LPDF UPDATE

Edition 4 - JULY 2018

Welcome to LPDF UPDATE, prepared by **Tetlow King Planning Limited.** This publication provides an update of the latest publications across the housebuilding and planning sectors from a wide range of public, private and quasi-governmental organisations, which are relevant to the interests of the Land Promoters and Developers Federation.

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LAND PROMOTERS & DEVELOPERS FEDERATION

Independent Review of Build Out Rates: Letwin publishes Draft Analysis

Sir Oliver Letwin has published draft findings in relation to explaining the significant gap between housing completions and the amount of land allocated or permissioned in areas of high housing demand.

In relation to build out rates on the 15 'large sites' which were assessed by the panel (those between 1,000 and 15,000 homes), the initial findings showed that the median build out period for these sites from the moment when the house builder has an implementable consent is 15.5 years. Viewed differently, the median percentage of each large site built out on average through the build out period is 6.5%.

Letwin points to the impact of the 'absorption rate' – the rate at which newly constructed homes are sold or released onto the market for sale, without materially disturbing the market price.

The report identifies that there needs to be more variety in design by the larger house builders. Letwin recommends that if either of the major house builders themselves, or others, were to offer much more housing of varying types, designs and tenures (and more distinct settings, landscapes and streetscapes) on the large sites, then the overall absorption rates and hence the overall build out rates could be substantially accelerated.

Letwin also considers the effects on build out rates caused by other potential constraints, including the lack of transport infrastructure, constrained site logistics and limited availability of capital, materials and skilled labour. He also looked further into another separate issue, that of the "alleged intentional 'land banking' on the part of major house builders".

The findings suggest that Letwin has been assured by both local authorities and industry participants that the percentage of planning applications from promoters and major house builders ultimately receiving approval is now very high, where it was suggested that this was "probably higher than the 80% figure for national planning data as a whole".

"Major house builders can expect to obtain new additions to their portfolios of land for development within three to four years of making an application in all but the most exceptional circumstances, and typically within two to three years – thereby enabling them to accelerate the rate of build out of current sites without any substantial fear of running down their stock of land supply to levels that would reduce their long-term sustainability".

By the time of the Autumn Budget, Letwin will seek to prepare a set of policy options for ministers. In constructing such policy options, the report is mindful of the need to ensure that they should: not jam up the housing market or hinder current large-scale construction; not impose undue strains on local planning authorities whos planning departments are under considerable strain; help widen opportunities for people seeking homes; widen opportunities for those capable of supplying new homes on large sites; and they should yield the greatest possible likelihood that such sites are "beautiful and ecologically sustainable".

View Sir Oliver Letwin's Draft Analysis **HERE**.

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Land Use Change Statistics in England 2016 - 2017

MHCLG has published land use change statistics which shows changes in residential addresses and land usage in terms of the location and type of change. View the findings **HERE**.

- **11%** - the approximate area of England that is developed, which has a land area of just over 13 million hectares. 13% is Green Belt land; whilst National Parks, AONBs and SSSIs cover approximately 30% of the total area.
- **56%** of new residential addresses in 2016/17 were created on previously developed land. A 5% decrease compared to 2015/16.
- **4%** of new residential addresses created in 2016/17 were in the Green Belt – 51% of new addresses in the Green Belt were on previously developed land.
- **45%** of area of land changing to residential use was ‘previously developed land’. ‘Other developed use’: 30%, ‘Vacant land non-previously developed’: 27%, Agriculture: 15%
- **40** addresses per hectare was the average density of new development on previously developed land in 2016/17, up from 37 un 2015/16. For non-previously developed land the density was recorded at 26 addresses per hectare (no change from 2015/16).

Public attitudes to house building: Findings from the 2017 British Social Attitudes survey

The British Social Attitudes survey measures the extent to which the attitudes, values and beliefs of the British public change over time. The findings provide evidence about changing attitudes to new house building across England since 2010, as well as preferences for owning and renting.

In 2017, 55% of people were supportive of new homes being built in their local area. This shows that there has been an increase in support over time, up from 47% in 2013 and 28% in 2010. In 2017, 21% of people were opposed to new homes being built in their local area. This is less than the proportion of respondents who were opposed in 2013 (31%) and 2010 (46%).

The age group most opposed to new homes being built in the local area were respondents 65 and over (27% opposed). The least opposed group was those who were between 18 and 34 (16%).

Although support was still higher than opposition, opposition to new homes was highest amongst respondents living on a ‘farm or home in the country’ (36%), followed by respondents living in ‘a country village’ (30%). Opposition was lowest amongst those living in ‘a big city’ (14%).

Of those who were opposed to new homes or were neither supportive nor opposed, they were asked what would make them more supportive. Respondents most frequently selected ‘More employment opportunities’; ‘More medical facilities built or existing ones improved’; ‘Transport links improved’; ‘More schools built or improved’; More affordable homes to rent (from LA or HA); ‘More green spaces/parks created or existing ones improved; and ‘More homes for low cost home ownership/shared ownership’.

Respondents were asked to select whether they would choose to rent or buy if they had a free choice. The majority, 88 per cent, said they would choose to buy and 11% would choose to rent.

View the findings from the survey **HERE**.

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Land Value Capture Inquiry: Response from the Compulsory Purchase Association

The submission from the Compulsory Purchase Association (CPA) to the Housing, Communities and Local Government Committee on the effectiveness of land value capture methods has been circling the industry recently. The CPA has more than 770 members representing all disciplines involved in the compulsory purchase process. Its members represent acquiring authorities, developers and affected landowners.

The response sets out that whilst the CPA is not opposed to the principle of land value capture, it is opposed to the view that a compulsory purchase land valuation methodology could be used as a means of capturing more land value than it currently does.

The CPA states that there are many reasons for this, including that there may be a fundamental misunderstanding about how the existing statutory provisions provide for compensation to be assessed in practice.

The CPA sets out that the current statutory compensation framework ensures that compensation is very rarely paid to reflect the value of land with planning consent where that consent does not actually exist; and value which is attributable to the acquiring authority's scheme and/or associated transport infrastructure is excluded from compensation.

The response also states that the changes to compulsory purchase law that are being suggested would not create the fairer system as envisaged by the 2017 Housing White Paper. The amendments to the 1961 Act that are being suggested would fundamentally undermine the "proper protections for landowners" promised in the White Paper and result in a system that was neither fairer nor faster.

Private sector developers would also be deterred from buying land and bringing forward development in areas where compulsory purchase was a risk. Rather than speed the process of new housing delivery, this could slow the pace of new development in some locations.

A compulsory purchase system where landowners were paid less than the open market value of their land would run contrary to the approach adopted in other countries; looking to regimes in the Netherlands and Germany as potential solutions.

View the CPA's Land Value Capture Response **HERE**.

LPDF gives evidence at Land Value Capture Inquiry

Chair of the Land Promoters and Developers Federation, and Chief Executive of Catesby Estates plc, Paul Brocklehurst gave evidence on behalf of the Federation to the Housing, Communities and Local Government Committee Inquiry on Land Value Capture on Monday 4 June 2018.

View the video of the Committee Inquiry **HERE**.

LPDF Members Meeting

The next LPDF meeting will be held on 24 July. If you have not already confirmed your attendance, please contact Katie Yates (Catesby Estates). A light working lunch will be provided.

Tweets from the Federation

On Friday 22 June, the LPDF tweeted about the RTPI's concerning findings that many planning departments had been downgraded by local planning authorities across the country. In a survey of 212 Councils across the UK, the RTPI found that 83% put planning two or three tiers down from the Chief Executive.

They also found the head of planning was a member of the top management team in only 17% of authorities even though planning is a statutory function. View the RTPI findings **HERE**.

In the News

New Towns

The MHCLG has published its response in relation to The New Towns Act 1981 (Local Authority Oversight) Regulations following consultation in December 2017. The Regulations amend the act to create a new option of local authority oversight rather than replacing existing provisions.

CLICK HERE

Affordable Housing:

Secretary of State James Brokenshire has announced a £1.67 billion social housing boost to help deliver 23,000 affordable homes, including at least 12,500 social rented homes in areas of high affordability pressure.

CLICK HERE

Housing

The MHCLG has appointed a new Housing Director General to assist with delivering more homes. View the MHCLG press release below.

CLICK HERE

Construction

Recent construction output figures released by the Office for National Statistics (ONS), have shown that output fell by 3.4% in April, the biggest fall in the three-month on three-month series of figures since August 2012.

CLICK HERE

Homelessness

To mark their 50th Anniversary, homelessness charity Crisis has published an extensive report on evidenced-based solutions that can end homelessness in Great Britain. This includes building 100,500 new social homes each year for the next 15 years to meet the needs of the homeless and those on low incomes.

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