



LPDF UPDATE

Edition 8 - DECEMBER 2018

Welcome to LPDF UPDATE, prepared by **Tetlow King Planning Limited**. This publication provides an update of recent publications across the housebuilding and planning sectors from a wide range of public, private and quasi-governmental organisations, which are of relevance to the interests of the Land Promoters and Developers Federation.



'Planning 2020' – Raynsford Review published

In mid-November a Task Force chaired by former Labour planning minister Nick Raynsford, alongside the TCPA, published the long-awaited review into the English planning system. Other Members of the Task Force included Maria Adebowale-Schwarte (Living Space Project), Julia Foster (David Lock Assocs.), Tom Fyans (CPRE), Kate Henderson (NHF), Lord Kerslake (President Elect – LGA & Chair of Peabody); Prof. Yvonne Rydin (UCL); Chris Shepley CBE (Consultant); William Upton (Barrister); Pam Warhurst CBE (Incredible Edible & Pennine Propsects); Finn Williams (Public Practice).

The Final Review comes after Raynsford and his team published interim findings in Spring this year, as reported in Edition 3 of LPDF Update.

From the outset it sets out that “if there is one striking conclusion to be drawn from the work of the Review, it is that the current planning system in England does not work effectively in the long-term public interest of communities or the nation”. It adds that “there has also been a striking loss of public trust in planning”.

“Above all there has, for over 40 years, been political ‘vilification’ of the planning process in mainstream political discourse of England. It has become fashionable to blame planning for a multitude of problems, many of which actually stem from a lack of investment and a lack of political vision”.

The Review considers that ‘outcome’ should supersede ‘output’: “the latest revised NPPF marks another significant change in the planning process. The government has not signalled when it believes planning reform will come to end, nor published a route map of what the system will look like at the end of the process”.

“Ironically, while planning has lost control of a range of development, the legal framework that underpins it has become more complex and confused, with fragmented legislation shaping differing aspects of local and national planning and little co-ordination between the two”.

Key ‘Evidence themes’ were identified, which varied from the balance of power between the government and local authorities; the economic costs and benefits of planning; and the collection of betterment values through fair land taxes. To inform the discussion on whether we need a betterment tax, the Review team published a provocation paper last Autumn (see below).

“When the Review began, capturing land values was regarded as an extremely complex and highly controversial topic. During

the course of the Review this position has changed radically to a point where there is a cross-party consensus on the value of some form of betterment taxation. While there is wide agreement on the principle of a fairer distribution of the windfall payments which landowners currently receive, there is no consensus on the level of value to be recouped, nor on a mechanism through which this might happen”.

“Taken together, the evidence presents a picture of a planning system that has a conflicted purpose, is based on complex and illogical structures, and is remote from the people whose lives it is intended to improve”.

Section 6 of the Review establishes 10 ‘Propositions’ which represent the foundations for the future renewal of an effective planning system in England. These look at the power of the system and stakeholders involved within it; simplifying the legal basis for planning; and a “fairer way to share land values”.

The Review then proposes 24 ‘Recommendations’ in order to effectively implement the 10 ‘Propositions’ in practice. They include ensuring that a Local Plan has more power and delivers real change (nos. 3, 4 & 18); effective land assembly and land value capture powers for public authorities (no.17); and the redistribution of national land tax revenues (no.20).

As an overview, these Recommendations intend to cover the whole development industry – to improve the transparency of planning; to make plan-making more accountable; and to promote more certainty in planning. The Recommendations do seem to shift greater responsibilities towards local authorities – similar to Oliver Letwin’s proposals last month. This is worth monitoring.

View the Raynsford Review [HERE](#).

Raynsford Review: Provocation Paper 3 – Do we need a betterment tax?

To inform the Raynsford Review’s proposals, the paper provides a high-level introduction to some of the key issues around the land and betterment tax question.

Betterment value results from the actions not of the landowner but of a public authority. The best description of the betterment question remains the 1942 Uthwatt Report. Previously described as the ‘unearned increment’, betterment values arise continuously across society by the provision of public services. The most obvious example is through the provision of new transport infrastructure leading to increased property prices. Transport for London has explored mechanisms for capturing these values including TiF.

The paper provides a useful reminder of the four models of land tax, comprising the general model; the garden city model; the Uthwatt / New Town model; and the contemporary ‘planning obligations’ model.

It states that a range of taxes and charges relate to development values falling at different stages of the process and on differing players. The paper outlines that the second and third taxation models set out above are no longer applied, so in practice we have a combination of general taxation measures which relate to land values but do not focus specifically on betterment, and on impact fees which, while both inefficient and regressive, do yield substantial sums. However, the framework does not appear to yield enough return to cover the costs generated by development in terms

of wider infrastructure. This contributes to one the strongest criticisms of the planning system: that it can’t drive effective delivery by unlocking sites, which need upfront infrastructure investment.

All of this suggests a failure to effectively balance the needs of society and taxpayers with the needs of landowners. The prize amongst all this detail rests in aligning a betterment tax regime and planning regulation to enhance the delivery of high-quality outcomes.

The paper then considers five potential objectives of a new regime. This includes:

- Provide a way of mitigating the direct impact of development on infrastructure or the environment.
- Recoup the betterment values created by the grant of planning permission or other investment by the state.
- Encourage the objectives of sustainable development by reinforcing a set of ‘good’ behaviors such as support for the plan-led approach.
- Be defined by progressive taxation principles requiring a redistribution of resources to support investment in regeneration.
- Retain public legitimacy by being transparent.

View the paper [HERE](#).



Savills research reveals property downturn could reduce number of affordable homes built by 25%

Savills has warned that a major downturn in the housing market could reduce the number of affordable homes built by a quarter. View [HERE](#).

In an increasingly favourable policy environment, housing associations and local authorities have great opportunities to help meet the Government housebuilding target of 300,000 homes per year in England by the mid-2020s. However, some 100,000 of these need to be priced at sub-market levels.

As a potential risk, the study finds that a reliance on Section 106 to fulfil development aspirations is risky. After the new high of 18,000 additional Section 106 affordable homes in

2016/17, there is little capacity for further increases. But a downturn could cut delivery by 50%.

Low levels of grant funding, by historical standards, have led housing associations to develop a cross-subsidy model in recent years. The number of homes built for market sale by housing associations grew 24% between 2016/17 and 2017/18. Housing associations are increasingly reliant on proceeds from market development to fund affordable housing through the cross-subsidy model. They have never been more exposed to a cyclical slowdown in the housing market.

222,190 net additional dwellings delivered in 2017-18 – MHCLG

In mid-November, the MHCLG published its annual Statistical Release on Housing Supply. The report stated that in 2017-18, some 222,190 net additional dwellings were delivered, representing a 2% increase on the 2016-17 figure (217,350).

Note however that this figure is still well below the Government's target of building 300,000 a year.

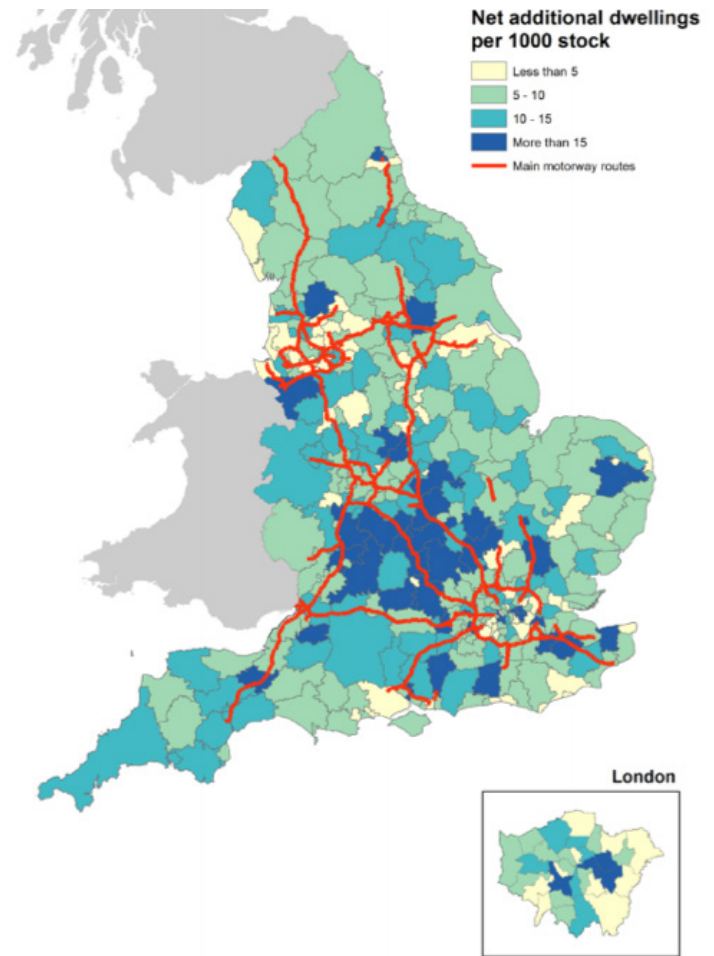
The 222,190 net additions in 2017-18 resulted from 195,290 new build homes, 29,720 gains from change of use between non-domestic and residential, 4,550 from conversions between houses and flats and 680 other gains (caravans, house boats etc.), offset by 8,050 demolitions.

13,526 of the net additions from change of use were through 'permitted development rights' (full planning permission not required). These comprised 11,555 additional dwellings from former offices, 743 from agricultural buildings, 218 from storage buildings, 110 from light industrial buildings and 900 from other non-domestic buildings.

The report sets out that there are relatively high rates of net additional dwellings in local authorities stretching from west of the London commuter belt across the midlands to East Anglia.

The Vale of White Horse, Uttlesford and Daventry have the top three net addition rates per 1000 dwellings in the country. Other notable areas with high rates of net additions per 1000 dwellings occur in Tewkesbury, Wokingham, Stratford-on-Avon and Dartford. London presents a mixed picture, with six of the top 40 net addition rates per 1000 dwellings, but also eight of the bottom 40.

View the MHCLG publication [HERE](#).



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Data Sources
OS Boundary-Line

UPDATES FROM THE FEDERATION Community Infrastructure Levy Fees

www.lpdf.co.uk

[@THELPDF](https://twitter.com/THelpDF)

Following the Association for Consultancy and Engineering's (ACE's) research into the spending of CIL monies, as reported in last month's LPDF Newsletter, the Federation has provided its response to the findings.

Tweeting at the beginning of November, the LPDF stated that it "absolutely supports the principle that those responsible for development should bear the costs of supporting infrastructure". Adding that it is essential that the MHCLG finds ways to encourage more local authorities to make the most of CIL.

ACE's research found that some 39% (nearly two-fifths) of CIL monies have been left unspent by local authorities. Take a look at a legal review into CIL reforms below.

Federation meets with District Councils' Network

Cratus Communications arranged a meeting between the LPDF and the Chairman of the District Councils' Network, Cllr John Fuller, who is also Leader of South Norfolk District Council.

The meeting was constructive, covering the purpose of the LPDF, the important role land promoters play, and the potential for some joint work in the future.

January Members Meeting

The next Members Meeting will include a presentation on Custom-build and Self-build from Mario Wolf, Director of the Right to Build Taskforce. Both items are rapidly growing sectors within the housing industry, which will be of great interest to Members.

The next Members Meeting will be held on Wednesday 23 January.

For further information, contact Katie Yates (katiey@catesbyestates.co.uk).

The Federation is keen to host some annual networking and social events, so watch this space for further updates.

Average UK House Prices Increase by 3.5% in year to September 2018 – ONS

The Office for National Statistics (ONS) has published the latest UK House Price Index for September 2018.

ONS found that average house prices in the UK increased by 3.5% in the year to September 2018, up from 3.1% in August 2018. However, over the past two years, there has been a slowdown in UK house price growth, driven mainly by a slowdown in the south and east of England.

The average UK house price was £233,000 in September 2018; £8,000 higher than in September 2017.

At an English regional level, the West Midlands showed the highest annual growth, with prices increasing by 6.1% in the year to September 2018. This was followed by the East Midlands (6.0%). The English regions with the slowest annual growth were all in the south and east of the country, with the lowest being in London, where prices fell by 0.3% over the year. London house prices have fallen over the year each month since March 2018.

View the ONS' findings [HERE](#).

In the News



Villages:

Research by the CLA has found that more than 2,000 villages across England are overlooked by the local planning process as they are judged to be 'unsustainable' due to a lack of public services. The CLA adds that 'unsustainable' villages are not allocated housing and have very limited development options to improve their sustainability, leaving them in a cycle of decline.

[CLICK
HERE](#)



Housing:

A report by Neal Hudson of 'Residential Analysts' considers that it is important to better understand the similarities and differences between more local housing issues, and how they impact on different groups in different places.

[CLICK
HERE](#)



Sustainable Urban Drainage Systems:

Online article PBC Today covers a helpful reminder on the role of SuDS ([HERE](#)). The article also points to Water UK's publication 'Sewers for Adoption 8', which for the first time provides guidance on adoptable SuDS, and is expected to come into effect by mid-2019. View the pre-implementation guidance below

[CLICK
HERE](#)



CIL Reform:

Further to last month's Government response on developer contributions, reform to the way that the Community Infrastructure Levy (CIL) operates is approaching. Confused by it all? See below a helpful overview of the Government's latest announcements from TLT LLP.

[CLICK
HERE](#)



Affordable Housing:

The latest MHCLG affordable housing supply statistics show that there were 47,355 affordable homes delivered in England in 2017/18. Whilst this is an increase of 12% compared to the previous year, this represents just over 20% of the 222,190 net additional dwellings above.

[CLICK
HERE](#)