

BRIEFING



The Growth and Infrastructure Bill – Second Reading

30 October 2012

THE HOUSING CRISIS:

- In 2010/11 and 2011/12 England saw the two lowest peacetime house building rates since 1923 – just 111,000 and 117,000 completions respectively. This is compared to official projections which show the need for an additional 232,000 homes in England annually just to meet the growth in the number of households.
- Affordability has deteriorated badly – in the last 13 years the average house price to salary ratio has almost doubled; the price of the average home purchased by a first time buyer is now almost 6.5x the average annual salary of the buyer.
- First time buyers are at record lows. Eight out of ten first-time buyers require financial help from family or friends, and the average age of unassisted first-time buyers has soared.
- Close to a fifth of women and a third of men aged between 20 and 34 are still living at home with their parents.
- Social Housing Waiting Lists have almost doubled in the last 10 years to 1.84 million households; around 5 million people are waiting for a home.
- 50,000 families live in temporary accommodation and 250,000 families in social housing are in over-crowded accommodation.

PLANNING FOR GROWTH?

The major long-term constraint on house-building over the last two decades has been the lack of land with a viable and deliverable planning permission.

While 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 – this was the conclusion of the Barker Review of housing supply back in 2004.

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.

To solve the nation's housing crisis it is vital that legislation produces a streamlined pro-growth planning system so that more land suitable and viable for development is brought forward through the development plan process and that local authorities across the country grant planning permission for more homes.

While we would like to avoid further uncertainty in the planning system, the Home Builders Federation welcomes the Growth and Infrastructure Bill as a positive step in shaping the new planning system and believes that the legislation proposed can successfully complement localism and the National Planning Policy Framework.

HOUSE BUILDING AND ECONOMIC GROWTH

On top of the obvious social benefits of more new homes, the economic effects play a very important part in the national economy.

According to Government figures, even in its current crisis state, housing supply accounts for around 3% of UK GDP and provides between 1 and 1.25 million jobs in the UK.

Every £1 spent on housing puts £3 back into the economy – and with almost 90% of building materials made in the UK, the impact will be felt immediately in communities across the country.

Each home built creates 1.5 full-time direct jobs and we estimate that at least twice that number of jobs is created in the supply chain. Increasing house-building by 130,000 units per year (to Government household projection levels) could create 195,000 direct jobs and 400,000 in the supply chain.

Housing construction drives local economies, local companies and local employment.

THE BILL

Clause 1 – While we work hard with local authorities across the country and appreciate the pressures on their resources they are experiencing, we welcome the option of, *in extremis*, enabling home builders to apply to the Secretary of State where a local authority has a record of very poor performance.

We support the concept of localism and the localist principles behind the National Planning Policy Framework and where local authorities have been given more power they have also been given more responsibility - it is important that this responsibility is met.

Clause 2 – We support the proposal to allow the Secretary of State to reclaim costs of appeal proceedings against unreasonable behaviour by any party to an appeal. While we do not generally support the idea of paying for appeals we would be happy to move towards an appeal process similar to that of the courts where the “loser pays”. We do not believe that appeals are made in a frivolous manner and this further step would be a welcome focus for both local authorities and appellants alike.

Clause 4 – We support the proposal to ensure that all information required by local planning authorities is reasonable in relation to the application in question. It is critical that information required by planning authorities is proportionate and material to the determination of the planning application since this burden on resource falls entirely on the applicant, often creating unnecessary cost and delay. It is, therefore, sensible that there is a limit of ‘reasonableness’.

Clause 5 – Over the last few years home builders and local planning authorities across the country have worked together to ensure that developments are made viable. Current estimates are that there remain 75,000 plots (see note) with planning permission which are currently not economically viable. In order to kick-start construction of desperately-needed homes alongside the creation of local jobs and economic growth it is vital that the burdens preventing development are lifted wherever possible.

Before the economic crisis of 2007/8, many sites had onerous s106 agreements placed on them which are now no longer possible to meet in the current economic climate. It is sensible that the Bill addresses this and allows developers to apply to local authorities to modify s106 affordable housing requirements.

It is important to recognise that where development cannot currently go ahead no affordable housing will be built and thus renegotiation of s106 to ensure economic viability will mean more affordable homes can be built.

Clauses 9 and 10 – We welcome these measures to progress concurrently with the application process itself some of the many non-planning consents necessary to implement planning permission.

Clauses 12, 13 and 14 - We fully support the Bill’s measures to place the current Town and Village Green legislation inside the planning system. We feel strongly that this is the right place for discussions surrounding the future of sites and will enable local communities to plan positively – and with certainty - for the future of their areas.

We are not against the principle of designating Town and Village greens. Unfortunately the current legislation is open to misuse and can add significant costs and delay to both home builders and local authorities pursuing legitimate development plans. It is, therefore, not surprising that our desire to see town and village green registrations properly pursued through the statutory planning system is shared by the Local Government Association.

NOTE:

Land-Banking – The Facts

- In an industry with long-term and uncertain projects, the current stock of consented land will provide less than two years’ supply at levels to meet household projections; at current - historically low - levels of housing completions that stock is enough for just over three years
- Land banks have fallen in total by 20% in the last five years and private sector-led house building sites by 25%

- 63% of individual plots in consented land banks are actually under construction; of the remaining plots more than half are economically unviable.
- We estimate that just 72,000 consented plots are unstarted and considered economically viable

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