



THE HOME BUILDERS FEDERATION

PLANNING FOR HOUSING PROVISION CONSULTATION A RESPONSE BY THE HOME BUILDERS FEDERATION

1. It is important that the emphasis of this discussion paper is placed on the examination of how planning delivers housing at the local level rather than issues associated with the overall level of housing growth and how it is determined. In effect, the paper discusses how agreed housing figures are best delivered in order to avoid either excessive shortfalls in housing provision or how to manage land release in areas of controlled development.
2. The Federation recognises this important distinction and the comments below address only these housing land supply issues. We still have a number of outstanding concerns regarding the demand side of the equation of planning for housing as set out in the previous consultation “Planning for Mixed Communities” undertaken in January. Perhaps the most important of these is the methodology to be proposed for housing market assessments and the weight to be given to such assessments in the formulation of planning policy. Obviously it will be important to address both sides of this important issue in the drafting of the new Planning Policy Statement later in the year.
3. Overall, the Federation is very supportive of the proposals set out in the consultation paper. As recognised by ODPM in the paper, it has been a failure of the implementation of the system of plan, monitor and manage that has resulted in a short term, year on year perspective in planning for housing. Such short term monitoring does not allow for market fluctuations and build/completion cycles that vary year on year.
4. The suggested reintroduction of longer term, forward planning on a site by site basis of identified and developable land is, therefore, very welcome and will do much to ensure that proper management of the plan, monitor and manage system is undertaken.
5. However, there is considerable concern that the proposals rely very heavily on work to be undertaken by local authorities, often in partnership with other agencies, both public and private sector. Our experience to date is, unfortunately, that such collaboration is often not forthcoming and some authorities believe that there is local political support to be gained from avoiding the obligation to plan positively for housing. This is particularly the

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case in authority areas controlled by political parties other than that of the government.

6. Previously the threat of planning by appeal, removing the local control of development location from local decision makers was enough to encourage positive planning. However, this is no longer the case. Thus other sanctions against poor performance must be in place.
7. The tying in of planning delivery grant to performance of housing delivery has recently helped this situation but the Federation suggests that another positive inducement for better performance might lie in the planning obligations or infrastructure provision field. Authorities who plan positively for housing, meeting strategic requirements and putting action plans and land availability assessments in place should be rewarded with infrastructure funding, both from central government and the ability to negotiate S106 contributions. Those who do not take a positive attitude should be limited in their ability to negotiate such benefits.
8. Such a system would link positive planning to positive reward and could result in a win/win situation for local authorities, existing communities, and developers.
9. It is hoped that this suggestion might be considered as part of this discussion, since the timing neatly coincides with the forthcoming review of planning obligations.
10. This response addresses the questions set out in Annex B of the consultation for clarity although many of the points raised are more general than the question implies.

Consultees are invited to highlight good practice that would deliver the collaborative approach to planning for housing markets set out here, or to suggest particular structures, mechanisms and incentives that would support planning and decision making at the level of the housing market.

11. The government recognises that it has been difficult in the past for many local planning authorities to address housing market issues that extend beyond their own administrative boundaries. This has often been because of the resentment of one authority having to provide facilities for residents of another authority without receiving any of the attached Council tax income. This has tended to happen around large towns and cities whose physical boundary extends beyond the core authority's boundary. This problem was often addressed at a County Council level through structure plan allocations and policies. It will, therefore, be important that the regional assemblies, through their regional spatial strategies (RSS) address this important issue of housing market areas.
12. It is also important that the private sector is fully involved in the identification and assessment of housing markets. Unfortunately, just as local authorities

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inevitably have different methodologies for making assessments of housing markets, so too do different private sector housebuilders.

13. HBF is aware that Scotland has access to a considerable amount of data regarding housing sales transactions, in particular, patterns of movement of purchasers. The Scottish system, while still having a number of critics, is certainly a more empirical methodology of defining and addressing housing markets than many of the perceived market areas currently being used at regional level in most of the English regions for their RSS work.
14. There is a fear that where housing markets cross administrative boundaries some authorities will shy away from their responsibility to contribute to making provision for housing in their administrative area, preferring instead to rely on another authority to make such commitments. In some areas of pressure (for example, on the cross boundary area surrounding Stansted airport, there is a threat of a Mexican standoff between the authorities (and, in this case, between Counties as well as Districts), each hoping the other will progress with a development plan before the other, and allocating enough land to meet the whole sub regional requirement. Alternatively, this stand off could result in no progress happening on the production of the development plan in either area, leading to a shortfall in housing provision for the area.
15. Obviously it is hoped that both the RSS and the local development scheme, agreed with the government office will identify early on whether or not this fear is being realised. Similarly, a requirement for local authorities to show a rolling five year source of available land for housing will also mitigate against such obstruction as long as it is backed by a realistic “stick” against non performing authorities. This issue is addressed in more detail in our response to the question on methodologies for land availability assessment.
16. The production of joint local development documents for housing provision will, in theory, be able to overcome some of the problems of housing markets spreading beyond administrative boundaries. Unfortunately there is a serious threat that political differences between authorities will result in many areas which would benefit from such joint work not being keen to prepare such joint plans. Indeed, many of the responses to this consultation from authorities themselves, draw attention to these difficulties.
17. However, it is important that the system is in place that encourages such joint working. How to avoid or overcome the problems of implementation is a task for the policing of the planning system, whether through the regional assemblies or the government offices, can then be addressed within the established framework.
18. There is a fear being expressed by some, mostly anti-development groups, that planning should not be led by current housing markets but should be able to lead and change such markets. While the HBF does not fundamentally disagree that it is, indeed, a role for planning to seek to guide

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housing markets, for example, to achieve regeneration of poor market areas. However, there is also a responsibility to meet the needs of areas of high market pressure or, if not to meet them, to recognize and accept the consequences of not doing so.

19. Ultimately, any successful planning policy will need either to work with existing market requirements or create the context within which market value can be created. In either case, early and appropriate involvement of the private sector is essential.

Consultees are invited to give their views on how a tailored approach to planning for housing could work or whether a single approach, but in the context of different levels of growth, is preferable.

20. This question raises the problem associated with a “one size fits all” approach to planning policy in a national context set against regional disparities and challenges. This has caused considerable debate around other elements of PPG3 such as density and car parking provision.
21. The use of a national methodology for planning for housing provision is both preferable and possible. However, it must reflect local circumstances and be locally responsive to different market situations.
22. Some of the models evolving through the production of the first set of Regional Spatial Strategies have considerable merit, taking into account economic growth patterns and migration trends. Clearly, an audit of existing practice would assist those preparing a future good practice guide.
23. It is unclear as to whether the concept of different growth scenarios would be applied nationally, regionally or even locally. Regional disparities between the numbers of additional dwellings needed to meet market needs between regions, for example, the south east and the north east, would, if the assessment was national, suggest that the whole of the south east was an area of high growth and should plan accordingly, using housing requirements as a floor. However, in the context of the south east region there are some areas of high growth and others of lower, or managed growth in relation to other areas of the region. While in relation to the absolute numbers the north east region is not an area of high growth, there are areas within the region that would be regarded as high growth in a regional context. This must be able to be reflected in any methodology. Similarly, individual authority areas may contain more than one housing market one of which will be high growth and one managed growth.
24. It must be the role of the RSS to establish the overall context in which housing markets will be considered but for the local authorities to reflect this strategy within their local development documents with an added layer of sophistication and specificity. This would allow markets to be reflected to a much finer grain than just the overall regional assessment.

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Consultees are invited to give their views on how assessments of land availability covering sub-regional housing markets could best work and provide examples of existing practice that achieves this.

25. The HBF and its members have considerable experience of involvement in assessing the availability of land for housing. Previous housing land availability studies to establish 2 and 5 year land availability required under previous iterations of PPG3 were frequently undertaken jointly between local planning authorities and HBF and private sector developers. Joint studies were often undertaken every two years rather than annually since annual monitoring could adjust figures in alternate years. This kept resource requirements to a manageable level for both the private and the public sector.
26. However, such assessments require clear and accurate monitoring of planning permissions, completions and allocations. Over recent years many local authorities have maintained poor monitoring systems of these essential components of a robust assessment and an agreed, national methodology should be established setting out the data necessary to collate and good practice on how to collect it, should be published. HBF would, of course, be happy to be involved in the establishment of such guidance.
27. The establishment of a system of housing land assessment should, perhaps, be broken down into both a rolling two and five year assessment. The two year provision should be immediately available, be in active development, or be expected by all parties to be completed within two years. Five year land provision should, as suggested in paragraph 27 of the consultation paper, still be developable, but could contain land over which there was less immediate certainty, for example, land identified in development plan documents.
28. The concept of trajectory planning is fully supported. By looking ahead at all identified sites and placing a year on year completions figure will go a long way to overcoming many of the problems experienced in recent years where some allocated sites, or even some sites with planning permission, have failed to deliver completed houses at the rates assumed by local authorities. There are many reasons why this might happen, but trajectory planning through an agreed site assessment process would ensure that realistic estimates of yield, over an agreed timeframe can be made, reflecting both local housing markets and site specific circumstances.
29. It is considered that monitoring should be undertaken by local authorities in a consistent and timely manner. This will allow the regional assemblies to collate information to use at the regional level and also to highlight any problems as they arise rather than being faced with a much larger problem built up over a number of years.
30. If there is a requirement on authorities to maintain a rolling five year supply of developable land for housing there must be sanctions within the system

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for those few authorities who may choose to ignore their obligations. Previously a presumption in favour of development resulted in a reliability that appeals against an authorities failure to maintain a five year availability of land for housing would be successful. Within the context of the development plan led system such material considerations could still be used as sanctions on poorly performing authorities. Land identified for future development could be brought forward for development, either through application or appeal, if sites within the five year supply were not genuinely available or if the authority had failed to maintain a five year supply.

31. Development plans should be flexible to avoid the problem of sites for housing being considered “premature” to the production of the revised development plan. The suggestion that plans should identify housing strategies for a 10 year period is, therefore, supported since it would minimize the abuse of the consideration of prematurity and would provide the necessary flexibility within the context of a plan led system. Plans which failed to give such indication should be considered unsound.
32. The status of sites identified in local development documents should also be strengthened. Often, sites identified for housing within plans are revisited in terms of the principle of development when a planning application for their development is made. In effect, the allocation of a site in a development plan document is tantamount to the granting of outline planning permission. The submission of a detailed planning application on the site should, therefore, not be open to a reconsideration of the principle of development. The use of design codes and concept statements, especially for multi phased, large sites, is supported and should be encouraged to be undertaken at the development plan preparation stage.
33. In any event, all allocations should be made on a site basis, rather than a partial allocation up to the level necessary to meet the 5 year supply figure. It is important that once a large site is allocated the commitment for its completion is assured. It would be unacceptable for large, strategic sites, to be released only in 5 year tranches as this would provide no certainty for developers and infrastructure providers of the final size of the development. Given that investment on such sites is very front end loaded this certainty is vital to the proper development process.

Consultees are asked to give views on the best means to manage windfall in different areas in order to deliver sustainable development.

34. The management of windfall sites has always caused a considerable problem in the assessment of land available for housing. Under the process of assessing urban capacity it was not the identification of sites that was a problem, rather it was the likely timescale of the development of each site within the assessment.
35. While it may be theoretically possible to identify all sites within the existing urban fabric that are potentially developable for housing (after all, the land is

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already there, and, indeed, accurately mapped) it is impossible to accurately predict which sites will actually become available and be developed or redeveloped over the next 5 year period.

36. Thus, previous methodologies for windfall figures have relied on the previous rate at which such sites have come forward for development. If this rolling 5 year average is tempered by an ongoing assessment of the urban potential for development and redevelopment such a calculation may prove more informative than urban capacity work on its own.
37. In essence, the assessment should look at previous rates of windfall completions and roll it forward at a rate that is supported by urban capacity work that indicates a similar level of site availability. Allocated sites, or sites with extant planning permission are, of course, already counted within the assessment of land available for housing.
38. The methodology for calculation of windfall development should be set out nationally, although local variation, similarly reflecting the local assessment of growth definitions, will occur.
39. Assumptions about density and form of development considered acceptable should be part of the agreed assessment and close monitoring should provide a reality check on such assumptions as sites are developed.
40. For the reasons outlined in our opening comments, it is important that any methodology for housing land assessments is agreed by the widest possible group of stakeholders since such agreement would be most likely to be implemented.. HBF would be more than happy to participate in a cross sectoral group involving all of the key players (RTPI, LGA, NHF, RICS, POS etc) in order to achieve this wide consensus of methodology and process.

Consultees are invited to give their views on how far monitoring market information such as house prices could add value to ensure that the judgments local authorities make about rolling forward are soundly based.

41. Monitoring market information does not, in itself, need to set planning policy. However, where it does not, policy makers must recognize and accept the costs and actions that their policy decisions will make.
42. For example, in Oxfordshire it is spatial policy to restrict development within and around Oxford City and decant the market demand to four country towns. The result of this strategy is to increase the cost of housing within the City since there is limited supply but high demand. Currently the policy response of the City Council has been to require ever increasing supplies of subsidised, affordable housing as part of their limited new housing provision. However, the spatial policy itself is responsible for the increase in house prices in Oxford and thus many of the affordability problems of the City should be solved by directing householders in need of less expensive housing to the country towns. A similar situation arises in the rural areas of

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sub regions that direct development to urban areas, severely restricting additional development in those rural areas.

43. Monitoring and assessment of outcomes is always a valuable tool to making policy decisions for the future. However, the choice of indicators is always critical since many that are considered to be drivers of policy are, in fact, outcomes of policy. House prices are not a driver of planning policy but are an outcome of policy decisions to restrict supply to below the level of market demand.

We would welcome views on whether the RIA highlights the key costs and benefits and whether these impacts can be quantified

44. One of the social benefits of adequate planning for housing provision is the achievement of new housing to meet requirements. This is a benefit of both the preferred option and the Barker review recommendations. It should also be recognised as a cost of the do nothing option.
45. Whether criteria based policies can deliver the necessary housing requirement (Option 4) is debatable. However, our experience of the past suggests that even in areas supposedly maximizing housing provision, (London), without specific targets for housing provision many local authorities will under allocate land for housing.
46. The cost of increased development on Greenfield land of both Option 2 and Option 3 is not considered to be a significant threat if proper trajectory planning is undertaken with realistic assessment of the developability of identified sites. The level of planned Greenfield development will actually be delivered rather than the current situation where very little Greenfield land is allowed to come forward on the hope of unidentified previously developed land arising miraculously in the coming year where it has failed to do so in the past.
47. The assessment of the impact of the proposals on competition is considered to be viewed in a very negative manner. The fact that the top five firms produce just 30% of the annual output of new dwellings is considered to be a sign of great competition in the market rather than a lack. Supermarket retailing, for example, is dominated by just five companies.
48. However, it is accepted that the planning system itself reduces competition within the housebuilding industry. The allocation of land for housing restricts development in any area to that allocated land. This is the issue that the Barker review highlighted and sought to address through suggesting that a more flexible land release system would go some way towards addressing this situation.
49. A requirement for the identification of a five year supply of land for housing (and our suggestion that a 2 year immediate supply is also required) will ensure that the private sector makes every effort to make land available for

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development since to do otherwise could lead to land being put back in the development programme within the trajectory plan.

HBF, September 2005