

Barker Review of Housing Supply

SEEDA Response

SEEDA is very pleased to have the opportunity to respond to the Barker Review of Housing Supply.

Land Constraints

Issue 1: We would like to understand whether the supply of land is overly constrained, and if so, how, and by what?

SEEDA Response

There is a widely held view that developers and house builders have a large supply of land banked. However in the South East there is little evidence to support this. The supply of land may not be much more than that which is needed to ensure continuity of development, and to take account of the time needed to bring sites through planning to development stage.

It is estimated that there is a minimum six year land supply in the SE so this is not the key constraint to development. However, there are constraints on many brownfield sites make them difficult to bring forward and therefore are less attractive to developers. Such constraints include:

- Complex land ownerships/ willingness to sell
- Lack of transport access and infrastructure
- Site contamination
- local hostility to new development
- planning conditions
- utility supplies

Industry Constraints

Issue 2: In your view what constraints face the industry and which are the most significant?

SEEDA Response

Modern Methods of Construction

Alternative construction methods such as off site manufacturing have been slow to take off. From our discussions with developers the reasons for this are not straightforward but include issues of cost, tradition/culture, expertise and product knowledge. In the South East, the use of alternative construction methods is beginning to grow, but if it is to make a significant contribution to housing supply, much more needs to be done to address the barriers to adoption of modern methods of construction across the house-building industry. Off site production facilities are currently running well below capacity and therefore the question of whether economies of scale can be achieved are yet to be tested. However, there indications that an increased demand could be matched by those willing to supply.

Attitudes of planners, mortgage lenders and insurers are also a barrier to wider use of MMC and action to agree an acceptable product “blue print” which meets agreed criteria in terms of cost, quality, design and sustainability, and which can be

recognised as an accredited product by planning departments, lending and insurance companies, might help speed up delivery. However, it is important not to sacrifice design and choice in efforts to standardise products. There is also a limited awareness and understanding of the range of techniques and products available and no common view of what might be considered a good product.

Skills

Over the past year the number of young people being trained in construction skills in the SE has increased and there is now a higher take up of college places, which should ensure that over the next few years there is a growing labour supply. It is important that training provision keeps pace with the changing needs of the industry. However, the current position appears to be one of skills shortages across a range of construction and management skills and whilst the growing use of foreign labour can overcome this to a limited extent, it also increases problems in areas such as health and safety when workers have little English.

Increased use of modern manufacturing methods will demand a different skills base, which may relieve some of the problems, but not resolve the shortage of management skills.

Policy Environment

Issue 3: We would like to know whether policy and its application influence housing developments.

SEEDA response

The Government has already set changes to the planning system in motion, which are not the subject of this review. However, there is some indication that the proposed changes to the planning process has, perversely, slowed things down as planners await the new legislation.

Sequential Approach

There are some constraints being caused by a change in approach in Local Authorities. In the past the Local Plan process identified greenfield sites for housing. However with the advent of PPG3 and the sequential approach, Local Authorities look to bring forward previously used sites first, and therefore greenfield developments are being delayed. This is causing some stagnation of development as brownfield sites tend to be more difficult and costly to develop and therefore often take longer. Greenfield sites are often larger and therefore would make a significant contribution to housing supply.

Resources

One of the key issues affecting housing development is the level of resources within planning authorities. These departments are often under-resourced, and bogged down with minor planning applications such as house extensions, leaving little room for concentrated resource to drive through larger schemes. In addition there are not enough qualified graduates coming through the system, and pay levels are poor, resulting in recruitment and retention difficulties. Unless addressed this will be a key factor in failure to increase housing supply.

Although this review is looking at housing supply more generally, there are a number of opportunities being lost to increase the number of affordable homes due to lack of sufficient public subsidy/grant. The housing corporation were only able to support 23% of section 106 sites coming forward (in the SE) in the last financial year, resulting in potential affordable homes gained through the planning process being lost opportunities. In 03/04 the level of bids for the Approved Development Programme was 4/5 times oversubscribed, and many (although not all) of these schemes would have been otherwise deliverable.

S106

The level of affordable housing, is to a large extent dependent on the overall levels of development, since the majority of affordable housing now comes through S106 agreements. This is an important issue, as there are increasing demands on S106 to provide roads, affordable housing, schools, etc and this can make negotiations complex and difficult, and result in lengthy delays to the planning process. This is a process which does not currently work effectively. There is a need to make the process more transparent and consistent and to encourage an environment where planners and developers work closely together with a clearer understanding of the expectations on both sides.

More generally planning departments lack the skills needed to deliver the sustainable communities agenda, an issue which will be picked up by the Egan Skills Review.

Social Housing and the rental sector

Issue 4: Why has the industry not expanded provision of affordable housing or housing for rent?

The level of affordable housing depends largely on the availability of public subsidy through the Housing Corporation. The level of funding made available over the past few years has not been sufficient to meet the demand, and the more recent lack of certainty of funding has resulted in some schemes which would have provided affordable housing being lost. Lack of funding has also has an adverse effect on the ability of Housing Associations to respond to “windfall” sites.

Affordable housing is that which requires some form of subsidy, either in land price or rents, generally relies on the provision or acquisition of land at less than market value, or subsidy in the form of grant. Developers generally appear to be in for the short term to make profit and satisfy shareholders and move on to the next site. Whilst Housing Associations and Local Authorities are the main providers of social rented accommodation, there are a growing number of landlords with one or more properties, in the private rental sector and this sector is fragmented and difficult to regulate.

New investors into the rental sector are needed, who are able to commit investment for longer-term returns and who do not necessarily require public subsidy. With the decline of stock markets, this may be an area for pension funds etc. There is also an opportunity to broaden the role of Housing Associations. At present only a small number of HAs are able to fund development without subsidy.

Other issues affecting supply

Political & Cultural Environment

There is a fairly widespread antipathy to new development in the South East and therefore new developments often run into local objections. This puts local planning committees and politicians under considerable pressure and at the very least creates delays in development and at worst prevents it from happening. This is a hearts and minds issue which needs to be addressed.

Infrastructure

Support for the Communities Plan objectives needs to be gained across Whitehall. Funding for infrastructure such as roads/transport and education must be found to support development. Planning gain cannot be relied upon to provide all the required infrastructure in addition to high levels of affordable housing, and without supporting infrastructure in place there are likely to be objections to planning applications. An even worse case scenario is that large numbers of new homes will be built without the necessary social and physical infrastructure, and these developments will become tomorrow's regeneration priorities.

Resources

The level of resources available through the SE Regional Housing Board, for affordable housing is inadequate to deliver the required number of affordable homes, and new mechanisms (and players) will need to be found to deliver more homes with choice and flexibility of tenure.

SEEDA has developed a mechanism (Brownfield Land Assembly Trust) to bring forward brownfield land for affordable housing. This involves acquisition, remediation and packaging of smaller sites, which are not viable for the private sector, and then passing them on to housing associations. However, limited funding will severely restrict our ability to expand this very promising mechanism.

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