

Background (Section 2)

Question 2.1

- a) Do you agree with our focus on plots as a measure of land banks? What other measures should we take into account?

HBF endorses the use of plots as a measure of both short term and strategic land pipeline. As stated in the working paper, it is more objective and comparable than years of supply, which would be dependent upon the type of new home being proposed on a particular site at a particular point in time, and on the company's plans for growth or retrenchment over time.

Identifying local areas with high concentration (Section 4)

Question 4

- a) Do you have any comments or alternative suggestions for identifying local Housing Market Areas?

There is no preset determination of the boundaries of housing market areas (HMAs), which, as the Local Plan Expert Group¹ identified in 2016, was one of the two main problems for local planning authorities (LPAs) when Strategic Housing Market Assessments in the pre-Standard Method era.

LPEG's report stated that:

We heard evidence, however, of certain HMAs being politically defined – for example, of authorities being excluded from an HMA despite their obvious shared geography. We heard of one authority changing its HMA late in the day, potentially to avoid the consequences of shared markets. We also heard industry concerns of a trend towards the adoption by authorities in the East and South East of smaller and smaller HMAs in an apparent attempt to avoid the full implications of the Duty to Cooperate and even of some authorities treating their own administrative boundaries as the extent of their housing market area, which seems inherently unlikely to be the case. This may reflect a perception among some local authorities – not substantiated by the NPPF – that there is no requirement to address unmet needs outside the boundaries of HMAs. Elsewhere, HMA boundaries have been defined which overlap HMA boundaries – one authority is defined as falling within 4 different HMAs, which very obviously creates difficulties for plan making.

The Government – in the form of the former Department for Communities and Local Government – did publish an academic study in 2010 on the geography of HMAs, but it was based on the 2001 census and did not set definitive boundaries for plan-making, which was a subsequent LPEG recommendation.

¹<https://www.gov.uk/government/publications/local-plans-expert-group-report-to-the-secretary-of-state>



The working paper notes that LPA boundaries are not a perfect proxy for HMAs. This position is strongly endorsed by HBF because whilst the findings of the CMA's research are instructive in exploring the proportion of overall planning permissions that might have been granted on relatively few sites, that is very much not proxy for the number of sales outlets within the geographical area or the number of new homes available.

Question 4.2

- a) Do you have any comments on Method 1? b) Do you have any views as to how much weight we should put on Method 1?

Please see below.

Question 4.3

- a) Do you have any comments on Method 2? b) Do you have any views as to how much weight we should put on Method 2?

Please see below.

Question 4.4

- a) Do you have any other comments on our methodology for exploring land banks? What alternative or additional ways of analysing the data we have collected should we consider to shed further light on the issues?

As a general observation, HBF would highlight, as Lichfields and Built Place have done in material cited by the working paper, that Glenigan data on planning permissions granted can overlap on individual sites by not distinguishing between outline, full and reserved matters submissions, as well as 'replans' (plot substitutions, for example) that can significantly distort findings.

In relation to an analysis of the collected data, the (English & Welsh) LPAs identified break down, very broadly, into three almost distinct groups.

There are the authorities that are both urban and rural, perhaps on the edge of a wider conurbation and perhaps containing some market towns and larger villages.

- Halton
- Malvern Hills
- Oadby & Wigston
- Broadland
- Havant
- Newcastle-under-Lyme
- North East Lincolnshire
- South Tyneside



- Pembrokeshire

There are a number of London boroughs.

- Hammersmith & Fulham
- Harlow
- Harrow
- Kingston-on-Thames
- Hounslow
- Lambeth
- Tower Hamlets

There are authorities that could be described as standalone towns with a hinterland.

- Oxford
- Watford
- Scarborough
- Great Yarmouth

It might be possible to surmise that in the London boroughs and the standalone towns, perceived concentration could be as a result of a single, large brownfield site (a bus depot that closed down and was sold, for example) that finally came forward and got consented. In the other more rural category, it could similarly be surmised that perhaps a local plan finally got adopted but that it only allocated one urban extension on the edge of the town.

Such surmising links back to the Planning paper working paper and the extent to which the system influences the amount of land that is on the market at any given point in time.

In identifying concentrated areas it may be helpful, therefore, to draw a distinction between concentration as a result of (i) a majority of the homes being granted planning permission to relatively few builders, and (ii) concentration as a result of the number of strategic plots under control relative to the other builders.



In relation to strategic land, it seems unlikely that very many actors will control land under option in the London boroughs and so any concentration arising from that source will likely be in the other more rural places. The key point here, which the working paper acknowledges, is that there are many more players in the strategic land market than 11 larger builders. One or two of the 11 might have hundreds of plots under control on the edge of a town, Builder A might be promoting a North East extension and Builder B a South East extension, for example, but a land promoter might be promoting a South West extension and the Church Commissioners, an Oxford College, or some other significant landholder, might be promoting a North West extension. It should also be noted that while SME builders do not typically hold significant long-term land interests, some small builders do control very large sites that are built out over a long period of time. For those developers this can be an attractive approach if possible as it provides some certainty, allows for strong long-term understanding of the relevant sales markets and affords the company effective roots in to local supply chains.

This degree of competition from beyond large house builders (and the fact that all long-term land promotion is at risk) will not be reflected in the data.

In relation to immediate land, on the basis that the ultimate focus of the study is consumer choice, it might be helpful to consider the extent to which consented sites that are under construction represent the number of new build sites under construction at the same time within the LPA area. It could be case that the hypothetical bus depot or urban extension does have a dominant position in the new build market in a particular place because of the paucity of other land opportunities in a LPA. This snapshot of data may not differentiate though between a concentration of consents and a concentration of sales outlets. Even in the areas identified as concentrated there might be other active actors and outlets.

Findings (Section 5)

Question 5.1

a) In the areas identified as potentially highly concentrated in our analysis, what are your experiences of operating in these areas? How well do you consider the market to be working, and why? We particularly welcome views from

- Builders active in the area as to whether they consider the market is concentrated from their perspective, and how this affects their operations.
- Smaller builders as to whether they experience difficulties in finding land in these areas.
- LPAs as to whether they experience difficulties in identifying land for development and having this converted into housing in line with locally identified needs.

HBF is not well placed to offer a view on the operational experiences involved.

b) Are there other areas of England, Scotland or Wales which you consider to be concentrated but which have not been picked up in our analysis? If so, please provide supporting information and evidence.

HBF offers no further comments.

