
Delivering sustainable development

..... Challenges in a market economy

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Tajikistan 2014



Shared challenges

What is the 'sustainable' response?

1. Reducing flood risk
2. Delivering affordable housing

Responses

- ▶ Policy
- ▶ Guidance
- ▶ Standards



Presumption in favour of sustainable development

Economic

?%

Environmental

?%

Social

?%

Process or outcome?



‘Concept of Sustainable Development should be seen as a process and not an outcome’

Peter Head, ARUP

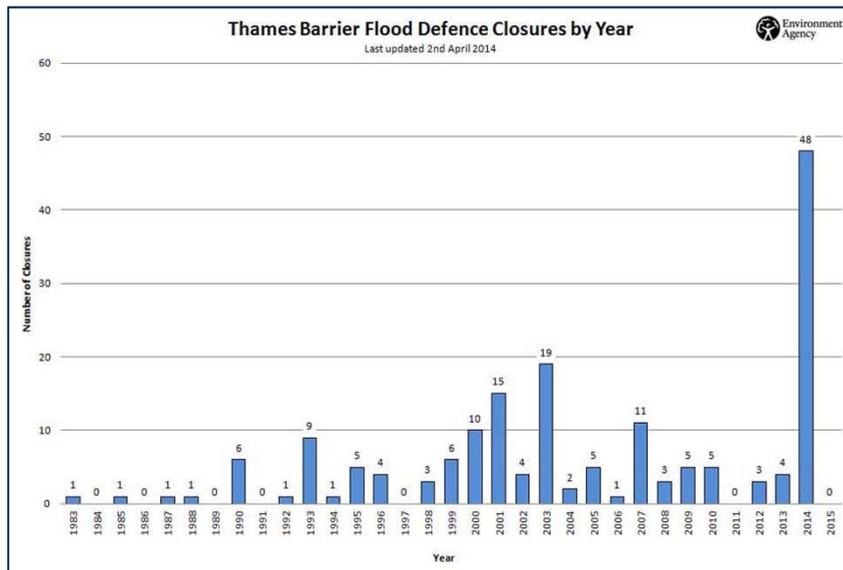


1. Reducing flood risk

Flood protection - east London

2014 - most frequent use of barrier to prevent tidal surge

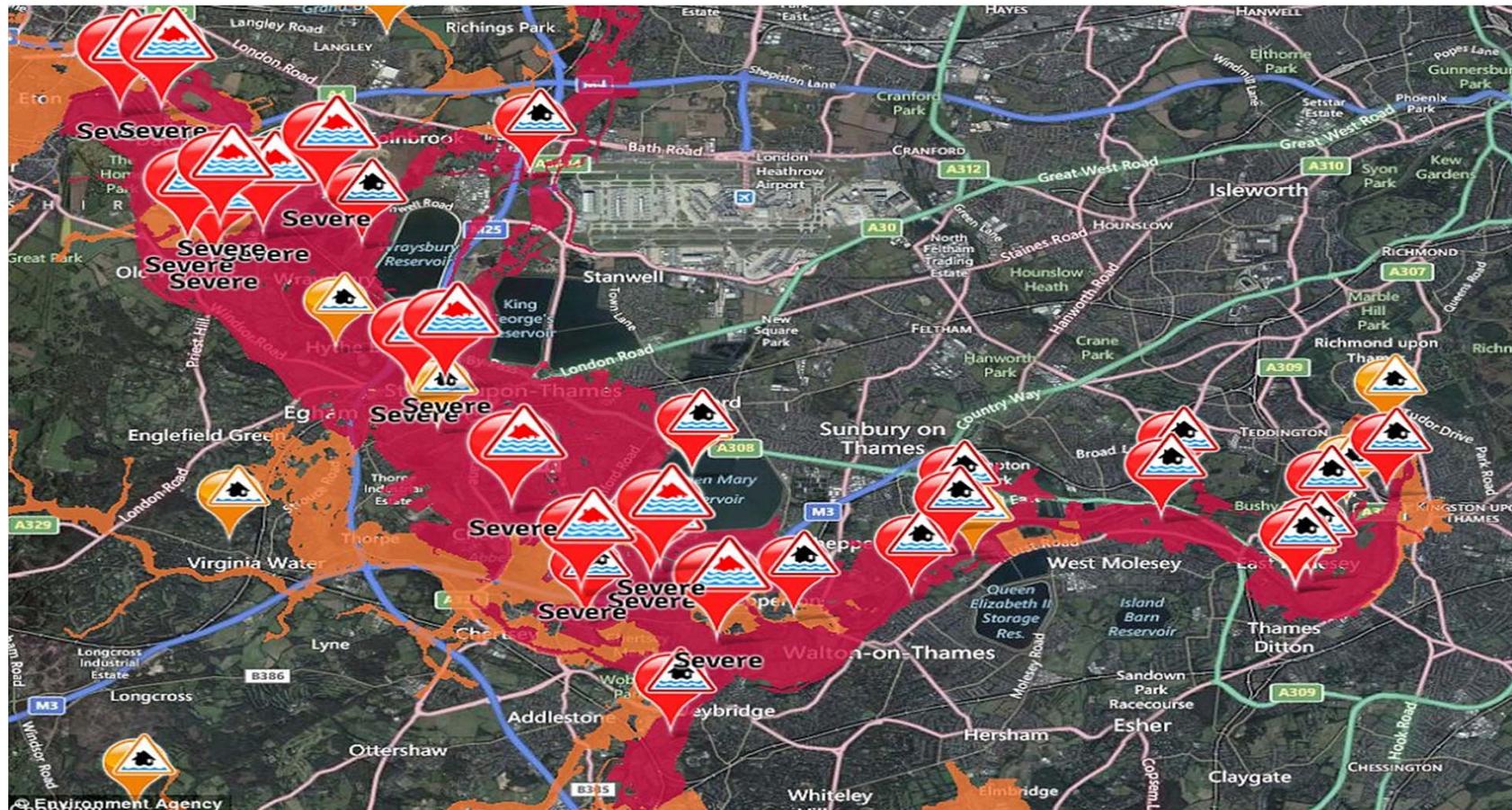
Thames Barrier



Flood risk - west London



Environment Agency - Flood alert map Spring 2014



Pressure on floodplains

Asset or liability?



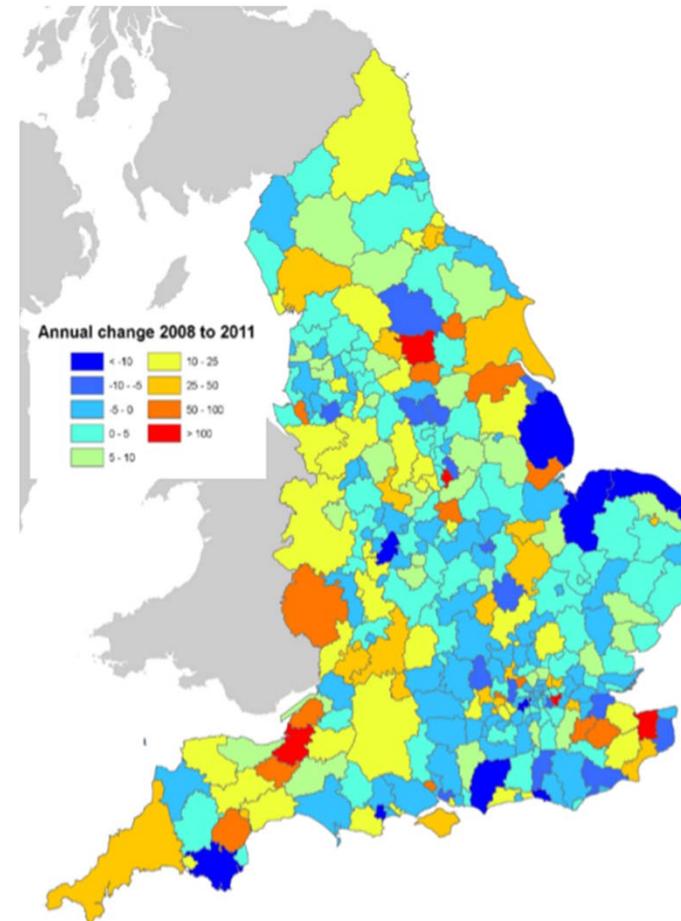
Trading off flood risk

Key conclusions

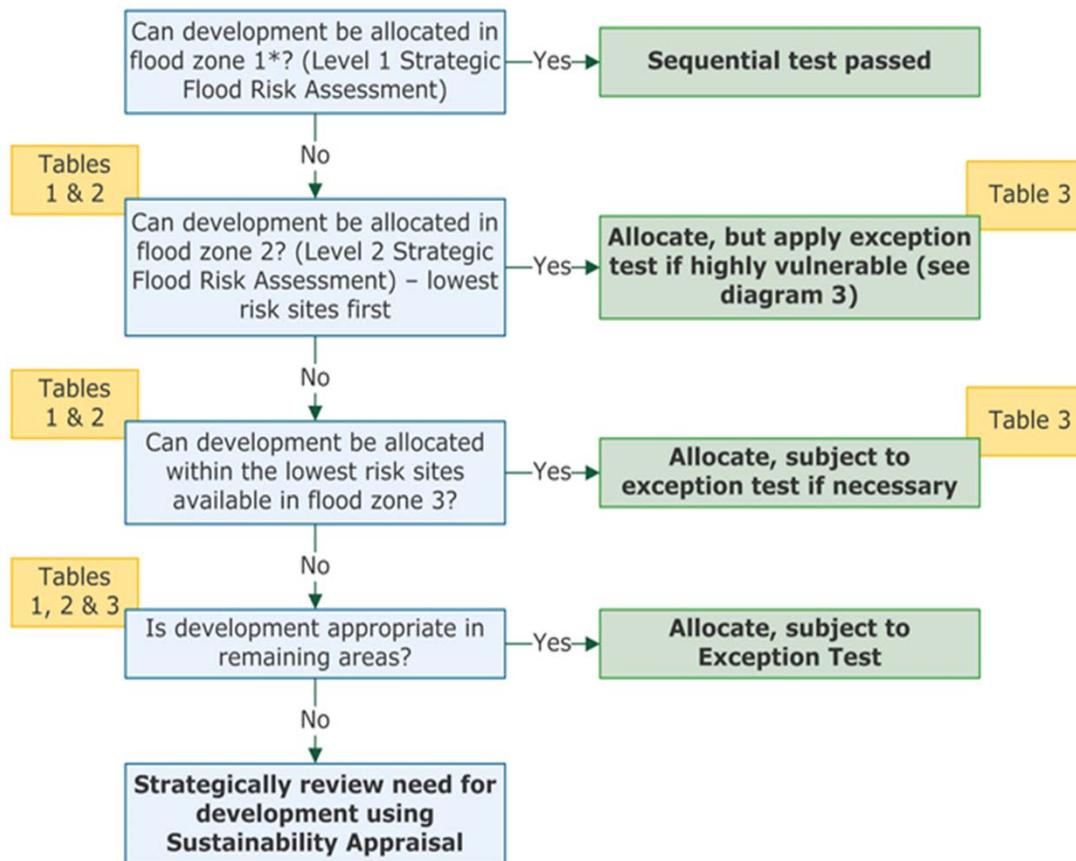
- ▶ Map: Change in the number of residential properties in areas at significant likelihood of flooding

“We found that councils were generally assuming that the economic and social benefits [of building on flood plains] outweighed the risk, but they didn’t explicitly test whether that’s the case.”

Committee on Climate Change



Sequential Test



Exception Test

Requires proposed development to show that:

- (a) it will provide wider sustainability benefits to the community that outweigh flood risk, and
- (b) that it will be safe for its lifetime, without increasing flood risk elsewhere and where possible reduce flood risk overall.

Implications

Hampton, Peterborough, UK

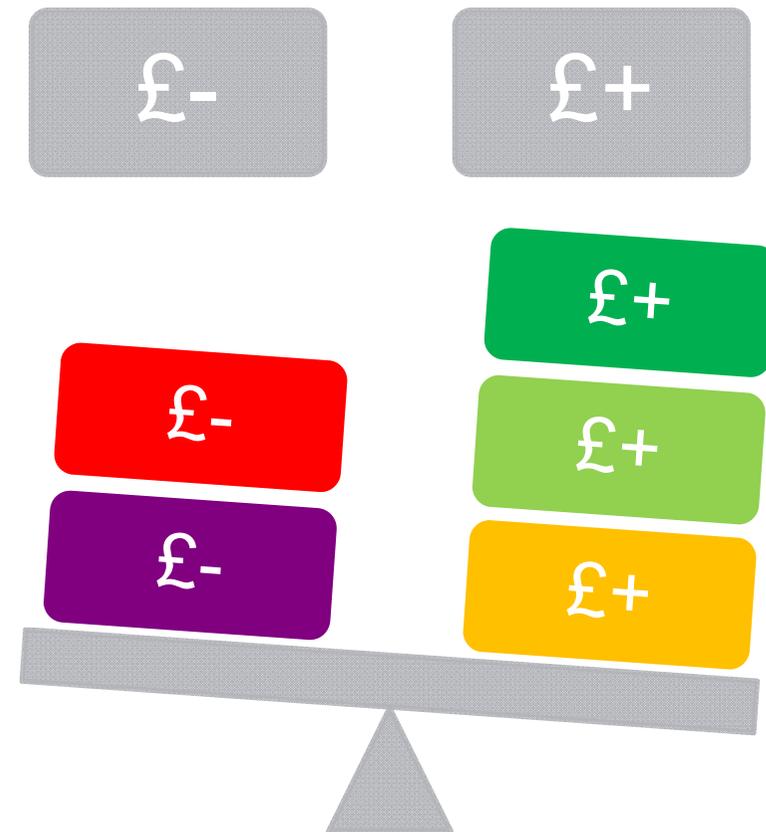
- ▶ More restricted allocation of sites for development in local plans
- ▶ Employment of large-scale protective infrastructure
- ▶ Design and Building standards to increase resistance and resilience



2. Delivering affordable housing

Developer obligations

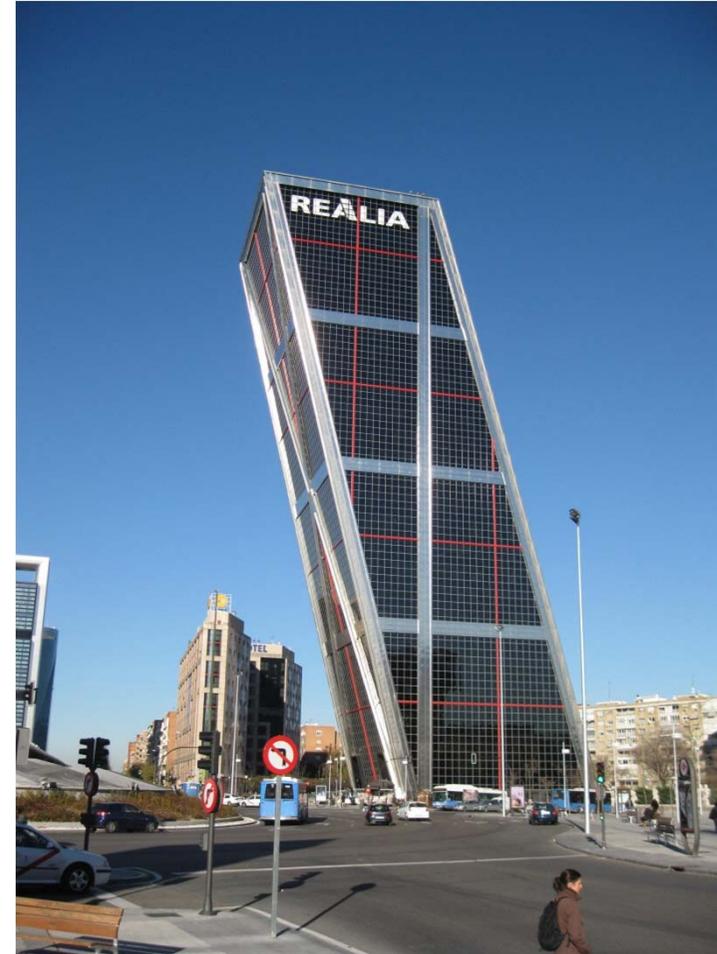
- ▶ Proportion of all new housing developments to be 'affordable' housing
- ▶ Percentage varies between locations and to be justified based on evidenced need
- ▶ Up to 50% in some parts of London
- ▶ Provision on-site
- ▶ Exceptionally provision for payments in lieu



Financial Crisis 2008

All change

- ▶ Demand disappeared
- ▶ Funding dried up
- ▶ Project finance disappeared
- ▶ Asset values dropped
- ▶ Viability affected
- ▶ No business case to develop



How did it come about?

- ▶ Change in government 2010
- ▶ Growth agenda
- ▶ De-regulation
- ▶ Policy overload (1000 pages of planning policy)
- ▶ Localism
- ▶ ‘Hands off our land!’



National Planning Policy Framework

Ministerial foreword

“Sustainable development is about positive growth – making economic, environmental and social progress for this and future generations.

The planning system is about making this happen.”

Greg Clarke,
Minister for Planning, 2012

Housing Delivery (paras 47-55)

- ▶ Boost significantly supply of housing
- ▶ Deliver a wide choice of high quality homes
- ▶ Local Plan meets the full **objectively** assessed needs for **market** and **affordable** housing in the housing market area
- ▶ Identifying key sites critical to the delivery of the housing strategy over the plan period

Land supply

- ▶ Identify and update annually a supply of specific 'deliverable' sites sufficient to provide 5 years worth of housing
- ▶ An additional buffer of 5% to ensure choice and competition in market for land
- ▶ Buffer to be 20% for persistent under-delivery



Developable sites

- ▶ Identify a supply of specific developable sites
- ▶ Or broad locations for growth
- ▶ 6-10 years
- ▶ 11-15 years
- ▶ Illustrate the expected rate of housing delivery
- ▶ Set out housing implementation strategy
- ▶ Set out approach to density

Housing mix/sustainable communities

- ▶ Plan for a mix of housing based on current and future demographic trends
- ▶ Market trends
- ▶ Needs of different groups in the community
- ▶ Size, type, tenure and range of housing reflecting local demand

Affordable Housing

- ▶ Set policies to meet 'affordable housing' need
- ▶ To be met on site, unless off-site provision or financial contribution of broadly equivalent value
- ▶ Robustly justified
- ▶ Agreed approach contributes to objective of creating mixed and balanced communities
- ▶ Flexible policies to take account of changing market conditions

Viability (paras 173-177)

- ▶ Plans should be **deliverable**
- ▶ Sustainable development requires **careful attention to viability and costs** in plan-making and decision-taking
- ▶ Sites should not be subject to such a **scale of obligations and policy burdens** that their ability to be developed viably is threatened

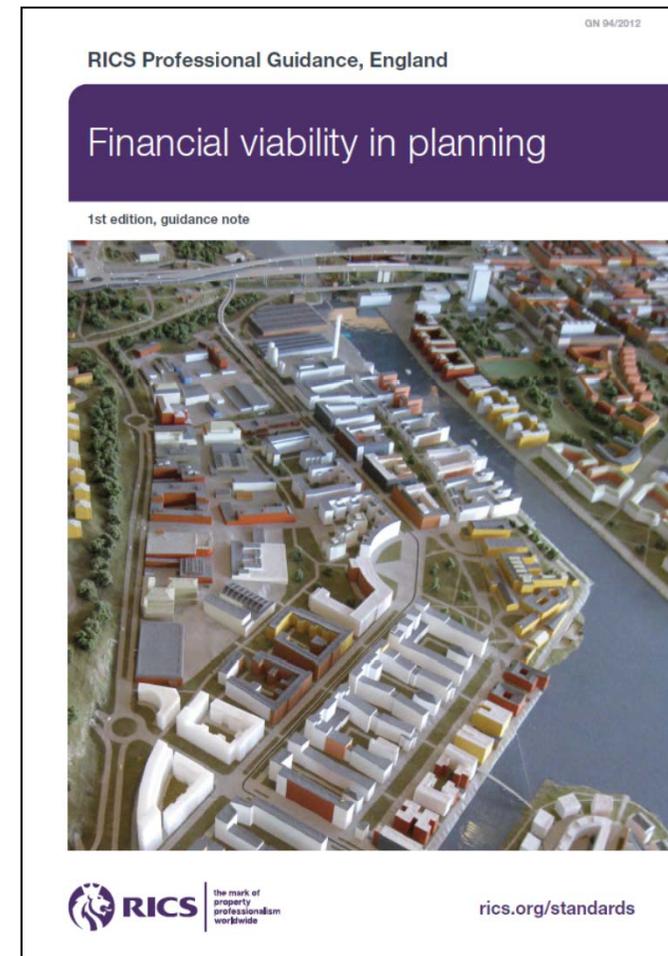
Viability (contd)

- ▶ Local Authorities to assess likely **cumulative impacts on development** of all existing and proposed local standards, supplementary planning documents, and policies that support the development plan, when added to nationally required standards
- ▶ **Cumulative impact of standards, policies** should not hinder implementation of development through the economic cycle

Financial viability

Guiding premises

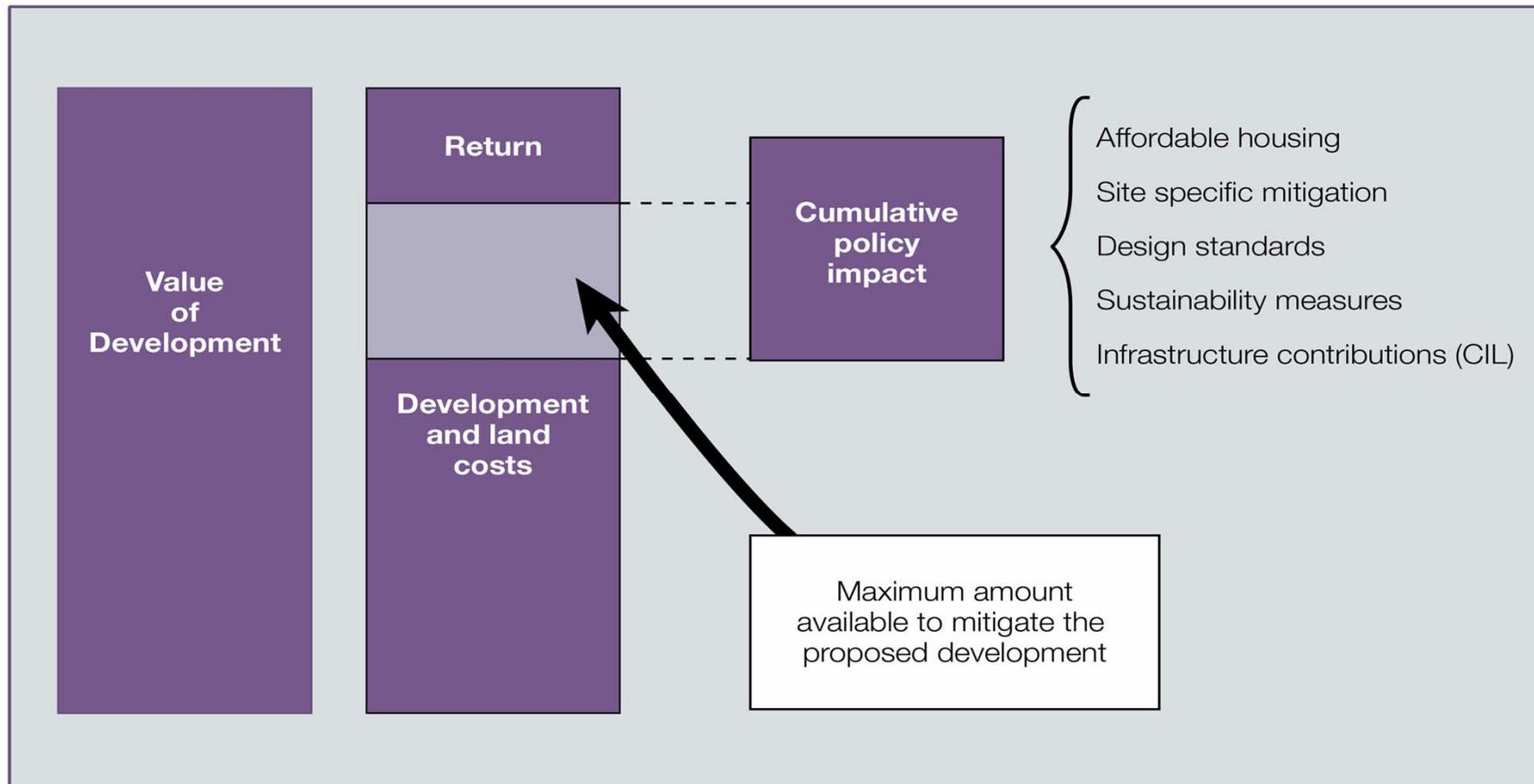
- ▶ Private sector will continue to be relied upon to deliver majority of development
- ▶ Business of development is to make profit
- ▶ No business case. No development!



Cumulative impact of planning obligations



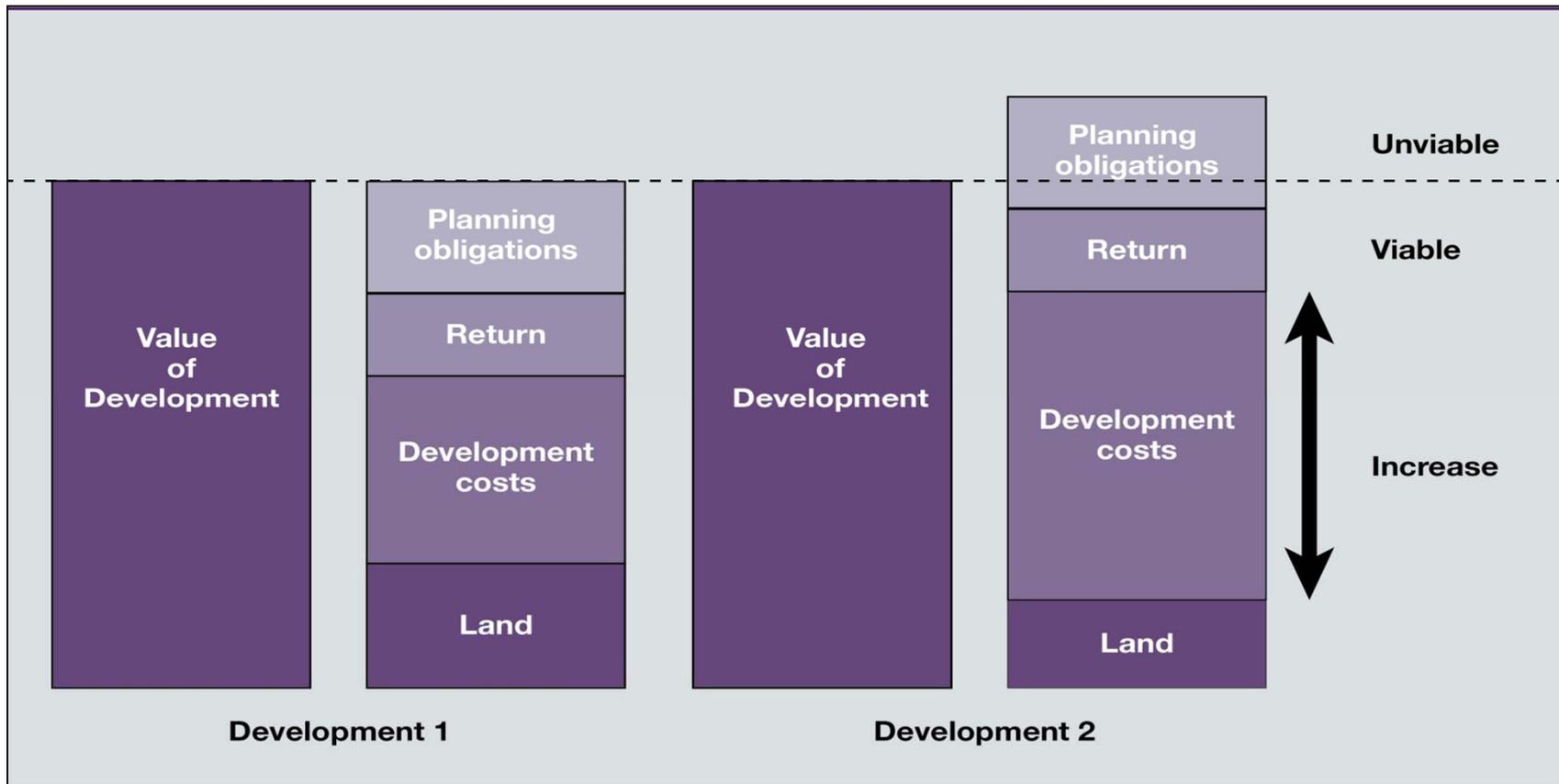
Need for a competitive return



Comparative development viability

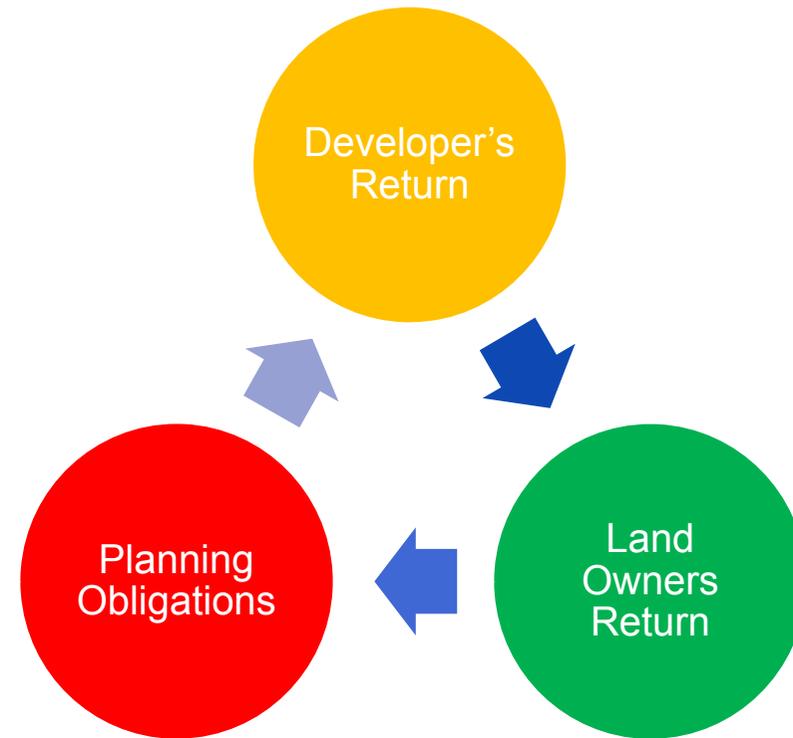


Squeeze on land value and development return



Definition of viability for planning purposes

“An objective financial viability test, of the ability of a development project, to meet its costs, including the cost of planning obligations, whilst ensuring where relevant, an appropriate site value for the landowner and a market risk adjusted return to the developer in delivering that project”

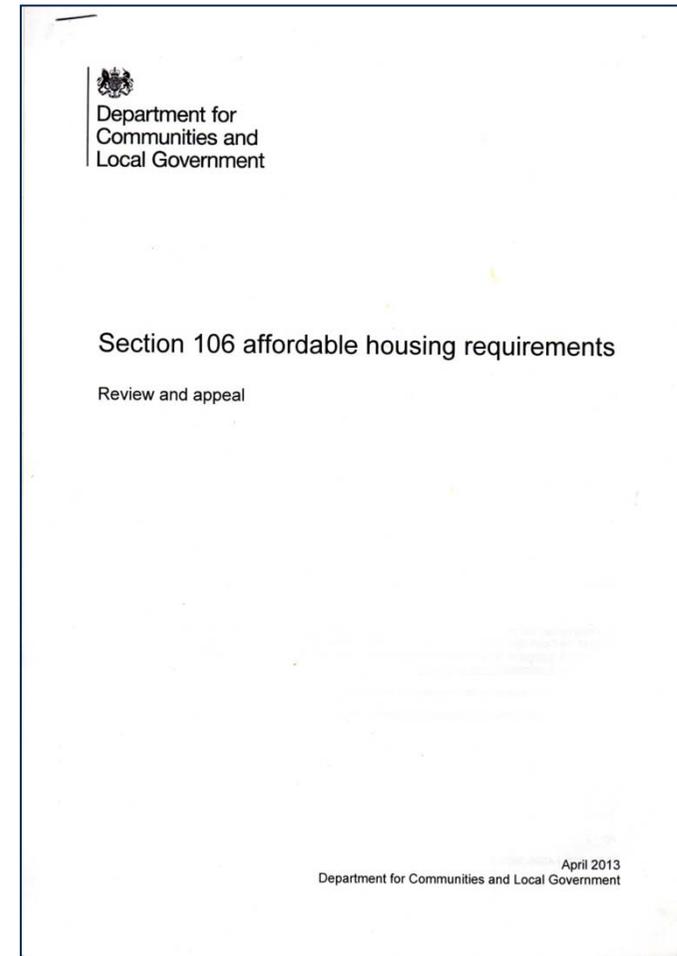


Further Government measures



Growth & Infrastructure Act

- ▶ Required local authorities to review the affordable housing obligations where developers asserted they impacted on viability
- ▶ Issue of land value a key contention in these renegotiations
- ▶ May resolve viability issues on individual sites but does not address the lack of affordable housing



How may we interpret government action?

- ▶ **Flooding** Re-asserted the **'Environmental'** component of sustainability by strengthening the sequential test

- ▶ **Affordable Housing** Asserted the **'Economic'** component of sustainability by prioritising 'market' housing over 'affordable' housing
but
in doing so ensured delivery of market housing

Delivering sustainable development through private sector

- ▶ **Optimising** private sector contribution
- ▶ Understanding the **business case** is critical to the private sector
- ▶ Policy context should be based on '**enabling**' sustainable development
- ▶ Regulation should be **proportionate** to its purpose:
 - ▶ tight enough to be enforceable
 - ▶ flexible enough to enable innovative solutions to come forward
- ▶ Capacity to **enforce** regulations is as important as adopting regulations

More specifically

- ▶ Land allocated for development needs to be rigorously evaluated against the identified risks and the logic of the conclusions followed
- ▶ Appropriate standards for resistant and resilient development addressing the identified risk need to be applied and enforced

Thank you!

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