

HOUSING THE NATION



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FOREWORD

House building has been a major contributor to the British economy so what of its contribution to any recovery? General Elections spawn manifestos so what is the housing policy of the three main parties? At the moment we appear to be getting more of the same from the Labour Party, the Tories are “to give power to the people” and the Liberal Democrats are suggesting a financial package to bring empty homes back into use.

The moment being opportune, we asked a cross-section of people who know a great deal about housing and who operate at the coal face, to give us their views. Three main themes have emerged; more money is needed for mortgages, especially for first time buyers, the planning system is now too slow and too expensive and unsurprisingly, there is a lack of development sites.

Irrespective of what the main parties propose what of the reality? The house building boom was the result of a mortgage market that got out of control. Regulation will ensure this will not happen again, putting a cap of indeterminate proportions on lending which in turn will lead to substantial housing demand remaining unfulfilled. Innovative ways of funding will be required, especially for affordable housing.

Where to start with improving the planning system? The cliché is that there is an obsession with procedure and scant regard for outcomes. This is true in that the LDF process is bust and needs fixing. It needs to be more comprehensible with a realisation that the ambit expected of spatial planning is too wide.

Local government neither has the manpower nor intellectual resources to expedite the provision of LDF's. Cuts have already started and will exacerbate this. An onslaught of wholesale changes to the planning system will cause a hiatus slowing things further, so perhaps the answer lies with an expeditious but informed change; a Killian Pretty Review if you like, of the plan-making process. Oh yes and a presumption in favour of development, unless there is demonstrable harm.

What is becoming clear is that those with an interest in development are going to have an increasing say in the outcome of planning applications. House builders are therefore going to have to work with local people to a greater extent, address their issues, thereby building a consensus with the local community and local interest groups before the rumour mill takes over and distorts reality.

House building involves manufacturing processes, of which the UK economy needs more, but uniquely relies on financial services to sell the product. It also has a social dimension that propels it into the political arena. The incoming government ignores the industry and its present difficulties at its peril, if it is to fully play its part in the economic recovery.

Graham Warren

Planning Consultant and Non-Executive Chairman,
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SETTING THE SCENE

The General Election of 2010 has been a long time coming – in fact the campaign to win votes virtually started on the day Gordon Brown moved from number 11 Downing Street to Number 10.

It went into overdrive when Gordon Brown bottled it and decided, against party managers' advice, not to call an election in 2007. An opinion poll immediately after this fateful decision revealed he would have won without the loss of a single seat to the Conservatives. Ever since, David Cameron, backed by consistent polls showing a significant swing to his party, has taunted the Prime Minister about calling the election.

With a real prospect of a change of government, much of the property/planning world's decisions on their future strategy has for the past year been put on hold 'until after the election.'

Vic Angell, Managing Director of Tristan Fitzgerald Associates, comments: "Many clients, be they landowners, developers, housebuilders or funds have told us in the last 12 months they were 'waiting until after the election.'

"Whilst the outcome of the election is too close to call, one thing is for sure. The current 'wait and see' policy is likely to end in the months after May 6th as the parties policies unfold. Changes in key legislation could not be achieved overnight. However, everyone would be in a better position to make educated decisions on the future."

What is known is that the Conservative task of winning outright control is huge. It's a real David and Goliath contest. David Cameron's task is Herculean since he will have to gain 116 seats in order to obtain an overall majority of one.

Gordon Brown can remain in 10 Downing Street if there is a uniform national swing of just 1.6% to the Conservatives. This is not impossible. It would be a re-run of the 1992 election when everyone thought Labour would win but the unelected Prime Minister John Major held on by 22 seats.

But since then, the Liberal Democrats have increased their MP's markedly to 63, the biggest number since the 1920's. They have a popular ace in Vince Cable and the Liberal Democrats start the campaign with a higher percentage and generally speaking their share increases as the campaign progresses.

No election is without its complexities and this one is a classic in that respect. This time there are boundary changes which will not only help the Conservatives but Labour too.

Vic Angell, Managing Director of Tristan Fitzgerald Associates, contends: "The 64 million dollar question will be if there is a backlash following the expenses scandal. On the doorsteps there is a great deal of hostility on this issue. One recent poll suggested that up to 30% of all electors would vote against the incumbent MP if he or she had been found to have had questionable expenses. This could hurt not only Labour MPs but the Conservatives as well."



This is the first election in 80 years following a world recession. Without a doubt the economy is the biggest issue. This being so, another imponderable that doorstep canvassers are finding is that some voters are questioning the inexperience of George Osborne. Whilst many voters do not care for Gordon Brown, they appreciate the experience of Alistair Darling and there is a feeling amongst some that it's better the Devil you know than the Devil you don't. Many young voters ask: 'What recession? We still have good jobs and our mortgages have halved since the credit crunch, so it's not all bad.'

Another 'first' is the leaders' televised debates and this could change how people vote. Already, we have seen how the Chancellors' debate had an impact for the Liberal Democrats.

Finally, the buzzword of this election is 'change.' A significant number of voters are looking for change and are wondering if this should be to the Liberal Democrats as well as the Conservatives.

PLANNING AND HOUSING LOW ON THE PRIORITY LIST OF ELECTION ISSUES

Dan Angell, Associate Director at Tristan Fitzgerald Associates, states: "In all the literature landing through the letterboxes, housing and planning is never mentioned. The economy, NHS, schools, crime, childcare, the environment, immigration, employment, tax cuts and public sector cuts dominate."

"Yet, it is ironic, that with the main issue being the economy, little is ever mentioned about the contribution the construction industry could make to economic recovery."

If Britain built half the number of homes constructed in the peak year, then billions would be put into Government coffers each year.

As Stewart Baseley, Executive Chairman of the Home Builders' Federation, remarks: "The housing and construction industry employs some 3 million people, 8% of UK employment, providing vital apprenticeships for those entering the jobs market."

Vic Angell, Managing Director of Tristan Fitzgerald Associates, emphasises: "Lack of good housing blights people's lives, can ruin marriages and seriously affects the education of our children, the nation's seed corn. One of the appalling legacies of Margaret Thatcher was the sale of council houses. Instead of selling the council properties, the sitting tenants should have been given a lump sum deposit to go out on the open market so that councils retain the properties."

"The 64 million dollar question will be if there is a backlash following the expenses scandal. On the doorsteps there is a great deal of hostility on this issue."

Vic Angell,
Managing Director of Tristan Fitzgerald Associates

James Sunley, Chief Executive of Sunley Holdings plc, adds: "The Tories sold off the council houses in the 1980s but forgot to re-invest the proceeds in new affordable housing. The resulting shortage is their legacy."

Yet affordable housing should be a priority. When Labour came to office in 1997 there were just over a million people on the nation's housing lists. Today the figure is over 1.5 million.

DETAILS ON HOUSING MEASURES FROM THE MAIN POLITICAL PARTIES

With demographic forecasts pointing to population increases in the next 40 years, all of the political parties are promising to have higher housing output.

Roger Humber, Strategic Policy Advisor to the House Builders Association, comments: "Most pre-election discussion about planning has focussed on the Tories' proposed radical overhaul of the planning system. Don't, however, forget that the Labour Government is still evolving policies that are also intended to have radical results."

All parties want more homes on previously developed land but these are a finite resource. Again, all parties want Green Belts retained, although the Labour Government, through the South-East Plan and in other regions, wants some land to be taken out of this designation.

Conservatives are planning to outlaw back-garden developments which have represented about a fifth of all new homes built in recent years because Labour have encouraged new homes to be constructed within existing communities, close to railway stations, schools and other community facilities. This has often resulted in one large house, standing in an acre or two, being demolished and replaced by a block of flats or crescent of town houses.

Given these facts, where will new housing go? Dr John Howell, who replaced Boris in Henley, has been closely involved in forming policy on planning and regeneration and was the architect of the Conservative Green Paper 'Open Source Planning.' He replied: "Where housing will go, will rightly be a matter for local communities and their democratically elected representatives, following the bottom-up planning approach set out in the Green Paper. Our flexible zoning proposals will give the communities the chance to take a more flexible approach to existing sites and to plan ahead for a range of potential uses."

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Dan Angell,
Associate Director of Tristan Fitzgerald Associates



Dr Howell adds: "This Labour Government has tried to deliver new housing by means of central and regional targets and by bullying local authorities. Instead, it has delivered the lowest numbers of homes built since the 1920s. Its targets are a cruel deception to developers looking to manage their businesses, and such houses being built are constructed without consideration for local people and local needs."

But many with years of experience in the housing market have their doubts about the new Conservative policy dubbed localism.

A sceptical Roger Humber insists: "All of us in the real world, whether seeking allocations in plans, submitting planning applications or, in my case, sitting on the Planning Panel of the Regional Assembly in the East of England, see only too clearly the attitude of Conservative councillors. Not a single one of them would endorse Grant Shapps' advocacy of higher housebuilding numbers or pay the slightest attention to the comparatively trivial incentives he intends to give them to soften their opposition. So what looks like a NIMBY charter undoubtedly will be one, in their hands,

"What is remarkable about the Tory planning proposals is that, while they appear to contain so much detail, in reality as soon as either Grant Shapps or Bob O'Neil are questioned, it all becomes like jelly on the wall, with absolutely nothing fixed, apart from the principle of localism and the abolition of the regions."

Nick Raynsford, former Labour Housing Minister and ex-Minister for London, maintains: "The Barker Review clearly established the need for substantial expansion in the supply of new homes. In the period up to 2007 we saw a significant and substantial increase in new homebuilding which would, but for the recession, have taken us near to the Barker targets."

He considers local authorities should be encouraged to get LDFs in place as soon as possible and not burdened with a large-scale upheaval in planning structures and policies as proposed by the Conservatives. This would inevitably be disruptive and divert attention from the priority of promoting an expanded homebuilding programme.

Support for Nick Raynsford's view comes from David Hackforth, President of the Planning Officers' Society (POS) who considers there is a need for further improvement. But he believes that it "should be via evolutionary change not the introduction of a completely new system (or retreat to the former system)."

Turning to the Conservatives' proposals, David Hackforth believes that "whatever changes are made to the planning system, planners are here to make it work and we have a long history demonstrating this. POS welcome many of the underlying principles behind the 'Open Source Planning' Green Paper, particularly giving more power to local authorities but we have questions and concerns about the detailed measures suggested to achieve them."

As Liberal Democrat Shadow Housing Minister, Sarah Teather says: "Voters have been surprisingly forgiving of the failure of Labour and the Conservatives to build more homes. Housing is so much more than bricks and mortar: it is about ordinary people's lives. We can't properly tackle climate change and inflation busting fuel bills without greener, better insulated homes. A child living in overcrowded conditions cannot do its homework and quickly will fall behind in school, an elderly man living in damp and dilapidated conditions will soon find his health suffering with the NHS picking up the bill."

While the Liberal Democrats themselves have laid out some rather clear measures to help the housing market: an empty homes fund and the provision of local housing bonds to name but two, the Conservatives and to a lesser degree the Labour Party, have been more vague on their measures, particularly with regard to the planning sector.

WHAT ARE THE IMPLICATIONS OF A HUNG PARLIAMENT ON THE HOUSING MARKET?

John Bowles, Head of Development and Residential Consulting at BNP Paribas Real Estate feels: "From a narrow housing market perspective, a hung parliament may not necessarily be as bad an outcome as many fear. Each of the three major political parties have tabled some sensible housing measures, albeit coupled with some rather more radical and questionable proposals. If all the sensible measures could be pushed through by a coalition then this could have a very positive impact on housing delivery and support the recovery of the housing market."

"Fears of a hung parliament stalling recovery need to be looked at against the danger that implementation of the proposed planning reforms by a new Conservative Government are highly likely to have a negative impact on the housing market in the short term (whether successful or not in the longer term)."

"Whatever the outcome of the election, though, the fear remains that housing will get pushed further towards the bottom of the political agenda as the focus on public sector spending cuts and tax increases take effect. Housing is not a significant budgetary concern to Government – the continuing reliance on the private sector to meet the majority of our housing needs gives politicians free reign to use it and the planning system as a political football to be kicked as and when the whim takes them. Nevertheless, our suggestions of what is needed for a sustainable recovery in the housing market show that even with an incredibly limited budget, short-term 'easy-win' solutions are possible and practical and, no matter which party is successful, should be implemented for the good of the housing market."

WHAT DO WE AND THE INDUSTRY NEED?

There are several issues that need to be addressed for a sustainable recovery in the housing market.

1. More houses, and affordable ones at that

The country is desperate for more houses with demand far exceeding supply. Over the last few years the Labour Government has failed to meet existing targets and where homes have been built, these have largely been one/two bedroom flats. Outside London and the South East England many of these are now lying unused and empty.

David Pretty, CBE, Chairman of the New Homes Marketing Board, says: "This lack of supply means that by the end of 2010 we are likely to have a shortfall of 1 million homes and, on current form, a shortfall of 2 million by 2020."

As a result, those houses that are being put onto the market are seeing price increases – a similar situation to the pre-2007 inflation in house prices. As we know from this experience, these prices will not be sustainable.

Sarah Teather, Liberal Democrat Shadow Housing Minister, believes "the next few months are a time of real danger. If we can't keep up with demand for new housing as we come out of recession, we will see hyper-inflation in the residential market and a return to the days of people borrowing more than they can afford."

The provision of affordable housing is one of the primary concerns of this country. With some people still on the waiting list for housing after more than 20 years and the lists themselves continuing to reach record levels, the situation has never been more critical. This is not party-specific; the last four Prime Ministers have failed to relieve the problem.

Brian Smith, Strategic Land Director at Landhold Capital, warns: "We have to accept that there are difficult times ahead, there will be less affordable housing delivered than is needed – everyone should be expecting a backward step in living standards over the next few years."

In recent years, the private sector has also been increasingly relied on for affordable housing provision, which can be seen as a burden by devaluing land holdings and creating lengthy planning negotiations.

James Sunley, CEO, Sunley Holdings plc, thinks that "affordable housing is a form of tax on a landowner because in obtaining a planning consent the higher the affordable housing % the lower the land value. Public sector house building helped the UK plc recover post WWII through increased jobs and spending etc it would be a daft area to cut spending."

2. A quicker, more simplified planning system, not losing sight of what planning is for

All the major political parties admit the current planning system is faulty. They are correct – decisions are lengthy and often subject to appeal – there is no uniform decision process and no real incentive for much-needed developments to progress. Many policies have acted to delay the process causing confusion and in some cases, further obstacles.

David Pretty, Chairman of the New Homes marketing Board, calls the process “slow, unwieldy and bureaucratic, with over 97% of all current applications for minor or domestic proposals – and all of them taking four times longer to process than a generation ago.”

Roger Humber, strategic policy advisor to the House Builders’ Association, comments “the constant amendments to the planning system, both before and after the 2004 Act, cannot disguise the fact that under this government, the performance of the planning system, from development planning through to development control, has worsened and become more costly.”

Onerous section 106 agreements and the availability or otherwise of grants for the provision of affordable housing are also issues that can delay the progress of proposed developments. In recent years, the system has been complicated and delays caused by the almost blanket requirement for additional pre-application reports on, for instance, flood risk, noise assessments etc.

This situation has heightened in anticipation of a General Election with no new revisions put through, and much-needed simplification of the system on hold until it is clear that a new Government will be in place – everything is really ‘on hold’.

All three key political parties have ideas on changes to make to the planning system. As yet, some of these are unclear, some radical and some more sensible. Whatever the result of the Election and the subsequent changes proposed, David Hackforth, President of the Planning Officers’ Society (POS) is clear that “any changes should not lose sight of planning’s important advocacy role, in addressing long-term strategic issues such as climate change and sustainable economic growth, or jettison those aspects of recent reform that have been successful.”

“Fears of a hung parliament stalling recovery need to be looked at against the danger that implementation of the proposed planning reforms by a new Conservative Government are highly likely to have a negative impact on the housing market in the short term.”

John Bowles,
Head of Development and Residential Consulting
at BNP Paribas Real Estate



3. Confidence and stability

The housing market needs stability in order to make a sustained recovery, and confidence is key to continued investment and delivery of homes.

Investing is largely confidence-driven no matter the sector and residential is no different. With such a reliance on the private sector in the housing market, it is important that the Government attempts to ease the worries of many potential and former investors while luring new institutions towards the opportunities offered by the sector.

David Pretty is confident that recovery is on the way: "Whatever the merchants of doom may say, our industry is going to recover and will enjoy a better future. The existing housing model is not broken, in my view, and I do not believe the sector in 2020 will be very different from the existing one. There will be plenty of changes, but most of them will be desirable."

However, Brian Smith, Strategic Land Director at Landhold Capital warns that potentially "a hung parliament could hit customer confidence in the housing market. A position that will be compounded by the likely concerns of the markets that a hung parliament will not be able to deal effectively with the debt crisis. We could therefore see another significant dip in the housing market. The sector needs stability. The worry about what changes might be around the corner has a major negative impact on potential buyers."

4. A better quality of home

The market needs to improve the quality of homes as well as the quantity supplied. With stringent sustainability measures coming in for new homes, existing homes must also be examined and improved.

James Sunley: "My key message is that housing development, and it must be of good design, is good for the nation and somehow government needs to work out how to tell people that. A new government should also look at the poor quality of existing housing stock; the regulations on new homes are but a drop in the ocean when we cannot build 100,000 a year and existing stock is 20m+."

Sarah Teather: "it is essential that we take action to bring all our housing stock up to rigorous environmental standards. By 2015 all new homes built using government grants should be zero-carbon and, with private developers making up nearly three quarters of the new housing market, it is essential that we hold private companies to the same high standards. Fortunately, the benefits of energy efficiency in the home are not just environmental, but social and economic as well."

5. Private sector investment

Regardless of the outcome of the General Election, there will still be a major reliance on private sector investment for the delivery of housing. With planning processes taking ever longer and costing more and confidence in the housing market low with cost of delivery increased by additional environmental requirements, lack of affordable housing grants and additional taxes such as the Community Infrastructure Levy (CIL), there is a very real risk that private investment is going to stagnate.

The Government needs to address this and provide a number of incentives to lure private investment in the absence of substantial public sector budget for housing.

6. Short-term, 'quick-win' solutions

There is much that can be done strategically for the long-term benefit to the housing market and the planning system but it is the short-term measures that are most needed to ensure recovery in the housing market.

The parties need to stop highlighting the failures of previous Governments and announcing complete overhauls of the planning system and focus on what needs to be done urgently. If this is a tweak to an existing system then so be it – a party is not going to lose votes by admitting that perhaps a Labour policy needs tweaking rather than complete abandonment and starting again which could take years longer to resolve effectively.

First-time buyers are particularly in need of intermediate solutions to help them get onto the housing ladder, and those stuck on burgeoning waiting lists for social housing are also in need of some help now.

It is important that we do not lose track of long-term sustainable strategies but in a market as vulnerable as the current one, measures also need to be taken urgently.

7. Removal of 'politics' from housing

Ironically it is the very politics behind the housing market that causes so many delays in development and planning processes. In many cases where development is being considered, those making the decision will vote as political party 'blocks' meaning that often the best interests of the area and development are overlooked in favour of remaining politically united.

The government needs to find a way to prevent this from happening and incentivise decision makers so that developments are put forward on their own merits – not because there is a political undertone to decisions.

Dan Angell, Associate Director of Tristan Fitzgerald Associates, suggests: "Planning has become too much about politics and not enough about planning. How this is addressed during the next term of government could be crucial in sponsoring activity in the sector but it will be very difficult to achieve. Localism may make elected representatives more accountable but this in itself makes development arguably more political."

"My key message is that housing development, and it must be of good design, is good for the nation and somehow government needs to work out how to tell people that."

James Sunley,
Chief Executive of Sunley Holdings plc

8. Activity

Above all, the sector needs to get moving. If activity builds, so does confidence, and money starts to flow again. This can only be to the benefit of the private and public sector and thus the economy and everyone to whom housing is an important issue.

Activity is essential to all of the other requirements we have stated.

Dan Angell, Associate Director of Tristan Fitzgerald Associates advises: "In the months after the election, those promoting sites through the system will want to get their sleeves rolled up and get on with it in the knowledge that they know what they are working with. Supporting this activity has to be a top priority for any government and a key consideration in evolving policy."

How should these needs be met?

As mentioned earlier, we have to assume that the budget for housing will be severely limited as it falls behind education, NHS and poverty alleviation as a priority for the major political parties. Thus the incoming Government must work with what we have now and find ways to move existing budget in order to maximise results while simplifying and improving a much-beleaguered planning system. Here are our six essential recommendations for whoever wins the election:

1. Instil confidence in the market again

Whichever government is successful should make inroads to publicly back the housing market. As James Sunley suggests, 'the Government should launch a PR offensive that new development is a good thing for a myriad of reasons.' Brian Smith also feels that politicians have their part to play in confidence building: "Whilst I cannot see it happening due to pressure from housing charities concerned about affordability, it would be very helpful if some senior politicians would state that they feel house prices have fallen too far and that they would like to see them rising again."

Brian Smith adds: "I think that in the short-term market confidence is the biggest brake on recovery in the sector. Buyers are still not there in sufficient numbers although that could be marginally improved through the greater availability of mortgage finance."

Nick Raynsford, former Labour Housing Minister, says that his party's task is "to bring confidence back to the market using bodies such as the Homes and Communities Agency to support new development and encourage the release of more land. We need to avoid major changes to the planning framework as proposed by the Conservatives that will inevitably bring uncertainty and damage confidence."

One thing is certain, if confidence rises, investment will flow, activity will increase and confidence will rise further.

2. Re-utilise empty houses

The primary remedy for the lack of supply of houses is through utilising what we already have. There will be, according to David Pretty, a dearth of 1 million homes by the end of 2010, whereas there is an estimated 765,000 empty homes currently in the UK, according to the Empty Homes Agency.

Bringing these back to the market is essential and one of quickest methods would be via renting where tax incentives, such as the removal of VAT on refurbishment by landlords would make it worthwhile to upgrade the property and bring it up to modern standards for letting. Once let, the Government could consider tax incentives/reliefs on the income generated to improve the net return received. This could bring tens of thousands of properties into almost immediate use.

The Liberal Democrat's proposed £1.4 billion empty homes fund is such a scheme and they claim it is a key pledge in their manifesto for the forthcoming election. Via this scheme, they plan to bring 250,000 properties back to use through the offer of loans and grants to landlords while also creating 65,000 jobs and helping to regenerate communities scarred by derelict and empty property. This will especially help the social housing issue as each £10,000 grant or loan will be used to return the average property to good standard and help relieve the huge waiting lists for social housing. As Sarah Teather, LibDem MP says, 'By starting with empty homes we can show that delivering new housing is about making a community safer, smarter and more prosperous while boosting house prices for existing residents and put a roof over thousands of heads without laying a single brick.'

Crispin Topping, Head of London Residential Agency at BNP Paribas Real Estate, adds: "The incoming government simply must make provision so that the empty homes of Britain are utilised. This will not only help the immediate waiting lists for homes, but will alleviate some of the pressure on the delivery of new homes as well, and it is a cheaper, quicker and more efficient use of a tight budget, while also helping existing landlords faced with empty properties that they are unable to sell at the current time."

3. More enterprising Housing Trusts

Our Housing Trusts should be more enterprising in their ventures. A lack of properties and a lack of government funds mean that waiting lists for social housing and affordable homes are continuing to swell.

As such, Housing Associations should be encouraged and empowered by the Government to think of other ways to access and obtain second-hand properties.

Crispin Topping, Head of London Residential Agency at BNP Paribas Real Estate, says: "Some more innovative approaches include buying up family-sized units from auctions at reduced prices, giving them a quick refurbishment so they are suitable for habitation and then renting them to social tenants. There is a very well-known London-based Housing Trust that bought 300 units this way in 2009 and I know they are planning to do the same in 2010. It doesn't matter if the units have to be bought singularly or in small groups, only that they can be easily refurbished and let. This is a great way of getting homes that sadly have been repossessed from people back to people in even more need."

Another enterprising solution would be for Housing Associations to acquire land without planning, put it through the planning process and then sell on to private investors or developers with consent. This could achieve considerable funds which could be reinvested into development or refurbishment of social housing. James Sunley is an advocate of this method: "I would like consideration of the state acquiring land and then reselling it with the benefit of a consent such that the taxpayer reaps the largest benefit of a valuable planning consent".

4. Incentivise new development

While reutilising empty properties will help plug the gap in supply of housing, it is still essential that new development occurs both in the private and public sector.

New development can be encouraged in a variety of ways, mostly through incentives.

Incentives can encourage new entrants into the sector, through tax incentives or special land deals, including extra help for the self-build sector. As David Pretty Chairman of the New Homes Marketing Board says 'There is no need to fear this extra competition, which will bring new ideas and energy to the sector. Such is the scale of national need, there is more than enough work for everyone.'

A review of the build-to-let tax regime would encourage institutional investors into the sector who otherwise see net yields as too low to consider commercial scale residential renting. Other countries already do this and the British Property Federation has for some time been campaigning to have the private rented sector labelled an asset class in order to bring in institutional investors.

Nick Raynsford, former Labour Housing Minister, thinks that the Homes and Communities Agency can play a key part in facilitating more institutional investment in rented housing.

David Pretty is an advocate of incentivising institutional investment in the private rented sector: 'More support to help the private rented sector grow including new tax incentives to increase institutional investment and support for alternative new housing models, such as Community Land Trusts.'

Tax rebates on brownfield sites would encourage more development on contaminated land. At present, the cost of the clean-up operation and landfill tax means that it is too expensive



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Crispin Topping,
Head of London residential agency
at BNP Paribas Real Estate

for many developers to make a scheme viable, particularly in lower value areas of the country. Crispin Topping, head of London residential agency at BNP Paribas Real Estate comments: ‘we must get back to a 70% brownfield development ratio and unlock many sites that are currently lying dormant’.

The Government should also introduce tax incentives for local authorities. If local authorities could keep the net increase of council tax revenue from new developments, there would be an incentive to push new schemes through planning and allocate funds towards development. The Conservatives are proposing a scheme like this as John Howell explains: ‘councils will receive an enhanced incentive for building affordable houses calculated at 125% of the council tax over six years on each new affordable house.’

Local councils must be empowered to want to push through development quickly. As David Pretty says ‘Many local authorities have the appetite to recommence housebuilding but lack the expertise and finances to do so. Additional new council housing could be provided in partnership with housing associations, contractors and housebuilders, particularly on council-owned land.’

Incentives for councils will also help remove the ‘politics’ from decision-making and developments that are economically viable and beneficial to the area will be pushed through on merit rather than at the whim of underlying political persuasions.

5. Set in place long-term mortgage assistance

The industry has mixed opinions on how mortgages can be made more accessible in the short-term.

Some experts believe that meddling by the Government in the mortgage market directly will be a mistake.

David Pretty, Chairman of the New Homes Marketing board thinks that ‘the limited mortgage availability will gradually ease, but it’s unrealistic to expect funding to be back to anything like it was for some years to come. It is important for all of us that the banks recover so that they will eventually be able to help more first-time buyers but they are clearly going to remain cautious for a while yet.’

Crispin Topping, Head of London residential agency at BNP Paribas Real Estate says: “We cannot expect the Government to intervene in the mortgage market directly but there are other measures that can be taken to help first-time buyers.”

One measure which could be implemented soon but with long-term effects would be for the banks to create deposit savings schemes for young people with the incentive of taking a mortgage with that bank with favourable terms in the future.

David Pretty advocates “a new National Home Deposit Savings Scheme and the extension of Stamp Duty thresholds for first-time buyers” which would help more in the medium to long-term rather than immediately ease the difficulties of entering the housing market. Pretty first championed such a scheme three years ago and, together with YouGov produced a survey which found that 80% of Britons believe the Government should encourage young first-time homebuyers to start saving regularly by establishing a national deposit savings scheme offering tax-free bonuses.

Crispin Topping agrees that a National Home Deposit Savings Scheme is a good long-term strategic approach to helping young people get onto the housing ladder and suggests that the Government applies pressure on particularly its part-owned banks to set up such schemes so that people in their early 20s can start saving early enough. Topping also suggests that the Government could introduce a top-up once these savers reach certain target levels.

6. Re-energise the planning system

The planning sector seems largely united in its assessment of the current planning system and potential reforms.

Most view the system as slow and obstructive and General Election only means further delays until the new Government is in place and its initiatives have been implemented.

There is a wide concern that any large changes will be dangerous and further delay the process, while concentrating on the urgent issues within the current system would be more beneficial in the short-term.

The Planning Officers Society believes that changes ‘should be via evolutionary change not the introduction of a completely new system or a retreat to the former system’ and that ‘issues could be addressed through a limited number of legislative and regulatory changes to streamline the current system, making it more responsive and effective.’

Similarly, David Pretty advocates the need to “improve and streamline the planning applications process in line with the Killian Pretty Review of 2008, avoiding major reforms which could cause more uncertainty and further disrupt supply.”

Brian Smith agrees: “In my view the system could benefit from some tinkering to speed it up but a radical review will in itself cause delays as it beds in and will risk the change of attitude that has been achieved.”

Some Conservative proposals such as the localism and Green Paper are welcomed but without much more detail on the proposals themselves or for how the planning process will continue while these changes are being implemented means that there is still concern over delays.

Vic Angell, Managing Director of Tristan Fitzgerald Associates, comments: “Whatever the outcome of the election, the planning system will evolve and both politicians and the public will be anxious to ensure meaningful and transparent public consultation.”

John Bowles, Head of Development and Residential Consulting at BNP Paribas Real Estate sums up the situation nicely: ‘The overriding consensus is to speed up the planning process but don’t slow it down by making unnecessary structural changes. Tweak what is necessary but an overhaul will take years to implement and cause further problems in the meantime.’

MAIN CONCLUSIONS

1. This General Election is the most important for the housing and planning sectors for a generation.
2. With Britain’s economy suffering grievously, the housing / planning sector can make a major contribution to the country’s employment and economic vitality with the potential to add billions of pounds to needy Government coffers.
3. The present system is not speeding up the planning system, as suggested in 2004. For example, only 14 per cent of councils have adopted core strategies.
4. Conservative Shadow Housing Minister Grant Shapps has the messianic zeal of his support for higher housing output but many seasoned industry commentators believe localism could be a recipe for a Charter for NIMBYS.
5. Regardless of the outcome of the General Election, there will still be major reliance on the private sector.
6. Short-term decisions need to be taken to help first-time buyers – which will kick-start a renewed market – and those on the housing waiting list, now totalling 1.5 million families across Britain.
7. A major drive needs to be undertaken to repair and occupy the 765,000 empty homes around Britain.
8. Confidence needs to return to the market so investment will flow and activity will increase.



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