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Governing the ungovernable: Spatial policy, markets and volume house-building in a growth region

Abstract: The global rhetoric surrounding the role of private markets in the provision of new housing masks a more complex reality, highlighted in processes of spatial planning, in which public policy and private developers are deeply enmeshed. This paper discusses some of the tensions with the help of a detailed examination of plans for housing development on the edge of England's growth region (in Milton Keynes and Northamptonshire) during the period 2003-13. It critically reflects on the consequences of pursuing spatial policies that rely on light touch state involvement in a market shaped by the priorities of powerful corporate actors.

Introduction

Housing has been central to the ways in which welfare has been redefined and social policy reimaged in the period after the Keynesian Welfare State: one of the earliest and most powerful symbols of the global ideological shift then underway was the demolition of the Pruitt-Igoe Towers in St Louis in 1972, which were widely seen as an iconic expression of public housing in the US (Harvey 1990). There has been a seemingly inexorable shift towards privatised forms of housing supply and consumption across a range of political jurisdictions – whether through a rise in home ownership, increased mortgage dependence or the revival and extension of private landlordism (see, e.g., Dodson 2006, Forrest and Hiriyama 2009, Lowe 2011, pp. 135-223, Rolnik 2013). Responsibility has been decisively shifted towards the individual and away from collective provision. Danny Dorling (2014) has identified some of the ways in which these shifts have been both an expression of and helped to reinforce more fundamental social and economic divisions.

All of this could be understood as a prime example of the way in which neo-liberal public policy works out (or is 'rolled out') in practice albeit in distinctive ways in different contexts (see, e.g., Rolnik 2013). Yet, moves in this direction have not led to a withdrawal of public policy from the field, leaving everything to private actors in a more or less free housing market. On the contrary what has emerged is a more complex policy landscape, defined through the interactions of state agencies, corporate actors, private agents and third sector organisations of one sort or another. This means that it is necessary to focus on what is a continuing (and often ambiguous) process of neo-liberalisation rather than the implementation of a

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This paper sets out to understand the emergent policy world, by exploring the complex and uncertain relationship between spatial planning and house-building, reflecting on the ways in which it works out in practice (and through practices) to make up a neo-liberal governance project. We approach these questions with the help of a case study focused on the planning and development of urban extensions on the edge of the South East of England (London's city region) over the last decade (see Cochrane 2012).

Shortages of affordable housing in the South East have been identified as issues of policy concern for the past 30 years (see, e.g., Ball 1983; Crook et al 2002; KPMG/Shelter 2014; HM Treasury 2004; Morton 2010). Some have been sceptical about the nature of the problem, suggesting that it owes more to the increasingly uneven pattern of regional development in the UK - which since the mid-1970s has concentrated economic and population growth in London and the South East of England - than to any overall shortage in supply (see, e.g., Dorling 2014). Others have helpfully stressed the need to recognise that there are many localised housing markets rather than one homogeneous one (Jones and Watkins 2009). But there has been a broad consensus across political parties that a substantial programme of house-building is required in England to meet unmet demand (see, e.g., Holmans 2013 for a recent projection of housing need over the next two decades).

However, progress on delivering this objective has been uncertain. Since a peak in the mid-1960s, levels of housing completions in Britain have gradually shifted downwards and there has been no significant growth in the production of housing for sale even as the delivery of new social housing (particularly council housing) has fallen dramatically (DCLG 2014a; KPMG/Shelter 2014, pp. 6-7; Malpass 2011, p. 314).

In this context - even within a broadly shared neo-liberal paradigm - the role of spatial planning has been a highly contested one. From one perspective the planning system is identified by the development industry and others as the cause of the problem because it is said to impose

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onerous conditions on developers and house-builders thus restricting the rate of new building, particularly because of the way in which they limit the supply of land on the edges of urban areas (see, e.g., Ball 2010, Cheshire 2013; Local Housing Delivery Group 2012; Morton 2011). It has also been suggested that there is in effect an unholy (unacknowledged and probably unintended) alliance between major house-builders and local authority planners, since the process encourages rationing, and rewards those who can negotiate effectively for and retain development land (Ball 2013; Morton 2013).

From another perspective – for example as expressed in the ‘multi-functional’ approach promoted by the European Commission (1999) – spatial planning is given a more active role, with the potential to integrate the various actors in identifying land and ensuring that homes, employment, social, environmental and transport infrastructure can all be delivered together (RTPI 2007, Tewdwr-Jones 2012). Phil Allmendinger and Graham Haughton have sought to capture these relationships through what they call the ‘soft spaces’ of governance as well as the emergence of ‘new planning spaces’ (Allmendinger and Haughton 2009, 2010). In practice, as Yvonne Rydin (2013) emphasises, the underlying assumption around which this vision of planning is constructed is heavily focused on ‘growth’, to the extent that she describes the British planning system as ‘growth dependent’. In other words, as long as developers are seeking to develop – to build and generate a surplus from building – then it is assumed that planners can influence how and where that development takes place).

In what follows we explore some of these issues with the help of evidence drawn from an ESRC-funded research project (ES/I038632/1) focused on the development of urban extensions between 2003-2013 in the Northamptonshire/Milton Keynes area - part of the designated Milton Keynes and South Midlands (MKSM) Growth Area within the Sustainable Communities Plan launched under new Labour in 2003, and now part of the South East Midlands Local Enterprise Partnership (SEMLEP) area. The study area incorporates a range of settlement types, from the former New Towns of Milton Keynes and Corby and the Expanded Town of Northampton to the ‘overspill’ towns of Daventry and Kettering, as well as a number of market towns, villages, and rural areas.

This research has involved a review of plans for housing growth in this sub-region, before and

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since the onset of the 2007-08 economic recession. Alongside the documentary analysis of published and grey literatures, including planning documents, twenty-six in-depth interviews were conducted between May 2012 and November 2013 with a wide range of planning and housing officers (from housing associations as well as local government), local delivery agency staff, private sector house-builders and representatives of community organisations. The work was informed by two workshops (held in Northampton in January 2012 and March 2014) which brought together local and regional actors in the fields of planning, housing policy and practice, as well as presentations to policy audiences.

We begin by setting out the main assumptions of the planning regime as they were expressed between 2003 and 2010, before going on to consider some of the ambiguities (relating to governance, financial resources and sustainable development) associated with that regime as it was translated into practice. Finally we reflect on the role of the house-builders in the process before drawing out some broader conclusions .

Planning for sustainability and growth

In 2003, a planning led initiative was launched by the new Labour government with the aim of delivering what had been identified as the necessary growth in housing supply. The Sustainable Communities Plan (SCP) (ODPM 2003) promised a significant increase in new housing in London and the South East of England alongside a revitalisation of housing markets in the cities of the North of England. Four Growth Areas in the Greater South-East were identified (Ashford; Thames Gateway; London-Stansted-Cambridge; and Milton Keynes South Midlands). In a typically market led formulation it was said that these areas would “accommodate the economic success of London and the wider South East” by a “step change” in the supply of housing amounting to 200,000 extra homes *above* levels in strategic planning guidance by 2016 (ODPM 2003, p. 47).

This was a national spatial strategy intended to underpin growth and economic prosperity (Cochrane 2010; Cochrane, Colenutt and Field 2013; HM Treasury et al 2007) by ensuring that sufficient land was made available for the required levels of housing development (see,

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e.g., Monk et al 2013 and RTPI 2013 for discussions of the problem of land supply). Housing and employment projections for the Growth Areas were initially set out in regional strategies, before being translated down into sub-regional strategies and then into local authority Core Strategies.

The new and expanded communities were expected to be “sustainable, well designed high quality and attractive places” (ODPM 2003, p 46). The development of ‘sustainable communities’ was an explicitly stated objective, aimed at addressing housing need and public concern for sustainable development at the same time. The use of the label ‘sustainable’ was intended to imply that the new urban areas would include a full range of local services and facilities, innovative ‘low carbon’ initiatives with a mixture of housing types and tenures, and be built to high quality design principles. In other words, the new housing would reflect the ‘best practice’ of contemporary sustainable development thus deflecting the criticism voiced by those who believed that the Government was simply intent on “building over the countryside” (Daily Telegraph, 19 July, 2005).

In terms of final delivery, however, responsibility was left with local planning authorities and the house-builders. “Most house building is carried out by private developers without public subsidy. Government’s role is to create the conditions within which this can increase at the required rate” (ODPM 2003, p.31). The key assumption underlying the ‘growth areas’ programme was that, with new areas of land designated for housing and employment, the house-building industry would grasp the opportunity. This expectation in turn assumed that, within a growing economy, rising property values would provide the means to fund (or cross- subsidise) the infrastructure and sustainability measures.

Following the same logic, the Milton Keynes and South Midlands (MKSM) strategy (Government Office of the South East et al 2005) set out strategic targets for the sub-region, with the implicit promise of co-ordinating Government resources, but with no mention of the role of house-builders or developers in final delivery. The strategy (Government Office of the South East et al 2005) projected the delivery of at least 170,000 new homes between 2001-2021- see Figure 1 below.

Insert Figure 1 here

The three core spatial strategies developed for North Northamptonshire, West Northamptonshire and Milton Keynes (which have survived beyond the SCP) each identified new urban extensions (as well as numerous existing site commitments including the Upton urban extension in Northampton) . These ranged in size from 1000-6000 homes, on the edges of existing urban centres, principally in Corby, Wellingborough, Kettering, Northampton, Daventry and Milton Keynes. Of the 109,000 new homes projected for the initial plan period of 2001-2021 in the study area over 50% were to be in 'sustainable urban extensions' (SUEs), each of over 1000 homes.

In total, twenty-four new SUEs were proposed with delivery timetables starting at 2021, later extended to 2026 and to 2031(Table 1 below).

Insert Table 1

The agreed dates for meeting the targets have been moved back and the underlying spatial strategies were also completed later than expected. For example, the Core Strategy for West Northamptonshire was issued for initial consultation in 2009, but did not go to Public Examination until 2013 and had still not completed its formal adoption at the start of 2014. In the case of North Northamptonshire, the overall time scale was shifted to a 2031 date (NNJPU 2013), and in Milton Keynes the time scale within the Core Strategy has been moved to 2026 (Milton Keynes Council 2013).

Across the study area, local planners have summarised the new targets as still "very challenging" while remaining "aspirational", framing their long term ambition.

Within two years of the adoption of the MKSM strategy, rates of new housing delivery were already 15% below target, before the recession hit the property market, and fell sharply after that. It is, therefore, no surprise that planning horizons have shifted to 2026 and 2031. However, projections still optimistically assume an annual increase in delivery at rates of annual completions that are significantly higher than any in the past. Table 1 shows that of the

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24 new SUEs designated in the case study area, only 5 had started on site by 2013 (4 in Milton Keynes and the other in Corby). And even where starts on site had begun, as in Milton Keynes, delivery rates were below original expectations. For example, in Milton Keynes over 17,000 houses were planned for delivery in SUEs by 2026, but only approximately 1000 units had been built by 2012.

In spite of the practical difficulties with getting SUEs off the ground, they remain identified in local plans as the principal areas of future housing growth. The process of spatial planning followed an established route of allocating sites for growth, specifying transport requirements and associated service centres. However the mechanisms for ensuring the delivery either of infrastructure or housing targets remained underspecified – the disjunction between planning as ‘enabler’ and the activities supposedly being enabled remained apparent, in terms of governance, financial resources and sustainable development, and it is to these issues that we turn in the next three sections of the paper.

Ambiguities of governance

For such an ambitious plan, the governance and administrative mechanisms were fragmented and under-resourced. MKSM incorporated areas that lay within three English administrative regions: the South-East, the East Midlands and the East of England. An Inter-regional Board, chaired by a Government Minister, and attended by local authorities and representatives from other sectors was established in 2005. Its stated purpose was to keep Government informed about progress, to coordinate the activities of local authorities and local delivery vehicles (LDVs) in the growth area, and to identify infrastructure priorities and developer contributions (Government Office of the South East et al 2005, para 58). Yet it had no clear business plan of its own until 2008 (MKSM 2008), and the Board had no powers over land or planning nor any dedicated funding of its own.

Although the process by which growth was to be *planned* in MKSM was given to local agencies, the responsibility for *delivery* of housing outputs was much less certain. LDVs were established in each area, but their powers and responsibilities varied widely. Because it was set up under the aegis of English Partnerships, the Milton Keynes Partnership effectively

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inherited the land held by the former Milton Keynes Development Corporation, and had planning powers of its own. In contrast to the two LDVs in Northamptonshire, this enabled it to negotiate from strength with Government and other agencies for infrastructure funding.

In Northamptonshire, there was a more complicated political and administrative environment. One new development corporation was created in in 2004 - the West Northamptonshire Development Corporation (WNDC) - alongside the already existing North Northants Development Company (NNDC). These had quite different capacities to lead delivery of local growth. WNDC was given development control powers for major sites within its designated area, and a budget sufficient to employ a dedicated team of officers, but had no land vested in it and only a small amount of capital funding (WNDC 2005). The NNDC is an urban regeneration company set up as a joint initiative between existing local authorities and has no land or powers of its own and only a small budget for project co-ordination and other promotional work (NNDC 2005).

The two Northamptonshire LDVs also worked with the collaborative Joint Planning bodies that had been formed to oversee the creation and adoption of the core spatial strategies. The North Northamptonshire Joint Planning Committee was made up of elected members from four local authorities, serviced by a Joint Planning Unit (NNJPU). A similar structure was established in the West Northamptonshire area with its own Joint Planning Committee mechanisms and Joint Planning Unit (WNJPU).

The early years of the WNDC were spent trying to achieve buy-in from local authorities, urging them to speed up their plan-making so that decisions could be taken on major sites. By the time it was fully up and running, with planning and development control principles in place, the Conservative-Liberal Democrat Coalition Government had come to power nationally, committed to winding down bodies like the WNDC which were considered to be 'undemocratic'. Its role was reduced to town centre regeneration, leaving the responsibilities for progressing the SUEs with individual development partners and local authorities (WNDC 2011).

The two joint strategies in Northamptonshire were not matched by the creation of corresponding structures to manage the pace of building on-site. WNDC with its development control powers had some ability to manage delivery and negotiate with developers, but NNDC had no corresponding powers. Only in Milton Keynes, where English Partnerships was the principal

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landowner and where there was a mechanism to fund infrastructure (the Milton Keynes Tariff – discussed further below), did public authorities have significant leverage over the house-builders, and even in Milton Keynes while MKP as landowner had influence over design codes for new housing it had little over build-out rates.

Ambiguities of financing the required infrastructure

If effective governance can be identified as one pre-condition for delivering growth, then another closely related to it, is the timely delivery of the social and economic infrastructure required to make the SUEs function and thrive, including utilities, roads, schools, health centres, and neighbourhood shops. Lack of certainty about infrastructure funding or delivery was an important reason cited by those we interviewed for delay in developing the SUEs, and was also the over-riding concern of local residents. Just as the emergent governance regime was predicated on particular (optimistic) assumptions about how private actors would respond to the changing expectations of planning, so the assumptions around the financing of infrastructure were based on the expectation that the same actors would make the necessary contributions.

The larger the scale of new housing development, the more demanding the requirements to cover the costs and expenses of both 'hard' infrastructure (land preparation and reclamation, construction of roads and junctions, laying core utility mains) and 'soft' social and community infrastructure (affordable housing, schools, open space, public transport options and other 'community' facilities). Neither the SCP nor MKSM strategies touched on the specific challenges of funding infrastructure, funding the heavy upfront costs of land acquisition, remediation, utility provision and road building. Reliance upon the house-builders offered no solution because for them, the upfront costs represent a significant financial risk. The more substantial these upfront costs, the greater the risk posed both to the level of financial returns and to the potential value of the land acquired for development.

Developers normally expect public authorities to fund the 'infrastructure gap' between total infrastructure costs and what their own business models can contribute. Under the SCP a substantial sum of £446m was committed (2003-6) for the Thames Gateway but only £164m

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for the three other Growth Areas. The MKSM growth strategy identified a comprehensive list of major rail and road improvements required to underpin growth in the sub-region but did not cost these out or suggest how they would be funded. For affordable housing, the strategy urged local authorities and LDVs to work with the developers (Government Office for the South East et al 2005, p. 49).

The expectation was that mainstream budgets would be modified to reflect the growth plans and there was some limited evidence of this taking place (e.g. in the building of a new exit from the M1 and in the introduction of a spur line at Milton Keynes station) but there was no overarching framework within which this could be planned and there were few explicit funding commitments. The organisation of final delivery of infrastructure at the level of the SUEs themselves was left to local authorities and LDVs. Although there were two dedicated funding streams for the Growth Areas - a Growth Area Fund, and a Transport Infrastructure Fund - into which authorities could bid on a competitive basis, the funding fell well short of the large amounts required for the full extent of road schemes required to 'unlock' all of the SUE sites.

Attempts were made to identify local financial mechanisms to support growth, drawing on expectations of what the market would deliver through increased land and property values. Local authorities, delivery vehicles and developers were encouraged to come together to explore the possibility of 'roof taxes' or other tariffs that could provide funds to cover strategic costs and necessary infrastructure. The Milton Keynes Tariff (originally set at £18,500 per new house), was the first of its kind, inaugurated in 2006. It operated on the basis of borrowing money from the Treasury to fund infrastructure, to be redeemed against staged payments by landowners and developers over a 10 year period (later extended). The Tariff is in essence a mechanism for capturing a proportion of the uplift in land and property value derived from the granting of planning permission (Milton Keynes Partnership 2006; Walker 2012). It was estimated that it could raise up £310 million up to 2016 against a total infrastructure cost of £1.67 billion, indicating that substantial contributions would still be required from other public authorities (Milton Keynes Partnership 2006, p.15).

The Community Infrastructure Levy scheme (CIL) introduced in 2011 (DCLG, 2011) permits local authorities to set up a schedule of payments for development of different sizes and land uses. Developers seeking planning permission would be required to make these payments as a condition of getting consent for new development. There is, however, considerable dispute in the development industry about CIL and its impact on viability and approved schemes have

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been slow to come forward. No CIL schemes are yet in place in Northamptonshire or Milton Keynes. It is the view of senior planning officers in Northamptonshire that CIL will not be sufficient to meet the infrastructure needed for the planned SUEs across the area, and here is in any case no requirement that the funds raised must be used for such purposes.

The emphasis on SUEs reflected the ambitious delivery targets set for housing growth, but it was also a central reason for the failure to reach those targets. The tensions in the model were apparent from the start. Smaller schemes of 20-50 houses could be 'bolted on' to existing housing areas, without the need for significant additional infrastructural spending, while the scale of SUEs meant they needed to be comprehensively planned in ways that actively identified and mobilised resources to deliver the infrastructure as well the housing, whether through a charge on the uplift in land values associated with planned development or through forms of direct public investment. Most of the growth in housing numbers in the study area to date has come not from the proposed SUEs but from smaller sites making more limited demands for infrastructural development (even as they stretch existing provision).

The ambiguities of 'sustainability'

The SCP, and the SUE approach in particular, put an overarching emphasis on creating new *sustainable* communities. National policy guidance in the new Labour period raised the profile of sustainable development with lists of key indicators set out in national plans for sustainable development (DEFRA 2005) while the creation of an Academy for Sustainable Communities and the Egan Review of Skills for Sustainable Communities promoted the idea of sustainable places and the development of skills of 'place making' (Egan 2004).

Yet at the sub-regional level, when it came to delivering on the ground, developing the appropriate skills or finding funding for sustainable community measures, this was left largely to local authority planners to negotiate with house-builders. One consequence was that the built environmental aspects of sustainability received much more attention than the social and economic dimensions. And even within that reframing, low carbon design and community planning schemes, on which great hopes were placed at an early stage, made little impact. The English Partnerships sustainable community exemplar scheme at Upton in Northampton was an

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exception, embodying a limited number of low carbon building and other design innovations. Although Upton started on site before MKSM was launched, it has not been replicated elsewhere in the sub-region.

Nevertheless (as required by government) many environmental reports and assessments of plans and planning documents were published by local authorities across the study area. Long lists of sustainability indicators were drawn up, to be monitored in regular Environmental Assessments. Translating those intentions into practice proved far more difficult. When planning applications and designs came forward, they often failed to incorporate many of the sustainability standards that had been identified. We heard a frequent complaint from house-builders that the overall measures and standards sought under the 'sustainability' banner were too ambitious and unrealistic, and were anyway based on assessments of an unproven 'need' (see also Cochrane, Colenutt and Field 2013).

One of the key problems associated with the use of extensive 'checklists of 'sustainability', is that it is difficult to identify particular priorities or clear-cut baselines within them. Local authorities are required to prepare Sustainability Appraisals of their Core Strategies. For the three Core Strategies in the study area, local authorities identified lists of 20 or more key 'Sustainability Indicators' ranging from land use to transport, carbon reduction, and affordable housing. There was no real way for a developer or house-builder to judge which measures were considered absolute *prerequisites*, and which merely 'desirable'. One developer summed this up by suggesting that "the planners did not know what they wanted". Those we interviewed from the house-building sector suggested that the private homes market to which they principally catered was not particularly interested in paying for any additional costs required to delivering 'low carbon' innovations or other eco-based savings, one interviewee commenting that the "general public appear to be satisfied with current quality. Will a purchaser pay the additional cost?"

Where low carbon homes have been built they have largely been funded from Government grant. Thus, the new 'affordable housing' units in Upton, Northampton have been partly funded through grant from the Homes & Community Agency, which has stipulated that Level 4 of the Code for Sustainable Homes be achieved as a minimum.

The house-builders' role in delivery

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The house-builders were expected to play a central role in the delivery of infrastructure, sustainable development, and in the final build out of new homes. The SUE planned trajectories assumed a certain pattern of sites brought forward and then subsequent on-site building activity. It was confidently predicted that after an initial phase of infrastructure investment from 2003-2011, there would be take-off of new delivery rates in the period 2012-2020. However, this bold assumption was not based upon any serious assessment of how it might fit with the strategies of the landowners and house-builders, with or without a recession.

At a national level, there was a climate of bullishness about the property market that appeared to deter detailed examination. Thus the Callcutt *Review* was extremely optimistic on the prospects and ability of the house-building sector to raise delivery rates to suit whatever rates of new supply the UK required, subject to the proviso that sufficient land was released on which to build (DCLG 2007).

At public examinations of local plans, such as those of the West Northamptonshire Core Strategy and the Milton Keynes Core Strategies in 2013, the principle of large urban extensions was still supported by landowners and developers. Slow delivery has not deterred developers from securing more land, nor house-builders lobbying for more land to be allocated for housing. However, as one planning officer commented: "it is interesting to note that at Local Plan Hearings developers (or their agents) are all saying that their SUE can and will be delivered quickly, and make all the right noises to get their site allocated, but in practice, in the development management context everything is about lack of viability, too many costs, too much affordable housing required etc."

Any simple equation between land availability and the delivery of new housing is ultimately unconvincing. In our study area where large urban extensions were designated, with the full support and commitment of the key private owners, the scale of delivery remained relatively modest. The relationship between the planning process and the delivery of housing is more complex than is generally expressed in the language of the various interested parties. Agencies (house-builders as well as land owners) that trade in 'land' transactions and which can derive a significant financial return from increases in land values, are not automatically going to prioritise turning such sites into built development. For them, the notion of 'delivery' is not just about the creation of constructed dwellings and other buildings, but also about the accrued value of the land holdings themselves (see, e.g., Griffith 2011, Wellings 2006). In the former New Town of Milton Keynes, where rather more progress was made, substantial areas

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of land designated for SUE development were owned by public bodies.

House-builders buy land in advance for development, either holding it outright or as 'strategic land' held in 'option agreements' with landowners (Ball 1983; Wellings 2006). They build up a portfolio of sites, some easy to develop, others more risky, in order to spread development risk (White 1986), and to protect land supply from falling into the hands of competitors. This extensive landownership is the house-builders' development pipeline, but is also an asset of increasing value over the long term (with house price inflation) that can be used for trading in its own right or held for development until house prices reach a level that makes its development profitable. This process can tie up such sites in high demand areas for many years ahead, potentially excluding other housing constructors from gaining access to suitable building land (e.g. housing associations, small builders, or even local authorities) who might be prepared to build more quickly (Morton 2013). Thus, contrary to the implicit assumptions in the SCP and other plans, private ownership of land designated for housing does not, on its own, guarantee its development.

The output of the ten largest volume house builders has now risen to over 70% of the new house building market in the UK (Griffith 2011; NHBC 2013), a proportion that has increased significantly since the 2008 recession because of contraction within the industry and the amalgamation of smaller builders and competitors (and their assets) into the larger corporate groups (see also Ball 2103). To support their market positions the large builders own or control large amounts of building land with planning permission. On the basis of detailed interviews with the house-builders, Adams and Leishman (2008), concluded that a principal factor in slow delivery of development was the way house builders "drip feed" houses onto the market to maintain purchase prices as high as possible through creating a relative scarcity of the finished product (see also Shelter 2013). As one developer comments: "Having established a model that delivers good margins, large housebuilders won't want to destroy that by throwing lots of houses into the marketplace" (quoted in Mayes 2012). A common rate of delivery has been no more than 50 new homes a year on any one site, meaning that a large site of 1000 homes (minimum SUE-size) could take a good 20 years to build if only one house-builder was involved.

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The Annual Reports and Accounts of the large builders show that in 2012, the five house-builders with the largest annual outputs¹ held over 231,000 individual building plots with planning consents in their short-term land banks plus an approximate further 288,000 plots in their long term 'strategic' land banks (see summary prepared by Colenutt and Field 2013, as well as CPRE 2007; Shelter 2013). This amounts to a supply of land for over 518,000 potential homes. In 2012, however, these five builders built a combined total of approximately 44,000 units. The basis of the consented plots (i.e. without the 'strategic' sites) therefore already represents land on which to deliver almost 6 years supply of new units: on the basis of their total land banks, those five groups have control over enough land to service almost 12 years of their business activity. Research commissioned by the Local Government Association confirmed that in 2011 and 2012 there were undeveloped sites across the country with existing planning permission for nearly 400,000 homes (Glenigan 2012, Spratt 2013). In our case study area, Milton Keynes had over 24,000 consented residential units with agreed planning approvals by 2012 (rising year-on-year from under 15,000 in 2008) while the annual completion rate in 2010 was only 1300, down from a high of over 2000 in 2007 (see Milton Keynes Council 2011; Snelson 2012),

Although an investigation into the workings of the UK house-building sector conducted by the Office for Fair Trading in 2008, noted that there was 'no evidence' of inappropriate land banking behaviour or land hoarding, it nevertheless concluded that it would be appropriate to acknowledge that the major house-building bodies conduct their fundamental and key trade through *land* transactions rather than in or through the creation of new housing units (OFT 2008). As much of the land in the case-study's SUEs is in the land banks of the major house-builders, this suggests that there can be no expectation that the sites will be brought forward for development within the timescales set out in Core Strategies.

Three conclusions can be drawn in relation to the SUEs. First, the building firms' own business plan models are much more significant than the aspirations of formal 'spatial trajectories' for on-site house-building completions. Spatial planning in itself is not an effective driver of change, even where the growth assumptions questioned by Rydin (2013) are realistic, as they are in this context. Second, the acquisition of SUE sites does not represent a commitment to undertake development as soon as possible, since there may be more profit to be made (and certainly less initial outlay) by waiting for the site's value to increase in an undeveloped but 'approved' state.

Third, the manner in which SUE site acquisition is undertaken by land or 'option' deals can

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effectively limit the chances for other builders – especially small builders and self-builders – to progress any building works on very substantial sites.

Concluding remarks

Our research explores some of the ways in which state and private actors operate together, as well as in tension with each other, to make up neo-liberal housing policies in practice (and in place). The SCP and the Growth Areas programme reflected new Labour's enthusiasm for public/private partnerships and was predicated on a set of very optimistic assumptions around economic growth and the expansion of the property market in the early 2000s. In that sense, what was presented as a piece of pragmatic policy, carefully targeted to enable others (private house-builders) to deliver what was required, was in effect an example of state sponsored 'market utopianism' (Cochrane, Colenutt and Field 2013).

Our study of plans for major urban extensions shows how far this vision was from the ways in which the land and property markets operated. While public authorities focused on spatial plans and trajectories, there was no clear plan for the funding of strategic infrastructure to 'unlock' the SUEs, because of the expectation that land value appreciation would underpin the required levels of investment. The special bodies set up to help deliver targets for housing and economic growth, the MKSM Board and the LDVs, did not have the powers to deliver or attract significant infrastructure funding, nor did they have the authority to compel the volume house-builders to bring land forward or build out quickly.

Spatial plans that, on paper, appeared to present resolutions to strategic problems have not proved a sufficient catalyst to impel on-site delivery. When it came to negotiation over the details of delivery or design, the house-builders have been reluctant to fund the infrastructure or the extra sustainability measures. Large scale SUEs require effective coordination mechanisms capable of ensuring that different stakeholders bring their resources into alignment. An exceptional collaboration between a wide range of public authorities would be required if services to make SUEs liveable and sustainable (education, police, transport, social services, health, community development etc.) were to be delivered, and any approach of that sort would fit uneasily within today's dominant policy paradigm. However modestly, the Milton

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Keynes case shows that where strong public sector delivery levers, such as land ownership and infrastructure funding are in place, urban extensions can be a more successful model of housing development.

This paper has explored some of the tensions between spatial planning and the delivery of new housing in a context where land availability is scarcely an issue. It has highlighted a continuing gap between ambitions to use planning as a driver of development and delivery in practice. However, that does not mean that the problem lies in the attempt to find some way of developing a comprehensive approach to the delivery of housing. The latest public policy shift – expressed in the National Planning Policy Framework (DCLG 2012) and also in the relaxation of the terms under which affordable housing provision may be negotiated under the terms of Section 106 of the Town and Country Planning Act (DCLG 2013a) – reflects a turn towards another version of corporatist neo-liberalism because of the emphasis it places on viability (rather than sustainability) as the main criterion expected to determine what gets built. The assumption is that the problem lies in the planning process, rather than the market – in other words (runs the familiar argument) the house-builders will deliver if unnecessary constraints are removed. Meanwhile the localism agenda (Clarke and Cochrane 2013) has been recalibrated to limit the scope for local challenges to development and attempts have been made to provide incentives to local authorities (for example through the Community Infrastructure Levy) to encourage development (see also DCLG 2014).

However, our conclusions are rather different. As we have indicated, there is little evidence that private house-builders have any particular interest in meeting housing need, nor that their business model would encourage them to do so. There is, therefore, a strong case for integrating the strategic aspects of spatial planning more closely with mechanisms for delivery (see KPMG/Shelter 2014 for an attempt to open up the debate about how this might be achieved). The identification of land for development with the promise of planning permission has not been enough to ensure that landowners and house-builders will bring land forward and develop urban extensions.

The story we have told is focused on the detailed practices that make up contemporary neo-liberalism as a policy process. Rather than starting from any preconceived notions about the centrality of markets, the spread of marketization, or the withdrawal of the state from particular activities or areas, we have sought to excavate and explore the spatial politics of planning and

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housing development in a particular moment. Our conclusions confirm the complexity of the process, highlighting the role of the state in framing what is possible, even if that is not a directing role, since, as Yvonne Rydin notes and our research confirms, 'change in the built environment [is] driven by the dynamics of private sector development markets' (Rydin 2013, p. 3). Drawing on the notion of soft governance developed by Allmendinger and Haughton (2009, 2010), to which brief reference has already been made, spatial planning can be seen to have a role in influencing and regulating market outcomes, encouraging and enabling development that is delivered by others and – in the case of housing – by a series of private and semi-private actors, including house-builders, landowners, developers, registered social landlords and housing associations (in what one of us has elsewhere described as an 'assemblage') (Allen and Cochrane, 2010). But in this context, the very softness of the governance leaves open to question who is driving the process and highlights the need to reconceptualise the state in ways that acknowledge the role of those who are all too often deemed to be outside the policy process because they are understood to be – market-driven - private actors, even as they effectively shape the markets within which they operate.

¹ Bellway, Berkeley, Persimmon, Taylor Wimpey and Barratt..

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