

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT  
GENERAL COMMITTEES

## Public Bill Committee

### HOUSING AND PLANNING BILL

*Sixth Sitting*

*Tuesday 24 November 2015*

*(Morning)*

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CLAUSES 6 TO 8 agreed to.

CLAUSE 9 under consideration when the Committee adjourned  
till this day at Two o'clock.

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STRICT ADHERENCE TO THIS ARRANGEMENT WILL GREATLY  
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IN GENERAL COMMITTEES

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**The Committee consisted of the following Members:**

*Chairs:* MR JAMES GRAY, † SIR ALAN MEALE

- |   |   |
|---|---|
| † Bacon, Mr Richard ( <i>South Norfolk</i> ) (Con)  | † Lewis, Brandon ( <i>Minister for Housing and Planning</i> ) |
| Blackman-Woods, Dr Roberta ( <i>City of Durham</i> ) (Lab)  | † Morris, Grahame M. ( <i>Easington</i> ) (Lab)               |
| † Caulfield, Maria ( <i>Lewes</i> ) (Con)   | † Pearce, Teresa ( <i>Erith and Thamesmead</i> ) (Lab)        |
| † Dowd, Peter ( <i>Bootle</i> ) (Lab)   | † Pennycook, Matthew ( <i>Greenwich and Woolwich</i> ) (Lab)  |
| † Griffiths, Andrew ( <i>Burton</i> ) (Con)   | † Philp, Chris ( <i>Croydon South</i> ) (Con)                 |
| † Hammond, Stephen ( <i>Wimbledon</i> ) (Con)   | † Smith, Julian ( <i>Skipton and Ripon</i> ) (Con)            |
| † Hayes, Helen ( <i>Dulwich and West Norwood</i> ) (Lab)  | † Thomas, Mr Gareth ( <i>Harrow West</i> ) (Lab/Co-op)        |
| † Hollinrake, Kevin ( <i>Thirsk and Malton</i> ) (Con)  | Glen McKee, Katy Stout, Helen Wood, <i>Committee Clerks</i>   |
| † Jackson, Mr Stewart ( <i>Peterborough</i> ) (Con)   | † <b>attended the Committee</b>                               |
| † Jones, Mr Marcus ( <i>Parliamentary Under-Secretary of State for Communities and Local Government</i> ) |   |
| † Kennedy, Seema ( <i>South Ribble</i> ) (Con)  |   |

## Public Bill Committee

Tuesday 24 November 2015

(Morning)

[SIR ALAN MEALE *in the Chair*]

### Housing and Planning Bill

9.25 am

**The Chair:** We will start with the question that clause 6 stand part of the Bill. Members will be aware that we did not debate that at our previous sitting. Since then, the Opposition have tabled an amendment to remove the clause from the Bill, and although it is not selectable, the subject can be debated.

#### Clause 6

##### COMPLIANCE DIRECTIONS

*Question proposed,* That the clause stand part of the Bill.

**Teresa Pearce** (Erith and Thamesmead) (Lab): It is a pleasure to serve under your chairmanship again, Sir Alan.

The Opposition propose that clause 6 does not stand part of the Bill, for reasons I will outline. Committee members will recall that, the last time we met, we had an interesting discussion, ably led by my hon. Friend the Member for Dulwich and West Norwood, as to why we should remove the clause to make the Bill more palatable.

My hon. Friend made a number of excellent suggestions for amending the Bill. She highlighted the fact that there are many strong arguments, which have been put forward by a number of bodies, as to why there should be local input into decisions about the number of starter homes that are necessary. She mentioned that there is a dramatic variation in housing needs across the country—something shown time and again by various witnesses from local authorities, which had diverse local requirements.

My hon. Friend mentioned the fact that the Secretary of State could distort a local housing market if too many starter homes were put up too quickly. She cited the Home Builders Federation evidence, which observed:

“There is potential for market distortion if the numbers of Starter Homes that ministers are targeting to be built actually come onto the market. The effect is likely to be highly localised and could impact upon the saleability of units on new sites”.

That highly localised effect on the housing market shows again the importance of local consideration of planning and building.

The mix of tenures was also raised. There should be a mix of homes, and that should be determined by what is necessary. That should be done at the discretion of local authorities, which are best suited to appraise local needs.

Although the Minister said in our previous sitting that the Secretary of State would have to give reasons for issuing a compliance directive, we are not sure that there are sufficient safeguards to protect local decision making. Moreover, we do not feel that that is a sufficient safeguard to protect councils from being judged as failing when non-delivery could be outside their control. Councils must work in and for the best interests of local people. They will be the ones that are judged as not

having met local need, when in fact matters could be outside their control. As the National Housing Federation points out, local authorities must have

“freedom to plan to meet objectively assessed local housing need in their area, as required by the National Planning Policy Framework. This should include the ability to plan for Starter Homes, shared ownership and rented housing...based on the evidence in their Strategic Housing Market Area Assessment. This would ensure that Starter Homes are built, but that the balance between Starter Homes and other forms of affordable housing would vary according to what best meets the needs of local people”.

That view was echoed by the Local Government Association, which stated:

“Councils need the powers and flexibility to shape the supply of genuinely affordable homes to meet needs of different people in their area, in line with their local plan and the National Planning Policy Framework”.

In the face of repeated expert advice that clearly puts a strong emphasis on the significance of localism and responding to local need, why are the Government moving forward with a clause that undermines those things? The Minister gave us reassurances about the need for clause 6 to remain, but they were not strong enough. That is why we now propose that it does not stand part of the Bill, so that local authorities can determine the mix of tenures and the different forms of affordable housing that are necessary for their areas.

The clause is problematic not only because it takes decision making from local authorities, but because there is a lack of clarity in terms of determining how compliance directives will be necessary. The clause would allow the Secretary of State to issue a compliance directive to local planning departments if they do not adequately carry out their functions in relation to starter homes, but it does not clearly demonstrate how that adequacy will be judged or even what it means. Does it relate to a certain number of starter homes based on population, on those who have registered an interest in the scheme or the area, or on the median incomes of an area and house prices to reflect how many could feasibly afford a starter home? We simply do not know and the ambiguity leaves the decision entirely in the hands of the Secretary of the State, with no formal guidance.

The concern about the lack of clear monitoring rules and guidelines is only made worse by subsection (1)(b), which appears to give the Secretary of State personal powers to issue a compliance directive when he does not like the policies in a local plan. It is extraordinary that the Government are taking away from local decision makers in such a way, apparently basing things entirely on the Secretary of State's decision.

The explanatory notes make things no clearer:

“If a local authority is failing to comply with its starter homes duties and has a policy contained in a local development document which is incompatible with these duties then the Secretary of State may make a compliance direction directing that the incompatible policy should not be taken into account when certain planning decisions are taken.”

There is no real, tangible explanation of what that vague “incompatible” means.

What is the point of having a local plan based on local needs if in reality the Secretary of State may override it? The clause has the potential to be incredibly damaging to localism and any devolved planning powers. The assurances of the Minister have not been enough to convince us that local decision making has been safeguarded. For those reasons, we are moving that the clause does not stand part of the Bill.

**The Minister for Housing and Planning (Brandon Lewis):** It is again a pleasure to serve under your chairmanship, Sir Alan.

I will outline matters briefly, because people want to make progress today. The clause provides for a compliance direction to be issued by the Secretary of State if the local authority is failing adequately to comply with its starter homes duties and if it has a policy contained in a local development document, such as a local plan, that is incompatible with such duties.

Any compliance direction would say that the incompatible policy must not be taken into account when certain planning decisions are taken. It must set out the Secretary of State's reasons for making the direction and must be published. A copy must be given to the local planning authority and the direction will remain in force until revoked by a further direction given by the Secretary of State, therefore ensuring that local authorities have full understanding, as well as a chance to make their case.

The compliance direction will be used only in limited circumstances. I am happy to put that on the record. It is for when the local planning authority is in breach of its starter homes duties. As outlined a number of times on Thursday, the chapter is very much about creating a new product, recognising the challenges for first-time buyers and the Government's determination to do what we can to help them reach their aspiration to own their own homes.

The duty to promote starter homes and to grant planning permission in accordance with the starter homes requirement is a statutory requirement. If the local authority does not do that, it will be in breach of the law. The compliance direction mechanism is designed to provide a clear sanction if the duty is breached. The Secretary of State will decide whether to issue the direction based on the information in the monitoring reports that are required to be produced under clause 5.

**Mr Gareth Thomas (Harrow West) (Lab/Co-op):** I am grateful to the Minister for giving way and I apologise to my hon. Friend the Member for Erith and Thamesmead for not hearing more of her opening remarks. Will the Minister give us a sense of the type of situation in which he or the Secretary of State would feel that a compliance direction was needed? Clearly, one would be if no starter homes had been set in motion, but suppose five had been set in motion? Would that require a compliance direction? Or would the Minister expect 10 or 100 before a direction was issued?

**Brandon Lewis:** The hon. Gentleman was unable to join us last week, but I suggest that he looks back at *Hansard* for last Thursday's debate, where he can see exactly what we outlined on our expectations for starter homes. He may link that to what I have said in the past few minutes.

Starter homes are a national priority to help a generation into home ownership. We therefore need to ensure that all local planning authorities are on board with delivery. The compliance direction will apply to an incompatible policy in a local development document, which does not include neighbourhood plans or the London plan. It will mean that the incompatible policy may not be taken into consideration as part of the determination of planning applications.

*Question put, That the clause stand part of the Bill.*

*The Committee divided: Ayes 11, Noes 5.*

#### Division No. 2]

#### AYES

Bacon, Mr Richard	Jones, Mr Marcus
Caulfield, Maria	Kennedy, Seema
Griffiths, Andrew	Lewis, Brandon
Hammond, Stephen	Philp, Chris
Hollinrake, Kevin	Smith, Julian
Jackson, Mr Stewart	

#### NOES

Dowd, Peter	Pennycook, Matthew
Morris, Grahame M.	
Pearce, Teresa	Thomas, Mr Gareth

*Question accordingly agreed to.*

*Clause 6 ordered to stand part of the Bill.*

#### Clause 7

##### INTERPRETATION OF THIS CHAPTER

*Question proposed, That the clause stand part of the Bill.*

**Brandon Lewis:** Clause 7 sets out the meanings of the terms used in the starter homes clauses. It makes clear what the terms mean in the application of the clauses and will assist with their implementation.

*Question put and agreed to.*

*Clause 7 accordingly ordered to stand part of the Bill.*

#### Clause 8

##### DEFINITIONS

**Mr Thomas:** I beg to move amendment 88, in clause 8, page 5, line 1, at end insert—

“or

community-led housing schemes as defined at Schedule [New Schedule 1: community-led housing schemes]”

It is a pleasure to serve under your chairmanship, Sir Alan. Given your huge experience, you will know the disadvantage that Back-Bench Opposition Members are at in comparison with the massed ranks of the Government with all their civil servants behind them. In saying that, I hope you will protect me from any bullying by Government Members.

In moving amendment 88, I probe whether the definitions in clause 8 are sufficiently tightly drafted to allow the full range of would-be self-builders and custom house builders to benefit, while not creating loopholes for bigger beasts of the housing market to exploit.

It is interesting that the Conservative party, which is so committed to the free market, should be so actively seeking to meddle with the free market in the clause by creating almost a mini-market within the overall housing market. However, it would be a digression to go down that route.

To give the Committee a flavour of my interest in the clause and to amplify my concern, it might be worth imagining a situation where every member of the

[Mr Gareth Thomas]

Committee lives in the same planning authority area—say Harrow, which is probably the best planning authority in the country and certainly the best place to live, with some very high-quality political representation, especially in the western part of the planning authority area. Let us assume we all live in the same planning authority area and have done so for a number of years. We are all living in houses that we do not see as suitable for our needs going forward and so want to be part of building a better home for each of us. We all get along famously, so we decide to work together and support each other's efforts to get a better home.

If we were to build our homes under the self-build route, they would clearly, by their very nature, be somewhat different. I am a new man at the moment—I appreciate that is a controversial concept and my partner is not necessarily a supporter of it. As a new man, I do not need anywhere to watch the television. I simply do not have the time any longer to do that, because of childcare arrangements.

My property would be, by definition, very different from those of other Committee members who are not new men or do not have childcare responsibilities. The Minister looks like a man who would want a hot tub in his self-build property. Again, his would be a very different property from those that the rest of us want. The hon. Member for South Norfolk is the very definition of the type of Member who would want to create a mini-castle. Certainly, he would want a wide, sweeping drive to accommodate all his cars.

**Mr Richard Bacon** (South Norfolk) (Con): It is a great pleasure to serve under your chairmanship, Sir Alan. Although my mother used to worry when, as a small child, I expressed the desire to live in a castle, I do not want my self-build to be a castle, but I do want it to contain a library based on the one in Eastnor castle in Herefordshire, which I recommend that the hon. Gentleman visits.

**Mr Thomas:** I am grateful to the hon. Gentleman for that kind intervention. I will come to the subject of libraries shortly.

I think I have demonstrated that, if we were to go down the self-build route, each of us would build a different type of property. Nevertheless, we might need to work together to achieve that. We might need the help of my hon. Friend the Member for Leicestershire-ish way, I believe—[*Interruption.*] I am sorry, I mean my hon. Friend the Member for Bootle. [*Interruption.*] I am a London MP—bear with me. We might need the help of my hon. Friend, with all his council experience, to approach the local planning authority. He knows how planning authorities work, so he could register our collective self-interest. That is one small way in which we could work together, although we would nevertheless build the properties ourselves.

If we were to go down the custom build route, we might again need my hon. Friend to register our interests with the planning authority. My hon. Friend the Member for Dulwich and West Norwood, who is not in her place, has experience of the planning system and would be useful in helping us to find custom house builders. Again, Government and Opposition Members would probably require different types of custom house builder.

I gently suggest that Opposition Members would need larger libraries, because we are much more committed to evidence-based policy. The hon. Member for South Norfolk probably does not need such a big library. That is one difference in the type of specialist custom house builders that we might want.

Given the harmonious relationships that have developed in this Committee under your chairmanship, Sir Alan, we could all come together to form a housing co-operative—let us call it the Toffs and Oiks Housing Co-operative—to build a new series of properties in which to live. However, would that qualify under clause 8? Could we register an interest with the local planning authority to build homes?

Why might we go down the housing co-operative route, as opposed to the traditional self-build route or the traditional custom build route? It might be easier to raise finance if we were acting collectively and sharing risk. That might make us more attractive to a potential financier. We might build the houses ourselves or contract them out and design how the properties look, but it would be hard to describe that as traditional self-build or traditional custom build. I seek to probe the Minister about whether a housing co-operative would qualify under the terms of the Bill. Indeed, many rightly acknowledge that the self-build and custom build parts of the housing development market are niche areas. The Government and, indeed, the Opposition, rightly want to see that part of the housing market becoming less niche and more mainstream. Again, the housing co-operative movement—which shares many parts of the definition that one might use to describe a self-build or custom build property—is regarded as quite niche. It may be covered by the definitions in clause 8, but at the moment it is not clear.

9.45 am

My worry is that co-operative and community-led housing organisations—which organise the building of homes and recruit people to become founder members or move into those homes—might be excluded by the very tight drafting that civil servants have been instructed to prepare for clause 8. In Germany, France and the Netherlands, member-run building groups of individuals co-operate to build homes. I am told that in a town called Almere in the Netherlands, some 4,000 homes have been commissioned or built by residents in the past 10 years. Similarly, in Berlin, 5,000 homes built by member-run building groups have become available in the past five years. These homes are self-built and, arguably, custom built, but building them was a co-operative effort. Quite understandably, the Government are seeking to ensure support from the local planning authority for self-build and custom build housing. Would those examples in Germany, France and the Netherlands have qualified for that support under this definition of self-build and custom house building?

There is a small but flourishing community-led housing sector in the UK. It is characterised by its very local nature, and often by its small-scale community dynamism. The essence of my argument is that we need to make sure that we encourage such community-led housing to flourish. Such initiatives rarely start out with high levels of planning and corporate expertise—or, indeed, with high levels of finance. Again, this is surely something they share with those who want to build their own homes and need a bit of additional support to do so.

Community-led housing or housing co-operatives not only have the advantage of providing housing for individuals and their families; they also encourage people who benefit from such building to take some responsibility for their community, for the rules under which it operates and for the conditions and the environment in which they live. Again, surely these are similar advantages to those that self-build and custom house building also deliver in the longer term. While there is clearly a pressing, powerful need for more housing, surely there is also a need to do what we can to foster a sense of community among those who end up living in the homes that we all want to see built. It is surely a good thing to encourage people to take responsibility for their communities and for the rules that are set, the rents that everybody has to pay, the levels of maintenance and other activity in the area.

In short, housing co-operatives encourage a sense of self-help. I hope that that motivation would appeal to Government Members just as much as I hope it does to hon. Members on this side of the Committee. Surely we should not always have to look to the council, the housing association or the long-established private developer in the market to deal with the problems our country faces—in this case the shortage of housing. By definition, housing co-ops require a collective responsibility for the local housing shortage. They allow neighbours' bad behaviour to be challenged and they encourage other community issues to be resolved.

Housing co-ops are not to everyone's taste. I suspect that, by definition, they will always remain a relatively small part of the housing market, but surely they have the potential to do much more. If they were covered by the definition in clause 8, they could get that little bit of extra help from the local planning authority. Surely the Minister and Government Members would see that as a good thing.

I will give two tangible examples of housing co-operatives that have moved on from the Toffs and Oiks Housing Co-operative example I used earlier. An interesting project is under way in Lewisham, where, thanks to the initiative of Lewisham council and a local community land trust, residents have the chance to build 33 sustainable affordable homes on the Church Grove site. Residents will be involved from the outset in the design and construction of their homes, with guidance from the relevant professionals—architects and trades people. Residents are involved in the design and construction, so surely the self-build characteristics are met, but they are also working with relevant professionals, so surely the definition of custom house builders is met too. They can meet their potential neighbours before they move in and together can make collective management and maintenance decisions that will help to shape the community that will live in those homes. The scheme offers different levels of building experience. Some people who are perhaps unemployed at the moment might get on-site training and new construction skills. Others, perhaps those who are more elderly, might be able to do more on the administrative and governance side.

The scheme is surely self-build and custom house build, but not of the traditional type that might be immediately associated with the definition in clause 8. The scheme will include homes of between one and four bedrooms in a range of tenures—social rent, affordable rent, shared equity and shared ownership. The final mix

of properties constructed will be adjusted to suit the mix of residents who eventually commit to living there. That reflects the flexibility associated with self-build and custom built homes that come to mind when looking at the current drafting of the definition in clause 8.

The trust in Lewisham has 200 members, including some prospective residents, while tenants for the social rented sector will probably be drawn from Lewisham council's housing list. It is a self-build scheme, but also involves a wider range of partners and is distinctly community-led. It is not the average self-build or custom built home, so will the Minister say whether that example would be covered by the existing definitions? I worry that it would not, because this is not an example of someone organising the design and construction of their new home themselves, nor is it clear that it would qualify as a custom built home. This is not about one specific person working with a specialist custom house developer, although many of the characteristics associated with self-build and custom house building would be obvious to anyone looking at the detail of this example.

The second example, which is perhaps more familiar to the Committee, is much of the housing on the south bank of the Thames, in the Coin Street area. Coin Street Community Builders helped to rebuild the Oxo tower, one of the most iconic buildings on the south bank of the Thames and the former site of the London docklands. The development came about in the 1980s, when there was a dying community of families, many of whom had worked in the docks. A developer came along with a proposal for a huge hotel and office block on the river front, which would have blocked off those remaining residents' access to the river front.

There was a strong body of local people opposed to that development who successfully persuaded the planning authorities to oppose it. Such traditional opposition might have petered out thereafter, as it does in so many other examples, but out of that community opposition came a group, Coin Street Community Builders, which has gone on to be responsible for the building of large amounts of housing in the Waterloo and South Bank area. I gave the example of the Oxo tower, which has about 100 units of what would probably be termed social or affordable housing in what is now one of the most attractive locations in central London. The people living there are from the local community. Many were part of the original Coin Street Community Builders effort and played a role in the design of the properties that they now live in. Together they represent a co-operative called Redwood Housing Co-op.

Coin Street Community Builders have built many such homes in the area. They are not owned by individuals, but the benefits of home ownership are delivered through people having the responsibility to work together to run the housing co-operative organisation, manage its finances and source staff for the organisation. That encourages people to take pride in their community, recognising their responsibility to each other. Again, this is an example of self-help. Surely we should be encouraging such self-help.

Community-led housing gives power to those living in their properties. It gives them a legal right to help to shape how it operates in the future. Individuals in community-led housing or housing co-operatives are not simply tenants; they are also active owners, albeit collective owners, of the co-operative. I hope that the

Minister might be tempted, in an ideal world, to endorse amendment 88 and, implicitly, new schedule 1, but if not, will he clarify whether he sees housing co-operatives as covered by the definition in proposed new section 1(A1) of the Self-build and Custom Housebuilding Act 2015?

**The Chair:** Before I call Mr Bacon, let me tell Members that we have the opportunity of going further down this route towards Valhalla, as the hon. Member for Harrow West has pointed out, but I indicated to the hon. Member for Easington a bit earlier that he could take his jacket off, and it was remiss of me not to have made the same announcement to all Members. If they wish to do so, they may.

**Mr Bacon:** Thank you for that advice, Sir Alan. I feel that on such an important subject I ought to be wearing a dinner jacket, like Lord Reith reading the news.

It was a pleasure to listen to the hon. Member for Harrow West—albeit at such length that the pleasure was alloyed—but I do not think his amendment is necessary. The Bill provides for “associations of individuals”, so the question one has to ask is: what would a court say about a housing co-operative in such a case? Would a court deem a housing co-operative to be an association of individuals? I think it would.

**Mr Thomas:** Perhaps I should have gone on a little longer and drawn the hon. Gentleman’s attention to clause 8(2) which, referencing his own Private Member’s Bill, talks about omitting,

“bodies corporate that exercise functions on behalf of associations of individuals”.

That is one of the things that initially triggered my concern that housing co-operatives or community-led housing might, inadvertently perhaps, be affected by the definition in proposed new subsection (A1).

10 am

**Mr Bacon:** I would certainly not want to omit housing co-operatives inadvertently. I will listen with interest to what the Minister says about that, but it seems unlikely that they would not be regarded as associations of individuals.

May I say how important housing co-operatives can be? The hon. Gentleman rightly pointed to activities on the continent, such as at Almere in the Netherlands and in Berlin. As the founder of the all-party parliamentary group on self-build, custom and community housebuilding and place-making, I strongly support community activity to increase the number of dwellings, because the system as a whole has failed for 50 years. Volume house builders as a whole have failed to cause supply to rise to meet demand, as have too many of our housing associations, because while some are nimble and innovative, some are bloated. An official recently said to me that trying to contact a person in a large housing association was like sticking a knitting needle into blubber: it went on and on and he could not get a response of any kind.

**Mr Thomas:** I find myself in agreement with the hon. Gentleman. I have experience of a housing association that is incredibly difficult to get hold of and is not treating some of my constituents as well as it should. He supports co-operatives as one part of the self-build

and custom house building world, so does he want the Minister to be clear that they will be covered under the terms of the definition?

**Mr Bacon:** Yes, I do. In Berlin, people have come together, often led by an architect who has identified the site, people and finance, and worked in co-operation with the local authority, very much in a community-driven way, to produce housing co-operatives that people join. By becoming a member, they are entitled to a dwelling. As the co-operative grows, they can move to a different dwelling that is the right size for them—as they get older or become members of larger families—and they can continue to do that throughout their lives. I therefore support the idea of housing co-operatives.

I will correct the hon. Gentleman on one thing, though. To take the example of Housing People Building Communities in Liverpool, which I visited recently, he described owners as active, albeit collective. Of course it is possible to have co-operative action by communities that results in individual ownership, and that is what has happened in Liverpool. I support the idea of housing co-operatives being covered by the Bill. The difference I have with him is that I think they already are.

**Brandon Lewis:** As I said on Thursday, I always think it best to start by outlining what we agree on before moving to what we perhaps do not agree on. I agree with the opening comments of the hon. Member for Harrow West. I am sure we agree that he believes that he is the best representation that Harrow could have. I say gently that I hope that his other opening remarks were meant with some tongue in cheek, because otherwise Conservative Members will have found them pretty offensive.

I am sure that all members of the Committee will have spent many hours during mornings, evenings and weekends working through issues behind the Bill to ensure that what we are presenting will be transformational in how we make housing supply and increase home ownership. If the hon. Gentleman looks back at Thursday’s *Hansard* report—I appreciate that he was not with us on Thursday, as he obviously had other commitments—he will find that amendments were withdrawn and ideas were taken on board from both sides of the Committee in that proper tradition of working together where we can agree in the best interests of all. In that spirit, I hope to give him and my hon. Friend the Member for South Norfolk some words of comfort and reassurance about what the clause seeks to do.

The Government very much support community-led housing schemes, and the hon. Gentleman was right to outline the importance of co-operatives and those schemes. His amendment would add housing built by community-led housing groups for the good of the community to the clause. However, the individuals who first live in such properties would not necessarily have an input in their design, and I argue that that is not self-build or custom house building, nor should it be considered as such.

Where a group of people want to build or commission their own homes next to each other to enable them to live as a community, legislation already allows for that, as my hon. Friend rightly identified. Indeed, supporting such people in the way we see elsewhere around the world, and in Europe in particular, is the reason why “associations of individuals” is included in the definition,

as he rightly pointed out. I categorically assure him that groups of people coming together in whatever format—whether loosely and informally or in a more formal organisation—to develop a genuine self or custom build property into whose design and build they have an input is intended to be included in the definition.

**Mr Thomas:** I am grateful to the Minister for his opening remarks thus far, but I wonder whether I could push him a little further. When he writes to every planning authority—as I have no doubt he will—perhaps he can be clear that housing co-operatives in the format that he has described, using the language that he has used, would be covered under the definition of self-build and custom house building. They would then benefit, crucially, from being able to indicate their interest and from being on the register and would have to be contacted by the planning authority if suitable land became available.

**Brandon Lewis:** Obviously our words in the House are widely read by people far and wide, and I am sure they will pick up on that. In any communications that we send out following Royal Assent, I will very happily make it clear that any group of people coming together, if they are genuinely looking at custom building and self-building and having an input into the design, where the owner and occupier will have been part of the process, would qualify as custom build and self-build.

I would go a bit further in qualifying that. Traditional community-led housing schemes can include members who are not interested in self-build community house building and therefore would not benefit from joining the register. In those cases, I do not see why individuals within community groups who are interested in self-build and custom house building cannot join together, as individuals or a group, or, if they wish for land close to each other, as an association of individuals, as the qualification outlines.

The overriding rationale of self-build and custom house building is that the person who lives in the finished property has a choice over the design of that property. My hon. Friend the Member for South Norfolk spoke powerfully about this on Second Reading. As he outlined, this is also about moving the housing market. Even where a developer is involved, it is about moving into building property that is focused on the customer's needs, with the customer being involved in that outline, rather than the traditional build method that we have seen previously in this country.

**Mr Bacon:** Because I was speaking to the amendment of the hon. Member for Harrow West, I did not deal directly with the point the Minister is now making, about the effect of clause 8(1) on the definition of “wholly or mainly” in proposed new section 1(A2) of the 2015 Act. I would be happy to have your guidance, Sir Alan, on whether now is the appropriate time to intervene on the Minister on this point, or whether I should do so in the clause 8 stand part debate. I have a query for the Minister, although I do not wish to amend anything.

**The Chair:** There probably will be a stand part debate on this clause, so you could talk about it then.

**Brandon Lewis:** I look forward to that conversation with my hon. Friend.

Let me finish by saying that although we all see the benefit and goodness of a community group building for unnamed individuals or for the greater good of the community—it is incredibly worthwhile in itself, and I am sure all of us across the House would encourage it—it is not self-build and custom build. For that reason, I hope the hon. Member for Harrow West will withdraw his amendment.

**Mr Thomas:** I welcome the Minister's efforts to move at least partly in my direction. There are opportunities for us to discuss the state of the housing co-operative world more generally through other amendments that I have tabled. Let me gently raise again with the Minister my concern about clause 8(2) and the example I gave of the Lewisham initiative, where a local community land trust working with the council is coming together to provide homes at local level. There are members of the land trust who want to live in the community-led housing scheme, but it is effectively a corporate body being set up to do this work. Would it be covered?

**Brandon Lewis:** To qualify for self-build and custom build, individuals who are going to own and live in the property need to be part of the design and production of that property. If the organisation is commissioning properties for people who are not part of the design panel, they would not by definition be self-build and custom build.

**Mr Thomas:** I am grateful to the Minister for that. In which case, helpful as his comments have been, it sounds to me as though some housing co-operatives, but not all, could be covered by the clause. Given the forces arrayed against me, I will perhaps accept the Minister's words of encouragement for one part of the housing co-op sector and return to my concerns about the need to support the wider housing co-op sector later in proceedings on the Bill.

Amendment 88 was very much a probing amendment. I say gently to the Minister that this is a very bad Bill overall, but, in accordance with the spirit of Committee proceedings, we can make it slightly less bad through our debates; I hope my remarks are seen in that spirit. I welcome at least part of the Minister's remarks, which were helpful. I therefore beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

**Matthew Pennycook** (Greenwich and Woolwich) (Lab): I beg to move amendment 84, in clause 8, page 5, line 29, at end insert “and without unreasonable cost”.

*This amendment would protect authorities in cases where the provision of access to a public highway, connections for electricity, water and waste water and other services required to ensure a plot of land is fully serviced would entail excessive cost.*

It is a pleasure to serve under your chairmanship, Sir Alan. In the same spirit that the Minister and my hon. Friend the Member for Harrow West have made clear, the amendment seeks to improve the legislation on a matter where there is a large degree of consensus. It would ensure that, in strengthening the role of local planning authorities to make plots of land available for self-build and custom build, the Bill did not place disproportionate or unreasonable burdens upon those authorities. It therefore probes the Minister on what

[Matthew Pennycook]

measures will ensure that local authorities are not overburdened when it comes to the costs of servicing plots of land.

With your indulgence, Sir Alan, I will briefly set out the Opposition position on self-build and custom build, to aid our debate. Four and a half years ago, the then Minister for Housing, the right hon. Member for Welwyn Hatfield (Grant Shapps), heralded a “self-build revolution”; yet now, despite encouraging signs, that revolution has still failed to materialise. According to some industry surveys, over 50% of people in this country would consider building their own home if given the opportunity to do so. An Ipsos MORI survey has suggested that approximately 7 million people would consider doing so within the next 12 months. We therefore know that there is significant unmet demand in this area.

No accurate figures exist, but estimates produced by AMA Market Research suggest that self-build and custom build output remains steady, at between 7% and 10% of the overall number of new homes built each year, with self-build completions still below a peak of around 14,000 units in 2007. As a number of hon. Members have already suggested, in comparison with continental parallels, the UK’s performance in this area remains poor. In Canada, Germany, France, Sweden and Ireland, self-build or custom build often accounts for more than 50% of the market, and in Austria it accounts for more than 80%. Crucially, in those countries building one’s own home is not just the preserve of a privileged few, as there is a strong tradition of self-build and custom build right across the social spectrum. In this country, unfortunately, self-build is still seen as a niche pursuit for intrepid enthusiasts or an elite club that is open to a small minority able to fund the kind of ambitious projects made famous by “Grand Designs” that win awards from the Royal Institute of British Architects. That needs to change, and we hope the Bill will help to achieve that.

The Opposition firmly support the Government’s aim of getting the self-build and custom build sector to scale, in order to progress towards building the homes that our people need. Self-build and custom build can provide a lifeline for those currently shut out of home ownership, as well as an alternative—some of the cases we have heard about have made this clear—for those seeking more collective approaches to meeting housing need. My hon. Friend the Member for Harrow West gave a number of good examples in that regard. A strong custom build sector would open up new opportunities for medium-sized and smaller housebuilders. As the Minister has rightly said, in putting the customer at the heart of the process, the sector can expand choice, support innovation, promote energy efficiency, drive up quality and strengthen communities—we know that people who take this route are more likely to have a longer-term stake in the homes that they shape.

Taken in the round, the sector has the potential to correct some of the systemic flaws in the housing market. For that reason, we supported the Self-build and Custom Housebuilding Act 2015 and are broadly supportive of clauses 8 to 11, which build on that. At this point, it would be remiss of me not to mention and commend the work of the hon. Member for South Norfolk in bringing this issue to the fore in both this and the previous Parliament.

The interplay between the three factors at work for self-build and custom build—land, finance and planning—is complicated. There is general agreement that more needs to be done, especially about the lack of suitable accessible plots of land to build on and about facilitating the assembly of such land to allow for the scale of sites needed—of 100-plus plots—to deliver custom build economically. The Lyons review, which was commissioned by the Labour party, identified that as a significant barrier that would need to be addressed and pointed to the need to take a more innovative approach to the use of land more widely if the sector is to realise its potential.

It remains to be seen whether the measures in the Bill will deliver the 20,000 or more self-build and custom-build units a year that the Government seek to realise. It would be useful if the Minister set out what levels of demand were registered in each of the 11 vanguard authorities set up to trial the full right to build. We on the Opposition Benches suspect that the results may have been mixed, but we believe that the strength of clauses 8 to 11 lie principally in the strong signal they will send to local authorities to make this sector a priority.

We supported the creation of registers in the 2015 Act, but in building upon them, as this Bill does, and inserting new definitions and making related amendments, as clause 8 does, we want to ensure that the Bill does not place unreasonable burdens on already over-burdened local authorities. We know that the Government share that aim, and that is what amendment 84 seeks to do.

10.15 am

**Mr Thomas:** Before my hon. Friend gets into the substance of the concern about the clause, which he has helpfully set in context, he will remember, having read the *Hansard* extracts from the debate on the private Member’s Bill introduced by the hon. Member for South Norfolk, that our then housing spokeswoman, my hon. Friend the Member for Wolverhampton North East (Emma Reynolds), raised concerns about access to finance for those wanting to go down the self-build route. Might my hon. Friend encourage the Minister to give us an update on the extent to which finance is genuinely available for self-build and custom house building, and, indeed, the housing co-operative field, which is covered by the self-build and custom house building definitions in the Bill?

**Matthew Pennycook:** My hon. Friend makes a very good point. Access to finance is a very real issue—it is perhaps less of an issue than land and land assembly, but it is an issue none the less. Amendments 81, 82 and 83 will touch on that area, and I hope we will hear from the Minister in response.

The concern that the Bill might place unreasonable burdens on local authorities was touched on by a number of witnesses in written and oral evidence to the Committee. For example, the chair of the board of the Planning Officers Society, Mike Kiely, raised such concerns in his written submission, in which he stated that the right-to-build provisions could place a considerable additional burden on local authorities. Similarly, the CPRE expressed the concern that the new duty may be too onerous in many areas. If the Bill is to achieve its objective of scaling up the sector, it is vital that local authorities view prospective self-build and custom house builders as partners in helping to meet housing need, not as a burden.

However, we want to make sure that the Bill strikes the right balance between a common national framework for the full right to build and local discretion. There is a danger that few people will join registers, particularly if they are not well publicised by local authorities or if the eligibility criteria are too restricted. Some in the industry have raised that concern directly with me. If we are to see large numbers join local registers, as I hope we will, we need to make sure that local authorities do not face disproportionate or unduly onerous costs or debts as a result of meeting their new duty. Different parts of the country have different housing and land markets, and there will be some, particularly in rural areas, where the costs of servicing plots could be disproportionate or, in some cases, simply impractical. We know that many local authorities can expect to make a profit from the sale of the land at market value in due course, but there will also be increased costs, as the impact assessment accompanying the Bill makes clear.

We appreciate that, in the short term, the Government intend to provide support to cover the costs of developing the register, under the new burdens doctrine. We would appreciate clarification of whether they intend to provide support to cover all the associated costs of developing and implementing the register, including servicing plots of land, and also whether the fees—which, as part of clause 11, can now be recovered in connection with a duty—can be legitimately used to cover the cost of servicing plots of land for the purposes of the duty.

In instances where the local planning authority is not exempt from the duty, as permitted by clause 10, and where full recovery of costs is not possible, our concern is that some LPAs could be hit with unreasonable costs. We believe it is important to ensure that the costs remain proportionate, whether they are for servicing plots of land in the ownership of the authority itself or whether they relate to cases where the granting of suitable development permission opens the authority up to servicing costs on land owned by others. Where they are not, or where servicing is simply impractical, local authorities have a means of avoiding unreasonable costs and debt.

Amendment 84 would achieve that by revising the proposed definition of “serviced plot of land” to cover land that has access to a public highway and connections to electricity, water, waste water and other services, or that can be provided with those things in specified circumstances, or within a specified period, and without unreasonable cost. That would protect local authorities by allowing them to avoid the high upfront servicing costs that might otherwise be involved in fulfilling the full right-to-build duty in some instances.

**Brandon Lewis:** The hon. Gentleman commented on some of the finance issues, particularly relating to mortgage lenders. I should outline in opening my response to him that the Government have made a £150 million custom build serviced plots loan fund available to enable greater access to serviced plots. I encourage local authorities to work with private or third-party partners to take advantage of that funding to move these issues forward.

Last Friday, I visited one of the custom build areas, in Stoke, which is one of the vanguard areas for the pilots, and met a couple of families and visited one of the homes. I spoke to the chief executive of the mortgage lender—a local building society—who outlined his desire

to go further with custom build lending. He said small and local building societies were particularly keen to do that, because it gives them a clear niche in the market, where they can be competitive against the larger companies, which obviously want to work on a more national, organised scale. That gives small local lending companies—we all want small and medium-sized enterprises of all types to grow—a real opportunity and a real niche, and I would encourage people to look at that option.

**Mr Thomas:** I am always encouraged by references to building societies, and I welcome the Minister’s experience. Just to be clear, would the local authority in Stoke have been able to benefit from the fund, to help make self-build plots available? That is the point the Opposition are trying to probe the Minister on.

**Brandon Lewis:** Yes. That is what I am saying. I would encourage any local authority, particularly as we go forward beyond the vanguards, to work with private and third sector partners or other vehicles—including, potentially, co-operatives if they qualify for self and custom build—to take advantage of that funding. The pilots have been doing some phenomenal work. On average, we had 80 people coming forward on the register in just the first three months of the scheme, which is an indication of the appetite to take this forward. That backs up the comments by the National Custom and Self Build Association, which we support and want to deliver on, building on the work done by my hon. Friend the Member for South Norfolk in his private Member’s Bill, to see that part of the sector double in size over the next few years.

**Matthew Pennycook:** Will the Minister clarify one important point, because it is instructive as to how the registers will operate? Over what period did those 80 people come forward? How many people are on the local registers in the 11 vanguard plots now? How many joined in the first few months?

**Brandon Lewis:** As I said, it was 80 in just the first three months, which is a clear indication of the appetite. We want to make sure that we do what we can—partly through the clause and partly through my hon. Friend’s Bill—to double the number of people who take up this opportunity.

I welcome and understand the intention behind the amendment to protect local authorities from excessive costs, but I would argue that a plot of land that required excessive costs to service would probably not be suitable for self or custom building. People wanting to build or commission their own homes usually want to be able to start building as soon as they have purchased their plot of land. That is why the Bill requires local authority to permission suitable serviced land to ensure that the plots are—I use the definition advisedly—shovel-ready. Land that requires excessive costs to put in the basic services should not count as suitable land, and the local authority should seek alternative sites to permission to comply with its duties. For that reason, I ask the hon. Gentleman to withdraw the amendment.

**Matthew Pennycook:** Perhaps the Minister could clarify where that is in the Bill. Proposed new section 2A(2) puts a duty on local authorities to “give suitable development permission in respect of enough serviced plots of land”.

[Matthew Pennycook]

Clause 8 defines what those serviced plots of land are. Nowhere in the Bill can I see that the protection of the kind he has just outlined would be an option for local authorities. For example, if they have a register of 800 people with a mind to build their self-build homes, but have fewer plots than that, they might be forced into bringing impractical or costly serviced plots of land into use. Nothing in the Bill seems to protect local authorities in that way from unreasonable costs.

**Brandon Lewis:** We do not expect local authorities or developers to make a loss on land, services or on sales for custom building. It is right that the costs incurred for serviced plots should be borne by the custom builders.

**Mr Bacon:** I wish the hon. Member for Greenwich and Woolwich were wrong, and that there were no protection and nothing in the Bill, and that the overriding duty of local authorities, with no exemptions, were to provide serviced plots at scale, because that would make the biggest difference. In fact, does the Minister agree that the protection sought by the hon. Gentleman is already in clause 10, “Exemption from duty”? There are circumstances—I will ask the Minister about this later—in which the Secretary of State may direct that the local authority is not subject to the duty to provide development permission.

**Brandon Lewis:** My hon. Friend is absolutely right, which is why I hope the hon. Member for Greenwich and Woolwich withdraws his amendment.

**Matthew Pennycook:** I have to disagree with the hon. Member for South Norfolk. Clause 10 is about exemption from the duty as a whole, not from the duty to service particular plots of land. He is making a different point. That said, although we might return to the subject, given some of the Minister’s assurances, at this point I am happy to beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

*Question proposed,* That the clause stand part of the Bill.

**Mr Bacon:** I will not detain the Committee for too long. Given that the clause is the first in chapter 2 on “Self-build and custom housebuilding”, I want to say how much I welcome the Government taking further the provisions of the Self-build and Custom Housebuilding Act 2015, which was my private Member’s Bill, to establish the right to build and to make it a practical reality that serviced plots are delivered at scale, so that we have in this country what has been a great lack: the building of houses as if customers mattered. In most markets supply rises to meet demand. The reason it does not do so in the housing space is that customers are not at the centre, as the hon. Member for Greenwich and Woolwich has said. Historically, customers have not been at the centre as they need to be.

I want to make one other important point about the role of SMEs, which the Minister mentioned in speaking to the previous amendment. Up and down the country many builders merchants provide timber, plumbing and electrical supplies, and other building materials. The

purchase of such supplies locally for a house, whether self-built or built to commission by a local builder, does a great deal to put money into a local economy. The Minister probably knows Brett Amphlett of the Builders Merchants Federation, who helped with my Adjournment debate and my private Member’s Bill, and nor would I be surprised if the Minister had visited a builders merchant to find out the good work that such businesses do to promote local sales to keep money in the local economy.

We need a revolution in the way in which housing is done in this country. We have to create a situation in which the supply of houses rises properly to meet demand. A key part of that will be serviced plots at scale, which is why I agreed with the Minister’s earlier comments.

**Mr Thomas:** It is always great to have a fellow revolutionary in Committee. Perhaps the hon. Gentleman should drift over to the Opposition Benches, at least for this part of our proceedings. I agree that self-build and custom house building could be part of a housing revolution, but surely in order for that to happen there has to be much greater access to finance to enable self-build and custom house builders to develop. Does he not agree that the decision by the Chancellor of the Exchequer to impose a levy on building societies to take some of their capital away potentially makes it harder for them to make finance available to self-build and custom house builders? Will he be a revolutionary on that as well?

**Mr Bacon:** The reason I am not on the Opposition side is that they are not revolutionary enough in this space. When I think about the Labour and Co-operative parties I wonder what could have happened in the past 50 years if the Co-operative party had done to housing what John Lewis has done to retail. I am afraid there has been a lot of talk but not enough action over those 50 years.

10.30 am

I have a lot of sympathy with what the hon. Member for Harrow West said about mutual building societies, having worked on a successful anti-demutualisation campaign for the Britannia building society years ago. However, this is probably not the place to dwell on regulation of mutual building societies.

**Mr Thomas:** I will stick a membership form in the post.

**Mr Bacon:** Since the debate is only on stand part, I shall make just one other point—about the nature of the protection in the new subsection (A2) that clause 8 would insert into section 1 of 2015 Act. Under that subsection, the definition of “self-build and custom housebuilding”

“does not include the building of a house on a plot acquired from a person who builds the house wholly or mainly to plans or specifications decided or offered by that person.”

That is sound. The Minister referred to it in commenting on an earlier amendment. It should prevent gaming of the system by those who want to present their product as if it is a custom house-building product without allowing the customer to specify and determine properly

what gets built. Custom house building is not about allowing the customer to choose from a small number of pre-baked designs. It is about the customer deciding and specifying what gets built.

The clause is sound and sufficient. By the way, I sought and obtained the support of the Federation of Master Builders for my private Member's Bill, but could not even get a meeting with the Home Builders Federation. The fact that the Home Builders Federation thinks that the clause goes too far is sufficient reassurance for me that it is good enough as it stands. None the less, I should welcome the Minister's reassurance.

**The Chair:** I apologise to the Minister, because I should really have called him to speak first, before the hon. Members for South Norfolk and for Harrow West, informative though their speeches were.

**Brandon Lewis:** I would not for a moment presume to speak before my hon. Friend the Member for South Norfolk on matters of self-build and custom building. His speech on Second Reading showed the House his passion, knowledge and expertise, not least in the pioneering work that he has done to drive an agenda culminating in his private Member's Bill.

I was honoured and proud to be a small part of that, as the Minister supporting the Bill in Committee. I have a vague memory that we might even have been in this very room—if I remember correctly, we even finished with mince pies. It was a great experience, with cross-party support, and a good example of the House moving things forward. It is important to drive the agenda to bring about big change.

My hon. Friend made a good point in his closing remarks. The clause would for the first time create a clear definition of self-build and custom house building. The creation of a legal definition will enable us to prevent the gaming of the system for which there is arguably potential. We can agree on my hon. Friend's core point about the customer deciding and specifying what gets built—they should not simply have a say in a standard template.

I have spoken before about the difference between custom building and walking on to a building site to speak to the developer about buying on plot 5, and being told, "As you have got in early you can choose the colour of the kitchen and maybe the carpet colour in the bedrooms." That is not self-build or custom building, in which the customer is a part of the design process.

My hon. Friend is also right that the measure helps us to do something—although as the hon. Member for Harrow West pointed out, we are playing just one part—for small builders, particularly on access to finance, including through the builders finance fund and by working with mortgage lenders. He made a fair point about making lending accessible to people who want to enter the field. That is why I stressed the point about people who want to work with small, local societies that have a key part to play, where there are niche opportunities and expertise. That helps small and medium-sized businesses.

If my hon. Friend's work does anything, it will drive and grow the market, and the larger it gets the more attractive it will become to lenders generally, which is a good and helpful thing. Other parts of the Bill will potentially help with access to finance as well, particularly

when we think about planning in principle, which we will get to later on. All these things come together to be part of the work we do to help small and medium-sized builders.

**Mr Bacon:** Will the Minister address my final concern on the clause? Is he content that the Bill provides a strong enough motivation to be on the register in terms of linking the presence on the register to land allocation decisions?

**Brandon Lewis:** My hon. Friend makes a very good point. I think it does. We will issue guidance that makes it very clear to local authorities and ensures the proposals are driven forward to deliver exactly what we want, which is a clear identifiable ability to get access to land. That is good for small and medium-sized builders. That kind of development will be perfectly suited to a small and medium-sized business. The hon. Gentleman is quite right: I have visited the Builders Merchant Federation's members and we have benefited from seeing the work they do to support their local communities. Local builders are good for everybody. They drive jobs locally and they tend to build high-quality homes because their reputation relies on it. They build at a good pace, in contrast to the building rate of the larger developers. That is good for all.

Self-build and custom house building includes homes built by people themselves and homes built on behalf of individuals, where professionals are commissioned to do the work by the eventual owner-occupier. The common theme is that the individuals have significant input and choice over their finished home and intend to live in it as their main and sole property.

The second part of the definition is to exclude the sale of off-plan homes, where the developer agrees to minor changes to the property but where the finished home is wholly or mainly the original specification, into which the buyer had no input. That tends to fit the description of most new build properties around the country. However, the definition of self and custom house building includes where someone has bought a shell of a building because they will have significant input into the final internal layout and specification.

Turning to other Members' points, clause 8 provides the definition of a serviced plot of land. That is land that has access to a public highway and connections for electricity, water and waste, or can be provided with those things in specified circumstances or within a specified period. The clause provides for regulations to amend the definition of "serviced plot of land" by adding further services to the list—I am sure many Members will be thinking about broadband. That allows services such as broadband to be included in the future as and when required.

**Grahame M. Morris (Easington) (Lab):** It is a pleasure to serve under your chairmanship, Sir Alan. I want to make a few brief points, because I know time is precious. I have already raised a number of issues that are relevant to my constituency with the Minister in the Adjournment debate. Like my hon. Friends the Members for Harrow West and for Greenwich and Woolwich, we are very keen to join the revolution that has been promoted by the hon. Member for South Norfolk. There is common agreement across the Committee about the benefits of not just the grand design but the ambition for self and

[Grahame M. Morris]

custom build for everyman that the Bill espouses. Some 100,000 properties over the lifetime of the Parliament seems incredibly ambitious, but will bring many benefits, not least to the building supply sector, in terms of employment and meeting housing needs.

Will the Minister respond to the points raised by my hon. Friends about the obligations to be placed on local authorities? Notwithstanding the existing or potential demand for custom and self-build, there is a concern related to subsection (4) and the various conditions that are placed on the definition of a serviced plot of land. Subsection (4) would define a serviced plot of land as one that,

“(a) has access to a public highway and has connections for electricity, water and waste water, or

(b) can be provided with those things in specified circumstances or within a specified period”.

Will the definition place any additional burdens on local authorities or service providers to connect properties or serviced plots of land at costs which they cannot meet? My own local authority is facing immense costs as a consequence of budget cuts from central Government. On the eve of the spending review, we are making some difficult decisions.

**Matthew Pennycook:** My hon. Friend is making a good point. That is what I tried to get at, and we got part of the way there. Does he agree that it would be useful to have, not only a better understanding of what burdens might be placed on local authorities, but an idea of how much money, if any, has been allocated by the Department to cover any new burdens that the Bill will impose on local authorities?

**Grahame M. Morris:** That is a really good point, which I hope the Minister will address in his closing remarks.

**Mr Thomas:** A slight alarm bell got set off in my head when the Minister talked about the power to make regulations potentially to include broadband. Harrow is in central London, and one would think it had good access to broadband, but that is not the case at the moment. There is a very mixed performance by BT and other providers. Given that it is Ofcom’s responsibility to direct the provision of broadband, one worries that the Minister might feel gung-ho one day and draft the regulations to include broadband, when it is not the local authority’s responsibility to provide such a crucial facility; it is Ofcom’s or, indeed, the private sector’s responsibility. It would be useful to probe the Minister a little more on his intentions for those future regulations.

**Grahame M. Morris:** I am grateful to my hon. Friend. Again, the Minister might respond to that point in his concluding remarks.

Finally, I remind the Minister of the Adjournment debate we had at the close of the last Parliament, in which particular problems were highlighted in the former colliery village of Horden in my constituency as a consequence of the withdrawal of the housing association Accent, due to housing market failure. The Minister suggested, on that occasion, that we look at what was termed “homesteading” on a large scale. Sadly, that was not possible, perhaps because of some of the issues

raised by the hon. Member for South Norfolk about access to finance, whether the necessary skills and leadership were available at that time and perhaps the lack of a housing co-op with the dynamism to take it forward. I think we will address a little later some of the issues that have arisen since that debate, with rogue landlords and problems as a result of a failure to adequately address that. I would welcome any assurances the Minister can give.

**Brandon Lewis:** There is obviously a process that the Government go through in agreeing with local government the new burdens that will still apply. With regard to our general position on plots and the cost of servicing them, I refer the hon. Gentleman to the comments I made earlier about our expectations. I am happy to give him further feedback on that over the next few days.

**Matthew Pennycook:** I would like to press the Minister on the specifics of this. He said that under the new burdens principle, local authorities will be covered. How much has the Department allocated to cover new burdens that might arise as a result of the Bill? That is not in the impact assessment. Has the Department bottomed out that area and allocated actual funds?

**Brandon Lewis:** I shall be brief, because I know we want to make progress today. If the hon. Gentleman looks at the rest of the clause and, indeed, the comments I made about the previous amendment, he will see that he needs to look at this in the whole, and that will answer his specific question.

Let us look at what we are learning from the vanguards. As I said, I visited Mr and Mrs Sproston in Penkhull in Stoke just last week, and saw the six new homes that have been delivered on that particular site. Under the new administration, the authority wants to deliver the pilot and find a way to make it work for people. It is a really exciting opportunity that both lenders and the residents are getting behind, and I therefore encourage them to go further with it.

*Question put and agreed to.*

*Clause 8 accordingly ordered to stand part of the Bill.*

## Clause 9

### DUTY TO GRANT PLANNING PERMISSION ETC

10.45 am

**Matthew Pennycook:** I beg to move amendment 86, in clause 9, page 5, line 42, after “permission”, insert “to meet housing need generally including”.

*This amendment would ensure that authorities give suitable development permission to housing across all tenures, including but not limited to self-build and custom housebuilding, to meet the demand for housing across all tenures in any given authority area.*

As a number of my colleagues, including my hon. Friend the Member for City of Durham, said a number of times in our previous sittings, the Opposition think the Bill is a lost opportunity to secure the housing mix that we desperately need to solve our country’s housing crisis. The amendment simply seeks to explore why the new duty placed on local authorities to grant sufficient development permissions to meet the demand for self-build and custom build has not been extended to ensure that authorities are granting enough permissions to meet the demand for all other housing tenures.

We could descend into another exchange about historical figures and an attempt to apportion blame but, given that we all want to make progress, I hope we can avoid that. Instead, for the purpose of debating this amendment, I hope the Committee can agree that the housing crisis we face is longstanding, that the problem of grossly inadequate housing supply goes back three decades or more, and that addressing it will require a holistic approach.

The scale of the house building shortfall is stark. More than 200,000 new homes a year are required to keep pace with household formation, and at least 40,000 are required in London. Last year, there were just under 118,000 completions, 18,000 of which were in London. Between 1950 and 1980, when annual completion rates were consistently above 200,000, local authorities and central Government carried out substantial planning and building.

The national planning policy framework already requires that local planning authorities plan for local housing based on need. They need to take into account demand for self-build and custom build when preparing their local plans. The Government clearly believe that the existing planning requirements are not sufficient to provide the numbers of self-build and custom build homes needed to meet the housing crisis, and that a new duty is required to boost supply in that area. The amendment simply seeks to clarify why the same logic and the same type of duty do not apply to other housing tenures.

Amendment 86 would require local authorities to give suitable development permission to meet housing need generally, including, but not limited to, self-build and custom build. It would send a clear signal to all those desperate for a decent, affordable home and those who are concerned that the Bill neglects a number of housing tenures, that the Government are genuinely committed to meeting need across all tenures and are happy to put their intent and measures to realise it on the face of the Bill.

**Mr Thomas:** My hon. Friend will remember our debate on clause 8, when a spirit of consensus about the importance of housing co-operatives almost broke out. Were his amendment accepted, it would provide another opportunity for the hon. Member for South Norfolk to demonstrate his revolutionary zeal in support of housing co-operatives. It would go some way towards plugging the shortage of support for the expansion of housing co-operatives, which at all levels—finance, local authority support and builder support—has historically restricted the growth of that important but, sadly, niche part of the housing market.

**Matthew Pennycook:** My hon. Friend makes a very good point. The amendment simply seeks to draw the Government to put their intentions on the record. If we are going to meet the housing crisis, we require action across all tenures and a housing mix, and co-operative housing is a large part of that. Our concern—we will no doubt come back to this theme—is that the Bill addresses only specific tenures of housing and does not meet housing needs across all tenures.

**Mr Thomas:** I support my hon. Friend's amendment. I want to consider the example of a military veteran who does not want to build his own home, engage with

a custom house builder or be part of a housing co-operative, but is on the local authority's register. In most cases, he is due a very long wait. Were my hon. Friend's amendment accepted, it might give him some hope that, despite the long waiting list that is the reality for most housing authorities, there is a chance that sufficient homes will be built at a faster rate and that he might be allocated a permanent home, albeit not one of the types of tenure that we have discussed in Committee so far—a starter home, a self-build or a custom build. My hon. Friend has put forward a very helpful amendment, and I am interested to hear from the Minister how it would not help, since I assume he will oppose it. Why would the amendment not be in the interests of that military veteran wanting a permanent home, albeit using another form of tenure, for which the Minister has not demonstrated an enthusiasm?

**The Chair:** Mr Bacon, I apologise: I should have called you last time, but your svelte figure deceived me.

**Mr Bacon:** Sir Alan, I have lost so much weight, but have a lot more to go. I am afraid I do not agree that the amendment is helpful. I know we are short of time and I would not have spoken were it not for the phrase "to meet housing need".

Three years ago I was at a conference at the QEII Centre with local authorities and people from the National Self Build Association. Several local authority leaders of different political parties were asking questions. One of them, a Conservative from a wealthy area in the south-east, was very excited because he had already managed to deliver housing, including the cost of the land, for £140,000 to £150,000 per unit. Another local authority leader, whose party I will leave you to guess, Sir Alan, but he was not a Conservative, sat there with hands folded and said he would have nothing to do with it. I chatted to him afterwards and asked why not. He said, "Because it will not help me meet housing need."

The reason I got into this area and wrote the Self-build and Custom Housebuilding Act 2015 is because I am sick and tired of people in local authorities saying they know more about housing need than the people who need housing. That is why it has to change. With respect, I do not think the amendment helps that process. When I want advice on how revolutionary I am, I will certainly not go to the hon. Member for Harrow West. None the less, I give way.

**Mr Thomas:** I thought we had established consensus but now the hon. Gentleman seeks to spoil the positive atmosphere that was developing between us. People in my constituency come to see me about housing issues. I am sure they are supportive of self-build and custom house build, but they also want the local authority, housing associations or private developers to be able to provide decent homes.

The amendment does not seek to exclude self-build or custom house building; my hon. Friend the Member for Greenwich and Woolwich simply seeks to make a range of other tenures available. I counsel the hon. Member for South Norfolk that one failing of revolutionaries in the past has been blinkeredness. I hope the hon. Gentleman will not fall for that weakness on this occasion.

**Mr Bacon:** What the hon. Gentleman calls blinkeredness, I call focus, and this very good clause would be cluttered up by the amendment. What annoys me is this. We have heard a lot in the Bill and oral evidence about the need for housing need to be taken into account, but there is nothing to stop a local authority that wishes to do so from helping the formation, establishment and growth of a housing co-operative. If local authorities are concerned to protect housing in perpetuity, they can do so by that route, in a way that is exempt from the Bill. There is nothing to stop them doing that.

I have learned two particular things, among several, while studying this area—one about land and one about finance. There is no shortage of land; there is a shortage of accessible land. There is no shortage of finance; there is a shortage of financeable propositions. If local authorities, in conjunction with their local people, were to come forward with good strong business cases for grounding and growing housing co-operatives there would be no shortage of financiers willing to come forward to help finance those propositions. The problem is there has been a shortage—

**Mr Thomas:** Will the hon. Gentleman give way?

**Mr Bacon:** I will not give way because we must make progress. The problem has been a shortage of financeable propositions, and that is what the Bill is helping to change.

**Brandon Lewis:** The amendment is aimed at ensuring that authorities give suitable development permission to housing across all tenures, not just custom build. We heard earlier what that does for a military veteran who is not interested in custom build. I would say a couple of things to that military veteran.

First, they should think about self-build and custom build under these new provisions. I visited a company called Beattie Passive in the constituency of my hon. Friend the Member for South Norfolk, which can develop and help somebody like that learn how to build their own home and deliver it for about £30,000, making it a very affordable proposition.

We come back to the debate we had, in part, on Thursday. Members should read this part of the Bill not as the entire solution to what we want to do to get house building back to where it should be after we inherited an awful legacy, but as part of the work we are doing. The Bill is part of the work and this clause is just part of that. In the same way, starter homes are part of the solution, as is custom build. It builds on the fact that we have exceeded our target for affordable house building over the past four or five years and we are now in the process of the new scheme to deliver 275,000 affordable homes. That is the fastest rate in more than two decades and, of course, in terms of council housing we, as a Conservative-led Government, have a strong record of delivering more in five years than the previous Labour Government did in 13. I am extremely keen that we continue to press ahead with further reforms to the planning system to drive up housing supply.

Through the national planning policy framework and the Localism Act we have put local plans at the heart of the system. Such plans set out a vision and a framework for the future development of the area, including where to locate new housing to meet the needs of the community, but we must be realistic about

what can be achieved and when. That applies to the provision of infrastructure, and when sites might come forward for development. Linking this action to the earlier comments, I clarify for hon. Members on both sides of the Committee that we recognise that this is a new burden and, as such, money will be set aside. The process for this and the work of local authorities, not least in the 11 vanguard areas, is not complete, so I will not give specific numbers today, but I assure hon. Members that it will be sufficient to ensure that local authorities are not disadvantaged by the introduction of this policy.

**Mr Thomas:** The Minister has mentioned the 11 vanguard authorities a number of times and has given the example of his recent visit to Stoke. I would welcome hearing whether any of those vanguard authorities are in London. Given the scale of housing need in London, what has the experience been of the vanguard authority in London, if there is one?

**Brandon Lewis:** I do not think there is a vanguard authority in London, but if the hon. Gentleman is offering to put Harrow up to take this forward for London, I would be very happy to talk to him about that opportunity.

Local planning authorities are already required to meet the full, objectively assessed needs for the market for affordable housing in their area. Although that includes the demand for custom and self-build housing, many local authorities are still not proactively planning to meet the demand for custom and self-build in their area. As we want this area to double over the next few years and to deliver that through this Parliament, it is important that we drive this forward and have that focus, as my hon. Friend the Member for South Norfolk said. Placing a statutory duty on relevant authorities to commission sufficient serviced plots in line with demand will ensure that pent-up demand is also starting to be addressed. The proposed amendment would set an unrealistic expectation and burden on local planning authorities.

In addition, local planning authorities simply may not have sufficient land available to meet their need, or sufficient landowners willing and able to come forward for development within the allocated time. The proposed requirement in the national planning policy framework to have a five-year supply of deliverable land is a more effective tool. Among the vanguards, it is also interesting to see that areas of natural beauty and national parks were coming forward wanting to play their part. Even in areas where land can be challenging, we have vanguards wanting to do their bit. The Bill is intended to ensure that there is more permissioned serviced land available which is suitable for self-build and custom house building.

As we have heard, the numbers are still low. Custom build still only constitutes around 10% of all housing, and there are considerable benefits in promoting this type of housing further: it will diversify the sector and encourage development on sites which are too small to be of interest to the major house builders and perfectly suited, therefore, to small and medium-sized businesses around the country. It will provide business for the smaller builders and developers who are happy to offer those bespoke properties. Our ambition is to double the figure to 20%. Our proposals seek to embed custom

build as a legitimate form of housing supply, as part of the wider housing mix, while still keeping expectations at a manageable scale compared with 100% of housing need. So I ask the hon. Member for Greenwich and Woolwich to withdraw his amendment.

**Matthew Pennycook:** Aside from the Punch and Judy stuff over the historical record, which I had hoped we could avoid, it was very interesting to hear from the Minister.

11 am

**Brandon Lewis:** I appreciate the point that the hon. Gentleman made. I am very happy to progress on that basis, but when he says that he does not want to play Punch and Judy politics, that does mean that he and the other hon. Members on his side do not quote figures that simply do not give the facts of the housing market that we inherited.

**Matthew Pennycook:** I simply quoted the figures on how much housing need there is and how much is currently being built and completed, which, as the Minister well knows, falls far short. The hon. Member for South Norfolk raised a very interesting point. He said that powers are already available to local authorities to meet the need for self-build and custom build housing, and that there is the land and the finance.

**Mr Bacon:** I was not actually talking about self-build and custom build. For the record, I was saying that local authorities which wish to help in the initiation, establishment, grounding, founding and growing of a housing co-operative can do so. There is nothing in law to prevent them from doing that. That is what I was talking about.

**Matthew Pennycook:** The hon. Gentleman makes my point for me. There is nothing to prevent local authorities from doing this, and yet they are not. That is why the Government feel that there is a need for a stronger duty as part of the Bill. The point I sought to make in the amendment is that this also applies to lots of other tenures and types of housing where there is unmet need, and there could be benefits to promoting that type of housing through other measures. I do not think that this is an area on which we shall agree, and we shall no doubt come back to this. On that basis, I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

**Matthew Pennycook:** I beg to move amendment 81, in clause 9, page 5, line 43, after first “the”, insert “effective”.

*The amendment would ensure that the demand for self-build and custom house building arising in an authority's area accurately reflects the number of persons in that area who are in a position to finance their self-build or custom house building project.*

**The Chair:** With this it will be convenient to discuss the following:

Amendment 82, in clause 9, page 6, line 15, after “entries”, insert “with effective mortgage finance”.

*See explanatory statement for amendment 81.*

Amendment 83, in clause 11, page 7, line 32, after “eligibility”, insert “including those who have failed to demonstrate that they have obtained effective mortgage finance”.

*See explanatory statement for amendment 81.*

**Matthew Pennycook:** Finance and the financing of self-build and custom build has been mentioned a number of times in this morning's debate. There is consensus that projects of this type can be extremely problematic to finance. Only certain lenders offer self-build mortgages, so the mortgage market in this area is limited. Despite welcome Government support and recent improvements, it is a sector that is still very much feeling the effect of the exit of many of the larger players in the wake of the credit crunch. Moreover, self-build mortgages—or stage payment mortgages as they are technically known—are not like traditional home loans. Typically, funds are released in four to six stages in arrears after each stage is complete and re-inspected, rather than as a lump sum at the beginning of the project. As a result, while a significant proportion of current self-builders do not need mortgage finance to start building because they have the equity in hand from the sale of their existing home, many still struggle with sufficient capital to move beyond the foundation stage.

If we are to see a marked uplift in self-build and custom build, as both sides of the Committee would like, we will need to remove as much risk as possible from the whole process. Opposition Members hope that clauses 8 to 11 will achieve that, if they succeed in delivering the necessary momentum that this sector needs. We also need to get more lenders entering the self-build market, and to make available more specialist finance products. We hope that the Government will continue to explore what can be done to reduce the considerable constraints that still face those interested in securing finance for this type of home.

**Mr Thomas:** My hon. Friend makes an important point about the need to make finance available. If I may, I will bring him back to my earlier intervention, when I said that the proposed levy on building societies that the Chancellor wants to impose risks limiting the amount of capital that building societies can lend for mortgage finance, and potentially makes it harder for those building societies to offer finance for self-build housing. It would be helpful to hear a little from the Minister about how he will address that particular problem, and whether there are any conversations going on between the Department for Communities and Local Government and the Treasury to try to offset this problem; otherwise, the Minister's very laudable aim of an expansion of the self-build sector might be curtailed by difficulties in accessing finance.

**Matthew Pennycook:** My hon. Friend makes a good point. There is a specific weakness in that area, but there is also the wider problem of access to finance for self-build and custom build. To give the Government their due, they have put support in place, but it would be useful to hear what more is currently being done to ensure that more of those who want to take this route can be supported to do so. Alongside efforts to make finance more accessible, the Opposition believe that, given the burdens the Minister recognised that the new,

[Matthew Pennycook]

full right-to-build duty places on local planning authorities, there is a case for ensuring that the authorities in any given authority area reflect the effective, rather than notional, demand for self and custom build. By that, we mean the number of people or groups who are in a position to fund their project past foundation stage rather than the sum total of individuals or groups who are vaguely interested in taking that route and may begin the process of exploring whether they can access the necessary finance some years down the line.

Clause 11 already provides for the entering of persons who have failed to meet particular eligibility conditions in a separate part of the register and makes it clear that further refinements to the eligibility criteria may be brought forward in regulations. However, our amendments would make it clear that those on the register who genuinely seek to build or commission their main home and have the finances to do so should be entered in a separate part.

Amendments 81, 82 and 83 would ensure that local authorities are required to provide suitable planning permission on serviced plots of land for those with a reasonable prospect of building their own home in the immediate future. It would not exclude those who are yet to demonstrate that they have obtained effective mortgage finance from the register entirely; they could still be entered in a separate part of the register to which we would expect local authorities to give reduced priority. That would ensure that local authorities, in so far as they must now respond to local demand for self and custom build in a fuller way, will respond to the effective, as opposed to notional, demand in their area for these types of homes.

**Brandon Lewis:** I am pretty much in complete agreement with the hon. Gentleman. In fact, the only demand on the register should be effective demand. It is important that local authorities are confident that everyone on the register for self-build and custom house building is in a position to finance their project. The amendments, however, are unnecessary because we will achieve our mutual aim of ensuring effective demand through locally set eligibility criteria for the registers. We can build on some of the work done with the 11 vanguards and how locally led is the way to go. We asked all local authorities to submit expressions of interest, so I want to put on record our thanks to the 11 who have worked with us on that over the past few months.

**Mr Thomas:** I appreciate that the Minister may not be able to say so at this point, but, perhaps later in our proceedings, will he say what lessons can be learnt from the 11 vanguard authorities to deal with the scale of the housing crisis in London? There is potentially quite a bit of interest in self-build and custom house building in London, but the cost of land and other factors driving the housing crisis may make it even harder for those who want to do that. It would be helpful to hear a little more on whether the lessons from the vanguard authorities are helpful in any way for the specific London element of the picture.

**Brandon Lewis:** Obviously, it would have been good if a London authority had wanted to play a part by being one of the vanguards, as that would have given a direct

outcome. However, some of the vanguards cover areas of high value, and the experiences in areas such as Stoke, which may have lower land value but is still a city with the challenges of land in and around it, and even those such as Cherwell—and, although not part of the vanguard, some of the work being done around Bicester to make custom build more viable in specific areas—show recognition that we have put in place a £150 million loan fund to which developers can apply to service plots for self and custom building to help make that more achievable and affordable for people. Hopefully, London local authorities will want to come forward as they start to appreciate that.

Clause 11 provides for regulations that enable relevant authorities to determine their own eligibility criteria and it is intended that one part of the locally determined criteria will be a financial solvency test. I suggest that enabling local authorities to apply such a test before acceptance on the register is a more effective means of achieving effective demand than the amendment, not least because that will enable each authority to specify in detail what reassurance it thinks it needs about the financial position of people seeking to join its register in its area.

The tests will be tailored to the specific requirements of that local area and may take into account the fact that not all self and custom house builders will require mortgage finance. For this reason, I hope the hon. Member for Greenwich and Woolwich will be able to withdraw the amendment.

**Mr Thomas:** I was briefly provoked by the Minister's response to my intervention. I say to him gently that it is incumbent on the Minister setting up an initiative—given the scale of the housing crisis in London—to have worked a little harder to try and get a vanguard authority in London. Why, for example, did Bromley, Bexley, Westminster or Richmond not seek to become a vanguard authority? The Minister, with his links into Conservative associations in those areas, surely could have persuaded the leaders to apply to become vanguard authorities, with all the helpful lessons for the housing crisis in London that their self-build experience might have demonstrated.

**Matthew Pennycook:** Just when I thought consensus had broken down, harmony seems to have reappeared. I am reassured by the Minister's comments. I think he makes a good case for how financial solvency tests in a local authority area may be more effective than mortgages. We look forward to seeing those in due course and on that basis, I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

**Matthew Pennycook:** I beg to move amendment 85, in clause 9, page 6, line 35, at end insert “except where extant permission can be revived”.

*This amendment would ensure that extant planning permissions which are revived after the start of the first base period are taken into account for the purposes of this section.*

Given the time, I will be extremely brief and I hope that we can wrap up these clauses this morning. I believe the amendment is self-explanatory and I hope it is relatively uncontroversial. It is a small technical amendment that would clarify what permissions are taken into account for the purposes of clause 9, by including extant permissions that might be revived after

the start of the first base period. It is, of course, entirely logical that planning permissions granted before the register has been established in any given area should not be counted as a suitable development permission under the amended Act. We wish to probe the Minister on why planning permissions that replace extant planning permissions, where the applicant is seeking to extend the time period for implementation, should not be brought within the scope of what should be counted as suitable development permission, given the contribution that such authorisations—albeit small in number and declining—could make to increasing the supply of self-build and custom build homes.

**Brandon Lewis:** First, I would like to reassure the Committee that under the current drafting of the legislation, land which has been granted planning permission prior to the start of the first base period but where that planning permission has now lapsed, can count towards compliance with the duty. That is part of what we are learning from the programme of vanguards. Picking up on the earlier point raised by the hon. Member for Harrow West, I would say that this was widely published at the time but it is disappointing that nobody in London came forward—neither his own authority nor the others he noted. I hope they will also learn from what has been going on. For example, the National Custom and Self Build Association is publishing a comprehensive toolkit on their website on 9 December, and hopefully all authorities, including those in London, can benefit from that.

The reason that these permissions can count towards compliance with the duty is that a person would need to submit a new application in order to extend the time limit on an extant permission in order to implement the existing permission. So an application for an extant planning permission would, if granted, be considered as a new permission, and therefore count against the number of permissions required. I hope that with that explanation the hon. Gentleman will be able to withdraw the amendment.

**Matthew Pennycook:** I thank the Minister for the clarification that extant applications will be counted as new permissions. A theme that has emerged from this morning that I would like the Minister to take away is that it would be useful to know much more of the detail about the experience of the vanguard authorities. He mentioned earlier that there have been 80 people on the register within the first few months, but that does not tell us the differences between those 11 vanguards, or what the experiences might be in different parts of the country with different factors at work. It would be useful for the Committee to have numbers and to have a better sense of what those vanguard authorities are doing and what the experience has been. On the basis of the Minister's comments, I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

*Question proposed,* That the clause stand part of the Bill.

11.15 am

**Mr Thomas:** Sir Alan, I have sought a stand part debate to raise the issue of the price of land. It may

seem odd, having been broadly in support of clauses 8 and 9, to suggest that we need a debate on the merits of clause 9, but I worry that, on the basis of evidence that the Opposition presented to the Lyons review, the cost of land may be a significant deterrent for many would-be self and custom house builders, and that granting permission in principle may inadvertently drive up the cost of land. That is the issue I want to persuade the Minister to mull over. In its evidence to the Lyons review, the National Custom and Self Build Association said that the cost of acquiring land was the most significant barrier to more self and custom house building, and that 50% of would-be self and custom house builders had a budget of £200,000 or less with which to fund both the construction of their home and site acquisition.

Part of my reason for being interested in whether there had been a vanguard authority in London was the huge cost of land there relative to many other parts of the UK. There may be less scope for self-builders to believe that they could build in London than in the Stokes or the Bicester, to which the Minister referred. Thinking about the cost of land in Harrow, I struggle to believe that many self-builders could build property for under £200,000 if they have also had to acquire the land.

We know that when planning permission is given for a site, it usually drives up its value and my concern is that if permission in principle is given, even on a plot that has been designated for self-building in future, it would drive up the cost of that land and limit the number of would-be self-builders or custom house builders who might want to build on it. Surely none of us wants to see the number of would-be self-builders restricted, or for them to have to look at areas of the country other than Harrow.

This morning, we have had a pretty good debate about the benefits of self and custom building and there seems to be broad consensus on both sides of the House, and particularly in the Committee, for expansion of such building. The danger is that we have been talking about the emperor's new clothes, and that lack of finance and professional support—I am thinking of housing co-operatives—might detract from people's ability to crack on with building their own home or getting involved with a custom house builder. My worry is that the National Custom and Self Build Association is right in saying that the cost of land will continue to be the most significant deterrent to going forward. Are we in danger of creating an additional hurdle to the cost of acquiring land by supporting the granting of permission in principle and therefore, albeit inadvertently, driving up still further the cost of acquiring land?

I worry that we missed an opportunity in clause 8 to make clause 9 even better in terms of housing co-operatives. Our earlier debate made it clear that some would-be housing co-operatives could benefit from clauses 8 and 9. Again, I encourage the Minister to think a little further about the benefits of housing co-operatives, and about what more the Department can do to encourage local authorities to look with enthusiasm at the potential of housing co-operatives to address some of the housing need in their area.

With that in mind, I return to a point that the hon. Member for South Norfolk made almost as an aside. He said that, given the exemption from right to buy, housing co-operatives could flourish as a result of the

[Mr Gareth Thomas]

Bill. Many co-operatives are worried about other parts of the Bill, including the reduction in rental income and what that will mean for their finance and ability to expand further, and the additional administrative costs that might be generated by pay to stay. Will the Minister comment on the impact of those aspects of the Bill on housing co-operatives? That would be helpful. I hope he will focus on whether he thinks that the granting of permission in principle for self-build housing plots will inadvertently drive up the cost of land and therefore make it even more difficult for would-be self-builders and custom house builders.

**Mr Bacon:** I have one concern about clause 9; I hope the Minister will be able to reassure me. Clause 9(1) will insert new section 2A into the Self-build and Custom Housebuilding Act 2015. Proposed new section 2A(6)(c) says that,

“development permission is ‘suitable’ if it is permission in respect of development that could”—

could—

“include self-build and custom housebuilding.”

I recognise that having a specific percentage in the measure would be unhelpful and impractical, because local circumstances vary so much, but it could have been drafted to say that development permission was suitable if it was permission in respect of development that included self-build and custom house building. That would be practical. I would like to hear the Minister's thoughts on that. Perhaps he will take the matter away and consider whether we might tweak the clause at a later stage.

**Brandon Lewis:** I will touch on the comments of the hon. Member for Harrow West before coming to the core of the point on clause 9. We will discuss some of the issues that the hon. Gentleman raised later in our proceedings; he tempted me to touch on points that are not covered by the Bill at all, but I will not test your patience by doing so, Sir Alan. I reiterate my earlier general comments about co-operatives. They have an important part to play as part of the housing mix, but that is separate from the issue of custom house building. If co-operatives are doing self and custom house building the measures will apply to them and, I hope, will be beneficial for them.

On the comments made by my hon. Friend the Member for South Norfolk, the Bill aims to get more permissioned serviced land into the system and ready for development. Although local authorities cannot force landowners to market their plots exclusively to those on the register, guidance will encourage them to keep those on the register aware of any land suitable for self and custom house building that has been permissioned. We do not want to do anything that would hinder land becoming

available for much-needed housing more generally; putting planning restrictions on land about the type of housing that may be built on that land could do that. Instead, the clause creates opportunities for those interested in self and custom house building.

I have sympathy for my hon. Friend's point, however. I know that he is driving towards making sure that the land is put forward. I have met representatives from the National Custom and Self Build Association in the past few weeks to discuss some of the issues. I think we are getting the balance right, but I am sympathetic to his point and will look at it again.

The Self-build and Custom Housebuilding Act 2015, which my hon. Friend championed through Parliament, requires relevant authorities to hold a register of individuals who want to acquire a plot of land to build their own home in an authority's area, and to have regard to that register when carrying out their housing, planning, regeneration and land disposal functions. Clause 9 inserts new section 2A into the Act; that will require authorities to give development permissions suitable for self and custom house building to enough serviced plots of land to at least match the demand on their register. Regulations will detail how long relevant authorities have to permission sufficient land.

The number of people who join the register in each base period will dictate the number of permissions required. The first base period starts on the day on which local authorities are required to open their register and will end the day before this clause comes into force. Subsequent base periods will run for a period of 12 months beginning immediately from the end of the previous base period. Requiring relevant authorities to permission sufficient serviced plots of land to match demand in their area will make it easier for prospective self-build and custom house builders to find suitable land. It will promote an increase in housing supply generally and provide much-needed work for smaller house builders, who were hardest-hit by the recession and for whom the recovery has been slower. That will go some way, we hope, to deal with the issue of supply and demand raised by the hon. Member for Harrow West—

**The Chair:** Order. It being 11.25 am, the debate is adjourned until 2 pm. I make an appeal to all Members: when I took over this Committee last week, we were moving from clause 2. We are now just about to get to clause 10. We have 145 clauses and five half sessions to go. Our job is not debate but scrutiny. The sooner we get on with that, the better. Will Members please make future questions concise, to the point and not repetitive?

11.25 am

*The Chair adjourned the Committee without question put (Standing Order No. 88).*

*Adjourned till this day at Two o'clock.*