Coalition of the Willing: The Shape of Urban Growth in England post Crisis

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Background

- Growing support, if not consensus, on need to build more housing
- Demand side ‘fixed’, but supply constraints more intractable
- Any serious drive to increase supply will need to focus on key areas of opportunity – but where?
- Balancing need/demand, capacity, leverage, and political will.

Policy Levers

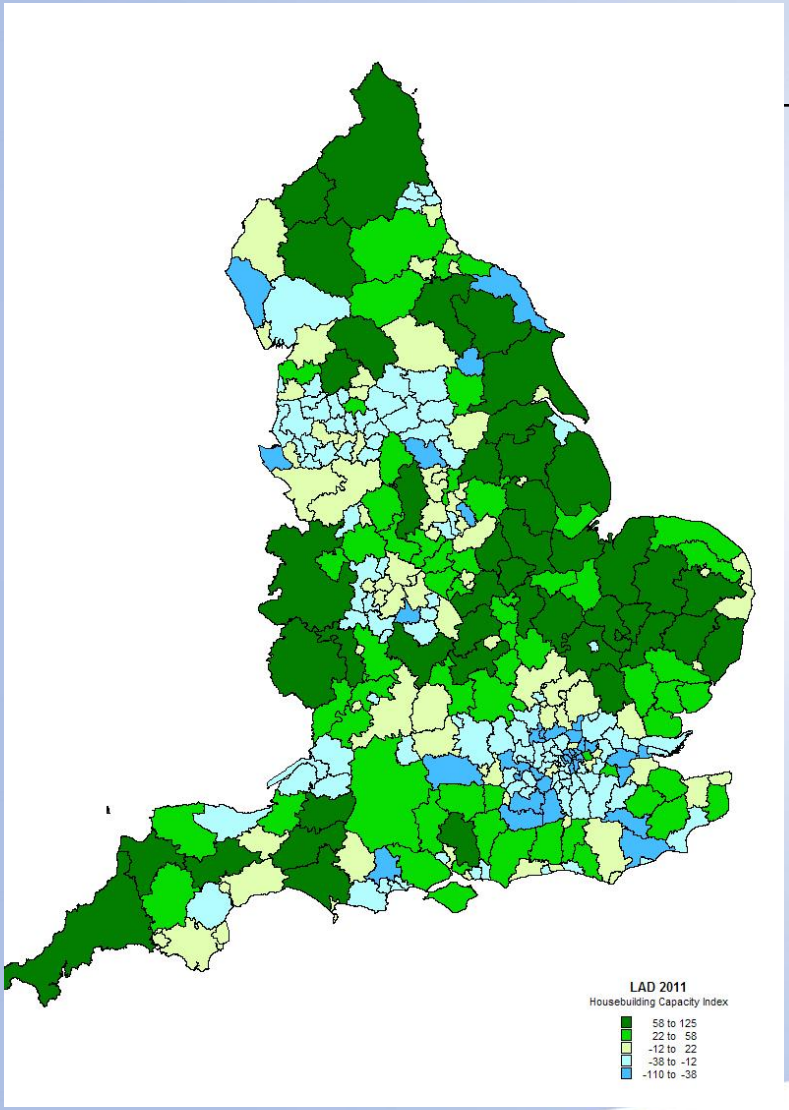
- Planning numbers – NPPG & SHMAs
- Land availability – SHLAAs & 5 yr supply
- Incentives – CIL, s.106, NHB
- Public investment – afford hsg & infrastructure
- Local sentiment – some shift but still mismatch
- Land ownership & takeup – still pushing string
- Development vehicles e.g. Dev Corps (with CPO powers & modified compensation rules)
- Sub-regional focus – ‘Duty to Cooperate’ vs ‘Right to Grow’

Key Dimensions of Potential

- **Capacity** – land (bf & gf), constraints (BUA, GB, AONB, NP), density, location/access, [topography, flood risk, etc]
- **Demand** – demographics, prices/rents, afford’y, employment
- **Planning Stance** – land avail & other proxies
- **Current Performance** – consents, completions, NHB
- **Local Sentiment** – BSAS surveys & predictions

- Measured initially by index of simple sum of z-scores

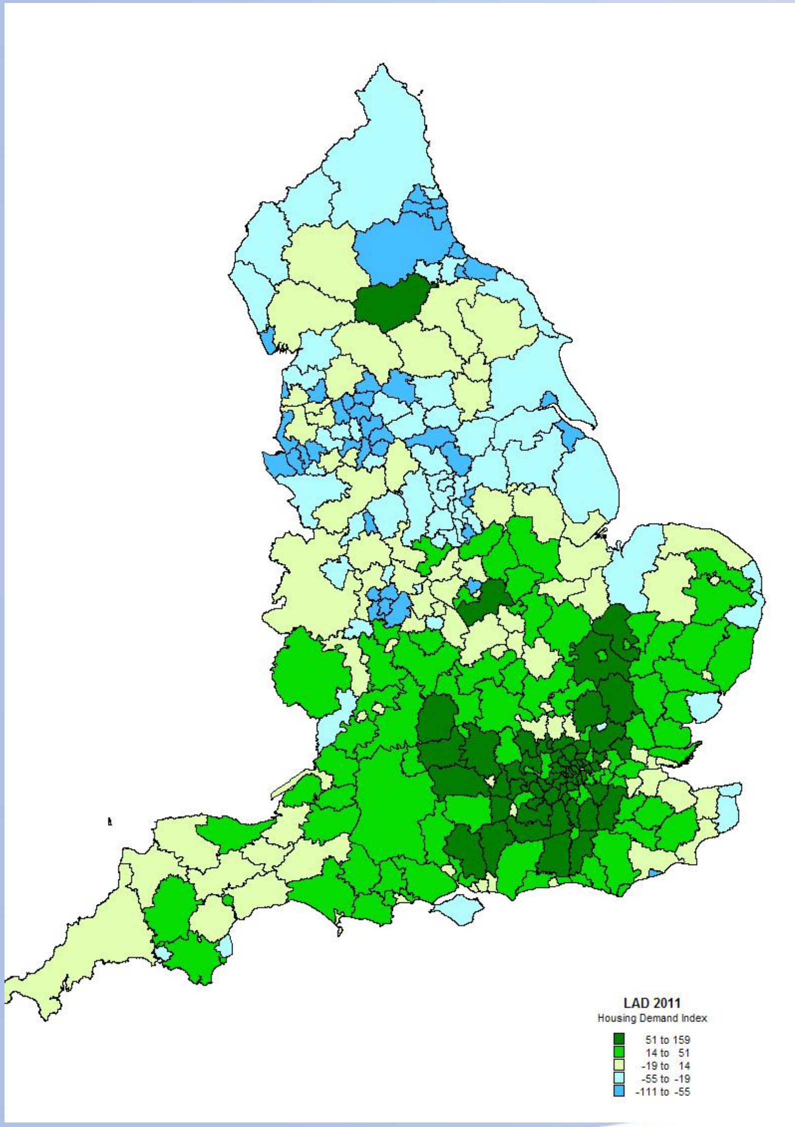
Housebuilding Capacity



- Greater in more rural areas
- Esp in East, far West & Nth
- Low around London, rising at edge of Gtr SE

- Indicators incl % green land, sparsity, area, unconstrained (not GB, AONB, NP, BUA), - density, vac urban land

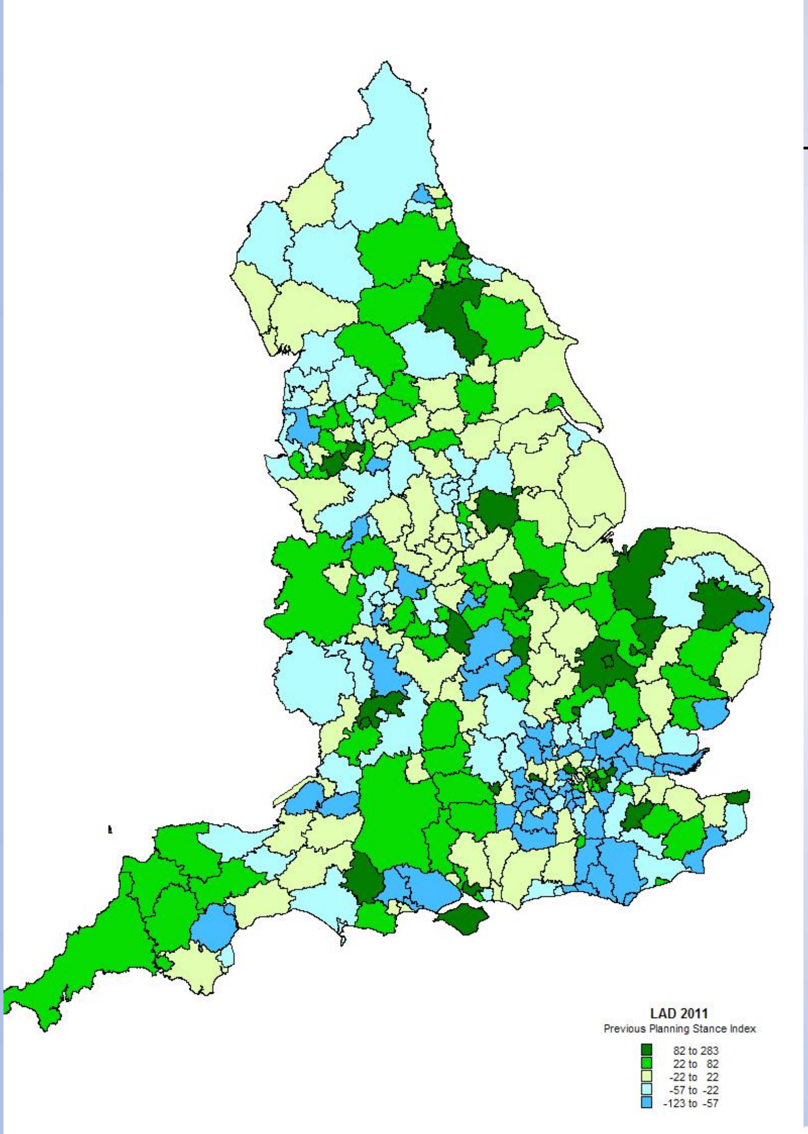
Housebuilding Demand



- Greatest in London, & adjacent areas esp to West
- High thru most of south
- Low in W Mids, N Mids, & most of North

- Indicators incl act & projected hshld growth, house prices, afford'y (HPIR) earnings, income, concealed hshlds, job growth, employ rate, -unemp, -IMD, - Vac's - dist from London

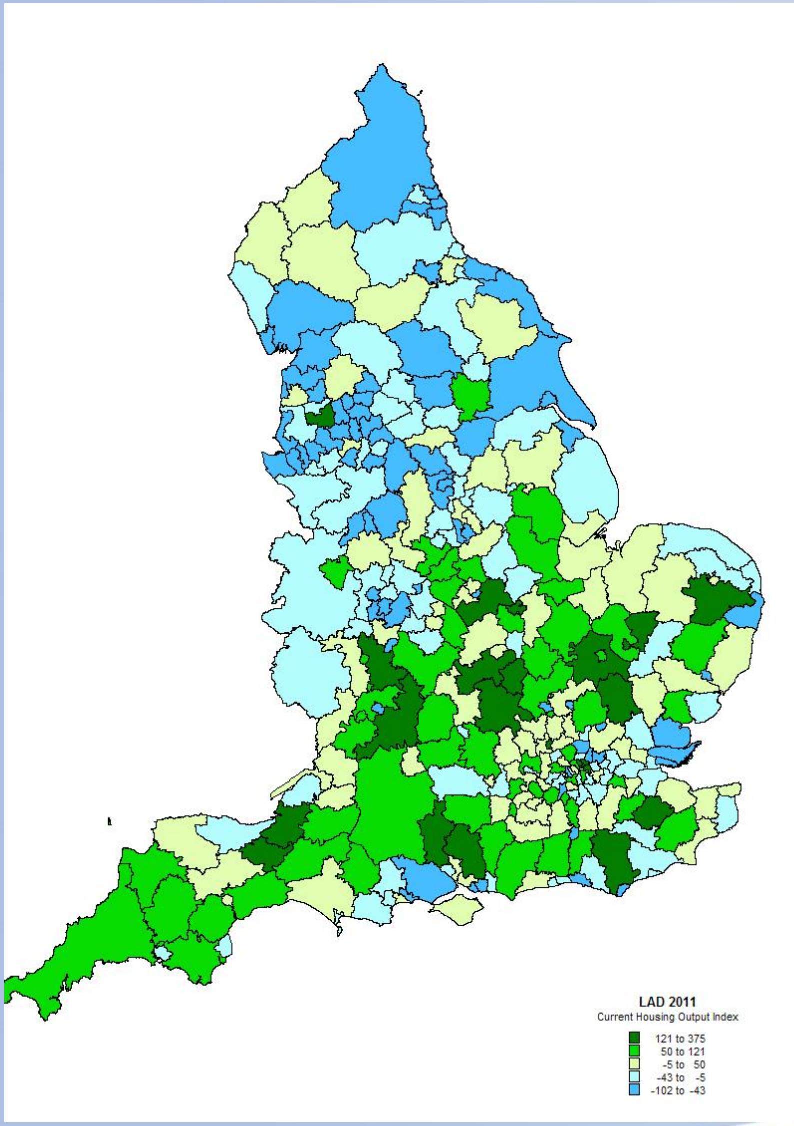
Previous Planning Stance



- Scatter of areas
- A few in London
- Low around London
- More in East, rural West
- South Midlands
- Rural North
- Established growth areas

- Indicators incl stock p p’s, soc comps, land avail, 5 yr supply, % approval rate,
  -small sites, change in target 2010-12

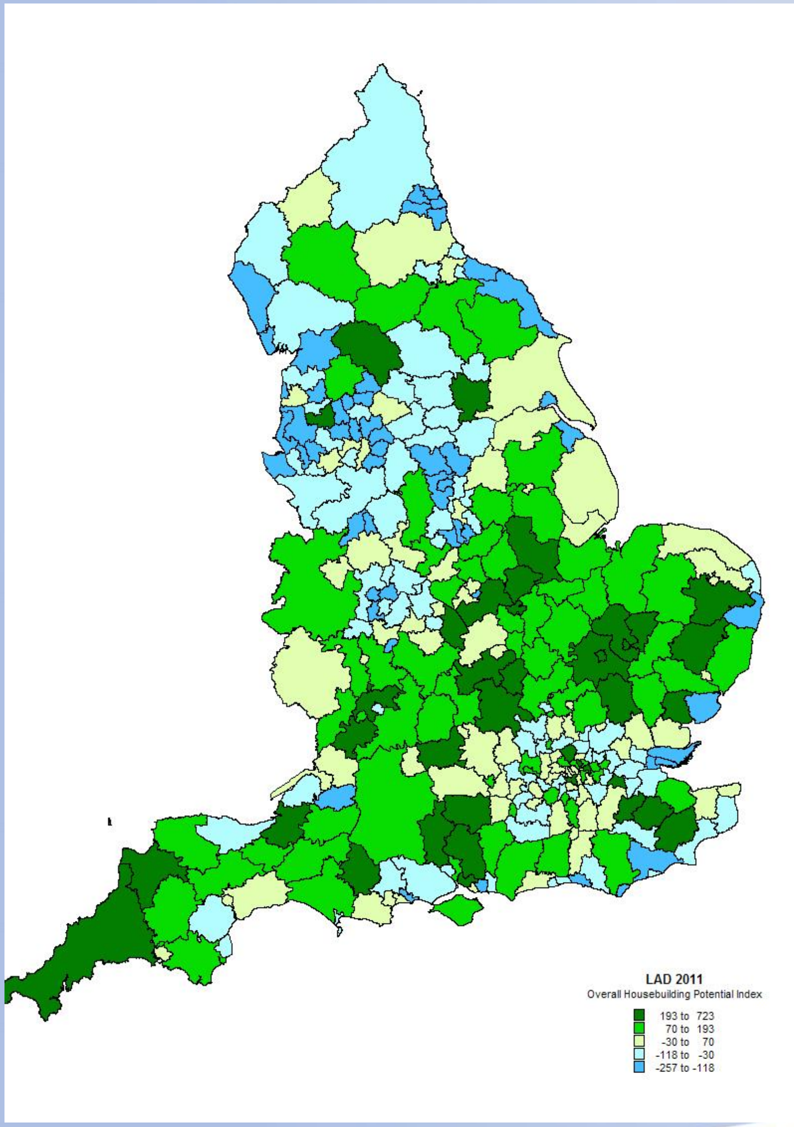
Current Output



- Greater in areas of south combining high demand & capacity (rural)
- Established growth areas
- Some in London, few in OMA
- Gtr S E

- Indicators incl priv & soc completions, flow of permissions, NHB grant

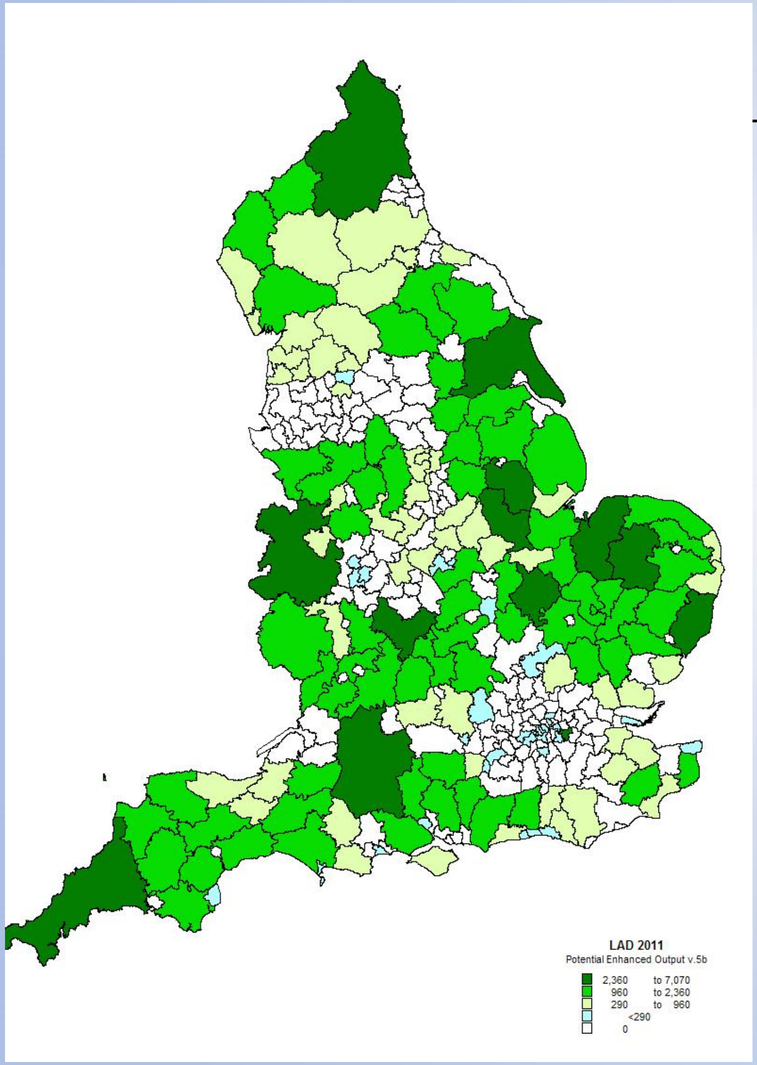
Overall Potential



- Similar to previous
- London core, Gtr S E
- Quite rural

- Combining previous 4

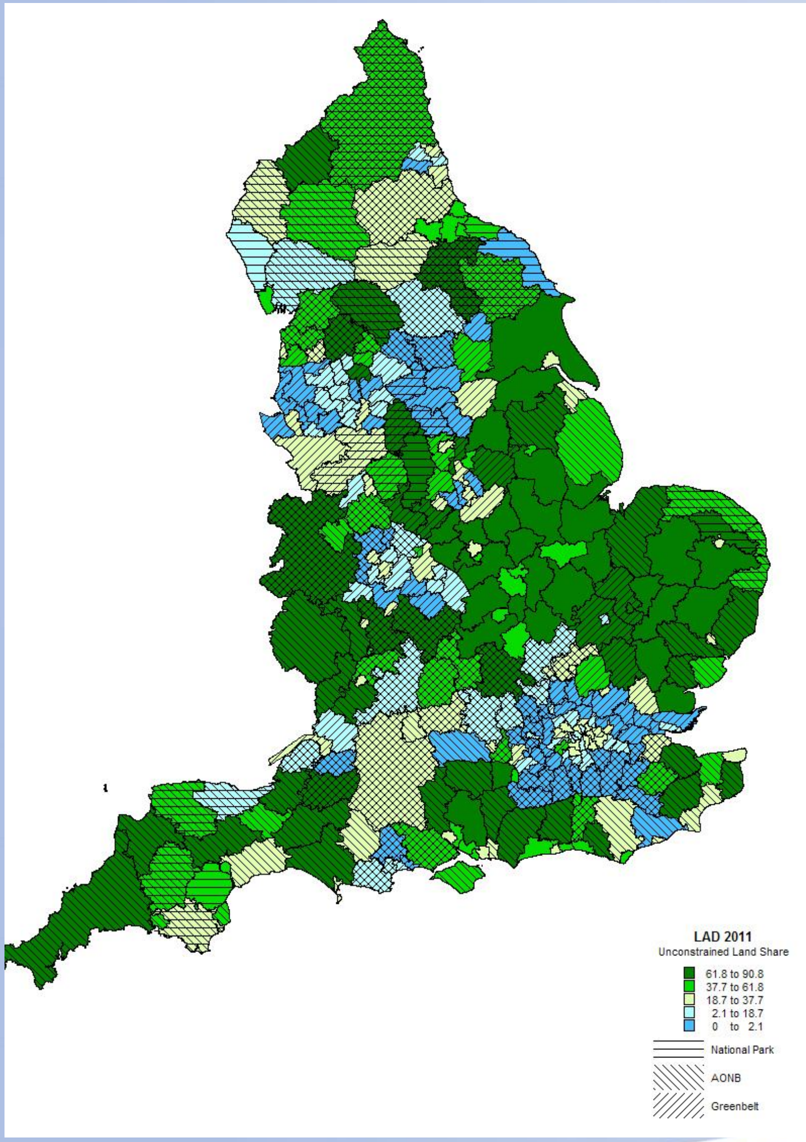
Scale of Extra Output 1



- This model captures Gtr S E phenomenon
- But too much emph on remoter rural incl far W & N

- Based on detailed b/f & g/f capacity calcs & previous indicators + sentiment
- Algorithm needs to be modified!

Unconstrained Land



- Similar to first map, but shows nature of constraints
- Key role of Green Belt around London, Bristol, B'ham etc.
- Arguably politicians need to bite this bullet

- Based on detailed b/f & g/f capacity calcs &
- Overlaid with 3 types of constraint

Capacity + Potential Quantifying Extra Output

- Separate estimates for brownfield & greenfield
- B/f based on GLUD ‘other/unclass’ or NLUD vacant/derel land, bldgs hsg capacity– 20 yr buildout – deduct existing b/f output.
- G/f based on GLUD ‘green’ – GB, AONB, NP; develop at 0.1% pa (2% over 20 yr); 15 dwg/ha gross; discount for remoter rural & lower demand; take excess over current non-pdl output
- Overlay with potential, capacity, demand, stance, sentiment indices – exclude if too negative
- Gives 81 LAs, extra output of 29,100+37,600=52,100 (+180%)
- Second tranche of SE & GL LAs, giving 14 extra, 10,250

NPPG / SHMA criteria of adequacy

- New Practice Guidance identifies range of indicators
- Plan target vs household projections (which? circularity?)
- Employment growth vs workforce (good motivator?)
- Market signals – prices, rents, affordability (which benchmarks?)
- Housing needs – overcrowding, concealed hshlds, homelessness
- Supposed to test at HMA level

Will these highlight the right areas?

- Tested these on current data
- Quite a lot of issues about thresholds & benchmarks e.g. price levels
- Low correlation between indicators, and also with areas earlier identified with capacity & potential
- Only 1 LA scores on 4/6, 28 on 3/6, 74 on 2/6, but 132 on 1/6 (only 91 score on none – a bit undiscriminating?)
- Of those scoring 2+, only 25 overlap with high capac & potl list, with another 41 overlapping with 1 score
- These groups of LAs have capacity to add 25,000 each to annual housing completions

NPPG-identified with high capacity & potential

LA Name	nppgscore6	nppgcode6	ExtraOP	Demand	Sentiment	GOR
Hillingdon	3	100101	561	47	-2.8%	GL
Cornwall	2	110000	4707	-2	9.9%	SW
Greenwich	2	101	2385	23	-2.2%	GL
Wiltshire	2	110000	2115	19	-3.5%	SW
Huntingdonshire	2	100010	1539	39	-3.5%	EE
Suffolk Coastal	2	110000	1385	40	-5.2%	EE
Barking and Dagenham	2	101	1203	2	4.7%	GL
Chichester	2	110000	1178	25	-3.3%	SE
Mid Suffolk	2	110000	1093	38	4.3%	EE
Newham	2	101	1048	61	-6.2%	GL
South Holland	2	100010	950	7	9.0%	EM
Mendip	2	110000	886	22	0.3%	SW
Babergh	2	110000	789	18	0.2%	EE
Mid Devon	2	110000	774	11	9.3%	SW

Top half of list of 25 2+ NPPG criteria showing extra output, NPPG criteria, demand index, and sentiment (majority for development) Most of these have enough demand & enough potential political support. Total extra output 26,250

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Similar Group 1 NPPG

East Riding of Yorkshire	1	100000	2446	-24	4.4%	YH
North Kesteven	1	100000	1331	12	8.6%	EM
South Somerset	1	10000	1295	2	-1.8%	SW
Stratford-on-Avon	1	100000	1184	30	5.2%	WM
Uttlesford	1	10000	1012	77	10.6%	EE
St Edmundsbury	1	10000	963	39	-6.5%	EE
East Cambridgeshire	1	100000	932	72	7.7%	EE
Newark and Sherwood	1	10	918	-16	20.3%	EM
South Cambridgeshire	1	10000	900	83	3.9%	EE
Wychavon	1	100000	895	30	-0.4%	WM
Winchester	1	100000	786	56	-0.5%	SE
Braintree	1	100000	774	19	-2.4%	EE
Aylesbury Vale	1	10000	769	44	-7.0%	SE
Cherwell	1	10000	756	37	-5.8%	SE

Top third of next group with 1 NPPG criterion, high demand & potential
Total of 41 LAs, 25,500 extra output; mostly have enough demand & support; includes some recognised growth areas

Not NPPG-identified, but with high capacity & potential

Shropshire	0	0	1482	-5	14.2%	WM
Breckland	0	0	1460	2	5.8%	EE
South Kesteven	0	0	1379	15	6.6%	EM
North Lincolnshire	0	0	1139	-25	13.6%	YH
South Norfolk	0	0	1060	30	9.7%	EE
West Dorset	0	0	955	34	2.3%	SW
Harborough	0	0	796	59	11.5%	EM
Ashford	0	0	646	29	-7.7%	SE
East Northamptonshire	0	0	641	18	15.0%	EM
Test Valley	0	0	615	26	-3.5%	SE
Bedford	0	0	605	7	-2.3%	EE
North Devon	0	0	590	11	-1.8%	SW
Stroud	0	0	568	20	-1.2%	SW

Top part of list of 32 with capacity & high overall potential, but not NPPG identif; showing extra output demand index, and sentiment (majority for development). Most of these have enough demand & support. Quite rural list. Total extra output 18,000

Totals with capacity & potential by region & supergroup

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	Cities & Services	London Suburbs	London Cosmo	Prospering UK	Coast & Country	Mining & Manuf	Totals
Yorks & Humb	0	0	0	3,301	337	1,139	4,777
Nth West	0	0	0	178	725	0	903
E Mids	0	0	0	10,134	0	149	10,282
W Mids	0	0	0	4,026	1,482	464	5,972
Sth West	139	0	0	8,189	8,796	0	17,123
East Eng	0	0	0	15,452	612	0	16,065
Sth East	11	0	0	7,642	1,509	364	9,526
G London	1,765	2,385	1,053	0	0	0	5,218
Total	1,914	2,385	1,053	48,922	13,461	2,115	69,866

Most potential in SW & EE; some in EM, SE, GL;
Most in ‘prospering UK’ & rural.
Total extra output 70,000

To (boldly) go further

- You would have to start using Green Belt
- This is politically difficult, but…
- Could be achieved through ‘Green Belt swaps’, where total area is not reduced
- G B land can be classified by landscape quality and contributions to environmental & recreational values
- G B tends to be closer to main urban centres with greatest demand & need, so land release there would have more leverage on affordability
- This would arguably be more sustainable in terms of travel, compared with building a lot in more rural areas further from cities

Green Belt scenario

- Select areas not already identified, with higher demand, accessible to major centres (<25km)
- Take 1% of G B per year (20% over 20 yr), @ 15 dwg/ha
- This identifies 20 LAs which infringe 3 or more NPPG criteria
- Extra output of 25,000 generated from these.
- All in London & SE (Home counties).
- Would have a lot of leverage on affordability in worst areas
- Only snag is that sentiment in these areas is overwhelmingly negative – in 2010 the average majority was 26% against development; only 3 less than 15% against. (Sentiment has shifted positively since 2010, but not *that* much)

Green Belt Areas with NPPG 3+ criteria

PS2Name	nppgscore6	nppgcode6	ExtraOP	Demand	Stance	CurrOP	Sentiment	GOR	llasupergrp no
Kingston upon Thames	4	110101	96	129	-86	-52	-4.7%	10	1
Sutton	3	100101	93	40	-92	-29	-10.7%	10	1
Ealing	3	100101	50	76	-76	53	-14.4%	10	2
Hounslow	3	100101	183	84	-27	-6	-21.6%	10	2
Hertsmere	3	110100	1206	58	-116	18	-23.7%	8	5
Elmbridge	3	110100	842	106	-28	66	-24.3%	9	5
Harrow	3	100101	164	83	-3	-26	-25.3%	10	2
Croydon	3	100101	347	32	-14	-11	-25.9%	10	2
South Bucks	3	110100	1833	112	0	77	-26.7%	9	5
Mole Valley	3	110100	2949	82	16	1	-26.8%	9	5
Enfield	3	100101	452	55	-61	-63	-26.9%	10	2
Reigate and Banstead	3	110100	1320	89	-54	95	-27.0%	9	5
Redbridge	3	100101	311	59	-66	-55	-29.3%	10	2
Tandridge	3	110100	3492	80	-59	26	-30.2%	9	5
Runnymede	3	110100	921	69	-63	89	-31.2%	9	5
Sevenoaks	3	110100	5157	55	-38	22	-31.5%	9	5
Brentwood	3	111000	2063	68	-63	-1	-31.5%	8	5
Woking	3	110100	603	65	-11	30	-33.0%	9	5
Chiltern	3	110100	2606	59	-88	-4	-33.8%	9	5
Epsom and Ewell	3	110100	234	92	-67	88	-37.0%	9	5

Modelling Impacts

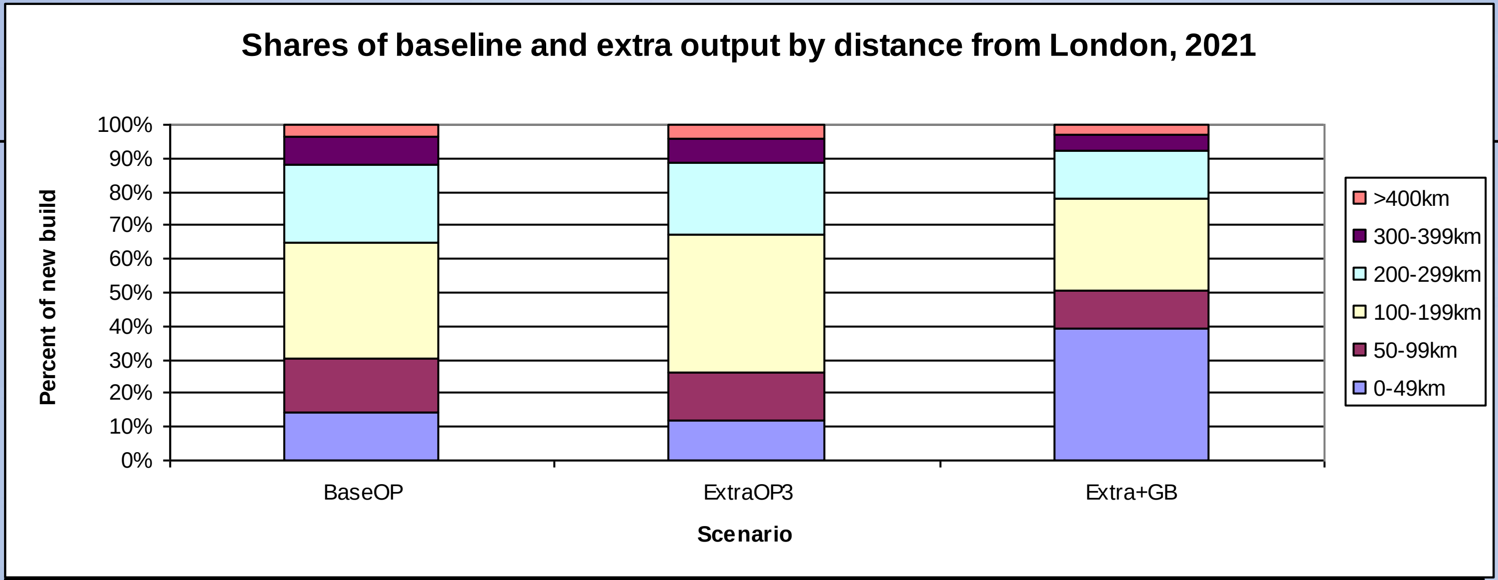
- It is possible to model the impacts of these targeted supply scenarios on key outcomes such as affordability
- We use a sub-regional housing market model developed in research for NHPAU, Gloucestershire and subsequently
- Model runs for 102 HMAs across England
- Aggregate 4 tranches of additional output to HMA level & adjust planning permissions flow parameter to achieve each in turn

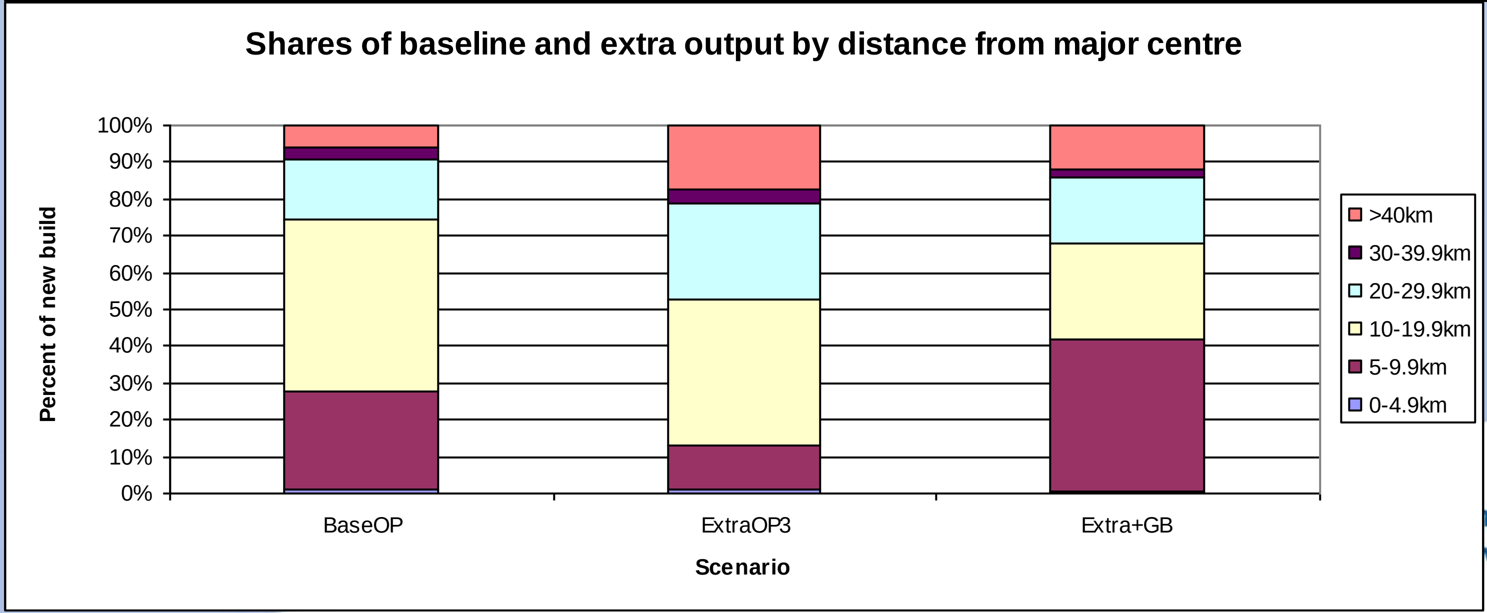
Regional Impacts of Extra 55,000 & 85,000 new build

Region	Output % Tr 1-3 2021	Output % Tr 1-3 2031	Output % inc Grn Blt 2031
NE	-2.1%	-1.3%	-2.8%
YH	25.2%	18.2%	15.4%
NW	7.8%	4.7%	2.8%
EM	26.3%	15.5%	13.8%
WM	43.7%	31.3%	29.7%
SW	57.3%	35.5%	33.9%
EE	41.4%	29.7%	33.3%
SE	30.5%	24.1%	22.4%
GL	23.2%	20.1%	104.7%
England	32.8%	21.7%	23.4%

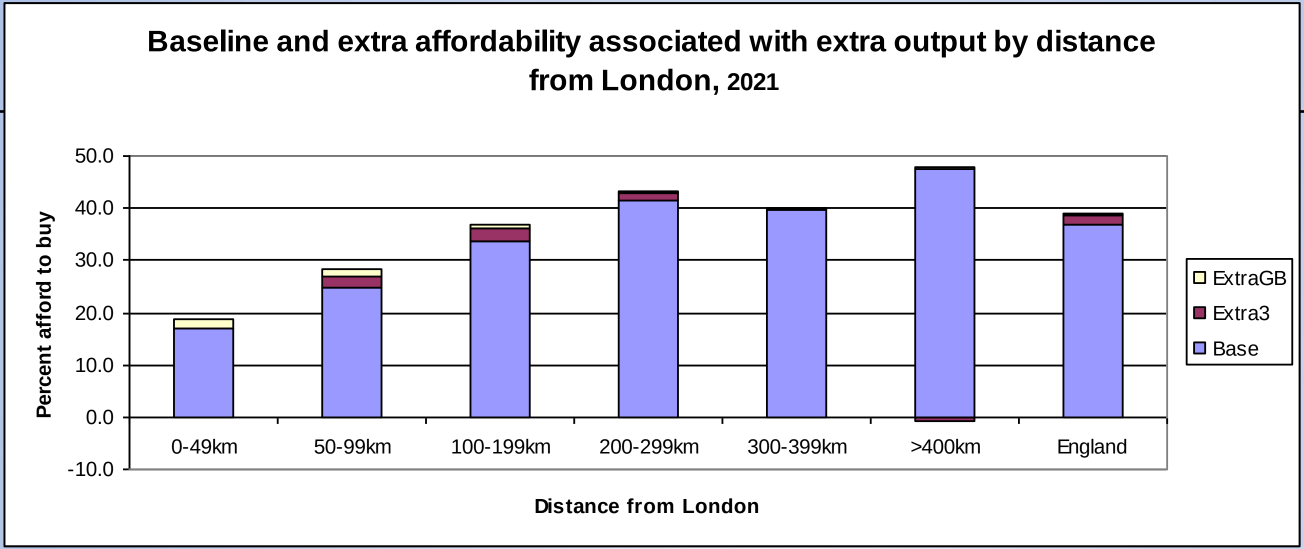
Region	Affordy % Tr 1-3 2021	Affordt % Tr 1-3 2031	Affordy % inc Grn Blt 2031
NE	-1.2%	-4.9%	-4.3%
YH	2.4%	0.1%	0.7%
NW	-0.2%	-2.8%	-2.4%
EM	3.5%	3.2%	3.9%
WM	5.0%	5.6%	6.6%
SW	12.1%	15.9%	16.6%
EE	11.0%	13.5%	17.1%
SE	5.2%	5.1%	7.7%
GL	1.1%	0.1%	7.6%
England	4.6%	4.3%	5.4%

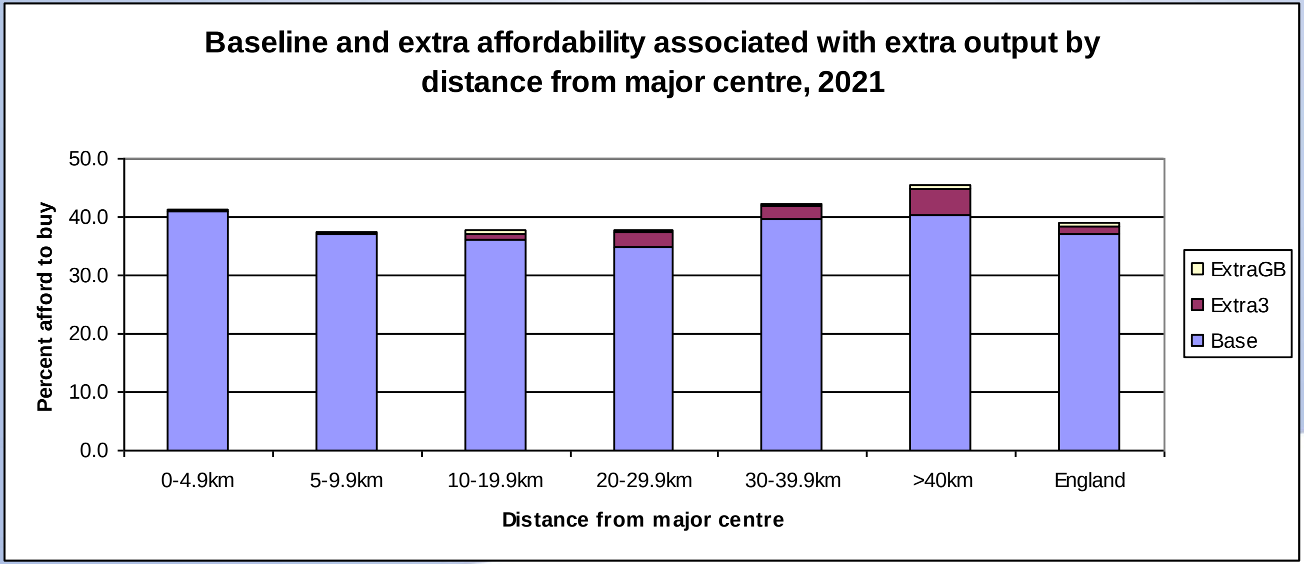
Location of existing and extra output – without & with Green Belt





Affordability impacts by location





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