

On behalf of Developers East Sussex, Essex Developers Group and Kent Housing & Developers Group

c/o Locate in Kent
First Floor
International House
Dover Place
Ashford
Kent TN23 1HU

Rt Hon Chris Pincher MP
Minister of State for Housing
Ministry of Housing, Communities & Local Government
2 Marsham Street
Westminster
London
SW1P 4DF

24th March, 2021

By email: PSChristopherPincher@communities.gov.uk

Dear Chris,

Thank you very much indeed for your time at our meeting on 25th February and for an extremely helpful discussion. Thank you also for agreeing to speak at tomorrow's Building Garden Communities Conference – we appreciate the huge pressure on your diary and it is tremendous you have been able to do.

As you will appreciate from our discussion, we were delighted the Chancellor was able to extend the temporary Stamp Duty Land Tax cut and introduce the new Mortgage Guarantee Scheme in the Budget. Both of these measures we believe will significantly support demand and promote confidence in the market.

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While **Self-Invested Personal Pensions (SIPPs)** did not figure in the Budget this time around, we continue to see the opportunity of relaxing rules to provide a further new source of investment into residential property, to address the issue of absorption rates. If you require further information on this, please do let us know.

When we met, we also promised to come back to you in more detail on several further issues which we are delighted to do.

On **First Homes**, we suggested we would first get wider input from colleagues and we are arranging a Chatham House rules roundtable with private and public sector partners hosted by Jonathan and colleagues at DHA planning. We will come back to you with some practical findings following this discussion. We are aware of concerns that have been expressed by Local Authority and RP colleagues on a potentially adverse impact on the supply of affordable homes by putting a greater burden on the viability of schemes.

You also asked for **development finance** examples of where the time taken to access public funding schemes has inhibited SME developers who have instead gone to boutique lenders. We understand the fear that involvement here could translate into increased land value and sale prices, but we do not believe this to be the case. We would be happy to provide some examples and solutions and Mark is bringing these together now.

In supporting SMEs more widely, you may also be interested to see the paper from our *Localis: **Building Back Confidence: next steps to kickstarting an SME housing recovery*** session we took part in with Natalie Elphicke MP in January which I attach.

We spoke further too about permitting **Social Housing Grant on S106** affordable housing contributions on smaller sites to assist SME developers, which we will discuss in more detail with MHCLG and Homes England officials as part of our regular engagement with them. We are delighted that the **All Party Parliamentary Group (APPG) on SME housebuilding** has also supported this idea in their report today, as well as endorsing our planning and viability protocols.

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In short, we propose that grant should be available on the affordable housing provision required by S106 requirements on all schemes <75 homes. This would give confidence to SMEs working with Registered Providers to build out early, thereby accelerating site delivery and responding to developer concerns on absorption rates. The grant could be time-limited to 18 months and funded through the existing £12bn Affordable Housing Grant. Without such support, affordable homes in markets with more marginal viability may simply not be built.

We also propose that on larger sites if overperforming by >30% on the S106 affordable housing requirement that Homes England grant should be made available on all the affordable homes including the S106 requirements and additionality. This we believe will improve the viability and again provide the impetus for the accelerated delivery of otherwise stalled or viability constrained developments, negating the all too regular reduction or removal of affordable housing from these developments.

Finally, we are very reassured to hear that the **phosphates/nitrates** issue is at the top of your agenda and that you are in close contact with Environment Minister Rebecca Pow about this. Needless to say, this is such an immediate issue for us which Nick is leading on – and which is effectively stalling new builds in many districts across Kent - that any further help you can give would be hugely appreciated. The potential impact on this is the stalling of up to 50,000 homes in the next 10 years, a situation that is likely to be replicated a number of times across the SELEP area.

As requested, we would be delighted to meet further and are in touch with Georgie to put a follow-up date in the diary in around 2/3 months - we are provisionally holding 6th May. A discussion on phosphates and nitrates is obviously required sooner and we will keep you informed on progress. Prior to this, we will again liaise with the Cabinet Members and Directors of Kent, East Sussex and Essex County Councils and SELEP, together with our District Council colleagues, with whom we continue to work very closely and greatly value their support.

In the meantime, it would be really helpful if you could add us to the **Tier 1 developer mailings** as discussed, as this would be extremely beneficial to share with our developer group membership.

Thank you once again for your support and interest which is greatly appreciated. We look forward to meeting you again in the near future.

Yours sincerely,



Nick Fenton
Kent Developers Group



Jonathan Buckwell
Developers East Sussex



Mark Curle
Essex Developers Group

cc
Christian Brodie/Adam Bryan, Chairman/Chief Executive, South East LEP
Kent & Medway Leaders & Chief Executives
East Sussex Leaders and Chief Executives
Essex Leaders & Chief Executives