



Creating Places ■ Delivering Homes

Levelling-up and Regeneration Bill: Reforms to National Planning Policy

**Department of Levelling-up, Housing and
Communities**

March 2023



Introduction and Executive Summary

Please find below the response of the Land Promoters and Developers Federation (LPDF) to the government's open consultation on the 'Levelling-up and Regeneration Bill: reforms to national planning policy' published on 22 December 2022.

The LPDF represents land promoters and housebuilders, of all sizes, who due to their land interests interact with the planning system across England to establish the principle of development, normally for a residential use. As a consequence of these multiple daily interactions with Local Planning Authorities (LPAs) and consultees throughout the country we are uniquely placed to comment on the operation of both the plan making and decision taking components of our planning system. It has been estimated that the land promotion sector is responsible for over half of the outline planning consents for residential development on an annual basis.

A number of our members are now looking to use their skills and experience of the planning system to bring forward employment land and we have commented additionally in this regard.

The Housing Emergency

We welcome the government's re-affirmation of its manifesto ambition to build 300,000 new homes by the middle of this decade. We have included within our submissions a variety of LPDF publications which highlight the desperate need of many in our society for a place that they may call home. As a consequence they (the publications) highlight the necessity for the planning system to plan for sufficient homes, in particular in the places of highest housing unaffordability.

It is therefore not only disappointing but frankly irrational that many of the government's proposals as outlined in the consultation documents will lead to a decline in housing delivery / supply. The LPDF has analysed the potential impacts of the main proposed National Planning Policy Framework (NPPF) amendments on housing supply in table 1 below with green representing a positive effect, and red being a negative effect. The table is clear in its conclusions, most of the proposed amendments have a negative impact.

Table 1 : Impact of the main proposed amendments to the NPPF on housing supply

Paragraph number	Proposed amendment to national planning policy / NPPF	Impact on housing delivery
1	Introduction of the word 'sufficient' with reference to the provision of housing.	
11	LPAs do not need to meet housing need in full if it would mean building at densities significantly out of character with the existing area.	
11	Allows LPAs to take past over-delivery into account when determining the housing requirement for the local plan.	
14	In relation to decision taking, and the application of the presumption, neighbourhood plans would be protected for 5 years instead of 2.	
35	Removal of the Justified test from the test of soundness.	

60	Addition of the words “the overall aim should be to meet as much housing need as possible...”	
61	The Standard Method is an advisory starting point with associated amendments to the text to state that there may be exceptional circumstances which justify an alternative approach.	
62	35% urban uplift to be delivered in the 20 most populated towns and cities and not exported to surrounding areas.	
67	Additional text noting that the housing requirement may be higher than the identified housing need, if it includes provision for neighbouring areas or reflects growth ambitions linked to economic development.	
75	Removal of 5%, 10% and 20% buffers from the 5YHLS calculation.	
80	Addition of support for proposals from community-led housing groups for the provision of rural housing.	
	LPA's with adopted local plans (up to 5 years old) will not be subject to 5YHLS test.	
142	LPA's do not need to review Green Belt to meet housing need in full.	
226	LPA's with Local Plans in preparation will benefit from only having to demonstrate a 4YHLS requirement.	
226	Transitional arrangements which will allow LPA's considerable time to move to the new system of plan preparation.	
Footnote 67	More protection for land for food production.	

Research included with our consultation response, undertaken by Lichfields, and jointly commissioned by ourselves and the HBF (Appendix 1) highlights the real world consequences of the proposed changes to the NPPF including:

- Worsening housing affordability;
- More concealed households;
- Higher rents;
- Longer housing waiting lists;
- Increased homelessness;
- Falling birth rates (of vital importance to the wider economy);
- £34bn lost GVA to the economy by constraining the housing industry and 386,000 fewer jobs directly and indirectly supported by house building.

The analysis, which assesses the impact of each of the (initially) proposed measures on housing delivery, suggests that the total number of homes built will fall to 156,000 homes pa, approximately 50% of the government's manifesto ambition. This excludes the current impact from a range of environmental neutralities; nutrients, water and recreation, which are constraining development further. Although the impact of these neutralities is very difficult to quantify on a year by year basis, the reduction in housing delivery could range from 15,000 units per annum to 41,000 units per annum, depending upon when solutions come on stream and if the geographical area of coverage increases.

We would ask that government publish the economic assessments together with those prepared in relation to housing delivery which were used to inform their proposals.

In the foreword to the recently published Policy Exchange "Homes for Growth: How housebuilding can revitalise the UK Economy"¹, The Rt Hon Brandon Lewis CBE MP quotes "Housing", as Winston Churchill put it in 1951, "is the first of the social services. It is also one of the keys to increased productivity. Work, family life, health and education are all undermined by overcrowded homes". We welcome the reports publication and support its intent, being a welcome reminder of the role that both the industry and housing can play in boosting economic growth and providing better social outcomes for our citizens.

The Planning Hiatus – A Missed Opportunity to Aid Economic Growth Part I

There has been a hiatus in plan making since the government's Planning for the Future White Paper in 2020. Only 39% of LPAs have an up-to-date Local Plan and the number of plans adopted in 2021 and 2022, at 16 and 13 respectively, were the lowest annual numbers since the NPPF's inception in 2012 (it averaged 35 per annum in the period between 2014 – 2020). Since this government's planning proposals were released pre-Christmas 2022, 47 local plans have been delayed with the clear intent to deliver lower numbers than was previously proposed.

The failure to plan for the housing we need has led to a steadily declining trend of planning permissions, with Q1 -Q3 2022 10% lower than the same period 5 years ago. The LPDF and one of its members, Richborough Estates, have recently commissioned Savills to produce research (attached as Appendix 10), on the impact of the withdrawal of Help to Buy and increased interest rates on new home sales, combined with a thorough analysis of sales outlets, sales rates and planning data. This highlights that under a 'new paradigm' of sales rates of 0.5 – 0.6 new homes per week per outlet, the industry will require a **significantly higher** flow of planning permissions if volumes are to be **maintained** by the industry as a whole, even if these proposed NPPF changes did not go ahead.

As we explore in our consultation response, the impact of this is being most keenly felt amongst SME housebuilders, where due to the narrow focus of the NPPF's policy 'support' (small sites) for this important sub-sector the constrained land supply, reinforced by the likes of nutrient and other neutralities, is having a profound impact on the ability of these businesses to continue to trade. The Savills research highlights the failure of the current planning system to deliver sufficient sites of less than 100 units. The government is rightly concerned by the structure of the housebuilding industry in the UK, hence the referral to the Competition and Markets Authority (CMA). However, rather than seek to support the wider housebuilding industry in the face of the economic headwinds, and the SME sector in particular, it has set in train a series of proposed amendments to planning policy which will severely impact housing delivery and thereby damage the sector's ability to play its full part in aiding the economy's need to grow.

¹ [Homes-for-Growth.pdf \(policyexchange.org.uk\)](https://www.policyexchange.org.uk/wp-content/uploads/2022/07/Homes-for-Growth.pdf)

Levelling-up through the prism of constrained supply

The LPDF fully supports the motivations of the Levelling-up agenda and the need to minimise social, economic, health and learning disparities in the UK.

However, we would highlight the critical role of housing in enabling this. We highlight within our response our failure as a nation to build sufficient affordable homes, of all types and tenures. Our failure to do so will only serve to enable and continue these disparities and as such, measures need to be taken within planning policy to put affordable housing delivery at the centre of the Levelling-up agenda. We have proposed measures that we believe will assist in this aim in our response.

In addition, we would highlight two further linked inequalities which fail our nation. Everyone is aware of the intergenerational unfairness that now exists in the UK housing market. The increased age of first time buyers, the generations resigned to insecurity and rising rents and the consequential impact on falling birth rates (thereby creating real damage to the sustainability of the UK economy). However, the inequality has now lead to a huge shift in the generational 'store of wealth', with the under 40s only experiencing an increase of 9% over the 8 years to 2022 and all older cohorts 32%, largely as a consequence of home ownership. Yet these statistics themselves mask their own regional inequalities with the disparity in trends much greater in those areas with high levels of housing unaffordability in the South, South East, South West and East of England. This reinforces regional trends in the economy as higher equity levels serve to maintain the economic advantages of those areas which benefit whilst also leading to greater in region inequalities due to the unattainability of home ownership for many. This can only be corrected by a national drive to boost housing delivery in every region.

A Missed Opportunity to Aid Economic Growth – Part II

With so much written about the potential implications of the draft NPPF on housing land supply, it is surprising so little has been written about other changes, or in the case of employment land, the lack thereof.

Nationally, it is estimated that local plans are currently only allocating about two thirds of the land they should for employment development. This means that the latest draft NPPF has missed a golden opportunity to reframe the way in which employment land supply operates and to gear the planning system up to respond more quickly, thus facilitating economic growth.

Last year Savills and the British Property Federation focused on the 'Suppressed Demand Model' in their publication *Levelling up: the logic of logistics*². In this approach, future employment needs are modelled based on the current and future macroeconomic picture. Factored in are structural changes in the economy such as the turbocharged shift online caused by Covid and the increase in domestic inventory, with importers hedging against greater trading friction.

Contrast this with the way in which the supply of employment land requirements are currently prepared: a trend-based analysis – that is, historical take-up rates projected forward through the plan period with some minor adjustments to come up with the new local plan requirement. Historical analysis is helpful, but it takes no account of structural shifts.

The current and draft versions of the NPPF both say all the same right things: to set out a clear proactive vision and strategy; to allocate strategic sites to meet anticipated needs over the plan

² [Savills Blog | Planning for suppressed demand in the Industrial & Logistics sector](#)

period; to address barriers to entry; to be flexible enough to respond to needs not foreseen in the plan; and to be able to respond rapidly to changes in economic conditions.

However, it could go much further. At this stage we are witnessing neither the level of ambition nor the accurate methodologies for forecast modelling that are needed. For a robust assessment of future land requirements it's necessary to change the primary reliance on projecting forward historic employment trends.

Evidence is starting to mount, as between 2019 and 2022, over 660 hectares of employment development has been allowed at appeal, with a significant proportion of this land being within the Green Belt. This tells its own story.

In the Centre for London's Report of September 2021 "Working Space: Does London have the right approach to Industrial Land"³ it highlighted that "The pressures on London's industrial land have been intensified by other political commitments that constrain land supply – such as housing targets, strict protections on development in the Green Belt, conservation areas, or opposition to taller buildings, especially in the suburbs and in the rest of the Wider South East. Many local authorities have felt they have no choice but to allow the release of industrial land, to even have a chance of meeting housing targets." The impacts of this have been higher industrial land prices, rents and a re-allocation of land uses which may not be in the longer term interest of the country's economic growth. These issues are not necessarily unique to London. The inability of the planning system in vibrant parts of the regional economy to react and plan positively for growing employment space demands is constraining our global competitiveness in certain key sectors and locations (Cambridge and Oxford are examples that immediately come to mind).

The government's proposed amendments to the NPPF include measures, such as removing the necessity to review Green Belt, which whilst they were targeted at the housing industry, will have major implications for land use allocation decisions which could impact the delivery of employment space.

We are aware that both the CBI and BCC share our concerns regarding this, as well as the planning systems inability to deliver the new homes required by employers for their workforce.

Impact on Local Authority Resources

The capacity of local authority planning departments and that of consultees is already severely constrained, with few LPAs not impacted. Nothing in the proposed amendments to the NPPF serves to ease the pressure on a planning system already constrained by the availability of human resource, indeed many of the amendments will only serve to make it worse. This is a huge missed opportunity.

Where Next?

The LPDF would ask that government re-consider its proposed amendments to the NPPF. We believe it is clear that they will not boost housing delivery, quite the reverse, sitting at odds with the government's own manifesto target of achieving 300,000 homes per annum. Rather than support the industry at a time of need, especially some key sub-sectors which the government states it is keen to support, and enable it to play its full part in driving economic growth, the changes will lead to lower delivery, lower house building and less jobs.

³ [Working Space Interim Paper.pdf \(centreforlondon.org\)](#)

The LPDF has made a number of positive suggestions which if adopted we believe would aid the cause of economic growth, housing and affordable housing delivery and provide the basis for correcting the systems inability to cater for employment uses. We would urge supply side measures such as these to be put at the heart of the government's support of the industry as, other than very targeted demand side support, we believe this is the appropriate focus of intervention in the financially constrained environment in which we operate.

We would welcome an opportunity to discuss our views and would be delighted to contribute to your ongoing consideration of appropriate measures to achieve the 300,000 homes per annum target to which the government aspires.

Q1. Do you agree that local planning authorities should not have to continually demonstrate a deliverable 5-year housing land supply (5YHLS) as long as the housing requirement set out in its strategic policies is less than 5 years old?

No.

Overview

The LPDF understand the government's motivations for allowing newly adopted local plans to have a chance to become established and to start to deliver on their objectives. However, for the reasons set out below in our response to **Q1**, there are significant concerns that if the need to demonstrate a 5YHLS is removed from all plans in their first 5 years, regardless of the circumstances that are at play, then there will be a significant negative impact on housing supply as a result.

Therefore, if the government want to ensure that newly adopted local plans have a chance to become established, then the LPDF consider that in order to avoid a negative impact on housing supply, certain criteria should be met by the plans that are put in place.

Firstly, local plans should be justified to ensure that they are based on proportionate evidence, are likely to be delivered as set out in the chosen strategy, and can be clearly and transparently explained to all stakeholders, including the public. The justified test should therefore remain as a 'test of soundness' in paragraph 35 of the NPPF (see response to **Q11** below).

Secondly, the plan needs to have been updated and tested through both public consultation and subsequent Examination to ensure that it is robust, otherwise the full protection for the first 5 years of the plan period should not apply.

Thirdly, if the plan is not seeking to meet, as a minimum, its housing requirement as calculated using the Standard Method or its eventual replacement (if any), then the full protection for the first 5 years of the plan period should not apply.

Fourthly, the plan needs to have allocated a suitable range of sites sizes, in a variety of locations, to meet the needs of their various communities and so there is a good prospect that it will deliver in its first five years, otherwise the full protection for the first five years should not apply.

It is the LPDF's firm opinion that if all of the above criteria are not met, then a LPA should not have to demonstrate a 5YHLS for the first 3 years of the plan period, with the full 5YHLS protection applying to those local plans that meet the criteria above.

This approach will allow all plans to become established before they can be challenged, but with increased protection for LPAs that seek to meet the needs of their area in full through a properly tested and robust local plan.

Reasoning

The NPPF was introduced in 2012 with its central premise being to significantly boost the supply of housing. This document was published in response to the substantial drop in housing delivery which occurred as a direct result of the 2008 financial crisis.

The introduction of the NPPF achieved this aim with a high degree of success, with housing delivery climbing from 124,720 in 2012/13 to 232,820 in 2021/22⁴ (figure 1). However, even with this positive

⁴ [Live Table 118.ods](#)

planning policy approach in place, the country has never managed to achieve the government’s commitment of delivering 300,000 homes per annum by the mid 2020s.

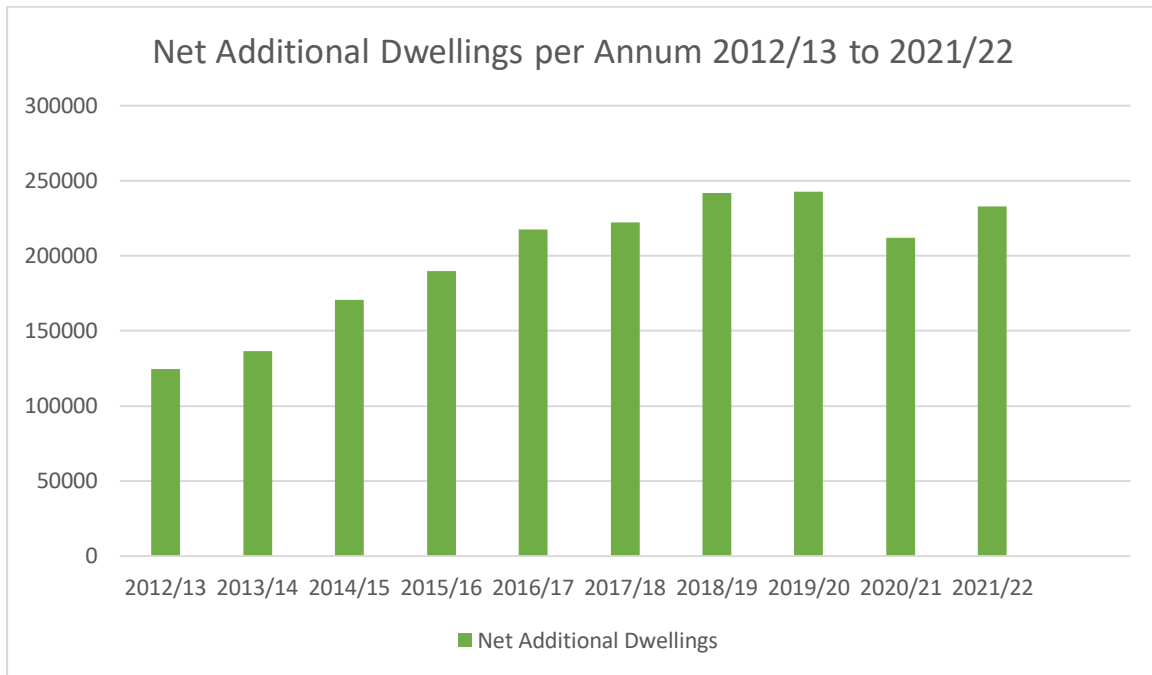


Figure 1. Net additional planning permissions 2012/13 to 2020/21. Source: DLUHC

Recent research by Savills⁵ highlighted that the number of planning consents granted has climbed steadily from 175,000 in 2011 to 330,000 consents per year in 2017. However, progress has now stalled and the number of planning consents for residential development in the year to June 2022 was at its lowest level since March 2016. This is confirmed by the Lichfield analysis (Appendix 1) as shown in figure 2 below which finds that the number of planning permissions so far in 2022 (Q1-Q3) is 10% lower than 5 years ago.



Figure 2. Graph showing downward trend of planning permissions. Source: Lichfields analysis

⁵ Savills UK | NPPF Revisions: the wrong direction? – February 2023

This has consequently fed through to a levelling off of housing delivery at 220,000-240,000 new homes per year since 2019 and this is likely to continue to drop with the hiatus caused by the planning reforms, the increasing number of paused and delayed plans and the falling number of LPAs with up-to-date local plans in place (currently below 40%).

As analysis shows, housing delivery has dropped from its peak in 2019/20 when 242,700 net additional dwellings were achieved, with estimations for the year 2022 to 2023 potentially showing a significant drop. Now is the time for the government to provide the leadership that is required to re-boost the supply of housing and ensure that the planning policy conditions are put in place to reignite the drive towards the 300,000 homes per annum target.

Following the introduction of the NPPF in 2012, a key factor in its contribution to increasing the delivery of housing across the country was the requirement for LPAs to demonstrate a 5YHLS. Local plans that were prepared under the NPPF were required to demonstrate that the plan could demonstrate a 5YHLS at the point of adoption, and that there was a reasonable prospect of the plan being able to maintain a rolling 5YHLS across the remainder of the plan period. However, evidence from the last decade suggests that simply having an up-to-date plan in place, does not ensure that a 5YHLS can be demonstrated. Recent research by Savills⁶ found that 54% of LPAs that had adopted a plan since 2013 failed to meet their housing requirements in their first 5 years.

Therefore, even with a rigorous testing of plans, circumstances change, unforeseen issues occur and therefore either flexibility needs to be built into plans, or there needs to be a failsafe mechanism that can be employed to ensure that any failure within the plan can be addressed quickly. That failsafe is the need to demonstrate a 5YHLS.

In the years following the introduction of the NPPF, housing delivery increased (see figure 1 above), up-to-date local plan coverage increased across the country (see figure 3 below) and LPAs were increasingly able to demonstrate a 5YHLS. The plan-led system was working.

However, the proposed removal of the requirement for LPAs to have to demonstrate a deliverable 5YHLS will run counter to achieving the objective of boosting housing supply and delivering 300,000 homes per annum. Especially when it is combined with other proposed amendments to the NPPF including the removal of the need for local plans to be justified, and the weakening of the requirement for LPAs to meet their housing needs in full. This seems irrational.

The combined effect of these amendments is likely to be that LPAs proffer local plans that deliver significantly less housing than their defined housing need (however it is calculated), that the plans that are put in place are of lower quality (owing to the removal of the need for plans to be justified), and that housing delivery against a lower housing requirement is not achieved with no option available to rectify any undersupply in the first 5 years of the plan period.

Indeed, recent research from Savills⁷ shows that even under the current system, of the 95 LPAs that have adopted a local plan in the last five years, and who are not currently undertaking a review, in years one to five of a plan period, over a third (36%) were unable to prove a 5YHLS as of December 2022, and 23% are expected to fall short of their housing targets in the 2023 Housing Delivery Test (HDT).

The under-delivery that is likely to occur as a result of these proposed changes will be exacerbated where a LPA chooses to allocate a high proportion of strategic sites in its plan to meet its housing

⁶ [Savills UK | NPPF Revisions: the wrong direction? – February 2023](#)

⁷ [Savills UK | Planning Data Update 2023](#)

requirement, a strategy that they will no longer have to justify under the proposed changes. Strategic scale sites take a considerable length of time to come forward before any completions can be delivered on site. If this is the chosen strategy of a LPA, then there is the real possibility that housing delivery in the first 5 years of the plan period could be extremely low, again with no recourse to rectify the situation.

A potential way of ensuring that forthcoming local plans deliver in the first 5 years of the plan period, if the requirement to demonstrate a 5YHLS is removed, is for the plan to allocate reserve sites which can come forward should there be any delay in the delivery of the allocations contained in the plan. This would provide a mechanism for any under-delivery to be rectified before a plan is formally updated.

As an alternative, the LPA should ensure that their Strategic Housing Land Availability Assessment (SHLAA) is robust, prioritises the sites it contains dependent upon their suitability and availability for development, and has been subject to public consultation. In the event of any delay in the delivery of the sites which are contained in the local plan, which should be identified through the monitoring that is required under the proposed change to paragraph 75 of the NPPF, the LPA can then simply revert to its top priority sites as listed in the SHLAA. The LPA would then encourage these site to be brought forward for development to ensure that a sufficient land supply is maintained.

A further way to increase the certainty that a local plan will deliver housing in the early years of the plan period is to ensure that the plan allocates a wide range of sites, in a variety of locations and of a variety of sizes, to provide every opportunity for SME housebuilders, Registered Providers (RPs) and self and custom builders to gain access to sites with the certainty that the site is allocated in an adopted local plan.

Homes can be delivered on smaller sites (up to 500 units) much quicker than sites of a strategic scale, and allocating an adequate proportion of a LPAs housing requirement (between 25%-40%) on sites of up to 200 units will increase the chances of a plan delivering in its first 5 years.

Under the current system, LPAs are also able to review their local plan under paragraph 33 of the NPPF and Regulation 10A of the Town and Country Planning (Local Planning)(England) Regulations 2012 whereby they assess whether the plan needs updating. This process is not subject to public scrutiny and a LPA simply needs to document the process and resolve, through their committee processes, that the plan does not require a formal update. This decision is unchallengeable by any party, including the public, and it re-starts the clock on the up-to-date status of the plan. If the circumstances set out in the example included above were at play, this would mean that a LPA that had delivered below their housing requirement in the first 5 years of the plan, could choose to review their plan using this procedure and determine, without public scrutiny, that the plan did not need updating. Consequently, the LPA would not need to demonstrate a 5YHLS for a further 5 years, further exacerbating under-delivery. This approach would be unacceptable and unjustified, and the ability to undertake a review of a local plan under this process must be rescinded, if plans no longer need to demonstrate a 5YHLS.

A further consequence of the combined effect of the proposed changes relates to the removal of the need for plans to be justified, as set out in paragraph 35 of the NPPF. At present, plans need to demonstrate that they are an appropriate strategy taking into account reasonable alternatives and based on proportionate evidence; not an unreasonable requirement for a plan which shapes the future growth of an area. Under the proposed system, sites allocated in forthcoming local plans would not have to be justified and would not need to show evidence that they are deliverable. If LPAs are no longer required to demonstrate a 5YHLS in the first 5 years of the plan, then the scrutiny of the plan

must be such that there is a high degree of certainty that the sites it contains will deliver a 5YHLS at the point of adoption and throughout the plan period. This can only be achieved through a robust and thorough public consultation and subsequent examination process which is proportionately evidenced, with the plan being justified, to explain to all stakeholders, including the public, the reasons for the chosen strategy which is set out in the local plan. This will ensure clear transparency to all interested parties involved in the process.

As set out above in the overview to this question, the LPDF fully understands the reasons why the government wish to ensure that local plans which are adopted are given an adequate chance to deliver their objectives. But if the proposed change to the requirements related to 5YHLS are adopted, then the government must ensure that the plans that are put in place under this system are kept up-to-date, are reviewed with the ability for full public scrutiny, and are examined to ensure they are robust and deliverable, especially in the first 5 years of the plan period.

Q2. Do you agree that buffers should not be required as part of 5YHLS calculations (this includes the 20% buffer as applied by the Housing Delivery Test)?

No.

The 5%, 10% and 20% buffers were introduced to ensure that local plans contained a diverse range of sites with sufficient flexibility to give the public and all stakeholders the confidence that the plan would not need to be reviewed within its first 5 years.

Whilst every effort is made to ensure that the sites which are allocated in local plans will come forward, circumstances change, issues arise which mean that sites are delayed or come forward for less units than originally anticipated, and therefore, sufficient flexibility needs to be built into any plan to ensure that it is given every opportunity to succeed.

Many of the circumstances and arguments highlighted in response to **Q1** above also relate to this question. The removal of the requirement for demonstrating a 5YHLS, the removal of the need to justify the plan's strategy and the lessening of the need to provide evidence to support the plan's proposals all lead to a lack of flexibility, reducing the plan's ability to adapt to changing circumstances.

The removal of the buffers further adds to a plan's rigidity and may mean that LPAs have to update their plan more frequently to ensure that it remains up-to-date and delivers the market and affordable housing required to meet an areas needs. With resources in the planning system being significantly stretched, this will only add to a LPAs workload, further testing its resource capabilities.

In research carried out by Lichfields⁸ on behalf of the LPDF, it was found that 10% to 20% of permissions do not materialise into a start on site at all and that an estimated 15% to 20% of permissions are re-engineered with a permission re-sought. Many of these circumstances that occur are no fault of the developer nor the LPA, but the plan must have sufficient flexibility to rectify such situations quickly to avoid under-delivery against its housing requirement.

This flexibility, as set out in response to **Q1**, can be delivered through the application of the buffers, the allocation of a stock of reserve sites within the plan, or through the application of the need to demonstrate a 5YHLS. At present, the government are seeking to remove all such safeguards which will reduce the flexibility in plans, will result in under-delivery of housing against an area's requirement

⁸ [https://www.lpdf.co.uk/wx-uploads/files/newsletters/Taking%20stock%20-LPDF%20-%20HBF%20Research%20-%20May21%20Final-compressed%20\(1\).pdf](https://www.lpdf.co.uk/wx-uploads/files/newsletters/Taking%20stock%20-LPDF%20-%20HBF%20Research%20-%20May21%20Final-compressed%20(1).pdf)

and will cause local plans to need to be updated more frequently, at considerable expense to the public-purse and already over-stretched LPA resources.

Q3. Should an oversupply of homes early in a plan period be taken into consideration when calculating a 5YHLS later on or is there an alternative approach that is preferable?

No.

Under the government's proposals as set out in the NPPF amendments, it is only LPAs that have local plans that are older than 5 years since adoption that would have to demonstrate a 5YHLS. Under this scenario, their housing requirement would be considered to be out-of-date and their housing need would be calculated using the Standard Method.

The Standard Method states that undersupply should be accounted for in stage 2 of the process by considering the uplift that should be applied to account for housing affordability. In order to ensure parity between situations of undersupply and oversupply, the latter should be treated in the same way as the former.

Therefore, it is considered that oversupply should be considered in calculating the 5YHLS through the calculation of the LPA's housing requirement using the Standard Method through the affordability adjustment.

Q4. What should any planning guidance dealing with oversupply and undersupply say?

Oversupply or undersupply of housing should be accounted for through the process set out above in answer to **Q3** by reference to statistics such as the affordability ratio, the number of over-crowded or concealed households in an area and the number of people on the housing waiting list. This process should be explained in the guidance for calculating housing need, when and if the government chooses to review this process.

Q5. Do you have any views about the potential changes to paragraph 14 of the existing Framework and increasing the protection given to neighbourhood plans?

Neighbourhood Plans (NPs), when prepared in accordance with the guidance, and in conformity with an up-to-date adopted local plan for the area, which have been scrutinised and found to meet the basic conditions, should be afforded due weight in the planning process. They form part of the development plan for an area so should be afforded protection, if they truly provide for the needs of their community.

However, many NPs actively resist development and are often brought forward in advance of the local plan when the housing and employment requirements for specific areas have not been established. NPs are not examined with the same degree of rigour as local plans and therefore, to afford them the same weight and protection as a local plan would not be justified.

Therefore, if it is the government's intention to increase the protection afforded to a NP then it should ensure that they are examined to the same extent as local plans and in relation to the same tests of soundness.

As an alternative, and similar to the approach advocated in local plan preparation set out in the overview section to **Q1** above, the government could offer the qualifying body (QB) a choice. If the QB wishes to have the full 5 year protection afforded to the NP, then the plan should be examined under the same conditions as a local plan (through a thorough Examination) and against the 'tests of

soundness' set out in the NPPF. If the QB choses to have its plan tested against the Basic Conditions (which by their nature are less onerous), then the NP only gets afforded 2 years of protection.

In addition, as the NPPF is seeking to bring parity to the weight to be attached to a made NP and an adopted local plan, the same rules should apply to a NP that is over 5 years old. If therefore, a NP is greater than 5 years old, the plan should be considered to be out-of-date.

Q6. Do you agree that the opening chapters of the Framework should be revised to be clearer about the importance of planning for the homes and other development our communities need?

Yes.

The planning system is rightly predicated on a plan-led system and the LPDF are highly supportive of this approach. However, as the consultation paper highlights, less than 40% of LPAs have an up-to-date plan in place. The number of plans that are submitted to the Planning Inspectorate (PINS) each year has been reducing, reaching its lowest level in 2022, with just 14 plans submitted. The rate of plans submitted for examination and adoption is now around half of the average in the years before the 2020 Planning White Paper (see figure 3 below).

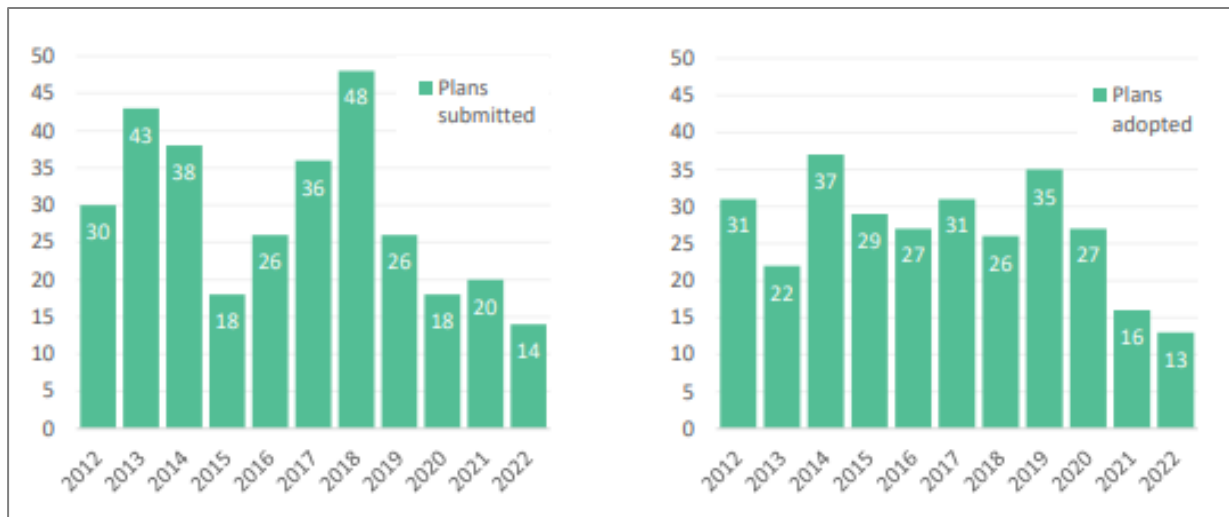


Figure 3. Plans submitted for examination and adopted (2012-2022): Source Lichfields analysis

The government must, through the changes to the NPPF and wider planning reforms, incentivise LPAs to bring forward and adopt up-to-date plans, and sanctions need to be put in place for those authorities that choose not to do so. For a plan-led system to have credibility, up-to-date plans have to be in place with the aim being for 100% plan coverage across the country and plans updated (not simply reviewed) every 5 years. The LPDF would suggest that the government should make this a mandatory requirement within the Levelling-up and Regeneration Bill (LURB).

However, the changes that have been proposed to the introductory chapter to the NPPF do not go far enough and one, significantly reduces the emphasis on boosting the supply of housing.

As set out above, the government needs to be clearer through its changes to the NPPF Introduction, that up-to-date plans are essential to a functioning plan-led system. Whilst the addition of the words “Preparing and maintaining up-to-date plans should be seen as a priority in meeting this objective” are to be welcomed, the LPDF consider that this wording should be strengthened to make the preparation and review of plans every 5 years mandatory.

The LPDF strongly object to the addition of the words “can provide for sufficient housing” in paragraph 1 of the NPPF. The word “sufficient” is subjective and can have both positive and negative interpretations. It is also contrary to advice given elsewhere in the NPPF which states that up-to-date plans should meet housing need (paragraph 15); wording which should be replicated in paragraph 1 of the NPPF. This would provide both clarity and consistency of approach.

Q7. What are your views on the implications these changes may have on plan-making and housing supply?

The LPDF and HBF instructed leading planning consultants Lichfields to undertake an analysis of the potential impacts of the proposed NPPF changes on local plan preparation and housing supply. It is somewhat surprising that the government has not undertaken this analysis itself, in order to justify the proposed changes to the NPPF and to be transparent on their likely impacts of achieving the overall 300,000 new homes per annum commitment and long-held objective of achieving 100% countryside coverage of up-to-date local plans. If it has, then the government should publish this work as a matter of urgency.

The Lichfields work (Appendix 1) sets out not just the potential impacts of the changes on housing delivery and local plan preparation, but also the consequential economic and social implications of the likely outcomes of the proposals. Despite the fact that Lichfields have been conservative in the assumptions that they have made during the course of their analysis, the results are stark and deeply concerning.

As shown in figure 3 above (Q6), we have seen a significant slowdown in local plan preparation since its peak in 2018/19, with the position in 2022 being the lowest recorded figure for both plans submitted and plans adopted since the introduction of the NPPF in 2012. The average number of local plans submitted to the Planning Inspectorate each year since 2020 (17) is roughly half of what it was before the 2020 housing White Paper (average of 33 from 2012-2019). This slowdown is as a direct consequence of the uncertainty created by the long-awaited promise of reforms to the planning system.

30 LPAs had already announced delays to their plan preparation process before the publication of the planning reform proposals through the Written Ministerial Statement. Since this time, a further 17 LPAs have announced delays citing the consultation on the planning reforms as the reason for their decision (Appendix 2). This is a continuing, evolving picture, with new delays announced on a weekly basis.

In research published by Lichfields entitled ‘Start me up – but then you stopped: continuing the cost of local plan delays’⁹ the position as at 30th January 2023 was that the 33 local plans that had been delayed in the last year, had a combined housing requirement of 38,200 homes (12.8% of the national figure) which is approximately valued at £1.4bn in lost GVA.

The LPDF are continually monitoring the situation regarding delays to the local plan preparation process as a result of the planning reforms, and we will continue to update the government on the latest situation at regular intervals.

The impact of the proposal on housing supply is even more glaring, with the Lichfields analysis suggesting that if all the NPPF proposed amendments are implemented, this will have a combined effect of reducing current housing delivery by some 77,000 units per annum (to a figure that is around

⁹ [Start me up – but then you stopped: the continuing cost of local plan delays \(lichfields.uk\)](https://www.lichfields.uk)

50% of the government’s commitment of 300,000 homes). This is despite the fact that the housing crisis has been classified by Lichfields and many other commentators, as being acute.

The analysis shows that 1.6m people want their own home but are currently sharing or sofa surfing, the country has one of the lowest rates of home ownership at around 63%, 33% of an average renters income is spent on housing compared with 20% across the EU and you would need to deliver 330,000 homes per annum just to peg house prices at 2021 levels (Appendix 1).

The economic and social consequences of this significant downturn in supply can only be described as gratuitous. Lichfield conclude that by 2030, £34bn will be lost in GVA as a result of a reduction in size of the housing industry with 386,000 fewer jobs directly and indirectly supported, there will be an increase of 580,000 concealed households and sofa surfers, 137,000 extra households will be added to the social housing waiting list and 13,400 more people will be made homeless due to lower housing supply (figure 4).

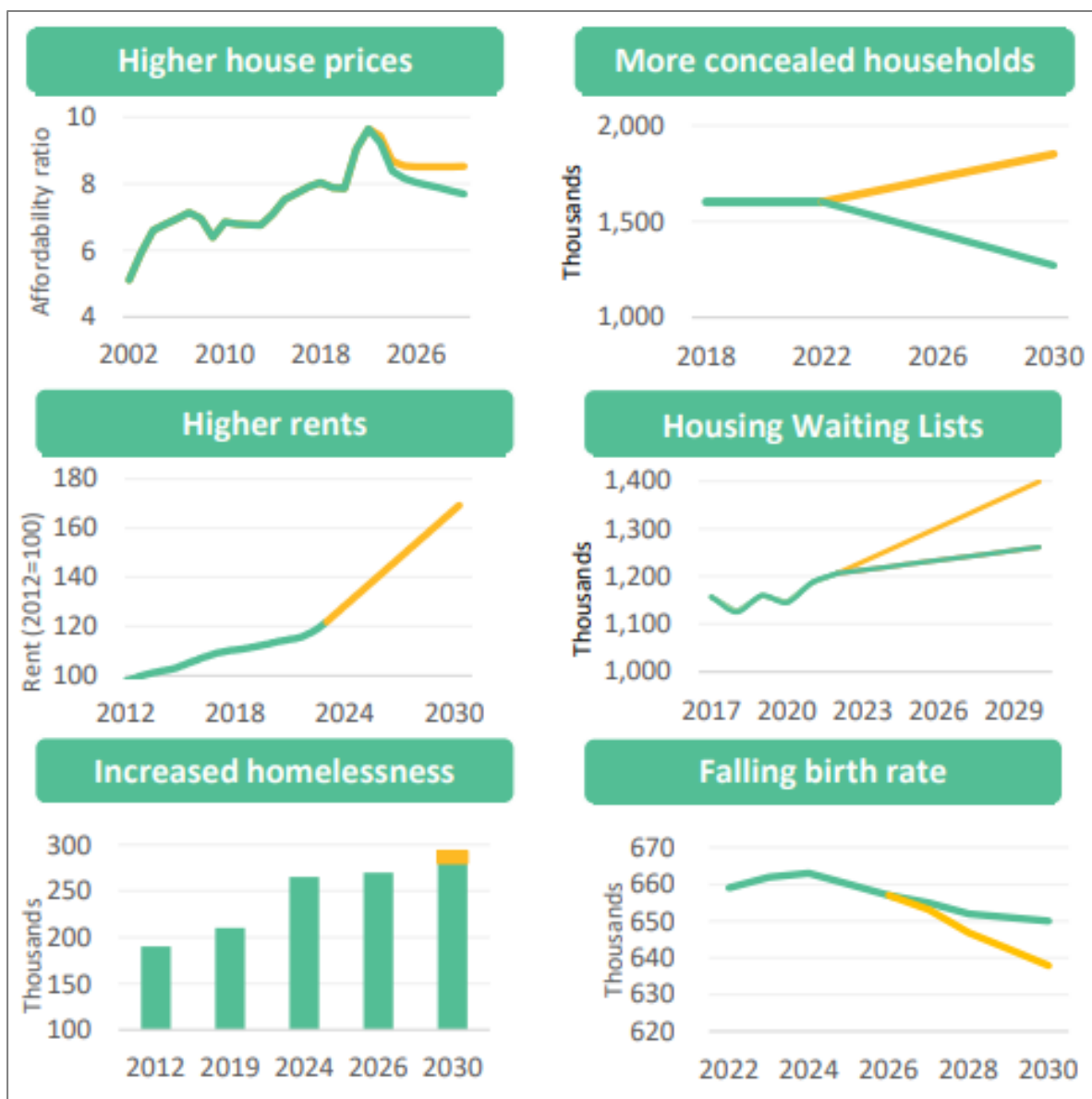


Figure 4. Adverse consequences of the proposed policy changes. Source: Lichfields analysis

In addition, a recent report published by the LPDF¹⁰, shows a direct link between home ownership and the UK's falling birth rate. The research showed that for those owning their own homes, a 10% increase in house price correlates with a 2.8% rise in births, whilst for renters, the same increase correlates with a 4.9% **decrease** in births.

Since the government originally announced their commitment to deliver 300,000 homes per year in 2018, the backlog of supply is already some 200,000 homes. If the current rates of housebuilding were to continue at their current level, a situation that will not occur as a result of the proposed changes to the NPPF, this backlog would grow to 750,000 units by 2030 (figure 5 below).

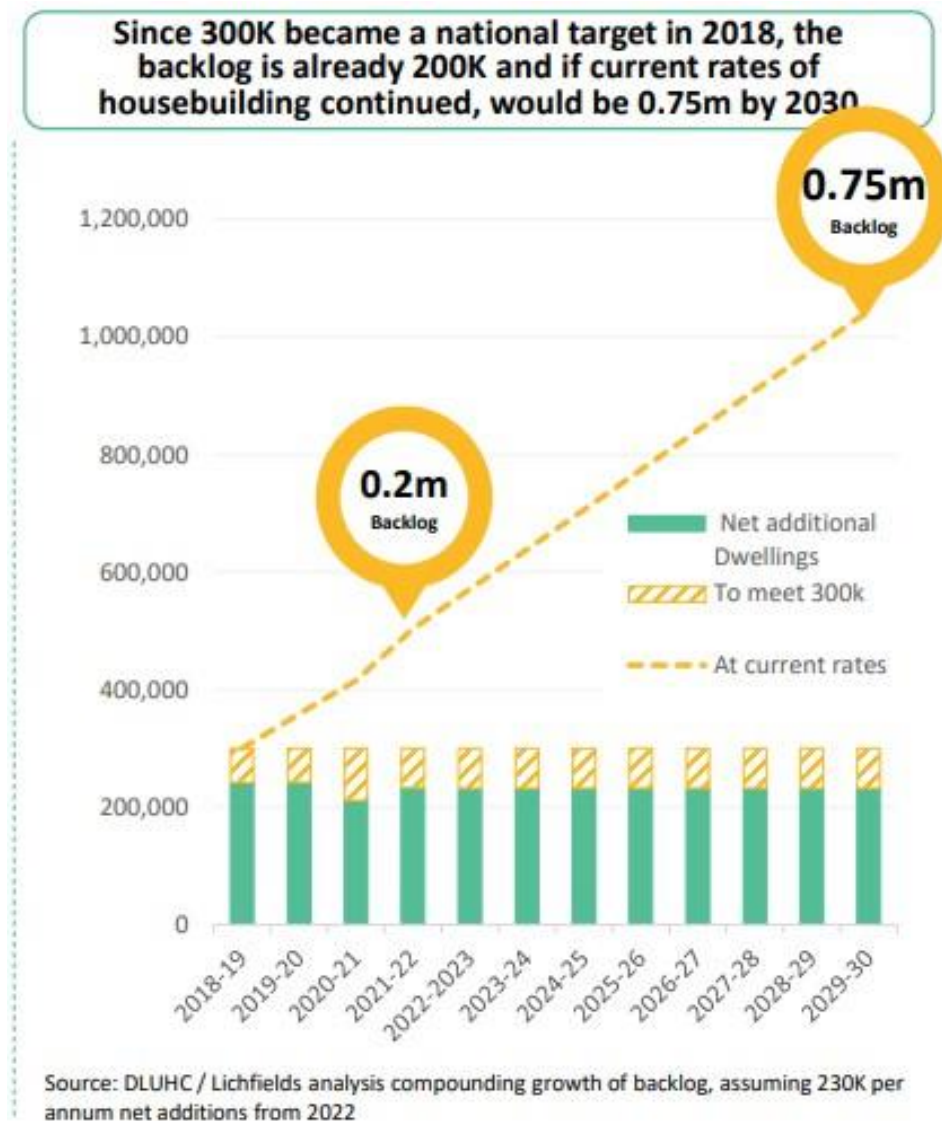


Figure 5. Backlog in housing delivery against 300, 000 target. Source: Lichfields analysis

The overall consequences of the proposed changes to the NPPF have been annualised up to 2030 and presented by Lichfields in their research (Appendix 1). These conclusions can be seen in figure 6 below. These figures take account of the losses which are a direct result of LPAs adopting a housing requirement below their Standard Method figure, current levels of under delivery in London, under delivery in the 19 urban centres (excluding London) which are subject to the 35% uplift, under delivery

¹⁰ [Microsoft Word - 379 - Briefing Note Affordability v Fertility \(lpdf.co.uk\)](https://www.lpdf.co.uk/microsoft-word-379-briefing-note-affordability-v-fertility/)

as a result of LPAs not having to review their Green Belt, the impacts of taking into account previous over delivery and the weakening of the 5YHLS requirement. These factors will result in 77,000 fewer homes per year being delivered, with overall supply falling to around 156,000 homes per annum just half of the government's current commitment.

These figures have been arrived at using a conservative interpretation of the potential impacts of the NPPF changes and taking account of the potential for double-counting. They also only predict the impacts of the NPPF changes alone and take no account of the 74 LPAs that are currently affected by the nutrient neutrality issue nor the North Sussex area which is impacted by water neutrality. Although the impact of these neutralities is very difficult to quantify on a year by year basis, the reduction in housing delivery could range from 15,000 units per annum to 41,000 units per annum, depending upon when solutions come on stream and if the geographical area of coverage increases.

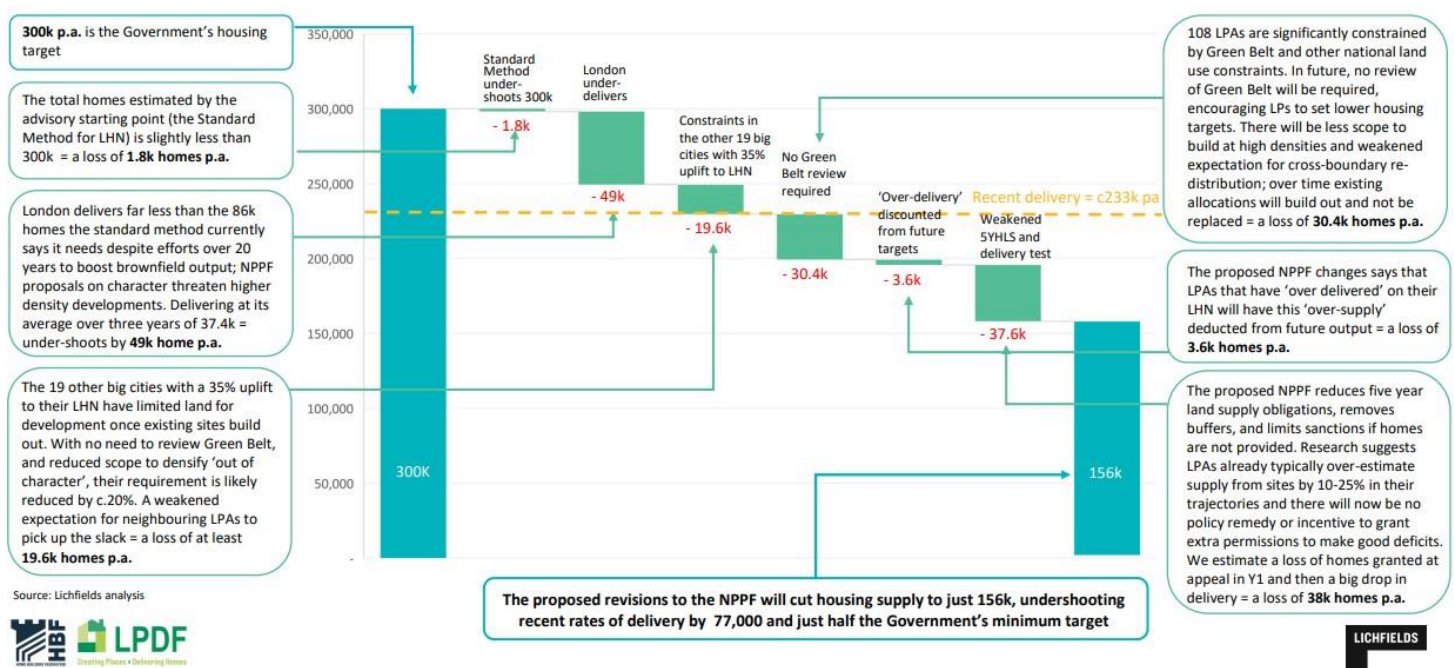


Figure 6. Annualised potential impact of NPPF amendments. Source: Lichfields analysis

By decreasing housing supply to this degree, the draft NPPF proposals will reduce home ownership, increase rents, prevent young people from starting families and having children, add to the housing waiting list, increase homelessness, and harm living standards.

It is highly worrying for a government that wants to increase home ownership, that 70% of would-be first-time buyers already believe the dream of home ownership to be over (Appendix 3).

Q8. Do you agree that policy and guidance should be clearer on what may constitute an exceptional circumstance for the use of an alternative approach for assessing local housing needs? Are there other issues we should consider alongside those set out above?

No.

Exceptional circumstances are a high bar to clear and rightly so. It is the correct approach that any LPA wishing to depart from the national approach to deriving housing need, should be made on a case by case basis and with reference to the specific exceptional circumstances that they believe justify their

alternative approach. These circumstances should be unique and truly exceptional to that individual authority.

Defining exceptional circumstances can be extremely difficult and too much prescription can lead to a uniformity of approach and a consequential moulding of the evidence to meet the circumstances that are set out in guidance.

Exceptional should mean just that, and this should be tested rigorously through the consultation process and ultimately, at the local plan Examination (more rigorously than if the national approach to determining housing need has been applied).

However, it is considered that the national approach to calculating housing need (currently the Standard Method) is the starting point for setting the housing requirement and the figures derived currently from this approach do not reach the government's commitment to delivering 300,000 dwellings per annum. LPAs should therefore be using the national approach to assessing housing need and using this figure as the starting point, with a number of other factors considered which would indicate whether this figure should be augmented to meet other policy aspirations such as delivering economic growth, reducing the affordability issue, decreasing concealed household numbers or reducing the Council's housing waiting list.

The LPDF understand that the current Standard Method construct has been rightly criticised for its reliance on out-of-date demographic projections that no longer reflect reality. Therefore, we would propose a standard method which uses the existing housing stock of an area as its starting point (Appendix 9).

The existing housing stock of an area is a more reliable proxy for current population and retains a tangible relationship with the size of an existing community. It reflects housing provision, need and demand over a much longer-term period. The government has previously identified that housing stock offers 'the stability and predictability which has been absent when solely relying on household projections'¹¹.

As an example, a minimum growth rate of 1.0% of existing stock could be used. This would establish local baselines which collectively amount to a national floor of c.250,000 homes per annum. This is close to recent delivery rates, and would ensure momentum in the delivery of new homes is maintained. To illustrate, it would represent one additional home per annum for every 100-125 existing homes.

Guidance to accompany the method would allow further consideration of adjustments to the starting factors that may be driving higher housing need at a local authority level or, exceptionally that may justify a lower target. Drivers of a housing requirement higher than the starting point could include the affordability of homes, labour market indicators; availability of brownfield land; investment in infrastructure; and the need for particular types of homes. Adjustments below the starting point might be justified where there are exceptionally high concentrations of second/holiday homes; HE and FE students or older people.

A stock-led baseline will distribute new housing more evenly and equitably across the country addressing concerns that have prompted the proposed changes to national policy. Its simple proportionate approach would help to address concerns raised by communities and local councillors. It can be adjusted locally to take account of the opportunities for growth and capacity to

¹¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/927157/200805_Changes_to_the_current_planning_system.pdf

accommodate it and to align with the government's objectives of focussing housing growth within our larger towns and cities and optimising the re-use of brownfield sites. It will enable levelling-up in a sustainable way.

Q9. Do you agree that national policy should make clear that Green Belt does not need to be reviewed or altered when making plans, that building at densities significantly out of character with an existing area may be considered in assessing whether housing need can be met, and that past over-supply may be taken into account?

No.

Green Belt

Green Belt is a land use designation which is not based on environmental quality, landscape merit, visual impact or public accessibility. As such, it is a policy which should be reviewed as part of the local plan preparation process just as any other land use policy would be.

Green Belt covers just under 13% of the country and this has increased by 1.5% between 2021 and 2022, contrary to many reports that the Green Belt is depleting.¹²

Almost 180 LPAs have Green Belt designations within their boundary, with percentages ranging from 0.1% in East Staffordshire and others, to 94% in Tandridge. Whilst those LPAs with a low percentage of Green Belt have alternative options available for delivering growth without Green Belt review, many in the upper range have no other option.

Green Belt therefore does need to be assessed and reviewed where necessary, preferably at a strategic level, if exceptional circumstances exist to justify this approach. This should rightly be examined through the consultation and examination processes of local plan preparation.

A report by Lichfields¹³ into local plan coverage which was published in May 2022, found that of the 70 LPAs which had not adopted an up-to-date local plan in the previous 10 years, over 70% contained Green Belt. If the government want to achieve their dual objectives of 100% local plan coverage and delivering 300,000 homes per annum, then these LPAs need to be incentivised to prepare and adopt plans that meet their housing needs in full, including through Green Belt review if required and justified.

The NPPF should be clear that local plans need to be prepared and regularly updated in all areas of the country, including those areas impacted by Green Belt, and it should be emphasised that Green Belt should be assessed through the evidence base as part of this process. As the current NPPF highlights, every effort should be made to ensure that all other reasonable options for meeting identified needs should be considered before concluding that the exceptional circumstances exist to justify Green Belt release. This is the correct approach to employ.

This is a high bar to clear and rightly so, but if the option to not review Green Belt boundaries is offered, LPAs are highly likely to take the path of least resistance and not deliver their full development needs with significant social, economic and environmental consequences as a result.

¹² <https://www.gov.uk/government/statistics/local-authority-green-belt-statistics-for-england-2021-to-2022/local-authority-green-belt-england-2021-22-statistical-release>

¹³ <https://lichfields.uk/blog/2022/may/4/ten-years-of-the-nppf-what-do-we-have-to-show-for-a-decade-of-plan-making/>

Many of the LPAs that are impacted by significant percentages of Green Belt designation are amongst the least affordable places to live, and if those authorities chose not to deliver their full housing need, then this situation is only going to worsen.

Focussing on brownfield land in these locations is only likely to deliver a certain percentage of the full need for housing, it is only likely to deliver a certain type and size of unit (apartments) and because of viability issues, is unlikely to deliver sufficient affordable housing levels to meet the needs of its population.

Although the LPDF's focus is on the delivery of housing, it must not be lost that not reviewing Green Belt boundaries as part of the local plan process is also going to severely limit the economic growth potential of an area. New employment generating uses need sites to be allocated in the local plan to provide certainty that their growth plans can be met in their area. If this is not possible, the only option available is to relocate outside of the LPA area, severely hampering economic growth as a result. A brownfield approach to development in those areas significantly impacted by Green Belt will mean that both residential and commercial developers will be competing for the same urban sites, a competition that employment uses are likely to lose. This competition will result in significantly increased site values which will have a consequential knock-on impact on overall site viability.

Green Belt also surrounds many of the urban areas which have been identified as being required to accommodate a 35% uplift in the housing requirement, a level which most of the affected authorities simply cannot deliver (Appendix 4). If the need that is generated by these authorities being unable to deliver their housing need in full is not picked up in the surrounding authorities, as part of the alignment policy or through a strategic approach to planning, then this housing will simply be lost, further decreasing overall housing delivery across the country. If it is picked up by surrounding authorities, this can often lead to unsustainable patterns of development as Green Belt is leapfrogged leading to increased commuting distances which can be environmentally damaging. Often, delivering new homes and employment in Green Belt areas on the fringes of these urban areas, is the most sustainable approach.

The current guidance contained in the NPPF does not require LPAs to alter their Green Belt boundaries if it is not fully justified. There is therefore already an inherent strong protection for the Green Belt set out in national policy, and this has been sufficient to ensure that Green Belt boundaries are only altered where exceptional circumstances can be demonstrated. This approach should not be amended.

In addition, if a LPA has chosen not to amend its Green Belt boundaries as part of the local plan process, and has not prepared any evidence of the contribution that parcels of land within the Green Belt make to the five purposes of the Green Belt as set out in the NPPF, then it will remain vulnerable to challenge through the local plan Examination process or through planning appeals.

Densities significantly out of character

The introduction of the words in paragraph 11 "such adverse impacts may include situations where meeting need in full would mean building at densities significantly out of character with the existing area" is likely to cause significant conflict with other policy initiatives contained in the proposed NPPF amendments.

As set out above, proposed paragraph 62 of the NPPF requires the top 20 most populated cities and urban centres to accommodate an uplift to their housing requirement of 35%. As we have already evidenced in Appendix 4, many of these cities and urban centres have already stated publicly that they

cannot meet this uplift, and that is before they have considered the test which is set out in proposed paragraph 62. Once it is applied, it is inconceivable that any of the LPAs will determine that they can accommodate a greater level of the 35% uplift than already indicated. It is far more probable that they will conclude that because of local character considerations, the cities and urban areas can deliver less housing than they originally anticipated.

In fact, the government have admitted that the 35% uplift figure is entirely arbitrary and is not based on detailed evidence which suggests that the urban areas impacted can actually deliver this figure. In addition, the government have made it clear that the uplift should be delivered within the towns and cities concerned and should not be exported to the surrounding areas unless there is a voluntary cross-boundary agreement to do so.

Therefore, given that the 35% uplift is arbitrary, not based on evidence and has already been proven to be undeliverable in many of the towns and cities before character has been fully considered, it is clear that this policy cannot be delivered, is unjustified, and should not form part of the NPPF proposed amendments.

However, this is just one implication of the consideration of the character test which is introduced within paragraph 11. All LPAs will need to consider whether they are able to meet their full development needs without building at densities that are out of character with their existing areas. With the government's emphasis being firmly on the redevelopment of brownfield sites, many LPAs may conclude that they cannot achieve these objectives without negatively impacting on the existing character of their urban areas, especially as suburban areas face densification through taller buildings which jar with their 2-3 storey character.

In order to assess and robustly evidence that the LPA has considered the impact of density on the character of an existing area, they will need to undertake a detailed character appraisal of the entire LPA. Character varies considerably across a LPA including between its rural and urban areas, but also within each urban area itself. This approach to considering density is confirmed in footnote 8 of the proposed changes to the NPPF.

This would be a significant undertaking and one that an LPA would be unlikely to be able to undertake using its own resources. Evidence would therefore have to be commissioned from consultancies with the requisite skills and expertise to be able to undertake the assessment and defend the conclusions through an Examination process.

The concept of density is also subjective, in contrast to all other constraints that LPAs need to take into account in the plan making process including flood risk, Green Belt, AONB and National Parks, which are objective. The introduction of a subjective element to the consideration of constraints is likely to lead to an increased number of appeals and subsequent legal challenges to planning decisions which will add further delays into the planning process and will again increase the resource ask from LPAs.

It must also not be forgotten that local plans should act as vehicles for change. It is fully within the scope of a local plan to come to decisions about the need to alter the character of an area to deliver significant economic, community or environmental benefits, to regenerate a location and to deliver an area's needs. The consideration of character, if it is to be introduced, needs to be flexible enough to allow this scenario to be addressed. This should be achieved through the policies in the local plan, or through the design guides and design codes referenced in footnote 8. This is far from clear in the current drafting of the NPPF amendments and should be addressed, if the government wish density to remain a consideration in local plan preparation.

Therefore, the introduction of this test within paragraph 11 is likely to have a significant negative impact on the resources of LPAs, delays in the planning system and, further reducing housing and employment delivery, and exacerbating the housing crisis as a result.

Oversupply

There is a housing crisis. The Country continues to under-deliver both against the government's reaffirmed commitment to 300,000 homes per annum and against the housing requirements set out under the current Standard Method. Affordability ratios continue to rise, in 2021, full time employees could typically expect to spend around 9.1 times their annual earnings on purchasing a home in England. This is a statistically significant increase compared with 2020 when it was 7.9 times their workplace-based annual earnings.¹⁴ Overcrowding and concealed households remain high with around 3.66 million¹⁵ households experiencing housing need as a result, the average age of a first time buyer in 2019/20 was 34 (in 2007 the average age was 27)(Appendix 5) and overall housing delivery in 2022 was just 232,820 net additions.

In this context, and set against the commitment of achieving 300,000 dwellings per year and making home ownership accessible to all, LPAs should be commended when more homes are delivered. However, recent research by the Centre for Cities¹⁶ concludes that "Compared to the average European country, Britain today has a backlog of 4.3 million homes that are missing from the national housing market as they were never built. Addressing this backlog is the key to solving the housing crisis" but they suggest that "England's current housing target of 300,000 new homes a year will not clear the housing backlog for at least half a century". The research suggests therefore, that England needs 442,000 new homes a year to close its housing backlog with the average European country over 25 years, or 654,000 to close it in ten years.

The current NPPF, and indeed the current proposed amendments state, that the housing requirement can be higher than the identified housing need, and that the Standard Method simply provides a starting point for setting the housing requirement. Given the scale of the housing need and in a situation where everyone agrees that there is a housing crisis, over-delivery should not be discouraged.

Whilst individual LPAs may have delivered more dwellings than the requirement set out in their local plans, collectively, as a country, we have fallen significantly short of meeting our housing needs.

Under the Standard Method, under-supply is factored into step two of the process by way of the application of an uplift to account for affordability. By way of logic, over-delivery will be factored in through the same process i.e. less of an uplift for affordability is likely to be required if the LPA has truly over-delivered and the affordability ratio has reduced. This is the correct way for any over-delivery to be factored in.

In addition, it is extremely difficult to ascertain if a LPA has over-delivered given that local plans are required to be reviewed every 5 years, which will usually fall part-way through their plan period. The housing requirement derived through the Standard Method changes year to year as it is a point-in-time assessment, therefore, it is almost impossible to work out what the actual requirement for new homes is in an area and whether the LPA has met that requirement in full.

¹⁴<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/2021>

¹⁵ [Housing requirements: low-income and homelessness | Crisis UK](#)

¹⁶ [the-housebuilding-crisis.pdf \(centreforcities.org\)](#)

The only way to ensure parity in the way that over or undersupply is factored into the housing requirement going forward is by reference to statistics such as the affordability ratio, the number of over-crowded or concealed households in an area and the number of people on the housing waiting list.

Q10. Do you have views on what evidence local planning authorities should be expected to provide when making the case that need could only be met by building at densities significantly out of character with the existing area?

Yes.

In order to assess and robustly evidence that a LPA has considered the impact of density on the character of an existing area, is to undertake a detailed character appraisal of the entire LPA area.

Character varies considerably across a LPA including between its rural and urban areas, but also within each urban area itself.

This would be a significant undertaking and one that a LPA is unlikely to be able to undertake using its own resources. Evidence would therefore have to be commissioned from consultancies with the requisite skills and expertise to be able to undertake the assessment and defend the conclusions through any Examination process.

LPAs are already under-resourced and are operating well above their existing capacity limits. They often do not have access internally to the urban design skills that would be required to carry out such an assessment, and as a consequence, additional resources would be required to justify any conclusion reached by the LPA in regards to character. This lack of resource within LPAs has been highlighted through the National Model Design Code Pilot Programme Phase 1 conclusions¹⁷.

Q11. Do you agree with removing the explicit requirement for plans to be ‘justified’, on the basis of delivering a more proportionate approach to examination?

No.

Many of our arguments for the retention of the ‘Justified’ test in the tests of soundness are set out in our response to **Q1** above. However, it is our view that this is likely to be the single change to the NPPF that will have the greatest negative impact on the quality of local plans and the delivery of housing and commercial development as a result.

At present, plans need to demonstrate that they are an appropriate strategy, taking into account reasonable alternatives and based on proportionate evidence; not an unreasonable requirement for a plan which shapes the future growth of an area.

Under the proposed system, policies, proposals and sites allocated in forthcoming local plans would not have to be justified and would not need to show evidence that they are implementable or deliverable. The opposite of justified is of course, unjustified!

Whilst the drive for proportionality is to be welcomed, especially in light of stretched LPA resources, the remaining tests of soundness are unlikely to be sufficient to ensure that a chosen strategy will address a LPAs key issues. If local plans are no longer required to be justified, then the scrutiny of the plan through the Examination process will be weakened. Plans will be put in place that are of a lower

¹⁷ <https://www.gov.uk/government/publications/national-model-design-code-pilot-programme-phase-1-lessons-learned>

quality than exist currently, that do not meet the plans overall objectives and ultimately cannot be implemented or delivered. Lower quality plans may lead to a consequential increase in the number of appeals faced by a LPA which in turn, may lead to the need to update the plan more frequently, further impacting on limited LA resources.

Plans also need to be justified so that LPAs can clearly explain to their local communities why a chosen strategy has been selected and what other options were considered, including the reasons for their rejection. If this requirement is removed from the tests of soundness, transparency of decision making will suffer as a result. The number of representations received on a plan during its consultation phases is likely to increase as a result of this lack of transparency, and legal challenges to the process may ultimately be harder to defend.

Q12. Do you agree with our proposal to not apply revised tests of soundness to plans at more advanced stages of preparation? If no, which if any, plans should the revised tests apply to?

Yes.

Whilst the LPDF do not agree with the changes proposed to the tests of soundness which are set out in the consultation documents, it is agreed that the new tests of soundness should not be applied to plans that have reached pre-submission consultation stage or later, or plans that reach this stage within 3 months of the introduction of the policy.

Q13. Do you agree that we should make a change to the Framework on the application of the urban uplift?

No.

As set out in response to **Q9** above, the LPDF consider that the urban uplift cannot be delivered, is unjustified, and should not form part of the NPPF proposed amendments (Appendix 4).

The government have admitted that the 35% uplift figure is entirely arbitrary and is not based on detailed evidence which suggests that the urban areas impacted can actually deliver this figure. In addition, the government have made it clear that the uplift should be delivered within the towns and cities concerned and should not be exported to the surrounding areas unless there is a voluntary cross-boundary agreement to do so.

Given that many of the LPAs have already stated publicly that they cannot meet the urban uplift, even before they have fully considered the character test introduced in paragraph 11 of the NPPF proposed changes, allied with the impacts that competing land uses will have on the provision of much needed commercial development land in these urban centres, plus the lack of viability there is on urban brownfield sites which will lead to a lower delivery of affordable housing and a focus on delivery of a particular type of unit (1-2 bedroom apartments), the uplift figure is both undeliverable and has unintended negative social and economic consequences.

Research by Turley and Tetlow King¹⁸ on behalf of the LPDF found that excluding London, the 19 towns and cities that are subject to the urban uplift have delivered only 49,634 affordable homes over the last 10 years, which is under 10% of all the affordable homes delivered nationally. When losses through the Right-to-Buy initiative are factored in, less than 1,200 additional affordable homes per annum have been delivered by these 19 urban authorities. When the country is firmly in the grasp of

¹⁸ <https://www.lpdf.co.uk/wx-uploads/files/newsletters/Affordable%20Housing%20Emergency%20-%20FINAL.pdf>

an affordable housing crisis, focussing predominately on brownfield sites in these urban areas is only going to make this situation significantly worse.

Contrary to the situation experienced in urban locations, the research found that a broader supply of housing land must be provided in order to deliver more affordable housing. Greenfield development is always likely to deliver a greater proportion of affordable housing provision, often at policy compliant levels, because of the increased viability of the sites over brownfield options. The research illustrates that taking five authorities that had adopted plans between 2015 and 2017, net affordable housing delivery equated to 21%-28%, with all 5 authorities (Cornwall, Wiltshire, Cheshire West and Chester, South Gloucestershire and Cheshire East) delivering individually, a greater level of affordable housing provision than Birmingham, Bristol, Liverpool, Manchester and Sheffield combined over the same period (Appendix 6).

In addition, research undertaken by Lichfields¹⁹, again on behalf of the LPDF, has proven that the maximum capacity of building on all brownfield sites contained in LPAs' Brownfield Registers is 1.4 million units. This level of delivery assumes that all sites on the registers can be delivered and there is no double-counting or errors in the cataloguing of the sites within the registers. This is clearly an unrealistic assumption and one that still only delivers 31% of the housing need over 5 years if you take the government's commitment to the delivery of 300,000 homes as the baseline. The inevitable conclusion is greenfield sites will still be required to deliver the country's housing need.

Q14. What, if any, additional policy or guidance could the department provide which could help support authorities plan for more homes in urban areas where the uplift applies?

Government support through the various funding pots such as the Brownfield Land Release Fund and intervention from Homes England will be necessary to ensure that LPAs can maximise the contribution that brownfield sites make to the provision of a LPA's development needs. But these funds are limited and come at great expense to the public purse.

It should not be assumed that all brownfield sites in urban locations should be or will be utilised for housing delivery, because of the impact that this would have on commercial development (see our response to **Q54** and **Q55** below).

To assist LPAs in making the most of the brownfield sites in their area for both residential and commercial uses, a standardised approach should be adopted to the collection and interpretation of data for LPAs' Brownfield Registers. The research undertaken by Lichfields²⁰ and referred to above, found Brownfield Registers to be error-ridden and woefully inadequate to accurately estimate the true capacity of sites that can be brought forward for development. This needs to be addressed if LPAs are to rely on sites contained in those registers to help to deliver their development needs.

However, substantial numbers of greenfield sites will still be required to meet the full needs for both residential and commercial development in all LPAs going forwards, and to ensure that the delivery of affordable housing is maximised to address the growing affordable housing crisis.

¹⁹ <https://www.lpdf.co.uk/wx-uploads/files/newsletters/Banking%20on%20Brownfield%20-%20Lichfields%20-%20Final.pdf>

²⁰ <https://www.lpdf.co.uk/wx-uploads/files/newsletters/Banking%20on%20Brownfield%20-%20Lichfields%20-%20Final.pdf>

Q15. How, if at all, should neighbouring authorities consider the urban uplift applying, where part of those neighbouring authorities also functions as part of the wider economic, transport or housing market for the core town/city?

Many planners lament the loss of strategic planning and its replacement, the Duty to Cooperate (DtC) never really worked as it was envisaged. Too often, the DtC was a duty to talk but did not require specific outcomes to be agreed. A further issue was that when a LPA was found to have failed the DtC test, the only option to rectify the situation was to return the plan to a previous stage of preparation. Hence, the government is proposing to rescind the DtC and to replace this with an alignment test. However, as yet, there is no detail as to how this alignment test will operate in practice, so it is difficult to answer this question in the absence of this detail.

However, given the fact that many of the LPAs that are subject to the urban uplift have stated that they cannot meet this number, there needs to be a robust and binding mechanism in place to ensure that any unmet need can be met elsewhere.

This mechanism cannot be left as a voluntary agreement as that system is fraught with difficulties causing delay and political tension locally. Many examples of voluntary cooperation on strategic plans have failed under the current system. The West of England, the Black Country and Oxfordshire are just a few examples where resources have been targeted at voluntary strategic planning cooperation, only for the partnerships to fail and strategic plans to be abandoned.

There are many planning issues which are better dealt with at a wider level than an individual LPA area including Green Belt, infrastructure provision, renewable energy, waste disposal and the distribution of housing and employment growth. These issues should be considered at a geographic scale that is easily identifiable and allows strategic decisions to be taken with regard to their impact across that entire geography. This could be a Housing Market Area (HMA), Functional Economic Market Area (FEMA), County or other construct, but in order for these to operate it needs to be mandated that these areas work together to implement a strategic planning function that will ultimately guide local plan preparation for LPAs.

All of the towns and cities impacted by the urban uplift should therefore be mandated to work with their neighbours, across the most appropriate wider geography, to ensure that their full housing and economic needs can be met.

Q16. Do you agree with the proposed 4-year rolling land supply requirement for emerging plans, where work is needed to revise the plan to take account of revised national policy on addressing constraints and reflecting any past over-supply? If no, what approach should be taken, if any?

No.

As stated above, many of the changes that are proposed through this consultation will have a negative impact of housing delivery. A significant number of LPAs have already paused or delayed their local plan preparation processes as a result of the planning reforms and the changes that have been proposed, despite DLUHC categorically stating that LPAs should continue their plan preparation processes (Appendix 2). If these delays continue, and LPAs are only required to demonstrate a 4YHLS whilst plans are in preparation, then this can only lead to a significant decrease in housing delivery.

It is important that the impact of these proposed changes on housing supply is minimised, and that housing continues to be delivered to drive economic growth and tackle the housing crisis. LPAs must be encouraged to maintain a housing land supply in order to avoid the potential catastrophic collapse

of delivery predicted by the Lichfields work (Appendix 1) and therefore, LPAs should be ensuring that they can demonstrate a 5YHLS during the plan preparation stages.

Q17. Do you consider that the additional guidance on constraints should apply to plans continuing to be prepared under the transitional arrangements set out in the existing Framework paragraph 220?

Our views on the transitional arrangements will be covered in our answers to **Q45 – Q48** below.

Q18. Do you support adding an additional permissions-based test that will ‘switch off’ the application of the presumption in favour of sustainable development where an authority can demonstrate sufficient permissions to meet its housing requirement?

No.

As illustrated in the work undertaken by Lichfields²¹ on behalf of the LPDF, not all permissions translate into delivery through no fault of the developer or the LPA. Lichfields concluded that between 10% to 20% of permissions do not materialise into a start on site at all and that an estimated 15% to 20% of permissions are re-engineered with a permission re-sought. Local plans must therefore have sufficient flexibility built in to rectify such situations quickly to avoid under-delivery against housing requirements.

Technically, an LPA could grant permission on a strategic scale site which, because of its scale, would allow the LPA to demonstrate that it had sufficient permissions to meet the 115% threshold where the presumption in favour of sustainable development would be switched off. However, those units could not all be delivered in the first 5 years of the plan and therefore the LPA would be unable to demonstrate a 5YHLS under the current system. Conceivably, very few of those units, if any, may be delivered in the first 5 years. Therefore, switching off the presumption could have serious consequences for housing delivery.

As stated many times throughout this consultation response, many of the proposed amendments would have a negative impact on housing supply as indicated by the Lichfields work (Appendix 1), and these changes run counter to the government’s overall commitment to deliver 300,000 homes per annum. This is a contradiction that is difficult to comprehend and appears irrational.

Q19. Do you consider that the 115% ‘switch-off’ figure (required to turn off the presumption in favour of sustainable development Housing Delivery Test consequence) is appropriate?

No.

As set out above, there are many legitimate reasons why a site that has planning permission is ultimately not delivered. Many of these reasons are beyond the control of the developer or the LPA.

Therefore, unless there is a sophisticated process put in place to analyse the actual deliverable supply from the LPA’s stock of planning permissions and which is open to scrutiny, then switching off the presumption should not occur. Any switching off of the presumption will lead to a reduction in housing delivery.

²¹ [stock-and-flow-planning-permissions-and-housing-output.pdf \(lichfields.uk\)](https://www.lichfields.uk/stock-and-flow-planning-permissions-and-housing-output.pdf)

Q20. Do you have views on a robust method for counting deliverable homes permissioned for these purposes?

If the government do introduce the additional permissions-based test, then a robust approach to counting permissions must be put in place that is consistent across all LPAs and factors in all the circumstances that could lead to a delay in the implementation of the permissions that are outside of the control of the developers.

Issues such as delays in the consenting process for statutory undertakers, delays in discharging conditions, delays in the legal process of agreeing S106s, delays in gaining utilities connections, delays caused by unforeseen land ownership issues all need to be factored in; in fact, the list needs to be extensive and it would be difficult to capture the myriad of issues which can occur to prevent sites from being delivered.

In addition, any process would need to be open to scrutiny in order to ensure that the considerations that the LPA had taken into account are robust. If this process is not scrutinised, then it is likely to lead to an increased number of planning appeals at the expense of already depleted LPA resources.

Q21. What are your views on the right approach to applying Housing Delivery Test consequences pending the 2022 results?

The LPDF consider that the HDT results for 2022 should be published and operated as per the 2021 results as the planning reforms, if introduced, are unlikely to have an immediate impact. LPAs need consistency of approach in order to ensure that their planning responsibilities can be discharged effectively.

Q22. Do you agree that the government should revise national planning policy to attach more weight to Social Rent in planning policies and decisions? If yes, do you have any specific suggestions on the best mechanisms for doing this?

Yes.

The delivery of the required levels of affordable housing nationally should be seen as a central part of the Levelling-up agenda. The LPDF strongly supports the principle of revising national planning policy to attach more weight to Social Rent in planning policies and decisions. Affordable Rent was introduced in 2012 alongside the NPPF since when, as highlighted in the table 2 and figure 7 below, it has grown to be the dominant tenure type within affordable housing delivery.

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Social Rent	39,562	37,677	17,580	10,924	9,331	6,798	5,825	7,049	6,363	6,766	6,051	7,528
Affordable Rent		1,146	7,181	19,966	40,860	16,549	24,454	26,934	28,957	28,263	23,830	26,569
Right to Buy Losses	2753	4,242	9,140	16,993	17,397	17,556	19,076	18,262	15,903	16,519	10,136	15,690

Table 2 : Affordable Housing Delivery and Right to Buy Losses 2010/11 to 2021/22

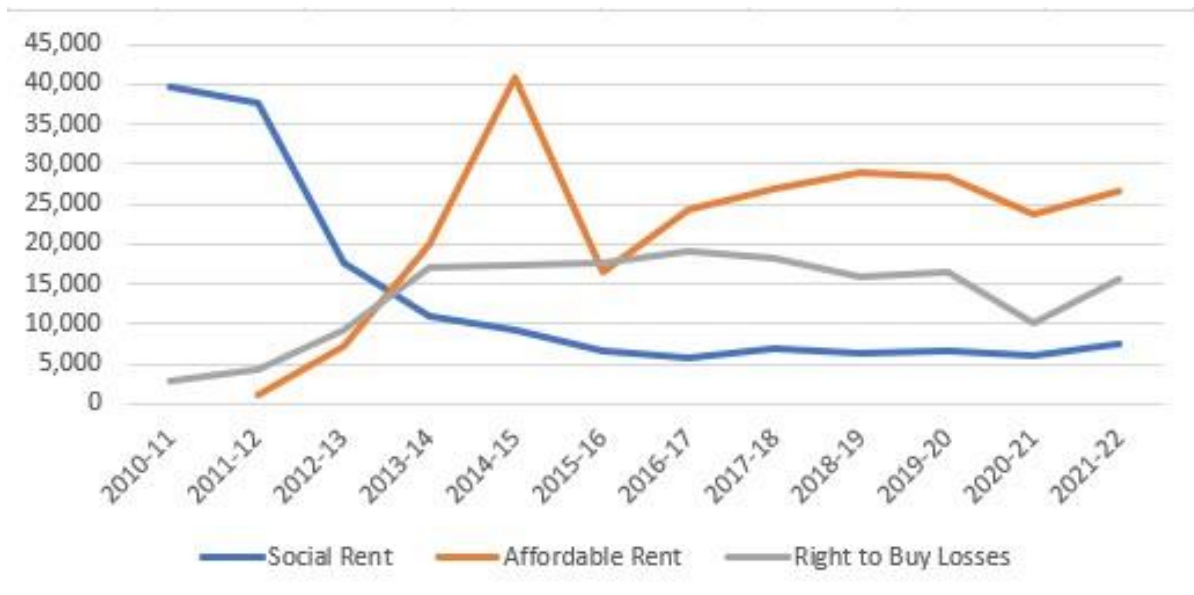


Figure 7 : Affordable Housing Delivery and Right to Buy Losses 2010/11 to 2021/22

Social Rent delivery has collapsed by nearly 81% from the year preceding the introduction of the NPPF. This is calculated at a ‘gross’ level and does not take account of the impact of Right to Buy. If Right to Buy is assumed to impact the level of social rented stock only, then over the period between 2010 / 11 and 2021 / 22 social rented stock has decreased by 2,213 dwellings nationally (England). The research²² published by the LPDF and prepared by Tetlow King and Turley highlights there is ‘An Affordable Housing Emergency’ which amounts to a national failure to provide the homes we need. Accordingly, at the LPDF, we believe that there should be much stronger emphasis placed within national planning policy on development that delivers affordable housing at or above the level required in local policy, as determined by an up-to-date assessment of local housing need. Further, we would make the following suggestions on how to deliver greater social rented and affordable housing by way of changes to national policy:

Social rent

In a manner similar to that adopted by government for First Homes, we believe that a minimum of at least 10% of the affordable housing requirement in every LPA should be delivered by way of the provision of social rented stock. Indeed, we would go further such that every LPA calculates their net loss (after additions of social rent are netted against losses by way of Right to Buy) of social rented stock over the preceding period (equivalent to that of the proposed local plan) and that this, on an annualised basis, is added to the 10% minimum figure to ensure that the stock of social rented properties within a community is rebuilt (this should be at the expense of Affordable Rent within the overall affordable requirement with shared ownership and First Homes remaining at the appropriate %). In the absence of an up-to-date local plan, any application which seeks to deliver this level (10% + calculated clawback) of Social Rented stock within its policy compliant affordable housing % should receive the benefit of the tilted balance.

²² [Affordable Housing Emergency - FINAL.pdf \(lpdf.co.uk\)](https://www.lpdf.co.uk/wp-content/uploads/2022/03/Affordable-Housing-Emergency-FINAL.pdf)

A failure to deliver sufficient affordable housing

We believe that a 5YHLS measure should be used for Affordable Housing as a sub-class. Every LPA should be expected to maintain a minimum land supply sufficient to provide 5 years of its identified need for affordable housing. This would ensure that the composition and mix of sites ensures the delivery of affordable housing. The necessity for this is highlighted by figure 7 above as Social and Affordable Rent amounted to 40% of English housing completions in 2014 / 15 and only 20% in 2021/22. There are likely to be a number of reasons for this: the impact of the introduction of the NPPF on Appeal decisions, new local plans with up to date Affordable Housing requirements, greater government grant funding of affordable housing programmes, all leading to a more appropriate mix. It emphasises the necessity to introduce measures that ensure delivery is sustainably maintained. As with the existing 5YHLS measure, this would trigger the operation of the tilted balance.

It should be noted that we have commented elsewhere in our wider consultation response of the risk that is placed to affordable housing delivery from certain of the other proposed measures which are being consulted upon.

Q23. Do you agree that we should amend existing paragraph 62 of the Framework to support the supply of specialist older people's housing?

Yes.

The LPDF supports the inclusion of specific reference to the requirement to assess the need for different types of older people's housing "including retirement housing, housing with care and care homes". However, given the recognised critical need for specialist housing for older people, in particular housing with care, the NPPF needs to go further to ensure that the current significant planning barriers to the supply of such housing are addressed.

In general terms, the planning-related issues that impact on the supply and operation of housing with care tend to relate to lack of consistency between LPAs; lack of understanding of the concept and its use class; and lack of (or out of date) policy specifically dealing with housing with care. The combined impact is a lack of clarity and certainty and thus a greater level of planning risk for operators, often leading to a higher cost of capital and lack of investment in some areas, which in turn results in insufficient supply and therefore higher costs for older people. The lack of a clear and supportive planning policy environment also means that residential developers and housing with care operators are not operating on a level playing field, discouraging investment in the housing with care sector.

Whilst, as noted in the consultation document, it is acknowledged that the Task Force will explore how the choice of, and access to, housing options for older people can be improved, and that further more detailed amendments to the NPPF are planned, it is considered that a number of additional amendments need be made to the NPPF in the interim to immediately improve understanding about the sector and the different typologies that exist, and to ensure that LPAs adequately plan to meet the critical and growing need for specialist housing.

The LPDF supports ARCO's (the relevant trade body) suggestions as follows:

(1) The NPPF should clarify the difference between the characteristics of the various typologies and how they fit into the Use Classes Order. There are currently numerous different terms used within the "housing with care" umbrella, and numerous different ways of defining what constitutes housing with care.

To address the need for consistency, and to ensure that there is a robust and clear policy position on what constitutes a genuine proposal for housing with care, as opposed to retirement or sheltered housing, definitions of the different typologies should be included in the Glossary to the NPPF. For the most part, these should be based on the definitions included at paragraph 010 of Planning Practice Guidance (PPG) on Housing for Older and Disabled People, June 2019. However, the definition of “housing-with-care” should be defined in more detail. It should also include a reference to Integrated Retirement Communities (IRCs) - the term for housing with care that is now advocated by ARCO and used by operators, as follows:

"Housing with Care: This consists of purpose-built or adapted self-contained flats or bungalows for sale, shared ownership or rent, where the homes and all facilities are managed through a single operator. Integrated care is available 24/7 if required, delivered on a flexible basis through a Care Quality Commission (CQC) registered care provider (either an in-house service, or from a preferred provider or external agency) with dedicated staff rooms and facilities on site. This enables residents to benefit from varying levels of care as time progresses. Residents are able to live independently with integrated managed support services and staff available on site 24/7, and meals are available to residents in their own homes or on-site dining facilities. Extensive integrated communal facilities are provided, such as space to socialise and wellbeing facilities. These developments are commonly known as IRCs or villages. Operators of IRCs impose occupancy restrictions, including a minimum age, and enter into binding commitments with LPAs about the services to be provided and restrictions to be applied."

Additionally, it is suggested that a footnote is added after “care homes” incorporating the following text:

“Planning Policy Guidance (PPG) on Housing for Older and Disabled People, June 2019, provides guidance on the different types of housing provision for older people (paragraph 010). Integrated Retirement Communities (IRCs) form part of the housing-with-care typology and this term is now widely used to define housing with care. The PPG also advises how to assess proposals for older people's housing in the context of the Use Classes Order (paragraph 014)”.

(2) The NPPF should recognise that a bespoke methodology is required to assess the need for older people's housing (for example, in the same way that the approach towards assessing the need for housing for travellers is clarified in Footnote 32).

When considering housing for older people at the plan making stage, many LPAs do not consider the need, and fail to make adequate provision, for housing with care options, and instead focus on traditional nursing or care homes and retirement or sheltered housing. Some of the common failings in the current approach used by LPAs to assess need include the use of out of date information; basing future estimates of need on previous trends and levels of supply and demand (resulting in under-provision); the use of a generic approach to need (without consideration of the different characteristics of different types of provision); and assuming that housing for older people will be provided as part of a mix of housing types in a Class C3 allocation. Additionally, little, if any weight is given by LPAs at the plan making stage to the significant wider benefits that housing with care options can deliver, including reducing the burden on the NHS and Social Care Services, and releasing family housing.

It is suggested that a further footnote is added after “care homes” in the amended paragraph of the Framework as follows:

“When assessing the need for housing for older people, the individual characteristics of, and need for, each of the typologies should be assessed, with particular emphasis on housing with care options, which generate significant wider benefits, including reducing the burden on the NHS and Social Care Services, and releasing family housing. Provision for new housing for older people should address quantitative and qualitative need, recognise anticipated growth in the sector and the impact of additional choice on future needs, and avoid relying on historic patterns of development, which will not reflect more recent typologies.”

(3) To ensure that all types of housing are also considered when identifying land for homes at the strategic level, the appropriate paragraph of the NPPF should be amended to reflect the amendments to paragraph 62 (now 63) and include specific additional wording “When considering housing for older people, particular consideration should be given to housing with care options”.

Q24. Do you have views on the effectiveness of the existing small sites policy in the National Planning Policy Framework (set out in paragraph 69 of the existing Framework)?

The LPDF believes there is a fundamental flaw within the NPPF. There needs to be a re-definition of what is meant by ‘small sites’, ‘small builders’ and ‘SMEs’. Small builders and SMEs should not be viewed as one in the same. Small builders, who could be well served by current definitions of a small site in the NPPF, are not medium sized builders which, within the sector, is likely to refer to a privately owned enterprise, seeking to grow organically and develop into a housebuilder with a multi-regional operation. As such, they are likely to be delivering anywhere between 50 and 1,000 dwellings per annum.

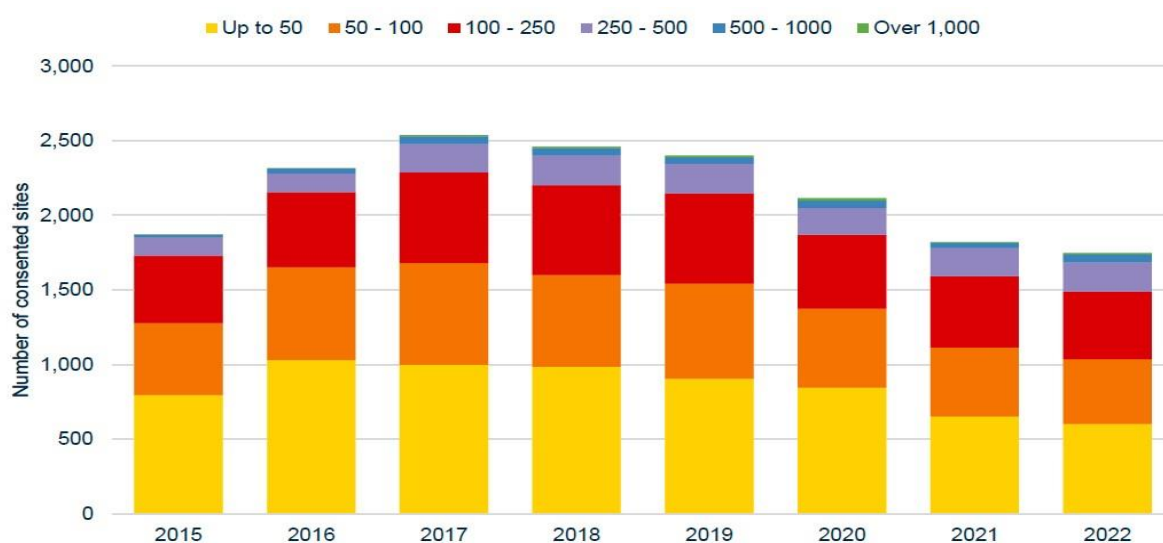
The government has recognised, through its request to the CMA to investigate the structure of the housebuilding industry in the UK, that it is not content with the decline in delivery of new homes by way of SME housebuilders which has taken place over the last 32 years. In 1988, nearly 40% of new homes were delivered by SME builders, by 2020 this figure had reduced to 10%. The LPDF is looking forward to engaging with the CMA with its views on the structure of the housebuilding industry. However, whilst access to finance is always a key issue for the sub-sector, we believe the regulatory environment of the planning system and therefore access to land is the major factor in the changed structure of housing delivery over the last 3 decades.

In early 2022 Savills Research²³ in their regular updates on Residential Development Land highlighted the proportion of sites in the most popular size range (50 to 200 units) gaining consent declined between 2015 and 2020 whilst an increasing proportion of homes were granted consent on large sites of over 500 units over the same period. This trend is likely to be accentuated for those sites of 100 dwellings or less, the core site size for SME housebuilders. The situation has been made even more acute as a consequence of the reductions in the number of new homes overall that are being consented. Savills note that “The shortage of land supply is further challenged by ongoing capacity constraints in the planning system. 94% of SME developers cited delays in securing planning permission as a major barrier to new development according to a HBF, Close Brothers and Travis Perkins survey published in December 2021”. The impact of nutrient neutrality has only made this position worse. Anecdotal evidence suggests that due to the scarcity of implementable planning consents coming to the market at anyone time volume (large) housebuilders have found it necessary to build on sites falling within the 25 – 100 dwelling size range in order to maintain the flow of land for their regional operations. As a consequence, medium sized housebuilders have been priced out of this segment of the market which would be viewed as core to their survival and expansion of their

²³ [Savills UK | Market in Minutes: Residential Development Land – Q4 2021](#)

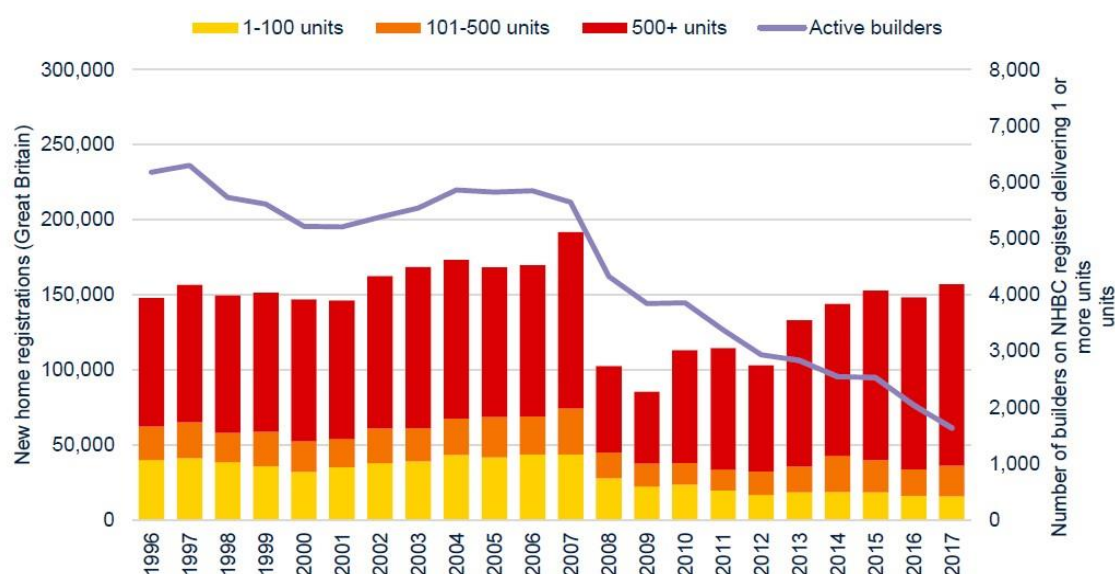
businesses. The situation is no better for Registered Providers in receipt of Affordable Homes Programme funding where they have been competing in a land market driven by scarcity.

Research undertaken by Savills, published on 1 March 2023, for the LPDF and a member, Richborough Estates, highlights that the number of plots on sites under 100 homes gaining consent in 2022 was at its lowest level for a decade. Indeed, the report goes on to highlight that the fall in the number of sites has been greater than the fall in the number of consented plots over the last 3 years. The number of consented plots was 15% lower in 2022 compared to 2017, while the number of consented sites was 31% lower. The fall in the number of sites with fewer than 100 plots was greater still, 38% down in 2022. The report illustrates the failure of the existing Framework to provide sufficient homes for housebuilders who aspire to grow (see figures 8 and 9).



Source: Savills Research, Glenigan

Figure 8: Number and size of consented sites across England



Source: Savills Research, NHBC

Figure 9: Number of new home registrations across Great Britain by size of housebuilder

Accordingly, we at the LPDF believe an urgent, fundamental review and update of the NPPF is required to address the supply of land for SME housebuilders. We have the following suggestions:

- Add ‘medium sized sites’ policies to the NPPF, defined as those below an appropriate threshold, say 5 ha or 100 dwellings, whichever is the lower;
- Create a ‘permissive’ regime for these sites, especially where affordable housing delivery is in line with local policy and includes social rent as noted elsewhere in our consultation response. Simplifying and strengthening the presumption in favour of sustainable development (Paragraph 11d of the Framework) by making it clear that it will apply if a local plan is more than 5 years old and the proposal being considered is sustainable would be starting point;
- Develop ‘exception site’ policies for sites between 10 and 25 dwellings for self /custom build consents which will support small housebuilder activity, again where affordable housing is delivered in line with local policy;
- Allow sites where RPs are looking to use AHP funding to deliver a 100% scheme to be viewed as ‘affordable exception sites’ within planning policy;
- Ensure that local plans deliver a range of sites suitable for housebuilders of all sizes, especially critical if there is to be any form of ‘holiday’ from applications made on the basis of an absence of 5YHLS in the first years of a local plan.

Q25. How, if at all, do you think the policy could be strengthened to encourage greater use of small sites, especially those that will deliver high levels of affordable housing?

Please see our response to **Q24** above.

Q26. Should the definition of “affordable housing for rent” in the Framework glossary be amended to make it easier for organisations that are not Registered Providers – in particular, community-led developers and almshouses – to develop new affordable homes?

The LPDF have no comment to make on this question.

Q27. Are there any changes that could be made to the exception site policy that would make it easier for community groups to bring forward affordable housing?

The LPDF have no comment to make on this question.

Q28. Is there anything else that you think would help community groups in delivering affordable housing on exception sites?

Any improvements that assist any party to bring forward affordable housing schemes should be considered, and should not simply be limited to community groups.

As set out in our response to **Q24-Q25**, the planning system is complex, expensive and unpredictable and it is these factors that disadvantage community groups, SME housebuilders, self and custom builders and RPs, from delivering a significantly greater numbers of homes.

Improvements could be made to ensure that there is a consistent set of validation rules operating across all LPAs with a nationally set scheme of delegation to ensure that planning committee resources across the country are operated in the most efficient and effective manner.

Planning application fees should be increased so that the fees represent the true cost of processing the application. This is especially relevant to householder applications which have increased in

number significantly over recent years and which cost the LPA far more to process than the existing fee regime generates. This will ensure that a greater level of resource can be channelled into the planning system which is struggling to cope with its increased responsibilities such as biodiversity, climate change, ecology, net zero, nutrient and water neutrality, design etc.

Q29. Is there anything else national planning policy could do to support community-led developments?

The LPDF have no comment to make on this question.

Q30. Do you agree in principle that an applicant's past behaviour should be taken into account into decision making?

No.

Planning permission relates to the land and not any specific individual or organisation. Planning decisions should be determined upon the merits of the scheme and no other issue.

The past behaviour of the applicant is extremely subjective and is open to interpretation and prejudice on behalf of those making the decisions. It should therefore not form part of any decision making process which should remain focussed on the merits of the scheme being considered.

It is not simply the past behaviour that should be at question when considering any development proposals. Research by Property Week²⁴ has found that between 2013 and 2018, LPAs across England received at least £4bn in infrastructure contributions from S106 agreements but they had only spent 37% of what they had received. In addition, there have been many examples of applicants having to take applications to appeal where a site has been allocated in an adopted local plan, yet the LPA has refused the application on matters of principle. This is wholly contrary to the provisions set out in paragraph 11 of the NPPF which clearly state that decision makers should approve development proposals that accord with an up-to-date development plan without delay.

Therefore, it would be irrational and inequitable to consider past applicants' behaviour during the planning application process without also taking into account the past behaviour of the LPA and its decision making processes.

Q31. Of the two options above, what would be the most effective mechanism? Are there any alternative mechanisms?

Neither.

As set out in our response to **Q30** above, planning decisions should be determined upon the merits of the scheme and no other issue.

Q32. Do you agree that the 3 build out policy measures that we propose to introduce through policy will help incentivise developers to build out more quickly? Do you have any comments on the design of these policy measures?

No.

There have been numerous official studies that have looked at the perceived issue of slow build-out rates on sites with planning permission including the 'Independent review of build-out rates' (2018)

²⁴ [The great Section 106 and CIL scandal | Insight | Property Week](#)

by Oliver Letwin²⁵, The Lyons Housing Review (2014)²⁶ and the Barker Review of Housing Supply (2004)²⁷ all of which concluded that there was no evidence of land-banking within the housing market.

Research undertaken by Lichfields on behalf of the LPDF entitled 'Tracking Progress' (2021)²⁸ concluded categorically that *"None of our analysis suggests (at least outside of London) any systemic failure in converting planning permissions to development by the industry; the planning and development process is complicated and with risk. The mismatch between planning permissions granted and housing output on a yearly basis is readily explained by the simple matter of the time it takes to progress development through the regulatory stages, the risks associated with small site delivery (and by smaller builders), the overall phasing of build-out on larger sites, and the role of the planning system (via new planning permissions) in facilitating changes to planned development schemes to reflect practical requirements"*.

This is a long held perceived issue which is not borne out by the facts and should not therefore be included as a measure within the LURB as this would reinforce a misrepresentation of the true position. The recently announced investigation by the CMA is likely to come to the same conclusions on this issue as those numerous previous official reports.

As set out in our response to **Q20** above, there are many legitimate reasons why it might take longer than anticipated to implement a planning permission including negotiating legal agreements such as the S106, negotiating highway agreements under Sections 38 and 278, discharging of conditions, securing connection to major utilities such as water, gas and electricity, land ownership issues, legal complications etc. In fact, the list of issues which can arise to delay the implementation of a permission is extensive.

If the government were to introduce any measures which it feels would encourage developers to implement planning permissions more quickly, then these measures should be sufficiently flexible to ensure that the factors listed above are taken into consideration when determining how much weight past delivery rates should be given in coming to any planning decision.

Q33. Do you agree with making changes to emphasise the role of beauty and placemaking in strategic policies and to further encourage well-designed and beautiful development?

In part.

The LPDF welcome a focus on placemaking and good design in the planning system. We also support the introduction of the National Model Design Code (NDMC) which provides a baseline of expectation for the design of new schemes.

However, we are less supportive of the concept of 'beauty' as this is a subjective matter and open to a large degree of interpretation. Everyone will have a different view and understanding of what is considered to be beautiful and without clear definition, this is likely to lead to inconsistent decision making and as a result, an increase in the numbers of appeals faced by LPAs.

As set out above in answer to **Q10**, many LPAs do not have urban design skills in-house and therefore, in order to make an informed judgment on whether a scheme meets the 'beautiful' criteria, external

²⁵ <https://www.gov.uk/government/publications/independent-review-of-build-out-final-report>

²⁶ https://www.policyforum.labour.org.uk/uploads/editor/files/The_Lyons_Housing_Review_2.pdf

²⁷ http://www.andyweightman.com/docs/barker_housing_final.pdf

²⁸ <https://www.lpdf.co.uk/wx-uploads/files/newsletters/Tracking%20Progress%20-%20Insight%20-%20Sept%202021.pdf>

resources are likely to be required, further stretching limited LPA budgets and potentially causing delays in the determination of planning applications.

The government would be better to focus on the NMDC and encouraging LPAs to adopt local Design Codes which conform with the concepts set out in the NMDC.

Q34. Do you agree to the proposed changes to the title of Chapter 12, existing paragraphs 84a and 124c to include the word 'beautiful' when referring to 'well-designed places', to further encourage well-designed and beautiful development?

No.

For the reasons set out above in answer to **Q33** the word 'beautiful' introduces a subjectivity and ambiguity to the process. This is only likely to cause argument and delay over the word's interpretation.

Q35. Do you agree greater visual clarity on design requirements set out in planning conditions should be encouraged to support effective enforcement action?

The LPDF have no comment to make on this question.

Q36. Do you agree that a specific reference to mansard roofs in relation to upward extensions in Chapter 11, paragraph 122e of the existing framework is helpful in encouraging LPAs to consider these as a means of increasing densification/creation of new homes? If no, how else might we achieve this objective?

No.

Mansard roofs are a very specific example of how to increase the living space in a property and they would only be appropriate in a very limited number of locations. They would have a negligible impact on addressing the issue of housing delivery and tackling the vast nature of the housing emergency, and it is considered inappropriate to include such detailed design guidance in a national policy document.

Q37. How do you think national policy on small scale nature interventions could be strengthened? For example, in relation to the use of artificial grass by developers in new development?

The LPDF have no comment to make on this question.

Q38. Do you agree that this is the right approach making sure that the food production value of high value farm land is adequately weighted in the planning process, in addition to current references in the Framework on best most versatile agricultural land?

No.

Best and Most Versatile Agricultural Land (BMV) is already afforded significant weight in the NPPF under paragraph 177.

There is a delicate balancing exercise to be undertaken in relation to ensuring future food security, delivering Biodiversity Net Gain (BNG) and other environmental improvements such as nutrient mitigation, and ensuring that we deliver housing and employment growth to meet our full needs. Any additional protection for farm land for food production must be undertaken with a clear understanding of its impact on the delivery of other key government objectives including economic growth. It is only when this is understood, that the government can determine where this delicate

balance needs to be struck. Until this exercise has been undertaken, the protection for BMV should remain as set out in the current NPPF.

Q39. What method or measure could provide a proportionate and effective means of undertaking a carbon impact assessment that would incorporate all measurable carbon demand created from plan-making and planning decisions?

The LPDF have no comment to make on this question.

Q40. Do you have any views on how planning policy could support climate change adaptation further, specifically through the use of nature-based solutions that provide multi-functional benefits?

It is essential, that as the requirements for BNG, nutrient mitigation, water neutrality mitigation, carbon sequestration, green and blue infrastructure provision, Sustainable Urban Drainage Systems, public open space etc all increase, that the multiple benefits that derive from any provision are recognised (stacking).

As an example, a nutrient mitigation scheme should also be able to count towards a scheme's BNG contribution. This approach ensures that land is used in the most efficient way and that the balance between competing land uses remains proportionate.

Q41. Do you agree with the changes proposed to Paragraph 155 of the existing National Planning Policy Framework?

The LPDF have no comment to make on this question.

Q42. Do you agree with the changes proposed to Paragraph 158 of the existing National Planning Policy Framework?

The LPDF have no comment to make on this question.

Q43. Do you agree with the changes proposed to footnote 54 of the existing National Planning Policy Framework? Do you have any views on specific wording for new footnote 62?

The LPDF have no comment to make on this question.

Q44. Do you agree with our proposed Paragraph 161 in the National Planning Policy Framework to give significant weight to proposals which allow the adaptation of existing buildings to improve their energy performance?

The LPDF have no comment to make on this question.

Q45. Do you agree with the proposed timeline for finalising local plans, minerals and waste plans and spatial development strategies being prepared under the current system? If no, what alternative timeline would you propose?

No.

We have already evidenced through the table contained in Appendix 2 of this response, that many LPAs have already announced a delay or pause in their plan making process to consider the impact that the proposed changes may have for future planning policies. This is despite repeated requests from DLUHC not to do so, and in spite of the fact that these proposals are simply being consulted upon. They do not signify a change in policy.

If LPAs are given until 30th June 2025 to submit old style local plans which would then have to go through the Examination process, be found sound, and ultimately adopted, this could mean that a transition to new style local plans may not commence in the country until 2031 (given an old-style local plan which is submitted for Examination in 2025 and adopted in 2026, would not be required to be updated until 2031). This means that the resource stretched planning system would be operating two different local plan systems into the next decade. This must be an unwanted situation and is only likely to cause confusion and delay in the process with a subsequent negative impact on housing delivery and economic growth.

The planning system is predicated on being plan-led, and the government should be doing everything it can to ensure that 100% up-to-date local plan coverage is achieved as quickly as possible. Allowing LPAs such lenient timeframes works contrary to this objective and is somewhat irrational.

Q46. Do you agree with the proposed transitional arrangements for plans under the future system? If no, what alternative arrangements would you propose?

No.

Given that the planning system is predicated on being plan-led, and the government should be doing everything it can to ensure that 100% up-to-date local plan coverage is achieved as quickly as possible, then there should be a clear expectation that authorities will get plans in place as soon as they can.

To this end, the guidance should state that plans that have reached Regulation 18 stage should submit a local plan for Examination by the end of 2023, and that authorities with a local plan that is more than five years old should submit one for Examination by the end of 2024.

Q47. Do you agree with the proposed timeline for preparing neighbourhood plans under the future system? If no, what alternative timeline would you propose?

The LPDF have no comment to make on this question.

Q48. Do you agree with the proposed transitional arrangements for supplementary planning documents? If no, what alternative arrangements would you propose?

The LPDF have no comment to make on this question.

Q49. Do you agree with the suggested scope and principles for guiding National Development Management Policies?

Yes.

The LPDF are fully supportive of the introduction of National Development Management Policies (NDMPs).

There are a number of general policy areas where the policies in local plans are almost identical in each LPA as they merely reflect the guidance which is set out in the NPPF. However, the LPA has to use stretched resources to restate these policies and to consult on them. This process is repetitive and makes local plans unnecessarily long and complex documents which does not encourage wider participation in the plan making process and can make plans opaque.

Including such general policies in a suite of NDMPs which have been consulted upon and can be updated nationally, as and when it is necessary, will ensure that local plans are slimmer, swifter to produce and can focus on strategy and local issues.

Q50. What other principles, if any, do you believe should inform the scope of National Development Management Policies?

As stated above, the LPDF support the introduction of NDMP. These should be prepared to accord with all national guidance and standards on the issues set out in Chapter 10 of the 'Levelling-up and Regeneration Bill: reforms to national planning policy' consultation document.

A process will need to be put in place to ensure that the government consult on these policies before they are introduced, and to give certainty that any amendments to the policies once introduced will also have to go through a consultation process.

There has been concern expressed about the ability of NDMP to override local plan policy where a conflict exists. It is considered that this should be tempered slightly by highlighting that NDMP will override local plan policies only where there is an out-of-date local plan (i.e. those older than 5 years since adoption) where a conflict exists. It should also be made clear that if a LPA chooses to include a policy in their local plan which departs from the policies in the NDMP, then a clear justification for doing so, supported by evidence, will be required and will be tested thoroughly at the Examination.

Q51. Do you agree that selective additions should be considered for proposals to complement existing national policies for guiding decisions?

Yes.

A good starting point for policies to include in the NDMP would be those policies which are contained in the NPPF that can be applied equally across the country. This will ensure consistency in policy approach to generic policies on issues such as Listed Buildings, Conservation Areas, Archaeology, Green Belt etc.

Another useful set of policies could be those which set technical standards for such matters as energy efficiency, carbon reduction, climate change mitigation, Nationally Described Space Standards, accessibility standards etc, again to ensure a consistency of approach across the country.

The inclusion of such policies in the NDMP will deliver multiple benefits by making local plans slimmer and easier to prepare, by reducing workload during the consultation and Examination phases of plan preparation, and by ensuring greater consistency across certain areas of policy so that SMEs and other developers know the standards to apply when preparing schemes for consideration, no matter where they are located. This will reduce cost and uncertainty considerably.

Q52. Are there other issues which apply across all or most of England that you think should be considered as possible options for National Development Management Policies?

Yes.

See our answer to Q51 above.

Q53. What, if any, planning policies do you think could be included in a new framework to help achieve the 12 levelling up missions in the Levelling Up White Paper?

As set out in the LPDF's 'Planning – A Way Forward' document (Appendix 7) we consider that the government should be more consistent in its determination of where various funding pots from both central government and organisations such as Homes England are targeted.

LPA's which have up-to-date local plans in place should be prioritised when the government consider bids that are made for funding from these various pots, so that they can be certain that they are getting value for money and to ensure that public spending is effective.

In addition, any Devolution Deal that is struck by the government with groups of authorities across the country should be dependent upon the delivery of a spatial strategy across the devolved area which guides the preparation of constituent authorities local plans.

Q54. How do you think that the framework could better support development that will drive economic growth and productivity in every part of the country, in support of the Levelling Up agenda?

The government, through the current consultation on planning reforms, appears to have focussed solely on housing and the issues surrounding the impact of housing delivery from a political standpoint. As the country is currently yo-yoing in and out of being officially in recession, the government should have been more firmly focussed on stimulating economic growth.

As set out in the Lichfields work (Appendix 1), the housing sector contributes significantly to the economic prosperity of the country. Lichfields conclude that housebuilding contributes £104bn to the economy, supporting 1.2 million jobs, contributing £3.1bn of tax income and providing £7bn in developer contributions. However, the proposed changes to the NPPF will weaken the economy by undermining the housebuilding sector by over £34bn of GVA to 2030 and the sector will support 386,000 less jobs as a result.

However, the opportunity has not been taken to focus on other areas of the economy within the NPPF. It is vital that commercial development can be delivered swiftly and consistently through the planning system, to ensure that businesses have the chance to establish, grow and expand, with a certainty that they will not have to relocate.

Commercial developers face a very similar set of issues with the planning system as housing developers. They need the certainty of up-to-date local plans which contain both positive planning policies encouraging economic growth, and sufficient site allocations to ensure that businesses can grow, and inward investment can be attracted to the area.

Nationally, it is estimated that local plans are currently only allocating about two thirds of the land they should for employment development. This means that the latest draft NPPF has missed a golden opportunity to reframe the way in which employment land supply operates and to gear the planning system up to respond more quickly, thus facilitating economic growth.

Last year Savills and the British Property Federation focused on the 'Suppressed Demand Model' in their publication *Levelling up: the logic of logistics*²⁹. In this approach, future employment needs are modelled based on the current and future macroeconomic picture. Factored in are structural changes in the economy such as the turbocharged shift online caused by Covid and the increase in domestic inventory, with importers hedging against greater trading friction.

Contrast this with the way in which the supply of employment land requirements are currently prepared: a trend-based analysis – that is, historical take-up rates projected forward through the plan period with some minor adjustments to come up with the new local plan requirement. Historical analysis is helpful, but it takes no account of structural shifts.

²⁹ [levelling-up-the-logic-of-logistics-bpf-report.pdf](#)

The current and draft versions of the NPPF both say all the same right things: to set out a clear proactive vision and strategy; to allocate strategic sites to meet anticipated needs over the plan period; to address barriers to entry; to be flexible enough to respond to needs not foreseen in the plan; and to be able to respond rapidly to changes in economic conditions.

However, it could go much further. At this stage we are witnessing neither the level of ambition nor the accurate methodologies for forecast modelling that are needed. For a robust assessment of future land requirements it is necessary to change the primary reliance on projecting forward historic employment trends.

Evidence is starting to mount, as between 2019 and 2022 over 660 hectares of employment development has been allowed at appeal, with a significant proportion of this land being within the Green Belt. This tells its own story.

In the Centre for London's Report of September 2021 "Working Space: Does London have the right approach to Industrial Land"³⁰ it highlighted that "The pressures on London's industrial land have been intensified by other political commitments that constrain land supply – such as housing targets, strict protections on development in the Green Belt, conservation areas, or opposition to taller buildings, especially in the suburbs and in the rest of the Wider South East. Many local authorities have felt they have no choice but to allow the release of industrial land, to even have a chance of meeting housing targets." The impacts of this have been higher industrial land prices, rents and a re-allocation of land uses which may not be in the longer term interest of the country's economic growth. These issues are not necessarily unique to London. The inability of the planning system in vibrant parts of the regional economy to react and plan positively for growing employment space demands is constraining our global competitiveness in certain key sectors and locations (Cambridge and Oxford are examples that immediately come to mind).

As the government focuses more and more on brownfield regeneration and urban densification, commercial developers and housebuilders compete for the same limited number of sites, with employment generating uses often losing out and having to look for sites located further from those urban centres. This can cause a reverse commuting pattern which is inherently less sustainable. This is confirmed by the research which was undertaken by Lichfields entitled 'Banking on Brownfield' (2022)³¹. They concluded that the competition for urban land is ever present, markedly between economic and residential uses and the opportunity cost of prioritising brownfield land for housing rather than employment is significant in pricing out industrial and office development to potentially sub-optimal locations.

Traditional employment sites in those urban areas are also put under extreme pressure as LPAs search for all opportunities to deliver their housing requirement, many seeing these traditional employment areas as prime candidates for redevelopment to residential uses, again, decreasing the employment base of those urban centres and forcing commercial operators to search for sites elsewhere.

The CBI and British Chamber of Commerce (BCC) have also highlighted their concerns to government on this issue and these are clearly articulated in the BCC's report entitled 'Planning for Business' (2017)³². This report clearly concludes that the government's renewed focus on house building is leading to increased pressure on the availability of land and premises for employment uses. There is

³⁰ [Working Space Interim Paper.pdf \(centreforlondon.org\)](https://www.centreforlondon.org/working-space-interim-paper.pdf)

³¹ https://lichfields.uk/media/7062/banking-on-brownfield_jun-22.pdf

³² <https://www.britishchambers.org.uk/media/get/BCC%20Planning%20for%20Business%20Report%202017%20JG%20final.pdf>

poor alignment between housing and employment policy at a national and local level and the pressure that is placed on LPAs to provide an up-to-date 5YHLS for housing without the need for an equivalent plan for quality employment land, has led to a declining supply of high quality land for commercial developers.

The government needs to ensure, in its changes to the NPPF, that they do not lose sight of the impacts that its new policies will have on the commercial development sector. More emphasis needs to be placed on ensuring an adequate supply of both land for housing and land for employment generating uses is provided for, through LPAs preparing and regularly reviewing their local plan and by ensuring that a wide variety of sites in various locations are made available for both sectors to deliver. This will ensure that the right balance is struck between housing and economic growth which will assist the government in meeting its Levelling-up aspirations.

Q55. Do you think that the government could go further in national policy, to increase development on brownfield land within city and town centres, with a view to facilitating gentle densification of our urban cores?

Whilst the government seem to believe that the gentle densification of our urban centres will deliver both the homes this country needs and will increase the economic prosperity of our urban centres, work undertaken by Savills (Appendix 8) on behalf of the LPDF does not bare this out.

Savills research entitled 'Urban density and productivity' found that there is no significant correlation between productivity and density. However, the ability of an urban area to grow spatially to support economic growth is important and better transport connectivity, along with increasing the population within a reasonable travel time of an urban centre, works equally as well. Savills also conclude that whilst selective densification is needed as part of wider regeneration plans for our urban centres, focussing solely on urban regeneration risks disrupting the level of housing supply, causing further affordability challenges and limiting economic growth potential.

Further research by Turley and Tetlow King³³ on behalf of the LPDF highlights that analysis shows that we cannot rely on cities and urban centres alone to deliver the boost in affordable housing supply that is needed. The research found that excluding London, the 19 largest cities and urban centres have delivered only 49,634 affordable homes over the last ten years (2011-21). This is less than 10% of all of the affordable homes delivered nationally despite these areas accommodating some 14% of the country's population and dwelling stock as of 2020. These areas are clearly punching below their weight and when homes lost through 'Right to Buy' are factored in over this same ten year period, these 19 cities and urban centres have only delivered circa 1,200 affordable homes, net, per annum (12,040 in total).

Focussing on urban regeneration is clearly an important part of delivering the homes and commercial development that the country needs, but this cannot be the sole focus of future planning policy. We have already highlighted the inability of the main urban centres to deliver the growth that is set out under the urban uplift requirement as evidenced in the table in Appendix 4 and the research undertaken by Lichfields³⁴ on behalf of the LPDF entitled 'Banking on Brownfield' (2022). The latter clearly shows that even if every identified site was built to its full capacity, the capacity of previously-developed land equates to 1.4m net dwellings. This equates to just under a third (31%) of the 4.5m homes that are needed over the next fifteen years. Even with significant government support,

³³ [Affordable Housing Emergency - FINAL.pdf \(lpdf.co.uk\)](#)

³⁴ [Banking on Brownfield - Lichfields - Final.pdf \(lpdf.co.uk\)](#)

brownfield land can only be part of the solution to the housing crisis. Furthermore, brownfield land is not evenly distributed, and not well aligned to current demand for new homes.

The LPDF supports the government's efforts to maximise the use of brownfield land to support the regeneration and densification of our urban centres, but this is not the only answer to the housing crisis. Whilst LPAs should be encouraged to maximise opportunities for the redevelopment of brownfield land through the local plan, they need to ensure that there is a wide range of sites allocated of a variety of sizes, both brownfield and greenfield, and in both urban and more rural locations, to ensure that the wide ranging needs of our growing population can be met and the housing crisis can be adequately addressed.

Q56. Do you think that the government should bring forward proposals to update the framework as part of next year's wider review to place more emphasis on making sure that women, girls and other vulnerable groups in society feel safe in our public spaces, including for example policies on lighting/street lighting?

The LPDF have no comment to make on this question.

Q57. Are there any specific approaches or examples of best practice which you think we should consider to improve the way that national planning policy is presented and accessed?

The LPDF have no comment to make on this question.

Q58. We continue to keep the impacts of these proposals under review and would be grateful for your comments on any potential impacts that might arise under the Public Sector Equality Duty as a result of the proposals in this document.

Given that the cumulative impact of the proposals included within the consultation will result in a significant reduction in housebuilding, further exacerbating disparities relating to inter-generational fairness, it does seem legitimate to question whether the interests of young people are being disproportionately affected.

Appendix 1

Making a bad situation worse

The impact on housing supply of proposed changes to the NPPF

Lichfields / LPDF / HBF

February 2023



Making a bad situation worse

The impact on housing supply of proposed changes to the NPPF

February 2023



Housebuilding contributes £104bn to the economy, supporting 1.2m jobs, £3.1bn of tax income, £7bn of developer contributions via s.106 and CIL, and helps people buy and rent their own home



Economy

£43.9bn Direct GVA

£59.8bn indirect GVA

£16bn new build sales revenue in 2020-21



Jobs

496k direct jobs

674k indirect jobs

£1.2bn from people spending to "make their new house a home"

Supporting even more local jobs



Public Finances

£2.8bn from Stamp Duty Land Tax, Corporation Tax, PAYE and NI

£280m new build residents' council tax receipts

£7bn in developer contributions

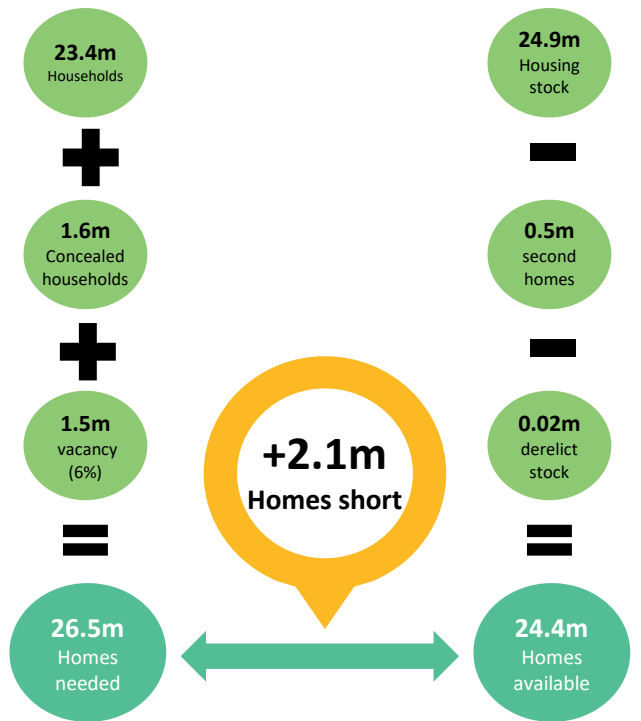
To invest in healthcare, transport, education and other public services

To help fund infrastructure, social housing, and open spaces

Source: Lichfields analysis drawing on HBF (2018) *The Economic Footprint of Housebuilding* and its 'Evaluate' economic impact framework and utilising data from Experian, CEBR and ONS. Applied to 2021 new build housing supply (excl. conversions/permitted development rights). New build revenue from latest UKHPI. Council Tax from VOA data in 2021-22. First occupation expenditure uses average estimated amount in OnePoll in 2014. Tax Value is pro-rated from survey of housebuilders in 2016-17 for HBF report. Developer contributions figure from 2020 MHLGC commissioned research.

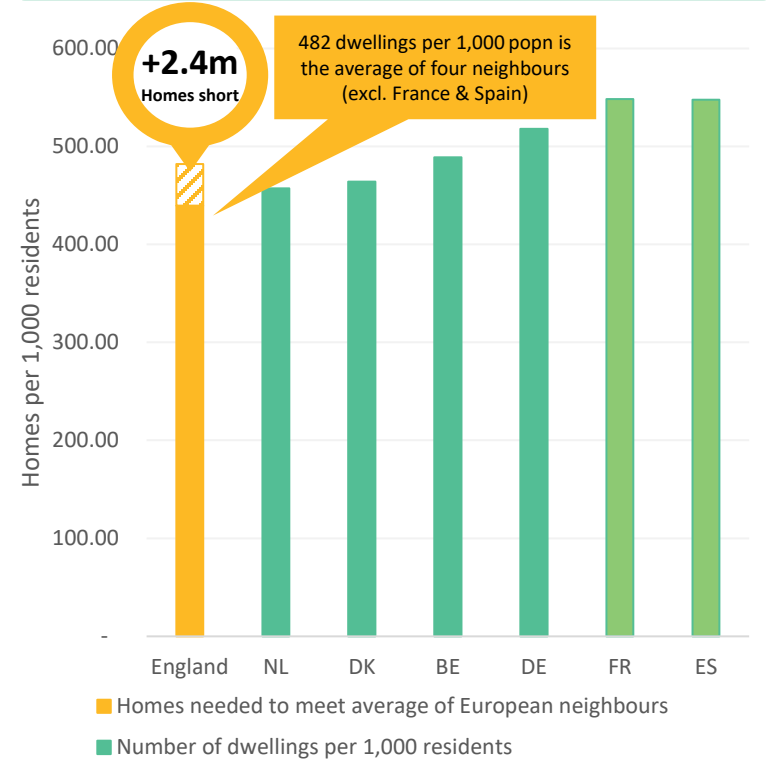
Too few homes are being built. In 2021, we were over 2 million houses short of what our population needs, and the problem is growing. By 2030, even if we continued building at current rates, there will be a backlog of 0.75m homes against the 300K per annum target

We have a backlog of 2.1m to accommodate those who currently need a home



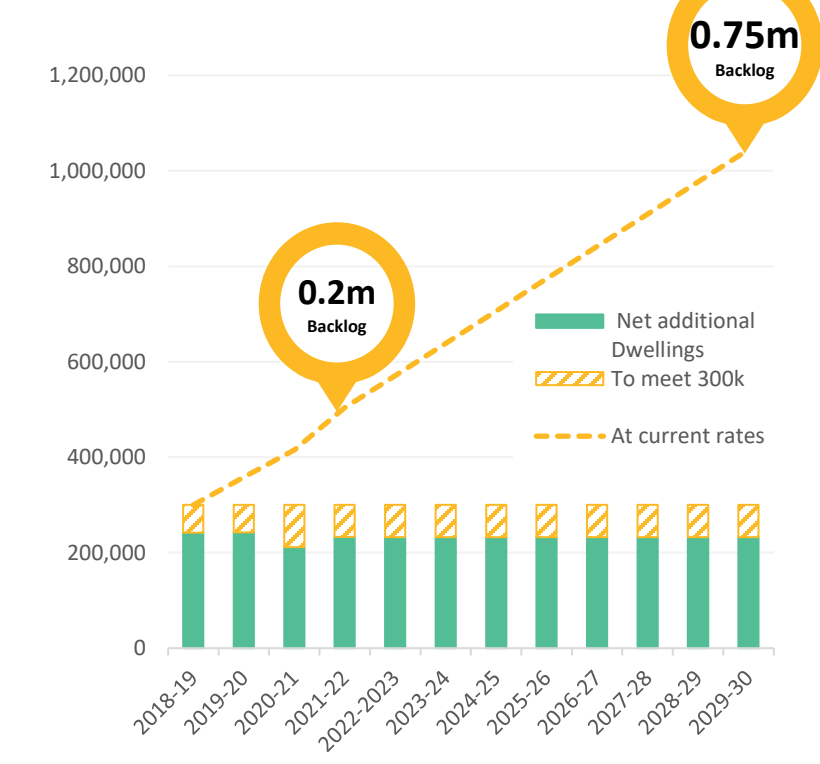
Source: Census 2021, English Housing Survey / Lichfields analysis
 Figures may not sum due to rounding. 2021 Base Date. Target vacancy rate of 6% based on lower range of averages from OECD. 1.6m concealed households based on estimate of number of households arising from the c.2.5m adults who are sofa surfers or living in a household but would prefer to buy or rent their own accommodation.

2.4m extra homes would match the homes per capita average in comparable northern European neighbours



Source: OECD / Census 2021 / Lichfields analysis. 2021 Base Date. Benchmark based on Netherlands, Denmark, Belgium and Germany. This is a conservative figure; a much higher number would be generated if based on a wider number of European countries. Other ways of benchmarking with Europe – such as that produced by Centre for Cities in its 2023 report – generate higher figures of up to 4m.

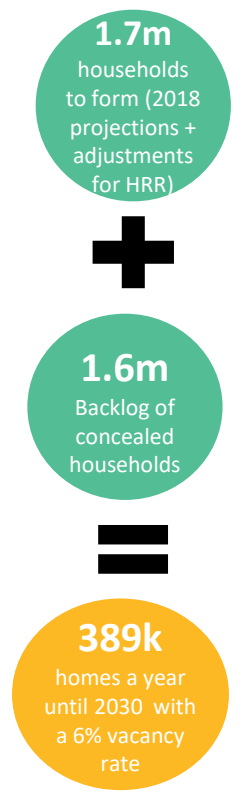
Since 300K became a national target in 2018, the backlog is already 200k and at current rates of housebuilding would be 0.75m by 2030



Source: DLUHC / Lichfields analysis compounding growth of backlog, assuming c.230K per annum net additions from 2022

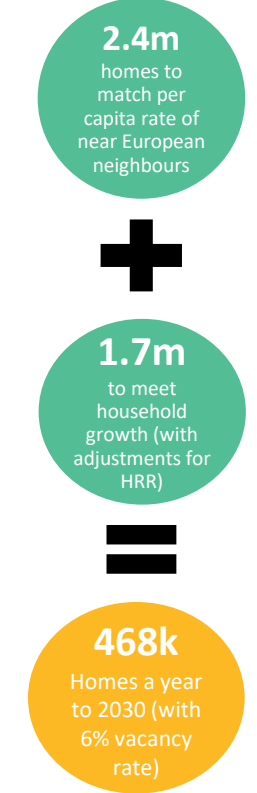
An annual target of 300k extra homes is the minimum necessary to begin addressing the housing crisis. Addressing household growth and shortfall, doubling affordable housing delivery, matching the stock of our near European neighbours, or moderating growth in prices would all support a higher target

389k homes a year to address the shortfall by 2030



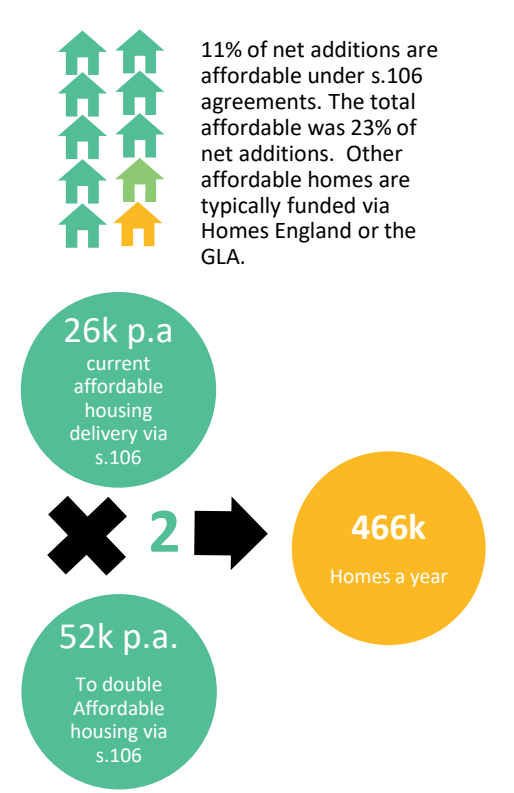
Source: ONS / DLUHC / Lichfields analysis (2021 base date). Backlog based on English Housing survey. Indicative 10% uplift applied to 2018-based projections to address change in methodology for Household Representative Rates (HRR) applied by ONS to projections since 2016 which assumes suppressed formation continues

468k homes a year to bring our stock in line with the average of our European neighbours



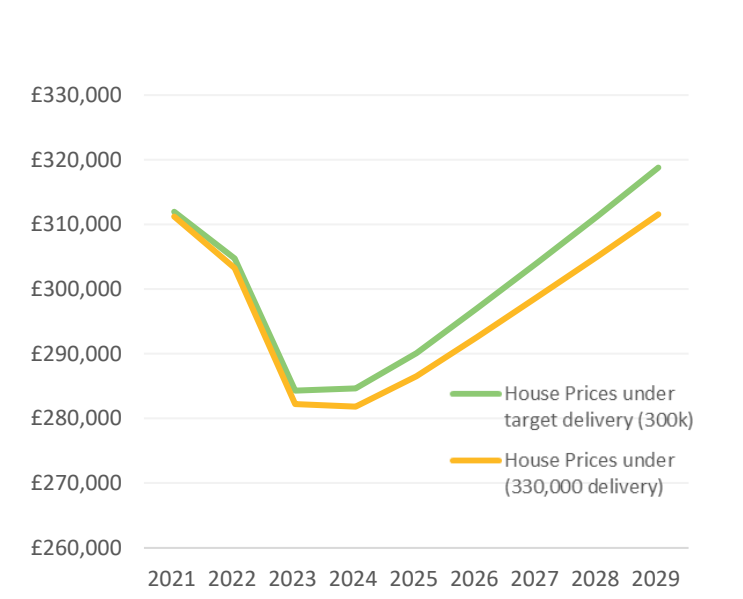
Source: ONS / DLUHC / OECD / Lichfields analysis (2021 base date). European Benchmark based on OECD comparison with NL, DE, BE, DK. Household growth based on 2018-based projections with indicative 10% uplift to reflect HRR as described left.

466k homes a year to double s.106 affordable housing delivery with nil grant



Source: Lichfields analysis of DLUHC 2022 live tables on housing supply

330k homes a year to moderate the growth in house prices to 2021 levels



Source: Lichfields analysis using assumptions about the elasticity of supply with prices that are applied by the OBR in its November 2022 Economic and Fiscal Outlook.

Extensive academic research shows that a shortage of housing impacts negatively on almost every aspect of our society and acts against the Government’s own policy objectives and Levelling-up Missions: quality of life, the falling birth rate, economic productivity, social mobility, addressing climate change and public services

Increased housing supply is part of the solution to the manifest housing problems, not just because of the gradual moderation in price levels it can achieve but also ... because it enables much more of other more direct solutions, notably the building of more social and intermediate affordable housing in mixed developments funded by land value capture.

Professor Glen Bramley, Heriot Watt University

A weak supply in housing means a less stable economy and higher house prices.

Kate Barker

Long-term increases in supply, sustained over 20+ years will be needed to reduce overall housing market pressure, increasing the ‘size of the cake’ and resulting in a ‘positive sum’ gain. Government’s primary role is in guiding the long-term environment that will support its objectives.

Redfern Review



Quality of life. The average owner spends 22% of their income on mortgages, but renters spend 33% (the EU average is 15% and 20%) meaning they have less money to spend on other things. This – amongst other things – undermines the Levelling Up missions for housing and well-being.



Families. The birth rate is falling and research shows higher house prices discourage people from having children. A 10% rise in house prices resulted in a 1.3% decrease in births in England between 1996 and 2014. Rising housing costs allied to high childcare costs make family life impossible.



Productivity. Lack of homes in England’s most economically successful areas, such as Oxford, Cambridge and London, locks people out of opportunities in these most productive places, limiting social mobility; being unable to find labour leads globally-mobile firms to direct investment overseas. This will undermine Levelling Up missions for productivity.



Inequality. In 2022, the average home in England earned more than the average job. Those who cannot own a home miss out, and spend more income on ever-rising rents; those renting in northern and midland Core City regions who could reasonably expect to buy but for high deposits will lose out a total of £945m in lost savings and equity over the next ten years.



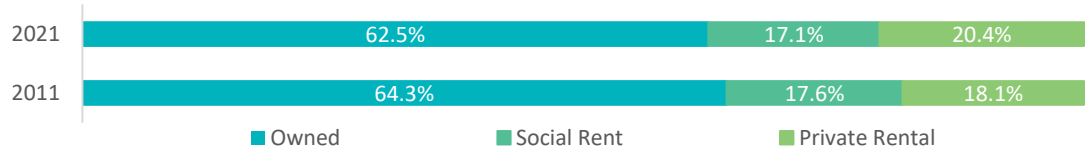
Climate Change. New homes are more efficient than old ones, emitting 1.4 tonnes of carbon compared with 3.7 for all homes. Restricting growth of cities leads to more carbon-intensive living, because those living outside cities account for 50% more emissions than city-dwellers.



Public services. Nurses, teachers, NHS cleaners, and community support officers are being priced out of areas that need them most. 2018 research found key public sector workers need to save between 5% and 7% of gross pay for more than 30 years just to afford the average deposit. Recruitment is a key barrier to Levelling Up missions for education, health and crime.

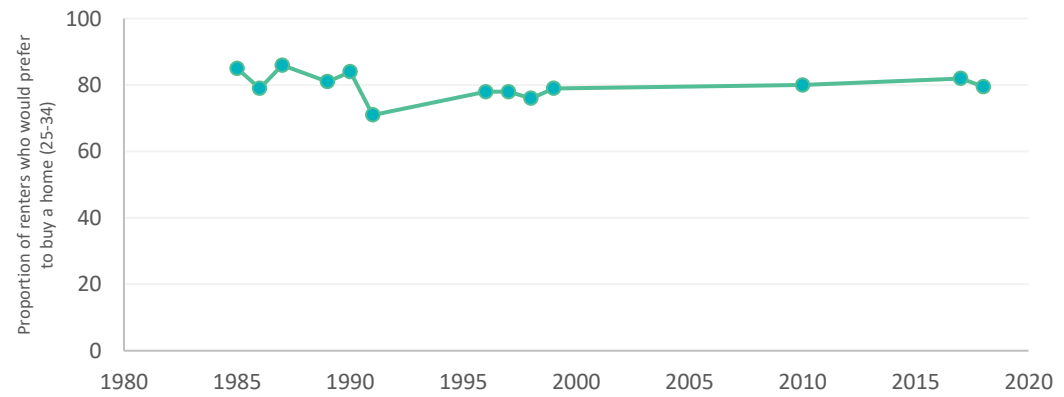
More people are renting, but the desire for home ownership is as strong as ever. 89% want to own, but only 62.5% do, near the lowest rate in Europe. Boosting supply relative to population growth over time moderates the increase in price of homes – most of all in least affordable areas – helping people achieve that goal

Renting is increasing and home ownership declining. Research has found 175,000 potential first time buyer households in Northern Core City regions stuck in the 'rental trap' over the next 10 years



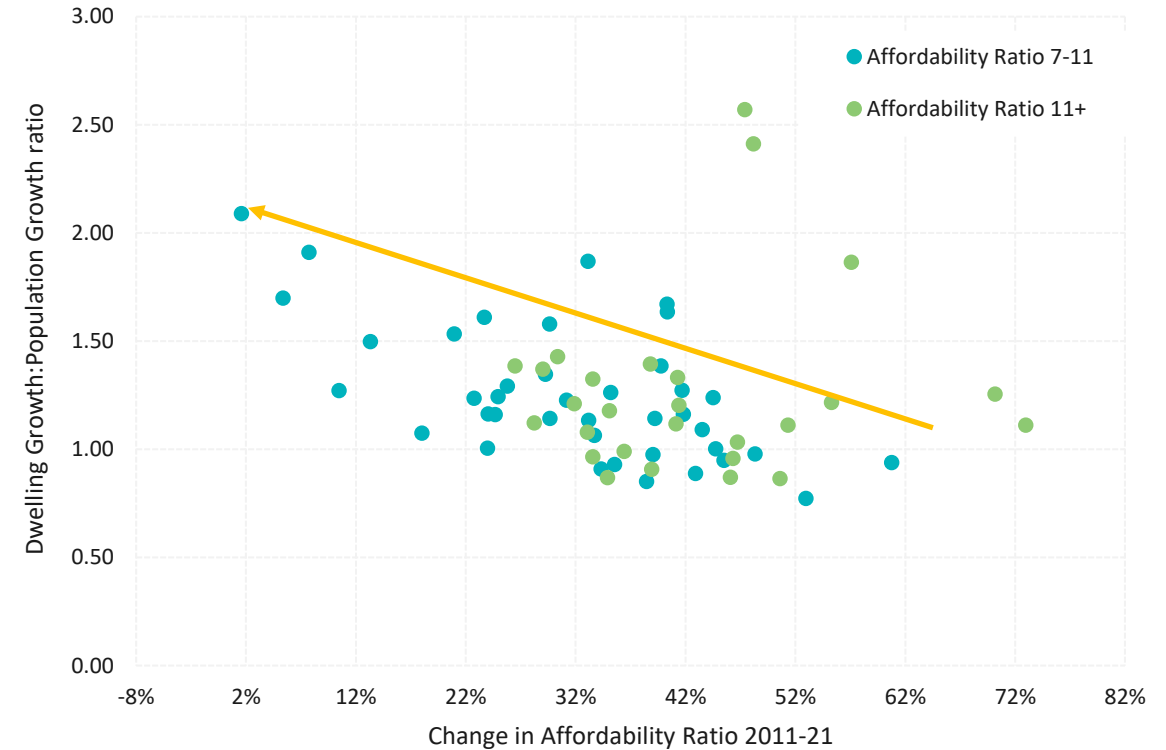
Source: Census, 2021-2021

89% of renters want to buy, but only 62% of private renters and 27% of social renters expect to be able to and many expect it to take five or more years (English Housing Survey). The Resolution Foundation found little change in the preference of young people (25-34) to own over three decades



Source: Resolution Foundation, 2021, Hope to buy

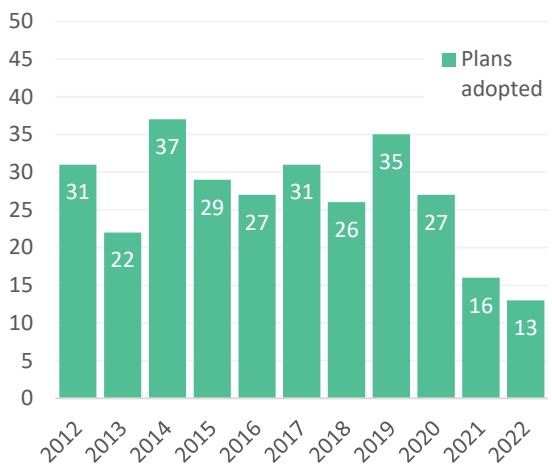
Boosting supply over the long term helps make homes more affordable. Analysis of affordability, rates of house building, and population change 2011-2021 shows extra supply relative to population growth in the least affordable housing markets had a positive correlation with relative improvements in rates of affordability.



Source: Lichfields analysis of Census 2011-2021 and ONS affordability data

Planning isn't working. The 2012 NPPF helped drive up supply, but 300K is out of reach for reasons explained by the 2017 White Paper. Policy uncertainty since 2020 has slowed plan making and reduced permissions, and will lead to fewer homes being built. Proposed NPPF changes will make it worse

Just 40% of LPAs have an up-to-date local plan. And things are getting worse, with the rate of plans submitted for examination and adopted now around half of the average in the years before the 2020 Planning White Paper



Source: PINS, 2022. Lichfields analysis

The average number of local plans submitted to the Planning Inspectorate each year since 2020 (17) is roughly half what it was before the 2020 housing white paper (average of 33 from 2012-2019). For adopted plans, the position is similar; the average since 2020 is 18, whereas the average 2012-2019 is 30. Last year just 13 plans were adopted and only 14 submitted for examination, a historic low.

Policy uncertainty means Local Plan production is stalling. The 33 local plans put on hold in the last year will cost 38,200 homes and £1.4bn of GVA.



Source: Lichfields analysis (2023) *Start me up but then you stopped* (analysis at 30th Jan 2023 – further plans have stalled since)

The number of planning permissions so far in 2022 (Q1-Q3) is 10% lower than five years ago and the trend is downward



Source: HBF, 2022 New Housing Pipeline / Lichfields analysis

In recent years, Local Plans have released Green Belt for much needed new homes, many of them in award-winning developments. The proposed changes to the NPPF remove the expectation that local planning authorities should look for opportunities to create these beautiful places

Trumpington Meadows, Cambridge.



A site-wide design code guided the architecture of 1,200 apartments and townhouses and the site additionally achieved 10% biodiversity net gain



North Wingfield Road, Derbyshire



Each house type is bespoke around a communal courtyard, encouraging interaction between residents



Pantiles Garden Centre, Lyne



50% on site affordable homes. Highly sustainable with 110% increase on policy for on-site renewables and all houses with electric car charging points.



Cane Hill, Croydon



Characterised by high-quality green spaces based around existing trees and landscape features, fronted by 677 new homes.



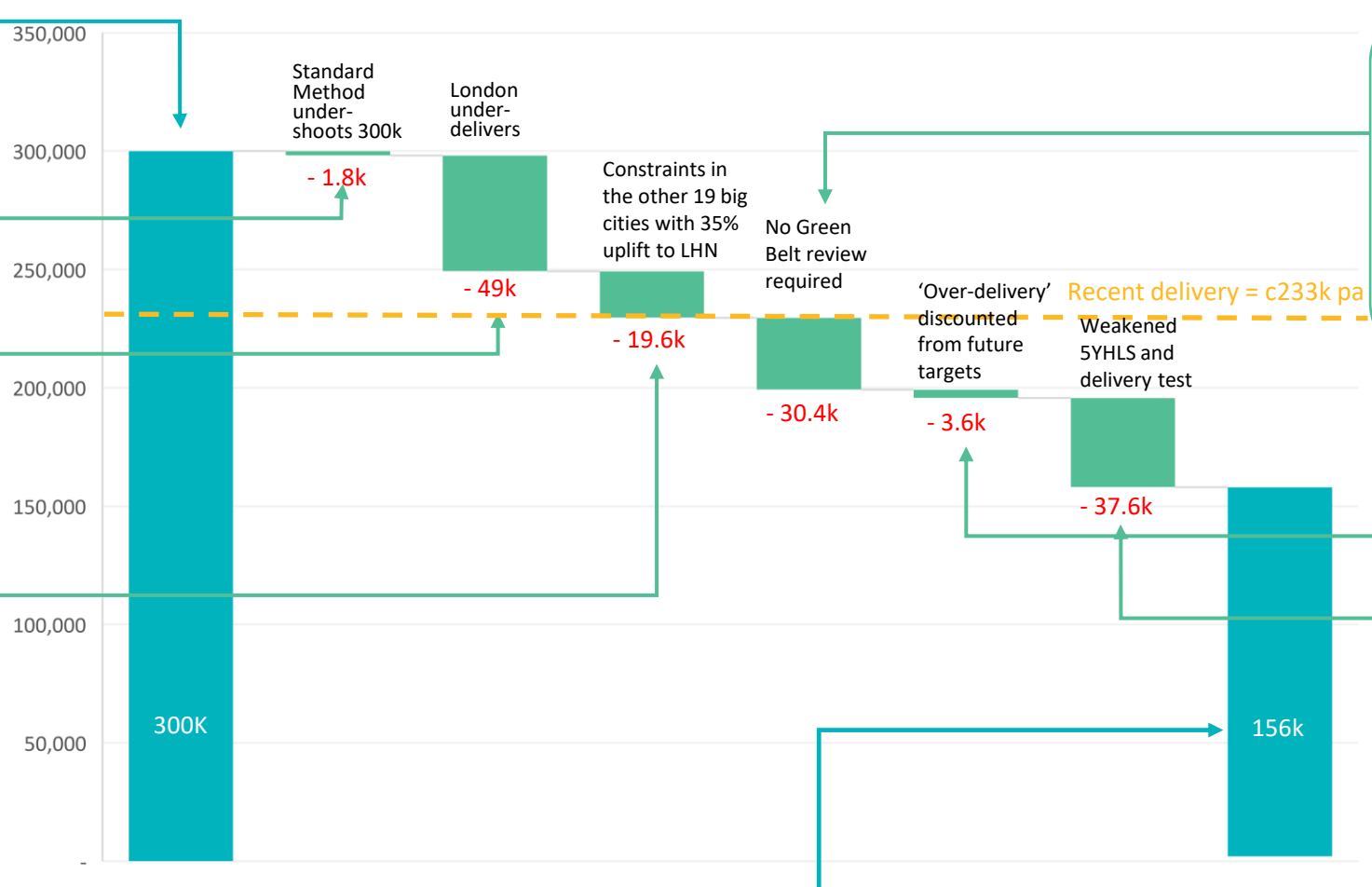
Proposed NPPF policy revisions on local plans and housing land will result in c.77k fewer new homes per year, dropping to just half the Government’s 300k ambition, even before accounting for homes held back by water and nutrient restrictions. By 2030, this means over a million fewer homes than the national target

300k p.a. is the Government’s housing target

The total homes estimated by the advisory starting point (the Standard Method for LHN) is slightly less than 300k = a loss of 1.8k homes p.a.

London delivers far less than the 86k homes the standard method currently says it needs despite efforts over 20 years to boost brownfield output; NPPF proposals on character threaten higher density developments. Delivering at its average over three years of 37.4k = under-shoots need by 49k home p.a.

The 19 other big cities with a 35% uplift to their LHN have limited land for development once existing sites build out. With no need to review Green Belt, and reduced scope to densify ‘out of character’, their requirement is likely reduced by c.20%. A weakened expectation for neighbouring LPAs to pick up the slack = a loss against need of at least 19.6k homes p.a.



108 LPAs are significantly constrained by Green Belt and other national land use constraints. In future, no review of Green Belt will be required, encouraging LPAs to set lower housing targets. There will be less scope to build at high densities and weakened expectation for cross-boundary re-distribution; over time existing allocations will build out and not be replaced = a loss of 30.4k homes p.a.

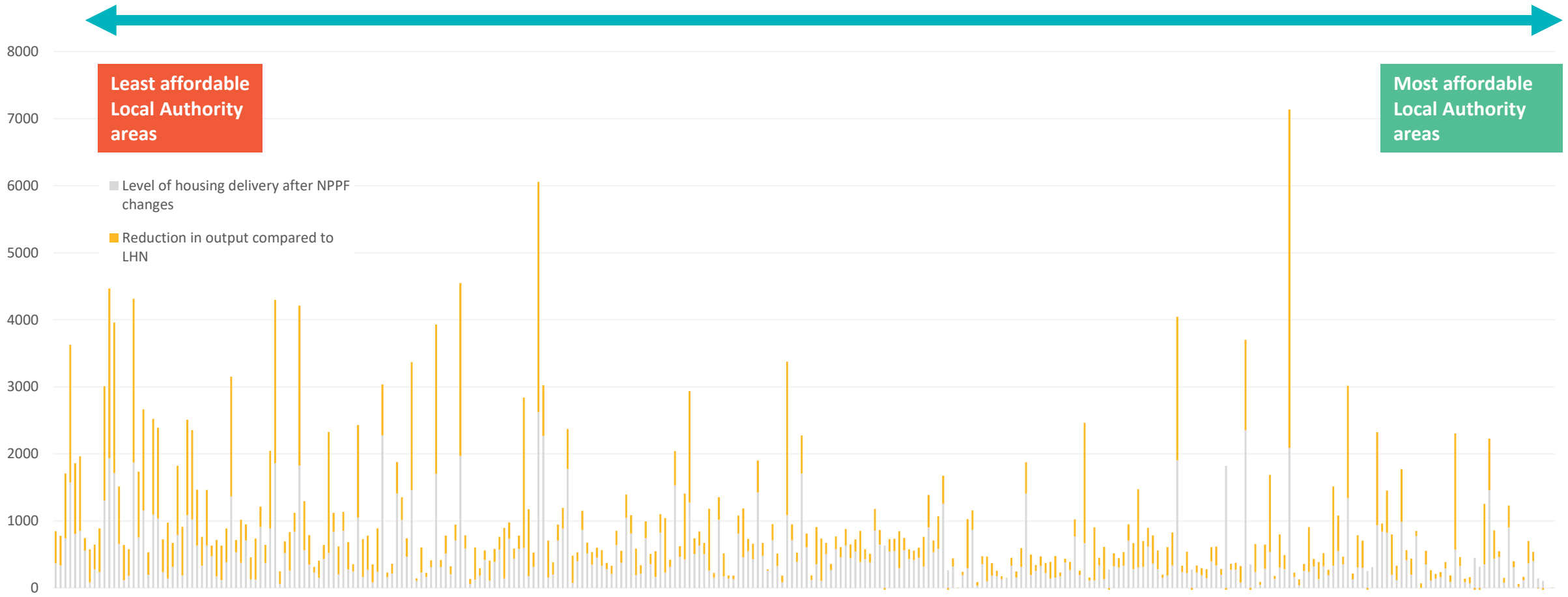
The proposed NPPF changes says that LPAs that have ‘over delivered’ on their LHN will have this ‘over-supply’ deducted from future output = a loss against need of 3.6k homes p.a.

The proposed NPPF reduces five year land supply obligations, removes buffers, and limits sanctions if homes are not provided. Research suggests LPAs typically over-estimate supply from sites by 10-25% in their trajectories and there will now be no policy remedy or incentive to grant extra permissions to make good deficits. We estimate a loss of homes granted at appeal in Y1 and then a big drop in delivery = a loss against need of 38k homes p.a.

The proposed revisions to the NPPF will cut housing supply to just 156k, undershooting recent rates of delivery by 77,000 and just half the Government’s minimum target

Source: Lichfields analysis

The big fall in supply of new homes due to the NPPF changes will mean the shortfall against national targets is concentrated in areas where it is already most difficult for people to rent and buy homes. 52% of the housing supply shortfall against local housing need will be in the third least affordable local authority areas



Source: Lichfields analysis based on applying indicative reductions to output derived from preceding analysis to LHN for LPAs based on typologies derived from their planning circumstances.

There is not enough brownfield land to meet housing need in any region, at just 31% nationally. Beyond the South East, 57% of capacity is in the least viable locations (20% of LPA areas (compared with less than 3% of those in GSE)) and 48% of sites are earmarked for flats at higher densities, properties which are demanded by just 17% of households

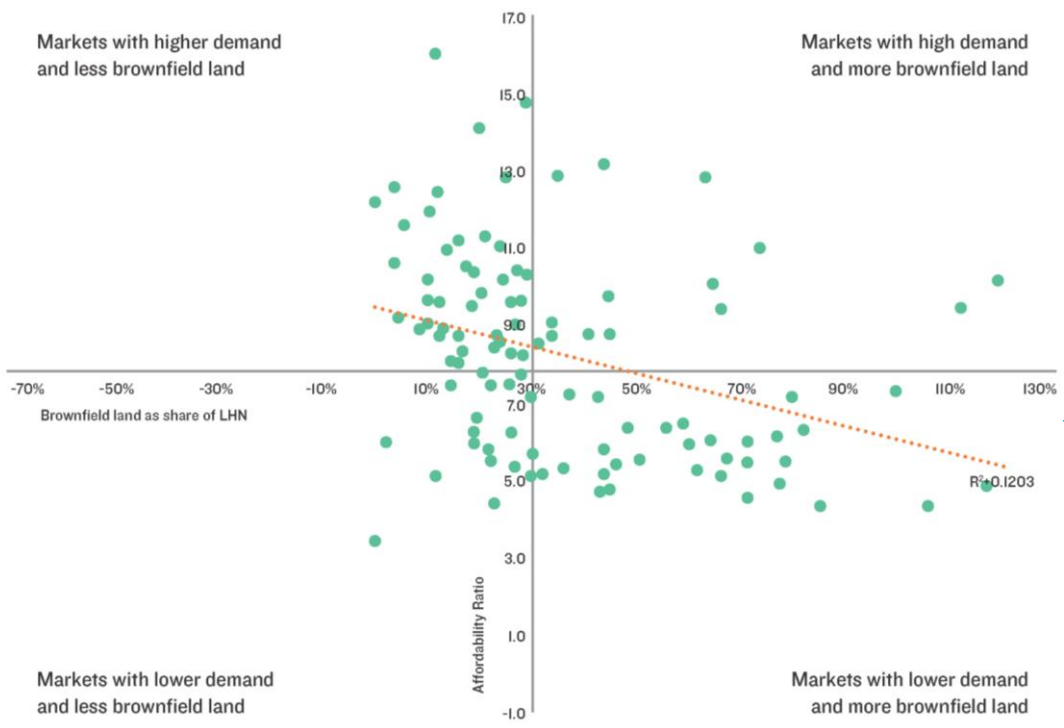
31% net brownfield capacity as a proportion of amount of housing needed over next 15 years

57% of brownfield capacity outside the Greater South East is within the two least viable quintiles (20% of LPA areas (compared with less than 3% of those in GSE))

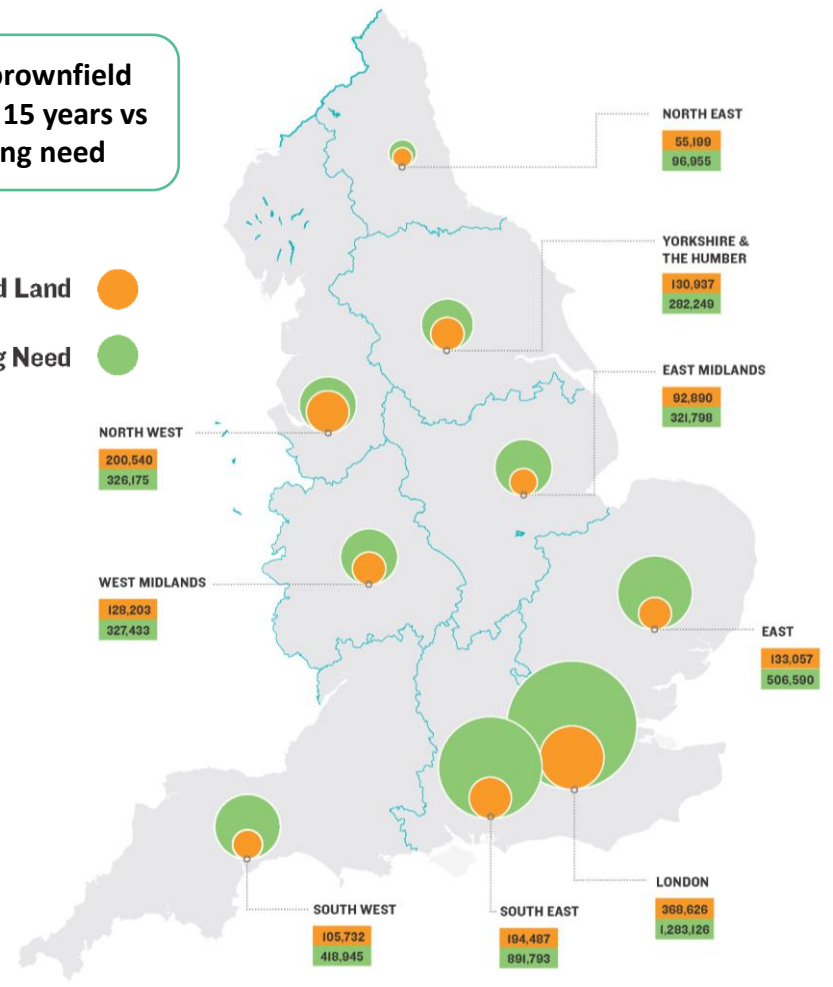
48% of homes on Brownfield Registers estimated to be flats; compared with 17% of households likely to live in flats

68% of the HMAs with more brownfield capacity (relative to their housing need) are already more affordable than average

Capacity of brownfield registers over 15 years vs local housing need



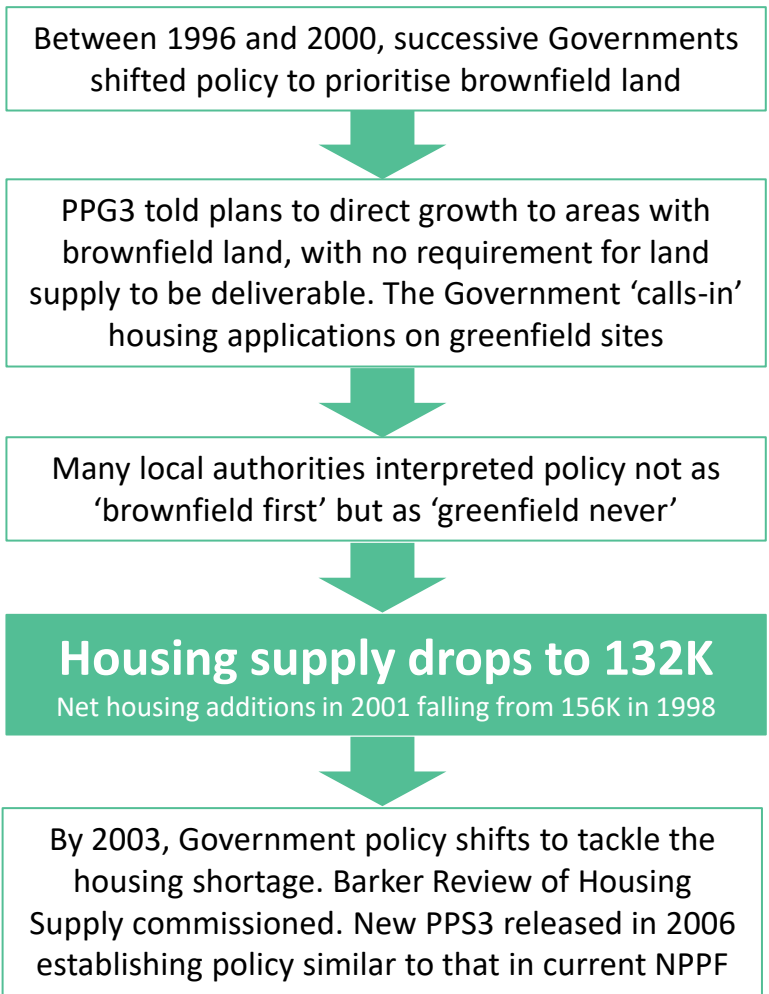
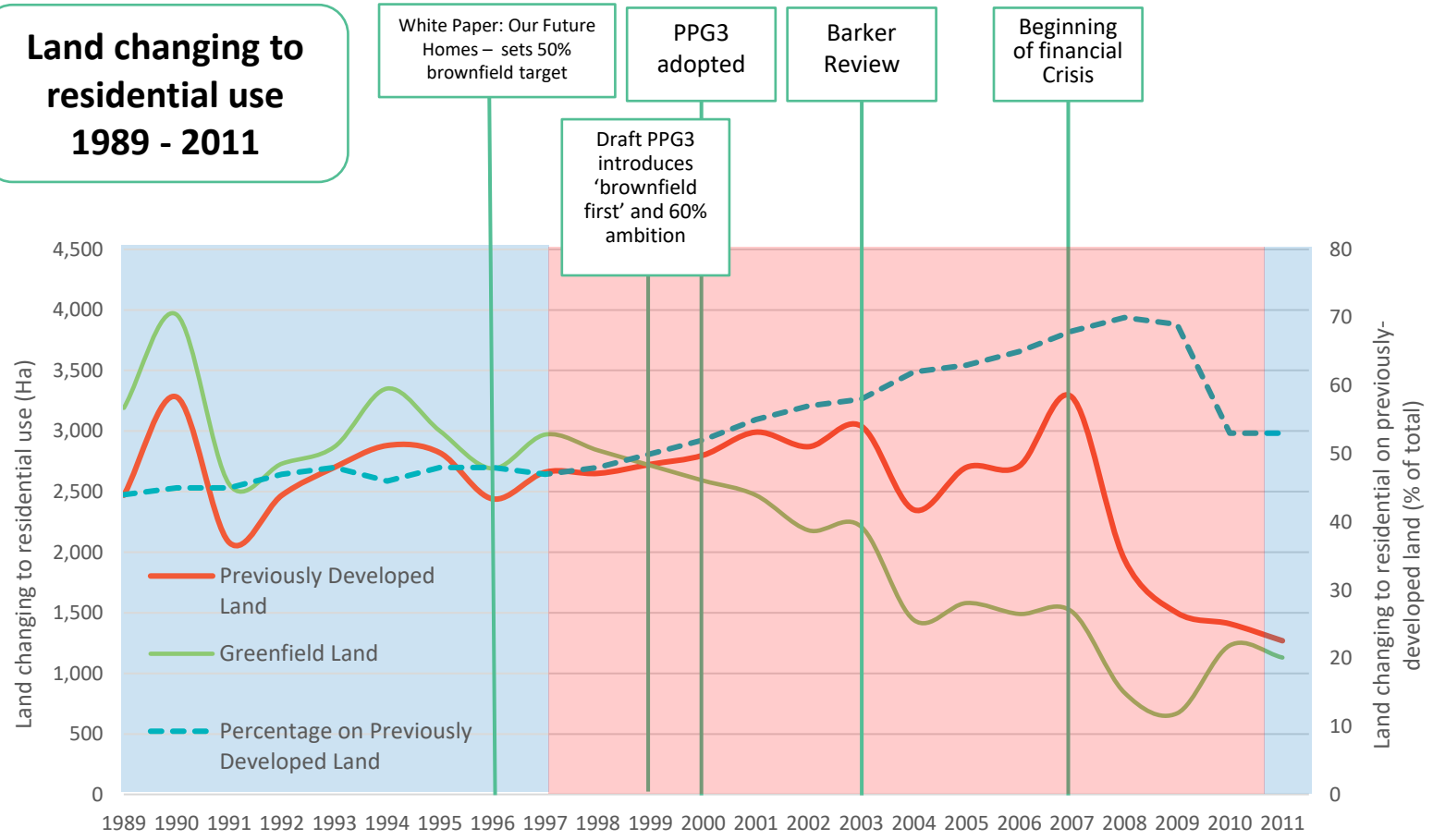
Brownfield Land (orange circle)
Local Housing Need (green circle)



Source: Local Authority Brownfield Registers / DLUHC Local Housing Need / Lichfields analysis
Extract from Lichfields, (2022) *Banking on Brownfield*

The 'brownfield first' policy of the late 1990s reduced building on greenfield land, but the small increase in brownfield development – boosted by public spending on regeneration and the buy to let boom - did not compensate; new housing supply fell and by 2003 policy had to change, beginning with the Barker Review

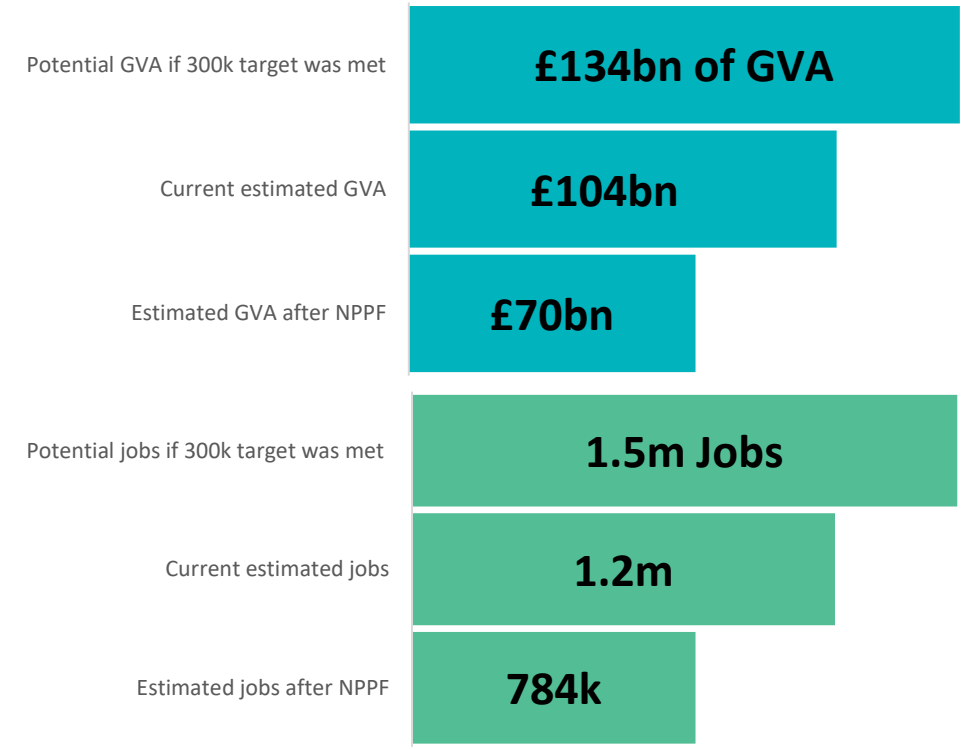
Land changing to residential use 1989 - 2011



Source: Government Land Use Change Statistics - Statistical Release published on 19th December 2013 (discontinued)

The NPPF reforms will weaken the economy by undermining the housebuilding sector by over £34bn and 386k jobs. Limiting greenfield land release for housing will reduce the supply of land and buildings for business in the most productive cities which have no realistic prospect of delivering on the 35% uplift to LHN

The reduction in housing supply will reduce its contribution to the size of the economy by billions of GVA and thousands of jobs



Source GVA and jobs estimated using Lichfields' 'Evaluate' framework of analysis on the latest DLUHC and ONS data

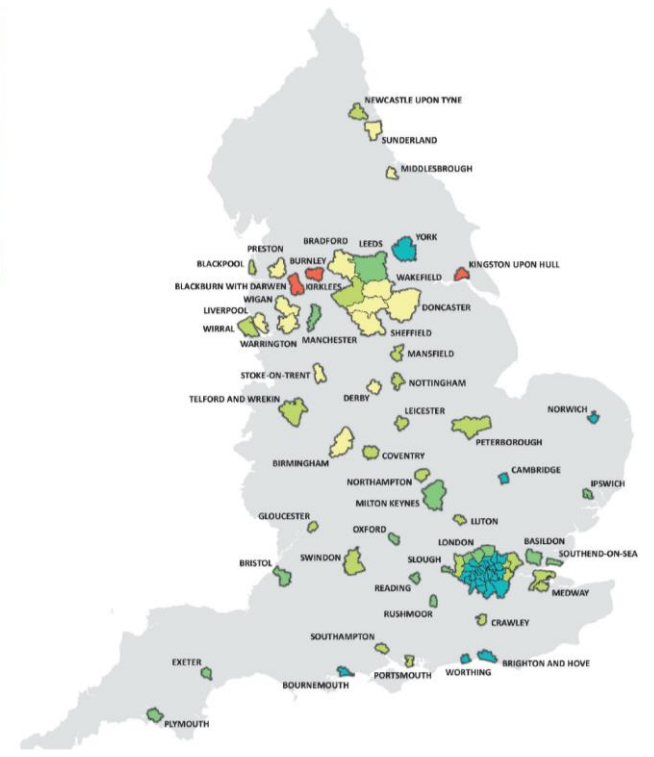
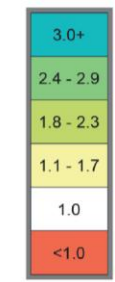
The 35% Urban Uplift in housing figures will squeeze out employment space in the most productive areas of the country which are already constrained.

20 urban uplift cities account for 40% of England's GVA. They are already losing employment space to housing

Since 2000 London lost a quarter (24%) Greater Manchester 20% and the West Midlands 19% of industrial floorspace to housing

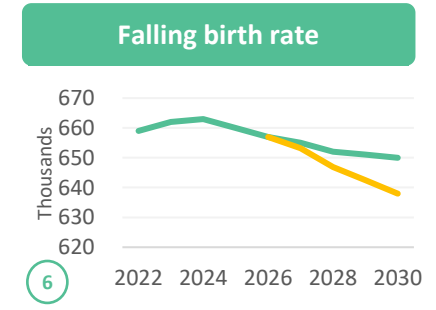
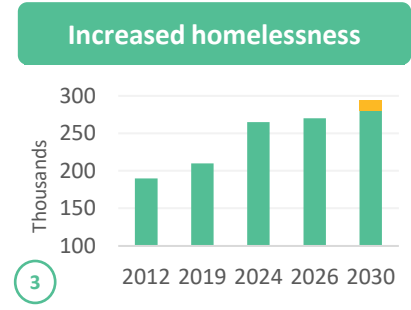
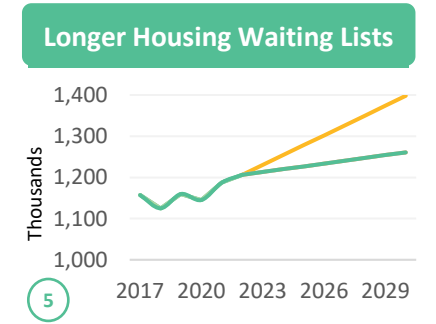
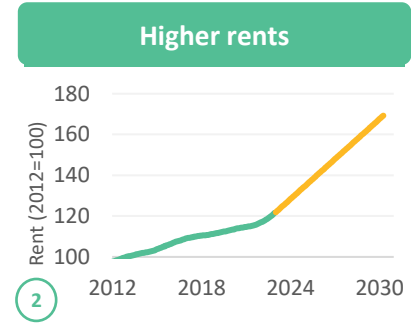
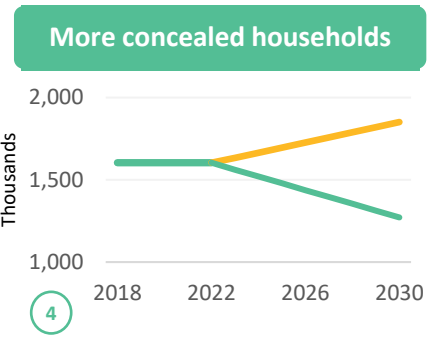
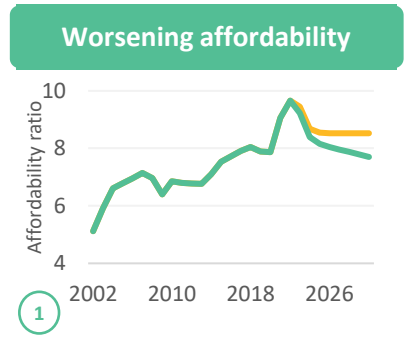
In some other cities, industrial values will outbid residential which means the ability to get residential units on those sites is limited.

Ratio of residential to industrial land costs



Source Lichfields analysis of VOA data, 2019

With c.77k fewer homes built each year, by 2030 the draft NPPF proposals alone will undermine the economy, reduce home ownership, increase rents, prevent young people from starting families and having children, add to the housing waiting list, increase homelessness, and harm living standards



By 2030, compared with what would happen by maintaining the current rate of housebuilding (which itself is not enough and will lead to adverse outcomes), the cut in supply caused by proposed changes to the NPPF will lead to a series of adverse consequences.

- Sources:
1. Lichfields analysis of OBR 2022 forecasts and ONS affordability ratios
 2. Lichfields analysis of ONS 2023 Index of Private Housing Rental Prices.
 3. Lichfields analysis of CRISIS, 2022 Homelessness Monitor forecasts (including housing supply sensitivities)
 4. Lichfields analysis of English Housing Survey, ONS Household Projections
 5. Lichfields analysis of DLUHC local authority housing waiting list data
 6. Lichfields analysis of research by ASI (2017) Children of When

£34bn
lost GVA in the economy due to reduction in size of the house building industry and associated indirect impacts

386k
Fewer jobs directly and indirectly supported by house building

£8,700
extra savings needed for a typical deposit by First Time Buyers

£18,400
extra added to the price buyers pay for the average house

25%
extra income people will need to buy the house they want

17,500
Shortfall in new affordable homes each year, adding to a large backlog

137,000
extra households added to the social housing waiting list

13,400
more people made homeless due to lower housing supply, up by 54% since 2012

580,000
extra increase in concealed households and sofa surfers

£208
extra cost each year for renters (on top of £1.9k pa rent increase under current trends)

11,500
extra fall in already declining number of births due to further house price increases

Sources: Various research / Lichfields analysis

Appendix 2

Delayed, stalled or withdrawn local plans table

Position as at 22nd February 2023

LPDF

February 2023

Delayed Local Plans

Local Plans stalled, delayed, or withdrawn prior to the Written Ministerial Statement (6 th December 2022) (Please note that their positions may have since moved on)		
LPA	Stage of Local Plan	Details / Link
Basildon	Examination	Withdrawn from examination due to concerns about level of Green Belt release and the LURB https://www.basildon.gov.uk/article/9096/In-the-news-Notice-of-withdrawal-of-Local-Plan
Dacorum		Council approved a new Local Plan timetable under which the draft is not scheduled to be submitted until 2024. https://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/local-development-scheme
Hertsmere		There is now no agreed timetable for when the Local Plan will be in place. Cllr Cohgen said <i>“The 2023 [target] has been shelved because we have shelved the previous draft local plan. We don’t have an agreed timetable but it certainly wont be ready for 2023 – it is more likely to be 2024 or 25... Part of the reason for this was the need to obtain clarity from government regarding the calculation of housing need and changes to national policy.”</i> (meeting November 23 rd) https://www.watfordobserver.co.uk/news/23154671.hertsmeres-local-plan-likely-miss-government-deadline/
Mid Sussex		Resolved in January to delay work on its draft plan in order to await government policy changes but has yet to publish an updated review timetable. Reg 18 Consultation has now taken place between November 7 th – 19 th December 2022
St. Albans		Timetable was agreed in September that sets out a provisional date of December 2025 for adoption of the new Local Plan. https://www.stalbans.gov.uk/news/timetable-st-albans-districts-local-plan
Dorset		Announced in July that adoption of its Local Plan had been put back by two years to 2026. With the update from the Portfolio Holder for Planning noting <i>“There is an opportunity for Dorset’s local plan to be at the forefront of expected changes to the planning system which have been set out in the Levelling Up and regeneration Bill.”</i> https://moderngov.dorsetcouncil.gov.uk/ieListDocuments.aspx?CId=152&MId=5357&Ver=4

Ashfield		<p>After pausing its plan in October 2021, Ashfield announced in August 2022 that it intends to progress its local plan to the next stage of consultation but has significantly reduced the provision of new homes within this.</p> <p>https://www.ashfield.gov.uk/your-council/news/local-plan-back-in-progress/</p>
Arun		<p>Arun’s full council voted in July to overturn a decision by its planning policy committee to resume work on its emerging local plan. Arun resolved in October last year to pause work on the plan due to uncertainty over the direction of the government’s planning reforms.</p> <p>https://democracy.arun.gov.uk/ieListDocuments.aspx?Cid=141&Mid=1623</p>
Welwyn Hatfield	Examination	<p>Refused in July to accept a planning inspector's recommendation that its emerging local plan must accommodate 15,200 new homes, prompting a warning from him that they will have to withdraw the plan from examination</p> <p>Consulting on Main Modifications</p>
Castle Point	Examination	<p>Withdrawn from examination after being found ‘Sound’ by the Inspector due to concerns about level of Green Belt release and the LURB.</p> <p>https://www.castlepoint.gov.uk/new-local-plan/</p>
Havant		<p>Withdrawn its Local Plan from examination in March 2022.</p> <p>https://www.havant.gov.uk/previous-local-plan</p>
East Hampshire		<p>Announced a second consultation on its Local Plan, which the Council said is required due to the government’s “<i>deeply flawed planning rules and brutal housing targets</i>”. The council’s new local development scheme, published in August, pushes back its target adoption date by 18 months to September 2025.</p> <p>https://www.theplanner.co.uk/2022/06/20/hampshire-council-consult-local-plan-due-brutal-housing-targets</p> <p>https://www.easthants.gov.uk/planning-services/planning-policy/local-plan/local-plan-consultation</p>
Uttlesford		<p>In September 2022 announced a pause to the current published local plan timetable to allow more time to complete further work ahead of publishing a draft local plan for consultation.</p> <p>https://www.uttlesford.gov.uk/article/4969/Local-Plan-timetable</p>

<p>Bournemouth, Christchurch & Poole</p>		<p>The recently established council’s cabinet announced in July 2022 a two year delay in the adoption date for its Local Plan. https://democracy.bpcouncil.gov.uk/ieListDocuments.aspx?CId=285&MId=5012&Ver=4</p> <p>The Cabinet meeting on 8th February 2023 is due to consider the LURB and reforms to the national planning policy and their implications on the emerging Local Plan. Whilst the timescale remains in accordance with the latest LDS, the Council note significant changes that will impact the Local Plan and consequently they provide a draft version of their response to the consultation and seek authority to submit this. The report notes three key proposed changes that will influence the BCP Local Plan:</p> <ul style="list-style-type: none"> • That the standard method is only the starting point; • That local authorities do not have to review Green Belt boundaries to release land to meet housing or other development need; and • It will no longer be necessary to plan to meet housing needs by building at densities which would be significantly out of character with the area. <p>BCP Council – Democracy</p>
<p>Epping Forest</p>	<p>Examination</p>	<p>Additional consultation on further modifications closed 9th December 2022. https://www.efdclocalplan.org/local-plan/latest-news-and-updates/</p>
<p>Medway</p>		<p>Adoption of the local plan will be delayed by up to 2 years.</p>
<p>Slough</p>		<p>Paused work on its local plan after its entire £320,000 budget was withdrawn https://www.sloughobserver.co.uk/news/20018858.sloughs-local-plan-paused-council-withdraws-funding/</p>
<p>Thanet</p>		<p>Cabinet resolved in July to delay the target date for adoption of its local plan review by 14 months to May 2026. The council said that the move had been prompted by uncertainties surrounding issues including the final decision on the Development Consent Order for Manston Airport, the government’s revisions to its ‘standard method’ of assessing local housing need and planning reforms. https://www.thanet.gov.uk/cabinet-to-consider-update-to-the-local-plan-timetable/</p>

Three Rivers		<p>At a Full Council meeting (18th October 2022) the Council supported a delay in agreeing its Local Plan and resolved to push back against the government housing figures allocated to Three Rivers.</p> <p>https://www.threerivers.gov.uk/news/council-agrees-way-forward-on-local-plan#:~:text=At%20its%20meeting%20on%20Tuesday,up%2076%25%20of%20Three%20Rivers.</p>
Wealden	Reg 18 consultation	<p>Delayed Reg 18 consultation on emerging Local Plan stating <i>“There is too much uncertainty currently which would directly affect our Local Plan strategy and the content of our draft plan for us to consult on a Draft Local Plan at this time.”</i></p> <p>https://www.wealden.gov.uk/news/update-on-wealdens-draft-local-plan/</p> <p>Update on Local Pan following WMS – Council plans to bring an updated timetable for the Local Plan to sub committee in the new year once they have had the opportunity to consider the nature of the planning reforms.</p> <p>https://www.wealden.gov.uk/planning-and-building-control/planning-policy/wealden-local-plan/friday-8th-july-2022-local-plan-update/</p>
Basingstoke and Deane		<p>Delayed their Local Plan consultation for a year <i>“to allow extra time for planners to identify the true level of local need for new homes... this will consequently now push back the adoption of the Local Plan until autumn 2025”.</i></p> <p>https://www.turley.co.uk/comment/familiar-story-basingstoke-and-deane-seeking-justify-lower-level-housing-need#:~:text=The%20consultation%20has%20now%20been,Local%20Plan%20until%20autumn%202025.</p>
Dudley		<p>In October 2022 the Council announced it would be withdrawing from the Black Country Plan due to concerns about the proposed level of Green Belt release. The Plan was then abandoned by the other participating authorities.</p> <p>Local Plan Watch: Black Country councils estimate over £1.1 million extra spend to prepare new plans after joint strategy scrapped Planning Resource</p>
Walsall		<p>Following the withdrawal of Dudley and the subsequent abandonment of the Black Country Plan, Walsall agreed at Cabinet in November 2022 to start work on a Walsall Local Plan.</p> <p>https://go.walsall.gov.uk/planning-and-building-control/planning-policy/future-planning-policy</p>

Wolverhampton		<p>Following the withdrawal of Dudley and the subsequent abandonment of the Black Country Plan Wolverhampton will be preparing a Local Plan for the City and the Council Leader has committed to protecting the city's Green Belt.</p> <p>Leader underlines commitment to protecting green belt City Of Wolverhampton Council</p>
Sandwell		<p>Following the withdrawal of Dudley and subsequent abandonment of the Black Country Plan Sandwell have started work on a new Local Plan.</p> <p>Planning Policy Sandwell Council</p>
Hinckley & Bosworth		<p>The Council delayed submission of its emerging Local Plan in September 2022</p> <p>Council delays local plan submission over new PM and national policy uncertainty Planning Resource</p>
Nuneaton & Bedworth		<p>In October 2022 the Council announced its Local Plan would be submitted for examination three months later than originally planned due to uncertainty over housing need and national policy uncertainties.</p> <p>Council delays local plan work over housing need and national policy uncertainties Planning Resource</p>
South Norfolk		<p>In September 2022 the authority announced that the Greater Norwich local Plan would be delayed nearly two years due to nutrient neutrality concerns.</p> <p>Joint plan could be delayed by nearly two years over nutrient neutrality Planning Resource</p>
Swale		<p>The timetable for the Local Plan set out in the LDS was updated following the need to undertake additional transport modelling work.</p> <p>https://services.swale.gov.uk/assets/Planning%20Policy%202019/LDS_JULY_22.pdf</p>
Tandridge		<p>In September 2022 the authority voted to pause work on its Local Plan pending clarification on future government policy.</p> <p>Agenda Document for Planning Policy Committee, 22/09/2022 (tandridge.gov.uk)</p>

Local Plans stalled, delayed or amended post Written Ministerial Statement (6 th December 2022)		
LPA	Stage	Details / Links
Horsham		<p>Delayed the Cabinet meeting scheduled for 15th December to consider Local Plan. https://www.horsham.gov.uk/planning/local-plan</p> <p>On 9th January 2023 Councillors at a private meeting voted not to take their Reg 19 Local Plan to Cabinet and Extraordinary Council on 18th January (Cabinet and Extraordinary Council meetings scheduled for 18th January were both cancelled). The Reg 19 consultation will be delayed until after the local elections in May.</p>
Teignbridge		<p>Extraordinary Council, Full Council meeting scheduled for 15th December postponed following the WMS. https://democracy.teignbridge.gov.uk/ieListDocuments.aspx?CId=165&MId=3194&Ver=4</p> <p>The Council have since voted (12th January) to proceed with the consultation.</p>
Mole Valley	Examination	<p>In light of the WMS the council have decided to pause before moving onto the next stage of plan preparation – They had been due to consult on modifications in January 2023. Pause in the Local Plan Process – Latest news from Mole Valley District Council</p> <p>Councillors have released a statement setting out their intention to propose a Main Modification to the Inspector to remove all Green Belt allocations from the Local Plan. An extraordinary council meeting was held on 16th January to discuss the proposal. https://www.molevalley.gov.uk/sites/default/files/home/council/committee-agendas-minutes/council-meeting/council-meeting-agendas-and-minutes/item-3-main-modifications-local-plan.pdf</p> <p>At the meeting on 16th January Members unanimously voted to seek the Inspector’s view on removing all Green Belt allocations from the draft Local Plan. https://news.molevalley.gov.uk/2023/01/17/seeking-agreement-to-remove-green-belt-sites-from-draft-local-plan/</p> <p><i>“We took this decision in light of the government’s plans to consult on proposed changes to the National Planning Policy Framework, which directly shapes the framework of Local Plans.”</i></p> <p>In a note issued by the Inspector on 17th February, the Inspector has confirmed that given the circumstances, the Inspector would be receptive to a request to pause the examination.</p>

		ED57-Inspectors-Note-23-Reply-to-Councils-Note-31-on-Removing-Green-Belt-Sites-from-the-Local-Plan.pdf
Gedling		Cabinet meeting (8th December) resolved to approve publication of the Strategic Plan Preferred Approach document and Sustainability Appraisal in so far as it relates to Gedling Borough with the exception of proposals to release Green Belt land at Teal Close, in light of the Ministerial Statement made on 6 th December 2022... https://democracy.gedling.gov.uk/ieListDocuments.aspx?Cid=127&Mid=2983
Vale of White Horse & South Oxfordshire		Have announced an 11 month delay to the adoption of their emerging joint local plan. Now proposing adoption of the plan in September 2025 rather than October 2024 (It is unclear whether this delay is as a result of the LURB/WMS).
Swindon		Council's Cabinet (7 th December) approved a revised timetable for the review of its 2015 local plan. Delaying the submission of the new draft plan for examination by over a year. <i>"In light of the national and local changes, the council needs to review and evaluate options for new development with updated supporting evidence to deliver homes to achieve a five-year housing supply."</i> https://ww5.swindon.gov.uk/moderngov/ieListDocuments.aspx?Cid=285&Mid=10694&Ver=4
Stockport		In addition to previous delays with the Local Plan, Stockport have now taken the decision to defer the planned consultation on the Local Plan following the WMS. Statement: Stockport Local Plan latest – December 16, 2022 – Stockport Council <i>"The Council has taken the decision to defer the planned consultation on our Local Plan following the publication of the Ministerial Statement issued on 6th December which proposes amongst other things significant changes to the way in which we need to consider housing targets for local areas and in particular protection of the green belt."</i>
North Somerset		The Head of Planning confirmed that there will be a delay to the next stage of Local Plan consultation. <i>"Given this latest news from Government about changes to the planning system it will now take longer before we can publish our next draft Local Plan. We need to understand the implications of the reforms first. We expect the consultation on a revised National Planning Policy Framework to be launched before Christmas and will be responding to it."</i> North Somerset Council – Local Plan update – Wraxall & Failand Parish Council (wraxallandfailand-pc.gov.uk)

Gravesham		<p>At Cabinet meeting on 3rd January it was agreed that a new LDS could be published. The new LDS shows the Council will consult on the plan September/October 2023 and expects submission July 2024 and adoption December 2024.</p> <p>Report (gravesham.gov.uk)</p>
South Staffordshire	Submission	<p>The Council have delayed submission of their Local Plan to SoS for examination whilst they assess the implications of the potential planning reforms.</p> <p><i>“We will be seeking clarity on the new national proposals and until we fully understand the potential implications, we will not be submitting the Local Plan to the Inspectorate for examination.”</i></p> <p>https://www.sstaffs.gov.uk/news/news.cfm/current/1/item/136521</p>
Epsom & Ewell		<p>At a Special Meeting of the Licensing and Planning Policy Committee on Monday 30th January, the Council are seeking approval to publish the Draft Local Plan for public consultation. The Draft Local Plan proposes to provide approximately 50% of the Standard Method figure (as set out in Agenda Item 4, para 2.13)</p> <p>https://democracy.epsom-ewell.gov.uk/documents/g1445/Public%20reports%20pack%2030th-Jan-2023%2019.30%20Licensing%20and%20Planning%20Policy%20Committee.pdf?T=10</p>
Isle of Wight		<p>At Full Council (18th January) members voted through a motion that delayed the Local Plan. Councillor Fuller said <i>“The government is proposing to make changes to national planning policy, some of which could be in place as early as Spring 2023 and some of which could have significant impacts for the island, therefore it is imperative that the Council fully appreciates what impact these changes may have on the preparation of our Local Plan. This is why I will be asking Full Council for more time for the Draft Island Planning Strategy to come back before Full Council...”</i></p> <p>Pause for draft Island Plan (iow.gov.uk)</p>
Cherwell		<p>At a meeting of the Council Executive (19th January) the Council decided to defer consideration of the Local Plan before proceeding to Regulation 18 public consultation.</p> <p>Time to consider feedback will strengthen Local Plan Cherwell District Council</p>
West Suffolk		<p>The Council are delaying consultation on the Submission Draft Local Plan, that was due to take place Spring 2023 to later in the year (Autumn/Winter 2023).</p> <p>https://www.westsuffolk.gov.uk/planning/Planning_Policies/upload/Local-Development-Scheme-January-2023.pdf.</p>

		<i>“This is so the next stage of the draft can include changes to the National Planning Policy Framework (NPPF), which are part of a national policy consultation announced by Government shortly before Christmas.”</i>
Cotswold		Reg 19 consultation of the Local Plan Partial Update is now expected Winter 23/24. The LDS 21 had previously stated Reg 19 Q4 2022. Keep in Touch with Latest News - Cotswold District Council - Commonplace
Central Bedfordshire		In a Local Plan Review update (9 th February 2023) the Council have stated that it would be premature to conclude their review of the adopted Local Plan, in the absence of key decisions on critical infrastructure including East West Rail, and future updates to national policy and plan making. 12.1 Local Plan Review update report.pdf (azeusconvene.com)
Surrey Heath		Regulation 19 consultation on Local Plan was scheduled to take place January/February 2023 however the timetable has now been delayed and will <i>“take into account recent government proposals about important changes to the national rules governing local plans.”</i> Local Plan update SURREY HEATH BOROUGH COUNCIL
East Devon		The Council have decided that no further discussions or decisions on potential sites for the Local Plan will take place until the Government makes decisions on national policy. 15 February 2023 - Discussions on Local Plan sites to wait while Government clarifies flexibility of housing targets - East Devon
West Berkshire		An Extraordinary Meeting of West Berkshire Council is due to take place on 2 nd March with a proposal to abandon the consultation on the Local Plan which commenced on 20 th January and undertake a new Regulation 19 consultation in the future. Reference is made in the report to the WMS of 6 th December. (Public Pack)Agenda Document for Council, 02/03/2023 21:00 (licdn.com)

The information provided in this table is believed to be accurate as at 22nd February 2023, but please highlight any discrepancies to either:

Phill Bamford – LPDF Policy Director – Phillb@lpdf.co.uk or

Sam Stafford – HBF Planning Director – sam.stafford@hbf.co.uk

Appendix 3

Housing emergency The lost generation

RPS / LPDF

August 2022

HOUSING EMERGENCY

THE NEW LOST GENERATION

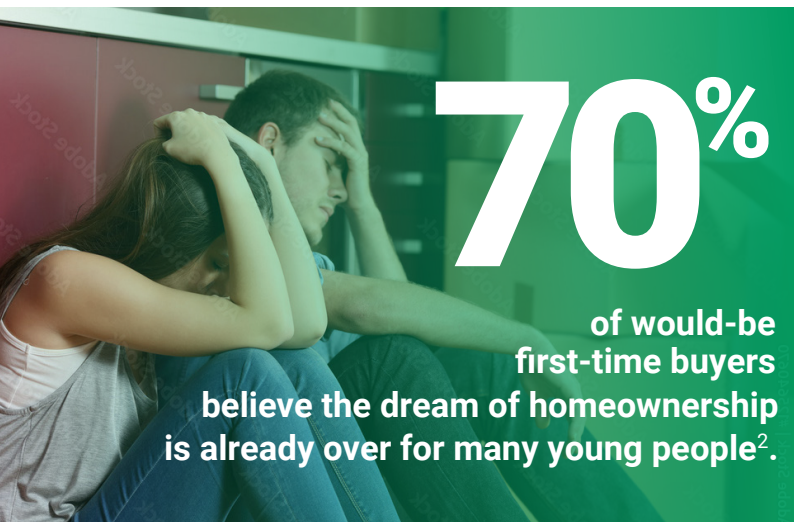


As part of the LPDF series on the Housing Emergency, this briefing paper focusses on those at the start of their journey to becoming a homeowner. We are in a time where all records are being broken, and house prices are seeing all-time highs. **In the past three months alone house prices have, on average, jumped £19k in value¹ - the highest since records have begun.**

Here, the LPDF take a look at problems in the market and discuss what solutions might be available now or in the future that might help to address the issue.

As the Country moves into a period of healing following the 2020 pandemic, early positivity in the market has seen house prices swell rising steadily since May 2020. Hidden within the optimism of the housing market are messages of concern for the younger generation. Concerns that whilst the housing market is buoyant, securing that first home remains out of reach for many. It is perhaps unsurprising that whilst nine in ten young adults still aspire to home ownership, only 30% believe that home ownership is achievable³.

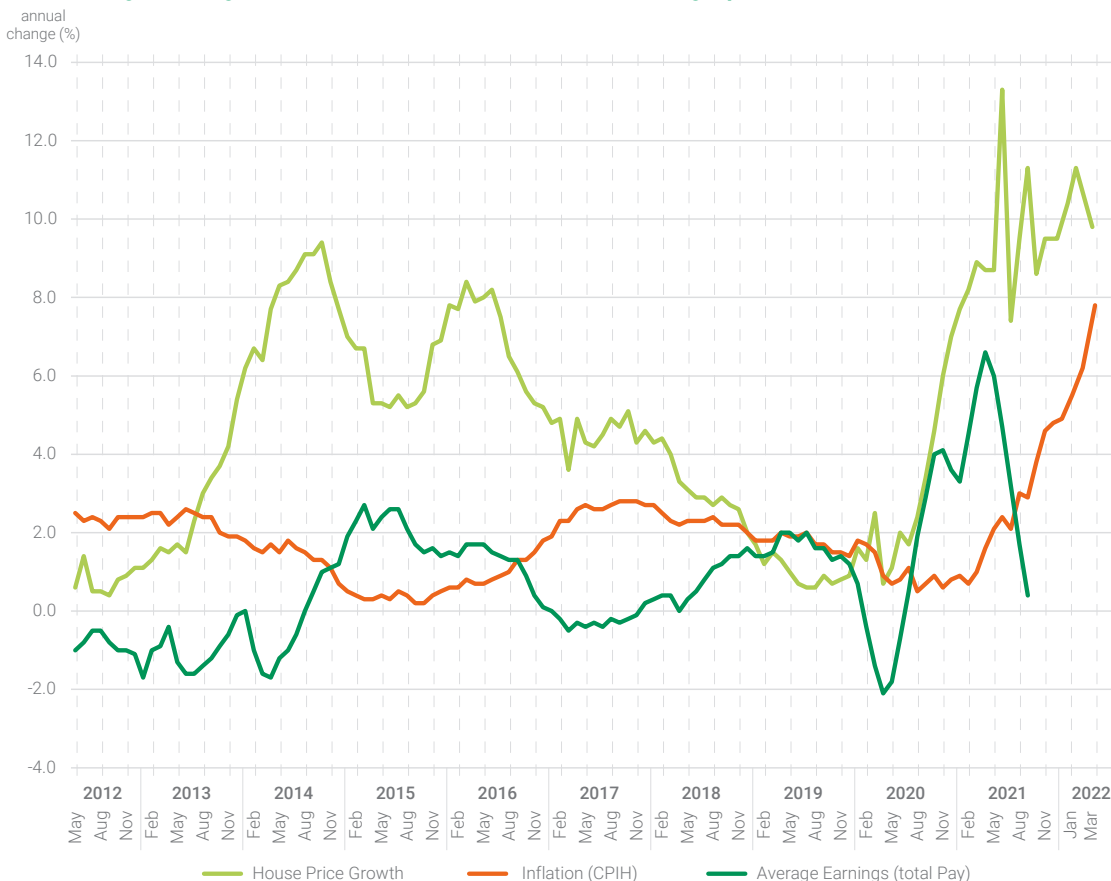
When the average house price in the UK shoots up to **£283,000** in May 2022 (**up 11.9% on 2021**)⁵, it is understandable why the dream of home ownership for the young feels like it is slipping away. Strong growth in house prices has not been mirrored in growth in earnings over the past ten years (presently annual rates of 0.8% earnings against 4.7% house prices). When coupled with rising inflation, it is perhaps easy to see why it would be difficult for the younger generation to look to this average figure, particularly at a time when house prices are 9.7 times the average earnings⁶ and to think it's achievable. To some, simply ensuring a suitable deposit can be raised is a significant challenge. At a time when rents have risen by 20% in the last 7 years⁷, research from the Joseph Rowntree Foundation⁸ has observed a growth of in-work poverty, which is felt severely by four in five households in private rented accommodation. If the position was not bad enough already for the younger generations, the 2020 pandemic has only served to widen the gulf, as this cohort has less resilience to income shocks.



70%

of would-be first-time buyers believe the dream of homeownership is already over for many young people².

Change in Wages/House Prices/Inflation – combined graph⁹



Houses

9.7

times average earnings in 2021, up from 7.9 in 2020.⁴

Nearly 1 million low-income renters struggling with rents in 2021, with more than half on 'unaffordable' rent.¹⁵

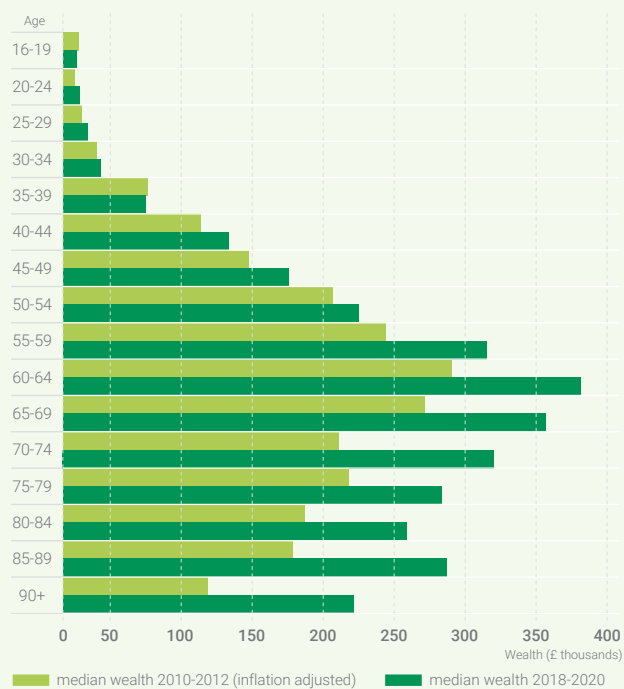
Whilst an issue of some complexity, what is clear is that shortfalls in housing delivery have led to an imbalance in the supply and demand of housing. This has been observed not just in the stock of private housing, but in affordable housing too. Not only is it estimated that only 35% of the total affordable housing needed is being delivered¹⁰, but supply lost is not being replaced. Recent data from ONS suggests that over the past 10 years there have been around 107,000 homes sold under the Government's right to buy scheme, replaced with around 42,000 homes.¹¹

The lack of suitable housing has been compounded by other factors, including the significant increase in second homes, up 50% between 2010 and 2020. The consequence of this is that we see that 1 in 6 born between 1946 and 1964 owning extra property¹² whilst the younger generation struggle to envisage owning any property in their lifetime. This has been a contributing factor in the stagnation of wealth for those under 40 for the past 8 years, who have seen growth of only 9%, compared to the 65+ group, who have experienced a 32% increase over the same period.¹³ These factors are contributing to a shortage of housing for young professionals and families to move into, however the housing stock is also squeezed from the other end. As some older generations struggle to find the right accommodation to downsize into due to lack of new senior living accommodation, we see the marked under-occupation of the housing stock¹⁴, yet another factor suppressing the availability of family housing.

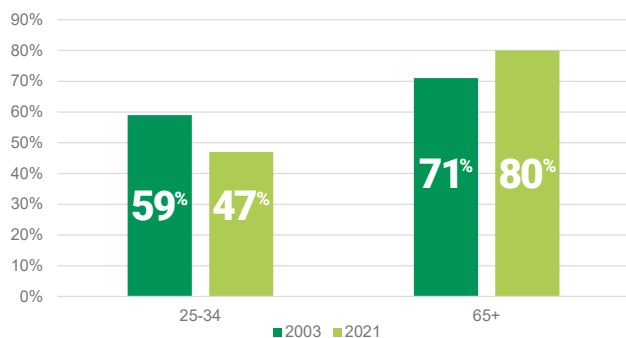
The implications of this social change are already being felt. As observed through trends in population growth, the impact of unsustainable hikes in house prices has had a negative impact on fertility rates. The rise in the renting generation or those younger persons still living at home has left the generation without the stability needed to start families. And this factor has in part led to a reduction in fertility rates¹⁸, a trend that is expected to worsen in the future as the factors that have caused them, continue to endure. The recently published 2021 Census tells us that housing growth in the last 10 years has been lower than those forecasts currently used to determine local housing need¹⁹, pointing to a measure of further suppressed household formation. This has been observed in data collected through the English Housing Survey²⁰ where the effect has been more pronounced in the private and social rental sector.

As we move into a period of hopeful emergence from Covid restrictions, the crisis deepens once again, as rising inflation adds further pressure to already struggling households. There is a clear imperative for the Country to build more homes which will assist in easing housing affordability, but to assist those younger generations, there needs to be a renewed focus on the delivery of affordable housing products, which needs to be delivered on a vast and ambitious scale.

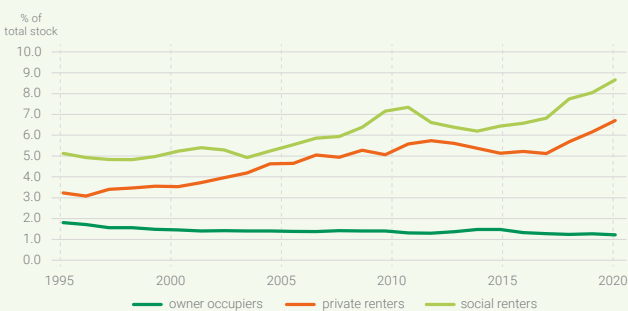
Change in Wealth by age cohort over last 10 years¹⁶



Change in home ownership¹⁷



Proportion of households that are overcrowded (three-year average)



Solutions

- Delivering sufficient supply across a range of sites in the right locations, to allow choice and growth in SME housebuilders.
- National targets for senior living products, to increase this supply of housing, and greater movement in the property ladder.
- Boost substantially the level of affordable housing of all types and tenures delivered, without the need for public subsidy.
- A commitment to replace affordable housing lost through Right to Buy on a like for like basis.
- Further support for first time buyer products including amending the First Homes initiative, to address financial barriers.

LPDF
Creating Places,
Delivering Homes

Source: ¹ Rightmove, House Price Index April 2022. ² Santander, First Time Buyer Study, July 2019. ³ Santander, First Time Buyer Study, July 2019. ⁴ ONS 2022 – workplace earnings. ⁵ ONS, UK House Price Index: May 2022 (July 2022). ⁶ ONS 2022 – workplace earnings. ⁷ ONS 2021 - Percentage of total monthly household income spent on private rent; Family Resource Survey. ⁸ Joseph Rowntree Foundation (2021), Renters on low incomes face a policy black hole: homes for social rent are the answer. ⁹ ONS. ¹⁰ Using a 10 year average from Table 1000 of DLUHC data, against annual recommended target of 145,000 homes in Bramley, G (2019). Housing supply requirements across Great Britain for low-income households and homeless people: Research for Crisis and the National Housing Federation; Main Technical Report. ¹¹ ONS (2022) Right to Buy Sales & Replacements 2021-22. Figures 2 and 7. ¹² Intergenerational Foundation (2021). Stockpiling Space - How the pandemic has increased housing inequalities between older and younger generations. ¹³ ONS. ¹⁴ HoL Built Environment Committee (2022) Meeting Housing Demand. 1st Report of Session 2021-22. ¹⁵ Joseph Rowntree Foundation (2021), Ibid. ¹⁶ ONS 2022 - Distribution of individual total wealth by characteristic in Great Britain, Wealth & Assets Survey. ¹⁷ English Housing Survey 2022. ¹⁸ ONS National population projections, fertility assumptions: 2020-based interim. ¹⁹ Census indicates growth of 6.2%, lower than 10.5% forecast in 2014-based National Household Projections. ²⁰ English Housing Survey; Headline Report 2019-20.

This leaflet has been prepared jointly by RPS and the Land Promoters & Developers Federation (LPDF).



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Housing Emergency – The New Lost Generation (August 2022)

Appendix 4

**Table documenting local plan progress for the LPAs
required to provide the 35% urban uplift**

LPDF

February 2023

LPAs required to provide the 35% Uplift.					
LPA	Plan and Current Stage	LHN+35 % uplift	Meeting or proposing to meet LHN+ 35% Uplift	Green Belt or other national constraint	Details / Link
BIRMINGHAM	Birmingham Development Plan Review – Consulted on Issues & Options October 2022.	7,136	Unclear at this stage if the proposed plan would meet LHN+35%	Green Belt	The existing Local Plan (adopted 2017) has a housing requirement of 2,555dpa. The Consultation document for the Local Plan Review referred to the HELAA which identified a housing need of 149,286 (2020-2042), supply of 70,871 and a shortfall of 78,415 to be found through the preparation of the plan if the full need is to be met. https://www.birmingham.gov.uk/downloads/file/25056/birmingham_local_plan_issues_and_options The Preferred Options consultation is scheduled for October 2023.
BRADFORD	Bradford District Local Plan – Reg 18 Consultation February 2021	2,306	Proposed plan does not meet LHN+35%	Green Belt	The current Local Plan was adopted in 2017) Draft Local Plan Preferred Options (Feb 2021) states at para 3.8.11 <i>“It is considered that that there are no fundamental strategic constraints or significant adverse impact to delivering a housing requirement figure of 1,704 new homes/year over the 18-year plan period that cannot be mitigated. However, based on current evidence it is considered that the additional 35% uplift of the standard method cannot be realistically met in terms of deliverable land supply, strategic constraints (Green Belt) and potential adverse impacts within the Regional City of Bradford.”</i> https://www.bradford.gov.uk/Documents/BDLP/Reg18/Consultation//3.0%20Section%203%20Strategic%20Policies.pdf
BRIGHTON & HOVE	City Plan – adopted March 2016	2,328	Current plan does not meet LHN+35%	South Downs National Park	City Plan (Part 1) (adopted March 2016) sets a housing target of 13,200 new homes by 2030 (660dpa). Para 2.12 notes that <i>“The assessed housing requirements (demand and need for new homes) for the city over the plan period are much higher than the city can realistically accommodate.”</i> https://www.brighton-hove.gov.uk/planning/planning-policy/development-plans

BRISTOL	Local Plan Review – Further Consultation closed January 2023.	3,376	The Proposed plan does not meet LHN+35%	Green Belt	The consultation on Bristol Local Plan Review: Draft Policies and Development Allocations (Nov 22-Jan 23) outlines in Draft Policy H1 that they are seeking to deliver an annual average minimum of 1,925 new homes(2023-2040). The delivery will be phased 2,000 dpa (2023-2027) then 1,900dpa (2028-2040). This falls short of the LHN +35% uplift which is 3,376 pa. https://www.bristol.gov.uk/residents/planning-and-building-regulations/planning-policy-and-guidance/local-plan/local-plan-review
COVENTRY	Local Plan Review – Reg 18 consultation expected Q1/Q2 2023.	2,325	Current plan does not meet LHN+35%	Green Belt	The Local Plan (adopted December 2017) set a housing requirement of 24,600 (2011-2031), equating to an annual average of 1,230. The Local Plans unmet need was distributed to other LPAs within the Coventry and Warwickshire HMA. This was prior to LHN and the 35% uplift. https://www.coventry.gov.uk/downloads/file/25899/final_local_plan_december_2017 Details on the emerging local plan have not yet been published.
DERBY	New Local Plan – Reg 18 consultation was scheduled for Winter 2022 (not taken place yet).	1,255	Current plan does not meet LHN+35%	Green Belt	Derby City Local Plan (Part 1) (adopted January 2017) – this seeks to deliver 11,000 new homes (2011-2028) which equates to 647dpa. This was a capacity led figure and was lower than the identified OAN. However, the Council agreed with its HMA partners to ensure that the full OAN would be met, this included cross boundary development an urban extensions in neighbouring authorities (mainly South Derbyshire). About the local plan - Derby City Council
KINGSTON-UPON-HULL	Local Plan – adopted 2017	540	Current plan meets LHN+35%		The Local Plan was adopted in 2017 with no review underway yet. Annual housing requirement of 620 (2016-2032). https://www.hull.gov.uk/sites/hull/files/media/Hull%20Local%20Plan%202016%20to%202032.pdf
LEEDS	Core Strategy Selective Review - 2019	4,044	Current plan does not meet LHN +35%	Green Belt	Adopted Core Strategy (as amended by the Core Strategy Selective Review 2019) set a housing target of 51,952 (2017-2033) (3,247dpa) Leeds City Council are undertaking a partial Review of the Local Plan, however this is not reconsidering the housing requirement or the 35% uplift to LHN. Introduction and have your say (leeds.gov.uk)
LEICESTER	Local Plan – Consulting on Reg	2,464	The proposed plan meets		Core Strategy was adopted in 2014.

	19 (January-February 2023)		LHN+35% with the unmet need picked up by adjacent authorities.		Consultation on the Reg 19 Plan started in January 2023. This includes provision for 39,424 new homes (LHN+35%) over the period 2020-2036 (2,464 dpa). The Local Plan housing target is 20,730, with 18,700 to be provided by neighbouring LPAs (agreed via a SoCG). https://consultations.leicester.gov.uk/sec/local-plan/user_uploads/local-plan-r19-2.pdf
LIVERPOOL	Local Plan adopted January 2022. No details of a Review as yet.	2,228	Current plan does not meet the LHN+35%	Green Belt	The Local Plan was adopted in January 2022 (covers period 2013-2033) and sets a housing requirement of at least 34,780 dwellings (1,739dpa). Proposed to meet the LHN however this was pre the 35% uplift. Liverpool Local Plan JANUARY 2022.
LONDON	London Plan – adopted in 2021		Current plan does not meet the LHN+35%	Green Belt	The London Plan (Spatial Development Strategy) was adopted in 2021 prior to the 35% uplift. The London Plan is currently not meeting its needs in full. The London Plan London City Hall
MANCHESTER	Places for Everyone (PfE) – Joint Plan for 9 authorities – currently at Examination	3,702	The proposed plan meets the LHN+35% across the plan area	Green Belt	The Places for Everyone (joint Local Plan) is currently at examination and is seeking to meet LHN (including 35% uplift) across the plan area. Table 7 outlines annual average new dwellings target for Manchester for the period 2021-2037 of 3,533. https://www.greatermanchester-ca.gov.uk/media/4838/places-for-everyone.pdf n.b. This does not include Stockport as they have pulled out of the PfE Joint Plan.
NEWCASTLE	Core Strategy and Urban Core Plan – adopted 2015. Not commenced a new Plan yet.	1,451	Current plan does not meet LHN+35%	Green Belt	Joint Local Plan with Gateshead, Core Strategy and Urban Core Plan (CSUCP) was adopted in March 2015. This set a housing target of 1,000dpa (2010-2030). The Councils concluded in a review in March 2020 that an update to the CSUCP was not required at that point in time. CSUCP Review Interactive.pdf (newcastle.gov.uk) The review predated the requirement for a 35% uplift to the LHN.
NOTTINGHAM	Greater Nottingham Strategic Plan – Consulting on Preferred Approach	1,773	The proposed plan does not meet the LHN+35% for the full plan period	Green Belt	The Council are currently consulting on the Preferred Approach document for the Greater Nottingham Strategic Plan (2022-2038). This sets a housing target for Nottingham City of 25,760 (1,610 dpa). The consultation document highlights that LHN +35% will be met until 2035/36. preferred-approach-document.pdf (gnplan.org.uk)

	(January-February 2023)				<p>Paragraph 5.6 of the consultation document notes <i>“The shortfall in Nottingham City is not projected to occur until towards the end of the plan period, as the City Council’s trajectory shows need plus 35% will be met until 2035/36. The shortfall is not redistributed to each Borough because it is part of the 35% uplift, and therefore not evidenced in terms of actual local housing need, nor in terms of delivery. The National Planning Practice Guidance also references the 35% uplift and states that “This increase in the number of homes to be delivered in urban areas is expected to be met by the cities and urban centres themselves, rather than the surrounding areas, unless it would conflict with national policy and legal obligations.” (Paragraph: 035 Reference ID: 2a-035-20201216).”</i></p> <p>Paragraph 5.9 goes on to state <i>“Notwithstanding the inability of Nottingham City to meet part of the 35% uplift to its housing need, the Plan’s housing provision figure of 52,300 compares with the standard need figure (including 35% uplift for Nottingham City) of 52,510 homes. The level of provision therefore is sufficient to meet the vast majority of the objectively assessed housing need of the area as a whole...”</i></p>
PLYMOUTH	Plymouth and South Devon Joint Local Plan – adopted 2019	700	Unclear whether LHN+35% is being met in current plan as housing requirement is distributed by policy area not LPA.		<p>Plymouth and South West Devon Joint Local Plan was adopted in 2019 and is made up of the Plymouth, South Hams and West Devon local authority areas. The plan was prepared pre the LHN 35% uplift.</p> <p>The JLP set a total housing requirement of 26,700 (for the plan period 2014-2034) equating to 1,335 dpa and outlined that at least 19,000 should be delivered in the Plymouth Policy Area.</p> <p>JLP - ADOPTED VERSION 2019 (plymouth.gov.uk)</p> <p>Do not appear to have started a review of the JLP yet.</p>
READING	Reading Local Plan – adopted 2019	907	Current plan does not meet LHN+35%		<p>The Reading Local Plan (adopted in 2019) sets a housing target of 15,847 (689 dpa) for the period 2013-2036.</p> <p>Local Plan Adopted November 2019.pdf (reading.gov.uk)</p> <p>The Local Plan was prepared prior to the LHN +35% uplift.</p> <p>No details of a Local Plan Review as yet.</p>
SHEFFIELD	Sheffield Plan – Consulting on Reg 19 Publication	3,018	Proposed plan does not meet LHN+35%	Green Belt	<p>Sheffield’s emerging requirement (as set out in Reg 19 version) is 2,090 dpa (for the period 2022-2039), but LHN +35% is 3,018 dpa.</p> <p>This is a capacity led requirement reflecting the restriction on the Green Belt.</p>

	Draft Plan 9 th Jan – 20 th Feb 2023.				The DtC statement notes that Sheffield has asked other LAs in the City Region to take some of their housing however none are in a position to do so. https://haveyoursaysheffield.uk.engagementhq.com/draft-local-plan
SOUTHAMPTON	Southampton City Vision (new Local Plan) - Consulted on Reg 18 plan Autumn/Winter 2022	1,471	Proposed plan does not meet LHN+35%	New Forest National Park	The Reg 18 plan included a capacity-led requirement of 16,800 (for the period 2022-2040) equating to 933 dpa. Against a LHN+35% figure of 26,500 (1,471dpa) (2022-2040). https://www.southampton.gov.uk/media/5eidwnjh/full-draft-local-plan-with-options.pdf
STOKE ON TRENT	Local Plan Issues and Options consultation held in May-June 2021.	700	Unclear whether proposed plan will meet LHN+35%	Green Belt	Stoke are reviewing their Local Plan after Newcastle under Lyme pulled out of a Joint Plan Review in early 2021. The 2021 issues and options consultation document set out a range of growth scenarios, one of which was based on the LHN+35%, there were also higher growth options linked to higher economic growth scenarios. Stoke-on-Trent Local Plan Stoke-on-Trent
WOLVERHAMPTON	Local Plan – Reg 18 Issues and Options consultation due spring 2023	1,080	Unclear whether proposed plan will meet LHN+35%	Green Belt	The Black Country Core Strategy was adopted in 2011. Wolverhampton was part of the Black Country Core Strategy Review – however following the withdrawal of Dudley the Joint Plan Review has been abandoned. Wolverhampton are now preparing a new Local Plan for the city. New LDS was published in 2022. The Reg 18 consultation will not be taking place until after the new NPPF is published. Leader underlines commitment to protecting green belt City Of Wolverhampton Council

The information provided in this table is believed to be accurate as at 14th February 2023, but please highlight any discrepancies to:

Phill Bamford – LPDF Policy Director – Phillb@lpdf.co.uk

Appendix 5

The housing emergency

RPS / LPDF

November 2021

THE HOUSING EMERGENCY

In 2020, the average cost of buying a home was



7.84

times the average income.²

In 1997 it was only **3.54**.

In 2020, 58,644 affordable homes were delivered, representing only

40% of the total identified need.

3.66m

the number of those in **concealed or overcrowded houses** in England.³



In November 2021 the average house price in the UK has exceeded

£250,000¹

Saving £311 per month it would take **10 years** to save for a 15% deposit on this amount.

If you started saving for a deposit 10 years ago, you will have found that the average house price in the UK has gone up by

£69,000 or **38%** in the intervening time.



34

In 2019-20, the average age of a first-time buyer was

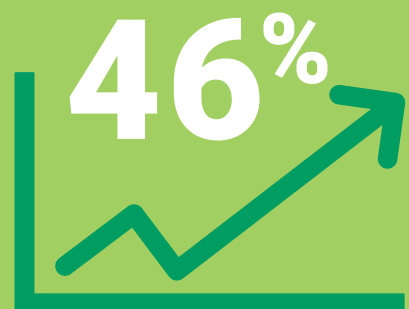
34 years old.

In 2007 the average age was 27, and in 1997 it was 26.

In the last 11 years the number of households renting has gone up

24%

During this time, the average rent has increased by



while average incomes have increased by only **21.6%**.

In total, **17.5 million people** (1 in 3 adults) are impacted by the housing emergency – **living in overcrowded, dangerous, unstable or unaffordable housing.**



1 in 5 adults regard housing issues as negatively impacting their mental health.

Understanding the Problem

Are we in a housing emergency? The term 'housing crisis' has been banded around politically for a number of years, though recently, the charitable organisation Shelter have taken this further, identifying a national emergency. This has been qualified through their 2021 report⁴ which identifies that around 17.5 million in England (around 1/3 of the population) live in overcrowded, dangerous, unstable or unaffordable housing⁵. The consequences are real. As highlighted by Shelter following their 2017 survey⁶ around **1 in 5 adults regarded housing issues as having negatively impacted on their mental health** in the past five years, including long-term stress, anxiety and depression.

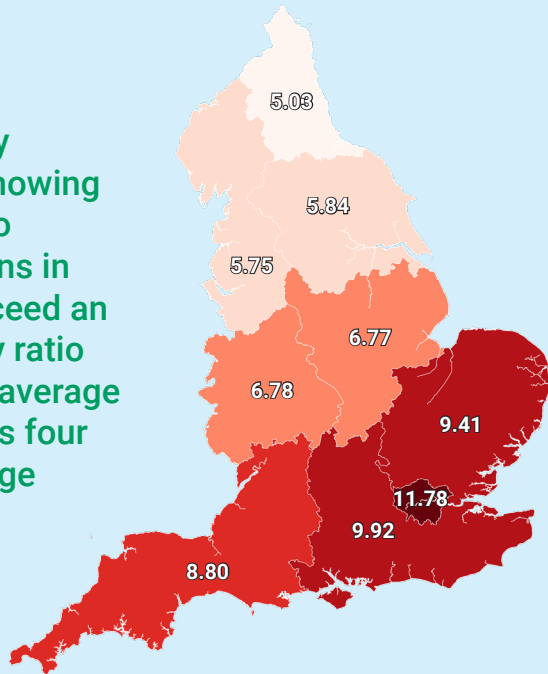
The housing emergency involves us all, from those who will struggle to get onto the first rung of the housing ladder, those in affordable housing need, or those in need of specialist care. For those millennials looking to enter the housing market, the problem is particularly acute. Saving a deposit remains far beyond the reach of many millennials or young savers.

“Britain’s broken housing market hurts all of us”

(MHCLG – Fixing the Broken Housing Market 2017)



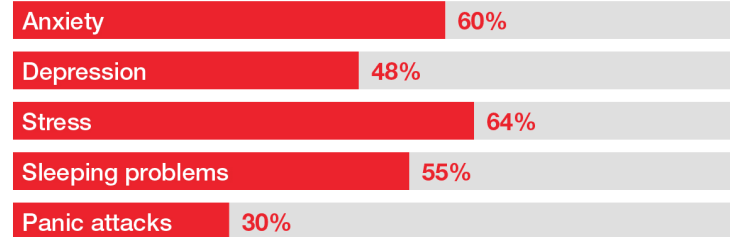
Affordability heatmap, showing the extent to which regions in England exceed an affordability ratio of four (i.e. average house prices four times average income).



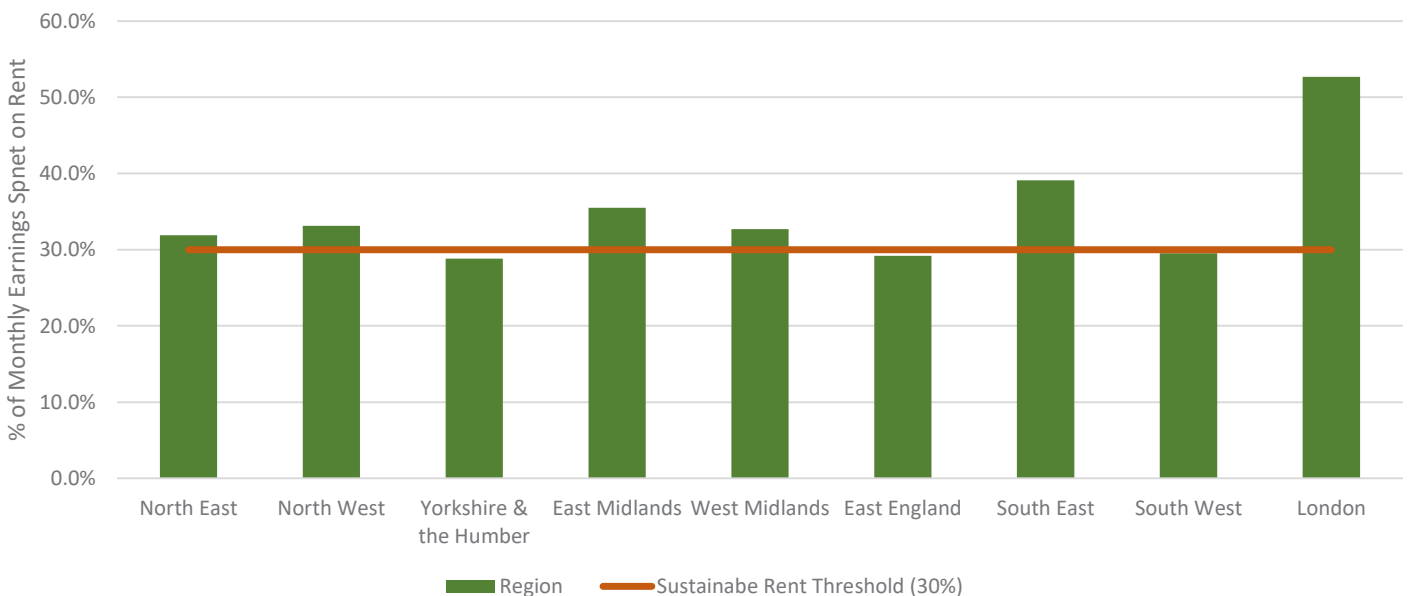
“17.5 million people are trapped by the housing emergency”

(Shelter – Denied the right to a safe home, 2021)

Adults in England who have had mental health problems due to housing pressures



Percentage of all English adults who have had a housing problem (in the last 5 years), who said that it contributed to mental health issues



Lower Quartile rent as a proportion of monthly earnings, by Region 2020. (Source ONS 2021)

During the last 11 years, the number of households renting has increased by 24% and during this period, the mean rent has increased by 46%. It is findings such as this which explain why the average age of the **first time buyer** continues to rise, and in 2019/20 stands at **34 years old**.⁷

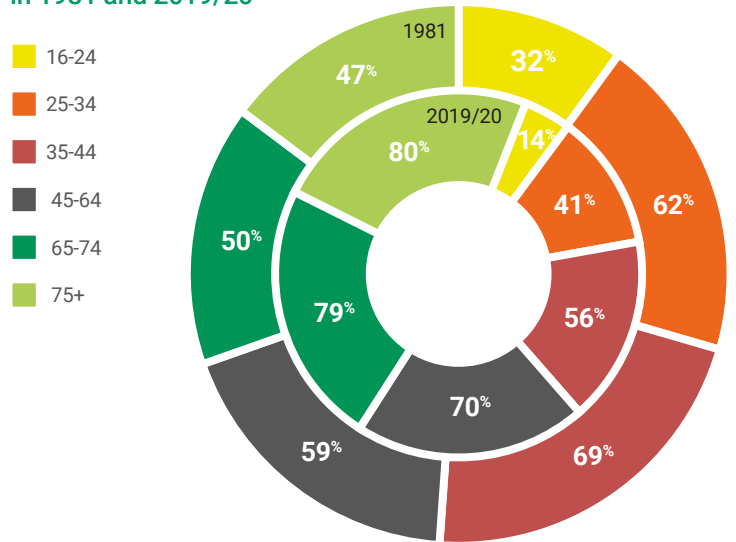
How Many Homes do we Need?

The understanding of need is clearly not straight forward, and there are various ways in which the national requirement can be considered. What is perhaps less up for debate is the historic shortfall in housing, since the post war period up to the end of the 1970's. As indicated in the timeline below, in 2020, we saw the highest increase in the dwelling stock since 1987. An additional 243,770 homes, including the new builds highlighted below and conversions. However when stock change is considered over 10 year periods, it is clear that we are experiencing the **lowest growth period in the last 70 years**.

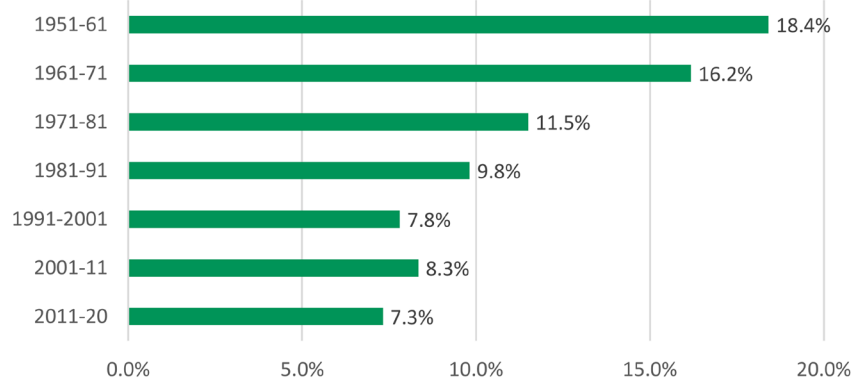
The Government has set out a clear ambition to use the planning system to significantly boost the supply of new housing. The Government understands that achieving an ambitious scale of housebuilding is important not only to meet future need, but to address chronic backlog of housing need which has been one of the causes of spiralling unaffordability.

Sources, including the research of Heriot-Watt University, indicate that housing need may be in the region of **340,000 per annum**. Both the Heriot-Watt research and the Government are in unison on the position that this is not a matter for future Governments to address, and needs to be tackled now if there is any hope of abating the emergency.

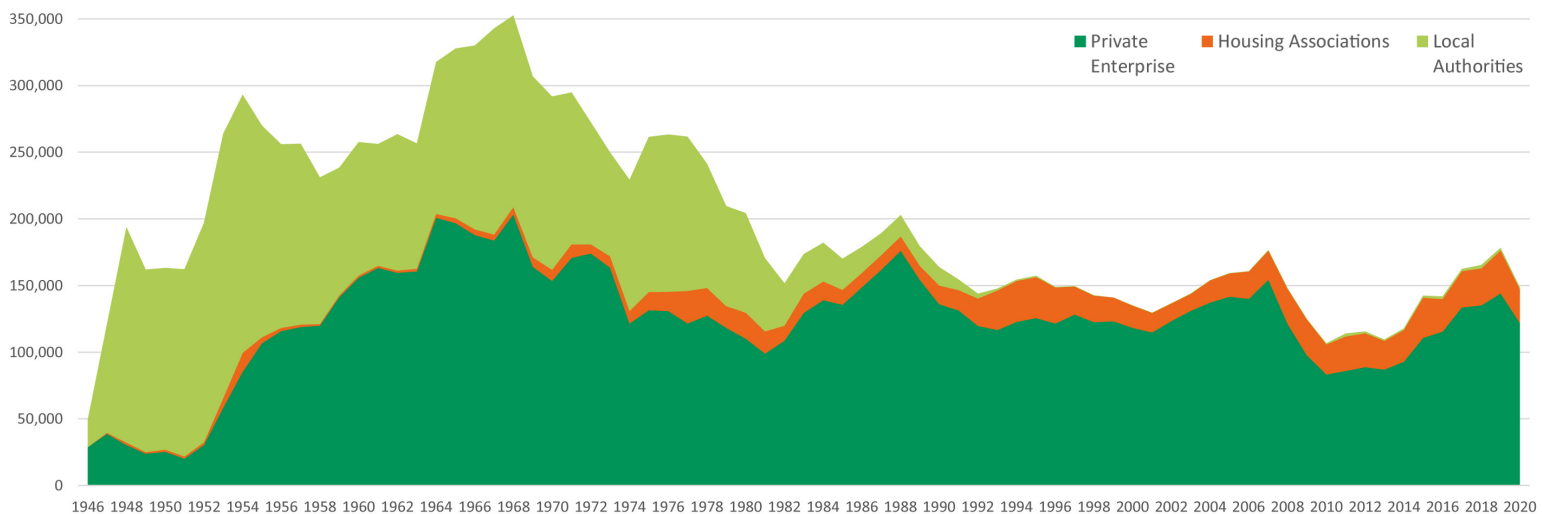
Percentage of each age group in owner occupation in 1981 and 2019/20



Growth in Housing Stock - 10-year periods, England



Housebuilding rates since the 1940s (new-build completions), broken down by the source of supply



As we recover from the pandemic, demand for housing continues to outstrip supply. Buyer demand is

35% higher than the average for the past 5 years

(Source: Zoopla)

Is it just about upscaling?

Significantly boosting the supply of housing is one of the most important contributions that the planning system can make. It is not the only issue however. Rising housing costs coupled with a lack of regulation in the rented sector have placed many in unsafe, overcrowded homes that are not fit for purpose. There are many authorities who have identified a high local affordable housing need, but remain incapable of meeting that need, due to lack of available land or financial viability concerns. The Government recognise that boosting the supply beyond historical rates can increase the market share of affordable homes secured. Research from Heriot-Watt University in 2018 identified a need for **145,000 affordable homes** to be built every year up to 2031. In 2020, **only 58,644 affordable homes** were built, representing around **40% of the total need** identified in the study.⁸ This target will not be met without a commitment to boosting the supply of housing more generally. This would enable greater

amounts of affordable housing to be secured because affordable housing is typically required as a proportion of the total number of houses delivered on each individual housing development.

One of the challenges for the future will be to ensure that the needs of the growing elderly population can be met. The most recent projections for England indicate that the **65+ age group will increase from 18.8% in 2018 to 23.9% in 2040, an increase of over 4.5 million.**⁹ This age group requires housing that meets their needs, and can give them the confidence to relocate, potentially releasing family housing back into the market.



Significantly boosting the supply of housing is one of the most important contributions that the planning system can make



What can we do?

There is no one solution to solving the housing emergency, but Local Authorities can use the planning system to address this problem. The LPDF sets out in its **'Agenda for Action'** a number of ways in which planning permissions for new housing can be boosted. Bold vision and leadership is needed to deliver upon this aim, whilst ensuring that all growth contributes towards the delivery of community focussed development with a strong mandate for design.

¹ Source: Nationwide 2021. | ² Source: House price to work place affordability ratios (ONS 2021). | ³ Source: Everybody In - How to end homelessness in Great Britain (Crisis 2018). | ⁴ Source: Shelter (2021) Denied the right to a safe home: exposing the housing emergency. | ⁵ Source: Shelter's research finds that 6% of respondents live in a home which harms their family's physical health, 23% are living in homes with significant damp, mould and condensation, and 7% report safety hazards such as faulty wiring, fire risks, or areas that could cause a fall. The report refers to unstable housing, stating that most private rentals are on tenancies of 6 to 12 months, and renters can be evicted for no reason because of Section 21, creating a permanent state of stress and instability. | ⁶ Source: Shelter (2017) The impact of housing problems on mental health. | ⁷ Source: English Housing Survey 2021. | ⁸ Source: ONS (2021). | ⁹ Source: ONS (2020).

This leaflet has been prepared jointly by RPS and the Land Promoters & Developers Federation (LPDF).



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Appendix 6

An affordable housing emergency

The national failure to provide the homes we need

Turley / Tetlow King / LPDF

May 2022

AN AFFORDABLE HOUSING EMERGENCY

THE NATIONAL FAILURE TO PROVIDE THE HOMES WE NEED

The LPDF has assembled this briefing paper, in partnership with Turley and Tetlow King Planning, to shine a spotlight on the 'National Affordable Housing Emergency' and the extent to which it has been perpetuated by a consistent failure to provide sufficient new affordable homes.

The Government's commitment to funding the delivery of new affordable housing will not solve the growing deficit on its own. **Almost half of new affordable homes delivered in the last five years have been funded through S106 agreements**, meaning that **the planning system plays an integral role in delivering these homes by supplying the viable land that allows them to be funded.**

This research draws on publicly available datasets and existing studies to draw attention to:

- The scale of the issue, with it being estimated that **only 35,500 net additional affordable homes have been delivered nationwide on average in each of the last ten years** – some 109,500 homes short of the annual need.
- The **significant cost to society and individual households** that results from the sustained failure to provide the homes needed.

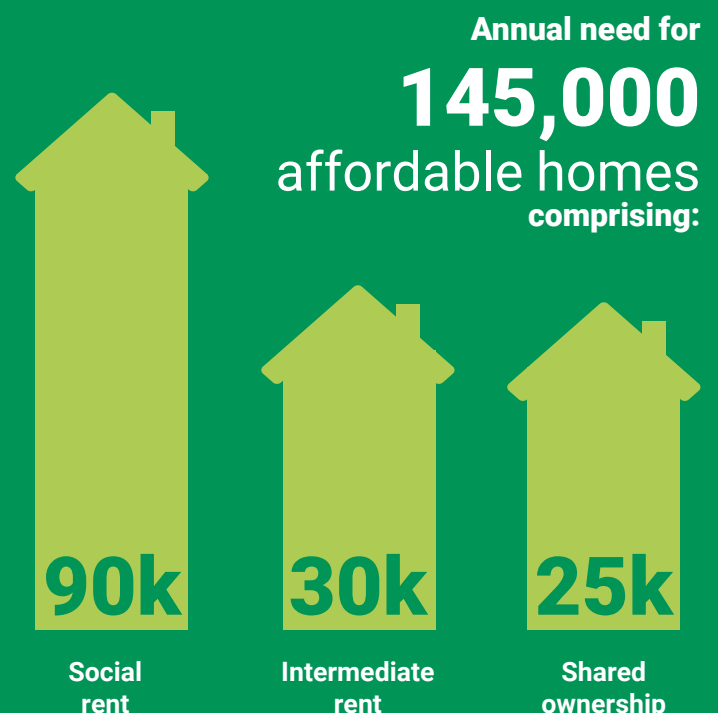
- The poor track record of England's largest urban centres, **the largest 19 – excluding London – having collectively added only around 1,200 affordable homes per annum over the last ten years.** This shows the flaws of increasingly relying on these areas to deliver ever more housing.
- **The authorities which have been more successful in delivering greater numbers of affordable homes.** This shows the importance of a plan-led system and of positively allocating a range of sites, including more viable non-brownfield sites that can make a much greater contribution towards providing affordable housing.

In the context of Government commitments to deliver planning reform in support of its Levelling Up agenda, **the Affordable Housing Emergency must not be ignored.** Policy changes must result in the identification and allocation of sites that can significantly boost affordable housing delivery. Local authorities must be held to account to identify a deliverable supply of affordable housing, with the current policy mechanisms clearly failing to ensure this is happening at anywhere near a sufficient scale.

It is widely agreed that there is a significant need for more affordable homes

Research commissioned by the National Housing Federation and Crisis from Professor Glen Bramley at Heriot-Watt University identified a need for 340,000 homes each year in England to 2031, including a need for **145,000 affordable homes** – comprising **90,000** homes for social rent, **30,000** for intermediate rent, and **25,000** for shared ownership.¹

This scale of need has only continued to rise, with the Local Government Association identifying a need for 100,000 social homes a year as part of the Covid-19 recovery.² Research by Shelter implies a need for 155,000 social homes per annum where it reported that: 'Government should deliver enough social homes over the next 20 years for the 3.1 million households who will be failed by the market.'³



There has been a well documented failure to boost the supply of affordable homes

The Levelling Up White Paper commits to: 'building more housing in England, **including more genuinely affordable social housing**'.⁴ Delivering against this commitment takes on ever greater significance where the full extent of the failure to deliver new affordable homes is understood and accepted.



51 Local authorities reported that **zero social rented homes were completed** between 2016 and 2021.⁵

In 10 years from 2011 England:

Built 500,418 affordable homes⁶ – average of circa 50,000 affordable homes every year



+50,000

But lost 145,098 homes through Right to Buy⁷ – average of circa 14,500 affordable homes per annum



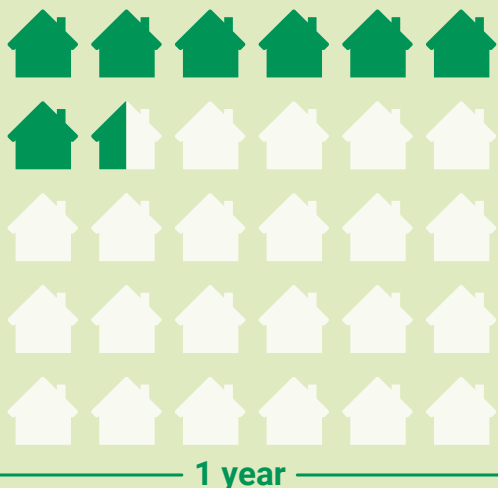
-14,500

The net effect was an average provision of only circa 35,500 affordable homes per annum (355,320 over the ten years)



35,500

net affordable homes per annum



Less than a quarter

of the estimated annual need for 145,000 affordable homes, creating a shortfall of **109,500 homes per annum** that will only grow year on year unless delivery rises to the level needed.

 = 5,000 affordable homes

 = affordable homes needed

There are significant consequences in failing to provide the affordable homes we need



90,000

Tonight, **over 90,000 families and more than 120,000 children** will go to sleep in 'temporary accommodation' (including bed and breakfasts), with serious implications for health and education.

Exposing the Hidden Housing Crisis: Public attitudes to 'affordable housing' and housing policy, Centre for Social Justice, November 2021



High housing costs affect people's ability to lead a healthy life, by reducing the income available for heating, food and other necessities that are essential for good health, and by causing high levels of stress.

Build Back Fairer: The Covid-19 Marmot Review: The Pandemic, Socioeconomic and Health Inequalities in England, December 2020



9%

In 2019-20, 9% of homes in the social rented sector were overcrowded, the highest level recorded since 1995-96.

English Housing Survey



60%

said they think the housing crisis has **worsened 'significantly'** due to the **pandemic**.

Exposing the Hidden Housing Crisis: Public attitudes to 'affordable housing' and housing policy – Centre for Social Justice, November 2021

“

...the fiscal consequences of this hidden crisis are just as stark, as housing benefit spending has risen dramatically to account for systemic changes in the way our nation is housed. **As governments of all stripes have become more reliant on the ballooning private rented sector to house lower earners, expenditure on housing benefits is forecast to be £30.3 billion by 2021-22** – more than double the total government grant allocated for new affordable housing until 2026, in just one year.

Building for our future: a vision for social housing, Shelter, 2019, page 178

Housing benefits expenditure £ million real terms, 2021/22 prices⁸

2018/19 Outturn

£22,491

2019/20 Outturn

£25,839

2020/21 Outturn

£28,718

2021/22 Forecast

£30,286

Where is the supply of new affordable homes coming from?

The ability to deliver affordable homes is in large part dependent on both the:

- availability and implementation of funding programmes i.e. Government investment / funding; and
- house building cycle and the availability of land which can viably deliver affordable housing.

The LPDF acknowledges and welcomes the commitment of this Government to provide funding to deliver affordable housing, but it is clear that this alone is not going to provide anywhere near the number of affordable homes that are needed. The £11.5bn Affordable Homes Programme, for example will deliver 180,000 affordable homes by 2028-29 but this equates to only 22,500 affordable homes per annum.⁹



Only **22,500 homes per annum** to be delivered through the Affordable Homes Programme.

The onus therefore remains on other means of delivery to bridge the significant gap.

The Department for Levelling Up, Housing and Communities confirms that just **under half (47%) of all affordable homes delivered in 2020-21 were funded through S106 (nil grant) agreements**. This remains broadly in line with the **average of 48% over the preceding five years**.¹⁰



Affordable homes delivered through S106 agreements

Analysis shows we cannot rely on cities and urban centres alone to deliver the boost in affordable housing supply that is needed

The Government is increasingly relying on 'cities and urban centres' to deliver a more significant share of the homes needed. This is implicit in the additional uplift applied when following the standard method of assessing housing need in London and the next 19 largest of these cities and urban centres, with this method informing Local Plans.¹¹ These areas are seen as the most sustainable places for development, with a perceived abundance of brownfield land.

Excluding London, however, the 19 largest cities and urban centres have delivered only 49,634 affordable homes over the last ten years (2011-21).¹² This is less than 10% of all of the affordable homes delivered nationally despite these areas accommodating some 14% of the country's population and dwelling stock as of 2020.¹³ **This means that they are punching below their weight.**

This gross figure misrepresents the actual number of additional affordable homes for households to occupy. When accounting for homes lost through Right to Buy over this same ten year period, these 19 cities and urban centres **have only delivered circa 1,200 affordable homes, net, per annum (12,040 in total).**

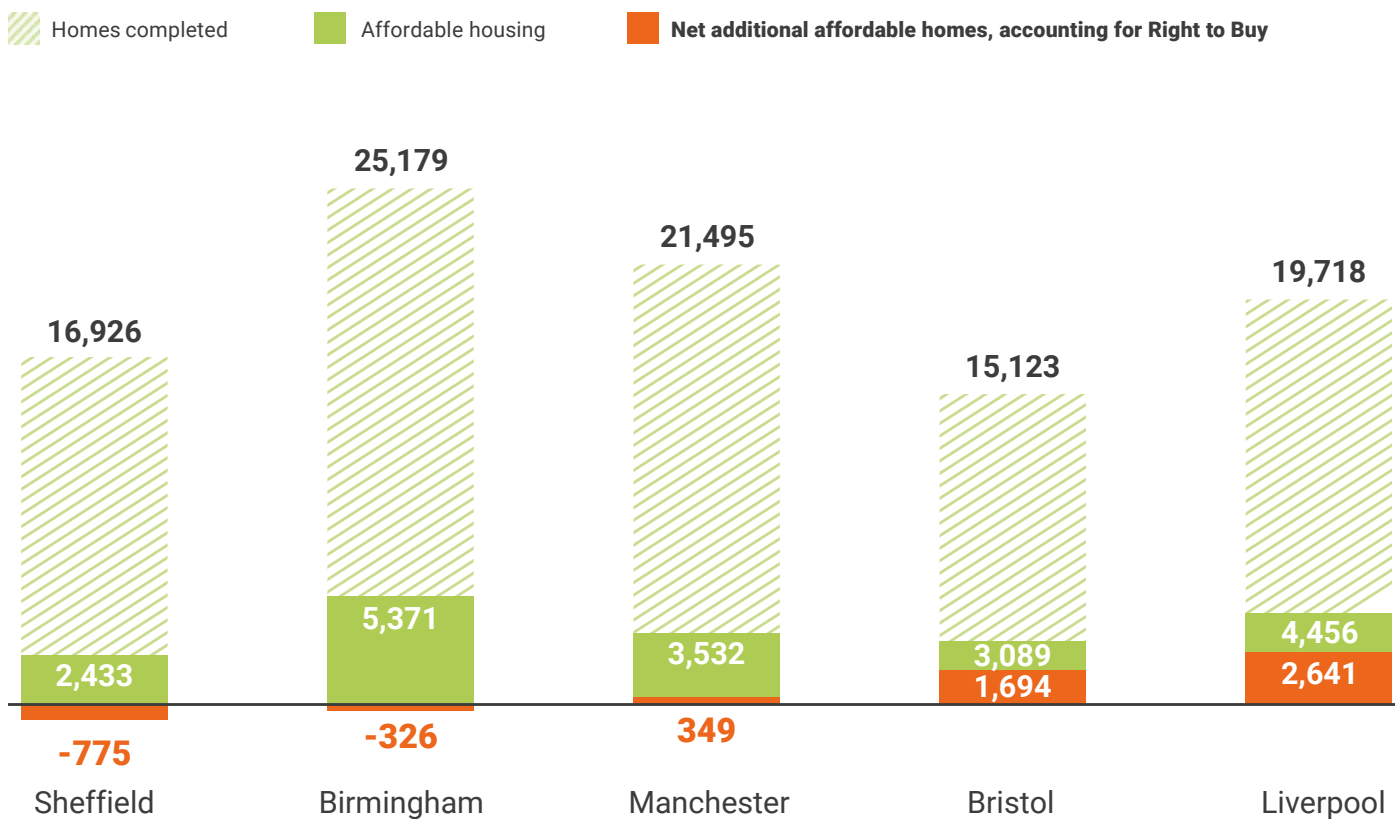
The **19 largest cities and urban centres** (excluding London) have **only delivered 1,200 net affordable homes per annum** over the last ten years.



Looking at five of the largest sub-regional cities – Birmingham, Liverpool, Bristol, Manchester and Sheffield – illustrates the scale of the issue. Whilst they have achieved stronger levels of overall delivery this has not translated into a similar boosting of affordable housing provision. The cities with the greatest numbers on the housing register, namely Sheffield and Birmingham, collectively

had 1,100 fewer affordable homes to offer those in need as of 2021 than they did a decade earlier. The others have delivered no more than 264 net additional affordable homes each year, this being achieved by Liverpool and equating to **13% of overall delivery, the highest of the five cities**. Roughly a third fewer affordable homes (169) were provided annually in Bristol and only 35 were added each year in Manchester.

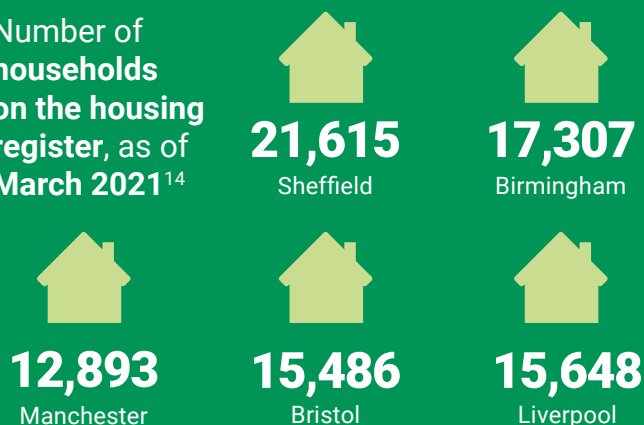
Affordable housing provision in the context of overall delivery in five of the largest cities outside of London (2011-21)



These five cities have collectively delivered **only 358 affordable homes, net, per annum** falling far short of the significant need that exists.

At the current rate of delivery, **it would take many years even for those authorities achieving a positive net increase in stock to accommodate households currently on their housing registers**. Those failing to positively increase their housing stock will simply see the number of households in most acute need grow ever larger.

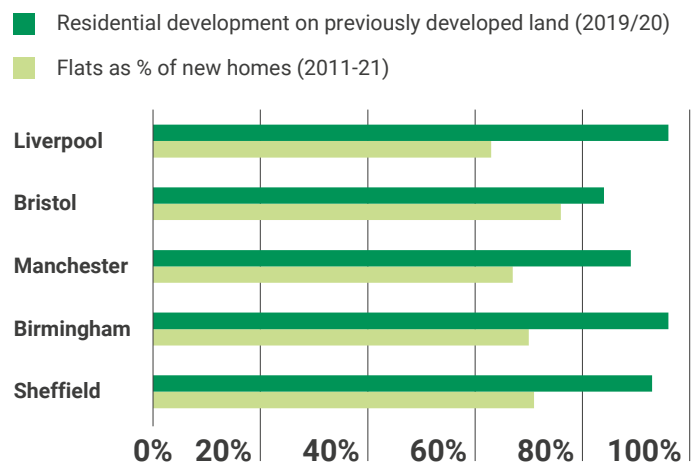
Number of households on the housing register, as of March 2021¹⁴



There are clearly limitations to relying on the provision of affordable housing through high density development, often on more challenging brownfield land

Most of the new homes recently provided in each of the five cities introduced above have been flats, reflecting the nature of the land available on which to deliver new homes in these urban areas.¹⁵ Brownfield land also dominates according to the Councils' published monitoring, and may be a critical factor hindering affordable housing delivery.¹⁶

Parallel research being undertaken by Lichfields for the LPDF indicates that apartment-led development will likely continue to dominate. Brownfield registers suggest that 81% of new homes delivered in the 19 uplifted authorities will be at apartment densities, rather than houses. The research also highlights the viability challenges in these areas, assigning 15 out of 19 uplifted authorities to higher viability risk profiles which will also undoubtedly contribute towards their limited delivery of affordable homes.



Case Study:

Birmingham

In the face of a city-wide shortfall, Birmingham City Council has publicly stated that it will need to develop 'ways to accelerate and increase the delivery of affordable housing' by working with the private sector 'to help unlock potential housing sites' that can meet the wide range of housing needs in the city.¹⁷ The ability to deliver, however, is curtailed where:

- The adopted Birmingham Development Plan makes clear that the urban area is the priority in terms of housing delivery, with delays in bringing forward key sites meaning that the city has a housing land supply of only 3.15 years as of January 2022;¹⁸
- Neighbouring authorities have made very little progress in addressing a shortfall of around 14,400 affordable homes, but were relied on to do so to ensure that calculated needs are met in full;¹⁹ and
- The slow progress of a new Local Plan means that it will be at least two years before new supply, capable of delivering affordable homes, is identified.

Case Study:

Manchester

Manchester's Residential Growth Strategy aims to deliver 6,400 new affordable homes between 2014 and 2025 but the Council has reported that only 1,519 had been completed in the first five years, barely half (52%) the number needed to that point for the target to be met.²⁰ This has only just maintained the number of affordable homes available to residents, when accounting for losses through Right to Buy.

The Council has reported a healthier pipeline, with 867 affordable homes under construction and a further 5,197 to be developed by 2025,²¹ but less than half have planning permission or have even been assigned to specific sites so considerable uncertainty remains as to whether these homes will be delivered. The Council has also notably conceded that most of these homes will be delivered through Homes England's Affordable Housing Programme so are reliant on continued public funding.²²

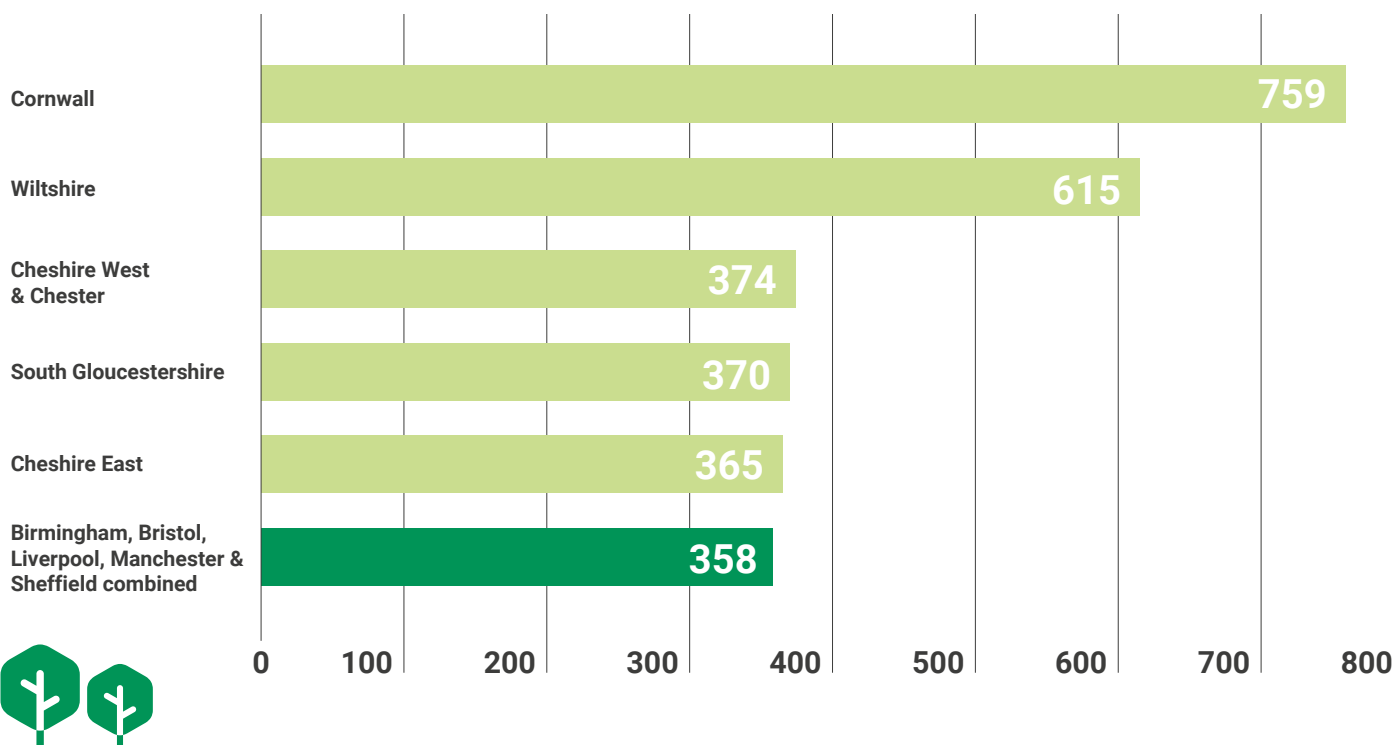
Viability is also expected to remain an issue with the evidence underpinning Places for Everyone – the emerging plan for nine of the ten Greater Manchester authorities, including Manchester itself – confirming that only 6% of the identified housing supply throughout even this wider area could be affordable homes.²³ This equates to only 10,200 such homes over the plan period and represents less than two years supply against an annual need for 5,850 affordable homes.²⁴ This low yield results from a reliance on sites within lower value areas, with the evidence having confirmed that the right types of sites in higher value areas can deliver proportionately greater numbers of affordable homes.²⁵



Experience shows that a broader supply of housing land must be provided to deliver more affordable housing

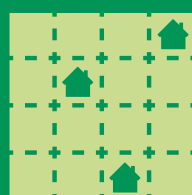
Five authorities outside London have individually delivered more affordable homes over the decade to 2021, when accounting for Right to Buy, than the aforementioned five cities combined.²⁶

Net additional affordable homes per annum (2011-21)



All five

adopted Local Plans between 2015 and 2017, identifying a deliverable supply of land



All five

rank amongst the 50% least densely developed authorities in England²⁷



Net affordable housing delivery equated to

21-28%

of overall provision, compared to no more than 13% in the five cities²⁸



22%

of all additional homes were flats, compared to 69% across the five cities²⁹



Both Cheshire East and South Gloucestershire have enabled the delivery of affordable homes by releasing land from the Green Belt. Their latest housing supply trajectories confirm that a number of the key sites released from the Green Belt have recently been granted planning permission, and are forecast to deliver a substantial amount of new housing - including affordable homes - from 2021/22.

Endnotes

1. Bramley, G for Crisis and the National Housing Federation (December 2018) Housing supply requirements across Great Britain: for low-income households and homeless people, p10. It is of note that this figure could arguably be viewed as an underestimate, given that it does not capture all of the products currently defined as affordable housing in the National Planning Policy Framework
2. Local Government Association (June 2020) Delivery of council housing: developing a stimulus package post-pandemic, p2
3. Shelter (January 2019) Building for our future: a vision for social housing – the final report of Shelter’s commission on the future of social housing, p178
4. HM Government (February 2022) Levelling Up the United Kingdom, p15 of executive summary
5. Department for Levelling Up, Housing and Communities, DLUHC (November 2021) Affordable housing supply in England: 2020 to 2021, affordable housing supply open data
6. DLUHC (November 2021) Live Table 1008C: Total additional affordable dwellings by local authority area – completions
7. DLUHC (July 2021) Live Table 691: quarterly Right to Buy sales, by local authority; Regulator of Social Housing (February 2021) Private Registered Provider Social Housing Stock in England: statistical data returns, 2012-21
8. Department for Work and Pensions (November 2021) Outturn and Forecast tables: Autumn Budget 2021
9. HM Treasury (October 2021) Autumn Budget and Spending Review 2021, paragraph 2.132. This assumes delivery over eight years, where the programme runs from 2021 and is believed to anticipate build out to 2028/29
10. DLUHC (November 2021) Live Table 1000C: Additional affordable homes provided by type of scheme, completions, England
11. Planning Practice Guidance section 2a, “Housing and economic needs assessment”
12. DLUHC (November 2021) Live Table 1008C: Total additional affordable dwellings by local authority area – completions
13. Office for National Statistics (June 2021) Population estimates, mid-2020; DLUHC (May 2021) Live Table 125: dwelling stock estimates by local authority district
14. DLUHC (December 2021) Live Table 600: numbers of households on local authorities’ housing waiting lists, by district, England, from 1987
15. Valuation Office Agency, VOA (September 2021) Council Tax: stock of properties, CTSOP3.0
16. Birmingham City Council (no date) Birmingham Local Plan Authority Monitoring Report 2019-2020, p78; Bristol City Council (no date) Bristol Residential Development Survey Report 2020, p12; Liverpool City Council (no date) Liverpool Monitoring Report: Housing; Manchester City Council (no date) Development in the City 2018-20: the 2020 Authority Monitoring Report of Manchester City Council, p25; Sheffield City Council (December 2020) Sheffield Housing Completions Monitoring Report, p5
17. Birmingham City Council (no date) Birmingham Local Plan Authority Monitoring Report 2019-2020, paragraph 5.179
18. Birmingham City Council (January 2017) Birmingham Development Plan, paragraph 3.24; Birmingham City Council (January 2022) Birmingham Development Plan: 5 Year Land Supply 2021-26, paragraph 1.1
19. Birmingham City Council (January 2017) Birmingham Development Plan, p28
20. Manchester City Council (January 2021) Report to Executive Scrutiny Committee: Affordable Housing Delivery Update
21. Ibid, Appendix 2
22. Manchester City Council (January 2021) Report to Executive Scrutiny Committee: Affordable Housing Delivery Update, paragraph 4.1
23. Three Dragons (September 2020) Greater Manchester Spatial Framework: Strategic Viability Report Stage 1, Table 8.2. While an addendum to this report was subsequently completed in 2021, this does not appear to update the table
24. Greater Manchester Combined Authority (April 2021) Greater Manchester Strategic Housing Market Assessment Update, Table 7.14
25. Three Dragons (September 2020) Greater Manchester Spatial Framework: Strategic Viability Report Stage 1, paragraph 5.1.8
26. DLUHC (November 2021) Live Table 1008C: Total additional affordable dwellings by local authority area – completions; DLUHC (July 2021) Live Table 691: quarterly Right to Buy sales, by local authority; Regulator of Social Housing (February 2021) Private Registered Provider Social Housing Stock in England: statistical data returns, 2012-21
27. DLUHC (May 2021) Live Table 126: dwelling stock density estimates by local authority district
28. DLUHC (November 2021) Live Table 122: housing supply; net additional dwellings, by local authority district, England
29. VOA (September 2021) Council Tax: stock of properties, CTSOP3.0

Appendix 7

Planning – A Way Forward

LPDF

December 2022



Too few high-quality new homes are being built in this country. Our economy, our communities and whole swathes of our society – not least our younger generations – are suffering as a result.

The reasons for the shortage of new homes are many and varied, but include a malfunctioning and poorly resourced planning system, delays caused by prolonged planning reform discussions, a perception within some communities that new housing will be harmful and/or poorly designed, and that additional housing may put undue pressure on local infrastructure.

The Levelling Up and Regeneration Bill aims to address some of these issues – with a particular emphasis on beauty, design and infrastructure delivery – as should the future consultations on many aspects of the planning system recently announced by the Secretary of State.

But against a background of a growing resistance against development, we must make every effort to allow more high-quality family homes and affordable housing to be built, together with homes for the elderly, self and custom builders and other specialist sectors. If we are to truly increase housing delivery we must also significantly increase the contribution SME housebuilders can make to the supply. This is vital if we are going to be successful in levelling up, and extending opportunities to many of those local people and groups currently priced out of the market. Local authorities, developers, housing associations and local people all have their part to play – as does central Government.

We and our members believe that there is an opportunity to introduce some short-term, easily-implementable changes to policy and practice that will help address issues within the planning system and lay the foundations for long-term change. In particular, it needs to be easier for local authorities to do the right thing and to enable more homes to be built. At the moment, too many are held back due to under-resourcing and a lack of incentives to update local plans.

This '**Planning – A Way Forward**' document outlines the LPDF's proposals for change. Many of these reforms could be done through changes to the NPPF or Planning Practice Guidance, without the need for further legislation, and they would have an immediate positive effect.

We believe the Government should adopt the following measures which will help to transform our planning system for the benefit of local people and communities across the country. This document breaks down our suggested measures into five areas:

- **A Focus on Plan Making**
- **Preparing New Planning Guidance**
- **Providing Incentives**
- **Addressing Barriers to Growth**
- **Issuing a Written Ministerial Statement**



Below we have expanded on each of these areas and set out specific, actionable and effective reforms the Government can introduce to achieve real success.

A Focus on Plan Making

Plan-making is a key part of ensuring that housing and development can be delivered and beautiful homes are built. A succinct, aspirational and up-to-date local plan sets the basis for growth. The Government, by taking the following steps, will help local communities to have more clarity about development in their area and encourage sustainable and affordable new housing. The Government should:

- set out positive messages on the need for new homes and provide clarity on how housing need is calculated. If necessary, it should revert to locally assessed housing need (following clear guidance which sets out the key factors to take into account) or alternatively determine housing provision at a County or Housing Market Area level which is independently reviewed and robustly tested at Examination;
- establish a two stage local plan process with the first part identifying the area's housing and employment requirements, potentially at a more strategic scale. This would be examined separately and if found sound, the requirements would be fixed for a period of two years. The second part would allocate sites to meet the land requirements established in part one;
- ensure that local plans deliver a wide range of suitable sites (both brownfield and greenfield) of different tenures and types of dwellings (e.g. senior living, self and custom build and sites suited to delivery by SME housebuilders). They should also allocate a variety of employment sites so that business growth is not stifled by a lack of suitable premises;
- establish a duty for local authorities to independently review and update local plans every five years; changes should be made to Paragraph 33 and Footnote 39 of the NPPF to emphasise the need to keep local plans updated and to maintain a rolling 5-year housing land supply across of the country;
- ensure that all local plans include sufficient reserve sites so that in the event of non-delivery or slow delivery of an allocated site, immediate housing land releases could be made to ensure delivery of the annual housing requirement.

Preparing New Planning Guidance

Uncertainty in the operation of the planning system is a big problem for councils, developers and communities. Introducing clear and definitive guidance will restore confidence in the planning system and help stakeholders to properly engage with it. To achieve this, we believe that the Government should:

- simplify and strengthen the presumption in favour of sustainable development (paragraph 11d of the NPPF) by making it clear that it will apply if a local plan is more than five years old and the proposal being considered is sustainable;
- set out the need for local authorities to maintain a rolling five-year affordable housing land supply to ensure a significant increase in the level of affordable housing delivery;
- outline that if there is no up-to-date local plan in place, the decision maker should place a reduced level of weight on any conflict with the policies contained within the plan;
- set out that local authorities must prove 'exceptional circumstances' where they choose to refuse permission for a site which is either allocated in the local plan or has an officer recommendation for approval;
- extend exception policies for smaller sites up to 20 units for self and custom build and sites to be delivered by SME housebuilders (to be defined), with reduced, but not exempt from, affordable housing delivery to support these sectors.

Providing Incentives

Government should offer incentives to help under-resourced planning departments. These measures would allow local authorities to benefit from keeping local plans up-to-date and supporting housing delivery. The Government should:

- allow local authorities to be able to set their own planning application fee levels where this can be justified and an up-to-date plan is in place;



- offer a significant boost to the New Homes Bonus for authorities with an up-to-date plan in place and to re-introduce Planning Delivery Grants;
- require applicants to pay a fee upon submission of an Appeal, proportionate to the application fee, which would be refunded by the local authority in the event that the Appeal is allowed. They should also refund planning application fees to all successful appellants to incentivise positive decision-making by local authorities.

Addressing Barriers to Growth

Certain barriers exist in the current planning system which hinder development and ultimately cost communities the opportunity to live and work in their local areas. To address these, we believe the Government should:

- ensure that Natural England and the Environment Agency urgently review the impact of their policies on nutrient, water and recreational neutrality and take action accordingly;
- establish the principle that developer contributions can be considered as appropriate mitigation for purposes of the Habitat Regulations, to accelerate improvements in Wastewater Treatment Works and water efficiency schemes;
- ensure that all Planning Committee Members are appropriately qualified and undertake detailed training on an annual basis to minimise poor decision-making. This will maintain the delivery of an efficient high-quality service in the planning system and help with staff retention.

Issuing a Written Ministerial Statement

This should highlight:

- the importance of the plan-led system and the need to incentivise local authorities to prepare and adopt up-to-date local plans and sanction those that chose not to do so;
- the critical importance of the housebuilding, commercial, infrastructure, energy and construction sectors to the economy. Decision makers should ensure that significant weight is accorded to the economic benefits of proposals when considering the planning balance;
- the need to address the housing crisis and in particular, ensure the increased delivery of housing of all types and tenures, especially affordable housing;
- that local authorities need to objectively plan for employment land to ensure that housing and employment provision is integrated and that the imperative to meet the demand for housing, particularly on brownfield sites, does not force out other uses and create problems for the future.



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Appendix 8

Urban Density and Productivity

Savills / LPDF

August 2022

Urban density and productivity

Summary

- The UK major's cities underperform their European counterparts in terms of productivity relative to size. UK cities also tend to be less dense than their European counterparts. The most productive European cities are densely populated. However, some densely populated cities still have low levels of productivity, and there is no significant correlation between productivity and density.
- Recent data on development in the UK Core Cities does not show a strong link between increasing residential density and increasing the rate of productivity. However, the ability of an urban area to grow spatially to support economic growth is important. Better transport connectivity, increasing the population within a reasonable travel time of an urban centre, can result in similar productivity gains.
- Selective densification is needed as part of wider regeneration plans for certain regional cities, but there are significant viability challenges to delivering the mix of uses that are needed. Focusing on urban densification over delivering a mix of development sites risks disrupting the level of housing supply, causing further affordability challenges and limiting economic growth potential.

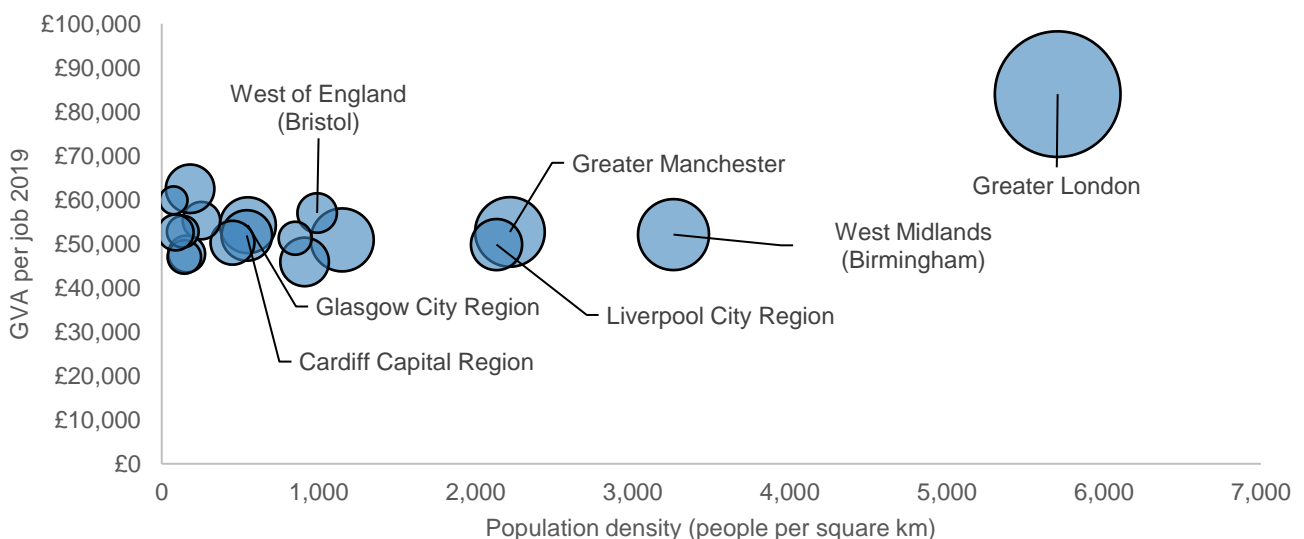
Why is densification an important issue?

Increasing the economic performance, or productivity, of UK regions was identified as a core mission in the 2022 Levelling Up White Paper. A productive place will produce goods and services more efficiently, resulting in higher gross value added (GVA). Higher levels of productivity in turn produces higher real incomes, improving people's ability to purchase goods and services, and raising living standards. In the UK, our major cities don't perform as well as they should in terms of productivity relative to size. London is the only globally competitive city and its productivity is 60% higher than the average for the other UK city regions.

Major regional cities like Birmingham, Leeds, Glasgow and Manchester compare poorly with Western European cities of a similar size. It has been suggested that this is due to lower population density than their European counterparts. These UK cities attract fewer highly paid, high productivity jobs and therefore are not maximising the potential of benefits that can only be achieved in urban areas with access to a larger pool of skilled workers and the ability to benefit from knowledge transfer known as the agglomeration effect. As a consequence, the prosperity that these urban centres can bring to their wider city regions is limited.

These regional cities have relatively similar levels of productivity to each other but vary in population density. This indicates that there is no significant correlation between population density and productivity in the UK. London is the exception, being both denser and having higher productivity than the regional cities. This report has been commissioned to consider whether densification could be a solution to the UK's regional productivity challenges. It will investigate whether there is any link between the density of a city and its productivity, and consider the consequences of urban densification policies on cities' abilities to meet their housing need requirements.

Chart 1: UK City Region productivity against built up area population density



Source: ONS (size of bubble is proportional to population)

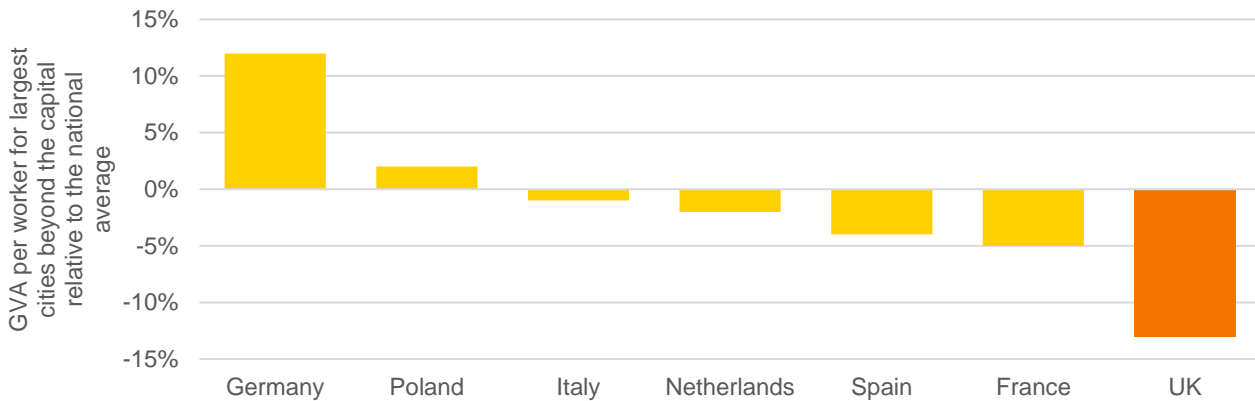
The link between density and productivity in Western Europe

The productivity of UK regional cities contrasts with that of European regional cities. The UK Core Cities, the 11 largest cities beyond London have a GVA per worker that is 13% below the national average. In France, this figure is only 5% below the national average, and in Germany, the 11 largest functional areas beyond the capital are 12% more productive than the national average. (see Chart 2 overleaf)

There are multiple potential reasons for this, but it is true that UK second cities generally have lower population densities and poorer local transport infrastructure than their European equivalents. 82% of UK urban areas, have a density of 10,000-15,000 people per sq km, and the remaining 18% have densities of 15,000-20,000. In contrast, 23% of urban areas in Germany have a density of over 15,000 people per sq km, and in France and Spain, over 20% of urban areas have densities higher than 20,000 people per sq km.¹

In theory, denser residential development results in a larger labour pool across functional travel to work regions. The scale of the population across areas within an 80 minute travel time of the urban centre has a significant effect on the productivity; Gordon and Whitehead noted in their 2016 research for the London Plan that doubling the resident population in an area raises productivity by 5%.²

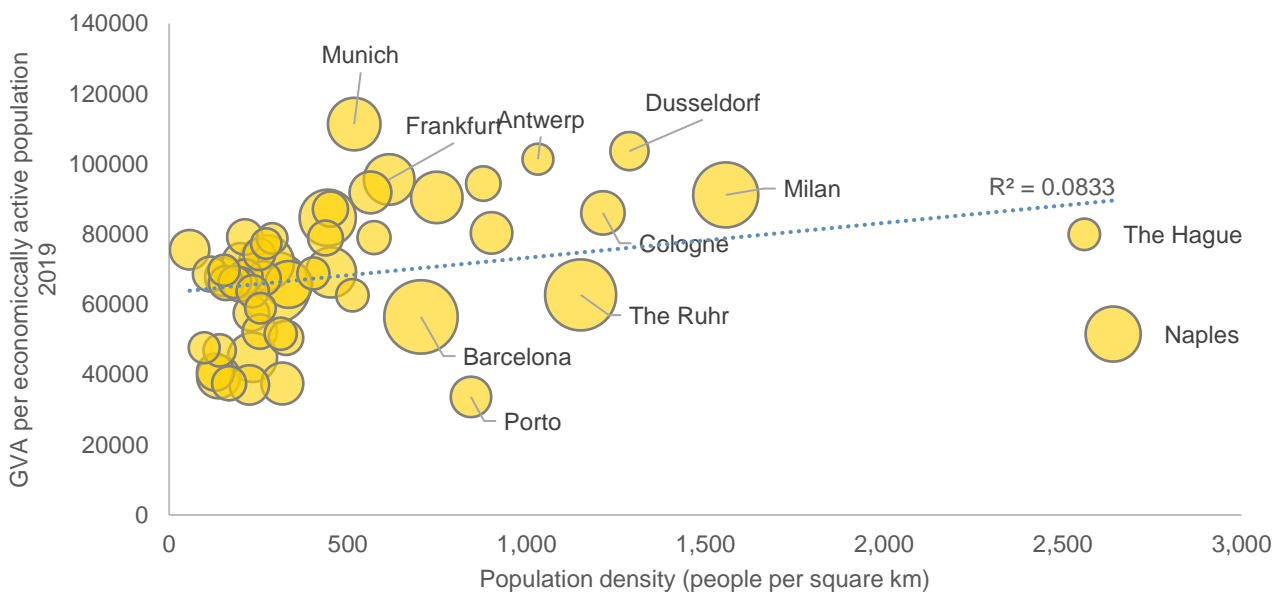
Chart 2: European largest functional urban areas GVA relative to national average



Source: OECD

The most productive regional metropolitan regions, defined by their administrative boundaries, in Western Europe tend to be more densely populated, as shown in Chart 3, with at least 500 people per square kilometre. Only London and Portsmouth in the UK have this level of population density. However, being a denser settlement does not guarantee increased productivity. Naples is the obvious outlier. Despite having the highest population density of regional cities in Western Europe it has a relatively low GVA. Similarly, The Hague, Porto and Barcelona also underperform in terms of productivity against other cities of a similar densities. There is therefore no significant correlation between the productivity and density of regional metropolitan areas (the correlation co-efficient for the data on the chart is 0.08 – only a score of 0.5-1 is statistically significant).

Chart 3: Western European Regional City Region density against productivity



Source: Eurostat

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1052708/Levelling_up_the_UK_white_paper.pdf p66

² https://www.london.gov.uk/sites/default/files/project_5_why_else_is_density_important_.pdf

The issue of connectivity and the ability to grow

A core challenge of assessing the impact of density on productivity is that workforces are not limited to administrative boundaries. Connectivity and investment in transport infrastructure can expand travel to work areas, enabling growth without necessarily increasing density.

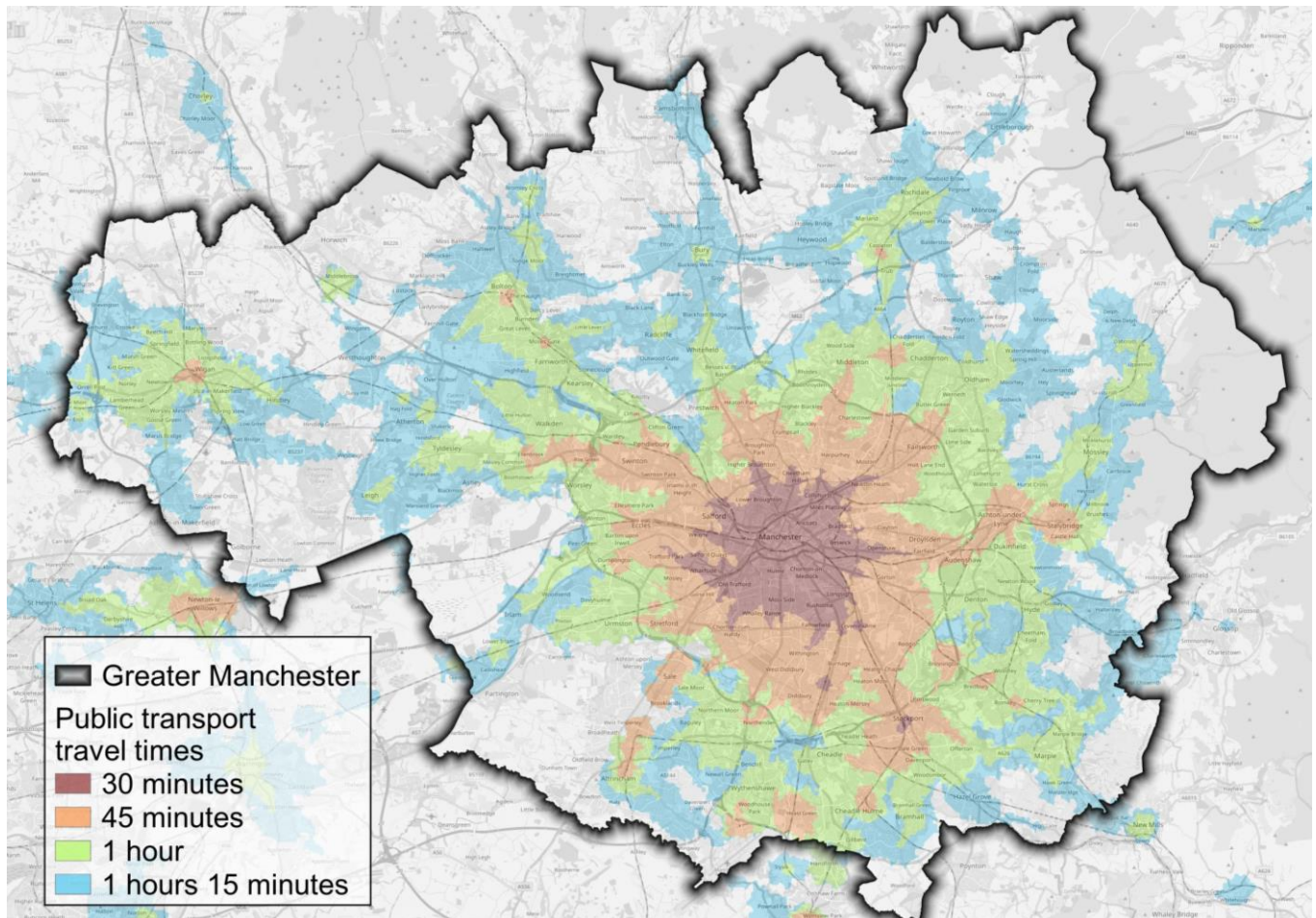
The connectivity metric in the Levelling Up prioritisation metric shows the importance of this in city regions. Map 1 demonstrates the lack of connectivity within the Manchester City Region, despite the area having a co-ordinated transport system under the metro mayor. For example, Rochdale, 10 miles from central Manchester, has an average journey time by public transport of over 40 minutes to the nearest employment cluster, and a journey time of over an hour at peak travel times to the CBD. The average GVA per hour worked in Rochdale is £26.77. In contrast, no London borough has an average public transport travel time to an employment cluster of more than 25 minutes and the lowest GVA per hour worked for any London borough is £30.30.

The impact of the lack of connectivity was also shown in Open Transport North’s study of travel time in Birmingham.³The city has a population of 1.9 million, but at peak travel times, only 0.9 million people live within 30 minutes travel on public transport of central Birmingham. While Birmingham is 33% less productive than similarly sized French cities, its productivity is more in line with those in the 0.7-1 million population range.

Extensive transport networks with relatively low monthly travel costs can capture a larger workforce and support higher productivity. Paris, is an example of this with its high productive despite its large metropolitan extent, large transport network and low monthly metro costs. It also had the highest office occupancy in western Europe in June 2022 since the pandemic at 54% for the CBD compared to the average of 43% across Europe according to Savills, indicating that these factors have also supported a return to the office.

Therefore more investment in transport infrastructure in the UK’s regional cities would help support the ability to widen the pool of workers. This may also include the need to review Green Belt around key stations, to enable a greater number of homes of all types to be provided that are well connected to employment centres.

Map 1: Greater Manchester peak travel time



Source: Savills Research using TravelTime

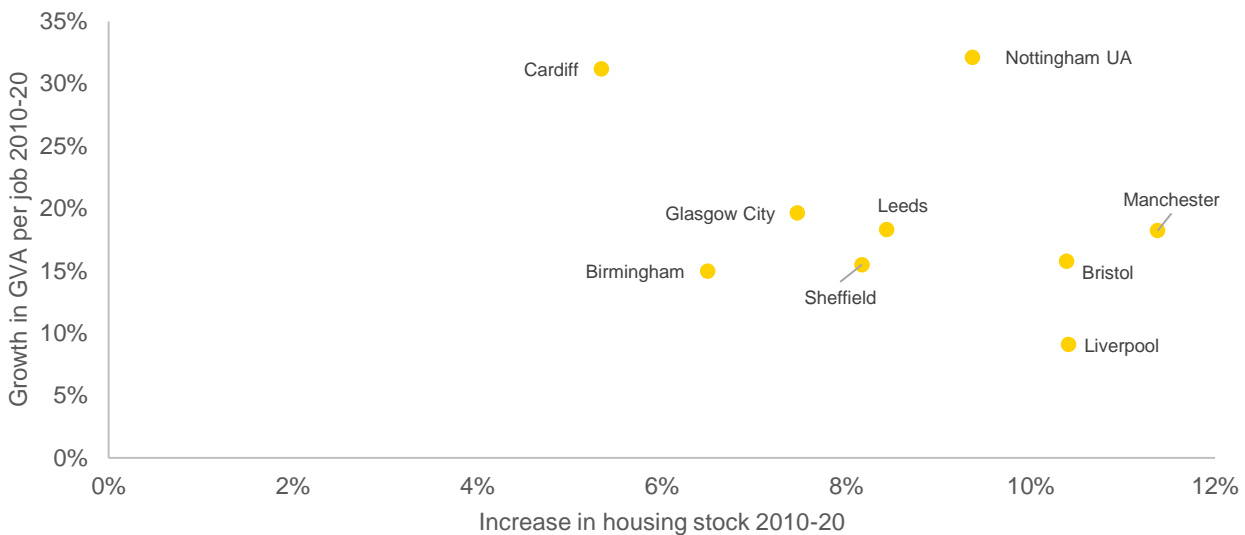
³ <https://www.tomforth.co.uk/birminghamisasmallcity/>

Different ways to grow

The importance of infrastructure is underlined by looking the rate of development in Core Cities over the past decade. The rate of housebuilding within the main urban areas of the UK Core Cities since 2010 do not show a strong correlation with increases in productivity. Areas that have seen higher levels of residential development which therefore should be becoming more dense haven't necessarily become more productive. Manchester has had the greatest increase in residential stock but has had a similar growth in productivity as Leeds and Glasgow which have had lower levels of housing delivery, again demonstrating that there is a weak link between density and productivity.

However, Nottingham and Cardiff have had exceptional growth in productivity in the last decade. In the case of Nottingham this has been accompanied by an increase in density. However, Cardiff has experienced the lowest level of densification of its residential stock. The Cardiff metro region has however benefitted from investment in its public transport infrastructure, particularly upgrades to the Ebbw Valley line, providing this former industrial area with more frequent links to central Cardiff, and increasing the functional travel to work area of the city.

Chart 4: Growth in productivity and housing stock for UK core cities (local authorities)



Source: ONS, DLUHC, Stats Wales, Scottish Government

Therefore more investment in transport infrastructure in the UK's regional cities would help support the ability to widen the pool of workers. In some locations, as demonstrated in the case studies below, this will unlock development sites that are more appropriate to meet a specific location's housing need, rather than focusing solely on densifying urban brownfield sites. This may also include the need to review Green Belt around key stations, to enable a greater number of homes of all types to be provided that are well connected to employment centres.

Can increasing density meet the needs of specific locations?

Density should be maximised in development, but it needs to be within a context that takes account of the specific need of different urban areas. In some examples, closely locating a mix of uses can be the catalyst that drives regeneration and attracts high value employers and a new workforce to the area. Elsewhere, specific housing needs are unlikely to be met through dense flatted development. In addition, the delivery of public open space is important for enhancing quality of place, health and wellbeing.

Case study: Housing requirements in Birmingham

It is important that new housing is provided across all sectors of the housing market. As part of its assessment of local housing need, the most recent Birmingham Local Plan identified that 54.4% of housing need is for three and four bedroom homes. Four bedroom homes for open market sale account for 20% of need across all tenures.

However, the pattern of recent development suggests that the need for family housing is unlikely to be met if development is focused on dense city centre brownfield sites. According BCIS build costs data, it is 39% more expensive to develop buildings of 6 or more storeys than it is to build mixed estate housing. Consequently, developers on these types of sites have a greater incentive to develop smaller units which command a higher value per square foot value. In Birmingham, where significant numbers of sites in the current local plan were allocated



around the city centre, around 60% of new build sales were properties of under 700 sq ft – suggesting that most new stock is one and two bedroom flats rather than the family housing that is required. A continued focus on city centre sites is likely to therefore fail to meet housing need. It also risks disrupting the overall level of housing supply, which would further exacerbate the affordability challenges faced by those unable to get on the housing ladder.

Case study: Regenerating the Tees Valley



There is potential for 34,300 jobs to be created in Tees Valley over the coming years, through projects such as Tees Works. However, there is limited population growth and the area struggles to attract and retain skilled workers. To attract and retain businesses and employees, the area needs to develop high quality active town centres, that mix commercial space, amenities, and good quality homes.

To deliver this type of space, large scale and high density development is needed. However, this type of development hasn't come forward, due to market failures including low values and high costs, area perception and co-ordination issues. The average residential £ per sq ft value in the centre of Middlesbrough is £100-150, posing significant viability issues, especially for complex brownfield sites with high remediation costs. Instead, the bulk of development in the area has been edge of settlement estates, which realise higher values while having lower development costs.

However, this type of development alone cannot drive the economic transformation needed. Densifying the urban centre could be transformative, but will likely require major public investment to overcome the initial viability challenges.

Conclusions

The UK major's cities underperform their European counterparts in terms of productivity relative to size. UK cities also tend to be less dense than their European counterparts. However, some densely populated European cities still have low levels of productivity, and therefore densification should not be seen as a single solution to increasing productivity. Other social and economic factors contribute to the productivity of a city, particularly the type of industry that forms the economic base of a specific location.

Recent data on development in the UK Core Cities does not show a strong link between increasing residential stock and increasing the rate of productivity. Some cities that have increased density over the last decade have made large productivity gains, but equally, better transport connectivity, increasing the population within a reasonable travel time of an urban centre, results in similar productivity gains. Cities need to be able to grow spatially, both through densification where appropriate, and also through edge of settlement development sites, supported by good transport infrastructure, providing the mix of housing needed to attract a skilled workforce.

Selective densification is needed as part of wider regeneration plans for certain regional cities, but there are significant viability challenges to delivering the mix of uses that are needed. Building high rise schemes costs around 40% more than suburban development. In low value areas, these additional costs are likely to limit the potential for land value capture, such as delivering affordable housing and other Section 106 obligations. In urban areas with high regeneration requirements and low capital values, urban densification is likely to be unviable without public funding to act as a catalyst to unlock sites.

This report was commissioned by The Land Promoters and Developers Federation, a collection of the UK's leading land promotion and development businesses. Members specialise in the promotion and development of strategic land across the UK, delivering from 30 new home sites to larger scale sites of up to 10,000 new homes alongside community facilities, employment and supporting infrastructure.

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Appendix 9

Locally derived housing need An alternative to proposed changes to NPPF

Turley / LPDF

March 2023

Locally derived housing need – an alternative to proposed changes to NPPF

March 2023

Government's efforts to grow housebuilding towards its commitment to 300,000 new homes per year have encountered significant political resistance. The policy measures being proposed (in changes to the NPPF) risk long term social and economic harm by reversing a decade of growing momentum in housing delivery and leaving pressing housing needs unmet. This note considers an alternative approach which would retain momentum and optimise the benefits of new homes in all parts of the country.

There is broad agreement that England needs to build at least 300,000 new homes each year in order to meet housing needs and support economic growth. Many believe that significantly more would be needed to address the effects of long term under supply¹ and address spiralling house price inflation which means that the cost of a home is now less affordable than at any time since the Victorian era².

Despite this, the basis of the Government's standard method and the outcomes it produces have come under sustained attack. Criticisms include that it:

- produces 'top down' targets that override the wishes of local communities;
- relies on outdated demographic projections that no longer reflect reality; and
- produces unsustainable development by pushing new housing to areas that have historically seen substantial growth.

Critics have included Conservative backbenchers. Ministers have been forced to propose revisions to national policy to quell backbench concerns.

The proposed changes are widely expected to result in fewer homes being built. The Land Promoters and Developers' Federation and Home Builders' Federation predict annual output would drop by more than half to c. 150,000 homes per year. This represents an economic hit of £34 billion, loss of 386,000 jobs; and a significant decline in Treasury receipts from for example Stamp Duty and Council Tax. Of equal significance, especially for young people, are the social consequences of over-crowded homes; constrained labour mobility and restricted disposable income.

These predictions are so stark because the changes effectively make meeting housing needs optional for a majority of local planning authorities in England³ and seek to remove or weaken safeguards⁴ which have enabled pressing housing needs to be met where local plans are not doing so.

Is there an alternative?

We believe there is an alternative which can address many of the perceived shortcomings of the current standard method without losing the momentum built up in the housing sector and while spreading the economic and social benefits of new homes more equitably across the country.

We propose a standard method which uses the existing housing stock of an area as its starting point.

The existing housing stock of an area is a reliable proxy for current population and retains a tangible relationship with the size of an existing community. It reflects housing provision, need and demand over a much longer-term period. The Government has previously identified that housing stock offers 'the stability and predictability which has been absent when solely relying on household projections'⁵.

An agreed minimum annual rate by which the existing stock should grow would establish a starting point for every authority to work from in deriving their need and target.

Larger settlements would see the more pronounced levels of need. This would help deliver the principles of achieving sustainable development and encouraging an urban focus that are embedded in the NPPF. All parts of the country would play their part in meeting needs and none would be seen as being asked to contribute more than a "fair share".

The baseline would need to be set at an appropriate level to ensure momentum in delivery rates is sustained. Emphasis would therefore be placed on locally applied adjustments to arrive at a level of delivery nationally which addresses the consequences of historic under-delivery and which will sufficiently boost supply.

Guidance to accompany the method would therefore need to provide clarification as to how locally appropriate adjustments should be applied. Drivers of a calculated need which is higher than the stock-led baseline could include affordability of homes; labour market indicators; availability of brownfield land; investment in infrastructure; numbers of households on housing registers; and needs for particular types of homes. Adjustments below the starting point need might be justified where there are exceptionally high concentrations of second/holiday homes; HE and FE students or older people.

A stock-led baseline will distribute new housing more evenly and equitably across the country addressing concerns that have prompted the proposed changes to national policy⁷. Its simple proportionate approach would help to address concerns raised by communities and councillors. It would be adjusted locally to take account of opportunities for growth and capacity to accommodate it and to align with the Government's objectives of focussing housing growth within our larger towns and cities and optimising the re-use of brownfield sites. It will enable levelling-up in a sustainable way.

LPDF would welcome the opportunity to discuss these proposals.

¹ National Housing Federation & Crisis (2018): 340,000 homes/year; Centre for Cities (2023): 442,000 homes/year.

² Latest affordability ratios show the average home now costs 9.1 times the average income. Leeds Building Society research shows this is highest since 1875

³ Changes to NPPF 142 mean an LPA can opt not to review Green Belt to meet housing needs. 180 of 306 LPAs in England have Green Belt in their areas.

⁴ Including removal of the 5YHLS to five years from plan adoption; removal of buffers for 5YHLS and HDT

⁵ MHCLG (August 2020) Changes to the current planning system: consultation on changes to planning policy and regulations, paragraph 20.

Appendix 10

A new normal for housebuilding?

**The importance of sales outlets in a market without
Help to Buy**

Savills / LPDF / Richborough

March 2023

A New Normal for Housebuilding?

The importance of sales outlets in a market without Help to Buy

A New Normal for Housebuilding?

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A New Normal for Housebuilding?

The importance of sales outlets in a market without Help to Buy



Executive Summary

Housing delivery and new homes sales recovered strongly after the first Covid lockdown. High levels of demand in the housing market and the continued support of Help to Buy pushed the number of sales per outlet per week to unprecedented highs. These high sales rates concealed growing land supply challenges as the number of outlets from which new homes were being sold fell to its lowest level for at least 20 years.

Now demand in the housing market has weakened and Help to Buy has ended resulting in much lower sales rates. On top of this a 31% fall in the number of sites gaining planning consent over the last five years has prevented housebuilders from opening more outlets. This combination of factors means that the annual number of new homes sales will be substantially lower, making the Government's target to deliver 300,000 new homes per year unattainable.

Local planning authorities need to recognise this change in market conditions. More sites need to gain planning consent to allow housebuilders to open more outlets and reverse the fall in new homes sales. Without the support of Help to Buy and in a lower demand housing market, new homes need to appeal to the widest possible range of buyers through delivery on sites that provide a choice of product, location and price point.

Changes to the National Planning Policy Framework need to support this by ensuring that the planning system delivers consents for the right number and range of sites as well as the right number of plots. This should cater for a diverse range of developer types and include a renewed focus on smaller sites, supporting SME housebuilders and facilitating new entrants into the industry. All of this will improve choice for buyers and contribute to an overall increase in new homes delivery.

Sales rates

Housing delivery in England is underpinned by sales of new homes to owner occupiers. These sales take place in sales outlets, the site offices on new homes development sites. Most sites have one outlet, but larger sites may have several housebuilders or housebuilder brands, selling homes from separate outlets. Most major housebuilders report the average number of sales per outlet per week in trading statements and annual reports.

Since 2012 the number of sales per outlet per week has increased, supporting increased housing delivery despite a relatively static number of outlets. This was supported by underlying housing market conditions and substantially boosted by Help to Buy from 2013. For two years from the middle of 2020, high levels of demand in the housing market alongside continued support from Help to Buy allowed the number of sales per outlet per week to reach unprecedented levels (an average of 0.8 in 2021/2). This concealed a falling number of outlets from which these sales took place. Overall, housing delivery continued at close to pre-pandemic levels through more sales taking place on fewer, larger sites.

Recent mortgage market turmoil and falling demand in the housing market, coinciding with the withdrawal of Help to Buy, has had a dramatic effect on sales rates, which fell to an average of 0.45 at the end of 2022, a level not seen since the Global Financial Crisis (GFC). Our analysis suggests that sales rates per outlet are likely to remain at between 0.5 and 0.6 over coming years. The lower end of this range is likely to persist until housing market conditions stabilise. The higher end of the range is likely to be reliant on the success of replacement schemes for Help to Buy, particularly Deposit Unlock.

We do not think it is likely that sales rates per outlet will recover to the 0.67 sales per outlet level seen before the GFC or the 0.73 between 2015 and 2021. Underlying housing market activity levels are not expected to recover to pre-GFC levels and it is not envisaged that a support scheme with the same impact as Help to Buy will become available. Without Help to Buy or a replacement scheme, we expect sales rates to be lower than the pre-GFC period in line with wider housing market activity.

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Land Supply and Outlets

The number of outlets reached its lowest level in at least 20 years in 2022 and is likely to continue falling as the number of sites gaining planning consent has fallen every year since 2017. The reduced number of sites gaining consent is masked by the number of plots gaining consent, which until recently had been fairly stable at an annual average of 314,000 between 2016 and 2021. The same number of plots have been gaining consent but on increasingly large sites.

The fall in the number of sites gaining consent has been greater than the fall in the number of consented plots over the last three years. The number of consented plots was 15% lower in 2022 compared to 2017, while the number of consented sites was 31% lower. The fall in the number of sites with fewer than 100 plots was greater still, 38% down in 2022 compared to 2017.

The lack of sites with consent has been noted by some of the major housebuilders who have stated that they have struggled to open as many outlets as they wished. It is therefore a barrier to growth and even to maintaining current operations in some areas. The lack of new sites, particularly smaller sites, gaining planning consent is also a barrier to SME housebuilder growth and to new entrants into the housebuilding industry.

Impact on delivery

At the end of 2022, the average sales rate fell to a level not seen since the depths of the GFC and, with fewer outlets, this will result in a fall in new homes completions. Even if the number of outlets remained constant at 2021/2 levels, a sales rate of 0.5 would reduce the annual number of new homes sales from 145,000 to 90,000. If a sales rate of 0.6 per outlet per week can be achieved, this would result in a total of 110,000 new homes sales from the same number of outlets.

New homes sales have averaged 70% of total new housing delivery in England over the last decade, so this would have a substantial impact and make the Government's target to deliver 300,000 new homes per year unattainable.

What needs to change

Local planning authorities need to recognise the changed market conditions and that sales rates will be lower over coming years. When reassessing land supply, this will mean that more sites need to be included in local housing trajectories in order to maintain and increase delivery.

More sites therefore need to gain planning consent to allow housebuilders to open more outlets and reverse the fall in new homes sales. Without the support of Help to Buy and in a lower demand housing market, new homes need to appeal to the widest possible range of buyers through delivery on sites that provide a choice of product, location and price point.

Changes to the National Planning Policy Framework need to support this by ensuring that the planning system delivers consents for the right number and range of sites as well as the right number of plots. This should cater for a diverse range of developer types and include a renewed focus on smaller sites, supporting SME housebuilders, facilitating new entrants into the industry and thereby reducing the dominance of the major housebuilders.

Government policy has tried to increase the number of SME housebuilders, particularly focussing on finance challenges with schemes including the Home Building Fund. But the number of new homes registrations with NHBC by smaller builders showed no sign of recovery during the decade following the GFC and the availability of smaller sites has only deteriorated in recent years. There is an opportunity for the planning system to deliver more smaller sites and lift a major barrier to growth for SME housebuilders.

A New Normal for Housebuilding?

The importance of sales outlets in a market without Help to Buy



1. Introduction

1.1. Background

Richborough and LPDF want to understand the role of the number of outlets plays in the delivery of new housing in England. Housebuilders have reported difficulty in opening as many new sales outlets as desired with a lack of sites and planning delays both cited as major barriers. This has resulted in fewer active outlets per housebuilder. Over the past decade, housebuilders have mitigated this problem by selling more homes from fewer outlets. They have been able to do so due to a mostly strong housing market and supportive schemes such as Help to Buy. Recent housebuilder statements, however, have shown a rapid fall in the number of sales per outlet, as Help to Buy closed to reservations and the housing market began to cool.

1.2. Aim

This research brings together several elements of analysis to demonstrate the shortage of new homes sites, the risk it presents to delivery volumes and the impact this has on activity amongst SME developers.

It assesses what a reasonable assumption for sales per outlet is, in more normal market conditions. It also considers the role of sales outlets in supporting new housebuilding numbers. And what this means for the land pipeline of the housebuilders, opportunities for medium sized developers, and the ability of the planning system to support new homes delivery volumes.

1.3. Report structure

The first section (chapter 2) of this report looks at evidence gathered from the major housebuilders on sales per outlet (or sales rates), the number of outlets, land pipelines and overall delivery volumes.

The second section (chapter 3) looks at the flow of consents through the planning system and corroborates the implications from the housebuilder data analysis in the previous section.

The third section (chapter 4) looks at what it would be reasonable to assume the sales rate should be for outlets over the next five years, against the context of our forecasts for the wider housing market, an assessment of Help to Buy and the potential of Deposit Unlock.

The final section (chapter 5) provides a summary of the analysis and three key recommendations for local and national planning policy to support delivery.

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The importance of sales outlets in a market without Help to Buy



2. Housebuilder Sales Rates and Land Supply

This section looks at evidence gathered from the major housebuilders on sales per outlet (or sales rates), the number of outlets, land pipelines and overall delivery volumes.

The first part shows that delivery volumes have been increased and maintained over the last decade through higher sales per outlet, slightly higher than before the Global Financial Crisis (GFC). At the same time, the number of outlets has failed to return to pre-GFC levels, and has subsequently fallen to reach the lowest level seen since at least 2003. Housing delivery has therefore been supported by high sales rates from relatively low numbers of outlets.

The second part looks at how this was achieved, by examining the relationship between sales rates and wider housing market. Despite a generally weaker and less active housing market, housing delivery exceeded pre-GFC levels at the end of the 2010s. This was achieved by supportive Government policy on both the demand side (Help to Buy) and supply side (the introduction of the National Planning Policy Framework (NPPF) and subsequent increase in the numbers of homes and sites gaining planning permission). These in turn enabled major housebuilders to reach higher sales rates than was the norm pre-GFC, despite a lack of outlets.

Since 2019, housing delivery has been relatively stable, but this has hidden a fall in the number of outlets. Delivery volumes have been supported by exceptionally high sales rates, sustained by fewer outlets. Recent mortgage market turmoil and falling demand in the housing market, coinciding with the withdrawal of Help to Buy, has had a dramatic effect on sales rates. The average sales rate has fallen to a level not seen since the depths of the GFC and, with fewer outlets, this will result in a fall in new homes completions (see Section 4 for our future expectations for sales rates).

The third part looks at the immediate and strategic land pipelines of major housebuilders. Housebuilder land pipelines have been broadly stable since 2016, suggesting that the number of plots entering their immediate land pipelines each year is only replacing the number of homes sold. The stability of the immediate pipeline, while the number of outlets has fallen, also suggests that sites have got larger. In other words, while the pipeline contains the same number of plots each year, these are concentrated on a smaller number of sites. In general terms, one site can sustain one sales outlet. A reduction in the number of sites, therefore explains the difficulty housebuilders have had trying to open more outlets, despite apparent stability in overall plots and land supply.

2.1. Major housebuilder sales rates and delivery

Many major housebuilders regularly report numbers of sales and outlets. A sales rate is commonly defined as the average number of homes a developer sells across each of their outlets, on a weekly basis. An outlet is a housebuilder brand presence at a site on its own or as part of a multi-outlet site with several active housebuilders. Some housebuilders have more than one brand. For example, Barratt and David Wilson Homes are both operated by Barratt Developments plc and both may be active simultaneously on a site, and this could count as two outlets. For the purposes of this report, we have amalgamated brands under their parent company – i.e. one Barratt and one David Wilson Homes outlet would count as two Barratt Developments plc outlets.

These figures have become key metrics for the housebuilding industry, and can be used to judge the strength of the sector. It is reported alongside annual financial results, half year results and at trading updates, each time for a different time period. Our data stitches these statements together, combining comprehensive monitoring since 2007 with additional data from before the Global Financial Crisis collected for this report.

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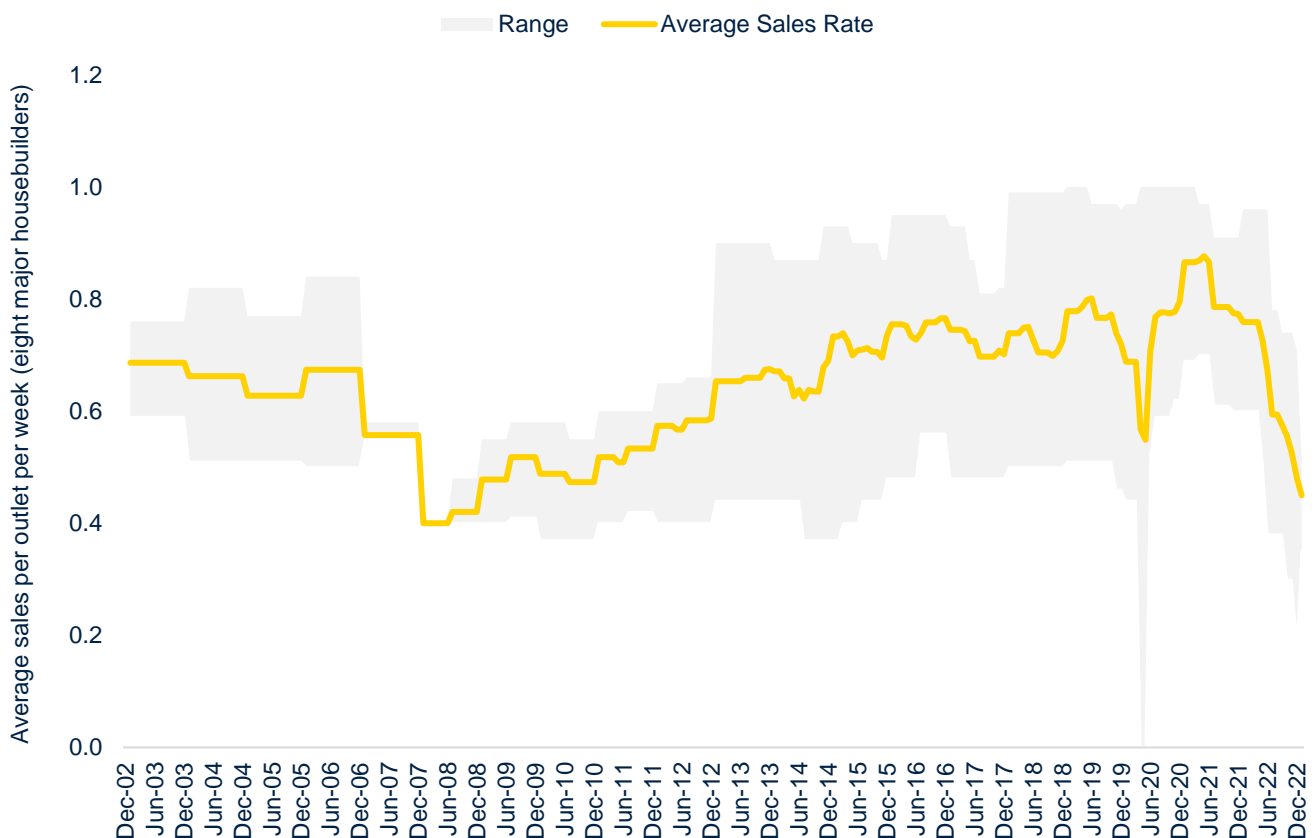
The importance of sales outlets in a market without Help to Buy

The average sales rate per outlet across our sample of major housebuilders was around 0.62 to 0.68 between 2003 and 2007, before it fell sharply during the GFC to hit a low of 0.40 in 2008. Since then, the average sales rate has gradually increased, reaching a fairly stable level of approximately 0.73 again between 2015 and 2019. Sales rates then fell during the first Covid lockdown, before rising to an average of nearly 0.87 during 2021 and 2022.

Since the end of the series shown above, some major housebuilders have published further results. These are broadly in line with the average sales rates at the end of 2022: Crest Nicholson at 0.35 for the eleven weeks since November 1st 2022, Vistry Group a rate of 0.46 in Q4 2022 (compared to 0.84 in H1 2022) and Barratt at 0.44 across H2 2022 (down from 0.79 in H2 2021). Two housebuilders have reported results for the beginning of 2023: Redrow reported 0.51 for the first five weeks of the year and Persimmon reported 0.52 for the first eight weeks (up from 0.3 in Q4 2022 but down from 0.96 for the same period of 2022). While slightly higher than the average sales rate in December 2022, this remains well below the levels seen a year earlier, and was partly achieved by the use of incentive schemes which will have an impact on margins.

In addition, while the publication of sales rates has become common practice, it is not compulsory, which means these reported figures may be biased towards housebuilders with better results. While they do suggest some improvement in sales rates heading into the first quarter of 2023 compared to December 2022 they are still much lower than the previous two years.

Figure 1 – Average sales rates of major housebuilders



Source: Savills Research using housebuilder trading statements and annual reports (based on eight major housebuilders)

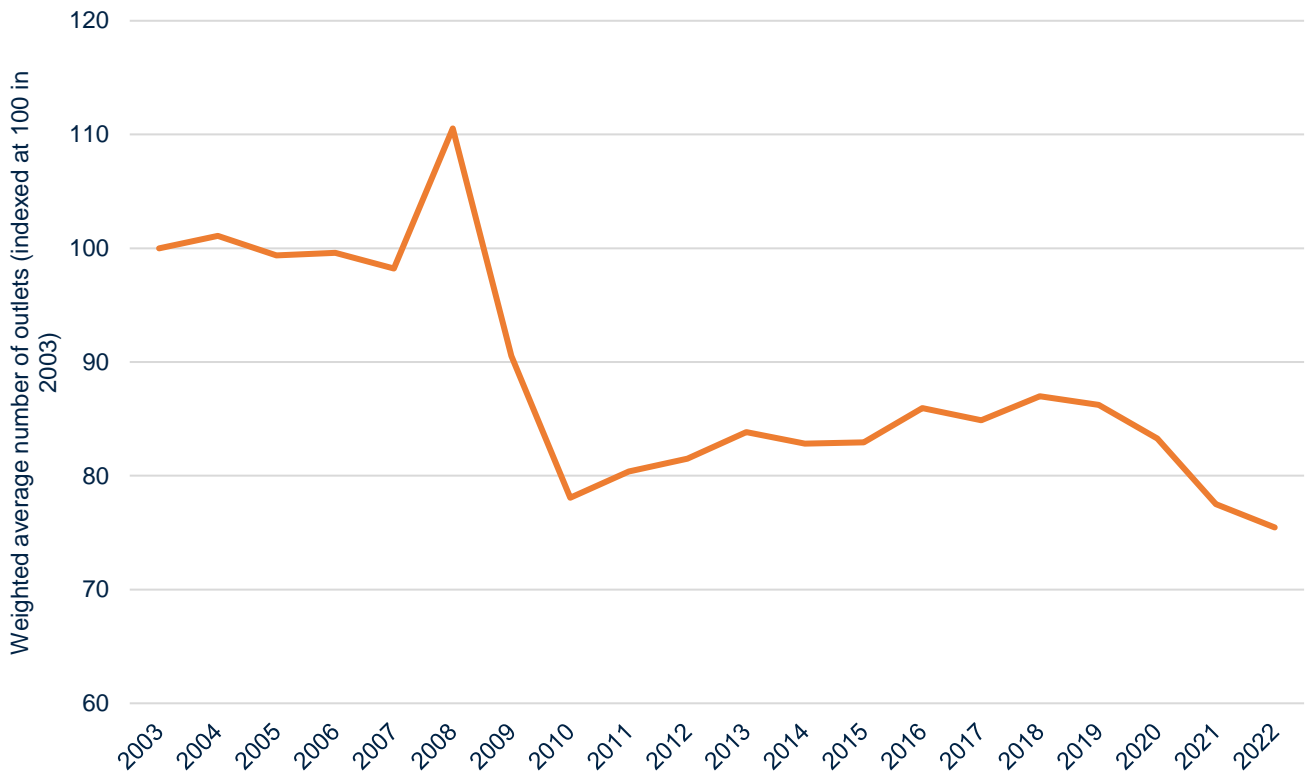
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The number of outlets has also varied over time. The chart below shows a weighted index of the average number of outlets operated by major housebuilders. Following a peak, as sales rates fell in 2008 and housebuilders struggled to finish selling homes on sites, the average number of outlets fell in 2010 to just under 20% below the level seen between 2003 and 2007. The number gradually increased from that point until 2018 and has fallen sharply since 2020, as sales rates peaked in the aftermath of the first Covid lockdown and housebuilders have struggled to secure land to open more outlets.

Figure 2 – Average number of outlets operated by major housebuilders, weighted and indexed



Source: Savills Research using housebuilder trading statements and annual reports (based on nine major housebuilders)

The lower number of outlets has been a barrier to housebuilder and this is behind the repeated references by housebuilders to a lack of land and planning delays in their trading statements and annual reports. Persimmon's latest annual report brings a particular focus on outlets as a barrier to delivery. The relatively low number of outlets they are operating is given alongside the reduced sales rate as a reason for expecting a significantly lower number of completions in 2023 compared to 2022. It also refers to the 'low number of selling outlets' (234) at the beginning of 2022, explaining that this has increased (to 272 by the end of the year) but that this figure is still 'relatively low for the Group', noting that it had operated 'in the high 300s in the past'.

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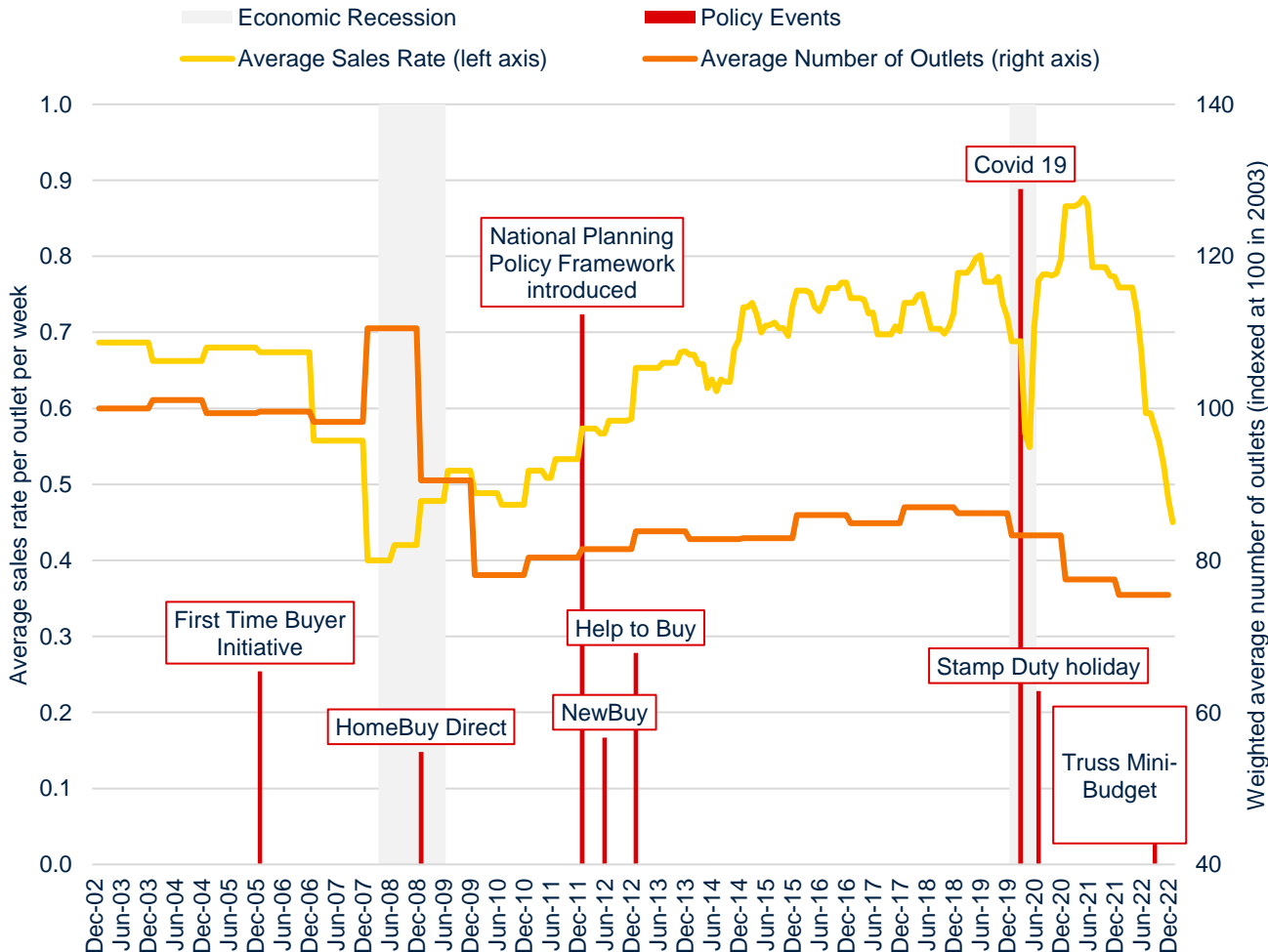


The importance of sales outlets in a market without Help to Buy

The chart below shows both the average sales rate and our index of the average number of outlets. This shows that between 2010 and 2018 there was an increase in the sales rate, which supported the recovery in housebuilding after the GFC, although outlets remained below their pre-GFC trend. Sales rates have actually been slightly higher than pre-GFC, allowing delivery volumes to reach pre-GFC levels despite the lack of outlets. Between 2018 and Q1 2022, the sales rate has been stable or higher, but the number of outlets has fallen. This has resulted in a stabilisation and slight fall in new homes delivery over the last few years.

Also on the chart are key policy events that have had an influence on the housing market, new homes sales or land supply. The introduction of the NPPF and Help to Buy in 2012 and 2013 were major support factors that helped to drive the increase in the number of outlets and sales rates. Rising interest rates, the mini-budget and subsequent turmoil in the mortgage markets, and the Help to Buy scheme closing to new reservations at the end of October 2022 have reduced the demand for new homes, and this is reflected in the much lower sales rates at the end of 2022.

Figure 3 – Average sales rates and number of outlets of major housebuilders, with major policy events and economic recessions



Source: Savills Research using housebuilder trading statements and annual reports (based on eight major housebuilders for sales rate and nine major housebuilders for outlets)

A New Normal for Housebuilding?

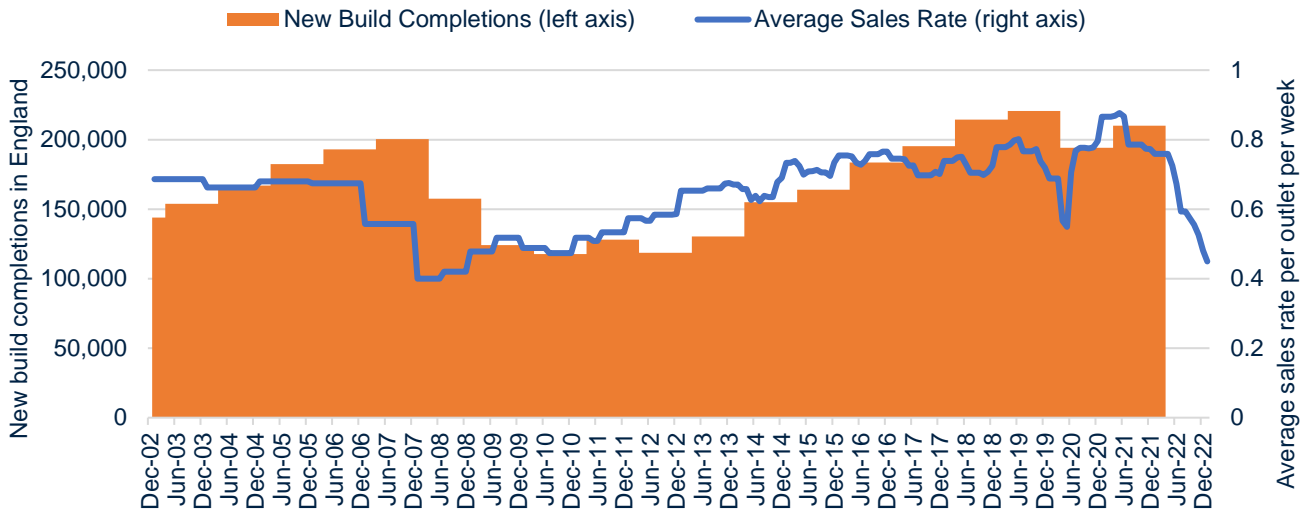
The importance of sales outlets in a market without Help to Buy



2.2. Relationship between sales rates and wider market metrics

The increase in the sales rates and number outlets has been fundamental in supporting the increase in housing delivery during the 2010s. By 2018/19 new housing completions in England had reached levels that exceeded those seen during the early 2000s, despite lower house price growth and a much less active housing market in terms of overall homes sales.

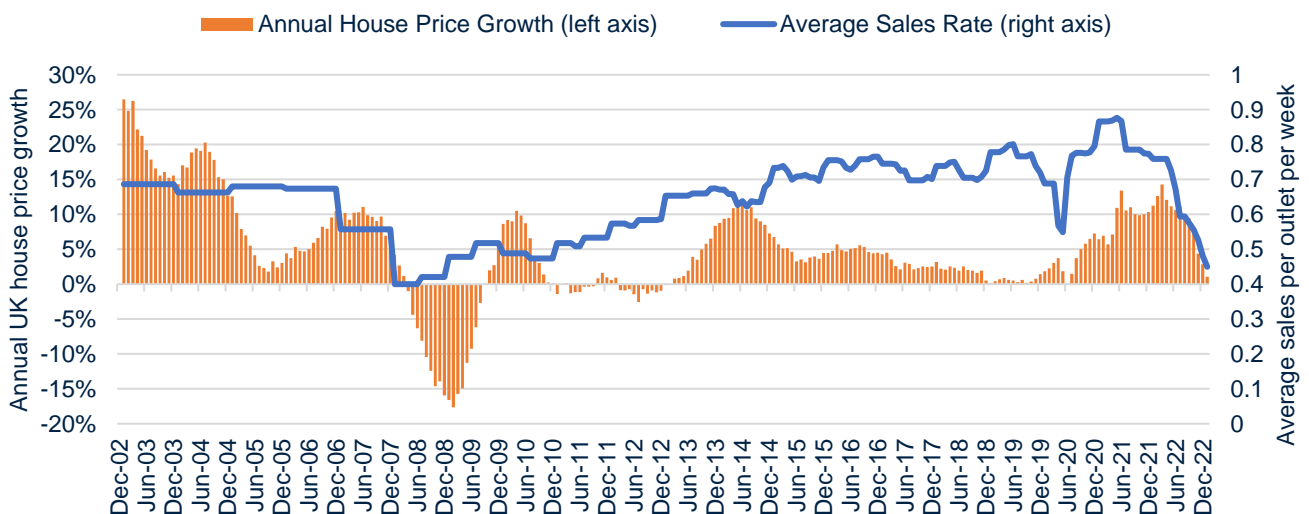
Figure 4 – Average sales rates of major housebuilders and new homes completions



Source: Savills Research using housebuilder trading statements and reports (based on eight major housebuilders), DLUHC

This is despite very different conditions in the housing market. The increase in sales rates since the GFC has been supported by a period of mostly stable or rising house prices, but house price growth has never reached the levels seen in the early 2000s. Despite this, sales rates exceeded pre-GFC levels since 2015. The higher sales rates in 2021 and 2022 have been driven by an exceptionally strong housing market following the first Covid lockdown, when compared against the rest of the last 10 years, and have fallen away as the price growth reversed during the last few months of 2022.

Figure 5 – Average sales rates of major housebuilders and growth in house prices



Source: Savills Research using housebuilder trading statements and reports (based on eight major housebuilders), Nationwide

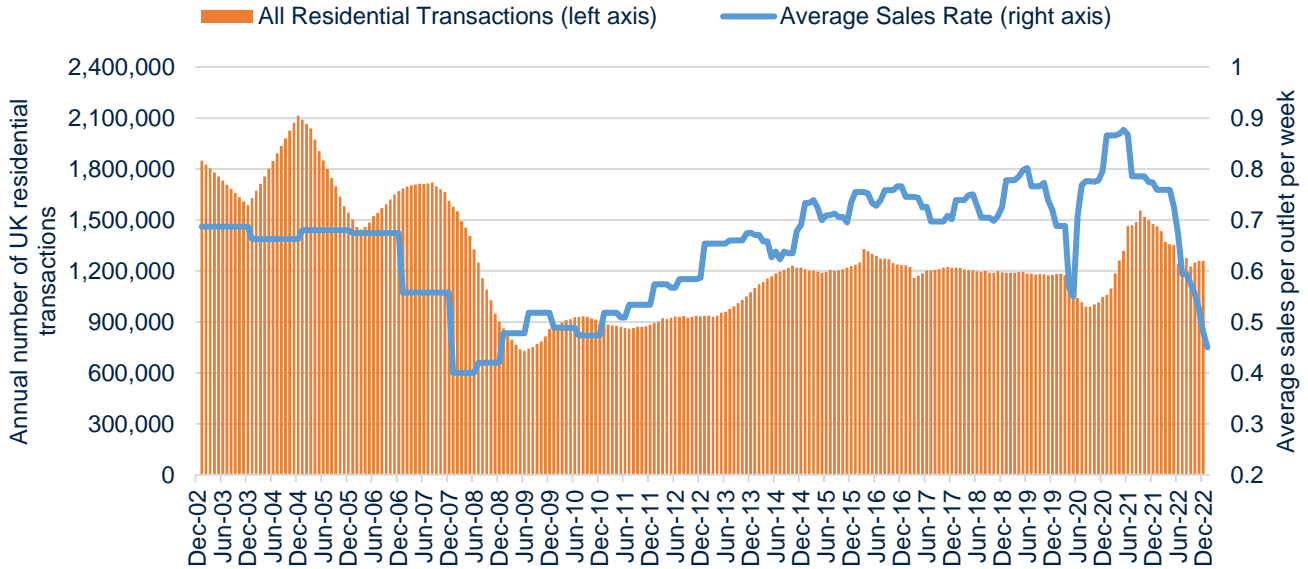
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A similar relationship can be seen when comparing sales rates with the total number of transactions in the whole housing market, new homes and second hand sales. Total sales volumes were much higher in the 2000s than during the 2010s, but sales rates on new homes sites have exceeded pre-GFC levels.

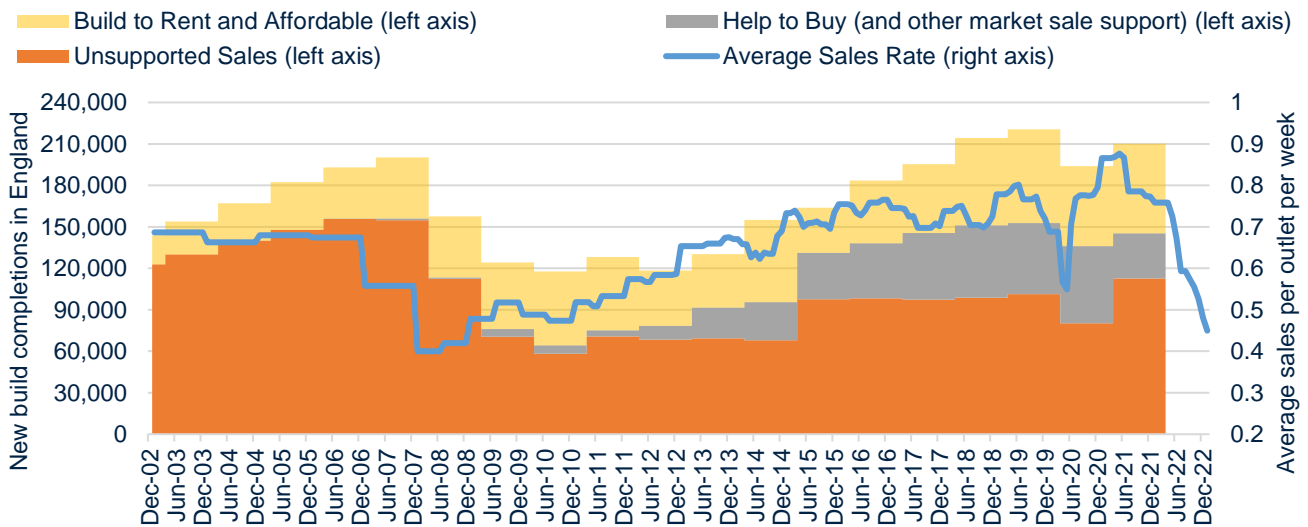
Figure 6 – Average sales rates of major housebuilders and annual transactions



Source: Savills Research using housebuilder trading statements and reports (based on eight major housebuilders), HMRC

The amount of new homes delivery, the higher sales rates and increasing number of outlets during the 2010s were all strongly underpinned by Government policy that supported housebuilding, both on the demand side and the supply side. On the demand side, Help to Buy has been fundamental to driving new home sales volumes back to levels seen in the early 2000s with sales rates per outlet higher than pre-GFC levels. This is in contrast to the wider housing market, where the number of sales has never returned to these levels.

Figure 7 – Average sales rates of major housebuilders and components of supply



Source: Savills Research using housebuilder trading statements and reports (based on eight major housebuilders), DLUHC

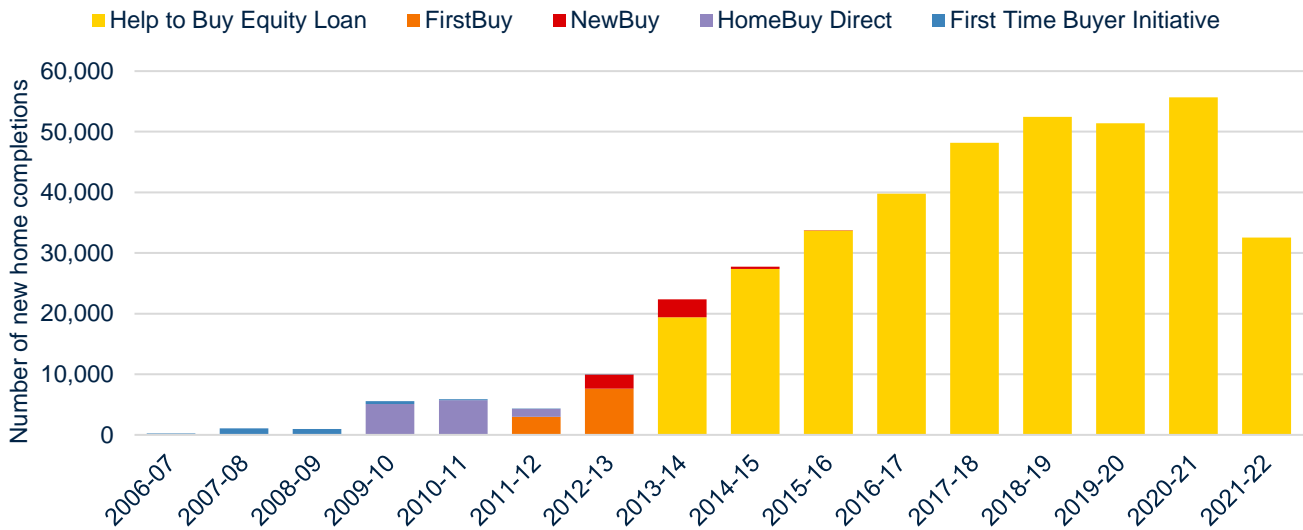
A New Normal for Housebuilding?



The importance of sales outlets in a market without Help to Buy

Some form of Government support for new homes buyers has existed since 2006/7, but Help to Buy was transformative, being much larger and more generous than any previous scheme. The scheme has been a crucial support for new homes sales since its introduction, bringing a very swift boost to demand. The scaling back of the scheme in 2021, with change in eligibility to first time buyers only and the introduction of regional value caps, cut the number of sales using Help to Buy. But the strength of the housing market in the aftermath of the pandemic helped to support the new homes sales total.

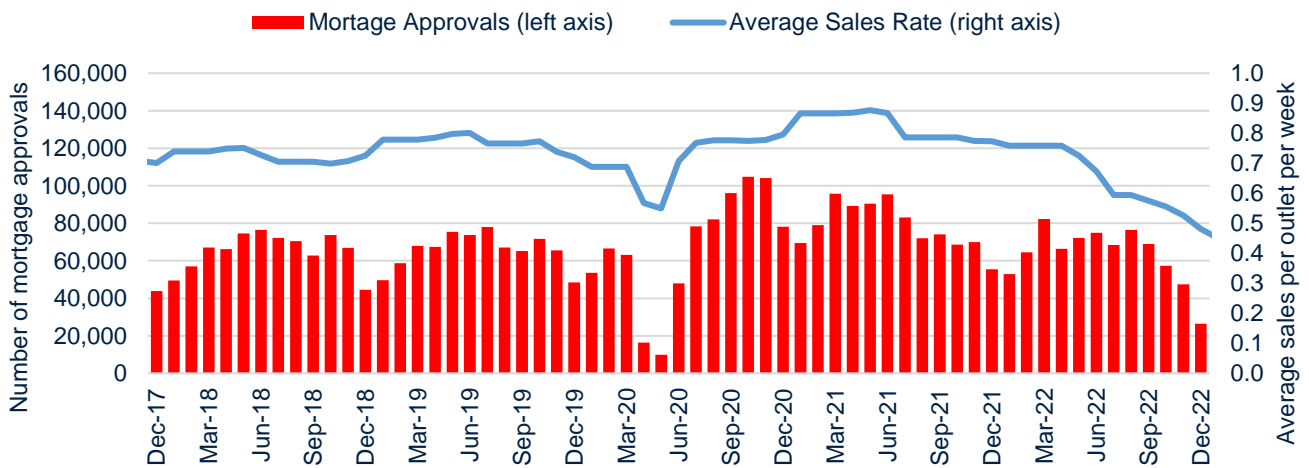
Figure 8 – Private new home completions using Government support since 2006-07



Source: DLUHC

The withdrawal of Help to Buy at a time when the housing market is adjusting to a very different mortgage environment with higher interest rates, following the mini-budget on 23rd September 2022, has resulted in a double hit for new homes sales. The support of Help to Buy for sales ended in October 2022. At the same time demand in the wider housing market fell sharply as a result of increased mortgage rates, fewer mortgage products available and, consequently, much lower numbers of mortgage approvals. The chart below shows a strong correlation between the number of mortgage approvals and sales rates per outlet.

Figure 9 – Mortgage approvals and average sales rates



Source: Savills Research, Bank of England

A New Normal for Housebuilding?

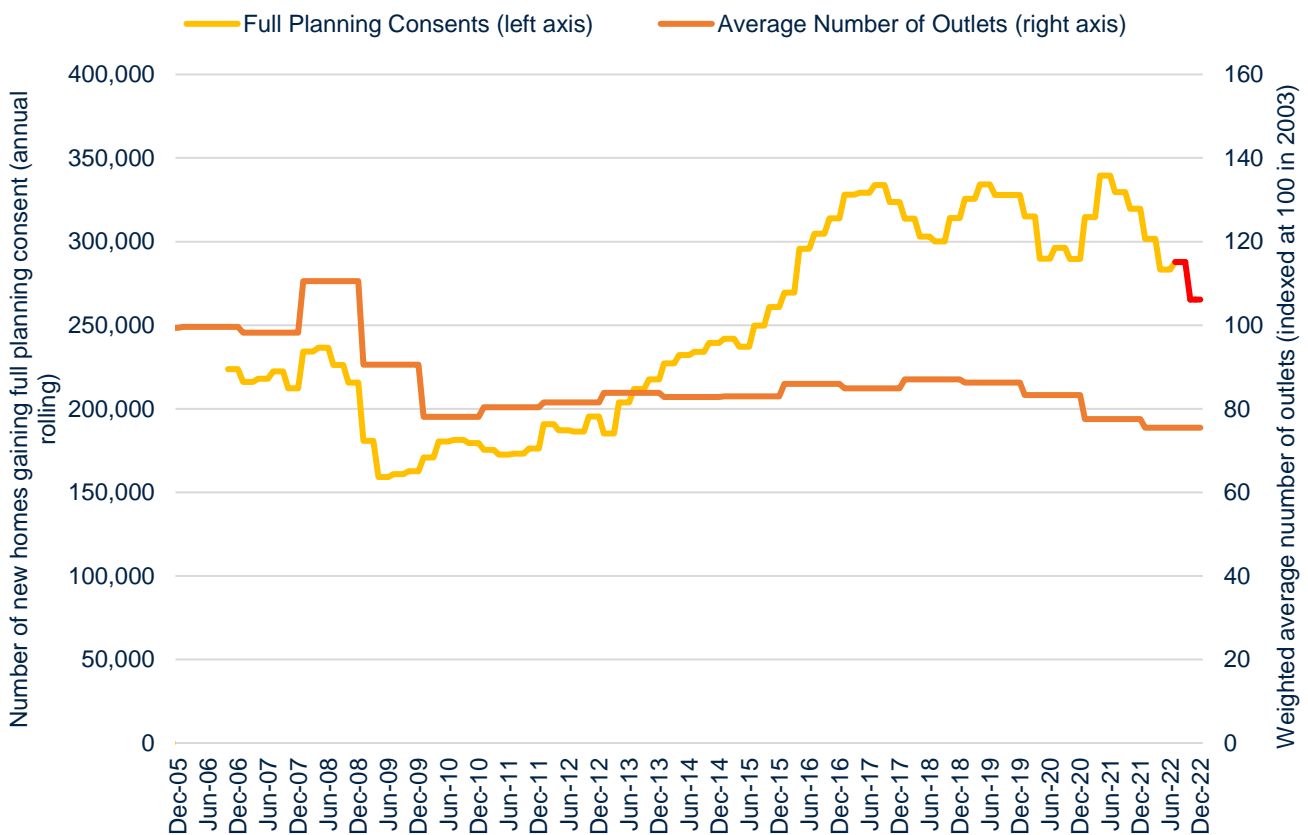
The importance of sales outlets in a market without Help to Buy



On the supply side, the introduction of the NPPF successfully increased the number of planning permissions being granted for new homes, supporting the increased number of outlets and allowed for higher delivery levels. Since Q2 2008, the number of homes gaining full planning consent has risen from a low of 159,000 to a fairly stable average of around 300,000 consents per annum since 2016, although the number has fallen more recently. The number of outlets started falling earlier, however, as the sustained number of new consents each year was delivered on fewer sites (see Section 3.2).

Although sales rates increased during the period since the first Covid lockdown, planning consents did not increase to replenish the pipeline of developable land. This has resulted in the number of outlets falling, as sites sold out before replacement sites were available.

Figure 10 – Average number of outlets of major housebuilders and full planning consents for new homes



Source: Savills Research using housebuilder trading statements and reports (based on nine major housebuilders), HBF, Savills using Glenigan (*Estimated), DLUHC

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The importance of sales outlets in a market without Help to Buy



2.3. Housebuilder land pipeline

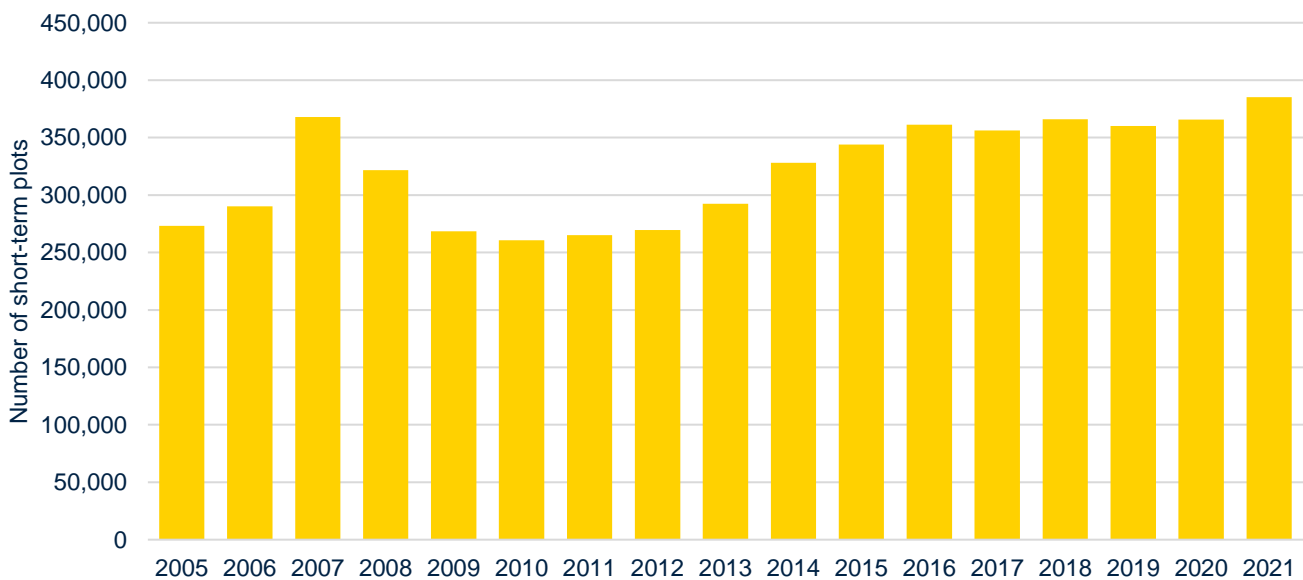
Another key metric many major housebuilders report on is the quantity of land they control or own. Although less comprehensive and precisely defined than sales rates, there is enough data on land pipelines to judge overall trends in the market.

Housebuilder land pipelines are generally divided into two categories; short-term or immediate land (which usually has planning permission and is ready to be developed), and strategic land (which lacks planning permission or may require remedial work before it can be developed). Housebuilders generally aim to convert a certain amount of strategic land into immediate land each year, usually though obtaining detailed planning consents.

The chart below shows how the amount of short-term land, measured in individual plots with planning consent, controlled by a sample of major housebuilders. After a period of growth between 2005 and 2007, the quantity of ready-to-develop land controlled by housebuilders contracted in response to the downturn in 2008. The overall sector began to see stocks of short-term land increase again from 2011, but the sector took until 2015 to surpass the level of number of plots controlled back in 2007. Since 2016, the aggregate amount of short-term land has been fairly stable before a slight increase into 2021, reaching c. 385,000 plots across our sample of housebuilders.

This suggests that the increase in planning consents allowed housebuilders to build their pipelines of developable land until 2016, but that since then the supply of planning consents has only served to replace those plots that have been developed out and sold. The increase in 2021 is likely to be a consequence of increase in new homes sales rates after the first Covid lockdown; the number of outlets fell sharply in 2021 and our monitoring of the land market at the time recorded the major housebuilders actively buying sites with planning consent, including smaller sites and those outside their usual profile.

Figure 11 – Short-term land controlled by major housebuilders



Source: Savills Research using housebuilder reports and Housing Market Intelligence report (based on nine major housebuilders)

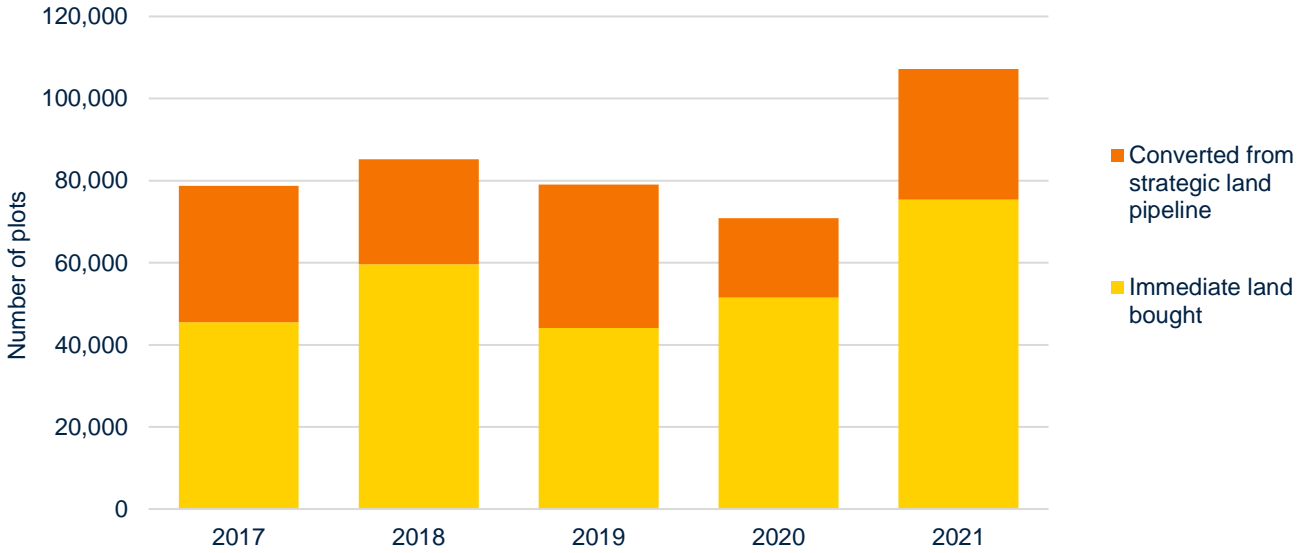
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The importance of sales outlets in a market without Help to Buy



Analysis of how housebuilders stated they grew their immediate pipeline shows that this came from a relatively high level of conversion from strategic pipelines. But also a very high number of plots purchased.

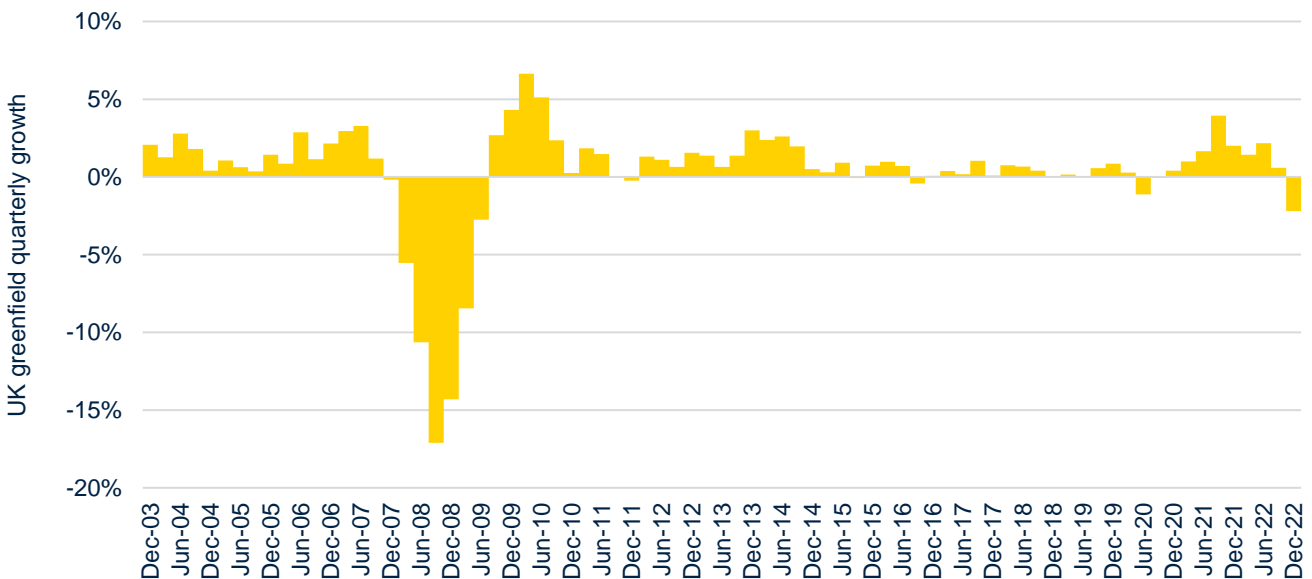
Figure 12 – Land added to immediate housebuilder pipelines



Source: Savills Research using trading statements and reports based on six major housebuilders

This heightened land buying activity of the major housebuilders in the land market during 2021 generated the highest land value growth since 2014. Greenfield development land values increased in every quarter between Q4 2020 and Q3 2022, increasing by 8.8% in 2021 and peaking at 9.9% growth in the 12 months to June 2022.

Figure 13 – Quarterly growth in UK greenfield residential development land values



Source: Savills Research

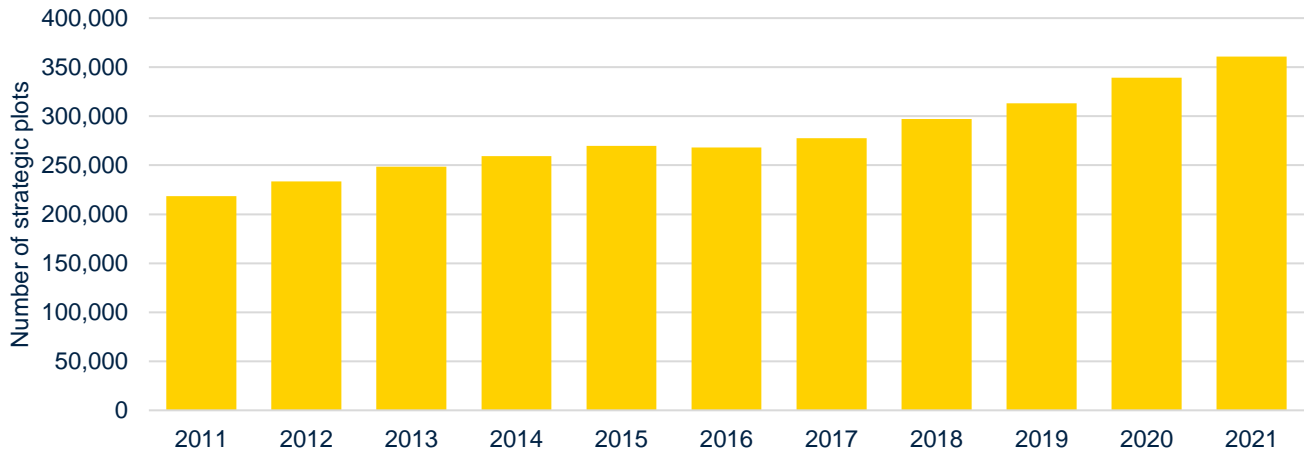
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The chart below shows the number of plots controlled by major housebuilders within their strategic pipelines, showing that these have grown in terms of number of plots fairly steadily since 2011. This has not translated into any significant growth in immediate pipelines since 2016, although conversions from strategic pipelines have helped maintain the level of immediate plots.

Figure 14 – Strategic land controlled by major housebuilders since 2011



Source: Savills Research using housebuilder trading statements and reports based on six major housebuilders

NB: this is a smaller sample of housebuilders than for short-term land.

As highlighted above, the immediate / short-term pipeline of housebuilders encompasses land that is permitted and ready to be developed. This includes sites with a full or outline planning consent, as well as homes yet to be delivered on sites currently under construction. Below we look at the planning status of a selected sample of housebuilders to show how the immediate pipeline breaks down.

Between them, our sample of major housebuilders have a combined planning pipeline of 435,000 plots. This includes any sites that have reached at least outline application stage, and for the purposes of this study we have not investigated the allocated or promoted land held by any parties. Across the pipeline, 341,000 plots held by these major housebuilders are immediate or short-term, representing 78% of the total in planning. At 201,000 homes, homes on sites under construction account for 46% of all homes held by our selected major housebuilders, representing the largest contribution to the immediate pipeline.

Table 1 – Planning pipeline of selected major housebuilders

Development status	Plots controlled by major housebuilders	Proportion of plots controlled by major housebuilders	Proportion of all plots in the planning system
Outline application	44,341	10%	15%
Outline permission *	75,346	17%	27%
Full application	49,644	11%	13%
Full permission *	64,285	15%	18%
Under construction *	201,083	46%	27%
*Consented total	340,714	78%	72%
Total	434,699	-	-

Source: Savills Research using Glenigan data based on six major housebuilders.

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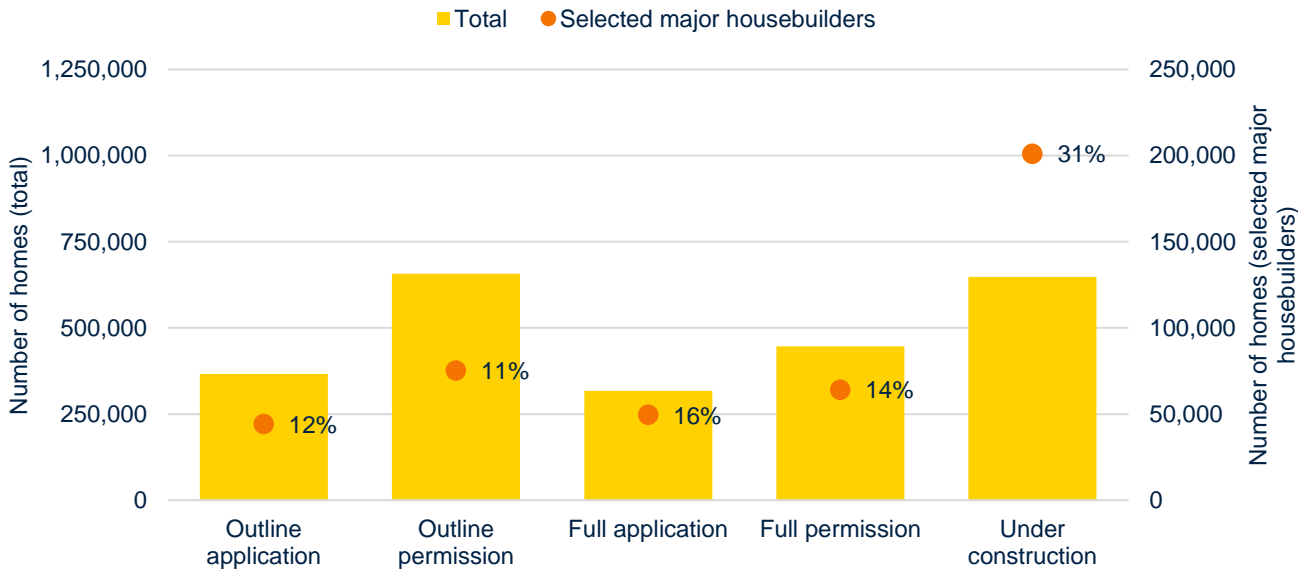


The importance of sales outlets in a market without Help to Buy

There are currently 2.44 million plots across the planning pipeline in England over 11,700 sites, with an average site size of 208 homes. At 657,000 plots, or 27% of the planning pipeline, the largest share of prospective homes are currently at outline permission stage. This is closely followed by homes on sites currently under construction, with 648,000 homes accounting for a similar share of the planning pipeline.

Major housebuilders depart from the wider market in terms of land held at different stages in planning. Across all stages of planning, plots held by our selected sample of housebuilders represent 18% of the total pipeline, or just under one in every five plots. However, this varies between different stages of planning, and major housebuilders control a higher share of sites that are currently being delivered. The housebuilders in our sample control just 11% of plots with outline permission, but 31% of plots on sites currently under construction.

Figure 15 – Planning pipeline of selected major housebuilders



Source: Savills Research using Glenigan data based on six major housebuilders

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The importance of sales outlets in a market without Help to Buy



3. Land Supply and Planning

The analysis at the end of the previous section showed that although the number of outlets has fallen over recent years, the sales rate per outlet has increased, maintaining overall delivery volumes. Housebuilder land pipelines have been broadly stable since 2016, suggesting that the number of plots entering their immediate land pipelines each year is only replacing the number of homes sold. The stability of the immediate pipeline, while the number of outlets has fallen, also suggests that sites have got larger; i.e. the pipeline contains the same number of plots each year but on a smaller number of sites. The smaller number of sites restricts the number of outlets it is possible to open, as there is typically one outlet on each site with only the largest sites having more than one housebuilder or housebuilder brand operating from separate outlets.

This section looks at the flow of consents through the planning system and corroborates the implications from the housebuilder data analysis in the previous section. It confirms that although the number of plots gaining consent has been fairly stable until very recently, the number of sites gaining consent has fallen significantly and this fall has been greater for smaller sites. This has meant that housebuilders have been unable sustain the number of active outlets.

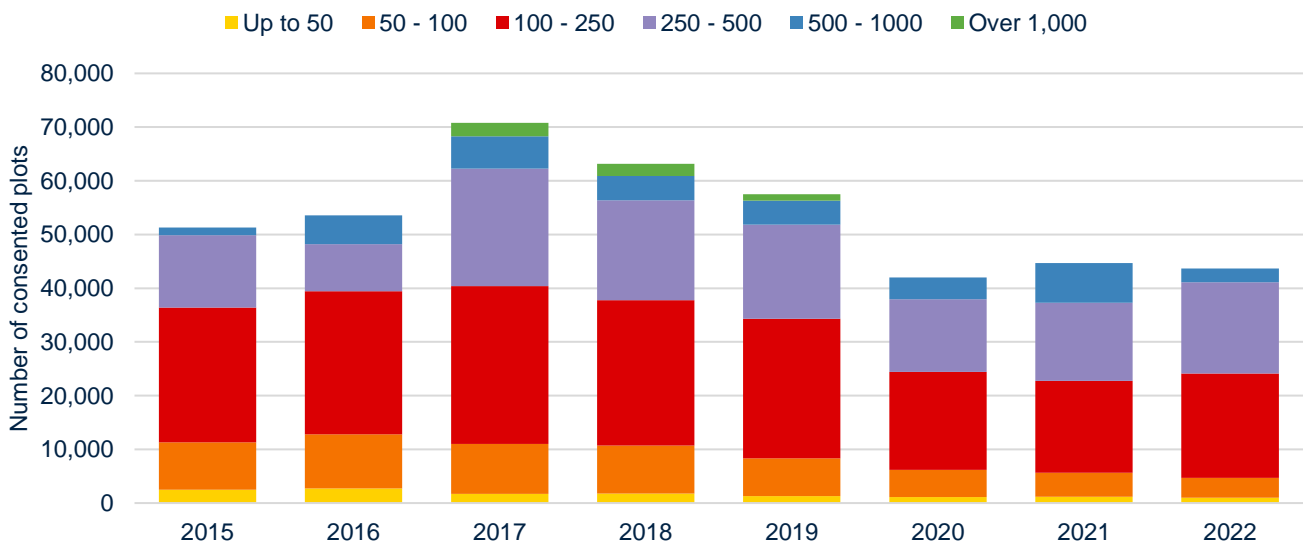
The lack of sites gaining consent and particularly the lack of smaller sites presents a major problem for the housebuilding industry. It is a barrier to growth for the major housebuilders and makes it increasingly difficult for smaller players to compete for a continually diminishing pool of opportunities. It is also a significant barrier to entry for any potential new entrants to the industry.

3.1. Flow of consents for major housebuilders

Our analysis of consents from Glenigan data extends back to 2015. It shows that the number of plots gaining consent that were controlled by the major housebuilders peaked in 2017 and this is likely to have been a key factor in driving the peak level of new housebuilding in 2018/19. Since 2020, the number of plots gaining consent has been lower.

There has also been a shift in sizes of sites on which those consents are located. Plots on sites of under 100 homes have fallen from 21% of the flow of consents in 2015 to 11% in 2022. Larger sites, over 250 homes, accounted for just 29% of consented plots in 2015, but this had risen to 45% in 2022.

Figure 16 – Number and size of consented plots controlled by major housebuilders



Source: Savills Research using Glenigan based on six major housebuilders

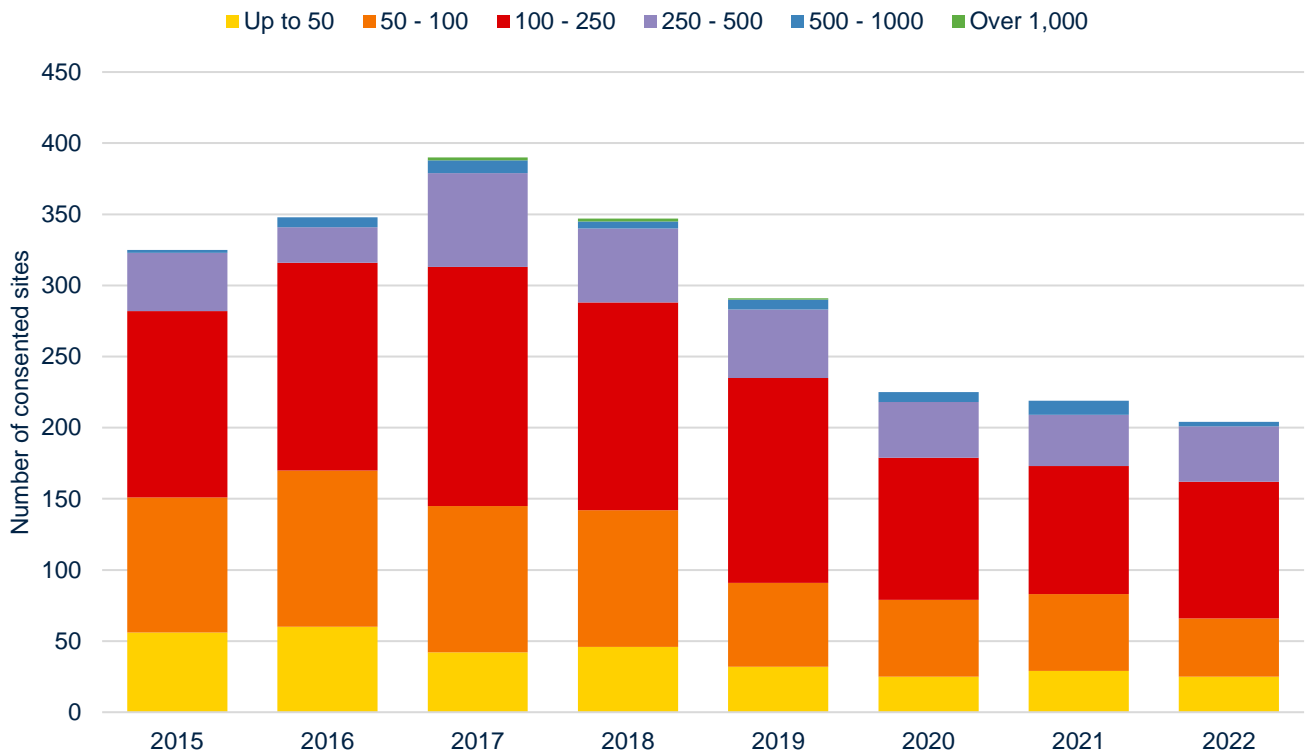
A New Normal for Housebuilding?

The importance of sales outlets in a market without Help to Buy



The trend towards larger sites is even clearer when looking at the number of sites gaining consent (as opposed to the number of plots). The number of sites controlled by major housebuilders gaining consent has fallen each year since 2017. The number of larger sites, over 250 homes, has fallen from 77 in 2017 to 42 in 2022, a 45% reduction. Looking at smaller sites, under 100 homes, the number gaining consent peaked at 170 a year earlier in 2016 and this has since fallen 61% to just 66 sites in 2022.

Figure 17 – Number and size of consented sites controlled by major housebuilders



Source: Savills Research using Glenigan based on six major housebuilders

This analysis therefore confirms that the flow of consents is not supplying the major housebuilders with sufficient sites with consent on which to open sales outlets. The number of plots owned by major housebuilders gaining consent has fallen, but the number of sites gaining consent has fallen much more as the size of sites gaining consent has increased.

This presents a serious challenge for housebuilders business operations. Regional housebuilder divisions are made economic through operating a number of outlets; if the number of outlets falls, even if the number of consented plots remains the same, then this erodes the financial viability of a division. If, ultimately, a housebuilder decides to close or merge a region, then this can result in a loss of capacity that is then hard to recover even if market and planning conditions improve.

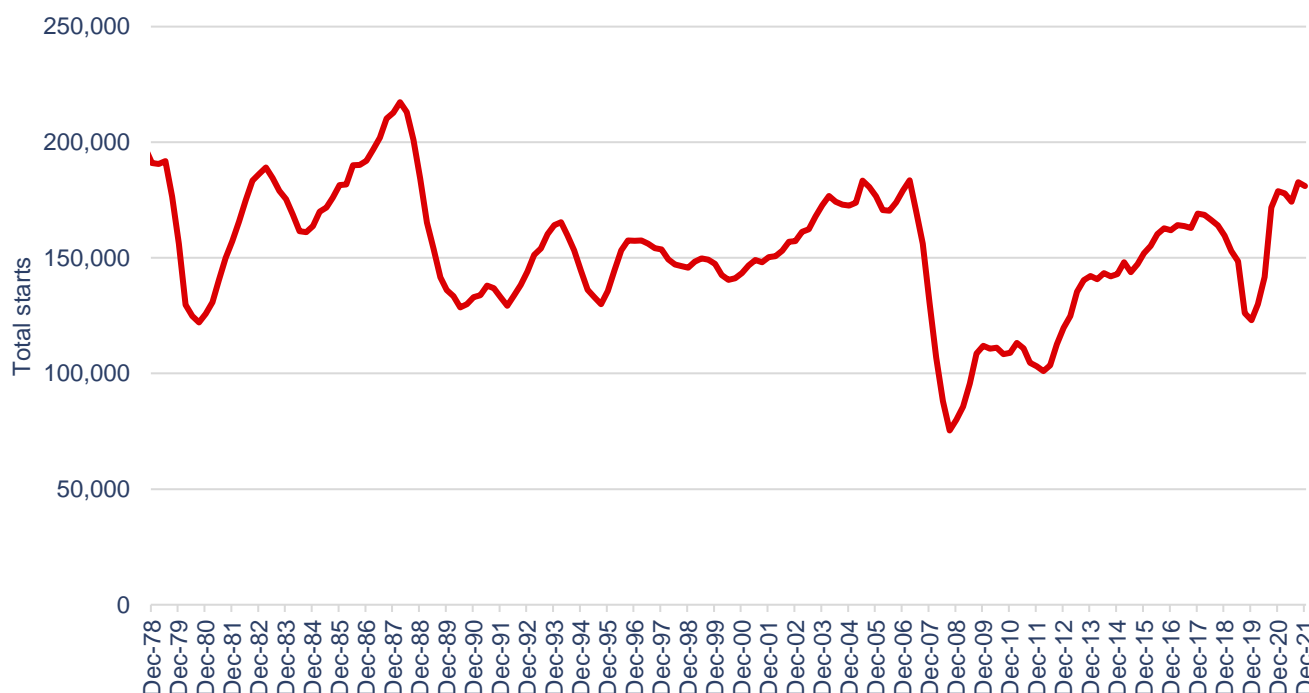
A New Normal for Housebuilding?

The importance of sales outlets in a market without Help to Buy



Previous downturns show that housebuilding can contract very quickly, but that expansion usually is much slower. For example, it took until the mid-2000s for the volume of starts to recover to levels seen before the downturn in the late 1980s. The recovery from the fall in starts during the GFC was faster, but it still took nearly a decade.

Figure 18 – Total number of starts in England



Source: DLUHC

The importance of this is demonstrated by the repeated references to a lack of land in housebuilder statements during the period between the end of the first Covid lockdown and the mini-budget in 2022, despite the fact that the number of plots in their pipelines has been relatively stable.

Bellway and Persimmon, for example, both noted what the latter referred to as “well-documented planning delays suffered by the industry” as a restraint on adding new land into their immediate pipelines while driving the need to acquire more to offset risk. Vistry’s 2021 report noted an increase of competition for land, while Redrow, which temporarily postponed land buying at the start of the pandemic, cited difficulties in opening new outlets once it re-entered the land market, suggesting a struggle to find immediate or easily converted strategic sites of the right quality and price.

A falling number of sites and outlets is also a barrier to housebuilders expanding their businesses and opening new divisions. Without this, it is unlikely that the Government’s target to deliver 300,000 homes per year by the middle of the decade can be achieved.

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The importance of sales outlets in a market without Help to Buy

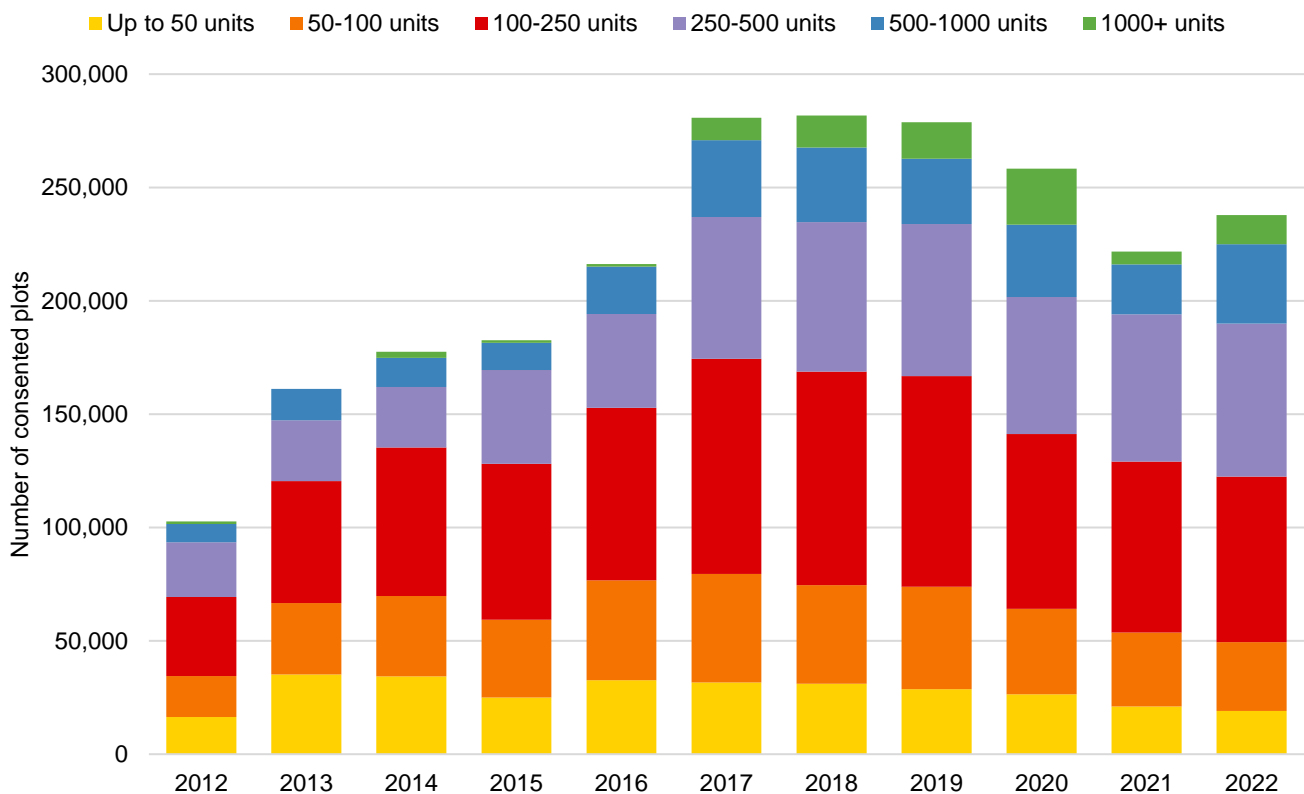


3.2. Consents across the whole housebuilding industry

This section expands the analysis of consents controlled by the major housebuilders to look at the whole housebuilding industry and the total flow of consents coming through the planning system. Is the challenge experienced by the bigger players replicated across the whole market?

The chart below shows that broadly the major housebuilders experience with planning consents has been in line with the wider market. The slightly longer data series in the chart below shows how quickly the number of consented homes increased from 2012 until 2017 before stabilising and then falling back in 2021 and 2022. Most of the expansion has come from larger sites gaining consent, with the number of plots on sites under 100 homes gaining consent largely stable between 2013 and 2020 before falling in 2021 and 2022. The number of plots on sites under 100 homes gaining consent in 2022 was at its lowest level for a decade.

Figure 19 – Number of consented plots across England, by site size



Source: Savills Research, Glenigan.

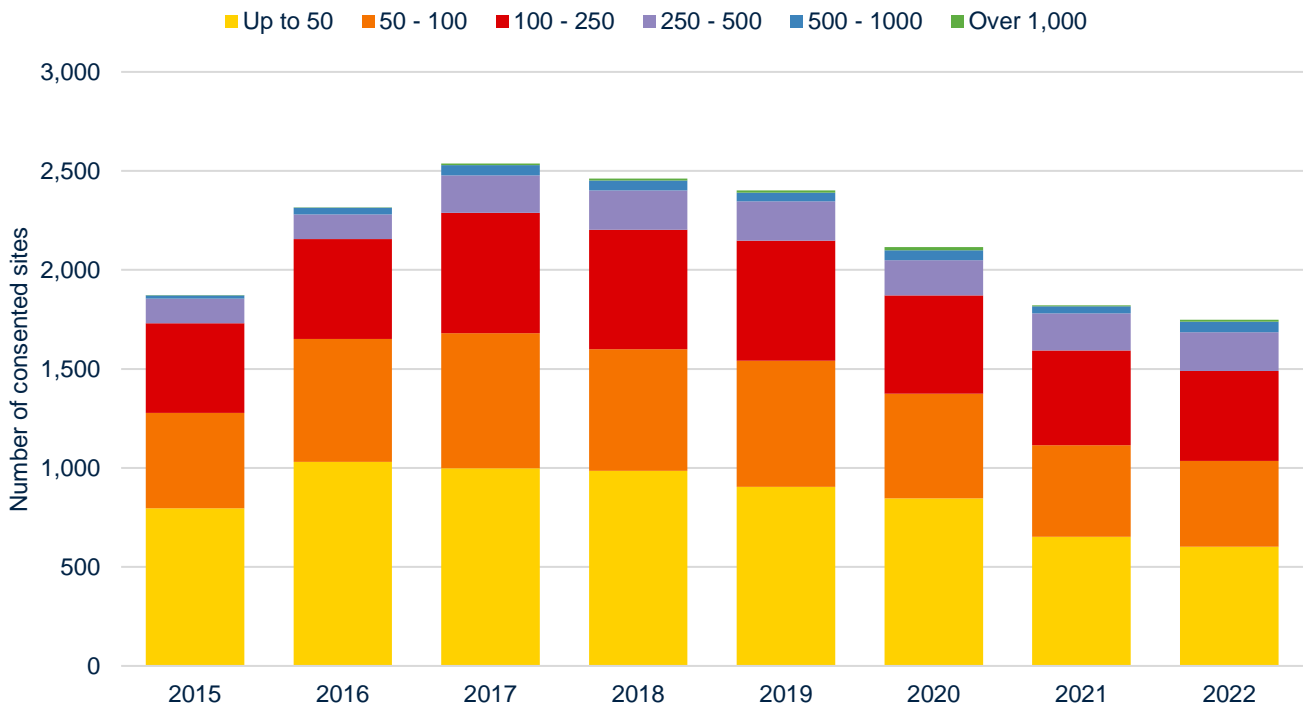
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The data on number of sites is only available from 2015, but clearly shows the fall in the number of sites has been greater than the fall in the number of consented plots over the last three years. Indeed the number of sites being consented in England has fallen every year since 2017. The number of consented plots was 15% lower in 2022 compared to 2017, while the number of consented sites was 31% lower. The fall in the number of sites with fewer than 100 plots was greater still, 38% down in 2022 compared to 2017.

Figure 20 – Number and size of consented sites across England



Source: Savills Research, Glenigan

As a general principle, residential development sites typically have capacity to support one sales outlet each. This may increase to two or more outlets in certain circumstances, with much larger sites delivering a diverse range of property types more likely to support a larger number of outlets.

Our analysis of a selected sample of major housebuilders supports this concept, with sites gaining full consent and sales outlets reflecting each other at approximately a 1:1 ratio. Similarly, our analysis found that exceptionally large or diverse residential projects were able to support a greater number of outlets. So the number of residential sites gaining consent across England is a reasonable proxy for the expected number of outlets. Fewer sites gaining consent in recent years, as highlighted above, will result in fewer sales outlets across the country. Our evidence suggests that this was as low as 1,748 sites in 2022.

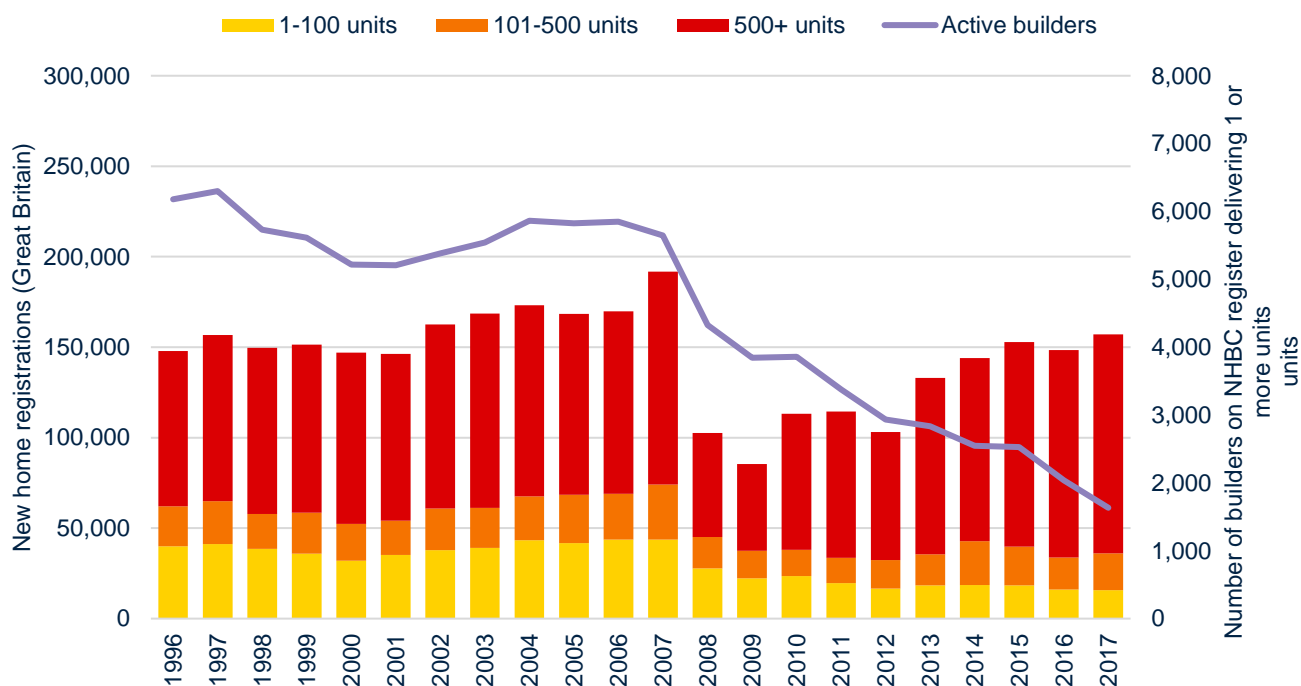
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The lack of sites and particularly the lack of small sites is a major barrier to growth in the housebuilding industry, with fewer outlets reducing the opportunities for SME housebuilders, housing associations and new entrants to the market. The chart below shows the NHBC records for active housebuilders alongside the number of new homes registrations by size of builder. This illustrates the rapid and sustained fall in the number of active builders since the GFC, and also the lack of any recovery in registrations by smaller housebuilders. The HBF estimated that SMEs comprised an annual average of 39% of new build delivery before 1990, falling to just 12% in 2017¹. It is likely that this trend has been driven at least in part by the lack of smaller sites and outlets provided by the planning system, alongside a more challenging lending environment for smaller developers.

Figure 21 – Number of new home registrations across Great Britain by size of housebuilder



Source: Savills Research, NHBC

The demise of smaller housebuilders has been repeatedly regretted by ministers and government policy has aimed to reverse the trend. A key conclusion of the 2018 Letwin Review was that the homogeneity of development was the key barrier to increasing housing delivery. Homes England has focused on supporting smaller developers. The £3 billion Home Building Fund was launched in 2017 to offer flexible funding to developers who could not otherwise access lending, and in 2018 further support was offered with the launch of a £1 billion loan financing fund.

SMEs had been able to compete more effectively in the land market than in the years immediately following the GFC, although Savills land agents were reporting in early 2022 that rising build costs are leading these businesses to become more cautious. Unlike the major housebuilders, who have revolving debt facilities with the banks, SMEs rely on project by project funding. With the recent market turmoil and increased cost of debt, lenders have had stricter margin requirements and borrowing has become a lot more expensive, causing many SMEs to pause their land buying activities and focus on building out their existing sites for the moment.

¹ Home Builders Federation, Reversing the decline of small housebuilders, 2017

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Therefore although there is intent to support SME housebuilders, they face many challenges and are unable to significantly increase their output or expand the number of sites they buy and develop in many cases.

The lack of small sites coming through the planning system and the lack of any recovery in SME housebuilders may be self-reinforcing. Fewer SME builders may be promoting fewer smaller sites through the planning system. While the lack of small sites coming through the planning system may also create fewer opportunities for SMEs to secure sites on which to build. There is an opportunity for the planning system to actively bring forward more smaller sites to increase the opportunities for SME builders and new entrants.

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4. What sales rates to expect in the future?

The previous two sections show a challenging prospect for future housing delivery. On the demand side, weaker housing market conditions and the absence of Help to Buy has already cut the number of sales of new homes. On the supply side, the number of housebuilder outlets is falling and the planning system is delivering ever larger sites into the market, which will reduce the number of new homes available for sale.

This section looks at what it would be reasonable to assume the sales rate should be for outlets over the next five years, against the context of our forecasts for the wider housing market, an assessment of Help to Buy and the potential of Deposit Unlock.

Our analysis suggests that sales rates per outlet are likely to remain at between 0.5 and 0.6. The lower end of this range is likely to persist until housing market conditions stabilise. The higher end of the range is likely to be reliant on the success of replacement schemes for Help to Buy, particularly Deposit Unlock.

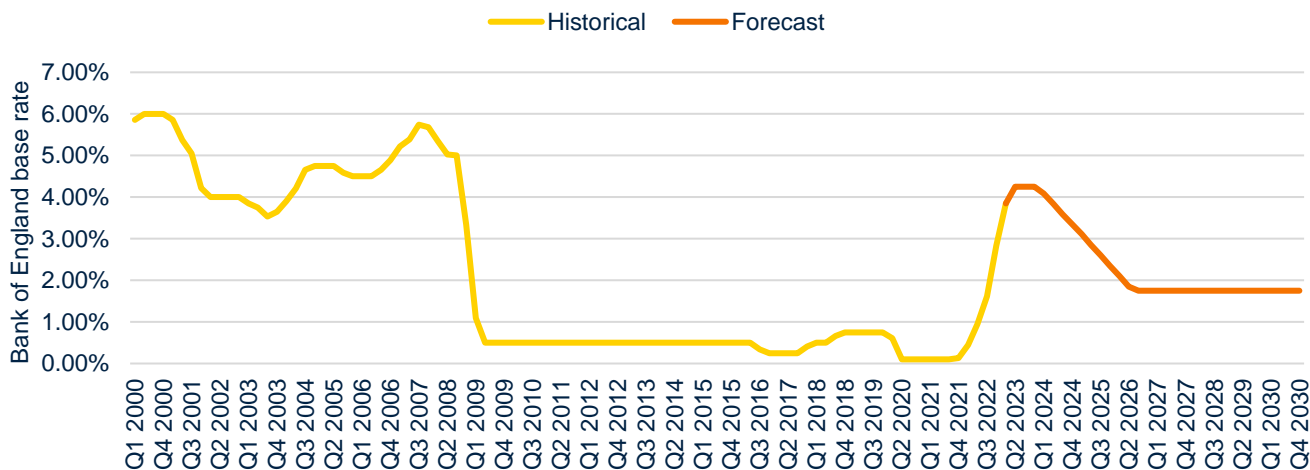
We do not think it is likely that sales rates per outlet will recover to the 0.67 sales per outlet level seen before the GFC or the 0.73 between 2015 and 2021. Underlying housing market activity levels are not expected to recover to pre-GFC levels and it is not envisaged that a support scheme with the same impact as Help to Buy will become available.

The number of outlets has already been falling for several years and is likely to fall further as fewer sites gain planning consent. Alongside a lower sales rate, this will result in substantially lower numbers of new homes sales over the coming years. The combination of these factors makes it very unlikely that the Government can achieve its target for 300,000 new homes per year by the middle of the decade.

4.1. Forecasts for the housing market

The new homes market is strongly linked with the wider housing market. The current downturn was initiated by the sudden rise in the cost of mortgage lending, following the mini-budget in September 2022. Oxford Economics forecast that the Bank of England base rate will peak early in 2023 and then fall back, reaching a long term equilibrium rate of 1.75% by 2026. Whilst much lower than the current rate, this is still substantially higher than the low interest rates that have supported the housing market since the GFC. The combination of higher mortgage interest rates and a higher cost of living has substantially reduced buyer budgets.

Figure 22 – Bank of England base rate since 2000 and Oxford Economics forecast



Source: Oxford Economics, 17th February 2023

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The importance of sales outlets in a market without Help to Buy



The outlook for the wider economy is also weak, with most forecasters expecting a shallow recession this year. The outlook for employment is more positive, however, and it is not expected that employment will rise sufficiently to cause widespread distress in the housing market and forced sales.

We therefore expect house prices to fall by around 10% in 2023, before stabilising in 2024 and rising again from 2025 as interest rates fall and reduce the cost of borrowing.

Table 2 – UK house price forecast

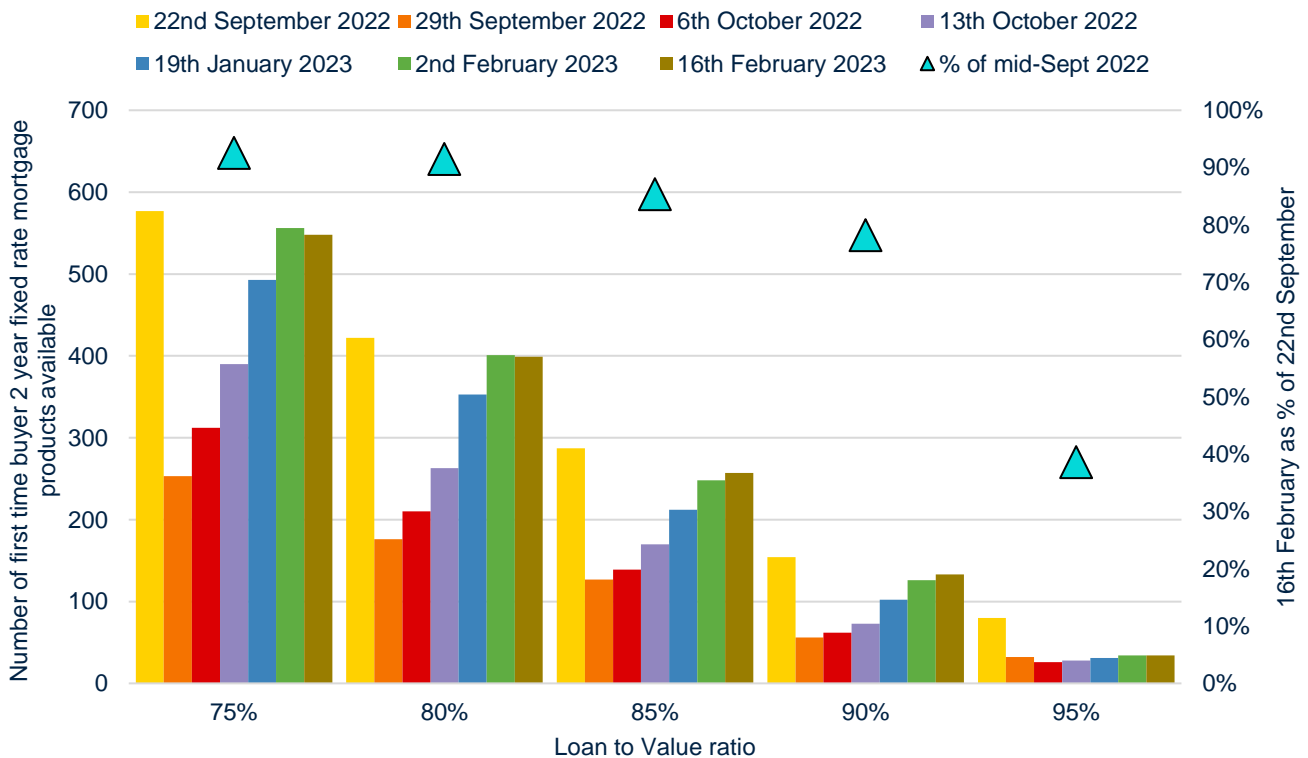
	2023	2024	2025	2026	2027	2023-27
UK house price forecast	-10.0%	1.0%	3.5%	7.0%	5.5%	6.2%

Source: Savills Research, published November 2022

Although pricing is important for new homes sales and house price growth tends to be aligned with confidence in the market, it is the level of market activity and sales volumes that matter most.

Mortgage availability was hit hard by the sudden change in financial markets that followed the mini-budget and has not yet fully recovered. Higher loan to value mortgages were most affected and have been slowest to recover. These mortgages are most helpful for first time buyers, particularly in the absence of Help to Buy.

Figure 23 – Mortgage availability compared to immediately before the mini-budget in September 2022



Source: Savills using Moneyfacts

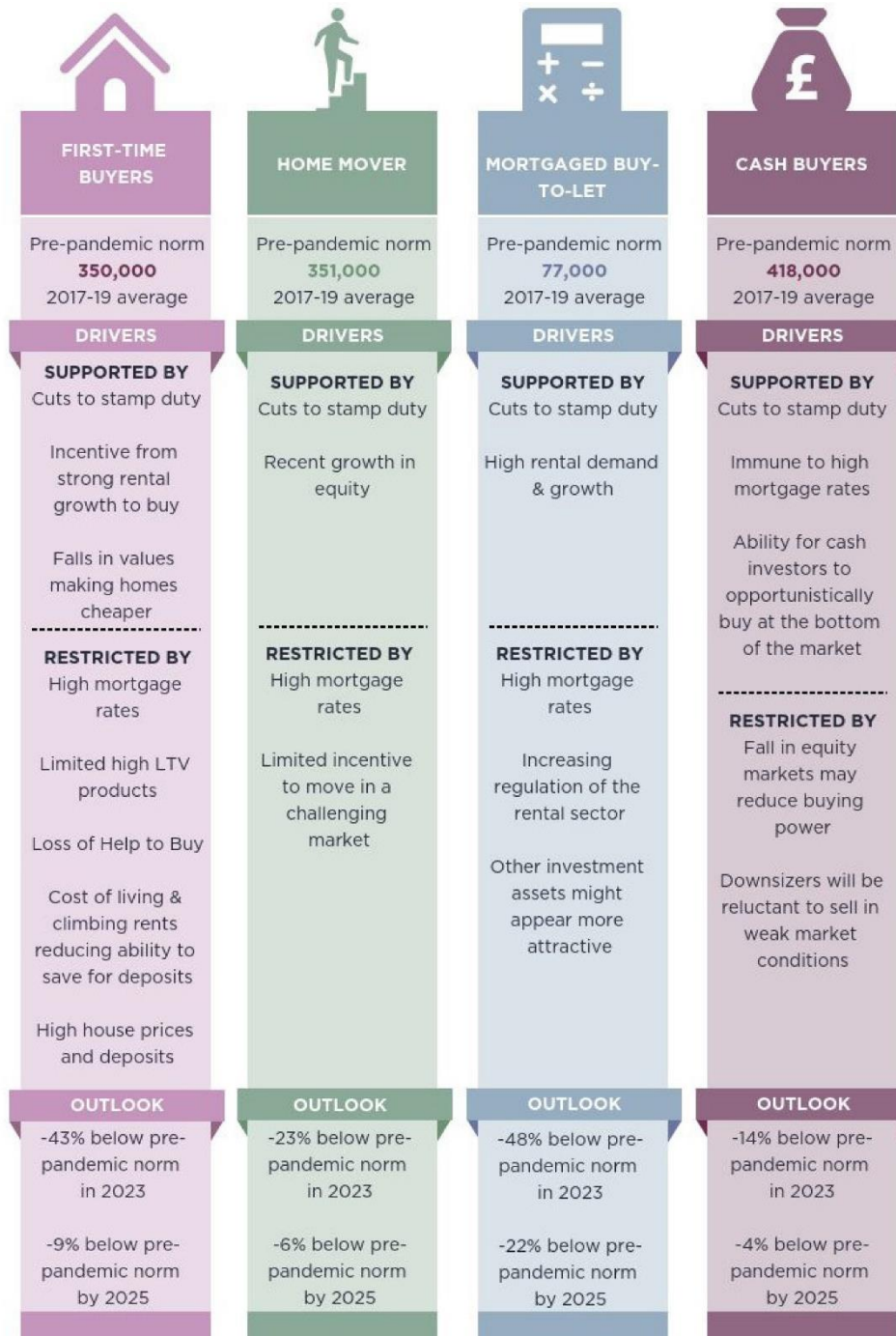
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We therefore expect the number of sales in the housing market to fall sharply in 2023 before recovering to a level slightly below pre-pandemic numbers. Recovery will then vary according to buyer type, with cash-buyers and home movers the first to recover, followed by first time buyers and mortgaged buy-to-let investors. Looking longer term, we expect activity to plateau at around 1.1m transactions a year. This is slightly lower than the pre-Covid figure of about 1.2m, due to the higher underlying interest rate environment, with buyers weighted towards more affluent households even after a correction in values.

Figure 24 – Market drivers by buyer type



Source: Savills Research, published November 2022

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The importance of sales outlets in a market without Help to Buy



Table 3 – UK transactions forecast

	2022	2023	2024	2025	2026	2027
Total transactions	1,060,000	870,000	1,000,000	1,110,000	1,110,000	1,110,000
First time buyers	310,000	200,000	250,000	320,000	320,000	320,000
Home movers	290,000	270,000	300,000	330,000	330,000	330,000
Mortgaged buy-to-let	90,000	40,000	50,000	60,000	60,000	60,000
Cash buyers	420,000	360,000	400,000	400,000	400,000	400,000

Source: Savills Research, published November 2022

4.2. How important was Help to Buy?

The Government has so far been clear that there will be no extension or replacement for Help to Buy. This leaves a very substantial gap in demand support for new homes sales, which so far does not have a clear replacement.

We estimate that Help to Buy accounted for around half of all house purchases by buyers with up to a 10% deposit since its inception. Just over half of Help to Buy users (54%) have used only a 5% deposit and a further 24% used up to a 10% deposit. Two thirds of these buyers would find it very difficult to make the same purchase without Help to Buy or a similar scheme to help them overcome the deposit barrier.

Bank of England analysis of the first four years of Help to Buy looked at loan to income multiples as well as deposits. Of those buyers with a deposit of 10% or more, only one third of them would be able to obtain a mortgage without breaching the 4.5 income multiple barrier. Combining consideration of both income and deposit, the Bank of England analysis suggests that only between 10 and 15% of Help to Buy users would be able to make the same purchase without Help to Buy.

This estimate appears to conflict with the findings of the Government commissioned evaluation of Help to Buy, published in 2017. It found that 45% of Help to Buy users could have afforded to buy the property they wanted or the property they actually bought without using the scheme. This was based on a survey of 1,500 users of the scheme, conducted by Ipsos Mori.

This could be right if those Help to Buy users have substantial savings that they could have used for their deposit, but chose not to. Since house prices have risen consistently across most of the country since 2013, this would be an unusual choice. The equity loan remains a proportion of the property value, so if prices are going up, the cash value of the equity loan also increases, whereas returns on cash savings have been very low.

It is possible that respondents to the survey thought they would have used an alternative scheme to buy their chosen home, if Help to Buy hadn't been available. Shared Ownership would have been an option for many, but volumes are limited by the amount of grant funding available through the Affordable Homes Programmes and number of homes delivered through Section 106.

This suggests that Help to Buy has been a very important contributor to new homes demand and the withdrawal of the scheme will result in a significant decrease in demand for new homes, which will in turn have an impact on sales rates.

4.3. Deposit Unlock

Deposit Unlock may act as a partial replacement for Help to Buy. The scheme enables buyers to acquire new homes with only a 5% deposit, thereby replicating one of the key selling points of Help to Buy. This scheme means that buying a new home will be much easier than purchasing an existing home for those with a 5% deposit, so new build will retain some of the competitive advantage that Help to Buy bestowed.

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Mortgage lenders are protected by a mortgage guarantee funded by the housebuilder that covers 35% of the property value. This is done in the background so, as far as they buyer in concerned, their loan is a standard mortgage product.

The buyer must however borrow the remaining property value and the challenge will be avoiding the 4.5x loan to income multiple cap. The Bank of England's analysis of Help to Buy users suggests 46% of them could have made the same purchase at 95% LTV without falling foul of the loan to income cap. This scheme may have the potential to help that substantial proportion of Help to Buy users to continue buying new homes.

At time of writing, 39 builders had signed up to the scheme alongside three lenders.

Higher interest rates do present a challenge for Deposit Unlock and may limit take-up over the next 12-24 months, but the scheme's potential to lift the deposit barrier to home ownership is likely to be compelling for many buyers who would previously have used Help to Buy.

4.4. Future sales rate scenarios

Market conditions are likely to make sales harder over the short term and have already cut sales rates per outlet per week to only 0.3 during the last few months of 2022. Early reports from January 2023 suggest that more stable mortgage market conditions have already enabled sales rates to recover to around 0.5.

We think sales rates will increase from this low, but are unlikely to recover to the 0.67 sales per outlet per week level seen before the GFC or the 0.73 between 2015 and 2021. Underlying housing market activity levels are not expected to recover to pre-GFC levels and, without schemes to lend new homes a competitive advantage over second hand alternatives, this lower level of sales activity is likely to translate across to the new homes sales market too.

What is therefore a reasonable assumption for future sales rates?

If we assume that around 20% of Help to Buy users would have been able to buy without the scheme (a proportion between the two analyses referenced above, but closer to that derived from the Bank of England analysis), then there would be a been around 110,000 new homes sales per year between 2015/16 and 2019/20. This would have been 24% down on the 145,000 new homes sales that actually took place, supported by Help to Buy.

Applying this reduction to the average sales rate per outlet suggests that in the absence of Help to Buy, in the same wider market conditions that existed during the late 2010s, the average sales rate per outlet per week would have been approximately 0.55.

This assumes there are no replacement schemes for Help to Buy. But it is likely that with strong take-up and in a more stable interest rate environment, Deposit Unlock could allow 40% of people who would have used Help to Buy to purchase a new home. If Deposit Unlock was used more widely, therefore, it would imply an average sales rate per outlet per week of 0.6 could be achieved, based on the same logic as above.

It is important to note that these sales rates are broad averages for a wide range of sites across the country. Within this average there is likely to be wide variation, not only between housebuilders (see Figure 1), but also between sites depending on local market conditions, product mix, competition from other sites, etc..

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5. Summary and Recommendations

Housebuilders have enjoyed strong and consistent sales rates over the past decade, boosted in part by Help to Buy, which has driven demand for new homes over and above historic trends. But Government support for new home sales has allowed underlying structural issues to develop across the residential development market. And as a result, the market has been able to grow and maintain delivery levels by operating across larger consented sites, fewer sales outlets and fewer active players.

The end of Help to Buy, and the increasing costs of mortgage debt, mean significantly less consumer buying power, weaker market conditions, and lower sales rates anticipated in the immediate future. As sales rates slow, the existing environment will make it difficult to deliver homes at speed and scale, meaning an overall reduction in the capacity for new home sales and delivery across England over the next decade.

5.1. Sales rates

Major housebuilders have seen an upward trend in sales rates over the past 10 years. A typical rate of 0.7 sales per outlet per week was not unusual amongst the top housebuilders prior to the GFC, and this rate of delivery has been met and exceeded in recent years, with average sales rates reaching an average of 0.8 in 2021/2.

This growth in sales rates was supported by relatively favourable market conditions, with low interest rates allowing greater accessibility of mortgage debt. When combined with the Government's Help to Buy scheme, and stamp duty land tax relief offered to various buyer types across the decade, home ownership, especially through buying a new home, became a more attractive and attainable prospect for many.

Assuming there is no Help to Buy replacement, the current weaker market conditions will reduce the capacity for prospective buyers to access the market, resulting in downward pressure on sales rates that will endure beyond the recent market turmoil. This presents a significant problem when considered alongside the decline in sales outlets recorded in recent history.

5.2. Consents and outlets

Over the past five years, the number of homes gaining full planning consent has remained consistent, at around 300,000 plots per annum across England. At the same time, the number of sites gaining permission has steadily declined, representing a trend towards larger sites achieving planning consent. Most residential sites (except the largest sites) can support one sales outlet each, and a reduced supply of consented sites means a reduced supply of available outlets.

The lack of sites and particularly the lack of smaller sites is also a problem for SME housebuilders. SME developers face a number of challenges in delivering new homes, including access to finance, navigating a complex and costly planning system, and less capacity to address increasing build costs through the economies of scale that benefit larger housebuilders. Above all, SME developers are finding it increasingly difficult to compete in the land bidding process, particularly against larger housebuilders and on a smaller pool of available sites. The 'lack of available and viable land' was the most cited constraint on SME housebuilders ability to build more homes in the 2022 Federation of Master Builders Survey.

Finally, the lack of sites also presents a barrier to any potential new entrants to the market. This has a negative impact on diversity of the range of homes that can be delivered, and therefore absorbed by the market. This places further downwards pressure on sales rates for new homes.

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5.3. The future of new homes delivery

Weaker market conditions will result in a lower sales rates, with our analysis indicating a rate of between 0.5 and 0.6 sales per outlet per week. This range, and particularly the lower end of this range, will continue until we see an improvement in housing market conditions. Higher rates could be achieved with the successful emergence of a support scheme that replaces some of the features of Help to Buy, such as Deposit Unlock.

The issues of low sales rates is compounded by the trend towards an ever diminishing supply of available sales outlets. A restrictive planning system will exacerbate this issue, with fewer sites expected to gain consent over the coming years. Lower sales rates, fewer sales outlets and the reduction in active parties delivering new homes will mean a substantial reduction in new home delivery. As a result, the Government's target for 300,000 homes per annum by the mid-2020s appears very unlikely.

Even if the number of outlets remained constant at 2021/2 levels, a sales rate of 0.5 would reduce the annual number of new homes sales from 145,000 to 90,000. If a sales rate of 0.6 per outlet per week can be achieved, this would result in a total of 110,000 new homes sales from the same number of outlets.

5.4. Recommendations

Many of the barriers to new home delivery discussed in this report are a result of entrenched issues related to the dynamic between land supply and housebuilders. In order to reverse the impact on future delivery of new homes, these issues need addressing at their core, and the following recommendations aim to achieve this.

1. Local planning authorities (LPAs) need to recognise changed market conditions

The production of Annual Monitoring Reports (AMR), typically around April each year, represents a key opportunity to LPAs to reappraise land supply within their administrative boundaries. LPAs need to recognise the substantial reduction in sales rates that has emerged over recent months and make an assessment of the likely future sales rates that are not based on a continuation of the past. This report gives our view on what the average rate of sale is likely to be and adopting this would lead to LPAs bringing forward more sites that allow housebuilders to open more outlets. Only by doing this will we maintain and increase housing delivery volumes.

2. The planning system should actively promote diversity in the delivery of new homes

The Letwin Review² showed that diversity in the size, type and tenure of homes was central to ensuring the strongest rates of new home delivery on large sites in areas of high housing need. Diversity of product will be paramount to maintaining levels of supply in the weaker housing market conditions expected over the next few years and in the absence of Help to Buy. Revisions to the NPPF therefore need to support a greater variation in the sizes and types of sites gaining consent. In turn this will allow an increased pool of developers to build a wider range of homes across different locations.

3. The planning system should actively create opportunities for SMEs and new entrants

The sustained fall in the number of smaller sites gaining consent is a major barrier to SME growth and new entrants to the housebuilding market. Changes to the NPPF should empower LPAs to actively create opportunities for smaller builders and new entrants in their areas through the allocation of smaller sites. This would support the wider Government agenda to reverse the decline in SME builders and increase competition in the housebuilding sector.

²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/752124/Letwin_review_web_version.pdf

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Important Note

Finally, in accordance with our normal practice, we would state that this report is for general informative purposes only and does not constitute a formal valuation, appraisal or recommendation. It is only for the use of the persons to whom it is addressed and no responsibility can be accepted to any third party for the whole or any part of its contents. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent, which will not be unreasonably withheld.

Our findings are based on the assumptions given. As is customary with market studies, our findings should be regarded as valid for a limited period of time and should be subject to examination at regular intervals.

Whilst every effort has been made to ensure that the data contained in it is correct, no responsibility can be taken for omissions or erroneous data provided by a third party or due to information being unavailable or inaccessible during the research period. The estimates and conclusions contained in this report have been conscientiously prepared in the light of our experience in the property market and information that we were able to collect, but their accuracy is in no way guaranteed.