

Our shared future

A TCPA White Paper for Homes and Communities
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Our shared future - a TCPA White Paper for Homes and Communities

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**The Lady Margaret
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About the TCPA

The Town and Country Planning Association (TCPA) works to challenge, inspire and support people to create healthy, sustainable and resilient places that are fair for everyone. To this end we aim to improve the art and science of planning in the UK and abroad and work to secure fresh perspectives on major issues, including planning policy, housing, regeneration and climate change. Informed by the Garden City Principles, the TCPA's strategic priorities are to:

- Work to secure a good home for everyone in inclusive, resilient and prosperous communities, which support people to live healthier lives.
 - Empower people to have real influence over decisions about their environments and to secure social justice within and between communities.
 - Support new and transform existing places to be adaptable to current and future challenges including the climate crisis.
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1 Introduction

The home as the foundation of thriving lives

A decent and affordable home defines the entire arc of our lives. The home is much more than a simple commodity. It is the foundation of our health and well-being, defining our life chances as well as our national productivity. Building healthy, net zero, resilient and affordable homes requires a clear focus on the practical measures necessary to deliver them. These crucial elements have been lacking from recent mainstream political debate on the housing crisis, which has instead focused on housing numbers and planning procedure without any regard for the practical needs of future generations. It has been nearly 25 years since England had a national policy for housing. We urge central government to set an ambitious vision for the future of the nation to give hope to future generations.

A vision for our shared future

For the Town and Country Planning Association (TCPA) our vision for homes and communities is founded on the Garden City Principles. In essence these Principles offer people the hope of complete communities which enable healthy lifestyles in thriving places. These are places defined by high-quality, affordable, net-zero and accessible homes, set within a fabric of community services from shops to schools. It means creating walkable neighbourhoods, with nature at our doorstep through networks of parks and gardens. The Garden City model is one in which communities have a real voice and where the profits of the development process are shared more evenly to provide for the long-term stewardship of our communities. This is the visionary objective which underpins our solution to the housing crisis, and it is a vision that is capable of practical achievement now. The Garden City Principles provide the foundation for achieving this vision and a strategic approach and democratic planning provides the framework for communities to shape a hopeful and affordable future.

The design principles and technical solutions necessary to deliver this vision already exist. The challenge is whether we have the political will to implement them. Realising our vision and solving the housing crisis requires a commitment to the highest design standards and the up-front, long-term patient investment to make it happen. Without a political commitment to invest, the housing crisis will go on damaging lives.

The state of the nation

Our collective ability to provide a decent home for everyone is the defining test of a civilised society. **England is failing that test.** There is a chronic shortage of decent and affordable housing which is blighting the lives of millions of people. At the same time, much of the new housing being delivered is badly designed and located in places at odds with our sustainability goals. There is good practice out there, but that is the exception, not the rule.

Many new homes are not fit for purpose, either for people's changing needs over their whole lifetime or for the demands of a zero-carbon economy and responding to the devastating impacts of the climate crisis. Too many of our homes are in places which lack the basic social infrastructure needed to make healthy and vibrant communities. They are often built in the wrong place, to the wrong standard at the wrong price. As the government has repeatedly stated our current housing development model is badly broken.

While many of the solutions to the housing crisis are self-evident the current debate has become increasingly divisive. The key players – from the development industry to communities and national government – often appear to have irreconcilable interests. Meanwhile lobbying rather

than evidence has clouded our ability to find clear strategic solutions. As a result, solving the housing crisis has appeared to be increasingly beyond our reach.

Practical solutions

In this White Paper the TCPA sets out how our nation can lay the foundations of a long-term solution to these challenges, with a particular focus, through prioritising socially rented homes, in dealing with those most in housing need. The paper argues for a radical departure from orthodox approaches to housing delivery by advocating democratic, comprehensive, and strategic planning as the solution to unlocking housing delivery. This reflects the need for a fundamental policy shift to focus on strategic delivery by giving the public sector and the communities they serve a much more prominent role as master developer.

The housing crisis is complex requiring actions which reflect the dysfunctions at each stage of the development process from investment streams, strategic planning, consent, construction skills, materials, and mortgage availability. This complexity should not, however, be allowed to obscure the fact that there are viable solutions to each of these problems. The objective of this paper is to show how a strategic approach could transform the delivery of the homes we need in a sustainable and democratic manner.

Part two of this paper sets out the context of the problem we are trying to solve and makes the case for a strategic approach to housing delivery. **Part three** summarises key transferable lessons from the past delivery of strategic growth. **Part four** sets out the defined steps we need to take towards a national strategic solution to the housing crisis. This will have multiple environmental social and economic benefits, but we acknowledge these strategic solutions will only be a partial solution to the housing crisis. As a result, **part five** sets out how local strategic solutions can play an important role in housing delivery. This builds on the experience of the TCPA's New Communities Group and makes recommendations for both local and central government about how scale growth can be enabled more effectively.

We have all the technical solutions to the housing crisis at our disposal, we just need the political will to make them a reality.

2 The case for change

The dimensions of the housing crisis

There is a housing crisis in England which has three clear components: supply, affordability, and quality. For forty years we have failed to build high quality homes, available at prices which are genuinely affordable, in locations which enable people to live thriving lives in resilient places. All of these issues have been explored in detail in other reports but there is no doubt that all the key indicators of the housing crisis are getting worse:

- There has been a doubling of the ratio between house prices and average incomes over the last 25 years and housing affordability has worsened in every local authority¹.
- There were 1,287,180 households on local authority waiting lists in England in 2023².
- Research from Shelter estimates that there are 279,390 people living in temporary accommodation arranged by councils in England (as of June 2023)³.
- In 2022, 3.7 million homes failed to meet the Decent Homes Standard. The highest proportion of non-decent homes are privately rented (21%) and social housing has the lowest (10%)⁴.

While housing markets across England are diverse there is no doubt that it is those people on average and below average incomes who have been failed most profoundly by our current approach to housing supply. Meeting the needs of these groups is the key priority of the policy approach set out in this paper.

Planning is not the problem

The first challenge we face in solving the housing crisis is a lack of agreement about the cause of the problem. There is broad agreement that we have a broken housing market but since the housing development model comprises a complex process, there has been less clarity about precisely which element is 'broken'. Despite this complexity successive governments have defaulted to blaming one element for this failure – the planning system. Consequently, 'reform' measures have focused not on, for example, increasing investment in social housing, but on expanding planning consents. This is largely because there are few political risks in criticising and defunding the public planning service.

The planning system is often criticised for rationing and slowing the supply of homes, and in turn, increasing prices. This crude application of supply and demand economics ignores the fact house prices are themselves the product of complex systems shaped by, for example, macro-economic policy in terms of interest rates and taxation and the degree to which property rather than productivity attract investment. It's precisely because house prices result from a complex web of factors that the Government's radical de-regulation of the planning regime has failed to shift the dial on delivery. There are two reasons why this approach has failed.

¹ See the Office for National Statistics' Housing affordability in "England and Wales: 2022" webpage at <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/2022>

² See theDLUHC "Live Tables on Rents, Lettings and Tenancies" webpage at <https://www.gov.uk/government/statistical-data-sets/live-tables-on-rents-lettings-and-tenancies>

³ *Homelessness in England 2023*. Shelter, December. 2023. https://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/homelessness_in_england_2023

⁴ *English Housing Survey Headline Report, 2022-23*.DLUHC, December. 2023. <https://www.gov.uk/government/statistics/chapters-for-english-housing-survey-2022-to-2023-headline-report>

Firstly, de-regulation has failed because the modern ‘planning system’ has no power to build homes. The system consents land for housing units and sets requirements for how and where they can be delivered, but it has no direct leverage to get housing units built. Before 1979 local authorities might plan for and deliver up to 50% of new homes in their area. After that point delivery was left almost completely in the hands of the private sector. As a result, a fair test for our current planning system is how many consents are generated and whether they are in the right place and to the right quality. There is no doubt that planning is failing on quality and sustainable location. Homes are not being delivered to the required net zero standard and far too often housing development is driven by land speculation rather than sustainable development. This results in bolt-on estates which are car dependent and deny people the choice of healthier and sustainable lifestyles⁵.

While the evidence is clear that the reformed planning system has significant failings on the quality and location of new development it does consistently deliver sufficient consents to meet the Government’s housing target of 300,000 units per year⁶. **Figures 1 and 2** illustrate the gap between consents, which ran at an average of 311,000 units in the last decade, and delivery, which ran at around 220,000 per annum over the same period. The delivery gap is significant as is the accumulation of unbuilt consents.

Despite the reality that planning consents more homes than the Government’s national target the response of successive governments has been to focus efforts on ‘speeding up’ and de-regulating the planning system. This has included increasing the types of development that do not require permission and the wholesale abolition of strategic planning. This has made it harder to plan homes and infrastructure on a regional and sub-regional basis and the expansion of Permitted Development Rights has, in many places, meant sacrificing local safeguards over quality and location. This has resulted in some shocking design outcomes⁷.

There is no doubt that there are frustrations with the details of the planning consent process and some of the democratic principles that are enshrined within it. Many of these frustrations stem from a decision to de-fund the planning service, however, despite a lack of proper resourcing, 87% of all planning applications are approved and 87% are approved inside the statutory time scale or a time agreed in a Planning Performance Agreement. 91% of Planning Performance Agreements are approved on time⁸. Consent is one element of a complex development process and the levels and speed of approvals illustrated by the statistics above indicate it is not the primary cause of the undersupply of homes in England. No amount of de-regulation focused on the consent process will solve the problem of insufficient delivery.

The second reason that the recent approaches to planning reform have failed is that good planning is the vital way of generating certainty, coordinating infrastructure, and therefore unlocking the complex problems which arise from the delivery of new homes in specific locations. From understanding flood risk and sewage capacity to considering transport infrastructure investment and the delivery of affordable homes, planning represents the key organisational force which could unblock the

⁵ *A Housing Design Audit for England*. Place Alliance, January. 2021. <https://placealliance.org.uk/research/national-housing-audit/>

⁶ Please refer to Figures 1 and 2 for details.

⁷ See the TCPA’s “These are Homes” webpage, at <https://www.tcpa.org.uk/resources/these-are-homes-photobook/>

⁸ “Planning applications in England: July to September 2023 - statistical release”. Webpage. DLUHC, 2023. <https://www.gov.uk/government/statistics/planning-applications-in-england-july-to-september-2023/planning-applications-in-england-july-to-september-2023-statistical-release>

development process. Taken together this amounts to an infrastructure led approach to new housing development, which is the foundation of international success on housing growth at all scales. The increasingly permissive approach taken in England results in housing led growth that often lacks key services, or in no growth at all where sporadic policy interventions, such as requirements for nutrient neutrality, delay development because of insufficient upfront consideration of sewage infrastructure.

The real causes of the housing crisis

The housebuilding industry has legitimate frustrations about aspects of planning procedure, but the housing crisis is driven overwhelmingly by two factors; a collapse in the nation's investment in socially rented homes and a failure to focus on effective delivery mechanisms rather than simply on planning consents.

a. The collapse in national investment in socially rented homes

The first of these issues is by far the most significant and conceptually straightforward. We have simply not, since the 1970s, built enough socially rented homes to meet the needs of our population. Policies such as the 'Right to Buy' have exacerbated this problem by reducing the availability of homes for social rent. **Figure 3** illustrates the collapse in the investment in social rent with Homes England delivering just 2,218 socially rented homes through all its housing programs in 2022⁹. Future governments have to decide on the degree to which they will prioritise national investment in social rent. Until that question is answered adequately there will not be a solution to the housing crisis.

b. The failure to focus on housing delivery

The second problem is equally simple. Effective planning can only be achieved by binding together those bodies which are strategically planning for homes with those that have the mechanisms necessary to consent and deliver at pace. The almost complete privatisation of the way we deliver homes means that those who plan for them; the local authority, and those who deliver the vast majority; the volume house builders, are working with conflicting incentives. Local planning authorities want homes delivered in line with plans at pace to keep up with need. Those building homes have an overriding responsibility in company law to maximise profits and will build at a rate which does not risk depressing unit prices in the local markets (the absorption rate). The exception are those housebuilders who are able to take a longer-term master-developer approach and embed infrastructure up-front in the development process. Breaking the link between consent and delivery is the foundation of the inefficiency in the current way we plan for homes.

⁹ *Housing Statistics, 1 April 2022 -31 March 2023*. Homes England, June. 2023.
<https://www.gov.uk/government/statistics/housing-statistics-1-april-2021-to-31-march-2022>

How key future trends will affect housing need

a. Demographic change

England's population has been increasing significantly over the last decade and between 2018 and 2028 the overall number of households will have grown by 7.1% equating to the need to plan for 164,000 new households each year. Meeting the demands of new households is one challenge, but our population is also ageing. The number of households where the household reference person is over 55 will increase by 17% in the next decade. Both challenges are reinforced by the uneven growth in high demand areas such as the South West and specific coastal communities with rapidly aging populations. There is also a backlog of hidden housing need. The National Housing Federation has suggested that 340,000 new homes will be required each year up to 2034 to meet that backlog¹⁰.

b. The climate crisis

The housing crisis will intensify as a result of climate change. Some communities and locations will become unviable, for example due to sea-level rise, populations will have to be re-located, and the location, design and construction of our homes will have to change radically to make them fit the extreme impacts which are now inevitable. All aspects of the construction and operation of new homes will have to be aligned with the demanding carbon reduction targets set out in the UK Climate Act. This will require a transformational change in how we build to reflect issues such as embedded carbon. This in turn requires an entirely new culture from the volume housebuilders to embrace, rather than resist the innovation demanded by a net zero future.

The choice for the nation is not about whether we build homes but about whether the homes we build will be affordable, zero carbon and well located. It is a choice between human scale, well designed communities, and chaotic urban sprawl.

¹⁰ G Bramley: *Housing supply requirements across Great Britain for low-income households and homeless people, Research for Crisis and the National Housing Federation*, Main Technical Report. Heriot-Watt University, May. 2019. <https://pure.hw.ac.uk/ws/portalfiles/portal/24741931/HousingSupplyMay2019.pdf> referenced in W Wilson and C Barton: *Tackling the under-supply of housing in England*. Research Briefing. House of Commons Library. May. 2023. <https://commonslibrary.parliament.uk/research-briefings/cbp-7671/>

The TCPA accepts there is a range of assessments of housing need. For the purposes of this paper, we accept the current Government's unmet target of 300,000 homes per year, as a minimum.

Key figures illustrating the housing crisis

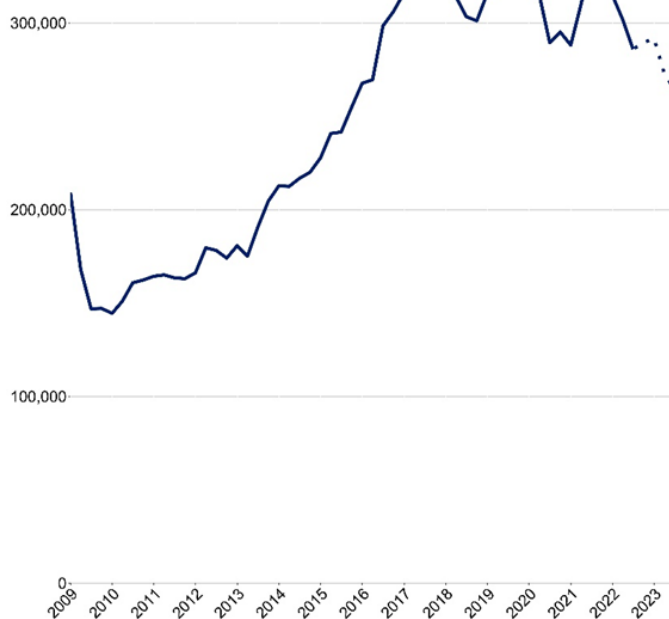


Figure 1: Number of housing units granted planning permission, England, year ending June 2009 to year ending June 2023, DLUHC, 2023¹¹. Between 2016 and 2022 consents were above 300,000 per year, with a dip in 2020-21.

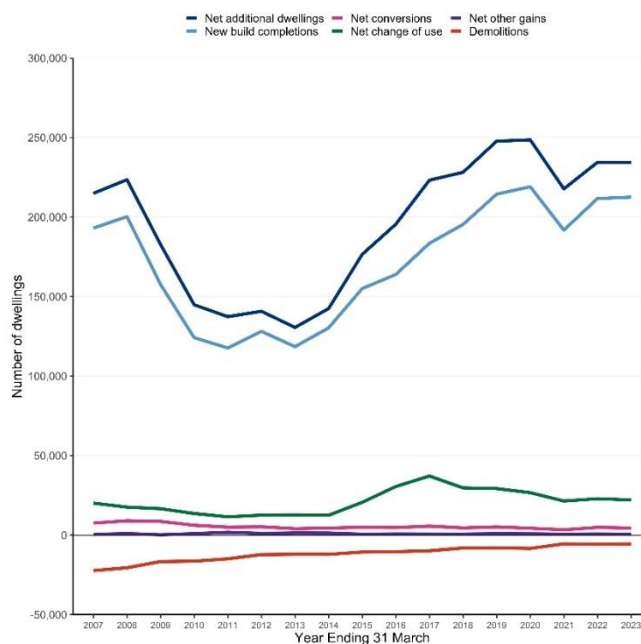


Figure 2: Time series of the components of net additional dwellings, England, 2006-07 to 2022-23, DLUHC, 2023¹². The figure has remained under 250,000 homes. Between 2009 and 2015 net additional dwellings was below 150,000.

¹¹ Figure 1 is taken from “Planning applications in England: April to June 2023 - statistical release”. Webpage. DLUHC, 2023. <https://www.gov.uk/government/statistics/planning-applications-in-england-april-to-june-2023/planning-applications-in-england-april-to-june-2023-statistical-release>

These figures do not include outline planning consents or allocated housing sites yet to receive planning consent.

¹² Figure 2 is taken from “Housing supply: net additional dwellings, England: 2022 to 2023”. Webpage. DLUHC, 2023. <https://www.gov.uk/government/statistics/housing-supply-net-additional-dwellings-england-2022-to-2023>

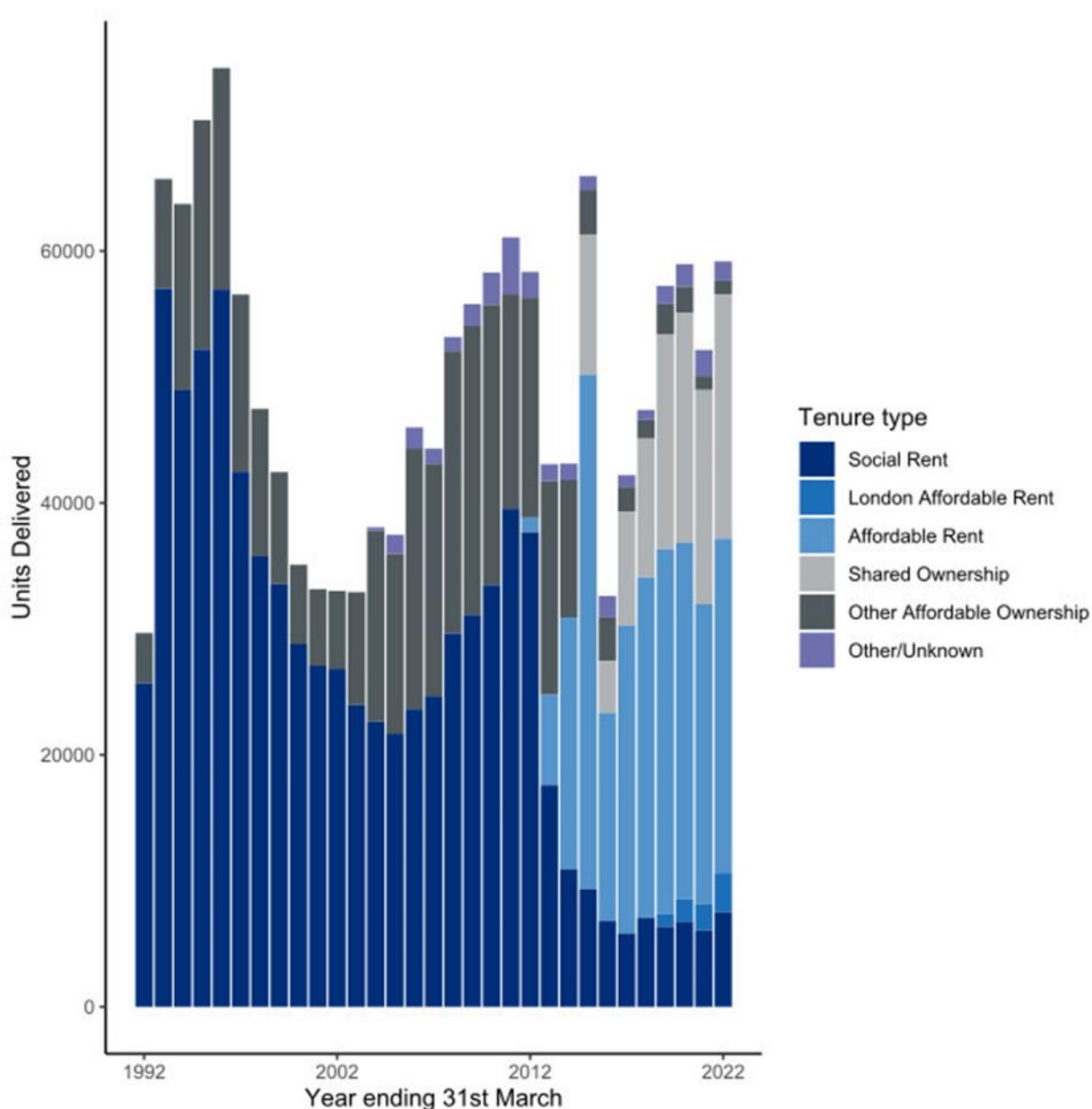


Figure 3: Affordable housing completions by tenure, England, 1991-92 to 2021-22 (DLUHC, 2022)¹³. Homes for social rent have consistently remained lower than other tenures. Between 2012 and 2022 there was a significant drop in the number of homes completed for social rent, to less than 10,000 homes per annum.

¹³ Figure Three is taken from “Affordable housing supply in England: 2021 to 2022”. Webpage. DLUHC, 2022. <https://www.gov.uk/government/statistics/affordable-housing-supply-in-england-2021-to-2022>

3 Towards a solution – Learning from the past and present

The key components of the solution

This paper has already made clear that expanded investment in social rented homes for those most in need is the precondition of success. Policy makers must also recognise that the way the existing housing stock is distributed is a question that cannot be ignored. This is particularly important in a diverse housing market where investment in second homes and short-term holiday rentals can distort local markets in areas with few opportunities for strategic housing growth. There were 1,507,100 unoccupied dwellings in England in 2021, 89.7% of which were truly vacant and 10.3% were second homes¹⁴. In addition, there has been a significant increase in short term holiday lets in some local authorities, with evidence this is up to 40%, although definitive figures are not yet available.¹⁵

It cannot be right that we are expanding the number of homes for leisure when so many families have no homes at all. While this paper is not focused on the distribution of homes and tenures, the TCPA supports the concept of both local and national taxation measures to rebalance the housing market in favour of meeting local needs. Even with such measures, however, there is still a need to deliver more homes to tackle the housing crisis. In relation to planning for new homes there are three elements to addressing effective housing delivery:

1. National strategic growth in the form of new settlements of at least 35,000 homes (80,000 people).
2. Local strategic growth on a scale between 1,500 and 10,000 new homes in smaller new, renewed, and expanded communities.
3. The contribution of the normal local plan process in meeting local needs.

The role of local plans

This paper assumes that the Government will continue to set targets for local plan provision, but that such targets will acknowledge the reality of constraints on some authorities and the benefits of a strategic approach set out in parts four and five of this paper. Local plan allocation of sites of fewer than 1,500 homes will continue to produce the majority of housing consents in England and will be built out through the existing development process. We also recognise that Neighbourhood Plans could play a significant role, particularly in meeting rural housing needs. If just 25% of town and parish councils delivered a small exception site scheme of just 10 homes, that would deliver over 25,000 affordable homes throughout England.

There are, in our view, few ways of systematically improving the efficiency of the delivery for this local process, unless community-led housing and local Government-led housing could play a more significant role in delivery. The radical improvements we need to make on the quality, location and affordability of homes is harder to achieve through smaller scale development. As a result, this paper focuses on local and national strategic growth because it is at this scale that new delivery mechanisms can have most impact on supply.

¹⁴ “Number of vacant and second homes, England and Wales: Census 2021”. Webpage. Office for National Statistics. 2023.

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/numberofvacantandsecondhomesenglandandwales/census2021>

¹⁵ Catt, H. ‘Number of holiday-let homes in England up 40% in three years’, BBC News, ‘Online’, 29 June 2022.

<https://www.bbc.co.uk/news/uk-politics-61966359>. 2023. And Cromarty, H. *The growth in short-term lettings (England)*, House of Commons Research Library Research Briefing, 19 May 2023.

The case for new settlements

New settlements, developed using the Garden City Principles, are an essential component of the national strategic plan for housing. The case for new settlements can be made in three parts:

- 1. Need. It is not possible or desirable to meet all our housing needs through small scale sites and urban renewal alone:** Addressing our housing crisis will require a portfolio of solutions, including the renewal of our existing towns and cities. The TCPA supports the development of previously developed (brownfield) sites, but such a policy will not, on its own, solve the housing crisis. Not all brownfield sites are suitable for sustainable development, and the drive for the densification of cities has strict limitations, not least the need to find space for nature in our urban areas for climate resilience and our mental health. Successful densification depends on the quality of the design and the detailed character of existing urban landscapes. It should not be used to avoid facing the reality that greenfield site development can sometimes be the most sustainable option. While there is understandable anxiety about the loss of biodiversity from such development, we can be clear that a well-planned new community can have transformational biodiversity gain over existing intensively farmed countryside.
- 2. A vision of quality. New settlements provide an opportunity for the creation of high-quality and climate resilient places:** Well-planned new communities provide an opportunity to create high-quality sustainable places, allowing for the highest sustainability standards, economies of scale, and better use of infrastructure. A holistic approach to creating new communities provides an opportunity to consider how homes and neighbourhoods can be made attractive places in which to live and work, in environments which are socially inclusive, resilient to climate change and zero carbon. Put simply, high-quality design adds value to property and, by delivering features such as walkability and access to nature, it can help improve residents' health and wellbeing, thus helping to reduce pressure on the health and social care systems.
- 3. Management and consent. A strategic approach to consent and delivery can result in faster delivery of high-quality places.** Experience from the original Garden Cities and New Towns shows that, if properly managed and underwritten by the capture of land values, large-scale new developments can be good for business and society. A strategic approach to land assembly and consent can help to de-risk up-front investment and facilitate local support. The right delivery vehicle with appropriate powers can assist in faster delivery, and by adopting standards such as the Garden City Principles, make a commitment to community participation as well as high-quality design. Stewardship bodies and clear design standards can give reassurance over local residents' quality of lives and that assets will be managed for their long-term benefit.

Key lessons from the delivery of new settlements

It is vital that any programme of new and expanded settlements is based on a detailed appreciation of the lessons from the development of past new communities. For example, while we have failed to plan any new Garden Cities and New Towns since the 1960s, their historical record is impressive, with the post-war New Towns alone currently housing over 2.8 million people. The New Towns Act 1981 is still on the statute books but requires modernisation in terms of participation, climate resilience, and a commitment to the Garden City Principles.

The TCPA has produced detailed research on the vital lessons of the New Towns programme and the key issues are summarised below.

a. Key lessons from the New Towns programme¹⁶

Lesson 1: National government must play a strong role in supporting site identification.

It is a myth that the locations and designations of the New Towns were imposed by central government. A strong offer and clear national policy from government was essential. This supported and de-risked investment and provided confidence to enable local authority-led studies which identified precise scale, need, and location.

Lesson 2: Modernised Development Corporations are the most effective way to deliver large-scale new communities.

The historical record is clear that the private sector alone cannot deliver at scale, because of the risks involved. For larger new settlements, New Town Development Corporations provide the right combination of powers, speed, and commitment to quality necessary for the long-term and complex process of co-ordinating and delivering a new community.

Lesson 3: New Towns can pay for themselves.

The New Towns programme was seen as a national investment priority. Despite challenges, the 60-year fixed-rate loans from central government were repaid with interest by 1996, with some residual assets still providing an income for HM Treasury. New Towns can be highly profitable for Government, but this relies on strong land value capture tools and cannot be realised without significant upfront investment.

Lesson 4: Stewardship of community assets is vital to a truly sustainable outcome.

The biggest failure of the New Towns programme lay in not including requirements for stewardship arrangements in the legislation. The right stewardship model can provide the resources to pay for and maintain the features that make a place worth living in, and linked to public participation, it can enable a strong sense of community.

Lesson 5: People must be empowered to be at the heart of decision-making.

The early New Towns programme provided little public participation in the designation process, leading to opposition from residents in many places. However, the emphasis that the Corporations put on post-designation participation through community development initiatives is one of the key positive legacies. A new programme must combine this with a national conversation about the need for homes and better participation in the designation process.

Lesson 6: There is a need for innovation, not experimentation, in design.

New Towns provide an ideal opportunity for innovation in housing design, materials, and tenure. It is essential that quality, wellbeing, and the lived experience of the residents, alongside sustainability, should be given priority over speed and experimentation.

¹⁶ These lessons are set out in detail in: Katy Lock and Hugh Ellis, *New Towns: Rise, Fall, Rebirth*. RIBA Publishing, 2020

b. Lessons from Growth Points and Eco Towns to garden communities.

From 2003 the Sustainable Communities Plan, and subsequent Growth Points Programme, was the first time since the New Towns programme that the concept of a planned new community had been considered in a holistic way. Using Regional Spatial Strategies, the plan laid the foundations for around 650,000 new homes in four Growth Areas. This brief strategic renaissance was a missed opportunity. It had many important benefits, such as a strategic approach to housing growth but it was defined by two key limitations:

- Despite a huge time and effort put into these initiatives, they were abolished in 2012 and therefore strikingly short-lived, none had the time to bed down sufficiently to deliver on their aims.
- Strategic planning was not explicitly linked to the use of appropriate delivery mechanisms.

In 2007, the Eco Towns programme sought to go further by combining housing delivery ambitions with the commitments to reduce carbon emissions by 80% below 1990 levels by 2050. Government invited bids for 10 new settlements of 25,000 population each (around 5,000 homes). The programme was accompanied by a Planning Policy Statement which set out the high objectives to be met by the exemplars of sustainable placemaking. However, the programme failed to achieve public consent. The bidding-competition approach to identifying the Eco Towns were seen as a top-down initiative, which unlike the New Towns programme, were not backed up by the funding or delivery mechanisms to enable delivery. While many of the Eco Towns remained good ideas, there was little time for them to emerge through a democratic local process.

c. Key challenges to delivering new settlements today

While there is no current national policy to support strategic large-scale new settlements, the National Planning Policy Framework requires consideration of smaller-scale strategic growth. The provision of urban extensions and new settlements of 1,500 to 10,000 homes has remained a significant component of housing supply. The TCPA's New Communities Group includes 44 of the local authorities and development corporations contributing to this, who between them are planning for and delivering around 300,000 new homes¹⁷. While these and many other authorities are planning ambitiously for new homes, our current housing delivery system lacks many of the necessary characteristics to support scale growth through the long term and complex development process. There are six related areas of dysfunction which are holding back delivery:

- The lack of a strategic approach to site identification.
- The shortage of skills and capacity of local government.
- The inadequacy of the local plan model to manage large-scale strategic growth.

¹⁷ Further information about the TCPA New Communities Group can be found at the TCPA's "New Communities Group" webpage, at <https://www.tcpa.org.uk/areas-of-work/garden-cities-and-new-towns/new-communities-group/>

- A failure to provide adequate financial support and clear land value capture models including the complexities of viability testing.
- A lack of clarity about a workable delivery model including the multiple forms of Development Corporation which can now be deployed.
- A general lack of public trust in the planning process which is being reinforced by a sense that people are ‘in the way’ of government housing objectives.

It is significant that while some of these difficulties relate to local government practice the majority can only be resolved by central government action.

If there was a single proposition which distils many of the current problems of large-scale development, it would be that the general offer from central government does not provide the confidence and certainty to enable local action. In broad terms the balance of financial and political risks has shifted to the local level despite national government's desire to see housing delivery as a key national priority.

4 A national strategic plan for homes

A national strategic plan for homes

The first element of the solution to the housing delivery crisis is the most ambitious. National strategic growth in the form of new settlements, provides the opportunity to make a dramatic change in the pace of delivery and the quality and affordability of new homes.

The preconditions of success

Delivering strategic housing growth is a vital part of solving our housing crisis but the success of any future programme of new settlements depends on the application of the important learning set out in **Part three**. There are five important preconditions which flow from this learning that must be met if a programme of new settlements is to be successful:

- A clear and shared vision for healthy, resilient, and affordable places across England, which is clearly articulated in national policy and supported with minimum legal standards.
- Long-term political commitment to the necessary investment to create new places through a coherent package of infrastructure investment.
- A genuine commitment to building consensus and real public participation in both the designation and management of new communities. This must include a new emphasis on community-led and cooperative housing development.
- A coherent and detailed set of delivery tools and particularly the use of modernised New Town Development Corporations with all the necessary powers to capture land values and deliver new communities.
- A national strategy to enable the necessary skills and supply chains to support the practical ambition for net zero housing innovation and scale of delivery.

Ten steps to realise a new generation of New Towns

Meeting these preconditions means that the Government must address the key steps set out below and summarised in **Box 1**.

Box 1: Summary of steps to realise a new generation of New Towns

Step 1: A national vision for new communities

Step 2: A national spatial plan for growth and renewal

Step 3: A built environment work force and supply chain plan

Step 4: Deciding the scale, number and location of new settlements

Step 5: Modernising delivery bodies

Step 6: Supporting local government

Step 7: The designation process

Step 8: Financing the new settlements

Step 9: Defining the operations of the Development Corporation

Step 10: Embedding legacy and stewardship

Step 1: A national vision for new communities

National government must publish a clear statement of its vision for new communities. This vision should be focused on the creation of inclusive, resilient, net zero and affordable places. The vision should be supported by the Garden City Principles (see **Figure 4**) which together will shape the look and feel of new and expanded communities.

It has been almost 25 years since any government in England set out a vision for how communities should be developed. In developing a positive and hopeful collective vision for our future, government will need to engage in a national conversation about how future generations can thrive in an era defined by growing uncertainties around climate, technology, and public health. It will need to make clear that this vision applies equally to the regeneration and expansion of communities as it does to the establishment of new places. The standards in this national policy statement must be expressed as a set of forceful minimum requirements allowing for local innovation above that level but sending a clear signal to landowners about realistic expectations of land prices.

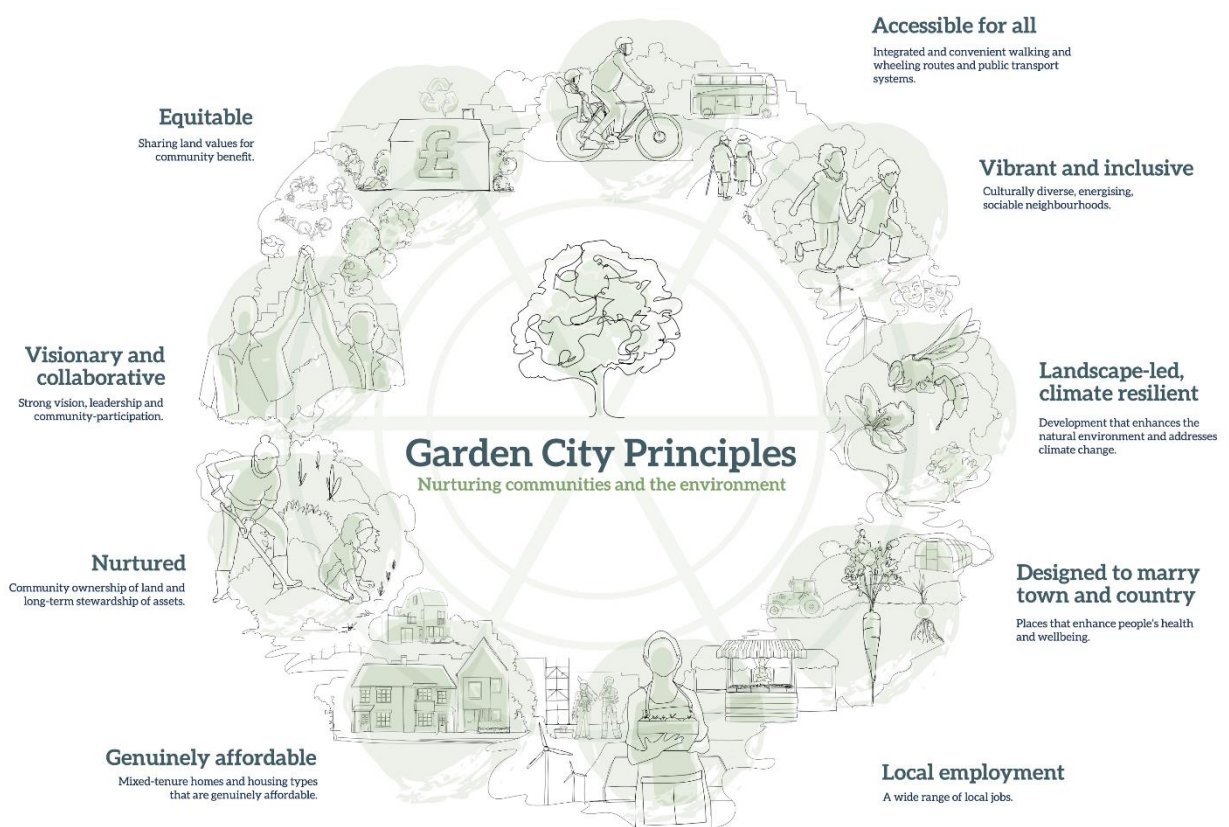


Figure 4: The Garden City Principles. Further details about the Garden City Principles can be found at: <https://www.tcpa.org.uk/garden-city-principles/>

As well as setting out a strategic vision, a national statement must draw on all the Garden City Principles and make specific and ambitious commitments for quality and sustainability in large scale strategic housing sites. As a minimum these commitments must include:

- Net zero carbon emission communities which can demonstrate a clear commitment to climate resilience over a minimum of a 100-year time horizon.
- A commitment to ensure new development is in locations which can ensure development within environmental limits, is connected by sustainable transport networks, and can take a part in rebalancing the economy.
- An ambition to create Europe's healthiest new communities through designing in measures which create complete and walkable neighbourhoods with a mix of flexible employment opportunities, public transport networks, active travel opportunities and generous access to nature, recreation and local food growing.
- A firm commitment to the genuine affordability of new homes with at least one third of the total housing offer being for social rent.
- A commitment to the diversification of the supply of homes and particularly to a variety of community-led housing initiatives including cooperative housing, Community Land Trusts and self-build. At least 30% of the total housing delivery should be from these innovative sources.
- A clear commitment to ensure a radical improvement in biodiversity within the site boundary within 10 years in order to support nature recovery.

Step 2: A national spatial plan for growth and renewal

A national vision will only be useful if it is backed by a national spatial strategy which combines all the spatial data necessary to understand where growth can be sustainably located. Such a resource will enable the exploration of the relationship between housing needs, environmental constraints and infrastructure provision which is a precondition for a successful housing and growth strategy. In the short-term this strategy would be non-statutory but would have status as government planning policy and guidance so that it must be considered in sub-regional and local plan making.

The national strategy should fit within a framework of spatial policy which would include regional and local plans. Government should establish a task force to begin urgent work on a national spatial framework drawing on the approach of the Welsh Assembly Government and aiming to produce preliminary results within six months. Equal priority must be given to a parallel process of public awareness-raising and engagement based upon a national Citizen's Assembly to explore England's future housing development needs.

Step 3: A built environment work force and supply chain plan

As Sir Oliver Letwin's 2018 review of build out rates revealed¹⁸, there are serious barriers to the ramping up of housing delivery because of a basic skills shortage in construction workers. Similar shortages exist for other key built-environment professionals, particularly strategic planning. Meanwhile there are significant supply chain issues for the materials and technology

¹⁸ O Letwin: *Independent Review of Build Out, Final Report*. Ministry of Housing, Communities and Local Government, October. 2018. <https://www.gov.uk/government/publications/independent-review-of-build-out-final-report>

needed for the delivery of modern methods of construction. Despite the positive work of bodies such as the Construction Industry Training Board¹⁹ there remains a serious failure to plan and invest in our workforce and building innovation particular around embedded carbon. While large-scale new settlements provide the opportunity to deliver modern methods of construction at scale, success depends on government setting out a clear workforce plan for construction and providing absolute certainty around, for example, net zero requirements and the technologies required in order that business has the confidence to invest.

Step 4: Deciding the scale, number and location of new settlements

The precise scale of a new settlement will vary depending on its location and the opportunities identified through the national spatial plan. As a minimum, however, we expect strategic growth to mean at least 35,000 new homes with the potential for 100,000 homes if a suitable location can be found. It is at these scales that the full benefits of a strategic approach as set out in **Part three** of this paper can be realised.

The number of new settlements that will be required depends on the findings of the national spatial plan, the political commitment to adequate resourcing and the wider limitations of skills and materials. The programme should proceed in a series of phases beginning with three designations to meet high demand areas, and one or more designations beyond the South East of England based on the major renewal of an existing community. Learning from this process will inform the development of further settlements where the data suggest they may be necessary.

The broad location of any new development must also flow from the conclusions of the national spatial strategy based upon robust evidence as to the constraints generated by factors such as flood risk and water scarcity and the opportunities generated by future infrastructure deployment.²⁰ The strategy must create sub-regional areas of search for new settlements which will narrow the field for the final decisions on designation, and within which local government will be supported to work collaboratively to identify precise scale and location. Speculating about these areas before this data is available is counterproductive. However, for the TCPA there are some additional preconditions which include:

- locating new settlements beyond existing Green Belt in ways well aligned with sustainable transport infrastructure, and
- looking beyond the South East of England to rebalance the economy, including to ensure there is a powerful offer for growth in the North of England.

While there is a temptation to locate new settlements only in areas subject to high demand now the changing nature of our economy, along with the drive for greater regional equality, means that new settlements can be located in locations which might bridge regional economies. As **Step 4** makes clear there is a need for a powerful northern offer focused on rejuvenating and completing the New Towns programme in the North East and North West. The TCPA has

¹⁹ See the Construction Industry Training Board's webpage at, <https://www.citb.co.uk/>

²⁰ The TCPA's Guide on Location and Consent provides further criteria for locating new settlements. See *Guide 1: Locating and Consenting New Garden Cities*. TCPA. November. 2017. <https://www.tcpa.org.uk/resources/locating-and-consenting-new-garden-cities/>

published a separate prospectus which provides a vision of how our northern New Towns might be regenerated²¹.

Step 5: Modernising delivery bodies

The evidence is clear that the objective of welding strategy, consent and delivery together to deliver large scale growth is best achieved through the framework set out in the existing New Towns legislation. As well as dealing with the designation process and the finance of new settlements, the heart of the legislation was the creation of a New Town Development Corporation. As **Part two** has made clear these bodies have extensive powers to do anything necessary to deliver the new community. However, change is necessary to modernise the legislation currently contained in the New Towns Act 1981. This is particularly important in relation to the purpose of Development Corporations being aligned with objectives around health and well-being, climate resilience, net zero, and long-term stewardship. There are also significant changes required to modernise the governance of such bodies to enable stronger local representation and greater genuine participation²².

While there are now a host of different Development Corporation models, the TCPA is clear that New Town Development Corporations (NTDCs) remain the most effective route to delivery. While locally led NTDC's were introduced to give local authorities much greater power over the corporations the legislation effectively shifted the entire financial and political responsibility for delivery to the local level. While local authorities must play a stronger role in the governance of the corporations, it is vital that national Government takes its fair share of the financial and political responsibility if the confidence of the public and other investors is to be secured. Ministerial responsibility for Development Corporations creates a stronger platform to unblock crossdepartmental spending and advocate for the necessary infrastructure delivery.

Step 6: Supporting local government

Large-scale new communities are developed over a long-period, and key to their success is the long-term commitment of local leaders and their communities. Meanwhile, local authorities are constantly under pressure to deliver on short-term housing targets. As set out above, the right programme from government should act to de-risk local commitment by setting out clear incentives for authorities and communities who commit to large-scale growth. The history of the designation of a new town such as Milton Keynes suggests that these incentives need to be both political and financial.

Our current planning system has led to a great deal of poorly located, poorly designed and therefore extremely controversial housing developments scattered across districts in high demand areas. Agreeing to deal with housing growth pressures in one strategic location over the long-term, should free the local authority from any requirements to deliver five-year land supply and the housing delivery test outside the phased delivery of strategic designations.

²¹ *Peterlee – The Place to...bee: A new future for Peterlee – Prospectus*. TCPA, December. 2023. <https://www.tcpa.org.uk/resources/peterlee-the-place-to-bee/>

²² The “New Towns Act 2015?” sets out what some of these changes might look like. See the *New Towns Act 2015?*. TCPA, February. 2014. <https://tcpa.org.uk/wp-content/uploads/2021/11/NTA2015.pdf>

This puts the local authority back in control of its own future and free to meet other local needs where they arise. In short, while the designation of one strategic site is a major political risk it removes the constant aggravation of deeply unpopular speculative housing proposals.

For local authorities to accept a strategic designation national government must have a sufficiently attractive infrastructure investment offer. While specific infrastructure will need to be deployed to facilitate a strategic site this should provide opportunities for wider investment inside a subregion to improve the lives of existing communities. Government will need to consider the future of existing incentives such as the New Homes Bonus as part of the overall package that rewards local authorities who adopt a strategic approach to meeting housing needs.

Step 7: The designation process

A robust, transparent and democratic approach to designation is essential. The default should be Option 1, below. Where this process is not delivering on in the wider public interest, the Secretary of State retains the powers to proceed with Option 2.

Option 1: The national spatial plan will define special requirements for the preparation of joint Spatial Development Strategies (SDS) or local plans within its identified areas of search. National government should support local authorities inside areas of search to include proposals for the location of new settlements in their joint plans. These proposals will need to demonstrate the robust evidence base including the environmental impacts and constraints as well as the expected opportunities, from nature recovery to public health. The proposals contained within a SDS or local plan must be subject to a positive process of public participation in line with principles endorsed by Scottish Government²³. The process will culminate in the independent examination of the plan at which a right to be heard for objectors must be allowed²⁴. After the SDS or local plan has been adopted national government will decide whether to designate a New Town Development Corporation for the proposed area.

Option 2: Imposing a large-scale new community on a local authority that was bitterly opposed to its foundation would make its delivery extremely difficult. However, the Secretary of State retains extensive reserved powers to impose such a designation where these actions can be justified in the wider public interest. This power should only ever be used in exceptional circumstances and the designation would be subject to two safeguards:

- A public inquiry into the merits of such an approach at which the public will have a right to be heard.
- A positive resolution to approve the designation by both Houses of Parliament.

Step 8: Financing the new settlements

The foundation of the financial success of the Garden City model and New Towns programme relied on capturing the values that arose from the development process and reinvesting that

²³ See the Scottish Government's "Participation Framework" webpage, at <https://www.gov.scot/publications/participation-framework/>

²⁴ The TCPA recognises that a right to be heard has been denied in the preparation of SDS but that right must be restored if such plans are to be used as part of the designation process.

income in the quality, commercial success, and long-term stewardship of the community. In modern terms they were focused on generating social value. This approach remains central to the financial success of large-scale new communities and requires a suite of measures to capture both land value uplift and the income from land sales and rents as the town matures.

Although new towns can pay for themselves over the long term they rely entirely on major upfront investment in infrastructure and services. That capital investment relies on government backed loans to the Development Corporation in the first instance. Such loans will accrue to the public sector borrowing requirement and since there is no way of avoiding this challenge success depends on the commitment made in the government's wider spending plans.

The scale of the cost of each New Town will depend entirely upon the circumstances of its location since that determines infrastructure needs, but the scale of the public loans can be mitigated by seeking private patient investment for aspects of the housing, retail and commercial offer of the New Town. This income stream was not available to the original New Towns programme because the law prevented commercial borrowing. The de-risking of the development process by a NTDC should provide an attractive vehicle for long-term institutional investors. A great deal of important research has been carried out as to how institutional investment could flow out of the development of a new settlement. This includes the submissions to the 2014 Wolfson Economics prize²⁵. NTDCs will also need to benefit from the application of any existing government investment programmes in relation to, for example, flood mitigation, education and affordable housing.

While there has been an intense debate about the complexity of land value capture, in general the issues for the delivery of New Towns are more defined and benefit from the strength of the powers of the Development Corporation. Significant values are generated when agricultural property is granted planning permission for housing. This betterment value is created by the actions of local authorities granting consent for higher value land uses, but the benefits accrue largely to landowners. The financial success of a modern New Town will depend on purchasing land at or close to existing use value and then harnessing the rapid increase in those values as the town is developed for public benefit.

Development Corporations already have extensive powers to compulsory purchase land where landowners refused to cooperate. The key problem centres on the factors used to determine a fair market price for compensation. Some progress has already been made to limit the scope of 'hope value' and to discount the positive impact on land prices of associated public investment in transport infrastructure. In addition, Government must make absolutely clear that the speculative hope of future planning consents should play no part in market valuation. It is also vital that the valuation of land for compensation must fully reflect both the upfront cost of the infrastructure necessary to enable development to take place, the cost of design standards set out in national policy and the Development Corporation's masterplan. Only when these costs have been fully accounted can a fair valuation of land be determined. Development Corporations should be free to negotiate voluntary land sales and to enter into investment partnerships with landowners where such agreements meet the requirements of their objectives and are in the wider public interest.

²⁵ A summary of finalist's entries is available at: *Finalist Submissions*, A compendium of non-technical summaries. Wolfson Economic Prize and Policy Exchange, 2014. <https://policyexchange.org.uk/wp-content/uploads/2016/10/wep-2014-compendium-of-finalists.pdf>

Capturing betterment values creates significant savings to the taxpayer but depending on the scale of infrastructure required it is unlikely to meet the whole costs of establishing a new community. As a result, the Development Corporation may choose to dispose of part of its estate to private developers at a price that reflects the cost of infrastructure investment. Development Corporations already have the powers to set an additional infrastructure levy to recoup costs and to vary that levy to incentivise, for example, community-led and affordable homes.

In essence this is a reversal of the current development model where profits from development are privatised but the majority of the costs of infrastructure are socialised. However, even with effective ways of capturing betterment values the model will still require major public investment. While the lesson of the New Towns programme is that the loans that drove their initial investment can be more than adequately repaid, it should be acknowledge that this assumes the alignment of wider government investment in, for example, affordable housing. It also assumes that the assets of the new community are given the opportunity to mature to reflect their full value and will not be subject to the kind of fire sale which so damaged the financial performance of the New Towns programme after 1980.

Step 9: Defining the operations of the Development Corporation

The priority tasks for a New Town Development Corporation are to assemble the delivery team and set out a phased masterplan for the site which reflects both national and local aspirations for design quality. As a result of recent legal changes, the Development Corporation has the power to operate as a planning authority and would control all aspects of planning consent in the town.

The Development Corporation will need a board of directors which reflects the need for a much greater degree of community involvement in decision making. In principle the board will be comprised of one third local government representation, one third expert independent advisers and one third community and business representation.

As the new community begins to be established the Development Corporation will create a formal citizen's assembly²⁶ to give a voice to new residents in the operation of the town and in the detailed design of later phases of the project. A citizen's assembly model is an important innovation in participative democracy and should be retained when the responsibilities of the Development Corporation are finally passed to the relevant local authority.

Step 10: Embedding legacy and stewardship

One of the starkest lessons of the New Towns programme was the fatal mistake of abolishing Development Corporations before their key task of nurturing the development of a place was complete. Building a new settlement is an intergenerational task and Development Corporations should expect to operate for a minimum of 40 years. During the operation of the Development Corporation there is an overriding need to consider how the long-term stewardship of a wide variety of community assets will be managed and resourced. This requires a clear plan to be outlined at designation, which will set out the need to transfer assets and responsibilities to community and charitable organisations that will manage them for the

²⁶ See the UK Parliament's "About citizen's assemblies" webpage, at <https://www.parliament.uk/get-involved/committees/climate-assembly-uk/about-citizens-assemblies/>

benefit of the citizens over the long-term. This transfer of responsibility must be accompanied by a clear strategy to endow such organisations with sufficient resources. For the TCPA this should also include the ultimate vesting of a significant part of the commercial estate of the town to a charitable trust or equivalent that would operate in the interest of the community's development and renewal.²⁷

Administering a programme of new settlements.

There are two primary administrative tasks in delivering a national programme of new settlements. The first relates to the clear responsibilities of the Secretary of State to secure the policy objectives, finance and designation of a new settlement. That creates a departmental responsibility to deal with the programme which would require a separate division and Director General in the relevant department, currently the Department for Levelling Up, Housing and Communities.

The second task relates to ongoing operational support to local authorities during the designation process and ultimately to the Development Corporations. These responsibilities include issues around capacity, skills, detailed policy and brokerage. Capturing and spreading the learning from the first phase of the programme will be equally important. There is no need for a new body to carry out this function since Homes England has the necessary powers and scope to carry out the task. However, it would require a very significant change to the organisation's current corporate objectives.

How long does all this take?

It is useful to break down the time scales involved in a new programme of national strategic growth into two phases:

- Phase one is the time taken to identify a location, designate the site and to create a new Development Corporation.
- Phase two involves the direct delivery of the new community by that Development Corporation.

The real acceleration in rates of delivery, the quality of new homes and communities, and their affordability comes in Phase two, after the Development Corporation begins to operate, for the reasons established in this paper. The process of designation has to reflect a democratic context as well as reflecting the skills and capacity of the public bodies involved, which have been badly denuded by more than a decade of austerity. However, a national spatial plan could be drafted in no more than six months given that all the necessary data to complete it is already available. The creation of SDS or local plans which identify precise scale and location could also be significantly accelerated by creating national policy certainty, investing in skills and capacity. To achieve this without a reduction in public participation requires clear political leadership and prompt decision-making at the national and local levels.

²⁷ Further information about long-term stewardship is available at the TCPA's "Toolkit: Long-term stewardship in new communities" webpage, at <https://www.tcpa.org.uk/collection/toolkit-long-term-stewardship/>.

5 Local strategic growth

Unlocking local strategic growth

This paper has made clear that a programme of large-scale new settlements would have clear delivery benefits, but it is only one part of the solution to transforming the way we plan for new homes. Local strategic growth of between 1,500 and 10,000 new homes will also need to play a major role and has a series of clear advantages for many communities over the kind of fragmented and unsustainable approach to housing provision, which is often the outcome of the current system. Politically, it can be advantageous to engage communities on a single larger proposal of exemplary quality than multiple speculatively driven smaller ones. Local strategic growth enables higher sustainability standards, through economies of scale, and better use of infrastructure. The potential is there to scale-up and spread local strategic growth by harnessing the learning of the TCPA's New Communities Group to address the barriers set in **part two** of this paper.

Many of the measures necessary to unlock national strategic growth would also support local strategic approaches but it is important to recognise some essential differences between the two delivery routes. Local strategic growth will largely be in the hands of local authorities both to plan for and to play the leading role in delivery. While this delivery still requires the certainty created by a master developer this will normally be in the form of a partnership with private investors and developers. It will not normally be driven by a Development Corporation but might be led by a local authority development company. As a result, overcoming the current barriers to local strategic growth will require a tailored set of actions from central government to address the lack of investment and policy uncertainty which is holding back delivery.

Rebuilding capacity

There is one overarching constraint on the potential of local growth and that is the long-term impact of de-funding the planning service on the skills and capacity vital to effective planning and delivery. Rebuilding strategic planning skills will take time and requires national government to address both adequate funding and a workforce plan to rebuild the knowledge and confidence of the public service.

Developing a comprehensive support programme for local strategic growth

National government has a crucial role to play in providing the confidence and certainty to enable local action. This requires a fairer balance of the financial and political risks between local and national government. There are six key steps vital to enabling this:

Step one. In developing a national vision for homes and communities of the kind set out in Part 3, national government must clearly identify the role of local strategic growth and set clear parallel expectations in relation to design quality, net zero development and prioritisation of social rented and community led housing. This will serve to set expectations on standards, which will reduce land prices and build public support. It also provides a clear signal of political commitment which can de-risk political and financial commitment at the local level.

Step two. The location of local strategic growth sites will benefit from a clear national spatial framework which must create certainty about infrastructure investment that can support local strategic growth. Government must make clear in national planning policy that local strategic growth sites should be made a distinct priority in the development of Spatial Development Strategies (SDS).

Step three. National planning policy must contain specific references to the benefits of local strategic growth providing strong support for the identification of sites in SDS and local plan preparation. National policy must also require key public and private sector infrastructure providers including, for example, water, sewage and grid to take part in plan making at the earliest stage and be completely transparent as to their investment plans.

Step four. Homes England must be ambitious with the deployment of its extensive powers for co-ordinating and supporting local strategic growth. This means pro-actively using its powers for investment, brokering infrastructure provision, and compulsorily purchasing land where that would unlock development opportunities.

Step five. National Government must provide a credible infrastructure offer which needs to be long term and include support for local government capacity.

Step six. Government must provide guidance on viability testing that reflects the special circumstances of strategic sites. This includes a requirement that viability assessments for larger-scale sites reflect the choice of delivery vehicle. For example, where a local authority or joint venture delivery company is chosen to deliver a new community, the certainties and confidence provided by the use of that vehicle should be reflected in the viability assessment process.

6 Making it happen

This paper has advocated a fundamental shift in housing and planning policy to focus on the effective delivery of homes, particularly for those in greatest need. In scanning across the range of planning measures necessary to meet this challenge, we have advocated a decisive shift towards a programme of new and expanded communities both at a national strategic level in the form of New Towns, and the enabling of local strategic growth. While investors, infrastructure providers and local government all have a contribution to this programme the key responsibility for unlocking housing delivery sits squarely with national government.

This nation was once a world-leader in creating high quality homes. That was based on a vision of high-quality homes in complete communities for everyone. There is opportunity to renew that vision to give hope to future generations. We have the skills and the understanding of the lessons of the past. What we are lacking is the political will to achieve long-term change.