

## CHAPTER EIGHT

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# Flexibility – making change viable



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## Why

Unlocking growth from the knowledge economy relies on flexibility in terms of the types of space we create and the types of new industry we encourage. We must be able to encourage whatever emerges at the end.



## The failing

The country and its approach to almost anything is inherently traditionalist. Rather than enabling flexibility, there is a habit of limiting development and employment space to particular types and routes prescribed by local or national government.

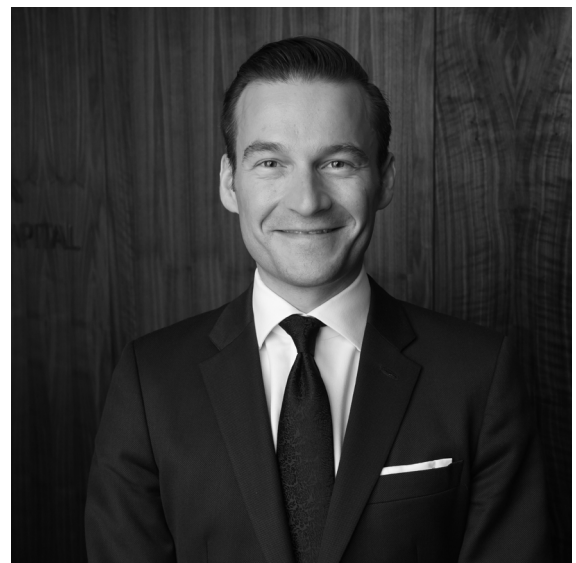
## Policy recommendations

- I. Bring 300-year old planning up to date in three years (radical overhaul of archaic use class designation for sites) making planning and uses of land more flexible when consent is granted with a range of uses permitted, so that they are responsive to local needs and market changes.

For example:

- Create a new planning class for certain buildings: a mixture between office, residential and scientific.
- Scrap conventional planning use classes in key areas of growth and provide an overarching automatic outline planning for any of office/residential/science and research/retail schemes within that area up to a certain massing, which just reserved matters to be obtained.

## Author



**Richard Jackson**  
Managing Director, Apache Capital Partners

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**Richard Jackson,**  
**Managing Director,**  
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## Investors need certainty and flexibility from planning

Driven by demographic, socio-economic and lifestyle changes, the UK residential property market is becoming ever more diversified and specialised.

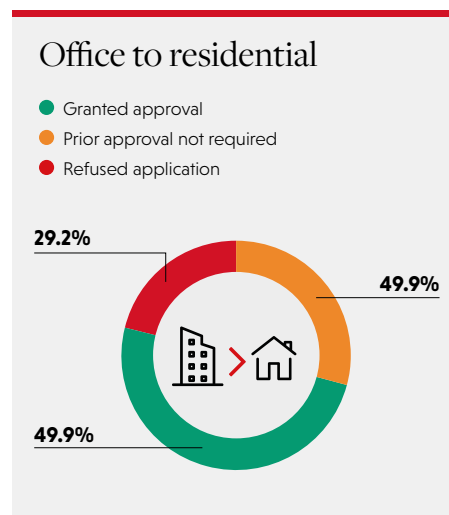
As a result, a new eco-system of 'cradle-to-grave' housing is emerging, as developers look to create new housing types that cater to different life stages and choices. However, this will only be sustainable over the long term if the planning system adapts.

Ask any developer what the main obstacle to housing delivery is, and most will name planning. Investors feel much the same way, which is why many, especially institutional investors such as pension funds and insurers, who are inherently conservative and cautious in their approach, are reluctant to take on development risk themselves.

This is hardly surprising. Planning committees can sometimes feel a bit like a lottery, with schemes decided on a case-by-case basis, and the outcome often driven by politics rather than policy.

All too often, a vocal minority in opposition can trump the silent majority that is in favour or at the very least, indifferent to new development. This is true across all asset classes, not just emerging ones such as build-to-rent, co-living and senior living.

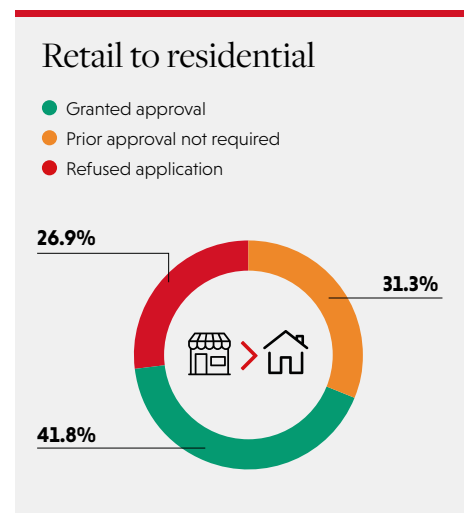
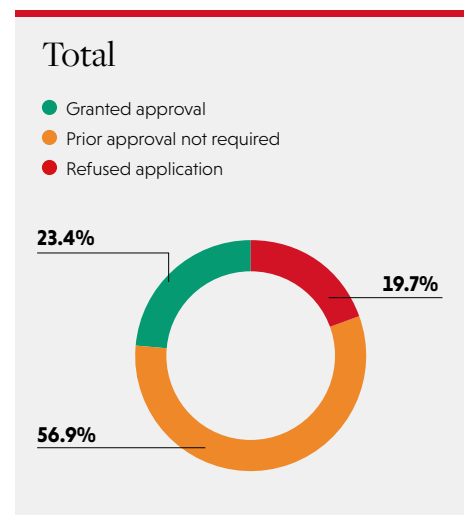
Part of this is down to education. While central government has made great strides in particular to promote build-to-rent, especially through the National Planning Policy Framework, this has yet to filter fully down to local authorities.



This is not to tar all councils with the same brush. Through our partnership with Moda Living, which is delivering over 6,500 BTR homes across England and Scotland, we have had many positive experiences and a great deal of credit rests with the council, members and officers for their proactive support.

But if we are to deliver more homes of all types and tenures, we need to de-risk the planning process, and that means building in more certainty and flexibility.

This isn't a call for new use classes, which could prove overly prescriptive, but instead for policy to trump politics when it comes to planning decisions. Whilst the devolution of power to the regions is a significant step in empowering councils to develop their cities and regions with local knowledge and insight, if local politicians can overrule policy agreed at a national level, then we will never deliver the homes or infrastructure this country needs.



Source: ONS

## Contributor

**Barry Jessup**  
Director, First Base

# Encouraging mixed-use regeneration

It's widely recognised now, but previously, policy had been mistaken in trying to use residential to lead regeneration.

Mixed multiple-use, is a much better long-term solution than just residential. The truth is that resi alone never regenerates anything – it's what comes with it that provides the regeneration. We start with the other uses – the culture, the jobs – then comes the residential to support that regeneration.

In very run-down areas, the best, and perhaps only way you can do that is by having control of the whole area yourself and doing all the mixed-use yourself. This also helps when engaging with local communities about how the whole place can support the local needs.

Imagine a four-acre site with office, resi, hotel and leisure uses all equally taking a quarter.

If those four were in separate ownerships, I can guarantee that none would be built. The office developer would wait for the resi and vice versa, while the food and beverage would not get underway until someone is living or working there.

It's a vicious cycle regeneration. However, all four under single ownership means we can take a long-term view about how each section will support the other and cross finance their development. Ironically, despite the fact you need a cheque four times larger, it's easier to fund as well.

So what can we do to help that mixed-use emerge? Well here are two ideas at completely opposite ends of the spectrum.

Firstly, zoning. We stifle creativity in the UK, so why not try removing use classes on sites in fringier areas and say any development has to apply to a form of massing and

		Total number twenty quarters to March 2019	Percentage
<b>Office to residential</b>	Total applications	14454	
	Prior approval not required	4224	29.2
	Granted	7209	49.9
	Refused	3023	20.9
		Total number twenty quarters to March 2019	Percentage
<b>Retail to residential</b>	Total applications	1516	
	Prior approval not required	475	31.3
	Granted	633	41.8
	Refused	408	26.9
		Total number twenty quarters to March 2019	Percentage
<b>Total</b>	Total applications	188011	
	Prior approval not required	107008	56.9
	Granted	43983	23.4
	Refused	37020	19.7

Source: ONS

density, but after that it's up to the market to decide what gets built.

For larger regeneration schemes, we could impose some levels of restriction – so say at the end of a 25-year period it would need to have 1,000 homes, 1m sq ft of commercial and 250,000 sq ft of culture.

But in the meantime, fill your boots, because we should not overly engineer it, just provide a place to play.

With somebody above allocating plots, we could let temporary sites for 10 years, alongside permanent ones at the beginning, to start to build a sense of place.

You may end with up with something even more permanent and successful than you were expecting – look at Boxpark.

This is absolutely the sort of thing we could be talking to uk universities about to aid regeneration, granting part of that space to uni start-ups and encouraging students to stay in town alongside business growth.

We should be doing this because at the moment, across the UK, there is not nearly enough crossover between town and gown.

It's not even difficult to make policies to support it: take that 20 acre site and make visas free for international students who were at that uni and will be employed there. The business, uni and town get a boost, while the site is brought forward even faster.

At the other end of the spectrum – and very much on the financial side – we need to take a realistic look at the national policies enabling regeneration. Because quite simply, property is overtaxed.

Mayoral CIL, CIL, SDLT, irrecoverable VAT, corporation tax, empty rates, SDLT on the way out – if you add that all up the cost is massive. That discourages development and occupiers – not least through something as simple as astronomical business rates.

With some Business Improvement Districts we do have rates windows, and more thinking like that should be encouraged, but there also needs to be an understanding if you're delivering cultural or social benefits that should also be recognised in CIL or in S106. Delivering social value should be encouraged and rewarded.

For something as complicated as mixed-use regeneration, we need a very refined and flexible tool kit.

## Chapter Eight

### Contributor

**Andrew Taylor**  
Head of Planning, Countryside

## Simplification ensuring quality

For me one of the most important things in the development process is how we can free up wasted time while gaining more certainty.

For a big scheme there are so many processes which slow you down, even after you have been granted outline planning, meaning you must re-justify the development at each stage of planning.

Even before that there are hurdles. We have a 3,500 home site outside Cambridge and still do not have planning permission. Even though the site was allocated, there's a host of other criteria we must go through to justify the development before we can really begin.

There must be a simpler way to go from local plan allocation to building, while maintaining standards of quality.

My proposal is about getting rid of outline planning permission, and saying on Local Plan allocation that if a scheme meets 10 golden criteria, it can get going.

We could go from a local plan, to 10 cardinal rules with a design code element, straight into detailed planning.

A master plan would still be needed, but provided it meets 10 criteria there is no need for something as detailed as outline planning, skipping this stage of repetition in the planning process.

To do this we could create a form of zoning that requires a minimum percentage of commercial, residential and leisure in total on the scheme, then allowing flexibility with the remainder depending on the need. Including mixed-use, across sectors and tenures, that can make a big difference to the pace of development.

This flexibility, while still in a guiding framework is essential for a long-term scheme because if I know one thing for certain, the design will change over the period of delivery.

If we needed to, we could formalise this 'master plan coding and 10 rules' in a form of Local Development Order for the site. This would allow the speeding up of the process in a solid framework while allowing flexibility.

I'm not advocating that developers should be given free rein, because what's also certain is we still do need some form of control.

Countryside delivers good schemes, and as we're on a site for the long term, we are not going to do ourselves a disservice by doing a bad job early on. Others in that situation - well, let's just say some do not have the same ethos.

Key is finding the balance of a reduction in control and a simplification of process while ensuring quality places - which is what the NPPF was originally trying to do all those years ago.

### *Planning flexibility needed*

*Residential can be a key part of mixed-use schemes. Providing accommodation for students, housing for key workers, and PRS, can help to attract and retain the skills and talent that science parks require.*

*But residential also requires investment in retail, leisure and amenities for the people that live there. These can help to make a development not only self-sustaining, but bring with them a community and cultural vibrancy to parts of the city that are historical quiet outside of the Monday to Friday 9-5.*

**Phil Kemp**  
CEO Bruntwood Scitech

**Q&A – Johnny Caddick**  
**Managing Director, Moda Living**

**How do we house high skilled grads post uni?**

For many high skilled graduates that are taking their first steps into the world of work, they are looking for housing options that are hassle-free and fit around their lives, while also being a step up from their student digs.

"Until recently, regional cities struggled to offer more than the standard buy-to-let rental opportunities post-university - which tend to offer a low level of both housing quality and service. This has in turn led many regional and university cities to feel the full force of brain drain, as retaining top talent and quality housing options are inextricably linked.

"Forward-thinking civic leaders in cities like Manchester, Birmingham, Leeds and Liverpool have recognised the role housing has to play. And at the same time, institutions are recognising the incredible amount of value that can be created by investing in build-to-rent outside of London. This diversification of housing options is creating the competitiveness needed to drive standards up across the entire market and offer graduates great value and somewhere aspirational to move up in to."

**How important is development close to stations?**

"High quality, mixed-use development close to key infrastructure links - such as train stations - is vital for improving productivity, bolstering economic growth and promoting a low-carbon economy. It can also be a win win in terms of financial viability: by opening up brownfield sites close to transport hubs (just as we have done in Manchester opposite Victoria Station) there is scope to introduce a range of uses and increase density. This is happening around new HS2 stations in Birmingham and London, while TfL is expanding its own programme across the capital. Boris Johnson's early promises to expand rail links across the Northern Powerhouse are incredibly welcome and

could present some fantastic opportunities to create new homes and commercial facilities around new rail hubs."

**What should we do to drag the planning system kicking and screaming into the 21st century?**

"England's planning system is inconsistent and doesn't have the resources to be as effective as it needs to be. There's a reticence in many areas to move with the times - something many see again and again when faced with demands to build car park spaces at a 1:1 ratio with city centre homes. Where we need to see high volume of versatile tenures delivered to cities throughout the UK, there has to be guidance demanding flexibility and offering better support for the many great souls on the ground.

"Under the current planning regime, each scheme is assessed on a case-by-case basis where the criteria required to get approval can differ according to the whims and wants of a small subset of the community. Increasingly, communities are in favour of the right type of housing and development, but the outcomes of the proposals are held hostage by a select few vested interests.

"There needs to be a clearer set of targets for rented housing and emerging tenures such as co-living which offers a degree of flexibility many seek. Many western European cities recognise this.

"What we need is a rules-based system that allows for broader community engagement at the initial stages of development - to help craft the proposals in light of community need - with the development being assessed according to objective criteria. If we are to address the housing crisis, we need a planning system that supports development, not scupurs it."

**How can we embed well-being into schemes and should schemes with well-being strategies and measurements be prioritised for planning?**

"Well-being is increasingly being seen as a vital component within development. Not only are individuals and communities conscious of their well-being, the

companies that employ them and the developers that build their homes are also beginning to tune in.

"And rightly so. As we spend the majority of our time interacting with the built environment, it's important that these spaces and places consider our well being. Initiatives to improve well being can range from smart urban design tricks to encourage walking, or having onsite staff that are fully trained in mental health first aid.

"As well being becomes more pertinent within development, this fact should be reflected in how schemes are assessed at the planning stage. For instance, if developers can show that their schemes will improve the physical, mental and financial well being of residents, then they should be looked upon more favourably at the planning process."

**Should SME house builders be prioritised in planning applications?**

"SME house builders are essential to delivering the number of homes the UK needs. Without them, housing targets will continue to be missed. Planning policy, and housing policy more generally, currently does little to support or encourage SME house builders, despite them playing such a vital role.

"One thing people don't recognise is that the costs for delays and appeals are disproportionately higher for SMEs. A FTSE100 developer can bankroll a site for many years, but a small business - faced with finance costs and consultants' fees - may be unable to do so. This is cutting off a vital strand of supply and it's no surprise that SME developers and construction firms have dwindled over the past 20 years.

"Better equipping the planning system to support SME developers could go some way in helping them get a greater foothold in the market, but it would not be a silver bullet. Factors such as the price of land and access to finance also makes it tough for SME house builders to deliver homes. There may be potential for Homes England to offer bespoke finance packages that could support smaller schemes, focused exclusively on SMEs."