

# CONSULTATION RESPONSE



Homes for the Future – More Affordable, More Sustainable

12 October 2007

## HOMES FOR THE FUTURE MORE AFFORDABLE, MORE SUSTAINABLE

This is a response by the Home Builders Federation (HBF) to the above Green Paper, published by Communities and Local Government in July 2007.

The HBF is the trade federation for the private sector house building industry in England and Wales. Our 300 members range from multinational, major homebuilders to small, local builders. We also have an increasing number of members involved in the provision of affordable and social housing including some Registered Social Landlords. Overall, our members account for approximately 80% of all new dwellings built per annum

We wish to make the following comments:

### Chapter 1: Delivering homes where they are needed

1. HBF supports the government's drive towards delivering more new homes than in the past.
2. Unfortunately, there appears to be considerable confusion in the green paper as to how to account for the new homes. Monitoring is a vital tool in ensuring that we do, actually, deliver housing completions at an increasing rate. Trajectory plans and Strategic Housing Land Availability Assessments will become increasingly important in ensuring that we can establish a common baseline against which to monitor growth.
3. Unfortunately, statements in the green paper such as "additional to previously planned" are unrelated to such a baseline and, in referring to growth, government should be very clear as to the time period over which these new dwellings will be provided and against which progress can be monitored.
4. It will be important to ensure that new growth areas do, indeed, provide additional growth to that which is already contained within regional spatial strategies and development plans. Any element of double counting must be avoided if we are to achieve a rise in housing output over and above that already planned for in such plans.

### Eco-towns

5. HBF and the housebuilding industry, along with other key partners in the delivery chain have committed to meet the government's target for zero carbon homes by 2016. In effect, all new residential development will, by 2016, be eco-development.

6. It is unclear how government will speed up this process through the eco-towns agenda, particularly how the proper planning processes will be followed to deliver these "additional" and "new" schemes. While it is accepted that the two prototype schemes at Northstowe and Cranbrook are already well advanced in the planning system it is not clear how either of these two exciting developments can be defined as additional to current housebuilding plans. By definition, any site that is already identified and allocated within the planning system should not be considered to be additional growth. Monitoring of additional growth should establish a clear baseline to which real, additional sites can be added over time.
7. Government should also be clear in how new eco-towns will be brought forward through the planning system since, again, by definition, none of these sites are currently contained within adopted or emerging regional or local development plans.

### **Meeting the rural challenge**

8. The need for housing in rural areas is not limited solely to affordable housing. Many small settlements would benefit from appropriate levels of development in all of the sectors of the housing market. Additional dwellings, whether for existing residents or new migrants, allow communities to thrive, through giving increased support to local facilities such as schools and shops.
9. Housing market area assessments will be an important tool not just for assessing the need for affordable housing in rural areas but the need for all types of housing in these areas.

### **Chapter 2: Delivery without needless delay – continuing planning reform**

10. HBF welcomes the government commitment to ensuring that the planning system is capable of allowing an increasing supply of housing to be delivered.
11. As recognised in the green paper, it is vital that, if we are to be certain of delivery of 240,000 dwellings per year we must plan for such a level of growth in both regional spatial strategies and local development plans.
12. The role of the National Housing and Planning Advice Unit should be more strongly set out and publicised in order that their advice can be more widely understood and accepted locally.

### **Moving to a single regional strategy**

13. The combining of the regional spatial strategy and regional economic strategy is supported by the HBF.
14. The working arrangements of the new process will, however, be critical to ensuring that this integrated approach to economic and housing development is both recognised and, more importantly, adopted, by local councils. It is, after all, the role of local councils, in partnership with the private sector, to deliver the development on the ground to enable the strategies to be realised.

## **New local planning incentives**

15. The requirement of PPS3 for local councils to identify a 15 year supply of housing land with an immediately available 5 year supply is supported by HBF and the housebuilding industry. We also welcome the government's commitment to the immediate nature of this requirement, not allowing councils to hide behind the preparation of development plan documents as an excuse to delay bringing land forward for housing development. The fact that the planning inspectorate will also be determining applications in accordance with this immediacy is also welcomed.
16. The proposal to introduce a new Housing and Planning Delivery Grant is supported. However, the details of how such grant is paid will be critical to ensuring that there are none of the unintended consequences that arose with planning delivery grant. HBF drew attention to some of the possible problems of the grant structure in our response to the previous government consultation on this issue. We will be happy to work with the government and local councils to devise a grant regime that is both fair and transparent.

## **Chapter 3: Public sector land use**

17. The efficient use and release of publically owned land is welcomed. However, much of this land does not require any special management such as that provided by English Partnerships and should be released on the open market to ensure the best value for the public purse and the most efficient development.
18. Development standards should be appropriate to the area in which the sites are located (for example a blanket 50% affordable housing may not be appropriate on sites located in areas that already have significant levels of such tenures) and to national standards advocated through other government legislation such as building regulations and the Code for Sustainable Homes.
19. The proposed establishment of Local Housing Companies should clearly avoid becoming overly bureaucratic and should not seek to merely recreate or re-badge the role of local authorities in housing enablement.
20. Although the green paper does not suggest it, there does not appear to be any reason why local housing companies could not be private sector led and we would wish to explore this possibility further with government.

## **Chapter 4: Recycling homes and land**

21. The housebuilding industry continues to support the government's aim to maximise the use of brownfield land.
22. We also support the initiatives that are aimed at reducing empty properties. However, it is important that such initiatives are not used to deflect the essential need for additional new homes across the country.
23. Attempts by government to control investment or speculation within the property sector, referred to in paragraph 13 of Chapter 4, are unnecessary and might well be counterproductive . Such intervention is not replicated in other areas of investment and the impact of the issues raised on the housing market overall is insignificant. This type of property speculation is fuelled, in part, by

the general lack of housing supply and the approach of many local authorities seeking to minimize the release of sites suitable for residential development. Thus, positive action by government to ensure that more land is identified and released for housing will, in itself, reduce the attractiveness of short-term property speculation. We do not believe there is a justification for trying to devise what would inevitably be complicated legislation to control a temporary phenomenon of "Buy to Leave".

## **Chapter 5: Infrastructure**

### **Cross government commitment to creating sustainable communities**

24. It is vital that all sectors of government, both central and local, work both with each other and other partners (including the private sector) to deliver common goals and objectives. It is, therefore, right that all government departments are aligned to ensure that growth is not hampered by conflicting interests of different government infrastructure agencies.
25. Provision of infrastructure is critical to delivery of growth. HBF therefore supports the government's requirement of local authorities to produce realistic and deliverable local infrastructure plans. This delivery will, of course, be greatly assisted by the statutory planning charge that the development industry has proposed as the alternative to planning gain supplement and which has been accepted as the way forward for capturing land value created through the grant of planning permission.
26. Acknowledgement of the contribution to infrastructure from the private sector is welcome. This will, of course, become even more transparent through the statutory planning charge payments thus ensuring that local communities see the direct benefits of development and growth in their area.

## **Chapter 6: Well designed homes and places**

27. The housebuilding industry is committed to building high quality development that allows communities to be inclusive and integrated.
28. Housing mix is, as recognised through the introduction of strategic housing market assessments, a function of the whole housing market, not just one particular type of tenure or household. We must learn the lessons of the past with regard to the consequences of planning policy seeking to dictate the size and type of dwellings. The unintended consequence of a brownfield, urban, minimum density standards, planning priority was the massive shift from lower density houses to high density, apartment led development. Any new planning policies should, therefore, allow for a choice of sites, in a choice of locations for a choice of dwelling sizes rather than trying to micro manage the market on a site by site basis.

### **Housing for an ageing population**

29. It is good to see the government's acknowledgement of the challenges facing the housing industry in meeting the needs of an ageing population. The private sector is responding to these demographic changes in a positive way, providing many new and innovative products. It will continue to do so. However, intervention and regulation from central government in this market is both unnecessary and unwarranted.

## **Greener homes with more green spaces**

30. HBF is supportive of the drive towards incorporating additional; green space within new communities. However, it should be acknowledged that this will have a knock on effect to housing density and the need for additional land to be allocated for new development.

## **A framework for delivery**

31. The industry was disappointed with many elements of the debate surrounding the CABE national housing audit, including, of course, the interpretation of the results.
32. The reality is that the factors affecting delivery of good quality urban design are manifold. The capacity, policy and practice of local authorities, highways authorities and regulatory bodies amongst others are certainly as important as that of developers in determining overall results. We do therefore need to explore ways in which it is more possible for developers to work effectively with other bodies on urban design.
33. HBF will continue to ensure that we promote and utilise the Building for Life standards, developed by HBF with CABE, in order to capitalize on a common basis of assessment criteria. We would also wish to be involved from the beginning in discussions to explore the proposed possible pilot scheme for a design certification mechanism that could operate at local level to provide assurance on quality while speeding up the planning process (paragraph 26). It is essential in our view that we develop appropriate positive incentives through the planning system to encourage good design. We must ensure that pursuit of good design is neither perceived nor experienced as a barrier to achieving planning consent.

## **Chapter 7: Greener Homes**

34. HBF and the housebuilding industry is committed to seeking delivery of the government's objective for zero carbon homes by 2016. The Code for Sustainable Homes provides an important road map for the process with the clear milestones of Code level 3 by 2010 and Code level 4 by 2013. All of the partners on the 2016 taskforce are working hard to achieve these targets.
35. It is, however, unhelpful for other targets to be set unilaterally by each local authority and we continue to urge the government to ensure that the national standards are adhered to, not just by the housing providers, but by other policy makers.
36. It is, of course, important that we continue to test new technologies and provide exemplar projects from which we can learn valuable lessons. The housebuilding industry has responded well to the Carbon Challenge and we are aiming to be at the forefront of delivery of these ground breaking projects.
37. It is also vital that we identify and develop workable solutions to providing new low and zero carbon forms of energy supply to meet the residual supply requirements of future zero carbon homes. We fully support the Government's proposal to establish a group with home builders, the energy industry and relevant Government Departments to consider the issues involved. By this

means we hope we can clarify any problem areas and develop positive solutions to ensure the necessary investment flows are achieved in time to deliver the 2016 targets on housing supply and carbon performance.

38. In addition, HBF would wish to look positively with Government and others at the scope for using the proposed future CERT scheme as a mechanism for supporting carbon reduction in both the existing and new build stock through innovation and new forms of community approach.

### **Flood risk and development**

39. It is important that we respond to this challenge in a tempered and long term sustainable way rather than seeking to introduce any knee jerk reactions to the recent floods.
40. Planning policy published in PPS25 sets out a clear sequential approach to planning for flood risk and allows exceptions where there are no alternative sites available for development or where other policy objectives need to be met. This is a realistic and deliverable planning strategy.
41. However, the power of the environment agency, granted under the provisions of Circular 04/2006 effectively allows the EA to become the determining planning authority. Providing the approach of PPS25 has been thoroughly undertaken and the EA has been consulted within the emerging planning framework there should be no further reason for the EA to continue to oppose development in the way that is currently occurring. The Circular should, therefore, be withdrawn as soon as possible in order to allow PPS25 to be fully integrated within the planning process and to restore the power of determination back to the local planning authorities.

### **More social housing**

42. Government support for additional social housing is, of course, welcome. We have also welcomed many of the recent initiatives that have enabled the private sector to more efficiently deliver affordable housing as part of new mixed and balanced developments. Changes such as grant to private sector developers have achieved value for money and ensured efficient delivery of such housing.
43. These changes have clearly shown that there are many models for the delivery of affordable housing. The introduction of allowing local authorities to provide such housing is, therefore, to be welcomed. However, fairness within any system should allow all of the same rights to all of the providers, including the private sector providers of affordable housing.

### **Chapter 9: Helping first time buyers**

44. The New Homes Marketing Board has recently drawn attention to the plight of the First-time Buyer. HBF therefore supports the government's initiatives for assisting this important group within the housing market.
45. However, the long term, sustainable solution to this issue is not for further subsidy or the creation of a separate shared equity market but for the right number of homes to be built in the right places where people want to live. Thus, the issue will be tackled through other, less direct measures, not just direct subsidy to first-time buyers.

## **Chapter 10: Improving the way the mortgage market works**

46. Clearly access to money and borrowing is a critical issue to ensuring that people can afford to buy their own home.
47. HBF therefore supports the government's, and others, work into ensuring that new, sustainable models of borrowing are created in the market place while continuing to ensure adequate consumer protection through the FSA.

## **Chapter 11: Skills and construction**

48. Skills is a critical issue in the construction industry and HBF are supportive of many of the government initiatives aimed at training and encouraging new entrants to the sector. The industry continues to help itself, working with ConstructionSkills, the National Skills Academy and the Academy for Sustainable Communities.
49. We continue to propose and support changes to the planning process that enable the skills within the industry to support those within local authorities, sharing knowledge and expertise in an attempt to relieve much of the pressure on local authority staff.

## **Chapter 12: Implementation: a shared endeavour**

50. The housebuilding industry is fully prepared to take responsibility for the part that it plays in delivery of sustainable communities and development.

### **The role for local communities**

51. The proposed toolkit of evidence and information is supported by HBF and we are keen to work with other partners to ensure that such toolkits can be produced in a timely, consistent and user friendly way.

### **The role for local leadership**

52. Clearly the role for local leadership in delivering more and better housing is immense. Unfortunately there appears to be considerable resistance from local authorities to the proposals set out in the Sub-National Review, particularly regarding local ownership of regional spatial strategies under the new administrative procedures.
53. HBF is keen to work with government and local authority representatives to ensure that the new procedures are inclusive (of both the private and public sector) and to ensure that delivery, rather than process, is the key driver of the new procedures.

### **Bringing land forward**

54. HBF has long argued that the key to increasing housing supply is to bring more land forward for development. As an industry we are, therefore, committed to assisting local authorities in bringing forward land for development through the planning process.

### **The role of local delivery vehicles**

55. HBF welcomes the acknowledgement of the private sector's role in the success of local delivery vehicles. We will continue to support and commit to such solutions where they are the most appropriate delivery mechanism.

### **The role for the home building industry**

56. As recognized in paragraph 38 of Chapter 12, there is merely anecdote about the industry delaying development on land with planning permission. Actual empirical evidence produced by HBF for both the Callcutt Review and the OFT examination of the industry does not support the anecdotes.
57. The delivery of land for housing, including build rates, should be a matter of agreement between developers and local authorities (and, possibly, local communities) as part of their monitoring of 5 year land supply and land availability assessment.
58. We do not agree that further measures are necessary to seek to encourage developers to build out major development sites more quickly through the development control process. Such conditions on a planning permission would be both unreasonable and unenforceable and thus inappropriate.
59. Seeking to increase the amount of work necessary to ensure implementation of a planning consent will do little more than introduce additional costs and constraints on many sites coming forward for development or redevelopment for housing.

### **The Callcutt Review of housebuilding delivery**

60. As stated above, the HBF believes that many of the issues sought to be addressed by both the Callcutt Review and the OFT study of the housebuilding market will be resolved through the process of strategic housing land availability assessment and robust trajectory planning.
61. The assessment of land holdings should not be a planning issue, after all, land ownership is not a planning consideration. However, the release of land, constraints to its development and land owners intention are all legitimate assessments which should be made in partnership between the private and public sector on the basis of the most robust evidence. It is this evidence base that should be consistent, rather than government seeking to control how public, or, indeed, private, housebuilding companies report to their shareholders on landholdings.

### **The role of the new homes agency**

62. HBF and the house building industry will be happy to work with the new homes agency but have expressed concern that the agency should only be involved where it can make a significant and real difference to delivery objectives. As recognized elsewhere in the green paper, the majority of new dwellings in the future will be provided by the private sector, a role at which it is both efficient and effective. Government and the new homes agency should continue to support a healthy private sector housing delivery industry as well as



augmenting, rather than usurping, these private sector skills through the power of the new agency.

### **The role of central Government**

63. One of the most important roles for Central Government is the policing and monitoring of the local implementation of housing supply. While much of this can, and should, be done by the local authorities themselves (either individually on a consistent basis or through the regional assemblies) there is a key role for government (through its own regional offices) to monitor emerging policy and practice to ensure alignment with central government policy.
64. Obviously, the success of local leadership, commitment and community acceptance of shared objectives will make such a role easier. However, where such commitment is not forthcoming the role of central government is critical beyond that of merely providing strategic guidance.

### **Conclusion**

65. The housing green paper presents a welcome commitment to ensuring that the housing we need is delivered both through national policy and local provision. To ensure that this is achieved, all key stakeholders, both public and private, must work together to achieve the aims and objectives of an increased housing supply on which to build sustainable homes in sustainable communities. The housebuilding industry is committed to continuing to be such a partner and will continue to work with government, both central and local, and all other key partners to achieve the housing that the country needs, both when and where it is needed.
66. We look forward to continuing to work together in achieving this critical ambition.

Yours faithfully



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