

# THE FUTURE HOMES COMMISSION

## BUILDING THE HOMES AND COMMUNITIES BRITAIN NEEDS

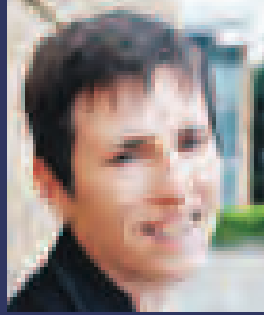


## BIOGRAPHIES OF COMMISSIONERS



### SIR JOHN BANHAM (CHAIR)

Sir John Banham has chaired a succession of Britain's most successful FTSE 100 companies over the last 20 years. He stood down in July 2011 as Chairman of Johnson Matthey, last year's Large Company of the Year in the National Business Awards. Before that he served as Chairman of Whitbread, Kingfisher and Tarmac (when the company was the largest home-builder in Britain). He has served as an independent director of Invesco, one of the World's largest fund managers, since 2000. He was the first Controller of the Audit Commission, when he led a number of studies of Local Authority housing; and he chaired the Local Government Commission for England that secured the future of County Councils, which were under threat, and resulted in the creation of the new Unitary Authorities. Sir John is also the author of *The Anatomy of Change: Blueprint for a New Era of low growth, low inflation and massively increased competition from the Far East*, published in 1995.



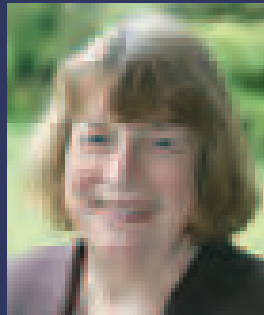
### KATE FAULKNER

Kate Faulkner is a property analyst and commentator and founder of the independent consultancy *Designs on Property*, which provides advice both to consumers and housing developers. Kate has authored six books on property, including four publications for the consumer organisation Which? She creates targeted consumer services such as the *First Time Buyers Service*, and a free on-line service called [www.propertychecklists.co.uk](http://www.propertychecklists.co.uk). Kate also advises property companies on consumer focused strategies that include developing new product/services such as innovative property portal services, the Self Build and Renovation Centre in Swindon and an internet tool to improve relocation and agency service enhancements. Prior to setting up her own business, Kate worked in sales and marketing roles for some of the UK's biggest companies, including Unilever and working with retailers such as Sainsbury's.



### ROGER GRAEF

Roger Graef OBE is a criminologist and filmmaker. He has made a number of films about cities and architecture – most recently *Requiem for Detroit?* – and filmed extensively on housing estates around Britain. He is visiting professor at the Mannheim Centre for Criminology at the London School of Economics, and a member of the Metropolitan Police Independent Advisory Group on race. He was a founding board member of Channel Four and a governor of the British Film Institute. Roger has served on the board of the ICA where he created and chaired the ICA Architectural Forum. He was a part-time tutor at the Architectural Association. In 1975 he was appointed to the Development Control Review of Planning Law, chaired by George Dobry QC and chaired the Sub-Group on Public Involvement in Planning.



### DAME MAVIS MCDONALD

Mavis McDonald currently serves as an external member and Deputy Chair of the Council of the University of Cambridge and as a Trustee of the Joseph Rowntree Foundation and Housing Trust. She was the Chair of Catalyst Housing Group Ltd from 2005 to September 2011 and is a Fellow of Birkbeck College, University of London and an Honorary Member of the Chartered Institute of Housing. She was a career civil servant from 1966 to 2005. Under successive governments, she has worked on policy and programmes on housing, planning, regeneration, social exclusion and local government. She was Permanent Secretary to the Cabinet Office from 2000 – 2002 and retired as Permanent Secretary to the Office of the Deputy Prime Minister (now the Department for Communities and Local Government) in October 2005.

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# EXECUTIVE SUMMARY

**Britain needs a revolution in the scale, quality and funding of home building if we are to have any hope of meeting the housing needs of our growing and changing population.**

The challenge is not just to increase the number and standard of homes being built for many years to come, but to develop communities which enhance the quality of life for both new residents and existing communities nearby. All this can happen without additional government funding.

**The Future Homes Commission is convinced that such a revolution is possible. To make it happen, there have to be five big changes to the way the UK approaches house building:**

- 1. A three-fold increase in the number of new homes being built every year, to over 300,000.** Land will be needed in or close to virtually every city, town and village. If the potential of the home building industry can be unlocked, half of these new homes could be built for sale on the open market. At the same time, there needs to be a massive increase in homes built for rent or shared ownership. These should be built in sustainable communities of mixed-tenure homes on brownfield land or immediately adjacent to existing towns and villages
- 2. A kick-start from an independent £10 billion Local Housing Development Fund, financed and owned by local authority pension funds with their combined assets of over £180 billion.** This fund would be the cornerstone investor in local developments of sustainable, mixed-tenure communities across the country, particularly in our larger cities. Once these developments are mature they will be ideal investments for UK and international institutional investors, many of whom want to invest in UK residential property for rent, but are not about to take any development risks



3. **A greater focus on design in all new homes, to meet current buyers' needs and make them fit for future generations.** Today's home buyers are dissatisfied with the new homes available to them. Too few reflect the requirements which matter to would-be home owners: Good sized rooms, storage, natural light, privacy and good sound insulation, and the flexibility to accommodate future needs and family members. Poor design means few communities welcome the prospect of new homes being built nearby, so developers are involved in "constant local battles"
4. **A more consumer-oriented housing market.** Home-buyers and communities have too little power to influence the design of future homes. They suffer from limited choice and the marketing of new homes often lacks the transparent, comprehensive information that consumers are entitled to expect before making one of the most important financial decisions of their lives. The valuation of properties should reflect design quality so that there is an incentive for developers to invest in it
5. **A lead role for local councils, using the powers now at their disposal to promote sustainable communities to meet local housing needs.** With their new powers and responsibilities under the Localism Act, local authorities are well placed to use their land holdings and potential access to funding from the proposed Local Housing Development Fund to promote new local communities, bringing together planners, developers, local landowners, contractors and housing associations to create developments attractive to consumers and international investors.

# INTRODUCTION

**The Future Homes Commission was set up a year ago by the Royal Institute of British Architects (RIBA) to conduct an independent inquiry into the quality of newly-built housing, to ensure that more and better homes become available to house a growing and ageing population.**

At first glance the Commission's task looked barely possible — to find a way to massively increase house building and substantially improve quality, without government subsidy in the middle of a recession. But the evidence we have heard and the inspiring examples of new developments that we have seen have shown that the revolution we are calling for is both essential and possible.

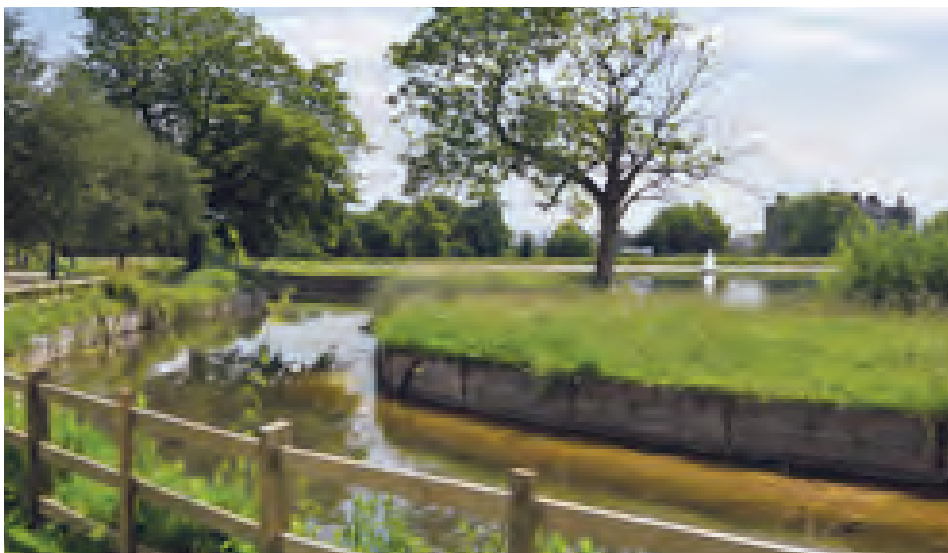
The government has already taken a number of steps to encourage house building — removing planning constraints and regulations perceived to act as barriers to increasing the supply of new homes, and trying to unlock mortgage finance. Meanwhile, the passage of the Localism Act 2011 saw the devolution from Whitehall to local authorities of both the power and responsibility to make local development happen.

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**But the lack of government funds means councils and local authority pension funds have to lead this revolution. While councils have the powers and often the land, the pension funds have the money.**



Future Homes Commission during their visit to Derwenthorpe



Woodberry Down, London  
© Berkeley Group

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During the inquiry the Commission was constantly reminded of the need to learn from the terrible mistakes of the past, and avoid the poor quality, unpopular and unsustainable development that has become commonplace. Solving today's housing crisis not only means building more and better homes but creating sustainable mixed-tenure communities, fit for the households that will be living in them in two centuries' time. Over the past year, the Commission has been:

- Seeking evidence from a wide range of experts. Altogether, the members of the Commission met 140 experts in roundtable discussions across the country involving developers, house-builders, housing associations, architects, urban designers, planners, surveyors, estate agents, property investors and academics with a special interest in housing policy. Written responses to the Commission's Call for Evidence from 42 organisations were also scrutinised
- Commissioning new research. Filmed ethnographic case studies observed people inside their homes. Discussion groups in London and Manchester sought consumers' views on what they look for and how they choose a home. The research was published by the RIBA and Ipsos MORI in *The Way We Live Now*
- Conducting a survey of public opinion on-line and in the RIBA's Place to Call Home exhibition which was held at their headquarters in Central London. Altogether, 2,295 people completed the survey;
- Visiting housing sites in Leicester, London, Newport (South Wales) and York.

The RIBA and members of the Commission would like to thank everyone (listed in Appendix C) who has contributed to the Inquiry, facilitated the site visits and discussions and shared their valuable experience of what works. The report that follows reflects the Commission's conclusions from the evidence we have received, and we alone are responsible for the recommendations that now follow.

# CHAPTER 1

## MEETING BRITAIN'S HOUSING NEEDS: FIXING A BROKEN MARKET

**Britain's failure to invest in housing is damaging lives and damaging the economy. For decades Britain, a nation often described as obsessed with home ownership, has failed to invest enough in new homes for its rising population.**

A recent report by the McKinsey Global Institute pointed out the UK was only investing some 3.5% of GDP in new housing before the financial crisis broke, compared with 6% in Germany and France.<sup>1</sup> As a result, some two million British families are on housing waiting lists,<sup>2</sup> and Housing Benefit now costs over £20 billion a year — some £800 for every household. The average age of first-time home buyers is 29 for those with financial support and 33 for those without.<sup>3</sup>

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**This failure to invest seriously undermines economic growth. If Britain invested as much in housing as France and Germany it would add £35 billion to UK construction output.**

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Every £1 of construction output generates £2.84 of demand in the wider economy,<sup>4</sup> so under investing in housing could be taking £99 billion out of the economy, or 6.9% of UK GDP — the difference between recession and healthy growth in national output and jobs.

The basic facts about Britain's housing needs are well known. Around 230,000 new households are being formed every year,<sup>5</sup> and there is a backlog of some two million homes arising from past under investment. So if there is to be any progress in clearing the housing backlog, the number of new homes built every year will need to increase at least threefold to between 300,000 and 330,000.



## UNLOCKING THE FULL POTENTIAL OF BRITAIN'S HOUSEBUILDERS

The number of new homes built on the open market has fluctuated between 140,000 in 1992 and over 190,000 at the height of the market in 2007, an average of around 150,000 each year. The number changes depending on economic conditions, the availability of mortgages and the state of other sectors of the housing market, such as the level of government grants for building social housing. Currently the industry is producing around 100,000 new homes every year – barely a third of what we need to tackle the chronic shortage of housing.<sup>6</sup>

But it is not just the number of homes being built that is the problem. The quality of many new homes is so poor that people would far rather have a century-old home, with all its high running costs and maintenance, than buy what they perceive to be cramped, poorly designed, often dingy new homes. Research by the RIBA for *The Case for Space*<sup>7</sup> suggests that only a quarter of the public would choose a home built in the last ten years. Further polls have revealed that whilst people acknowledge the need for more new homes, they do not want them to be built in their community.<sup>8</sup> This report calls for the inspirational designs of the best housebuilders to become the norm.

Yet even well-designed homes are not enough. Building around 300,000 homes each year implies creating around 500–700 new communities year in, year out for perhaps two decades. That is simply not possible unless councils and other public authorities energetically support development and local communities accept the need for new buildings.

1\_ *Debt and Deleveraging: Uneven Progress on the Path to Growth*, McKinsey Global Institute, 2012

2\_ The National Housing Federation suggests there were 1,751,982 households on the housing register in 2009/10, with additional figures of homelessness and people in temporary accommodation. See *Home Truths* NHF, 2011

3\_ Council of Mortgage Lenders statistics in *CML News and Views*, Issue No 24, December 2011.

4\_ *Construction in the UK Economy: The benefits of investing*, L.E.K. Consulting for UK Contractors Group, 2009

5\_ 232,000 households are expected to form every year between now and 2033 according to Department for Communities and Local Government statistics reported in *Laying the Foundations: A Housing Strategy for England*, November 2011

6\_ Table 209 *House building: permanent dwellings completed, by tenure and country*, Communities and Local Government Live tables on house building, accessed September 2012, figures are for UK

7\_ RIBA's YouGov poll reported in *The Case for Space*, RIBA, 2011

8\_ YouGov poll for the New Homes Marketing Board, published December 2010. 81% believe Britain needs more housing but just 50% would welcome more homes of all types in their own immediate neighbourhoods

This does not mean councils and local people meekly accepting any development. On the contrary, it means councils becoming champions for design excellence, and ensuring local communities are engaged right from the beginning in shaping new developments, for the benefit of existing and new residents.

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**The Commission was concerned to receive evidence from housebuilders that virtually every local development involves a series of 'battles' with the local planning authority and local communities. These battles, which also affect other forms of development, demonstrate the importance of informed local consent.<sup>9</sup>**



Green Street in the Meadows, Nottingham  
© Blueprint

## De-coupling market homes from affordable housing

Some local planning authorities who want to see more social housing built are actually undermining its construction. By imposing excessive Section 106 (S106) conditions – which require developers to include a percentage of affordable homes in their developments – they are effectively blocking housing developments. If they were more flexible, more homes of both social and open market tenures would be built. Instead ‘shovel-ready’ developments are being delayed for up to a decade, as at the major Land Securities site at Ebbsfleet in the Thames Gateway,<sup>10</sup> or abandoned. Meanwhile waiting lists for affordable homes keep growing.

The government’s recently announced plans for unlocking stalled developments could help with the immediate problem. The Commission welcomes the government’s response to Sir Adrian Montague’s review of the private rental sector,<sup>11</sup> which will help developers to negotiate S106 agreements where these are preventing ‘shovel-ready’ developments going ahead. But a long term solution is needed if the same problem is not to recur.

Where developments do go ahead, the effect of the S106 conditions is often a case study in unintended consequences. Affordable homes are not being built where they are most needed but where the developer happens to have land. This causes particular difficulties in rural areas, highlighted in the 2008 Taylor Review of rural communities. It pointed out:

“For many villages and hamlets the choice is between becoming ever more exclusive enclaves of the wealthy and retired, or building the affordable homes to enable people who work in these communities to continue to live in them. In many cases just a handful of well-designed homes, kept affordable in perpetuity for local people, will make all the difference to the sustainability of the community and its services.”<sup>12</sup>

In other words, some villages are in decline because they do not have enough affordable housing. House building is often portrayed as destroying rural life. The truth is that in the long term the right level of high quality development will be its saviour.

Excessive S106 conditions have another damaging effect. Housing developers report that the cost of providing the affordable homes compromises what they can afford to spend on the homes for sale, leading to poor design.

9\_

For example, see article ‘People who oppose nearby wind farms to receive ‘bribes’ of lower energy bills’, Daily Mail 20 September 2012

10\_

See DCLG statement ‘Plans for thousands of homes unlocked by historic deal’, 29 August 2012

11\_

*Review of the barriers to institutional investment in private rented homes*, Sir Adrian Montague and the Department for Communities and Local Government, August 2012

12\_

*Living Working Countryside: The Taylor Review of Rural Economy and Affordable Housing*, Matthew Taylor and Department for Communities and Local Government, 2008





Woodberry Down, London

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Consumer surveys show that existing residents are even more concerned about the quality of new homes built nearby than they are about the size of the development.<sup>13</sup> This is a vital message for developers and councils – high quality developments that are well designed and sympathetic to the local area are far more likely to win local acceptance.

The Commission believes local planning committees must take advantage of the flexibility offered by the Localism Act 2011. Every area will have its own need for affordable homes, different land values, different availability of brownfield sites and different development economics for local builders. The same percentage of affordable homes will not make sense everywhere, so seeking to impose a higher percentage than a site can bear will kill the development, leaving everyone to lose out.



## RECOMMENDATION 1

In the context of the Localism Act, Local planning authorities should be flexible in imposing S106 planning conditions related to affordable housing, to promote the construction of high quality homes on the open market as well as ensure the right social housing is built in the right place.

### New mortgage finance

Since housebuilders currently have land with planning consent sufficient to build some 400,000 new homes<sup>14</sup> there is every reason to believe they could build at least 150,000 homes a year. But that would only make commercial sense if would-be buyers can get the right mortgage.

Since the financial collapse, access to mortgage finance has plummeted as UK banks repair their balance sheets. This is a major obstacle to reviving house building. According to Rightmove: "In the third quarter of 2007, gross mortgage lending at loan to values of more than 90% equalled £14.6 billion; in the third quarter of 2011 it was just one twentieth of that figure... The average deposit for a first time buyer in the UK currently stands at £26,000, up from £12,000 five years earlier. In London that average rises to some £58,000, with 71% of first-time buyers requiring assistance from the bank of mum and dad to finance their purchase."<sup>15</sup>

In the short term the situation can only worsen, as banks come to terms with the risks of further falls in UK house prices and the

13\_ 69% of people say the quality of what is built near them is more important than the quantity: reported in *Cities for Growth*, Policy Exchange, 2011

14\_ *An analysis of unimplemented planning permissions for residential dwellings*, Local Government Association, September 2012

15\_ *Rental Britain*, Savills and Rightmove, 2012

Bermondsey Spa, London  
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Photographer Tim Crocker



impact of the continuing Eurozone crisis. But regulation is inflicting further damage by making it extraordinarily difficult for new mortgage providers to enter the market. The regulatory approval regime is so tough that it took Tesco Bank three years to launch its new mortgage products.<sup>16</sup> Few companies could cope with such delays in entering any market. It is important that regulators do not impose unnecessary sanctions on new products or new banks, as this will constrain their ability to lend in the mortgage market.

## RECOMMENDATION 2

The Financial Services Authority (FSA) and its successor should ensure regulatory scrutiny of potential entrants to the UK mortgage market is carried out quickly and reflects consumer needs, to get new finance circulating as soon as possible.



Woodberry Down, London

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# BUILDING SUSTAINABLE, MIXED-TENURE COMMUNITIES

Britain's future housing needs cannot be met by the private home builders alone. Even if their present output is doubled there will still be a substantial shortfall compared with the 300,000 homes needed every year to accommodate new households. The Commission has concluded there should be a major expansion of sustainable communities of mixed-tenure homes led by local government.

## Rental demand

In their report *Rental Britain* Savills and Rightmove predict that the number of households renting in the private sector will increase from 3.4 million in 2006 to 5.9 million in 2016, when the private-rental sector will account for one in five UK households. The same report estimates that £200 billion of investment is needed over the next five years to make this happen, of which only about £50 billion is likely to come from buy-to-let finance.

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**Research by the Resolution Foundation and Shelter tells a similar story. Demand for private-rented housing will continue to grow, reaching 22% of the housing market by 2025 under a weak economic recovery and as much as 37% in London (where it is currently 30%).<sup>17</sup>**

<sup>16</sup>— The three-year delay was reported in *The Telegraph* amongst other publications; see Tesco Bank finally launches first range of mortgages, published 4 August 2012

<sup>17</sup>— *Housing in Transition: Understanding the dynamics of tenure change*, Resolution Foundation and Shelter, Christine Whitehead, Peter Williams, Connie Tang and Chihiro Udagawa, June 2012

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Green Street in the Meadows,  
Nottingham

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Bermondsey Spa, London  
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The National Housing Federation has identified the potential for investment of “£1 billion in building shared ownership over the next three years. This investment would deliver 66,000 homes, create jobs and bring some wider economic benefits.”

COMMUNITIES AND LOCAL GOVERNMENT  
COMMITTEE, FINANCING OF NEW  
HOUSING SUPPLY<sup>23</sup>

The growth in demand for rental property is a huge and neglected issue. The underlying forces at work are similar to those that have driven the growth of the rental apartment sector in the US:

- Recent falls in UK house prices outside London and widespread fear of negative equity are leading many young people in particular to pass up the opportunity to join the housing ladder. Savills and Rightmove report that “inability to buy is rarely a reason behind renting, accounting for just 8% of tenant demand in 2011”.<sup>18</sup> The main driver is moving because of work (51%), followed by 25% of tenants “who have made a conscious decision not to buy”
- A great deal of rental property is poor quality. The 2010 English Housing Survey showed that over 37% of private-rented dwellings failed to meet the decent homes standard.<sup>19</sup> This is a shocking figure
- Increased supply of rental housing will help to make rents more affordable. In Milton Keynes, for example, supply and demand are reasonably well balanced and the average rent for a two-bedroom property is 32% of the local average salary.<sup>20</sup>

**Unless there is a drastic slowdown in the rate of new household formation, demand for rental homes will increase sharply in the next two decades, and the families involved will be renting for longer.**

In the *Rental Britain* report, 37% of tenants said they had been in their current property for five years or longer and 22% expected to be renting for at least three years.<sup>21</sup>

More people are also expected to want shared ownership properties, where the householder owns one part of the home and pays an RPI-linked rent on the other part. Income from this portion may be attractive to future investors. Organisations such as Assettrust are working to “provide institutions with an investment opportunity in long dated RPI linked appreciating property assets to release significant volumes of capital from RP balance sheets to drive new supply.”<sup>22</sup>

The *Rental Britain* projection cited earlier implies an annual increase in the number of UK households renting in the private sector of 250,000 a year. Of course, not all these households will be living in newly-built homes. The buy-to-let sector has expanded considerably in recent years, but with buy-to-let lending constrained, Savills predicts that only about a quarter of needed investment will come from this source. This leaves a balance of some 150–180,000 new rental and shared-ownership homes to be built every year, depending on the number of empty properties and second homes brought onto the market.

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### Can this be financed without recourse to additional government grant or more public debt?

18\_ *Rental Britain*, Savills and Rightmove, 2012

19\_ *English Housing Survey: Homes Report 2010*, DCLG, July 2012

20\_ *Rental Britain*, Savills and Rightmove, 2012

21\_ *Rental Britain*, Savills and Rightmove, 2012

22\_ Written submission from Assettrust to Communities and Local Government Committee, Financing of new housing supply, published online January 2012

23\_ Communities and Local Government Committee, Financing of new housing supply, Eleventh Report of Session 2010–12 Volume I

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Derwenthorpe, York  
© Joseph Rowntree Housing Trust



# CHAPTER 2

## FUNDING THE THREEFOLD GROWTH IN HOUSING

“On the basis of Savills house price forecasts, we expect let residential property to deliver a total net return of just under 7% over the next 10 years (excluding costs of finance). Large-scale investors should expect to receive higher returns.”

RENTAL BRITAIN<sup>25</sup>

There should be no shortage of finance for housing investments. It can offer returns to investors in excess of 6% a year – above the long-term returns that have been achieved on the FTSE 100 over the last decade and well above those on government bonds, where interest rates have never been lower.<sup>24</sup>

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But the money is not coming. Evidence to the Commission from Invesco Real Estate and UK pension funds made clear that many institutional clients are hesitant in taking on the risks associated with a real-estate project.

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Very few UK developments other than student accommodation are large enough to attract institutional investors,<sup>26</sup> who are looking to put their money into in the residential equivalent of a fully-let retail park.



Commission visit to Abbey Meadows, Leicester

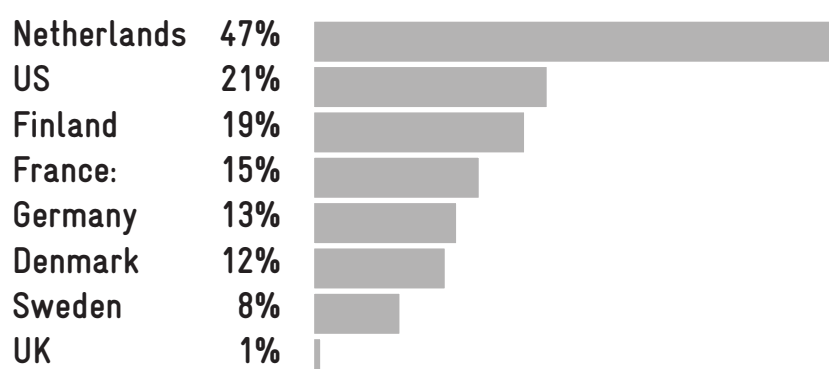
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As a result, as the Investment Property Forum (IPF) reported recently, less than 1% of UK financial institutions' property portfolios is spent on the residential sector. This is compared with over 15% for six other Northern European markets, and over 21% in the US, where rental apartments have consistently outpaced other property sectors and delivered returns above 9% a year over two decades.

#### EXPOSURE TO RESIDENTIAL IN INSTITUTIONAL PROPERTY PORTFOLIOS

Source: Institutional Attitudes to Investment in UK Residential Property, IPF, June 2012 using data from IPD, KTI 2010



**But there is a way to kick-start housing expansion. Concerted action by local authority pension funds. This is the right decision for the fund managers, who need to achieve higher returns than they are getting in the equity or bond markets,<sup>27</sup> while the councils themselves win because it provides more affordable housing.**

24\_ *Rates of return for FSA prescribed projections, FSA, 2012*

25\_ *Rental Britain, Savills and Rightmove, 2012*

26\_ *Institutional Attitudes to Investment in UK Residential Property, IPF, June 2012*

27\_ The need for these pension funds to achieve higher returns is discussed in a recent report by The Smith Institute with the Centre for Local Economic Strategies (CLES), Pensions Investment Research Consultants (PIRC) and the Local Authority Pension Fund Forum (LAPFF): *Local Authority Pension Funds: investing for growth*, September 2012

## KICK-STARTING GROWTH: POOLED LOCAL AUTHORITY PENSION FUND ASSETS

In March 2011, UK local authority pension funds had assets of £182 billion.<sup>28</sup> There are more than 105 funds, ranging in size from Strathclyde (£11.2 billion) to Dundee (£46 million). Their assets are conventionally invested in a mixture of UK and International equities (60%), fixed income (19%), real estate (8%), alternatives such as private equity, hedge funds and infrastructure (7%) and 'other', which includes cash, currency and commodities (7%).



Derwenthorpe, York

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Local authority pension funds are desperate for better returns. Greenwich Associates recently described UK local authority pension funds as having “spent much of 2010 and early 2011 in a state of suspended animation.”<sup>29</sup> Their funding ratios — the extent to which their estimated future liabilities are covered by their current assets — have been falling since the turn of the century and are now below 80%, which is a worse position than the average private sector plan. Many sponsoring authorities are reported to be concerned about an impending ‘cash crunch’ triggered by inadequate investment returns and falling contributions from current staff in the wake of job cuts and salary freezes.<sup>30</sup>

A report by the Smith Institute with the Centre for Local Economic Strategies, Pensions Investment Research Consultants and the Local Authority Pension Fund Forum sums up the problems facing the Local Government Pension Scheme (LGPS):

- Pension schemes have suffered losses of up to a third between 2007 and 2009
- The number of people leaving the scheme rose in 2010/11 because of redundancies and retirements, leading to an increase in benefits paid from £5.61 billion in 2008/9 to £6.73 billion in 2010/11 — a rise of almost 20%
- Meanwhile investment income fell by over 9%, from £2.87 million in 2008/9 to £2.7 billion in 2010/11.<sup>31</sup>

Consequently funds have tended to diversify their investment portfolios to manage exposure to risk. The report states: “Typically, funds have aimed to combine higher risk overseas equities with more stable longer-term investments, including bonds, property and other ‘alternative’ investments.”

However, any pension fund’s first priority is to protect the interests of its members. The trustees cannot accept returns lower than they can secure elsewhere. By the same token, there is no incentive for the fund’s managers to take risks on behalf of their clients — if there is any need for additional funding to meet the councils’ pension liabilities, local council tax payers have to foot the bill.

So while local authority pension funding levels have continued to fall for over a decade to below 80%, asset allocations remained largely unchanged from 2008 until this year: The share of assets allocated to equities, fixed income and cash in 2011 was exactly the same (86%) as it was in 2008, despite the miserable returns.<sup>32</sup>

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**This is unacceptable. Council tax payers cannot be expected to keep stumping up cash to plug the shortfall when there is an investment solution readily available — and a socially useful one.**

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28\_ This figure and the following breakdown are from the Pension Fund Performance Guide using data reported 31st March 2011. CLG statistics present the figure of £143 billion, but do not detail the individual fund and their assets, so we have chosen to use the Pension Fund Performance Guide data instead.

29\_ *Local Authority DB Pensions: Cash Flow Turning Negative*, Greenwich Associates, Q3 2012

30\_ All data can be found in the report *Local Authority DB Pensions: Cash Flow Turning Negative*, by Greenwich Associates, 2012

31\_ *Local Authority Pension Funds: investing for growth*, The Smith Institute, September 2012

32\_ *Local Authority DB Pensions: Cash Flow Turning Negative*, Greenwich Associates, Q3 2012

## Greater Focus on Property

But funds are finally getting the message. According to a survey by Greenwich Associates, many are reviewing their position and some have begun to change the balance of their portfolio to close mounting funding shortfalls while reducing volatility. More recently, some funds have been driven to take a fresh look at their investment strategies because of the potential for falling employee contributions to create net losses.<sup>33</sup>

Real estate investment is gaining interest. The same report indicates that, in the interests of current and future pensioners, plan sponsors are looking to diversify their investment portfolios by reducing their allocation to equities and increasing their allocations to real estate, private equity and infrastructure investments.<sup>34</sup> Similarly, in 2011 Aviva announced that their £8.5 billion staff pension scheme was looking to increase its allocation to real estate-related assets, with £500 million of funds to invest.<sup>35</sup> Some Sovereign Wealth Funds could also be interested in co-investing in major developments of homes for rent in London and other 'Gateway' cities in Britain.

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**So the money is there, the pension funds desperately need the returns these investments would bring, some funds are thinking about it – but little has happened.**

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There are a handful of plans for local authority funds to invest in local affordable housing developments – in Greater Manchester, for example – but hardly any of their £12.5 billion of property assets is invested in local residential developments.<sup>36</sup> Individual funds' ability to select the right property, infrastructure project or private equity funds to invest in is undermined by their lack of scale and in-house expertise. The Smith Institute report contrasts the scale of successful investors in 'alternatives' with the size of the average UK local authority fund, with assets of around £170 million.<sup>38</sup>

- The California Public Employees Retirement System (CalPERS), the largest public pension fund in the US with total assets of around £150 billion, is comparable in size with the combined assets of the 105 UK local authority funds. Yet CalPERS currently has less than £600 million committed to its Alternative Investment Management programme
- In contrast the Ontario Municipal Employees Retirement System (OMERS), with about £35 billion of assets, has committed to some 15% of its assets as at December 2011 to infrastructure investments of between £60–185 million each – including the Channel Tunnel high Speed Rail Link.

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**Nearly all the funds interviewed for the Smith Institute report recognised that infrastructure investments of the size undertaken by OMERS would require individual funds to pool their resources – hence the proposals for a London Pensions Mutual, a pan-London investment fund with estimated total assets of around £30 billion.**

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Discussions with the Greater Manchester Pension Fund have been taking place to develop a Housing Investment Model in Manchester that will deliver both low and high rise mixed tenure options... there are two investment partners, the council with land to invest and the pension fund with cash to invest. Together the investors procure a house builder, sales and marketing function and a housing managing agent with which it enters into a minimum 10 year lease. Through the lease, both investors are able to take a guaranteed revenue return on their investment and both share in any capital return on the sales properties.

COMMUNITIES AND LOCAL GOVERNMENT  
COMMITTEE, FINANCING OF NEW HOUSING SUPPLY<sup>37</sup>



## A collective and 'pooled' approach

Even the largest local authority pension funds lack the scale and expertise to be able to invest with confidence in local property developments. The average fund property portfolio has assets of only £115 million.<sup>39</sup> The London Pensions Fund Authority (LPFA) and other pension funds consulted by the Commission made clear they would prefer to invest in a collective and independently-managed local authority property fund or funds. Indeed, one such fund with local authority representation on its board already exists – the Charities, Churches and Local Authorities (CCLA) Fund, with assets of over £5 billion.

**So how do we make this happen? It is a question of leadership that needs to come from the sector and the Local Government Association (LGA) is starting to demonstrate this. The largest 15 local authority pension funds could pool 15% of their assets in an independently-managed Local Housing Development Fund to invest in developing sustainable, mixed-tenure communities including homes for rent. The LGA should work with their members to identify whether this would work, and how to go about doing it.**

The fund could be structured like existing private equity funds, owned by the investors and with a fixed-term life of 7–10 years. If the idea proves successful in generating returns in excess of 10% a year for the sponsors, a series of funds could be launched. In the first instance it would make sense to discuss the concept with the 15 largest local authority funds. They have a combined asset base of over £80 billion, of which some £4.6 billion is already invested in property in the UK or overseas – but not yet in UK residential property.<sup>40</sup> If the trustees of these pension funds were convinced that a Local Housing Development Fund would deliver better risk-adjusted longer-term returns than are now in prospect

33\_  
*Local Authority DB Pensions: Cash Flow Turning Negative*, Greenwich Associates, Q3 2012

34\_  
*Local Authority DB Pensions: Cash Flow Turning Negative*, Greenwich Associates, Q3 2012

35\_  
See Reuters Fundview article published 25 August 2011 (<http://uk.reuters.com/article/2011/08/25/fundview-idUKL5E7J026R20110825>) Aviva want the funds to achieve 4.5–5% yields

36\_  
According to the IPF report quoted previously, only 1% of UK Institutional Property Portfolios are invested in residential property. There is no reason to believe local authority pension funds are any different

37\_  
Communities and Local Government Committee, Financing of new housing supply, Eleventh Report of Session 2010–12 Volume I, page 14

38\_  
*Local Authority Pension Funds: investing for growth*, The Smith Institute, September 2012

39\_  
£116.8 million according to Pension Fund Performance Guide using data reported 31st March 2011

40\_  
Pension Fund Performance Guide using data reported 31st March 2011

from their equity and fixed-income investments (around £55 billion), these large funds could easily commit to investing over £10 billion in the first Local Housing Development Fund. The committed funds would only be drawn down when the right investments needed to be funded.

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**Such an independent fund would invest in new mixed-tenure UK residential developments that should ultimately appeal to further pension funds and other institutional investors.**

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The fund would have several advantages as an investment for individual local authority pension funds:

- The fund would have the necessary economies of scale, with the skills and resources both to identify potentially profitable investment opportunities in residential property for rent — the most attractive segment of the US property market according to Invesco Real Estate, one of the world's largest real estate fund managers— and to evaluate bids for investment support from promoters of local developments
- The trustees of a local authority pension fund would be far less exposed to criticism if a local scheme were to go sour
- There would be less concentration of risk and greater diversification in any individual fund's portfolio
- There would be the opportunity for pension funds (and local taxpayers) from poorer areas to benefit from investment in residential property for rent in more prosperous ones.

The LPFA has provided the Commission with an assessment from 2010 of what it would take for a pension fund to invest in a housing fund:<sup>41</sup> a total return of 8–10% from income and capital growth; an initial return in line with 10–15-year gilt yields, increasing in line with inflation; and a clearly defined end date for the fund of not

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Bermondsey Spa, London

© Levitt Bernstein and Hyde Group.  
Photographer Tim Crocker



### RECOMMENDATION 3

In the interests of local taxpayers and those who need housing, the Local Government Association must demonstrate leadership in getting local authority pension funds to invest in housing and associated infrastructure. The fifteen largest funds and other relevant bodies should work together to commission research into the case for setting up an independently managed £10 billion Local Housing Development Fund to finance local developments of mixed-tenure housing, looking at the potential returns, risks to be managed, structure and governance arrangements.

more than 10 years. So far as residential housing is concerned, LPFA would be looking for sustainable, high quality developments, period tenancies within the life of the fund, market rents increasing in line with RPI, and management with strategies to minimise voids and maintain the properties.

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**Once the Local Housing Development Fund is established as the cornerstone investor in a local development, the promoter – in many instances the local authority – should consider other funding sources.**

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For example, the local authority might agree to invest land in the development, or the authority's pension fund could be prepared to invest in a local project whose viability has been independently endorsed. In addition, the promoter could tap the bond markets, where housing associations have recently succeeded in raising substantial funds.

M&G Investments, part of the Prudential Group, has recently launched a Social Housing Bond Fund and will consider applications in the range of £10–100 million.<sup>42</sup> Places for People reported that it was “almost overwhelmed” by demand from investors in retail bonds prepared to invest for five and a half years at an annual return of 5%; they were looking to raise £25–50 million and ended up raising £140 million in two weeks.<sup>43</sup> The main challenge for housing associations raising bond finance is said to be not so much the lack of demand for their paper as the lack of security resulting from their housing stock being sold to tenants – hence the importance of the recently announced £10 billion government loan guarantee behind new borrowing by housing associations and other registered social landlords.<sup>44</sup> So it should be possible to raise over £15 billion to kick-start a housing expansion.

41\_ Unpublished paper; Institutional Investment in Residential Property: what would it take for a Pension Fund to invest in a housing fund? LPFA, February 2010

42\_ See M&G Investments Social Housing Bond Fun FAQ and Key Points

43\_ Communities and Local Government Committee, Financing of new housing supply, Eleventh Report of Session 2010–12 Volume I, page 131

44\_ Housing and growth statement CLG, 6 September 2012

# SUSTAINING THE PROGRAMME: ATTRACTING SECONDARY INSTITUTIONAL INVESTORS

Can this programme be sustained for a generation? Although there is a huge pool of assets that could be invested in UK rental housing, evidence given to the Commission by UK pension funds and Invesco Real Estate indicates “many institutional investors are hesitant in taking development risks associated with any real estate project... even though there may be significant attraction in the fundamental case for investment in UK rental housing”.<sup>45</sup>

## International Real Estate Investors

There are 10–15 large fund management firms that advise international real estate investors. Together they manage property assets for their clients with a value in excess of £300 billion.<sup>46</sup> There are many reasons why international real-estate investors should be interested in investing in residential property for rent in the UK:

- Compared with the US, the supply/demand dynamics of the UK housing market are more favourable. In other words, Britain has a housing shortage
- In the US, investment in rental property has increased. Since 1990, rental apartments' share of the National Property Index (NPI) of institutional real-estate investment in the US has nearly tripled, to over 25% of NPI market value. The sector now exceeds the 2011 NPI shares of both industrial and retail property<sup>47</sup>
- Over the last 20 years the total returns from US apartment investments have exceeded 9% a year, outpacing all other property sectors.<sup>48</sup>

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**There are good reasons to be confident that there will be a ready international market for UK communities with rental and shared-ownership properties once they are mature and have the necessary management and financial track records.**

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## UK Pension Funds and Financial Institutions

UK pension funds and financial institutions, with total assets of over £2,800 billion,<sup>49</sup> are another important source of follow-on investment in mature communities which include rental housing. Many pension funds are seeking to increase their direct exposure to property investment, as the reports from Greenwich Associates and Aviva have shown.



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**However, because there are very few investment opportunities for large institutions in UK residential property, UK pension funds and financial institutions are relatively under-exposed to direct investment in property and particularly to residential property.**

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So a typical UK pension fund would have less than 7% of their assets in property and only 1%<sup>45</sup> of the property portfolio would be in residential property – with the balance in the more volatile retail and office sectors. This compares with Aviva's target of 15% asset allocation to real estate-related investments. The IPF research cited earlier<sup>51</sup> showed that in the widely admired Netherlands pension system, 47% of the average institutional property portfolio was in residential property. Dutch pension funds are very much larger than the average in the UK so management costs for each beneficiary are around one-tenth of the typical UK figure, and the funds have the in-house expertise to evaluate investment opportunities.

The potential total returns available to investors in rental homes that cost £100,000 each to build could be very attractive. The *Rental Britain* report shows the inverse relationship between house prices and rental yields.<sup>52</sup> In late 2011, gross income yields on a two-bedroom property in postcode districts where the average capital value of the property was around £100,000 was over 7%. Nominal additional returns from capital growth in the UK residential sector have averaged just under 6% for the last decade. Taking Savills' assumption that the landlords' costs will amount to 30% of gross rental income, the total annual return to investors would be over 10% – attractive to any institutional investor, above the returns required by LPFA<sup>53</sup> and in line with US experience for rental apartments for the last two decades.<sup>54</sup>

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**If UK pension funds and financial institutions could invest in attractive residential developments, the pool of potential funding would be immense.**

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Assuming a total allocation to property of 15% of their total assets, and that 15% of the property portfolio was invested in the residential sector – two relatively conservative assumptions – the total pool of UK pension fund and financial institutions assets available to invest in local developments of rental housing would exceed £60 billion.<sup>55</sup> These funds would have been used to buy out local authority pension fund interests, and they would therefore be available to be recycled into the next generation of local housing developments.

If the returns achieved by the local authority pension funds and institutional investors on these local residential developments are seen to be attractive, the funding pool from UK pension funds and institutions to finance the purchase of rental homes in communities could easily exceed £100 billion.

45\_ A similar point is made by the Resolution Foundation in *Making Institutional Investment in the Private Rented Sector Work*, July 2012

46\_ Figure from Invesco Real Estate

47\_ US Apartment Sector Overview, Invesco Real Estate, February 2012

48\_ US Apartment Sector Overview, Invesco Real Estate, February 2012

49\_ This figure was shared with us by Invesco Real Estate, from their analysis. Other quoted figures that form components of this total (some of which may now be outdated) suggest a similar figure of £2,740, which is within 2% of Invesco's figure. These other sources include The Smith Institute's report *Local Authority Pension Funds: investing for growth*, September 2012, the Top 50 real estate fund managers of pension fund assets reported by the Financial Times (using 2010 figures) and Investment Management Association figures reported on 3 October 2012

50\_ According to the IPF report quoted previously, only 1% of UK Institutional Property Portfolios are invested in residential property. There is no reason to believe pension funds are any different

51\_ *Institutional Attitudes to Investment in UK Residential Property*, IPF, June 2012

52\_ *Rental Britain*, Savills and Rightmove, 2012

53\_ The London Pension Authority Fund investigated what it would take for a pension fund to invest in housing, in February 2010. The criteria included "an internal rate of return, over the longer term in the range of 8-10% or higher" and "a relatively certain initial annual return in line with 10-15 year gilts, say 4-5%, increasing at least in line with inflation."

54\_ This figure of 10% is calculated from the *Rental Britain* report yields quoted; whether future capital growth will be similar to that of the last decade is unclear

55\_ £60 billion is 15% of the £2,800 billion in UK pension funds and financial institutions, as quoted previously

## RECOMMENDATION 4

The LGA should work with local authority pension funds, the National Association of Pension Funds and the Association of British Insurers to identify any legislative or tax constraints to increased institutional investment into UK rental and shared-ownership housing, and the necessary infrastructure associated with housing development.

In particular they should look at the implications of the current legislation affecting the length of rental leases on offer and the security afforded to tenants.

## CONCLUSION

### CHAPTER 2 FUNDING THE THREEFOLD GROWTH IN HOUSING

Local authority pension funds are ideally placed to kick-start the development of new, mixed-tenure communities with rental homes through an independently-managed Local Housing Development Fund structured along private equity lines. UK financial institutions and international real estate investors will be well-placed to provide a secondary market for these developments once they have matured.

However, the market is a hard taskmaster. The Local Housing Development Fund will need to be highly selective in its investments. Pension funds and financial institutions will only invest in housing developments where the anticipated risk-adjusted returns exceed those available from investing in global equity markets.

Local councils have a pivotal role. They will have to take local initiatives and use their land and planning powers under the Localism Act to broker development agreements with local landowners and developers. They will have to help to secure funds from the Local Housing Development Fund, raise additional finance from their local pension fund, and ensure that the new local communities of mixed-tenure homes are well-managed. We are well aware that, for many smaller councils in particular, these are big issues. We return to the role of councils in the final chapter.

The prospects for the commercial success of any residential development will be enhanced if the new residents have homes designed to meet their needs and if the new homes are marketed properly, providing the residents with all the information they need to make an informed choice about where they will live. The next two chapters of the Commission's report discuss design and marketing challenges that need to be met if the housing revolution is to be launched successfully.



# WHICH ASPECTS OF THE HOME ARE MOST IMPORTANT TO PEOPLE?

63%

RANKED HIGH LEVELS OF  
NATURAL LIGHT IN THE  
ROOMS AS OF THE HIGHEST  
IMPORTANCE IN A HOME

49%

RANKED PRIVACY AND NOISE  
LEVELS FROM OUTSIDE THE  
HOME AS OF THE HIGHEST  
IMPORTANCE IN A HOME

51%

RANKED SPACE (THE SIZE  
OF ROOMS AND CORRIDORS)  
AS OF THE HIGHEST  
IMPORTANCE IN A HOME

Outside space (gardens and balconies)	47%
Privacy and noise levels within the home (having separate rooms that people can use to avoid being disturbed by what other household members are doing)	43%
Neighbourhood design (the look and feel of the street or estate)	43%
Security (deterrence of crime or people entering your home)	43%
Storage (cupboard and other spaces to store things)	42%



## CASE STUDY: BERMONDSEY SPA, LONDON

DEVELOPER: THE HYDE GROUP

LOCAL AUTHORITY: SOUTHWARK COUNCIL

ARCHITECTS: LEVITT BERNSTEIN ARCHITECTS

**Bermondsey Spa is a mixed-use, mixed-tenure housing regeneration scheme in south-east London that will deliver over 2,000 new homes, of which around 40% will be affordable housing. There will be two health centres, an NHS dental practice, a pharmacy, new youth and play facilities, 2.5 hectares of re-landscaped open space, secure bicycle parks and new shops.**

### PARTNERSHIP WORKING

The developer, council and architect worked closely together to lead the development of a number of key sites and minimise planning and construction delays, as well as designing a mixed community that would develop in the future. The sites had been derelict for some time despite being close to a tube station, which was the eventual catalyst for the development.

The landowner, Southwark Council, sold some of the land to lead developer The Hyde Group, an affordable-housing provider. Southwark and Hyde took a partnering approach to ensure the sale of the land was beneficial to both organisations and the local community. Levitt Bernstein prepared a local masterplan of the area for the council to form part of the wider council-led plan for Bermondsey Spa. The outline plan and further plans for each of the three phases were all detailed, to secure planning permission quickly.

## DESIGNING FOR THE FUTURE

When the masterplan was drawn up, the area had some of the highest deprivation indices in the country, especially in relation to health. The integrated approach taken by the partners was key to securing new health and wellbeing facilities for the wider area, not just new residents. The different amenities, from transport routes to health and commercial centres, were designed to aid the growth of a sustainable new residential quarter.

Good design was also a concern of the partners, as the homes needed to be high quality to attract residents. All the homes were designed to internal space standards set by the council and the developer, and also meet Secure by Design standards. There are wheelchair-accessible homes, and the tenure neutral design means there are no obvious differences between the affordable and private homes. A high percentage of the apartments are dual aspect and generous balconies and gardens are provided where possible.



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Photographer Tim Crocker

# CHAPTER 3

## DESIGNING HOMES WITH A FUTURE

The design of our homes contributes to the happiness of our lives, the success of our relationships and the education of our children, yet it is rarely discussed. Meeting the country's housing demand is not simply a question of financing and building a particular number of units, it is providing homes which fulfil the varied and changing needs of individuals and families.

### LISTENING TO THE CONSUMER

"Good design allows people to live fulfilling and productive lives. Bad design can cramp lifestyles and educational attainment, cause tensions within the household and damage communities."

ANGUS KENNEDY, CHAIR,  
CROSS KEYS HOMES

For most of us a new home is the biggest investment of our lives, yet there is little research into what people want from their homes. Few in the housing sector bother to ask what residents need or consider whether the industry is accommodating consumers' wishes. Yet the way a home is designed has a profound effect on the lives of the household.

The RIBA commissioned research on how people live today and what they want from a home (published in *The Way We Live Now* in 2012). Key issues from this and from the evidence we received during our inquiry were:

- The amount and use of space within the home
- A large communal area for eating, socialising and entertaining
- Natural light
- Privacy from neighbours and from others within the home
- Flexible provision for using technology
- Reasonable control of noise within and between households
- Room for change — flexible homes in which rooms can have a number of different uses, and a choice of different (equally affordable) layouts and designs
- Outdoor space
- Storage and utility areas
- Energy efficiency.<sup>56</sup>



Our consultations and research have repeatedly demonstrated that the typical home being built in the UK is uninspiring. Too little thought is given to design, there is a lack of innovation and choice is poor.

A 2010 YouGov public poll for the RIBA revealed only one in four would consider buying a home built within the last ten years, mainly because rooms were too small.<sup>57</sup> This perception is confirmed in housing audits carried out by the Commission for Architecture and the Built Environment in 2005 and 2007. It rated 29% of new housing as 'poor', while a further 53% was just 'average'. Only 18% was 'good' or 'very good'.<sup>58</sup> This is a warning for house builders keen to increase demand.

<sup>56</sup>–

For more detail on energy efficiency and its social impact, see Consumer Focus evidence submitted to the Commission, online at <http://www.consumerfocus.org.uk/files/2009/06/Consumer-Focus-response-to-Future-Homes-Commission-call-for-evidence.pdf>

<sup>57</sup>–

*The Case for Space*, 2011, RIBA, page 8

<sup>58</sup>–

*Housing audit: assessing the design quality of new homes in England*, Commission for Architecture and the Built Environment, 2005–2007

## THE DEMAND FOR GOOD DESIGN

“Our aspiration was to create a new sustainable community, not just environmentally, but a place where people would want to live for the long term.”

POWELL DOBSON ARCHITECTS DISCUSSING  
MARINERS' QUAY, NEWPORT

The residents, councils, housing associations, developers and designers we talked to highlighted the growing size, changing demographics and increasing diversity of Britain's population, and what this meant for the number and types of homes needed over the coming decades.

The debate on housing has been distorted by focusing on cold figures such as the number of units or bedrooms. It must be recast around homes, communities and people.

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**Our research proves people want higher quality housing. The key to profitable house building is to improve the lives of future residents by meeting existing demand for well-designed homes, creating more demand for good homes by raising awareness among buyers of what to look for, and encouraging developers to innovate and raise standards.**

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“Having higher baseline standards for new build homes, nationally applied, would assist in creating a sustainable and relevant housing quality standard across the board.”

NATIONAL ASSOCIATION OF LOCAL COUNCILS

People will pay for good design. At the Green Street low-energy development in Nottingham the values of the homes rose faster than surrounding properties. This is not the only site we saw with profitable sales achieved by high quality homes.

Investing in good design also means, where possible, ending the practice of spending scarce funds refurbishing estates which do not meet residents' needs. The case study in this report of Woodberry Down in Hackney, London, brilliantly illustrates how a decaying estate can be transformed.



*The Way We Live Now*

© Ipsos MORI and RIBA

## The case for space

Consumers, the RIBA, housing associations, think tanks, architects and councils all complained about lack of space.

Research in the RIBA's *The Case for Space* showed new homes lack space for essentials such as desks in children's bedrooms, kitchen storage and moving around the home, as well as things such as furniture, wheelchairs and exercise equipment.<sup>59</sup>

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**Evidence to the Commission reflected the impact of poorly designed homes on householders, such as housing which was simply too cramped for household members to live together peacefully.**

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As the Joseph Rowntree Foundation said: "Poor design options can prohibit household growth and unintentionally 'evict' residents if the space has not been optimised, or is so inflexible it cannot adapt." There is a great deal of evidence that home buyers and renters are seriously concerned about lack of space:

- Recent research for property consultancy Drivers Jonas Deloitte found room size was a key priority for London homebuyers<sup>60</sup>
- Research for *The Way We Live Now* showed people prefer homes from the Victorian and Georgian eras because they believe these offer more space, light and flexibility<sup>61</sup>
- The Future Homes Commission's online survey revealed that when people were asked to rank attributes of the home, space inside rooms was the second highest scoring attribute; 51% of people ranked it as important.<sup>62</sup>

North West Leicestershire Council conducted a survey among residents of what makes an ideal place to live. It revealed "people need to be able to live comfortable lives, with space to be together and to be apart", for example, space to work quietly away from busier rooms such as the kitchen. Other insights included:

- 77% of respondents wanted dedicated storage space for wheelie bins and recycling crates, so they could be hidden on non collection days
- 56% of respondents wanted a garage big enough for their car and storage needs
- People needed sufficient storage space for cleaning equipment, shoes, coats, clothes, refuse and recycling.

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**International comparisons reveal the scale of the space problem in the UK; not only are our homes the smallest in Western Europe,<sup>63</sup> but where we do have minimum space standards they fall short of those set by our neighbours.**

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"The more space provided within a home the more opportunities there are for social interactions, eating, playing, storage, adequate use of facilities, utilities, etc. The opposite happens when space is limited, and this causes stress in the home between members of the family."

SWINDON BOROUGH COUNCIL

"An extra room for the children where they can play and also study. The bedrooms are too small to accommodate a bookcase/computer station, and this affects their schooling and also their creative learning and development."

"WHAT'S THE MOST IMPORTANT THING YOUR HOME NEEDS?" RESPONDENT TO FUTURE HOMES COMMISSION SURVEY

"Increased space and environmental standards may increase costs, but if the design of housing and planning of neighbourhoods is looked at holistically, the increases in value can be greater than the increases in cost."

ROYAL TOWN PLANNING INSTITUTE

<sup>59</sup>—  
*The Case for Space*, RIBA, 2011

<sup>60</sup>—  
*Residential Purchaser Preferences: What drives home buyers' decisions?* Drivers Jonas Deloitte, May 2012

<sup>61</sup>—  
*The Way We Live Now*, RIBA and Ipsos MORI, 2012

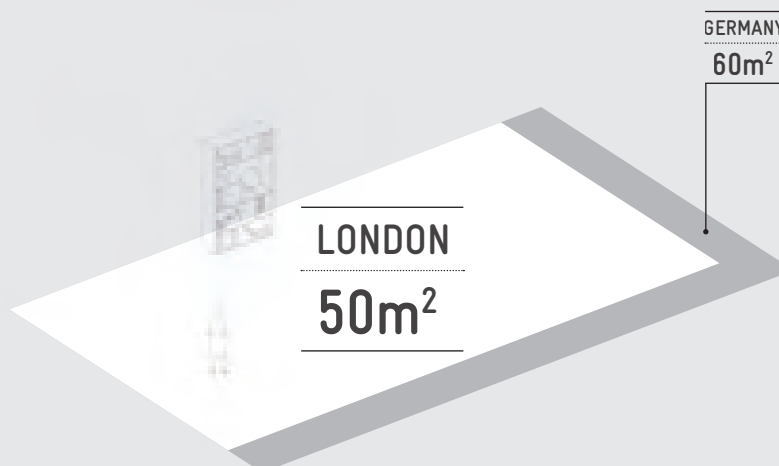
<sup>62</sup>—  
Respondents were asked to rank attributes of the home on a scale of 1 to 5, with 1 being unimportant and 5 being important. The size of rooms and corridors achieved the second highest score for importance, with 51% ranking it as 5

<sup>63</sup>—  
*The Case for Space*, RIBA, 2011

# STANDARD SETTING THE GROSS INTERNAL AREA (GIA) M<sup>2</sup> OF FLATS



**1 BEDROOM**  
– ACCOMMODATING  
**2 PEOPLE**



**20%** INCREASE BETWEEN  
LONDON AND GERMANY



**2 BEDROOM**  
– ACCOMMODATING  
**3 PEOPLE**



**15%** INCREASE BETWEEN  
LONDON AND GERMANY



**3 BEDROOM**  
– ACCOMMODATING  
**5 PEOPLE**



**16%** INCREASE BETWEEN  
LONDON AND GERMANY



## Storing up problems

As well as homes that are too small, people are fed up with having too little storage. *The Way We Live Now* showed insufficient storage and utility areas was a consistent difficulty faced by households at all stages of their lives, whether they were living in new or old homes. This widespread problem reflects the failure by both house builders and consumers to predict what would be needed.

A total of 13.8% of residents participating in the Homes and Communities Agency's *Quality Counts* survey said storage space was the feature of their home that could be most improved, the highest score for any aspect. It was followed by outdoor space (10.1%), internal layout (9.6%), internal finish and fittings (9.5%) and room size (8%).<sup>64</sup>

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**A film produced for the Commission<sup>65</sup> shows a couple in a new flat in Liverpool with so little storage space that their second bedroom is used as a storage cupboard, with an ironing board, exercise apparatus and vacuum cleaner blocking access to the guest bed. Their bin stands in the middle of their open plan kitchen and they even keep food in the car boot. This flat was “purpose built” – but to what purpose?**

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On the positive side, the Commission saw excellent examples of storage intelligently designed into a home, often making use of awkward spaces or hallways rather than increasing the overall size. But too often sufficient storage space is not included in the original construction.

“Solutions to lack of storage are not always costly. Well-thought out layouts often are no more expensive. Builders might put technical equipment in storage space because the original layout had not anticipated the need for such large equipment. Better planning upfront at the design stage could improve this.”<sup>66</sup>

QUALITY COUNTS,  
HOMES AND COMMUNITIES AGENCY

<sup>64</sup>–  
*Quality Counts: Results of the Quality Assurance and Impact Visits: National Affordable Housing Programme 2008–11*, Homes and Communities Agency, 2011

<sup>65</sup>–  
Films were produced during research for *The Way We Live Now*; watch them online at [www.behomewise.co.uk/videos](http://www.behomewise.co.uk/videos)

<sup>66</sup>–  
*Quality Counts: Results of the Quality Assurance and Impact Visits: National Affordable Housing Programme 2008–11*, Homes and Communities Agency, 2011

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*The Way We Live Now.*  
A couple in Liverpool use  
their car boot for storage  
© Ipsos MORI and RIBA



“Noise between flats causes disrupt[ed] sleep. I believe this affects my health as sometimes I feel so tired it’s hard to do a full day’s work, and driving on a motorway can be dangerous. Building standards in general are very low in this country compared to mainland Europe, Australia, New Zealand, even South Africa.”

RESPONDENT TO FUTURE  
HOMES COMMISSION SURVEY

**Meeting consumer demand for space is hampered by a lack of variety in the homes being built. A national baseline for spaces such as the internal floor area of a home and its internal storage would create a level playing field for competition – not only between housing associations and private-housing developers, but also between different local authorities who currently set different standards.**

At present, London is the only place in England and Wales where minimum internal space standards for new homes are in place across all tenures.<sup>67</sup> Space standards were applied to all new homes in the London Plan of July 2011. So far there is no evidence that increasing the size of homes has hit supply, but we would like to see the Greater London Authority monitor the impact of its housing standards and share the results with other local planning authorities.



Woodberry Down, London

© Berkeley Group

# WELLBEING AND PRIVACY

Time and again residents have told us that privacy at home is crucial to their quality of life. All the participants in *The Way We Live Now* spoke about the importance of 'me time' away from other members of the household.<sup>68</sup>

## Noise

**Noise both inside and outside the home is a big issue. Not suffering excessive noise from outside or neighbouring homes, and windows not overlooking other people's homes, were among the top three factors raised by respondents to the Commission's survey.**<sup>69</sup>

We saw a film of a couple who could hear their neighbours' toilet flushing. They watched television with headphones on, to avoid disturbing their neighbours.<sup>70</sup>

There have been improvements; compliance with sound insulation regulations in new properties rose between 2009 and 2011 and has often exceeded regulatory minimum.<sup>71</sup> One affordable housing developer we spoke to builds homes with sound insulation far exceeding building regulations at virtually no extra cost simply by thinking about it when deciding the basic design, layout and materials. Research shows that while noise insulation is something that is difficult for consumers to measure, they see it as important.<sup>72</sup> Clearly-explained sound insulation data should be provided for all homes so that consumers understand the levels of privacy offered.

"The most well-planned of homes will have negative impacts on residents if located in an oppressive context – overlooking a rubbish tip, for example, or orientated so that its windows do not provide generous levels of natural light."

JOSEPH ROWNTREE FOUNDATION AND  
JOSEPH ROWNTREE HOUSING TRUST,  
THE DEVELOPERS BEHIND NEW EARSWICK  
VILLAGE, NORTH YORKSHIRE

67\_  
*The London Plan: Spatial Development Strategy for Greater London*, The Greater London Authority, 2011

68\_  
Their comments about their wellbeing form a film available online at [www.behomewise.co.uk/videos](http://www.behomewise.co.uk/videos)

69\_  
Respondents were asked to rank attributes of the home on a scale of 1 to 5, with 1 being unimportant and 5 being important. Privacy and noise levels from outside the home (noise levels from outside or neighbouring homes, and windows not overlooking other people's homes) achieved the third highest score for importance, with 49% ranking it as 5

70\_  
*The Way We Live Now*, RIBA and Ipsos MORI, 2012

71\_  
Evidence submitted by the Home Builders Federation based on *Can the house building industry ever achieve full compliance with the sound insulation requirements of National Building Regulations and create truly sustainable homes?* Presentation by Philip Dunbavin at EuroNoise, Prague 2012

72\_  
*The Way We Live Now*, RIBA and Ipsos MORI, 2012

Derwenthorpe, York  
© Joseph Rowntree Housing Trust





Green Street in the  
Meadows, Nottingham  
© Blueprint

“We need good sound proofing so we can take part in activities without disturbing each other or overhear private conversations.”

RESPONDENT TO FUTURE  
HOMES COMMISSION SURVEY

“My flat has plenty of natural light, and a view of trees and greenery, despite being in the inner city. Light is very important in the home.”

RESPONDENT TO FUTURE HOMES  
COMMISSION SURVEY

“Small, dark houses make people ill and miserable. My house was built in the 1960s so has lovely big windows; more modern homes have very small windows. Sad.”

RESPONDENT TO FUTURE HOMES  
COMMISSION SURVEY

## Light

**The Commission’s online survey revealed that natural light is the single most important attribute in a home, with over 60% of respondents ranking it as important.<sup>73</sup> Consumers prefer ‘period’ properties because they believe windows tend to be bigger.<sup>74</sup>**

Windows are important not only for the light they provide but also for maximising views – important for wellbeing and security. As the National Association of Local Councils put it: “If a home has sufficiently large windows, preferably positioned to overlook its street and properties nearby, natural surveillance is obviously increased, leading to increased security for the residents of that home.”

## THE ROLE OF STANDARDS AND REGULATION

Standards and regulation should address all of the consumer essentials listed above. Yet current standards are confusing, overlapping and sometimes contradictory.

The Code for Sustainable Homes, Lifetime Homes and private space standards are useful tools designed to protect and help the consumer, but they are applied in different places in different ways and are difficult to understand.

The government's plan to rationalise standards is the right starting point, and should include the essential standards consumers demand.<sup>75</sup> But in the long run, the Commission believes that measures important to consumers such as space, storage, noise insulation and natural light should be included in Building Regulations. This will provide consumers with clarity about the quality they can expect, and help developers attract customers to new properties.

Standards and regulations must be written with care to avoid unintended consequences. For example, adhering to the Lifetime Homes<sup>76</sup> standards requires bigger, more accessible bathrooms and hallways, but in many developments this has squeezed living space elsewhere in the home rather than led to an overall increase in floor area.

In contrast the London Housing Design Guide<sup>77</sup> storage provisions, introduced alongside minimum space standards, so far seem to ensure sufficient storage without detrimental effects.

"Designing a home accessibly and inclusively enables its occupants to live independent, fulfilling lives... reducing care/ assistance from other members of the same household, extended family and friends, or external, paid-for services."

COLLEGE OF OCCUPATIONAL THERAPISTS

## RECOMMENDATION 5

The government must ensure its review of local housing standards sets minimum national standards for space, storage, noise insulation and natural light. These universal quality indicators should encompass the space standards in the London Plan and the storage standards in the London Housing Design Guide.

These standards are essential for residents' quality of life, and should be incorporated into Building Regulations so they apply to all housing, of all tenures, across the UK.

73\_  
Respondents were asked to rank attributes of the home on a scale of 1 to 5, with 1 being unimportant and 5 being important. High levels of natural light achieved the highest score for importance, with 63% ranking it as 5.

74\_  
*The Way We Live Now*, RIBA and Ipsos MORI, 2012

75\_  
Housing and Growth statement from The Rt Hon Eric Pickles MP, 6 September 2012

76\_  
Lifetime Homes standards were developed to "enable 'general needs' housing to provide, either from the outset or through simple and cost-effective adaptation, design solutions that meet the existing and changing needs of diverse households." See *The Lifetime Homes Design Guide*, IHS BRE press and Habinteg Housing Association

77\_  
*London Housing Design Guide*, Mayor of London, 2010



*The Way We Live Now.*  
Children doing their homework  
in the Kitchen

© Ipsos MORI and RIBA

## FLEXIBLE DESIGN AND SPACES

“People prioritise different things at different points in the lifecycle... Neighbourhoods should have a variety of types of homes in them.”

ROYAL TOWN PLANNING INSTITUTE

It is increasingly difficult to divide residents and their design requirements into simple categories such as single first-time buyers or parents with two children. Generations of old, middle and young come and go in the household more frequently and less predictably as they move in and out of education, work and unemployment, or become too ill or frail to look after themselves.

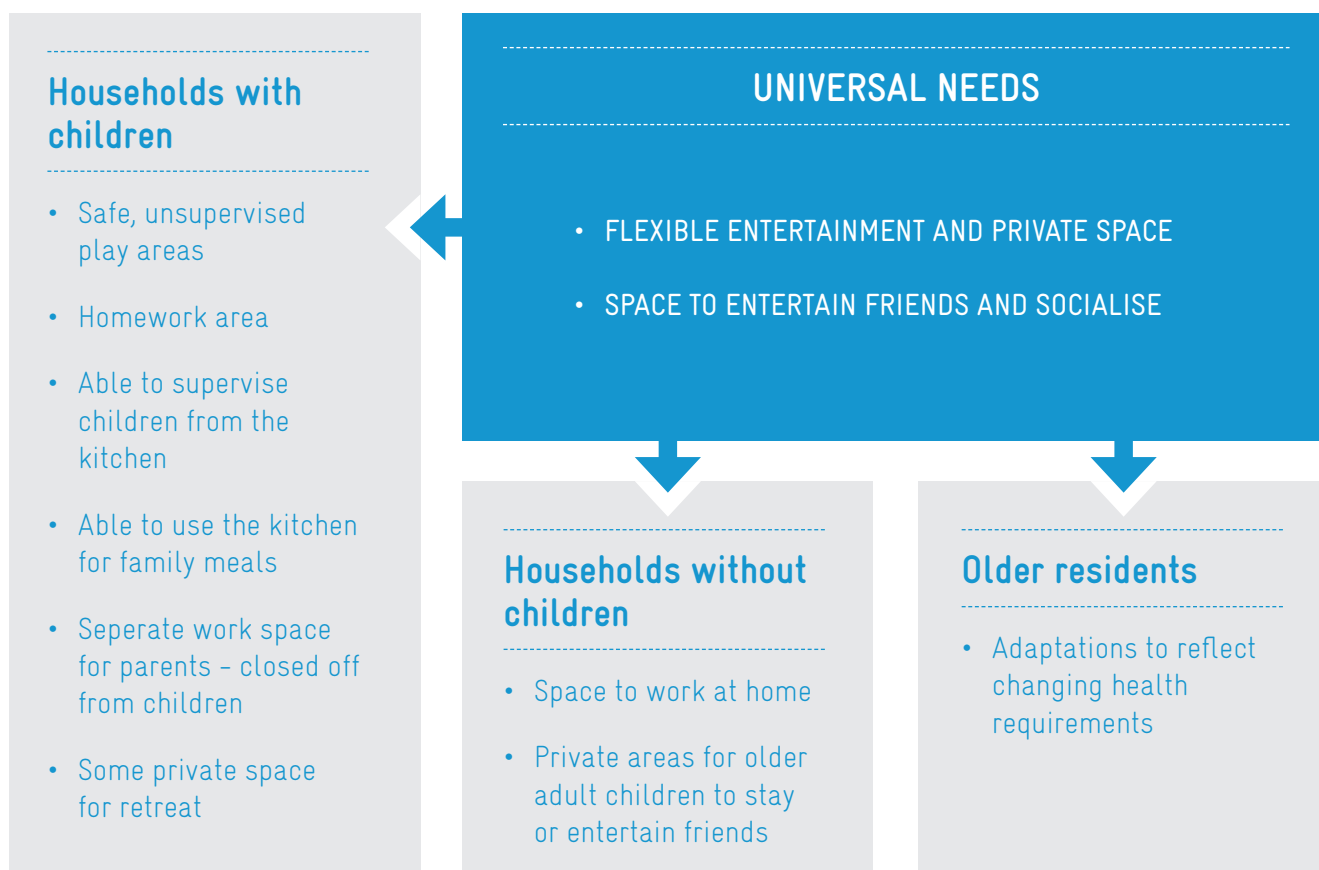
Among the myriad changes in our population, the proportion of people aged 65 and over is projected to increase from 17% of the UK population in 2010 to 23% in 2035. This upward trend is expected to continue for decades.<sup>78</sup> In 2011 the number of lone parents with dependent children in the UK reached 2 million, an increase from 1.7 million in 2001.<sup>79</sup>

**Research carried out for the Commission highlighted the wide variety of desired layouts. For example, while some people preferred the sense of space afforded in open plan homes, others wanted separate rooms.**

“It would be nice to have somewhere that we could... differentiate between family and kids’ space... I get the option of working from home quite regularly but it’s tricky in an open plan house with kids.”

FATHER OF YOUNG CHILDREN, LONDON,  
*THE WAY WE LIVE NOW*, IPSOS MORI AND RIBA

While some needs were universal, such as a large living area to socialise as a household or entertain guests, other needs emerged as specific households. For example, the online videos of the research show a dining room converted into a bedroom for a family member with health problems.



The Commission's online survey asked how and where people eat their meals. The results demonstrated a variety of eating areas:

- 73% of respondents ate their main meal at a dining table
- 55% regularly ate in the lounge
- 47% regularly ate in the kitchen
- 43% regularly ate in a dining room.

In other words, people eat all over the house. This is a simple illustration of the need for rooms to accommodate a range of activities.

**While there is overwhelming evidence of the need for a variety of homes to be offered, there is little variation in the standard house available, and in recent decades the basic designs have changed little.**

But some developers are bucking the trend, using imagination and ingenuity to enable buyers to have some control over the layout of their home. In the future, people buying a newly-built home should be able to make decisions about the layout as well as choose their kitchen and carpets. And they should find it easier to adapt their property as their circumstances change.

78\_ National Statistics based on the ONS principal population projection 2011

79\_ Families and Households 2001-2011 statistical bulletin, Office of National Statistics, January 2012



## RECOMMENDATION 6

In the future, the layout of homes should reflect the growing need for flexibility and adaptability. The RIBA should mount a design competition for a flexible home that meets consumer needs and can be replicated at scale.

## CONCLUSION

### CHAPTER 3 DESIGNING HOMES WITH A FUTURE

It is clear to the Commission that, for the sake of residents' mental and physical wellbeing, living in a new home needs to be a much happier experience. Evidence to the Commission builds a compelling case for future homes to provide more space, offer greater variety of layout and be more adaptable to changing need. To achieve this, design must be at the centre of housing development.

Wellbeing should be a key consideration in housing design and construction, embracing aspects such as natural daylight and quiet which have a major influence on quality of life.

Building regulations should be improved to set common, fit-for-purpose standards for housing quality.



Bermondsey Spa, London

© Levitt Bernstein and Hyde Group.  
Photographer Tim Crocker



# HOW AND WHERE DO CONTEMPORARY HOUSEHOLDS EAT THEIR MAIN MEAL?

HOW DO YOU EAT?

73%

AT A DINING TABLE  
WITH CHAIRS

WHO DO YOU EAT WITH?

72%

WITH OTHER MEMBERS  
OF MY HOUSEHOLD

WHAT ELSE DO YOU  
DO WHILST EATING?

74%

TALK TO OTHER PEOPLE  
IN MY HOUSEHOLD

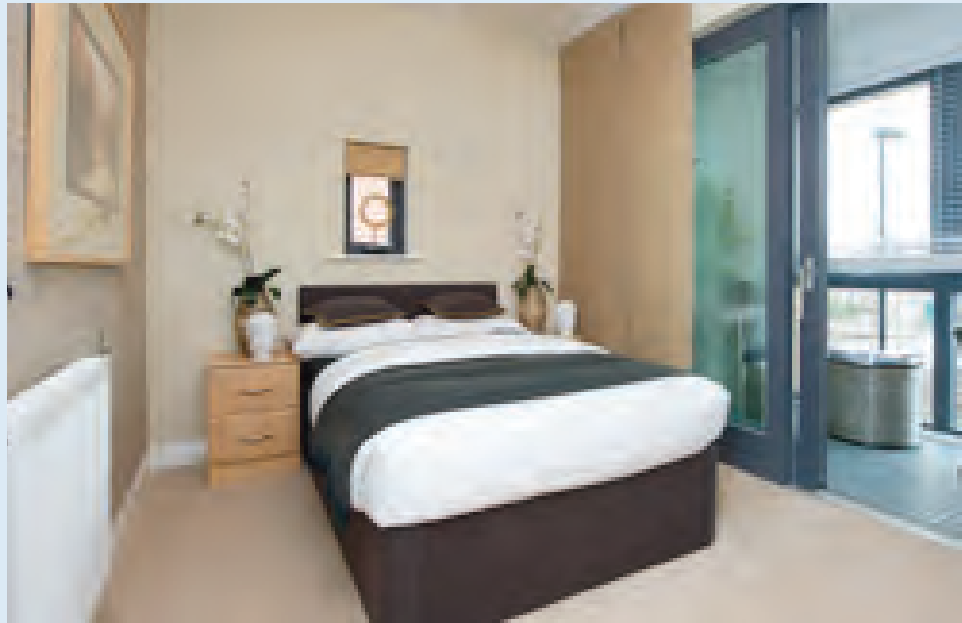
WHAT ELSE DO YOU  
DO WHILST EATING?

60%

WATCH TELEVISION

WHICH ROOM DO YOU EAT IN?

Kitchen	48%
Lounge	55%
Dining Room	43%



## CASE STUDY: INNOVATIVE DESIGN AT DERWENTHORPE, YORK

DEVELOPER: JOSEPH ROWNTREE HOUSING TRUST

LOCAL AUTHORITY: CITY OF YORK COUNCIL

ARCHITECTS: RICHARDS PARTINGTON ARCHITECTS

BUILDING CONTRACTORS: DAVID WILSON HOMES

INFRASTRUCTURE CONTRACTORS: MANSELL

**The Commissioners saw an inspiring example of new housing at Derwenthorpe on the edge of York. The development will eventually provide 540 homes for people of all backgrounds and ages. The community is being developed by the Joseph Rowntree Housing Trust, in partnership with City of York Council, as a model edge-of-town development. It is one of the first large-scale low carbon communities in Northern England. The Commissioners visited the first phase of the development, consisting of 64 homes and acres of open space, and met one of the homeowners.**

### EXCELLENT DESIGN THROUGHOUT THE DEVELOPMENT

Inside or outside it is impossible to tell whether the house is for rent, shared ownership or sale on the open market.

All of the houses meet or exceed the space, storage and design standards used by the Homes and Communities Agency to assess affordable housing grant.

The architects were selected through a competition that evaluated environmental strategies as well as design concepts. The internal layouts were reviewed at trustee meetings and by special steering groups.

Many of the houses have winter garden-conservatory spaces that can be used flexibly throughout the seasons, whether as garden extensions, a dining room, or for drying clothes, and they are also important for collecting solar heat. The winter gardens act as a buffer between living areas and the street without affecting the light from the large windows.

## CONSUMER-RESPONSIVE DESIGN

Market research defined some of the design; the ceiling height and floor space in the winter garden were market tested by inviting people to view two different prototypes.

Design was also influenced by social research conducted by the Joseph Rowntree Foundation into the needs of children and families, older people and people with disabilities. The two-bedroom homes in the first phase have been built to such high-space standards that, in the local market, they compete with three-bedroom

properties. Joseph Rowntree Housing Trust reduced the size of two-bedroom homes in the second phase, but to retain flexibility the roofs can easily be adapted into living space.

## HIGH QUALITY IN CONTEXT

Excellent design and an integrated community are affordable; each home, averaging round 100m<sup>2</sup>, typically cost around £100,000 to build excluding the cost of the land. A research programme will monitor Derwenthorpe's energy efficiency and share the results with the housing industry.



© Joseph Rowntree Housing Trust

# CHAPTER 4

## A MORE RESPONSIVE HOUSING MARKET

“Many people and families are not “choosing a home”... The level to which a person can weigh up and achieve various goals is in proportion to their purchasing power.”

ROYAL TOWN PLANNING INSTITUTE

Consumers seem powerless in the housing market. While consumer demand, changing lifestyles, research and technological advances have driven changes in markets such as electronics and cars, they feel housing seems impervious to change.

In other markets product ranges and specifications meet every need and income, while consumers are empowered by a wealth of information and comparative data. This rarely applies to housing.

The Commission was keen to follow the journey of the consumer choosing a home. We considered what practical changes could be made which would empower consumers and encourage greater choice. What can change to create an era in which people aspire to living in a new home, rather than a Victorian property that needs work and is expensive to run?



Marketing Suite at Derwenthorpe  
© Joseph Rowntree Housing Trust

# PROMOTING NEW-BUILD DEVELOPMENT

Consumers don't like the new homes on offer. As raised earlier in this report, only 25% of people would choose a home built in the last 10 years.<sup>80</sup> Further polls have revealed that while people acknowledge the need for more homes, they do not want them built in their community.<sup>81</sup>

Making new homes an attractive proposition will encourage better quality homes by increasing competition between developers. In view of the need for over 300,000 new homes a year, we need to consider what must change to encourage people to embrace new builds:

- 69% of people say the quality of what is built near them is more important than the quantity<sup>82</sup> — so better quality developments will be more readily accepted by existing residents
- 49% of councillors felt that ensuring excellent design would counter opposition to new development; 48% believed that ensuring more appropriately-sized housing would help too.<sup>83</sup>

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**Opposition to housing developments is rooted in perceived poor quality, which is sometimes well founded, and the fear that a shoddy new estate will hit the value of existing homes nearby. Everyone has a role to play in improving the perception of new homes.**

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New build facts, figures and research can be used to tackle public misperceptions which dissuade people from considering a new home and encourage existing residents, particularly in rural areas, to regard new build as inferior. Housing developers need to join forces to communicate the benefits of new homes — such as lower energy bills and maintenance costs — to consumers and local people. The Self Build Portal and the Money Advice Service<sup>85</sup> are examples of how to join forces.

Developers need to talk with consumers much earlier in the process — even before they have applied for planning permission. Berkeley Group's engagement with resident groups at Woodberry Down is a good example of how early efforts to build a long-term relationship with the community encourages local involvement in a development.

Developers also need to engender trust through transparent marketing. For example, we heard suspicions from focus groups that undersized furniture was used in show homes.<sup>86</sup> This deceives consumers and destroys confidence.

"Builders and developers were typically distrusted because they were felt to be more motivated by profit than by the desire to ensure that home-owners needs were met... 'I don't trust house builders ... clearly they have a vested interest in you purchasing something' (Male homeowner with children, London)"

*THE WAY WE LIVE NOW,  
IPSOS MORI AND RIBA<sup>84</sup>*

The Future Homes Commission survey asked: what is the most important thing your home needs? Does it have it or not? One respondent said: "Character! It has to be somewhere I look forward to returning home to. It does have this as it's a period property. New-build housing is all too generic."

80\_  
*The Case for Space*, RIBA, 2011

81\_  
YouGov poll for the New Homes Marketing Board, published December 2010. 81% believe Britain needs more housing but just 50% would welcome more homes of all types in their own immediate neighbourhoods

82\_  
*Cities for Growth*, Policy Exchange, 2011

83\_  
*New Housing Developments Survey 2012*, Local Government Association

84\_  
*The Way We Live Now*, RIBA and Ipsos MORI, 2012

85\_  
<http://www.selfbuildportal.org.uk/> and <https://www.moneyadviceservice.org.uk/>


86\_  
*The Way We Live Now*, RIBA and Ipsos MORI, 2012



Derwenthorpe, York  
© Joseph Rowntree Housing Trust

Everyone in the sector can play a role. We saw how councils can also take the lead in providing an authoritative voice about new developments.

North West Leicestershire Council produces its own comparison website, scoring the quality of new-housing developments to help local consumers make informed decisions. We believe potential buyers would welcome such an impartial information source.

Rating system	How this development is rated	Compare this development against the regional and national ratings	
		Regional *	National *
<b>A+</b> 'Very good'		3%	5%
<b>A</b> 'Good'		6%	13%
Schemes above this line meet the national standard for well designed homes and neighbourhoods			
<b>B</b> 'Average'		40%	53%
<b>C</b> 'Poor'		51%	29%

Information available in North West Leicestershire Council's Find Our Place brochure, which compares the quality of new local housing developments. The Council reviewed local developments using Building for Life scorings.

## RECOMMENDATION 7

The construction industry must talk to the public more about good practice in new homes, and share information about quality and how they compare with older homes, to attract buyers currently suspicious of new build.

# A TRANSPARENT MARKETPLACE

Choosing a new home is notoriously stressful, costly and time consuming, and often happens at a time of other major life changes such as starting a family. Simple and transparent information is therefore crucial.

It is clear that most consumers concentrate on location and how many bedrooms they need. They do not always evaluate space, flexibility, running costs, safety or how a property will affect their lifestyle. Yet while the number of bedrooms is the usual point of comparison between homes, the space inside those rooms is often more crucial to consumers.<sup>87</sup>

Architects, developers and estate agents should talk about new builds, and in fact all homes, in terms of space. Demonstrating the cost per square metre is a simple way of doing this. The benefits of different types and flexibilities of layouts should also be explained. This would help people trying to imagine their household in the home, and how they might make use of separate rooms compared with open plan rooms or movable partition walls.

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**The industry needs to talk to consumers in plain language. Home buyers are not interested in the technicalities of energy efficient design, but they care about keeping their bills down.**<sup>88</sup>

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If a family is planning to settle in a house for many years, the potential to save hundreds or even thousands of pounds on bills and maintenance over time may well swing their decision about what to buy, yet it is barely discussed. Sales agents should be exploiting this key selling point far more, as consumers do accept that new homes are more efficient.<sup>89</sup>

The past decade has seen a transformation in the way consumers begin their search for a new home, using online search engines rather than peering through estate agents' windows. This means the search criteria used on property finding websites control the information people have before choosing which homes to visit.

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**Yet few online portals in the UK enable people to search on the basis of floor area or predicted energy bills, both of which are available on the Energy Performance Certificate as soon as a home goes on the market.**

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Lifetime costs should also be shown, so that energy savings and other financial projections can be taken into account.

"Over the last 30 years we have seen the number of bedrooms... becoming a dominant attribute, driven by marketing/sales generated aspirations and status rather than their potential as functional spaces. As this multi-bedroomed product has developed into the norm, household members have either needed to undertake a wider range of activities in bedrooms (as office space), or build extensions, as alternative uses / flexible spaces have not been generally available in products from volume house builders."

JOSEPH ROWNTREE FOUNDATION

"[The] most effective means of engaging consumers appears to be a focus on the cost savings that would result. Environmental concern remains very much a secondary priority."

CONSUMER FOCUS

<sup>87</sup>\_  
YouGov poll December 2010, reported in *The Case for Space: the size of England's new homes*, 2011, RIBA, and *Residential Purchaser Preferences: What drives home buyers' decisions?*, 2012, Drivers Jonas Deloitte

<sup>88</sup>\_  
Research includes *Big energy shift summary report*, Ipsos MORI, 2009 and *Zero carbon: What does it mean to homeowners and housebuilders*, NHBC, 2008 and updated 2012

<sup>89</sup>\_  
YouGov poll December 2010, reported in *The Case for Space: the size of England's new homes*, RIBA, 2011





*The Way We Live Now*

© Ipsos MORI and RIBA

"We're conscious that the #rentysomething generation are digital natives. They communicate naturally through social media – for them, it's not "technology" – it's just another way to have a conversation... So of course it makes sense to market Fizzy flats [for renting by young people] through social channels, and we'll provide customer service in the same way."

HEAD OF PROJECT DELIVERY,  
THAMES VALLEY HOUSING ASSOCIATION

International comparisons of online marketing portals show UK consumers are getting less information. The 4 Architects Housing Group<sup>90</sup> compared typical marketing information in different countries and found:

- Online portals in Germany, the USA and Canada typically included the floor area of the home, but UK examples did not. These tended to have floor plans and room dimensions instead
- Online portals in the USA typically included information not offered in the UK, such as the price when the home was last sold and the plot area (which includes the area of a garden or terrace)
- Online portals in Germany typically included the annual running costs.



*The Way We Live Now*

© Ipsos MORI and RIBA

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**Estate agents must ensure their customers get better information. The professional bodies for sales agents should produce guidance to ensure people can search homes using the criteria that matter to them, such as room sizes, sound insulation and likely energy bills,<sup>91</sup> not just what the estate agent wants to promote.<sup>92</sup>**

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These criteria should also encourage people to think about often overlooked issues such as storage. Energy Performance Certificates are available for every property on the market. Sales agents should ensure they are provided up front and even use them to illustrate the different benefits of homes (such as the energy efficiency of newer homes).

## RECOMMENDATION 8

**The industry should ensure consumers are provided with all the information they need, whether or not they ask for it. This should include:**

- **The floor area rather than just the number of bedrooms**
- **To-scale floor plans, which should include the basic full size furniture needed in a home**
- **Checklists and factsheets which independently verify the lifetime costs of a new build versus an older home**
- **Unique property features such as gas, electrical and structural safety, flexibility of using the living space, innovative design for today's living, creative storage, ease of recycling, appliances included, outdoor space**
- **Details about different types of tenures such as shared ownership and buy now pay later, as well as additional services such as part exchange schemes and help towards deposits.**

<sup>90</sup>\_  
The 4 Architects Housing Group includes HTA, PRP, LBA and PTEA

<sup>91</sup>\_  
*The Way We Live Now* by Ipsos MORI and the RIBA, 2012

<sup>92</sup>\_  
Examples include those quoted in this report: *The Way We Live Now* by Ipsos MORI and the RIBA, and *Residential Purchaser Preferences: What drives home buyers' decisions?*, Drivers Jonas Deloitte, 2012

Factors which purchasers consider of lesser importance are sustainability, shared gardens, and proximity to doctors / dentists. Interestingly, these factors are often used by residential developers to support the marketing of new-build schemes.

RESIDENTIAL PURCHASER PREFERENCES:  
WHAT DRIVES HOME BUYERS' DECISIONS?  
DRIVERS JONAS DELOITTE<sup>94</sup>

# RESPONSIVE, CONSUMER-FOCUSED DESIGN

Empowering consumers means listening to them. Market research will help developers understand what consumers need, and increase demand for new homes by ensuring they are selling what people really want.

Everyone in the supply chain should be researching what consumers want – architects, local authority planners, developers, surveyors and agents all need to be listening and responding to ensure homes are tailored to contemporary lifestyles and developing trends.

“Website usage is being seen more and more on the feedback forms as the way clients get to see sites before visiting them.”

PERSIMMON HOMES

The construction industry clearly has a lead role to play in this – listening to consumers, spotting and anticipating trends, testing innovations and raising industry standards to create a swell of demand for new homes. There are already good examples the industry can draw on, including RIBA and Ipsos Mori’s *The Way We Live Now* and Drivers Jonas Deloitte’s *Residential Purchaser Preferences*. Developers now have to consult with local communities on significant developments.<sup>93</sup> They should share feedback from the public to inform the whole industry.



*The Way We Live Now*  
© Ipsos MORI and RIBA

Research reveals how households' needs change at different stages of their life:

- "For older families i.e. families with secondary school aged children, transport links are the most essential factor, with the highest ranking of all the groups with children. Unlike the young families this group are more keen on larger rooms than the number of bedrooms." *Residential Purchaser Preferences: What drives home buyers' decisions?* Drivers Jonas Deloitte<sup>95</sup>
- "Families with younger children tended to report that it was important to have somewhere in their main living space for their children to play unsupervised, with enough space to make a mess which could be separated from the main living space — or quickly concealed." *The Way We Live Now*, Ipsos MORI and RIBA<sup>96</sup>

McCarthy & Stone is one firm trying to gain a better understanding of people's needs. Its research techniques include:

- Greater Life Advisory Board: A panel of external experts over 50, who have experience of making later life decisions. They help to re-imagine and re-engineer products, services and change perceptions around ageing
- Inform Panel: A network of residents from their schemes providing ongoing feedback on customer and product issues
- Research into lost sales: Enquirers who have visited a McCarthy & Stone development but not gone on to buy an apartment are surveyed, to understand how constantly changing expectations can be met.

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**Other organisations can help. For example, local property companies with detailed knowledge of an area, its market and what people want to live in or see built near them could set up local networks to share market intelligence. This would help develop a local housing market that is responsive to consumer needs.**

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"There are too many bathrooms. The crazy developer put three bathrooms in a three-bedroom house, clearly thinking this would increase the value. How stupid – it uses up so much space for no additional comfort. We have one gigantic bedroom on the top floor rather than two and no way to partition because there are windows on only one side."

FUTURE HOMES COMMISSION  
SURVEY RESPONDENT

93\_  
*The Localism Act 2011*: <http://www.legislation.gov.uk/ukpga/2011/20/part/6/chapter/4/enacted>

94\_  
*Residential Purchaser Preferences: What drives home buyers' decisions?* Drivers Jonas Deloitte, 2012

95\_  
*Residential Purchaser Preferences: What drives home buyers' decisions?* Drivers Jonas Deloitte, 2012

96\_  
*The Way We Live Now*, RIBA and Ipsos MORI, 2012

## RECOMMENDATION 9

Everyone involved in housing development must embrace research as a way to empower consumers, produce more desirable homes and boost demand. The Home Builders Federation should maintain an on-line library of the latest research into buyers' and residents' views about the design of their home and the community in which it sits.

## VALUATIONS AND QUALITY

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Housing developers are not going to improve quality if it is not reflected in the price. Yet throughout our inquiry we have heard frustrations from architects and developers that the improvements they make to homes are not reflected in the market valuation. The problem – again – is the excessive focus on the number of bedrooms.

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Green Street in the Meadows,  
Nottingham

© Blueprint

**Experts have suggested that two homes in the same area with the same number of bedrooms will achieve similar valuations, even though one might have better energy efficiency, more space and better landscaping.**

If the valuation of properties does not reflect design quality there is no incentive for developers to invest in it.

Discussions with the Royal Institution of Chartered Surveyors revealed that valuers aim to reflect what consumers will pay, so if energy efficiency and internal space are to affect the value of the property, there must be evidence that consumers will pay for these.<sup>97</sup>

This demonstrates the concerted effort required across the industry to get the housing market moving. The industry needs to collect evidence that people will pay for space, low bills and so on. This then needs to be fed back to the valuers.

Developers and surveyors, professional institutes and trade bodies should work together to create and monitor this evidence base, including resale prices of properties bought new to see if their value – and that of the properties next to the new build – have increased in line with the market, or above it.

Each detail in the valuation and sale process needs to be reviewed. For example, valuation forms need to provide full information on the property, present it clearly and simply and be standardised between different valuers so customers can understand the documents they are paying for, and easily compare properties.

“A first phase house in the Green Street project was sold off-plan in December 2010 for £171,950. It was recently valued (around 18 months later) for remortgage purposes at just over £200,000; proof in part that the project had outperformed the market, and that despite our best efforts the highest values we could get mortgage valuers to support on the original sales were probably slightly low.”

BLUEPRINT

## RECOMMENDATION 10

The Council of Mortgage Lenders, National House-Building Council, Home Builders Federation, RIBA and RICS should work together to build a statistical evidence base to inform the valuation of homes. This evidence should demonstrate whether more innovative, niche designs together with higher standards of build quality and energy efficiency achieve higher values over time. In addition, RICS should introduce standard valuation forms and surveys that are comprehensive and easy for consumers to read and understand.

<sup>97</sup>—  
Work by the Green Construction Board is looking at how energy efficiency can be reflected in the valuation process, but other areas of quality should also be addressed by an evidence base.



Bermondsey Spa, London  
© Levitt Bernstein and Hyde Group.  
Photographer Tim Crocker

## CONCLUSION

### CHAPTER 4 A MORE RESPONSIVE HOUSING MARKET

We have found clear evidence of a market for quality new housing, but poor information on all sides is stifling its development. Consumers need to know more about the properties they are buying, and developers need to know more about what consumers want and for what they are prepared to pay. The housing industry recognises a more informed consumer drives up design standards, but organisations are not providing enough research and evidence to make it happen.

Consumers, both individually and collectively, need to realise their power and play their part too. The Localism Act gives people the chance to work with their local authority and housing developers to influence what is built locally. When look for a home they need to secure information about how a property will affect their lifestyle as well as space, flexibility, running costs and safety.

Grand designs are out of reach for most consumers, but good design can become the norm if concerted action is taken to make the housing market work.



## WHAT ENERGY EFFICIENT MEASURES DO PEOPLE KNOW ABOUT?





## CASE STUDY: GREEN STREET IN THE MEADOWS, NOTTINGHAM

DEVELOPER: BLUEPRINT

LOCAL AUTHORITY: NOTTINGHAM CITY COUNCIL

ARCHITECTS: MARSH: GROCHOWSKI

**Green Street is a development of 38 low-energy homes in The Meadows in Nottingham, delivered by specialist regeneration developer Blueprint. The homes are highly energy efficient, in a way that is specifically tailored to the local environment and consumer preferences. The homes commonly include spacious roof terraces, ground level kitchen gardens, private car ports/garages, solar panels, mechanical heat recovery and ventilation, and very high levels of insulation and air-tightness.**

### EVIDENCE BASED DESIGN

Blueprint is a joint venture between Igloo and the Homes and Communities Agency. Partnership working proved a theme in this development as Nottingham City Council were the planning authority and land owner, and funded a shared equity scheme on 13 of the homes. The Meadows Partnership Trust helped with community engagement.

The local market, community context and the site itself were researched extensively before design or planning started. For example, the community contributed to the design brief, and the sun path at varying times of year was tracked to inform the size and orientation of windows, which improves natural light and control of solar heat.

The design team worked closely with an environmental consultant from the outset, who helped inform the brief to the architects. This was a small investment compared with their contribution to design. For each issue, such as the need to prevent overheating in the summer, the team looked at the pros and cons of each option. This iterative approach was used to choose the best solutions in terms of both design and cost.



## MARKET RESEARCH AND TAILORED CONSUMER INFORMATION

Market research defined the branding and publicity for selling the homes. They were built to appeal to particular segments of the house-buyer market, and sold on their design quality and energy-saving credentials rather than as 'eco-homes', a term which people often find off-putting. The pitch was that they were a unique design by a great local architect, and – almost as a happy bonus – they were low-energy homes that were cheaper and more responsible to occupy. Clear information was provided comparing the running costs with less efficient alternatives (see table).

All 38 homes were sold to owner occupiers off plan, and there is a waiting list for any future homes. A second valuation of one of the occupied homes has shown an increase in value above market levels.

*"Rather than pitch these houses as 'eco houses' (and what does that mean anyway?), we went out on a limb and sold them on a common sense, energy saving, cost saving message – a 'what's not to like about environmental design?' approach. We provided purchasers an example of anticipated running costs in marketing literature – a key selling point, given that we could demonstrate clean financial savings from buying at Green Street over buying elsewhere. We provided clear caveats that the estimate was based on a particular home in the scheme (thought to be typical of course), and that actual occupational data may vary (for a range of reasons, including occupier behaviour). The consultant who prepared the data understood the purpose for which the data was being prepared, and was identified as the source, with their consent."*

JOHN LONG, BLUEPRINT

	GREEN STREET	EQUIVALENT 3 BED NEW BUILD	3 BED BUILT IN THE 1960s
Main Heating	£16	£135	£350
Hot Water	£118	£140	£350
Cooking	£70	£70	£70
Lights appliances	£507	£507	£507
Standing Charges	£144	£144	£144
Saving from generation	286	0	0
Estimated monthly running cost	£47	£83	£118
Total annual running cost	£569	£996	£1,421

# CHAPTER 5

## SUSTAINABLE COMMUNITIES AND THE PIVOTAL ROLE OF LOCAL GOVERNMENT

67% of respondents to the council's 'What makes an ideal place to live' survey, "wanted a place that is well connected to the wider neighbourhood, for example by providing footpath links that offer the most direct route to the local shops".

NORTH WEST LEICESTERSHIRE COUNCIL

**The rehousing boom of the 1960s and 1970s destroyed communities and spawned social problems that remain almost 50 years later. Local Authorities have a pivotal role in creating the 500-700 sustainable new communities that will be needed every year for the next two decades if we are to meet our housing needs.**

The extension of their powers under the Localism Act, the new National Planning Policy Framework and the removal of a regional tier of regulation provide new opportunities for local government to revive the housing market and create sustainable communities without a penny of extra Government spending or borrowing.

The Commission believes every effort should be made to learn from history and create sustainable communities that will be attractive places for people to live and raise families.

During the last year the Commission has seen some remarkable developments which hold important lessons for the future. The Derwenthorpe development being led by the Joseph Rowntree Housing Trust just outside York was outstanding, and gave the Commission the conviction that "we have seen the future and it works".

"Older people have been found to particularly value the sort of provision that facilitates comfortable and low-key social interaction at the neighbourhood level.<sup>100</sup> This might be a café or meeting place such as a well-sheltered bench. Toilets – publicly available if not publicly provided – are also an important consideration for older people."<sup>101</sup>

JOSEPH ROWNTREE FOUNDATION

# THE KEY SUCCESS FACTORS OF SUSTAINABLE COMMUNITIES

Successful new communities have access to transport, offer services such as nurseries, schools and primary healthcare, include green spaces and well-planned public areas, provide shops, leisure services and community facilities, and can be integrated with existing local neighbourhoods.<sup>98</sup> The Commission has not re-visited the work that underpins this broad agreement.<sup>99</sup> Instead, we have examined some practical issues which seem to determine the success or failure of local development efforts.

The Commission believes that new communities have the best chance of succeeding if there is:

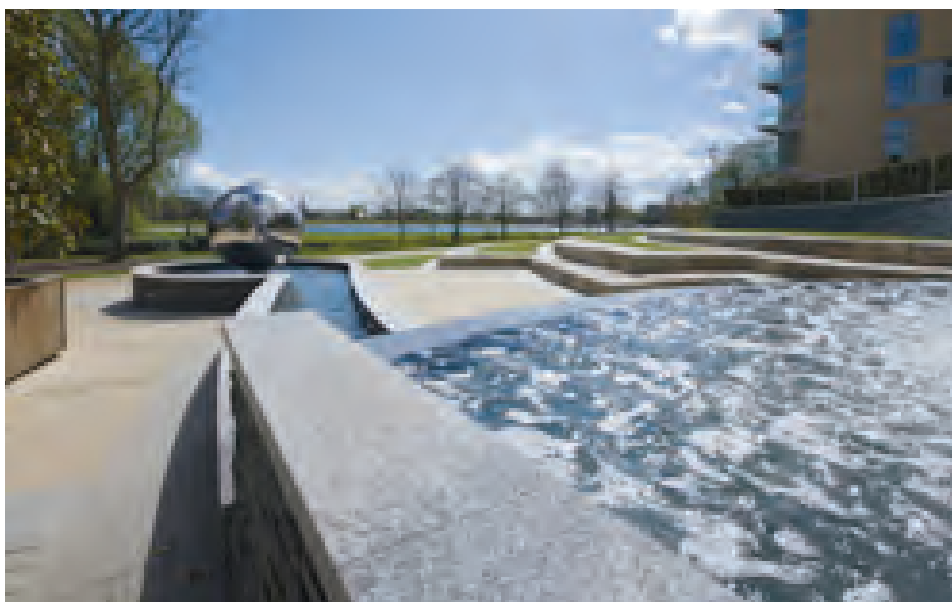
- Long-term commitment to the new community
- Early engagement of the public authorities
- Involvement of the existing local community from the outset of the planning process
- Early provision of community facilities and basic infrastructure
- The chance for residents to shape the community in which they will be living
- Diversity of tenure.

## Long-term Commitment

**The evidence shows sustained, strong leadership of a new development can help promote successful new communities. "Long-term stewardship"<sup>103</sup> and the need for a development leader to drive through high-quality large-scale developments was a theme running through our inquiry.**

Woodberry Down, London

© Berkeley Group



**"For children and young people, the imperative is for somewhere to play, meet up and hang out; important facilitators of their communal learning and social development... This makes the possibility of creative activity within the neighbourhood and ready pedestrian access from the neighbourhood particularly important."<sup>102</sup>**

JOSEPH ROWNTREE FOUNDATION

98\_  
*Sustainable Urban Neighbourhoods*, M. Carley, N. Falk and Joseph Rowntree Foundation, 2012

99\_  
*Sustainable Urban Neighbourhoods*, M. Carley, N. Falk and Joseph Rowntree Foundation, 2012

100\_  
Quoted in JRF evidence submission with reference to *Low Income Neighbourhoods in Britain: the gap between policy ideas and residents' realities*, Joseph Rowntree Foundation, Batty, E., Cole, I. and Green, S. 2011

101\_  
Quoted in JRF evidence submission with reference to *The Social Value of Public Spaces*, Joseph Rowntree Foundation, Worpole, K. and Knox, K. 2007

102\_  
Quoted in JRF evidence submission with reference to *A Child's Eye View of Social Difference*, Joseph Rowntree Foundation, Sutton, L., Smith, N., Dearden, C., and Middleton, S. 2007

103\_  
*Sustainable Urban Neighbourhoods*, M. Carley, N. Falk and Joseph Rowntree Foundation, 2012



Bermondsey Spa, London  
© Levitt Bernstein and Hyde Group.  
Photographer Tim Crocker

"Highways authorities in my experience continue to be very conservative and risk averse – seemingly unwilling or unable to fully embrace the principles of [the Department for Transport's] Manual for Streets. I cannot yet determine whether this is down to an understandable, though not necessarily valid concern relating to liability claims against an authority or a underlying resentment amongst engineers that urban design is seen to be encroaching upon 'highways territory'. Increasingly I fear it is a case of the latter."

URBAN DESIGNER

The development leader could be the landowner, possibly a housing association such as the Joseph Rowntree Housing Trust at Derwenthorpe, or it could be a partnership between a local authority and a developer, such as Hyde Group and Southwark Council at Bermondsey Spa. Other models, such as joint ventures in which the value added by the development is shared, have also delivered good results.

For those house builders who have preferred a 'current trader'<sup>104</sup> model where they build homes, sell them and leave, providing long-term leadership could be difficult. However, investing in the long-term success of a development could ensure better returns for shareholders once an established, successful community begins to find its market value. This will require a change of mindset for some house builders, but we have seen cases where this is working well, such as the Berkeley Group's involvement in Woodberry Down.

**Masterplanning can be critical in contributing to successful new communities. However, the fragmentation of the development process and the failure of those involved in delivering a new development to agree a shared vision from the outset, often make masterplans difficult to translate in practice.**

We heard countless examples where the differing opinions or approaches of one partner could undermine the overall quality of a scheme, causing immense frustration for the others.

There was a clear desire among people we spoke to for masterplans to be flexible and to ensure early engagement of communities and public authorities in the planning process. This includes the local authority, the housing developer and other contractors as well as the local highways authority, local education authority, Environment Agency, waste disposal authorities, utility providers and local health service providers. This is not only important in delivering a high-quality scheme, but can also prevent delays (and extra costs) further along the line and make it easier for partners to promote wider policy objectives such as improved public health.

The new “Duty to Co-operate” in relation to planning for sustainable development in the Localism Act will not solve all these problems. The Duty to Co-operate requires local planning authorities, county councils and other bodies with statutory functions to co-operate with each other in preparing development plans, supplementary planning documents, marine plans and “strategic matters” such as infrastructure development.<sup>105</sup> While it should help in preparing more comprehensive local authority development plans, which need to identify strategic sites, it does not apply to every type of scheme, does not specify that co-operation must continue beyond an initial agreement about local development plans, and does not so far include bodies outside the public sector such as utility companies.

104\_  
*The Callcut Review of housebuilding delivery*, November 2007. See page 23 for a description of the current trader model.

105\_  
Strategic matters are defined as “sustainable development or use of land that has or would have a significant impact on at least two planning areas, including (in particular) sustainable development or use of land for or in connection with infrastructure that is strategic and has or would have a significant impact on at least two planning areas, and sustainable development or use of land in a two-tier area if the development or use (i) is a county matter, or (ii) has or would have a significant impact on a county matter.” Localism Act, Section 110, Paragraph 4.

## RECOMMENDATION 11

The Department for Communities and Local Government should clarify the extent to which Duty to Co-operate applies to individual projects. If necessary, it should look for a suitable opportunity to extend the Duty to include planning for individual large scale mixed developments and in the meantime consult on the best way to define these in legislation. DCLG should also discuss with the regulators of the utility companies (such as Ofgem and Ofwat) the scope for requiring these companies to co-operate with public bodies on planned developments.





Bermondsey Spa, London  
© Levitt Bernstein and Hyde Group.  
Photographer Tim Crocker

## Early engagement of the relevant public authorities

“Cohousing or Baugruppen, where cooperative groups secure plots and commission architects and builders, reduces risks and encourages diversity compared with our system where volume housebuilders decide what they think people want.”

DR NICHOLAS FALK OF URBED

Early conversations are particularly important to agree the design and delivery of essential infrastructure. We were surprised at how angry some people felt about the way the Highways Agency and local transport authorities had treated them over the adoption of new roads. This was felt particularly keenly by district councils that did not have oversight of highways.

Sometimes the behaviour of local transport authorities amounts to obstruction. This includes refusing to get involved early in the development of plans or consider design options. One of the key problems appears to be dogmatic insistence that road design follows local policy to the letter, even when the proposed design uses the same land and is just as attractive and safe.

**It is clear some highways authorities need to raise their game. Co-operating earlier and looking objectively at the quality of proposed designs to do what is best for the neighbourhood rather than just laying down rules.**

Short guidance that links highways adoption to the National Planning Policy Framework could help — but it is attitude that really counts.

## RECOMMENDATION 12

The Department for Transport should review highways design and adoption policies, including all relevant bodies, to enable more flexibility in the design of local roads while maintaining safety standards. This could include short guidance to support the National Planning Policy Framework.

## Engaging existing communities

The Localism Act sought to formalise greater levels of community involvement in the development process. Evidence to the Commission underlined the importance of these processes and the need for sufficient and inclusive engagement with existing communities, particularly where the new site adjoins or is inside an established neighbourhood. The benefits of this process are yet to be fully embraced by developers, but it can save time and money spent on costly appeals, improve the design and counter local opposition.

Caterham Barracks in Surrey is one example discussed in our evidence sessions. The housebuilder worked with a local community group in the development of the site and noted benefits including fast planning permission and a more profitable scheme. The local community gained assets to endow a community trust.<sup>106</sup>

## Early provision of community facilities and basic infrastructure

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**The design, quality and service provision on new sites play a major part in the creation of successful neighbourhoods, but how the area is perceived and used by those living there provides the real test of long-term success.**

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The evidence suggests that two strategies in particular can make a difference.

First, the early provision not just of the basic infrastructure but also of community facilities such as public buildings and green spaces and the wider street landscaping is crucial in creating a sense of place and wellbeing. This is especially the case on long-term, large-scale developments when the first residents will have to live through the building of the whole site.

“A number of remedial design studies showed how the layout of most sites could be improved very simply,<sup>107</sup> using the same standard house types and mix, to produce better layouts, and to increase site utilisation by between 5–10% more homes. A very limited design input ensured that the space between the buildings could be used for enjoyable movement around the site and for social interaction with neighbours, with less dominant roads and parking areas, relating the house types better to the spaces outside, to views and sunlight.”

STEPHEN HILL, C20 FUTUREPLANNERS DISCUSSES THE WAYS IN WHICH DESIGN ADVICE AND ACCESSING LOCAL KNOWLEDGE AND INSIGHT (OFTEN VIA INPUT FROM THE LOCAL COMMUNITY) CAN BENEFIT THE SITE AND ITS QUALITY – BUT ALSO THE DEVELOPERS, IF A GREATER NUMBER OF HOMES CAN BE BUILT

<sup>106</sup> Community Involvement Guidance, RICS 2007

<sup>107</sup> Typically raising a Building for Life score of between 3–7 to 12–14 by using the seven key principles of Prof. Ian Bentley's 'minimum typological repertoire' from *Urban Transformations: Power, People and Urban Design*, Routledge, 1999

"There's been a lot of frustration in the area. There has not been a large enough community facility. For all the small groups, it's crazy. Like for example, we have the Hampton Dramatics Group and they're unable to hold any of their events and shows in Hampton. And obviously there's the issue with Hampton College, which is a fantastic place of education, but we're unable to use that for community facilities."<sup>108</sup>

LOCAL RESIDENT ON RADIO IN PETERBOROUGH, DISCUSSING DEVELOPMENT AT HAMPTON

"Co-operatives housing provides a different way of living, giving people an alternative choice to the traditional landlord and tenancy arrangements. It can provide a more flexible tenure which would respond to people's changing needs and financial circumstances."<sup>110</sup>

THE WELSH GOVERNMENT'S HOUSING WHITE PAPER, PUBLISHED FOR CONSULTATION IN MAY 2012, ANNOUNCES THEIR AMBITION TO BUILD 500 COOPERATIVE HOMES, SUGGESTING THEY ARE A POPULAR TENURE WHICH CAN PROVIDE FLEXIBILITY

Some developments include shared infrastructure such as district heating or waste disposal schemes. These make it particularly important that residents and potential buyers understand the advantages of such schemes and how costs such as service charges work. They need clear and transparent information.

## The chance for residents to shape the community in which they will be living

Second, we learned that providing all the services upfront is not ideal if it fails to provide scope for those who will be joining the community to contribute to how the area is developed, to create a sense of ownership and engender early community interaction.

The development leader should allow some community services to be rolled out by new residents, and consider ways of allowing some degree of "community management"<sup>109</sup> so that they have a sense of pride in their area. Community trusts, if properly endowed, can help achieve this. One example is the Woodberry Works training scheme and resulting Community Interest Company set up during the regeneration of Woodberry Down in Hackney. Having an iconic public building, such as the combined district heating and community centre at Derwenthorpe, can also help generate a sense of community.

## Diversity of tenure and ownership

Different types of housing tenure, including increasingly popular models such as housing cooperatives, self-build and co-ownership, help create a sense of belonging and commitment to a place while also empowering communities to deliver the homes they need. A range of different sized developers and members of the community building the homes they want at costs they can manage would help the housing market become more diverse. It could also open up options for consumers and encourage competition. Those driving new development should include diversity of tenure and ownership in their masterplans, and local authorities should prioritise this in their Local Plans and when granting planning permission.

# GOOD PRACTICE IN CREATING SUSTAINABLE COMMUNITIES

**Identify a leadership body: Whether the Local Authority, land owner or a joint venture, a single body must lead the delivery of the new community.**

- Early involvement of those bodies responsible for the provision of transport links, roads, schools, shops, hospitals and shared facilities like a community centre and green spaces can help improve the design and ultimate success of new developments
- Early engagement of the Highways Agency (when appropriate) and local highways authority can make a difference to the process of planning and delivering high quality infrastructure and connectivity.
- Making the public realm available early in a new development is crucial for the community. The spaces between buildings form a sense of place that often outlasts the changes in the buildings themselves.
- An iconic community building, a 'magnet' for the local community, should also be provided early to foster a sense of community and engagement.
- Transparent explanations of the costs and benefits of the new houses should be made available to all new residents whether tenants or homeowners.
- Involving members of the existing community can add value to a new development if it is done effectively.
- On large, strategic sites, local authorities should encourage developers to set a minimum percentage of the site to be set aside for self-build, co-housing and smaller developers to raise quality and promote competition. Masterplans should include this mix and as Garden City policies are developed, they should also address this diversity.

"A new neighbourhood will not necessarily succeed with good design alone. There must be a level of 'buy-in' and participation, especially where sustainability targets imply some measure of lifestyle change. Every shared amenity at Derwenthorpe, from the public space and landscaping to the community heating, has to be managed and managed fairly in everybody's interest... The key is to implement governance and community structures in ways that promote ownership and sharing. These structures have to be backed up by a clear statement of aspiration and common purpose rather than a set of prohibitive dos and don'ts."

RICHARD PARTINGTON  
(ARCHITECT FOR DERWENTHORPE)

108\_  
<http://www.newlistener.co.uk/home/oh-hampton-community-centre-build/>

109\_  
*Sustainable Urban Neighbourhoods*, M. Carley, N. Falk and Joseph Rowntree Foundation, 2012

110\_  
*Homes for Wales: A White Paper for Better Lives and Communities*, Welsh Government, May 2012

We know through painful decades of experience what happens when homes are built without the social and physical infrastructure to become a successful community. Everyone involved in creating the hundreds of new developments needed each year must plan for sustainability from the very beginning.

Projects need a leadership body, such as a local authority or land owner. Public bodies need to support the venture wholeheartedly from the outset to ensure vital facilities such as roads, transport links, schools, shops, health facilities and community centres are in place early. This is about a lot more than just infrastructure; it is about creating a sense of place, identity and belonging.

Developments will only succeed if local people — the existing local community, early residents and later arrivals — develop a sense of ownership and pride through involvement in decisions about how the community develops.

## THE PIVOTAL ROLE OF LOCAL GOVERNMENT

**Councils play several roles. They can act as catalysts for new development through up-front investment in infrastructure and new homes with rental and shared ownership income streams. By maximising the potential of the powers and assets they have at their disposal, local authorities are perfectly positioned to become leaders and investors in their local communities.**

They can:

- Lead the creation of prosperous, successful communities with long-term economic, social and environmental benefits alongside attractive opportunities for investors
- Make the best use of their assets, ensuring the proceeds of new development are retained in the public purse
- Attract investment to create finance which can be recycled to pay for further developments
- Provide opportunities for greater returns for their own, underperforming pension funds
- Where changes to the Housing Revenue Account give a council a significant financial boost, use the money to invest in the infrastructure needed to support development.

“Children’s feelings about their local area – including local facilities, local people and safety/freedom – are important ingredients in their overall well-being.”

*A GOOD CHILDHOOD,*  
THE CHILDREN’S SOCIETY, 2009

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**The Commission was surprised and encouraged at the scale of ambition and degree of innovation in many local planning and housing departments. We heard of councils with long-term strategies to promote housing growth and of intelligent and progressive uses of their assets, powers and finances. While the picture is admittedly still mixed, there is a role for local authorities to not only become advocates of new development but investors leading and overseeing its success.**

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## Supplying the land

We know that land for 400,000 homes has planning permission and is waiting for development. We also know there is enough brownfield land for 1.5 million homes,<sup>111</sup> with more becoming available every year. The Commission believes that local authorities can use their Plans to identify sustainable brownfield land in every city and large town to accommodate many of the new homes we need.

Outside the cities and towns developments should be relatively small – perhaps 25–50 homes, large enough to keep the local primary school and post office open – so that they could be built by local contractors. We were impressed by the views of Berkeley Group, who offered one route for expanding village housing: “However attractive a village might be, each village tends to have a less attractive side which could lend itself to a modest expansion of housing. Such an expansion might be for, say, 30 units of which 50% would be affordable with a very low or nil land value. This would enable the young people of that village to remain and live in the location in which they were brought up... With no land cost the houses could be produced at a figure of c. £100,000 which would make them properly affordable.

111\_  
*Building in a small island: why we still need the brownfield first approach, CPRE, 2011*

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Bermondsey Spa, London

© Levitt Bernstein and Hyde Group.  
Photographer Tim Crocker





"The broad concept currently envisaged is to utilise high value sites owned by the council as a cross subsidy vehicle to lever development funding for the low or negative land value schemes, with packaged sites being offered to developers rather than taking direct capital receipt. We are developing a partnership model which would include Doncaster Council, the Homes and Communities Agency, and investors and funders offering packages of land to developers selected from the HCA Delivery Partner Panel. In turn, the selected developers would possibly form joint ventures with organisations such as housing associations, managing agents and funders to deliver the outcomes the Council is aiming for and which would be possible in the current market."

ADRIAN ROBERTSHAW, INVESTMENT  
PLANNING OFFICER – AFFORDABLE HOUSING,  
DONCASTER METROPOLITAN BOROUGH COUNCIL

"A financial value would be attributed to the land element which would be put into a village trust. The local purchaser would thus buy, say, 70% of the house (the balance being the land element) and the unit would remain in the affordable sector in perpetuity. The purchaser would have full responsibility for maintenance and all charges so there would be no drain on the public purse."

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**At present, urban landscape accounts for only 10.6% of England, 1.9% of Scotland, 3.6% of Northern Ireland and 4.1% of Wales.<sup>112</sup> The Commission is convinced that the new homes we need can be created without harming the countryside.**

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To ensure big strategic sites are developed, local authorities need to use their own land effectively and use their planning and compulsory purchase powers intelligently. Local authorities can retain a great degree of control over new developments — from planning to procurement, and in the delivery of infrastructure and maintaining development quality. We encountered local authorities with creativity and commitment, keen to make the most of their assets and improve their areas.

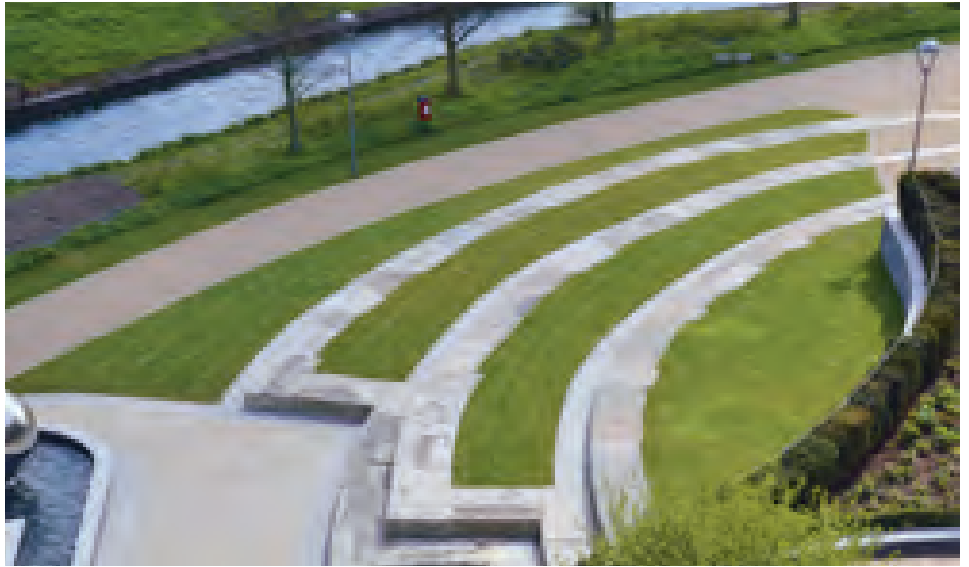
Local authorities need to identify land they already own which could provide sustainable development sites. The Homes and Communities Agency owns thousands of hectares of land<sup>113</sup> and in 2012 the housing minister identified surplus, publicly-owned land for 100,000 homes by 2015.<sup>114</sup>

The Department for Communities and Local Government could promote its own objective of transparency by assessing and publicising all the land owned by public authorities. Recently a demonstrator map was published which included 180,000 assets such as land owned by almost 600 public sector bodies (central government and 87 councils).<sup>115</sup> This needs updating and sharing with the public and the house-building industry. Where privately-owned sites are failing to deliver sustainable housing development, councils should not be afraid to use Compulsory Purchase Orders to make open them up.

## RECOMMENDATION 13

The Department for Communities and Local Government should publish a comprehensive inventory and map of publicly-owned land — including bodies such as local authorities, the NHS, Network Rail, National Grid, and former regional development agency land. The results need to be shared with the public and used to encourage local authorities to think innovatively about local public assets.





## Investing in infrastructure

One of the main challenges the Commission encountered in our discussions with local authorities is funding upfront infrastructure investment, which is proving increasingly difficult. Local authorities have various tools at their disposal including Section 106 powers and the Community Infrastructure Levy. However, developers and housing associations suggest their margins are no longer able to provide as much for the community through Section 106 agreements. The Community Infrastructure Levy, as yet untried, seems unlikely to provide sufficient funds for complex brownfield sites.<sup>116</sup> Where there is a financial shortfall for necessary infrastructure, the Growing Places Fund is a possible route.

And, as we have highlighted, local authority pension funds have strong incentives to create a Local Housing Development Fund.

## Securing quality

**Owning the land used for new housing development, as well as overseeing procurement, gives councils the power to create the high-quality developments consumers need. But they don't always use it.**

We heard of numerous instances where local authorities and registered providers were failing to put their weight behind high-quality design and construction. By setting out robust conditions in tenders and prioritising design quality within their assessment, public bodies have the capacity to entrench value of quality and sustainability. Developers can, in effect, become contractors, responsible for executing the vision set out by the procuring authority.

112\_  
"The great myth of urban Britain" BBC News UK Online, Mark Easton, 28 June 2012

113\_  
Further details of HCA land and their plans for it are available online at <http://www.homesandcommunities.co.uk/ourwork/our-land>

114\_  
Announced by the Department for Communities and Local Government on 7 May 2012

115\_  
Demonstrator map published by the Department for Communities and Local Government on 5 August 2011

116\_  
*Tackling housing market volatility in the UK*. Joseph Rowntree Foundation, 2011 and *Cities for Growth*, Policy Exchange, 2011

## RECOMMENDATION 14

Public bodies should use their procurement powers to ensure design quality and long-term value are not sacrificed to achieve short-term cost reductions.

As well as a strong start a community needs a long-term vision. We have already discussed the need for a development leader who can remain involved in a new community from planning to completion, and take a strategic lead in securing a future. We have also discussed how to ensure the members of a new community become involved in securing its success. But a further role exists in making sure the neighbourhood is managed. For example, where there are rental and shared ownership properties, a service charge will need an organisation to collect and manage it. Registered providers have filled this role in the past; where local authorities have invested in new homes they may need to consider suppliers and partners who can help to maintain their vision for a strong and valuable community.

## RECOMMENDATION 15

Local authorities should ensure the quality of the neighbourhood is maintained. They can do this when they invest in a development, as well as use service charges or other income from new homes to appoint estate managers whose role is to ensure the quality of the neighbourhood is maintained.



Commissioners meet residents, the architect, housing association and local Authority at Freeman's Meadows in Leicester

© RIBA

# LOCAL AUTHORITY LEADERSHIP

This review has found that everyone has a role to play in ensuring the future of British housing is fit for purpose. We have discussed how house builders and architects can use evidence together to develop the housing product range, how sales agents can supply useful and transparent information to consumers, and how government departments can encourage entrepreneurial investment and encourage transparency in the industry. But the role for local authorities stands apart, as the Localism Act has created new powers and responsibilities which – when used effectively – have the potential to change the house-building industry for the better.

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**Local authorities have a pivotal leadership role at every stage of the process of delivering a new housing future.**

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We found significant appetite for local authorities to step up to this leadership challenge. However the capacity of local government to do so is crucial to success. Some of the larger unitary authorities have proven experience in tackling regeneration or larger development projects, and are able to adopt a leadership or supportive role without compromising their planning responsibilities. However, smaller district councils may rarely encounter large-scale new development and don't have the confidence and the capacity to separate out the formal planning responsibilities from the promotional role, so this will be more difficult than the traditional approach of relying on Section 106 planning powers to achieve outcomes for the locality.

The LGA is working with councillors and officers to promote a greater understanding of the new statutory frameworks and the confidence to make full use of them. However, development of the scale we believe necessary will only happen over time, so we suggest the LGA also examines the options for a more permanent process that will help share scarce skills between authorities.

One such option is to use peer review to develop infrastructure and masterplanning – the equivalent of the design review process promoted through Design Council, CABE, the RIBA and their partners. We have recommended ways of getting more funding into the market. It would be a shame for local authorities not to do this simply because they lack the skills.

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**This process is a virtuous circle that can deliver more homes, better communities and financial returns. There is a great opportunity for change – if local government takes the lead.**

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Ashton Green is a site being developed by Leicester City Council; they have set out their aspirations for “High quality and well-designed buildings and spaces that lift the spirits”. The council is keen that the scheme has a future as a “thriving village centre with walkable neighbourhoods”. As this ambition is clear from the outset, their procurement brief emphasises quality and their assessment includes a strong weighting for the quality of the proposals.

LEICESTER CITY COUNCIL

## Local authorities can do the following to lead a virtuous circle of quality housing development



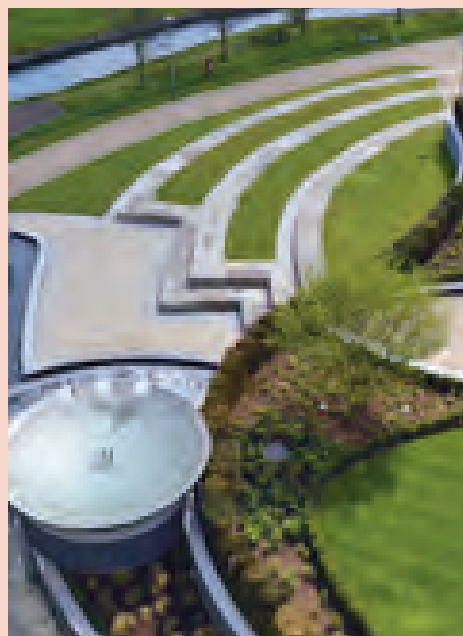


## RECOMMENDATION 16

The LGA should work with local authorities to identify the skills they need and set up a peer review service to share expertise in delivering large housing developments.

Tackling the housing crisis will not only be dependent on delivering homes in large numbers, but delivering attractive, vibrant communities which stand the test of time and add to, rather than detract from, our towns and cities.

**Now that the shackles are off, local government must take the opportunities presented by localism to act as catalysts for new development, taking a long-term commitment to creating great new places. They have the assets, tools and powers at their disposal to make a substantial and long-lasting difference.**



## CASE STUDY: WOODBERRY DOWN, LONDON

DEVELOPER: BERKELEY GROUP

LOCAL AUTHORITY: LONDON BOROUGH OF HACKNEY

ARCHITECTS: ROLFE JUDD, HAWKINS BROWN

MASTERPLAN: MATRIX PARTNERSHIP

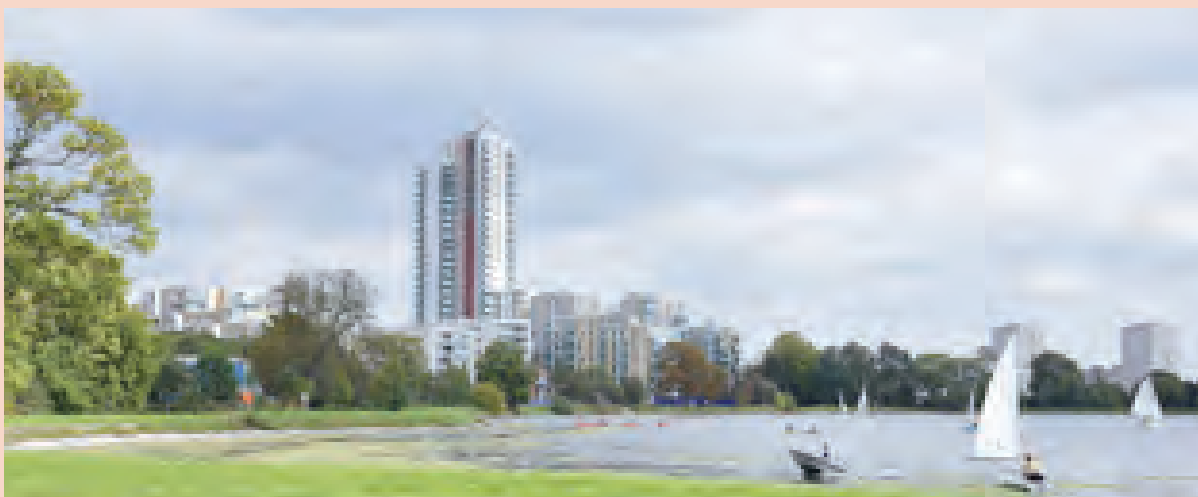
A total of 42 blocks of council housing built in the postwar years in Hackney, London, had fallen into disrepair and were beset with crime and unemployment. In 2002 Hackney Council undertook a full structural assessment of the estate and determined not simply to refurbish the buildings but to remake the place. Berkeley was selected as the developer partner to work with the council and Genesis Housing Association on the regeneration of Woodberry Down. Berkeley are committed to remaining involved throughout the 20 years the physical regeneration will take to complete; when the Commissioners visited the site 585 homes out of 4,000 had been built.

### WORKING IN PARTNERSHIP

From the outset there has been close co-operation between Berkeley, Hackney Council, Genesis Housing Association, the Homes and Communities Agency, local residents and others. Strong partnerships have emerged, for example between the local residents' association – Woodberry Down Community Organisation – and the Manor House Development Trust. These relationships reflect a willingness within each party to be transparent and recognise the experience and achievements of the others.

### LOCAL LEADERSHIP

Hackney Council, Mayor Jules Pipe and Deputy Mayor Karen Alcock have been instrumental in pushing the project forward. Senior officers in housing and planning have continued to work with the development team, being open with one another on issues and working through



solutions together. There is a major emphasis on resident involvement, and strong relationships have been forged with the local community through Woodberry Down Community Organisation using a wide variety of engagement methods.

Council money up front was crucial. Hackney funded consultants who helped secure outline planning permission, the Compulsory Purchase Order buy-outs, elements of the demolition and the cost of moving residents to allow the work to happen. The Principal Developer Agreement is structured to ensure the project is viable and enables Berkeley to pay a proportion of these costs back to the council over time in a way that complements the project's financing.

This all takes trust, a council that understands the commercial imperatives and a developer committed to major investment.

## CREATING A COMMUNITY

The Woodberry Down regeneration programme integrates economic development, housing, education and activities for children and young people, safer neighbourhoods and healthy living in one plan for the whole place. Some of the community infrastructure has been provided upfront, and a Community Interest Company has been set up to involve the community in training programmes and the future of their area:

- Close working with the HCA, Learning Trust, Primary Care Trust, the GLA and others has meant that a broad range of new community facilities will be delivered early in the regeneration programme to support the needs of existing and new residents
- The new community centre, including a hall, library, crèche and training rooms, was completed in the early phases of construction as part of the Development Agreement. Open spaces and play facilities, including major new parks, a landscaped riverside walkway and wildlife centre, are also being provided early
- A new 2,000sqm health centre (with developer funding for the building shell and core) is being built and a youth centre is being refurbished and extended
- New shops will accommodate existing shopkeepers. Units will also be built for other smaller community facilities, such as a neighbourhood police base. The rental income from these shops is ring-fenced by the council to fund the running costs of the new community centre
- The Woodberry Works scheme offers NVQ qualifications and has enabled Berkeley to provide full-time jobs for local residents. This has led to the formation of a Community Interest Company called Woodberry Training Partnership CIC, which is a joint venture between Citrus Training and Manor House Development Trust.





## CASE STUDY: DERWENTHORPE, YORK

Earlier in this report we described the impressive design of new homes being built in the new community of Derwenthorpe in York. We were also impressed by the other aspects of this development, including the partnership agreement to deliver the scheme under the leadership of the Joseph Rowntree Housing Trust. Here are some of the other aspects of good practice that are being used to develop this sustainable new community.

### CONNECTIVITY WITH THE LOCAL AREA

The aesthetics of the new homes are strongly linked with the identity of local buildings. The characteristic of arts and crafts design is revisited, particularly the white painted brickwork and plain tiles of New Earswick. Public transport options are strong, with a car club being set up, a new bus route due to be introduced, and an existing bus route within walking distance. There are cycling routes and footpaths throughout the site.

Cables have been moved underground for several miles beyond the boundaries of Derwenthorpe and the electricity pylons are being removed, so neighbouring homes will enjoy improved scenery and possible improvements to the value of their homes.

## FOSTERING A GROWING COMMUNITY

The site is predominantly family housing, because research undertaken by the housing trust and York Council revealed that this was the greatest local need.

In addition to the tenure blind design, the different tenures are also scattered across the site so no area of the community can be designated or stigmatised by a particular tenure. It maintains the quality of the whole area and enables the homes to be flexible for different tenures and households in the future.

A third of the site is public open space. The roads and shared spaces have been designed to create a series of co-ordinated and coherent

'places'. The landscaping and most of the public facilities have been provided in the first phase of the development. Where possible, elements have a more than one function – the small square is a meeting point, sitting space and play area.

Support is offered to residents who want to be involved in the development and management of the new community.

Joseph Rowntree retains ownership of the land and the builder of the first phase is acting as a contractor for the affordable properties, building to the trust's designs. Joseph Rowntree own the branding, so it can be used in later phases of the development.



A community heating system supplied by biomass boilers was chosen as the most cost effective and future-proof means of achieving low carbon emissions and provides a degree of fuel security as it is operated by the trust. This centralised distributive system will allow future carbon efficient technology to be introduced with minimal disruption. The energy centre, where the boilers are housed, includes an education space, community room and an office for the neighbourhood officer.

Energy centre with community facilities, Derwenthorpe.

# CONCLUSION

**The housing crisis can be solved. The Commission firmly believes that, with determined action by everyone involved, the UK can build enough homes of high quality to meet the growing demand for housing.**

Not only is it possible to do this despite the tough economic conditions, the practical steps we have identified to building these homes would create a virtuous circle of investment, building and profit which would substantially improve economic growth. Investing this money in the right way would deliver communities which are sustainable both socially and environmentally. While the postwar legacy of house-building was, too often, physical and social decay, we have the opportunity to leave a legacy of homes which improve the quality of life for future generations.



Mariner's Quay, Newport

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It needs leadership. Local authorities, companies, professional bodies and government must each embrace their responsibilities and take action, not wait for someone else to make the first move. It needs creativity and fresh thinking. In particular, everyone involved must change the way they talk with consumers and communities, to start to shift perceptions at the same time as making tangible improvements such as designing better homes. Local communities themselves need to think anew about house-building and consider the wider social and economic benefits. In rural areas, getting involved in the planning of a high quality development may help a town or village grow and prosper; unthinking opposition could lead to decline.

Councils are central. They have the community relationships, powers and assets to secure sustainable, sought-after communities. Local authority pension funds should kick-start the whole process by creating a £10 billion Local Housing Development Fund, benefiting their investors, local communities and the economy. UK and International investors are eager to invest in UK residential property for rent, if only there were communities in which to invest.

The prospect of a virtuous circle emerging is entirely realistic: local authority investment in communities which include better-designed homes for rent produces better investment returns for their pension funds and lower costs for taxpayers; this in turn encourages more local housing choice and better design of houses for sale, generating local economic growth; this promotes further investment by institutions buying out the local authority and sustaining the process. The economic benefits would be great.

Across the country the Commission has encountered the inspiration and determination that is needed to build these homes and communities. Housing developers, councils, architects, landowners and investors are already demonstrating what can be done.

# APPENDICES

## A. Terms of Reference

The Future Homes Commission is conducting an inquiry into the quality of newly-built housing with the aim of understanding how people live today, what they need and expect from their homes and whether the design and delivery of new homes is fit for purpose.

The secretariat for the Commission is provided by the Royal Institute of British Architects (RIBA). The Commission is independent and is not directed by the RIBA.

The Commission will seek to make recommendations in four areas:

- 1. Internal design**
- 2. Designing local communities**
- 3. The housing marketplace**
- 4. Finance and affordability**

Evidence will be invited from experts in the housebuilding industry, academia and government. The Commission will also seek to engage members of the public online and at events across the UK, to build a comprehensive picture about what people want and need from their homes and how the market can deliver this. In providing a secretariat the RIBA has commissioned new research on behalf of the Commission into peoples' needs and aspirations to understand what a contemporary quality home must provide.

The Future Homes Commission will make recommendations to government, the housebuilding industry, architects and the RIBA and is expected to issue its final report in Autumn 2012.

## B. Call for Evidence

### 1. Internal Design

LEAD COMMISSIONER: ROGER GRAEF

- How does the design of a home impact upon the lives of the members of the household?
- What activities do people need to be able to do in their homes today and what do people need from the design of their homes?
- How do we design homes that meet those needs and are adequately accessible, comfortable, environmentally sound, secure and spacious?
- What are the barriers to improving the quality and to driving innovation in the design of new homes?

### 2. Designing local communities

LEAD COMMISSIONER: DAME MAVIS MCDONALD

- What do people look for in their local area when they are choosing a home?
- What amenities, resources and local assets do people need within i) their neighbourhood (walking distance) and ii) their wider local area (accessible by public transport)?
- How can we design neighbourhoods which have a positive impact on wellbeing and mental and public health?
- How can we design neighbourhoods which are economically and environmentally sustainable?

### 3. The housing marketplace

LEAD COMMISSIONER: KATE FAULKNER

- What do people prioritise and look for in a home, and how is the consumer market segmented?
- How do people access the housing market and how do they interact with it?
- How does the function of the market influence the design of homes and the choices consumers make?

### 4. Finance and affordability

LEAD COMMISSIONER: SIR JOHN BANHAM (CHAIR)

- What are the barriers to building more and better homes viably within i) the current planning system and ii) investment market and how can these barriers be overcome?
- What are the potential new models of delivery and finance?
- How do design standards impact on costs to i) developers and ii) consumers and does the design process mitigate or exacerbate these costs?
- How can we deliver good quality homes that are affordable for everyone?

## C. Consultees

The following organisations responded to our written call for evidence, or met with the Commissioners in their evidence sessions, regional meetings and visits.

Acanthus WSM Architects  
Accent Group  
Aedas  
Affinity Sutton  
Arbuthnot Latham  
Arup  
Aspinall Verdi  
Asset Trust Management  
Barratt Homes  
Bellway Homes  
Berkeley Group  
Blueprint  
Bob Line, housing researcher  
Bovis Homes Group  
Bramhall Blenkharn Architects  
Brian Horseman Architects  
Bryan Thomas  
Building and Social Housing Foundation  
C20 Future Planners  
Cambridge Centre for Housing Policy  
Camlin Lonsdale Landscape Architects  
Cardiff City Council  
Cardiff Metropolitan University  
Castle Trust  
Centre for Regeneration Excellence in Wales  
City of Bradford Metropolitan Council  
City of York Council  
CoHo  
College of Occupational Therapist's Specialist Section in Housing  
Consumer Focus  
Council to Protect Rural England  
Create Streets  
Cross Keys Homes  
David Rhodes  
Derbyshire Fire and Rescue Service  
Design Commission for Wales  
Design Council Caba  
DLA Architects  
Doncaster Metropolitan District Council  
Drivers Jonas Deloitte  
Eagle One Homes Limited  
Easton Planning  
Ellesmere Town Council  
Exeter and East Devon Growth Point  
Exeter City Council  
Fairlake  
Gladedale Ltd  
Goddard Manton Architects  
Halsall Lloyd Architects  
Hemingway Design  
Home Builders Federation  
Homes and Communities Agency

HTA Architects  
Hughes Architects  
Hunters Estate Agent  
Hyde Group  
Institute for Public Policy Research  
Invesco  
Ipsos MORI  
John Thompson & Partners Architects  
Jon Watson Consulting  
Joseph Rowntree Foundation/ Joseph Rowntree  
Housing Trust  
Kensington Taylor Architects  
Leeds City Council  
Leicester City Council  
Levitt Bernstein Architects  
Local Government Association  
London Borough of Newham  
London Pension Fund Authority  
Loyn & Co Architects  
Mae Architects  
Mansell Partnership Housing  
MCA Architects  
McCarthy & Stone Retirement Lifestyles  
Metropolitan Housing Partnership  
Michelmores LLP  
Miller Homes  
National Association of Estate Agents  
National Association of Local Councils  
National Home Builders Council  
Natwest  
Newbury Town Council  
North West Leicestershire District Council  
NPS Group  
Opun  
Peabody  
Pentan Partnership Architects  
Persimmon Homes  
Peter Studdert Planning  
Pittman Tozer Architects  
Policy Exchange  
Powell Dobson Architects  
Proctor and Matthews Architects  
Project Orange Architects  
PRP Architects  
RG+P Architects  
Royal Institute of British Architects  
Royal Institute of Chartered Surveyors  
Royal Town Planning Institute  
Savills  
Shelter  
Skanska Residential  
South Cambridgeshire District Council  
Summerfield Developments  
Swindon Borough Council  
Taff Housing Association  
Terry Hodgkinson Ltd  
Thames Valley Housing Association  
Tobia Design  
Town and Country Planning Association

TPAS Cymru  
Trees Group  
Turley Associates  
University of Leeds School of Geography  
University of Salford  
University of Warwick  
University of York Centre for Housing Policy  
Urban Design Group  
Urban Splash  
URBED  
Wakefield Council  
Welsh Government

### **Sounding Board**

The Commission would like to thank members of the Sounding Board for their help and advice in informing our recommendations:

Alex Ely, Mae Architects  
Andrew Brader, Orbit Homes  
Angela Brady, RIBA  
David Levitt, RIBA Housing Group  
Dr Nicholas Falk, URBED  
Dr Peter Williams, University of Cambridge  
Kerry Kyriacou, Affinity Sutton  
Matthew Bell, Berkley Group  
Peter Studdert, Peter Studdert Planning  
Professor Rebecca Tunstall, University of York  
Richard McCarthy, Capita Symonds  
Tom Mann, Savills

## **D. RIBA Secretariat**

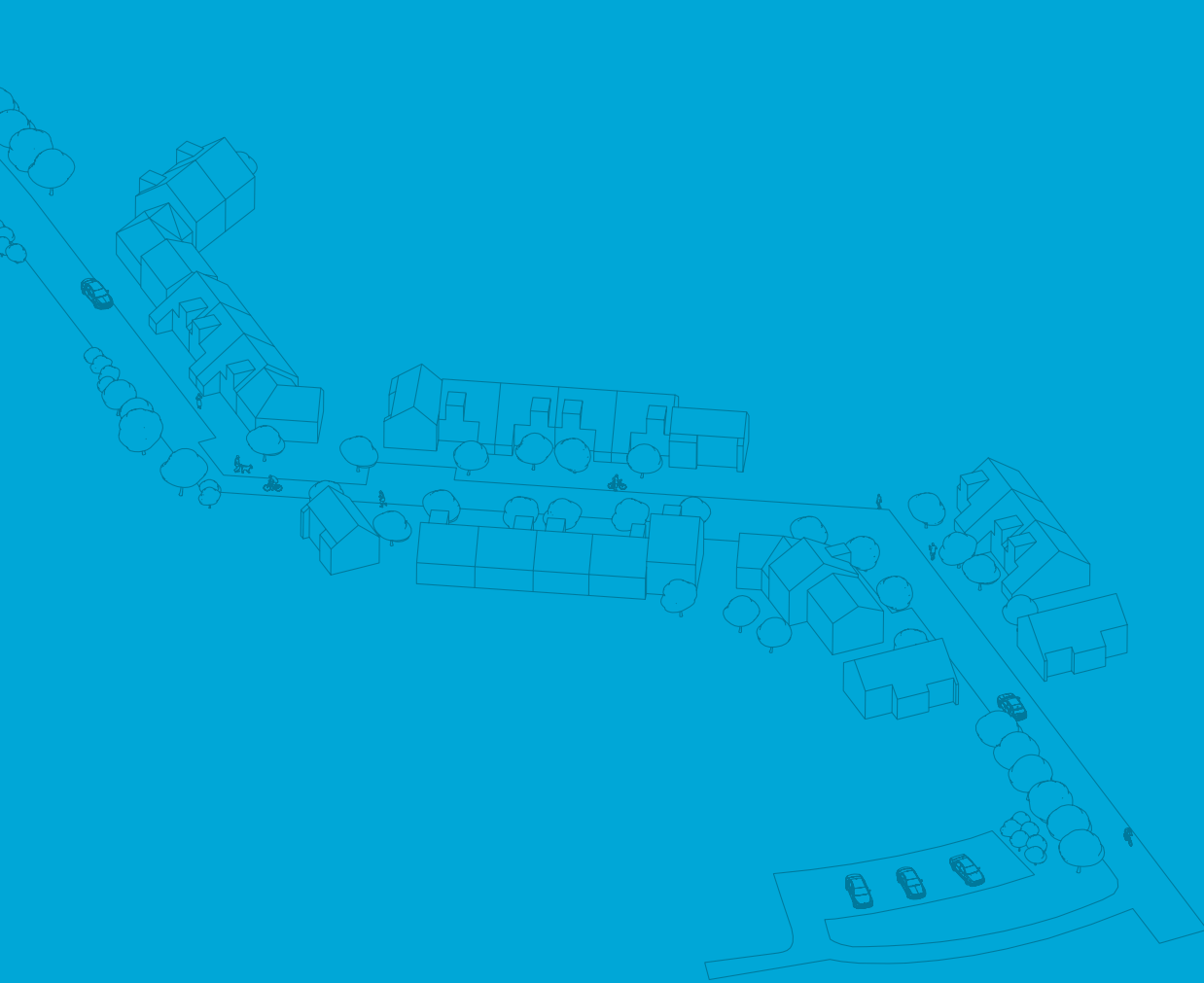
The RIBA acted as the Secretariat for the inquiry, providing research support and coordinating the Call for Evidence and industry engagement. Members of the Secretariat were:

Rebecca Roberts-Hughes  
Will Fox  
Sam Wilson  
Anna Scott-Marshall  
Anthony Noun

With thanks to journalist Richard Vize for copyediting the final report.







# THE FUTURE HOMES COMMISSION BUILDING THE HOMES AND COMMUNITIES BRITAIN NEEDS

PUBLISHED OCTOBER 2012