Local Government and Communities Committee

Planning (Scotland) Bill

Supplementary Written Submission from McCarthy and Stone

Land Value Capture

The Scottish Parliament should carefully consider the impact of introducing land value capture or an infrastructure levy to the planning system as a replacement for Section 75 agreements. If used incorrectly such measures would simply become a further tax on residential development which could restrict housing supply. These measures could also reduce the number of sites being made available by land owners if in response house builders have to systematically reduce the amount offered for land due to higher planning obligations in their appraisals.

What is clear from previous attempts to implement such models is that the use of a land value capture model does not directly increase the supply of land for housing. This is controlled through the planning system and effective and generous allocation of development sites within Local Development Plans. If sufficient land is allocated (importantly, in places where people want to live and where developers can make an appropriate return on their investment), the value of land will stabilise and any uplift in value is likely to reduce in proportion, ultimately leaving less money available to fund infrastructure.

McCarthy & Stone’s experience in England and Wales has highlighted flaws in the infrastructure levy system which has impacted on the wider local and national planning objectives. In England and Wales McCarthy & Stone has actively engaged with Local Planning Authorities who have prepared and implemented CIL and conversely those who have determined that CIL was not in their best interests.

It is our view that the cost of CIL has been absorbed by developers in the South East and other affluent parts of the country, however in lower value areas where viability is more marginal it has acted as a significant barrier to development. As a result, many LPA’s have chosen not to impede development and have forgone or delayed pursing CIL on that basis. Affluent LPA’s, therefore, receive additional funding to supplement existing infrastructure (often already of high quality) whereas deprived authorities with a greater need for investment do not. It is a flawed system.

It is important to recognise that large areas of semi-urbanised Scotland already have significant levels of allocated but as yet undeveloped land. More often than not, the value of that land is not the barrier to it being developed. This is a hugely complex issue facing Scotland. It is also important to remember that land values in key cities are not representative of large parts of Scotland. In some areas land values can be
so low that the land value capture model would provide minor, if any, gains to the public purse at all.

As a business we are happy to make proportionate and reasonable contributions towards directly enabling infrastructure and to compensate for direct detriments that occur as a result of our development activities, however, land value capture would not provide that direct correlation.

Therefore, in considering this matter in the round, the Scottish Parliament should ensure that all forms of development remain viable and that there is no disproportionate or unintended impact on a particular sector from its new legislation or policies.

**Equal Right of Appeal**

McCarthy & Stone support the principles of high quality and genuine consultation. As a business we regularly carry out detailed, open and early engagement with local communities in order to provide them with opportunities to understand and influence the content of any of our major planning applications.

It is important that local communities feel involved in the planning process and that their voices have been heard and responded to along the way where ever possible. The most effective and positive way to achieve this is in the early stages of the planning process not at the end after decisions have been finalised.

We therefore share the Scottish Government’s view that; “*We are convinced that stronger early engagement through the extensive measures set out above would be much more constructive.*”

We are also supportive of best practice / further guidance for community consultation with the aim to decrease negative feelings in local communities that consultation is not being conducted properly or to the same standard across the house-building sector.

While we welcome the general principle of communities having a say in how their community should develop we believe that an equal right of appeal would bring greater uncertainty to the planning system.

Uniquely local communities and people are already fully represented (by their local elected members) who after all are the ones who make all such Planning decision to either grant or deny Planning Approval in the first instance. In contrast, Applicants do not benefit from that kind of representation, nor do they have the option to vote out those local members if they are unhappy with their performance.
On a wider business basis a so called “equal right of appeal” is fraught with unintended consequences, as it would:-

- Strongly discourage investment across a wide range of business functions and disciplines
- Extend the development process timeframes even further;
- Make many small developments unviable;
- Increase the cost of new homes to buyers;
- Increase the number and instance of Planning decisions being made in the Courts even further;
- Require more LA resources at a time when planning staff are being reduced;
- Introduce an even more adversarial approval framework to Planning;
- Encourage companies and investors looking to expand or grow in the UK to do so outside of Scotland where such a ERoA was not in place.

And thinking at a practical level, what would be the limitations and mechanics of triggering any such appeal?

For example:-

- Anyone whom objected and was unhappy at approval being given?
- A certain percentage of those who objected?
- Only a local community council or community group?
- Or a percentage of the population within a certain distance of the proposed development?

And perhaps of even greater importance, to maintain the balance of views, for example.

- Who would stand up for those families looking for a suitable home?
- How would their voice be heard?
- Would those with a suitable home be able to thwart the dreams of those in unsuitable accommodation from securing a home of their own?

Ultimately, the Scottish Parliament needs to increase the attractiveness of investing in and developing within Scotland.

Yet over ten years after the economic crash, Scotland is still not building enough homes; and this will be further impacted if any kind of equal right of appeal is included in the Planning (Scotland) Bill, thus we strongly oppose any such suggested measure.