



## Stewart Baseley's Speech - Housing Market Intelligence 2011



Good morning.

Housing may have been at or close to the top of the political agenda for some years now but I have to say in all my years in this industry I have never known anything quite like the debate over the NPPF. Indeed reading the headlines you could almost have forgotten that we have a mortgage crisis. However, whilst clearly that remains the most significant short term constraint on our industry, I hope you will understand that rather than devote this speech to a round up of all the issues and challenges we face I intend to focus my remarks almost exclusively on the issue dominating the headlines – the NPPF.

Based on the Daily Telegraphs 'Hand off our land' campaign you could be forgiven for believing that the NPPF amounts to a death sentence for everything we care about and that it will lead to LA style urban sprawl, concreting over every blade of grass, a collapse in house prices as a result, that people will be living in homes that will flood, that all wildlife will be extinct, that our roads won't cope and that frankly society and life as we know it will end. Not bad for a document that is barely 50 pages long!!!

The debate over the NPPF has at times been farcical, often bitter and mostly based on fiction and scaremongering, with little substance or fact being allowed to get in the way of a daily procession of sensational headlines.

My approach – our approach at HBF – has been to try and present the facts not the myths. In the numerous media interviews and editorial comments we have made we have tried to cut through the sensationalism and inaccuracies and explain to people why the NPPF is actually a very balanced document and why it matters that we have a properly functioning planning system.

So let us look at some of the facts.

The irrefutable starting point is that we are experiencing a housing crisis. As far as I can see nobody denies that any more. We estimate the country has a shortfall of about a million homes. At the same time we have a growing population with people living longer as every year passes and yet last year we managed to build just 100,000

homes in England, the lowest number since just after World War 1. Everyone agrees that we should be building around 250,000 homes a year.

Now of course, partly this most recent drastic decline in output is about the story of the economy and the availability – or more accurately lack of availability – of mortgage finance for those that don't have a hefty deposit. But these factors have only exacerbated a serious shortfall that has been decades in the making.

For the past twenty years or more we have simply not been building enough homes. Why you may well ask, when through most of that period we enjoyed unprecedented economic prosperity, strong demographic pressures, low interest rates and more than adequate mortgage finance?

Surely under such circumstances house builders would have been falling over themselves to build as many homes as quickly as possible to satisfy this huge demand. Well we would have loved to have done, and without doubt would have done, had we had a responsive planning system that delivered enough viable land.

The horrible truth is it simply didn't. The results of this twenty plus years of undersupply are stark; Five million people on local authority housing waiting lists – that's 1.7 million families; and first time buyers unable to get on the housing ladder. Ten years ago there were 600,000 FTB's every year – today we struggle to get to 200,000. That is why nearly a quarter of 20-34 year olds are still living at home. The average age of a FTB will soon be 40 if we carry on as we are. So be in no doubt this is a crisis never seen in modern times.

And the consequences are not just social. Economically too the country is suffering from the undersupply of homes. If we built what we as a nation need, we would create over half a million new jobs, boosting local economies the length and breadth of the country at a time when jobs are desperately needed.

The Government of course recognises this. In the Budget back in March we were delighted to be allocated money for the First Buy scheme and recent weeks have seen announcements about the release of public land, and a right to buy scheme that will see the money raised reinvested in building more homes. All worthy and positive initiatives. But also relatively short term measures that do not address the long term strategic problem of the under supply of permissioned land.

The real solution lies in the planning system. The draft NPPF is a sensible start. It is not perfect. But overall it is in my opinion a balanced document – balanced in that it recognises the importance of planning for places, people and prosperity or put another way, of getting the balance right between environmental, social and economic need.

Most importantly it places the decision making on how this is achieved in the hands of local communities. Taken together with the Localism Bill it empowers Local Authorities to decide what happens in their town or village. Put simply, provided they have a plan in place – a plan that is evidence based and properly reflects the needs of their communities, they will control where housing goes and what shape it takes.

So lets look at the parts of the NPPF its critics don't like and what they would prefer to see.

Critics say that the presumption in favour of sustainable development is a new and terrible thing. On the contrary, a presumption in some form existed from the 1947 Town and Country Planning Act through to about 1991 when it

became a presumption in favour of the development plan. But this hardly resulted in the urban sprawl so many now fear - even though at times in the 1960's and 1970's we were building close to 300,000 homes per year.

And of course it only matters if a Local Authority doesn't have a local plan in place.

'OK' say some of the critics – 'well so many local authorities don't have a plan in place so give them more time to introduce one'.

Well lets not forget that by law local authorities have been set two previous deadlines to have plans in place following both the 1991 Act (when they were given 3 years to put plans in place) and again following the 2004 Act which revamped the plan making system solely because of complaints by local authorities that it was too difficult to produce plans in a reasonable timescale. The new system required plans to be in place by 2007 yet so far less than a third of all local authorities have achieved that some 7 years after that initial target was set.

To delay implementing the NPPF until Local Authorities do have a plan in place would leave us in something of a policy vacuum. Effectively it would prolong the issue which has existed since the election and which we warned about before the election – namely that the old system is dead but is yet to be replaced so the result in too many places would be to do nothing. And of course doing nothing merely makes the mountain that has to be climbed even higher.

Since Caroline Spelman wrote to Local Authorities prior to the election informing them that should her Party be elected it would scrap the basis of the old system, the Regional Strategies, we have had a policy vacuum that has seen planning permissions granted plummet.

We know this from our own research conducted every quarter by Glenigan which has shown that since the election the number of permissions granted has continued to fall steadily and is now at a level at about half of what is required.

So it may seem logical to grant Local Authorities more time, but leaving the country without a functioning planning system in the interim is not sensible.

Brownfield first is another suggestion being put forward by the National Trust, and I'm sure you will also hear repeated shortly by Shaun Spiers.

It is a flawed suggestion. The NPPF wisely requires allocation of sites on 'land with the least environmental or amenity value where practical' – meaning that local plans can have their own emphasis on brownfield land where deliverable.

A brownfield first policy makes no distinction between derelict, contaminated, regenerated or recreational land. Thus the NPPF approach is actually more sensibly focused and flexible and should result in better protection for land valued by a community.

It is clearly right that the countryside should be appropriately protected – and I believe that the draft NPPF does that. But overall, the role of the planning system is balancing economic, social and environmental requirements to achieve sustainable development on a scale that meets the housing needs of our population.

Do you know, just 1.1% of England is currently taken up by housing, yet 87% is green space. If we built 250,000 homes a year for the next 25 years, with all the social and economic benefits that would bring - housing still wouldn't cover in total 2% of England.

And to the critics of the NPPF I pose one simple question – its not a new question and one I have posed many times over the past few months but one I am yet to receive an answer to. My question is this – if you accept we need to build 250,000 homes per annum for the foreseeable future how would YOU ensure we do. In other words rather than knock the NPPF - put forward a realistic alternative proposal that would deliver the homes you say you agree are needed. That's something I would more than happily sit down and discuss with anyone.

Suggesting England's green fields are about to disappear under a mass of housing is utter and complete nonsense. Suggesting that a presumption in favour of sustainable development means unfettered development anywhere and everywhere is utter and complete nonsense. The Government has to stand firm on this issue. Failure to do so will result in a house building ice age and a generation of people denied access to the housing market. In their interests Government must put in place a planning system that works for everybody and balances the economic, social and environmental needs of the whole community.

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