

BARKER REVIEW OF HOUSING SUPPLY

RESPONSE FROM BABERGH DISTRICT COUNCIL

Context

Babergh is a small shire district in Suffolk including 2 market towns, part of the fringe of Ipswich and many villages. This response draws on information from planning, housing and environmental health staff.

Issue 1

- It is not considered there is a shortage of development land in this district. Owners willingness to sell is affected by:
 - Desire for income stream and avoidance of CGT
 - Overoptimism and lack of understanding of development costs
 - Inexperience and suspicion of developers
- Land assembly not generally a problem here.
- Optioning ought to be a way of encouraging risk taking among owners and developers to bring sites forward. It can affect supply if the options are low cost and long with payment to owner coming only when land is ultimately developed. This is what facilitates land banking by developers who can be more relaxed about timing. Once a site is optioned it is taken out of the 'competitive' market and this slows things down. Developers can corner and control the market in some areas if they are skilled/lucky in achieving the right options.
- Optioning can help deal with the risks in the industry. Agreement with landowners on the principle's of the valuation can be helpful rather than talking directly about specific prices which may not be achieved. Planning problems arise where developers have paid a fixed price and then find there are extra costs which affect profitability, eg more issue in a S106 than they had anticipated. Optioning helps overcome these difficulties, but the structuring of agreements is critical.
- Local Plan allocations are sufficient. The Suffolk Structure Plan figures make an allowance of 10% for non-take up, but arguably regular plan reviews allow such issues to be dealt with and windfall sites often give a cushion.
- It is not that simple! RPG figures are based on long term theoretical models of household formation and migration with a list of assumptions where inaccuracies are inevitable – it is not a precise science. New house building is affected by a wide range of very different factors and short term market forces.

Issue 2

- Suspect it varies between builders, their scale, requirements and performance.
- See comments on alternative techniques below.
- Depends on alternative less risky options. The lack of stable house prices must have an effect. A continually rising market can be very attractive (late 1980's), but a price crash is disastrous. There has been talk about when the current boom will end for the past 18 months, which cannot be attractive to investors.
- Do not know.

- This Council has had considerable problems in dealing with systems built houses of the 1960/70's in both its own stock (GLC overspill) and a large private development. Such past experience must make consumers and lenders very wary. Not known whether the market is not big enough. May be influenced by big house building companies not wishing to work with others to develop economies of scale between them.
- Do not know.
- Depends on the seriousness of the issues and other expenses. Not considered a problem in this district.

Issue 3

These are questions where a local planning authority may not be seen as sufficiently objective, so comments are selective.

- The only planning incentive for brownfield development in terms of local plans is that sites should be phased before greenfield release. It is maybe too early to judge if this really works in practice. If it does not this could be the single biggest factor holding up delivery of more housing.
- The current reform programme cannot be judged effectively at the present time as the guidance and regulations have not yet been produced in draft. Only with this will it be more obvious where there are benefits and pitfalls. Whilst the rights of objectors to be heard at public inquiries remains this will always be slowing the system down.
- On the tax regime and regeneration, it would be helpful to see VAT scrapped on all work to listed buildings. This would help with renovations and conversions which will be worthwhile in their own right, but also help in regenerating sites in the vicinity of them.

Issue 4

- There seem to be cultural issues which support house purchase rather than rent and separate England from patterns in other countries. This has been underlined by government policy in some instances. This has tended to generate a negative image of renting, other than as a short-term option.

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 Babergh District Council
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