

# CONSULTATION RESPONSE



Reducing the Regulatory Burden-response to Grant Shapps Letter 04 Jan 2011

## Reducing the Policy, Regulatory, Standards and Red Tape Cost Burden on Home Building

### Executive Summary

The Home Builders Federation (HBF) is the principal trade association representing the interests of private home builders in England and Wales. Our membership, which includes companies ranging from major national firms, through regional companies to smaller local firms, is responsible for more than 80% of annual new home building.

This paper responds to Grant Shapps' letter of 25 November, Home Building Red Tape. As requested, we do not comment on Building Regulations.

Home building faces a vast range of policies, regulations, standards and red tape from central government, local authorities and various public and private bodies. Whatever their individual merits, almost all add to the cost of residential development, reducing viabilities and housing supply. Most are imposed locally. The cumulative burden must be significantly reduced to allow a sustained increase in home building. Reducing the cumulative burden will require central and local government to make policy trade offs. There are no simple answers.

The Coalition Government has a number of important home building commitments:

- To increase home building;
- To “reduce the total regulatory burden on the house building industry over the *Spending Review* period in order to help increase housing supply and support UK house building” – applying to all regulation, national and local;
- Rigorous processes for approving new central government policies (but weak or sometimes non-existent approval processes for local authorities);
- Localism.

The ‘one-in, one-out’ rule means the significant additional costs of Part L changes in 2010, 2013 and 2016 and of the Flood and Water Management Act (FWMA) will require very significant reductions in other home building policies and regulations.

Localism will need to be exercised in a way that is consistent with meeting the *Spending Review* commitment. The plethora of inconsistent local policies and standards raises house building costs. The most efficient, effective and transparent way to reconcile localism with reducing the regulatory burden on home building would be to require local authorities to justify and assess the cumulative cost and viability impact of local standards, CIL and other local policies. The requirements for local standards impact assessments need to be clearly set out in the NPPF.

- **Direct Site Impact Mitigation**

*(Flood protection, SUDS, Ecology, Off-site highways, etc.)*

The costs of direct site mitigation should be paid for out of site land values. Urgent action is required to reduce unnecessary uncertainty and costs in the way provisions of the FWMA relating to adoption of sewers and SUDs are being imposed.

- **Discretionary Local Policies and Standards**

Discretionary local policies and standards account for the largest element of the cumulative policy and regulatory cost burden on home building.

### **Community Infrastructure and Services (S106 and CIL)**

*(Community buildings, Education, Fire services, Libraries, Health facilities, Rescue services, Allotments, Cemeteries, Playing fields, Contributions to off-site renewables)*

As a general principle, community infrastructure and services should be paid for out of general taxation. In the current very tight fiscal climate, residential land values should not be viewed as an alternative source of funding for public services.

CILs must be set according to clear rules about what is/is not acceptable in a CIL, with robust viability testing, and S106 demands scaled back to direct site mitigation.

### **Affordable Housing**

One of the largest policy burdens, Affordable Housing demands will have to be drastically scaled back to restore viabilities. The Government should clarify the definition of Affordable Housing to encourage nil-grant private sector solutions.

### **Site-specific Sustainability Demands**

*(Zero carbon, Code for Sustainable Homes, Water conservation, On-site renewables, Climate change adaptation)*

The Code should be reviewed and consideration given to incorporating its provisions into Building Regulations. The NPPF should state that local authorities cannot impose higher standards for items included in national regulations.

## **Site-Specific Design Demands**

*(Space standards, Lifetime Homes, Density and mix policies outside market requirements, Parking standards, Building for Life (BfL), Public open space and public realm, Play space)*

Local design standards can have very significant adverse impacts on housing costs and revenues, housing numbers and development viability.

Site-specific design and space standards above the needs of home buyers should be curbed and local authorities should fully assess the impact of such demands on costs, building efficiency, land viability and housing supply. Building for Life is not a standard and should not be used as one. Lifetime Homes is a perverse policy which drives up prices and encourages under-occupation of family housing. While ruled out at the national level, local authorities are free to impose this costly standard.

## **Local Transport Policies**

*(Green travel plans, Bus subsidies for uneconomic services, Cycleway provision or contributions, Railway stations, etc, Park and Ride provision or contributions)*

Policies to change consumer behaviour should be state funded.

- **Adoption Costs, Bonding, etc.**

*(S38 local highways commuted sums, Public open space commuted sums, Bonding and adoption costs (by a range of bodies), Play area adoption costs, Poor service and excessive costs imposed by approving and adopting bodies)*

These demands, largely unregulated and often excessive and unjustified, are levied by bodies with monopoly powers which are very difficult or impossible for developers to challenge. We would like to explore with Government how to resolve these issues.

- **Planning: Development Management**

The valuable recommendations of the Killian Pretty Review of the planning application process should be implemented in full as soon as possible.

- **Planning Inefficiency & Delay, Restricted Land Supply**

*(Uncertainty arising from delays in preparing LDFs, Uncertainty about policy demands, Uncertainty in planning application outcomes, Delay in reaching planning decisions, Land shortages created by planning restrictions)*

Although not deliberate, all these practices increase house building costs.

The NPPF should stress that the planning system must be efficient and that all parties involved should eliminate unnecessary delay, uncertainty and risk.

- **Non-planning Consents**

The recommendations of the Penfold Review of Non-planning Consents should be implemented in full as soon as possible.

- **Mortgage Regulation**

The availability of mortgage finance, and particularly of higher LTV mortgages, is the biggest constraint on house building at present.

The Government must use its influence to persuade the FSA to take a fresh look at its potentially very damaging Responsible Lending proposals. The proposal to bring second-charge mortgages within FSA regulation will mean most home builders will no longer be able to offer shared-equity schemes to help first-time buyers.

- **Employment Law**

The Treasury should not introduce changes to the tax treatment of the self employed.

## **1. The Cumulative Policy, Regulatory, Standards and Red-Tape Cost Burden**

Almost all policies, regulations, standards and red tape, whatever their individual merits, add to the cost of development - i.e. they add more to costs than any increase in sales value they create - and so reduce the viability of housing schemes. The higher the cumulative policy and regulatory cost burden, the fewer the number of sites that are viable and the lower the level of new housing supply.

The regulatory cost burden on home building must be significantly reduced if we are to achieve a sustained increase in home building. Many potential housing sites are not viable, a situation that will worsen with the substantial additional costs of changes to Part L in 2013 and 2016. Policy and regulation have added significantly to development costs over the last decade or more. To increase the number of viable residential sites, policy and regulatory costs are the only non-essential element of development costs that can be significantly reduced.

Home building is subject to a vast range of policies, regulations, standards and red tape, imposed by central government departments, local authorities and various public and private bodies. Some are mandatory national requirements, but the majority are imposed locally and so vary from one local authority to another. Each will no doubt have been considered justified when it was first imposed. Many do not apply to non-residential development, thereby distorting land values and investment decisions. Requirements for assessing regulatory impact vary enormously.

Therefore there are no simple answers to reducing the cumulative regulatory cost burden. In particular, there are limited opportunities for simply abolishing a policy or regulation, not least because most are imposed locally and are therefore not subject to direct central government control. Many are EU legislative requirements which local authorities tend to copper plate to avoid the risk of judicial review. To reduce the cumulative burden, trade offs are required. And because central and local government imposed these costs in the first place, ultimately these trade offs must be made by central and local government. Home builders can only offer suggestions.

The only way forward is for a step-by-step examination of all areas of policy and regulation. The following paper adopts this approach.

From a public sector perspective, there are no doubt important distinctions between policies, regulations, standards and red tape. However from the industry's perspective they all impose additional costs on development which in many cases are not essential requirements of residential development.

The Coalition Government has a number of important commitments with implications for reducing the regulatory cost burden on home building:

- To increase home building;
- To “reduce the total regulatory burden on the house building industry over the *Spending Review* period in order to help increase housing supply and support UK house building” (*Spending Review* and *The path to strong, sustainable and balanced growth*);.
- New central government regulation is subject to rigorous assessment processes: regulatory impact assessments, the one in-one out rule, vetting of RIAs by the independent Regulatory Policy Committee, sign off by the Reducing Regulation Cabinet Committee. Central government departments must produce Action Plans for sustainable growth across sectors of the economy and engage intensively with the private sector to ensure policy outcomes are as relevant as possible; by contrast local authority assessment requirements are much weaker, and frequently almost non-existent;
- Localism.

These commitments raise two particular issues.

### **1.1 The Cumulative Cost Burden and the One-in, One-out Rule**

Changes to Part L of the Building Regulations in 2010, 2013 and 2016 will impose significant additional costs on home building, whatever the final definition of zero carbon. In addition, the Flood and Water Management Act (FWMA) will impose significant additional costs over the next few of years. Therefore meeting the *Spending Review* commitment to reduce the regulatory cost burden on home building, along with the One-in One-out rule, will require very significant reductions in other areas of home building policy and regulation by DCLG and Defra simply to counter the increased costs of Part L and the FWMA.

### **1.2 The Cumulative Cost Burden and Localism**

There needs to be a major change in local authority attitudes towards new housing policy and regulation. At present, residential development is too often seen as a pool of land value from which the authority can/must extract as much value as possible up to the limits of viability. Instead, local authorities should see themselves as facilitating the supply of a valuable social and economic necessity.

We understand from HM Treasury that the *Spending Review* commitment definitely applies to all regulation, whether imposed nationally or locally. Therefore localism will need to be exercised in a way that is consistent with meeting the *Spending Review* commitment. Most policy and regulation affecting home building is imposed locally. The commitment will not be met if a reduction in the national regulatory burden is more than outweighed by increased

local regulatory costs. To meet the *Spending Review* commitment, DCLG will need to monitor and measure the cost impact of policy, regulation and standards at all levels, including local.

At present, local authorities – unlike central government - can impose a plethora of inconsistent local policies and standards, often via Supplementary Planning Documents (SPDs), with little or no need to assess their impact on cost, viability, housing output or consumer preferences. These local policies and standards raise house building costs (a) directly, and (b) indirectly because, faced with a multitude of different requirements across the country, house builders are unable to achieve scale efficiencies in design, buying and construction, so that the industry's whole cost base is raised.

We believe there are very few legitimate 'local standards', as distinct from national standards, local policies (notably CIL items and Affordable Housing) or necessary site mitigation (e.g. flood protection, off-site highways). And even within the short list of potential 'local standards', HBF has proposed that the Code for Sustainable Homes should be reviewed and consideration given to incorporating its provisions into Building Regulations; Building for Life (BfL), which is jointly owned by HBF, is not a standard and should not be used as one; and Lifetime Homes is a very damaging standard which makes it impossible for developers to provide low-priced market housing for first-time buyers and encourages older people to stay in large, under-occupied homes, a perverse policy objective.

It should also not be forgotten that DCLG stopped the HCA adopting higher standards in exactly these areas (space standards, BfL, Code) because they would have added £8,000 per dwelling to costs. Imposition of these standards by local authorities has just the same cost impact.

### ***Recommendation***

We believe the most efficient, effective and transparent way to reconcile localism with reducing the regulatory cost burden on home building would be to require local authorities to justify and assess the impact of local standards, just as central government departments are required to do. In other words, we favour building automatic checks and balances into a transparent system. To this end:

The National Planning Policy Framework (NPPF) should require a clear local reason for imposing a standard (a vague "aspiration" should not meet this test), and a robust regulatory impact assessment (RIA) for any proposed local standard, including assessing technical feasibility and impact on development cost, viability and housing output in the local area. The NPPF should state that local standards could only be introduced via the local plan, with the RIA subject to public scrutiny at the local plan enquiry and a plan judged 'unsound' if an RIA is not to an acceptable standard. The NPPF should state explicitly that local authorities

cannot use an SPD to impose a local standard or substantially modify an existing LDF policy or standard<sup>1</sup>. The NPPF definition of 'sustainable development' should include the need to ensure any local standards do not damage local viabilities and housing supply. The NPPF should also explicitly state that local authorities cannot impose higher standards for items included in the Building Regulations or other national regulations. If higher standards are judged necessary, this should be done through national regulation, with a robust regulatory impact assessment, not through a plethora of inconsistent local standards.

The NPPF should also make clear that local authorities should assess the impact of any proposed local standards on viabilities and housing supply as part of a full assessment of the impact of the local CIL and other local policy requirements (e.g. Affordable Housing). In other words, they should assess the cumulative impact of all their demands as it is impossible to assess the viability impact of any one of them in isolation. This holistic approach would also ensure that a local authority had to explain transparently to local residents the trade offs between all of its proposed policies, standards and regulations, and their positive and negative consequences for local people.

We can see advantages and disadvantages in the suggestion that the NPPF should contain a menu of possible local standards. On the positive side, if the NPPF made it clear local authorities could not impose standards beyond items included in the menu, this would avoid an uncontrolled proliferation of standards. (If the NPPF did not rule out making demands for items not on the menu, then the menu would be worthless.) On the other hand a menu is likely to mean local authorities will pick as many local standards as possible, as has happened with the planning application validation checklist. Also it would tend to fix standards in tablets of stone, making future changes very difficult.

## **2. Reducing the Cumulative Regulatory Cost Burden**

The rest of this paper pulls together the multitude of national and local policies and regulations into a number of broad categories, with recommendations for reducing the regulatory burden within each category. We have included Building Regulations in some of the categories for completeness, but have not made any specific recommendations.

### **2.1 Direct Site Impact Mitigation**

Flood protection

SUDS (Sustainable Urban Drainage Schemes)

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<sup>1</sup> Local authorities can only use Supplementary Planning Documents (SPDs) to modify a policy already included in the local plan (LDF). However the local plan policy is often a vague commitment, whereas the SPD is used to impose the detailed policy or significantly to modify a policy. While local plan policies are subject to rigorous testing at a Public Inquiry, SPDs can be issued with little or no consultation and there is no requirement for a regulatory impact assessment. There has been a proliferation of SPDs, in some cases to circumvent the robust requirements of establishing a CIL.



Ecology

Off-site highways

Any part of the Community Infrastructure Levy (CIL) attributable to individual sites

House builders fully accept that the costs of direct site mitigation should be paid for out of site land value – they are viewed as necessary costs of development. But unless alternative sources of funding are found for the many other regulatory and policy costs listed below, there will be insufficient land value available to fund necessary direct site mitigation, so that fewer homes will be built.

### ***Recommendations***

However the Flood and Water Management Act (FWMA) imposes a number of requirements relating to adoption of sewers and SUDs that will, we believe, add unnecessary additional cost and therefore have a negative impact on development viability and housing output. We note that our concern is with the methods being proposed for achieving the government's objectives, not the objectives themselves.

### **Flood & Water Management Act. Responsibility for Surface Water Management.**

This should remain with the 10 WaSCs, not move to a multitude of inexperienced newly-formed local authority bodies, namely the SABs. The present proposals/approach to dealing with drainage matters in England and Wales is unnecessarily fragmented. Moreover, what is being allowed to evolve has the propensity to seriously undermine new housing delivery. This was the overwhelming conclusion from recent NHBC workshops when representatives from the UK's major house-builders, consultants and contractors were asked who should have responsibility for surface water drainage/management.

### **Flood & Water Management Act. Automatic Transfer of Private Sewers.**

We welcome this initiative but at present the transitional arrangements are far from satisfactory. At present we are being confronted with a period of a year commencing April 2011 when no particular body will have responsibility for approving surface water drainage. What are house-builders expected to do during this period? It would be far more sensible/practical for the mandatory build standards (MBS) for adoptable foul sewers and the SUDS Standards to be introduced at the same time, i.e. April 2012, which is the date when the SUDS Standards are to apply and the SABs will be expected to be in place. In addition, the exclusion of certain surface water sewers from the automatic transfer in 2011 will expose house builders to unwarranted litigation under the Property Mis-descriptions legislation for having sold properties where surface water drainage discharges to sewers that are the subject of an existing Section 104 Agreement. Purchasers will have relied upon this material fact, but on the 1st October 2011 Section 104 Agreements will be unilaterally cancelled, leaving house builders with orphaned surface water sewers, i.e. those discharging to rivers,

watercourses, canals, storage ponds and large SUDS infrastructure. This is most unsatisfactory and unhelpful.

We have already asked Defra for urgent resolution of issues relating to proposals for Transfer of Private Sewers and Mandatory Build Standards because of their potential impact on housing development.

In addition to the above concerns, we estimate SUDs will take about 5% of land out of development, thus reducing the numbers of units that can be plotted on developments, with a corresponding reduction in land value.

Finally, local authorities have suggested that they will require 100% bonding, whereas currently this figure averages about 10%, thus increasing house builders' costs for no defensible reason.

## **2.2 Discretionary Local Policies and Standards**

Discretionary local policies and standards account for the largest element of the cumulative policy and regulatory cost burden on home building. Therefore under localism they pose the biggest challenge to meeting the Government's *Spending Review* commitment to reduce the total regulatory burden on home building.

As discussed in Section 2.2, we believe the most efficient, effective and transparent way to reconcile localism with reducing the regulatory cost burden on home building would be to require local authorities to justify and assess the impact of all local policies, regulations, standards and red tape, just as central government departments are required to do. In other words, we favour building automatic checks and balances into a transparent system. However, as will be clear below, we also believe that many local authority demands should not be a cost burden on residential development at all as they should be funded by the state.

### **2.2.1 Community Infrastructure and Services (S106 and CIL)**

Local authority expectations of what can be funded from residential land values must be severely curbed. What was barely affordable in 2007 is no longer affordable and, on any realistic assessment of the outlook for house prices and house building, is not likely to be for the foreseeable future, especially given the substantial additional future costs of changes to Part L and the provisions of the FWMA.

#### ***Recommendations***

As a general principle, the public sector should pay for community infrastructure out of general taxation, as it always did before S106 agreements became widespread. In addition,

in the current fiscal climate, residential land values should not be viewed as an alternative source of funding for public services such as:

Community buildings (e.g. village hall)

Education

Fire services

Libraries

Health facilities

Rescue services

Allotments

Cemeteries

Playing fields

Contributions to off-site renewables

Local CILs could impose very significant costs on development, damaging viabilities and reducing housing output. To avoid this happening:

- Local CILs must be set according to clear rules about what is and is not acceptable in a CIL;
- The viability impact of a proposed CIL must be fully and transparently assessed in the local plan process at the same time as the impact of other local policies, regulations and standards is assessed;
- The decision to exempt Affordable Housing from CIL should be reversed - the residents of such units have the same requirements for community infrastructure as residents of market housing;
- As CILs are introduced, S106 demands must be scaled back to cover only necessary direct mitigation (see 3.1 above); local authorities should not be permitted to demand S106 contributions towards items included in a CIL.

### **2.2.2 Affordable Housing**

Affordable Housing S106 planning obligations agreements are one of the largest cost burdens on residential land values, yet it is not at all clear why residential land values should provide subsidy for Affordable Housing. (Commercial land values rarely do.) Housing for those who cannot afford market housing should be subsidised by the state, as it always was until S106 agreements became widespread.

#### ***Recommendations***

Local authority Affordable Housing demands from private housing development (S106 agreements) will have to be drastically scaled back, especially as we factor in the full costs of zero carbon in 2010, 2013 and 2016 and the costs of the FWMA.

In addition, we believe the Government should review and clarify the definition of Affordable Housing (AH) to encourage greater flexibility and innovation by local authorities, developers and affordable housing providers, especially nil-grant private sector solutions. We have made separate submissions to Government on this issue.

### **2.2.3 Site-specific Sustainability**

Zero carbon (Part L of the Building Regulations)

Code for Sustainable Homes (elements of the Code other than Part L)

Water conservation measures

On-site renewables (e.g. so-called Merton Rules)

Climate change adaptation measures

#### ***Recommendations***

As already noted, the *Spending Review* commitment to reduce the regulatory cost burden on home building, along with the One-in One-out rule, will require very significant reductions in home building policy and regulation by DCLG simply to counter the increased costs of Part L in 2010, 2013 and 2016.

The Code should be reviewed and consideration given to incorporating its provisions into Building Regulations. If a separate Code was no longer required, this would help discourage local authorities from imposing levels of the Code at local level, impositions which take little or no account of their implications for building costs, consumer demand and preferences, densities, housing numbers or viability.

The NPPF should explicitly state that local authorities cannot impose higher standards for items included in the Building Regulations or other national regulations.

### **2.2.4 Site-Specific Design Demands**

Space standards

Lifetime Homes

Density and mix policies: where the resulting density and mix of house types are out of line with what the local market would require

Parking standards

Building for Life (BfL) scores as a planning requirement (e.g. above 14 out of 20)

Public open space and public realm

Play space

Local design standards can have very significant adverse impacts on housing costs and revenues, housing numbers and development viability.

## ***Recommendations***

Excessive public open space demands beyond those necessary to support a development must be curbed as these severely reduce development viability and housing numbers. Local authorities should fully assess the impact of such policies as part of the development plan process.

Site-specific design demands above and beyond the requirements of home buyers should be curbed, and local authorities should fully assess the impact of such demands on costs, building efficiency, land viability and supply and housing supply as part of the development plan process. The role of local authority urban designers should be reviewed. Too often they make subjective, personal decisions on layouts that make housing unattractive to home buyers and occupiers.

Building for Life, which is jointly owned by HBF, is not a standard and should not be used as one. Local authorities should not require a certain BfL 'score' before granting planning permission for a development. BfL was developed as a useful checklist for ensuring developments are designed according to good urban design principles. (A number of major developers have adopted modified versions of BfL to guide their urban design, an entirely appropriate use of BfL.)

Lifetime Homes is a perverse policy because it drives up prices and makes new homes less affordable, it reduces the availability of lower-priced first-time buyer housing, and it persuades people to remain in under-occupied housing, precisely the opposite of what we should be doing given the numbers of older households under-occupying large family homes (which will worsen as the population ages). While the Government has ruled out imposing Lifetime Homes as a national policy requirement, local authorities appear free to impose this costly standard.

We are very pleased the Housing Minister has ruled out imposing the higher standards proposed by the HCA. These standards would have been very damaging.

### **2.2.5 Local Transport Policies**

Green travel plans

Bus subsidies for uneconomic services

Cycleway provision or contributions

Railway stations, etc.

Park and Ride provision or contributions

### ***Recommendation***

These policies are often about changing consumer behaviour and not mitigating the impact of development. It is not clear why scarce development land value should fund such aspirational policies. If the state wants to change people's behaviour, it should fund such policies. The provision of major infrastructure items, such as a new railway station, is covered by our comments above on CIL and S106 agreements.

### **3. Adoption Costs, Bonding, etc.**

S38 local highways commuted sums (to pay for future maintenance)

Public open space commuted sums (ditto)

Bonding and adoption costs (by a range of bodies)

Play area adoption costs

Poor service and excessive costs imposed by approving and adopting bodies

It is not at all clear why residential land values should pay for future maintenance of public infrastructure or facilities. These demands are largely unregulated and are often excessive and unjustified, but they are levied by bodies with monopoly powers which are very difficult or impossible for developers to challenge or avoid.

#### ***Recommendation***

We believe such demands must be brought under some form of control and severely curbed; there need to be proper appeal mechanisms for home builders faced with excessive demands, poor service and abuse of powers; there should be proper, enforceable service standards and delivery timescales (delays with utility connections have been a major problem for home builders for some years); and these monopoly bodies should be required to be fully transparent about their cost demands. We are not sure what would be the best method of exercising such controls, not least because they would apply to a range of public and private sector bodies, but we are keen to explore this issue with the Government.

### **4. Planning: Development Management**

#### ***Recommendations***

The valuable recommendations of the Killian Pretty Review of the planning application process should be implemented in full as soon as possible.

One issue that member companies have repeatedly raised is the range of studies and reports required for a valid planning application. Authorities tend to adopt a tick-box approach, asking for all the reports on the validation checklist, regardless of their relevance to the scheme or the local authority's ability to assimilate and use the information in the reports. This is often manifested in the imposition of planning conditions requiring reports for matters already covered in documents accompanying the application – it appears officers have not even read the documents they have demanded.

## **5. Planning Inefficiency & Delay, Restricted Land Supply**

- Uncertainty arising from delays in preparing LDFs
- Uncertainty about policy (e.g. S106) demands
- Uncertainty in planning application outcomes
- Delay in reaching planning decisions
- Land shortages created by planning restrictions

None of these is a deliberate policy demand, but in each case the state's actions add risk, uncertainty and cost to residential development. Unnecessary delay and inefficiency adds to development costs, as does uncertainty about policy demands when buying land. Uncertainty about the outcome of planning decisions means developers have to process more sites than would otherwise be necessary for any given level of output. Permissioned land shortages drive up land prices, and so increase developers' capital requirements and financing costs.

### ***Recommendations***

Local authorities should be far more commercially aware of the adverse impact of their behaviour on costs and housing delivery. The National Planning Policy Framework should stress that the planning system should be efficient, and that all parties involved in the system should eliminate unnecessary delay, uncertainty and risk.

Approval of planning matters, SUDs, highways, etc. add uncertainty, delay and cost to development, as do requirements such as the Code or air-tightness testing, and the mandatory use of unregulated third parties (see Section 4 above). Overcoming these obstacles requires both a change of attitude by regulatory bodies, as well as formal service standards and proper regulation of bodies with monopoly powers.

## **6. Non-planning Consents**

### ***Recommendation***

We fully support the findings of the Penfold Review of Non-planning Consents. We understand the Coalition Government is assessing the recommendations. We would urge the Government to implement the recommendations in full as soon as possible.

## **7. Mortgage Regulation**

### ***Recommendations***

The availability of mortgage finance, and particularly of higher LTV mortgages, is the biggest constraint on house building at present. The Government must do all it can to ease the situation. In particular, we are most concerned about the potentially very serious impact on the housing market and house building of the FSA's recent proposals for Responsible

Lending. The Government must use its influence to persuade the FSA to take a fresh look at its proposals.

We are also most concerned about the proposal to bring second-charge mortgages within FSA regulation. This will make it impossible for most home builders to offer share-equity schemes at a time when they are absolutely essential to maintaining new home sales, especially to first-time buyers. (The demise of HomeBuy Direct has made house builders' own share-equity schemes even more critical to industry output.)

## **8. Employment Law**

### ***Recommendation***

The Treasury should not introduce changes to the tax treatment of the self employed.

**John Stewart**  
**Director of Economic Affairs**