Ministry of Housing, Communities & Local Government

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To: Housing Industry Stakeholders

30 July 2024

Building the homes we need

Today, the Deputy Prime Minister set out to the House of Commons this Government's plan to build the homes this country needs.

Planning reform

The Government has been clear that the only route to improving the prosperity of our country and the living standards of working people is through sustained economic growth. We have also been clear that this will not happen without radical and decisive reform to our planning system, and reversing the decline in social and affordable housing.

That is why today the Government has launched a consultation on proposed reforms to the National Planning Policy Framework (NPPF), detailed wider changes to the planning system, and announced new flexibilities for councils and housing associations. Recognising the urgency of these reforms, the Government will publish a response to the consultation and a revised NPPF in the autumn, so that policy changes can take effect as soon as possible – alongside taking further action on social and affordable housing.

The consultation on the NPPF and other changes to the planning system is open for eight weeks. I strongly encourage you to submit a response by the deadline. The proposals it sets out speak to concerns that many of you have raised directly with me: that instead of supporting sustainable growth, the planning system presents a barrier to high-quality development, failing to tackle a housing crisis which is crippling the aspirations of young people and leaves some of the most vulnerable without access to a safe and secure home. We said during the campaign that we would not duck the tough choices – I hope you will agree that today we are delivering on that promise by getting on with fixing the foundations of our housing system.

Housing targets

We cannot meet our housing needs without identifying enough land through local plans. We are therefore reversing last year's changes which loosened the requirement for local authorities to

plan for and meet their housing needs and mandating that the standard method is used as the basis for determining local authorities' housing requirements in all circumstances.

Under these changes, local authorities will be able to justify a lower housing requirement than the standard method figure only on the basis of hard constraints, such as flood risk areas. They will need to demonstrate to the Planning Inspectorate that they have taken all possible steps – including optimising density, sharing need with neighbouring authorities and (as I will come onto explain) reviewing Green Belt boundaries – before a lower housing requirement will be considered.

In keeping with the scale of our ambition, we are going further and revising the existing standard method, raising the overall level of these targets from around 300,000 to approximately 370,000. The new method provides a stable and balanced approach. It requires local authorities to plan for numbers of homes that are proportionate to the size of existing communities, by taking 0.8 per cent of existing stock as a floor, which is broadly consistent with the average rate of housing growth over recent years; and it then incorporates an uplift based on how out of step house prices are with local incomes, using an affordability multiplier of 0.6 per cent, up from 0.25 per cent in the previous method. The new method drives a distribution of numbers that matches our ambition to drive growth across all corners of the country.

Along with the new method, the wider reversals we are making to last December's planning changes will have the effect of bringing more authorities under 'the presumption' in favour of sustainable development. Given the scale of the housing crisis, we must allow development to come forward where local plans lag behind local needs, but we are clear that this cannot mean lower standards. We are setting out new safeguards that mean that schemes that rely on the presumption to secure approval will meet the high standards we expect of all development.

Green Belt and grey belt

The Government is clear that we must take a brownfield first approach, and the consultation seeks views on proposals to support such development. This includes broadening the existing definition of brownfield land and setting a strengthened expectation that applications on brownfield land will be approved. However, brownfield development alone will not be enough to meet our housing needs, which is why we are consulting on changes that would see councils required to review boundaries and release Green Belt land where necessary to meet unmet housing or commercial need.

I want to be clear that this Government is committed to protecting nature. That is why land safeguarded for environmental reasons will maintain its existing protections. But we know that large parts of the Green Belt have little ecological value and are inaccessible to the public, and that the development that happens under the existing framework can be haphazard – too often lacking the affordable homes and wider infrastructure that communities need. Meanwhile, low quality parts of the Green Belt, like disused car parks and industrial estates, remain undeveloped.

We will therefore ask local authorities to prioritise sustainable development on previously developed land and other low quality 'grey belt' sites, before looking to other sustainable locations

for meeting this need. We are defining grey belt land through reference to the specific reasons for which the Green Belt exists, so that it captures sites that are making a limited contribution to the Green Belt's purposes, with additional guidance set out in the consultation.

We want decisions on where to release land to remain locally led, as we believe that local authorities are in the best position to judge what land within current Green Belt boundaries will be most suitable for development. But we also want to ensure enough land is identified in the planning system to meet housing and commercial need, and so we have proposed a clear route to bringing forward schemes on 'grey belt' land outside the plan process where delivery falls short of need.

To make sure development on the Green Belt truly benefits your communities, we are also establishing firm golden rules, with a target of at least 50% of the homes onsite being affordable, and a requirement that all developments are supported by the infrastructure needed – including GP surgeries, schools and transport links – as well as greater provision of accessible green space.

Social and affordable housing

Although increasing supply will be an essential part of improving affordability, we must also go further in building a greater share of genuinely affordable homes. This is vital to help local authorities manage local pressures, including tackling and preventing homelessness.

We are therefore proposing a number of changes in planning policy designed to support the delivery of affordable homes. It is also evident that mixed use sites, which can comprise a variety of ownership and rental tenures including rented affordable housing and build to rent, provide a range of benefits – creating diverse communities and supporting timely build out rates. Our changes today mean that local authorities will need to take a positive approach to mixed tenure sites through both plans and decisions.

Alongside our reforms to the planning system, the Government has today confirmed a range of new flexibilities for councils and housing associations, with more to follow in the coming months.

Within the current Affordable Homes Programme, we know that particularly outside London, almost all of the funding for the 2021-2026 programme is contractually committed. The Deputy Prime Minister has confirmed that the Government will press Homes England and the Greater London Authority to maximise the number of Social Rent homes in allocating the remaining funding in the current Affordable Homes Programme.

In addition to this, she has confirmed that we will also bring forward details of future Government investment in social and affordable housing at the Spending Review, so that social housing providers can plan for the future and help deliver the biggest increase in affordable housebuilding in a generation. We will work with Mayors and local areas to consider how funding can be used in their areas and support devolution and local growth.

The Deputy Prime Minister has also confirmed that the Local Authority Housing Fund (LAHF) 3 will be going ahead, with £450 million provided to councils to acquire and create homes for families at risk of homelessness. This will create over 2,000 affordable homes for some of the most vulnerable families in society.

We recognise that councils and housing associations need support to build their capacity if they are to make a greater contribution to affordable housing supply. We will set out plans at the next fiscal event to give councils and housing associations the rent stability they need to be able to borrow and invest in both new and existing homes, while also ensuring that there are appropriate protections for both existing and future social housing tenants.

The Deputy prime Minister has announced three updates on the Right to Buy scheme, recognising that as we work to build more homes, we also need to do better at maintaining our existing stock:

- first, we have started to review the increased Right to Buy discounts introduced in 2012, and we will bring forward secondary legislation to implement changes in the autumn;
- second, we will review Right to Buy more widely, including looking at eligibility criteria and protections for new homes, bringing forward a consultation also in the autumn; and
- third, we are increasing the flexibilities that apply to how councils can use their Right to Buy receipts.

We have also confirmed that this Government will introduce Awaab's Law into the social rented sector. We will set out more detail and bring forward the secondary legislation to implement this in due course and we will bring forward more detail in the autumn on our plans to raise standards and strengthen resident voice.

Building infrastructure to grow the economy

Building more homes is fundamental to unlocking economic growth, but we must also build the critical infrastructure aligned with the Government's industrial strategy, future local growth plans, and commitment to zero carbon electricity generation by 2030.

First, the Government is determined to do more to support those sectors which will be the engine of the UK's economy in the years ahead. We will therefore change policy to make it easier to build growth-supporting infrastructure such as laboratories, gigafactories, data centres, electricity grid and the networks that support freight and logistics, and we are seeking views on whether we should expand the Nationally Significant Infrastructure Projects regime to include these types of projects.

Second, we are proposing to: boost the weight that planning policy gives to the benefits associated with renewables; bring larger scale onshore wind projects back into the Nationally Significant Infrastructure Projects regime; and change the threshold for solar development to reflect developments in solar technology.

Third, in recognition of the desperate need to renew our water infrastructure, we are testing whether to bring a broader definition of water infrastructure into the scope of the Nationally Significant Infrastructure Projects process.

Finally, recognising the role that planning plays in delivering the broader needs of communities, we are proposing a number of changes to support important public services infrastructure, including hospitals and educational facilities, a more progressive approach to transport planning, and promoting healthy communities.

Supporting local planning

Local plans must be at the centre of delivering these changes. They are the right way to plan for growth and environmental enhancement, ensuring local leaders and their communities come together to agree the future of their areas. Once in place, and kept up to date, local plans provide the stability and certainty that local people and developers want to see our planning system deliver. That is why the Government's goal is for universal coverage of local plans as quickly as possible.

We know that this is an ambitious goal: less than a third of local authorities currently have up-to-date plans. And so we are setting out a pragmatic approach to applying our reforms changes to plans already in progress.

- For plans at examination, this means allowing them to continue, although where there is a significant gap between the plan and the new local housing need figure, we will expect authorities to begin a plan immediately in the new system.

- For plans at an advanced stage of preparation (Regulation 19), it means allowing them to continue to examination unless there is a significant gap between the plan and the new local housing need figure, in which case we propose to ask authorities to rework their plans to take account of the higher figure.

- Areas at an earlier stage of plan development should prepare plans against the revised version of the National Planning Policy Framework and progress as quickly as possible.

This will delay the adoption of some plans, but the Government wants to balance keeping plans flowing to adoption with making sure they plan for sufficient housing. I also know that going back and increasing housing numbers will create additional work, which is why we will provide financial support to those authorities asked to do this. The Government is committed to taking action to ensure authorities have up-to-date local plans in place, supporting local democratic engagement with how, not if, necessary development should happen. While I hope the need will not arise, the Deputy Prime Minister will not hesitate to use her powers of intervention should it be necessary to drive progress – including taking over an authority's plan making directly. The consultation we have published today sets out corresponding proposals to amend the local plan intervention criteria.

We will also empower Inspectors to be able to take the tough decisions they need to at examination, by being clear that they should not be devoting significant time and energy during an examination to 'fix' a deficient plan – in turn allowing Inspectors to focus on those plans that are capable of being found sound and can be adopted quickly.

More broadly, the Government knows how important it will be to bolster capacity and capability in planning departments up and down the country. In addition to recruiting 300 new planning officers, we are therefore consulting on increasing fees for householder applications, which for too long have been held well below cost recovery levels, constraining planning departments in the process. Moving to a cost recovery level of £528 would still be low when compared to other professional fees associated with an application, and is estimated to represent less than 1 per cent of the average overall costs of carrying out a development, with homeowners also benefiting from a range of permitted development rights which allow them to improve and extend their homes without the need to apply for planning permission.

In the medium term, the Government wants to see planning services put on a more sustainable footing, which is why we are consulting on whether to use the Planning and Infrastructure Bill to allow local authorities to set their own fees, better reflecting local costs and reducing financial pressures on local authority budgets.

Strategic planning

We know however that whilst planning at the local authority level is critical, it is not enough to deliver the growth we want to see. That is why our manifesto was clear that housing need in England cannot be met without planning for growth on a larger than local scale, and that it will be necessary to introduce effective new mechanisms for cross-boundary strategic planning.

This will play a vital role in delivering sustainable growth and addressing key spatial issues – including meeting housing needs, delivering strategic infrastructure, building the economy, and improving climate resilience. Strategic planning will also be important in planning for local growth and Local Nature Recovery Strategies.

We will therefore take the steps necessary to enable universal coverage of strategic planning within this Parliament, which we will formalise in legislation. This model will support elected Mayors in overseeing the development and agreement of Spatial Development Strategies (SDSs) for their areas. The Government will also explore the most effective arrangements for developing SDSs outside of mayoral areas, in order that we can achieve universal coverage in England, recognising that we will need to consider both the appropriate geographies to use to cover functional economic areas, and the right democratic mechanisms for securing agreement.

Across all areas, these arrangements will encourage partnership working but we are determined to ensure that, whatever the circumstances, SDSs can be concluded and adopted. The Government will work with local leaders and the wider sector to consult on, develop and test these arrangements in the months ahead before legislation is introduced, including consideration of the capacity and capabilities needed such geospatial data and digital tools.

While this is the right approach in the medium-term, we do not want to wait where there are opportunities to make progress now. We are therefore also taking three immediate steps.

- First, in addition to the continued operation of the duty to cooperate in the current system, we are strengthening the position in the NPPF on cooperation between authorities, in order to ensure that the right engagement is occurring on the sharing of unmet housing need and other strategic issues where plans are being progressed in the short-term.

- Second, we will work in concert with Mayoral Combined Authorities to explore extending existing powers to develop an SDS.

- Third, we intend to identify priority groupings of other authorities where strategic planning – and in particular the sharing of housing need – would provide particular benefits, and engage directly with the authorities concerned to structure and support this cooperation, using powers of intervention as and where necessary.

Next phase of reform

As the Deputy Prime Minister set out to the House, these reforms are just a first step to deliver on our ambitious growth mission.

As announced in the King's Speech, we will introduce a Planning and Infrastructure Bill later in the first session. This will: modernise planning committees by introducing a national scheme of delegation that focuses their efforts on the applications that really matter, and places more trust in skilled professional planners to do the rest; enable local authorities to put their planning departments on a sustainable footing; further reform compulsory purchase compensation rules to ensure that what is paid to landowners is fair but not excessive; streamline the delivery process for critical infrastructure; and provide any necessary legal underpinning to ensure we can use development to fund nature recovery where currently both are stalled.

We will consult on the right approach to strategic planning, in particular how we structure arrangements outside of Mayoral Combined Authorities, considering both the right geographies and democratic mechanisms.

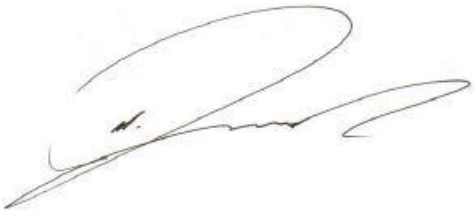
We will say more imminently about how we intend to deliver on our commitment to build a new generation of new towns. This will include large-scale new communities built on greenfield land and separated from other nearby settlements, but also a larger number of urban extensions and urban regeneration schemes that will work will the grain of development in any given area.

And because we know that the housing crisis cannot be fixed overnight, the Government will in the coming months publish a long-term housing strategy alongside the Spending Review which the Chancellor announced yesterday.

I know you recognise that all of us have a part to play in delivering the safe, high quality, and affordable homes and infrastructure our country needs. I welcome the industry's commitments today to work in partnership with the Government to deliver this historic housebuilding ambition.

I look forward to seeing faster delivery, more affordable housing, and increased investment in training as well as fair, secure work for all. I look forward to receiving your consultation responses and working together going forwards.

Yours sincerely,



Matthew Pennycook MP
Minister of State