

Development Corporations Consultation
Housing Infrastructure & New Settlements Division
Ministry of Housing, Communities and Local Government
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17 January 2020

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Dear Sir / Madam

Development Corporation Reform: Technical Consultation

The following response is provided by James Stevens, Director for Cities, on behalf of the Home Builders Federation (HBF).

The Home Builders Federation (HBF) is the representative body of the home building industry in England and Wales. The HBF's member firms account for some 80% of all new homes built in England and Wales in any one year, and include companies of all sizes, ranging from multi-national, household names through regionally based businesses to small local companies. Private sector housebuilders are also significant providers of affordable homes, building 49% of affordable homes in 2018/19.

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Question 1: Are there measures that you would like to see implemented to further facilitate private sector involvement and investment in development corporations? What changes would you like to see?

We note in the consultation that Board members are required to be independent, but the private sector can be involved elsewhere in the development corporation to provide 'leadership'.

If business interests are to be involved in the governance and leadership of development corporations, it will be necessary to ensure that these parties are not securing competitive advantages, such as access to land and influence over policy. This would be achieved best by separating policy-making from implementation. To ensure independence, development corporations should be made to produce local plans where these are Mayoral and Locally-led New Town Development Corporations.



These development corporation local plans will need to be examined to ensure general conformity with sub-regional policy (if there is a spatial development strategy) and national policy. Engagement with the private sector, as part of that plan-making process, will be essential to ensure that the plan is viable and achievable. There should be a requirement for development corporations to engage with the private sector.

Such plans will need to be published before business interests are then brought on board to assist with implementation (which is distinct from plan preparation). Once the plan is adopted it seems acceptable to co-opt private sector expertise and finance to help implement the plan.

Private sector involvement at the plan-making and implementation stage might have averted the error made by Old Oak and Park Royal Development Corporation over the acquisition of the Cargiant site arising from its under-estimation of the costs associated with compulsorily purchasing the location.

Question 2: *Are the existing models of development corporations sufficiently broad in scope to allow for the types of development that local areas wish to pursue? Are there any barriers to the uptake of existing models? If so, what sort of change do you think is needed?*

Development corporations are designed to assist with delivery. They should not become a replacement for vital strategic planning activity.

Development corporations can assist with the delivery of planning objectives particularly where the location straddles more than one local authority. This is the case with the two Greater London Mayoral Development Corporations (London Legacy Development Corporation and Old Oak and Park Royal Development Corporation¹).

HBF is less convinced that on their own they provide a solution to the housing crisis. Development corporations are created where they may help speed the delivery of favoured local authority projects. They do not necessarily provide additionality. They will not address the underlying problems of a) slow local plan production and review; b) low housing targets as a consequence of either departing from the Standard Method or because large unmet needs are neglected owing to an unwillingness to cooperate across boundaries; and c) grudging release of land for housing even when it is allocated. These three issues are more fundamental to addressing the housing crisis in the long term. HBF would be concerned if too much energy, resource and expertise is directed towards the foundation of development corporations at the expense of local plan production and review. Planning resources and skills are already stretched within local government.

We consider that the four types of development corporation allowed for – New Town Development Corporations, Urban Development Corporations, Mayoral Development Corporations and Locally-led New Town Development Corporations are adequate. These four models ensure that the formation of development corporations is controlled by central government or by the Mayors of combined authorities. Mayoral Development Corporations should only be established where the Mayor has devolved powers to make a spatial development strategy. This is necessary to ensure public transparency and to ensure that the goals of the Mayoral Development Corporation contribute to the

¹ The London Legacy Development Corporation straddle the boundaries of four London boroughs: Newham, Hackney, Tower Hamlets and Waltham Forest. OPDC straddles the boundaries of three London boroughs: Hammersmith & Fulham, Ealing and Brent.

wider planning goals of the spatial development strategy for the combined authority area.

Question 3: *Do you agree that all development corporations should have the ability, where appropriate, to exercise the plan-making and development management functions of a local planning authority?*

HBF is also interested in how these new development corporations will relate to existing regional and local strategic and local planning functions. There is a risk that the energies of local government will be directed towards establishing development corporations at the expense of local plan / spatial development strategy production which are critical to updating housing needs and allocating land.

If new development corporations are to be created - carved-out of the administrative area of local authorities - then like local authorities, they should produce the equivalent of a local plan. This must be examined against the NPPF, just as the plans produced by the development corporations in Greater London are. This is necessary to ensure that the aims and objectives of the development corporation is subject to external scrutiny. Legislation should clarify that these are local plans subject to the NPPF, and that development corporations are legally required to discharge the duty to cooperate. This is doubly important for development corporations that straddle multiple local authorities. Without development corporation specific planning targets (as in the case of London) it will be difficult to know to which local authority the new homes or new industrial / commercial space provided should be attributed.

If this approach is not favoured, then development corporations should not be established before the spatial development strategy or updated local plan is adopted. These plans will define the boundary of the development corporation and will explain who gets to count the new homes completed.

Question 4: *Do you agree that all development corporations should be able to secure contributions from developers using a range of mechanisms, such as CIL, SIT and Section 106 planning obligations, where they have taken on the corresponding planning powers from the local planning authority?*

Yes, this seems entirely sensible but either way it illustrates the importance of having an up-to-date local plan that has been produced either by the local authority within which the development corporation is located or else by the development corporation itself. The setting of charging levels will need to be independently assessed to consider the cumulative impact of requirements on viability.

Question 5: *Are there any other measures relating to planning powers and/or increasing the efficiency and effectiveness of planning in development areas designated to be overseen by development corporations?*

It is important that there is a clear division of responsibilities between the development corporation and the local authority/s within which the development corporation is located. This includes which local authority gets the 'bank' the results – the number of net homes built. Development corporations either sit without the local authority structure in which case they need comparable planning powers to the local authority, or they are purely delivery vehicles that sit within the local authorities in which case it needs to be explained in the local plan or spatial development strategy how the gains of development will be apportioned among the multiple local authorities.

Question 6: *Are there any measures relating to developer contributions that should be put in place for development corporations?*

The use of Compulsory Purchase Powers (CPO) can be beneficial where this provides additionality, but not to acquire sites where there is already active developer interest – i.e. the site is in the possession of a willing developer. HBF, therefore, questions the efficacy of the use of compulsory purchase powers in areas where there is no up-to-date local plan. Local authorities need to plan positively to meet a range of development needs, not only the needs of the development corporation. Up-to-date local plans are essential to ensure that local authorities are delivering against national planning priorities, and that needs assessments are up-to-date and land supply assessments are realistic.

The ability to relocate existing users will be much harder in areas without regional or sub-regional planning powers, such as Greater London and Greater Manchester. This suggests that it may be difficult to practically implement the planning objectives of the development corporation in areas that are not covered by a spatial development strategy produced by a combined authority with devolved powers. The duty to cooperate is insufficiently effective as a planning mechanism to enable plan-makers to negotiate with other plan-makers over the relocation of activities to other sites in other local authority areas. Therefore, as a practical first step, it would be unwise to allow development corporations to form in areas outside of combined authorities with spatial development strategy making powers.

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