


ANALYSIS

Tories' CPO plans could face legal battle

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Tory plans to allow councils to seize land using compulsory purchase powers at below "market value" for social housing could face legal challenge, experts have warned.

The radical proposals to reform CPO rules to allow councils to buy brownfield land and pocket sites more cheaply was part of the Conservative election manifesto released this week and will be implemented in order to build a "new generation of social housing" if Theresa May is re-elected on 8 June.

However, the industry has warned that the policy would face legal action from landowners.

"Reversing the general principle that a landowner is entitled to be fully compensated for the loss of his or her land will meet stiff resistance and significant legal challenge," said Colin Cottage, partner and head of regeneration and infrastructure at Glenny.

He added: "It would signal a radical move away from the current system of compulsory purchase, which is designed to protect people and their property by ensuring landowners have the right to fair compensation."

More active CPO powers

The housing white paper, published in February, had already proposed more active use of CPO powers to promote development on stalled sites for housing, as well as piloting land value-capture ideas. However, the latest proposal suggests that land could be confiscated at less than market value.

the Conservative Party said: "At the moment, councils must purchase land at 'market value', which includes the price with

The government's CPO reforms

The **housing white paper** says that government will explore "land pooling" as an alternative to compulsory purchase, where a multi-ownership plot is built on by the local authority and the plots then redistributed to landowners in proportion to the land they originally owned. CPO powers will be made available for local authorities to intervene in stalled sites which have permission and have started but not completed development, the paper says.

The **Conservative Party's election pledge 2017** states that local authorities will have new powers to CPO brownfield land and pocket sites for social housing at below market value.

LABOUR'S 'FOR THE MANY NOT THE FEW' PROPERTY MANIFESTO

This week's Labour manifesto launch also had a range of dramatic property proposals:

- **£250bn National Transformation Fund:** Labour would invest £250bn over 10 years in infrastructure: transport, energy systems, communications, scientific research and housing.
- **Industrial strategy:** Labour would create a "joined-up industrial and skills strategy" to support a "vibrant construction sector".
- **Housing:** Labour has stuck to the government's commitment to build more than 1m new homes. By the end of the next parliament it said it will build at least 100,000 council and housing association homes a year for "genuinely affordable rent or sale", remove government restrictions that stop councils building homes and begin "the biggest council building programme for at least 30 years".
- **Department for Housing:** Labour would establish a new Department for Housing to ensure housing is "about homes for the many, not investment opportunities for the few".
- **HCA reform:** Labour has pledged to overhaul the Homes and Communities Agency as a housing delivery body, and give councils new powers to build homes.
- **Green belt:** Labour would prioritise brownfield sites and protect the green belt.
- **Home ownership:** Labour claims the number of affordable homes to buy has plummeted by two-thirds under the Conservatives, so would build "thousands more low-cost homes" reserved for first-time buyers. Help to Buy funding would be guaranteed until 2027. Labour would also give local people buying their first home "first dibs" on new homes.
- **PRS:** Labour has pledged to raise standards and encourage more secure tenancies in the private rented sector.
- **Homelessness:** Labour has pledged to make available 4,000 additional homes for people with a history of sleeping rough.
- **Business rates reform:** Labour would introduce reforms to business rates – including switching from RPI to CPI indexation, exempting new investment in plant and machinery from valuations, and ensuring businesses have access to a proper appeals process.

planning permission, irrespective of whether it has it or not... Local authorities therefore very rarely use their CPO powers for social housing, leaving derelict buildings in town centres, unused pocket sites and undeveloped industrial sites."

However, Simon Ricketts, partner at planning practice Town Legal, said the assumption that current CPO compensation gives the land owner "the price with planning permission" whether it has it or not, was "plain wrong".

He added: "Nor should the CPO system be blamed as the reason why local authorities haven't often CPOed land for social housing. There are some more fundamental issues for authorities, based on their funding and capacity constraints."

Help for councils to build homes

The Conservative Party, which has yet to publish its full manifesto, pledged to help councils and housing associations build thousands of council homes linked to a new right to buy for social tenants through funding, new CPO powers and "housebuilding capability" from the Homes and Communities Agency. The proposals would be funded from £1.4bn already set aside for infrastructure spending in the Autumn Statement.

British Property Federation policy director Ian Fletcher said: "We welcome the prime minister's proposals to support the building of new council houses, but the funding available will likely be stretched, given the magnitude of the problem.

"The CPO reforms, which would allow councils to obtain land at below market value, must protect landowners by at least giving them a fair share in the value that is created."