

# The NPPF: Fact Not Fiction



Home Builders Federation Briefing

15 September 2011

## What housing crisis?

In 2010, England saw the lowest peacetime house building rate since 1923 – just 103,000 completions. But even before the credit crunch, home building rates fell far short of requirements despite a housing market boom.

Affordability has plummeted – in the last 40 years the average house price to salary ratio has almost doubled and across England the house price ratio in England is above 7.

First time buyer numbers, which had already fallen sharply before the credit crunch, are at record lows. The average age of unassisted first-time buyers has soared and close to a fifth of women and a third of men aged between 20 and 34 are still living at home.

Social Housing Waiting Lists have almost doubled in the last 13 years to 1.75 million households; around 5 million people are waiting for a home. 1.6m children live in overcrowded, temporary or run down housing.

### **1) The NPPF is a builders' charter which will enable developers to concrete over the countryside.**

This is not true. The NPPF gives local people more of a say in local development and growth alongside the responsibility to properly plan for the future of their area, meet housing need and take into account the need for, and positive aspects of, economic growth.

### **2) The NPPF removes protection of the Green Belt.**

This is not true. Green Belt protection is maintained along with that for Areas of Outstanding Natural Beauty, National Parks, SSSIs and protected wildlife habitats. The government also proposes to introduce a new local green space designation with equivalent status to the Green Belt.

### **3) The NPPF will mean that building will be predominantly on Greenfield land and acres of unspoilt but unprotected countryside are concreted over.**

This is not true. There remains the same priority to brownfield land as is currently part of the planning system. If 250,000 homes were built every year for 25 years only 1% of the England's land mass would be used. Some Greenfield land will, however, be needed alongside the use of viable Brownfield sites.

### **4) The country is already over-developed.**

The total area of the country which is developed is 10%. Even the South-East – excluding London – is only 12% developed. In contrast, at the lowest possible estimate, more than 30% of England's land is protected.

**5) There are 700,000 empty homes in England – they should be used to meet housing need.**

There are actually only around 300,000 homes that have been empty for 6 months or more – the others are normal temporary transactional vacancies. In fact we have one of the lowest vacancy rates in Europe. We absolutely agree that empty homes should be tackled but with a shortfall approaching 1million homes and a current need for at least 230,000 homes a year, empty homes can not be the solution to our current housing crisis.

A report by Shelter called Taking Stock from this April states: “the 288,000 long term private empty homes in England could make a contribution to meeting housing need. However, they are not spatially concentrated in the areas of greatest housing need and local authorities face challenges both in getting empty homes back into use and preventing homes from falling empty.”

**6) It's not the planning system that is preventing building – it's the economy**

While it is absolutely true that the general economic climate and current restrictions on credit have been a major factor in the housing market since late 2007, there can be no doubt that our historic undersupply of homes – over some 20 years at least - is a result of a planning system that has not been fit for purpose for some time.

A survey by the Killian Pretty Review in 2008 found that only 3 out of 64 planning applications went ahead without difficulties, while over half encountered substantial problems. According to the National Audit Office, planning laws create the highest regulatory costs of any type of regulation.

**From the government's *Plan for Growth*:**

*The current planning system is holding back UK growth and jobs. It is overly bureaucratic, costly for business, and unresponsive to demand. A report by Michael Ball of Reading University suggested that the costs to the economy associated with development control may be up to £3billion a year.*

*Previous governments have published detailed planning guidelines, seeking to enforce a range of complex policies. Since the 1 January 2005, an estimated 3,250 pages of national planning guidance has been issued. This has grossly overburdened the system, resulting in complexity and cost for both the public and private sector. The restrictiveness of the planning system also overly restricts the supply of land, increasing costs to individuals and businesses. Paul Cheshire and W. Vermuelen found that the 'gross costs of regulation', the difference between the cost of construction and the market price of floorspace, in London and other UK cities are higher than in nearly all Continental Europe, which are in turn higher than in the United States. For example, planning costs imposed on business are nearly ten times larger in the West End of London than in Brussels and more than double those in Paris. The frustration and uncertainty involved in navigating our complex planning system is a frequent complaint from businesses, and is cited as one of the leading concerns for potential overseas investors.*

**7) Land-banking is the problem, not the planning system; the top 18 house builders have 280,000 consented plots which they should be building rather than sitting on.**

While this may seem a large number it is scarcely more than we should be building in one year and only a two and a half years' building pipeline even at today's historically low construction rates.

Land is the house builders' most important raw material. Because it takes time – often many years – to acquire land, obtain planning permission and build out and sell all the homes on a site, a homebuilder must hold enough land to sustain the business. Typically this has been equivalent to around 2-3 years of production. The key measure is land with detailed, implementable planning permission because this is the only land on which a home builder can legally build.

In its exhaustive 2008 market study of house building in the UK, the OFT concluded that house builders were not land banking:

*“We have not found any evidence to support the view that, at the national level, homebuilders are hoarding a large amount of land with implementable planning permission on which they have not started construction...Equally, there is little evidence to suggest that homebuilders have been able to systematically obtain market power at a local level by acquiring planning permissions.”*

Where house builders' land banks appear to have increased recently it is because annual production has been severely cut in response to the credit crunch. Whereas a land bank of 1000 units at 500 sales per year represents a land bank of two years, if sales fall to 250 homes per year the land bank immediately extends to four years without adding a single acre of land. The home building process is an uncertain and long-term one, it is necessary to have a pipeline of planning permissioned land.

#### **8) There is more than enough brownfield land for the housing which is needed.**

The industry has been building 80% on brownfield land in recent years and is happy to build on brownfield sites where these are suitable and viable. Not all brownfield sites are appropriate for housing, however, and local authorities may often wish to allocate them to other uses, including public open space and amenity. Brownfield development is also often expensive and technically difficult meaning that such land may not be viable to develop. And local opposition to brownfield development can be just as strong as for greenfield sites. Some greenfield land will therefore need to be used for housing.

*OECD: Economic Survey March 2011*

*“The response of housing supply to demand in the United Kingdom has been one of the lowest among OECD countries over the last 20 years. Hence, making the land use planning system more flexible, more predictable and more responsive to market signals, without compromising its social and environmental objectives, is essential.”*

**There remains a key question for organisations and individuals who are campaigning against the new planning policy framework.**

**Assuming you agree on the desperate need for many more homes to meet current demand and that of future generations, please could you outline exactly where you would like the homes built to house our population over the coming decades?**

## About 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.

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