

Cambridge Centre
for Housing &
Planning Research

Housing challenges

Oxford-Milton Keynes-Cambridge Growth Corridor symposium

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CCHPR

- The Cambridge Centre for Housing and Planning Research (CCHPR).
- Research centre, Department of Land Economy at the University of Cambridge.
- Over 25 years' experience of research and policy evaluation and analysis.

Current and recent research

- The incidence, value and delivery of Section 106 planning obligations and the Community Infrastructure Levy (CIL) in England (MHCLG)
- How land use planning contributes to the provision of affordable housing for people on low incomes in: London, Lisbon and Copenhagen (European Union's Horizon 2020)
- Is co-living a housing solution for vulnerable older people? (Charitable Foundation)
- New models of shared housing: Digital nomads: the use of data and new digital technologies in shared housing for millennials
- Grassroots organising to improve housing - Evaluation of the London Strategic Housing Initiative (Trust for London and Citizens UK)
- Innovation in the PRS - Evaluation of the Reimagining Rent Programme (Young Foundation)
- Financial inclusion, digital inclusion and employability: Building Better Opportunities Evaluation of the New Horizons Programme (Big Lottery Fund)
- University of Cambridge Housing Needs Framework.
- Housing Digital Built Britain Network (CDBB)

Housing network

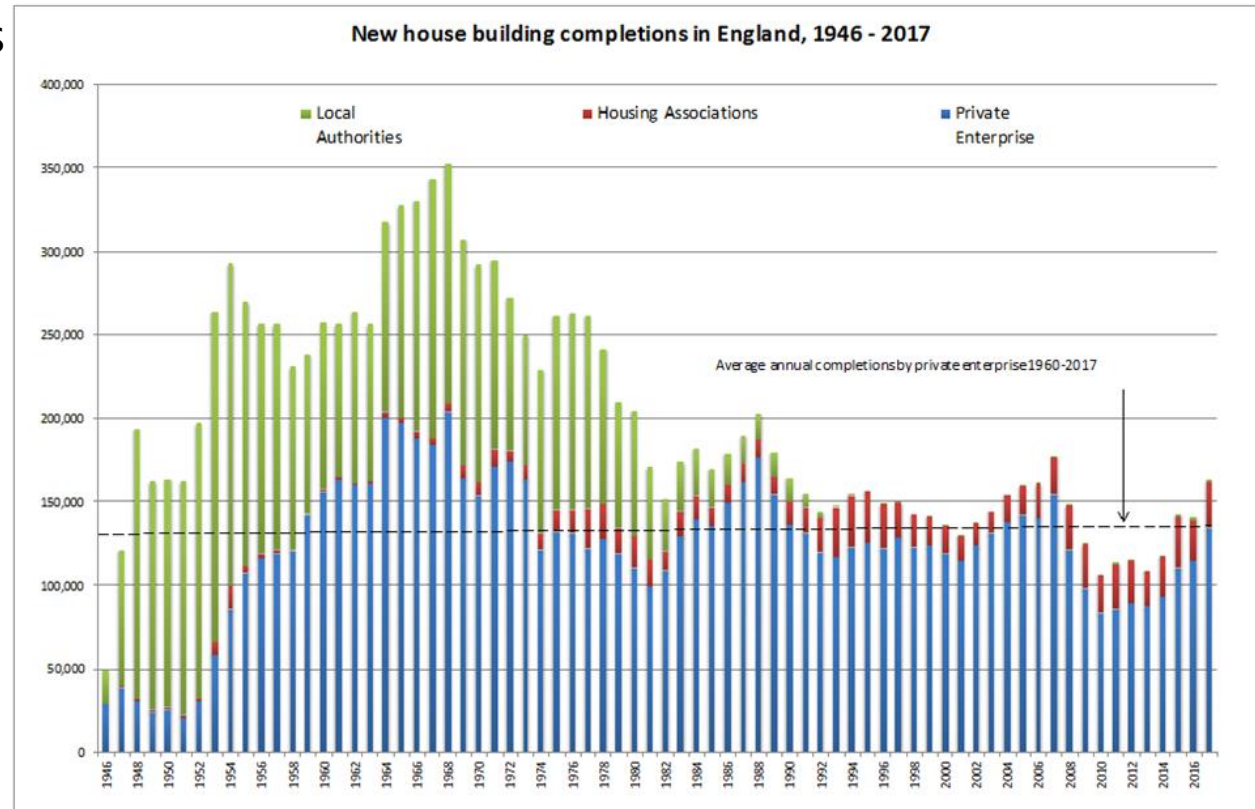
- Housing sits at the heart of many wider social issues, and it will sit at the heart of the development of a Digital Built Britain (DBB).
- Delivering DBB is not simply about technological solutions to make supply and maintenance more efficient.
- It is also about understanding how those solutions and efficiency gains interact with wider social policy issues to address UK housing inequalities.
- Crucial for the Oxford – Milton Keynes – Cambridge Growth Corridor to engage with DBB issues.
- Where will digital innovation lie in the planning, design, delivery and management of housing in the corridor?

Oxford-Milton Keynes-Cambridge corridor

- NIC 5th Studio Final Report
- Corridor faces a chronic under-supply of homes.
- Study explores a scenario which supposes a rate of delivery of 23,000 homes per year, which, with a time horizon to 2050, equates to a population increase of 1.4 million people.
- The Commission's central finding was that a lack of sufficient and suitable housing presents a fundamental risk to the success of the area.

National context - UK housing crisis

- Lack of supply
- Few house builders
- Lack of innovation



Local context - victims of success

- Growth areas – demand
- Cambridge is currently recording the highest growth in Gross Value Added (GVA) of any city in the UK
- High house prices and rents (13 = ratio of house prices to earnings in Cambridge, CPIER report 2018)
- Shortage of land for development
- Competitive market for sites
- Congestion and distance commuting
- Underinvestment in infrastructure
- Green belt and opposition to development
- Areas of low development densities
- Employment growth is higher than housing stock growth
- “It is not that supply has been unusually low, indeed the housing stock has increased by over 4% in this time. But demand has been exceptionally high.” (CPIER, 2018)

Housing in the corridor

- Will housing development in the corridor be market led?
- How to develop at build rates not determined just by the major volume house builders?
- Who will build it?
- How will any overall plan work if market led, given variations in viability over the corridor?
- Will there be new public/private partnerships, joint ventures?
- Land assembly vehicles?
- Tools? For speed, quality, infrastructure, to be joined up

Capturing uplift in land value

- If market led...
- Usual mechanisms for capturing land value and delivering infrastructure related to housing development?
- Section 106 and the CIL
- Planning Obligations and CIL (cash and in kind, 2016-17) £5,969m
- Restricted ability to pool obligations from several schemes, difficult for planning authorities to secure the funds needed for large scale sub regional infrastructure – hence the introduction of CIL
- But CIL not useful for large schemes, exemptions, % to very local needs
- Planning obligations – S106 site and scheme based - not joined up
- Negotiated, uncertain, phased
- Affordable housing?

Capturing uplift in land value

- Emphasis since 2014 ensuring that obligations do not undermine viability has led to reductions in affordable housing obligations, despite the recovery in house prices and land values.
- This is in part a result of the reliance of residual valuation models to test viability, despite their acknowledged weaknesses, and the continuing asymmetry between the skills of local authorities and developers.
- Developers have paid higher land prices expecting that renegotiations can enable fewer obligations.
- Just because it is a growth area/high values – can't assume capture of land value.

Capturing uplift in land value

- Post war New Towns legislation enabled the new town development corporations to acquire land at close to existing use value.
- This enabled the building of affordable rented housing and surpluses from commercial land trading to support infrastructure.
- Can sustainable, affordable housing be delivered without a similar approach? Viability?
- 'Capturing' land value has a number of objectives: raising revenue; charging for infrastructure and community needs; and increasing equity in relation to unearned value increases.
- For large scale development (e.g. town extensions and new settlements) private/public partnerships might be introduced building on the New Towns legislation and the 2007 Neighbourhood Planning Act powers to acquire land at values that do not take full account of the full market value created by these schemes?
- Compulsory purchase?

Build and delivery model

- To build at scale, at speed, sustainable, future-proofed.
- What is the role of off-site housing manufacture?
- Digitisation and off-site manufacturing might offer solutions.
- Government presumption in favour of off-site manufacturing.
- Faster build programme
- Fewer defects
- Address the skills shortage
- Cost advantages from economies of scale
- Improved health and safety
- Reduced disruption to the local community

Opportunities and constraints

"House building is fundamentally still a cottage industry"

- New entrants into the market – but early days
- Public attitudes
- Cost is a barrier to uptake
- Build cost is only proportion of costs
- Current house builder business models
- Land supply, the planning system, NIMBY-ism
- Reduce incentives to invest in innovation
- Is the corridor an opportunity for innovation at scale?

"The technology is there, but it is the investment of time that is the problem."

"It's not unusual for a plumber or electrician to just make it up as they go along".

Housing challenges

- If market led – how do we diversify the offer?
- How to build in resilience to changing socio-economic profile – an ageing population, household diversity?
- How to best capture uplift in land value?
- How to innovate in construction?
- How to meet the DBB agenda?
- How do we tackle affordability of new stock – new investment partnerships, use of public land, intermediate tenures, new models and mixes?

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Sources

- Written evidence submitted by Professor Tony Crook CBE, Dr Gemma Burgess, Dr Richard Dunning, Dr Alex Lord, Professor Craig Watkins & Professor Christine Whitehead OBE[1] [LVC 046]:
<http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/housing-communities-and-local-government-committee/land-value-capture/written/79473.html>
- Section 106 planning obligations and the Community Infrastructure Levy in England, 2016 to 2017: report of study:
- <https://www.gov.uk/government/publications/section-106-planning-obligations-and-the-community-infrastructure-levy-in-england-2016-to-2017-report-of-study>
- What is the role of off-site housing manufacture in a Digital Built Britain?: <https://www.cchpr.landecon.cam.ac.uk/Projects/Start-Year/2018/digital-built-britain-housing-network/position-paper-osm>