



***Housing Supply, Affordability and Land Use Regulation and  
Planning: Lessons from the United Kingdom***

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Land-Use Planning Reviews**

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**Mumbai, Ahmedabad and Delhi  
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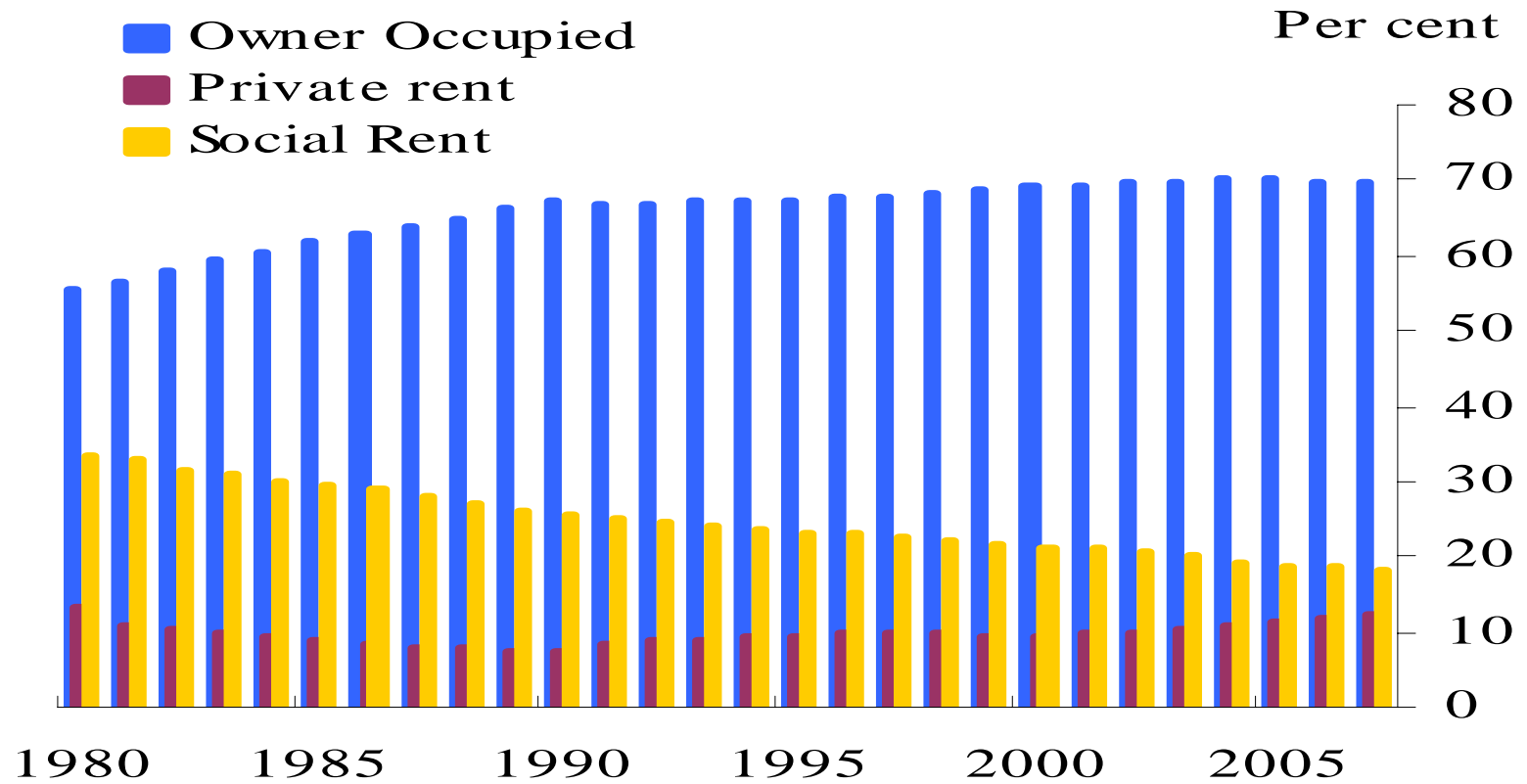


# Outline

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- UK housing supply review
- Why housing matters
- English planning policy
- Conclusions of review
- Planning principles
- Wider issues
- Affordable housing
- Conclusions

# High rate of home-ownership



Source: Department of Communities and Local Government

*N.B. Data prior to 1987 is from a slightly different source*

# Costs of under supply

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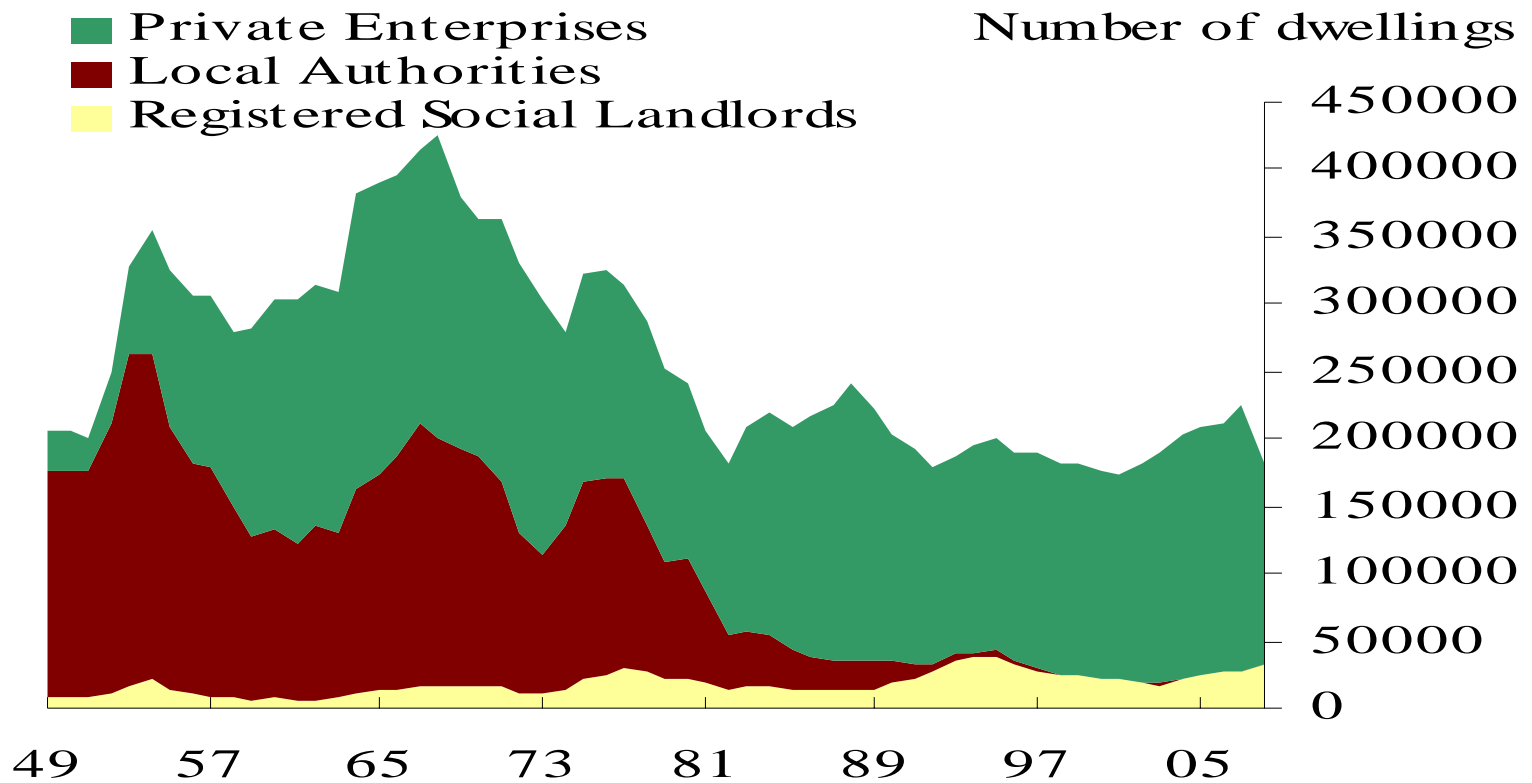
## Social:

- Health
- Education
- Unemployment

## Economic:

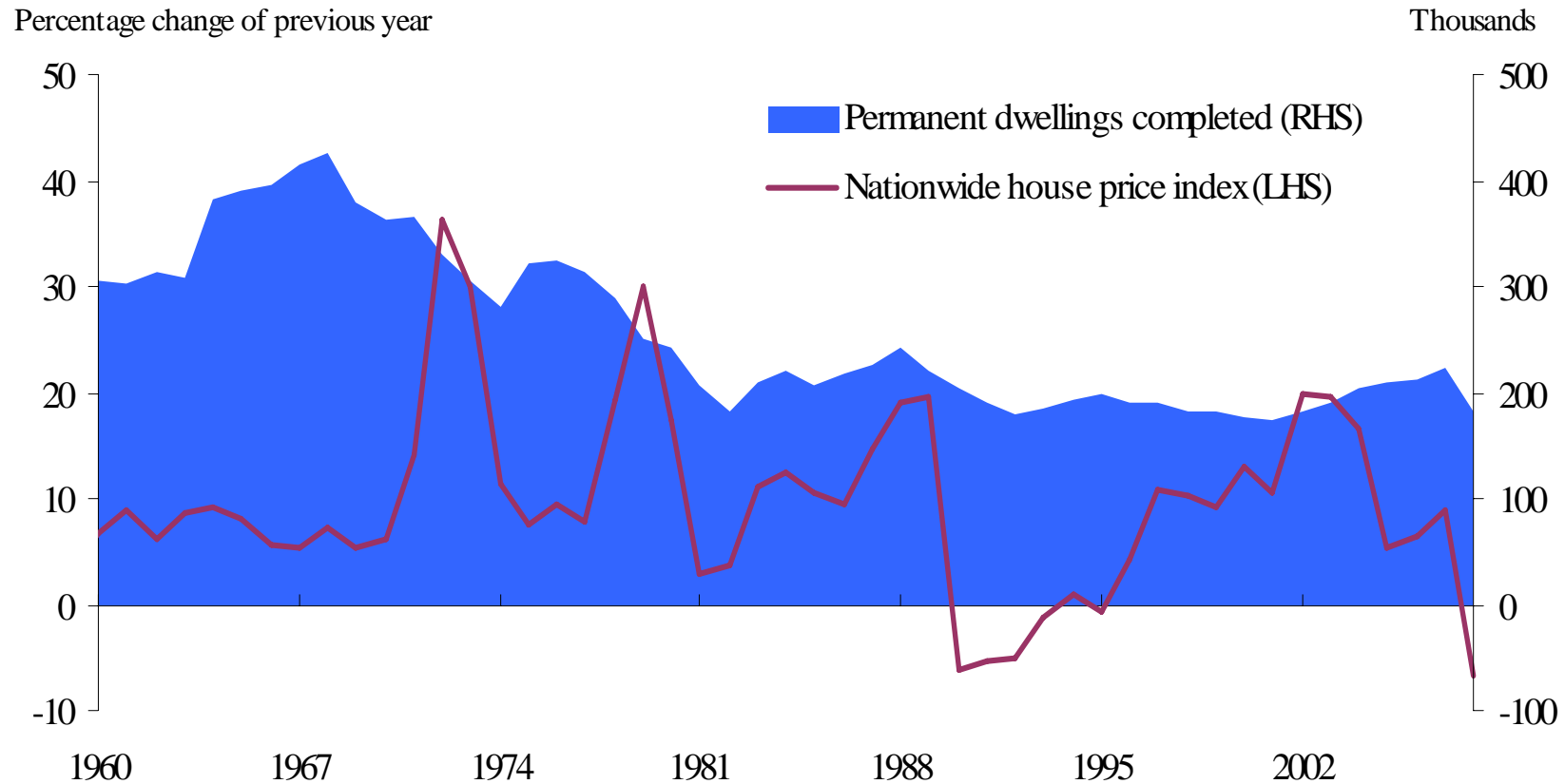
- Labour mobility
- Loss of welfare
- Weak productivity

# Social housing supply has fallen



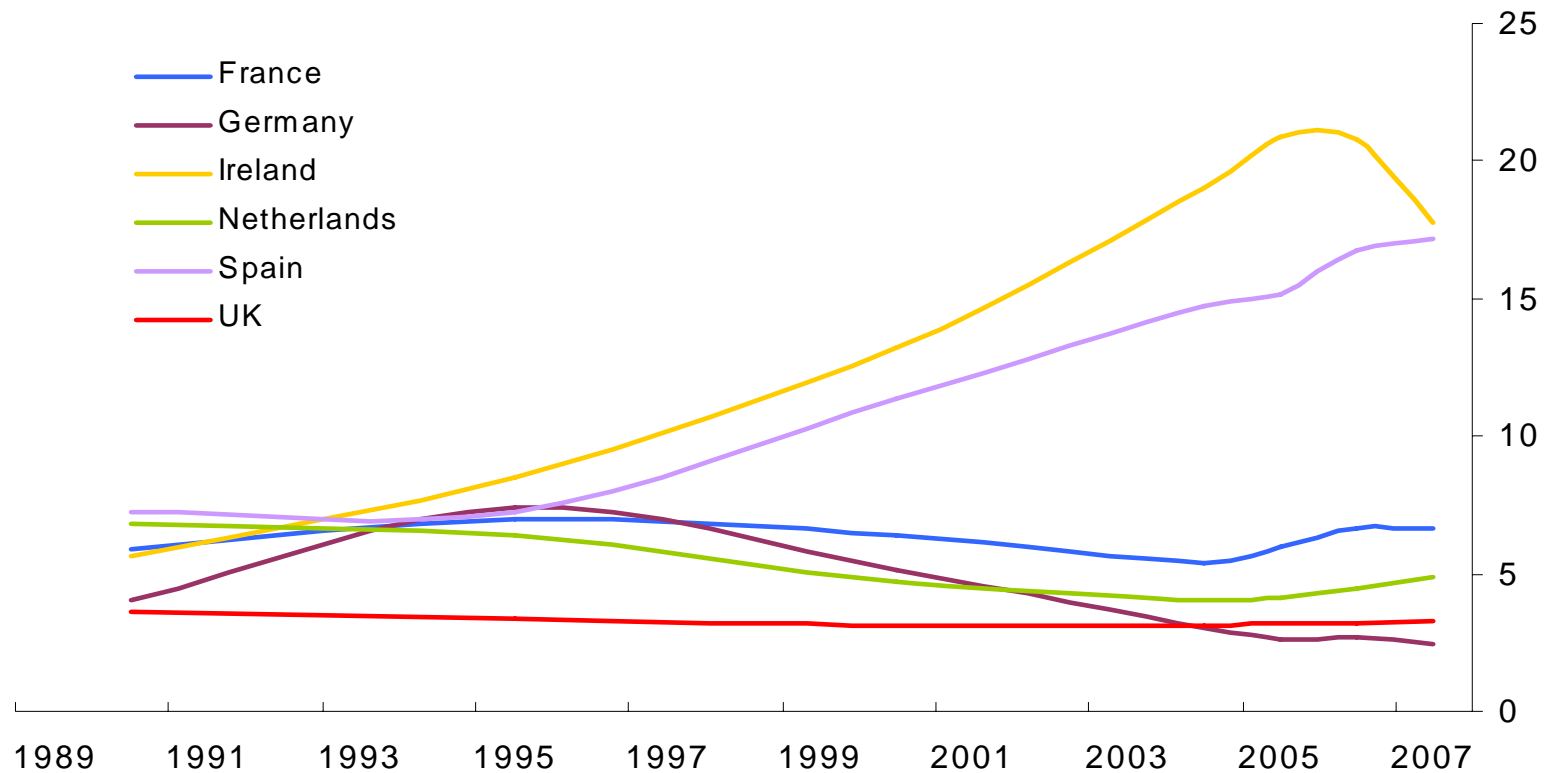
Source: Department of Communities and Local Government (UK)

# Recent house price boom but flat supply



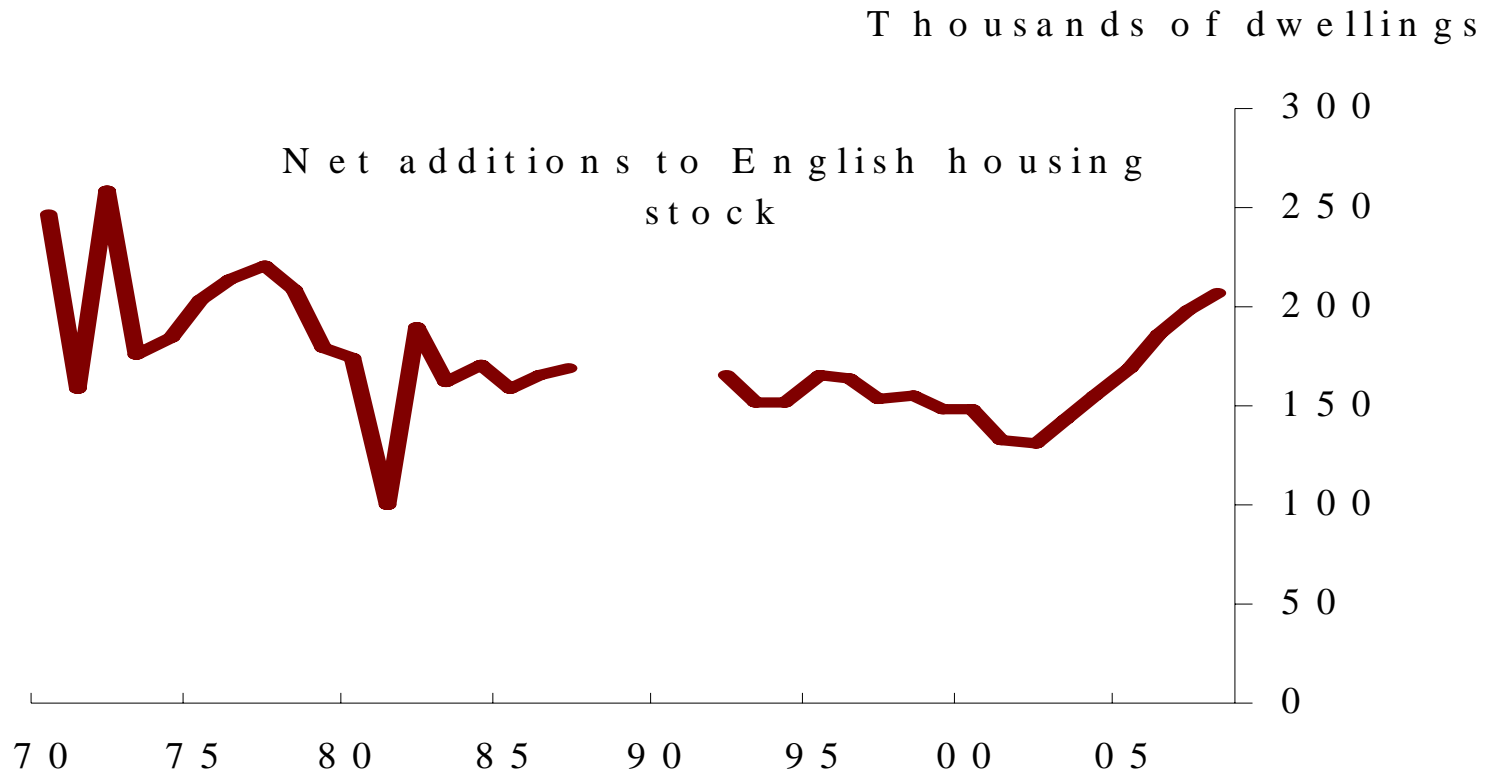
Source: Department of Communities and Local Government and Nationwide (UK)

# Completions per 1,000 inhabitants



Source: Calculated from housing statistics in the European Union, 2006 and Eurostruct data, 2007.

# Review had early impact?



Source: Department of Communities and Local Government (some data unavailable)



# Review – main conclusions

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- Lack of market indicators
- Over-detailed numbers/plans
- Planning decisions slow
- Poor incentives
- Lack of social housing
- New policies ill-judged

# Policy objective

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- Affordable homes for all

but

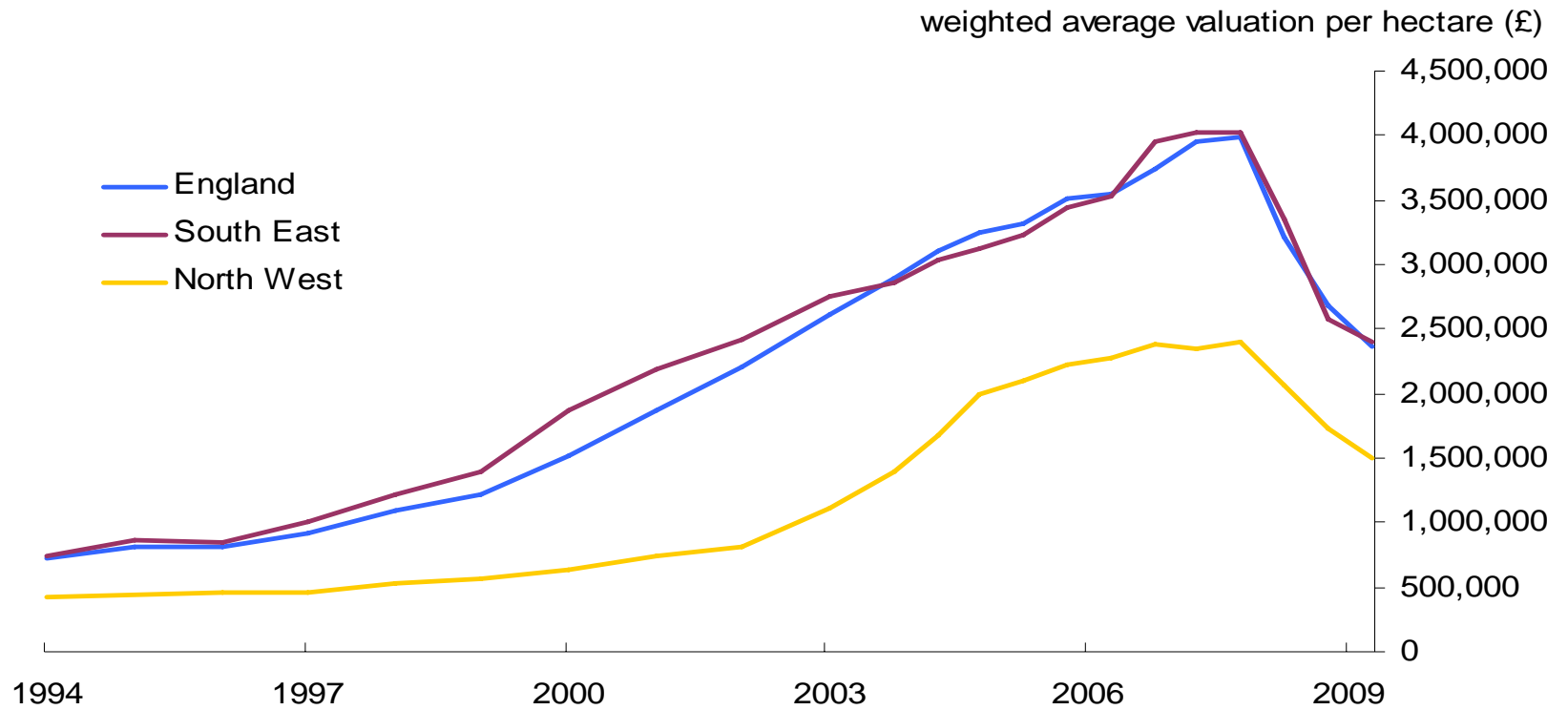
- Home-ownership undertaxed
- Perverse incentives for elderly
- Inadequate planning for population

# Planning principles

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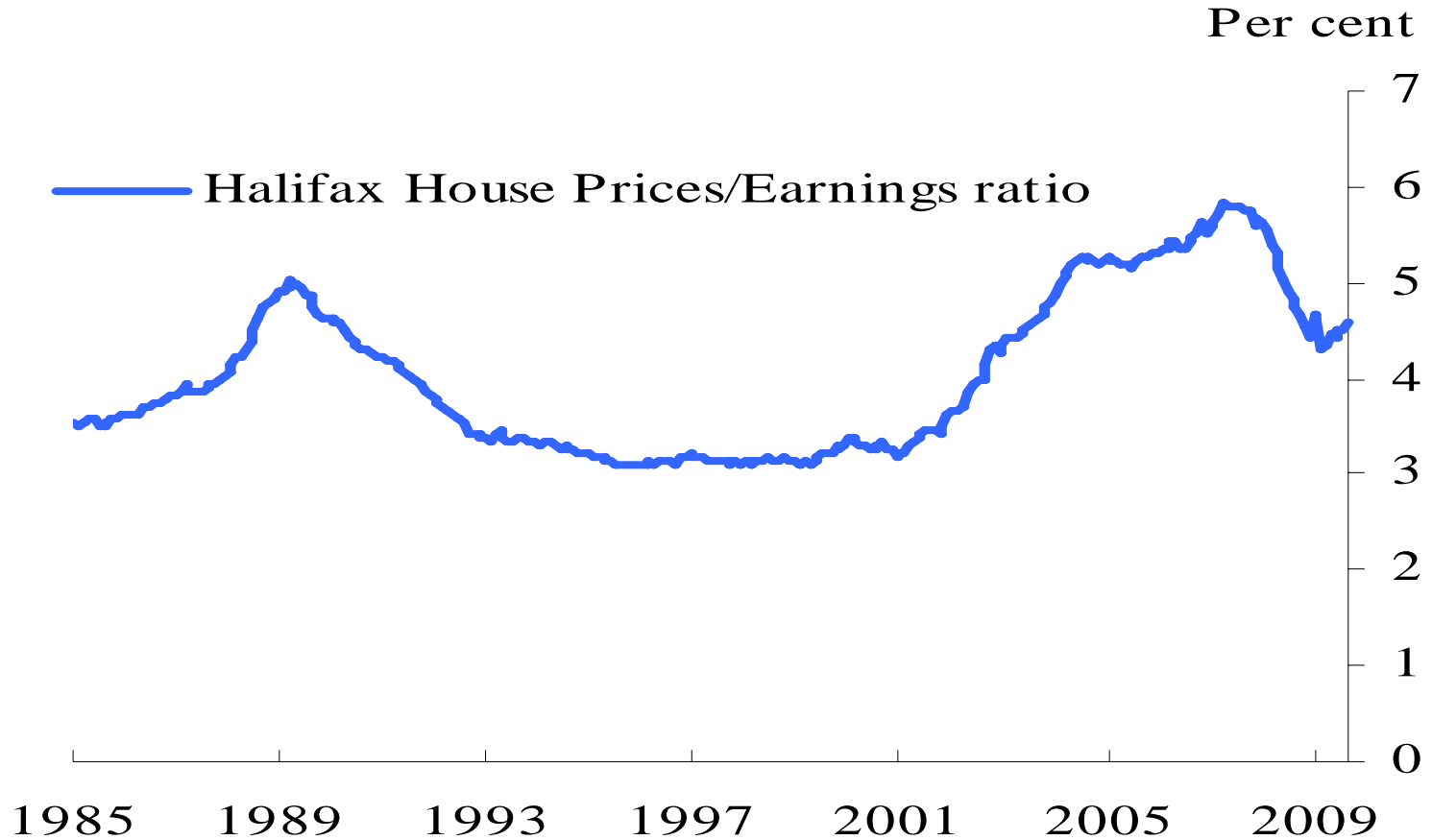
- Flexibility in plans
- Decisions at right spatial level
- Assess costs and benefits of policy
- Make costs transparent / consider policy alternatives

# Land prices highly volatile



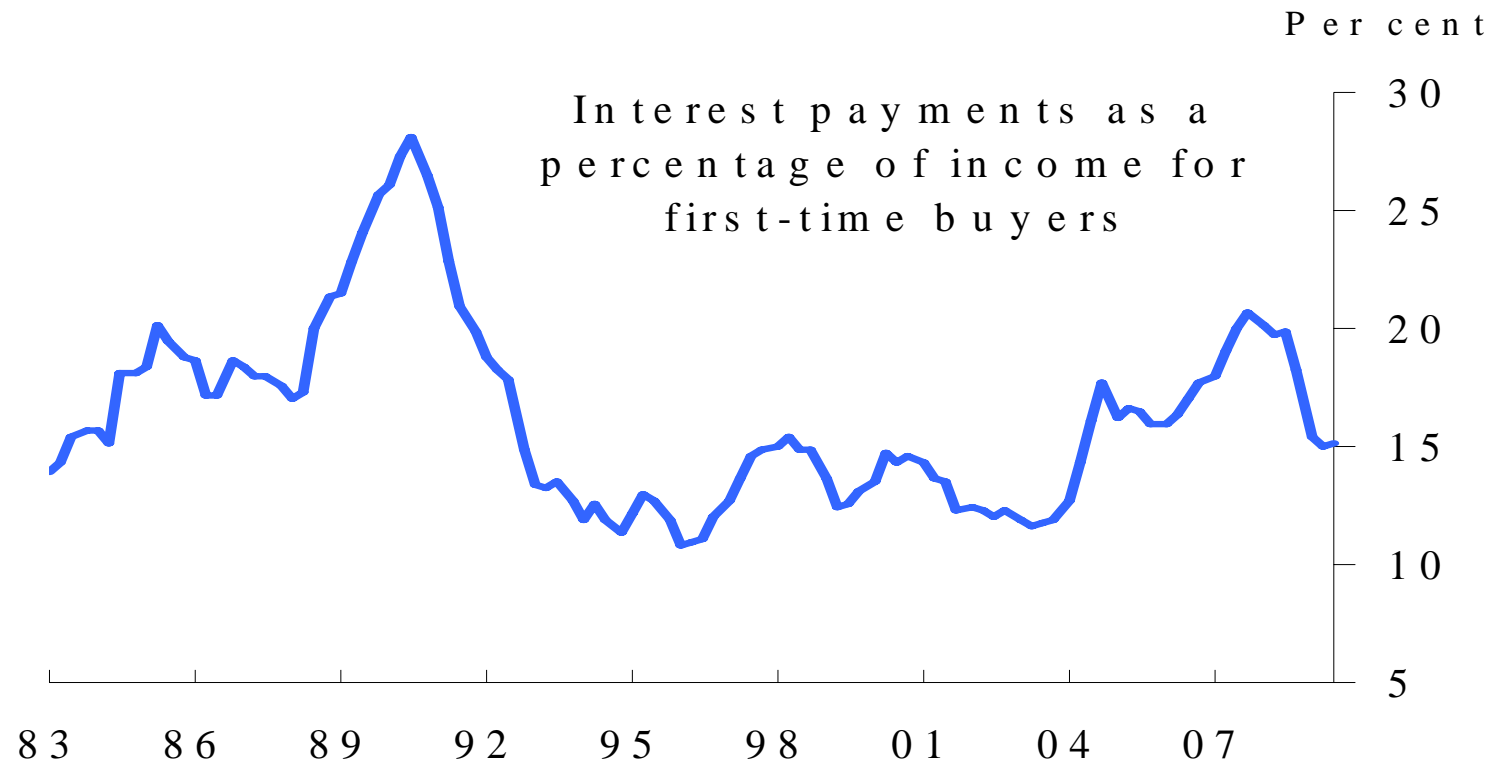
Source: Department of Communities and Local Government.

# Housing unaffordable?



Source: Halifax and Bank calculations

# Lower interest rates support first-time buyers



Source: Council of Mortgage Lenders

# Subsidised housing

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- Fall in social rented stock
- More first-time buyer subsidy
- Benefits or bricks and mortar
- Private rented sector revival?

# Conclusions

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- Housing is a policy priority
- Understanding of issues is poor
- Market should not be ignored
- But also highly political
- Risk of government failure; land issues