



2019 PREDICTIONS: CRYSTAL BALL EDITION

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QUOTE OF THE DAY:

"I am so clever, that sometimes I do not understand a single word of what I'm saying."

- Oscar Wilde

And so, another year is upon us, we are one step further away from the last big recession, and one big step closer to the next (according to some wise heads anyway). Will this be the year in which the government finally implodes and, like an unintentional rat snake, effectively eats itself in a phenomenal act of self-harm?

In the midst of the whole Deal or No Deal debate with Juncker seemingly controlling the big black phone (arguably, Noel Edmonds is actually better qualified to handle Brexit than anyone actually in Government), it would be easy to forget that there is life outside Brexit. But indeed there is, and it actually sometimes progresses quite nicely when there is less government intervention.

Indeed, in planning and development terms, 2019 has the potential to be the year when, in certain regions in particular, partnerships between the public and private sector come to the fore and deliver genuine results (definitely not in Haringey though where one of the self-declared Stalinist Cabinet member has described his role as being to dismantle all private sector relationships which the Council has (we look forward to seeing the success of that endeavour).

AS A BRIEF RECAP, IN 2018 WE SAW:

- Two Secretaries of State and two new Housing Ministers (because who needs collective historical experience when you can just reinvent the wheel)
- A consultation on PDR
- A new improved NPPF (did anyone – other than lawyers – actually read all of it?)
- Various multiplying measures to increase/speed up housebuilding
- Letwin, Letwin and more Letwin
- The adoption of a lot of Local Plans
- The rejection of a lot of Local Plans
- The attempted abdication of responsibility by the government for housing its citizens to the private sector by continuing to talk about the ‘moral obligation’ of housebuilders to deliver affordable housing (without apparently ever questioning the economics of whether if 30% of the product on a site is effectively given away for free, which means 70% of the product is covering 100% of the land and build costs, what role does this have in further inflating house prices... discuss?)
- The – genuinely exciting – freeing up of local authorities and Registered Providers to borrow money to forward fund social housing (although no actual funding to recruit staff with the skills to deliver homes)
- The introduction of regulations to create more New Towns (again, still waiting for a new New Town)
- The launch of the Social Housing Green Paper

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- Guidance on Build to Rent
- More consultation on CIL
- A lot of noise around Land Value Capture with little actual substance for now

Perhaps most notable through 2018 was the shift in gear for the city regions – Birmingham, Manchester and Cambridge/Peterborough in particular. All of which are racing ahead of London in attracting investment, showing political leadership and an interest in working with the private sector. The publication of strategic plans and the mission creep of the Mayoralities towards planning powers gives

greater kudos to the regions as a whole, making them highly competitive (notwithstanding vulnerability in some industries as witnessed by JLR). Key to this is political leadership, London has somewhat faltered in the face of a complex – and at times poisonous – environment, whilst the regions have just got on with it. Click here to read our 2019 predictions for the Midlands from our Head of Birmingham, Will Savage.

SO, WHAT DO WE THINK 2019 HOLDS FOR PROPERTY, PLANNING AND HOUSING FOR 2019?

- 2018 saw the multiple publications of bits of the Letwin Review which concluded that landbanking isn't an issue but diversity of product is, there is almost unlimited demand for both social and private rented homes and planning departments are underfunded. The Government will respond to this, quite frankly shocking revelation, in February apparently. Probably with a consultation on how to diversify products.
- Following a major headline at Party Conference about a 3% additional surcharge on Stamp Duty for non domestic buyers, the government quickly backtracked and we are now waiting for a consultation on a potential 1% surcharge, which will almost certainly come with so many caveats as to be entirely ineffective for anything other than election manifesto purposes.
- The Draft London Plan comes to Public Inquiry in January amidst increasing animosity between James Brokenshire and Sadiq Khan with the former having firmly parked his tanks on Khan's lawn and the latter in need of major housing delivery between now and 2020 to boost his electoral chances.
- The announcement of the successful bids for the latest round of Garden Communities – every government seems to like to announce successful bidders for some sort of iteration of new towns, without actually then taking in a role in implementing this, in that way they can demonstrate they have done their bit regardless of any actual on the ground delivery.
- The outcome of the PDR consultation, which will in all likelihood please no one, and risks having significant unintended consequences in relation to high streets and town centres.
- A White Paper, or at least some sort of follow up to the Social Housing Green Paper, setting out what we can expect in policy moving forwards. This is likely to borrow heavily from the Labour songbook of housing.
- And so to the state we are in nationally; with a view amongst some within the property sector that 29th March signals around a 10% drop in house prices and the beginning of a deep recession, what happens in the event of different scenarios?
- We should expect at least one new Housing Minister and/or Secretary of State. Assuming Theresa May lasts until mid-way through the year (and that could be a big assumption), any new PM will probably look to shake up the Cabinet again and reward those who have backed him

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or her. Inevitably, the spotlight will again come back to ‘fixing our broken housing market’ and yet more exciting initiatives to do this, although with ‘no silver bullets’. I for one am looking forward to a new investigation into landbanking as it has been a good few months since the last one.

- Will there be a General Election? If a deal gets through Parliament, the government may well survive another year – still highly unlikely to get through to 2022. If a deal doesn’t get through and/or we have a second referendum, then another General Election seems increasingly likely. My current prediction is that the Conservatives would narrowly win a General Election (unless Jacob Rees-Mogg was leading, in which case all bets are off) and Labour would carry on the bitter infighting which is preventing it from taking advantage of the dire state of the Tories.
- Will a third party emerge? Actually fairly unlikely, unless Jacob Rees-Mogg took over which may persuade enough Conservatives to jump ship and may also motivate some Labour MPs to do the same. But would a London-based elite party fare any better or do we need a strong regional base to emerge?

However, if a Labour Government were to get in, in terms of housing and planning, the policies are not too dissimilar to many that have gone before in terms of increasing housing land supply and speeding up house building. The key difference is likely to be in the tax treatments, both in terms of direct business and personal taxes and more industry specific taxes including SDLT, Land Value Capture, levies on second homes and CIL – all of which are likely to be increased and the industry squeezed.

There is also likely to be a major public sector building programme focusing on delivering social housing in particular and looking more broadly at what the public sector can achieve, either on its own or as part of partnerships with the private sector. At the same time, looking at rent controls and local income pegging is likely to be brought forward.

What is not in doubt is that 2019 is likely to be a year of change, uncertainty and perhaps even revolution. It will not be dull.

To close with a general reflection on 2018, another from Oscar Wilde:

“The world is a stage, but the play is badly cast”