



PlaceShapers Response to DCLG Consultation on the “Right to Build”

Introduction

PlaceShapers is a network of over 100 community-based housing associations formed in 2008. Between us we own around 750,000 homes and provide services to more than two million people. As an alliance, our views represent those responsible for around a quarter of registered housing associations’ stock. Details of our members and more about what we do can be found on our website: www.placeshapers.org.

Together our members completed over 40,000 new affordable homes between 2008 and 2012 and we collectively plan to invest around £5bn to deliver a further 32,000 homes by 2015. A 2013 survey of our members revealed that business plans for 2015-20 project at least a further 30,000 more new homes, equivalent to more than 7% growth. With appropriate financial support and improved access to available land we are ready to increase this capacity.

We therefore welcome the Government’s consultation on a new “Right to Build” and the opportunity offered by the custom-build model to add to the delivery of much needed new homes across the country. We do not believe that custom build on its own is “the answer” but support any initiatives that can add to the mix going forward and are pleased to note that there appears to be cross-party support for this approach.

Our members “build local”. They apply their unique community understanding, presence and commitment to build partnerships and bring about development that many more distant providers can’t achieve and volume-builders aren’t interested in. Custom build offers the potential to work in new ways in partnership with local authorities, customers and local builders to provide affordable solutions tailored to local communities. That said, it is clear that the model will be more attractive to some of our members than others and they will need to make their own judgements on the extent to which local markets and their own business priorities, capacity and risk appetite support custom-built developments. Land availability and cost, cost-effective construction methods, customer confidence in the model and loan finance will all be key to scheme success where even where there is an appetite to proceed.

This submission represents the collective response from PlaceShapers to the questions posed in your consultation paper and has been prepared with the benefit of discussion at a member seminar we organised on the subject with DCLG input held on 8th December. As the proposals will impact on our members to a varying extent, we have limited our response here to general comments. Individually, some of our members may submit their own response and in so doing may set out in more detail their views on what the proposed Right to Build and custom-build model would mean for them locally.

We would be pleased to work with DCLG during the post-consultation stage of this initiative if our insight and expertise would assist the process of working through the practical issues likely to need attention. Please let us know if this would be of help.

Our response to the consultation questions follows:

Section 2:	Scope of the Right:
	<p>1. If you are a prospective custom builder, would you be interested in using the new Right to Build?</p> <p>As a membership body, we are not collectively a prospective custom builder. However, individually our members will include those interested in using the new Right to Build. This could be as a development partner for those for whom this may be an additional source of affordable housing (whether rented or shared ownership) and / or (for more diversified businesses) a partner on custom build for market sale.</p> <p>2. How can local planning authorities work together to enable the Right to Build to apply in London, National Parks and the Broads and areas with development corporations?</p> <p>Land availability and / or planning support severely constrain new housing development and particularly in certain areas including those mentioned. Planning policy should ensure that conditions are created for increasing housing supply across markets and across the country. We believe that it is time to think radically about planning structures and approval processes. Local authorities have a key role but whilst local politicians remain the final arbiter on decisions they will continue to bow to local pressures and self-interest. Sadly this could be the case even for custom-build schemes.</p> <p>We need a rebalancing of decision-making on the numbers of new homes needed and where new homes should be. The market isn't working efficiently with some areas of the country (notably London and the South East) overheating and others (notably in the North) flatlining. This is not sustainable. We need evenly spread housing demand and viable planning consents driven by investment in jobs and infrastructure projects aligned to forward thinking regional economic policy.</p> <p>In this context, a focus on regional development is one that we welcome. Further development of key cities with growing economies and extensive infrastructure capacity is an appropriate response to demographic trends and will shift funding from benefits to building and in so doing provide far better value for public money. It will also ease pressure in the South East and in green belts.</p> <p>To achieve this requires political will, devolved budgets and controls and tax incentives to encourage investment in brownfield sites as well as enabling existing settlements to grow into their near hinterland. Many such sites would offer outstanding places to live, close to major city centres, transport interchanges, major cultural and retail venues and jobs. However, it is not a case of promoting one type of development or certain property types over another. The focus must be on providing sufficient diversity in urban housing so that high quality affordable choices exist for people at different stages of their lives. Custom build should be part of such a package.</p> <p>Voluntary co-operation between LAs cannot be relied on to deliver the homes needed across administrative boundaries. In some cases, approval and control of scheme</p>

development may need to be removed from LAs and handed to organisations with wider-ranging responsibilities. These could be newly created for this purpose or borne out of existing structures such as citywide authorities and / or the LEPs. Alternatively, financial incentives such as the sharing of a reformed new homes bonus and community infrastructure levy and additional inducements resulting from co-operation between authorities will help counter the “what’s in it for us” arguments.

Section 3:	Establishing demand
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3. What preferences should custom builders be able to express on the register? Are there any preferences that are essential for all local planning authorities to consider?

Custom builders should be able to express their preference for the type, size, location, price range and tenure of home required and also whether it needs any particular facilities for example for people with disabilities. All of these are essential for planning authorities to consider.

4. To what extent should a local planning authority be expected to meet these essential preferences

Local planning authorities should be expected to address the demand for custom build plots when approving and revising local plans but within the context that there can be no guarantee that plots will become available to meet the demand and that custom build will be just one type of provision to be planned for. An expectation of collaboration with neighbouring authorities to assist with meeting demand should be considered, particularly as those registering will not necessarily be concerned about administrative boundaries when searching for a new home or a plot on which to build one. (See also our comments in Section 4.)

5. Are these the right eligibility criteria for the register? What are the practicalities for local planning authorities in assessing against these criteria

The suggested criteria of age (minimum 18), local connection, financial viability and main residence seem appropriate but we are not sure why nationality should be restricted to EU citizens rather than anyone with a permanent right to reside in the UK. We also have concerns about a local connection test (see 6. below) There may be practicalities around the appropriateness of local authorities assessing financial viability both at the time of registration and any acceptance of a plot with a consequent need to consider independent support for this task.

6. Do you agree that local planning authorities should have the discretion to apply a local connection test and, if so, why?

We agree that it should be left to the discretion of individual authorities to decide what, if anything, is appropriate on the question of a local connection test so that policy can be determined by local markets. Clearly if there is public land involved and schemes include homes to meet affordable housing targets then local connections may be appropriate. How those are defined is however for local agreement. It may be for

example that custom build opportunities will be attractive to people considering moving to another area for work (thus supporting economic regeneration in areas such as the North-East) or downsizing in retirement (thus releasing larger family homes elsewhere) Strict residency requirements could constrain such mobility.

Additionally, in urban areas such as London, a strict local connection test may be perceived as an unfair barrier to potential custom builders for whom administrative boundaries do not matter if plots may be available in an area (e.g. postcode or wider) that they are happy to live in and that straddles a number of local authorities. The collaboration point made earlier is relevant here. (See also our comments in Section 4.)

7. In what ways do you think a prospective custom builder should be able to demonstrate that they have a local connection, for example through residency or a family connection

No further comment.

8. How long do you think a prospective custom builder needs to be resident in an area before they satisfy the local connection test? Should temporary periods outside the area be permitted

No further comment

9. How do you think family should be defined for the purposes of establishing a local connection?

No further comment

10. Do you agree that members of the armed forces should be exempt from any local connection criteria? Are there any other groups we should exempt from this requirement where it applies

No further comment

11. Are the proposed criteria for removing a person from the register appropriate? What are the practicalities facing local planning authorities?

Yes, the proposed criteria for removing a person from the register seem appropriate.

12. Do you agree with the proposals on transparency?

The proposals for transparency on the register are considered appropriate but we consider that local planning authorities should also be expected to make publicly available headline data on the number of plots they have or expect to be able to make available to those on the register in order both to manage expectations and to demonstrate progress in meeting demand.

13. How should local planning authorities publicise the register?

The comments in the consultation document regarding publicising the register appear sensible.

Section 4: Meeting demand

14. Do you agree that there is sufficiently robust planning policy and supporting guidance in place to promote custom build?

Whilst we are not planning specialists we believe that the current framework is sufficient to enable the promotion of custom build alongside other housing options. However, there is a potential issue regarding timescales within which planning applications must be considered and decisions made.

15. If not, what more would you like to see?

Custom build has the capacity to enable interested parties to customise and build homes quickly using off site construction methods and local builders. Sites being brought to market with outline planning consent will help the process but it would be disappointing for successful outcomes to be jeopardised by delays in the granting of full planning permission. Our members have been frustrated by the removal of the 13-week deadline for consideration of applications generally and we consider that a time limit for this process is essential for custom build to become a reality.

16. Should local planning authorities have discretion in which approaches they use? Are there alternative approaches that should be considered?

Schemes will still need individual consideration but as stated above potential delays in processing planning applications need to be minimised.

17. What tools and support will local planning authorities need to develop these approaches?

The resources and skills to promote custom building as an option, to promote the ability to register an interest in being a custom builder, to work in partnership with others to identify sites and bring them to market, to process planning applications speedily, to communicate decisions and to publicise headline data on custom build demand and supply. The sharing of experience with interest groups and neighbouring authorities will also be useful in developing good practice.

18. Do you agree that water and energy services should be provided as a minimum? Should telecommunications access be required?

Yes, water, waste and energy services must be provided as a minimum on available plots and we do believe that telecommunications access should be mandatory too.

19. Are there circumstances when a local planning authority should not be required to service the plot?

No further comment.

20. How could we expand or change these principles to ensure we provide a fair national framework?

No further comment

21. Is three the right number of minimum offers a local planning authority should be asked to make before they can consider the requirement to be met?

We have a significant concern about the principle that the Right to Build should involve a finite number of offers being made by an individual local authority to a potential custom-builder. This is not a modern way of doing business in the housing world and could well be a turn-off for aspiring builders who would expect in any other context to consider for themselves choices available and bid for them in a marketplace. A “registration and offer” process is supplier rather than customer led and we believe that choice should always be possible, even where the customer knows it will be constrained by supply and that waiting for alternative options to arise may not lead to success.

In this light, we wonder what consideration has been given to an alternative choice-based scheme such as is commonly used now for social housing lettings and of course is the norm for aspiring home owners or renters seeking to access housing in the private sector. With this approach, instead of matching potential builders on the register to available plots and making offers, local authorities would advertise plots at the agreed fixed price to those on the register who would then bid for them, should they choose to do so. This would shift the process to a more transparent customer-focussed system and would remove a potentially challenging plot-allocation process that could lead to disputes over whether offers have been reasonable when authorities wish to discharge their responsibilities. It would also facilitate collaboration between planning authorities wishing to set up joint registers, thus helping with the issue already raised whereby potential builders may want to consider plots in an area that happens to straddle administrative boundaries.

22. Is two and half years the right time period in which authorities should reasonably be expected to make three reasonable offers in?

An alternative choice-based system as suggested above would make this redundant. Potential custom builders would remain on the register for as long as they wished or until such time as they are removed for reasons already accepted.

23. Should there be an appeals mechanism to enable custom builders to challenge the plot price?

We are not sure that an appeals process is necessary but transparency on how local authorities have arrived at a plot price certainly is.

24. If you wanted to access a plot through the Right what approaches do you think would be appropriate and in what circumstances?

The open process suggested is closest to the choice based bidding process we suggest merits further consideration (see 21 above).

25. If you were an authority administering the Right which approaches do you think would work for you?

No further comment

26. Will these approaches (including a combination of approaches) work? What other approaches are there?

All options suggested for bringing land to the market for custom build should be pursued and we note that the “Vanguard” authorities will be testing these. We are particularly concerned that private developers are now routinely negotiating their way out of S106 deals and that by choosing to hold on to land until the point at which they can maximise returns they also derive profits that far outstrip original valuations used to calculate S106 contributions where these are agreed. Thus, a potential contribution of private land for custom build is one that we particularly support.

27. What support or changes local authorities would need to enable them to purchase and prepare land?

Local authorities will need relevant skills and market awareness for this task and may benefit from partnering with housing associations for this purpose.

28. Do you agree that in some circumstances local planning authorities will need to look at bringing forward land in the wider housing market area? Are there other approaches we could consider?

Absolutely. Local authorities are not the only owners of public land assets potentially suitable for development in their areas and pulling together sites currently in different public ownership may create single more viable schemes. There is a strong case for a statutory framework to ensure that councils work together or in partnership alongside other public bodies to develop and implement a strategy for bringing sites to development for multi tenure use. Given land shortages there will be a likely additional need for local authorities to try to negotiate the release of surplus sites from private developers for custom build purposes. (See comment in 26 above too.)

29. Do you foresee any challenges with authorities securing the expertise needed to support them in delivering plots for self-builders?

As already stated, we do have concerns that local authorities may not have the expertise needed to support successful custom build programmes and consider that they will often need to work in collaboration with others, including housing associations, to achieve this.

Section 5:	Special circumstances
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30. How should the register reflect the requirements of those who are eligible for affordable housing?

We believe that custom build should not just be for aspiring home owners and are concerned that the consultation document focus on people who want to build their own home gives an impression that the initiative is predominantly aimed at this client group. Certainly first time buyers and older “downsizers” may be particularly attracted to the model and housing associations may be appropriate partners to facilitate such moves if they are developing plots that include units for market sale. But all new initiatives to

increase the supply of housing Britain needs should include homes that can be accessed by those unable to buy - whether this be on a shared ownership basis or for rent at genuinely affordable levels.

In this context we believe that registered providers of social housing should be able to join LA custom build registers along with individual potential purchasers and thus be able to bid for plots to develop in partnership with identified end-users whether they be future tenants or shared owners. The likelihood is that those in acute and urgent need of rehousing will be unable or unwilling to wait for the detailed design and build process to complete but existing tenants needing transfers to more suitable housing may well be willing to do so.

31. What tools do local planning authorities and registered providers need to enable them to bring forward custom build affordable housing?

The ability to make a scheme stack up financially will be the key consideration for any affordable housing provider and a mixed tenure scheme with an element of cross-subsidisation via sales receipts will often be appropriate. Borrowing capacity and access to funds will be critical as will grant subsidy where needed to reduce overall costs to affordable levels for end-users.

32. How can we design the Right to enable registered providers to play a greater role in bringing forward more custom build affordable housing?

We anticipate that custom build may be particularly attractive on small sites as well as for individual plots and that these will often not be of interest to volume housebuilders. If registered social housing providers and other agencies such as community land trusts are afforded a right to register as custom builders for small sites and, potentially, local authorities are required to ensure that a proportion of these are initially reserved for such purpose, it should be possible to ensure that affordable housing becomes part of the custom build product in reality. Locally based “human sized” housing associations such as our members will often want to work with local small and medium sized builders, using off-site construction methods where possible. Such partnerships would thus maximise cost efficiency whilst contributing directly to the local economy.

33. Should individuals from the group register individually, stating their preference to group custom build, or should the group be able to register as one entity?

A group “co-housing” scheme implies a level of co-operation and mutual desire to live together going forward. It would therefore seem reasonable for a group to have to register as one entity.

34. If a single entity is capable of making an expression of interest for a group custom build should the group be required to demonstrate a local connection and financial viability for each individual within the group or would a proportion of the membership (say 75%) be sufficient?

Our earlier comments about local connections are relevant here. It would seem appropriate for financial viability to be assessed collectively if groups propose to own or part own a number of homes jointly. However, if individuals within a group expect to

become sole owners of their own home but just want to live with their co-owners as neighbours then they would each need to demonstrate an ability to fund the purchase.

35. Do you support the principle of allowing Community Land Trusts to register individuals and state their preference for group custom build?

Yes and we believe that there is potential for housing associations to work with CLTs to facilitate this.

Section 6:	Implementation
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36. Should local planning authorities have the power to charge fees on a cost contribution basis for the register?

We agree that the custom build registration process should be free initially for the reasons stated. We consider that any future charges should only be levied in circumstances when a customer has accepted a building plot and a sale is going ahead. A fee based system purely for registration is not appropriate.

37. What practical support should be available to local planning authorities?

As already noted, local planning authorities may need to secure new expertise to make a success of custom building in their areas. In addition to learning from experience elsewhere, they should be encouraged to do so work in collaborative partnerships with others, including local housing associations in order to pool the skills needed.