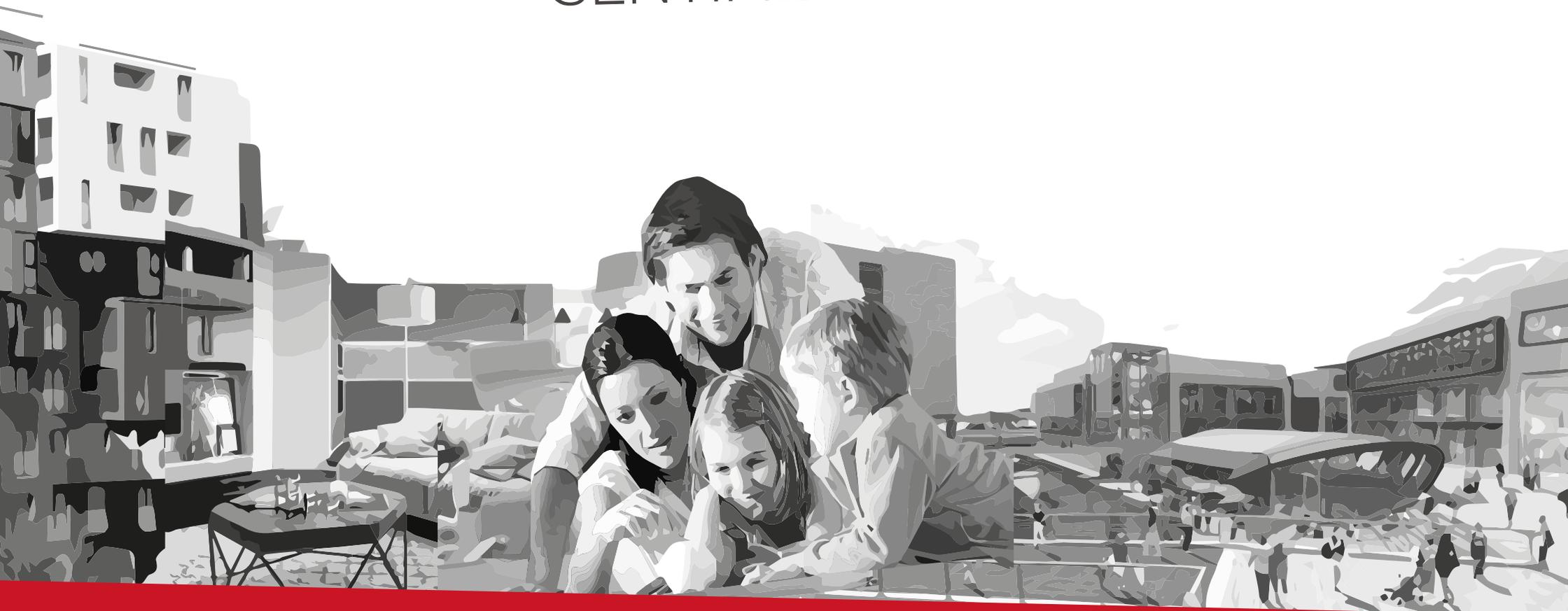


# 2017

## RESIDENTIAL DEVELOPMENT SENTIMENT SURVEY



Is the Central Government doing enough to support the delivery of new housing?

What is the biggest factor affecting delivery of housing?

#### LSH COMMENT & RECOMMENDATIONS

We believe that there are three key areas the Government needs to address to improve the planning situation.

#### REVIEW OF GREENBELT

There can be no doubt that reviewing policy regarding green belt land is controversial or that it is likely to be unpopular, but it is now unavoidable. There is a lack of deliverable brownfield land in many areas, and we must begin reviewing what other land can be developed.

The focus must be around the key urban centres, as population growth here will help drive the economy and be more sustainable.

As the subject is such a political hot potato, any changes will need to be planned on a national level to ensure that releases are in places where there is strong demand. It is also essential that all areas take their fair share.

The key to successfully reviewing the green belt will be increasing the public's understanding of the growing need for housing. This is something which must be communicated on a national and local level, to establish support for the move before changes are announced.

**73%** RESPONDENT FEEDBACK

**- THE GOVERNMENT ISN'T DOING ENOUGH TO SUPPORT THE DELIVERY OF NEW HOUSING**

12% increase since 2015

*All Government departments are too slow and need to be managed and funded in an adequate way to match the pace required of the developers.*

#### MORE LAND ALLOCATIONS

Councils need to ensure there is a healthy supply of realistic and deliverable opportunities. This requires allocations of land in areas of demand, where historically high levels of local opposition have prevented the delivery of new housing.

There also needs to be a closer working relationship between the house building industry and the public sector. Working groups must be set up with representatives from house builders and Government with a focus on both the national and local issues to

**50%** RESPONDENT FEEDBACK

**- PLANNING IS THE BIGGEST ISSUE AFFECTING THE DELIVERY OF NEW HOUSING AND NO IMPROVEMENTS HAVE BEEN MADE**

*Planning and delivery process is too complex, costly and time consuming.*

*Planning decisions are inconsistent and weighted against smaller development.*

ensure that all issues are aired and solutions sought. This is particularly important at a local level when politics and nimbyism can delay reasonable proposals.

#### VOLUME OF BUREAUCRACY

There will always be a level of bureaucracy with regards to the planning process, but the key is to reduce ambiguity regarding the decision making process. If the house building industry knows what will and won't be allowed, it can only have a positive impact on delivery. This is similarly so with land allocations.

**31%** RESPONDENT FEEDBACK

**- AVAILABILITY OF LAND IS A KEY ISSUE**

29% say nimbyism is one of, if not the biggest barrier to the delivery of new housing

*We must release public land, speed up the planning system, and build social housing.*

*The problem is rural nimbyism. Voters are frightened of estates of square red boxes so their councillors say no.*

Working more closely with local communities so they better understand the drivers for development might not get rid of nimbyism, but it will help smooth the process. This needs to be led by local authorities and requires political support at a national and local level if it is to stand any chance of success. Development will always attract an element of objection, what this can't be allowed to do is delay well thought out proposals which deliver multiple benefits to the local community.

## Respondents



DEVELOPER



PROFESSIONAL SERVICES



BANKING/FINANCE

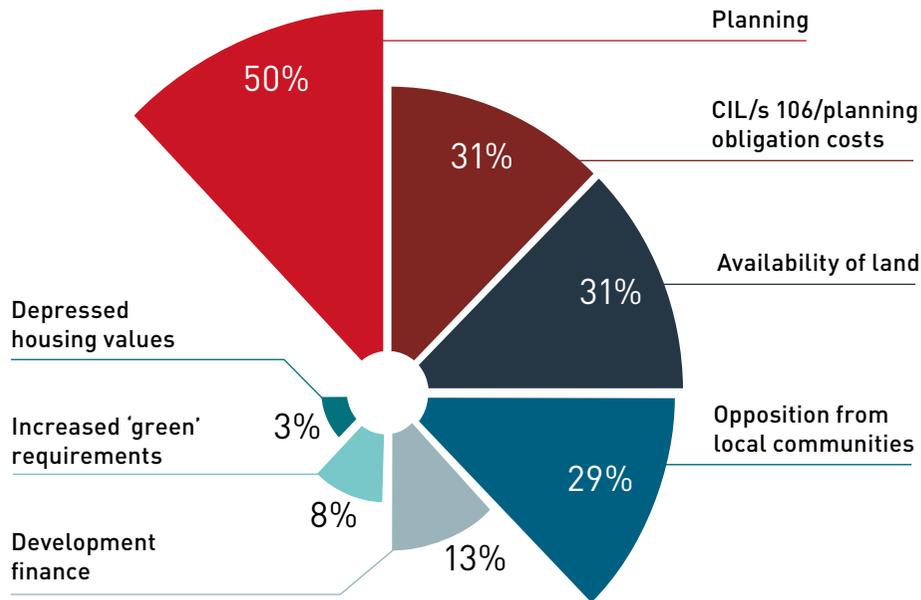


OTHER

Has the Private Rented Sector (PRS) contributed to the UK residential market & growth in available stock?

In the last 12 months, have residential development finance conditions improved?

**WHICH FACTORS POSE THE GREATEST RISK TO FUTURE RESIDENTIAL DEVELOPMENT?**



NB: Respondents were able to select more than one factor



**- RESIDENTIAL DEVELOPMENT FINANCE CONDITIONS HAVE IMPROVED**

Of those who believed that conditions hadn't improved, 45% said they could not envisage a change before 2019 at the earliest.

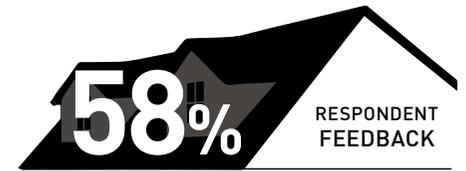
In the 2015 survey, three quarters (76%) said conditions had improved.

*Banks seem to avoid lending to small developers who are key to increased housing delivery. Finance availability to large builders appears good. It will take a change of policy.*

**LSH COMMENT & RECOMMENDATIONS**

At present, there is a general lack of certainty in the economic outlook and development cycles. As such, banks are only lending to those with a strong track record which is hindering development.

The Government is attempting to deal with this problem via HCA (Homes & Communities Agency) loans, however they are not widely known about. These need to be better publicised. Banks should be made to refer all applicants that do not meet their own lending criteria directly to the HCA.



**- PRS HAS CONTRIBUTED/WILL CONTRIBUTE TO THE GROWTH IN AVAILABLE HOUSING STOCK**

17% increase over the last 12 months.

*This is still an emerging area but has potential to be a robust investor asset class.*

*PRS is limited by access to stock and an unresponsive, inflexible planning system.*

**LSH COMMENT & RECOMMENDATIONS**

PRS is currently focussed on high density build to rent schemes and is not delivering large numbers of family homes. There is a significant requirement for properties of a higher quality build to improve longevity and reduce maintenance costs, however this is only viable in areas with high demand and values.

Outside London and large regional centres, PRS has made very little impact, and in major northern cities it is difficult to deliver.

If PRS is to be viable in the long term outside of the high value areas, management and build costs must be reduced. Local authorities can play a part in this by reducing or removing section 106 and CIL requirements on PRS development.



**PRIVATE LAND OWNER**



**PUBLIC SECTOR**



**INSTITUTIONAL INVESTOR**



**HOUSING ASSOCIATION**

What is the most important factor in ensuring the Northern Powerhouse delivers a growth in residential development across the North of England?

Will devolution have a positive impact on the delivery of housing in the regions?

#### LSH COMMENT & RECOMMENDATIONS

Few would disagree that the political landscape in the UK is in flux. The impending break with the EU may bring with it a risk of economic downturn, however this does not affect the underlying issues of high demand and a shortage of available housing.

Until there is a better balance of supply and demand for housing, house prices will not stabilise and the economy will remain unsettled. It is important that supply does not flood the market and that it is gradually increased, or home owners will increasingly find themselves in negative equity as the increase in supply drives values downwards. It is a careful balance and one that is crucial for the economy.

Sustainable realistic growth needs to be driven locally by the devolved authorities, and to do this policy must be simplified in order to increase the delivery of housing.

Many of the issues highlighted in the report are crucial to delivering the sustained growth which the UK's economy needs. By working together, the Government and house building industry have the skills available to deliver the required growth in housing supply. The Government's role is to provide more certainty and deliver the land whilst the house builders need to speed up delivery once the hurdles are removed.

52%

RESPONDENT  
FEEDBACK

**- THE KEY TO STIMULATING DELIVERY OF NEW HOUSING IS INCREASING THE ALLOCATION OF LAND BY LOCAL AUTHORITIES**

7% increase since the 2015 survey.

*We should be moving away from the 'right to buy' ethos and instead focus on allowing local authorities, probably in partnership with housing associations, to build many more houses for 'low cost' rent.*

77%

RESPONDENT  
FEEDBACK

**- NORTHERN POWERHOUSE INITIATIVE WAS A FORCE FOR GOOD**

23% said it would bring access to funding.

23% said it would bring transport infrastructure investment.

22% said it would bring devolved planning powers.

25% said that it would have no effect on housing delivery.

*Improved connectivity will be good for jobs and economic growth which in turn will increase the demand/viability of development.*

*Demand for housing is driven by the local economy. There is no such thing as a Northern Powerhouse. It is all driven by Westminster whose politicians rarely visit outside of London.*

*Unless there is a shift in focus in planning departments / planning committees, I do not see that the powerhouse will have any effect in delivering houses on the ground at any different rate.*

32%

RESPONDENT  
FEEDBACK

**- DEVOLUTION WOULD HAVE A POSITIVE IMPACT ON HOUSING DELIVERY**

24% thought it would have a negative impact.

38% were unconvinced either way.

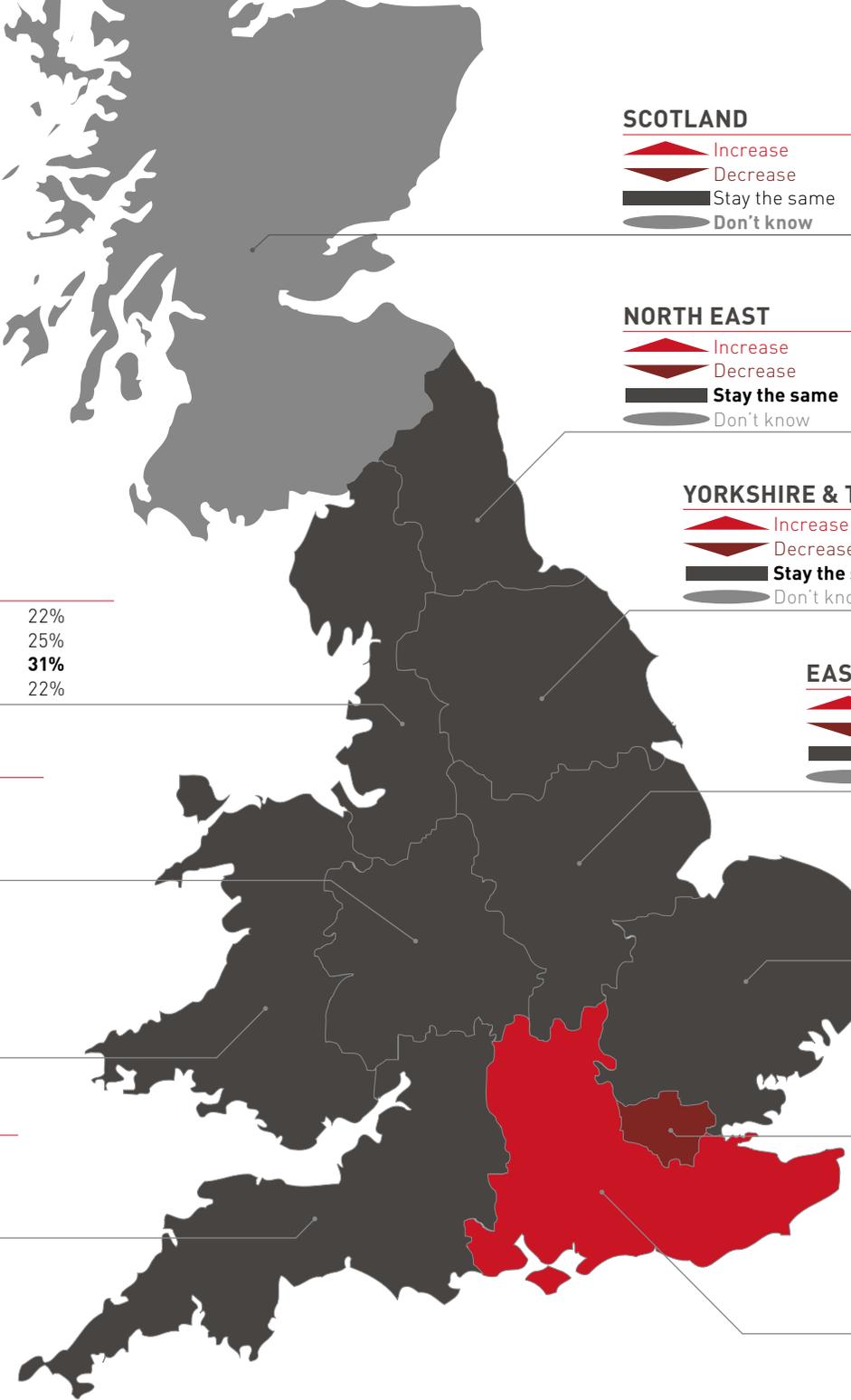
In the 2015 survey only 21% said it would have a positive effect, and 37% said it wouldn't.

*Devolution will bring a strong joined up approach, particularly on aspects such as planning, transport and infrastructure, which should make development more attractive in devolved areas.*

*It will depend on whether local politicians have control, how much money is made available and whether Government acts to co-ordinate advance infrastructure investment by privatised utilities.*

*Local governance is controlled by local people who are generally anti development.*

What will happen to house prices over the next 12 months?  
**Respondent Feedback**



**SCOTLAND**

Increase	13%
Decrease	24%
Stay the same	31%
Don't know	32%

**NORTH EAST**

Increase	9%
Decrease	29%
Stay the same	37%
Don't know	25%

**YORKSHIRE & THE HUMBER**

Increase	16%
Decrease	21%
Stay the same	36%
Don't know	27%

**EAST MIDLANDS**

Increase	16%
Decrease	20%
Stay the same	41%
Don't know	23%

**EAST OF ENGLAND**

Increase	23%
Decrease	16%
Stay the same	38%
Don't know	23%

**LONDON**

Increase	30%
Decrease	43%
Stay the same	20%
Don't know	7%

**SOUTH EAST**

Increase	36%
Decrease	18%
Stay the same	34%
Don't know	12%

**NORTH WEST**

Increase	22%
Decrease	25%
Stay the same	31%
Don't know	22%

**WEST MIDLANDS**

Increase	18%
Decrease	19%
Stay the same	39%
Don't know	24%

**WALES**

Increase	7%
Decrease	30%
Stay the same	37%
Don't know	26%

**SOUTH WEST**

Increase	29%
Decrease	17%
Stay the same	34%
Don't know	20%

#### SCOTLAND

John Hill – Development  
0141 226 6774  
ajhill@lsh.co.uk

David Campbell – Planning  
0141 226 6783  
dcampbell@lsh.co.uk

#### NORTH EAST & YORKSHIRE

Neil Osborne – Development  
0191 338 8306  
nosborne@lsh.co.uk

Helen Marks – Planning  
0191 338 8296  
hmarks@lsh.co.uk

#### NORTH WEST

Dan Bolton – Residential Land  
0161 242 7059  
dbolton@lsh.co.uk

Richard Moffat – Planning  
0161 242 8055  
rmoffat@lsh.co.uk

#### MIDLANDS

Stephen Hemming – Planning  
0121 237 2323  
shemming@lsh.co.uk

Rupert Detheridge – Development  
0121 237 2328  
rdetheridge@lsh.co.uk

#### EAST

Nigel Palmer – Development  
01727 896 231  
npalmer@lsh.co.uk

Ed Morgan – Planning  
01245 215 559  
emorgan@lsh.co.uk

#### LONDON/SOUTH EAST

Robert Neaverson – Development  
020 7198 2189  
rneaverson@lsh.co.uk

Mark Dodds – Planning  
020 7198 2242  
mdodds@lsh.co.uk

#### SOUTH WEST

Darren Sheward – Development  
0117 914 2041  
dsheward@lsh.co.uk

Marcus Plaw – Planning  
0117 914 2021  
mplaw@lsh.co.uk

**Lambert  
Smith  
Hampton**

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