

## Note on topics the Highbury Group wishes to discuss with the CMA

1. The central issue is the domination of the land and housebuilding market by large volume house builders. Based upon research by academics and from experience working in planning departments and planning consultancies, it is evident that small number of volume builders dominate local and sub-regional land and housebuilding market and are able to generate excessive profits as a result (see for example, *Why Have the Volume Housebuilders been so profitable? UK Centre for Housing Evidence, 2023*). Marilyn Taylor, *Who Runs This Place: Learning from Case Studies, Urbed, 2006*). There is also excellent research by Ian Cole and Tom Archer on investor extraction of value from development profit. *Archer and Cole. The financialisation of Housing Production. Journal of Housing and Built Environment 36 (2021)*
2. Homes England and Local Authorities should divide large sites between middle sized developers and where appropriate include SMEs to support their growth, while still achieving Best Value.
3. The widespread use of land options taken out by the large builders distorts the land market at the expense of other land users and developers. Options are held by a plethora of Developers and Promoters, competing in the market, not all have house building arms (U&C; Ptarmigan; Liongate; Gleeson; Gallagher; Rydon, L&G, AXA)
4. The volume housebuilders model can lead to urban extensions that are not sustainable neighbourhoods (see *Cochrane, Colenutt and Field, Governing the Ungovernable: Spatial policy, Markets and Volume Housebuilding, Policy and Politics, 43(4) pp.527-544*)
5. Slow build out rates and unimplemented planning consents. We strongly support the conclusions of the Letwin review that the market is not working properly. In some cases, investors and developers are sitting on land and unimplemented planning consents yet complain the planning system is holding them up. There is a case for revoking planning consents where a

genuine start on sites is not achieved within a fixed period, and for powers for a LA to take over a development which is halted before completion.

6. Gaming the viability system. Many developers, including large ones, employ viability consultants to reduce the amount of planning obligations particularly for affordable housing. Research by Highbury Group members has confirmed this is widespread and undermines Local Plan policies on affordable housing. (See Rose Grayston report for Shelter, *Slipping Through the Loophole*, 2017.) The Government should introduce guidance which supports local authorities to ensure delivery of planning obligations in full and which also ensure that increases in sales value during development generated additional affordable housing contributions. This can easily be achieved through the use of overage clauses and review mechanisms.
7. Ways of derisking development need to be considered. One option is for a public sector body, such as a local authority, to take the lead in managing the development in accordance with its local plan allocation and policy requirements, selling serviced plots. Alternatively, a developer or group of different developers could build under license. The developer profit margin would be much lower than under traditional arrangements.
8. In some cases, local authorities and developers fail to provide sufficient social infrastructure on large new build estates. Services such as education and health should be funded primarily from general taxation, but the cost often falls on the developer, which impacts on both development viability and the affordability of housing output. Section 106 agreements do not always compensate for this under-provision for example of health services, social services, policing, and retail services. There are however more positive examples, such as the case of Northstowe in Cambridgeshire
9. Inadequate management of new build estate facilities. Highbury Group members have long been concerned about the lack of adequate community involvement in the planning and management of public facilities in large private new build estates. See for example Nick Falk and Marilyn Taylor, *Who Runs This Place: Learning from Case Studies, Urbed*, 2006) There is the case for a local authority, housing association or community trust led management company.
10. Homes England are currently sitting on 8,460 consented plots on a single site! Build out rates are determined by a combination of changes in house

prices (no one builds or buys when prices are falling). In some cases, there may be a case for planning conditions including a target for phased completions. Where properties remain unsold, there should be provisions either for sale on a discounted basis or for completed homes to be made available for rent.

11. In relation to development viability, it should be possible to draw a 'heat map' to see where policy has been delivered (for example Cambridge 40% good; Oxford 50% ) and how policy targets vary by house price and land value area. For example, it is much easier to deliver high levels of affordable housing and other forms of planning gain in Surrey than in Lincolnshire.
12. Similarly, a table indicating which developers brought forward large-scale sites, how much s106 cash was generated and how much affordable housing was in s106. It should be noted that many councils as well as Homes England still do not deliver policy compliant development on all sites due to viability