

J.A.Pye (Oxford) Ltd.

Submission to the Barker Review of Housing Supply

This is a most welcome, if overdue, review of a range of issues influencing the supply of new homes. This response from J. A. Pye (Oxford) Ltd focuses on the key issues of land supply, planning policy and planning practice – Issues 1, 3 and 4. It does not attempt to answer all of the issues raised by the Review. J A Pye is a regional house builder based in Oxfordshire with immediate and longer term land interests in that county and also in Berkshire, Buckinghamshire, Gloucestershire and West Sussex. These interests range from urban redevelopment sites to longer term, strategic sites in partnership with other house builders.

ISSUE 1 - Is the supply of land overly constrained?

Is there a shortage of suitable land?

In response it could be said that there is no absolute shortage of suitable land for development. However, there are widespread variations in the extent to which land suitable for house building is brought forward through the development plan system, more significantly, the extent to which planning permissions are forthcoming and also the ease with which that land can be developed depending on a range of constraints.

The shortage of planning permissions can be attributed to two significant factors amongst many:-

- the extensive and systematic reduction, over time, of 'strategic' housing numbers determined at the regional and county level.
- the practices at the district/unitary council level which reveal widespread inefficiencies in the operation in the planning system and, in many instances, a prevailing attitude which is demonstrably anti-development.

The under supply of land for housing is historic and, over at least the last 15 years, County Councils have substantially reduced 'strategic' numbers below those in previously approved plans. For example, in the late 1980's/early 1990's of some 20 county structure plans being reviewed all but 6 proposed reductions in overall numbers and in 7 counties planned reductions amounted to between 15% and 30%. These trends continue. The implications of this, running through the cascade of plans to the local level, are, inevitably, a reduction in land allocations and planning permissions.

Is optioning necessary?

The question is posed whether or not optioning is necessary. It is essential! The industry at whatever level of operation needs to take a strategic view and cannot rely wholly on urban redevelopment opportunities. Whilst government policy is to achieve a national average of some 60% of housing through 'brownfield' redevelopment opportunities, it is an inescapable fact that such opportunities vary considerably across the country. In terms of planning policy and in the preparation of plans what has been lost sight of is that some 40% of housing output should be on 'greenfield' land. Such opportunities are, invariably, at the urban edge or in the form of new settlements at whatever scale and will rely on options taken by house builders to bring forward land over a period of years and through the planning process.

Given the length of time involved in preparing and updating development plans, it is inevitable that options have to be taken out over a period of initially 10 years and extending to 15 years depending on circumstances. Optioning is not a process of hoarding land and should be distinguished from 'land banking' which should, more appropriately, identify land with outline planning permission and/or the phasing of land in strategic allocations and with or without detailed consent.

Are land allocations sufficient to meet Housing Need?

Given the continuing reductions in housing numbers at the regional level it is clear that in local development plans land is not being allocated to meet overall housing demand and needs. The HBF has drawn attention to the extent to which allocations are necessary to meet the growth in the number of households which, of course, be supplemented by allowances for demolition and replacement. A reduction in overall numbers with a consequential impact on land values will, inevitably, increase the number of those in housing need.

RPG Housing Shortfall

This point has, to a large extent, been dealt with in earlier remarks. The housing shortfall is not a reflection of the number of planning applications but, as described, is a consequence of the reduction in overall housing numbers coupled with inefficiency in the operation of the planning system in respect of development plans and development control.

Attention is drawn to a report to the South East England Regional Assembly entitled "*Housing Supply in the South East*", dated 15 October 2002. This is a surprisingly frank account of the implications of Government policy, i.e. greenfield/brownfield and offers a critical comment on the issues affecting the supply of affordable housing. This report notes a number of 'actions' necessary if regional housing numbers are to be delivered, including: -

- expediting the delivery of major green field developments,
- speed up plan making with additional resources,
- remove obstacles to the provision of infrastructure and, not least,
- clarify that green field sites have a contributory role to play in the South East

Issue 3 – Does Policy and its application influence housing?

Interpretation of Planning Guidance

In recent years housebuilders experience with Planning Guidance has been centred on that covering Planning and Affordable Housing (Circular 6/98). It is clear that in many instances local authorities have disregarded Planning Guidance in respect of the provision of affordable housing. The problem is one in which local authorities are able to argue the 'exceptional circumstances' which, it is claimed, would enable them to depart from Planning Guidance. This raises uncertainty within the industry when faced with a wide range of planning requirements, which may not necessarily be properly justified. The most recent revisions to PPG3 (which will, in due course, replace Circular 6/98) will undoubtedly exacerbate the problem with the interpretation of guidance on this critical issue. For example, the phrase "*not normally*", which is used to dissuade local authorities from prescribing tenure, will, inevitably, result in such prescriptive policies in the form of social housing to the exclusion of other industry-based and market-led solutions.

There are other problems associated with the interpretation of PPG3 in, for example, minimum density requirements which may not necessarily reflect the prevailing character of the locality or market preferences. It would seem that there is a tension between planning officers' interpretation of guidance and elected Members faced with pressures from their constituency raising issues of local concern regarding density, traffic generation, loss of amenity etc.

Will the current Reform Programme address inefficiencies?

It is particularly unfortunate that ODPM appears to have lost sight of the reasons why 'reform' of the planning system was necessary. This stemmed from a concern of increasing costs to business as a clear consequence of its inefficient operation. However, that in itself was not sufficient reason to radically restructure the planning system. Unfortunately, this is what has resulted through the 'reform programme'. To an extent it is arguable that the form and structure of the planning system is irrelevant (so long as it is logical). It is, more appropriately, the extent to which any system is properly implemented, enforced and efficient in its operation.

It is interesting to note that the current political pressure to deliver increased housing numbers in the four growth areas is unrelated to the reform of the planning system as described in the Planning Bill. The abolition of the County structure plan, the resultant uncertainties surrounding the distribution of housing numbers, together with changes in the operation of development control practice and procedures will not deliver increased housing output. In fact, in the short to medium term precisely the opposite will happen. It is clear that the changes proposed to the development control system will have substantial adverse effects on the ability to bring forward planning applications and to see them efficiently determined.

Are Section 106 Agreements effective?

They are demonstrably not an effective means of addressing and mitigating development impact. They are a means of frustrating the developer, holding him to ransom and, ultimately, delaying the implementation of schemes. Unfortunately, negotiations on such agreements provide the opportunity for a variety of district and county service responsibilities to be discharged in the expectation that private resources, rather than public funds, will be used to provide them.

There is clearly a need for a more effective system and one that is properly enforced by ODPM. The Government's expectation that such agreements will deliver a wider range of public benefits will exacerbate current problems. Any system should be inextricably linked to the direct impact of a development and a failure on behalf of a local authority to negotiate such agreements expeditiously should lead to scheme approval without them.

Issue 4 – The provision of Affordable Housing

In short, the private sector housebuilder should not be required to bring forward solutions to the shortage of public and social housing. Nevertheless, there are, undoubtedly, opportunities for the industry to be involved in market led solutions for the provision of affordable housing in the form of, for example, low cost market housing and shared ownership. However, increasingly local authority policies are unnecessarily prescriptive in the expectation that their priorities for affordable housing i.e. invariably social, rented properties, will be provided by the private sector. The lowering of thresholds for affordable housing coupled with a substantial increase in the percentages required will render developments uneconomic and land may not necessarily be brought forward for the provision of housing, in whatever form. This, in turn, will exacerbate the shortages in this particular sector as well as market housing generally.

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