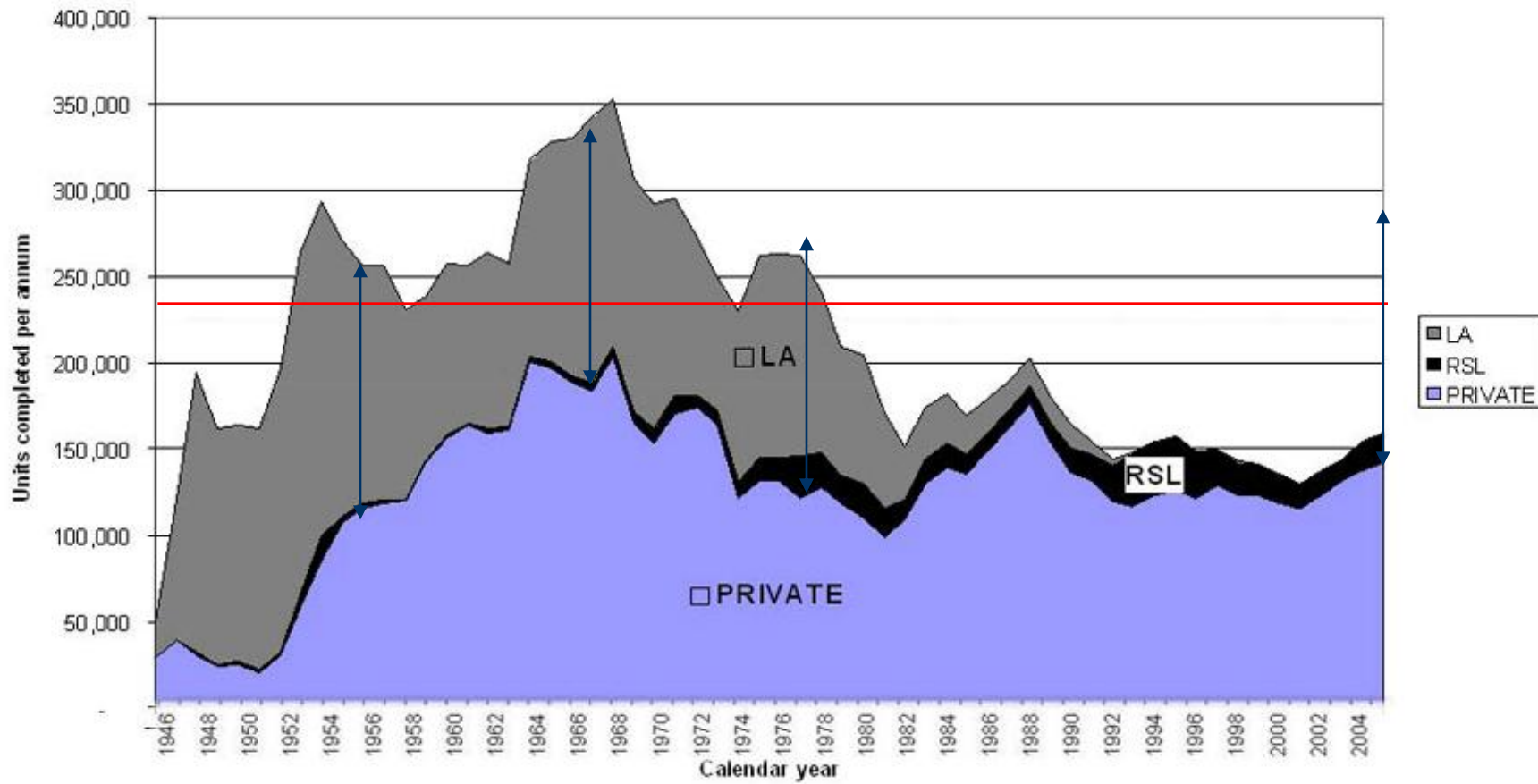
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# Where were we in 2007?

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Housing by tenure, England 1946-2005



Source: Prof A Wenban-Smith



# The housing crisis: are you paying the price?

- Developers taking over your village?
- Children can't afford to fly the nest?
- Got nowhere to call home?

Did you know the Government is proposing to build thousands more homes in your area?

Make sure you have your say

On Thursday 29 March, Shelter and the Campaign for More and Better Homes will host a Question Time-style debate on housing in the South West.

Come and participate in this public discussion about the issues facing your community and put your questions to our panel of experts.

We want to hear from you.

This event is sponsored by

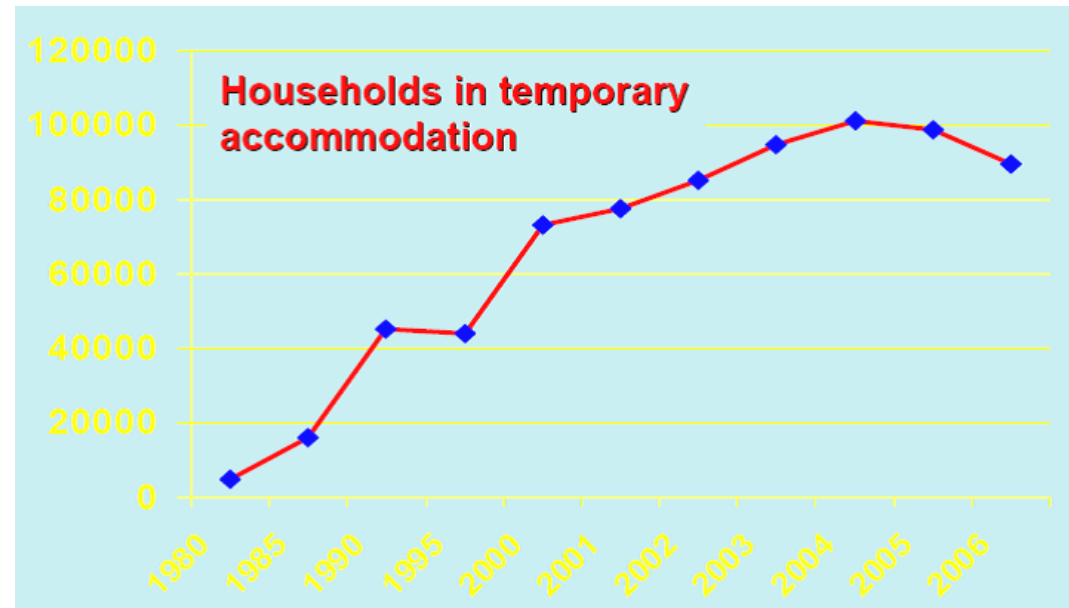


More & Better Homes

# Shelter



Photo: Nicki Dwyer





‘All other things being equal, current plans would lead to a further deterioration in the lower quartile house price to earnings ratio from seven to around ten by 2026.’



‘And when people ask me what I will focus on as Prime Minister, I tell them ... the new challenges are affordable housing; building safe secure and sustainable communities ...’

Leadership statement, May 2007



‘So for England we will raise the annual housebuilding target for 2016 from 200,000 to 240,000 new homes a year. We propose a new Housing Bill and ... will bring together English Partnerships with the Housing Corporation to create a new homes agency charged with bringing surplus public land into housing use to deliver more social and affordable housing and support regeneration. This will include new partnerships with local authorities, health authorities and the private and voluntary sectors to build more housing made affordable by shared equity schemes and more social housing responsive to individual needs...’

House of Commons, 11 July 2007



# The Housing Green Paper

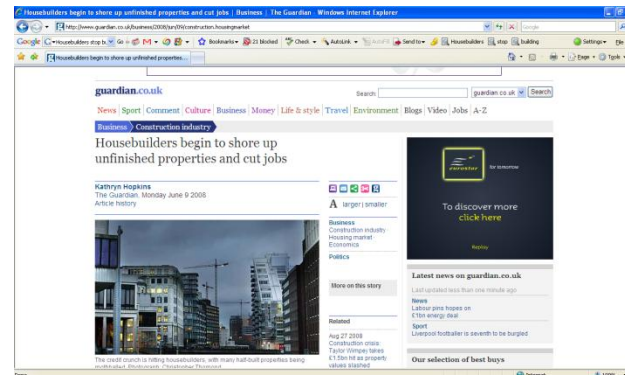
- 3 million additional homes by 2020
- Regional Strategies (1.6 million – 1.8 million)
- New Growth Points (100,000 – 150,000)
- Eco-towns (25,000 – 100,000)
  
- 200,000 new homes on surplus public land by 2016
- 60,000 new homes on surplus brownfield land held by local authorities
- The minimum level of affordable housing provision on these sites will be 50%





# The Credit Crunch

- Housing market driven global financial downturn





# What do we know?

- Interest rates rise
- House prices decline
- Compound with real decline in individual housing affordability as lending income multipliers and risk assumptions decline
- Substantial decline in new housing output  
70-80,000 units/year??



# What do we know?

- 100,000 homeless households in England
  - 1.7 million households on Local Authority housing waiting lists in England
  - 79,500 homeless households living in temporary accommodation in England
  - 500,000 households living in overcrowded conditions in England
  - 2007 repossessions double 2000 base
- Sources
  - CLG Housing Statistics 2008 (2007 data)/Shelter/Council of Mortgage Lenders



# What don't we know?

- Almost everything else



# What don't we know?

- When will confidence return and financial markets response to housing securitisation/lending normalise?
- If so, will it normalise on 'old rules'
- Or will there be new market arrangements that are difficult to describe from our current position in history...



# What don't we know?

- Grounds for optimism
- Fannie Mae – Freddie Mac:  
an apparent uplift in market confidence
- People still need homes
- The UK and people within it are still relatively wealthy
- We will need new means to bring capital to invest in housing provision





# Key Variables

- The willingness of financial institutions
  - to lend to/securitise home builders' land stocks and projects,
  - to lend to/securitise housing property portfolios as ongoing investments
  - To lend to individual home buyers or part buyers
- Institutions' expectations of risk and return on investment



# Key variables for Planners

- What constitutes an economically viable and hence deliverable site under 2008-09 and foreseeable future economic settings?
- What level of social/sub-market housing and infrastructure provision can be levered out of private provision?
- On what assumptions do private and public sector planners plan?



# The Credit Crunch: Summary

- We must acknowledge that the drivers for legislation and policy bearing on planning for housing are in a state of substantial change
- The drivers for current and prospective legislation and policy developed before the credit crunch
- We are likely to need a significant re-evaluation, to conform policy to the realities of emerging delivery models – once we know what these are



# Housing and Regeneration Act 2008

## CHAPTER 17

### CONTENTS

#### PART 1

#### THE HOMES AND COMMUNITIES AGENCY

##### CHAPTER 1

###### GENERAL

- 1 Establishment and constitution
- 2 Objects
- 3 Principal powers
- 4 Powers: general

##### CHAPTER 2

###### LAND AND INFRASTRUCTURE

###### General

- 5 Powers to provide housing or other land
- 6 Powers for regeneration, development or effective use of land
- 7 Powers in relation to infrastructure

###### Powers to deal with land etc.

- 8 Powers to deal with land etc.
- 9 Acquisition of land
- 10 Restrictions on disposal of land

###### Powers in relation to acquired land

- 11 Main powers in relation to acquired land
- 12 Powers in relation to, and for, statutory undertakers



Planning shapes the places where people live and work and the country we live in. It plays a key role in supporting the Government's wider economic, social and environmental objectives and for sustainable communities.



# PLANNING

## Planning Policy Statement 3 (PPS3) Housing

## Planning Bill

### A BILL

To establish the Infrastructure Planning Commission and make provision about its functions; to make provision about, and about matters ancillary to, the authorisation of projects for the development of nationally significant infrastructure; to make provision about town and country planning; to make provision about the imposition of a Community Infrastructure Levy; and for connected purposes.

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HL Bill 60



# The Credit Crunch: Summary

- Planners work in decades, not quarters
- The house-building industry, the HCA and local government planners can and must continue to identify land for housing to meet underlying demand
- We must all keep our innovation hats on
  - Develop new financial and delivery models
  - Speak to government and the HCA about pump priming over and above the September 2008 housing package



# So – to the Bill







# Progress

- Currently in House of Lords
- At Committee Stage
- Next consideration: 6, 8, 14 & 16 October
- See: <http://services.parliament.uk/bills/2007-08/planning.html>



# What is in it for Housing?

- Part 1: an Infrastructure Planning Commission
- Part 2: National Policy Statements
- Part 3: what will Parts 1 & 2 apply to?
- Parts 4-8: making Parts 1 & 2 operational
  
- Part 11: Community Infrastructure Levy
  
- [Part 9: Local Member Review Bodies]



# An Infrastructure Planning Commission

- A new expert and expeditious decision making body for nationally significant infrastructure projects
- A delegated decision-maker:
  - Taking the project decision out of the political arena



# National Policy Statements

- So what do the politicians do?
- Make **POLICY** to closely frame the delegated decision making by the Commission
- Broadly welcomed by a broad range of stakeholders
- Critical to ensure robust public engagement and policy scrutiny/soundness mechanism



# National Policy Subject Matters

- Generating stations CI 15
- Electric lines CI 16
- Underground gas storage CI 17
- LNG facilities CI 18
- Gas reception facilities CI 19
- Pipe-lines CI 20
- Highways CI 21
- Airports CI 22
- Harbour facilities CI 23
- Railways CI 24
- Rail freight interchanges CI 25
- Dams and reservoirs CI 26
- Transfer of water resources CI 27
- Waste water treatment plants CI 28
- Hazardous waste facilities CI 29
  
- Housing???



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# UK SPF



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**ROYAL TOWN PLANNING INSTITUTE**

## **UNITING BRITAIN**

**THE EVIDENCE BASE – SPATIAL STRUCTURE AND KEY DRIVERS**



<http://www.rtpi.org.uk/download/241/spatial2.pdf>

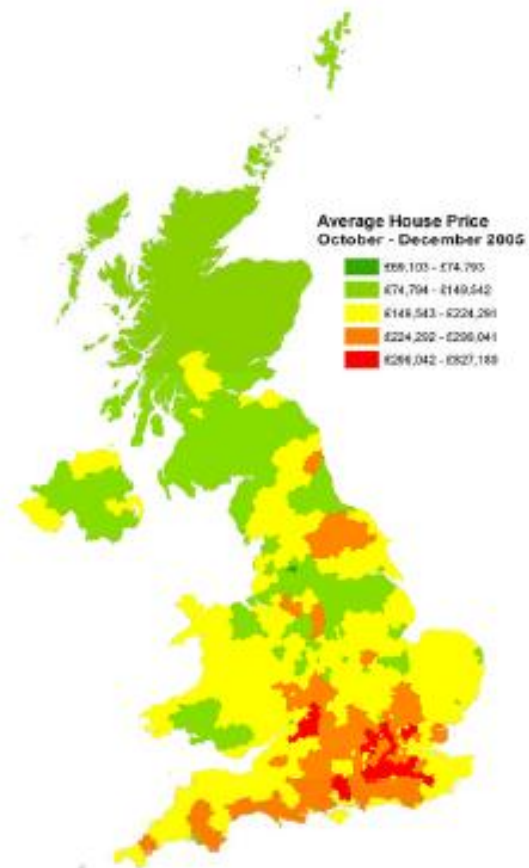
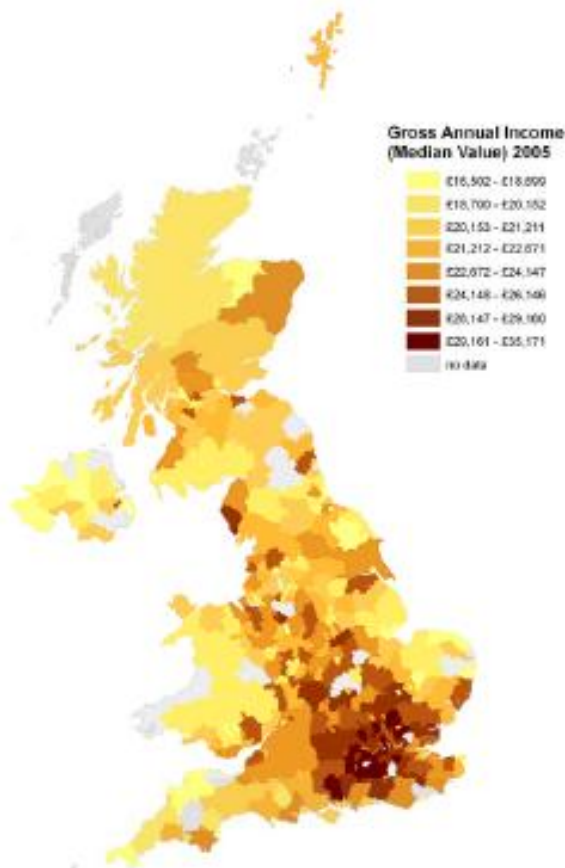


Figure 1.27

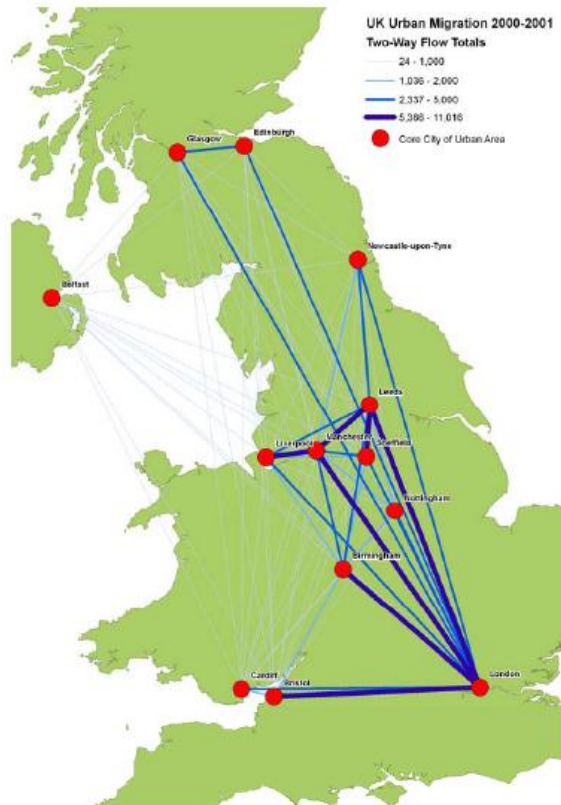
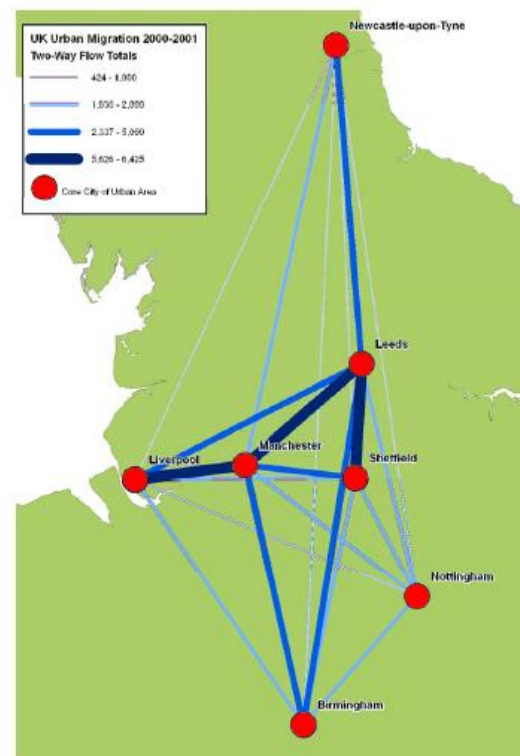
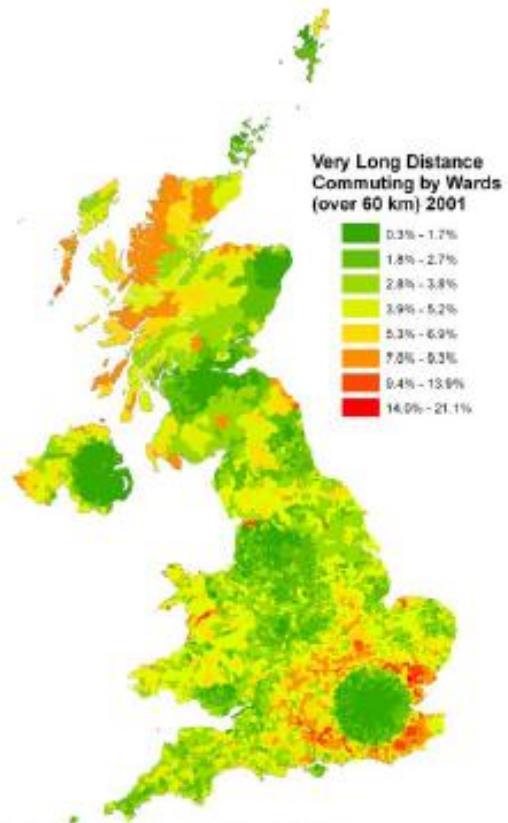


Figure 1.28







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Figure 3.1 Transport Infrastructure and Functional Spatial Clusters





# RTPI Messages on NPS

- Good NPS must
  - Be spatial – say where
  - Be integrated and integrating – join up and relate to subject matters such as demographic change and housing growth as drivers for infrastructure demand



# Benefits for housing

- Big ticket infrastructure location, capacity and cost settled more clearly and swiftly
- Clearer foundations for major housing growth planning and investment decisions
- Clause 14 (3)
- Secretary of State may **add to** or subtract from list of National Policy Statement subject matters
- Keep strategic housing on the watch list...



# Challenges

- Make the NPS system into an integrated policy framework that provides high level strategic support for major housing delivery
- Consider whether the current portfolio of projects subject to NPS and IPC decision making is adequately supportive of emerging housing policy needs?



# Community Infrastructure Levy

- Enabling powers: the Secretary of State may make regulations (CI 198)

<i>Section</i>	<i>Topic</i>
Section 199	Charging authorities
Section 200	Liability
Section 201	Amount
Section 202	Application
Section 203	Collection
Section 204	Enforcement
Section 205	Community Infrastructure Levy: procedure
Section 206	Secretary of State
Section 207	CIL regulations: general
Section 208	Relationship with other powers



# Issues

- Potentially substantial benefit in simplification of contributions regime for infrastructures
- Clear, fair and transparent: liabilities calculable in advance
- Capturing value from small developments that have been contributing to increased infrastructure demand but have not warranted an individual s 106 agreement



# Issues

- CIL unlikely to apply everywhere
- CIL plan preparation likely to be voluntary
- Relationships between CIL and
  - S 106 TCPA
  - S 278 Highways Act 1980need to be thought through





# Challenges

- CIL in a 'post crunch' world
- Moving to sustainable assumptions about value and yield to underpin fair charging schedules
- The sands are still shifting here...
  
- Ensuring that CIL contributions do not unduly cap off social and sub-market housing delivery



# Local Member Review Bodies

- Proposal to remove an applicant's right to appeal via PINS, where a decision is made under delegated powers
- On its face, not likely to be relevant to larger housing proposals, but smaller proposals would have been caught
- However, RTPI has strongly campaigned against these proposals and has received clear Ministerial undertakings that amendments in the Lords will remove them from the Bill
- Your Institute works for you



# Conclusions

- The only thing we can say with any certainty about housing policy directions is that they need to change significantly to face new economic realities
- The approaches taken in the Bill emerge from ‘pre-crunch’ thinking
- Some of its tools may well prove helpful
- But we must continue to innovate and create new policies, new tools and (if needs be) new or changed legislation to respond to emerging ‘post crunch’ circumstances



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