

Pressing the right housebuilding buttons

20 December 2018

Members respond to Jan Ambrose's feature on UK housing supply

The housing shortage seems to be a great way for the major political parties to make grossly exaggerated and unfulfilled pledges of how many homes they would build if returned to power.

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The RICS policy team and members take a far more reasoned approach. They do not think that solving this long-running crisis involves building hundreds of thousands of new homes on green belt and flood plains in an already overcrowded country. It is essential, they believe, to:

- reform outdated planning regulations;
- encourage senior citizens to move out of houses that are far too large for them;
- bring empty homes back into use; and
- develop new construction methods.

In short, everyone in the property market should work together.

Here are edited comments received in response to the July 2018 feature [An holistic approach to the housing shortage](#) .

Phillip Russell

Phillip is Director of [One Oak Development](#) , a property development and land acquisition company based in the South East of England. A small builder-developer (SBD), who by definition builds fewer than 50 dwellings a year, he describes many SBDs as frustrated chartered surveyors. Phillip says:

'At the turn of the 21st century, SBDs made up the builders of 50% of all homes in the UK. Now they are responsible for only 12% - so look no further for reasons why we are short of dwellings in the UK.

My primary issue is the difficulties with planning, which is why I have emailed Lord Porter, government sponsor of the [National Planning Policy Framework](#) . '

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He asked Lord Porter why it cannot be mandatory for every local authority to specify its 5-year housing needs against set criteria and then have the government's independent assessors validate them. Councils would be fined if they did not then fulfil these plans, forcing them to become proactive in providing housing. Phillip continues:

'The term "good design" should be eliminated or given more definition. This would allow planners to reject schemes. Currently, it is mandatory to replicate the house nearest to the development, which stifles any creative scheme that could greatly enhance the environment. Look at the many bland housing estates throughout the UK.

To say that all green-belt development is "inappropriate" unless exceptional circumstances can be proved is not good enough, particularly when housing needs cannot be met. If green-belt development is to be sacrosanct, the guide must clearly allow planners to relax their strict requirements for brownfield sites, where development costs are presently prohibitive.

Pre-application advice has now become a fee-earning business that pulls resource away from the valuable service of assessing full planning permissions. To date, we have found no correlation with what we have been told at pre-application stage and what we must submit for full planning; often, we have had to revise the scheme totally during full submission.'

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'More expensive supporting information must be submitted with planning, reducing the schemes we can pursue. We find this information rarely affects the decision and is merely an expensive tick in the box.

Planning policies need to have a more mandatory policing. They are growing all the time but becoming ever vaguer, so are open to different interpretation and effectively useless.

Where a developer's appeal is successful, their full costs should be paid by the council, which should be fined for wasting time in extreme cases. Currently, councils are unfazed about rejecting an application - they know most SBDs cannot afford to appeal.'

Phillip is concerned the SBD is close to extinction. Despite political parties saying they want to help small businesses and solve the housing crisis, they neither ask for SBDs' comments nor act on them.

Ray Dennett

Ray retired 8 years ago from his role as a regional surveyor with the [Halifax bank](#) , where he had close contact with major housebuilders. He believes that nothing has changed since then.

He challenges the view that section 106 agreements are the most appropriate way to provide social and affordable housing, maintaining there is sufficient data to prove his point. Ray thinks the [Barker Review](#) 's finding that landowners and developers see big windfalls when planning permission is granted is spot on.

However, he is unaware whether anything has been done with the recommendations that these increases in value should be shared with the local community. This, he believes, is the root of the problem. He remembers spending many wasted hours coming to terms with the [Community Land Act 1975](#) , a failed attempt to address this issue.

[Social housing] ghettos could be avoided by zoning small plots in villages and towns or smaller areas of large-scale developments

Ray suggests zoning land for social housing and gaining irrevocable permission for this alone. This would force land values down, allowing social housing to be provided at realistic costs; developers could still be involved in construction but at an agreed profit margin. Ghettos could be avoided by zoning small plots in villages and towns or smaller areas of large-scale developments; landowners could still realise values above present use, but below the prices achieved for developments of large 4- to 6-bedroomed properties, which are not in short supply. Importantly, this does not involve taxation.

Increasing the supply of good-quality small 1- to 2-bedroomed social housing would enable local authorities to encourage single occupants of larger properties to downsize. In Ray's experience, the lack of available good-quality smaller units in the immediate locality is deterring elderly tenants from downsizing.

Mike Basquill

Mike, RICS UK Residential Associate Director, responds to Ray:

'I don't think we will meet the current 300,000 annual new-build target using current measures ? it's not in the industry's interests to oversupply, the construction sector has skills and supply-chain issues, and investment, planning and lending are not enabling. Looking at tenure mix and national income profiles over the past 100 years, we should be building approximately 100,000 subsidised rental homes annually.

The housing associations can't step up as the mixed-fund model is based on leveraging debt on their own stock, unless the social housing grant is vastly increased. They also have governance and accountability issues.

Ray's zoning idea is on the right lines but would impact on lenders and investors due to the perpetuity constraint. This would have to be countered by an increased

social housing grant, for which this government has no appetite.'

The revenue account restrictions on local government development [...] have been disastrous for the supply of subsidised rental housing

'The revenue account restrictions on local government development, plus the discounts attached to right to buy, have been disastrous for the supply of subsidised rental housing for those on low incomes. We now have the situation where local authorities can invest in shopping centres and multi-storey car parks to bolster reduced funding from central government. Meanwhile, homelessness costs and housing benefit have shot up.

The off-site construction industry needs to be nurtured by government to achieve the 300,000 homes needed, given the capacity issues in the industry.'

Richard Cheshire

Richard, a long-retired member, makes a valid point:

'The article states that RICS members are in an excellent position to help arrest this decline, given their experience and ability to influence government policy.

This requires an organisation to have virtual control of the area in which it operates. While that is substantially true for lawyers and chartered accountants, it is not the case for RICS. It is wrong that any Tom, Dick or Harry can carry out the largest financial transaction of a private person's life. This should clearly be RICS, which should be leaning on government to achieve this.

The government will argue that it does not create monopolies, but in recent years it has created one for financial advisers - have you tried to buy a pension product without paying one?'

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His way of persuading older couples to downsize is to ban the practice of equity release. This could be achieved by removing the ability to have a mortgage after retirement or limiting holding a mortgage to the age of 75. He suggests that if the downsized property were 15% less in price and size then stamp duty would not be payable. To achieve this waiver, a certificate would need to be issued by an RICS member.

Jan Ambrose is Editor of the Residential section of RICS [Property journal](#)

Further information

- Read the original feature [An holistic approach to the housing shortage](#)
- The author is grateful for these comprehensive comments. Future issues of the RICS *Property journal* will carry full articles on members' proposed solutions to the ongoing housing deficit
- Related competencies include [Housing strategy and provision](#) and [Planning and development management](#)
- This feature is taken from the RICS [Property journal](#) (October/November 2018)
- Related categories include: [Neighbourhood planning](#) , [Newbuild property](#) , [Planning policy](#) , [Residential](#) and [Rural planning](#)