

Book Review: Housing: Where's the plan? by Kate Barker

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Kate Barker emphasises the interconnectedness of the various elements of the housing system, and therefore the difficulty of finding policy interventions that (a) work and (b) don't have unintended consequences, finds Kath Scanlon.

Housing: Where's the plan? Kate Barker. London Publishing Partnership. 2014.

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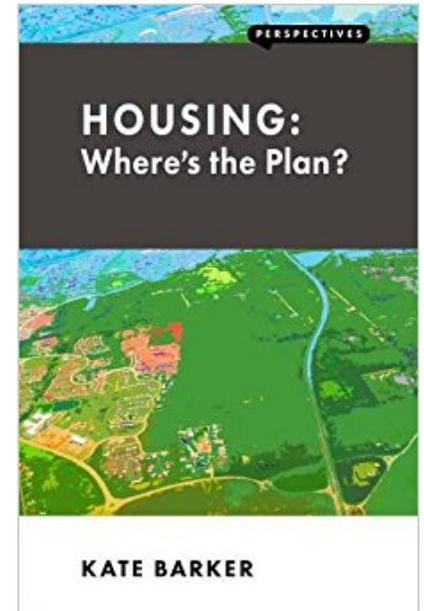
The crisis in housing supply has risen inexorably up the UK political agenda for the last few years. *Housing: Where's the plan?* provides, in less than 100 pages, a concise overview of what lies behind the country's persistently slow rate of new housing development. Written by economist [Kate Barker](#), the report builds on her eponymous [2004 review](#) of housing supply.

The problem is clear: 'the number of homes built in England from 2010 to 2013 was less than half the official estimate of how many more households would want to find somewhere to live' (vii); each year new supply is less than 1% of the stock. The widening gap between demand and supply has a number of disturbing consequences. The chronic undersupply of new housing has led to a widespread housing affordability problem, and contributed to high market volatility in rising markets. This in turn generates growing inequality between those who own homes and those who cannot afford to—and in the younger generation, between those whose parents own homes in southern England and those whose parents do not. More broadly, the undersupply of housing contributes to national economic stultification, as workers find it harder to move from one area to another and too much investment goes into housing rather than more productive assets.

Why are so few new homes built—especially compared to other advanced economies like the USA? LSE London's knowledge-exchange project [Housing in London: Addressing the Supply Crisis](#) explores many of these issues in the context of the capital. In principle, market forces—which are pressing hardest in London—should operate to ensure the production of the 'right' number of new homes (or even, as in Phoenix, Las Vegas, Spain and Ireland, *too much* new housing). This clearly isn't happening in the UK. Many factors contribute to this stagnation. Some are widely understood (NIMBYism); other, more technical issues are well known within the development industry but less familiar to outsiders (CIL and viability calculations).

Barker asks first what we want from the housing market and whether we agree about our goals. Successive governments have espoused aspirations such as 'We want everyone to have access to a decent home at a price they can afford, in a place where they want to live and work' (Labour, 2007). But while this has been the aim of *housing* policy, the aims of *planning* policy have, particularly in recent decades, been very different.

Planning and housing are not necessarily antithetical. The 1947 Town and Country Planning Act introduced the green belt, but even so the rate of new housing construction climbed rapidly in the post-war period. It peaked in the mid-1950s, and again in the late 1960s, largely because of the rapid pace of construction of social rented housing. And 14 new towns were designated in the 1960s.





But Barker makes clear that the UK's planning system must now bear much of the responsibility for the dearth of new construction. A series of modifications to the planning system, designed to give local authorities greater power over development in their areas, increased the difficulty of gaining planning permission for new housing. National planning guidance emphasised higher densities and use of brownfield land, and would-be developers of major housing developments had to overcome a series of bureaucratic hurdles, each of which added time and cost,

The author's reviews of housing supply and planning ([Barker 2004, 2006](#)) were meant to address this, and led to the introduction of the National Planning Policy Framework in 2012, which simplified planning guidance and introduced a presumption 'in favour of sustainable development'. Barker regards the NPPF as correcting a situation where planning paid little attention to economic stimuli, and sees it as a clear improvement. But the NPPF did not change the green belt or other similar protections, and new housing construction is not permitted in large parts of high-demand areas (Barker notes that 'up to 25% of England is probably protected in some way' [34]). And there is widespread political opposition to new development in many of the areas where demand is highest.

While the new planning framework may have eased bureaucratic barriers, developers and planners still engage in a ritual dance of 'viability negotiations' over major developments. New housing requires new infrastructure (roads, schools, health centres). Governments have taken the position that since new housing creates this demand, developers should pay to fulfil it. Local authorities also often require housing developers to include a certain proportion of affordable or social housing in their developments, as a condition of receiving planning permission. Until recently these contributions were decided in negotiation with the local authority ('S106 agreements'). Developers complained that this system was time-consuming and unpredictable; in response the government permitted local authorities instead to adopt a fixed-tariff Community Infrastructure Levy.

Any book about housing provision must address the question of land. Central and local governments may want new homes in an area, but this is no guarantee that local landowners will be prepared to sell their land. Of course, not all landowners are private individuals; there is a great deal of land in public hands (including that owned by universities, hospitals and the military) and using their surplus land in a targeted way for new housing could make a big contribution. However, government bodies are often constrained by the requirement to secure 'best value' for land disposals—which is often interpreted to mean that land must be sold to the highest bidder rather than deployed strategically for new housing.

The book's analysis of the problems is stronger than its prescriptions for change. Barker emphasises the interconnectedness of the various elements of the housing system, and therefore the difficulty of finding policy interventions that (a) work and (b) don't have unintended consequences. She recognises that genuinely radical

improvements to housing supply would require genuinely radical policy change—which she does not explore. Rather, she recommends a number of relatively small changes that would, especially taken together, improve the system’s responsiveness: Direct financial compensation for households affected by new development; revision of the green belt boundary; encouragement of self-build. The biggest game changer would be the promotion of new settlements (modern new towns) and urban extensions, as advocated by [Urbed’s winning submission](#) to the Wolfson Prize. These if they were developed could be a compelling demonstration of the benefits of new housing and might help unlock the system more widely.

Kath Scanlon is a Research Fellow at LSE London. She specializes in urban and housing issues, particularly housing finance and social policy. She has recently carried out research into how the Olympics will affect London. LSE London’s knowledge-exchange project is [Housing in London: Addressing the Supply Crisis](#). [Read more reviews by Kath](#).

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