
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

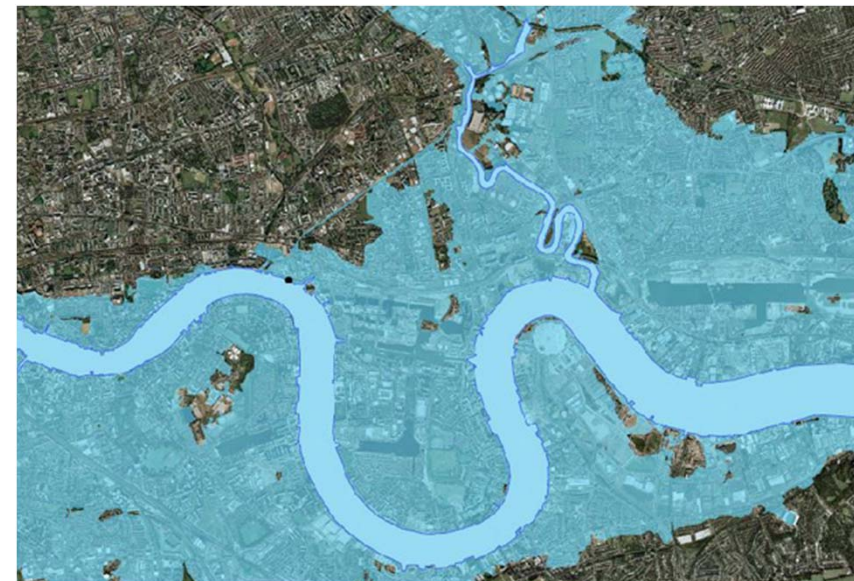
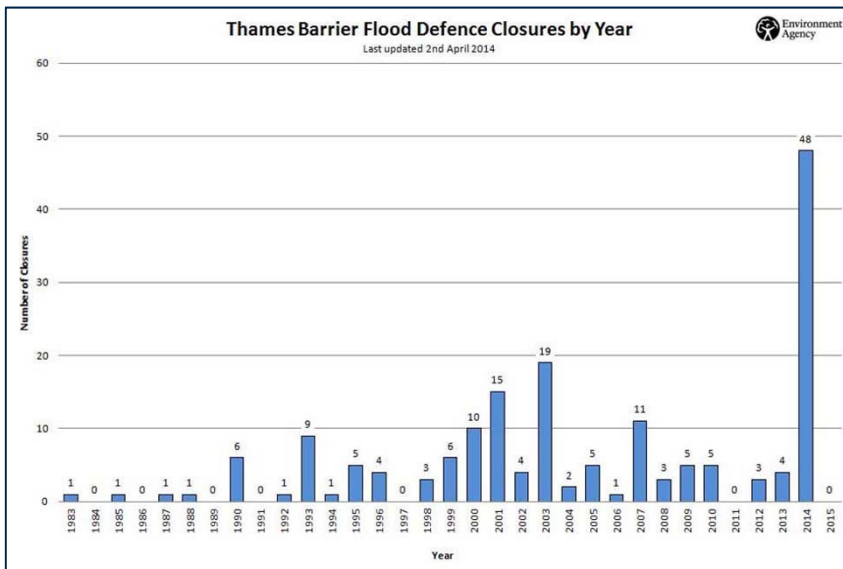


1. Reducing flood risk

Flood protection - east London

2014 - most frequent use of barrier to prevent tidal surge

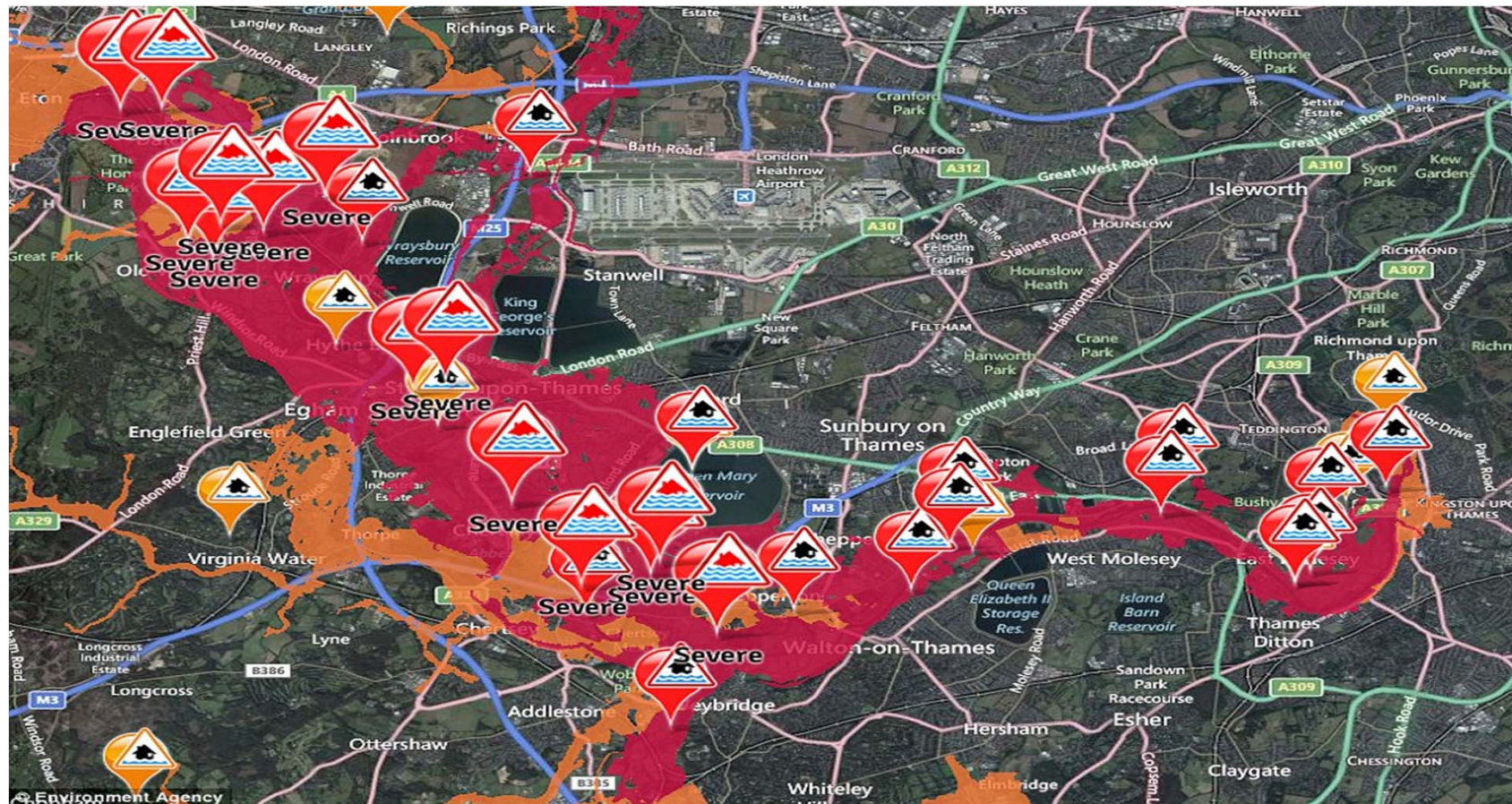
Thames Barrier



Flood risk - west London



Environment Agency - Flood alert map Spring 2014



Pressure on floodplains

Asset or liability?



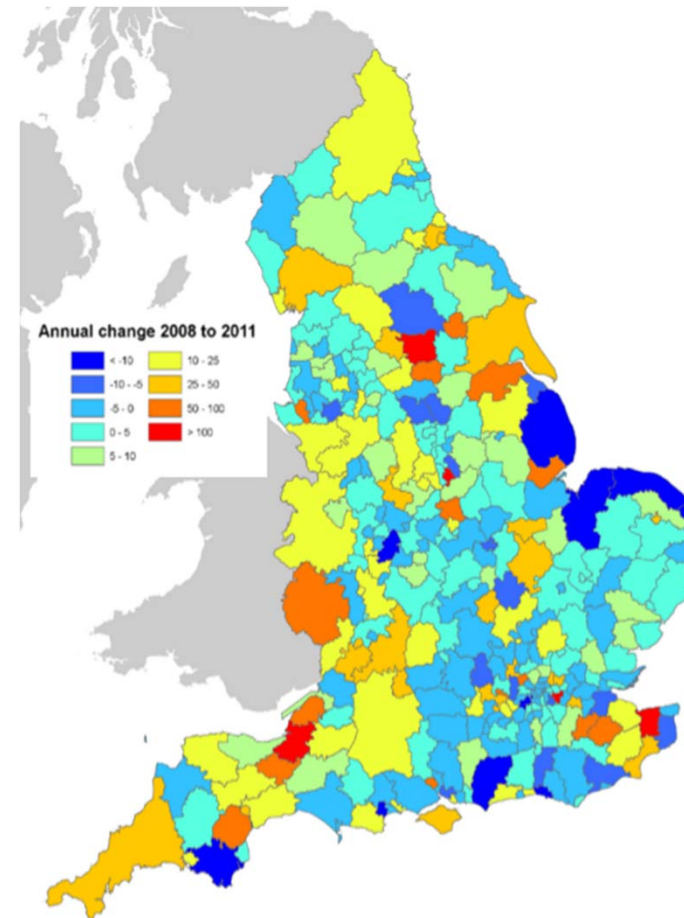
Trading off flood risk

Key conclusions

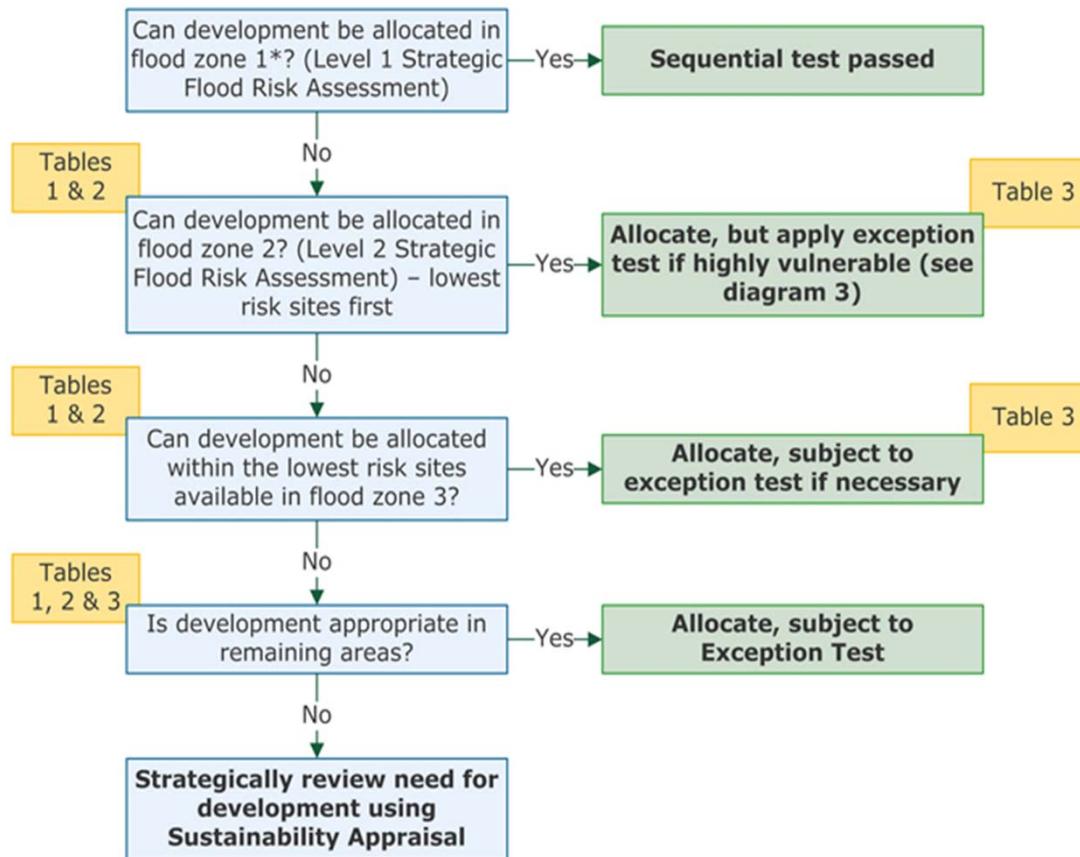
- ▶ Map: Change in the number of residential properties in areas at significant likelihood of flooding

“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

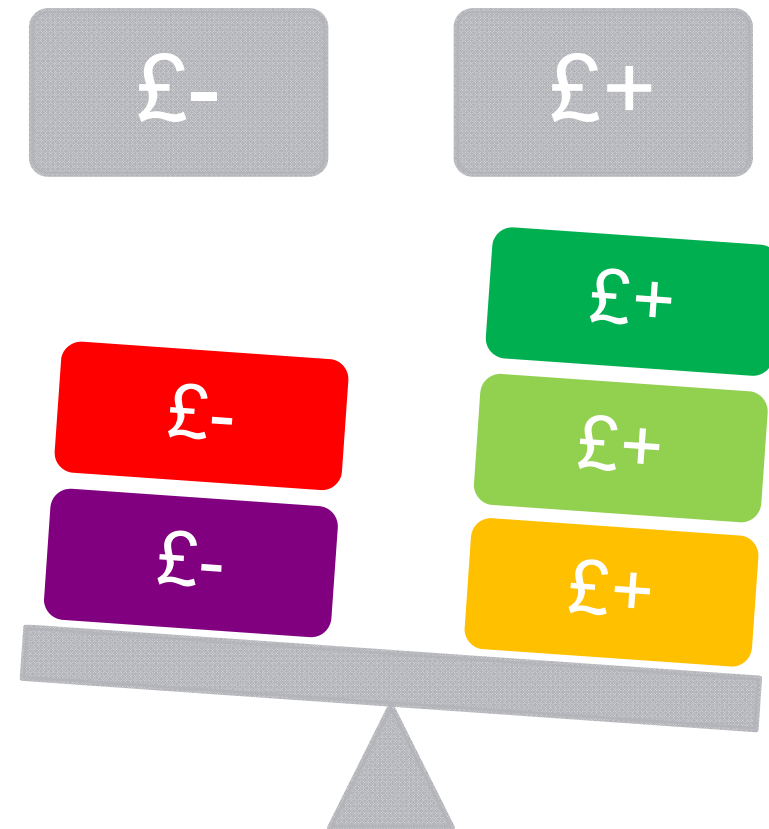
- ▶ More restricted allocation of sites for development in local plans
- ▶ Employment of large-scale protective infrastructure
- ▶ Design and Building standards to increase resistance and resilience



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



National Planning Policy Framework



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

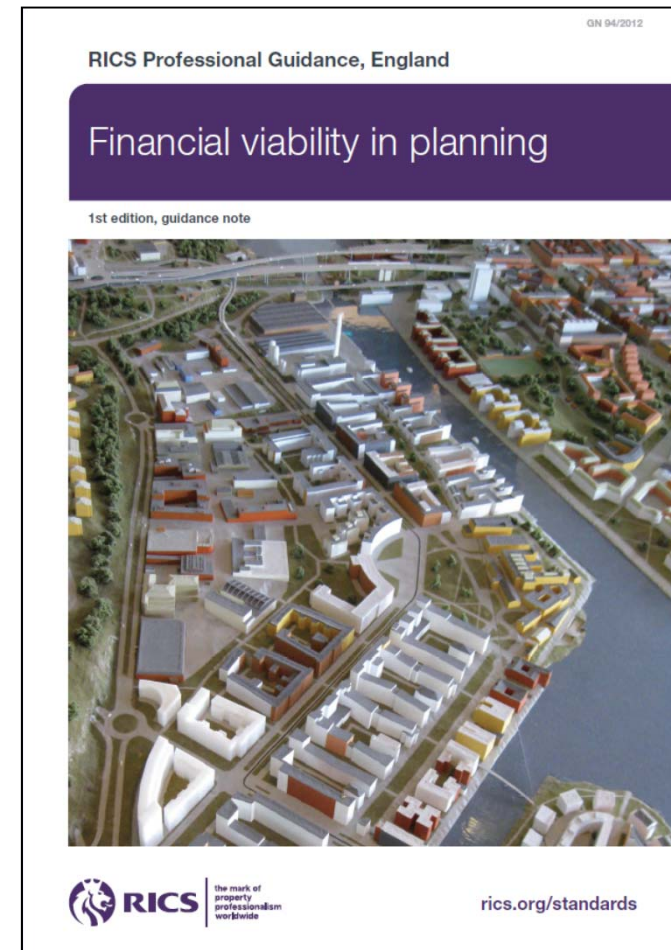
Viability (contd)

- ▶ 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

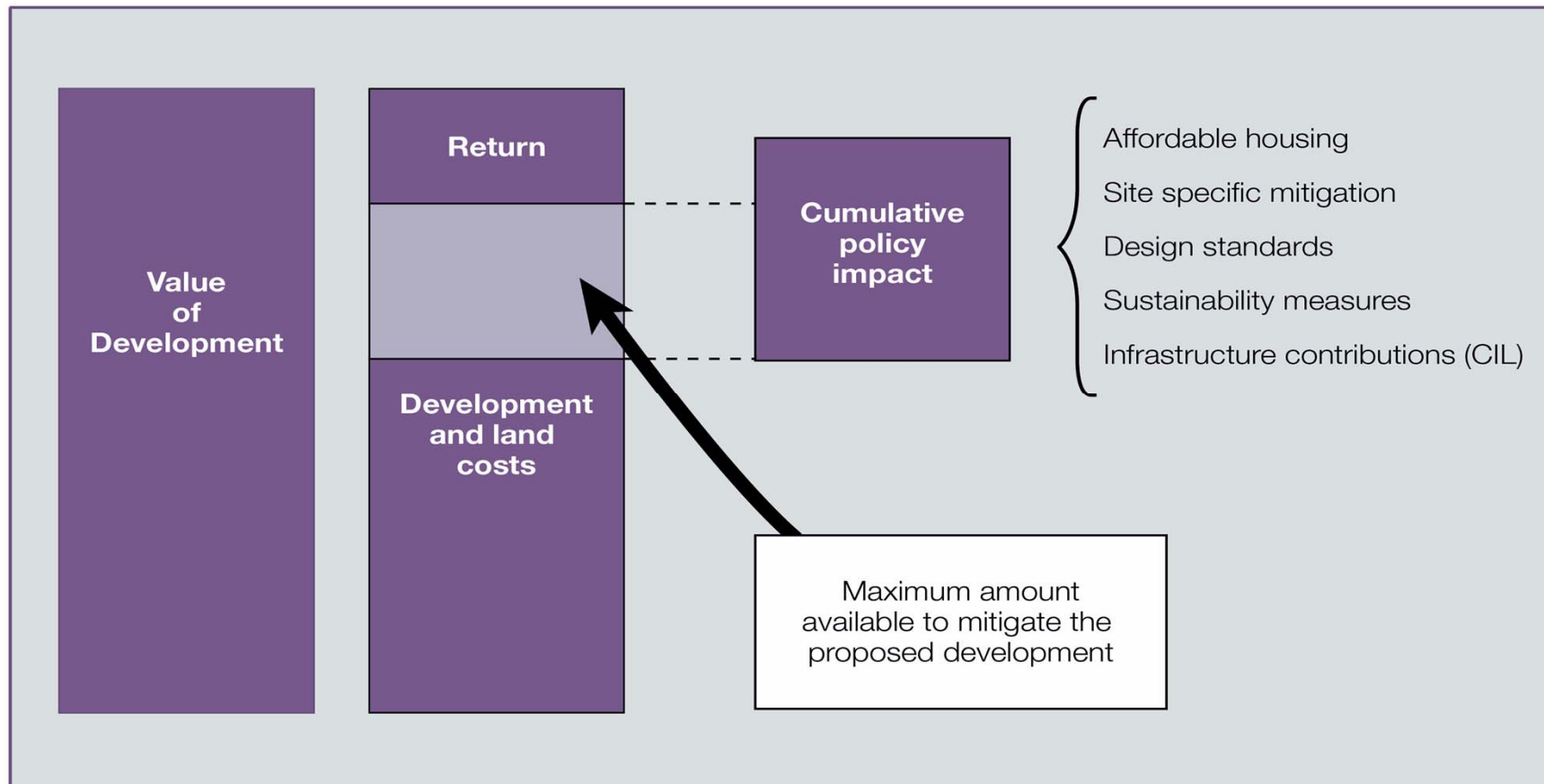
- ▶ Private sector will continue to be relied upon to deliver majority of development
- ▶ Business of development is to make profit
- ▶ No business case. No development!



Cumulative impact of planning obligations



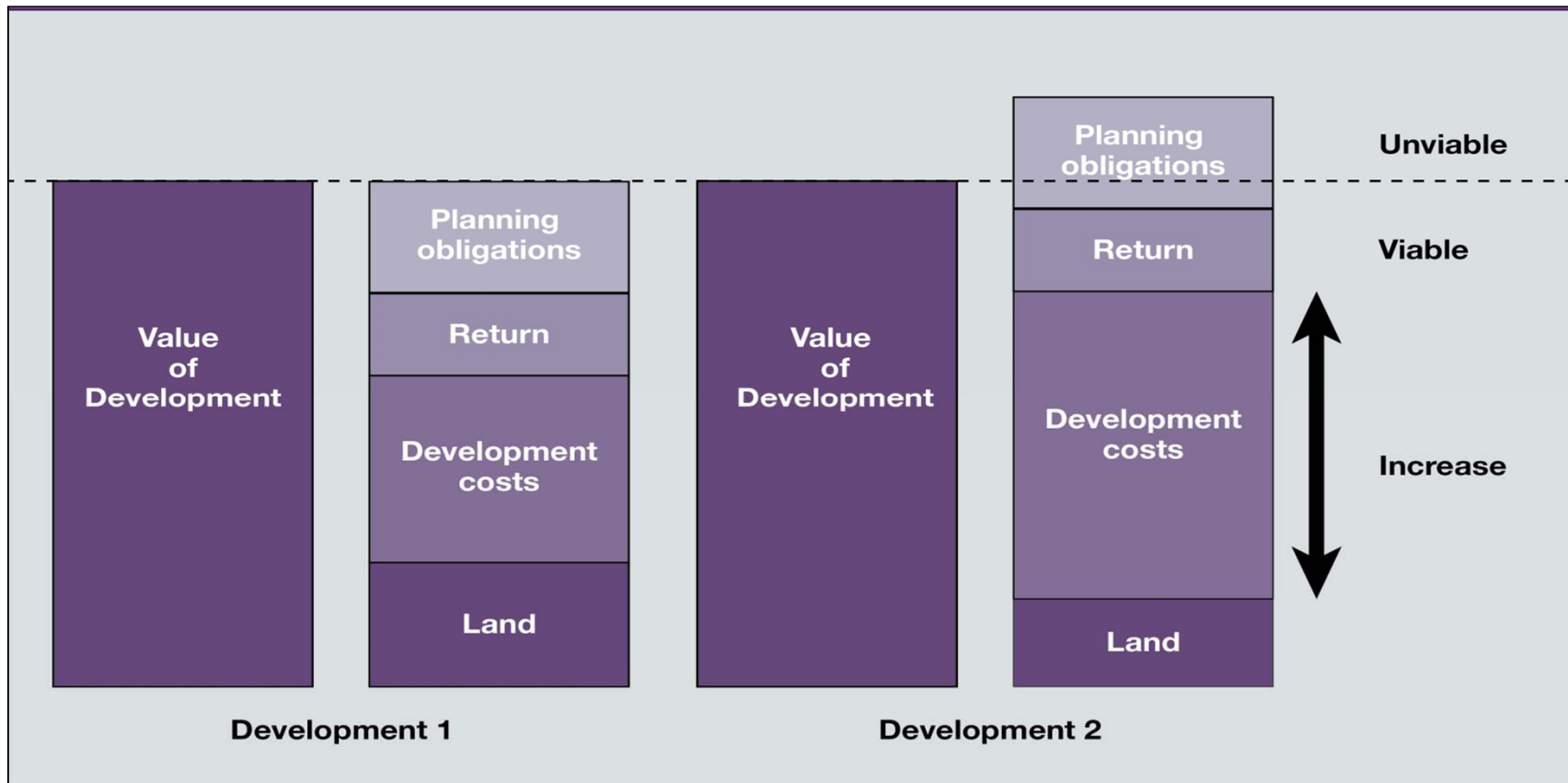
Need for a competitive return



Comparative development viability

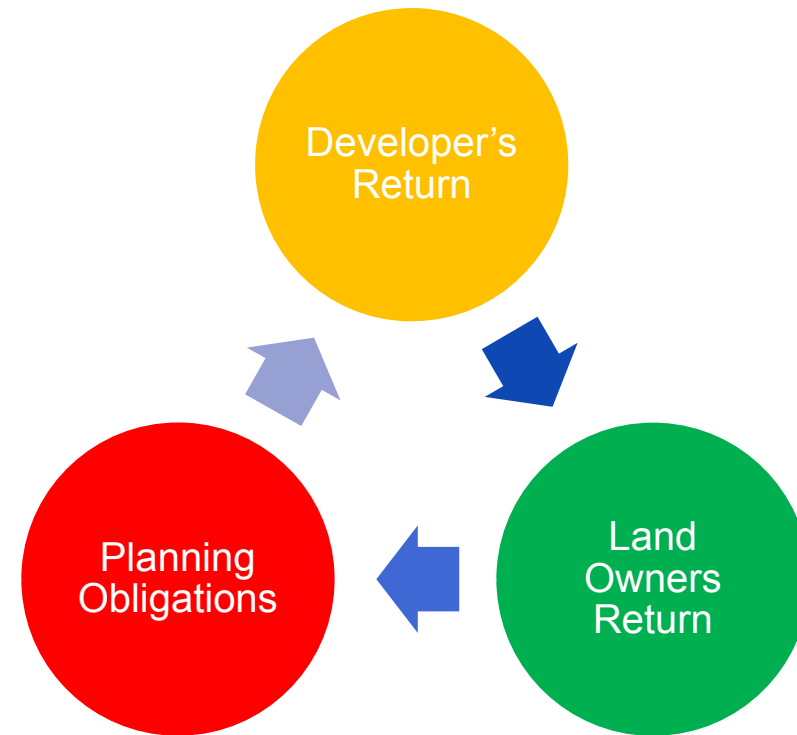


Squeeze on land value and development return



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”

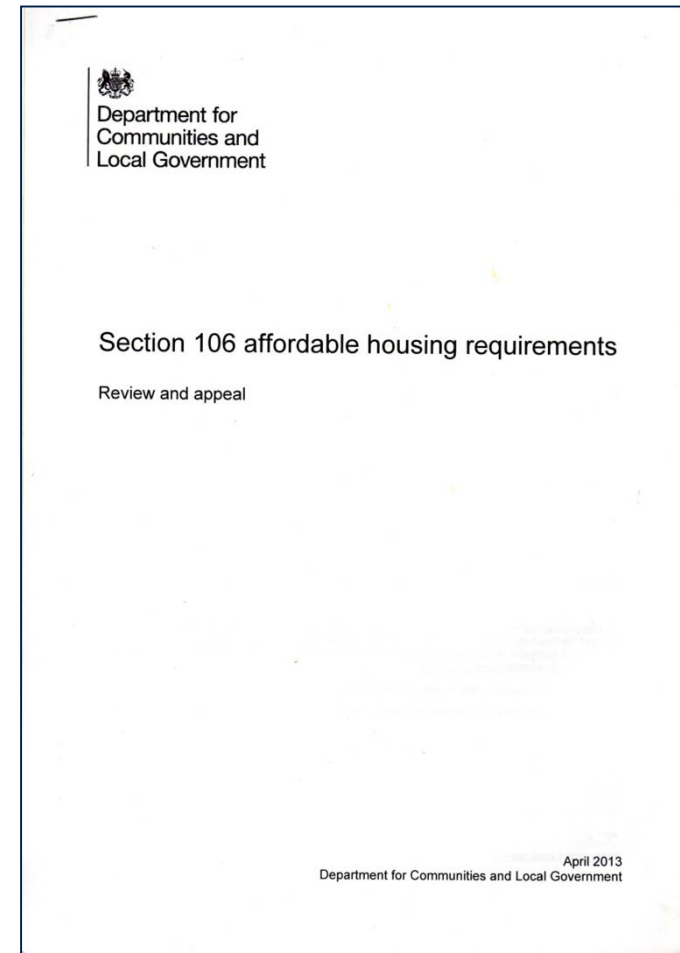


Further Government measures



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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