

NEWS STORY FOR IMMEDIATE USE

Architect invites government to improve planning policies and cut new home prices by 30%

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A new national strategy for accommodating larger scale growth, limiting it to fewer locations, could cut new house prices by about a third, mortgage deposits by 36% and repayments by 26%, claims architect Michael Innes. His concept would also allow such developments to be more sensitive to community wishes. His proposals were developed from a review of UK planning processes in a new report*. This is a response to the Prime Minister's appeal for ideas to ... *do more for less*. Developed from Innes' ideas in his report is a suggested form of home ownership which he calls 'landhold', where a version of ground rent is introduced; this would create long term investments and bring benefit to home buyers at all levels. The land and home would be financially and legally separated as assets to be traded independently, under new rules: these concepts offer major national advantages, more extensive in scope than, though compatible with, recently announced government plans to reduce the bureaucracy in local planning permissions.

The purchaser would buy the home at time of purchase. The land on which it is sited could be bought later, reducing the initial cost by around one third. He/she would pay ground rent on this, giving a return to the landowner on the land value. 'Landhold' could run as an alternative to freehold and leasehold in an open market. It would dramatically lower house prices for such developments and encourage community involvement and growth. The concept is put forward for discussion and a copy of his report has been sent to Mr Cameron for consideration.

From 50 years experience working across the UK, Innes believes that current processes dictate and distort the housing market for planners and public alike. Despite an over-complex and regulative approach, the resulting low standards often benefit not the communities but the land speculators and builders. The Innes study focuses on the region he knows best, Norfolk, but is presented as an example of what applies countrywide.

The changes that he recommends will connect the public into the process in an immediate and practical way. He has titled his paper "*Do different, do better*" (a Norfolk expression) ... and argues for an end to the misuse of the one precious asset for which there will never be a new supply - land! "More joined-up thinking could create communities that enhance our way of life and housing that is affordable."

He notes that windfall gains from planning consents have inflated new home prices over 10 years by more than 130%, the gain usually being taken out of the local economy. Planning decisions too often allow such housing to be placed on the edge of existing settlements where predictably it adds to existing stresses. Because planners and politicians usually think in people numbers, they often gloss over fact that each new home adds up to three cars to already overcrowded roads with little connection with their town centres – increasing car commuting to work, 'distance shopping' and school trips. As people age in such edge-located estates, or if they are poorer, or less mobile, they are often consigned to loneliness. The alternative is not to spread new housing (disfiguring many places, adding to congestion and other predictable problems), but to confine the large numbers to grow more organically in fewer places ... concentrating them to support the convenient, affordable transport systems that are so much more the norm across continental Europe – freeing existing communities from the ever growing burden of yet more new fringe estates.

Population growth and housing plans are widely reported but the underlying principles are seldom properly debated with the public.

To demonstrate the potential for integrated planning, in his study Innes has created an outline suggestion for the Broadland market town of Acle. This starts by first adding amenity: in this case a new broad or lake to bring a new ambience and to add value immediately to all existing properties. This would lead on to added 'life' and employment and rescue the comfortable centre of this fine town from any further loss of coherent structure, strengthening its claim to be the 'Gateway to the Broads'. This concept would grow organically around its 'added value' core, to accommodate attractive, well-located houses, new work opportunities, improved amenities and even better use of the rail access both to Norwich and Great Yarmouth, their hospitals, amenities and their universities. It would add benefit to both Norwich and Great Yarmouth, and far from adding to traffic congestion, it would assist in providing solutions to their existing transport problems. Also, Norwich would gain a seaport at Great Yarmouth whilst this town would gain an airport at Norwich....the examples of Edinburgh and Leith, Dublin and Dun Laoghaire might offer precedents.

Innes argues that new attitudes are needed in the ways we manage and finance growth and development – arguably no less important than better physical planning. “There has to be a new contract between society and the market in land - one that is more equitably balanced towards the public good. The price of a house has to be kept to a sensible proportion of income at all levels. At present, the site and on-costs for a house, in exceeding the cost of its construction, are making it mean in size, as well as unaffordable for many.”

A stable society works better with the opportunity for as many citizens as possible to buy their own home and, at the end of their lives, to be able to pass on these benefits in ownership or value to those who follow them. The simple bar, now raised for many beyond reach, is the cost of the home relative to income. The central reason for this is the massive capital gain resulting when land is approved for building – an acre of agricultural land worth £5000 can become worth £500,000 or much more overnight. This profit is pocketed by landowners or speculators, the latter often acquiring rights without even needing to buy the land. The windfall profits seldom add local benefit, something that should change especially if local reinvestment can be made attractive for the long term.

In the decade or so, market prices for houses were allowed to 'bubble' completely out of hand. The national average price of a house rose from £75,000 to £175,000, an increase of 133%: in this same period, national median weekly incomes increased from £300 to £375, an increase of 25%. This means that average house prices rose more than five times as much as incomes, making even more people unable to buy their own home.

Ground leases for the suggested landhold could be written widely to secure other objectives making more secure the value of the growing investment for both sides: for example, a code of good neighbourliness (materials to be used, extensions and alterations etc), eliminating the need for external control and the time and cost to the owner as well as to the planning system. The entry level for many more who are seeking houses will have been lowered without the use of public money: the landowner gets a fair return, the purchaser gets on the 'ladder' with less capital; both sides have invested in assets that are fully negotiable in the market place.

Notes to editor

*The Michael Innes study, *Do different, do better* (a play on a Norfolk expression), although gaining a consensus across a working party set up by the Norfolk Association of Architects expresses his own views. The document is supported by the council of the NAA as a response to comments by the Prime Minister on 4 August: "... people should open their minds and find new ways of doing more for less."

Download a copy of this paper and related information from: www.norfolkarchitects.org.uk/naa

MICHAEL INNES for 35 years was a founding and then a senior partner in a prominent Norwich practice, from which he retired in 1996. He is currently President of the Norfolk Association of Architects. He is probably best known in Norfolk as the architect and originator of the Castle Mall Shopping Centre and over the years has been responsible for such buildings as South Norfolk House, the BUPA Hospital, St Georges Plain and many housing schemes across Norfolk. He has produced this document to stimulate discussion, which he hopes can be aired at a major public meeting with all interested parties.

News story issued by Roger Haywood, Issues Managers, on behalf of Mr Innes



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An illustration of a freehold purchase and a landhold purchase

FREEHOLD

Price say, £300,000 - that might notionally be divided: land 1/3rd, fees etc 1/3rd, and construction 1/3rd.

A] **Deposit for an 80% mortgage - £60,000.**

Annually, payment for mortgage on £240,000 say, £15,600pa total

LANDHOLD

Price say, £300,000 – reduced to £190,000 by commuting the land cost + £10k reduction in fees etc, and substituting a landhold, (ground rent +)

Comparatively, for the purchaser: -

B] **Deposit for an 80% mortgage - £38,000.**

Annually, payment of mortgage on £152,000 say, £9,800
Ground rent and management, say, £2,280
£12,280pa total