

Consultation Response: “Consultation on upward extensions in London”

To: Department for Communities and Local Government

By: The Intergenerational Foundation

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The Intergenerational Foundation (www.if.org.uk) is an independent think tank researching fairness between generations. IF believes policy should be fair to all – the old, the young and those to come.

Introduction:

The Intergenerational Foundation (IF) welcomes the opportunity to comment on government policy towards planning and housing delivery. The UK’s housing affordability crisis is one of the main focuses of IF’s research agenda, and since our foundation in 2011 we have published a number of research papers on this issue, including *Why BTL (buy-to-let) equals “Big Tax Let-off”* (2013) – which argued for the changes to the taxation of buy-to-let property which the government has implemented over the past year – and *Hoarding of Housing* (2011). IF is extremely pleased that the government is taking the need to increase the supply of housing seriously, and we would like to make the following points in response to the government’s consultation:

1. IF supports facilitating upward extensions in London with a new permitted development right

As an organization, IF strongly supports the policy outlined in the consultation document of facilitating upward extensions in order to provide additional housing in London.

In order for this policy to have the maximum impact on the supply of new housing, IF would also recommend that **it should be implemented through both the creation of a new permitted development right (with a prior approval process along the lines suggested in the consultation document) and the creation of a new policy supporting upward extensions in the next revision of the London Plan.** This would appear to be the combination of options which would provide the most certainty for developers, while still enabling material planning considerations to be determined on a case-by-case basis through the prior approval process. This would be preferable to the other option which is outlined in the consultation document – enabling the use of local development orders to grant automatic planning permission for upward extensions in specific areas of the capital. There is a danger this would a) create uncertainty for developers over where they could or couldn’t extend properties upward, and b) make it easier for people who oppose upward extensions for reasons which are not material planning considerations to block their development.

However, while IF strongly supports the idea of granting a permitted development right for upward extensions, we believe that the impact of this policy could be significantly increased if it was implemented alongside another additional permitted development right which is outlined below.

2. IF proposes unlocking “hidden homes” to boost housing delivery

The consultation document outlines a number of principles which lie behind current attempts to reform the planning system: reducing the pressure to “build out” on to the Green Belt, encouraging higher density development which is concentrated in areas with good public transport links, making the planning system simpler, quicker and more flexible to support the delivery of new homes, and to encourage housing development in areas with good pre-existing infrastructure. IF has recently proposed creating a new permitted development right which would meet all these objectives, and would also work very effectively in tandem with the proposed permitted development right allowing upward extensions.

This is explained in full in the attached research report, *Unlocking England's Hidden Homes* (Appendix 1). In summary, our proposal is that **the government should create a new householder permitted development right, subject to prior approval, which would enable a homeowner to subdivide an existing dwelling house into multiple smaller ones**. Our report shows that there are 4.4 million owner-occupied households in England that have two or more spare bedrooms – potentially enough space to be divided into at least two flats that would comply with the new National Space Standards – and even if just 2.5% of these 4.4 million households subdivided their properties into two flats, it would produce more new housing than the entire private sector currently builds each year. The report shows that there are approximately 374,000 homes in London that could be subdivided, which are predominantly located in outer London boroughs such as Bromley and Croydon, where it is often very difficult to build more housing without encroaching on protected green spaces.

Currently, homeowners have to submit a full planning application and get it approved in order to subdivide their properties, and the fact that fewer than 4,500 homes are being subdivided each year despite record house prices suggests that many people who may be interested in subdividing their homes are not doing so. Making it more straightforward for homeowners to subdivide would be beneficial for the following reasons:

- The government needs new approaches to reach its target of building a million new homes by 2020;
- The evidence shows that these homes would be in the “right” places: predominantly areas with the highest future demand for new housing, and surrounded by existing communities, jobs and infrastructure (including commuter hubs);
- Creating new homes in this way would reduce the development pressures on areas where the government is keen to prevent new housing from being built, such as the green belts on the edges of towns and cities;
- Homeowners would benefit from unlocking a proportion of their housing wealth, reduced household bills and lower Council Tax without having to leave their current addresses;
- We need to adapt our existing housing stock to match the trend towards a rapidly growing population where more people live in small households.

One particular area where this policy could create a “win-win” for the government would be its potential impact on the supply of housing for older people. There are now 4.26

million people over the age of 65 who live in homes with at least 3 bedrooms, and evidence suggests that 1 in 5 older homeowners would like to downsize (not to mention that there are 1.8 million homeowners aged over 65 living with health problems that could make larger homes unsuitable for them), but the vast majority either don't want to leave their existing communities or can't find suitable properties to downsize into. Therefore, making it easier for people to convert large homes could help older homeowners to "downsize-in-situ", enabling adaptations such as converting the downstairs area of a large property into a smaller dwelling while creating a new flat upstairs for the owner to rent or sell. This could provide the benefits of helping them remain independent for longer and make them more financially self-sufficient.

Under the current system, planning applications to subdivide large properties are often rejected because the resulting properties would be of a higher density than those in the surrounding area, but as the consultation document clearly supports the principle of building at higher densities to increase supply this proposal would be in keeping with wider planning objectives. The report also argues that the quality of the subdivided housing units which would result from the implementation of this policy could be assured using the prior approval process, in order to prevent the creation of excessively small homes, mitigate traffic and parking impacts, and so on.

This proposal would increase the effectiveness of the new permitted development right which we support for upward extensions by allowing householders to divide the part of their property which they have extended into a separate dwelling. For example, it would particularly benefit people living in two-storey dwellings which might currently be too small for them to subdivide if they could add an extra storey on top, as this would give them enough additional living space to create two decent-sized properties following the subdivision.

IF would strongly encourage the relevant policy-makers within DCLG to study IF's full report, as we believe that the policy we are proposing would be a useful additional tool in the struggle to increase Britain's housing supply.

Conclusion

If you would like to learn more about the work of the Intergenerational Foundation or would like to organise a meeting to discuss the points we raise further, please contact:

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