



RTPI

mediation of space · making of place

Invitation to Tender: Planning Permission and Development Finance

Guidance for Tenderers

February 2017

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1 INTRODUCTION

1.1 ABOUT THE ROYAL TOWN PLANNING INSTITUTE (RTPI)

The Royal Town Planning Institute (RTPI) is the UK's leading planning body for spatial, sustainable and inclusive planning and is the largest planning institute in Europe with over 24,000 members in the UK and internationally.

The RTPI is:

- A membership organisation and a Chartered Institute responsible for maintaining professional standards and accrediting world class planning courses nationally and internationally;
- A charity whose purpose is to advance the science and art of planning (including town and country and spatial planning) for the benefit of the public;
- A learned society.

To this end, the RTPI promotes research into planning practice, theory, policy development and education. The RTPI's strategic research agenda in the UK aims to:

- Promote the funding and dissemination of research activity informing and evaluating planning policy and practice;
- Promote awareness and engagement of planning practitioners in planning research at local, national and international scales;
- Encourage interdisciplinary and intersectoral research and dialogue;
- Support research in planning education and lifelong learning.

1.2 THE RTPI'S BETTER PLANNING PROGRAMME

The Better Planning programme will provide practical advice and intelligence to RTPI members and others, in ways that demonstrate how planning is part of the solution to major social, economic and environmental challenges.

Building on the RTPI's [policy](#), [research](#) and [practice](#) work, Better Planning will focus on key policy and practice topics, including [housing affordability](#), [the growth of city regions](#), and [climate change](#).

Better Planning will:

- Demonstrate the benefits of good planning;
- Present planners and planning as the solution to high-profile issues;
- Provide constructive, specific policy and practice solutions to these issues;
- Encourage and support planners and others to deliver better outcomes from planning.

The programme will engage RTPI members across the UK and Ireland in particular.

The programme was launched at the RTPI Planning Convention 2016.

The housing work stream of Better Planning will consider how proactive planning can deliver housing affordability. It is important to make this argument not only because it is largely absent in the debates around housing and affordability, but also because according to the figures the current approach is failing. Alternative proposals to deregulation have been quite muted until now, and this presents an opportunity for the RTPI to offer a more progressive, solution orientated position.

Better Planning will use a broad definition of “affordability”, which encompasses not only house prices but also transport accessibility, local economic opportunities and access to public services. Essentially all of the things that good planning delivers alongside housing.

1.3 PROJECT BACKGROUND

Housing costs of all types and tenures are rising across the UK as part of a phenomenon frequently referred to as “the housing crisis”. The high cost of housing is not confined to house prices - as it stands all tenure types command a disproportionate amount of peoples’ income. This trend is illustrated by the consistent rise of the housing cost-to-income ratio over the last 20 years, during which time a gap has opened between incomes and housing costs. More than three million households in the UK now spend more than a third of their income on housing costs.¹ Although it is a contemporary problem, this is not a recent trend. Housing has been decoupling from earnings for some time and since 1975 real house prices have increased by 126%.² For a variety of reasons this price signal has not produced a supply-side response.

A potentially major reason for the inelasticity of supply is the impact that the uncertainty in gaining planning permission on a piece of land has on developers’ finance models, and consequently the amount of land that is economically viable for development. Some developers claim that the 15-20% surplus they demand on their investment is required in part due to the uncertainty of whether or not they will gain planning permission on a piece of land. If so, this requirement for a 15-20% surplus would mean that a lot of sites are not viable to build on and therefore would not come forward for development. This has a significant impact on housing supply.

One possible solution to this is for Local Planning Authorities (LPAs) to be allowed to grant planning permission on land that needs development when drawing up local plans. The LPA does not need to own the land in order to do this. Would this encourage LPAs to be proactive in land assembly? In return – due to the certainty this would provide with respect to gaining planning permission – would more sites be made viable for development as developers would not have to factor uncertainty into their profit margins?

Although “planning risk” represents only one type of risk faced by developers, this project is intended to investigate whether allowing local authorities to grant planning permission on land for development when drawing up local plans would make one aspect of the development process more certain. The potential outcome of this is that by taking this uncertainty out of the planning process, and thus allowing developers to work with a lower profit margin, more land would be viable for development and housing supply would increase.

¹ The Resolution Foundation (2016), The Housing Headwind: The impact of rising housing costs on UK living standards, The Resolution Foundation: London.

² Nationwide (2015), Q2 House Price Index, Nationwide: London.

A good example of this type of de-risking mechanism at work is the Meridian Water development being led by Enfield Borough Council. The Council have taken major steps to turn unviable land into a major opportunity. Enfield de-risked sites and made them viable and now the developer (Barratt) is building homes without the need to get involved in land trading. The £1.5 billion scheme will create approximately 8,000 new homes, 3,000 new jobs, better public transport links and infrastructure including schools, shops, restaurants and a health centre in a waterfront setting in Edmonton.

2 TENDER INFORMATION

2.1 BUDGET

The project will be funded up to a maximum of **£10,000 plus VAT**, with the intention that this be paid in three instalments according to agreed project milestones (e.g. on signing the contract, delivery of the interim draft report and the final draft to an acceptable quality standard).

We would be happy to consider bids that involve match-funding or co-funding, and for research teams to consider how leveraging in additional funding could extend the scope of the project.

2.2 ELIGIBILITY

Tenders are invited from RTPI accredited planning schools. Collaborations between planning schools and other organisations are also welcome. We welcome tenders from diverse teams. We strongly welcome applications which include at least one RTPI member on the team, and ask that applicants list all of their team members indicating who is an RTPI member.

2.3 PURPOSE OF THE RESEARCH

The primary aim of the research is to investigate whether it is possible to reduce uncertainty through the plan-making process by allowing LPAs to grant planning permission on land when drawing up local plans (thus eliminating the need for developers to apply for permission). If so, what would the implications of this be for land owners, land values, developer behaviour and profit margins, LPAs, and house prices?

We view this research as a necessary step towards understanding the potential impact of revising the land allocation process on housing supply and developers' finance models.

The key audiences for this work are:

- Local authorities, especially corporate senior management and councillors;
- National policymakers;
- Broader policy and media audiences (representative/trade bodies, think tanks, national/regional/local press).
- Developers and house builders

2.4 METHODOLOGY

The intention is to appoint a supplier or partnership capable of gathering data on the mechanics of, and implications for, private developers' finance models.

The supplier or partnership will need to demonstrate experience in spatial analysis and be comfortable with a range of quantitative, qualitative, and desktop research methods.

From this, we would expect the methodology of this project would include three main elements:

- i) Based on desk research, a review of the nature of planning risk in residential development, as part of a broader understanding of risk in residential development, including the "typical" developer finance model (or models);
- ii) An explanation of how the proposed process of local authorities granting planning permission on land allocated in a local plan might work in practice, drawing on any examples/case studies as appropriate;
- iii) The project should develop and test out a model to gauge the potential impact of this approach on the following phenomena: developers' finance models; planning practice; land owner behaviour; land values; developer behaviour; development finance; and housing supply, and to suggest whether providing greater certainty in this way has the potential to impact on housing supply. Applications should set out how the researchers propose to approach the development of this model, drawing on previous projects and experience as appropriate.

2.5 PROJECT TIMESCALES

We anticipate that the project will last around **five months**.

2.6 GOVERNANCE

The commissioning client for this project is the RTPI. The RTPI will consider establishing an advisory group for this project.

2.7 OUTPUTS

A clearly written report (interim and final reports to be provided in MS Word and Adobe PDF electronic formats), which the RTPI will publish in a suitable form

2.8 APPLICATION PROCESS

Organisations/project teams should submit a tender document that includes:

- i) Proposed methodology, including regarding stakeholder engagement;
- ii) Proposed outputs;
- iii) Project team and general experience;
- iv) Statement of experience relevant to the project, and selected projects that demonstrate relevant experience;
- v) Total cost of the project; and
- vi) A budget breakdown between the stages, daily rates and personnel inputs.

2.9 EVALUATION CRITERIA

Applications will be evaluated against five criteria:

1. Quality, rigour and depth of the proposed methodology and analysis;
2. Experience/track record/knowledge of research relevant to the project;
3. Experience of effective and impactful partnership working;
4. Experience of managing potentially politically-sensitive projects;
5. Value for money.

2.10 ASSESSMENT PANEL

The assessment panel will comprise officers from the RTPI Policy, Practice and Research team, and will report to the RTPI Policy, Practice and Research Committee.

2.11 TIMESCALES FOR APPLICATIONS

Applications should be submitted electronically to: research@rtpi.org.uk

Applications should be received by no later than **5pm on Friday 3rd March 2017**.

If required, we would intend to interview a shortlist of bidders during **week commencing 13th March 2017** and to appoint the successful research team by **week commencing 20th March 2017**.

2.12 INTELLECTUAL PROPERTY

The RTPI will retain ownership of the work, but will grant the researchers the right to publish and re-use the material submitted to RTPI, and will be fully credited for their work. Researchers and institutions should not apply if they will not be able to agree to this provision. The researchers should acknowledge the support from the RTPI in any subsequent publications and activity based on the supported projects.

3 FURTHER INFORMATION AND ENQUIRIES

We welcome enquiries about this project. As appropriate, responses may be issued as anonymised Q&A's to all those who have notified us of their intention to bid.

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