



***Submission by the Land Promoters and Developers' Federation (LPDF) to the Public Accounts Committee Inquiry into Planning and the Broken Housing Market.***

**Introduction.**

The Land Promoters and Developers' Federation (LPDF) is a newly formed Federation comprising a group of the UK's leading land promotion and development businesses. Together they specialise in the promotion and development of predominantly strategic land for both housing and commercial development, throughout the country – helping to generate homes and jobs and to move towards delivering the Government's target of building 300,000 new homes per year by the mid 2020's.

Following a gradual change in the development market over the last decade, land promoters and developers have adopted a business model which provides a vital service to housebuilders, local communities and the nation by sourcing land, delivering implementable sites and de-risking the process for the house-building industry, to enable housebuilders to excel in what they do best – building high quality new homes.

Our members promote sites ranging from 20-30 dwellings to schemes of 10,000 new homes or more, both on brownfield and greenfield sites. Having sourced and selected the land from a variety of different landowners, they undertake the patient work of negotiating on the land, and then promoting, servicing, and preparing it to bring forward sites which are 'ready to go' so that homes can be delivered quickly for the housing market. These are sold on to housebuilders, both large and small, providing a full range of sites to meet a variety of needs and demands.

Their role is to promote, prepare and plan projects, bear the risks, resolve the technical issues and secure outline planning consents – doing the 'heavy lifting' in preparation for development. They address and tackle infrastructure problems and fund planning gain and social community benefits – including for example, affordable housing, whether they have been identified in Local Plans or not.

**Government Policy.**

Our current Government conceded in the last Housing Green Paper (2017) that Britain has a 'broken housing market'. Since then, they have developed a clear policy, expressed in various Ministerial Statements, to improve and increase the delivery of housing of all types and tenures and more specifically to build 300,000 new homes by the mid 2020's.

This target is a powerful political ambition designed to match the output achieved in the 1950's and 1960's when Governments oversaw the building of up to 350,000 new dwellings per annum in a conscious effort to improve our dwelling stock and house the nation. It is now acknowledged, through successive academic and learned research reports, (eg. Barker Review 2004, the Lyons Report 2014 and work undertaken by KPMG Lichfields and Shelter) that problems of high and rising house prices and lack of affordability will only be achieved through significantly increasing supply across the country – as well as by diversifying the range and tenure of housing.

Up until now, the Government has adopted a variety of different measures to boost output: such as;

- Fine tuning planning policy within the NPPF, including the 'Presumption in favour of Sustainable Development' to increase the release of housing sites,
- Continued support for 'Help to Buy',
- Tightening the performance targets for the approval of Local Plans,
- Introducing a Housing Delivery Test for local planning authorities,
- Imposing greater pressure on housebuilders to convert permissions to completions, and
- Removing borrowing restrictions on local authorities to encourage municipal building.

### **Pressures for change.**

It is clear from the Oral Evidence presented to your Inquiry from senior civil servants at MHCLG (delivered by the MHCLG Permanent Secretary - Melanie Dawes in response to Caroline Flint MP, on 30<sup>th</sup> April 2019) that whilst Government has a clear ambition to build 300,000 new homes per annum, (which amounts to a significant increase on current output), there is as yet no firm strategy or plan for doing so. Nor, it was revealed, are there any specific targets or benchmarks for doing so. Hence the nature and urgency of this Public Accounts Committee Inquiry.

The National Audit Office report issued in February 2019 showed that whilst output of housing had improved over the last 5 years, in 2017/18 we had still only built 220,000 new homes, well short of the 300,000 target. The report highlighted a number of serious shortcomings in the Government's plan for the delivery of more housing:

- the poor performance by some Local Authorities in producing local plans. Only 44% of LPA's have an adopted Local Plan which is less than 5 years old,
- the delays experienced in housing delivery. It reckoned that over 50% of LPA's were likely to fail the Housing Delivery Test in 2020 resulting in sanctions and/or penalties,
- the impact of the Standard Housing Assessment Methodology in stifling housing growth in many areas, especially in the Midlands and the North, and in green belt areas,
- the chronic lack of resources in planning authorities (which is a key factor in delivering plans), with a 15% fall in planning staff from 2006 to 2016,
- The 38 weeks it takes, on average, to determine and informal hearing or planning inquiry. (The recently published Rosewell Report makes strong recommendations to speed up the process).

There are other clear shortcomings in the development process which hamper delivery of new homes;

- the repeated changes in the planning system which creates a 'moving target' and often sets Local Plans back whilst key changes are made,
- the inevitable focus on short term statutory duties within planning, partly due to lack of resources, rather than longer term strategic thinking,
- the lack of co-ordination and co-operation between LPA's, in the absence of a formal strategic planning process,
- the undue protection given to local authorities with a high proportion of Green Belt coverage which are able to deflect their housing needs elsewhere, without recourse,
- The inevitable and ongoing resistance by local communities and individuals to development and change and the permanent NIMBY culture which is endemic in our society.

The recently published interim report by the 2070 Commission (May 2019) highlights another major concern – the wide regional disparities which create over-heating in London and the South East

region, at the same time as poor markets, low investment and inadequate resources in the peripheral regions – leading to wasted assets, distortions in land prices and imbalances in living standards. We may not be taking full advantage of the economic potential in all parts of the UK, resulting in a clear geographical imbalance of wealth and opportunity with problems of overcrowding, pressures of population growth and housing affordability in the higher demand areas.

The onset of Brexit seems likely to exacerbate these trends due to the loss of direct EU structural funds. The MHCLG standard housing methodology is slanted towards higher demand areas in London & the SE which theoretically eases the affordability problem in those areas, but exacerbates the problem of overcrowding in high demand areas and creates tensions in green belt areas.

Perhaps the greatest concern expressed by a wide range of researchers and commentators is the shortfall of affordable housing throughout the country and the social costs of housing shortfall. The land promoters and developers play a crucial role in securing and delivering affordable housing through the planning system in bringing forward land with outline consents.

### **Our contribution.**

The Land Promoters and Developers (LPDF) are an essential part of the development process – they provide a vital service in bringing deliverable sites to the market and hence assisting the Government in achieving their 300,000 per year house building target. They are key to unlocking infrastructure and planning gain benefits for local communities through Section 106 contributions and Community Infrastructure Levy (CIL) and dealing with contaminated land and other problems.

Members of the LPDF promote and release sites of all types and sizes, both brownfield (previously developed land) and greenfield, ranging from new settlements down to smaller sites within or on the edge of both urban, suburban and rural communities for a diverse range of builders. Land promoters and developers are instrumental in negotiating and delivering affordable housing through the planning process, where possible in full compliance with Local Plan policies

Land Promoters and Developers are essential in generating enhanced development land value which helps to pay for services and infrastructure whilst harnessing tax income for the exchequer through Stamp Duty and Capital Gains Tax and we indirectly act as a sounding board for the landowners (both private and institutional) with whom our members enter into agreements to promote their land. Against that background, the LPDF has been heavily involved debates about future changes in Community Infrastructure Levy, Section 106 agreements and Land Value Capture.

Land Promoters and Developers play an active role in consulting local communities and engaging in genuine public participation as a way of communicating with local people.

### **The Way forward.**

It is vital in our view, that Government encourages a broad portfolio of sites to come forward to meet all parts of the housing market and to cater for all types of housing need. Housing numbers at both national, strategic and local level should reflect all potential requirements, including flexibility, to include lapse rates, future demolitions, concealed households (the hidden homeless) etc. The 'Lichfields' Reports – 'Stock and Flow' and 'Start to Finish' are a valuable guide.

Government should address the need for consistent and comprehensive strategic planning whereby decisions are taken at a level where public spending on strategic infrastructure is properly integrated and co-ordinated and housing is planned on a level where local planning authorities must face up to the challenges in meeting both local and wider needs to match the growth in the economy.

Local authorities need to give Local Plans a priority to ensure that the plan-led system becomes a positive vehicle for development, encouraging the release of land and bringing forward homes more quickly. Those areas lacking a Local Plan must be expected to continue to face a 'Presumption in favour of Sustainable Development' set against legitimate planning applications for housing. The Housing Delivery Test has clear sanctions which should be enforced. LPA's should not be allowed to 'wipe the slate clean' once a plan is adopted to avoid a past housing shortfall.

Local authorities should involve landowners and developers in the preparation of Local Plans so that land is allocated which is genuinely deliverable and sites can come forward where appropriate in partnership between the public and private sector.

Whilst there is a positive value in local involvement by residents in Neighbourhood Plans which can help implement the policies and proposals in Local Plans there should be no place for locally produced Neighbourhood Plans 'steering' Local Plans or conflicting with them to thwart development sites. The 'tail should not wag the dog'.

It would be sensible for the Government to address the tensions and inefficiencies created by wide regional disparities and to ensure that public spending is more evenly distributed to stimulate peripheral regions and trigger house building outside London and the south east, as well as catering for pressures within the capital, which could relieve the pressures on the most congested areas.

Government needs to adopt a more pro-active strategy for infrastructure support to the growth points and corridors, such as the Oxford – Cambridge corridor, the Midlands Engine and the Northern Powerhouse (and indeed elsewhere) which could deliver greater economic prosperity without necessarily fuelling the over-heating of London and the Home Counties.

We are anxious to ensure that any decisions are taken in relation to future land and development taxation are in the knowledge that some 50% of any increased value is already returned either to the Government or the community. Above all, any policy for recovering enhanced land value must avoid deterring landowners from bringing land forward. Any impending changes in tax policy will often result in uncertainty, cause greater complexity and lead to a hiatus in transactions and hence may be an additional burden and a delay in delivery).

We are conscious of the pressures faced by Local authorities within planning, highway and service departments. But they need to be adequately resourced to provide an adequate service in helping to facilitate development. Our members often find that officers are remote or inaccessible and that Planning Authorities take too long in negotiating S106 agreements or that Highway Authorities frustrate development and impose excessive fees and bonding costs in determining Section 278 and Section 38 agreements. Increases in local authority fees or New Homes Bonus payments need to be 'ring-fenced' so that they are directly targeted towards increasing the housing output. A review of the planning fee structure and Planning Performance Agreements (PPA's) is probably overdue. The streamlining of appeals recommended by the Rosewall Report is warmly welcomed. There may be scope for sharpening minds by allowing costs to be awarded to the winning party at appeals.

Decisions made locally are determined by Councillors who may be under pressure to resist change. Council Members should be required to undergo regular training in planning policy and practice so that they are fully equipped to make the important quasi-judicial decisions in making important planning judgements which can have critical social, economic and environmental consequences.

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