

Public Memorandum

Friday 19th July 2024

Dear Minister,

HOUSING POLICY OPPORTUNITIES

I am writing as chair of a Commission convened by Radix Big Tent, supported by law firm Shoosmiths, established with the aim of proposing fresh, practical solutions to the housing challenges in England. The Commissioners are drawn from across the public, private and voluntary sectors and this memorandum is very much the result of team work. Given the recent election and the clear intent of the new Government to move rapidly in this policy area, we are keen to share some of the early insights of the Commissioners with you and your team as you seek to tackle the complex set of challenges around housing in the UK. The Commission will produce a full report in the autumn.

It is now twenty years since a previous Labour government commissioned me to lead a Review of UK Housing Supply. Despite unusually strong support from many in the sector, a recent review by the Home Builders Federation (HBF) showed that only eleven of the 36 recommendations made then are currently in place, with a further ten having been only partially implemented and five having been implemented and then reversed. Sadly, most indicators of housing market health are worse today than they were twenty years ago. In particular, there has been a failure to link new housing with infrastructure delivery and also, since the financial crisis, a further decline in the supply of new social rent homes.

The abolition of the National Housing and Planning Advice Unit (NHPAU) and its regular review of the market is particularly frustrating as this was having a positive impact.

A key lesson twenty years on is that whilst most of the original Review's recommendations enjoyed broad support, there was fractured and inconsistent ownership around implementation. Too often, policies fell into a battleground between government departments rather than benefitting from strategic leadership focussed on delivery.

As you are well aware, it is critical to recognise that housing is a complex ecosystem, where well-intended interventions in one area can often have unintended and significant negative consequences. As a first urgent step on your journey, we therefore urge you to create a structure to:

- Oversee effective cross-government collaboration;

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- Provide the coherence, clarity and consistency that will encourage the development industry and attract investment where it is required;
- Ensure the full implementation of agreed policies.

We also believe that strategic planning is an effective tool for creating the right environment for growth and building investor confidence, although other aspects of the planning system can be perceived primarily as a risk and a barrier.

The initial recommendations agreed by the Commission are set out below and we would welcome the chance to discuss these in more detail:

IMPLEMENTATION

- **Take a two-stage approach to housing policy reform:** initially focus on policies to end the worst of the 'permacrisis', establishing the principle of a stable framework, which will allow bolder choices in the later part of the first term and lay a sound foundation for the following five years.
- **Reinstate the National Housing and Planning Advice Unit (NHPAU) as soon as possible:** Whilst the current 'standard method' for establishing housing targets should be retained in the short term to facilitate a speedy completion of current local plan reviews, the NHPAU should be re-instated in the longer term to develop a more robust approach to housing targets. These should be mandated at the strategic level and distributed to each local planning authority through the strategic planning process.
- **Establish a cross-departmental Implementation Unit at the Cabinet Office** that has the strategic leadership responsibility and ability to ensure policies are fully adopted across government departments. This practical co-ordination will be key to achieving economic growth and housing delivery targets, while contributing effectively to net zero priorities and infrastructure integration.
- **Enable the Implementation Unit to work with key stakeholders in the housing ecosystem.** For example, it should be able to engage with the Bank of England and financial and utility regulators, given their critical roles in the mortgage market, risk management and infrastructure delivery.
- **Stress the importance of rental tenures to the wider housing mix.** In the past, renting has too often been perceived as a 'second-class' tenure and policies have prioritised home ownership. Both institutional and private landlords have a critical role in the housing market and their concerns need to be heard.
- **Establish a cross-party accord on housing,** which recognises that four decades of 'permacrisis' around housing delivery and affordability is unlikely to be reversed in a single Parliament. New and innovative strategy and policies need time to prove that

they are effective. As the new government is doing elsewhere, bring in external expertise to develop and support innovation.

FUNDING

- **Streamline existing funding pots and processes.** With stringent budgetary constraints, every opportunity to improve the efficiency of how existing funding is administered should be taken. In particular, the Government could replace the wasteful and divisive short-term competitive funding model for small pots with longerterm, needs-based funding formulae. The transition to greater devolution offers a significant opportunity to better align and consolidate existing funding pots at national, regional and local levels.
- **Recognise the critical role of institutional investment into housing.** There are untapped pools of institutional finance which would be deployed in the English housing market given a more stable policy environment, including longer term rent settlements for registered providers. A level playing field for tax, and clarity of vision about the delivery of future developments, will best deliver affordable housing requirements to high standards, alongside well-run rental stock. It may nevertheless prove difficult to drive up social rent supply, in particular, without increased government subsidy when the fiscal situation permits.
- **Enable public land to be used more effectively for housing.** This should include modernising the legislation and General Consent orders for local and combined authorities, Homes England and other public bodies to ensure 'best consideration' achieves the optimal use of public land, reflecting policy requirements such as for housing with below-market rents and for key workers.
- **Reform the current system of developer contributions through S106 and CIL,** with a particular goal to deliver more affordable housing, instead of implementing the proposed Infrastructure Levy.

PLANNING

- **Restore a more effective mandatory approach to Strategic Planning at the subregional/city region scale to support the plan-led system.** Planning should be a lever to enable and maximise investment and manage risk.
- **Use planners for spatial planning rather than focusing almost exclusively on regulatory development management functions.** Strategic plans should serve as strategic investment frameworks to set (mandatory) local plan targets, review green belts and identify other economic and infrastructure priorities. Local plans can then focus on more detailed, place-shaping priorities and allocating sites.

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- **Establish a new strategic planning team within MHCLG** that can work across other teams within the Department, especially the Cities and Local Growth team dealing with devolution, and with other departments (via our suggested Cabinet Office Implementation Unit).
- **Establish a comprehensive network of spatial planning teams** in each combined authority, county and amalgamation of unitary authorities (a possible approach would be to use the 48 Local Nature Recovery Strategy geographies). These teams should boost skills, capacity and resources across all planning teams and aim to integrate across the wider functions of local government (e.g. economic development, infrastructure, regeneration, climate change).
- **Significantly boost the supply of small and medium sites and delivery by SME and community-led developers**, particularly those within the 50-200 homes range, which offer a key opportunity to diversify the market, and get more completions built out. A more permissive approach to SMEs could be introduced through specific amendments to the NPPF (and LURA proposed NDMPs), which includes by-passing the site allocation process in local plans and more support via Permission in Principle. Recent changes to introduce a more permissive approach for community-led development in the NPPF could be expanded.
- **Commission an independent review of the Metropolitan Green Belt:** In recognition of the continuing importance that London and the South East will play in supporting growth, as well as the complex planning responsibilities across the MGB, an independent review should be commissioned urgently to consider where the strategic opportunities are for growth, including the potential for new or expanded towns.
- **Rethink the role of Homes England as a master developer potentially working with Development Corporations.** Combined with Homes England CPO powers, this would help tackle land value constraints and deliver the infrastructure and social housing needed; it would bring more sites to market at a quicker pace and speed up the rate of house building within a controlled environment, especially as it could also boost the land supply for SME builders.
- **Recognise the evolution beyond costly 'fabric first' retrofit** and support strategic programmes that can already deliver sustainability improvements and energy savings at lower cost.

I hope that these early insights from the Radix Big Tent Housing Commission are helpful, ahead of our final report. We are very much aware of, and applaud, the Government's desire to hit the ground the running to address the housing shortage. We want our final report to be helpful in this regard and I know that the Commissioners will be happy to

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continue to work with the Department to turn these and our further suggestions into practical actions. Yours etc,

Dame Kate Barker

Chair, Radix Big Tent Housing Commission

On behalf of Commission members:

Dame Kate Barker CBE (chair), chair of the 2004 'Barker Review' on Housing Supply and the subsequent review on Land Use Planning (2006); author of Housing: Where's the Plan (2014) and former member of the National Infrastructure Commission

Lord Richard Best, social housing leader and member of House of Lords Built Environment Committee

Richard Blyth, head of policy at the Royal Town Planning Institute

Paul Brocklehurst, chair of the Land, Planning and Development Federation and former head of Catesby Estates

Tom Chance, CEO, Community Land Trust Network

Rick de Blaby, CEO, Get Living

Melissa Mean, director at WeCanMake, a community-based project to create affordable homes by unlocking micro-sites for development

Alexandra Notay, placemaking and investment director at Thriving Investments

Elsie Owusu OBE, founding chair of the Society of Black Architects

Vicky Pryce, chair of Radix Fellows and leading economist

Ben Rich, CEO, Radix Big Tent and former secretary to Lord Rogers' Urban Taskforce

Dr Catriona Riddell, expert in strategic planning issues working with local authorities

Jackie Sadek, director at Urban Strategy and urban regeneration expert

Andrew Taylor FRTPI, group planning director at Vistry Group

Lisa Tye, partner and living sector co-head at Shoosmiths

Doreen Wright, commercial director at A2Dominion Group