

Compulsory Purchase Consultation Team
Planning – Development Management Division
Ministry of Housing, Communities and Local Government
Floor 3, Fry Building
2 Marsham Street
London
SW1P 4DF

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Response submitted via email only to: CompulsoryPurchaseConsultation@communities.gov.uk

Dear Sir/Madam,

Re: Compulsory Purchase Process and Compensation Reforms

Introduction

Thank you for releasing the ‘Compulsory Purchase Process and Compensation Reforms’ consultation paper.

The Land Planning and Development Federation (LPDF) understand the government’s focus on ensuring that development comes forward as quickly as possible. However, there are many factors that need to be carefully considered as to the reasons why sites are not coming forward as quick as the government would like, before the CPO process is engaged. The evidence that is required to show that a site has not come forward, and **will not** come forward through the open market must be substantial and proving the need for the use of CPO in the public interest should be a very high bar.

About the LPDF

The LPDF seeks to represent the UK’s leading land promoters, home builders and commercial developers.

LPDF members support the housebuilding and commercial development sectors by promoting sites through the planning system, providing “shovel ready” land with a planning permission which can facilitate the delivery of infrastructure and serviced land parcels.

The LPDF seeks to actively engage with government on planning, housing and commercial development policy and to educate the wider public on the social, environmental and economic benefits of development through an evidenced based approach.

The LPDF encourages its members to deliver well designed, high quality, sustainable places which deliver a mix of housing types and tenures, commercial spaces and community uses that have a positive social, environmental, and economic impact.

Our key values include:

- Working in a positive and cooperative way with central and local government and key stakeholders, to deliver a planning system capable of supplying the homes and employment space we need.
- Promoting research and an evidence-led approach to policy development.
- Increasing the supply of new homes to meet demand and make home ownership a realistic possibility for all those who aspire to it.
- Ensuring that we build the affordable homes of all types and tenures that this country so desperately needs.
- Delivering new employment space to meet demand from businesses and support economic growth.
- Championing the impact of increased housing delivery on reducing intergenerational unfairness.
- Creating well designed, high quality and sustainable places to live and work.
- Educating and informing about the social, environmental and economic benefits of development.
- Supporting diversity of delivery in the market and championing SME developers.
- Promoting diversity and inclusivity within the sector.



Questions

Question 1: Do you agree that directions to remove compensation payable for prospective planning permissions (“hope value”) should be allowed to be included in CPOs made on behalf of parish/town or community councils by local authorities under section 125 of the Local Government Act 1972 where the schemes underlying the orders are providing affordable or social housing?

It is highly unlikely, given the skills and resources which are required to undertake the CPO process, that the use of these powers by parish and town councils would be widespread. Therefore, the removal of hope value for these types of schemes as proposed by the consultation, would have very little impact. However, the LPDF would not object to the inclusion of town and parish councils in these provisions, as long as this is only applied in very limited circumstances.

Question 2: Do you agree that a decision on the confirmation of a CPO which includes a direction to remove value attributed to the prospects of planning permission (i.e. “hope value”) from the assessment of compensation for land taken should be eligible, where the relevant criteria in guidance are met, to be undertaken by:

- Inspectors where there are objections to the order; and
- Acquiring authorities providing there are no objections to the order?

Yes.

Question 3: Do you agree that the decision-making function of the confirming authority relating to the making of a direction for additional compensation under Schedule 2 of the Land Compensation Act 1961 should be eligible to be undertaken by an inspector?

The LPDF make no comment on this question.

Question 4: Do you agree that section 14A of the Land Compensation Act 1961 should be amended to make it clear that directions to remove hope value should apply to other heads of claim where open market value is a relevant factor in the assessment of compensation?

The LPDF make no comment on this question.



Question 5: Another approach to removing hope value from the assessment of compensation could be to allow the Secretary of State in England or the Welsh Ministers in Wales to issue general directions for sites which meet certain defined criteria. We would welcome examples of brownfield sites suitable for housing in your areas (e.g. through an allocation) where a planning permission has not been sought along with the reasons why. In particular, examples of sites where either:

- it is claimed the delivery of the scheme with minimum affordable housing provision and other obligations such as provision of public infrastructure is not viable; or
- the costs associated with the value associated with the prospect of planning permission (“hope value”) has made the scheme unviable.

The LPDF make no comment on this question.

Question 6: We would welcome views on why you think, in the circumstances of the example(s) given in question 5, the removal of the value associated with the prospect of planning permission (“hope value”) where CPO powers are used could help deliver a housing scheme which meets the policy requirements of the local authority and how it would help address the problem outlined in the example.

The LPDF make no comment on this question.

Question 7: We would also welcome your views on whether, in the circumstances of the example(s) given in question 5, there would be any consequences of removing the value associated with the prospect of planning permission (“hope value”) from the assessment of compensation as a result of the use of CPO powers and the delivery of land for housing development.

The LPDF make no comment on this question.

Question 8: We would welcome views on whether there are any other categories of sites, other than those listed in question 5, which would be suitable for the proposal. If so, please give reasons why you think the removal of the value associated with the prospect of planning permission (“hope value”) where CPO powers are used in those circumstances could help deliver a housing scheme which meets the policy requirements of the local authority and how it would help address the problem outlined.

The LPDF’s answer to this question actually addresses many of the issues raised in **Questions 5 to 7** above, without reference to specific case examples. Therefore, our answer to **Question 8** should be read in the context of **Questions 5 to 8** above.

The ability to apply for directions to remove hope value through the CPO process is based on a lack of understanding as to how the system currently works, as the current process does not result in the payment of inflated land prices.

The use of CPO powers in the delivery of development is a long-established process which is used in the public interest and as a last resort, after all other avenues of delivery have been exhausted. The level of evidence that should be



required to prove that all such avenues of development have been pursued, before the CPO process is engaged, should be significant. In addition, the level of public benefit which should be derived from schemes which have been subject to the CPO process should also be significant and cannot for example, be simply the delivery of a scheme which is policy compliant with the relevant NPPF and up-to-date adopted local plan. In order to address these concerns, the term 'in the public interest' should be clearly and tightly defined by the government with reference to the government's core objectives and specific examples such as the provision of a scheme for 100% affordable housing or the delivery of a critical piece of nationally important strategic infrastructure.

The government suggest that the increased use of CPO powers will accelerate development on sites which have failed to come forward. However, there are numerous reasons why a site, which is either allocated in a local plan or has planning permission for development, has not come forward in a reasonable timescale. Many of these are not related to land ownership or viability issues and many could not be overcome through the use of the CPO process. Therefore, in the majority of cases the use of CPO Powers will not speed up delivery and, because of the controversial nature of the CPO process, could lead to increasing delivery timescales. The removal of hope value may well increase the level of objections raised to the use of CPO powers, as well as increase the number of legal challenges that are submitted as a result, because landowners do not believe they are being paid a fair price for their land. Hence, these proposals could lead to a significant increase the delays in the CPO process.

The thought that the CPO process will speed up the delivery of development is therefore misguided, as the commitment from the purchasing authority in terms of financial and personnel resources, timeframes, and risks, are significant and can take longer to deliver than working proactively with the landowners / developers to overcome the issues which are impacting the delivery of the scheme. Therefore, the use of CPO in these circumstances may have the opposite effect to that which the government would want.

There are a number of long-held myths which are frequently quoted by those who are ill-informed about the development process, those being that developers are sitting on land with planning permission in order to take advantage of increases in market value (so-called land-banking) and second, that the removal of hope value will speed up the delivery of housing and commercial development and its associated infrastructure.

The land-banking saga has been disproven on many occasions, not least by the government's own investigations through the Letwin review and through the recent Competitions and Markets Authority (CMA) investigation into the housebuilding industry. The conclusion of both was that developers do not landbank and any need for them to manage their development pipelines of planning permissions, is simply a result of the inefficient operation of the planning system. This is being addressed by the government through the new NPPF published in December 2024 and the associated legislation, guidance and policy changes which will be issued throughout 2025.

In terms of the removal of hope value, there are also serious concerns that if implemented, it will negatively impact the land market. Land promoters and developers will not invest in promoting land through the local plan process if there is a threat that the site could be acquired, through the CPO process, at below market value, at some point in the future. This could seriously impact the ability of the government to deliver its fundamental objectives of delivering significant economic growth and 1.5 million new homes over the course of this parliament.

As set out in the response submitted by the HBF, similar proposals have been considered by the government on two occasions and both have been unsuccessful because of the negative impact it would have on the land market. This is of particular concern if the government, as indicated in the consultation paper, include land allocated for residential development in a local plan which has not come forward for development in the proposal to remove hope value.



The risks and costs which are involved in promoting land through the local plan process, and subsequently through the development management system are considerable, a fact that disproportionately impacts SME developers given their more limited resources¹. Investors are therefore highly unlikely to continue to invest in the development process, if the risks to that investment are increased by the threat of future CPO acquisition.

Rather than the government considering fundamental changes to the CPO process, it would be considerably more beneficial for the government to ensure that Local Planning Authorities (LPAs) get up-to-date local plans in place which include policies that guide developers on the contributions they should be making to affordable housing and other key infrastructure as part of their proposals. This approach is subjected to viability testing and is independently examined, ensuring that the deliverability and viability of any proposed allocations is robust. The proper implementation of the plan led system, alongside the introduction of a mandatory Community Infrastructure Levy (CIL) process for all LPAs, would ensure that maximum value can be extracted from land for the public benefit whilst ensuring that development remains a viable proposition for investors.

The principle concern of LPDF members therefore lies in **paragraph 23** of the consultation document. This sets out the categories of sites where the government think it may be appropriate for the removal of hope value including for brownfield land in built-up areas with no extant planning permission for residential development and land allocated for development in an adopted local plan which has not come forward for development. If introduced as currently drafted, these will increase the risk for investors and developers bringing land forward for development and will therefore negatively impact the operation of the land market and slow the delivery of new homes and commercial development.

Question 9: Do you agree that notices and documents required to be served under the Land Compensation Act 1961, Compulsory Purchase Act 1965, Land Compensation Act 1973 and the Acquisition of Land Act 1981 should be capable of being served electronically if parties agree in writing to receive service in that manner or where the recipient is a public authority?

Yes.

Question 10: Do you agree that the information relating to the description of land published in newspaper notices of the making and confirmation of CPOs should be simplified?

Yes. However, given the demise of local newspapers and the significant reduction in this form of media, it is questioned as to how useful newspaper notices are at conveying information regarding local issues such as the use of CPO Powers. The government needs to look at other options which may reach a wider cross-section of the local population whilst reducing considerably, the cost of publishing newspaper notices.

¹ [CL16160-04 LPDF Report - Sept23.indd](#)



Question 11: Do you agree that where a CPO requires modification to rectify an error such as a drafting mistake or to remove a plot of land from the schedule and/or map, the acquiring authority should be able to confirm the CPO itself by making the required modification(s) providing: (a) all other conditions under section 14A of the Acquisition of Land Act 1981 have been met, and (b) the proposed modifications are non-controversial in the manner set out in the consultation?

Yes.

Question 12: Are there any modifications which you think should or should not be capable of being made by the acquiring authority (in addition to the inclusion of additional land in a CPO without the consent of the owner) when confirming its own CPO?

The LPDF make no comment on this question.

Question 13: Do you agree that the Secretary of State should be able to appoint an inspector to undertake a decision on whether to confirm or refuse a CPO made under the New Towns Act 1981?

Given the large scale and inherently political nature of the decisions in these cases, it is considered that the decision should remain with the Secretary of State rather than an inspector.

Question 14: Do you agree the temporary possession powers available under the Neighbourhood Planning Act 2017 do not need to apply to the taking of temporary possession of land under the Transport and Works Act 1992 and Planning Act 2008 as there are sufficient provisions under those consenting regimes which provide for the temporary possession of land?

The LPDF make no comment on this question.

Question 15: Do you agree there should be an expedited notice process for the vesting of interests in land and properties under the general vesting declaration procedure in the circumstances outlined in the consultation?

The LPDF make no comment on this question.

Question 16: If you answered positively to question 15, we would welcome views on whether there are any other circumstances where the expedited notice process for the vesting of interests in land in an acquiring authority should apply?

The LPDF make no comment on this question.



Question 17: If you answered positively to question 15, do you agree those with an interest in land included a CPO should be able to enter into an agreement with the acquiring authority for their interest to vest in the authority earlier than the existing minimum 3-months' notice period?

The LPDF make no comment on this question.

Question 18: Do you agree that the current loss payments should be adjusted as set out in the consultation?

The LPDF make no comment on this question.

Question 19: Do you agree that the method of calculating the "buildings amount" under sections 33B(10) – 33C(11) of the Land Compensation Act 1973 should be changed to "gross internal floor area"?

The LPDF make no comment on this question.

Question 20: Do you agree that exclusions to home loss payments should apply where one of the statutory enforcement notices or orders listed under section 33D(4) and (5) of the Land Compensation Act 1973 has been served on a person and they have failed to take the required action on the day the relevant CPO which their property is subject to is confirmed?

The LPDF make no comment on this question.

Question 21: Do you have any comments on the likely impact of the proposals outlined in this consultation on business interests both for the acquiring authority and claimants?

The LPDF make no comment on this question.

Question 22: Do you consider there are potential equalities impacts arising from any of the proposals in this consultation? Please provide details including your views on how any impacts might be addressed.

The LPDF make no comment on this question.

