

---

**From:** [REDACTED]  
**Sent:** 18 September 2023  
**To:** Housebuilding  
**Subject:** Market Study Feedback.

Dear Sir/Madam,

We appreciate the opportunity to share our perspectives on the market study concerning the UK house building industry, as outlined in paragraphs 3.10 to 3.14. We [REDACTED] have first-hand knowledge of the barriers that hinder our activities within the current framework.

### **Market disfunction is a Planning issue**

It is highly likely that land banking prevents, restricts and distorts competition. But it is a symptom of a legal and regulatory framework that is not working. Instead it is too skewed to large strategic sites, that are becoming ever more complex to deliver, and so land banking is an 'unavoidable' consequence to manage timescales for strategic stakeholders. Rather than regulating the developers - the solution is to diversity the market via planning policy and ensure there is a greater focus on smaller and medium sites. They are quicker and simpler to deliver, by-passing many of the the issues with these larger sites.

### **Barriers to Entry**

We strongly echo your concerns that the concentration of developable land by a few large volume housebuilders acts as a substantial barrier to entry for smaller players like ourselves. The acquisition and control of land are key aspects that largely decide who gets to participate in the market. When most of the allocated land is controlled by large companies, small and medium-sized builders find it difficult to compete.

### **Land Allocation Timelines**

One significant challenge we've observed is the long timelines associated with 5 and 10-year land allocations. These long-term plans, while aiming for structured growth, inadvertently restrict newcomers from entering the market mid-cycle. Granted, there are often allowances for windfall development, but such windfalls are unpredictable and scattered. Building a stable business model around them is challenging, as they tend to be either occasional opportunities arising from a specific land parcel becoming available or numerous tiny single-house sites. This rigidity impedes small house builders, self-build enthusiasts, and custom build enablers alike, discouraging innovative and diverse housing solutions.

There has been a general trend away from allocating small and medium sites to large strategic sites. There is a sense in which this has happened as it suits both LPA (resourcing) and the volume developers - creating an unhealthy dynamic for housing. The solution is more smaller sites. Smaller sites have the following advantages:

- less issues for land-banking
- faster to deliver
- more likely to incorporate innovation
- easier to achieve quality
- more geographical choice
- more opportunities for SME

## **Dominance of Large Volume Housebuilders**

The dominance of large volume housebuilders in land allocation is stifling the growth and innovation potential of smaller entities. The existing structure largely favours these large corporations, leaving limited room for smaller builders and custom build enablers to source and secure land for development. This monopolistic trend undermines competition, inflates housing prices, and slows down the rate of housing delivery.

## **Undeliverable Sites and Inefficiencies in Allocation**

It's concerning to note that many land allocations earmarked for large companies often remain undeliverable within the stipulated plan-making timelines. This not only restricts housing supply but also serves as a pretext for local planning authorities to deny other potential sites from getting the nod. We have compiled a case study for Stroud District Council where a few large sites are consistently included in the 5 Year Housing Land Supply as being 4 to 5 years away from completions - effectively blocking other sites from being considered.

## **Recommendations for Change**

To rectify the aforementioned challenges, we propose:

1. Instituting a more dynamic land allocation process that is not solely anchored to rigid 5 or 10-year plans, allowing for more flexible entry points for smaller scale newcomers.
2. Implementing a routine reassessment of allocated land's deliverability, redistributing non-performing allocations to smaller house builders, self and custom build enablers.
3. Creating dedicated incentives or provisions for small house builders and custom build enablers, emphasising the value they bring in terms of diversity and innovation in the housing sector.

We commend the CMA for shedding light on the existing challenges in the housing sector. We sincerely hope that our feedback contributes towards creating a more inclusive, competitive, and efficient market.

Thank you for your attention to our concerns, and we stand ready for any further discussions or to provide additional details if required.

Kind regards,

[Redacted]

--

[Redacted]

[Redacted]