

DCLG Housing White Paper, February 2017: 'Fixing our broken housing market'

Transport Planning Society response to consultation

1 Introduction

- 1.1 The Transport Planning Society (TPS) aims to facilitate, develop and promote best practice in transport planning and provide a focus for dialogue between all those engaged in it, whatever their background or other professional affiliation. TPS was established, and continues to be supported by four professional societies with an interest in the subject: the Institute of Civil Engineers, the Chartered Institute of Logistics and Transport, the Chartered Institution of Highways and Transportation, and the Royal Town Planning Institute.
- 1.2 The TPS has over 1400 individual members and corporate membership which includes many of the major consultancies that undertake transport work. The TPS has developed the widely-recognised qualification of Transport Planning Professional, the only such qualification in the UK and internationally regarded as an exemplar.

2 TPS Perspective

- 2.1 The TPS conducts regular surveys of its members' views on major public policy issues in the field of transport planning, and these inform this response. The following broad and strongly held strands of opinion are particularly relevant to the present submission:
 - The recognition that transport needs and provision must be seen in the wider context of its economic, social and environmental impacts;
 - The crucial importance strategic sense of direction for efficient long-term planning and investment; and
 - The strong relationship of transport to spatial (land-use) planning.
- 2.2 The key issue underlying our response to the Housing White Paper (HWP) is how planning policies for housing drive travel demand:
 - a) Planning policies directly affect where new homes are built, and the travel thus generated, and indirectly influence the much larger volume of choices from within the existing stock;
 - b) Locational choices in the whole stock of housing are critical to the ability of the transport system to meet transport demands in environmentally and financially sustainable ways.
- 2.3 We therefore endorse the position set out in the National Planning Policy Framework regarding sustainable development: namely that the economic, social and environmental roles of planning '*... should not be undertaken in isolation, because they are mutually dependent. ... economic, social and environmental gains should be sought jointly and simultaneously through the planning system [which] should play an active role in guiding development to sustainable solutions.*' (NPPF para 8).

3 Key conclusions

- 3.1 Our focus is on the transport effects of the White Paper proposals, but transport and housing are both integral to spatial planning, and policies for each must support the other. In this response we draw attention to aspects of the HWP that seem to us to place major difficulties in the way of '*jointly and simultaneously*' handling the interactions of housing and transport aspects of spatial policy. We are deeply disappointed at the lack of a coherent vision that goes beyond housing numbers to include consideration of infrastructure and services needed to support sustainable urban forms and settlement patterns.

- 3.2 In summary our key conclusions are that in planning for housing the policy priorities should be:
- a) Plan the provision of new housing in terms of its effect on the capacity of the whole stock of housing to meet needs across income bands, family structures and age groups;
 - b) Secure powers and funding for local authorities and housing associations to provide for needs not met by private developers, from both new and the existing stock of homes;
 - c) Focus on the role of new housing in broader place-making, rather than as an objective to be pursued in isolation;
 - d) Support urban density, vitality and productivity by favouring brownfield sites and urban regeneration over greenfield development;
 - e) Favour development in locations that make good use of existing and planned transport networks, and minimise the need or preference to travel by unsustainable modes.
- 3.3 To achieve this, the spatial planning system should offer genuine incentives for provision of sustainable transport infrastructure and services, such as:
- a) Promoting the use of public transport accessibility and local walk and cycle catchments as the basis for permitting or refusing housing development (the tools are readily available to do this);
 - b) Limiting private car parking through national standards in both housing and centres of employment;
 - c) Setting broadband connectivity standards for new housing as well as existing settlements;
 - d) Applying sustainability tests to locations for all development (such as 'town centres first' for retailing);
 - e) Local governance changes should move towards ensuring that transport and land use planning responsibilities are held at the same spatial level (the same local authority or Combined Authority).
- 3.4 The main points are set out in the text which follows. The evidence base is set out in graphical form in an Annexe, for which the underlying data can be provided.

4 The White Paper's approach to the housing crisis

- 4.1 The White Paper adopts the same fundamental analysis as previous Governments over the decade since the 2007 Housing White Paper: the crisis in housing affordability is attributed to the failure of new construction to keep up with the projected increase in the number of households. The policy consequence is a drive to increase the volume of new home. As with its predecessors the provision of more land through the planning system is the principal mechanism, and private sector building for sale is the main agency for delivery.

5 Housing needs

- 5.1 This approach has a fundamental weakness: new homes form only about 10% of the annual volume of housing choices, and house prices are set by the 90% of market volume that consists of turnover of existing stock ('churn' – Annex Fig 7.1). The average price of new homes is therefore very similar to that for all houses (£299k vs £302k, ONS, England 2016 Q3), and this is very insensitive to the volume of new development¹.
- 5.2 The projected net increase in the number of households in England is 211,000 pa over the period 2011-2031 (DCLG, 2014-based). This is made up of three components (Annex Fig 5.1):
- 363,000 pa new households formed by those under 25 in 2011 (under 45 in 2031);

¹ HMT (2004) *Barker Report on Housing*. Fig 1.1 demonstrated that a 50% increase in new output (+70,000 houses at that time) would only 'price into the market an additional 5,000 households pa, and then only after 10 years building at that rate.

- 53,300 pa additional household formed by those 25-65 in 2011 (45-85 in 2031);
 - 206,000 pa fewer household formed by those 65+ in 2011 (85+ in 2031);
- 5.3 Thus the overwhelming majority of newly forming households are young. Most cannot afford to buy new homes (even 'Starter homes' and with assistance from 'Help to Buy'). Meanwhile very few social rented homes are being built and the existing stock continues to be sold off. The consequence is that newly-forming households depend mainly on the cheaper end of the existing stock: the average price paid by first time buyers (£226k) is well below the general level. There is thus a serious misalignment in terms of price between housing needs and what is being built, and as discussed below this extends also to numbers, tenures, and locations.
- 5.4 Since the 1980s provision of non-market housing has been much less than is needed to fill the gap. While losses of council housing through Right to Buy have been balanced by Registered Providers (mainly Housing Associations), the latter have been forced to charge near market rents and to build for sale at near market prices in order to maintain their levels of activity. While owner occupation has barely changed over the last decade, private renting has grown by 200,000 pa, and is becoming increasingly crucial to meeting the needs of newly-forming households, with implications that are commented on later.

6 Housing output

- 6.1 Local Plans are required by the National Planning Policy Framework (NPPF) to meet 'objectively assessed needs' (OAN), and a process for determining this is set out in Planning Policy Guidance (PPG). The requirement for a minimum of 5 years' worth of land to be 'readily available', and for local plans to look at least 10 years ahead, means a national pipeline of land for between 1 and 2 million homes must be identified (Annex Figs 5.1, 6.1). This is a minimum, since Planning Policy Guidance also encourages additions to OAN for a wide range of local factors. Since local planning policies generally prioritise use of urban brownfield land, the additional land to provide for OAN is necessarily mostly in the form of greenfield sites².
- 6.2 New permissions have exceeded starts by some 50,000 pa for the last decade, and land available in planning terms (allocated in Local Plans, or with permission) for some 900,000 homes is already held by major builders. However, in spite of this, actual output has been well below projected needs since 2007. The conclusion must be that such needs exceed effective demand (purchasers or tenants able to pay market prices). In essence the planning policy for housing provision, continued by the present HWP, requires a surplus of planned provision of land above the rate at which it can viably be developed.
- 6.3 An increasingly significant component of supply is provided by conversion of existing properties to residential use (Annex Fig 6.1). The effect, after allowing for demolitions, was a net gain some 25,000 dwellings in 2015/16, half of this by conversion of existing offices, mainly to private renting. The increasing importance of private renting of converted offices, to which normal space standards do not apply is a matter of concern in this regard³.

7 Housing choices and commuting

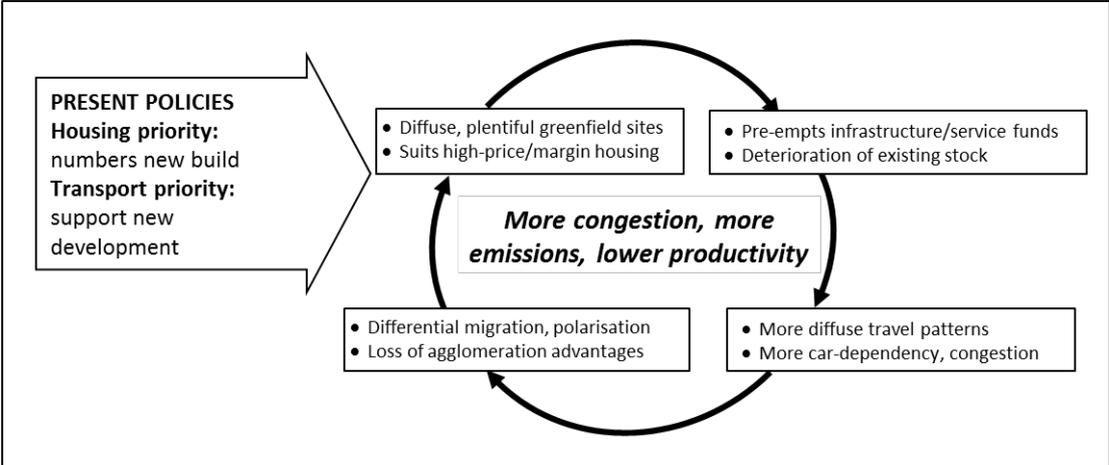
- 7.1 While the supply of land is driven by projected needs, effective demand for new homes has been around half of this level, and skewed towards existing occupiers. The average price paid by existing owner-occupiers (£369k, ONS, England 2016 Q3) is more than 20% higher than the general price level and over 60% higher than first time buyers, making the already housed the most attractive market.

² This is compounded by the PPG requirement for planned provision to be specifically identifiable in advance – often not feasible for brownfield land emerging through ongoing processes of urban change.

³ Guardian 27 March 2017: 'Dog kennel' flats in Barnet will be 40% smaller than Travelodge room

- 7.2 Thus the market incentive for builders is to choose from the surplus of land made available those sites that are most profitable to develop. These tend to be greenfield sites for dispersed small to medium sized developments of higher-priced housing, attractive to existing owner-occupiers trading up. Such developments add disproportionately to travel demand (particularly by car), and contributions from CIL or s106 agreements are seldom sufficient to meet the cumulative effect on traffic. The focus over the last decade on land for new housing has thus had a direct effect on both travel demand and the ability to meet this demand.
- 7.3 The direct effects of development on transport demand are limited by the fact that new homes form only about 10% of the total housing market (Annex Fig 7.1). The other 90% of housing choice is made up of transactions within the existing stock of homes ('churn'). Current planning practice is based on the proposition that sustainability in transport terms requires increases in employment in a housing market area to be matched by provision of new housing. In fact people balance their housing and employment needs through a combination of housing and commuting choices, and churn is ten times more important than new homes to the way in which this happens. This has important economic as well as transport implications:
- a) Churn is crucial to meeting the labour needs of local businesses: while higher paid workers can choose from both new and existing stock, most workers and the vast majority of newly-forming households depend on the churn of lower priced existing stock rather than new homes to meet their housing needs.
 - b) While net commuting (the difference between in- and out-commuting) will be reduced by matching the number of homes in an area with the number of jobs, the amount of traffic depends on gross commuting (the sum of in- and out-commuting). Gross commuting depends not just on relative numbers but also on the match between the nature of the whole stock of local housing and the nature of the whole range of local jobs.
- 7.4 Housing policies in the HWP effectively incentivise dispersed new development, diverting limited public resources and attention from renewal of infrastructure and services within existing settlements. This is particularly damaging to the housing choices available to new and lower-income households, who depend on buying or renting existing entry-level homes. The result is a vicious circle involving the whole housing stock. Thus housing policy focused on new development and transport policy focused on supporting new housing lead to more travel, more car dependency and a poorer range of housing choices for newly-forming households, as illustrated in Figure 1, with churn acting as a multiplier.

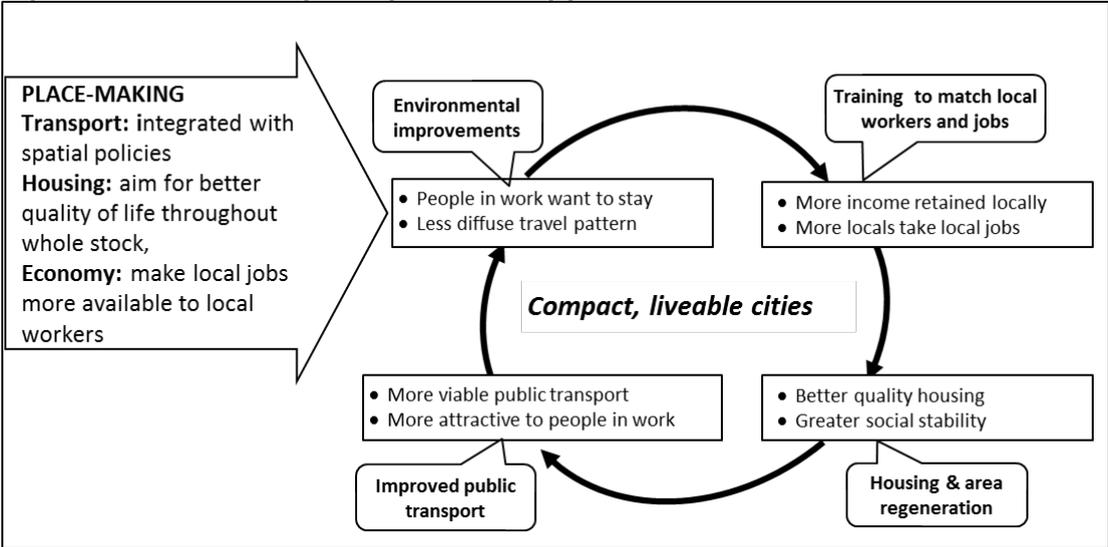
Figure 1: Effects of current housing and transport policies – a vicious circle



8 Housing, transport and jobs: place-making

- 8.1 Local economic prospects depend on a skilled and varied workforce, so people are central. Education and training help create skills but persuading people to stay (and attracting others from elsewhere) depends on the quality of life that is offered. This means more than merely an adequate number of houses: the capacity of a place to attract and retain people depends on having homes in places that enjoy environmental quality, secure social fabric, good services and reliable infrastructure, from neighbourhood level upwards. 'Place-making' – bringing these factors together, so that labour markets and quality of life offer each other mutual support, involves the whole housing stock⁴.
- 8.2 Transport that works with housing, environmental and economic development not only increases their effectiveness, but also helps address otherwise the intractable problem of growing travel demand, as shown in Figure 2. Transport thus has a crucial part to play in place-making, but the performance of the transport system itself is critically dependent on how well place-making is done. The concept of 'compact liveable cities' has been successful in these respects in several continental European countries.

Figure 2: Effects of integrated place-making policies – a virtuous circle



9 Effects on transport emissions

- 9.1 Some 70% of the increase in transport emissions over the last 40+ years has been the result of changes in average trip lengths and modal shift in favour of private vehicles, both strongly associated with changes in land-use (Annex Figs 9.1, 9.2). This is not just a matter of the location of new development: churn multiplies the scope for changed travel demand by a factor of 10⁵. Sustainable development is the prime purpose of NPPF, so it would be a matter of concern if the continuing emphasis on new housing volume was to weaken its delivery. This is, however, the very real danger demonstrated by the evidence discussed in the preceding sections of this response.
- 9.2 Most of the evidence relates to concerns CO₂ emissions and climate change, but output of other vehicle-based air pollutants, such as NO_x and particulates will follow the same causal chain, though with locally-focused rather than global impacts. The health effects have been thrown into stark relief by the exposure of diesel emissions testing fraud.

⁴ Until the 2007 HWP this was recognised in national planning guidance (PPS3: Housing, DCLG, 2006). The Government’s key housing policy aim was stated in terms of the whole stock: ‘to ensure that everyone has the opportunity of living in a decent home, which they can afford, in a community where they want to live.’

⁵ A Wenban-Smith (2017) *Land-use drivers of transport emissions – revisited*, ICE Transport **170(2)** pp 76-85

10 Responses to consultation questions

10.1 The HWP aims to increase the rate of new building by providing more land, and the consultation questions mostly assume the continuation of past policies. The analysis in this paper suggests that this is mistaken, so our responses are selective, and made in this context:

Questions 1-3: Plan-making

10.2 Allowing Combined Authorities to produce a single Spatial Development Strategy rather than several individual Local Plans is progress, but only applies to relatively few areas. Some Combined Authorities (eg West Midlands) do not have a devolved spatial planning power, already leading to disparate economic, housing and transport strategies. Many other strategic housing market areas are currently being planned piece-meal (eg Oxfordshire and Essex) and others are in need of a coherent overview at a larger scale (eg the London commuter belt).

Questions 4-11: Making enough land available in the right places

10.3 The proposals fail to address the crucial problem of deficient infrastructure and services. Realising the potential of spatial and transport planning for place-making will require a more strategic and supportive stance from Government as a whole.

10.4 We would like to see proposals for DCLG and DfT collaboration to replace the fragmented housing 'numbers game' with a clearer core case for negotiations between developers and local authorities, supported by clearer policies for developer contributions, for example:

- a) Highway Authorities seeking public transport provision have few levers at their disposal, but conventional highway impact assessments can easily lead to a series of junction improvements generating a more dispersed pattern of activity and greater road-dependency. TPS has pointed out elsewhere that 'de-agglomeration' can result.
- b) Guidance on access tends to assume typical car-dependent housing estates, and its application to public transport oriented schemes is laborious. The effect is to support the cumulative expansion of an unsustainable form of housing provision.

10.5 Economic appraisal guidance should value the agglomeration benefit of economic centres with high quality public transport networks, and stress the complementary benefits of resilient housing development patterns along key public transport axes. Funding mechanisms are needed for public transport schemes that open up brownfield land for development and facilitate increased density in existing communities where there is demand. Land-use and transport planning systems should provide mechanisms that can capture value uplift from increased connectivity.

10.6 'Whole stock' and 'place-making' perspectives on housing (as advocated in this response) would not only improve the alignment between the housing provision and housing needs, but also give transport planning a clear new sense of direction. Rather than hopelessly pursuing ever-increasing travel demands, and in the process adding to them ('predict and provide'), transport planning could be seen as a leading contributor to making places that are attractive, productive and sustainable ('decide and provide').

Questions 30-33: Affordable housing

10.7 The definition of affordable housing proposed (Question 31 and Box 4 of the consultation Annexe to the White Paper) lumps together social renting geared to local income levels (widely affordable) with housing to buy or rent discounted by 20% from local market prices (in many places affordable only to a small minority). Question 32 then proposes a 10% standard for provision, when in most places meeting genuine needs would require up to 50% (and in some areas even more). This compounds the misalignment of housing needs with policies for supply.

Questions 34, 35: Sustainable development and climate change

10.8 Question 34 suggests making paras 18-219 of NPPF "constitute the Government's view of what sustainable development means for the planning system in England". This does not include

para 7 (which lists the economic, social and environmental roles) or paragraph 8 (quoted earlier) which states *"These roles should not be undertaken in isolation, because they are mutually dependent. ... to achieve sustainable development, economic, social and environmental gains should be sought jointly and simultaneously through the planning system."* For the benefit of the Courts the Government should reaffirm these vital elements, not appear to relegate them.

Question 35

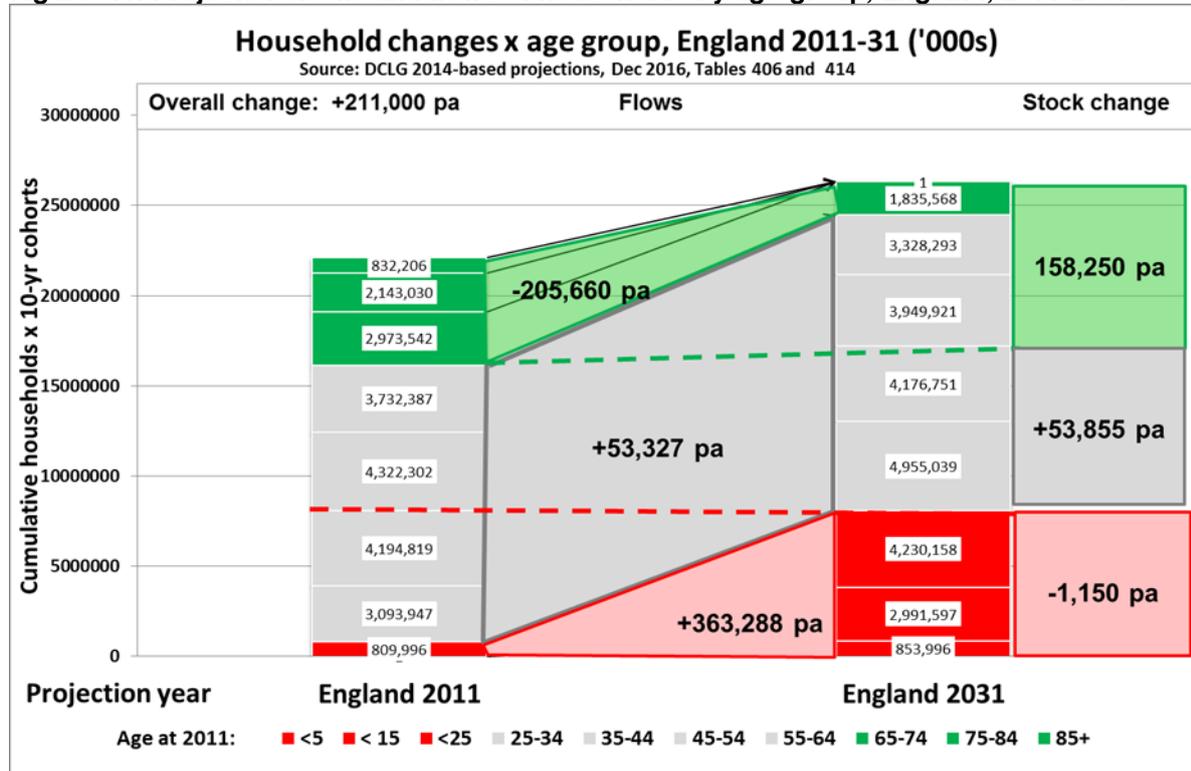
10.9 This proposes to include 'rising temperatures' into the factors to be addressed by climate change policies. We would support this.

Annexe – evidence base

Section 5: Housing needs

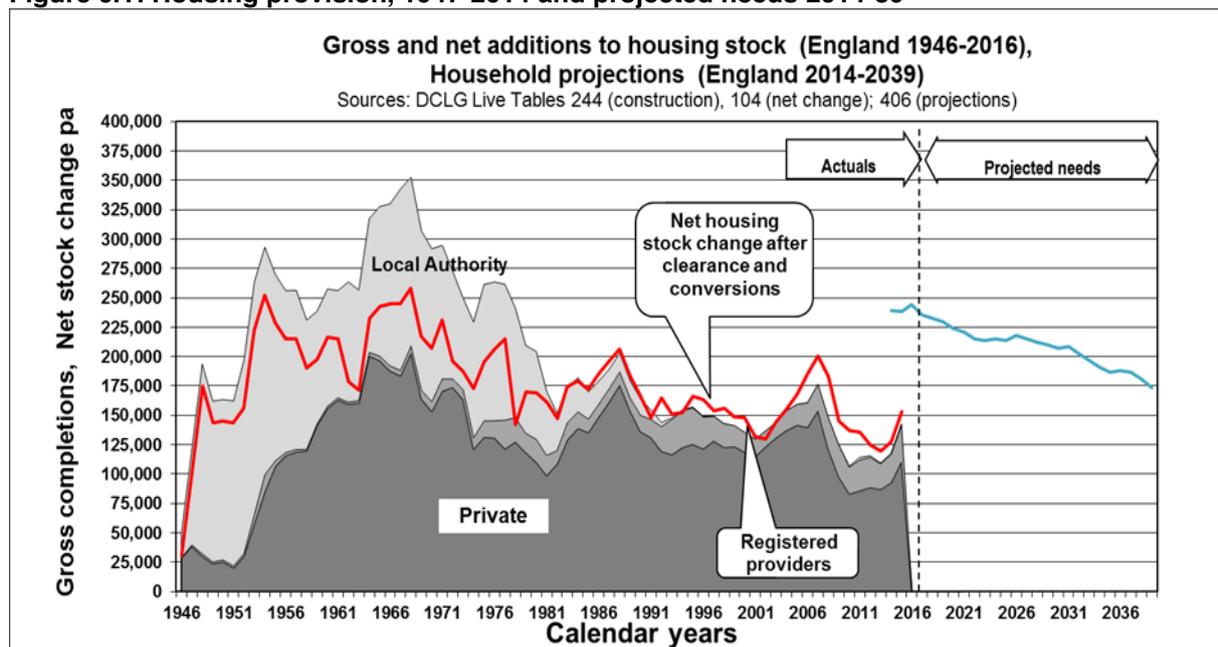
Figure 5.1 presents the current (2014-based) DCLG household projections as net change in the stock of households by age between the two dates; and as the annual flow of households by age group over the projection period.

Figure 5.1: Projected stocks and flows of households by age-group, England, 2011-2031



Section 6: Housing output

Figure 6.1: Housing provision, 1947-2014 and projected needs 2014-39



Section 7: Housing choices and commuting

Figure 7.1: Housing stocks and flows, England, 2006 and 2015

	2006	2015
1. Total housing stock, all tenures (m)	22.07	23.54
2. Private/owner-occupied housing (m)	15.05	14.71
3. Annual private sales (m)	1.22	0.919
4. Of which, new houses (m)	0.140	0.111
5. Annual sales as % of stock	8.11%	5.1%
6. New as % of all sales	11.5%	12.1%
7. Existing as % of all sales ('churn')	88.5%	87.9%

Sources: 1, 2 & 4 – Department of Communities & Local Government Housing Live Tables 104, 213, 244; 3 – Council of Mortgage Lenders/ONS; 5, 6 and 7 derived (5 = 3÷2; 6 = 4÷3; 7 = 100-6)

Section 9: Effects on transport emissions

Figure 9.1: CO₂ emissions from personal motorised travel 1970-2006 (MtCO₂)

Contributing factor	1970	2006	Increase (MtCO ₂)	Comments
1. Personal travel by car (bn pass-km)	297	692		
2. Fuel efficiency (l/100km)	10	8.8	-8.4	11% efficiency gain
3. Vehicle occupancy	1.83	1.65	7.0	10% lower occupancy
4. Population (m)	54.4	58.8	2.7	8% increase
5. Trips/head pa	956	1053	4.1	12% increase
6. Mode shift (% private)	78%	88%	10.9 ²	109% more car travel
7. Trip length (km)	7.5	11.1	16.3	48% increase
Increase in car emissions from above factors			32.6	
8. Total emissions	30.7 ¹	69.9	39.2 ³	

Sources: Transport Statistics for Great Britain (2007); Office of National Statistics;

Note 1: Assumes ratio of CO₂ output to fuel used constant at 2006 values

Note 2: assumes average energy efficiency/passenger km of cars is 70% that of public transport

Note 3: Total emissions increase (39.2 MtCO₂) is more than explained by factors listed (32.6 MtCO₂)

Figure 9.2: trends in travel 1972/3-2014

