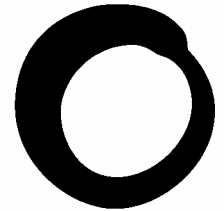


July 2005



**Friends of
the Earth**

Implementing the Barker Report:

Or how to wreck the environment and ignore the homeless.

(oh and last one out of the North, turn off the lights....)

Summary

The Government is consulting on proposals that will implement the Barker Report on housing supply. This will lead to changes to the national planning guidance through a new Planning Policy Statement on Housing in the autumn. The proposed changes would put price at the heart of decision making. This will radically alter the way we plan for housing and will have a series of major social and environmental impacts.

If the Government proceed with their proposals urban policy will be driven not by social need but by market forces. This policy would release large areas of land in southern England with potentially serious implications for the environment, the economy and people's quality of life. In the rest of England, especially in northern regions, it would cause continued decline with people being denied opportunities for employment and sustainable livelihoods. Worse still, none of these Government proposals will deal with those people in greatest social housing need.

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- the most extensive environmental network in the world, with almost one million supporters across five continents and over 60 national organisations worldwide**
- a unique network of campaigning local groups, working in over 200 communities throughout England, Wales and Northern Ireland**
- dependent on individuals for over 90 per cent of its income.**

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In summary the Government proposals would result in:

- **Price driven planning decisions:**
Planning decisions would become based on market forces with the loss of democratic safeguards and rights of local people to meaningfully participate in the planning system.
- **Undermining the Government's own Sustainable Communities Plan:**
The Government is already committed to focused growth in four areas in the southern England. Some of these areas are controversial in themselves but the new system of planning for housing would mean a large scale expansion of growth beyond these areas. This undermines the logic of focusing development in order to use transport and social infrastructure more efficiently.
- **Abandoning the 60 per cent brownfield site target:**
The new planning mechanism will lead to such a large-scale expansion of housing development in high demand areas that the Government will have to relax the 60% brownfield target. Meeting affordability targets means no upward limit on housing numbers in areas of high demand. While there is ample brownfield site for development in many areas needing regeneration it is unlikely that there will be sufficient supply in areas of high demand.
- **Deepening national and regional inequalities:**
The Government's proposals would see areas of existing decline in many northern and western communities exacerbated as a result of focusing growth on growth.
- **Major environmental impacts:**
There are already major pressures on water, biodiversity, air quality and other environmental limits in areas of high demand; these would increase.
- **Failing to address social housing:**
The report does not offer any detailed new solutions to aid those people who are in the greatest housing need.
- **Technically unworkable implementation:**
Trying to establish meaningful and effective national and regional affordability targets is extremely complex because of the varied and localised nature of housing markets and because affordability in the open market does not equate to ensuring affordability for those in social housing need.

Introduction

This briefing provides:

- the background to the Barker Report
- what the Barker Report proposed
- how the Government intends to implement the Barker Report
- what is wrong with the Government proposals
- what else the Government should have done
- what you can do about it

Is this just nimbyism?

Friends of the Earth is absolutely committed to the proper provision of new housing to meet social needs. This provision should directly aid those who are in greatest housing need by providing a range of tenure types. This is not best done by building more general housing and hoping that that this will provide for people in most need.

The design and construction of any new housing should maximise resource and energy efficiency in a way which reduces the running costs to those on the lowest incomes. New housing provision must also be set in the context of a national spatial framework which can deal comprehensively with the need to redirect demand pressures from areas of high growth and limited environmental capacity to areas desperately in need of sustainable regeneration.

None of the Government's present proposals for implementing the Barker Report deals with these issues. Worse still, they ignore the alternative solutions which would be fairer, more effective and more sustainable.

Where did the Barker Report come from?

The Barker Report was commissioned by the Treasury to help understand how housing supply failure might be damaging UK competitiveness. This impact was partly to do with the impact of housing prices on interest rates and partly to do with the impact of affordability on labour costs and labour supply. **It is important to bear in mind that the Barker Report is not about social housing provision for those in greatest need and its recommendations would, at best, result only in the stabilisation of house price growth.**

The premise of the Barker Report is to reduce high house price inflation by increasing supply. While increasing supply can be achieved in a variety of ways the report focuses on recommendations which would do this by making the provision of housing through the planning system price sensitive – by ordering mandatory release of land for housing development if the price of houses relative to incomes in an area is above a certain level. This is a radical shift to the planning system which is traditionally meant to integrate, or at least 'balance', market pressures with other public interest objectives such as sustainable development, and with a process that is both participative and democratic. **The planning system has sought to provide for housing need based on demographic change rather than housing land price which is a purely market driven indicator.**

It is also important to note that the implications of the Barker Report go far beyond the provision of housing, implying fundamental changes to the way planning decisions are taken on infrastructure, on the supply of aggregates for construction and on waste disposal. The Barker Report's recommendations for deregulation are at least as important in the debate on sustainable development as the substantive recommendations for housing growth.

How do the proposed changes to national Housing policy implement Barker?

The recommendations of the Government's consultation paper - *Planning for Housing Provision, July 2005* - would mean a new kind of system for the planning of housing based on house prices. The consultation paper states that **'at the Regional level, plans should use market information, in particular prices, in determining the level and distribution of housing provision within the region'** (Box 2.2). While the consultation paper goes to say that this should be reconciled with other issues it provides no indication of how practically this can be achieved. In fact open-ended price-driven housing allocation in areas of high demand cannot be reconciled with sustainable development.

The way that price will be factored into planning for housing will be through affordability goals. These targets are extremely complex and difficult to arrive at which is why ODPM have put off establishing them to a separate and later consultation process 'later in the year' (page 18).

While affordability targets sound like a good idea in principle, they are in fact a smokescreen for the Barker Report's desire for a price driven planning system. **It is important to note that this is 'affordability' only in the owner-occupation tenure and has nothing directly for those in the rented sectors.** The new system would have two tiers:

At the regional level: Regional planning bodies will establish an affordability goal based on National Government guidance and regional factors. In short, in areas of high demand meeting an affordability goal will result in a large expansion in housing numbers in an attempt simply to stabilise prices. **There will no longer be any upward limit on the total number of houses which the Regional Spatial Strategy (RSS) might require.** Regional planning bodies will have an opportunity to change their own targets if they wish to depending on issues such as environmental impacts but the Secretary of State has absolute power to enforce and impose a target on a regional planning body especially if it departs from the national target.

Once an RSS has set a figure for new housing this is then divided between the various local authorities. Local authorities will then be unable to argue about these numbers and will be required to deliver them. Individuals have no right to be heard at regional level policy-making and they cannot challenge the total numbers through the local plan process.

At the local level: Local authorities will also have a major role in responding to affordability issues. They will be required to gather information about local housing markets and to have a supply of at least five years of land available for immediate development at any one time. They will be required to release land early that was allocated for later phases of development if monitoring work indicates that there are affordability problems. This will be achieved not by reviewing the local plan but by means of a Supplementary Planning Document. Such a document is not subject to independent testing; there is no public inquiry and consequently no right for the public to be heard by a planning inspector. The early release of land will require the

The Barker Report: Destroying sustainable communities

identification of more housing land in a local authority area through the Local Plan Review. This means that local authorities in high demand areas will have to allocate more land as a result of the regional process and then release that land early before identifying even more land.

It is almost certain that this process will lead to the abandonment of one of the Government's key environmental targets - to develop 60% of new housing on brown field sites. It will simply be impossible to meet such a target if development is driven up by house-price.

What impacts would this new system have?

1 Deepening national and regional inequalities

The Barker Report makes clear that to stabilise housing markets, increased housing provision should be made in areas of high demand. This would have huge and obvious implications for development inequalities between and within regions by concentrating unlimited growth in a limited geographic area (the wider south east) to the detriment of all other regions and nations of the UK. The Barker Report accepts, uncritically, the Treasury's macro economic idea of the 'golden arc' of growth (that is the wider south east defined by a line from Bournemouth to Cambridge). This super region is the focus of the Government's Growth Areas where the largest increase in housing supply in the UK is to be delivered¹.

Paragraph 1.54 of the Barker Report explicitly acknowledges that some areas will decline and that 'this might mean taking a much more active approach to demolitions and clearing stock that is no longer required.'

The social cost of such extreme free market policy, particularly in areas already defined by poverty and racial tension, would be incalculable. The logic of Barker is already implicit in the Northern Way², which seeks to focus growth on areas which are already growing. This is a major policy change and suggests that communities outside these growth poles will have a bleak future with resources redirected away from their regeneration.

There is a stark contrast between the future of Ashford, Milton Keynes and the M11 Corridor which are earmarked for unprecedented housing growth and communities included in the Housing Pathfinder Renewal areas (Salford, Merseyside, South Yorkshire, Gateshead etc.) where up to 1.5 million housing units will be demolished in order to try and restructure the housing market of the ex-industrial North. **The pre consultation paper reinforces this view by creating new categories of housing market which explicitly includes 'managed reduction'** (Paragraph 45).

The logic of focusing growth around regional and national growth poles is not just a problem for northern and western regions of England, it is of vital

¹ The Communities Plan, ODPM, February 2002

² Making it Happen: The Northern Way, ODPM, Feb 2004

importance for the future progress and sustainable development of Wales, Northern Ireland and Scotland. This shift in balance of economic activity is mirrored by a growing demographic trend showing for the first time that Scotland is actually depopulating while London and the South East continue to show strong net population growth. The Government has failed to address how long this imbalance in development can be sustained.

What is certain is that implementing the recommendations of Barker will, by abandoning any attempt at balanced regional development policy, significantly reinforce the drivers for unequal growth and undermine the Government's Public Sector Agreement Target to "reduce the persistent gap in growth rates between the regions".

2 Major environmental impacts

While the report makes wide ranging recommendations on the planning system, it gives no consideration to the environmental costs of its key recommendations for a price sensitive system. It does not make clear that the environmental capacity of the greater south east is limited and that large-scale development should not be considered without a detailed understanding of how this might compromise these limits - particularly flood risk, climate change, carbon dioxide production, air quality, biodiversity and resource use.

For example, increased water demand in England would be equivalent to around 15% of current levels, and the increases would be greatest in areas of greater water stress. Defra has stated that "This will have significant regional implications for both the supply and disposal of water to houses". We note that water stress is already a big enough problem that Thames Water has already announced a plan to build the first desalination plant on the Thames – which will also be heavily energy intensive.

Defra also estimate that up to 77,500 hectares of Greenfield land would be built on between 2001 and 2016, an area equivalent to half the size of greater London.

The Barker Report does have the briefest acknowledgement that there might be environmental costs but there is no detailed analysis, no indication of the level of these costs or their severity. **It is not sufficient for the authors of the report to claim that these issues were not in their terms of reference since they are factors which are profoundly important in making sensible recommendations on housing provision.**

3 Failing to address social housing

The Barker Report restates the long-standing analysis of the shortage of social housing (Paragraph 5.2). However, the report does not offer any detailed analysis or new solutions. **Simply increasing the total supply of housing will not substantially impact on affordability. At best the report acknowledges that this**

The Barker Report: Destroying sustainable communities

approach will stabilise house price inflation. Neither is there any guarantee that the houses built to be affordable will go to those on lowest incomes. In a free market, those buying for let, for second homes and for other investment reasons, including off-shore interests, are free to soak up so called 'affordable' housing. Any proper policy for social housing must find ways of targeting provision effectively to those in most need rather than blanket expansion of general housing provision often in unsuitable locations. One option would be to insist that the majority of new housing provision is genuinely affordable.

In contrast, the Barker Report assumes that the massive expansion of owner occupation will have a trickle down effect on the homeless or those in housing poverty. There is simply no evidence to support this idea. In fact while owner occupation rates in the UK have reached record levels, housing exclusion and poverty has persisted.

4 Practically unworkable

While the impacts of implementing Barker are clear there remain concerns as to whether the policy is deliverable in the real world. The main challenges include:

Setting affordability targets:

Trying to establish meaningful and effective national and regional affordability targets is extremely complex because of the varied and localised nature of housing markets and because inevitably imperfect market conditions mean that even if market affordability targets are met, this does not mean those in housing need will be able to live in those homes (as for example, richer people are equally or more able to buy "affordable" homes). The methodology is much more uncertain than the current system of using forecasts based on populations and household formation rates.

Identifying housing land:

Many local authorities in areas of high demand are already struggling to find new housing land in sustainable locations which do not impact on existing protective designations. Some of these areas will not be able to continually meet the requirements of allocating ever more housing land in this open-ended system. These new pressures will almost certainly lead to the Government abandoning its key environmental target to develop 60% of new housing on brown-field sites.

5 Marginalising public participation

This proposed new system for planning housing systematically denies meaningful public participation and undermines local democracy. Housing figures established at the regional level are enshrined in the RSS. There is no right to be heard for the public in the adoption of these documents despite the fact that they are legally binding plans and that they impose housing figures on local authorities.

The Barker Report: Destroying sustainable communities

To compound this, the current Government consultation document recommends that when a local authority decides on early release of its housing supply land, this will be approved in a Supplementary Planning Document. Again, there is no right to be heard at an independent examination into these documents which are adopted by the local authority. Such a crude attempt to further exclude people from planning will spark understandable and widespread disquiet and social protest.

6 Undermining the Government's Sustainable Communities Plan

The rationale of the Government's Sustainable Communities Plan (SCP) was to focus growth in those areas best able to be serviced with sustainable infrastructure - it was focused spatial policy in response to growth in the southern England. The consequence of the current recommendations will produce precisely the opposite effect. As well as the growth provided for in the SCP, regional and local planning authorities will be required to meet their affordability targets implying growth right across high demand regions, regardless of how well this growth is integrated with existing infrastructure.

So what should the Government do instead?

Friends of the Earth's view is that there is an overwhelming social justice case for meeting the demand for social housing in every region in the most efficient way possible. Social needs and environmental protection objectives can and should be met together by using the planning system to ensure new development is in the most sustainable location.

In practice this means moving away from a model based on the private sector provision of affordable homes through mechanisms such as planning obligations (essentially a form of cross-subsidy, so that higher value housing can subsidise low cost units). This is inefficient in terms of land use and has not always ensured the right tenure choice.

Instead, a radical reform of the funding and delivery of social housing is necessary, which recognises that it is a lack of public investment and not the planning system which is the prime cause of the social housing crisis.

Housing reform should be based on four principles:

i. Increase supply of social housing by:

- significant increases in central Government funding on social housing
- a return to the direct delivery of social housing by Local Authorities
- decentralised participative governance of housing management
- increasing the percentage of affordable housing required on new development to 50%

The Barker Report: Destroying sustainable communities

ii. Protecting existing social housing stock by:

- ending the right to buy

iii. Resource efficiency by:

- building the highest possible environmental standards of resource and energy conservation
- maximising brown field sites and the reuse of buildings

iv. Regional balance by:

- dealing strategically with the cause of unequal growth in England by incentivising development in areas of low demand

Direct public sector provision allows for the efficient use of land and the greatest integration of housing provision with the planning process. Public sector control allows the rate of housing unit production and the quality of design to be effectively delivered.

Friends of the Earth will be publishing further research on housing reform in summer 2005.

What can I do?

If the Government's current recommendations are successfully implemented in full, then price sensitive decision-making will do irrevocable damage to the ability of the land-use planning system to deliver inclusive, sustainable and socially just decisions.

Please respond to Government's consultation which ends on the 19th September 2005. You can find the relevant document on the ODPM website at:

http://www.odpm.gov.uk/stellent/groups/odpm_planning/documents/page/odpm_plan_039132.pdf

For more general information on what Friends of the Earth are doing about the Barker Report please visit **www.foe.co.uk/england**

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