

THE TIMES

It is time to loosen the UK'S planning noose

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This week's investigation by BBC's Panorama into the housing market was harrowing. One woman discovered that her Lewisham council house, bought for a mere £15,000 in 1984, had since been converted into six claustrophobic bedsits. Another couple faced financial ruin from a £27,000 bill for mandated improvements to the council tower block housing their owner-occupied flat. Collapsed ceilings, abhorrent mould and intolerable dampness were all seen across properties of various forms of tenure.

This exposé of one London estate's deplorable conditions should jolt MPs out of their housing policy stupor, but I fear the BBC's angle might ignite misdirected anger and pave the way for further misguided policies.

The trite narrative of the programme blamed Margaret Thatcher's council house sales and housing associations' management of social properties for turning a once-decent, affordable council housing sector into a chaotic market swarming with slum landlords. This potted history glosses over the grim reality of many old council estates and the documentary's own evidence of dilapidated council homes today.

It also ignores the obvious: in a market economy, landlords should scramble to lure tenants by enhancing amenities and offering competitive rents. The fact that they do not indicates the documentary's glaring omission — we simply haven't built enough homes over decades across all tenures.

The evidence is everywhere. If the squalor doesn't sway you, consider that median house prices now tower over eight times median earnings. Or how about that vacancy rates languish below 1 per cent, private rental floor space per person has dwindled and land values sometimes skyrocket by 100 times when planning permission is secured for farmland.

Market signals are practically screaming that people desire more homes. Sure, higher incomes and increased immigration help to push that demand, but other sectors show this needn't result in spiralling prices or sustained subpar quality. Our housing sector simply doesn't behave like a well-oiled market.

So what's to blame? Panorama alluded to the decline in social housebuilding after Thatcher's right-to-buy, implying that the private sector was incapable of providing sufficient and adequate housing. Others contend that the planning system itself throttles building. A recent Centre for

Cities report, using United Nations data, adjudicates the theories and concludes that our problems long predate Thatcher's council house sell-off. Housebuilding fell immediately after the Town and Country Planning Act of 1947 had introduced an unpredictable, case-by-case decision-making process. We never again reached the heights of the Victorian era, or even of the 1930s. Consequently, our housing stock per person had already slipped from 5.5 per cent above the European average in 1955 to 2 per cent below by 1979 (before right-to-buy and "mass immigration"), plummeting to 8 per cent below by 2015. Council house building rates were already falling through the 1970s, too. But the critical fact is this: postwar Britain had the lowest postwar rate of private building in western Europe. Had we matched western Europe's overall performance, there would have been 4.3 million more homes by 2015.

Ant Breach, the report's author, concludes: "The root cause of the housing crisis is the decline in the supply of land for new homes, not the decline in subsidy." The postwar planning system and expanding green belts severely rationed land available for development, so we constructed fewer and smaller homes than western European neighbours, despite our rising prosperity. Planning was like a noose, gradually tightening the development of all housing forms as the economy grew.

We now face the consequences. Too many fork out exorbitant rents for cramped or crumbling homes, as few alternatives exist. Politicians then "do something", reacting to hardship by calling for tighter regulations on landlords (further squeezing supply) or outright government housing provision (should high food prices prompt the state to build farms?) Taken in good faith, their response mistakes the symptoms for the disease — and so demands ill-conceived treatments.

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