
From: [REDACTED]
Sent: 20 March 2023 19:51
To: Housebuilding
Cc: [REDACTED]
Subject: Housebuilding Market Study

[REDACTED] [REDACTED]

Dear Sir/Madam

We welcome the opportunity to engage in the CMA Housebuilding Market Study Statement of Scope.

[REDACTED]

St. Modwen Homes is an expert developer and housebuilder with over 30 years of experience. Our purpose of 'Changing Places. Creating Better Futures' underpins everything we do, as we breath life into places by creating quality homes, jobs, shared spaces and community infrastructure. Our core purpose and values have helped us build and sustain a business, brand and reputation that we can be proud of and underpins growth of our business. Our success is seen through forging strong partnerships, focusing on customers and communities, and acting responsibly through everything we do. Our responsible business approach, launched in 2020, has seen us set ambitious goals in six strategic areas where we can make a sustained difference to society and the environment.

St. Modwen Homes are a housebuilder and Master Developer. As Master Developer St. Modwen Homes is responsible for obtaining planning allocations, planning consent and delivering all the appropriate infrastructure to create a sustainable new development and serviced land parcels that St. Modwen Homes and other housebuilders can take on to deliver homes. We also establish management companies to take on management of open spaces and other facilities that are delivered along with homes and set these up with a view to handing over management of these spaces to residents.

This is important because as a business we are involved in all stages of the development process from land acquisition and engagement with landowners and agents, through the planning process (from promotion through to planning consent) and at delivery and management stages. We would be happy to share our experience and expertise with the CMA to assist in this Housebuilding Market Study.

We have provided some initial answers below but would welcome an opportunity to have a more detailed discussion and input to the study should this be appropriate. We would also be happy to show you round and share more detail on some of our developments which have been successful in delivering housing and infrastructure in a timely manner.

[REDACTED]

[REDACTED]

2. Do you agree with our areas of focus for the market study, as set out in paragraphs 2.1 to 2.31? If not, what other matters should we focus on and why?

The areas of focus could also consider the Master Developer model to delivering land and housebuilding. St. Modwen have a long history of delivering development via this route and would be happy to explain more.

Planning stages – need to look at all stages that viability is considered. 1. At local plan stage; 2. At grant of planning permission (outline or detailed); 3. It may be renegotiated post consent.

Consider sale to RP/HA's

Consider the role of landowners in the market

3. We may carry out case studies during the course of the market study. Can you suggest any local areas across the UK we should look at where you consider:

a. The housebuilding market is working well, and explain what factors are driving this in each area;

Kingsgrove, Wantage – 1500 homes consented in 2017; c. 500 occupied to date plus delivery of roads, drainage, primary school, local square, playground, woodland planting, care home under construction

<https://kingsgrovewantage.co.uk/>

Meon Vale, Stratford on Avon – 1050 homes, c. 700 occupied to date plus delivery of roads, drainage, primary school, local centre, sports pitches, pavilion, playgrounds, allotments, woodland area, wetland area

<https://www.meonvale.co.uk/>

The master developer role assists in delivering housebuilding faster – securing consent, delivering infrastructure and creating serviced land parcels to sell to housebuilders. St. Modwen would be happy to discuss further some of our successful schemes where the Master Developer role has assisted in housing delivery

8. Have any of the following aspects changed significantly over time? If so, how and why?

a. Time and cost for developments to go through different stages of the planning process.

The planning process has become increasingly delayed. This is partly because of planning (and other technical areas) being significantly under resourced within Local Authorities. Recently there have also been a number of Local Plans withdrawn or delayed – off the back of ongoing government consultation on planning reform – which delays ability for landowners, promoters and developers to promote land for development and ultimately bring land forward for housing or other needs in line with a plan led system.

b. Likelihood of success in securing planning permission.

This has decreased in some areas over time, even where sites have an allocation or outline consent there are known scenarios where planning permission is refused contrary to an officer's recommendation.

11. Please comment on the extent to which each of the following may currently be problematic, and how (if at all) each has changed over time:

a. Non-adoption of roads or other public amenities, and the different ways in which unadopted amenities may be managed (eg by housebuilders, estate management firms, or resident-led companies).

Seeking adoption of roads can be a lengthy and difficult technical process, which can become delayed – partly this is through lack of LPA resource.

Open spaces are largely not adopted any more by local authorities presumably due to high potential future maintenance costs and ongoing liability. These spaces are then instead maintained by a management company on behalf of residents of the new development who pay for this via their service charge.

13. As regards charges made to freehold owners on residential estates:

a. How transparent are estate charges and covenants (including how they may change over time) to prospective house buyers on freehold estates at all stages up to the point of sale?

We seek an estimated annual budget for estate charges as early as possible so that these can be made clear to prospective purchasers. This should be reviewed/amended each year based on current situation. It should provide clarity on how the budget may evolve and increase over time so residents are aware of likely uplift.

b. What influence (if any) do homeowners have over the companies managing their estates?

At early stages of a development Directors of the Management Companies are usually developers who will drive decisions. However at St. Modwen we have started to establish resident working groups early in the delivery process as residents start to move into the development. The aim being to engage residents early in management processes as the development evolves and with a strategic view of them becoming the board of resident directors once the development is nearing completion/handover. At that point they have more influence and decision making powers.

c. Post-sale, what safeguards exist to ensure the quality of the management service or that the estate charges applied are fair, reasonable, and transparent?

St. Modwen seek to engage agents that are open and transparent about estate charges and will hold agents accountable via regular meetings, review and budget/accounting. Annual General Meetings are held with residents, as well as regular engagement, to answer queries about estate charges and respond to concerns.

d. Are freeholders' rights (including to redress) in relation to estate management services and charges, and how covenants are applied, adequate? If not, what are the key gaps?

There are some potential gaps in legislation around freehold property estate charges.

[REDACTED]

[REDACTED]

18. How and when are decisions made about the ownership and management of public amenities on freehold estates, including whether they are adopted? What are typically the key factors in such decisions? What are the key barriers to adoption? Where relevant, please indicate in your response how the above may differ among: a. LPAs, b. developers, c. house buyers.

St. Modwen make assumptions at the earliest stages of acquiring sites as to how the spaces are likely to be managed in the future. Often this is to assume that the land will be transferred to a management company and ongoing maintenance funded by service charge of residents. Local authorities generally do not take on these spaces for maintenance presumably due to ongoing costs and liability. When considering adoption, barriers could be the technical details required by local authorities, the desire to keep maintenance costs low impacting on ability to introduce innovative design of the spaces.