
From:

[REDACTED]

To:

Housebuilding

Subject:

Land Banks & Planning working papers consultation

Hello

Firstly, apologies for the email response, as opposed to completing the set consultation, but I feel that your consultation has gone down a bit of a common rabbit-hole that not only over-complicates the issue, but also makes it hard for me to relay my thoughts in that format.

[REDACTED]

The problems you have recognised are undoubtedly a growing issue in the industry, being:

- Homes delivery numbers being insufficient to meet need,
- Homes often not being delivered in locations to suit buyer preference, and
- An increasing amount of land being held by a diminishing number of large developers

As an SME builder, I would say that large housebuilders do currently have a huge advantage in the acquisition and development of land, which has led to the isolation, and diminishing numbers, of SME builders, and an unhealthy concentration of housing land, and output, into a very powerful few.

However, I don't believe this is a commercial strategy on behalf of the large housebuilders, but rather a symptom of the growing problems that continual expansion of the requirements of Planning process and building regulations, and how we are dealing with them. These have undoubtedly resulted in:

- a) Vastly increased costs of delivery for home developments
- b) Vastly elongated timescales to gain detailed planning permissions,
- c) Vastly increased levels of cost (both for developer and LA) of gaining a final planning determination, and
- d) Vastly increased developer risk that it may not be viable, despite the zoning

The bottom line is that larger organisations are better placed to employ the resources to deal with these issues, but even they have had to start securing land far further in advance of target delivery, in order to ensure sufficient permitted sites to maintain their target output levels.

It's also worth noting the additional workload that has been placed on planning and building control authorities, as a result of these same additional regulatory requirements, which elongates response times and, more often than not, leads to protracted exchanges between teams during the application process, which further drains available the LA resource.

The good news is that there is actually a couple of pretty simple fixes, in my opinion.

1) More comprehensive Local development plan process

Everyone seems to forget that we have a two-stage planning process. The first stage is the development of an LDP, identifying the most suitable sites for differing types of development that will result in the best placemaking solution for residents / users, which is entirely under the control of the relevant LA. The second stage is the detailed planning

application by a developer which should, if the application is in accordance with the LDP, be a formality.

In my early days, getting detailed planning was a simple formality, provided your application was in line with the zoning, with very little additional information required, other than layout and house types. However, despite an exponential expansion of the requirements to gain detailed approval, very little of that has been factored into the LDP process. The result is that areas are being zoned on the most basic of information, and it is then up to the developer to clear all of the remaining requirements in the planning application process. That results in:

- many zoned sites being of questionable viability,
- vastly increased commercial risk for anyone trying to take a zoning forward to application, and
- a very long and protracted application process, draining resources on both sides and often becoming confrontational as applicants are always commercially exposed, and have to try anything to limit that exposure.

Solution – 20year LDP process, leading to a 5 year “confirmed” LDP where all questions on land suitability and infrastructure have been addressed.

We need to time-shift as much of the site suitability investigative work to the first stage of the planning process. The requirements are laid down by the planning authorities, and yet the same planning authorities are zoning land in the LDP with scant recognition of their own criteria. Then we end up with two parties trying to work their way through the planning authority requirements to, essentially, check whether the land should have been zoned in the first place. To transition away from this would require additional funding, but that would diminish as the beneficial effects on the second stage began to flow through. It would undoubtedly vastly reduce the planning resource required by applicants, and I don't think it would increase, long-term, the resource requirement of LA's. It would also have the side effect of reducing the chances of LA staff being poached by developers.

2) Exemption on space standards for a proportion of home on all sites

Assuming we can get to a stage where we now have a flow of permitted sites sufficient to meet the need, we then need to look at the other barriers to our delivering that, being delivery capability and funding.

For me the biggest constraint is not our ability to deliver, as I firmly believe developers will innovate to find ways to deliver homes if the demand and funding certainty are there. (e.g. investing in off-site modular needs a lot of investment, but many are ready to do it if there is certainty). Rather, the main problem is that of funding, as we are reliant on either private house sales to individuals, or government funding for affordable housing. (in Scotland at least)

Increasing cost of delivery, and space standards, have resulted in private house building activity becoming more concentrated in areas of higher value, with many less economically active areas having to rely largely on funded affordable housing programmes to deliver their need. This has, in turn, driven up the cost of housing land in these “higher value” areas, as more housebuilders focus on increasingly smaller areas, making even those areas less profitable and higher risk. It's a lose / lose result.

The suggested action in 1) will have a significant knock-on beneficial effect for this problem, but there are also other things we could do to stimulate private house building in lower value areas.

Solution 1 – Exemption on non-fabric building regulation to allow a proportion of housing to be for able-bodied buyers (i.e. the vast majority of buyers)

20years ago, we were building outstanding starter home 2 bed villas at a floor area of 56sq.m. There was no restriction dictating how close the parking was, nor a requirement for wheelchair access to EVERY home. These homes are still in demand today and are continuing to find buyers. Whilst the drive to increase the proportion of homes which are suited to increasing mobility issues is undoubtedly required, our inability to provide any proportion of these “starter” types of homes is a major handicap in our ability to provide truly affordable housing for private buyers. If, instead of a 25% affordable requirement on lower value areas, there was a relaxation to allow us to build 25% of “space standard exempt” housing, it would not only meet an undoubted demand, but it would make developments in these areas more viable (i.e. we lose money delivering fully compliant homes on benchmark affordable rates, which invariably go to the same buyers who would have bought a “space standard exempt” home without the need for government funding.)

Solution 2 – Levelling up levies based on house values in respective areas

Similar to the principle of developer contributions, a “levelling up” levy could be introduced which was based on market values in the area. Developments in high value areas would have a positive levy (i.e. a cost), and those in poorer areas would have a negative levy (i.e. a grant). Unless there is some form of levelling up levy, the current direction of travel will continue.

I honestly feel that the above suggestions would be very easily implemented, at minimal cost, and would result in a far more efficient system of housing delivery going forward.

Hope that helps a bit.

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