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Dear Sirs

**CONSULTATION ON PROPOSED CHANGES TO NATIONAL PLANNING POLICY -
A RESPONSE BY THE HOME BUILDERS FEDERATION**

Thank you for consulting the Home Builders Federation on the proposed changes to national planning policy.

The Home Builders Federation is the principal representative body of the housebuilding industry in England and Wales and our representations reflect the views of discussions with our membership of national and multinational plc's, through regional developers to small, local builders. Our members account for over 80% of all new housing built in England and Wales in any one year.

a) Affordable Housing

Q1. Do you have any comments or suggestions about the proposal to amend the definition of affordable housing in national planning policy to include a wider range of low cost home ownership options?

Everyone deserves to be able to live in a home that they can afford. However, over the last 20 years the choice of tenure has moved from being merely between owner occupation and a social rented product, to many different types of tenure including shared ownership, shared equity, rent to buy, affordable rent and specialist student housing. Indeed, it is not only the occupants of dwellings who might change their tenure throughout their lives but the actual units themselves can move seamlessly between different tenures with no need for planning permission, for example, from shared equity to full owner occupation (through staircasing provisions) then to a private rented product.

Given that, in most areas, there is a need for all of these tenures it is right that, in planning for a mix of dwellings and tenures through the planning process, the widest possible range of products is reflected in negotiations over housing mix on a site by site basis and that the definition of affordable housing is correspondingly broad.

Q2. Do you have any views on the implications of the proposed change to the definition of affordable housing on people with protected characteristics as defined in the Equalities Act 2010? What evidence do you have on this matter?

We broadly agree with the analysis in the Equalities Statement accompanying this consultation. The proposed amendments to the definition of affordable housing and the

impact of the changes on the overall provision of affordable housing will increase the diversity of types of tenure available for people under the age of 40 and will increase their choice of tenure to include home ownership. However, the inclusion within the Equalities Statement of a substitution ratio of 1.4 to 1.8 Starter Homes to current affordable housing is an oversimplification of a perceived substitution effect which disregards the circularity of viability considerations and is likely predicated on a further overestimate of the likely financial benefit of providing Starter Homes rather than affordable housing 'as currently defined'.

b) Increasing residential density around commuter hubs

Q3. Do you agree with the Government's definition of commuter hub? If not, what changes do you consider are required?

The definition appears to offer no greater clarity over what would be considered to be a "commuter hub" over and above that of a public transport interchange. One would assume that, in order to be considered a commuter hub a location would need to show a high element of commuter traffic through travel to work patterns that were in excess of a general pattern of movements between places. If that were so then local authorities themselves would be best placed to identify and define such locations rather than having a nationally prescribed definition.

Q4. Do you have any further suggestions for proposals to support higher density development around commuter hubs through the planning system?

One potential benefit of a national policy promoting development around commuter hubs is the potential to make the best use of public transport infrastructure and so contribute towards the achievement of more sustainable development. This means that there is potential for development around commuter hubs that is more sustainable than development further from such public transport nodes. This may mean that a review of existing planning constraints, such as green belt boundaries and other spatial policies restricting new development close to commuter hubs, would allow for more sustainable development patterns than are currently possible and delivered.

Q5. Do you agree that the Government should not introduce a minimum level of residential densities in national policy for areas around commuter hubs? If not, why not?

Yes. Because these are attractive locations for many people to live, market forces already naturally ensure that much of the development planned for around public transport/commuter hubs is planned for at higher than average densities and thus we would question the need for this to be a national policy and, more specifically, for LPAs to go so far as to "require higher density development" albeit that such development should only be "wherever feasible". This statement suggests that the above average densities of development already being achieved around transport hubs should be increased even more, potentially conflicting with other planning considerations such as quality of space and place.

It should, therefore, be for local planning authorities to determine the appropriate densities for their areas, particularly if they are required to show an increase in density around commuter hubs.

c) Supporting new settlements, development on brownfield land and small sites, and delivery of housing agrees in Local Plans

Q6. Do you consider that national planning policy should provide greater policy support for new settlements in meeting development needs? If not, why not?

New settlements will play a vital part in providing for development in the future and greater policy support would be welcome. However, they are frequently long term projects that require considerable political commitment if they are to secure the necessary investment. This commitment may require more than just additional guidance, or, indeed, policy support from central government. Therefore we would like to see central government commitment to such projects through additional support for infrastructure and funding for local authorities who commit to bringing forward such schemes.

Q7. Do you consider that it would be beneficial to strengthen policy on development of brownfield land for housing? If not, why not and are there any unintended impacts that we should take into account?

Having a policy emphasis on making it easier to reuse previously developed land is an important element of making the best use of land. However, we would be concerned if such emphasis was misinterpreted as a “brownfield first” policy whereby brownfield land should always be developed before any other site in a locality. If we are to achieve the ambitions of the country in terms of economic growth and associated housing provision it is important that there is always choice and competition within the land market and that can best be promoted by facilitating access to brownfield land alongside other suitable sites as part of that strategy.

We believe that government should go even further than the current proposals and allow a clear presumption in favour of redevelopment of all previously developed land within defined urban areas. This would be a far greater incentive for developers than waiting for either the creation of a brownfield register or the production of a local development order on such sites.

We also believe that such redevelopment should benefit from being able to replace the existing buildings on a site with replacements using modern construction techniques, meeting high performance measures such as energy efficiency. Therefore it is important that vacant building credits are granted on all redevelopment works when assessing additional policy requirements such as affordable housing provision, CIL and other policy requirement costs.

As well as planning policy, the redevelopment of brownfield land could be incentivised through fiscal measures such as tax breaks for developers of such land. This would assist both the viability of redevelopment projects and would make such redevelopment more attractive to more risk averse developers such as small and medium sized companies. We attach an appendix to this submission setting out the thoughts behind how such tax measures could work.

Q8. Do you consider that it would be beneficial to strengthen policy on development of small sites for housing? If not, why not? How could the change impact on the calculation of the local planning authorities’ five-year land supply?

In order to deliver more dwellings it is a simple fact that we need to deliver more sites through the planning system. This allows for choice and competition in the land market and allows for developers of all sizes to compete for sites. Making the best use of land should also mean allowing for the increase of densities from existing developed land.

One source of such land has been the redevelopment of low density dwellings with higher density developments. However, many local authorities currently use the government's mantra of protecting garden land from inappropriate development to mean that all such development is excluded from the potential supply of land for housing. We therefore believe that government should publish further guidance on the appropriate use of back gardens rather than giving the impression that all development on back gardens should be refused.

It is, of course, difficult to assess the amount of development that will come forward in any one year from small sites since they are, invariably, "windfall" sites rather than allocated sites through the development plan process. Although past performance is not always the best indicator of future potential, we suggest that evidence of the rate of delivery of such sites over a rolling five or ten year period could be used to assess the potential contribution of such sites to the five year land supply for housing. Any other methodology (such as urban capacity studies) runs the risk of being a disproportionate amount of work with no greater certainty of delivery timetable or rate.

Alternatively, given that small sites are, invariably, delivered in a shorter timescale than large sites, their contribution to the five year land supply should be based solely on those sites with an extant planning permission. This would give the greatest level of certainty when calculating the five year supply and would not need to make an assessment of future potential supply from such sites.

Q9. Do you agree with the Government proposal to define a small site as a site of less than 10 units? If not, what other definition do you consider is appropriate, and why?

While we agree with the definition of a small site as being one of less than ten units there would be many benefits in policy terms of defining more bands of development size above 10 units. At present all such sites are categorised as "major" developments when clearly sites of 11 dwellings have more in common with sites of 9 dwellings than those of hundreds of units.

These new categories of development size would be useful in many of the indicators used by central government to monitor performance of local authorities and a wider spread of bands would allow for more fine grained performance measures to be examined.

Q10. Do you consider that national planning policy should set out that local planning authorities should put in place a specific positive local policy for assessing applications for development on small sites not allocated in the Local Plan?

Having a national methodology for the calculation of potential development from small sites (along the lines we suggest in response to Q8 and Q9 above) would have the benefit of reducing debate either through the local plan process or at S78 appeals based on a lack of housing land supply in an area.

Ensuring that LPAs adopted this methodology would require central government policy to be very clear that exceptions to the standard approach would be appropriate in only very exceptional circumstances and, indeed, should set out what those circumstances might be.

Q11. We would welcome your views on how best to implement the housing delivery test, and in particular:

• What do you consider should be the baseline against which to monitor delivery of new housing?

Clearly a local authority that adopts a development plan that sets out to ensure the delivery of a specific number of dwellings (and other types of development) should do all that it can to enable that development to be delivered. The starting point against which to monitor delivery should always be the development plan. However, we recognise that delivery is usually not in the hands of the LPA but is the role of the development industry.

It is, therefore, important that all LPAs keep up to date trajectory plans for all sites in both the development plan and those with planning permission. Such trajectory plans should, preferably, be prepared jointly with the development industry and, possibly, representatives of central government.

Such trajectories should show clearly whether permissions are implementable or are still subject to additional work (such as legal agreements or discharge of conditions) and should make an assessment of how long such work will take until development can commence.

• What should constitute significant under-delivery, and over what time period?

Clear and transparent trajectory plans will highlight quickly the threat of under delivery meaning that potential shortfalls can be addressed within the same monitoring year.

We believe, therefore, that incorporating a greater flexibility allowance within the land supply would be a more positive tool than seeking to address a shortfall after it has happened. The current requirement for a 20% flexibility allowance, coupled with more robust trajectory plans for each site, is considered appropriate for all local planning authorities.

• What steps do you think should be taken in response to significant under-delivery?

Our proposals above seek to address the potential for under delivery rather than having to wait for under delivery to occur before addressing it. A forward looking, trajectory based system is, therefore, considered to be more positive than a backward looking, retrospective application of a sanction since this will do nothing to encourage local authorities to address shortfalls early. Indeed, in some instances, if the sanctions are not robust enough there is little incentive for a negative authority to ever address under delivery since the steps taken to make up a shortfall may also fail meaning that many years of under delivery could occur.

• How do you see this approach working when the housing policies in the Local Plan are not up-to-date?

Where housing policies are not up to date there should be an automatic presumption in favour of sustainable development. If a local authority does not have an up to date local plan then it should automatically fail the test for being able to demonstrate a five year housing land supply and the presumption in favour of sustainable development should be automatically applied.

Q12. What would be the impact of a housing delivery test on development activity?

A housing delivery test would encourage local authorities to work more closely with developers to ensure that there is a greater choice of sites and more competition in the land market, leading to more development activity. Closer working between LPAs and the development industry would lead to a greater understanding of the development process and the drivers and constraints behind delivery rates.

Inevitably, better trajectory plans would lead to more sites being identified through the planning system which would allow more dwellings to be developed simultaneously, leading to an increase in housing output.

d) Supporting delivery of starter homes

Q13. What evidence would you suggest could be used to justify retention of land for commercial or similar use? Should there be a fixed time limit on land retention for commercial use?

Current requirements for evidence of market demand for underused commercial or employment land can be as little as six months. We therefore believe that the introduction of a nationally prescribed length of time for which such land should be protected could be counter-productive and could lead to more, rather than fewer delays over the release of such sites.

Identification of protected sites through the local plan process should be re-examined at every local plan review and continued protection of areas for such uses should be accompanied by evidence of market demand produced by the local planning authority.

Q14. Do you consider that the starter homes exception site policy should be extended to unviable or underused retail, leisure and non-residential institutional brownfield land?

There is no reason to prevent starter homes being provided on a site that has been previously used for any other use, subject to the usual considerations regarding residential amenity and incompatible uses in the locality.

Q15. Do you support the proposal to strengthen the starter homes exception site policy? If not, why not?

We agree that the exception sites policy considerations should be limited to a small number of considerations as proposed. Alternatively government policy could exclude issues on which proposals could be rejected (such as loss of land for specific previous uses).

Q16. Should starter homes form a significant element of any housing component within mixed use developments and converted unlet commercial units?

There is no reason why starter homes could not be included within some mixed use developments and conversions of commercial units. However, this should not be a mandatory requirement as the viability of such schemes is often marginal and the obligation of starter homes subsidy could result in some possible developments not coming to fruition.

Q17. Should rural exception sites be used to deliver starter homes in rural areas? If so, should local planning authorities have the flexibility to require local connection tests?

If the definition of affordable housing is amended to include starter homes then there is no reason why rural exception sites should not be allowed to provide such homes.

We believe that it would be an unnecessary complication to include local connection tests for the sale of starter homes since there is no role for local authorities in the sales process of such dwellings.

Q18. Are there any other policy approaches to delivering starter homes in rural areas that you would support?

Evidence of the need for starter homes in rural areas should be included within the local plan strategy for the delivery of all types of dwellings. Areas with a need for starter homes should be included within the spatial strategy for an area with regard to the acceptable locations for the delivery of dwellings.

Q19. Should local communities have the opportunity to allocate sites for small scale starter home developments in their Green Belt through neighbourhood plans?

There is no reason why local communities should not be able to allocate sites in their green belt through neighbourhood plans for any type of development, not just starter homes.

Q20. Should planning policy be amended to allow redevelopment of brownfield sites for starter homes through a more flexible approach to assessing the impact on openness?

The reuse of brownfield land within the green belt should not be considered inappropriate development where any harm to openness is not substantial. This should be for any type of redevelopment, not merely for development which contributes towards the delivery of starter homes.

e) Transitional arrangements

Q21. We would welcome your views on our proposed transitional arrangements.

Changes in government policy and legislation can be treated as material considerations when making planning decisions. Thus, although S38(6) requires decision makers to start from the development plan, such material considerations are capable of carrying greater weight and thus over-riding local plan policies.

It should, therefore, not be necessary to have a transition period to allow policies in local plans to be updated to take account of new government policies. It should be incumbent upon local planning authorities to ensure that they implement government policy as quickly as possible and that they keep their local plans up to date through review.

Q22. What are your views on the assumptions and data sources set out in this document to estimate the impact of the proposed changes? Is there any other evidence which you think we need to consider?

For reasons outlined above we would be interested to see the detail behind the Government's calculations for the 'substitution ratio' for Starter Homes compared with current affordable housing products. We believe that it is highly likely that this represents a gross oversimplification based on the perceived 'cost' to developers of providing one form of affordable housing or another. However, many other considerations would need to be taken into account and a simple ratio, even expressed as a range is unlikely to be a sensible output.

We look forward to seeing the government's response to this consultation in due course and would be happy to discuss further the points raised above in greater detail in order that we can bring about effective change to national planning policy.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Andrew Whitaker', with a stylized flourish at the end.

Andrew Whitaker
HBF Planning Director

APPENDIX TO SUBMISSION BY THE HOME BUILDERS FEDERATION

1. Policy measures supporting development on brownfield land and small sites

Question 7: Do you consider that it would be beneficial to strengthen policy on development of brownfield land for housing? If not, why not and are there any unintended impacts that we should take into account?

The Government's commitment to brownfield development is welcomed as are the specific policy proposals to introduce Brownfield Registers and Permission in Principle in the Housing & Planning Bill. Whilst these proposals will help to improve the visibility and quality of data on brownfield sites and help remove some of the risk and cost of abortive applications due to declined planning decisions there is still a fundamental aspect of housing policy that needs to be addressed. That is how to encourage the development and housebuilding sector to engage in the development of these sites with all their associated risks and costs.

A key policy outcome for the current set of proposals in the Housing & Planning Bill is to give housebuilders and decision makers "the tools and confidence to deliver more homes in appropriate places" with a priority for brownfield development and small sites. Such confidence will only be achieved if all potential development barriers are considered, not just those associated with planning and identification of sites. Some of the key development barriers are summarised below:

1. Unknown ground conditions: expensive site investigations required and risk of further unidentified issues being uncovered once below ground works commence.
2. Expensive abnormal costs: demolition, remediation, removing or working around underground structures; extra foundation and drainage costs due to presence of made ground.
3. Extra cart away costs: many brownfield sites and especially small sites don't have the space to use excavated material on site. This increases cost of taking material to landfill or alternative development sites.
4. Site constraints: site access and working hour constraints and space for on-site accommodation. Both carry logistics risk and often have cost and programme implications.
5. Proximity to other buildings: complex rights of light and daylight issues as well as party wall concerns introduce further risk, costs and programme implications.
6. Service diversions: many brownfield sites have to contend with expensive service diversion works and for some of the utilities this can result in extensive delay.
7. Flood risk concerns: whilst not an exclusive brownfield issue, many settlements and sites suitable for development are blighted by the increasing threat of flood risk.
8. Ecology issues: sites containing existing buildings and overgrown areas carry an increased risk from presence of protected species, typically bats and reptiles. Capture and translocation is seasonal so can present significant delay to a programme if protected species are present.
9. Small sites: small brownfield sites carry a disproportionate amount of risk due to the inability to easily absorb any unforeseen costs. Also, the preliminaries costs (site overheads etc.) tend to be a much higher proportion of total costs than larger sites.

The reality is that housebuilders and developers will default to the least risky option so the easy to develop sites will almost always be prioritised ahead of the more complex sites.

The exception is where there is funding or other incentives available to compensate for the additional risk and costs involved.

2. Funding for Brownfield Sites

There are currently two mechanisms available to developers and landowners to get a contribution towards the cost of developing brownfield sites. The first is grant aid and the second is tax relief. Most grant aid is now administered through the Local Enterprise Partnerships (LEPs) who have the discretion to fund projects from their Local Growth Fund subject to State Aid issues being satisfied. Significantly, the State Aid Block Exemption for subsidising the cost of remediation over and above any subsequent increase in land value was renewed in July 2014 meaning LEPs retain the ability to fund remediation projects. However, this is discretionary and the application process itself can be costly and takes time.

The tax relief on the other hand is certain subject to entitlement and eligibility conditions being met. Based on an extrapolation of data from 8 of the top 15 housebuilders in the UK the forecast is that the current annual cost to the Treasury, or benefit to the sector, is less than half of what it was at the peak in 2007 (see table below).

Year	Estimated Qualifying Expenditure	50% Relief	CT Rate	Cost to Treasury
2006	£197,000,000	£98,500,000	30%	£29,550,000
2007	£215,000,000	£107,500,000	28%	£30,100,000
2008	£224,000,000	£112,000,000	28%	£31,360,000
2009	£101,000,000	£50,500,000	28%	£14,140,000
2010	£73,000,000	£36,500,000	28%	£10,220,000
2011	£80,000,000	£40,000,000	26%	£10,400,000
2012	£82,000,000	£41,000,000	24%	£9,840,000
2013	£100,000,000	£50,000,000	23%	£11,500,000
2014	£124,000,000	£62,000,000	21%	£13,020,000
2015			20%	

This is down to a number of factors including:

1. A reduction in the corporation tax rate from 30% to 20% since the inception of the relief in 2001. This has reduced the cash benefit of the relief for housebuilders from 15% of the qualifying cost to 10%.
2. A general reduction in the scope of eligible works in 2009. This included the removal of water and air as causes of contamination meaning flood prevention measures and mineshaft grouting costs are no longer eligible for the relief.
3. The fact that the date used to determine entitlement to Derelict Land Relief has not changed since the relief was introduced in 2009. The requirement for a site to have been derelict since 1998 means only a handful of sites now qualify for this relief.

4. The condition requiring the acquisition of a minimum 7 year interest in land prior to remediation which has inadvertently prevented some developers benefitting from the relief where there are deferred land transfers.

The result is a tax relief that has suffered from a gradual erosion in value since its first introduction in 2001. In the same time awareness has improved considerably so there is great potential to modify the relief to become more targeted and in doing so support the policy objectives to build more homes on brownfield and small sites.

3. **Proposed Modifications to the Land Remediation Relief legislation**

The proposed Housing & Planning Bill has set an ambitious target to achieve planning consent on 90% of sites recorded on the new Brownfield Registers by 2020 and to rebuild capacity in the small housebuilder sector from the 2,400 registered builders in 2014 back towards the high of 5,700 in 2006. This is a necessary ambition given the desperate shortage of housing delivery but relies on a largely private and risk sensitive housebuilding sector to engage in the process and to then ultimately develop out those houses. **This is certainly not a given so we believe the answer is to strengthen policy around the current Land Remediation Relief legislation to make engagement in the Brownfield initiative more attractive and by doing so ensuring a greater likelihood that the policy objectives in the Housing & Planning Bill will be achieved.**

The proposed policy areas to strengthen are:

1. To introduce a pre-tax credit for qualifying remediation costs to operate in a similar way to the Research & Development Expenditure Credit (RDEC). The intention would be for the credit to have the same value as the Land Remediation tax relief (equal to 10% (net) of qualifying costs) after the deduction of corporation tax. This would allow the current tax relief benefit to be shown as income and therefore increase the likelihood of the benefit featuring in and influencing the decision to invest. RDEC currently allows large companies to claim a pre-tax credit equal to 11% (8.8% net) of the qualifying R&D spend which is then discharged against Corporation tax liabilities.
2. To increase the value of the tax relief from 150% to 175%. This would have the effect of restoring the tax relief to the same level of cash contribution when the tax relief was first introduced when Corporation Tax rates were 30%.
3. To bring forward the date used to determine entitlement to Derelict Land Relief from 1998 to 2008. Sites currently have to be unused from 1998 (a date set in 2009) to qualify for the relief and now very few sites qualify meaning it is not having its desired effect.
4. To reintroduce tax relief for flood prevention measures. This is a hugely topical issue and would send clear messages to the industry that proper flood prevention or mitigation measures should be incorporated into the development of new homes, also encouraging much needed R&D into mitigation technologies.
5. For small sites of less than 25 units the relief would be further enhanced to 200% provided the development is completed within 24 months of an implementable planning permission being granted. This would again send a clear message of intent to deliver on the 90% target and more importantly to ensure the houses get built.

An example to demonstrate the potential impact of these measures is shown below by comparing the impact of the current regime and the introduction of proposed measures 1 and 5. The result is that a site that would not be viable with only an 11.67% pre-tax profit would become viable with a 20% pre-tax profit. The overall cost to Treasury is £100,000 but the result would be 15 more homes built on a site that would otherwise lie undeveloped. This represents a subsidy of less than 4% of the cost of developing the site.

Land Remediation Relief - Current			
House sales revenue		£3,000,000	
Land cost	£150,000		
Remediation	£1,000,000		
Development	£1,500,000	£2,650,000	
Profit		£350,000	
<u>add: LR expenditure Credit</u>			
Profit before tax		£350,000	11.67%

Land Remediation Relief - Proposed <u>LREC & 200% LRR</u>			
House sales revenue		£3,000,000	
Land cost	£150,000		
Remediation	£1,000,000		
Development	£1,500,000	£2,650,000	
Profit		£350,000	
<u>add: LR Expenditure Credit</u>			
		£250,000	
Profit before tax		£600,000	20.00%

4. Estimated Cost to the Treasury

The estimated cost to the Treasury for these measures is as follows:

1. Tax Credit: Cost neutral with the exception of administrative costs.
2. Increase tax relief from 150% to 175%: Based on the estimated cost in 2014 the additional cost to pay for the increase would be £6.5m. However, the intention is to develop more land as a result of these measures so the forecast additional cost is forecast at £10m per annum.
3. Small Site Relief: According to DCLG statistics the average density to year ending April 2014 was 41 units nationally. It is therefore estimated that doubling the relief on remediation of sites of 25 or less units would add c.£3m.

4. Flood Prevention Measures: Flood prevention measures were allowable prior to 2009 and accounted for 16% of the total qualifying costs across our housebuilder clients. We would therefore forecast a cost to the Treasury of less than £4m per annum.

5. Derelict Land Date: the prescriptive and restrictive nature of costs qualifying for such sites means the cost impact is forecast to be less than £3m per annum, equivalent to £30m of qualifying expenditure incurred any one year.

The above cost forecasts assume all other aspects of the legislation remain constant other than the proposed modification itself.

5. Feedback from the Housebuilding Sector

Following early discussions with HM Treasury there were three questions posed to housebuilders to respond to some specific requests. The questions and a summary of the responses received were as follows:

1. To what extent does the Land Remediation Relief cash benefit currently feature in the development appraisal for new development sites?
 - Land Remediation Relief, as part of the wider site remediation strategy, is considered by business units at the development appraisal stage however it is typically not reflected in the financial appraisal models. This is partly a function of the business unit itself being judged on before tax profits.
 - LRR not taken into account in site appraisals – adjusted in CT charge each year
 - Our land buyers are aware of the rules for LRR relief and they do take it into account, up to a point when appraising new sites. There are however limits to this, for two reasons: firstly, the LRR credit is “below the tax line” and it is therefore difficult, in terms of accounting entries, to credit it directly against the associated project – we do not currently do this.
 - Secondly, the quantum of the relief is not known until the LRR work is completed and the corporation tax return is submitted to HMRC, which is often many months after the project has completed and the business has moved onto something else.
2. What impact would the introduction of a RDEC type credit for qualifying remediation costs have on your willingness / ability to invest in contaminated and derelict sites?
 - Changing the mechanics of the relief to an RDEC style above the line credit, i.e. reduction in development expenditure, would drive behavioural change. It would encourage and incentivise business units to invest in contaminated and derelict sites as it would reduce above the line development costs. Taken as part of a package of improvements (such as enhanced rates and redefinition of derelict land eligibility) the changes could make some marginal sites viable.
 - Currently not looking at sites with high degrees of contamination – RDEC and LRR are considered as part of the site due diligence but we do not specifically recognise the credit in our site appraisals.
3. In terms of priorities, what impact would an increase in the relief from 150% to 175% have on the number of contaminated and derelict land sites developed compared to a

change in the date for derelict land from 1998 to 2008? What evidence can be provided to support this?

- This is difficult to answer, owing to lack of data. However logic would suggest that an increase in the rate of relief would have a wider impact in absolute terms as many sites are contaminated but only a handful are derelict. As mentioned above, a package of measures comprising an RDEC style credit, an increase rate of tax relief, and entitlement to Derelict Land Relief would be the best way to encourage investment in contaminated and derelict sites.
- Increase in LRR to 175% would have a far more beneficial effect on our business. DLR does not and has not applied to us in the past.

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