

Johnson's radical planning reforms fit the bill but face severe tests

Simon Nixon Thursday July 02 2020, The Times

Of course, it's possible that Boris Johnson really meant it when he promised this week that "the government will shortly bring forward the most radical shake-up of the planning system since the Second World War". After all, it's not the first time he has pledged this. The government first signalled that planning reform was imminent just days after December's general election, though it is striking that it said nothing about it in its manifesto. A radical overhaul of planning rules was again signalled before the budget in March, yet the proposals published the following day were small beer. A white paper was promised for the spring which we are now told will appear later this month.

This government is certainly in need of a big economic idea. As was clear from Mr Johnson's speech, in which he invited comparison between himself and Franklin D Roosevelt, to the extent that his government has any coherent economic strategy at all it appears to consist of infrastructure spending plus Brexit. Since the Office for Budget Responsibility was forecasting even before the pandemic that Brexit is likely to reduce productivity by 4 per cent over 15 years, and even that assumes a free trade deal is agreed, the search is on for structural reforms that will create rather than destroy value.

Planning reform certainly fits the bill. You don't have to subscribe to the newly emerging Tory narrative that the system is a relic of postwar socialist planning to recognise that there are problems with it. The 1947 Town and Country Planning Act introduced the idea that local authorities should be responsible for establishing plans for land use in their areas, removing the presumption that landowners can do as they please with their property. Since then, the system has been endlessly adapted, not least by new planning acts in 1990, 2004, 2008 and 2011. These were designed to introduce greater local accountability, ensure local plans fitted with national priorities and force developers to contribute some of their gains to local needs.

Nonetheless, the result of decades of tinkering is a system that is undeniably too complex. The main charge against it is that it requires local authorities to micromanage the market. Every plot of land in the country must be designated for one of a long list of possible uses, according to local plans based on spurious assumptions of future needs. Once a designation is agreed, changing it is both difficult and expensive, involving lengthy public consultations. Meanwhile, even when new developments comply with existing land use designations they still require specific planning permission which is not guaranteed and may come with added conditions. The resulting uncertainty is a drag on productivity.

So far, the government's response has been merely to extend opportunities to convert offices, commercial and industrial buildings without the need for planning permission,

building on an existing flexibility. Yet even this minor tweak in the system has been controversial. Critics say that it has paved the way for the creation of substandard housing. There have been reports of new homes built that are tiny or have no natural light. The concern is that by making the system too permissive, the government may open the door to exploitative building of slum housing, or poor build quality that doesn't meet new green energy efficiency standards.

Yet the real test of the government's radicalism is whether Mr Johnson is prepared to embrace the ideas set out by his own housing adviser in a report for the think-tank Policy Exchange earlier this year. In his paper, Jack Airey proposed that the government sweep away the entire edifice of local plans and replace it with a rules-based zoning system. The idea is that all land be designated either available for development or not. Once it had been zoned, the only role for local authorities would be to decide what forms of building would be permitted in them. Their role would be reduced to box-ticking. Landowners could do with their property as they pleased, based on their own assessment of what the market wanted rather than a bureaucrat's assessment of local needs.

It's easy to see the advantages of such a system. It would at a stroke reduce the cost and complexity of the entire process. That should make it much cheaper to build new houses since it would take away planning risk while land prices should fall as the scarcity value of land with planning permission was removed. Such a system could also lead to greater development of brownfield sites in cities and towns. In future a property developer such as Richard Desmond would not need to go through the rigmarole of buying tickets to a Tory fund-raising dinner in the hope of showing his promotional video to Robert Jenrick, the housing minister, in order to build his blocks in East London. It could also make it far easier to proceed with much-needed infrastructure projects.

But will Mr Johnson really want to go this far? The current system has evolved because all development inevitably creates intensely political trade-offs, not least between the rights of the landowner and those of other local property owners, who may see the value of their own assets fall. Developments also create what economists call externalities which need to be managed, including pressure on existing infrastructure and public services. Any plan to remove local consent from new developments is bound to be resisted not just by local authorities but by many other property owners. For example, the proposed new zoning system would make it far easier for landowners to sell their lands for onshore windfarms, which have recently ground almost to a halt.

Indeed, until now Mr Johnson has tended to shy away from such confrontations. Before the election, the government cast doubt on a series of high-profile infrastructure projects including HS2, the proposed Oxford-Cambridge expressway and a planned windfarm on the Isle of Thanet. But perhaps with four years until the next election, he will discover a taste for such radicalism. After all, what else does he have?