



Dear Sirs

Further to the issue of your scope in relation to a market study in connection with Housebuilding and your request for representations, the below sets out my thoughts and observations on that I feel should be reviewed.

My observations are based on over 20 years experience in the Housebuilding industry working across a number of different disciplines and on the delivery of a considerable number of homes, including a number of award winning developments.

I hope the below is of use and I'd be happy to discuss any aspect of this further with you

Best Wishes

Jonathan

Securing Land for future development.

Land promotion is usually undertaken by one of the following:

- Housebuilders - promotion through short, mid to long term agreements with a view to delivering housing immediately upon consent.
- Master Developers - promotion through mid to long term agreements with view to providing infrastructure and serviced land. Urban and Civic and Homes England are good examples of operators in this field.
- Land Promoters - promotion through short - mid term agreements with a view to the sale of consented land to other parties for delivery.
- Self Promotion - self promotion by landowners is relatively rare nowadays but does occur particularly where landowners may have funds available and where they may wish to leave a long term legacy in relation to their ownership.
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Land promotion is beneficial to a majority of landowners given the need to optimise available funding, land uses and values through achieving initial and subsequent receipts particularly given their own fluctuating input costs and revenues, Taxation treatments, dwindling subsidies and the need to maintain sensible income streams. Resolving some of these issues at Government level could mean better and more suitable sites come forwards.

The detriment of the land promotion approach can mean sites are within a single parties control for a number of years, inappropriate applications are brought forward, submitted and not diligently progressed, applications are brought forward that can only deliver outside of local plan periods and schemes are promoted to achieve the maximum land receipt - regardless of technical and other issues and where these issues can cause delays through the subsequent post consent sale process.

Our advice is that potential sites and their associated legal, technical, environmental and development constraints need to be properly identified, assessed and briefed at the outset, prior to any application being made to ensure the suitability and viability of land. Not all sites will be suitable or appropriate for residential development. Where constraints exist these should and need to be sensibly factored into considerations around value and development value potential.



On some significant large scale sites which pass from entity to entity with ever grander proposals and with no sign of implementation in a meaningful timeframe it is likely there is some financial engineering occurring due to the increasing book value of the land with each relevant consent. This can hold back the delivery of homes in sensibly located areas. As part of its investigation the CMA should include a review of accounting rules, including those of HM Treasury, and whether these drive a certain approach to valuation and resulting outputs including quality, design and Housing provision. Within this context Homes England's Delivery Partner Panel/ Dynamic Purchasing system approach should also be reviewed, along with its associated monitoring and reporting regime to see if it is genuinely improving the speed and quality of delivery of homes on former public land for the benefit of those communities that land sits within.

Planning Permission

A good, well structured planning application is one that has been carefully and properly considered against all relevant policies and site constraints. Careful consideration is needed in relation to the content of an application, the need to demonstrate policy compliance and to satisfy the needs of stakeholders.

As an industry we need to remember that applications need to be read and understood by individuals including members of the public. If we want to enable better performance from stakeholders then Pre application meetings also need to be succinct and to the point so as to avoid eating up Officer Time. There also needs to be sensible, meaningful and constructive dialogue during the process rather than it just being a presentation around the promoter or developers desires.

Greater emphasis is needed on the inputs and principles around legal agreements including explicit deadlines for relevant parties to engage within. The negotiation of these agreements can be fraught with issues and frustration particularly where there are significant demands emerging for financial contributions and to deliver 'policy compliant' levels of affordable housing. In our view there needs to be better model inputs and regular stress testing of the financial models used to derive affordable housing policies within Local Plans.

There also needs to be greater accountability on the payment, subsequent expenditure and refunding of Section 106 monies by all parties involved. The promise of community infrastructure improvements at the expense of affordable housing, only for it then not to occur, only frustrates the communities we all operate within. The mandatory infrastructure levy, proposed as part of the revised NPPF will create further issues. We believe the CMA should explicitly look at this issue as part of its review.

Technical Approvals

As it currently stands only local planning authorities are subject to reporting and targets. Such targets do not extend to other bodies such as County Councils or agreements outside of planning, such as Section agreements for Highways works, roadspace bookings for undertaking works etc. As a result the Technical Approvals and associated legal agreements are unnecessarily and significantly drawn out leading to further delays in housing delivery.

I believe the CMA should, as part of its study, investigate the role of the large consultants appointed under term agreements by public authorities to fulfil such duties including their associated charging structures and any incentives. This review should include consideration of resourcing and interaction between highways planning teams, Highways development teams and Network management teams.

We also think that the CMA should look at whether Homes England could become a National Certifying Body for infrastructure in relation to former public land holdings in order to speed up the delivery of homes on its own sites.

While utility and water providers can be slow at progressing and engaging in development proposals, there are moves to improve their responsiveness with the various regulators already beginning to introduce various Service Level agreements (SLA) and explicit timelines such as the timeline set out in the Code for Wastewater adoption.

That said, there needs to be better monitoring and reporting of performance against these SLA's and Targets.



Services, Resourcing and charges from Warranty providers, building control bodies and the Building Safety Regulator should also be reviewed to ensure that they are fit for purpose and to ensure that any Long term issues are potentially minimised and that applications are dealt with quickly and efficiently and to the same consistent standard.

Building the Properties

For most housebuilders and master developers, regardless of size there is an incentive to see the build out of a scheme as fast as possible given the significant investments that have been made. Build out rates are generally influenced by the tenure of homes, the types of property on offer at any one time and their affordability within the local context. As an aside the Government through the Building Safety Pledge also needs house builders to build out and generate profit quickly to cover the sizable costs of cladding remediation commitments.

Looking back some 20 years ago there was a far wider spread of property types available rather than the usual 2,3, 4 and 5 bed house ranges currently on offer on many sites. In many locations outside of cities and larger towns and for viability reasons we have lost starter homes that provide an important stepping stone onto the property ladder at reasonable prices. We have also lost homes which have larger floorspace and which are essential for a sensible trade up and trade down market. The current approach of Housing Needs assessments that only considers bedspaces and specialist housing demands needs to be reconsidered. We need a functioning housing market that includes the widest variety of homes possible in order to create a properly functioning marketplace.

While a diversity of tenure is helpful, this can often be at the expense of providing a range of options for private sale. Sub 1000sq ft family properties(generally 2 and 3 bed homes) are of immense interest to PRS providers, particularly in desirable locations. PRS is an important tenure in that it provides housing for people who are ineligible for mortgages or affordable housing, who are just starting out or who need a highly flexible housing tenure to match their stage of life. It also provides a useful benefit for housebuilders who need certainty of sales for financing purposes. That said it shouldn't be at the expense of providing those types of home for private purchase. We are already seeing in some areas such as Central Manchester that private sale options are significantly diminished and are instead being replaced by Private rental and student tenures which offer the benefit of both capital value gains and long term incomes.

Linked to this and as part of its investigation the CMA needs to look at two key issues that are coming on the horizon:

- The imposition of potential rent caps in areas such as London is likely to drive significant PRS investment into the regions, particularly where rents are likely to be more attractive and profitable to PRS providers. What impact might this have on other tenures and viability and how can this be managed to ensure we don't create further issues in the marketplace.
- The impact of proposed changes to the level of capital reserves Insurers and others are required to hold. Solvency II rules are being considered at present by the Government and the ABI believes around £100Bn could be available for investment over the next 10 years. If this moves forward then considerable money is likely to flow into housing via PRS and Private Social Landlords. This will likely put considerable pressure on housing supply across all tenures, particularly private for sale, unless it's appropriately managed. Appropriate management of this level of funding could see the potential for new forms of home ownership coming into the market place which would help stimulate delivery and outright home ownership.

The nature of Affordable and other tenures need to be reviewed. There are increasing stories around the high cost of Shared Ownership tenures due to the cost of a mortgage and rent in relation to the retained equity and not enough discussion is had around the provision of later life, supported or specialist living facilities including their required tenures.

The parameters in relation to the purchase of Affordable housing units need to be reviewed as part of the CMA investigation to ensure that these are reasonable and realistic particularly given how and what service charges are levied and the impact low capital receipts can have on affordable housing provision. Right to buy also needs to be reviewed to ensure that homes built for affordable purposes do not suddenly become money boxes for owners who then opt to purchase and sell them on at a significant profit.



Net Zero appears to be covered under this heading and while the industry is trialing very limited initiatives it is held back by a number of issues:

- Lack of long term clarity in relation to regulatory requirements - as an example Future Homes is not far off and its parameters and calculation methodologies are still not yet determined. This prevents longer term planning and investment, particularly in Modern Methods of construction delivery capacity.
- There is a lack of desire and competition from traditional 'utilities' to be involved in anything that sits outside of their business model such as communal heating and grey water recycling. While new entrants will come in time this creates challenges for housebuilders and leads to only small scale take up.
- Existing rules and regulations are preventing take up - for example restrictions on private utilities under adopted highways, this holds back the construction of newer community networks that are likely to be needed to help achieve net zero and to future proof homes.
- There needs to be more consistency around terminology across disciplines and functions involved in the Built Environment to aid understanding and uptake.
- There is a fear that the Government could in the future take a similar retroactive approach to some net zero technologies in the same way in which it has taken a retroactive approach to building materials and fire safety.
- Taxation treatments around retrofit and refurbishment need to be at least equivalent to new build in order to prevent the abandonment of existing asset/stock

Selling the homes

Generally the industry has made significant improvements in communications and dealings with purchasers over recent years, although challenges still remain around the management of customer expectations.

The CMA has rightly highlighted issues around management charges for areas required by policy (eg green spaces, Suds, play areas, travel plans, Biodiversity management) where these are retained in the private domain. This dual taxation has occurred for years with residents paying council tax and additionally service charges because public bodies require, but refuse to adopt community benefits.

The CMA needs to look at why public bodies are refusing to adopt such spaces while continuing to take additional revenue from new homes. Management structures and charges are complicated to set up and many depend on the nature and intensity of use of such spaces. This will only get worse due to the need to ensure long term biodiversity management.