



Spatial Economics Research Centre

Monday, 12 December 2011

More housing please

In all the debate around the government's planning reforms, we are in danger of losing sight of the fundamental problem - the current system has failed to deliver enough houses, of the kind people want, in the places where they want to live. Solving this fundamental problem requires us to build more housing. Every other 'radical' solution so far proposed is either insufficiently radical to make much difference (empty homes) or sufficiently radical that it is hard to believe it represents a good solution (empty bedrooms).

For those who would like more detail:

- My post outlining the problems with proposed [radical solutions](#).
- Some [reflections on the recent housing strategy](#).
- SERC's Max Nathan on the [government's planning reforms](#).
- A criticism of the [alternative planning proposals from the National Trust](#).
- Joseph Rowntree Task Force on the [Housing Crisis](#).
- Martin Durkin's [enjoyable rant against the Telegraph's 'Hand's off our land' campaign](#).

Enjoy.

Posted by [Prof Henry G. Overman](#) on [Monday, December 12, 2011](#)

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Peter Bowman said...

Any realistic assessment of England's housing crisis has to include the way the large builders operate. Three giants - Taylor Woodrow, Barratt and Persimmon account for almost 50% of turnover. Of these the largest, Taylor Woodrow, has a stated policy of "prioritising profit over volume" What does this mean? All the big builders have amassed large land banks typically six years supply. According to the National Land Use Database there are "14,277 sites deemed suitable for housing which in total are estimated to be able to accommodate 702,579 homes. Of these sites 19 per cent have no residential planning permission. The remaining 81 per cent with planning permission account for 16,844 hectares of brownfield land." This suggests there is a huge number of sites available already with planning permission. But what would happen to the building firm's balance sheets if they started to actually build on this and increase supply? Rather than build houses the so-called building firms regard themselves as being more profitable if they simply sit on the land banks, let the value appreciate, call this profit, and then pass it on to their shareholders as dividends. What is needed is an incentive that makes it more profitable to use land, especially with planning permission, than hold it out of use. Business rates were extended to empty properties a few year's ago to help bring them into use. If they were extended to those 16,844 hectares of brownfield land it would provide just the incentive that is needed to make it more profitable to build houses on them than sit back and do nothing.

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