



HOUSE OF LORDS

Select Committee on National Policy for the
Built Environment

Report of Session 2015–16

Building better places

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contractors and other new entrants seeking to access finance to bring forward their own developments—these firms invariably find themselves refused because of their lack of ‘track record’”.²⁶⁸ It also stated that “until the lending positions of major banks change, it seems unlikely that the sector will receive finance on the scale and on the terms it needs to drive a real transformation in the output of SME housebuilders”.²⁶⁹

266. **We recommend that the Government should identify the barriers to access now facing SME builders and review how access to finance for this sector could be improved. The Government should also continue to review the progress of existing initiatives to support small builders, including the Housing Growth Partnership and Housing Development Fund.**

Larger sites, and compulsory purchase powers

267. Many larger development sites lie in the sole control of large housebuilders. We heard that this means that they have sole control over the pace of delivery, which is dictated both by the construction capacity of the firm in question and by their desire to phase development in a manner that optimises their return on investment.²⁷⁰
268. This issue was noted by the Housing and Planning Minister, who told us that:
- “One of our challenges is that private developers’ business model means that they will tend to build out, on average, 48 homes a year on any given site, so if there is a site of 900 homes with one developer it will take 15 years. If you have three developers building 300 each, they will do it in five years. Therefore, local authorities need to look at that. I visited Didcot last week. That is a site where over 400 homes were built out in a year, but it has four developers on the site competing with each other to build in a high demand area, so it can be done”.²⁷¹
269. We also heard evidence that complex land ownership can create obstacles to rapid development. Steve Melligan of the Crown Estate told us that “one of the many drawbacks of the planning system is site delivery, and when you have multiple land ownerships that is often the biggest constraint to getting sites delivered quickly and efficiently”.²⁷²
270. Local authorities retain the power to initiate a compulsory purchase process to help support land assembly on major sites. The consensus is that compulsory purchase is best used as a mechanism of last resort and as a way to promote agreement between landowners and local authorities, but views differ as to how it should be administered. The power is little used in practice and has regularly been the subject of reform proposals, including in the current Government’s Housing and Planning Bill.
271. The bill proposes a range of reforms to compulsory purchase procedures, which are largely administrative in nature, including increased rights to

268 Written evidence from Federation of Master Builders ([BEN0220](#))

269 *Ibid.*

270 [Q 43](#) (Toby Lloyd)

271 [Q 333](#) (Brandon Lewis MP)

272 [Q 83](#) (Steve Melligan)