



intergenerational foundation

Fairness for Future Generations

A response to the consultation on planning performance and planning contributions

Who we are...

The Intergenerational Foundation (www.if.org.uk) is a think tank which researches fairness between the generations in the UK, in order to protect the interests of younger and future generations, who are at risk of being ignored by current policy-makers.

Our response...

IF is grateful for being given the opportunity to respond to the DCLG's public consultation on planning performance and planning contributions, as housing is one of our key research areas.

We have no views to express on the issues raised in the "Planning Performance" section of the consultation document, as the questions which this raises are largely technical in nature, other than to say that IF strongly supports any moves which are designed to increase the overall supply of housing, as our nationwide shortage of new housing units is one of the most serious problems affecting young people in Britain today. It also imposes wider costs on society as a whole, not least to the economy as it imposes unnecessary constraints on the labour mobility of workers.

Our response will focus entirely on the questions raised in the second half of the consultation document, which looks at section 106 planning obligations. IF's main concern in this area is that the current section 106 requirements have a disproportionate impact upon developments of specialist accommodation which is aimed at downsizers (older homeowners who are looking to sell their large family homes and move into smaller properties during their retirement).

This has contributed to the creation of a bottleneck on the upper rungs of the housing ladder, as many older people would like to downsize but are unable to because of the shortage of suitable properties for them to move into, which increases the problems facing younger people on the lower rungs. Easing section 106 planning obligations should have a knock-on effect of making developments of downsizing properties more viable, which will go some way towards reducing the pressure on the UK housing market.

1. Why do we need to encourage downsizing?

Previous research undertaken by IF has shown that one of the main causes of Britain's housing crisis is under-occupation. There is a sufficient amount of space within the existing UK housing stock for everyone who is currently housed inadequately to have as much space as they need. The problem is that this is allocated extremely inefficiently: IF's report, *Hoarding of Housing: The Intergenerational Crisis in the Housing Market*, showed that 37% of the total English housing stock is now officially under-occupied (which means that the properties in question have at least two extra bedrooms above the government's "bedroom standard", an established measure of how much space different types of

household need in order to live comfortably), which translates into a total of 25 million “spare” bedrooms that are not regularly slept in.¹ While some people have access to far more space than they need to live comfortably, many others are less fortunate: millions of young people who would like to buy are being forced to rent because of affordability problems, while overcrowding and homelessness are growing problems. Access to an adequate amount of living space varies sharply by age; IF’s research, based on data from the English Housing Survey, found that more than half of over-65s live in under-occupied households, while this is the case for less than 14% of those aged between 16 and 29. Under-occupation is especially concentrated among households containing a single pensioner who lives on his or her own; 50% of single-person households where the occupant was over 60 in 2009/10 lived in a house containing three bedrooms or more.

One of the major causes of the growth in under-occupation appears to be that large numbers of older people remain in the family-sized homes where they brought up their families after the children have moved out and set up separate households of their own. Research by the think tank Demos has shown that a third of British over-60s would like to downsize – which equates to 4.6 million people – but they have been frustrated by barriers which prevent from downsizing, especially the lack of suitable properties for them to move in to. Demos estimates that *“if all those interested in buying retirement property were able to do so, 3.5 million older people would be able to move, freeing up 3.29 million properties, including nearly 2 million three-bedroom homes.”*² It is a widely-acknowledged problem that Britain does not build anything like the number of new family-sized homes to keep up with demand, so helping to release back onto the market such a large number of currently existing ones would go a long way towards addressing the housing crisis (for a more detailed explanation of the problems which face young people in Britain’s housing market, please see [IF’s submission to the Lyons Housing Review](#)).

2. How would relaxing section 106 planning obligations encourage downsizing?

Research suggests that the requirement for developers to build affordable housing is one of the main reasons why the supply of suitable downsizing accommodation has remained too low. A review of the supply of housing for older people produced for Shelter in 2012 found that affordable housing requirements had a disproportionate impact upon developments of specialised retirement housing, because the reduction in the number of units which could be sold at market value was likely to make them unviable compared to other types of housing.³ Another review has found that developments of specialised retirement properties are especially likely to be sited on small-scale urban brownfield development sites rather than large out-of-town greenfield sites.⁴ This makes them more economically marginal, increasing the impact of affordable housing requirements on their economic viability.

Research carried out by IF looking at the attitude of members of the older generation towards downsizing found that many felt they would need to be closer to shops and local services as they got older, which suggests that small-scale urban brownfield sites are probably the most desirable type of

¹ Griffiths, Matt (2011) [Hoarding of Housing: The Intergenerational Crisis in the Housing Market](#) London: Intergenerational Foundation

² Wood, Claudia (2012) [The Top of the Ladder](#) London: Demos

³ Pannell, Jenny et al. (2012) [Market Assessment of Housing Options for Older People](#) London: New Policy Institute

⁴ Ball, Michael (2011) [Housing Markets and Independence in Old Age: Expanding the Opportunities](#) Reading: Henley Business School

development sites for retirement properties aimed at would-be downsizers.⁵ This suggests that the proposal to remove affordable housing requirements for developments which contain fewer than 10 units is likely to get rid of one of the major barriers to building targeted retirement accommodation.

Other commentators have even gone further than this proposal, by suggesting that it may be desirable to recognise purpose-built retirement accommodation as a separate development class in its own right, which would carry no affordable housing requirements. This would make it easier to build large-scale retirement developments in areas where there was demand for them. However, the proposals being discussed in this public consultation could go a long way towards boosting the supply of suitable downsizing accommodation, which would ultimately make the housing market better for members of all generations.

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For more information about the Intergenerational Foundation and its work, please visit www.if.org.uk or contact Liz Emerson, Co-Founder, at liz@intergenerational.org.uk.

⁵ Leach Jeremy (2012) [Understanding Downsizing](#) London: Intergenerational Foundation