

Land for housing

Current practice and future options

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1 The current debate and its underlying assumptions

This Inquiry follows the publication over the last two years of a series of government or officially commissioned reports on questions relating to housing production and land supply. They are the Egan report (DETR, 1998a), PPG 3 (DETR, 2000a), the Urban Task Force Report *Towards an Urban Renaissance* (Urban Task Force, 1999), the Housing Green Paper *Choice and Quality* (DETR, 2000b), the starter homes initiative¹, the Urban and Rural White Papers (DETR, 2000c; DETR/MAFF, 2000) and the Greater London Authority Housing Commission's report *Homes for a World City* (GLA, 2000). The starting point for the Inquiry was a consideration of the key assumptions in the reports, the context they create and the consequences and implications of the recommendations they contain.

An emerging consensus is discernible in the current debate, broadly in line with what is seen to be politically acceptable. However, we are concerned that, in a number of critical areas, the emerging policy framework is based on over-optimistic assumptions. We question whether it will in practice deliver the necessary supply of houses to meet the UK's economic and social requirements over the next 20 years.

The assumptions most open to question are:

- the level and nature of demand – numbers, affordability and location
- the capacity of the chosen options to meet housing demand in the timescale required. This relates to both the narrow focus of the current debate on brownfield versus greenfield development and the lack of an appropriate system for regional territorial management.

The recommendations of PPG3 and the Urban Task Force seem not to take sufficient account of the macro-economic agenda of the UK, which is likely to require houses to be built where they may be politically unwelcome. We are therefore particularly concerned about the extent to which the success of the policy relies on exhortation and the current absence, in certain key areas, of essential powers and mechanisms. An approach based on exhortation works well only where there is basic

agreement about objectives *and where the projected solutions are good investments for relevant decision makers*. It is unlikely to be effective where there is genuine disagreement about what levels of housing are desirable, and much to be gained and lost from individual decisions. In this case, the extent of the confrontation between existing residents and people looking for new homes appears not to have been taken sufficiently seriously.

This Inquiry begins with an analysis which shows that we are going to need more housing over the next two decades and that the demand for these dwellings is disproportionately in the South. Demand is not simply a question of numbers, though – it involves higher standards in terms of space, design and urban environment. Not meeting these standards will simply cause greater divergence between the haves and have-nots, as well as potentially detrimental effects on economic performance and indeed the environment.

The national objective should be to meet reasonable aspirations as long as the full costs of meeting them are properly taken into account. Current delivery options, restricted to additional dwellings on brownfield and greenfield sites, are too narrow. We must find ways of redeveloping more effectively land in strategic areas now occupied by low-density, poor-quality housing.

In the medium term, housing requirements will not be satisfied without a spatial development strategy. This should aim at integrated territorial development, recognising the links between employment and housing in urban and rural areas, and the need for balanced land use both within regions and between regions at different spatial levels.

2 A reassessment of demand – numbers, location and affordability

We argue that the demand for additional housing over the next two decades has been seriously underestimated. The grounds for this are the existing shortage of housing in key areas in the South and the level of immigration – again predominantly to the South – which is essential if the future employment needs of this country are to be met and is now around 100,000 per annum (Holmans *et al.*, 2000a; Holmans, 2001). In part, this pattern reflects a European and worldwide population movement which is unlikely to be reversed. Over 20 years, a population increase at this rate cannot be ignored. Unless, therefore, the land issue can be addressed more effectively, the Urban White Paper's vision will be no more than a vision.

The problem

The most fundamental pressure on housing land requirements comes from the need for additional housing to meet the projected growth in households. The official projection that 4.4 million additional dwellings would be required between 1991 and 2016 in England – issued by the Conservative government in 1995 – started a major debate among planners and the general public alike. The 1996-based figures published in 1999 suggested that the number might be somewhat of an overestimate, although the headline figure of 3.8 million referred to the period 1996–2021. If it had related to the same period, the figure would have been 4.2 million, well within the normal confidence limits.

The debate raised two distinct issues. One is whether the numbers are accurate and how these numbers might be distributed across the country. The second is the political dimension – is government, at whatever level, prepared to recognise this requirement and enable the dwellings to be built?

The numbers

New figures based on the 1998 population projections by Alan Holmans suggest that 3.5 million additional households are likely to form between 1996 and 2016 (see Appendix 1) – some 420,000 more than the official projections based on the 1996 figures. Within this total, over 68 per cent of the net increase will be single-person households – many of whom will be never-married individuals in middle life.

The main reasons for the higher estimate are increasing longevity, especially among men, and higher levels of international migration with its associated family formation. Underlying the overall estimate is the fundamental trend of more and more people living alone at every age. The growth in international immigration in the 1990s is partly an outcome of the buoyancy of the economy and particularly of the growth of London as a world city. However, detailed research on longer-term trends in labour demand in relation to the underlying demographics suggests that there are structural reasons to expect net economic immigration to continue at least at current levels into the next decade. The other aspect of immigration is the impact of refugees and asylum seekers where the future is more opaque (Travers *et al.*, 2000; Whitehead *et al.*, 2000).

The Office of National Statistics (2001) estimates net inward migration at 95,000 a year for the UK as a whole. The impact of this on the regional distribution of housing demand and need is of particular importance. The vast majority of migrants come first to London and to a lesser extent the South East. More mature households tend to move out mainly into the rest of the South East – the downward drift from the North is tiny as compared to these pressures and, indeed, when looking at internal migration patterns, the South East is still a net exporter of households (Bate *et al.*, 2000; Whitehead *et al.*, 2000).

Even excluding these immigration pressures, the projected indigenous growth in households across the country suggests that there will be growth in all areas. However, there is no doubt that the pressure will be concentrated in the South and particularly in London – indeed, some two-thirds of the growth in household numbers is expected to be in

southern England, with 20 per cent concentrated in London. This pattern is very different from the actual distribution of building over the last few years – when close to 50 per cent of new housing has been developed in the North and the Midlands. Thus, the evidence suggests that the growth in households has occurred in spite of a tightening market, reflected in higher relative house prices (Holmans, 2001), rather than as an outcome of increased supply.

The need for additional housing is not limited to that arising from demographic factors. It also includes adjustments for demolitions, other losses, second homes and vacancies. Taking these into account, the number of completions required between 1996 and 2016 is estimated at over 4.5 million dwellings. Within this total, on current trends, somewhat under two-thirds (63 per cent) could be met by the market sector while the rest will require some element of government assistance if it is to be affordable. The alternative is lower standards (Holmans, 2001).

Table 1 Projections of households in England in 2006 and 2016 (thousands)

	1996	2006	2016
Owner-occupiers plus private sector tenants not receiving Housing Benefit	15,237	16,862	18,141
Households needing affordable housing	4,949	5,109	5,592
All households	20,186	21,971	23,733

Source: Holmans (2001).

Other determinants of demand

Housing demand is not just a function of demographics but is also powered by changes in incomes, prices, lifestyles and preferences. And all this must be placed in the context of the existing stock of homes.

Income elasticity with respect to housing space is relatively high, hence the most obvious way in which demand pressure might be reduced is through economic recession. This would both limit the extent of immigration and the growth in the demand for space. Even if the continuing trend towards living alone were reversed, which seems unlikely given international evidence, the demand for space – both

housing and land – will continue to increase unless incomes do not rise (Cheshire and Sheppard, 1998). And, even if income growth is limited to historic rates of around 2 per cent per annum, over a 20-year period, households with the capacity to pay are likely to demand nearly half as much space again, compared to current standards. While many in the lower end of the market will not be able to afford such increases themselves, it is unlikely that government policy would completely fail to recognise rising aspirations. This will be reinforced if trends towards home working, entertainment and health and social care progress as expected.

Another feature of Britain's housing stock is its age (around 20 per cent was built before 1919), its poor quality and the extremely low stock replacement rate compared to other countries. It is estimated that there is a £37 billion backlog of repairs and 1.8 million properties are officially unfit for human habitation. The ageing housing stock, growing proportion of elderly home-owners and instability in jobs and personal relationships all suggest that the number of people who find it hard to maintain their properties will grow. At the same time, the UK currently builds very little new housing compared to other developed countries and the vast majority goes to house additional households rather than replacing obsolescent stock. On average, the length of time each dwelling would have to last if every completion replaced a unit of existing stock is about five times longer than Japan, 30 per cent longer than France and twice as long as the Netherlands or Germany.

Successive governments have tended to express the view that most people in Britain are well housed. Ironically, at a point where wealth and aspirations are rising, and new demands are being placed on the home through trends in lifestyle, already poor housing standards – compared to many developed countries – are deteriorating.

There is enormous pent-up demand and need in the housing system. Price rises are likely to be the main way in which demand is held back. There are good reasons why prices should reflect the full costs to society of new urban development. On the other hand, there are major concerns that, if prices rise because of constraints on the capacity to supply new homes, this will impact adversely on the overall economy and its competitiveness.

The political debate

To achieve the level of output suggested by the analysis of the need for additional homes outlined above would require some 225,000 new homes each year in England alone, compared to current annual completions of under 140,000. To deal with stock renewal would further increase the new build requirement. Achieving this would mean some extremely hard political decisions. Not only would it involve significant streamlining of the planning system, there would also have to be a rise in housing subsidies to ensure that those unable fully to pay for themselves could obtain adequate accommodation at a price they could afford. At the present time, the evidence is against any such commitment. With respect to planning, most of the emphasis has been on increasing controls and rebalancing development towards brownfield sites and conversions. This increases costs and raises issues of whether development can occur in the areas where it is most needed. Furthermore, the switch to a 'brownfield' policy with its sequential approach to land release could well lead to a case of local oligopoly in land markets, thereby exacerbating social housing developers' current problems of securing land in high-price areas.

Successive governments have placed strong reliance on providing affordable housing through the planning system. So far, the evidence suggests that the amount of affordable housing produced this way is well below the level implied by the household projections (Barlow *et al.*, 1994; Marshall *et al.*, 1998; Whitehead *et al.*, 2000). Even in areas where land prices are high, such as London, there is a point at which overly high affordable housing requirements can render schemes unviable (GLA, 2001). Much depends on the point in the development process on a specific scheme when the land was secured and on the financial structure of the deal.

Given these overall constraints, too much weight is being placed on the additional affordable housing that can be expected to be made available through section 106 agreements. While the use of planning agreements for appropriate socially beneficial purposes is to be welcomed, it cannot on its own deliver a sufficient amount of affordable housing to meet current and emerging needs – the maximum is estimated at around

15,000 homes per annum, not all of which represent additional homes (Holmans *et al.*, 2000a).

Fundamentally, there is a need for government to explore ways of supporting social housing supply in a more proactive manner. It has shown itself as ready to fund the estimated backlog in social housing *repairs* but only to increase the funding available for new social housing to perhaps 50 per cent of what is required.

More fundamentally, though, the demographic analysis detailed above and in Appendix 1 – updated in this report, but basically consistent over the last five years – has never been accepted by government. On the contrary, officials have implied that the forecast level of demand has not actually occurred, despite evidence of increased pressure on the private rented sector. Government has not accepted the case for raising the level of provision or for taking seriously the case for increasing the number of dwellings in the South and the resources applied to producing affordable homes, despite the fact that 1996–99 household formation out-turns show that, far from not being achieved, household formation is running ahead of the official projections, as has generally been the case in previous decades (Holmans, 2001).

It is worth noting that the standard argument used to deny the need for increased provision is the situation of ‘roofless’ people – despite the gap in provision, the number of homeless and roofless people has not risen. Rooflessness is not, however, an adequate measure of the effectiveness of housing provision. Roofless people are a tiny fraction of households and their numbers are falling because of vigorous targeted action through the Rough Sleepers’ Unit and the ‘homelessness czar’. The situation of roofless people is therefore of no relevance as a measure of the effectiveness of overall housing provision. Nor are the problems of people on the lowest incomes a sufficient measure of effective housing supply. People in this income bracket at least have access to housing supplied by local authorities and registered social landlords.

The reality of this shortfall is primarily experienced not by roofless people or people on very low incomes, but by people on low to medium

A reassessment of demand – numbers, location and affordability

incomes on whom the viability of both urban and rural areas depends. As we argue later, the reality is that key public sector organisations are finding it hard to recruit or retain staff. The problems of prosperity are already severe. They are set to become worse as a result of the further concentration of economic opportunity in the already overcrowded South.

It is unacceptable for government not to address these arguments because of the political difficulty of meeting higher levels of provision, or the unwelcome public cost of funding a much wider range of affordable homes. The indirect consequences can now be seen in the disruption to public services and the social and economic costs of inadequate and excessively expensive housing.

3 The narrow focus of current debate

Greenfield development may be essential

The political debate has narrowed around the brownfield/greenfield issue, based on the implicit assumption that greenfield development is undesirable and brownfield development should be encouraged. This generalisation – together with the fixed 60 per cent brownfield target – needs further examination. **There will be cases where greenfield development will provide a more sustainable solution and other cases where it is essential for the UK's macro-economic agenda.** Concentration on this target alone therefore distorts the debate about more fundamental issues.

Recognition of the way urban and rural networks are linked, and the opportunity for integrated spatial planning, opens up new options for meeting housing demand within the current *urban fabric* by:

- The creation of new areas where people are happy to live through the deliberate improvement of transport links. A report by RICS (2000) has demonstrated the potential of improved public transport services to make previously unattractive locations desirable. This is an area where a limited number of quick wins can be achieved.
- Development in the suburbs, particularly by building houses on back land and other under-utilised sites. This concept was explored in a recent Rowntree report (Gwilliam *et al.*, 1999).
- Deliberately searching out areas of low-quality, low-density housing for redevelopment at higher density, so as both to benefit existing occupants and to provide for new households.

In *rural* areas, there is a need to consider how new uses can be found for land in the light of changes in the nature of the rural economy. In the future, the basis for agricultural subsidy will move away from production-related support towards support for environmental enhancement and direct income measures. New uses for redundant farmland may involve more widespread low-input farming systems and protected

environmental areas. They may also include small-scale housing or self-build development in and around existing communities (Barlow *et al.*, 2001). This will of course need to be tested in terms of environmental sustainability, but such an approach could contribute to meeting housing needs and developing a viable rural economy. With some amendment, current approaches involving the identification of 'exceptions sites' in rural areas could offer the potential to bolster local economies and also address local housing requirements.

It is essential that all new policies result in an upgrading of the total urban and rural environment, to create localities which are more self-sufficient. There are two important ways in which the concept of self-sufficiency can be achieved. First, the 'urban extensions' proposals of the Prince's Foundation (2000), where new development is carried out as an extension of an existing town or city. The second route is to reinforce the self-sufficiency of an existing built-up area, so that it no longer depends entirely for its identity on proximity to an adjoining town centre.

Density issues

It has been recognised that an overall modest increase in densities in new developments and in existing areas would be sufficient to meet the need for new homes. Densities of 30–50 dwellings per hectare (dph) – as recommended in PPG3 – are seen as desirable for England as this produces 'efficient' land utilisation. This does not rule out higher densities in appropriate locations. However, insufficient attention has been paid to the fact that general regulations and practice on density in the UK are out of line with the recommendations of PPG3. In many areas, there is little political will to increase densities, rather the reverse. Many local authorities would welcome a stalemate on the density issue which blocks development altogether.

Furthermore, care should be taken not to promote dramatic rises in density *solely* for the sake of numbers. There are indeed good arguments for higher density to meet preferred lifestyle, design and urban living requirements – small increases in density without reductions

in space standards can be achieved by better design, with consequent benefits for the viability of public transport systems. **But raising densities in the absence of design innovation carries the danger of recreating the cramped and poor housing environments that the last 50 years have slowly overturned.**

Arguments for density urgently need to be tested against consumer preference: anything less will lead to architectural determinism. Consultation with consumers on proposals for increased density must be rigorous, comprehensive and carried out across all socio-economic groups. Examination of *actual* consumer behaviour is needed, by investigating the factors that determine the housing choices that people make (HBF, 2000). Experience in existing developments has clearly shown that, in the UK, the socio-economic status of residents is a critical density issue, because the number of people actually resident in similar size houses varies across different socio-economic groups by more than 100 per cent (DETR, 1998b). Similarly, the amount of time people spend within the home also varies widely according to age and socio-economic status. It is to be welcomed that building regulations are being strengthened to deal with the effect of higher densities on noise levels between and within homes.

The renewal of the existing stock

We noted above that the UK's housing stock is old. While there has been considerable investment in refurbishing or replacing the stock of poor quality social housing, much of the *private* housing stock has suffered from under-investment. This is the result of two factors. First, many home-owners are unable to afford the cost of maintenance, especially as the value of repair and maintenance is often not fully reflected in the value of houses. Second, there are areas of owner-occupier or privately rented housing which are growing increasingly dilapidated as a result of economic decline. Here, job loss has led to a downward social and economic spiral. Housing has been abandoned, as demand and house prices have collapsed (Power and Mumford, 1999). A depressed housing market also prevents refurbishment, since the cost of rejuvenating poor quality council and owner-occupier stock can substantially exceed its market value. And, for households offered the

option of buying their social rented housing, low-cost owner-occupation outside the city may well be a more attractive proposition.

The received wisdom is that repairing and refurbishing existing housing is more environmentally sustainable than replacing it. Better support for refurbishing private sector housing owned by those on low incomes or in areas where the market value is very low is an essential part of an efficient housing policy. On the other hand, **there may be a point when it is no longer possible to justify the environmental and social costs of maintaining housing which cannot meet contemporary housing needs.** Stock renewal is becoming all the more necessary every year. It must, however, be stressed that rebuilding of obsolete housing is unlikely to solve the land availability problem – even if the stock is rebuilt at higher densities – because the number of homes requiring redevelopment is likely to be large.

There are, however, serious problems in finding ways of replacing outdated owner-occupier or privately rented housing. The Urban Task Force focused on approaches for regenerating larger brownfield sites and recycling existing buildings. The conversion of former factories, mills, shops, offices and so on into homes has the potential for contributing to overall housing need,¹ and may or may not stand up to the environmental sustainability test – is it better to replace or to refurbish? But, for most owner-occupiers, it is inconceivable that at some stage they may need to demolish and rebuild their home. There are, however, areas in many towns and cities where the existing private housing stock is increasingly dilapidated, but redevelopment is prohibited by the highly segmented pattern of ownership. Resistance to stock replacement in the UK may be due to the folk memory of the slum clearance disasters of the 1950s and 1960s. But it is also due to the sheer difficulty of redeveloping land in multiple ownership and a lack of mechanisms to deal with land assembly.

How could this change? A wider approach to land and housing provision is both necessary and possible. This must not depend on the emergence of brownfield sites at a level and a timescale which are barely credible. Any new approach needs to be based on a fresh look at the effective use of land for housing.

Where market forces are favourable, owners in such areas *could* be bought out at – or above – owner-occupied vacant possession market value. But individual home-owners in such a situation can also hold ‘ransom strips’ or prevent development by refusing to participate. Appropriate mechanisms therefore need to be introduced to enable developers to secure land holdings capable of comprehensive, sustainable, mixed use and mixed tenure development. This could include more widespread powers of compulsory purchase, but lessons from other countries may also be applicable. **The Inquiry found that the use of ‘land pooling’ and ‘land trusts’ to reconfigure property into viable sites for redevelopment is of particular interest and worthy of further investigation, especially when all parties can benefit financially as well as in housing terms.** These issues are explored in Appendix 2.

Tackling the strategic use of land will require new types of agency. We have not dealt with the detail of such agencies in this report but, whatever agencies are involved, they must have:

- clear social objectives
- a culture that emphasises long-term strategy rather than short-term deals
- powers to invest over the long term and to take non-commercial risk
- above all, they must be credible partners for local authorities.

None of the current candidates has all these characteristics at present – for example, English Partnerships has specifically commercial requirements as an investor and local authorities are obliged to accept the highest price when disposing of land they own.

Spatial planning and integrated spatial development

The current debate deals in separate compartments with urban and rural issues. While this ensures attention to the different problems in town and country, there is a danger of a polarised and over-simplistic view which pays insufficient attention to the essential connections between

urban and rural areas. It has long been recognised that there are huge daily population flows for both employment and recreation. Clearly, the problems of both are related, so the dichotomy that has emerged in recent debate is neither necessary nor helpful. As Professor Duncan Maclennan has pointed out (keynote address to Joseph Rowntree Foundation seminar, 1999):

Cities are not defined simply by their administrative boundaries, they are key functional systems, they have fields of influence around them ... [T]his has become important, because ... at least in some parts of England, the suburbs do not just have a residential dormitory relationship with city cores, but through shopping changes, employment changes, commuting changes, suburban parts of cities and outer suburbs detaching, [they are] almost beginning to form edge-city² type experiences.

Maclennan's observation is important to a balanced consideration of all land sources for housing. Without diminishing the importance of either, a reduction of the options to 'brownfield' or 'greenfield' restricts consideration of all the potential solutions. The current view that there is a genuine shortage of land for housing is based on a misconception. This is created by the attempt to pack more people into already attractive areas, rather than making new and currently less desirable areas more attractive, without reducing the quality of life in prosperous areas. Many of the problems the UK faces in terms of land for housing relate directly to excessive economic and demographic concentration in a few areas, demonstrated both at inter-regional and intra-regional level. Real opportunities therefore exist to disperse economic and demographic concentrations, with consequent benefits both to areas of low demand and to overburdened core locations. This could potentially represent a 'win-win' approach, which could be implemented without jeopardising UK competitiveness.

However, this possibility is not addressed by currently proposed policies. The new urban capacity studies may be an effective instrument to link capacity estimates with housing requirements and land release at the local level. However, we suggest that the instruments for balancing the land release requirements at a wider strategic level are missing.

Moreover, urban capacity studies are in themselves ineffective unless backed by political will. Their ability to stimulate the housing land market remains to be tested in, for example, high demand areas where the local authority does not want any development – brownfield or greenfield – and does nothing to facilitate the release of capacity or where landowners simply refuse to sell.

The Urban Task Force recognised the need to exercise control of sequential release on a regional and sub-regional basis, because neighbouring authorities would have quite different demands and capacities to re-use brownfield land. Sequential control at an individual local authority level is not to be recommended, because a legitimate decision taken within the narrow context of one authority could easily be totally inappropriate in the context of neighbouring areas. The problem is that Regional Planning Boards have no powers to insist on such a reconciliation. It is clear that the different tiers of the planning system create fundamental problems for the implementation of a sequential approach to land release. **There is therefore an urgent need to put the deliberate territorial management of space back on the agenda at a level above that of the district authority.**

This question was explored in the Study Programme in European Spatial Planning (ESPRIN, 2000) undertaken between 1998 and 2000 and published in August 2000. The report describes the forces that lead to geographically concentrated development and those that can encourage spatial dispersal. It highlights the role of spatial planning as a key mechanism for promoting integrated territorial development. The report advocates policy integration designed to ensure that development opportunities promoted in one part of the territory are connected to those in other parts. Particular attention is paid to overcoming the policy separation between urban and rural areas. The report's overall aim is polycentric – dispersed – development, as opposed to 'excessive economic and democratic concentration in a core area', with the inevitable high environmental and social costs that can accompany such concentration.

The key policies identified in the ESPRIN report for achieving polycentric development include the following:

- Strategies to develop the distinctive quality of territories and the localities within them, rather than the imposition of strategic development patterns. The quality of places is paramount.
- Recognition that the traditional typologies of city systems are not likely to be useful. Instead, an approach based on analysing the social, economic and spatial characteristics of territories is more appropriate, using measures that can act as a proxy for important flows and linkages.
- Recognition that territorial government institutions have a key role to play in achieving balanced territorial development.

The ESPRIN analysis concludes that the UK approach to integrated territorial development strategies that bring urban and rural issues together is less well developed than in some parts of Europe. The new regional initiatives could change this, but problems remain. Regional Planning Guidance for the South East, which sets a conservative housing requirement for the next five years, and the absence of any strategic organisation to determine spatial distribution, is precisely the opposite of what is required if housing needs are to be met. Moreover, the potential of the UK's planning system for promoting an integrated approach is inhibited by the strong sectoral divisions within the functional organisation of national and local government, and a limited development of inter-authority partnerships. The role of the Regional Development Agencies will clearly be critical to the future progress of integrated territorial strategy in the UK. The Urban Task Force called for powers to enforce inter-authority co-operation across metropolitan areas in relation to the sequential release of housing land. The implication of the ESPRIN study is that such co-operation needs to extend much further, certainly to cover the whole range of policies and decisions that promote or hold back integrated spatial planning.

It is essential that mechanisms for the deliberate management of space on a regional basis are developed. This Inquiry advocates a proactive and positive leadership role for the public sector in land use planning and considers the necessary criteria for organisations taking on the function of strategic territorial

management and the merits of the possible candidates. The deliberate territorial management of space may also be facilitated by the new spatial planning frameworks being developed by the Regional Development Agencies and Regional Planning Bodies, both of which link to the European spatial development programme. Appendix 3 reports on these issues in more detail.

4 Regional imbalance, land values and housing affordability

The detrimental effects of regional imbalance are appearing most obviously in relation to housing, with knock-on effects for the wider economy. Large house price differentials block mobility between North and South, and create equally negative, though different, consequences for both.

High-value areas – problems of prosperity

While the personal consequences of housing problems fall directly on individuals and households with low and medium incomes, the economic and social consequences affect the whole population. The inability to provide accessible housing for essential workers threatens the viability of communities. Current property prices present increasingly unacceptable consequences for young people in terms of financial risk. Many people are compelled to work hours destructive of relationships and family life in order to meet housing costs. Government itself has been forced to introduce short-term financial remedies to subsidise housing costs for key workers, such as interest-free loans. These remedies are clearly stopgap in nature and their introduction initiates a process that has no logical end. More seriously, subsidies in the context of an overall lack of supply may simply increase demand and push up prices.

There has been little public debate about a more permanent solution to these problems, although MPs in southern England have drawn attention to the consequences of a 'prosperity crisis' in areas where demand is pushing up house prices and leading to widespread vacancies in key public sector jobs. This has consequences for the quality of health care, education and other key services – for example, pupils in some prosperous areas of Britain are facing the danger of a four-day school week as the shortage of teachers begins to bite. While there are fundamental structural factors that have increasingly polarised incomes between social groups, these income disparities are exacerbated at times of high inflation in property prices. The current

critical situation reflects similar concerns in London and other parts of the South East in the late 1980s.

The London Mayor's Housing Commission (GLA, 2000) is one of the first official reports to recognise the need to assist those on low and moderate incomes who need less help than that provided by traditional social housing but cannot afford market housing. The Commission suggests the development of an intermediate market for perhaps 15 per cent of additional housing in London. The GLA's Scrutiny Committee on Affordable Housing (GLA, 2001) explores these proposals, notably with respect to key workers and the role that employers can play in ensuring provision. These proposals deserve careful consideration.

Low-value areas – problems of adversity

Falling house prices in areas of low demand have created problems for owner-occupiers that are outside the scope of individual solutions. In many cases, households have levels of negative equity which have left them unable to sell, move or even repair their houses. In such situations, it is not acceptable for the public sector to take no action and wait until values drop to a level where developers buy the land at very low prices for clearance and redevelopment. Where individual solutions become impossible, there is a clear role for the public sector to act to provide the best possible collective options. The arguments for public sector intervention are reinforced because solutions will almost always require a diversified approach to the redevelopment of land with no demand. This should address questions of employment, transport and the overall quality of the local environment, so as to recreate value where none currently exists.

Clearly, the ability to coordinate such diversification is beyond the scope of individuals. The Urban Task Force has correctly emphasised the need to deal with questions of land supply at a regional or metropolitan area level. In this context, national statements are unhelpful. There is a need to think about the UK as a number of functional areas, not in the traditional concepts of geographical units like cities, suburbs or rural areas, still less in terms of 'North' and 'South'.

Action to create the conditions and infrastructure necessary for correcting the national regional imbalance can clearly be taken only by government. All that an Inquiry of this kind can do is draw attention to the fact that, unless the question of regional imbalance is addressed, all other measures will be ineffective. The consequences for essential workers on medium to low incomes, the threat to essential services in communities and the hopelessness experienced by people in areas of low or nil demand are current realities and require an immediate, urgent response.

Land values and housing affordability

Over the last three decades, house prices have risen by a factor of 20, while construction prices have risen by a factor of around 10. Evidence suggests that changes in house prices are related to real disposable incomes, availability of equity, personal sector gearing and interest rates. They do not necessarily follow more general trends in inflation.

Similarly, the average price growth of UK housing land has exceeded that of house prices over the long term. This average hides big regional and local disparities but, again, we would suggest that it is disequilibrium in demand and supply factors for land that are the cause of this pattern. Theoretically, land prices should tend to follow house prices, albeit with cyclical variations, as developers offer landowners a price that reflects their expectations regarding future house prices or possible future shortages in supply. In practice, however, average UK housing land prices have grown by 12 per cent per annum since 1979 compared with 7 per cent per annum growth in house prices over the same period.

This is no surprise in a land market where supply in areas of high demand is constrained. Developers will, in practice, pass any of their relative 'savings' in construction costs on to the landowner if they have to compete with others in order to secure a scarce commodity. This means that the relatively slow growth in construction costs relative to house prices may be translated into higher land prices in areas of high land demand and/or low supply.

While planning policy represents a significant constraint on land supply, the precise manner in which the relationship between planning and land ownership works through the land supply process is also related to the economic cycle and local patterns of land ownership and housing markets. Low supply of land for housing can result from higher values being paid for alternate uses, a reluctance of owners to sell existing land and plots – this is especially the case where renewal of existing housing stock is required – and a physical lack of land availability in a certain areas.

High land prices are especially problematic for social housing developers. Many have found it increasingly difficult to compete for sites in London and other parts of southern England. In these areas, there has been a growing reliance on securing land for social housing via planning gain.

Many households on medium to low incomes can service a mortgage equal to the cost of construction – it is the cost of the land that renders the home unaffordable through its effect on the ability of registered social landlords (RSLs) and other developers to build new affordable homes. Unfortunately, despite the initiatives on planning and construction in recent years, there has been very little new thinking on ways of addressing the price of land. The current system of using planning agreements to secure land for affordable housing only works where the development economics are such that developer, landowner and RSL mutually benefit. And, while there have been real improvements in the housebuilding industry, driven partly by the Housing Forum and partly by shortages in labour supply, technical innovation to improve performance is only part of the solution. The construction cost forms a relatively small element of the overall house price. In private housing, the final sales price is derived from what the market will bear, based on the construction and land cost, together with expected profits. Reducing the construction cost may simply result in higher profit margins for housing developers or feed through into higher land prices. This means that the high-profile efforts to reduce construction costs are not likely to reduce prices for the house purchaser.

To help address the land pricing problem it may be necessary to import aspects of land supply models found in parts of continental Europe. In both Germany and France, the private ownership approach to housing land supply is combined with a positive approach to land use planning through zoning and legally binding plans. Mechanisms like community land trusts have the potential to use land already in public sector ownership to provide equity options. These are described in more detail in Appendix 2.

5 Conclusions and recommendations

Britain has an expensive and old housing stock. Moreover, for many years we have built proportionately less new housing than other developed countries with similar demographic structures. The social and environmental costs of an ageing housing stock are already substantial, yet pressure on the stock is growing fast because of changes to demography, lifestyles and working practices, as well as rising incomes. The high levels of international migration are also having an impact. These pressures are unevenly distributed, with southern England facing the bulk of the demand for additional homes. Simply constraining urban development in southern England will not solve the region's housing problems, nor will it solve those of the rest of the country.

The housing supply system is therefore facing three critical challenges for the twenty-first century:

- to redesign the planning system to meet additional housing requirements effectively when and where they arise
- to begin the process of reducing the average age of Britain's housing stock and raising overall housing quality by replacing outdated and often low-density homes that are uneconomic to refurbish
- to provide affordable housing to those who are unable to secure homes in the open market or ineligible for social rented housing.

In recent years, government has sought to develop a range of strategies for improving the supply of housing. However, this Inquiry is concerned that it may not be possible to implement the aspirations of these proposals, unless land and redevelopment issues are directly addressed. It also doubts whether existing mechanisms will in practice deliver the necessary supply of homes to meet emerging economic and social needs. We draw attention to the reliance of current policy on exhortation, in the face of known opposition, and the consequent danger that macro-economic goals will be put at risk.

The Inquiry has considered various ways in which the currently emerging policy framework could be improved or altered. Much research and debate will be needed to explore the implications of the points made in this report. Of particular importance are the following:

- There should be a fuller debate on the nature of housing demand and need. This should take into account the requirements arising from the emergence of new demands placed on the housing stock and the necessity of replacing dilapidated housing, as well as those resulting from demographic trends.
- Discussion about the supply of land for new housing must move away from the currently overly narrow green versus brownfield land debate. This must take into account the macro-economic needs of the UK, as well as the sustainability of both rural and urban economies.
- Increasing housing densities merely to avoid development on greenfield land may well be incompatible with the housing space needs of the twenty-first century – higher densities must be accompanied by innovation in housing design and building regulations.
- Government must bite the bullet on housing stock replacement. There will come a time when it is no longer possible to justify the environmental and social costs of maintaining inadequate housing and neighbourhoods.
- An important contribution to reducing housing affordability problems for lower paid workers would be to find mechanisms to address the price of land. Community land trusts and lessons from other European countries may have a role to play in regaining control of land in high-price areas.

There is also a need to reform planning practice within local authorities, so planning policy and development control are brought together and the current reactive development control culture of planners is overcome.

Finally, reforming the housing supply system cannot simply be achieved by a series of individual, disconnected initiatives. The proactive territorial management of space must be placed on the political agenda. Policies need to be developed that encourage spatial balance in development and economic opportunity, both within and between regions. The short-term nature of current policies – cramming more people into areas already considered attractive – cannot do more than defer housing problems at best. Only then will a more balanced approach to housing and economic development be possible.

Notes

Chapter 1

- 1 Information available on <http://www.housing.dtlr.gov.uk/information/index16.htm>

Chapter 3

- 1 The conversion of existing non-residential buildings into housing could rise to as much as 26,500 net new dwellings per year (DETR, 2000d), but this will not necessarily result in an increase in affordable accommodation. In London, conversion costs have escalated and the emphasis in recent years has been on the provision of luxury housing (Coupland *et al.*, 1998).
- 2 Suburban-type areas with self-sufficient, city-type characteristics.

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Appendix 1: Projected demand and need

Population and household projections

The 1998 projections suggest that the population of England will be almost one million higher than had been projected on the basis of 1996 evidence. The main reasons for this increase are changes in the assumptions about international migration and slightly longer life expectation especially among men. Over 80 per cent of the projected population increase is expected to be in the South of England. Over 45 per cent is projected to be in London, mainly because of high in-migration. It is unlikely that such increases could actually be housed in London so there will be spillover pressures especially into the rest of the South of England.

The projected increase in population between 1996 and 2016 is expected to translate into an additional 3.5 million households (Table A1.1). Within this total, some 20 per cent are projected to be in London and a further 47 per cent in the rest of the South. In the Midlands and North of the country, the number of households will also increase but the rate of increase will be much slower, accounting for only one-third of the increase compared to nearly 50 per cent of current households.

We have to use the 1996-based projections to examine the nature of these households (Table A1.2). These projections suggest that over two-thirds of the additional households will be single people.

New house building

Over the last few years, housing completions have been running at around 150,000 per annum (Table A1.3). Within this total, around 22 per cent have been for housing associations and have provided traditional social housing. Needs for affordable housing over and above that available in the social sector have been met through the private rented sector with the assistance of Housing Benefit. The spatial pattern of completions shows only just over 50 per cent being provided in the South, with a slightly lower proportion in the market sector, especially in London. This pattern is very different from that for emerging housing

needs which suggests that, if needs and demands are to be met where they emerge, over two-thirds of new building should be concentrated in the southern part of the country.

The need for additional housing

The need for additional housing is considerably greater than that arising directly from newly forming households. Table A1.4 shows that, on current trends, once demolitions, increased second homes and vacancies are taken into account, some 4.5 million new dwellings are likely to be required between 1996 and 2016. Within this total, the net increase in the total stock would be some 3.8 million.

Taking account of continuing losses from the social sector through the Right to Buy, it is projected that perhaps 37 per cent of new provision should be affordable housing – including intermediate market housing – for example, for key workers – as well as traditional social housing. This cannot be achieved without very considerably higher levels of funding than are currently available.

Table A1.1 1998-based projections of households in England, by region (thousands)

	1996		2016		Net increases 1996–2016	
	Number	%	Number	%	Number	%
North	5,986	30	6,590	28	+612	17
Midlands	3,816	19	4,367	18	+551	16
London	3,002	15	3,704	16	+702	20
South East (excluding London)	7,492	37	9,081	38	+1,680	47
England	20,186	100	23,733	100	+3,547	100

Does not add because of rounding.

Source: Holmans (2001).

Table A1.2 Households in England: by household type (thousands), 1996 based

	1996	2016	Difference	% of total difference
Married-couple households	10,190	9,251	-939	8
Cohabiting-couple households	1,479	2,660	+1,181	
Lone-parent households	1,040	1,173	+133	4
Other multi-person households	1,543	2,171	+628	20
Single-person households	5,803	7,934	+2,131	68
Total*	20,186	23,313	+3,127	100

*Does not add because of rounding.

Source: Holmans (2001).

Table A1.3 New housebuilding in the 1990s (per cent)

Region	Completions (1996–98 average)		
	Private	Housing association	Total
North	29	27	29
Midlands	20	16	20
London	7	18	9
Rest of South	44	40	43
England (000s = 100%)	123	22	146

Source: Holmans et al. (2000a).

Table A1.4 Newly arising demand and need for new housing, 1996–2016 (thousands)

	Owner-occupied and market rented	Affordable housing	All tenures
Net increase in households	2,904	643	3,547
Increase in secondary residences	100	0	100
Net increase in vacant dwellings	124	41	165
Adjustment for sales to sitting tenants	-785	+785	0
Net increase in housing stock	2,343	1,469	3,812
New provision to offset demolitions and other losses	540	200	740
New provision demanded and needed			
(i) Numbers	2,883	1,669	4,552
(ii) Proportion	63	37	100

Source: Holmans (2001).

Appendix 2: Land pooling and community land trusts

In many countries, **land pooling** is the preferred way by which economically viable redevelopment sites are assembled (Lichfield, 1998). Under this system, land assembly is facilitated by individual property owners ‘pooling’ their property rights to allow development to occur on an amalgamated site. The process may be voluntary, encouraged by various incentives, or involve some form of compulsion (Acosta and Renard, 1993; Dieterich *et al.*, 1993; Needham and Verhage, 1998). The critical issue for land pooling models is to develop a mechanism by which all owners are given an incentive to participate and not to withhold ‘ransom’ parcels of land. Ensuring that the resulting site in which the owners take an interest is more valuable than the ‘pre-pooled’ sites is a fundamental prerequisite for success.

Examples of approaches to land pooling can be found in France and Germany. Germany’s approach to land pooling is exceptionally powerful and involves a mechanism known as *Umlegung*. Most countries have the ultimate land intervention mechanism of compulsory purchase, but legal measures available to influence plot layouts are absent in all but Germany. *Umlegung* is normally used for greenfield sites, but it can also be used for urban renewal (Dieterich *et al.*, 1993). Broadly, the process is led by the local authority, which determines the area for the *Umlegung*, in conjunction with its local plan. Land designated in the local plan for streets, public space or other similar amenities is appropriated. The remaining land is returned to the private owners in relation to the value (or area) they possessed prior to the *Umlegung*. When land value is used as a basis, the owner has to pay the difference between his or her former plot and the anticipated value of the new serviced plot. When the basis is land area, the local authority keeps – within specified limits – some land equal to the value of the increase created by the *Umlegung* itself. German local authorities also have a right of pre-emption to purchase land for public needs, although this is not extensively used.

Another approach is that of France. Here, local authorities also have rights of pre-emption to buy development land. These are linked to the publication of the local plan and provide local authorities with the option

to buy land at prices up to a stipulated upper limit. The limit is linked to the price that would be achieved under a compulsory purchase. This mechanism provides local authorities with a potentially powerful land policy instrument. It can, however, work against them. If the local authority does not take up its 'right to buy', then the local plan designation for the particular land in question will change to a normal 'private land use' allocation. If the local authority does exercise its right to buy, but does not develop the land within five years, then the original owner has a right to buy back the land. The right-to-buy development land gives local authorities leverage in the development process, although, as in Germany, this right is used only rarely.

Land pooling is not without its critics and a number of concerns have been raised:

- Voluntary systems where there is a need for agreement amongst all owners and payments by landowners for infrastructure are felt to be economically regressive. This is because those without plots do not benefit from the increased plot values which generally follow land pooling.
- The impact of land pooling can be very weak and slow, and fail to keep up with the pace of housing demand.
- The acceptability of compulsion in land pooling models has been questioned. There have been suggestions that the European Convention on Human Rights may be used to uphold individual landowners' property rights in these circumstances, although this might also threaten powers of 'conventional' compulsory purchase.

Another approach to the assembly of land is the use of **community land trusts**, as practised in the USA. Land trusts are private, non-profit organisations which operate at the local and regional level using voluntary devices such as direct land purchase, land donations and exchanges, and tax-exempt easement gifts.¹ Some commentators argue that land trusts have advantages over mainstream regulatory systems of land use control because they are controlled from the grassroots level (Wright, 1992).

In the USA, land trusts have generally been used to *conserve* land, but in principle the device might be used to support the assembly of land for any socially desirable purpose. While it is easier to imagine trusts working in the case of land that has a *lower* rather than *higher* alternative use value, this approach may have some merit in a housing development context. Land previously held by individual owners would be held by a trust, donations would be supported by tax breaks and the trust would receive an income from development. The trusts' activities and the nature of the development would have to comply with given criteria for the tax exemptions to be granted.

The essence of a community land trust² is the simple idea that the value that can be derived from land within a community should be protected and made available for the long-term benefit of that community. This can be achieved by separating rights over the use of land from the freehold ownership. This ancient British system of dividing freehold and leasehold ownership has proved to be a uniquely adaptable and enduring approach to the structuring of capital and the layering of mutual self-interests. Community land trusts (CLTs) can be seen as a twenty-first century manifestation of the feudal system, now re-engineered to protect and promote the common good. All the possible schemes looked at so far can be carried out within existing law in England and Wales.

Recent work on CLTs has focused on two commonly occurring situations:

- The disposal and refurbishment and redevelopment of local authority housing estates and other publicly owned assets, in order to provide good quality, affordable housing as part of a wider scheme to diversify investment and forms of tenure.
- The need to consolidate fragmented ownership in areas of mixed land uses and mixed tenure housing in need of repair and modernisation, and requiring coordinated and collective action to secure investment and execute the work. Although these homes are typically in inner city areas of Victorian and Edwardian terraced housing, areas of more recent suburban housing may need similar treatment as the housing stock ages and becomes more problematic to maintain.

The emphasis on housing as core assets distinguishes CLTs from the community development trust movement, which has rarely assumed ownership of housing assets, favouring more commercial property or buildings with a community use. However, CLTs have much in common with community development trusts (CDTs) and do not need to be seen as an entirely new institutional form. The community interest is a common feature of both approaches. However, as housing is the predominant land use in residential neighbourhoods – deprived or not – it is potentially a more effective and valuable means by which communities can control or influence what happens in their neighbourhood, over the long term as well as at the outset of a regeneration scheme.

A CLT is created by the transfer of land to a charity (which might be a trust or a company limited by guarantee) set up for the benefit of that community. The land might be vacant, might be housing or non-residential assets. The assets might be commercially valuable, if not now, then in the future. The CLT then grants other bodies that want to use or occupy the land interests that retain for the CLT a long-term interest. The CLT might grant both short- and long-term leases, up to 99–125 years, subject to a ground rent which might be index linked or incorporate stepped periodic increases to retain its value in real terms. The CLT might also sell freeholds subject to charges that return money to the trust in defined circumstances. The ground rental could be reviewed to incorporate elements of rack rental or a turnover rent on revenues, once initial borrowing for refurbishment or redevelopment has been serviced. This would be applicable in circumstances where the lessee has not paid an initial premium for the lease, as would commonly be the case in the transfer of an urban local authority housing estate. In many respects, CLTs would be rather like landowners such as the Grosvenor Estate, which has both a long-term income and interest in the well-being of a particular area.

The advantages of this are:

- The CLT becomes a community-based charity with a secure income on which to base its activities. The income may be small at first, but it is certain and very long-term. This can make an enormous difference to the sustainability of a charity. It can use its income, however modest, to lever in match funding from other regeneration funds, grant-making charities, the National Lottery and the European Community, confident in the knowledge that it already has guaranteed cash flow and regular income of its own.
- If freehold and rental values in the neighbourhood increase, the CLT, and through it the community, can share the benefits. It is often unclear whether successful regeneration creates any real benefit for the people who lived in the area before the regeneration.
- A CLT can be an important symbol of the status to be accorded to the 'voice of the community' in the initial negotiations to set up a scheme, in the delivery of the scheme and in the post-development period. It also provides a clear legal structure for identifying the roles and interests of all the parties involved.

Each CLT would want to agree its own objectives, but they are likely to be general charitable objectives for the benefit of a geographically defined community. The CLT would have a long-term income, so it would definitely not want to have objects tied to a specific regeneration scheme, essentially a short-term activity which might extend over ten years or so. It would be much more like some of the older charities with wide-ranging charitable objectives that change focus as needs change over time.

The CLT would need to see its interest in land as the underlying investment that funds it, not its reason for existing. Partly for this reason and partly because of the regulatory framework, it is not envisaged that CLTs would be RSLs, even though the principal assets may be housing. If there are social or other forms of affordable housing as part of the property portfolio, then it is most likely that this would be owned by an RSL holding a long lease and paying ground rent to the CLT. The ground

rent must not be so high as to make the scheme unviable, but this is a powerful way of ensuring that the benefits of enhanced value stay in that community and are controlled by it. This is an increasingly significant issue as RSLs become larger and operate across many different local authority areas. The RSL could be an existing RSL, or a new community-based housing association set up for the scheme, which could be a fully mutual organisation if appropriate. The important issue, however, is to separate the investment and management of all types of housing from the operation of the CLT, which need have no immediate or day-to-day involvement in those concerns.

In situations in which owner-occupiers might benefit, there may be a rather different emphasis on the use of housing assets. Typically, in areas where there are vacant houses or properties that need to be rebuilt or are in need of major repair, owner-occupiers on low incomes might be better off and have their interest best protected by giving the freeholds to a CLT and then receiving back long leases of the repaired or redeveloped houses. The CLT, by collecting together properties in a variety of different ownerships, can facilitate and manage more cost-effective outcomes for occupiers, not least through their capacity to raise finance on the strength of a more secure asset base. Owner-occupiers would repay borrowings through a ground rent until debt was repaid. Houses could revert to individual ownership or stay with a CLT, as owners might recognise the advantages of knowing that the CLT would continue to work for the benefit of their area.

Notes

- 1 Donations of development rights.
- 2 This section is based on a paper prepared for the Joseph Rowntree Foundation by Catherine Hand, Stephen Hill and Graham Moody.

Appendix 3: Planning and proactive public sector leadership

The main vehicle for strategic territorial management is the system of statutory development plans. However, its emphasis on land use has largely restricted the capacity to anticipate strategic change in the national and regional economies. Moreover, the system can only cope with the emerging sustainability agenda in a cumbersome fashion. Since 1980, interventions in land supply have been largely ad hoc (e.g. the Urban Development Corporations). The expertise associated with land development activities in bodies such as English Partnerships, the Welsh Development Agency and the Scottish Development Agency has only slowly diffused into more strategic initiatives associated with the Single Regeneration Budget (in England) and the national strategies for regeneration being pursued in Scotland, Wales and Northern Ireland.

The European Spatial Development Programme, as a framework for facilitating the EU's Regional and Social Fund objectives, provides an emerging context for extending traditional land use planning concerns to a more effective engagement with issues of social inclusion, economic development and sustainability. The Government's intention, announced in the Urban and Rural White Papers, to encourage Local Strategic Partnerships in England can act as the context for developing new agencies concerned with facilitating land supply, and for piloting of new forms of instrument for rationalising land development processes.

The extension of National Planning Guidance in England, Scotland and Wales to encompass sustainable development and social inclusion more adequately as legitimate planning objectives is beginning to move the traditional focus of planning beyond land use concerns. In the housing field, this is best illustrated by the development of affordable housing as a strategic planning issue. Currently, the provision of affordable housing has largely been dealt with at a tactical and local level, reflecting existing National Planning Guidance. But the growing calls from Regional Planning Bodies to deal with the issue strategically are beginning to impact upon national governments. In Wales, a national strategic housing framework is under development and, in England, the Regional Planning Bodies are working in partnership with the Housing

Corporation to develop regional housing statements that will link with the economic development strategies of the Regional Development Associations.

Whilst this might call into question the appropriateness of the existing hierarchy of development plans to deliver an adequate supply of land for housing, it also highlights the relative absence of facilitating agencies with skills in the strategic delivery of large programmes of land transformation. Moreover, there is growing disquiet with the tinkering approach to the reform of Compulsory Purchase Orders and, simultaneously, with the inadequate justification for the present system of planning obligations, which seems to lack any strategic *raison d'être*. A consultation paper on this issue is promised in the Urban White Paper and this should afford the opportunity to resolve some fundamental questions concerning the role of land supply in achieving community regeneration. At the same time, the opportunity could be taken to examine the relative shares of affordable housing generated through the planning system and through social housing grant, in the context of land supply processes.

If land is to be developed sequentially, then this requires a strategic dimension to acknowledge the relationships between labour and housing markets, in the context of sustainable development objectives. This again implies a focus on land assembly and supply, overcoming bottlenecks and intervening in situations where local land markets are unable to respond to market signals, including areas of low demand for housing. Because of the increasing spatial disparities in UK housing markets, such interventions should include a supra-regional component, in order to effect redistributive policies.

