



The 4th Annual Honor Chapman Memorial Lecture - Tuesday 16 May
How the Government can increase housing supply: Learning from the New Towns

With Guest Speaker Baroness Margaret Ford of Cuninghame

Baroness Ford's wide ranging career has encompassed a number of sectors, she is currently Chairman of STV plc, recently stepped down as Chair of Grainger plc, holds a number non-executive directorships and is an Honorary Professor of Real Estate at Glasgow University.



She is perhaps best known for her work as Chair of the Olympic Park Legacy Committee and English Partnerships which has created lasting improvements in the UK's built environment.

I am genuinely delighted to have been asked to deliver the annual lecture tonight in tribute to the great Honor Chapman. And particularly pleased to do so, following in the footsteps, amongst others, of the mighty Alison Nimmo. Alison's visionary design work on the Olympic Park laid the most fantastic foundations for the work of the Olympic Park Legacy Company, which I was privileged to chair in its initial phase. So, not for the first time have I been fortunate enough to trail in her wake.

I didn't know Honor just as well as some other colleagues here tonight. But from our first encounter in 2002 until her death in 2009, I was privileged to call her first, a colleague and then, more especially, a friend. And as it turned out, a next door neighbour.

When I arrived back to work in London in 2002, it was after an absence of some fifteen years. Taking on the Chair of English Partnerships, in double quick time, I needed to rebuild my network and create a host of new relationships. One of the first people I met was Honor, who shortly afterwards went on to chair the LDA. We hit it off immediately and she generously set about parading me around London, where it appeared that every door opened miraculously.

And doors did open for Honor because of who she was and what she represented. Knowledge, experience, expertise, understanding, empathy, warmth, charm and of course, shot through with steel. And that sense of humour. One of my favourite pictures of her was taken when one of the trade magazines did an article about senior women in property and we were all shepherded into an unfeasibly trendy studio in Shoreditch. Whenever I look at that picture I can still see her shoulders heaving up and down with the hilarity of it all.

Honor was respected and loved in equal measure and I could not have had better good fortune than to have her adopt me in the summer of 2002.

Fifteen years later, though, policy makers are still grappling with many of the same issues that we were trying to tackle then and which dominated the policy landscape in 2002. Specifically, how to create and sustain a level of homebuilding and place making that meets the economic and social needs of 21st Century Britain. In the intervening years, successive Government enquiries and reports have attempted to address the same question. Kate Barker's magnum opus in 2006 is still probably the seminal analysis of the topic and pretty much every subsequent exercise comes to the same conclusion. We need to be building around 250,000 homes each year in order to meet demand and to stabilise prices.

Last year we accomplished 145,000, which was a seven year high. At a time when interest rates are at a lifetime low, the economy is in pretty good shape and the housing cycle is benign. So why can't we do more?

Commentators frequently and correctly point to the high water mark of the 1950s and 1960s and puzzle over our inability to get anywhere near that mark. In 1968, we built 425,800 homes, slightly over half of which were for owner occupation. And we kept up a pretty brisk supply of over 300,000 completions a year up until the mid-1980s when completions started to slowly but distinctly tail off.

It is easy to simply say that stopping building Council housing was responsible for all of this decline. And there is certainly some truth in that, as far as social housing concerned. The contribution of fifty years of Housing Association development has never reached anything like serious scale in comparison. But I think the full explanation is rather more nuanced. I started to understand it better when, as part of some work I was doing in Parliament, I started to dig into the nature and geography of completions across the 20th century and particularly the latter half of the Century.

Specifically looking at the completion of private dwellings, it is evident that if you smooth out some peaks and troughs, most of which mirror prevailing macro-economic factors, the contribution of the private developers is remarkably stable across the piece. Averaging between 120,000 and 150,000 completions a year across most of the century. What you might call a natural demand for owner occupied dwellings. Viewed in that way, the 130,000 owner occupied homes completed last year is pretty much exactly in line with the long run average. So I am not surprised when numerous Government attempts to get the volume house builders to deliver significantly, by which I mean tens of thousands, significantly more housing, rarely succeed. Because I suspect that this part of the market, as currently structured, is operating at or near its long term average. The fact is that houses start to get built when a deposit is paid. House builders do not and never have, except when obliged to in the most sharp downturn,

held stock. It is simply not in the interest of their business model, which obliges consented land to be built out as soon as possible. This becomes even more urgent when a start is made on site. The relationship between the economy, mortgage availability and housing starts is inextricably and rationally linked. In fact you could argue that the market functions really well.

I also believe that this level is probably the natural level of output from the traditional planning system, which delivers incremental growth, by definition.

The challenge to my thinking though came when I tried to understand why the rate of completions stayed significantly higher than the long run average between the early 1970s and mid-1980, not a period of unalloyed joy, economically. And my investigations, surprisingly, took me right into the middle of the New Towns.

I was surprised because I thought I understood a bit about the New Town Programme. I started my working life in a Local Authority in Scotland where the first two years of my life were consumed by transferring the assets of the coterminous New Town, which was being wound up. I also spent five happy years as Chairman of EP which of course, was only a brand name for the two organisations which sat underneath it. One of which was CNT, the Commission for the New Towns which held all the residual assets from the English New Town Programme, that were still to be developed.

And the reason started to become clear to me. When I overlaid the geography of the new towns with the pattern of completions, (admittedly on the back of a rather elegant envelope) it was not just that the public building programmes of the NTs contributed hugely to supply, but after policy changed in the early 1970s, and private developers were encouraged to come into the Programme, private completions contribute significantly too. And the reason that this carries on well after the formal NT Programme starts to get wound up, is startlingly simple. It's because consented land, complete with social infrastructure and demand, remains available, at the right price, for development. As it progressively runs out, by about the early 90s, we start to see a return to the average run of completions. As we revert to traditional incremental growth through the normal planning system. Although there are one or two other structural factors at play as well, it appeared to me that the one of the key factors to sustain above average supply must be the availability of scale development.

So when Government exhorts the volume builders to deliver more, it's obviously only ever going to solve some of the problem at the margin.

I think the answer is in Government's own hands. Which is to provide designated areas for development and the powers and resources necessary to execute on a long term plan. In the first eight years of the London New Towns, Programme, astonishingly, one third of the planned growth was accomplished, and that was from a standing start with no infrastructure.

So if the New Towns provided a template in the middle half of the last century, and if the answer really is as simple in one sense, as designating and providing land, how could we learn from that programme to deliver the transformation needed in housing supply today?

The New Towns Programme was created by legislation in 1946 when the first 11 English New Towns were created, initially intended to accommodate overspill from London. These were towns such as Stevenage, which was the first, Harlow, Bracknell, Basildon. These were followed between 1961 and 1970 by a further 10 towns in England, the so called provincial New Towns such as Runcorn and Warrington, and by extensions to existing towns such as Peterborough and Northampton. As thinking shifted, these latter settlements were driven as much by regional economic policy as they were by housing policy. The Programme was completed by designating six towns in Scotland, three in Northern Ireland, and two in Wales.

The Programme was quite simply, an undertaking of the most enormous scale and ambition, and certainly judged by today's standards. It was one of those post War acts of reconstruction which combined tremendous political courage with real social vision. The 1946 Act conferred considerable powers on each New Town, to "own, manage, dispose of land and property, undertake building operations, provide public utilities", and in an incredibly permissive legislative sweep, to "do anything necessary to develop the new town".

Development Corporations were created, appointed and funded by Central Government. Funding was provided by a mixture of loans and subsidies from Government, often fixed for 60 years. There was put in place a favourable regime for land purchase at, or close to existing use values and so Development Corporations were able to assemble the land in a very benign set of circumstances.

Boards of Corporations were responsible to Ministers and to Parliament and Local Government was in most locations, reorganised to be co-terminus with the development corporation area. Since in many cases, there was no resident local population, each Corporation's focus was on delivery. The philosophy and tone was expert, and top down, but not out of tune with the prevailing orthodoxy of the time. The later Corporations, such as Northampton, which were in reality, urban extensions, were drawn along more partnership lines, reflecting both public policy expectations and the very practical point that these were already established settlements and so required a different model, especially of civic engagement. A feature that is noticeably absent if you research the reports of Board meetings and decision making meetings from the early New Towns archive.

Strong leadership was put in place, and it was a feature of the New Towns that this leadership, both at Board level, and also at executive level, was incredibly stable and consistent. This also reflected the fact that for the duration of the Programme, indeed up until about 1978/9 it enjoyed consistent bi partisan support. Academic, practitioner and then political focus shifted,

for reasons we all will recall, on to the inner Cities, from the early 1980s. This coincided with the maturity of much of the Programme.

Alongside widely drawn powers, the first wave of New Towns benefitted from very long term financing at low rates, a highly benign land assembly regime, and from access to infrastructure financing from Central Government. This was tougher to achieve but it is a testimony to the resilience and persistence of the leadership of the New Towns that this was accomplished.

The success, however measured, of the Programme, was mixed and inevitably, some towns developed more sustainably than others and some enjoyed more economic success than others. The South East new Towns, in general, are seen to have performed better than those later designated with the specific aim of stimulating regional economic growth. But all contributed significantly to providing affordable homes across most tenures. And still do. In my last year as Chairman of the EP/CNT, tens of millions of pounds were remitted back to Treasury from continued residential land disposals at Milton Keynes and Warrington and other second wave New Towns.

A partial evaluation of the Programme was undertaken in an excellent piece of work by Oxford Brookes University a few years ago for the then ODPM, which attempts to take lessons from the NT Programme to inform policy in the Growth Areas. It is an interesting report and a fascinating read for anoraks like myself. I would commend it to you.

It is obviously way beyond the scope of this lecture tonight to draw all of the lessons from the NT Programme and I have narrowed my focus deliberately to look at the issues of public control of land, because my initial instinct is that this is where the key lessons are for us today.

If like me, you have spent thirty years working through iteration after iteration of spatial strategies, local plans, transport plans, endless planning inquiries, seemingly interminable Planning Gain negotiations, Judicial Reviews, Partnership Boards, Treasury negotiations, public sector infighting and lack of political direction and consistency, then a new Town looked like a pretty great place to have been operating.

But given that the external environment has altered profoundly since that time, are there any lessons that we could usefully learn. And more importantly, apply?

When the Sustainable Communities Plan was launched in 2003, it contained much of the ambition and a noble philosophy that more than nodded in the direction of the New Towns. But if you overlay the output that was accomplished in the designated growth areas in its first few years, when there was a housing boom, it just doesn't stand comparison. Principally, in my view, because Government would not commit the resources to execute on the strategy.

So as we enter the final stages of a General Election Campaign, is there any chance that we are going to see the same political courage and vision that characterised the approach in the late 1940s? And if we did, what would that look like? And what would the key lessons from the New Towns Programme be?

If I am right and the key to achieving a sustained, (and by that I mean a 30 year above average supply of housing), then incremental contribution by the traditional planning regime and private house builders just won't cut it. And successive demand side stimulation via subsidies like help to buy won't make much of a dent either.

And if you take as givens, that the Greenbelt is sacrosanct, and that preserving the traditional character and scale of villages and small towns is important, then you are inexorably led to creating new developments. Or regenerating existing ones if they offer scale.

There would be many sceptics who say that we can never replicate the scale of the NT Programme because we live in an era where Government doesn't think its role is to directly invest in infrastructure, where we have different values, different and differing concepts of what place making means, very different civic expectations and an inclination to legal redress that was unheard of in the 1950s and 60s.

I understand that but I would quietly point out that in the last five years, we have a great example, here on our doorstep, of how we can apply the key lessons of the NT programme in a modern setting.

A place where Government has committed billions of expenditure directly into land assembly and facilitating infrastructure. Where a Development Corporation, with full planning powers, and the active involvement of local authorities and the local community, is pressing ahead with mixed use and mixed tenure developments. Where Government, directly and explicitly drawing from the lessons of the New Towns, cancelled debt repayments for land acquisition in order to choose a superior return to the public purse over the long term.

I refer of course, to the Queen Elizabeth Olympic Park. And the reason I know that the broad operating model post Games, was drawn from the New Towns experience is because I created it.

You might say that it is an isolated example because the infrastructure and land assembly would not have happened without the Olympic Games and that is almost certainly true. But whatever the catalyst, it demonstrates that this kind of decision, in the end, is about determining political priorities. About choice around allocation of resources. And about choosing to engage in bi-partisan leadership over a period. The Olympic project benefitted from all three critical elements. But these were explicit choices that were made and politics is fundamentally all about choice.

I personally think it is scandalous that we are unable to provide something as basic and essential as affordable homes across all tenures for our children. And I think most people would agree with that. I really feel that we have reached a tipping point.

So to me, the choice should be about how best to accomplish development in a way that deals with the issue for the long term. The five key criteria for progress would need to be:

Bold, national and local political leadership that is bi partisan in designating new growth areas and regenerating existing areas which can accommodate scale growth. This, ironically, would include some of the original new towns.

A financial operating model for land acquisition, assembly and critically, infrastructure, that explicitly recognises that this is a cost to Government and is an unapologetically good use of public resources. This is the single most important feature.

A single delivery mechanism, modern Development Corporations that combine planning powers with commissioning delivery and is also capable of engaging in direct delivery too. The powers are there, on the Statute Book in the 2008 Housing and Regeneration Act.

A governance structure and philosophy that respects local democracy but clearly has a bias to action. The different models operating across the Growth Areas and in the new MDCs in London show that this is entirely possible.

A long term model and a long term mind-set that incentives and rewards stability of leadership and stability of partnership.

We have learned so much in the last fifty years about what makes great places. We are so much better educated about sustainability and the built form. We have all of the right tools at our disposal to make a fabulous job of creating new settlements. I really, really hope that in the next Government, however formed, we finally grasp the nettle.