

Homebuilding market study

Annexe S - A planning appeal case study: Wealden

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OFT1020s

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S.1 A PLANNING APPEAL CASE STUDY: WEALDEN

- S.1.1 Several submissions made to this study suggested that there are significant problems with homebuilders hoarding permissioned land and not developing it in some parts of the UK. There were, however, no specific examples offered with one exception. We were told that the Local Authority of Wealden in Sussex had experienced significant problems with land hoarding. The case study below sets out the sequence of events which, although largely unrelated to the issue of land hoarding, had led some commentators to observe that there was a land hoarding constraint on housing delivery.
- S.1.2 In Wealden District Authority construction has not started on almost all of the major sites awarded planning permission since the start of 2005. These sites account for some 2500 new homes and the delay in construction has affected the Authority's ability to meet its housing delivery target (3300 new homes by 2011) and its affordable housing target.
- S.1.3 The source of the delays appears to lie with a series of legal challenges. The background to these challenges appears to be the Authority's decision to approve its 2004 local plan as a non-statutory plan pending the development of a Local Development Framework. By May 2005 there was a judicial review of the Authority's decision. The Authority lost the judicial review at the High Court but won on appeal at the Court of Appeal. The uncertainty generated by this process apparently prompted a number of judicial reviews relating to individual permissions granted by the Authority and, although these challenges have now been withdrawn, the development of the relevant sites was delayed.
- S.1.4 This situation appears to have been compounded by the business of short-term land speculation where, typically, sites with outline planning permission are held in a rising market in order to make a return on the capital appreciation. Two sites in Wealden have apparently been traded in this manner. It is important to distinguish this behaviour from landbanking by homebuilders. Landbanks are held by homebuilders to provide a long-term supply of land through a lengthy and unpredictable

planning process; although the land may gain value during this time it can also lose value and capital appreciation is not the primary reason for holding such land. Land speculation is different insofar that the acquirer will typically have little intention in developing the land, instead hoping to turn a profit on the undeveloped site in a rising market. There are few homebuilders who systematically acquire permissioned land for the purpose of speculation which tends to be the preserve of specialist investment companies, wealthy individuals and large financial institutions like pension funds and insurance companies.