

Planning for Growth LGA Briefing Note. 4th September 2012

The planning system, subject of significant reform over the past 18 months, is undeniably playing its role in enabling growth and councils are overwhelmingly saying 'yes' to badly needed housing development.

Councils are updating and bringing forward local plans, identifying land for development through their local plans, providing planning permission and working pragmatically to unlock important stalled sites. In 2011/12 this equated to an estimated 2,536 residential schemes granted planning permission¹. Suitable land is of course a scarce resource in some areas of the country and greater local discretion over the approach to Green Belt land would be helpful in a number of circumstances.

To get Britain building again we need to address the lack of liquidity in the finance market and tackle the shortage of mortgages for struggling first time buyers and those who want to increase their house size to match their growing families. The planning system has been massively reformed under this government and it is clear that unlocking frustrated demand, not increasing supply (which is happening), is now the most urgent problem in the housing market today.

This briefing note presents a summary of key data sets and new LGA research to provide a factual analysis of the positive role the planning system is playing to bring forward investment and new housing developments.

- Last year councils hit a ten year high in the percentage of applications approved for all types of development (with 87 per cent of applications receiving approval)².
- There are an estimated three and a quarter years worth of homes in unimplemented units, based on the number of completed dwellings in England and Wales in 2011/12³. This shows local authorities are overwhelmingly saying 'yes' to viable and sustainable residential development through the planning system.
- Gross mortgage lending was 61 per cent lower in 2011 than in 2007 (with a reduction from £363 billion to £141 billion), with the number of mortgages falling by 50 per cent from 1,013,700 mortgages in 2007 to 508,200 in 2011⁴.

¹ Taken from Glenigan research, commissioned by the LGA 'An analysis of unimplemented planning permissions for residential dwellings'

² www.communities.gov.uk/planningandbuilding/planningbuilding/planningstatistics/livetableslivetablesondevelopmentcontrolst/

³ The estimated three and a quarter years worth of units that could be constructed is calculated by taking the total number of unimplemented planning permissions on 31 December 2011 (399,816) and dividing by data from the most recent CLG housing statistics (see table 209:

<http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsbyhousebuilding/livetableslivetablesondevelopmentcontrolst/> for permanent dwellings completed in England and Wales in 2011/12 (123,770 units)

⁴ <http://www.cml.org.uk/cml/statistics>

- The average deposit for a first-time buyer is over £26,000, doubling since 2007 in a period when the average first time buyer income has declined⁵.

Detailed analysis

Planning applications overall⁶

Number of accepted planning permissions for all development types

- Councils made positive decisions in 87 per cent of cases for all development types in 2011/12. This is the highest rate of approval over the last ten years⁷.

Number of accepted residential planning permissions

- An estimated 2,536 housing schemes or 135,179 homes were granted planning permission in 2011/12.

Unimplemented planning permissions⁸

- LGA research demonstrates that at December 2011 there were 6,067 unimplemented residential schemes, or 399,816 homes, in England and Wales. This is equivalent to holding an estimated three and a quarter years worth of homes which could be completed.

Flows of unimplemented residential units against the flow of planning approvals

- At 31 December 2011, the number of unimplemented homes was over six times the number of homes within completed developments and nearly three times the number of planning permissions granted for 2011/12.

Average time taken

- The average time taken to complete a private sector development after obtaining planning permission has lengthened from 20 months in 2007/08 to 26 months in 2011/12.
- The average time for a social sector development has remained broadly the same at 22 months in 2007/08 and 23 months 2011/12.

Housing market overall

Transactions

- The number of residential property transactions have fallen 44 per cent from 1.36 million in 2007 to 762,000 in 2011. Initially dropping to 740,000 in 2009, the figure has remained at around 760,000 for each of the last two years.⁹

Mortgage availability

- Gross mortgage lending was 61 per cent lower in 2010 than in 2007 (with a reduction from £363 billion to £141 billion), with the number of mortgages falling by 50 per cent from 1,013,700 mortgages in 2007 to 508,200 in 2011¹⁰.

⁵ <http://www.cml.org.uk/cml/publications/newsandviews/104?complete=true>

⁶ are taken from Glenigan research, commissioned by the LGA 'An analysis of unimplemented planning permissions for residential dwellings', unless otherwise stated: <http://www.local.gov.uk/research-housing>

⁷ www.communities.gov.uk/planningandbuilding/planningbuilding/planningstatistics/livetables/livetablesondevelopmentcontrolst/

⁸ Unimplemented permissions are sites with planning approval where building has yet to be started or completed.

⁹ Source HMRC: http://www.hmrc.gov.uk/stats/survey_of_prop/menu.htm

¹⁰ <http://www.cml.org.uk/cml/statistics>