

Kate Barker  
Barker Review of Housing Supply  
1 Horse Guards  
London  
SW1A 2HQ

**Direct line:** 0207 393 2141

**Fax number:** 0207 393 2279

**Email address:**

fiona.cruickshank@housingcorp.gsx.gov.uk

**Office address:**

149 Tottenham Court Road

London

W1T 7BN

7 August 2003

Dear Kate

### **Barker Review of Housing Supply**

Thank you for writing to Norman Perry inviting a contribution from the Housing Corporation to the review. I am replying on behalf of the Housing Corporation. As requested we have focused on the issues listed in the note attached to your letter.

When we met you expressed interest in the tool we are developing to help s106 negotiations. My colleagues who are leading on this are currently on leave, but I will forward this to you as soon as possible.

#### **Issue 1**

There is clearly a shortage of suitable land for development, compared to many other countries. The developable land that we have available is often brownfield, sometimes polluted and frequently requires dense development. It might be interesting for the Review to think about other countries with a similar profile. The Netherlands would be an obvious example, although the tenure position is very different. There are factors that reduce landowners' willingness to sell, and these are often connected with the possibilities of making a bigger profit in the not too distant future. Given the relatively small amount of land available in England, I doubt that it is possible to ever remove all hope value. It is worth considering whether and how the planning policy can be used to reduce both hope value and the price of land. This is, for example, the function of exceptional planning permissions and the basis of ideas like the sites for social diversity policy outlined in the Government's recent consultation on PPG3. It will also be interesting to see whether the Government's changes to compulsory purchase procedures might have any impact.

Over the years, the land use planning system has got away from some of its original objectives. It is more difficult for the community (in the broader sense) to properly plan the use of land, taking to account the supply and demand issues. This means that there is lots of

uncertainty in the planning system and this is what leads to optioning. The thrust of the Government's recent planning reforms has been to reduce uncertainty in the system.

In terms of the Regional Planning Guidance shortfall, there may be a mismatch between the targets and the general willingness to increase densities, on the part of both developers and planners to achieve some of the output targets.

## Issue 2

There are obvious shortages of construction workers in some parts of the country. London is often quoted as an example and certainly provides a magnet for skilled workers from other parts of the country. The smaller local authorities sometimes say that they are short of skilled planners as well.

The Government (and the Corporation) definitely think there is potential for the increasing the use of modern manufacturing methods. However, until private house builders can see a commercial advantage in modern methods of construction, uptake will be marginal. Some developers are concerned that their share price will drop if investors link them with 'prefabrication'. Modern methods are not well understood by traditionalists, mortgage lenders, insurers and surveyors. This makes life difficult for those committed to innovation, especially as 'the traditional is best' lobby does not recognise that the traditional product is often of poor quality. The public needs to become more discerning in order to demand the better quality that will be more easily achieved through modern methods of construction.

Another issue here is providing a supply of housing that will remain useable for the foreseeable future and can be flexible in use. In Holland, for example, flexible use housing is more common. However in this country, perhaps only lifetime homes would fall into this category. The potential of other new technologies, particularly smart and assistive technologies, is obvious, but it has proved difficult to break the circle and housing uses are generally restricted to a few upmarket private sector schemes and demonstration projects. Dealing with housing supply is not just about quantity issues, there are some changes in quality that could be made that would help us reduce future demand for new building

There are problems with developing brownfield land, particularly in relation to contamination. The extra costs can often be a major consideration, particularly with current requirements on tipping, making sure the clean up is right and in obtaining sign off from environmental health. There is the ongoing problem of the landowner being responsible for any contamination that affects adjacent sites. A landowner purchasing a contaminated site picks up a lot of added responsibilities, even if they are not the actual polluter and although the original polluter is expected to pay, this can often be an organisation now lost in the mists of time.

## Issue 3

The evidence is that different local authorities interpret planning guidance in very different ways. Our report with RICS on S.106 and indeed the 'Working Together' report, show this quite clearly. Certainly, developers of all kinds find this difficult. However, Government planning guidance is written in such a way as to offer some flexibility in interpretation. The Government line seems quite reasonable on one level, because most planning issues are local in nature. Political change will be needed if the planning system is to become more prescriptive. This issue is raised directly in the Government's current consultation on PPG3.

The planning system does provide an incentive to develop brownfield land - through the sequential approach.

There is plenty of good practice around in planning and the Government's recent reforms are moving in the right direction. Again, this is an area where there is a tension between overall objectives and the ways in which local democracy is played into the process..

Section 106 agreements can be seen as a means for addressing and mitigating the impact of development. This does not always mean the direct provision of housing. Planning gain can actually mean improvements to the infrastructure and local community facilities that can enhance sustainable development. It is possible that Section 106 agreements could provide perverse incentives. An authority might be encouraged to give permission just to get a particular community facility that they might not otherwise be able to fund.

Some market failures are being addressed through Pathfinders. Perhaps the question is really about whether there are particular areas of housing provision where the market has failed to provide enough housing. Growth areas are an obvious example, also keyworkers and small villages.

#### Issue 4

One reason why the industry has not expanded to provide more affordable housing is a simple cost factor. Much market housing is out of the reach of people on low incomes, and public subsidy either Social Housing Grant or housing benefit (or both) is used to bring housing within reach. In some places (Liverpool is a good example) it might be cheaper for people on low incomes to buy rather than rent, but no mortgage arrangements have been arranged to allow people on low or no incomes to purchase. People therefore end up paying more for their housing than otherwise would be the case.

Please do get in touch if you would like to discuss this further or if you need any more information.

Yours sincerely

**Fiona Cruickshank**  
**Director of Investment and Regeneration Policy**