

MONEY RULES - NOT OK!

The need for a new planning

Property used to be a safe security, beloved of pension funds, the banks, and other 'safe investors': it was also the individual homeowner's hedge against inflation. Building societies were usually 'mutual' and most concerned with their own members' enlightened self-interest - providing a virtuous circle for savings as well as loans. They had little enough connection with the more speculative 'money business' which came to serve shareholders' dividends, rather than core business, and building balance sheets for short term 'trades' as the priority: these fed inflation, greed, and risk. That all changed with de-mutualisation and the harnessing of property to the game.

Land and deals in land were so often the largest variable in determining the price of a house, the basic chip in the casino, that all this came to be abused. The price for land played a major role in the Ponzi-type scams based on mortgage selling ... until the 'bubble' burst. The small man joined the game, persuaded or coerced to use his house as his 'gearing' for funding his share of conspicuous consumption. Mortgage lending grew to an incredible *two fifths of all sterling lending* – a huge sum. Between the years 2000 and 2007, the national average price of a house rose from £75,000 to £175,000, the national median income in that period rose 'only' by about 25%: the divergence and the gearing becoming obvious. The bubble burst.

With their fingers burnt, banks for quite a while can be expected to be less enthusiastic about mortgages and we could be in for a long wait for incomes catch up. One thing is sure, we shouldn't go back to the way things were. No doubt there will be a resistance amongst the 'incumbent elites' to systemic change - those who have done so very well at ever increasing expense to the rest of us. Leadership is now required to recapture some of the high ground that has been so abjectly surrendered by governments in this and all matters fiscal. The boot should emerge, firmly on the other foot, and the role of land and planning should be re-assessed.

Town and Country planning should cease to be developer-led in any context where the principal gains are but short term and at the expense of society. The developer's role, at least in housing, should be that of invited provider in such places as are judged to have a true regard for long-term sustainability. In the matter of housing, the concern to get the market moving should not pre-empt a proper review. It should be in a direction that produces a wide financial accessibility - with only the minimum use of funds that should be more productively directed towards economic recovery. The new methodology should provide not only affordability but also access to housing with better space standards.

New thinking above all must be judged by its ability to regard the larger picture: this includes its ability to end the current cancerous lack of direction. Cancerous, because we continue to progressively destroy the structure of the healthy cells - the old market towns, the villages, also the cities. In general, we degrade most of their centres by allowing peripheral additions which although vigorous, are selfish and costly to the general body – clogging the arteries, employing housing as a sort of connective tissue, so often totally dependent on personal transport to work at all. Significant exceptions do struggle to the surface and occasionally succeed and they should become the norm, not remain exceptional, created with a better methodology, differently motivated.

We need the use of our agricultural land for agriculture – and its use for development and roads kept to a minimum, so 'brownfield', refurbishment and recycling should still be a real first priority. That said, there is not enough land to do everything, so some compromise is warranted – let it be found only where it can do most good.

Michael Innes, December 2010