

Increasing Housing Supply

Restoring Residential Development Viability by Reducing the Cumulative Impact of Taxation, Policy and Regulation



HOME BUILDERS FEDERATION BRIEFING

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Home builders have committed to building to a zero carbon performance standard from 2016 onwards. The chronic, long-term undersupply of housing in England, resulting in many adverse economic and social consequences, can only be solved by a significant and sustained increase in home building. The cumulative policy and regulatory cost burden on residential development, which rose steeply under the previous Government, renders many potential housing sites unviable. Therefore to achieve the required increase in home building, policy and regulation must be significantly reduced.

Key Recommendations

- Property development involves major financial investment decisions and risks, and so requires clarity over development rights and decision-making responsibilities, along with appropriate legal protection. Under a localist agenda, with significantly reduced formal requirements from central government, it is absolutely essential that local authorities and public bodies operate according to a clear and transparent framework of rules, responsibilities and decision-making powers.
- Those imposing public policy and regulatory demands on residential development, along with the Planning Inspectorate, must not assume the current viability crisis will be solved by a burst of house price inflation. A rapid rise in prices is very unlikely, at least for some years; and an assumption of rampant house price inflation forms a very poor foundation on which to build policy and regulation.
- The much lower policy and regulatory demands on non-residential land compared with residential (e.g. Affordable Housing, the different zero-carbon timetables) seriously distort land values and decisions about investment and land-use – an undesirable, unintended consequence.
- A cost-effective, economically-efficient zero-carbon definition is urgently required, based on a two-tier solution: minimum fabric efficiency and Allowable Solutions; as the costs of zero carbon kick in, other regulatory costs will have to be simultaneously reduced.
- The Code for Sustainable Homes should now be abandoned to avoid unnecessary duplication, cost and potential confusion; any of the Code's provisions the Government wishes to see introduced in the future should be implemented through Building Regulations.
- The definition of Affordable Housing should be clarified to encourage innovative nil-grant private sector solutions; local authority demands for high levels of social housing will have to be drastically scaled back.

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- Local authority planning obligations and other demands should be restricted to those essential to enable development to proceed; additional demands (e.g. education) should be publicly funded.
- Local tariffs must be set according to clear rules about what is and is not acceptable in a tariff; the decision to exempt Affordable Housing from CIL should be reversed; S106 demands must be scaled back to cover only necessary direct mitigation of a development's impact.
- Public open space demands beyond those necessary to support a development must be curbed as these have a major impact on viability and housing output.
- Lifetime Homes, a costly and ultimately counterproductive standard, should be formally abandoned.
- The HCA's costly proposals for higher standards should be severely curbed so that HCA standards are aligned with Building Regulations.
- The most problematic provisions of the Flood and Water Management Act need to be urgently reviewed.
- The recommendations of the Killian Pretty Review (improving the planning application process) and the Penfold Review (non-planning consents) should be implemented in full.
- The 'One In-One Out' requirement for new regulations should be applied to housing, plus a net 5% reduction in the regulatory burden.
- Home builders must be better protected against the poor service and onerous financial demands of a range of public and private monopolies (planning authorities, highways, utilities, environmental bodies).
- Because local authorities are a major source of regulation, quite independently of central government, they should only be able to introduce their own policies and regulations if there is (a) no duplication of other policies or regulations (e.g. Building Regulations), and (b) a full regulatory impact assessment, at current prices and costs, to justify the policy and assess its impact on costs, viability and housing output.
- There needs to be some form of central monitoring and control of the cumulative regulatory burden on housing - the previous government's proposed 'national baseline' was inadequate as it omitted the multitude of regulations imposed by local authorities and public agencies.