



Faculty of Business and Law

Negotiating the delivery of Gypsy & Traveller sites through local planning

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FOREWORD

Everyone has a right to a decent home, and not everyone's housing needs are the same. The provision of pitches for Gypsies and Travellers is just another form of housing that is needed by a specific part of the community, alongside homes that are built and sold on the open market, or homes that are built for rent or which are 'affordable', or where plots are laid out, serviced and made available for people wishing to commission or build their own homes.

The National Planning Policy Framework requires Councils to assess the needs of different groups in the community and reflect these in planning policies. This forms part of holistic and inclusive approach towards achieving communities that are balanced and which are mixed.

This report is very much a first of its kind, focusing on the challenges facing Councils when seeking to secure the delivery of pitches together with other forms of housing in plan-led developments within or on the edge of settlements. While it seeks to uncover why viability is often cited, by some, as a reason why pitches cannot be provided in this way, our research has found no substantive evidence to support this assertion. However, it is evident that where the planning process can provide for greater clarity in how development will look this may help de-risk how that development is financed and how lenders may choose to provide mortgages. This report is intended to help frame the discussions around how the housing needs of Gypsies and Travellers can be met as part of mixed housing schemes. It is hoped that by drawing attention to the viability debate, this can help bring about a better informed and improved dialogue going forward for planning policy makers and decision takers, sectors across the development industry and by lending bodies and other financial institutions.

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1. Introduction

1.1 National planning policy¹ makes clear the requirement for Local Authorities to assess the need for traveller sites and to plan for these sites in a sustainable manner over a reasonable timescale. There is also a legal requirement placed on Local Authorities through the Public Sector Equality Duty² to eliminate discrimination, advance equality of opportunity, and take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it. Compliance with the duties may involve treating some persons more favourably than others. Romany Gypsies and Irish Travellers are recognised as separate racial groups through the Equality Act 2010 and these groups are protected from discrimination by the Race Relations Act 1976 and the Human Rights Act 1998. The Race Relations (Amendment) Act 2000 places a duty on Local Authorities to promote race equality. It is in this context of national planning policy and legal duties that Local Authorities have a responsibility to develop fair and effective strategies to meet the housing needs of travellers through the identification of land for sites.

1.2 The delivery of Gypsy and Traveller sites in local plans can be challenging. A number of competing voices and issues need to be negotiated. Consultation on proposed sites can give rise to objections from local residents and businesses citing a range of reasons (see further Richardson 2006, Richardson and Codona, 2014).³ One of the objections, made by developers during consultations on plans, is that a new site will affect the value of house prices in the area and that, as a result, lenders will not loan money for property in a housing development which includes a Gypsy/Traveller site. The conundrum is a lack of hard evidence that either sites do affect values, or that lenders will not lend.

1.3 This research, undertaken by De Montfort University⁴, has been funded by the Local Government Association's Housing Advisors Programme and was commissioned by Mid-Devon District Council. The key driver for this research, centres on a specific issue faced by the local authority in its local plan making process (but the issue resonates with a number of authorities across the country). The view of the development sector, in published responses to consultation on the local plan, is that the allocation of land in a proposed sustainable urban extension (SUE) for meeting the needs for Gypsy and Travellers, would detrimentally affect the viability of housebuilding.

1.4 A brief review of the local plan documentation for Mid-Devon indicates five overlapping and interrelated themes:

¹ Planning Policy for Traveller Sites (DCLG, August 2015)

² Equality Act 2010 (Section 149)

³ Richardson, J and Codona, J (2016) *Providing Gypsy and Traveller Sites: negotiating conflict*, York JRF/ Coventry CIH
Richardson, J. (2006) *The Gypsy Debate: can discourse control?* Exeter, Imprint Academic

⁴ Jo Richardson and Tim Brown

- Assertions by developers and their representatives of the negative impact on viability with the claim, in some cases, that the policy of mortgage lenders is a significant issue
- Lack of explicit and transparent evidence on viability impacts (partly because of its alleged confidential nature) and a sense of needing to ‘push’ developers for full viability studies
- Reluctance by the local authority to accept this perspective without evidence that can be reviewed and be subject to challenge and scrutiny through the local plan process
- Implicit contention by the development sector that the local authority should accept the argument on viability without evidence and
- Appreciation of the nature and sensitivity of the issue by the independent inspector involved in the local plan inquiry.

1.5 The mortgage lending issue centres, firstly, on the presumed difficulty of a potential purchaser of a new property being able to obtain a suitable mortgage. Secondly, there is the issue of the ability of the initial purchaser to be able to resell the property on the second-hand market.

The key issues arising from all of this, are: (1) allocating land for Gypsy and Traveller sites, (2) the types of sites being allocated to meet housebuilding targets and (3) local plan policy-making and implementation issues.

2. Methodology

2.1 In order to explore these issues and the wider evidence-base on the impact of Gypsy and Traveller accommodation requirements on large sites, the following approach has been adopted:

- Small-scale online survey, aimed primarily at councils, to scope the nature of this issue (including, in a few cases, follow-up emails and phone calls to clarify responses as well as contacts with other councils and housing associations involved in the delivery and management of Gypsy and Traveller sites)
- Review of research in the UK and North America (primarily the USA) on viability covering
 - Impact of Gypsy and Traveller allocations and
 - Broader issue of locally unwanted land uses (LULUs) and the impact on house prices.

The North American focus on LULUs has been adopted because of the lack of published research in the UK compared to the USA

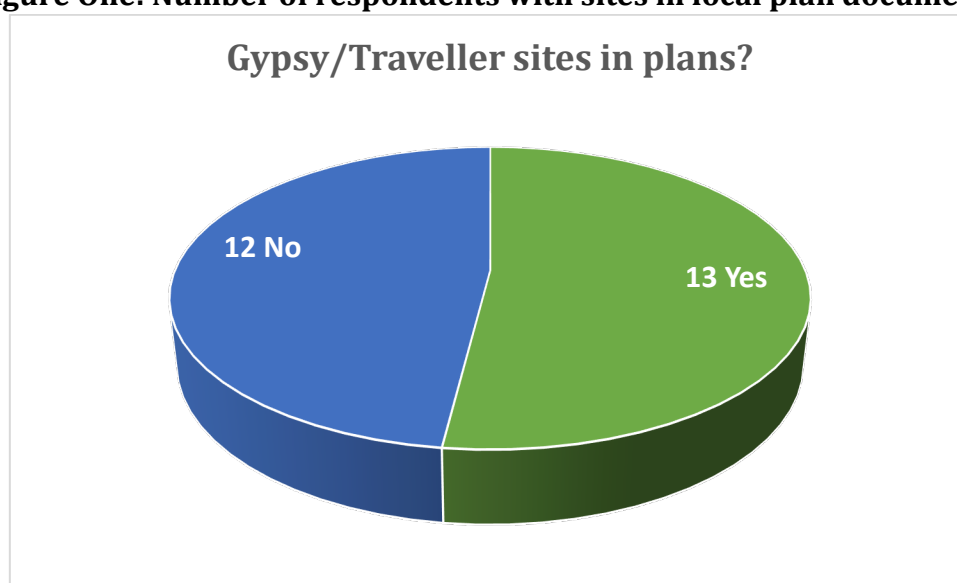
- Investigation of the research on the policies of mortgage lenders on homes near to Gypsy and Traveller sites. Despite our efforts, we could not find any substantive independent research on this. Furthermore, lenders (including trade bodies) either referred us to a different organisation, or did not reply to repeated attempts to elicit a response – we did not succeed in obtaining evidence on lending policies related to

this matter. We, nevertheless, were able to hold three ‘off-the-record’ discussions with lenders – a national building society, a local building society and a third sector bank. We approached three other lenders who either did not reply or did not wish to participate.

3. Survey Findings

3.1 We circulated an online survey and encouraged local authorities to respond. Twenty-six (26) did so. There was a close split of councils⁵ on inclusion of Gypsy Traveller sites in local plans:

Figure One: Number of respondents with sites in local plan documents



3.2 Two-thirds of respondents said that they had recently delivered new pitches. Many of these were private pitches, but there were a couple of respondents who had delivered registered social landlord sites, or a temporary or transit site run by the local authority.

3.3 The survey asked what key issues were raised by house-builders and lenders, where development plans included provision of Gypsy/Traveller sites within wider planned housing development. Answers included:

- “There is an assertion, which is not supported by any evidence, that the inclusion of pitches in housing sites will affect the viability of development.”
- “House-builders raise viability concerns and state that lenders are deterred from lending, and buyers from buying... The feedback we’ve had from lenders is that with any development they are more likely to lend as certainty increases, because this increases the security of their investment.”

⁵ One non-response to this question

- “Viability and social discrimination against the siting of Gypsy and Traveller communities in proximity to market sale housing developments.”
- “Property value and that they would never sell. On a recent site, builders stated they would not be a part of it if a site for Gypsies and Travellers was included.”
- “Effect on the marketability of the houses being built; whether the occupants can co-exist peacefully.”
- “Informal discussions indicate it would affect viability of development by lowering sale prices of adjoining properties for sale.”
- “Impact on ability to sell homes”.
- “Hard to finance, hard to sell”
- “Viability”
- “Deliverability; inability to understand land value associated with Gypsy and Traveller pitches...”
- “Claims that lenders will not lend if on-site provision is requested [as part of Section 106 planning gain agreement]”.
- “Whilst we have been led to understand that there will be issues with lenders regarding Traveller sites near proposed settled development sites, we have not seen any objective, factual evidence to support claims that lenders would not provide mortgages or development finance.... However, in general, developers suggest they do not have the expertise to deliver Gypsy Traveller accommodation; that there is not actual demand (citing lack of planning applications); that a site would be unviable – funding would not be forthcoming and they would not be able to sell houses near Gypsy Traveller provision. I would add that this information is often verbal.”

3.4 The last point made, above, was a key issue in the research – it was difficult to obtain opportunities to speak with lenders. Even when informal discussions took place, they were ‘off-record’ or ‘informal and not to be quoted’. This is problematic if the local planning authority is expecting developers to evidence the issue around financing/ lending. There is a need for local planning authorities to exercise flexibility in scoping Section 106 planning obligations, to ensure delivery of a suitable site in the area, appropriate to meet local need. Negotiation may be needed on this point, without requiring developers to evidence a policy of non-lending which seems to be impossible to find formal evidence for.

3.5 There were examples in the survey of successful S106 planning obligations. One respondent talked about inclusion in the plan, but recognised the need for negotiation to get to delivery. Another respondent reported that they had tried to include planning obligations for a site, but that the developer ‘robustly challenged’ on the basis of viability and that the Planning Inspector had agreed with that argument. One respondent highlighted an issue which we found in our literature review (later in this report) – namely that certainty increases viability:

“We have included sites as part of a new town expansion. Developers have raised concerns but we do not consider them to be substantive due to the location of the

allocations on the edge of the expansion areas... and advice that we have received that lender confidence grows as plans become more definite. This means that a detailed scheme showing the number and layout of Traveller pitches in relation to a fully worked up development layout, is far more viable than a scheme where the relationship between uses is open to speculation."

3.6 The online survey confirmed and reiterated that the issues faced are not unique to one local authority and, instead, are of wider significance. The 26 respondents represented authorities from all over England and were not confined to one particular region, or one type of geographical context.

3.7 There are three considerations to reflect on, which might explain why this is a common emerging issue – (1) the focus on large development sites on the edge of existing urban areas to meet housebuilding targets, (2) changing practice in locating Gypsy and Traveller pitch requirements in local plans and (3) the nature of the development arrangements for SUEs.

3.8 Councils seek to allocate large sites for residential development including SUEs, urban extensions, new garden settlements and new settlements as part of their approach to meet housing needs through local plans and spatial development strategies. Although there is a growing body of guides and good practice case studies, they do not cover the issues identified in this study. Additionally, the issue of viability and lending practice is not evidenced in writing, but more a taken-for-granted policy by developers on how lenders operate. This research has, however, been unable to find examples of explicit lending policy published by financial bodies which might explain how risk profiling is practiced, taking account of viability and the weighing up of other considerations such as proximate development and land uses that can influence the decision to lend money in the form of mortgages to home buyers or provide finance to the development industry.

3.9 These large housing development sites are often in multiple public and private ownerships and can require significant up-front infrastructure investment. These are frequently complex projects. Partnerships including joint ventures between many stakeholders are necessary. Master-planning by Councils in collaboration / with the support of developers of these sites (including supplementary planning documents, planning agreements and planning & development briefs) is common. Timelines suggest that the sites may, in some cases, not be fully built-out for up to 20-25 years; although some urban extensions can be commenced within five years of being consented and can contribute towards the early delivery of new homes.

3.10 In order to meet the outcome from Gypsy and Traveller accommodation assessments (GTAAs), councils are starting to, in principle, identify these large urban extension sites as possible locations for Gypsy Traveller accommodation delivery. Local authorities may choose to include a requirement for Gypsy Traveller pitches to be included in an urban extension and stipulate that they are developed in that location because they are suitable locations with good access to schools, shops, community

facilities and places of employment. Their proximity may include sustainable travel including walking, cycling and public transport. Planning in this inclusive way to meet the needs of the whole community is important and the housing and planning industry has a role to play in the provision of all types of homes – including Gypsy and Traveller pitches. Unfortunately, the number of pitches proposed is minimal compared to the overall scale of development. However, the proposals often lack detail at the initial stage. This results in uncertainty for the development sector. The online survey indicated a few cases where the firming up of numbers of pitches, siting, access etc contributed to a marginally less unfavourable reaction from the development sector.

3.11 The development of large edge of urban area sites, such as SUEs, involves many stakeholders (and their representatives), for instance:

- Landowners (public and private)
- Private sector housebuilders
- Large housing associations
- Development companies
- Financial institutions
- Local authorities and
- Infrastructure providers.

3.12 This usually necessitates some sort of partnership, for example joint or special purpose vehicles, or one-off companies. These are frequently led by the private sector, resulting in the local authority's role primarily being centred on the planning function. Even in major urban areas, it is unusual for the development pipeline for these types of sites to be local authority-led. Even with a site allocation in an adopted (statutory) local plan there can be considerable challenges in negotiating the delivery of pitches on the site in accordance with the site allocation policy. The inclusion of a site allocation and policy requirement as part of the local plan process is not overcoming the resistance from the development industry to providing Gypsy and Traveller pitches.

3.13 From a planning perspective, it is the local plan process that is at the centre of the debate around the impact on viability of private sector housebuilding of Gypsy and Traveller accommodation allocations. Our online survey and follow-up work highlighted that the issues on each site (even within the same council area) are different and unique.

3.14 Nevertheless, there are six common themes:

- There continue to be significant difficulties for councils in (i) allocating land to meet GTAA requirements and (ii) implementing allocations
- Large sites are increasingly viewed as an option to meet these challenges
- Because the development process of large sites is often not local authority-led, Gypsy and Traveller requirements appear to emerge during the negotiation process around, for instance, planning agreements as part of specific site-orientated policies in local plan reviews and updates

- Because of the lengthy timescale for the build-out of a whole site, it is frequently unclear when any Gypsy and Traveller accommodation would be implemented and available
- Number of pitches/size of the allocation is miniscule compared to the scale of development of the overall site and
- Some limited evidence suggests that the process of drawing up detailed proposals for large sites (including precise numbers and siting of Gypsy and Traveller accommodation) may alleviate some of the concerns of the development sector.

3.15 These themes raise four interrelated potential avenues for exploring policy development and implementation improvements. They include:

- Councils should be proactive in developing and highlighting Gypsy and Traveller accommodation policies on large sites
- Councils should commit to working with developers on the amount of accommodation and its siting in detailed planning on large sites
- Modest scale of Gypsy and Traveller accommodation provision compared to the overall scale of development should be emphasised and
- Overall, greater attention should be given to the mechanisms for implementing Gypsy and Traveller accommodation policies.

4. Literature Review

4.1 Our search process indicated that there is a lack of published research on the impact of Gypsy and Traveller allocations on viability in the UK. There have been two very small, local studies looking at the impact of Traveller sites more broadly. One small study in Scotland was published in 1996 by Tom Duncan⁶ the other, is not published, but was a small part of an accommodation needs assessment in Leicestershire (Richardson et al, 2013⁷). Both studies found, that the reality of the site seemed to be less problematic than the anxiety around the planned sites suggested. Duncan (1996) revisited neighbours to seek their views after sites had been developed to find that, for most, the new sites had settled in well, with few issues. For Richardson et al (2013) in the part of a Gypsy Traveller Accommodation Assessment examining barriers to facilitating site delivery - impact on house prices was seen as a key issue. As part of that research, three estate agents operating in the area of the city where the site plans were under consultation, were asked about the impact of the public site proposals consultation on values and the ability to sell properties in the area. All three agents suggested that whilst the proposals may have been a talking point, there was no visible impact on the level of sales and the value of properties sold in the period since. This was seen also in the house price data for the area from the Land Registry website and on a website www.home.co.uk which allowed analysis on smaller geographical areas. House prices for the relevant geographical area at the time seemed actually more stable

⁶ <https://bemis.org.uk/resources/gt/scotland/1996%20housing%20research%20-%20neighbours%20views%20of%20official%20sites%20for%20travelling%20people.pdf>

⁷ Leicester, Leicestershire and Rutland Gypsy and Traveller Accommodation Assessment Refresh, 2013.

than those for the inner city; and there was no visible dip in recorded house prices or sales in the period following the announcement of the sites consultation.

4.2 Our search of published papers and reports identified no research covering the impact of proposed or actual Gypsy and Traveller sites on the viability of private housing development or on residential property prices. Nevertheless, there was a wealth of material on social media and in local newspapers. Most of this alleged that existing and proposed sites, temporary illegal encampments and, even, areas (including whole districts) where there is a significant Gypsy and Traveller population, impacted negatively on 'local amenity', house prices etc. At best, any evidence was anecdotal, such as comments from residents' organisations, ward councillors and estate agents.

4.3 The search process also identified some relevant grey literature⁸. None of this material focused exclusively on the impact on development viability or house prices of Gypsy and Traveller accommodation. In a number of respects, it reiterated the findings outlined in the introduction to this report - a belief / opinion on negative impacts. This was substantiated through, for instance, qualitative research among residents and unattributed comments through interviews with property professionals. Again, this does not constitute sound 'evidence'.

4.4 In the absence of literature specifically examining the impact of Gypsy Traveller sites on lending practice, we sought to explore alternative proxy measures, namely (1) Local Unwanted Land Uses (LULUs) such as electricity pylons and the impact of viability, and (2) LULUs and mortgage lending practices. It must be reiterated here, that the use of such proxies is less than satisfactory. Gypsy and Traveller sites should be seen as any other type of accommodation (Richardson and Codona, 2016). To be absolutely clear, this report is not suggesting that Gypsy and Traveller sites are unwanted land uses. The use of LULU literature, as an example, is only used here, because of a lack of existing directly relevant publicly available work; the LULU research deals with proposed projects which attract objection, delay and potentially non-delivery; to this extent there is relevance and potential learning for Gypsy & Traveller site delivery.

Locally Unwanted Land Uses (LULUs) and Viability

4.5 LULUs are generally defined as land uses that create externalities that have a negative impact on residential property prices. They also potentially lead to a clustering of minority populations close to facilities because of lower prices⁹.

4.6 There are many types of LULUs. For the purpose of this review the focus initially was on:

- Landfill sites

⁸ Common grey literature publication types include annual reports, working papers and student dissertations

⁹ This raises very significant policy and ethical challenges for SUEs etc in terms of the possible clustering of LULUs, including Gypsy and Traveller sites.

- Prisons
- Pylons and overhead power lines and
- Sewage and water treatment plants.

4.7 UK research studies generally indicate that there is interest in LULUs and housing development because of two contradictory factors:

- National policy favouring brownfield rather than greenfield sites for new housing development that encourages interest in sites near high voltage pylons and especially landfill sites and
- Consumer concerns over health and safety of living near to LULUs¹⁰.

4.8 Our searches indicate that for the UK, the impact on house prices of landfill sites and high voltage pylons and overhead power lines have generated some research. No relevant UK studies were found on prisons or sewage and water treatment works.

4.9 Our review of this material identified five important high-level considerations that should be borne in mind in transferring findings to Gypsy and Traveller sites. These are:

- Approach / methodology generally centres on ‘the impact of a LULU on residential property prices’ using hedonic property pricing ie estimating the monetary value of factors that affect the amenities of a property that are reflected in property prices
- Limited amount of research involves multi-correlation covering many factors (including the impact of multiple LULUs because of the coalescence of these types of land uses in the same neighbourhood), but this provides the best evidence
- Nearly all of the research centres on the impact on existing housing stock rather than proposed residential developments – transferring findings to the impact on viability of proposed residential development schemes implicitly assumes that house prices are a proxy for overall viability
- Both landfill sites and pylons / overhead lines have unique characteristics that limit the transferability of some findings to small Gypsy and Traveller sites
 - Landfill sites are extensive in scale and with associated infrastructure (eg roads) and
 - Pylons and overhead lines have extensive but narrow geographical channels
- Much of the quality research is USA-based and, therefore, of limited value because of, for example, differences in the planning system and the housing development process.

Landfill Sites

4.10 Almost all of the good quality research literature is from the USA with a peak during the late 1980s / early 1990s. It focuses almost exclusively on the impact on existing (not planned for) property prices. This raises three issues for this study of (i)

¹⁰ BBC News in 2017 reported on the growing number of housing developers interested in building on former landfill sites – see <https://www.bbc.co.uk/news/uk-40308598>. The focus of the article was on the safety aspects of building on former landfill sites.

current relevance, (ii) appropriateness of the transfer of findings to the UK and (iii) adequacy of research approach.

4.11 American research suggests that the impact on market value is between 5-13%. More detailed studies draw a distinction based on distance from the facility (distance decay function) eg 13% at landfill boundary and 5% at one mile from the facility¹¹.

4.12 One of only two detailed studies across the UK was carried out by Cambridge Econometrics in early 2003 for DEFRA. It did not explicitly focus on house prices, but instead on the land fill tax. It covered over 11,000 potential sites. A summary can be found at <https://www.theguardian.com/money/2003/feb/22/houseprices.uknews> - the full report is available at the national archive¹².

4.13 The average price reduction for properties less than 0.25 miles from an active site was £5,500 and for properties between 0.25 and 0.5 miles it was £1,600 at 1995 values. In percentage terms this equates to a 7% reduction within 0.25 miles and 2% between 0.25 and 0.5 miles.

4.14 A different approach focussing on sites in a single city (Birmingham) has been produced. It has a useful research review and compares its findings with the Cambridge Econometrics study. The conclusions include that active landfill sites have a property price impact of up to 3km and this equates to an overall reduction of 2.6% in house prices¹³.

High Voltage Pylons (HVPs¹⁴) and Overhead Power Lines

4.15 The UK does not have restrictions on how close homes can be built to HVPs (subject to statutory safety clearance distances). Nevertheless, there have been peaks in media interest in the impact of electric and magnetic fields on health (eg 2006/07). There has also been some interest in the linked issue of proximity of housing to electricity sub-stations¹⁵.

¹¹ Nelson, A. et al (1992) Price Effects of Landfills on House Values, *Land Economics* Vol 68 No 4 pp 359-365

Reichert, A. et al (1992) Impact of Landfills on Residential Property Values, *Journal of Real Estate Research* Vol 7 No 3 pp 297-314

Ready R. (2005) *Do Landfills Always Depress Nearby Property Values?*
Pennsylvania, University of Pennsylvania, Rural Development Paper No 27

¹² Cambridge Econometrics (2003) *A study to estimate the disamenity costs of landfill in Great Britain*, London, Department for Food and Rural Affairs – see https://webarchive.nationalarchives.gov.uk/20130403044452/http://archive.defra.gov.uk/environment/waste/strategy/legislation/landfill/documents/landfill_disamenity.pdf

¹³ Maddison, D. et al (undated) *The Value of Landfill Disamenities in Birmingham*, Birmingham, University of Birmingham, Department of Economics - <https://www.birmingham.ac.uk/Documents/college-social-sciences/business/economics/landfill-externalities-revision-2.pdf> - see also a press release at <https://www.birmingham.ac.uk/research/impact/our/news/items/landfill.aspx>

¹⁴ HVPs are defined as those carrying 275kV or 400kV.

¹⁵ Useful technical information at the electricity industry website at <http://www.emfs.info/policy/property-uk/survey-reports/>

4.16 In relation to attitudes to mortgage lending (and hence the impact on house prices), the electricity industry website comments as follows:

Until recently, we were not aware of any UK mortgage lender which has a policy of refusing mortgages for properties near overhead lines... In the last year, however, we have heard of at least two lenders with a policy on this topic, and a number of other lenders who may refuse mortgages in particular instances if there is electricity supply equipment close to the property. We are talking to the relevant bodies about this. Many lenders do lend on properties close to electricity assets...¹⁶

4.17 There is one major UK study from Smith and Dent (2005)¹⁷ Four key points from the research are:

- It is important to distinguish two interrelated 'impacts' – physical proximity and visual presence
- House prices are reduced by on average 11.5% on properties within 100 metres of a high voltage line and this impact is increased (up to 21% reduction) where properties are close to pylons
- Front view of a pylon is more significant than a rear view of a pylon and
- Impacts are negated but not overcome if property is overlooking countryside.

4.18 In addition, a limited survey of valuers and estate agents' perceptions in the same paper identify two useful findings:

- Average reduction of property prices between 5-10% close to pylons and overhead lines and
- Marketing time is increased because of, presumably, fewer willing buyers.

4.19 From a policy perspective, the researchers observe that there is a tendency to site social housing, shared ownership and low-cost home ownership properties near to pylons and overhead power lines. They also suggest in their conclusions that careful estate design may help to alleviate some of the impacts by, for example, ensuring that properties close to HVPs and overhead powerlines benefit from views over countryside.

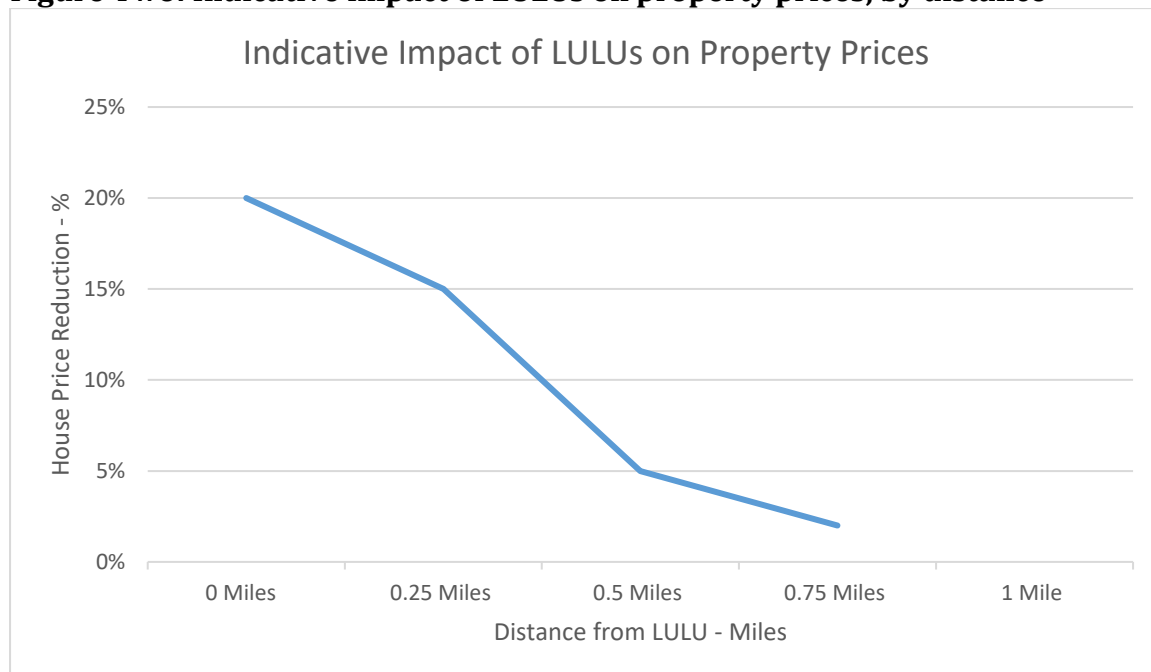
4.20 Taking note of the caveats in the introduction, particularly around relevance to the different nature of the type of development, the research on LULUs highlights that there can be an impact on property prices. This is distance-related. The scale of impact declines with distance from the LULU. The rate of the scale of impact decline is significant - the impact effect declines quickly with distance.

These points are illustrated schematically in the graph overleaf:

¹⁶ Source: <http://www.emfs.info/living-overhead-line/>

¹⁷ Sims, S. and Dent, P. (2005) High-voltage Overhead Power Lines and Property Prices, *Urban Studies* Vol 42 No 4 pp 665-694

Figure Two: Indicative impact of LULUs on property prices, by distance



4.21 Extreme caution should be used in attempting to apply principles from the literature on LULUs to Gypsy and Traveller sites. Five points could be considered, carefully:

- The smaller the size of the Gypsy and Traveller site – the quicker the significant and sharp decline of negative impact occurs in terms of distance – larger sites may not see the same effect.
- Visibility and design of the site – as with ‘size’, design and thoughtfully proposed sites, with details provided in plans, will see a sharper decrease in potential negative impact over a shorter distance if the site is well designed and landscaped in terms of visibility.
- Access to the site – a larger potential negative impact might be anticipated if access to the site is through the housing development in the SUE, for example. Separate access is important also for privacy, safety and security of site residents (see further Richardson and Codona, 2016)
- Location of proposed residential development in relation to the Gypsy and Traveller site will also determine impact on prices - there are examples of sites being developed close to housing and of housing being built up around an existing site (see further Richardson and Codona, 2016)¹⁸ demonstrating that sites and housing developments can co-exist, it is possible and it has been done.
- Assumption that the key determinant of marginal viability is house prices – there may be other determinants involved in viability assessments such as the state of the housing market and other local factors (eg infrastructure requirements).

¹⁸ <http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/GypsyTravellerSitesDec16.pdf>

4.22 Overall, the review of the impact of LULUs on house prices suggests that for Gypsy and Traveller sites, there may be a negative impact on viability (house prices) but that this can be mitigated through detailed planning and design measures factoring in size and location.

Mortgage Lending

4.23 Both our online survey results and the local authority case study in the South West flagged up the issue of mortgage lending. Developers highlight that customers will (1) find it more difficult to obtain an appropriate mortgage on properties near to proposed or actual Gypsy and Traveller sites and (2) in the longer term, may have difficulty in reselling their properties. The former, therefore, has implications for the viability of schemes. However, no robust evidence is available. At best, our review has indicated that mortgage lenders have concerns. We have, however, found no policies that explicitly cover this issue or public statements and / or quotes that confirm a cautious or limited lending policy.

4.24 Our approach on the research review, therefore, is similar to that adopted for the review of the impact of LULUs on house prices. Again, we found no research on mortgage lending near to Gypsy and Traveller sites. But there was plenty of anecdotal comment on social media. Much of this is misleading and inaccurate. For example, 'no mortgage available', 'unable to sell my property' or 'refused to grant a mortgage' is rarely the case. Instead, it is the terms of the mortgage that are unsatisfactory for the customer. Risk is mitigated, for instance, by requiring a larger deposit and / or lending on a lower percentage of the value of the property.

4.25 It is important to note that mortgage lending policy has, historically, been a significant issue in housing and planning policies. In older residential neighbourhoods, this is referred to as 'redlining'. More recently, it has become topical in relation to leaseholders in high-rise and medium-rise blocks trying to sell their apartments post-Grenfell¹⁹. Redlining is generally defined as the 'systematic denial of financial services (such as mortgages) to specific geographical neighbourhoods'. A broader definition is the 'systematic denial of services based on geography' ie not only financial services.

4.26 It has been a contested area of policy and research in the USA and Canada for many decades. In the UK (and North Western Europe), it became a major issue in the 1970s because of the difficulties residents faced in accessing mortgages to purchase properties in older housing areas where housing renewal policies were being implemented. Studies suggested that lenders 'redlined' neighbourhoods - eg no mortgages - would be granted in these locations. This, however, was strongly denied by lenders. A fundamental research problem was the lack of availability of data on the geography of lending.

¹⁹ See, for instance, Simpson, J. (2020) Mortgages refused on buildings under 18m, *Inside Housing*, 21 February, p 2

4.27 The most comprehensive relatively recent and accessible summary study on redlining is by Aalbers (2007) and there is an interesting review by Rae (2015)²⁰. Although Aalbers (2007) focuses on Rotterdam, there is a useful introductory review of the issues drawing on research from many countries. There are three relevant findings:

- Types of neighbourhoods most affected are those characterised by low incomes, high unemployment etc
- Areas detrimentally affected by public infrastructure proposal (eg proposed urban motorways) are also redlined and
- Redlining policies vary enormously between lenders.

4.28 It is worth noting that research in the USA and Canada involving surveys of lenders has found that banks and financial institutions continue to argue that lending policies are not geographically-biased but reflect 'standard' practices that take account of risks regarding individual households and public policies.

4.29 If this latter point applies to the UK, one line of argument, by lenders, might be that public policies over the location of Gypsy and Traveller sites creates risks that are taken into account when making decisions on individual applications. However, we have found no statements that confirm an approach of 'risk profiling' for lending on developments that might include Gypsy and Traveller sites. There appears to be an assumption by developers that lenders undertake an assessment of risk which makes them reluctant to lend on this type of accommodation but, as stated earlier in the report, we could not get a formal response from a lender or a professional body on our questions relating to this.

4.30 More recently, in 2013, the UK government announced that seven major lenders had agreed to make available local lending data including mortgages by postcode sector. Rae (2015) among others, examined this issue:

"The results suggest that some banks lend significantly less than others in poorer areas, but, owing to a lack of data, it is not possible to say why." (p 172)

4.31 Two other major findings are:

- *"There are clear differences in the lending patterns of different banks vis-a-vis the socio-economic composition of individual areas. In particular, it would appear that some lenders lend disproportionately less in poorer area" (p 192)* and
- Risk appears to be assessed differently by different banks. The informal, off-the-record, discussions with three lenders who did talk to the research team, suggest that the personal status of the applicant and property condition are generally much more important than adjacent uses. Nevertheless, one interviewee commented that

²⁰ Aalbers, M. (2007) What Types of Neighbourhoods are Redlined?, *Journal of Housing and the Built Environment* Vol 22 No 2 pp 177-198

Rae, A. (2015) The Illusion of Transparency: the geography of mortgage lending in Great Britain, *Journal of European Real Estate Research*, Vol 8 No 2 pp 172-196

location can make a marginal difference to the details of the mortgage. From the applicant's perspective, this can by itself negatively affect its suitability.

- 4.32 There are three conclusions in our review of the literature on mortgage lending:
- Firstly, there is no explicit evidence to confirm or deny that mortgage lenders are cautious solely because of the geography of LULUs.
 - Secondly, risks are assessed by lenders and taken into account in decision-making on individual applications. Informal brief discussions with three mortgage lenders, as part of this project, suggests that the personal status of the applicant and property condition are generally much more important than adjacent uses. Nevertheless, one interviewee commented that location can make a marginal difference to the details of the mortgage. From the applicant's perspective, this can by itself negatively affect its suitability.
 - Thirdly, mortgage lenders' policies are varied and this is reflected in the geographical patterns of lending. This should not come as a surprise in a tightly competitive market.

5. Conclusions and Recommendations

5.1 The issues around planning for, and delivery of, Gypsy and Traveller sites are complex. Our survey found that this is not a localised issue, but one that affects planning authorities across England. A key challenge to including Gypsy and Traveller sites in local plans and securing the delivery of pitches to meet identified need, is the objection by the developers (and vicariously lenders) on the basis of 'viability'. There is a lack of substantive evidence provided by developers (for example in viability appraisals) or of lending policies published by financial bodies to explain how risk profiling is practiced, that can be weighed up in the process of preparing local plans, and which can be used to help inform negotiations for development proposals submitted to Local Authorities. We can see from both the survey and the literature review that there are some key responses which increase the chance of delivering a site – getting it from a plan on paper, to a home in reality. We also know that sites have been, and are being, developed in proximity to housing – there is not sufficient room in this report for a variety of existing good practice examples, but these can be found in research published by the Joseph Rowntree Foundation (Richardson and Codona, 2016) available through this link:

<http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/GypsyTravellerSitesDec16.pdf>.

5.2 Our study 'Negotiating the delivery of Gypsy Traveller sites through local planning' recommends the following approaches, on the basis of the findings:

1. Certainty increases viability – well-scoped plans decrease the risk and uncertainty felt by developers and lenders

2. Proximity might increase risk – as shown in the literature (and in one of the follow-ups with a survey respondent) being flexible on geographical location (whilst ensuring it is still desirable and appropriate to prospective site residents) increases the chance of successful delivery. This is as a result of the ‘distance rule’ shown in figure two.
3. Design and size matters – smaller, well-designed sites also reduce risk relating to viability.
4. Negotiation is key – flexibility and negotiation in the planning process can hasten delivery of much needed sites. This should not be seen as a way out for developers, but with negotiation it may be possible to find an appropriate and mutually agreeable option to get much needed sites built, rather than remain stuck in intractable viability arguments.
5. Pragmatic approaches could be taken to the need for detail on what the Gypsy Traveller site will be like, to allay concerns of risk averse responses. A hybrid planning application could be requested by the local authority to be submitted for determination for site allocations, so that outline permission is sought for the wider development, but with finer detail provided for the location and provision of pitches, to help reduce uncertainty and increase viability. This hybrid approach could be encouraged through pre-application discussions and by means of negotiation between the applicant and the Local Authority.
6. Local Authorities could consider preparing Supplementary Planning Documents to amplify relevant policies in Local Plans by detailing how Gypsy and Traveller sites should be planned in terms of design, layout of pitches, amenity buildings, open space standards and boundary treatment, for example. This could help further reduce uncertainty about what is expected. (There is Government guidance already on site design (but was withdrawn in 2015): www.gov.uk/government/publications/designing-gypsy-and-traveller-sites-good-practice-guide
The Welsh Government has produced excellent guidance on managing sites, as well as on designing sites: www.valeofglamorgan.gov.uk/Documents/Living/Planning/Policy/LDP/Examination-Documents-2015/Designing-gypsy-and-traveller-sites-May2015.pdf
7. Site allocations, ideally, should be master-planned in advance of planning applications being submitted to the Local Authority for determination. This could be led by the Local Authority, potentially in partnership with the landowner, site promoters, the local community and other relevant stakeholders. The masterplan can help clarify the juxtaposition of land uses and set out how sites for Gypsies and Travellers can be delivered.
8. Going beyond the research for this study, and beyond the parameters of housing and planning, is the very real need to reframe the debate around Gypsy and Traveller accommodation (and more widely to continue to reframe the debate around social housing more generally). The narrative around social housing delivery may have matured, and this may be in part due to S106 planning obligations to ‘mainstream’ social housing delivery within wider developments.

Also, whilst there is research by the NHBC (2015)²¹ which found property prices are not reduced by proximity to social housing – there is still a marked reluctance to provide such as evidenced through re-negotiations of S106 agreements based on refreshed viability statements. Local authorities have a role to play in the reframing of the narrative, and training for local councillors would help²². However, the national political narrative amongst senior politicians and ministers also needs to be reflected upon as part of a move to reframe the debate.

5.3 There is a very clear need for more Gypsy and Traveller site accommodation. It is clear that a number of local authorities are doing their best to include sites in plans, and then move towards actual delivery. Whilst there are challenges, these are not insurmountable – negotiation and flexibility are key.

²¹ <http://www.nhbc.co.uk/media-centre/articles/pressreleases/property-prices-not-reduced-social-housing/>

²² A training programme for councillor used to be run across the country, and supported by the LGA, it would be helpful to see its return.