

# Thinking in and beyond the market: housing, planning, and the state

**LSE** [blogs.lse.ac.uk/politicsandpolicy/thinking-in-and-beyond-the-market-housing-planning-and-the-state/](https://blogs.lse.ac.uk/politicsandpolicy/thinking-in-and-beyond-the-market-housing-planning-and-the-state/)

4/1/2016

*Everybody seems to accept that there is something wrong with the way housing is delivered in Britain, particularly in England. In some parts of the country house prices are stubbornly high and rising; elsewhere there seems to be housing nobody wants. The planning system is often blamed. But if we are to find a solution, we also need to think more critically about the housing market and the business models operated by house-builders and developers operate, argues [Allan Cochrane](#).*



All political parties are committed to enabling people to live in homes that they own, yet levels of home ownership have been falling. At the same time, more people live in private rented accommodation than in social or council housing. The political solutions on offer seem to circle around the provision of some sort of subsidy to first-time buyers as well as looking for ways of persuading (sometimes effectively bribing) local authorities and neighbourhoods to allow developers to build in their areas.

Under the last Labour government, regional and local targets were introduced for new housing, albeit with few levers to ensure that the targets would be met. Today's Conservative government offers an uncertain mix of subsidy for 'starter homes', the promise of sales of housing association properties at discounted rates. These proposals often require the sale of high value properties by councils where discounts are insufficient to entice tenants to buy, and the promise of 'new' towns, direct commissioning and even 'garden cities' alongside a loosened planning regime, and the release of public sector land for development.



There is a powerful rhetoric that blames the planning system for the problems. Planners are said to be too slow to grant permission for development, while they impose unnecessary conditions on any development that takes place – whether through regulatory requirements on the buildings or through demands for financial contributions to deliver social or other infrastructure. From this perspective, the British planning system is said to limit the positive development of cities by protecting what should not be protected. The greenbelt is a particular target but only in the context of a more fundamental concern that market signals are being ignored (or distorted) in the planning process. There is a danger that this view will simply become the dominant political common sense.

Our research – which draws on the experience in the Greater South East (London's city region) – suggests that the rhetoric is highly misleading. This is widely recognised to be an area in which the demand for (and need for) housing is high. Indeed some (such as the [Centre for Cities](#)) argue that the provision of housing on the edge of the region, where our research was conducted, is necessary to underpin wider forms of growth. It is also an area within which new houses *are* being built, just not at the scale identified in policy imagination.

In Milton Keynes and Northamptonshire there is already a great deal of land with planning permission. It is hard to believe that there is a shortage of such land or, that it is somehow all in the 'wrong' places. Yet the rate at which new houses are being built remains far below any of the targets set in the past or the assessments of local or regional housing need. So, rather than finding the explanation for this in the behaviour of the planners or the vagaries of the planning system, it is important to consider the business models of the house-builders and developers (who often work closely with planning agencies). This not a speculative or free market, but a managed one.

Yet the planners are not the only – or indeed the main – agents in making it so. They remain dependent on others for the delivery of development that they favour. The house-builders are actively engaged in ensuring that they have a supply of land with planning permission which they can bring into productive (and profitable) use as and when they want. They have little incentive to launch large scale housing projects which may disrupt the market and even bring prices down. As a result land is released for development in a controlled and limited way, rather than to meet expressed housing need. Operating in this way also makes it easier to fudge infrastructural issues, since new developments are able to piggy back on existing social and hard infrastructure in terms of transport, as well as education and health services. The business models of the major private sector actors who play a significant role in determining what is built, where, and on what scale suggest (not surprisingly) that they carefully manage the supply of new housing in ways that maintain high prices.

Once this is acknowledged, it becomes possible to think more creatively about what might be done about housing. The attempt to nudge the house-builders to deliver through promises of land with planning permission and infrastructural investment, whether offered by Labour or Conservative led governments, has not been successful. Where there has been development on any scale (as in Milton Keynes) public ownership of land seems to have been a prerequisite and the new town model continues to offer possibilities. There is also (as [Danny Dorling](#) suggests) potential to rethink the way in which existing housing supply in the cities is used as well as the regional imbalances in development which help generate shortages in one area alongside empty homes in another. And parts of the greenbelt may well be suitable for development in such a context. The planning regime is not blameless.

But this requires active engagement by the state on a significant scale, rather than simply the identification of abandoned sites for development, in Ebbsfleet, Northstowe or elsewhere. There are, of course, recent examples of just such engagement, perhaps most obviously in the investment and planning associated with the 2012 London Olympics, with often dramatic effects on urban development. But these have generally been justified as one-off initiatives or mega projects rather than as part of a wider urban strategy. Such examples nevertheless confirm the need to reframe the debate in terms that are not mesmerised by the search for solutions through free market models in areas where there is not and cannot be a free market.

This blog draws on Cochrane, A., Colenutt, B. and Field, M. (2015) [Governing the ungovernable: spatial policy, markets and volume house-building in a growth region](#), *Policy and Politics*, 43(4) pp. 527–544

## About the Author

**Allan Cochrane** is Emeritus Professor in the Faculty of Social Sciences at the Open University. His research interests lie at the junction of geography, social and public policy. With colleagues, his recent articles include [Living on the Edge: Building a Sub/Urban Region](#). *Built Environment*, 41(4) pp. 567–578 and [The rise and rise of viability assessment](#). *Town and Country Planning*, 84(10) pp. 453–458.



(Image credit: [Arturo Espinosa](#) CCBY-NC-SA; Featured image: [James F Clay](#) CC BY-NC 2.0)