

# 1m Unused Planning Permissions – Myth or Reality?

Whilst the much-vaunted planning reforms in the Queens Speech turned out to be a bit of a damp squib due to a lack of detail, the headline grabbing issue of 'land banking' does not appear to be far from the news.

The most popular headline which rears its head on a regular basis is the '1m planning permissions left undeveloped' argument, rolled out regularly by the Local Government Association and the CPRE, the countryside charity in various guises. The allegation is that developers obtain planning permission then refuse to build out the site, as they simply sit back and wait for the value of the land to rise over time. However, the truth, as expected is much more complex than simply an eye catching headline number.

## PLANNING & DELIVERY TAKES TIME

Having worked in the property industry for over 20 years there has always been one consistent problem; TIME. Obtaining planning permission is only half the battle; implementing the planning permission and starting on site is another story in itself. The system is simply not designed to allow developers to implement their planning permissions quickly. Invariably, delays occur when seeking to discharge the numerous pre-commencement conditions imposed, and in parallel seek to negotiate and obtain the requisite legal agreements with the local authorities.

All of this takes time, and in the background the governments ambitions to develop 300,000 houses per year keeps on ticking along. In addition, every local authority in England is required to have 'at least' a 5 year supply of housing, which, if taken literally would mean at least 1.5m planning permissions for new homes being required every year to ensure that each

local authority has a 5 year supply of land for housing. The accusation of 1m unbuilt homes has provoked controversy, so the industry decided to fight back.

## UNDERSTANDING HOUSING OUTPUT

The Land Promoters and Developers Federation (LPDF) and the Home Builders Federation (HBF), jointly commissioned Lichfields to produce a report titled "Taking Stock: the geography of housing need, permissions and completions." The aim of the research is to explore the existing pipeline of sites for housing development compared with what might be needed to meet the Government's ambitions for 300,000 net additional homes per annum across England.

The report seeks to dismiss the 1m unused planning consents argument by highlighting that due to a variety of factors such as discharge of planning conditions, re-planning of sites to reflect demand, lapse rates (where consents are not implemented due to other factors e.g., landowners choosing not to sell) that the number of consents required is in fact approximately 1.7million.

In particular, the report states that *"Each year the number of permissions granted will include homes on sites that would not be built out in one or two years, some sites await funding for infrastructure (which can only be sought once permission is granted) and – very importantly – some permissions will be replacement permissions for approvals granted in previous years to reflect technical changes, re-design, alterations in housing mix or design detail. Successive years of units with permission will therefore incorporate significant double counting."*

## NO LOGIC TO SITTING ON PERMISSIONS

Having worked for both land promoters and housebuilders, I can safely say that it is simply illogical for them not to develop a site as soon as possible after planning permission has been obtained. Put simply, it costs too much money to not implement the consent, as seeking to obtain planning permission in the first instance involves a large amount of time, money and resource which needs to be recovered as quickly as possible.

Having spent a significant six or seven figure sum in obtaining planning permission, it takes very deep pockets indeed to simply wait and hope that the value of the land will increase year on year. Both land promoters and housebuilders need to recover this capital quickly, ensuring that the businesses can continue trading and any profits made can be reinvested in future sites.

We will wait to see whether this latest piece of evidence succeeds in quelling the land banking debate. In a speech to the Home Builders Federation annual policy conference in May this year, the Communities Secretary Robert Jenrick conceded that the Departments own figures confirmed that over 95% of detailed planning permissions for housing were being implemented or being worked towards implementation.

However, he then went on to say, *'notwithstanding this figure, this issue is still a matter of concern to the public, so we will announce shortly some new measures to address it.'*

Maybe I spoke too soon...

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