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## Housebuilders left in a pickle



**PETER TARRY New homes needed: Lisa Kewish-Shepherd says the planning hiatus has piled more pressure on first-time buyers**

A decision handing planning power over to communities has led developers to resort to the courts, reports Oliver Shah

Lisa Kewish-Shepherd is desperate to get on the housing ladder. The 25-year-old and her boyfriend, Ben, have spent six months scouring London and the surrounding counties for a home. Despite a combined income of £50,000 and a willingness to consider places as far away as Cheltenham or Rugby, they have drawn a blank.

Banks' reluctance to make home loans without hefty deposits is a problem. Since the election in May, first-time buyers have also felt the effects of one of the government's most controversial policies — the decision to scrap Labour's regional housing targets.

With councils and construction firms waiting to see how the system will be replaced, the pace of development in much of Britain has slowed to a crawl.

"It's ridiculous," said Kewish-Shepherd, a personal assistant to a City headhunter. "Mortgages are already so hard to come by and there are so few houses out there — it's a pincer movement."

Eric Pickles delighted the Conservative grass roots when he tore up Labour's rulebook on housebuilding after taking office. The communities and local government secretary vowed to hand power back to councils to decide when and where homes would be built.

Labour's regional spatial strategies (RSS), which required councils to build 3m new homes by 2020, were dead. Pickles and Grant Shapps, the housing minister, pledged to formalise the deal in a decentralisation and localism bill to be published this winter.

The impact was immediate. In response to longstanding anti-development pressure from voters keen to protect house prices and pleasant views, councils such as Milton Keynes, Luton and North Somerset slashed their targets by more than 10,000 homes each. In Leeds, councillors cut the figure from 4,740 to 2,300.

Elsewhere, planning committees have delayed crucial decisions until the government's plans became clearer — not least, its promise to provide lucrative incentives to build.

By the time the law comes into effect next year, this hiatus may have cost 300,000 homes, according to Tetlow King, a planning consultancy.

Stewart Baseley, chairman of the Home Builders Federation, said: "In scrapping the RSS without putting into place a replacement system, the government has created a vacuum and uncertainty for people delivering homes to this country."

One housebuilder is now fighting Pickles's move. Cala Homes went to the High Court on Friday to argue that abolishing the RSS without having an alternative plan in place was unlawful.

Cala's judicial review relates to Barton Farm, north of Winchester, where it proposed to build 2,000 homes. The scheme includes a school and shops and was initially looked on favourably by the council.

Residents nearby were unimpressed and more than 5,000 people added their names to the Save Barton Farm campaign, which petitioned the council to reject the proposal.

Shortly after the new government abolished regional housing targets, Winchester councillors voted to block the development.

Gavin Blackman, head of the Save Barton Farm group, said: "The only reason Barton Farm was ever in the line of fire was because of the housing numbers, which seemed to have been plucked out of thin air."

Cala launched a planning appeal and hired Macfarlanes, the law firm, to seek a judicial review of the government's decision. Ian Ginbey, a partner at Macfarlanes, said: "It's egg on the face for the government if it's successful."

The Department for Communities and Local Government declined to comment. Steve Brine, Tory MP for Winchester, said he was "disappointed" at Cala's lawsuit. "Developers need to wake up and smell the coffee," he said. "There's a new world here and a new government. I understand housebuilders' anxiety, but they should have confidence that this government is not antihomes. The challenge is to work with communities."

Catesby and Colonnade, two small housebuilders, are also challenging the government, “piggybacking” on Cala’s case. Larger players such as Bellway and Persimmon have protested behind the scenes.

Whatever the mixed feelings provoked by the abrupt dismantling of the old order, there is recognition in the industry that the return of local decision-making will require a long-term shift in thinking for housebuilders and councils.

The head of one construction group described it as a “wholesale change to the housebuilding game”. Companies would have to improve their engagement with communities and put themselves in the shoes of planners, he said.

Many developers lack employees with the specific skills needed to stand up in council meetings and persuade local authorities to back their projects, and this had led to a jump in demand for third-party consultancies. They are often run by former council officers who have gone from gamekeeper to poacher and now advise businesses on how to win approval for their projects.

Adrian Moore, a former local councillor who works at Parker Dann, a planning consultant in Lewes, East Sussex, said: “It’s a minefield and there are changes happening all the time. We will be interested to see what happens when the localism bill comes in — there will be more interaction with councils and pressure groups.”

All parties will be eagerly awaiting the result of Cala’s judicial review, which could come as early as this week. Whether or not Pickles’s planning regime is overturned in the short term, one thing is clear: as soon as the legislation is passed, power will be in the hands of the people.