

Don't blame the shortage of truly affordable housing on the private investor sector

We need to find a mechanism to stop owners from leaving homes permanently empty without discouraging the investment in new homes in the first place

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Mayor Sadiq Khan has lamented the use of buy-to-leave flats as "golden bricks". *The Times* reports that "mainly middle-class Asian investors are piling into a market that offers high returns in an age of low interest rates, with none of the obstacles used to deter foreign buyers in other countries."

Their leader says: "Britain must be careful not to appear unwelcoming to foreign investment, especially from beyond Europe. That does not mean that councils are powerless to rein in buy-to-leave."

There are practical steps that could be taken without diluting the message that the country remains open for business. These include compiling a register of foreign property ownership as in the United States; insisting on reciprocity from countries that levy property taxes on overseas buyers where Britain does not; and finding a mechanism that stops buyers from leaving much-needed homes empty.

Investment in empty housing developments does not build the prosperous communities that underpin Britain's long-term attractiveness to business. It only builds resentment and empties districts of character and shops."

Our housing market is cyclical. In the early 1990s homes didn't sell and lost value. House builders haven't forgotten and still prefer to build a few, wait to sell them and then build a few more.

The government is rightly looking for ways to encourage smaller house builders and smaller planning permissions so as to speed delivery. But for the larger schemes the fact is that the banks will not fund their construction so they have to be sold off-plan mainly to foreign investors, as *The Times* points out.

The truth is that these foreign investors are seeking a reliable and attractive return on their investment through income. That is to say they have to rent the property to justify their investment. Apart from the very top end of the market which includes a relatively small number of expensive second homes, the buy to leave phenomenon is the exception rather than the rule.

Trying to blame the shortage of truly affordable housing on the frothy end of the private investor sector is ludicrous. The two sectors have very little to do with each other, and the sooner we acknowledge the folly of failing to build homes for the less well-off over the past 30 years, the sooner we will start dealing with reality rather than fantasy villains.

Where *The Times* is right is in the need to find a mechanism to stop owners from leaving homes permanently empty. This will take some imagination but should not extend to discouraging the investment in new homes in the first place.

The implied disparagement of renting over ownership is also misguided and there we might at last be seeing a generous new source of finance and management coming from pension funds, who have tasted success with student housing. ■

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The corruption of pre-application consultations

>>> Amongst a large number of aspirational objectives in the recent housing White Paper it says that the government will change the NPPF to "strengthen the importance of early pre-application discussions between applicants, authorities and the local community about design and the types of homes to be provided".

Whilst this might sound terribly sensible to ministers, the reality is that the pre-application process has gone badly wrong in some local planning authorities. Firstly they fail to recognise that a paid for pre-application meeting or report means that they are entering into a contract. Their key obligations are both to provide comprehensive cross-departmental advice which is relevant to the ultimate making of a planning decision and they have to meet the contractual deadlines they offer. Far too often neither happens.

Applicants find a whole new issue thrown up as a reason for refusal at the last minute which should have been addressed at the beginning. They also find that the authority fails to offer to return the fee when they miss the promised timetable.

Given the stretched resources of planning departments, burdened also by constant new demands and legislative changes, there is room for some sympathy. However, milking the pre-app process for disproportionate income, as is increasingly the case, should be prevented rather than encouraged.

It gets worse. In authorities where the pre-app report or advice consists mainly of trotting out a précis of related policies, which a competent agent can do perfectly well for herself, it makes perfect sense for the applicant not to bother, knowing that on an appeal the authority will say to the inspector "we told them so". Avoiding this kind of pre-application trap does not always solve the problem however because amongst the reasons for refusal there will often be the statement that the applicant had failed to seek out pre-application advice!

The entire principle of paid-for pre-application meetings, like planning fees themselves, is predicated on the proposition that development is inherently bad; planning fees are there to expunge the original sin of wishing to build. Everything is in reverse: it would be a better idea to charge fees to people with no intention of conforming to the local plan, or who fail to build having obtained planning permission. Currently the good guys get penalised.

Before endorsing the system further the Government should examine how it is working and come up with some safeguards to ensure that it does what it says on the tin. ■



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