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DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT CONSULTATION

HOUSING GREEN PAPER: HOMES FOR THE FUTURE: MORE AFFORDABLE MORE SUSTAINABLE

Federation of Master Builders

Introduction

We are writing in response to the Department of Communities and Local Government's consultation paper entitled, 'Homes for the Future: More Affordable, More Sustainable - Housing Green Paper', published on 23 July 2007. The paper seeks views on the Government's proposals to increase the supply of housing, to provide well designed and greener homes that are supported by infrastructure and to provide more affordable homes to buy or rent.

The Federation of Master Builders (FMB) is the largest employers' body for the building industry with over 13,000 members and is the recognized voice of small and medium sized construction firms. FMB is committed to promoting excellent standards in craftsmanship and assisting builders to improve levels of building performance and customer service.

Key Recommendations:

- **Incentives are needed to promote small scale new housing developments which focus on existing neighbourhoods, villages and towns, as opposed to creating new settlements. This would solve the current housing crisis by providing an estimated 18 million family sized homes.**
- **Green homes are best achieved by upgrading existing homes at a cost of £20,000 per home to meet eco-excellent standards rather than to build new ones, which require an infrastructure subsidy alone of around £35,000 per home plus an extra £30,000 to make them 'zero carbon' in use.**
- **VAT on energy efficient repairs and maintenance to housing needs to be cut from 17.5% to 5 % to ensure that the existing housing stock can be repaired and upgraded in order to retain its value and future use.**
- **Quality, not numbers - the design and quality of new homes is essential if we are not to repeat the housing policy mistakes of earlier decades which have resulted in demolitions and 'sink estates' which have damaged social cohesion resulting in increased crime and poor health.**
- **Incentives are needed to bring empty buildings back into use which would generate an estimated extra 2 million homes**

- **The planning system is the single most important factor inhibiting the construction of new housing. Planning needs to be reformed to make it more streamlined, less bureaucratic, more predictable and quicker.**

Housing Today

Having a decent home is a basic human right but one that is sadly denied today to over 90,000 homeless households stuck in temporary accommodation and to the 1.6 million on a council house waiting list waiting for a permanent home. Housing is a fundamentally important issue because it has a profound impact on our lives, education, health, the economy, and pride in our communities. Failing to address housing problems merely undermines other important social, economic and environmental objectives which affect us all. The current demand for housing is rising, mainly from small childless households, 70% of whom are single and 80% of whom cannot afford a new home. Households today are much smaller on average because of later marriage, more family break-down, fewer children, later childbirth and people living longer. Britain has moved from a four people per household after 1945 to just over two today and the indications appear to be that demand will only increase over the coming years. Coupled with increasing demand is the issue of affordability with 70% of towns now unaffordable for key workers. Against this sobering background we welcome the Government's aim to put housing back on the political agenda and its stated target to build 3 million new homes by 2016, including 180,000 new affordable houses by 2011.

The Need for Small Scale Housing Developments

England is the most crowded country in Europe with the worst road congestion, and the longest commuting distances of all our European neighbours. Although we have only built on 11% of our land this development has sprawled very badly with most of our remaining green land either in use, protected or needed for environmental, food, recreation and forestry purposes. It is against this background that there is a need to concentrate new housing development on existing communities and for good reasons.

Firstly, existing neighbourhoods, villages and towns can solve the housing crisis by offering an estimated 18 million family sized homes, empty and underused buildings, ready infrastructure and other small underused spaces that have the capacity to meet the Government's projected housing need.

Secondly, the existing housing stock needs constant repair and upgrading in order to retain its value and use. Even by 2050 an estimated two thirds of us will be living in homes that already exist today. Modernising and maintaining our existing housing stock is therefore vital to our housing future.

Thirdly, the existing housing stock, which contributes 27% of the UK's total carbon emissions, has the potential to help achieve the Government's overall target to reduce carbon emissions by 60% by 2050. To save at least 80% of the energy used to heat and run our existing homes and communities it would only cost approximately £20,000 per home to upgrade to eco-excellent standards. This is much cheaper than building new homes which requires an infrastructure subsidy of around £35 -45,000 per home plus an additional £30,000 to make them zero carbon neutral.

Sustainability

New and refurbished homes need to achieve high standards of energy efficiency, minimize carbon emissions and not impose undesirable pressure on the wider environment. Given that the current housing stock contributes 27% of the UK total carbon emissions and that even by 2050 an estimated two thirds of us will living in homes that already exist today, incentives are needed now to make our home greener. The simplest and easiest way would be for the Government to reduce VAT from 17.5% to 5% on energy efficient repairs and maintenance to existing homes. Coupling this with low interest loans, as Germany does for upgrading houses and public buildings, could bring the whole existing stock up to eco-excellent standards while regenerating all run-down areas by 2030.

In addition to energy efficiency, other environmental considerations need to be taken into account including the risk of flooding or natural disasters and sustainable transport arrangements. These are crucially important considerations in major growth areas such as the Thames Gateway. Green field development is needed to meet the need in rural areas and in locations where brownfield options are simply not available. Green field development is not in itself inherently undesirable. Our finest and most sought after housing schemes all stand on land that was undeveloped at some stage in the past. The key is to ensure that new development enhances the environment and is planned sensitively so as to meet sustainability standards.

Design and Quality

Genuine concerns about unmet housing needs and house price inflation have meant that the emphasis is on housing numbers. Whilst we acknowledge the need to provide more homes there is also a risk of a return to the numbers game which characterised housing policy in 1950s and 1960s. Therefore, it is vital that there is no compromise with quality simply to maximize housing numbers. Urban cramming without regard to the quality of the environment being created is not the way forward. Some replacement of chronically substandard older housing should play a part in the process of urban regeneration but new urban redevelopment schemes need to enhance the attractiveness of the area and provide sustainable outcomes.

Higher density housing earned a terrible reputation in the 1950s and 1960s when governments focused on high rise as an alternative to slums. However, only at density levels of 50 homes per hectares will local, walkable services be possible thereby creating sustainable communities. Higher density is also not necessarily an obstacle to high quality as the example of 18th Century Georgian terrace housing demonstrates. Indeed, low density housing can be a real threat to sustainability where commuter villages are dependent on the car and cannot support their own shops or social amenities. So the challenge is to raise densities from the artificially low levels which prevailed in the 1980s and early 1990s and which did contribute to concreting over the countryside, while not compromising the viability of communities. Developments which only comprise apartments because of high density requirements are as threatening to long term sustainability objectives and community cohesion, as the executive homes which made such profligate use of greenfield sites in the second half of the 20th Century.

Housing Tenure

If the Government is to achieve its aim to build more homes, it needs to remember that people's needs and aspirations are not static, nor are they necessarily limited to one tenure or type of housing. People's needs change over time and their economic circumstances can vary hugely. Although the phenomenal growth in owner-occupation that characterized the 20th Century is almost certainly likely to continue, in the future it is much more likely that

people will move from one tenure to another more freely than in the past. The challenge must be to ensure that our housing supply meets this need. Therefore, a far more flexible approach to tenure, where changes are possible to meet varying needs and aspirations is needed. We need to blur and overcome the divisions that have characterized past patterns of housing provision. Tenants need to be able to share some of the increased equity in their homes, or begin to acquire a stake as do shared-owners. Conversely homeowners should be able to benefit from dependable equity release schemes which enable them to receive supportive services to help them in comfort in their existing homes in old age.

The Planning System

The single most important factor inhibiting the construction of new housing is the planning system which has eight key flaws. These are: the lack of advice at pre-application stage; onerous application requirements; lengthy determination times; targets vs. objectives; planning contributions; planning conditions; minor amendments; and resistance to applications.

1. **Lack of advice at pre-application stage:** Councils offer to give advice prior to the submission of applications with the objective of providing a quicker, more predictable and efficient planning service. However, most rarely respond with any definitive information that would inform the application process or outcome. Some officers do not appear to have sufficient knowledge and/or are reluctant to give advice without first referring to a senior officer. It is difficult to speak directly to Planning Officers to obtain reliable information, and many councils do not appear to permit any direct access to their officers.
2. **Onerous application requirements:** Recent years have seen a substantial increase in the amount of supporting information and number of processes to be completed prior to the submission of an application. There are significant differences in the level of information sought by some authorities in order to validate applications. The amount of information required to support a planning application can be disproportionate. In particular, some councils insist that developers undertake a thorough community consultation exercise with neighbouring residents as part of the design process, for all scales of development, whether it be for a small number of houses or a major development. They require evidence of this in the Design and Access Statement; otherwise they return or refuse to register an application until this has been submitted. Flood Risk Assessments are requested by some Councils as a matter of course, even for sites that are unaffected by flooding. These demands are both time-consuming and can add significantly to the costs of making an application.
3. **Lengthy determination times:** Some councils are extremely slow in determining applications. Once an application goes beyond its target decision date it seems to take on a very low priority. For example, the length of time taken to determine a simple and straight-forward application for amended house types, on an established development site, can be 16 weeks. Often, there is no clear reason why this should take so long. Another developer has reported that it can still take over 18 months to get permission on a brown field site. The problem is so acute in places that the time taken to secure planning permission often exceeds that of the construction phase.
4. **Targets vs. Objectives:** The pressure on local authorities to meet targets for determination of planning applications causes them to take perverse decisions which are often antithetical to their objectives. When an application is approaching its deadline, the local authority will often give the developer the choice of withdrawing the application and reapplying, or having the application refused, as withdrawal has the same practical effect on targets as a determination. This gives developers no

choice but to withdraw and resubmit the application, with concomitant costs and consequences for bringing the site forward for development. Most sites require on average three applications before gaining approval. This behaviour is clearly driven by the local authority focus on achieving government performance targets and the receipt of the Planning Delivery Grant. One of the main problems with the current system is that it allows authorities to mask the true rate of non determination, at the expense of the outcomes the targets are designed to achieve. If the determination period were measured from the time that the first application was submitted, until a decision was made on the site for which the application was made, it would become more apparent which authorities were failing to release sufficient land for development.

5. **Planning Contributions:** For some development sites these are especially onerous, and can even render some housing sites financially unviable. There are also large variations in demands for contributions from one council to the next. The standards introduced in PPS3, setting a threshold of 15 units for affordable housing, provides more predictability about when it is required, but there is still a lack of predictability as to the value of the contribution developers are expected to make. Because of the number of planning conditions which are imposed on developments in section 106 agreements it is often means that affordable housing is impossible to provide. These agreements range from education contributions to social housing, and the costs incurred by the agreements end up on the cost of the property to the customer. The problem is driven by too many local authority departments seeing the section 106 agreement as a means of realising a wish list of measures that they would not otherwise be able to afford. The problem persists because both the authority and the developer know that, if the developer wants planning permission, they have no choice but to accept the conditions no matter how excessive they may be.
6. **Planning Conditions:** Planning permissions are not immediately implementable. The majority of planning permissions members receive are granted subject to numerous conditions; in excess of 20 conditions is now the norm. Many of these will require submission of additional details before any development can commence on site. Members presently experience significant delays in discharging 'pre-commencement' planning conditions. Councils have no time constraints, or targets to achieve post-decision, consequently they treat discharging conditions as a very low priority. For instance, the length of time from the submission of details to discharge of a condition can be as long as 6 months. Delays such as this are totally unacceptable.
7. **Minor Amendments:** Many councils will not allow minor amendments to be made to planning permissions. This leads to a situation where members are required to submit a further planning application for relatively small changes to a scheme. There are consequent delays and costs for the developer, together with uncertainty over whether permission will be granted.
8. **Resistance to planning applications:** A major cause of significant delays to a planning application is the sustained resistance that they often encounter from local residents, local councillors and planning officers. The crux of the problem is that the same system that is supposed to deliver adequate quantities of land for development simultaneously provides a plethora of opportunities to prevent this from happening. Local residents can and do mount sustained objections to often vital development for purely personal reasons. These residents can lobby their local councillor, or may even be a local councillor or planning officer themselves. It is a consistent complaint of developers that planning officers are always looking for reasons to decline an application rather than a reason to approve one. Aside from the obvious forms, resistance can manifest itself in deliberately attaching excessive or time consuming

procedures. For example, flood threat risk assessments in areas which are unaffected by flooding, deliberately drawing out section 106 agreement negotiations, and the placing of a wide range of restrictions on a piece of land from tree preservation orders to Area of Natural Beauty status. This can be particularly frustrating in smaller communities when the majority want the development because it will support local businesses, and local amenities such as schools which may otherwise close because the community is too small to maintain them.

In conclusion, the planning system, despite government promises of streamlining, is still too bureaucratic, unpredictable and takes far too long.

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