

RESPONSE TO BARKER REVIEW CONSULTATION

BARKER REVIEW OF HOUSING SUPPLY

SUMMARY

The Environment Agency (the Agency) welcomes the opportunity to contribute to the Barker Review of Housing Supply, which aims to identify constraints on the supply of housing which prevent the housing market functioning efficiently. As the Government's advisor on environmental issues, the Agency aims to see homes located in areas that do not carry unacceptable levels of environmental risk and that are built to good environmental standards to ensure resources (energy, water and building materials) are used efficiently. It does this through engagement in the planning system and through our role as a regulator of waste. The Agency has a number of general comments to make, and has also responded to those questions where it believes we have something specific to offer.

Our key messages are:

- Housing supply and location must be informed by a region's or sub region's physical capacity to absorb change.
- Environmental considerations, such as flood risk or land contamination, may act as a legitimate constraint on the location, type and design of development. However, the Agency seeks to ensure that development is constrained only where the risk is unacceptable.
- Demand management options, such as better recycling facilities, or reducing water pipe leakage, can reduce environmental capacity limits and can be a sustainable way of boosting an area's growth potential.
- Problems arise with land assembly involving brownfield land. These problems can be exacerbated where the land in question has been subject to past contaminative use.
- Particular problems may exist in developing contaminated sites due to increased cost and uncertainty. Thorough site investigation and risk assessment of contaminated land at an early stage can avoid unnecessarily deterring investment in land for housing.
- The Agency supports Government action to ensure environmentally sustainable houses are built. This approach will ensure best use is made of limited resources (in the SE for example water resources are at a critical level) and will make a positive contribution to the Government's goal of sustainable development.
- Problems exist over the interpretation of when a flood risk assessment is required under PPG25.

MAIN ISSUES ON WHICH VIEWS HAVE BEEN SOUGHT.

Issue 1. Land Constraints

General.

Housing supply must be informed by a region or sub region's physical capacity to absorb change. In some cases housing growth may create a reduction in environmental quality which means that the Government's ambitions for sustainable communities will not be met on quality – rather than quantity - grounds. Decisions must be informed by environmental factors and the overall aim must be an improvement in the quality of life for residents.

Land contamination, the provision of water resources and flood defence, and a region's capacity to deal with municipal waste, should all be considered alongside capacity constraints such as land availability, access to finance and availability of skills. The Agency is seeking to improve its constraint mapping (e.g. Flood Mapping Strategy), to ensure that development is constrained only where necessary.

Investment in environmental infrastructure can boost an area's housing capacity but this approach can sometimes create environmental problems outside the immediate locality. For example waste from new housing growth areas can be dealt with by exporting waste to landfill outside these areas, but this is not a sustainable solution. A better approach to boosting an area's capacity for new homes is demand management, such as better recycling facilities or, in the case of water supply, reducing water pipe leakage or building water efficient homes. This approach may also be cheaper.

Failure to recognise environmental capacity constraints, or failure to direct investment to overcome such constraints, will impact negatively on housing supply. On occasions capacity constraints will be so large that the benefits of increasing housing supply will be severely undermined by the adverse impacts on the environment or other parts of the economy, such as tourism or agriculture.

- ***Is there a shortage of suitable land for development? Are there any factors which reduce land owners' willingness to sell?***

Few sites are probably unsuitable for any development, although environmental considerations, such as flood risk or land contamination, may act as a legitimate constraint on the location, type and design of development. In terms of flood risk for example, the Agency takes its lead from PPG25 (Development & Flood Risk) and seeks a precautionary, strategic and sequential approach to land use planning. It expects developers and local planning authorities to undertake a risk based search sequence, as required in PPG25 to identify those sites where the risk of flooding is least.

There has been concern that if the guidance in PPG25, on the avoidance of inappropriate development in the floodplain, is strictly enforced, the result is that development will be severely constrained in some areas, e.g. some East Anglian local authorities where almost the entire district lies within the floodplain. The

Agency has been working closely with such authorities, encouraging them to carry out strategic flood risk assessments covering large areas, e.g. Boston B.C., in order to identify those areas within the authority at least risk from flooding, and therefore more appropriate for development.

Where land has been subject to past contaminative uses, an owner may be unwilling to sell due to fears that site investigation, prompted by the sale or change of use, may lead to expense and regulatory or legal action for any contamination that is found.

- ***Are there problems associated with land assembly, particularly brownfield land?***

Particular problems arise with land assembly involving brownfield land. Land assembly can be a problem where acquisition of a particular plot, or plots of land is essential to ensure a development large enough to be viable or to provide access but the landowner does not wish to sell. These problems can be exacerbated where the land in question has been subject to past contaminative use.

Another problem associated with land assembly occurs where a large brownfield site has been divided and sold off as a number of smaller plots. Investigation and remediation is best achieved by focussing on the entire site rather than carrying out work piecemeal on individual plots. However, this is difficult to achieve once the site is in multiple ownership. Remediated plots may become re-contaminated by migration of contaminants from adjacent plots that have not been cleaned. This is a particular problem where groundwater pollution has occurred. To some extent this can be addressed by installing an impermeable or reactive barrier in the ground around the periphery of the remediated site to prevent recontamination but this is less satisfactory than a whole site solution.

Problems associated with brownfield land assembly are very difficult to resolve through traditional market mechanisms and can often only be resolved through some form of public sector intervention. Public sector initiatives, such as the proposed Land Restoration Trust, can potentially play an important role in bringing together landowners and providing solutions.

Issue 2: Industry constraints

General.

Industry must be encouraged to train and adapt so that required environmental standards do not delay housing supply. Sir John Egan's skills review will highlight the skills shortage thought to inhibit the delivery of the Sustainable Communities Plan. The Energy White Paper's commitment to reviewing energy efficiency measures in the building regulations will require an improvement in standards by contractors.

- ***Do attitudes to risk deter investment in land for housing?***

Financial institutions will normally prefer to invest in low risk investments or developments where the risks can at least be reliably quantified. Environmental constraints, such as flood risk or land contamination, need not necessarily be barriers to development, as long as the level of risk, and the potential consequences, are identified early in the planning process through site investigation and risk assessment. Remediation measures can then be incorporated into both financial and land use planning from the inception of a project. However, some uncertainties may remain. For example, when land has been contaminated by a past use, the level of contamination and the potential consequences can on occasions be difficult to quantify even after site investigation.

- ***Is there potential for increasing the use of alternative manufacturing methods?***

When developing brownfield sites there may be the potential for release of contaminants into the environment and people may be exposed to contaminants both during and after site redevelopment. This is a particular issue for housing development, which is regarded as the most sensitive end use. In certain situations the installation of prefabricated buildings with service runs installed at ground level, involving minimal disturbance of the ground, rather than traditional housing with buried utilities, may provide a satisfactory solution. There is a need for further research into this option for brownfield housing.

Similarly, although residential development should generally not be encouraged in areas at risk from flooding, where development is permitted by the local authority, risk to life can be reduced by ensuring all living accommodation is located above likely flood levels. Flood damage to properties, can also be greatly reduced by a range of methods to reduce the ingress of water to a property, e.g. seals around doors, and by the use of materials/building methods more resistant to flood damage e.g. solid floors and raised electrical points etc.

- ***Are there particular problems in developing brownfield land due to contamination or dereliction? To what extent are such problems obstacles to development decisions? How much more expensive does this make brownfield land?***

Barriers to developing brownfield sites have not been sufficient to delay Government reaching its target of 60% of new builds on brownfield land ahead of schedule.

Uncertainties associated with brownfield contamination may be seen by some as a disincentive to development, both in terms of designing and costing a scheme. Unforeseen contamination, which has not been budgeted for can erode profits. Thorough site investigation and risk assessment should however remove much of this uncertainty. However, remediation costs can be difficult to quantify.

Dereliction has traditionally been regarded as less of a problem than contamination (although many derelict sites are also contaminated) and the Derelict Land Grant

scheme and its successors have been used successfully to remedy many derelict sites.

The impact of contamination on site costs is site specific and risk based. An element of uncertainty can exist even after additional expenditure on a desk study and site investigation.

Developers may experience difficulty in obtaining expert advice on contaminated land redevelopment, as the quality of advice available from environmental consultants, and the range of solutions they offer, is highly variable. Emphasis should be placed on early remediation and the safe redevelopment of the site, as ignoring contamination at this stage will cause overall delays.

Housing development on brownfield land may also be perceived by potential purchasers as being less desirable than greenfield development. This may affect the final purchase price homeowners are prepared to pay, and in consequence the demand for such sites by developers.

Issue 3: Policy environment

General.

There are a number of market failures that prevent the most environmentally sustainable homes being built. The Agency supports Government intervention to correct these failures and minimise the environmental impact of new developments.

Information failures

Homebuyers get very little information about the running costs of a home when they are making the decision to buy. Whilst the financial implications of the capital investment and mortgage costs are paramount to the consumer, the fact that energy and water efficient homes will be cheaper to run than others, is unlikely to influence their decision if they have no information on these aspects. As the economic benefits of high energy and water efficiency accrue to the homeowner, not the developer, there is no incentive for the developer to maximise such standards unless consumers have the information to compare.

Two policy solutions can be used to remedy this failure. First, Government could simply mandate higher standards of energy and water efficiency through regulation. Agency research shows water efficiency gains of up to 26% on current average per capita consumption can be delivered for no extra cost. Secondly, inclusion of energy and water efficiency information in the proposed Home Information Pack would bring this information to the attention of all home buyers. The Agency made these concerns known to Government in responding to the Office of the Deputy Prime Minister's consultation to the draft Housing Bill 'Reforming the Home Buying and Selling Process in England and Wales: Contents of the Home Information Pack.

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Regulatory certainty

Lack of certainty over what environmental standards for housing will be required in the longer term, means the construction industry is always planning in a vacuum or assuming that current standards will remain unless informed otherwise. Our knowledge of climate change, water availability and flood risk goes far beyond the timescale of current building standards, for example the government's aim to cut CO2 emissions by 60% by 2050, or the scenarios for water resource availability up to 2025. Construction standards should be put on a path to deliver the improvements needed to meet those environmental limits so the construction industry could plan changes in practice accordingly.

Construction practice and location must also take into account the likely future impacts of climate change.

- ***Are there problems with the interpretation of planning guidance by local authorities, if so what are they and why?***

With regard to flood risk, the Agency is aware that there are problems resulting from local planning authorities and the Agency interpreting PPG25 in different ways. Planning applications initially objected to by the Agency on flood risk grounds during 2002/3 increased by 80% on the previous year. The major cause of this increase in objections was that the advice in PPG25, that an appropriate flood risk assessment (FRA) be submitted with each planning application, was not being followed. PPG25 is to be reviewed next year. The Agency believes there is a need for greater clarity on who is responsible for undertaking and paying for flood risk assessments, and what is appropriate in each case. The need for a FRA should also be included in the Government's proposed 'checklist' for planning applications, therefore reducing the number of cases where the Agency has to make an initial objection until fuller information is provided.

- ***Does the planning system provide incentives to develop brownfield land?***

The planning system, through planning policy guidance notes, encourages the re-use of brownfield land, when appropriate. The system can also assist brownfield re-development by granting permission for improved infrastructure development, highways, water supply and sewage for instance. This may allow housing proposals which were previously uneconomic, to become viable once enhanced facilities are provided. Development plans can also make brownfield development attractive, by identifying possible land uses, and removing an element of developer uncertainty.

The provision of publicly funded infrastructure developments, such as major flood defence projects, may not only protect existing development, but also may remove constraints and open up new areas to development. Further consideration could be given to the introduction of a tax on developers who profit directly from public investment. For example, when brownfield land is developed behind existing defences, developer contributions could be sought to ensure the continued upkeep of those defences.

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