

**Land, Planning and Development  
Federation's response to:**

**Proposed reforms to the NPPF and  
other changes to the planning  
system consultation**

**LPDF**

**September 2024**



## Introduction

Thank you for consulting the Land, Planning and Development Federation (LPDF) on the 'proposed reforms to the National Planning Policy Framework (NPPF) and other changes to the planning system.' The LPDF welcomes this consultation and the need for reform to the planning system. The Federation also recognise and applaud the Government in getting to the point of consultation so expediently after the general election, in direct recognition of the need to make the necessary reforms and get Britain building again.

The general direction of travel displayed by the changes proposed to the NPPF is very positive and is supported by the Federation. The Government's recognition that economic growth is the only route to improving the prosperity of this country is critical and ensuring the planning system is set up to deliver this growth in an effective and efficient way is fundamental to the Government's aims of increasing economic growth, commercial development and delivering 1.5 million new homes in the next 5 years, as well as significantly increasing the delivery of affordable housing.

The proposals set out in the consultation go a long way to reforming the planning system to deliver these aims. However, we believe that through greater emphasis, clarity and additional changes not initially proposed in the consultation, it would truly ensure that national policy is successful in its stated goals, delivering the economic growth, new homes, affordable homes and commercial development that this country desperately needs.

## About the LPDF

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

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

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

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

Our key values include:

- Working in a positive and cooperative way with central and local Government and key stakeholders, to deliver a planning system capable of supplying the homes and employment space we need.
- Promoting research and an evidence-led approach to policy development.
- Increasing the supply of new homes to meet demand and make home ownership a realistic possibility for all those who aspire to it.
- Ensuring that we build the affordable homes of all types and tenures that this country so desperately needs.

- Delivering new employment space to meet demand from businesses and support economic growth.
- Championing the impact of increased housing delivery on reducing intergenerational unfairness.
- Creating well designed, high quality and sustainable places to live and work.
- Educating and informing about the social, environmental and economic benefits of development.
- Supporting diversity of delivery in the market and championing SME developers.
- Promoting diversity and inclusivity within the sector.

## Overview

The LPDF strongly supports the stated objectives of the NPPF consultation and the drive to deliver significant housing and economic growth, alongside increasing the delivery of affordable housing, which provides the rationale for many of the changes proposed. The Federation is firmly of the view that targeted reforms, including a number of those set out within the consultation document, can have a huge impact on housing delivery and will help to unlock economic growth. The development sector is a keen and willing partner for Government in the drive to achieve these aims, and we stand ready to deliver against these new objectives.

It must be recognised that overhauling current planning policy is just the starting point for enabling a step change in delivery to occur. The system at present is at a low point, with recent research from the Home Builders Federation (HBF)<sup>1</sup> showing that in the year to March 2024, we saw the fewest new housing sites consented than during any 12-month period since the data collection began in 2006. Therefore, Local Planning Authorities (LPAs) and statutory consultees must be fully resourced, with the right skills and levels of funding to ensure, that the policies which are set out in the new NPPF can be implemented effectively and efficiently, in order to achieve the Government's overall aims.

The LPDF's response to this consultation is strongly positive overall, with a high degree of support provided to many of the changes set out within the document where we feel these will help to get Britain building. However, we have also made some positive / constructive suggestions for additional wording changes MHCLG should make to certain parts of the policy text, where we feel these would; (i) provide necessary additional clarity, (ii) ensure an internal consistency of approach within the Framework, and (iii) where additional changes to the NPPF would help to ensure the delivery of housing, affordable homes, commercial development and economic growth within the next 5 years. The areas that are of particular concern within the draft consultation NPPF, where we feel that the changes as proposed would severely limit the Government's ability to deliver the significant economic growth and its aspirations for 1.5 million new homes in this Parliament, relate to the transitional arrangements and the introduction of a Benchmark Land Value (BLV). For clarity, proposed new wording within the NPPF will be highlighted in **bold and underlined** within the text below and are set out in full in **Appendix 1**.

The LPDF will also highlight certain areas where we believe there to be missed opportunities which could be tackled by the Government in this version of the NPPF, to further enhance the supply of planning consents and to help to achieve the Government's aims more effectively. The Government should carefully consider these omissions through this and future versions of the NPPF as well as through forthcoming changes to the Planning Practice Guidance (PPG) or National Development Management Policies (NDMPs). In order for the new Framework to work effectively, changes would also need to be made to the PPG immediately upon its adoption to ensure that there is a consistent approach to the implementation of the new policy.

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<sup>1</sup> [Lowest planning permissions on record show challenge new Government faces \(hbf.co.uk\)](https://www.hbf.co.uk/news/latest-news/lowest-planning-permissions-on-record-show-challenge-new-government-faces)

The LPDF are keen to work with the Government and MHCLG to ensure that these reforms to the planning system are effective at delivering growth, and specifically to ensure that growth occurs in the short to medium term. Furthermore, we are keen to ensure that there is greater clarity and certainty for all those interacting with the planning system and that lengthy delays due to litigation (in respect of individual decisions and plans) are kept to a minimum.

### **Chapter 3 – Planning for the homes we need.**

#### **Question 1: Do you agree that we should reverse the December 2023 changes made to paragraph 61?**

**Yes** – The majority of the changes made to the NPPF in December 2023 were negative in nature and had a significant adverse impact on the operation of the planning system and on the delivery of economic growth, new homes and commercial development. If the Government wants to reverse the impact of these changes to achieve its ambitions in the next 5 years, then the pathways to delivery need to be as clear and unambiguous as possible. LPAs should be delivering significant economic growth and meeting their identified housing needs in full for the benefit of all their residents, as well as for the benefit of the country as a whole.

#### **Question 2: Do you agree that we should remove reference to the use of alternative approaches to assessing housing need in paragraph 61 and the glossary of the NPPF?**

**Yes** – The use of the Standard Method (SM) should be clear, unambiguous and applicable to all LPAs to ensure there is a level playing field for all authorities. It is essential, if the Government is to achieve its ambition of delivering 1.5 million homes in the next 5 years, that all areas contribute proportionately to achieving this aim.

#### **Question 3: Do you agree that we should reverse the December 2023 changes made on the urban uplift by deleting paragraph 62?**

**Yes** – The urban uplift was an arbitrary figure (35%) which did not relate to housing need and was not tested as to its deliverability. Many of the urban areas where the uplift applied could not deliver the additional homes required under this requirement and therefore, the overall housing target for the country could not be delivered as a whole. As each of these areas had to deliver their housing requirement plus the urban uplift, without exporting any unmet need to surrounding areas, the unmet need simply remained undelivered. For the Government to achieve its ambition of delivering 1.5 million homes in the next 5 years, all areas will need to deliver their full housing requirement as identified by the SM.

#### **Question 4: Do you agree that we should reverse the December 2023 changes made on character and density and delete paragraph 130?**

**Yes** – The changes which were made to Paragraph 130 were unnecessary as urban areas should be delivering as many new homes as possible through regeneration and densification. There are other policies in the NPPF which allow LPAs to consider the impact of a proposal on the character of an area, such as those contained in Chapter 12 on design. The NPPF should be read as a whole, and therefore there was no merit in adding this component in a different section. We shall refer to this theme again under **Question 6** and the additions to NPPF paragraph 11d.

#### **Question 5: Do you agree that the focus of design codes should move towards supporting spatial visions in local plans and areas that provide the greatest opportunities for change**

**Yes** – This is necessary to ensure that design codes are focussed on delivering the Government's objectives in line with an area's local plan. They should also be concentrated on the areas of the authority which have the most potential for change.

**Question 6: Do you agree that the presumption in favour of sustainable development should be amended as proposed?**

**Yes (with qualification)** – It is widely recognised that despite the fact the planning system should be plan-led, less than one third of the LPAs in the country have an up-to-date plan, and by 2025, this proportion will have fallen to just 25%<sup>2</sup>. LPAs will take a significant amount of time to incorporate the new policies which are proposed in this consultation into newly adopted development plans, and it could be as late as 2029 before the Government see countrywide coverage of up-to-date development plans which fully reflect the Government's ambitions. Therefore, there must be a recognition that the development management, and decision-making process, will have to lead the way for the first 5 years of the new NPPF's implementation. Therefore, all policies within the NPPF will need to be drafted to ensure that the decision-making elements outlined in the Framework are as clear, strong, and effective as possible.

The Government needs to ensure that there is clarity in its wording within paragraph 11 in order to give maximum effectiveness to the presumption in favour of sustainable development. In order for this to be achieved, the policy could be further strengthened through the additional amendments suggested below.

Paragraph 11(c)

To strengthen the presumption in favour of sustainable development further, the word “*or*” at the end of paragraph 11(c) should be replaced with “**and**”. This would ensure that LPAs approve proposals which accord with an up-to-date development plan without delay, whilst also granting permission for proposals where the policies for the supply of land are out-of-date.

Paragraph 11(d)(ii)

It is also considered that the additions proposed to paragraph 11(d)(ii) are unnecessary and should be deleted. It is incorrect to single out any specific objectives from the NPPF such as the location and design of development through this paragraph, as all objectives contained in the NPPF should be judged on their merits as to the weight they should be accorded in decision making. These issues are also covered elsewhere in the NPPF which should be read as a whole, so there is no need for repetition under this paragraph. Highlighting these issues in paragraph 11(d)(ii) simply complicates an already lengthy paragraph and may lead to differing interpretations of how to implement this paragraph in the decision making process.

For clarity, paragraph 11(d)(ii) should end after the phrase “*..against the policies in this Framework taken as a whole.*” This would also ensure an internal consistency between paragraph 11(b)(ii) and paragraph 11(d)(ii).

NPPF 11d and Local Plan Submission Deadlines/Transitional Arrangements

Paragraph 11(d) should also be strengthened through the addition of wording relating to authorities who fail to submit a local plan for examination before the Government's prescribed deadlines (see the changes we propose to paragraphs 226 and 227 under **Question 103** below).

There are a number of authorities who are currently accelerating the preparation of their development plans to take advantage of the transitional arrangement set out in Annex 1 with a view to adopting a housing requirement which is below (sometimes significantly below) that

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<sup>2</sup> [Timed out? A projection of future local plan coverage in 2025 under prevailing policy conditions. Lichfields\( July 2023\).](#)

which is identified by their 'new' Local Housing Number (LHN) as proposed by this consultation. If these LPAs are not required to submit a review of their adopted development plan by a specific deadline set by the Government through this NPPF, then there is a real risk that it will be many years before they adopt a local plan which is in line with the LHN and which delivers the Government's stated objectives in full. This would leave housing needs unmet in these areas for a number of years and would seriously jeopardise the Government's ability to meet its overall objectives. This could be addressed through a rewording of paragraph 11(d) to read:

*“(d) where there are no relevant development plan policies, or the policies for the supply of land are out-of-date and/or **a Local Planning Authority has failed to submit a relevant development plan document or local plan by the relevant deadline set out in paragraph 230, granting permission unless:...**”*

This would need an additional footnote added below paragraph 11 to signpost LPAs to the relevant deadlines which should be set out in Annex 1 of the NPPF.

#### Paragraph 11's Footnote 7

There are also internal consistency issues with reference to Green Belt being included within footnote 7. These relate both to the operation of paragraph 1(b)(i) through the plan making process, and the Government's proposed amendments to paragraph 152(a) in relation to grey belt land. Paragraph 142 states that in Exceptional Circumstances, Green Belt boundaries can be amended where an authority cannot meet its needs for housing commercial or other development through any other means. However, the inclusion of Green Belt within footnote 7 in relation to paragraph 11(b)(i) would preclude the approach now set out in amended paragraph 142. Reference to Green Belt should therefore be removed from footnote 7 for the purposes of paragraph 11(b)(i).

In addition, as it reads presently, development on grey belt land would not be regarded as inappropriate (as set out in paragraph 152(a)) but, under paragraph 11(d)(i), and the cross-reference to footnote 7, the fact that the site is still in the Green Belt could mean that a proposal conflicts with the list of policies which protect areas set out in footnote 7.

In order to address these consistency issues, it is considered necessary to reword footnote 7 to read:

*“The policies referred to are those in this Framework (rather than those in development plans) relating to: habitats sites (and those sites listed in paragraph 187) and/or designated as Sites of Special Scientific Interest; land designated as Green Belt (**apart from proposals brought forward under paragraph 11(b)(i) and proposals on grey belt land as referenced in paragraph 152 of the Framework**), Local Green Space, an Area of Outstanding Natural Beauty, a National Park (or within the Broads Authority) or defined as Heritage Coast; irreplaceable habitats; designated heritage assets (and other heritage assets of archaeological interest referred to in footnote 74); and areas at risk of flooding or coastal change.*

#### Paragraph 11's Footnote 9

In addition, footnote 9 should also be amended to strengthen the Government's ability to meet its overall objectives as quickly as possible. Footnote 9 should therefore read:

*“This includes, for applications involving the provision of housing, situations where the local planning authority cannot demonstrate a five year supply of deliverable housing sites (with the*



*appropriate a buffer as set out in paragraph 76); or where the Housing Delivery Test indicates that the delivery of housing was substantially below (less than 75% of) the housing requirement over the previous three years; **or where the development plan was adopted under the transitional arrangements set out in this Framework with a housing requirement which is below the relevant published housing needs figure and the Local Planning Authority has failed to submit a relevant development plan by the relevant deadline.***

Suggested new paragraphs after paragraph 11

### **“Policies for the supply of Land”**

In line with the need for clarity of policy, it is also considered essential that the NPPF sets out, in more detail, what the Government consider to be “policies for the supply of land”. This would avoid ambiguity and would minimise the risk of legal challenge over the current wording which is currently open to interpretation. It is considered that this is best achieved through the deletion of footnote 8 and the insertion of an additional paragraph following paragraph 11 which states:

**“12. Policies for the supply of land in paragraph 11d are those (contained within development plans or neighbourhood plans) which for the area and type of development concerned, either:**

- **(a) set an overall requirement and/or;**
- **(b) make allocations; and/or**
- **(c) make allowances for windfall sites (sites not specifically identified in the development plan); and/or**
- **(d) set settlement boundaries beyond which development will be restricted; and/or**
- **(e) safeguard land.”**

Explanation of the Presumption

Finally, we would recommend a significant strengthening of the Government’s explanation of its objectives through the presumption, to match the consultation’s explanatory text. We would recommend an additional paragraph should be added to the section immediately after paragraph 11 which explains explicitly, the need for the operation of the presumption in favour of sustainable development. If the Government wants to achieve its objective of delivering significant economic growth, commercial development and 1.5 million new homes over the next 5 years, then there will need to be a much more positive and proactive approach through the decision making process in the early years, before LPAs have had an opportunity to adopt development plans which meet the Government’s objectives in full. Therefore, anything which can be added to the NPPF to reinforce the need for the presumption, and the weight that should be attached to it in decision making, will all help decision makers to implement the new NPPF policies without delay. We suggest the new paragraph states that:

**“ Where the development plan is not up-to-date (as defined in paragraph 11d), the presumption in favour of sustainable development applies to all decision-taking. The presumption is intended to ensure that the necessary land is brought forward for development when needed, particularly in the short term. This is particularly important to address the chronic undersupply of land that has underpinned the housing crisis and support the Government’s drive to deliver 1.5 million new homes, in particular affordable**

**homes, over the next five years. The presumption is also intended to deliver the Government's economic programme as soon as possible. Where the presumption is engaged, development which promotes jobs, investment and economic growth should be permitted without delay."**

For completeness, the LPDF has set out all of the changes which we suggest should be made to the presumption in favour of sustainable development (paragraph 11) and its corresponding footnotes, along with some new paragraphs which would immediately follow paragraph 11, in **Appendix 1** to this response. These changes would strengthen the presumption's operation, would provide a clarity of approach in order to reduce the risk of legal challenge, and would help to ensure that the Government's objectives of delivering significant economic growth alongside 1.5 million new homes, in particular affordable homes, over the next 5 years, is achieved.

**Question 7: Do you agree that all local planning authorities should be required to continually demonstrate 5 years of specific, deliverable sites for decision making purposes, regardless of plan status?**

**Yes** – If the Government wants to ensure that LPAs are delivering what they have set out in their development plans, then continuous monitoring is essential. This will allow LPAs to understand if their delivery trajectories remain on track, if sites have encountered delays which will take time to overcome and, if the LPA needs to implement the presumption in favour of sustainable development as set out in paragraph 11 of the NPPF in order to rectify the situation and remain on target to deliver the housing requirements set out in the plan. It has been proven through research (Taking Stock - Lichfields<sup>3</sup>), that sites can be delayed for a whole gamut of reasons, many of which are not in the control of the LPA nor developers. These delays are often unavoidable, but can be lengthy and may jeopardise an LPAs overall delivery. Therefore, continual monitoring, with a safety net to rectify any shortfalls in short order, is essential to ensure that housing needs are met as soon as possible.

It is also considered sensible that as development plans need to be updated every 5 years, and the housing land supply is assessed across a 5 year period, then the Housing Delivery Test (HDT) should be adjusted to also be considered across a 5 year timeframe. This would ensure a consistency of approach across the whole development plan housing regime.

Strategic Housing Land Availability Assessments (SHLAAs) could also be used in a more informative way if they were kept up-to-date as live documents and if LPAs fully assessed the sites contained in them to demonstrate which sites were considered to be suitable, available and deliverable. This would allow developers and funders to understand the potential of a particular site to come forward under the provisions of paragraph 11, should the presumption in favour of sustainable development apply.

**Question 8: Do you agree with our proposal to remove wording on national planning guidance in paragraph 77 of the current NPPF?**

**Yes** – If the Government is to achieve its ambition of delivering significant economic growth alongside 1.5 million new homes across the next 5 years, then LPAs will need to be incentivised to deliver through clear policies which are applied equitably across all authorities. Paragraph 77

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<sup>3</sup> [Taking stock -LPDF - HBF Research - May21 Final-compressed \(1\).pdf](#)

adds unnecessary complexity to the process which has the ultimate impact of reducing housing delivery within an LPA area against the Government objectives.

**Question 9: Do you agree that all local planning authorities should be required to add a 5% buffer to their 5-year housing land supply calculations?**

**Yes** – Adding a buffer to the supply of sites adds much needed flexibility into the delivery process as it provides competition in the market, allows for fluctuations in market conditions and, can help to compensate for sites coming forward slower than anticipated.

**Question 10: If yes, do you agree that 5% is an appropriate buffer, or should it be a different figure?**

**No** – As evidenced in various research documents<sup>4</sup>, the minimum level that should be required to allow for fluctuations in delivery should be set at **10%**, if LPAs are to provide sufficient flexibility in supply so as to ensure they maintain a 5 year housing land supply across their development plan period.

**Question 11: Do you agree with the removal of policy on Annual Position Statements?**

**Yes** – Annual Position Statements (APS) are not fit for purpose and have the potential to cause issues for the Government in terms of reaching their house building aspirations in those parts of the country where APSs have been submitted. Their removal is strongly supported.

**Question 12: Do you agree that the NPPF should be amended to further support effective co-operation on cross boundary and strategic planning matters?**

**Yes** – The loss of a strategic level of planning has been one of the fundamental reasons why economic growth has been stifled, housing delivery has reduced significantly and often, the delivery of large scale, regionally or nationally important commercial development, has been stymied. Decisions on where strategic services and facilities should be located, on where development should be directed, on where key infrastructure is required which serves a greater than local purpose, and on where economic growth should be focussed, should be taken at a greater than local level. This would ultimately ensure that a coordinated approach is achieved to the delivery of new development and infrastructure, and that issues of greater than local significance such as tackling climate change and addressing environmental concerns, can be achieved through a consistent approach across a wide geographic area.

Without a strategic approach to the delivery of economic growth, housing supply and commercial development needs have gone unmet, as LPAs have struggled to agree on the most appropriate distribution of sites across wider geographic areas to best meet those needs. This has led to a significant under-supply of sites for both economic growth and new housing which has constrained the growth of our cities and urban areas considerably.

However, the issue of re-introducing a strategic level of planning has to be considered carefully by the Government to ensure that it does not unnecessarily introduce additional complexity and delay into the plan making process, whilst ensuring it delivers a simple and effective mechanism to address the needs of wider geographic locations and provides a blueprint for LPAs to get on and produce their development plans by allocating the right sites to meet the needs of their wider area.

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<sup>4</sup> [Taking stock -LPDF - HBF Research - May21 Final-compressed \(1\).pdf](#)

In order for the Government to be able to achieve its overall aim of increasing economic growth, commercial development and housing delivery, it is essential that a strategic level of planning is introduced as soon as possible and that it is introduced to a level playing field with the ultimate aim of countrywide coverage of such plans. The Government should therefore publish a programme for the introduction of the strategic level of planning by the end of 2024.

The Government also needs to ensure that the correct legislative and regulatory instruments are in place to ensure the effective delivery of this level of planning and that sufficient guidance is given to areas within the PPG to assist them in delivering strategic plans quickly. At present, the Regulations do not allow for Spatial Development Strategy (SDS) to allocate particular sites which would be required to address strategic or cross-boundary needs. This needs to be addressed with changes to the Regulations if SDSs are to be truly strategic documents which can deliver quickly.

Once the Government has considered its approach to this issue further, additional changes to the NPPF may well be needed to ensure that the correct policy framework is in place to support the Government's objectives. Research by Lichfields on behalf of the HBF and LPDF (**Appendix 2**), suggests that it would aid the establishment of suitable geographies if the Government identify a series of strategic planning areas, based on Mayoral/Combined Authorities and other logical geographies, where the Government considers unmet development need is likely to be significant and either:

- (i) prescribe quickly within those areas a preliminary estimate of how unmet need should be distributed for five-year land supply purposes as an adjustment to the SM, pending a formal distribution through the eventual strategic plan; or
- (ii) identify relevant Housing Market Areas (HMA) at a national level which would establish groupings of LPAs which need to work together and would allow them to determine the distribution of development needs amongst the constituent LPAs in the most efficient manner.

In the meantime, it is essential that the Government provides additional guidance within the PPG (immediately upon the publication of this version of the NPPF) to set out how it considers that the current duty to cooperate should be applied and what should be included within Statements of Common Ground. This should make it abundantly clear that the duty to cooperate is not just a process of discussion with no agreed outcomes, but that it is a meaningful, evidenced cooperation between relevant LPAs, with clear conclusions on how housing and economic needs will be met in full and strategic issues will be delivered, across the wider geographic area.

**Question 13: Should the tests of soundness be amended to better assess the soundness of strategic scale plans or proposals?**

**Yes** – There may need to be amendments made to the tests of soundness for strategic plans dependent upon the Government's final decision of what it wants to achieve through the introduction of such plans.

Development plans would be significantly strengthened and would be more likely to deliver what they propose, if paragraph 36b was amended to read:

“Justified – **the most appropriate strategy**, taking into account the reasonable alternatives, and based on proportionate evidence”

In the interests of clarity, it may also be worth amending footnote 20 of the current tests of soundness to remove reference to “a clear and justified method” and to simply state that,

**“Where this relates to housing, such needs should be assessed using the standard method as set out in paragraph 62 of this Framework”.**

**Question 14: Do you have any other suggestions relating to the proposals in this chapter?**

**Yes** – It is considered that there are a number of additional amendments which should be made to the NPPF to strengthen the Government’s ability to deliver on its key agenda of increasing economic growth and providing 1.5 million new homes over the next 5 years.

A stronger Introduction

Firstly, it would significantly strengthen current planning policy if the Government’s core aims, as set out in the recently published Written Ministerial Statement (WMS), were reflected in the Introduction to the NPPF. This would clearly set the tone for the remainder of the document and would articulate to decision makers, how the guidance in the Framework should be interpreted with the Government’s overall objectives in mind. This could be achieved with the addition of a new paragraph in Chapter 1 which follows paragraph 1 and which reads:

**“The policies contained within this National Planning Policy Framework reflect the Government’s commitment to:**

- **(1) the construction of 1.5 million new homes over the duration of the current Parliament;**
- **(2) boosting the supply of affordable homes, including those of a social rent tenure;**
- **(3) boosting the supply of commercial development, in particular laboratories, gigafactories, data centres, digital infrastructure, freight and logistics and advanced manufacturing;**
- **(4) the Green Energy transition;**
- **(5) boosting the nation’s economic growth.”**

We believe that the ambition of Government should be emphasised at every opportunity, ensuring that all who have a role within the planning system understand the Government’s focus, without reference to WMSs. The NPPF is the core national planning policy document of Government and should reflect and emphasise its goals and ambitions.

Bearing in mind the Government’s strong support for the twin imperatives of housing and economic growth, Government may wish to go even further and set out expressly that “substantial weight” will be attached to schemes that deliver those two objectives:

**“The provision of homes, and especially affordable homes should be accorded substantial weight in the planning balance. Economic growth, including the provision of jobs, investment and innovation should also be accorded substantial weight.”**

Paragraphs 13 and 14

It is also considered essential that paragraph 14 of the NPPF, which relates to Neighbourhood Planning, is amended to revert to its previous wording prior to the December 2023 changes. Many

Neighbourhood Plans will have been prepared before this version of the NPPF is adopted and these will not have taken account of the Government's new objectives to increase economic growth, commercial development and to deliver 1.5 million new homes over the next 5 years. If paragraph 14 remains as currently drafted in the NPPF consultation, then this could seriously frustrate the Government's ability to meet its objectives, as existing Neighbourhood Plans are reviewed and updated in line with the new NPPF.

Reverting to the wording of paragraph 14 which existed prior to the December 2023 publication would ensure that existing Neighbourhood Plans are updated as quickly as possible to take account of the Government's new objectives, and that they do not frustrate economic growth in areas where existing Neighbourhood Plans are out of line with current Government policy.

It is therefore suggested that paragraph 13 is amended to reflect the Government's commitment to Neighbourhood Planning where this aligns with the Government's objectives and through the amendment of paragraph 14 such as the whole will read as follows:

**"[13] The Government supports neighbourhood plan-making where this contributes (and does not constrain) wider development needs. *The application of the presumption has implications for the way communities engage in neighbourhood planning. Neighbourhood plans should support the delivery of strategic policies contained in local plans or spatial development strategies; and should shape and direct development that is outside of these strategic policies.*"**

*"[14] In situations where the presumption (at paragraph 11d) applies to applications involving the provision of housing, the adverse impact of allowing development that conflicts with the neighbourhood plan is likely to significantly and demonstrably outweigh the benefits, provided the following apply:*

- a) the neighbourhood plan became part of the development plan **two** years or less before the date on which the decision is made; and*
- b) the neighbourhood plan contains policies and allocations to meet its identified housing requirement (see paragraphs 67-68);"*

#### **Chapter 4 – A new Standard Method for assessing housing need**

**Question 15: Do you agree that Planning Practice Guidance should be amended to specify that the appropriate baseline for the standard method is housing stock rather than the latest household projections?**

**Yes** – There needs to be greater clarity provided by the PPG to avoid any confusion in the application of the SM.

**Question 16: Do you agree that using the workplace-based median house price to median earnings ratio, averaged over the most recent 3 year period for which data is available to adjust the standard method's baseline, is appropriate?**

**Yes** – This will help to deliver new homes where housing affordability is worst.

**Question 17: Do you agree that affordability is given an appropriate weighting within the proposed standard method?**

**Yes** – However, delivery against the SM needs to be carefully monitored to ensure that it achieves the Government's objectives. If the current method is found not to be working in all areas over a period of time (say 5 years) then amendments to the SM should be made to address these issues.

**Question 18: Do you consider the standard method should factor in evidence on rental affordability? If so, do you have any suggestions for how this could be incorporated into the model?**

**No** – Not at this stage. However, if a suitable method could be introduced which assessed, in a simple, transparent and unambiguous way, the impact that rental affordability is having on an LPAs need for housing as assessed by the SM, then the Government should seek to include this in the future.

**Question 19: Do you have any additional comments on the proposed method for assessing housing needs?**

**Yes** – The LPDF support the changes that have been made to the methodology for the calculation of LHN as it is a simple methodology which is easy to explain to all stakeholders who are involved in the process. It is well documented that basing LHN on the household projections is not fit for purpose, owing to their volatility and the fact that the population projections bake in the past under-delivery of homes. A move to a stock-based approach provides greater certainty on housing need, a stability and longevity of approach, and ensures that all areas contribute proportionately to achieving the Government's objectives. Allowing for an adjustment for affordability on top of the stock-based approach ensures that housing needs are delivered in the areas where affordability is worst. The simplicity and transparency of this approach should ensure that the time spent at development plan examinations discussing housing needs is minimised.

Research carried out by Lichfields on behalf of the LPDF and HBF (**Appendix 3**) has analysed the impact that delivering 370,000 units per year would have on social and economic outcomes as opposed to continuing to deliver at current rates of around 213,000 units per year. Key headlines from this research suggest that there would be a significant reduction of some 650,000 units in the backlog of housing need by 2029, a huge increase in the delivery of affordable housing of around 130,000 additional units within the current Parliament, and a vast reduction in the number of concealed households down by 520,000.

It should be acknowledged that there are a very small number of anomalies that flow from the proposed SM. However, no proposed SM, no matter which criteria are used to generate the figures, will be free of such anomalies. These anomalies arise mainly because of historically vibrant economies where housing stock plays a greater role in determining the figure than the affordability adjustment does. With strategic planning in place, LPAs could determine that the best approach in these limited circumstances is to export the need to surrounding LPAs in the geographic area covered by their strategic planning unit. It is also important to note that issues in some of these areas may have been caused by an insufficient historical delivery of homes, or pressures from second homes and holiday lets, which create unaffordability issues for the local population and which need to be addressed.



## **Chapter 5 – Brownfield, grey belt and the Green Belt**

### **Question 20: Do you agree that we should make the proposed change set out in paragraph 124c, as a first step towards brownfield passports?**

**Yes** – The Government should be doing everything it can, through the NPPF and other guidance, to encourage the reuse of brownfield land. Emphasising that proposals involving the re-use of land should be considered acceptable in principle, would strengthen regeneration proposals and would help to provide certainty and reduce the risks associated with bringing these types of sites forward. The approach above, which is related to the establishment of the principle of development on brownfield sites, should also apply equally to previously developed sites in the Green Belt, as well as to grey belt sites, so as to ensure a conformity of approach.

LPA's should also be required to make full use of the Brownfield Register provisions set out in the PPG, including both Part 1 and Part 2 Registers, in order to identify brownfield land which the LPA considers appropriate for development and to identify those sites which the LPA consider are suitable for Permission in Principle to be granted. This would increase the certainty and lower the risks associated with development on sites identified in Part 2 Brownfield Registers, and would give developers and investors the confidence to bring such sites forward.

The Government also needs to consider how to expedite the decision-making process for proposals on brownfield land through its national scheme of delegation proposals when these are being formulated.

### **Question 21: Do you agree with the proposed change to paragraph 154g of the current NPPF to better support the development of PDL in the Green Belt?**

**No** - The changes proposed to paragraph 154g have the potential to lead to the unintended consequence that any harm caused by an existing use in the Green Belt would not be taken into consideration of a new proposal. Any such proposal would therefore have to be assessed compared to a 'no development' scenario. Paragraph 154g should therefore be reworded to read:

*“g.) limited infilling or the partial or complete redevelopment of previously developed land, whether redundant or in continuing use (excluding temporary buildings), which would not cause **substantially more harm to the openness of the Green Belt than the existing development**”.*

### **Question 22: Do you have any views on expanding the definition of PDL, while ensuring that the development and maintenance of glasshouses for horticultural production is maintained?**

**Yes** – The expanded definition of Previously Developed Land (PDL) which is proposed in Chapter 5 paragraph 7 of the supporting document to the NPPF is welcomed. This could be expanded further to include mineral extraction sites.

### **Question 23: Do you agree with our proposed definition of grey belt land? If not, what changes would you recommend?**

**No** – The concept of grey belt land is welcomed by the LPDF as it demonstrates a recognition that not all land which is currently designated as Green Belt significantly contributes to the purposes of the Green Belt as set out in paragraph 140.

However, in order for this new policy mechanism to be effective, and for it to make a meaningful contribution to achieving the Government's ambition to increase economic growth and deliver

new homes, there needs to be changes made to the wording to widen the definition slightly so as to ensure that the operation of policies which marshal the release of grey belt land are clear and effective, and to ensure that it is clear to decision takers, how these policies should be implemented.

At present, the definition of grey belt includes PDL and parcels of land which make a limited contribution to the five Green Belt purposes. However, it is considered that this definition should be widened to take account of land which is fully enclosed by existing built development and or infrastructure, so as to make it clear that land which falls into this category should be considered as grey belt. This would remove the need for LPAs to have to determine if such land makes a limited contribution to the five purposes of the Green Belt through their Green Belt Studies, and would increase the number of sustainable sites which could be brought forward with little impact on the integrity of the Green Belt as a whole.

In addition, the proposed definition suggests that grey belt land should not strongly perform against any of the five Green Belt purposes. This requirement seems likely to give rise to dispute. It is possible, for example, that any greenfield site, no matter how poor quality, that is designated as Green Belt could be claimed to strongly protect the countryside from encroachment, excluding it from the grey belt category. That doesn't appear to be the intention of the policy change. Instead, we would suggest that the definition is amended to state that grey belt sites are those which do not strongly perform the green belt purposes assessed as a whole. Further sub-criteria could then be used to make explicit reference to specific purposes where they are especially important to the definition - such as the merging of settlements and protecting the setting of historic towns.

It is recommended that in order to ensure that Green Belt Studies are robust and consistently prepared across the country, the government should clearly articulate in the PPG how this should be achieved.

The Government has suggested that they would include wording in relation to grey belt in the glossary of the NPPF, but has not at present. The LPDF consider that this additional wording should be included in the main text as it would add clarity and would provide stronger guidance to LPAs and decision takers. It is also suggested that this definition is introduced into the main body of Chapter 13 as a new paragraph. The suggested wording should read:

**“Grey belt land is land which comprises Previously Development Land or any other parcels and/or areas of Green Belt land which do not strongly perform against the purposes of the Green Belt as a whole; and has at least one of the following features:**

**(i) Land containing substantial built development or which is fully enclosed by built form and/or infrastructure;**

**(ii) Land which makes a limited contribution to preventing neighbouring towns from merging into one another;**

**(iii) Land which is dominated by urban land uses, including physical developments;**

**(iv) Land which contributes little to preserving the setting and special character of historic towns.”**

In addition, as they are currently drafted, the paragraphs of the NPPF which deal with grey belt are not entirely clear which may cause them to be misinterpreted when they are being applied. If

land is categorised as grey belt because of its PDL status, then under paragraph 151g, limited infilling or the partial or complete redevelopment of this land would not be considered to be inappropriate development and should, by default, accord with the development plan. However, as drafted at present, any proposal on a grey belt site which is PDL would also need to accord with paragraph 152 of the Framework which requires LPAs to not have a 5 year housing land supply or to drop below 75% on the HDT. This seems to tighten the criteria around the redevelopment of PDL in the Green Belt which is presumed to be an unintended outcome. In order to address this, it is considered that the wording of para 152a should be amended to read:

*“The development would utilise grey belt land in sustainable locations **which is not PDL** if, the contributions set out in paragraph 155...”*

**Question 24: Are any additional measures needed to ensure that high performing Green Belt land is not degraded to meet grey belt criteria?**

**No** - Degradation is highly unlikely to arise in practice given the nature of the tests set out in the NPPF.

**Question 25: Do you agree that additional guidance to assist in identifying land which makes a limited contribution of Green Belt purposes would be helpful? If so, is this best contained in the NPPF itself or in planning practice guidance?**

**Yes** – As suggested in our response to **Question 23**, it is considered important for the Government to include the text proposed in the supporting document to the NPPF consultation (Chapter 5 paragraph 10) with the suggested amendments, in the main body of Chapter 13 of the NPPF. This would ensure clarity and a consistency of approach on this issue. It would also be helpful if the PPG was to include additional guidance on how to undertake a robust Green Belt Study as part of the development plan review process, and how land should be assessed against the five purposes of the Green Belt for both plan making and decision taking purposes.

It is also considered that the five purposes of the Green Belt which are set out in paragraph 140 are no longer fit for purpose and should be reviewed by the Government as soon as possible to ensure that they fit with their current thinking on how Green Belt policy should be implemented. It is for this reason that we suggest an amendment to the proposed wording to be included in the main body of Chapter 13 (detailed above) to state that land should be tested against the purposes of the Green Belt as a whole, rather than whether it performs strongly against any one of the five purposes.

**Question 26: Do you have any views on whether our proposed guidance sets out appropriate considerations for determining whether land makes a limited contribution to Green Belt purposes?**

**Yes** – The proposed guidance is helpful but could be expanded with additional detail set out in the PPG as suggested in our response to **Question 25**.

**Question 27: Do you have any views on the role that Local Nature Recovery Strategies could play in identifying areas of Green Belt which can be enhanced?**

**No** – However, there needs to be much closer working between MHCLG and Defra on these types of issues, including the forthcoming Land Use Framework, to ensure that there is no tension created in the planning system as a result of Defra initiatives.

**Question 28: Do you agree that our proposals support the release of land in the right places, with previously developed and grey belt land identified first, while allowing local planning authorities to prioritise the most sustainable development locations?**

**Yes** – It would assist in adding clarity to the policy if the words “**in the Green Belt**” were added after the phrase “*previously developed land*” in the proposed new wording in paragraph 144.

It would also be appropriate for the text included in paragraph 144 to refer to previously safeguarded land within the sequential approach to the release of land from within the Green Belt, as this does not seem to be covered adequately anywhere in the NPPF.

**Question 29: Do you agree with our proposal to make clear that the release of land should not fundamentally undermine the function of the Green Belt across the area of the plan as a whole?**

**Yes** – However, it is considered that for clarity, the PPG should be updated to define and give additional guidance on what the Government means by the term “...fundamentally undermine the function of the Green Belt across the area of the plan as a whole”.

**Question 30: Do you agree with our approach to allowing development on Green Belt land through decision making? If not, what changes would you recommend?**

**Yes** – The Government is going to have to rely on grants of permission for applications for development on Green Belt land not yet designated for release in development plans in the first few years of the new NPPF, if it is to achieve its ambitions of increasing economic growth, commercial development and delivering 1.5 million new homes in the next 5 years. Development Plans, which are the cornerstone of the planning system, will take a number of years to be updated and adopted so that they accord with the policies and approach set out in the new NPPF. Therefore, whilst LPAs are preparing and updating their plans, the decision making process is going to have to do the heavy lifting in order to deliver against the Government’s overall agenda.

However, it is considered that the policies as they are currently drafted within Chapter 13 of the proposed NPPF could be strengthened so that they best achieve the Government’s objectives through the addition of some modest wording changes which will add clarity to the approach and will aid the delivery of the intended outcomes.

As is already the approach for renewable energy projects in paragraph 154, it would be helpful for the NPPF to set out a non-exhaustive list of what could constitute Very Special Circumstances (VSCs) when considering proposals under paragraph 150 of the NPPF. These VSCs could be drawn from the examples given in paragraph 152 of the NPPF so as to ensure an internal consistency of approach which would help to add clarity as to how LPAs should define VSCs in the decision making process. The suggested wording would be inserted as an additional paragraph in the main body of Chapter 13, directly following paragraph 150 and would read:

**“151. Very special circumstances include (but are not limited to):**

**(a) the contribution that a development proposal will make to meeting a five year supply of deliverable housing sites (with a buffer, if applicable, as set out in paragraph 76) or where the Housing Delivery Test indicates that the delivery of housing was below 75% of the housing requirement over the previous three years, or where there is an evidenced need for the delivery of affordable housing; and**

**(b) a demonstrable need for land to be released for development of local, regional or national importance especially for economic growth as set out in paragraphs 84 and 85.”**

**Question 31: Do you have any comments on our proposals to allow the release of grey belt land to meet commercial and other development needs through plan-making and decision-making, including the triggers for release?**

**Yes** – The Government make it clear in the opening paragraph of the NPPF supporting document, and in the WMS, that economic growth is the only route to improving the prosperity of our country, and we agree. The only way to ensure that this is achieved is to encourage economic growth to be delivered through the planning system through as permissive a policy approach as possible. This includes the release of grey belt land for economic growth and Green Belt sites where this is done through the plan making system or where VSCs can be demonstrated, and through a strengthening of the Presumption in Favour of Sustainable Development in paragraph 11 (see the response to **Question 6** above)

The triggers for release are less clear than those stated for residential development, mainly due to the fact that there is no equivalent need for a 5 year land supply of commercial land nor an equivalent employment land delivery test. These are issues which the Government need to think about in greater detail if it wishes to deliver its economic growth ambitions and if it wants to hold LPAs to account for failing to deliver sufficient supply to meet its area’s economic needs.

The reference to “...*there is a demonstrable need for land to be released for development of local, regional or national importance*” in paragraph 152b is welcomed and is supported. However, it may be prudent of the Government to add into the PPG a definition of what it considers LPAs should constitute as local, regional or national need for the sake of clarity and consistency of approach.

**Question 32: Do you have views on whether the approach to the release of Green Belt through plan and decision-making should apply to traveller sites, including the sequential test for land release and the definition of PDL?**

**No.**

**Question 33: Do you have views on how the assessment of need for traveller sites should be approached, in order to determine whether a local planning authority should undertake a Green Belt review?**

**No.**

**Question 34: Do you agree with our proposed approach to the affordable housing tenure mix?**

**Yes** – The LPDF welcome the Government’s commitment to delivering more genuinely affordable housing tenures including increasing the provision of social rent. We also agree that it is for LPAs to decide what the mix of affordable housing tenure should be as evidenced through their Housing Needs Assessment and as informed by a whole plan viability assessment.

It is considered that the introduction of the phrase “with an appropriate proportion being social rent” into paragraph 155a is unclear, with the potential to cause issues as LPAs seek to define the term ‘appropriate’. This level of detail is far better articulated in additional guidance on the preparation of Housing Needs Assessments within the PPG. Therefore, this term should be deleted from paragraph 155a.

However, where there is an absence of an up-to-date Strategic Housing Market Assessment a minimum of 10% affordable housing for social rent should be stipulated.

**Question 35: Should the 50 per cent target apply to all Green Belt areas (including previously developed land in the Green Belt), or should the Government or local planning authorities be able to set lower targets in low land value areas?**

**No** – It is understandable that the Government want to see an increase in the level of affordable housing provision as a result of the release of land from the Green Belt, but the generalised approach which is promulgated under paragraph 155 does not recognise how the value of land differs across the country and, as a result of varying site conditions. LPAs often require developers to fund other strategic priorities through development contributions and therefore they request a lower affordable housing contribution as a result in order to ensure that the site remains viable and deliverable. This approach also fundamentally fails to acknowledge that the majority of land that is sustainably located in relation to existing settlements, even in the Green Belt, is currently under contract of varying lengths and therefore subject to conditions which are unlikely to include the provision of 50% affordable housing.

If the Government were to retain the requirement for 50% affordable housing provision within paragraph 155, then it is likely to render a large number of sites, particularly in the Midlands and North of the country where land values are significantly lower than those found in a majority of the south, unviable and therefore these sites will not be brought forward for development as a result. Research undertaken by Lichfields (**Appendix 4**) on behalf of the LPDF and HBF has evidenced that it is unlikely that 50% affordable housing will be viable in a majority of LPAs who are impacted by Green Belt designations under the proposed approach to viability. Therefore, setting a flat national target at 50% is likely to mean that viability testing is required on the majority of Green Belt and grey belt sites that might come forward, adding cost and uncertainty, especially for any applications or allocations that were made under existing NPPF policy. In addition, applying the proposed new approach immediately upon adoption of the new NPPF would catch a number of live sites/applications where landowners, promoters and housebuilders have already agreed commercial terms in good faith based on current local plan affordable housing targets which would undermine their ability to come forward.

These factors will considerably impact on the Government's ability to reach its key objectives and it will cause major disruption and delay within the planning system as sites, which are already in the system or close to being submitted, are reassessed to consider whether they remain viable.

It is welcomed that paragraph 155 does refer to viability testing in sub-paragraph (a) but it is currently unclear whether this refers to site by site viability testing or whether it refers to plan-wide viability testing through the plan preparation process. It is considered, that if a site is released from the Green Belt as part of a plan preparation process, then the level of affordable housing provision and other infrastructure to be provided as part of the allocation should be guided by a detailed policy in the local plan. This would be tested as to its viability through a whole plan viability assessment and an appropriate affordable housing requirement would be set by the LPA as a result. This is the correct process for any allocation to be included in a local plan and therefore, the provisions of paragraph 155 should only relate to sites which come forward through the development management process. This should be clarified within paragraph 155 with amended wording which should read:

**“Where major development takes place on land which has been released from the Green Belt through development management, the following contributions should be made:”**

It is also recommended that the Government avoid the issues which are highlighted above, whilst still achieving their key aim of delivering a greater percentage of affordable housing on schemes which involve the release of land from the Green Belt, by setting a target for affordable housing provision of at least 10% above the most up-to-date development plan affordable housing requirement. This would achieve the Government’s aim of getting a boost in affordable housing delivery above the development plan requirement, whilst making sites in the lower value areas of the country more likely to remain viable as they leap from the current plan requirement for affordable housing, to the new requirement set under paragraph 155.

It is therefore suggested that paragraph 155(a) be reworded to state:

*“In the case of schemes involving the provision of housing, **at least 10% above the last adopted development plan requirement for affordable housing (even if the plan is out of date or 10% above the affordable housing requirement set out in the latest Housing Needs Assessment, where the adopted local plan is 5 years old or greater** (subject to viability testing at either site or development plan level”.*

This paragraph would require further guidance to be set out in the PPG, upon adoption of this version of the NPPF, to set out that Housing Needs Assessments should be prepared and kept up to date by LPAs at least once every 3 years to ensure that LPAs have up-to-date evidence of the need for various types and tenures of affordable housing so as to inform their negotiations for affordable housing provision on proposed residential schemes, and so that the provision set out in paragraph 155(a), as reworded above, have an up-to-date affordable housing requirement to base its implementation on.

**Question 36: Do you agree with the proposed approach to securing benefits for nature and public access to green space where Green Belt release occurs?**

**Yes** – Subject to viability.

**Question 37: Do you agree that Government should set indicative benchmark land values for land released from or developed in the Green Belt, to inform local planning authority policy development?**

**No** – If the Government wish to pursue this proposal then this should be undertaken as a separate exercise to the revisions made to the NPPF. However, the LPDF are strongly opposed to the introduction of any Benchmark Land Value (BLV) as this is likely to cause significant disruption in the land market and would place a substantial barrier in the way of the Government achieving its overall ambition of increasing economic growth, commercial development and delivering 1.5 million homes in the next 5 years. These concerns are clearly articulated in Knight Frank’s research entitled ‘Benchmark Land Value – fine margins’<sup>5</sup> and Lichfields research entitled ‘Fool’s gold? How a rigid approach to affordable housing and benchmark land values for green belt could undermine housing delivery’ (**Appendix 4**). These reports have looked in detail at the development process and have identified the need for the various parties who invest in the market and take on the considerable risks involved in bringing land forward for development. If any of these parties who operate at various stages of the planning process no longer have an

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<sup>5</sup> [Benchmark Land Value – fine margins \(knightfrank.com\)](https://www.knightfrank.com/research/benchmark-land-value-fine-margins)

incentive to play their part, then the passage of land into residential development will freeze up and the quantum of affordable housing will fall overall. Therefore, both research pieces recommend, based on experience and case studies, that the existing system of assessing the viability of each individual site is continued, otherwise significant unintended consequences will occur.

It is also important to recognise, as the research by Lichfields (**Appendix 4**) does, that there are huge costs associated with promoting sites through the local plan process and only a very limited number of sites gets selected for allocation (as an example, in North West Leicestershire, just 27 sites were proposed for development in the draft plan out of 286 that were assessed as suitable in their SHLAA). For those unsuccessful sites, the cost of promotion will be lost and therefore, the return for success needs to be sufficient to reflect the costs of failure. If it doesn't, then fewer sites will be brought forward in the first place

The LPDF are aware that the Government want to explore issues around BLV further and the development sector would be happy to work alongside them to help the Government to achieve its aims in this regard. However, introducing the concept of BLV in this iteration of the NPPF as proposed through the consultation document, would undo a lot of the positive changes the Government are proposing to ensure a significant increase in the delivery of economic growth and new homes.

The introduction of BLVs would have a disproportionate impact on the viability and deliverability of sites in the Midlands and North of the country where land values are significantly lower and the return to landowners under the proposals would not encourage them to bring their land forward. At best in these locations, it would significantly delay sites from being delivered. In reality, it is likely to stop most sites from being brought forward at all.

Many sites which have some future development potential because they are sustainably located in close proximity to existing settlements are already under contract to developers and land promoters, and these contracts are of varying lengths and subject to existing conditions and obligations. These contracts would not contain any reference to the Government's proposed BLV and often contain minimum land value clauses which would simply prevent them from being brought forward under a BLV scenario.

In order to deliver their overall objectives, the Government will need all areas of the country to deliver a significant step change in the delivery of new development and they will also want to see the regeneration of sites in the Midlands and the North to drive economic prosperity across the country as a whole. Introducing a BLV at this stage would seriously jeopardise these aims and make them unachievable.

A BLV is also likely to have a disproportionately greater impact on small and medium sized sites where development margins are tighter and returns to landowners are much smaller. The Government wishes to increase the contribution that SME housebuilders make to housing supply and the introduction of a BLV will work counter to this objective.

The Government has also not fully thought through all of the unintended consequences of introducing a BLV concept and do not seem to have undertaken an impact assessment to help them to understand how the policy will impact delivery. Landowners are not focussed on bringing their sites forward specifically for residential use and will bring their sites forward for alternative uses, if residential development does not give them an acceptable return. This is likely to be one unintended consequence of introducing a BLV as proposed and will therefore impact on the



Government's ability to achieve the delivery of 1.5 million new homes in the next 5 years. In fact, it is highly likely to reduce housing delivery even further from the low point we have experienced since the NPPF was revised in December 2023.

A further consideration which the Government do not seem to have considered is the wider taxation implications for landowners which would all have an impact on the returns which they receive from selling their land. Landowners pay Capital Gains Tax (CGT) on any land transaction they undertake and in many cases, they will also lose Inheritance Tax Relief (ITR) as a result. These sources of revenue are of significance to HM Treasury (HMT) which may be lost as a result of landowners withholding their land because the introduction of a BLV has made the sites unviable.

It is therefore the strong opinion of the LPDF that the Government remove reference to BLV from this iteration of the NPPF and delete Annex 4 in its entirety. There are many unintended consequences of introducing a BLV which need to be carefully considered and assessed through a new and separate exercise as to how they will impact housing delivery across the country before any such concept is introduced. If it is introduced as proposed in the consultation document then this will impact significantly upon the Government's ability to deliver its core objectives of increasing economic growth, commercial development and delivering 1.5 million new homes over the next 5 years rendering them unachievable.

**Question 38: How and at what level should Government set benchmark land values?**

See our response to **Question 37** above.

**Question 39: To support the delivery of the golden rules, the Government is exploring a reduction in the scope of viability negotiation by setting out that such negotiation should not occur when land will transact above the benchmark land value. Do you have any views on this approach?**

See our response to **Question 37** above.

**Question 40: It is proposed that where development is policy compliant, additional contributions for affordable housing should not be sought. Do you have any views on this approach?**

**Yes** – The LPDF agree with this approach.

**Question 41: Do you agree that where viability negotiations do occur, and contributions below the level set in policy are agreed, development should be subject to late-stage viability reviews, to assess whether further contributions are required? What support would local planning authorities require to use these effectively?**

**No** – Late stage viability assessments cause significant delays in the delivery of development and have a substantial impact on the cashflow of a development project because of the late stage of their introduction. The introduction of late stage viability assessment is likely to impact negatively on the Government's ability to deliver its core objectives as investors who back development proposals would not be willing to fund based on the risk that the return may be impacted late in the delivery phase of a particular scheme.

**Question 42: Do you have a view on how golden rules might apply to non-residential development, including commercial development, travellers sites and types of development already considered ‘not inappropriate’ in the Green Belt?**

**Yes** – It is often difficult or unachievable for commercial developments to be able to provide publicly accessible green space on-site for operational and/or security reasons. The provision of open space on commercial development would be considered as part of the overall design of a particular scheme which is covered by other guidance set out in Chapter 12 of the NPPF. Therefore, in order to ensure that commercial development is deliverable under the provisions of paragraph 155, clause (c) should only relate to residential development.

**Question 43: Do you have a view on whether the golden rules should apply only to ‘new’ Green Belt release, which occurs following these changes to the NPPF? Are there other transitional arrangements we should consider, including, for example, draft plans at the regulation 19 stage?**

**Yes** – The golden rules should not be imposed on a retrospective basis for the reasons highlighted in our responses to **Questions 35 and 37** above. Green Belt releases in existing plans at Regulation 19 stage (and beyond) under the transitional arrangements will have been promoted by landowners, assessed by LPAs and examined by Inspectors on the earlier policy basis, and the introduction of a new policy basis would be disruptive and have the potential to cause significant unforeseen consequences.

As explained, many sites which have some future development potential because they are sustainably located in close proximity to existing settlements, are already under contract to developers and land promoters and these contracts are of varying lengths and subject to existing conditions and obligations. Therefore, imposing the golden rules on a retrospective basis may seriously impact the viability of these sites and will negatively affect the willingness of the landowner/developer to bring these sites forward, which will severely limit the Government’s ability to achieve its core objectives.

LPDF members have expressed significant concerns with the potential introduction of the BLV concept which has led them to reconsider a number of their existing sites which they would have brought forward but are now no longer going to pursue because of issues with viability. In addition, it will lead many land promoters and developers to reconsider their land acquisition strategies going forward if the NPPF remains as drafted in relation to BLVs. This is confirmed in Lichfields research entitled ‘Fool’s gold? How a rigid approach to affordable housing and benchmark land values for green belt could undermine housing delivery’ (**Appendix 4**).

**Question 44: Do you have any comments on the proposed wording for the NPPF (Annex 4)?**

**Yes** – Please see our response to **Question 37** above. The LPDF strongly consider that Annex 4 should be deleted in its entirety.

**Question 45: Do you have any comments on the proposed approach set out in paragraphs 31 and 32?**

Using CPO powers should always be the last option utilised by the Government when pursuing development proposals because of CPO’s legal complexity and the length of time it takes to implement such proposals through this route. There is also a significant cost in terms of financial and professional resources for both the public and private sector. Any use of CPO powers would not assist the Government in delivering against their targets in the short to medium term.

**Question 46: Do you have any other suggestions relating to the proposals in this chapter?**

**Yes** – We believe the Government should include a new paragraph, again adopting the principle of emphasis, that clearly sets out the importance that the Government attaches to development proposals that boost the supply of Affordable Housing, including social rent and that they should be given substantial weight. This new paragraph should specifically state that the Government particularly welcomes applications that seek to deliver affordable housing in excess of policy and accordingly gives it substantial weight. Accordingly, we propose the new wording in our answer to **Question 52** below.

## **Chapter 6 – Delivering affordable, well-designed homes and places.**

**Question 47: Do you agree with setting the expectation that local planning authorities should consider the particular needs of those who require Social Rent when undertaking needs assessments and setting policies on affordable housing requirements?**

**Yes** - The LPDF strongly supports the Government's objectives around boosting the delivery of social rent and as such, agree with this approach. However, the LPDF believe that further clarity is needed for the development industry in order to ensure the necessary delivery of social rent properties. For example, additional guidance could be provided in paragraph 64 of the NPPF as to what would be an 'appropriate' proportion of social rent, and that this should be the minimum to be provided in the absence of an up-to-date housing needs assessment stating differently (say 10%).

**Question 48: Do you agree with removing the requirement to deliver 10% of housing on major sites as affordable home ownership?**

**Yes** - The LPDF agree with removing this requirement as whilst affordable home ownership products are important, having a set percentage requirement is too prescriptive as there may be circumstances where, for example, a social rented product is more appropriate and aligns better with local needs and responds to market conditions.

**Question 49: Do you agree with removing the minimum 25% First Homes requirement?**

**Yes** - The LPDF support this proposal and believe that a less prescriptive approach is appropriate as it will enable local authorities to have greater flexibility to determine the most appropriate types of affordable housing to meet their local communities needs.

The definition of affordable housing should be broad to include discounted market, shared ownership, affordable rent, social rent and any other tenure which secures housing at lower than market sales price or rent (rent to buy for example).

**Question 50: Do you have any other comments on retaining the option to deliver First Homes, including through exception sites?**

**No** - The LPDF have no comments on this question.

**Question 51: Do you agree with introducing a policy to promote developments that have a mix of tenures and types?**

**Yes** - The LPDF are supportive of national policy promoting developments that have a mix of tenures and types. As we understand, this was already identified within the NPPF but we recognise and support the additional text that has been added at paragraphs 66 and 69 in relation to this.

A mix of tenures can also be beneficial in facilitating faster build out rates and improving market absorption as they provide for different segments of the housing market. This is especially important for schemes over a certain size which will be fundamental if the Government are to meet their 1.5 million homes target within the next five years.

**Question 52: What would be the most appropriate way to promote high percentage Social Rent/affordable housing developments?**

The LPDF believe that in order to ensure the delivery of a high percentage of social rent/affordable housing, the Government first needs to address the issue of funding for such schemes. This is currently acting as a significant barrier to delivery. Addressing funding in the short term, by way of a long term rent settlement, will better position Registered Providers (RP's) so that they can deliver social rent/affordable housing. This is critical. Government should then ensure that grant funding provides greater flexibility with regards to 'additionality'.

It must be recognised that the provision of affordable housing within any scheme is a substantial benefit of the proposal which is not required to mitigate the impact of that scheme, but is provided by the developer to address an existing issue. Therefore, these elements should be afforded substantial weight in the planning balance as a consequence. This would encourage the provision of levels of affordable housing which may, where the viability allows, deliver levels of affordable housing and social rent above the requirements set out in adopted development plans. This would be best achieved through an addition to paragraph 61 of the NPPF which would read:

*"To support the Government's objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay. **Development proposals that deliver affordable housing in whole or in part, and especially homes for social rent, should be accorded substantial weight in decision making.** The overall aim should be to meet as much of an area's identified housing need as possible, including with an appropriate mix of housing types for the local community."*

Furthermore, as mentioned in our response to **Question 47** above, we believe that setting a clear target for the provision of social rent in terms of overall provision linked to identified needs and also proportion of individual site provision, would aid delivery as LPAs, developers and landowners would all be aware of these requirements from the outset allowing the provision to be factored in from an early stage.

**Question 53: What safeguards would be required to ensure that there are not unintended consequences? For example, is there a maximum site size where development of this nature is appropriate?**

The LPDF consider that it would be important to ensure that these types of schemes are appropriate for the settlements in which they are delivered. This could be through the use of an upper site size threshold linked to a percentage of the existing settlement size, which could be articulated through the PPG.

It is also important to ensure that you cannot distinguish the market units from the affordable units within a scheme and specifically, that these are integrated within the wider development. Whilst we support the concept of 'pepper potting' the affordable units within a development, RPs require these units to be located in clusters for the benefit of managing these units. It is considered that this should be reflected in an update to the guidance contained in the PPG. This would improve the efficiency of managing these units and would also reduce costs, due to economies of scale associated with clusters of units.

We would also suggest that to reduce internal issues between tenants within a site, the affordable units for rent should be delivered either all as social rent or all as affordable rent, rather than a mix of both of these. These types of points could be picked up within the relevant sections of the PPG.

Notwithstanding the above points, it is also important to recognise that having a high proportion of affordable housing on a site does not necessarily result in an imbalanced community. These types of sites can still be well planned and well balanced comprising of a range of affordable housing types and tenures, with community integration a key consideration during the early design stages.

**Question 54: What measures should we consider to better support and increase rural affordable housing?**

The LPDF recommend that the policy for rural exception sites needs to be simplified as this could help delivery of these types of sites making it easier to bring forward small scale developments that could help meet local affordable needs. The approach to rural exception sites in local plans needs greater consistency across the country, and we would recommend that further guidance in this regard could come through either the NDMPs, or through guidance included within the PPG.

**Question 55: Do you agree with the changes proposed to paragraph 63 of the existing NPPF?**

**Yes** - The LPDF are supportive of the changes proposed to paragraph 63 of the NPPF. This needs to be regularly assessed through a Strategic Housing Market Assessment which is updated at least once, every three years.

**Question 56: Do you agree with these changes?**

**Yes** - The LPDF are supportive of these changes.

**Question 57: Do you have views on whether the definition of ‘affordable housing for rent’ in the Framework glossary should be amended? If so, what changes would you recommend?**

**Yes** – The LPDF believe that it would be beneficial to amend the definition of ‘affordable housing for rent’ and to do so in a manner which would enable more types of businesses to deliver this product, rather than delivery being predominantly focused on RP’s. However, these organisations should be subject to the same safeguards that govern the operation of RPs to ensure the quality of provision and service.

**Question 58: Do you have views on why insufficient small sites are being allocated, and on ways in which the small site policy in the NPPF should be strengthened?**

**Yes** - The LPDF believe that small and medium sized sites, delivered predominantly by SME housebuilders, have a fundamental role to play in the country delivering the scale of homes needed to meet the Government’s objective of 1.5 million homes in the next 5 years. The recent CMA report has highlighted the significant issues faced by our SME builders and we believe it is of great importance that these issues, particularly those relating to national planning policy, are addressed through these current NPPF reforms.

With this in mind, we refer you to a Savills report from June 2024, which the LPDF commissioned alongside Richborough, ‘Land Matters: the critical role of sales outlets in boosting housing supply’<sup>6</sup>

This analysis shows that delivering 1.5 million homes over the next 5 years is only achievable through a focus on bringing forward additional sites for up to 250 homes. Sites of this size are less complex, likely to involve only one landowner, and require less supporting infrastructure. They therefore start to deliver new homes much sooner than larger scale sites.

On top of this, several small sites can deliver more homes more quickly than one larger site that adds up to the same total number of new homes. A site of 500 homes may only have one or two sales outlets, selling 30 to 50 homes per year. Five sites in different locations with different products being built, each with 100 homes, could deliver 150 to 250 homes per year at the same sales rate per outlet. Capital investment in smaller sites is therefore recycled faster.

In recognising the need to increase the delivery of sites of less than 250 units, the LPDF would recommend amending the NPPF to create a new Medium Sites definition (over and above the Small Sites definition that exists at present, which itself should be increased to at least 15 homes / 2,000m<sup>2</sup> to reflect the issues around the increased differential build costs faced by small builders over the time period since the definition of major development at 10 dwellings was introduced). The new Medium Sites definition should be in the range of up to 150 – 250 dwellings. The NPPF would then need to introduce a policy to ensure that a significant proportion (up to 50%) of development proposed in local plans has to come through this route. This could be through permissive policies (articulated in an NDMP) and / or as site allocations. Further research on the role, need and size of site required by SMEs will be available post the close of the consultation period and will be forward to MHCLG. The LPDF recommend that the additional requirements for delivery on medium sized sites should follow on from paragraph 71(a) of the NPPF which refers to delivery on sites of less than 1ha.

The LPDF believe that the definition of Major Development, within Annex 2, should also be amended from 10 or more homes, to **15 or more homes, or sites with an area of 1ha or more.**

An extension of the use of Permissions in Principle to benefit SMEs should also be considered.

**Question 59: Do you agree with the proposals to retain references to well-designed buildings and places, but remove references to ‘beauty’ and ‘beautiful’ and to amend paragraph 138 of the existing Framework?**

**Yes** - The LPDF agree with these proposals. The terms ‘beauty’ and ‘beautiful’ are highly subjective and can lead to inconsistent decision making.

**Question 60: Do you agree with proposed changes to policy for upwards extensions?**

**Yes** - The LPDF agree with the proposed changes which would assist in promoting urban intensification and making better use of existing stock.

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<sup>6</sup> [Land Matters Final.pdf \(lpdf.co.uk\)](#)

**Question 61: Do you have any other suggestions relating to the proposals in this chapter?**

**Yes** - Please see our answer to **Question 58** above regarding increasing the role of small and medium sized sites and creating a more permissive environment for SME housebuilders. The LPDF believe that changing the environment for the SME housebuilders, and subsequently unlocking a vast number of small and medium sized sites, is of critical importance to the Government achieving its aim of delivering 1.5 million new homes as quickly as possible.



## **Chapter 7 – Building infrastructure to grow the economy.**

### **Question 62: Do you agree with the changes proposed to paragraphs 86 b) and 87 of the existing NPPF?**

**Yes** - The LPDF are supportive of the changes to paragraphs 86(b) and 87. The removal of 'or' within 86(b) is a positive change as it is important that local planning policies both set criteria for, and identify, strategic sites rather than one or the other. Furthermore, the LPDF are supportive of the inclusion of freight and logistics, amongst other uses, within this policy requirement. Freight and logistics is a key component of national infrastructure and a fundamental employment sector that should be recognised within national policy such as this.

The LPDF welcome the inclusion in 87(c). However, we feel that this could be developed further. The LPDF consider that this section could also benefit from the inclusion of a specific reference to plan making and ensuring that LPAs get to grips with their employment space requirements locally, sub-regionally and regionally.

Specifically, we suggest that national policy could split the guidance and policy out to provide details for the various levels / hierarchies that LPAs should consider in terms of the economy and specifically, freight and logistics, from the larger freight and logistics parks on major trunk roads, down to the smaller more local level facilities. These varying facilities will have very different site requirements and needs and therefore, the policy needs to reflect these. This would likely result in a more efficient use of land and would create less environmental impacts and traffic issues. We believe that these kind of size and locational requirements may be best set out within the PPG. However, reference to them should be made within this chapter of the NPPF.

### **Question 63: Are there other sectors you think need particular support via these changes? What are they and why?**

**Yes** - The LPDF consider that advanced manufacturing should be added to the sectors which are given particular support.

### **Question 64: Would you support the prescription of data centres, gigafactories, and/or laboratories as types of business and commercial development which could be capable (on request) of being directed into the NSIP consenting regime?**

**No** – It is important to keep these decisions within an LPAs decision making jurisdiction as the granting of permission for such uses could have significant impacts on the need for power (as an example) which could have wider implications for the ability of the LPA to deliver its other development needs as set out in its development plan.

### **Question 65: If the direction power is extended to these developments, should it be limited by scale, and what would be an appropriate scale if so?**

The LPDF have no comments to make on this question.

### **Question 66: Do you have any other suggestions relating to the proposals in this chapter?**

**Yes** - A key impact on the effectiveness of local plans identifying employment land needs and allocating sufficient land in the correct locations to meet this need, is the fact that there is currently no standard method for assessing employment land requirements. This often results in LPAs merely undertaking a historic trends based analysis to determine the level of employment needs that they will have to accommodate. Whilst historical analysis such as this is useful, it

does not take account of any structural changes or shifts within the employment sector and can lead to an assessment of the future based on a constrained past. The LPDF would encourage additional text within this chapter which sets out that local plans should not just roll forward past trends when estimating future needs, but should take a more holistic approach to employment land provision. The Government should convene a Taskforce to prepare a suitable methodology on how to determine employment land requirements which should be tested through consultation and which could be ultimately articulated through the PPG.

In addition to this, the LPDF reiterate previously raised concerns about there being no equivalent to 5-year housing land supply or the HDT for employment land. Consequently, LPAs who do not meet their needs do not get scrutinised on their performance. The Federation believes that there needs to be some sort of test or monitoring mechanism to ensure that LPAs are delivering the scale of employment land which is set out in their local plans. Again, this could be addressed through the Taskforce.

Finally, the Presumption in Favour of Sustainable Development should be strengthened to specifically relate to employment development (see the response to **Question 6** above).

## **Chapter 8 – Delivering community needs.**

**Question 67: Do you agree with the changes proposed to paragraph 100 of the existing NPPF?**

**Yes** - The Federation support the additional text added to this paragraph and recognise the importance of providing for public services alongside new developments.

**Question 68: Do you agree with the changes proposed to paragraph 99 of the existing NPPF?**

**Yes** - The Federation support the addition of reference to both early years and post-16 provision and the need for LPAs to take a proactive, positive and collaborative approach with regards to meeting these requirements. However, ensuring this provision is met should not be solely the responsibility of the plan making authority. Educational authorities should also be actively engaged with the plan making process to ensure that the necessary provisions are made within their areas.

**Question 69: Do you agree with the changes proposed to paragraphs 114 and 115 of the existing NPPF?**

**Yes** - The LPDF support the changes proposed to paragraphs 114 and 115. We would however suggest, that additional guidance may be necessary regarding this within the PPG.

**Question 70: How could national planning policy better support local authorities in (a) promoting healthy communities and (b) tackling childhood obesity?**

The LPDF have no comments to make on this question.

**Question 71: Do you have any other suggestions relating to the proposals in this chapter?**

**Yes** – Paragraph 97 should be expanded to refer to special needs provision.

## **Chapter 9 – Supporting green energy and the environment**

**Question 72: Do you agree that large onshore wind projects should be reintegrated into the NSIP regime?**

The LPDF have no comments to make on this question.

**Question 73: Do you agree with the proposed changes to the NPPF to give greater support to renewable and low carbon energy?**

**Yes** - The Federation are supportive of the proposed changes to support renewable and low carbon energy.

**Question 74: Some habitats, such as those containing peat soils, might be considered unsuitable for renewable energy development due to their role in carbon sequestration. Should there be additional protections for such habitats and/or compensatory mechanisms put in place?**

The LPDF have no comments to make on this question.

**Question 75: Do you agree that the threshold at which onshore wind projects are deemed to be Nationally Significant and therefore consented under the NSIP regime should be changed from 50 megawatts (MW) to 100MW?**

The LPDF have no comments to make on this question.

**Question 76: Do you agree that the threshold at which solar projects are deemed to be Nationally Significant and therefore consented under the NSIP regime should be changed from 50MW to 150MW?**

The LPDF have no comments to make on this question.

**Question 77: If you think that alternative thresholds should apply to onshore wind and/or solar, what would these be?**

The LPDF have no comments to make on this question.

**Question 78: In what specific, deliverable ways could national planning policy do more to address climate change mitigation and adaptation?**

The LPDF have no comments to make on this question.

**Question 79: What is your view of the current state of technological readiness and availability of tools for accurate carbon accounting in plan-making and planning decisions, and what are the challenges to increasing its use?**

The LPDF have no comments to make on this question.

**Question 80: Are any changes needed to policy for managing flood risk to improve its effectiveness?**

**Yes** - The Federation strongly believe that changes are needed to the NPPF (and relevant sections of the PPG) with regards to flood risk, specifically in relation to surface water flooding. In its current form, planning policy on flood risk is acting as an unnecessary barrier to development, as reported by a large number of our members.

The LPDF believe that to ensure consistency and effectiveness of the flood risk policy, amendments are required to paragraphs 165 and 168 of the NPPF. The revisions that the LPDF would propose are as follows:

*“165. Inappropriate development in areas at risk of flooding should be avoided by directing development away from areas at highest risk (whether existing or future). Where development is necessary in such areas, the development should be made safe for its lifetime without increasing flood risk elsewhere. **Decision-makers should however have to have regard to all mitigation that will reduce flood risk from all sources, especially from surface water.**”*

*“168. The aim of the sequential test is to steer new development to areas with the lowest risk of flooding from any source, **except in respect of surface water.** Development should not be allocated or permitted if there are reasonably available sites appropriate for the proposed development in areas with a lower risk of flooding. The strategic flood risk assessment will provide the basis for applying this test. The sequential approach should be used in areas known to be at risk now or in the future from any form of flooding. **Where a development will fully mitigate the risk of existing or future flooding from any source, especially surface water flooding, or no built development is proposed in areas at risk of flooding, there is no requirement to carry out a sequential test or the exception test.**”*

**Question 81: Do you have any other comments on actions that can be taken through planning to address climate change?**

**No** - The LPDF have no comments on this question.

**Question 82: Do you agree with removal of this text from the footnote?**

**Yes** - The LPDF agree with the proposed removal of text from footnote 64 regarding land used for food production. This wording had been added in December 2023, and the LPDF agree that it did not provide a material benefit. If anything, it just resulted in uncertainty and confusion.

**Question 83: Are there other ways in which we can ensure that development supports and does not compromise food production?**

**No** - The LPDF believes that the existing approach to best and most versatile land works well to ensure development does not compromise food production. We do not believe anything further within national policy is necessary.

**Question 84: Do you agree that we should improve the current water infrastructure provisions in the Planning Act 2008, and do you have specific suggestions for how best to do this?**

The LPDF have no comments on this question.

**Question 85: Are there other areas of the water infrastructure provisions that could be improved? If so, can you explain what those are, including your proposed changes?**

The LPDF have no comments on this question.

**Question 86: Do you have any other suggestions relating to the proposals in this chapter?**

**Yes** - It must not be lost that areas which are covered by national designations such as National Landscapes, still need to plan for growth which is proportionate to their area. Local populations in these areas still need access to local employment and housing, especially affordable housing, as these areas tend to be impacted by high levels of unaffordability. This could be addressed by redefining the definition of major development in such areas in the guidance given in the PPG, to assist decision makers when considering proposals under paragraph 183 of the Framework. It is also necessary for the NPPF to be updated to refer to National Landscapes.

## **Chapter 10 – Changes to local plan intervention criteria**

**Question 87: Do you agree that we should we replace the existing intervention policy criteria with the revised criteria set out in this consultation?**

**Yes** - the LPDF would support the revised criteria for the intervention policy as set out in the consultation document.

**Question 88: Alternatively, would you support us withdrawing the criteria and relying on the existing legal tests to underpin future use of intervention powers?**

See our answer to **Question 87** above.

**Chapter 11 – Changes to planning application fees and cost recovery for local authorities related to Nationally Significant Infrastructure Projects.**

**Question 89: Do you agree with the proposal to increase householder application fees to meet cost recovery?**

**Yes** - The LPDF agree with the proposals to increase householder application fees to meet costs. This will hopefully minimise the need for cross-subsidisation that currently occurs through the fees obtained via major applications.

The LPDF believe that it is critical that the additional income arising from the increased fees is ringfenced for spending within the local planning department. The additional fees need to be used by local planning departments to ensure that a better service is provided to applicants and that this is done in a timely manner. If this income were to be directed elsewhere within the LPAs, then this would defeat the purpose of the increase which is intended to result in the stronger performance of LPAs.

**Question 90: If no, do you support increasing the fee by a smaller amount (at a level less than full cost recovery) and if so, what should the fee increase be? For example, a 50% increase to the householder fee would increase the application fee from £258 to £387.**

**If Yes, please explain in the text box what you consider an appropriate fee increase would be.**

**Yes** - The LPDF consider the proposed level of fee increase to be reasonable with the increase being based on full cost recovery. Local planning departments have been suffering from significant funding shortfalls which affect their capacity to provide an effective service, which in turn results in significant delays for the development industry and the delivery of much needed housing, economic growth and commercial development.

**Question 91: If we proceed to increase householder fees to meet cost recovery, we have estimated that to meet cost-recovery, the householder application fee should be increased to £528. Do you agree with this estimate?**

**Yes**

**No – it should be higher than £528**

**No – it should be lower than £528**

**no - there should be no fee increase**

**Don't know**

**If No, please explain in the text box below and provide evidence to demonstrate what you consider the correct fee should be.**

**Yes** - The LPDF agree that fees should be increased to £528.

**Question 92: Are there any applications for which the current fee is inadequate? Please explain your reasons and provide evidence on what you consider the correct fee should be.**

**Yes** – A considerable amount of LPA resources are deployed to process Prior Approval applications which place a considerable strain on the workload of planning departments. Therefore, the fee for processing Prior Approvals should be increased from £100, which does not cover the processing costs, to £260 which would be more closely related to cost recovery.



**Question 93: Are there any application types for which fees are not currently charged but which should require a fee? Please explain your reasons and provide evidence on what you consider the correct fee should be.**

The LPDF have no comments on this question.

**Question 94: Do you consider that each local planning authority should be able to set its own (non-profit making) planning application fee? Please give your reasons in the text box below.**

**No** - The LPDF would not support the localisation of planning fees. This approach would result in a lack of accountability and transparency in the fees that are charged. The Federation believe that whilst there may be variations over the full costs of processing applications around the country, nationally set fees remain appropriate to provide simplicity and consistency for all those involved.

**Question 95: What would be your preferred model for localisation of planning fees?**

**Full Localisation – Placing a mandatory duty on all local planning authorities to set their own fee.**

**Local Variation – Maintain a nationally-set default fee and giving local planning authorities the option to set all or some fees locally.**

**Neither**

**Don't Know**

**Please give your reasons in the text box below.**

Please see response to **Question 94** above.

**Question 96: Do you consider that planning fees should be increased, beyond cost recovery, for planning applications services, to fund wider planning services?**

**If yes, please explain what you consider an appropriate increase would be and whether this should apply to all applications or, for example, just applications for major development?**

**No** – If the fee structure is amended as set out above to allow LPAs full cost recovery and to ringfence fee income so that it must be spent within planning departments, then this should be sufficient to allow LPAs to properly fund their whole planning department.

**Question 97: What wider planning services, if any, other than planning applications (development management) services, do you consider could be paid for by planning fees?**

The LPDF have no comments on this question.

**Question 98: Do you consider that cost recovery for relevant services provided by local authorities in relation to applications for development consent orders under the Planning Act 2008, payable by applicants, should be introduced?**

The LPDF have no comments on this question.

**Question 99: If yes, please explain any particular issues that the Government may want to consider, in particular which local planning authorities should be able to recover costs and the relevant services which they should be able to recover costs for, and whether host authorities should be able to waive fees where planning performance agreements are made.**

The LPDF have no comments on this question.

**Question 100: What limitations, if any, should be set in regulations or through guidance in relation to local authorities' ability to recover costs?**

The LPDF have no comments on this question.

**Question 101: Please provide any further information on the impacts of full or partial cost recovery are likely to be for local planning authorities and applicants. We would particularly welcome evidence of the costs associated with work undertaken by local authorities in relation to applications for development consent.**

The LPDF have no comments on this question.

**Question 102: Do you have any other suggestions relating to the proposals in this chapter?**

**Yes** - One area that the LPDF believe is missing from the proposed reforms is in relation to planning appeals and the need to ensure that the workload for PINS is at a manageable level. As such, the LPDF would recommend introducing a charge for submitting a planning appeal. The purpose of this would be to disincentivise appellants from submitting unsubstantiated appeals with limited chances of success (particularly householder appeals) which are unnecessarily clogging up the appeal system and taking up limited LPA time and resources. PINS statistics show that in 2021/22 only 36% of householder appeals were allowed and over the 10-year period 2012/13 – 2021/22, the average annual percentage allowed was just 37.5%.<sup>7</sup> This demonstrates that the majority of householder appeals are dismissed. The fee for submitting an appeal would need to be sufficient to deter unsubstantiated appeals, but not such a cost that it would be a disadvantage for SME housebuilders (perhaps £1,000). However, if the appeal were to be successful, there should not be an ability for the developer to claim the application fee back from the LPA as this would be taking resources out of the system. The appeals process is an entirely separate service from the planning application process and therefore, a separate charge is entirely justified.

A further area of reform that the LPDF believe is necessary, is the re-introduction of the 'free go' for repeat applications. The LPDF submitted representations in April 2023 highlighting our members significant concerns regarding the proposed removal of the free second go for applications. However, these proposals were still brought forward by the Government. The concerns pertain to a likely increase in the number of applications being taken to appeal resulting in additional costs for both the applicant and the LPAs and hence, significant delay. In many instances this could be avoided through a repeat application, where the applicant and the case officer successfully work through the issues raised with the previous application within the determination period of the re-application (and before the submitted Appeal is heard).

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<sup>7</sup> <https://www.gov.uk/Government/statistics/planning-inspectorate-statistics>

## **Chapter 12 – The future of planning policy and plan making**

### **Question 103: Do you agree with the proposed transitional arrangements? Are there any alternatives you think we should consider?**

**No** – If the Government wants to achieve its stated objectives, then the option which will deliver these as quickly as possible, or ensure that substantial progress is made towards these objectives, is for the transitional arrangement to be deleted, or for plans to be allowed to continue towards adoption with the LHN figure derived from the new SM being used for assessing 5 year housing land supply from the date of adoption of the NPPF.

However, the LPDF recognise the Government's aspiration to ensure that LPAs who have progressed a development plan under the previous version of the NPPF, in a fair and NPPF compliant way, are allowed to progress that plan through to adoption before embarking upon the preparation of a new plan. This is laudable.

There are however, a number of concerns which arise from this approach which will impact upon the ability of the Government to achieve its overall aims. Firstly, if LPAs are progressing plans under the previous version of the NPPF, and they continue to do so under the transitional arrangements, it will be a considerable length of time before they are able to adopt a new plan which is fully compliant with the new version of the NPPF. Research by Lichfields on behalf of the LPDF and HBF (**Appendix 2**) has analysed the local plan position across the country and determined that 30% of LPAs have an adopted local plan that is less than 5 years old and would therefore continue to operate with housing need figures which are not derived from the proposed new SM. Around 50 LPAs may benefit from the transitional arrangements as set out in the proposed changes to the NPPF, which could see them also adopt a housing requirement which is below that which is generated by the proposed new SM. Therefore, under the transitional arrangements as currently proposed, the 370,000 annual target would remain an elusive prospect, particularly over the first five years of the new NPPF. Indeed, the research suggests that delivery under the proposed transitional arrangements may only equate to 60% of the 370,000 units per annum target which the government has committed to, and would average out at around 226,000 units per year over this Parliament.

There are also LPAs who are knowingly speeding up their plan preparation timetable for their current development plan in order to avoid the more positive approach which is intended by the Government's proposed changes. The Lichfields research (**Appendix 2**) lists these LPAs in Appendix 1 of their report. Whilst the transitional arrangements seek to capture these plans under paragraph 226(a), these are not sufficient to ensure that any unmet housing needs are addressed as quickly as possible to help the Government meet its overall ambitions.

If plans which are progressed are less than 200 dwellings below the LHN figure, under the current transitional arrangements, these can be progressed to adoption and no review is required for the following 5 years. This means that up to 1,000 dwellings could remain undelivered if an LPA does not prepare a review as soon as the existing plan is adopted. Additionally, the 200 unit threshold whilst appearing to be reasonable, may be a significant percentage of some LPAs overall annual LHN (or the increase in LHN) or only a small percentage, dependent upon the overall size of the housing need identified by the SM. In order to provide a more level and fair assessment, this requirement should be reworded as 200 units below the LHN or, 20% of the difference between the adopted (or previous SM) housing requirement and the LHN, whichever is the lower.

In order to ensure that LPAs address any shortfall between their adopted housing requirement and the level of housing need identified by the SM, there is a need for the transitional arrangements set out in paragraph 227 to be strengthened to ensure that a stated deadline is given for LPAs to submit a new NPPF compliant local plan. This deadline should be within 18 months of the publication date of the new NPPF plus one month. This will ensure that the Government's overall aims are achieved as quickly as possible.

There is also a need to address issues caused by Spatial Development Strategies (SDS) which have been progressed under the previous NPPF and which contain a housing requirement which is well below the LHN identified by the new SM which the current paragraph 226(b) does not pick up in the consultation draft. This could leave constituent LPAs who are covered by the SDS plan with the ability to adopt a development plan which is also below the level of need identified by the proposed LHN and for those plans to remain up-to-date for 5 years. This would leave the Government well short of its intended target for housing delivery for a number of years. This is a major issue for the recently adopted 'Places for People' plan for Greater Manchester.

Finally, there is a need to ensure that even if an LPA is allowed to progress a development plan which is below the LHN identified by the SM, there is an ability for development to come forward on sustainable sites to help the LPA and Government to meet housing needs. This could be achieved through the Presumption of Sustainable Development, as expressed in paragraph 11 of the NPPF, applying in circumstances where a development plan has been advanced before the adoption of this version of the NPPF with a housing requirement which is below the proposed LHN (see our response to **Question 6** above). Therefore, as recommended in the Lichfields research (**Appendix 2**), emerging Local Plans would be allowed to proceed as submitted in order that emerging housing allocations and policies are given the chance to proceed in a sound plan, but any plan which is based on a housing requirement derived from the previous SM under the existing NPPF, and which is below the figure in the proposed new SM, would not set the housing requirement for five year land supply purposes, unless it was higher than the new figure for that LPA in the new SM.

#### Changes to paragraphs 226, 227 and 228

In order to take account of the issues raised above, paragraphs 226, 227 and 228 should be amended to read:

*"226. The policies in this Framework (published on [publication date]) will apply for the purpose of preparing local plans [Footnote 83] from [publication date + one month] unless one or more of the following situations apply:*

*a. **Plans in Advanced Preparation:** the emerging annual housing requirement [Footnote 84] in a local plan that reaches or has reached Regulation 19 [Footnote 85] (pre-submission stage) on or before [publication date + one month] is no more than 200 dwellings below the published relevant Local Housing Need figure [Footnote 86];*

*b. **Part 2 Plans:** the local plan is a Part 2 plan that does not introduce new strategic policies setting the housing requirement unless the relevant Local Plan Part 1 has been prepared applying the policies in this version of the Framework;*

*c. **Plans at Examination:** the local plan is or has been submitted for examination under Regulation 22 [Footnote 87]; on or before [publication date + one month].*

Where 226(a),(b) or (c) applies, the plan will be examined under the relevant previous version of the Framework [Footnote 88]

*227. Where paragraph 226 c) applies (**Plans at Examination**), local plans that reach adoption with an annual housing requirement [Footnote 84] that is more than 200 dwellings lower than the relevant published Local Housing Need figure [Footnote 86] will be expected to **commence a review immediately post-adoption and submit a local plan containing additional allocations to meet their LHN in full within a maximum of 18 months from [publication date], the same date as plans covered by 226a (Plans in Advanced Preparation).** plan-making in the new plan-making system at the earliest opportunity to address the shortfall in housing need.*

*228. After applying the policies of this version of the Framework, local plans under 226a (**Plans in Advanced Preparation**) that have reached Regulation 19 (pre-submission stage) on or before [publication date + one month] with an emerging [Footnote 89] annual housing requirement [Footnote 84] that is more than 200 dwellings lower than the relevant Local Housing Need [Footnote 86] figure should proceed to examination [Footnote 90] within a maximum of 18 months from [publication date]”.*

In addition, a new paragraph 230 should be introduced which reads:

**“230. The requirement to submit a Local Plan under paragraphs 227 and 228 will be enforced via Local Plan Deadlines under NPPF 11d. If a Local Planning Authority has not submitted the local plan for examination within 18 months from [publication date] then the presumption will apply automatically, subject only to NPPF 11d(i) and (ii)”.**

Please see our response to this under **Question 6** above.

**Question 104: Do you agree with the proposed transitional arrangements?**

See our response to **Question 103** above.

**Question 105: Do you have any other suggestions relating to the proposals in this chapter?**

**No.**

**Question 106: Do you have any views on the impacts of the above proposals for you, or the group or business you represent and on anyone with a relevant protected characteristic? If so, please explain who, which groups, including those with protected characteristics, or which businesses may be impacted and how. Is there anything that could be done to mitigate any impact identified?**

**No.**

# **Appendix 1**

## **LPDF's Proposed Wording Changes to the NPPF**

**LPDF**

**September 2024**

## **Chapter 1**

New paragraph after paragraph 1

**The policies contained within this National Planning Policy Framework reflect the Government's commitment to:**

- **(1) the construction of 1.5 million new homes over the duration of the current Parliament;**
- **(2) boosting the supply of affordable homes, including those of a social rent tenure;**
- **(3) boosting the supply of commercial development, in particular laboratories, gigafactories, data centres, digital infrastructure, freight and logistics and advanced manufacturing;**
- **(4) the Green Energy transition;**
- **(5) boosting the nation's economic growth.**

**The provision of homes, and especially affordable homes should be accorded substantial weight in the planning balance. Economic growth, including the provision of jobs, investment and innovation should also be accorded substantial weight**

### **Paragraph 11(c)**

Approving development proposals that accord with an up-to-date development plan without delay; **and**

### **Paragraph 11(d)**

“(d) where there are no relevant development plan policies, or the policies for the supply of land are out-of-date and/or **a Local Planning Authority has failed to submit a relevant development plan document or local plan by the relevant deadline set out in paragraph 230,** granting permission unless:.....”

### **Paragraph 11(d)(ii)**

Propose this ends after the phrase “.....against the policies in this Framework taken as a whole.”

**Proposed Paragraph 11 in full:**

Plans and decisions should apply a presumption in favour of sustainable development.

For plan-making this means that:

- a) all plans should promote a sustainable pattern of development that seeks to: meet the development needs of their area; align growth and infrastructure; improve the environment; mitigate climate change (including by making effective use of land in urban areas) and adapt to its effects;
- b) strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring areas, unless:
  - (i). the application of policies in this Framework that protect areas or assets of particular importance provides a strong reason for restricting the overall scale, type or distribution of development in the plan area; or
  - (ii). any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.

For decision-taking this means:

- c) approving development proposals that accord with an up-to-date development plan without delay; and
- d) where there are no relevant development plan policies, or the policies for the supply of land are out-of-date and/or a Local Planning Authority has failed to submit a relevant development plan document or local plan by the relevant deadline, granting permission unless:
  - (i). the application of policies in this Framework that protect areas or assets of particular importance provides a clear reason for refusing the development proposed; or
  - (ii). any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.

**Paragraph 11's Footnote 7**

“The policies referred to are those in this Framework (rather than those in development plans) relating to: habitats sites (and those sites listed in paragraph 187) and/or designated as Sites of Special Scientific Interest; land designated as Green Belt (**apart from proposals brought forward under paragraph 11(b)(i) and proposals on grey belt land as referenced in paragraph 152 of the Framework**), Local Green Space, an Area of Outstanding Natural Beauty, a National Park (or within the Broads Authority) or defined as Heritage Coast; irreplaceable habitats;



designated heritage assets (and other heritage assets of archaeological interest referred to in footnote 74); and areas at risk of flooding or coastal change.

#### **Paragraph 11's Footnote 9**

“This includes, for applications involving the provision of housing, situations where the local planning authority cannot demonstrate a five year supply of deliverable housing sites (with the appropriate a buffer as set out in paragraph 76); or where the Housing Delivery Test indicates that the delivery of housing was substantially below (less than 75% of) the housing requirement over the previous three years; **or where the development plan was adopted under the transitional arrangements set out in this Framework with a housing requirement which is below the relevant published housing needs figure and the Local Planning Authority has failed to submit a relevant development plan by the relevant deadline.**”

#### **After paragraph 11**

Insert new paragraph following on from paragraph 11

**Policies for the supply of land in paragraph 11d are those (contained within development plans or neighbourhood plans) which for the area and type of development concerned, either:**

- **(a) set an overall requirement and/or;**
- **(b) make allocations; and/or**
- **(c) make allowances for windfall sites (sites not specifically identified in the development plan); and/or**
- **(d) set settlement boundaries beyond which development will be restricted; and/or**
- **(e) safeguard land.**

Insert new paragraph following on from paragraph 11

**Where the development plan is not up-to-date (as defined in paragraph 11d), the presumption in favour of sustainable development applies for all decision-taking. The presumption is intended to ensure that the necessary land is brought forward for development when needed, particularly in the short term. This is particularly important to address the chronic undersupply of land that has underpinned the housing crisis and support the Government's drive to deliver 1.5 million new homes, in particular affordable homes, over the next five years. The presumption is also intended to deliver the Government's economic programme as soon as possible. Where the presumption is engaged, development which promotes jobs, investment and economic growth should be permitted without delay.**”

### **Paragraph 13**

**The Government supports neighbourhood plan-making where this contributes (and does not constrain) wider development needs.** The application of the presumption has implications for the way communities engage in neighbourhood planning. Neighbourhood plans should support the delivery of strategic policies contained in local plans or spatial development strategies; and should shape and direct development that is outside of these strategic policies.

### **Paragraph 14**

In situations where the presumption (at paragraph 11d) applies to applications involving the provision of housing, the adverse impact of allowing development that conflicts with the neighbourhood plan is likely to significantly and demonstrably outweigh the benefits, provided the following apply:

- a) the neighbourhood plan became part of the development plan **two** years or less before the date on which the decision is made; and
- b) the neighbourhood plan contains policies and allocations to meet its identified housing requirement (see paragraphs 67-68);

### **Paragraph 36b**

Justified – **the most appropriate strategy**, taking into account the reasonable alternatives, and based on proportionate evidence”

### **Footnote 20**

**Where this relates to housing, such needs should be assessed using the standard method as set out in paragraph 62 of this Framework**

### **Paragraph 61**

To support the Government’s objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay. **Development proposals that deliver affordable housing in whole or in part, and especially homes for social rent, should be accorded substantial weight in decision making.** The overall aim should be to meet as much of an area’s identified housing need as possible, including with an appropriate mix of housing types for the local community.

#### **Paragraph 144**

...plans should give first consideration to previously developed land **in the Green Belt, then Safeguarded Land.....**

#### **New paragraph 151**

**Very special circumstances include (but are not limited to):**

**(a) the contribution that a development proposal will make to meeting a five year supply of deliverable housing sites (with a buffer, if applicable, as set out in paragraph 76) or where the Housing Delivery Test indicates that the delivery of housing was below 75% of the housing requirement over the previous three years or where there is an evidenced need for the delivery of affordable housing; and**

**(b) a demonstrable need for land to be released for development of local, regional or national importance especially for economic growth as set out in paragraphs 84 and 85**

#### **Paragraph 152 (a)**

The development would utilise grey belt land in sustainable locations **which is not PDL** if, the contributions set out in paragraph 155...

#### **Paragraph 154(g)**

g.) limited infilling or the partial or complete redevelopment of previously developed land, whether redundant or in continuing use (excluding temporary buildings), which would not cause **substantially more harm to the openness of the Green Belt than the existing development**

#### **Paragraph 155**

Where major development takes place on land which has been released from the Green Belt **through development management**, the following contributions should be made

#### **Paragraph 155 (a)**

In the case of schemes involving the provision of housing, **at least 10% above the last adopted development plan requirement for affordable housing (even if the plan is out of date or 10% above the affordable housing requirement set out in the latest Housing Needs Assessment, where the adopted local plan is 5 years old or greater** (subject to viability testing at either site or development plan level)

### **New paragraph in Chapter 13**

**Grey belt land is land which comprises Previously Development Land or any other parcels and/or areas of Green Belt land which do not strongly perform against the purposes of the Green Belt as a whole; and has at least one of the following features:**

**(i) Land containing substantial built development or which is fully enclosed by built form and/or infrastructure;**

**(ii) Land which makes a limited contribution to preventing neighbouring towns from merging into one another;**

**(iii) Land which is dominated by urban land uses, including physical developments**

**(iv) Land which contributes little to preserving the setting and special character of historic towns**

### **Paragraph 165**

Inappropriate development in areas at risk of flooding should be avoided by directing development away from areas at highest risk (whether existing or future). Where development is necessary in such areas, the development should be made safe for its lifetime without increasing flood risk elsewhere. **Decision-makers should however have to have regard to all mitigation that will reduce flood risk from all sources, especially from surface water.”**

### **Paragraph 168**

The aim of the sequential test is to steer new development to areas with the lowest risk of flooding from any source, **except in respect of surface water**. Development should not be allocated or permitted if there are reasonably available sites appropriate for the proposed development in areas with a lower risk of flooding. The strategic flood risk assessment will provide the basis for applying this test. The sequential approach should be used in areas known to be at risk now or in the future from any form of flooding. **Where a development will fully mitigate the risk of existing or future flooding from any source, especially surface water flooding, or no built development is proposed in areas at risk of flooding, there is no requirement to carry out a sequential test or the exception test.”**

### **Paragraph 226**

The policies in this Framework (published on [publication date]) will apply for the purpose of preparing local plans [Footnote 83] from [publication date + one month] unless one or more of the following situations apply:

a. **Plans in Advanced Preparation**: the emerging annual housing requirement [Footnote 84] in a local plan that reaches or has reached Regulation 19 [Footnote 85] (pre-submission stage) on or

before [publication date + one month] is no more than 200 dwellings below the published relevant Local Housing Need figure [Footnote 86];

b. **Part 2 Plans:** the local plan is a Part 2 plan that does not introduce new strategic policies setting the housing requirement unless the relevant Local Plan Part 1 has been prepared applying the policies in this version of the Framework;

c. **Plans at Examination:** the local plan is or has been submitted for examination under Regulation 22 [Footnote 87]; on or before [publication date + one month].

Where 226(a),(b) or (c) applies, the plan will be examined under the relevant previous version of the Framework [Footnote 88]

### **Paragraph 227**

Where paragraph 226 c) applies (**Plans at Examination**), local plans that reach adoption with an annual housing requirement [Footnote 84] that is more than 200 dwellings lower than the relevant published Local Housing Need figure [Footnote 86] will be expected to **commence a review immediately post-adoption and submit a local plan containing additional allocations to meet their LHN in full within a maximum of 18 months from [publication date], the same date as plans covered by 226a (Plans in Advanced Preparation).** plan-making in the new plan-making system at the earliest opportunity to address the shortfall in housing need.

### **Paragraph 228**

After applying the policies of this version of the Framework, local plans under 226a (**Plans in Advanced Preparation**) that have reached Regulation 19 (pre-submission stage) on or before [publication date + one month] with an emerging [Footnote 89] annual housing requirement [Footnote 84] that is more than 200 dwellings lower than the relevant Local Housing Need [Footnote 86] figure should proceed to examination [Footnote 90] within a maximum of 18 months from [publication date]

### **Insert new paragraph 230**

**The requirement to submit a Local Plan under paragraphs 227 and 228 will be enforced via Local Plan Deadlines under NPPF 11d. If a Local Planning Authority has not submitted the local plan for examination within 18 months from [publication date] then the presumption will apply automatically, subject only to NPPF 11d(i) and (ii).**

### **Annex 2**

Major Development: for housing development where **15 or more homes, or the site has an area of 1ha or more.**

# **Appendix 2**

**Making the transition:  
a trajectory for planning and delivery  
of housing under the proposed NPPF**

**Lichfields**

**September 2024**

## Briefing Note

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**Our ref** 68813/02/MS/JS  
**Date** 23 September 2024

### **Subject Making the transition: a trajectory for planning and delivery of housing under the proposed NPPF**

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#### **1.0 Introduction**

- 1.1 The Government was elected on a manifesto ambition to deliver 1.5m homes in England in the parliament, equivalent to 300,000 homes a year for five years, a rate significantly greater than has been achieved in recent decades. But it begins this task from an inauspicious starting point, with current local plan requirements aggregating to just 230,000, the HDT benchmarks at 259,000 and recent permissions running at just 233,000 per annum (equivalent to build out at circa 175,000 once one accounts for lapse rates)<sup>1</sup>. The OBR March 2024 economic and fiscal outlook<sup>2</sup> forecast net completions falling to 188,000 in 2026 before rising to 220,000 in 2029, and delivering just 1,014,000 over the five year period, almost half a million short of the Government's ambition. Some are more pessimistic than that about short term delivery.
- 1.2 Housing supply is not simply a function of the planning system, but there is a very strong correlation between what the planning system seeks to achieve by way of local planning targets and what is built. This is because LPAs will tend to ration the flow of permissions for housing to a level consistent with what is necessary to maintain a five-year land supply against their local requirement (witness Wiltshire Council's decision in April 2024 to reverse its previous decision to approve schemes when its land supply requirement dropped from five to four years, under the terms of para 226 of the December 2023 NPPF).
- 1.3 LPAs might resist proposals for housing in their area (often successfully) if they are not deemed necessary in order for an area to meet its local target, because the benefits of extra housing supply might be perceived as less and thus outweighed by harms, when it comes to applying the 'tilted balance'. For a number of other, more land-constrained areas, delivery is in effect restricted to the capacity of that area – even when the target is set at a higher level, with London being a good example. This is why a national target, say of 300,000 homes a year, will not be met if this does not translate to deliverable local targets.
- 1.4 The draft NPPF and proposed changes to the Standard Method for local housing need – both out for consultation – seek to boost housing delivery by, inter alia:
- 1 Changing the formula for local housing so that in aggregate, areas need to plan with the aim of achieving 370,000 homes a year, nationally;

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<sup>1</sup> See analysis in this blog [here](#)

<sup>2</sup> The OBR Economic and Fiscal Outlook is [here](#)

- 2 Requiring LPAs to maintain a five year land supply, without which the presumption in favour of sustainable development applies;
- 3 Changing Green Belt policy so that:
  - a areas must review Green Belt in their Local Plans and, where justified, release land in order to meet housing need; and also
  - b 'provide opportunities for so-called 'Grey Belt' land to be developed ahead of a local plan by way of planning application;
- 4 Strengthening the strategic planning approach such that one might expect a greater amount of unmet need from constrained areas to be provided for in neighbouring areas; and
- 5 Requiring that proposals for housing on previously developed land should be regarded as acceptable in principle.

1.5 In general terms, these measures place strong upward pressure on the planning system's approach to supporting the delivery of new homes. However, the question is whether they go far enough in light of:

- 1 The inevitable lag period in which any planning decisions in support of new homes (in the form of allocations or permissions) would be unlikely to achieve real world housing completions for a period of at least 2-3 years<sup>3</sup>, meaning that in the short term, delivery is largely a function of the inherited planning pipeline and economic conditions; and
- 2 The Government's proposals for transitional arrangements on local plans in which:
  - a areas with adopted Local Plans at the time of the adoption of the NPPF would continue to apply their pre-NPPF housing requirements for five year land supply purposes for five years from the date the plan was adopted; and
  - b areas that submit a Local Plan for examination within a month of the publication of the NPPF will see whatever housing target emerges in that plan once adopted as the basis for its housing trajectory and five year land supply for up to five years, depending on when a replacement plan is adopted, with the pace of the new plan partly dependent on whether or not the emerging plan is within 200 homes of the proposed new Standard Method.

1.6 A number of LPAs stand to have existing/emerging Local Plans fall within the proposed terms of the transitional arrangements, and this means that their local housing requirement will be lower than it might otherwise have been had they prepared their plan under the terms of the proposed new NPPF<sup>4</sup>. Although those falling more than 200 homes below the proposed Standard Method would be expected to prepare a plan under the new plan making system at the earliest opportunity, this is unlikely to begin at least until 2026 and will not lead to adoption of that plan before 2029, even based on a 30+4 month timescale.

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<sup>3</sup> See the benchmarks in [Start to Finish](#)

<sup>4</sup> See the examples as reported in Planning Resource [here](#) and [here](#) (£)



- 1.7 What does the combination of the above mean in terms of the practical local plan targets that will likely apply for five-year land supply purposes over the next ten years and what might this in turn mean for net housing additions over that period?
- 1.8 To explore this, in work prepared pursuant to an instruction from the Home Builders Federation (HBF) and the Land, Planning and Development Federation (LPDF), we have generated a model to explore the potential trajectory of planned housing targets (in terms of the annual rate that would apply for five year land supply purposes), and housing delivery associated with that. We explain the broad approach before presenting the results, followed by some recommendations.

## **2.0 Approach**

- 2.1 As with any modelled approach, it is necessarily a function of the assumptions applied about what might happen in the future and thus it illustrates a concept rather than representing a precise forecast. The implications would depend on what individual LPAs might do and precise duty to cooperate and other discussions. We have adopted a proportionate but consistent approach at a national level, applied to every England LPA area based on its context, local plan status, past housing delivery, and standard method housing number. The approach is as follows:
- 1 We have categorised every LPA as being either
    - a **‘Constrained’** where housing delivery is largely a function of the capacity of the area, based on past rates of net housing completions, but with an increase of 13% based on the impact of the proposed change to para 122 (c) on publication of the new NPPF and a further increase of 13% on adoption of a new Local Plan. This uplift is based on the analysis in the January 2024 London Plan Review of the impact of the 2012 NPPF presumption in favour of sustainable development. In general terms, our assessment assumes a constrained LPA has a ‘cap’ on its realistic ability to meet the new standard method in the current operating environment and thus will be a generator of ‘unmet’ need.
    - b **‘Receiver’** authorities where in principle they have the ability to meet their Standard Method housing need and accommodate unmet need from ‘constrained’ LPAs.
  - 2 All LPAs have been grouped into sub-regions that are a best fit for existing or possible future sub-regional strategic planning areas.
  - 3 We have identified the Local Plan housing requirement for each LPA where this is from a Strategic Policy in a Local Plan adopted within the past five years. We have assumed this number applies for five year land supply purposes until it is five years old, whereupon the proposed new Standard Method figure applies<sup>5</sup>.
  - 4 We have identified the LPAs that have, or are identified as being likely to, submit a Local Plan for Examination before January 2025 (based on the assumption that the

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<sup>5</sup> We have not modelled the individual backlog position on 5YHLS based on adopted Local Plans and assume the annual requirement applies for each year.

NPPF is adopted December 2024) and are thus likely to benefit from the transitional arrangements. We have assumed that Local Plans are found sound and adopted with the same housing requirement as when the plan was submitted, although clearly this might change depending on the process of the Examination.

- 5 We have identified when a new Local Plan would be put in place for every 'receiver' area and then applied a housing target for that plan that:
  - a Meets its own Local Housing Need (based on the new standard method);
  - b Makes a contribution to meeting unmet need from 'constrained' LPAs within its sub-regional strategic planning area. We have taken assumed that 'receiver' LPAs would meet a proportion of the unmet need for the sub-regional strategic planning area equivalent to their contribution to the overall Standard Method housing need for the area. By way of an example, Shropshire's Standard Method housing need of 2,059 makes up 20% of the total target for the Western Midlands (Stoke, Stafford, Shropshire & Worcestershire) sub-regional strategic planning area. Therefore, Shropshire is allocated a further 20% of the 750 dpa unmet need for Western Midlands (equivalent to 154 dpa), giving a total housing target of 2,213 dpa. In most strategic planning areas, unmet need is mopped up, but some areas (with fewer 'receivers') fall short.
- 6 For assessing actual forecast housing delivery, we have:
  - a Assumed that the OBR March 2024 Economic and Fiscal Outlook assumption applies for the period 2024-2027 on the basis that what is to be built in those areas will largely be a function of what already has/or will shortly receive a permission and the underlying economic circumstances that apply. Some might say this forecast is itself optimistic so it therefore in our view captures the possible benefits of short term Government measures, for example on funding, social housing, or tackling problems like water or nutrient neutrality.
  - b For the period from 2028 onwards, we link the delivery of homes by i) for 'constrained' LPAs, to their past rate of delivery plus the 13% uplift to account for para 122 (c) and a further increase of 13% on adoption of a new Local Plan that we assume brings forward additional sites/capacity; and ii) for 'receiver' LPAs, to their planned housing target from the period three years prior, with an assumption that delivery runs at an average of 92% of the target, based on how current delivery relates to the Housing Delivery Test benchmarks.
- 7 We then look at what this means for total planned targets and for housing delivery for the first five-year period of the new NPPF (assuming adoption from December 2024) and for the second five year period (years 6-10). We then identify the difference between the planned target based on with the transition period and without it.

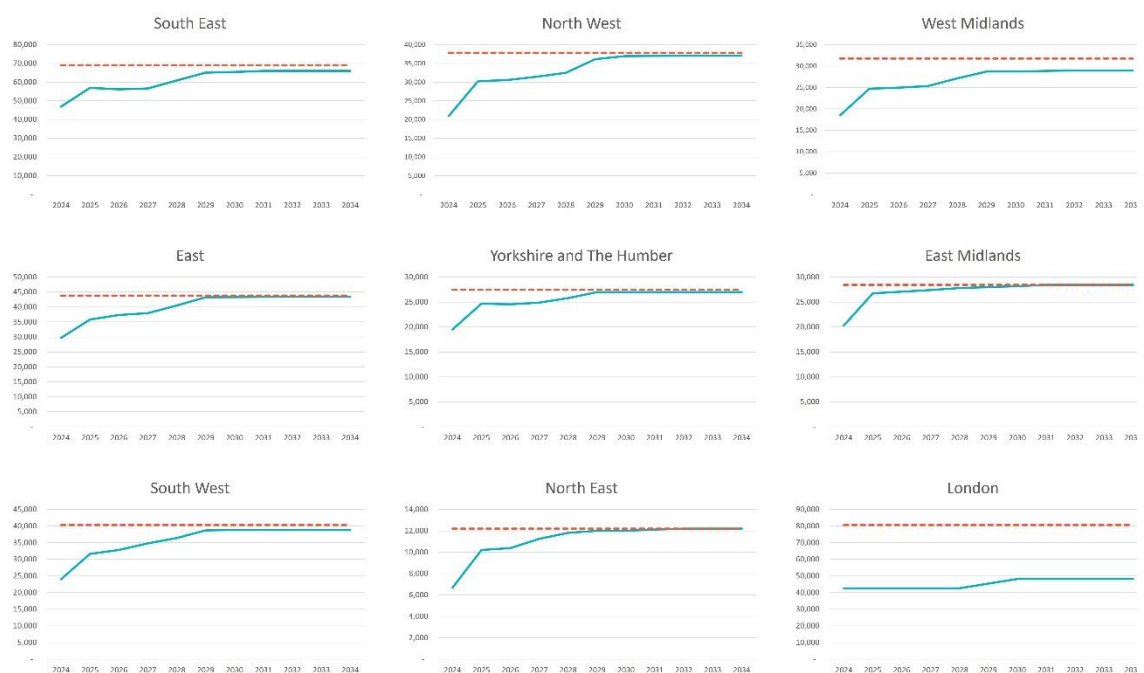
### **3.0 Analysis**

- 3.1 The individual regional trajectories for progress towards the new Standard Method for local housing need by region are illustrated in Figure 1. In Figure 2, the totals are presented

across the first five years of the new NPPF, alongside Local Plan housing targets and a forecast of housing delivery.

3.2 Whilst a number of LPAs would immediately take on the new Standard Method figures for decision taking (through out-of-date plans and a lack of five-year housing land supply), a notable proportion would continue to operate under lower housing need figures. This would include the circa 30% of LPAs with a Local Plan adopted within the past five years alongside around 50 LPAs that could expect to benefit from the transitional arrangements set out at Annex 1 of the draft NPPF. The new standard method and its 370,000 annual target therefore remains an elusive prospect, particularly over the first five years of the new NPPF where both Local Plan requirements and forecast housing delivery cumulatively fall short of the national annual target by 370,000 and 730,000, respectively over the five year period to 2029.

Figure 1 Regional Housing Target Trajectories



Source: Lichfields analysis

3.3 This is particularly stark in London, which history shows as being constrained and persistently delivering around 30-40,000 homes a year, and for various reasons (such as those identified in the London Plan Review<sup>6</sup>) is likely to continue under-shooting its housing delivery for the foreseeable future, resulting in a cumulative Local Plan target of just over 200,000 over the first five years, around half of the 400,000 target under the Standard Method. By contrast, in the context of the applied methodology, the North East does not have any constrained LPAs, and Yorkshire has just two. As a consequence, these regions are considered to have a far greater immediate capacity to meet the new standard

<sup>6</sup> The London Plan Review is available [here](#)

method, albeit this will not be achieved immediately as up-to-date Local Plans and transitional arrangements lock-in 'old-style' housing need figures.

- 3.4 Given the inherent lag between the adoption of a Local Plan housing target, preparation, submission and determination of a planning application, discharge of all relevant conditions and reserved matters and construction, it is to be expected that the delivery of new housing over years 1-5 is then forecast to fall short of housing need identified through the Standard Method, providing just over 1,130,000 new homes between 2025 and 2029.
- 3.5 This equates to 60% of the standard method and averages out at 226,000 dwellings per annum. This is moderately above the 'business as usual' scenario we identify from the OBR's March 2024 forecast (albeit to a different build-out profile) and flows from the uplift taking effect in the final two years of the period.

Figure 2 Housing shortfall (2025-2029)

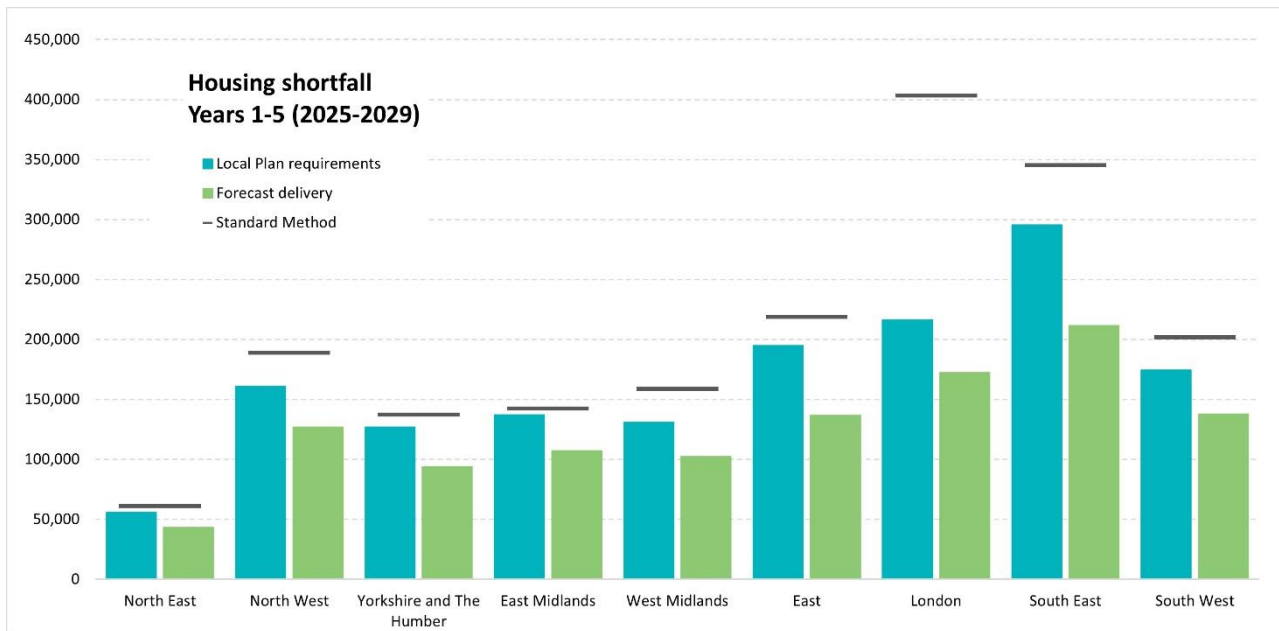
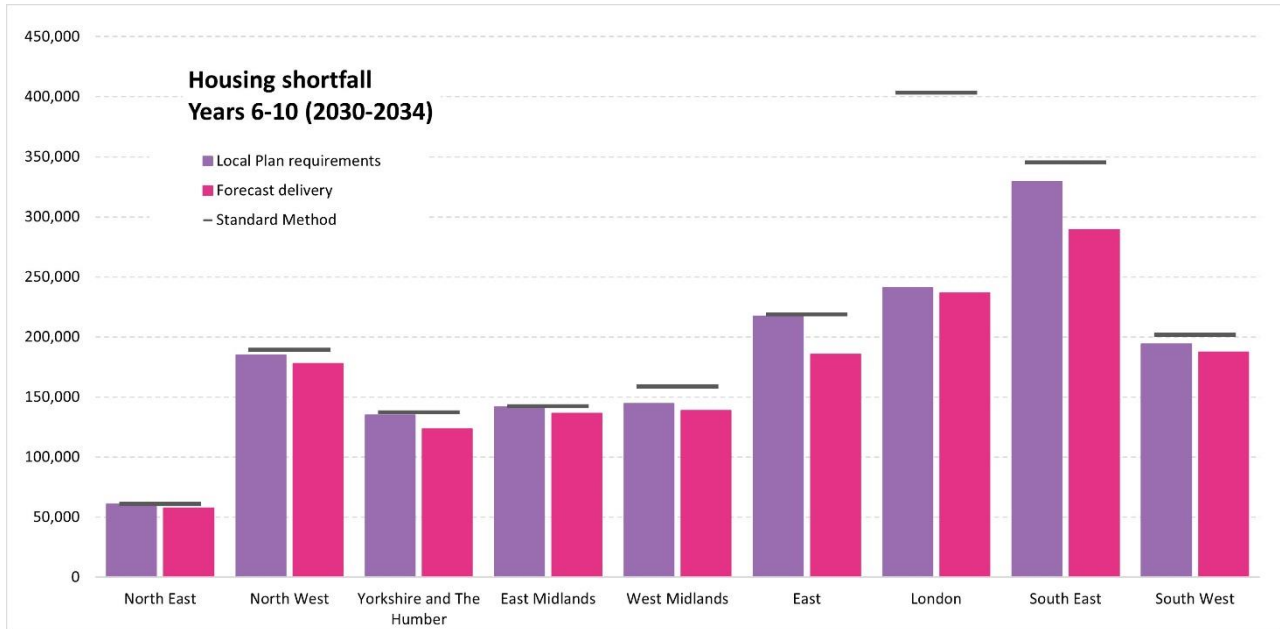
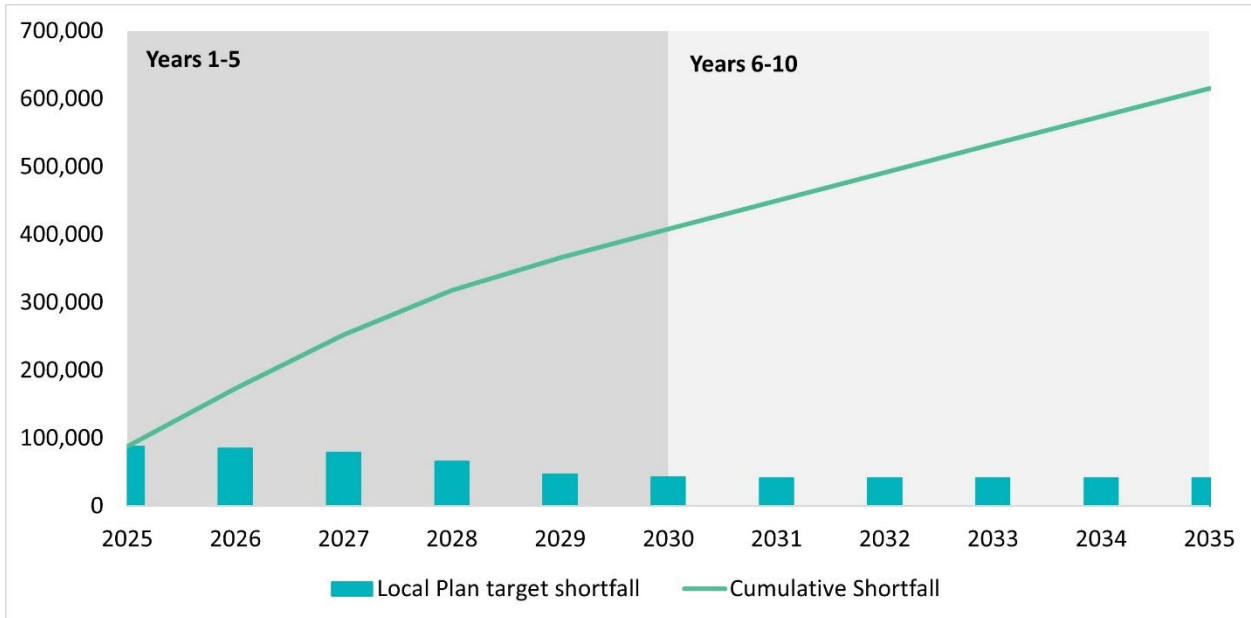


Figure 3 Housing shortfall (2029-2034)



- 3.6 A more positive picture is seen across the second five years of the new NPPF (see Figure 3). With the exception of London and its assumed ongoing constraints, all other regions are estimated to more or less reach the housing targets set by the Standard Method.
- 3.7 These higher housing targets result in a corresponding uplift in housing delivery which is forecast to rise to 1.6m between 2030 and 2034: a notable improvement on past levels, but still 20% short of housing need under the proposed Standard Method.
- 3.8 The implications of LPAs continuing to plan for less than their local housing need identified through the Standard Method is set out at Figure 4, which shows a cumulative shortfall of 370,000 homes by 2029 between Local Plan targets and the Standard Method housing need, growing to 615,000 by 2034.

Figure 4 Local Plan target shortfall against Standard Method



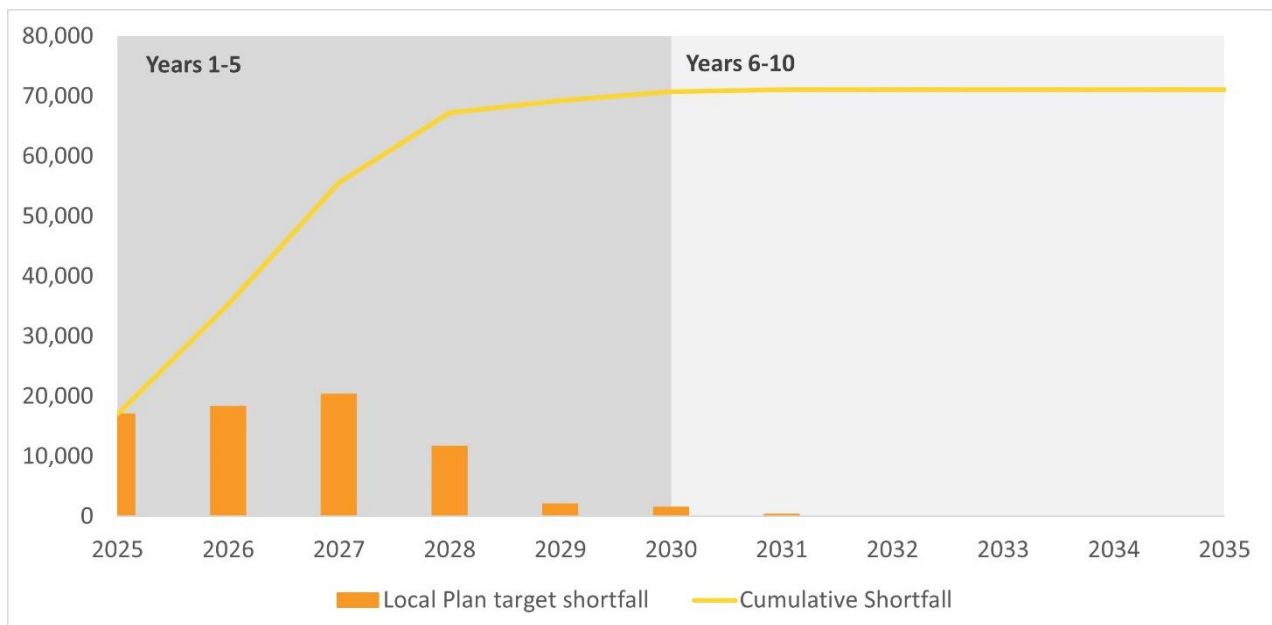
- 3.9 Whilst a proportion of the shortfall is partly a result of LPAs with existing up-to-date Local Plans, there are also a significant number of LPAs where submission of a plan under the current NPPF with the proposed transitional arrangements would delay the preparation and adoption of a new plan that aims to address the new housing need figures, including unmet need<sup>7</sup>.
- 3.10 The transition 'opportunity' has led to a rush of LPAs announcing early consultations and condensed timeframes in an apparent effort to defer the increase in housing numbers. A list of LPAs that have submitted or published an emerging Local Plan that would benefit from the transitional arrangements or have announced that they intend to submit or publish their Local Plan prior to the implementation of the new NPPF is provided at Appendix 1.
- 3.11 In light of the Minister of State's instruction<sup>8</sup> that PINS should no longer follow a doctrine of 'pragmatism' (whereby Local Plans at Examination would be prolonged - sometimes interminably - to allow for updates and additional evidence, rather than being found unsound), it is possible that a number of these emerging Local Plans may be withdrawn or found unsound. We have nonetheless assumed for our assessment that the LPAs have submitted a plan they consider to be sound and that they will progress. This is a prudent assumption for our assessment, given that progressing a plan that is ultimately not adopted will still delay the practical impact of the new Standard Method housing need in terms of realistic applications in the short term.

<sup>7</sup> Which, under the new NPPF, all falls to be addressed via the duty to cooperate, compared to the current NPPF where the 35% urban uplift does not need to be addressed in neighbouring LPAs if it cannot be met within the urban area.

<sup>8</sup> See letter to Chief Executive of the Planning Inspectorate [here](#)

- 3.12 Compared to a scenario without any transitional arrangements (i.e. if the NPPF and Standard Method applied immediately), the proposals in the draft NPPF would directly result in a shortfall of over 70,000 homes being planned for, with the majority of this undersupply falling within the first five years of the new NPPF. There is a lag effect in terms of build out from submission of applications, but within the first five years to end of 2029, this would lead to around 35,000 fewer homes being built in the final two years (equivalent to 15-20,000 per year in years four and five) than if the transitional arrangements were removed.
- 3.13 Notably, this shortfall is not just a result of individual LPAs progressing Local Plans that fall short of their own housing need as identified by the Standard Method. Significantly, a number of ‘receiver’ LPAs are those that would likely need to address not only their own housing needs but also increased amounts of unmet housing need from constrained LPAs in their sub-region through the duty to cooperate (or future strategic planning mechanisms). By progressing now under the transition arrangements, they will 'lock-in' to their lower housing targets and extend the period before that unmet need is addressed.
- 3.14 Even if these submitted plans are subsequently found unsound or have to be withdrawn, or the LPA is required to begin progressing a new Local Plan under the new plan making system, the transitional arrangements would delay the adoption of a new plan until at least 2029, compounding the identified shortfall. This is in the context that we do not yet know how the new plan making arrangements will apply in practice and what "*at the earliest opportunity*" in para 227 means in practice.

Figure 5 Local Plan target shortfall under Transitional Arrangements

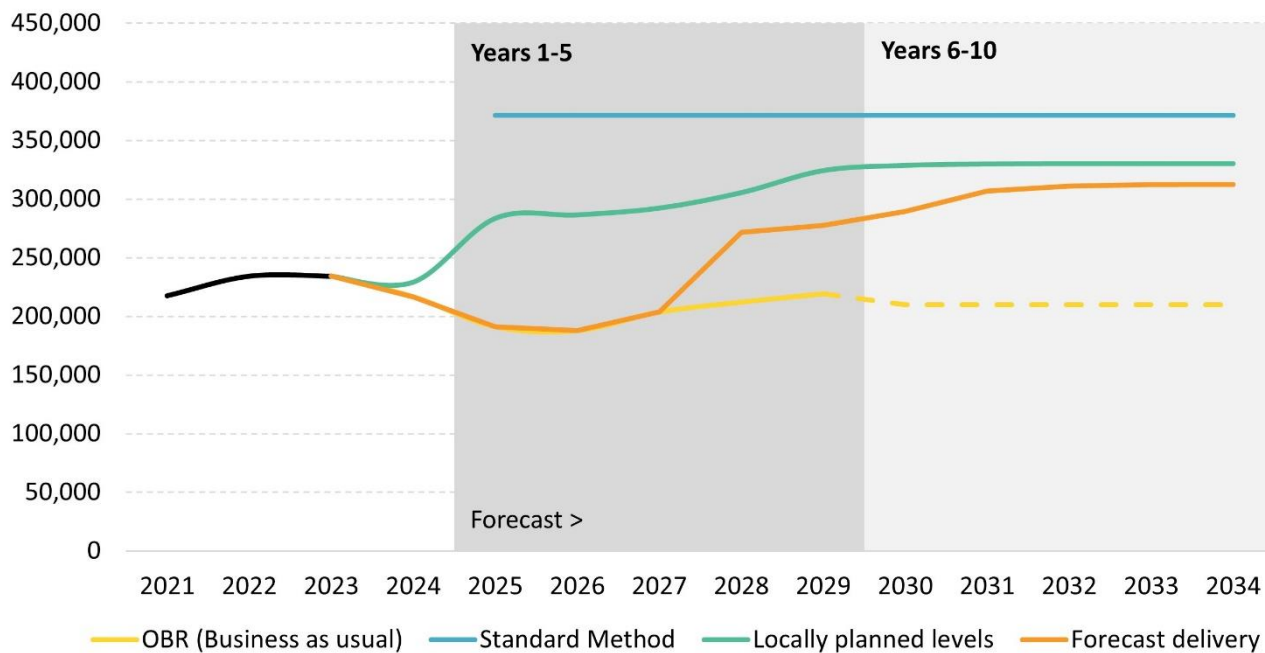


## 4.0 Summary and conclusions

4.1 The proposed NPPF in combination with changes to the Standard Method puts in place a positive platform for boosting annual housing delivery to 300,000 net additions and beyond. However, the analysis shows that the number of homes that will realistically be delivered will be subdued for at least the next few years. The causes lie in multiple factors, including the difficult planning legacy of the period from 2020 leading up to the December 2023 NPPF, ongoing issues around nutrient and water neutrality, Registered Provider capacity for affordable homes, and the challenging economic circumstances impacting on demand.

4.2 This places a heavy burden on the later years of the five-year period commencing 2025 to boost housing supply to address the inevitable backlog that arises (from the Government’s goal of 1.5m homes within the Parliament. But the lead-in times mean that planning for that post-2028 boost needs to happen immediately. Figure 6 below presents a forecast of likely targets and housing delivery based on the current NPPF and its transitional arrangements, applied based on the status of Local Plans.

Figure 6 Overview of forecast Local Plan targets against Standard Method and Housing Delivery



4.3 Our modelled assessment, based on a set of assumptions applied to every LPA, identifies that:

- 1 Constraints to supply in some LPAs, and especially in London, means that the long term ‘run-rate’ for planned housing targets and its delivery could sensibly reach over 300,000 per annum in the medium term. This is to large extent achieved by virtue of boosts to delivery in areas current constrained by Green Belt. In the context of the past few decades, and the circumstances as they are today, this would still be a positive achievement.



- 2 However, the transitional arrangements proposed – in which five year land supply and application of the tilted balance in many areas will be determined by current adopted or emerging local plans – act against the Government’s stated objective and will limit the immediate boost in flow of permissions that is necessary to significantly increase delivery within years 4-5.
- 3 Compared to a situation where there are no transitional arrangements in the NPPF, and the new Standard Method applies immediately in all LPAs, the impact of the transition equates to 70,000 fewer homes being planned for in years 1-5. The transitional arrangements have a ‘double whammy’ impact:
  - a Where an LPA has a plan set at lower than the new Standard Method, it bakes in that lower target for five-year land supply purposes until that plan is replaced by a new NPPF-compliant plan, and for those areas that have or will submit a Local Plan before the new NPPF applies, that is unlikely before 2029, if at all.
  - b Where the LPA is a ‘receiver’ in an area likely to face taking on-unmet need from constrained LPAs, the transitional arrangements are likely to result in the unmet need remaining unaddressed ahead of the new post-NPPF local plan coming into play from 2029 or later. The 200-home threshold for emerging Local Plans ignores the presence of unmet need within a local area, meaning that some areas pressing ahead with plans close to their own standard method, but without engaging with higher levels of unmet need in their sub-region, will not need to address it before new Strategic Plans might emerge, which even if all runs smoothly is likely towards the end of this decade in areas outside the existing Mayoral/Combined Authorities.
- 4 If further LPAs bring forward Local Plans and/or the publication of the NPPF extends into 2025 (unlikely, but one never knows), the effect of the transition will worsen.

## **5.0 Recommendations**

- 5.1 In broad terms, we do not see a strong case for the proposed transitional arrangements if the Government’s aim is to genuinely boost housing supply towards the 1.5m home goal within years 1-5. In some cases, LPAs that would benefit from the transitional arrangements are only in that position because they are running some years behind schedule (having delayed their plans following the December 2022 NPPF consultation) and/or have suddenly accelerated production in the immediate aftermath of seeing the proposed NPPF and Standard Method that would increase the housing need pressure on their area.
- 5.2 There might be said to be a ‘moral hazard’ in protecting those LPAs from the consequences of their delay in these circumstances. Equally, one needs to be careful not to ‘throw the baby out with the bathwater’ in that some of the local plans (however late they are) will be allocating new sites to support housing delivery, and particularly for larger-scale

allocations, one might not otherwise see those proposals emerge through applications running ahead of the local plan<sup>9</sup>.

5.3 There appear to be three options:

- 1 **Maintain the current proposed transitional arrangements:** based on our assessment, this would appear likely to undermine the Government's ambitions to boost supply. But were transitional arrangements kept, it would still be necessary to give a cut-off period for a plan submitted under the transitional arrangements to be adopted, otherwise it risks an LPA 'gaming' the system to draw out the period of examination and adoption to extend the period in which lower housing requirements apply. The Government may wish to consider alternative thresholds based on a percentage of total housing in an LPA rather than a flat-rate of 200 dpa, which can equate to a significant proportion of overall need for smaller LPAs. Overall, though, we consider sticking with the draft proposals is least consistent with the Government's stated objective.
- 2 **Remove all transitional arrangements:** this would mean that immediately on adoption of the new NPPF:
  - a Any plan that was at Examination ahead of adoption or receipt of the Inspector's Report would need to be examined against the new NPPF and Standard Method. Some Local Plans might well be in a position to be modified to accommodate higher housing targets (their own or neighbours), but others might find themselves having to be withdrawn because the proposed changes cannot be addressed within six months (pursuant to the Minister of State's instruction to PINS on 'pragmatism' referred to above). This might lead to otherwise welcome housing allocations – including in areas of Green Belt – falling away. This latter risk could be mitigated by providing in the NPPF for draft allocations in emerging Local Plans that have been through Reg 19 to carry some weight in favour of development being granted permission were planning applications for those sites submitted ahead of a fresh local plan being prepared; and
  - b Irrespective of when an existing or emerging Local Plan was adopted, the five-year housing land supply for an LPA should be immediately based on the new Standard Method figure, not the adopted requirement figure, until a new NPPF-compliant Local Plan was in place;
- 3 **Hybrid transitional arrangements:** this would provide for emerging Local Plans to proceed as submitted in order that emerging housing allocations and policies are given the chance to proceed in a sound plan, but any existing or emerging strategic plan examined before the new NPPF would not set the housing requirement for five year land supply purposes unless it was higher than the new figure for that LPA in the new Standard Method and would in any event be subject to immediate review.

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<sup>9</sup> That is not the case with all plans. A number claim to be able to already demonstrate a five year land supply even without their Local Plan. Their new Local Plans are therefore more focused on addressing need for years 6-10 and 11-15 of their period.

- 5.4 None of these would directly address the problem that, ahead of a strategic plan or the duty to cooperate applying to new Local Plans (which are unlikely to be in place at least before 2029), the unmet housing need arising from the Standard Method (and the fact some areas face constraints) will likely remain unaddressed (falling between the cracks). The Government could seek to resolve this to some extent in the short term by a further change:
- 4 Within twelve months, use a **Statement of Ministerial Policy to identify a series of strategic planning areas** (based on Mayoral/Combined Authorities and other logical geographies, including emerging devolution deals) where the Government considers<sup>10</sup> unmet development need is likely to be significant and either:
    - a prescribe quickly within those areas a preliminary estimate of how unmet need should be distributed for five-year land supply purposes as a ‘policy-on’ adjustment to the Standard Method (not dissimilar to how Government added 35% to the assessment of ‘need’ in the standard method for the urban uplift in December 2020 or added a ‘cap’ to reflect the status of local plans in the original method), pending a formal distribution through the eventual strategic plan; or
    - b identify that within the strategic planning area, it should be assumed that there is no five-year land supply in any LPA ahead of a strategic plan setting the distribution.

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<sup>10</sup> Based on existing evidence, including from current rates of housing delivery, adopted local plans, statements of common ground, previous local plan examinations.

## Appendix 1 LPAs falling under Transitional Arrangements

Local Planning Authority	Region	Housing Target			Emerging Local Plan Status
		Standard Methodology	Current Local Plan	Emerging Local Plan	
Amber Valley	East Midlands	682		502	(Submitted 29/07/2024)
Ashfield	East Midlands	604		446	(Submitted 29/04/2024)
Bournemouth, Christchurch and Poole	South West	2,962	1,723	1,600	(Submitted 27/06/2024)
Bristol	South West	3,057	1,320	1,925	(Submitted 25/04/2024)
Cannock Chase	West Midlands	555	241	264	(Published 05/02/2024)
Charnwood	East Midlands	1,012	820	1,111	(Submitted 03/12/2021)
Chichester	South East	1,206	435	575	(Submitted 03/05/2024)
Crawley	South East	661	340	314	(Submitted 31/07/2023)
Dover	South East	789	700	611	(Submitted 31/03/2023)
East Riding of Yorkshire	Yorkshire and The Humber	2,088	1,400	1,100	(Submitted 31/03/2023)
Elmbridge	South East	1,443	225	452	(Submitted 10/08/2023)
Erewash	East Midlands	569	368	387	(Submitted 30/11/2022)
Horsham	South East	1,294	800	777	(Submitted 26/07/2024)
Hyndburn	North West	313	213	194	(Published 19/02/2024)
Isle of Wight	South East	1,104	520	453	(Published 08/07/2024)
King's Lynn and West Norfolk	East	1,042	660	539	(Submitted 29/03/2022)
Leicester	East Midlands	1,690	1,280	1,296	(Submitted 26/09/2023)
Malvern Hills	West Midlands	609	421	301	(Submitted 27/09/2023)
Mid Sussex	South East	1,276	964	1,090	(Submitted 08/07/2024)
Middlesbrough	North East	589	410	400	(To publish 31/01/2025)
Mole Valley	South East	757	188	353	(Submitted 14/12/2022)
Newcastle-under-Lyme	West Midlands	593	285	400	(To Publish 12/08/2024)
North Lincolnshire	Yorkshire and The Humber	746	754	396	(Submitted 11/11/2022)
North Norfolk	East	943	400	480	(Submitted 11/05/2023)
North Somerset	South West	1,587	1,049	993	(Published 27/11/2023)
Nuneaton and Bedworth	West Midlands	774	703	545	(Submitted 12/02/2024)
Oxford	South East	1,051	431	481	(Submitted 28/03/2024)
Portsmouth	South East	1,098	547	720	(Published 09/07/2024)
Sandwell	West Midlands	1,509	1,074	549	(To publish 23/09/2024)
Sheffield	Yorkshire and The Humber	2,667	1,352	2,090	(Submitted 06/10/2023)
Shropshire	West Midlands	2,059	1,375	1,400	(Submitted 03/09/2021)
Solihull	West Midlands	1,317		938	(Submitted 13/05/2021)
South Oxfordshire	South East	1,179	981	579	(To publish 01/10/2024)
South Staffordshire	West Midlands	676	175	263	(Published 18/03/2024)
South Tyneside	North East	706	325	309	(Published 23/01/2023)
Spelthorne	South East	755	166	618	(Submitted 25/11/2022)
St Albans	East	1,544		888	(To publish 26/09/2024)
Stroud	South West	844	456	630	(Submitted 25/10/2021)
Surrey Heath	South East	658	191	294	(Published 07/08/2024)
Teignbridge	South West	1,066	621	720	(Submitted 14/03/2024)
Tunbridge Wells	South East	1,045	300	678	(Submitted 01/11/2021)
Uttlesford	East	749		675	(Published 08/08/2024)
Vale of White Horse	South East	937	1,028	633	(To publish 01/10/2024)
West Berkshire	South East	1,057	525	538	(Submitted 31/03/2023)
West Suffolk	East	1,200	853	806	(Submitted 28/05/2024)
Wiltshire	South West	3,476	2,100	2,041	(Published 27/09/2023)

Local Planning Authority	Region	Housing Target			Emerging Local Plan Status
		Standard Methodology	Current Local Plan	Emerging Local Plan	
Winchester	South East	1,099	625	756	(Published 29/08/2024)
Wirral	North West	1,755		835	(Submitted 26/10/2022)
Wokingham	South East	1,308	662	748	(To Publish 30/09/2024)
Worcester	West Midlands	584	283	277	(Submitted 27/09/2023)
Wychavon	West Midlands	959	479	397	(Submitted 27/09/2023)
York	Yorkshire and The Humber	1,251		867	(Submitted 25/05/2018)

# **Appendix 3**

## **Approach and scenarios of future supply**

**Lichfields**

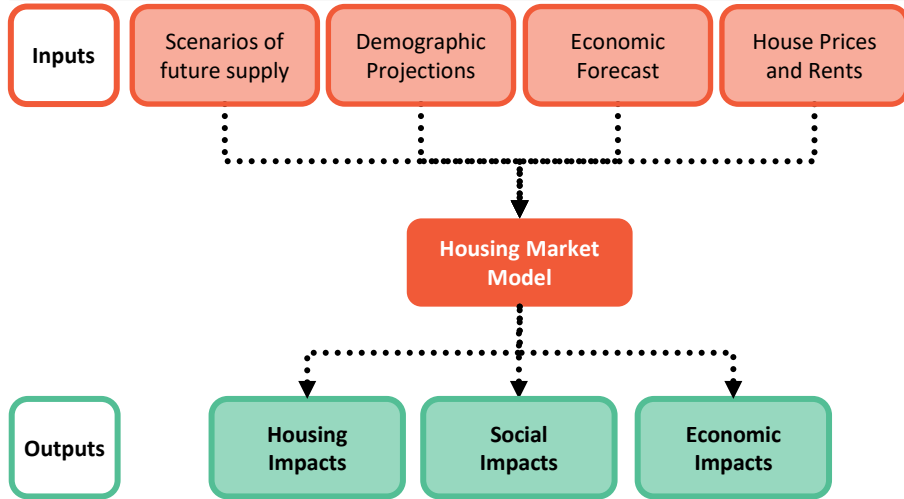
**September 2024**

# Approach and scenarios of future supply

Lichfields has run a housing market model to compare the impacts of delivering 370,000 dwellings per annum against circa 213,000 a year under a ‘business as usual’ scenario.

## Assessing the impact of housing supply

To assess the impact of delivering 370,000 homes per annum by end of this parliament (i.e. by 2029) on social and economic outcomes we have applied an analytical framework using a series of established tools and assumption, based on a national-level assessment. The outputs are necessarily an estimate based on a set of relatively conservative assumption: in reality, the consequences of new housing supply will be sensitive to a wide range of factors, not least where in England the extra homes are built.



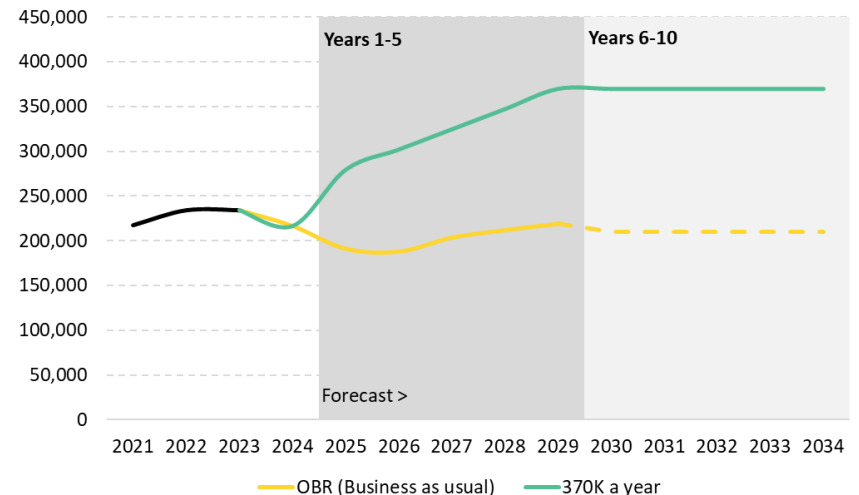
**Data sources:**  
 OBR Economic and Fiscal Outlook – March 2024  
 ONS Census 2021, Population and Household Projections  
 ONS Housing Market Data  
 DLUHC Planning and Housing statistics  
 English Housing Survey

## Scenarios of future supply for assessment

Government sees 370,000 dwellings per annum as the minimum level of housing need for which it wishes to plan. The proposed new Standard would – if implemented – ramp up output to seek to address historic backlogs in housing delivery. It is possible other measures – such as New Towns – might supplement this planned delivery.

For the purposes of assessing the benefits of a marked boost to housing delivery, the modelling assumes that housing delivery will increase rapidly from current levels to 370,000 per year by 2029 and then hold at that level. For the purposes of this assessment, it implies 1.6m additional homes over Years 1-5, rising to 1.85m in Years 6-10. To benchmark the impacts arising from the delivery of 370,000 dpa, we model a ‘business as usual’ scenario based on the OBR’s forecast and long term run rate of 200,000 per annum. Obviously, the trajectory to 370,000 per annum is not an assessment of likely delivery.

Figure 2 – Historic and projected net additional dwellings per year, 2021-2034



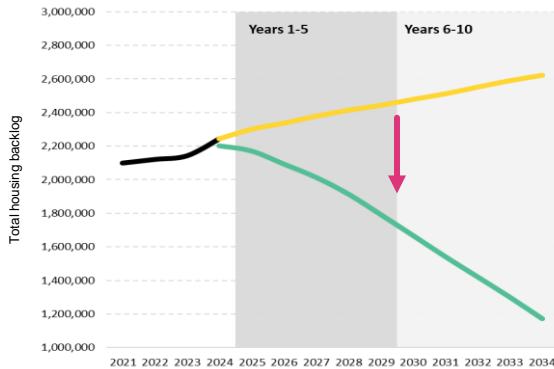
Source: DLUHC, Office for Budget Responsibility, Lichfields

# 370,000 dwellings per annum: Potential Social Impacts

Compared to business as usual, a step-change in housing delivery to 370,000 could have tangible social impacts, reducing the housing shortfall, and number of homeless or concealed households

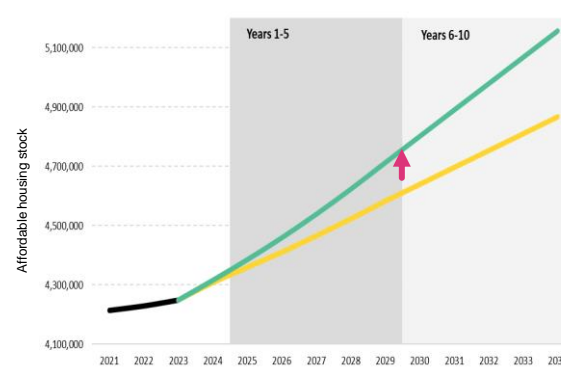
Outcomes under... (1) 'Business-as-usual' and (2) Proposed 370,000 dwellings per annum

## A reduction in overall housing backlog



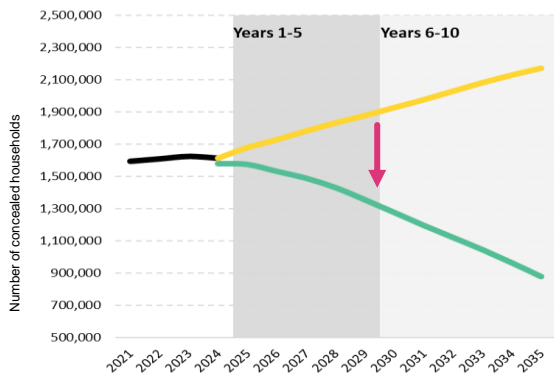
At current build rates, the backlog of homes will increase. Planning for 370,000 dpa by 2029 homes would reduce the predicted shortfall by **650,000**. If delivery were maintained in the long-term, the shortfall would be 1.5m lower by 2034, but still at 1.2m

## A significant boost to affordable housing supply



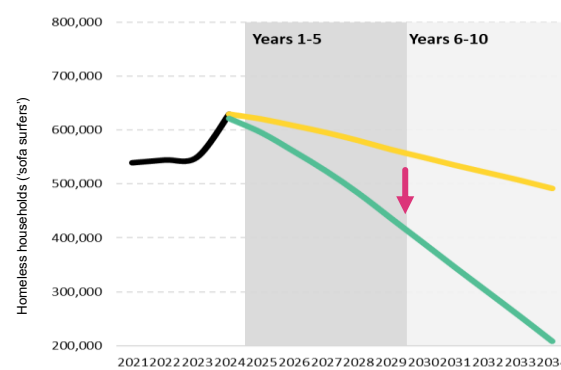
All things being equal, planning for 370,000 dpa would provide **130,000** additional affordable homes (400,000 in total) compared to 'business-as-usual', and if the rate sustained, it could mean 290,000 further additional affordable homes by 2034

## Helping reduce the number of concealed households



**520,000** Reduction in the number of concealed families when planning for 370,000 dpa, compared with 'business-as-usual' which would see things worsen. This could further improve in the long-term if housing supply were sustained but might otherwise increase to around 2.1m

## Helping reduce homelessness



All things being equal, planning for 370,000 dpa could reduce homelessness by **120,000**. If delivery is maintained in the long-term, homelessness in 2034 could be reduced to around 210,000 – around a third of current levels

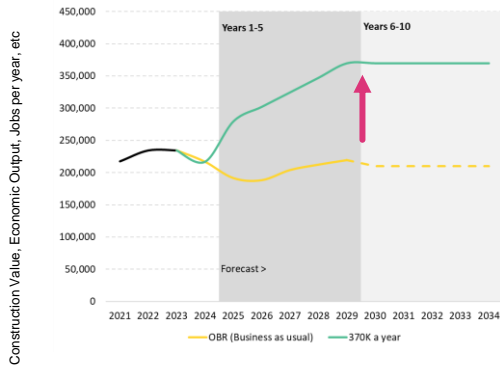


# 370,000 dwellings per annum: Potential Economic Impacts

Boosting supply to meet need by 2029 could have economic and housing market impacts, supporting jobs and tax revenue, as well as stabilising housing affordability in the longer term

Outcomes under... (1) **OBR, i.e. 'Business-as-usual'** and (2) **Proposed 370,000 dwellings per annum**

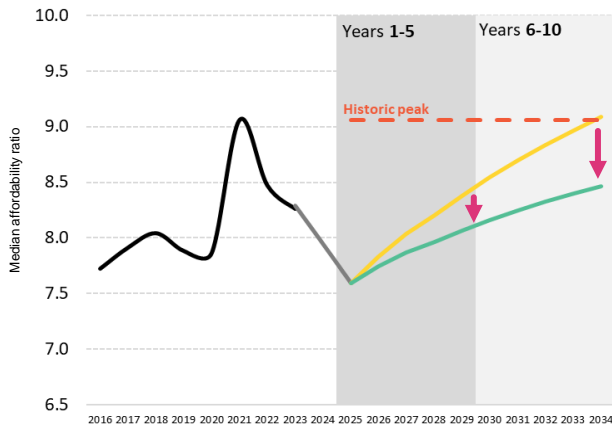
Even assessed narrowly, 370,000 dpa would support a significant **economic boost** by generating economic output, jobs, tax, spending and developer contributions



Planning for 370,000 dpa of additional housebuilding **over and above** 'business-as-usual' could generate annually....

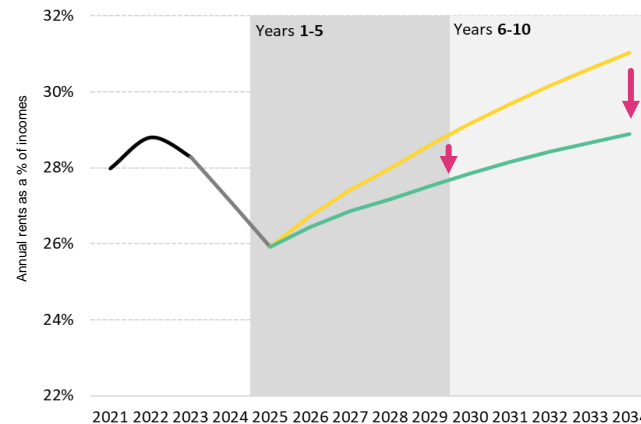
<b>£21bn</b> In extra direct <b>capital investment</b>	<b>£35bn</b> in extra direct <b>economic output</b> plus more indirect and induced benefits	<b>+315,500 jobs</b> Extra, full-time, direct
<b>£1.5bn</b> In extra <b>stamp duty</b> receipts	<b>£232m</b> in extra <b>council tax</b> revenue	<b>£1.1bn</b> In extra first occupation spending
<b>£930m</b> in extra <b>NI</b> (from construction)	<b>£5.2bn</b> In extra developer <b>contributions</b> (including £3.5bn for affordable housing)	<b>£774m</b> in extra <b>PAYE</b> (from construction)

Extra supply moderates prices, helping peg **affordability** below historic levels



Under 'business as usual', the affordability ratio could reach historic highs in the long-term, but a sustained boost in supply could help moderate this trend. Prices would rise, but at a slower rate. Planning for 370,000 dpa could help first-time buyers save **£1,900** on their deposit or **£4,300** by 2034

It would help improve **rental affordability**



At 'business as usual' rates, rents could reach more than 30% of incomes in the long-term, but a sustained boost in supply could help stem this worsening of rental affordability. Planning for 370,000 dpa would help renters save **£430/year** or **£970/year** by 2034

# **Appendix 4**

## **Fool's gold?**

**How a rigid approach to affordable housing and benchmark land values for green belt could undermine housing delivery**

**Lichfields**

**September 2024**

# Briefing Note

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**Our ref** 68813/02/MS/MA  
**Date** 23 September 2024

## **Subject Fool's gold? How a rigid approach to affordable housing and benchmark land values for green belt could undermine housing delivery**

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### **1.0 Introduction**

- 1.1 The consultation on the draft NPPF has reignited the debate on land value capture through planning insofar as it relates to development that occurs on land that was (or is) designated as Green Belt.
- 1.2 The government proposes that the 'golden rules' should apply, which include requiring 50% of homes on site to be affordable<sup>1</sup> and then proposes three options for approaching viability.
- 1.3 First of these is that the Government should "*set indicative benchmark land values [BLV] for land released from the Green Belt to inform the policies developed on BLV by LPAs*" to be set at a "*fair level*" allowing for what Annex 4 of the draft NPPF describes as a "*reasonable and proportionate premium for the landowner*". The consultation refers to BLVs currently being set at a range of 10-40 times Existing Use Value (EUUV) and notes a suggestion it could be reduced to three times EUUV. The consultation states it is "*particularly interested in the impact of setting BLV at the lower end of this spectrum.*"
- 1.4 The two other options it sets out (preventing viability negotiation on planning obligations if the price paid has exceeded the nationally-set BLV, and late-stage reviews to secure additional contributions to achieve policy compliance) are to all intent and purposes already part of national policy and guidance<sup>2</sup>.
- 1.5 It is thus the combination of 50% affordable housing as a standard and nationally-defined BLV at the lower end of the spectrum that is significant.
- 1.6 The Government's new policy agenda recognises that release of Green Belt land will be necessary to meet development needs, and in our view, Green Belt land for an extra 75,000-

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<sup>1</sup> The other 'Golden Rules' identified in b) and c) of para 55 of the proposed Framework requiring "*necessary improvements to local or national infrastructure and the provision of new, or improvements to existing green spaces*" are unlikely to represent a significant change from what would be necessary in any event.

<sup>2</sup> The [Planning Practice Guidance](#) on viability already states "*The price paid for land is not a relevant justification for failing to accord with relevant policies in the plan*" and "*under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan.*". See at ID: 10-002-20190509 and ID: 10-006-20190509. Late stage reviews are already part of the planning firmament, see PPG ID: 10-009-20190509 and of course in London (they are not without complications, not least in terms of extending the time it takes to agree s.106 agreements).

100,000 homes a year could well be needed. In due course, local plans will properly be the vehicle for achieving this (in which landowners and developers will engage with LPA land availability studies) but in the short term<sup>3</sup>, the Government's ambitions for 1.5m homes (or coming anywhere close) largely depends on willing landowners agreeing with developers to invest in promotion of Green Belt land for housing via speculative applications<sup>4</sup> which may or may not be welcomed by the relevant LPA and thus risk incurring the extra costs of a s.78 appeal.

- 1.7 It goes without saying that 50% affordable housing is more than is judged viable in almost all local plans<sup>5</sup>, and there are significant differences in values across the country (see Figure 1 below). In general terms, it is unlikely that 50% affordable housing will be viable in areas where values are below £4,000 per square metre. These represent 59% of the Green Belt (see Table 1), meaning that this national target will require viability assessment for pretty well any Green Belt development proposal coming forward in those areas. In the 41% of Green Belt where values are above £4,000 per square metre, there may still be other infrastructure obligations which render 50% affordable housing unviable.

Table 1 Area of Green Belt by residential values per square metre

Residential value per sq metre	Green Belt (Ha)
<£2,000	65,193
£2,000-2,999	514,899
£3,000-3999	375,095
£4,000-4,999	330,778
£5,000-5,999	273,647
£6,000+	74,323

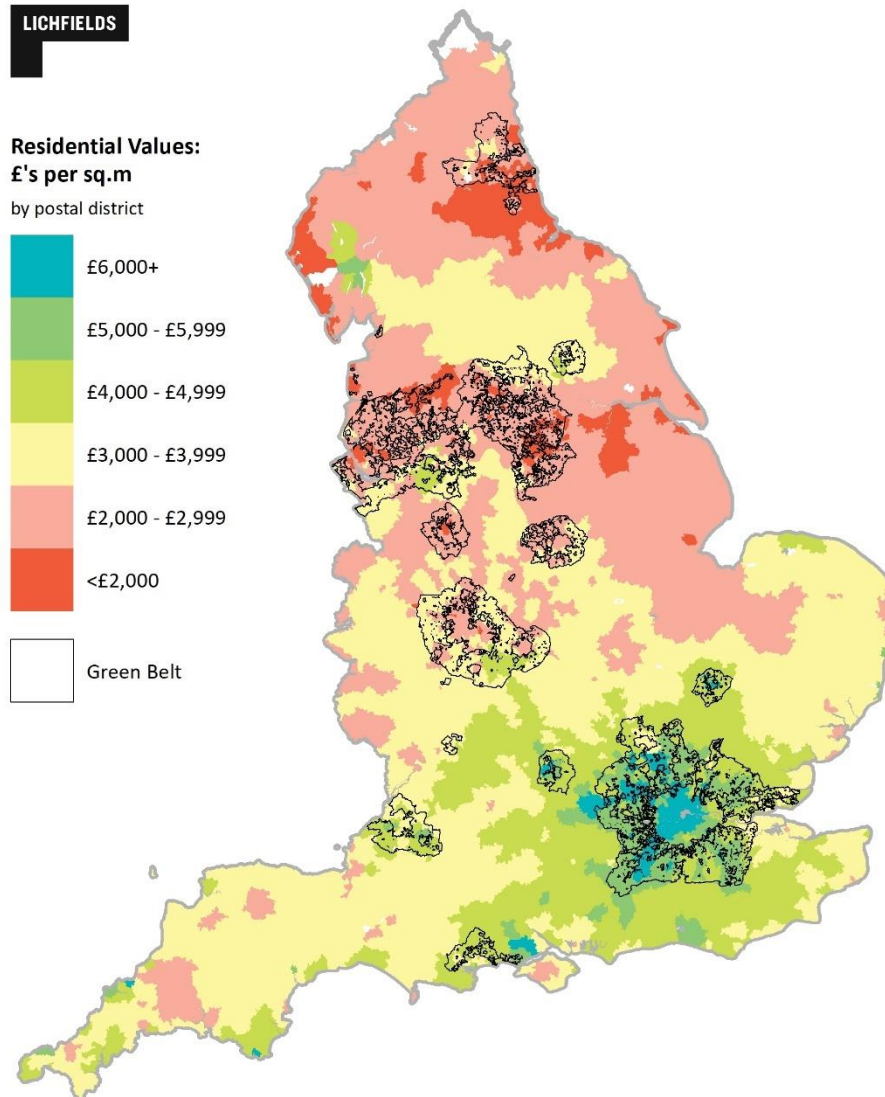
Source: Property Data / Lichfields analysis

<sup>33</sup> Due to the absence of Local Plans that provide for anything close to the higher levels of local housing need

<sup>4</sup> This is explicitly recognised by the proposed changes to the NPPF at para 152 with triggers for the development of 'Grey Belt' land.

<sup>5</sup> In St Albans – which has some of the highest house prices outside London – the evidence-based requirement is 40%.

Figure 1 Residential values per square metre and the Green Belt



Source: Property Data / Lichfields analysis

- 1.8 So, in stretching affordable housing requirements for Green Belt but also achieving the necessary increase in supply of housing, it is critical that Government calibrates its efforts so that development remains viable, and that landowners, investors and developers are encouraged to bring forward projects for development.
- 1.9 The Government's tentative suggestion to reduce BLVs on a national basis speaks to a view - which appears on a recurring basis in certain policy circles (and seemingly not always fully cognisant of the reforms to viability introduced by the PPG in 2019) - that there remains large amounts of untapped value in the increase in land value arising from permission.

- 1.10 The Government's tentative suggestion to reduce BLVs on a national basis speaks to a view - which appears on a recurring basis in certain policy circles (and seemingly not always fully cognisant of the reforms to viability introduced by the PPG in 2019) - that there remains large amounts of untapped value in the increase in land value arising from permission.
- 1.11 But all that glitters may not be gold. If the real-world effect (albeit unintended) is to see less development coming forward, would this proposal represent a planning form of iron pyrite?
- 1.12 The following analysis<sup>6</sup> seeks to answer that question.

## **2.0 What should influence an appropriate BLV?**

- 2.1 Much of the debate over the level of BLV is dominated by the question of:
- how much premium above EUV is necessary to “*reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land*”<sup>7</sup>.
- 2.2 That is indeed important, but it is not the only consideration. As noted by Knight Frank<sup>8</sup>, also relevant is how the BLV relates to two important steps in the planning and development process, namely:
- The uplift necessary to secure the investment in land promotion (converting its EUV to its BLV through the securing of planning permission<sup>9</sup>); and
  - Funding up-front infrastructure/servicing of plots for housebuilding.
- 2.3 Each of the three factors is considered in turn.

### **1. Motivating a willing landowner to sell their land**

- 2.4 The Harman Review (2012)<sup>10</sup> identified several considerations involved in setting a BLV that would be sufficient to motivate landowners to make their land available for development:
- 1 The appropriate premium above current use value should be determined locally. If the value does not reflect local discussions and conditions and cover all relevant costs, including tax and fees, there is an increased risk that land will not be released. The premium should consider the key landowners in the area, as those with longer-term investment horizons may require a higher premium than those more inclined to sell.
  - 2 Non-urban sites and urban extensions are more complex, as landowners are typically not distressed sellers and may have longer-term perspectives on land disposal, potentially making a once-in-a-lifetime decision over an asset that may have been in

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<sup>6</sup> Prepared pursuant to an instruction from the Home Builders Federation (HBF) and the Land, Planning and Development Federation (LPDF)

<sup>7</sup> See PPG ID: 10-013-20190509

<sup>8</sup> See blog [here](#)

<sup>9</sup> A separate activity to the developer profit that is reflected in the 15-20% return on Gross Development Value within the viability appraisal.

<sup>10</sup> Viability Testing Local Plans – Advice for planning practitioners (June 2012) available [here](#)

the family, trust or institution's ownership for many generations. Large greenfield sites often demand significantly higher premiums due to the long-term nature of landownership and the significant implications of selling.

- 3 For smaller, edge-of-settlement greenfield sites, landowner expectations may be higher than larger greenfield sites (and more in line with urban areas) because landowners will have in mind the prospect of securing a beneficial permission at some point in the future.

2.5 The Harman Review assessment goes to what is apparent to anyone who has tried to secure an option or promotion agreement on land for development: owners are generally highly reluctant to dispose of assets they have often owned for a long time, and from which they derive their income and in many cases, their whole way of life.

2.6 The review of BLVs by Lichfields cited by the Government's consultation<sup>11</sup> did identify a range of 10-40 times EUV in various viability studies, but the amounts varied both within and between local areas, and – importantly – between sizes and types of site. In 52% of studies, the BLV for greenfield land sat within a range of 15 to 20 times EUV. For smaller sites, it is common for smaller sites to use an EUV plus a fixed amount of, say, £0.5m per hectare. The expectations of a landowner will also be clearly influenced by their view of how much development land is worth taking into account local property values, including those of alternative uses for which the site might be developed. The Harman Review assessment goes to what is apparent to anyone who has tried to secure an option or promotion agreement on land for development: owners are generally highly reluctant to dispose of assets they have often owned for a long time, and from which they derive their income and in many cases, their whole way of life.

2.7 The three times EUV flows from work by Professor Glen Bramley<sup>12</sup> in which he floats the idea of a much-reduced uplift in these terms:

*“It may well be that prices at that level [15 times EUV] are needed to persuade long term (and other) landowners to sell, although some of the surprisingly large figure for greenfield land may go into the process of getting sites into or through the planning system. It is clearly way in excess of what a working farmer would need to move to a different farm. I would hope and expect that an incoming Government would change expectations clearly in this respect, certainly for greenfield land, so in my version I have reduced the mark-up from 15 times to 3 times. This may be an area for further discussion, as we do not want the supply of sites to dry up.”*

2.8 The last point flagged by Professor Bramley is clearly the million dollar (per hectare?) question. The Government's consultation paper suggests that Green Belt has been subject to “severe restrictions on development” and that this must logically dampen landowner expectations compared to other greenfield land. But in fact, there has been a steady flow of development on land that is or was Green Belt over past decades, either justified by ‘exceptional circumstances’ through local plans or, less commonly, applications via ‘Very

<sup>11</sup> Fine Margins: Viability assessments in planning and plan making (2021) see [here](#)

<sup>12</sup> Bramley, G 2024, Housing Requirements in England Revisited. Heriot-Watt University - available [here](#)

Special Circumstances’: MHCLG figures show that since 2013, between 2,000 and 4,000 hectares of Green Belt land have been developed each year. Landowners with sites on urban edges in sustainable locations in areas with high housing need will have in mind that – with national policy that waxes and wanes - there is a reasonable prospect over a period of decades that their land might be developed just as with any other land; and in any event as reluctant sellers, it is about them receiving an amount that makes this ‘once only’ transaction worthwhile.

- 2.9 The last point flagged by Professor Bramley is clearly the million dollar (per hectare?) question. The Government’s consultation paper suggests that Green Belt has been subject to “*severe restrictions on development*” and that this must logically dampen landowner expectations compared to other greenfield land. But in fact, there has been a steady flow of development on land that is or was Green Belt over past decades, either justified by ‘exceptional circumstances’ through local plans or, less commonly, applications via ‘Very Special Circumstances’: MHCLG figures show that since 2013, between 2,000 and 4,000 hectares of Green Belt land have been developed each year<sup>13</sup>. Landowners with sites on urban edges in sustainable locations in areas with high housing need will have in mind that – with national policy that waxes and wanes - there is a reasonable prospect over a period of decades that their land might be developed just as with any other land.
- 2.10 But in any event, as reluctant sellers, it is about landowners receiving an amount that makes this ‘once only’ transaction worthwhile from their perspective.
- 2.11 An element in this respect is the prospect of an alternative use; some sites will be suitable for release for commercial uses, such as logistics or data centres, and if the equivalent ‘golden rules’ for these other uses draw down less of the development value than the 50% affordable housing equivalent, leaving a higher residual land value, it could make it more likely that landowners on possible residential sites hold out for what they might expect to achieve from that alternative use.
- 2.12 The final factor is of course that the BLV amount needs to reflect that an uplift in land value received by the landowner will be subject to capital gains tax (currently 24%, but more if this were increased, as speculated, to 45%<sup>14</sup>). Ahead of this, there are also promotion/planning costs to be deducted. This takes us to the next element of the BLV.

## **2. Investment in land promotion**

- 2.13 Moving a site from EUV to its BLV typically requires investment in planning: securing an allocation in a Local Plan and an implementable outline permission. This is necessary to establish the principle and broad scale of the site’s residential development potential.

<sup>13</sup> See MHCLG analysis [here](#)

<sup>14</sup> See [this piece](#) in the Times (£) which says “*Capital gains tax (CGT) is paid on the profits made from the sale of property (other than your main home), businesses, shares and most possessions worth more than £6,000. Basic-rate taxpayers pay 10 per cent CGT on most gains, but 18 per cent on property. Higher and additional-rate taxpayers pay 20 per cent CGT but 24 per cent on property gains. There is widespread speculation that Reeves could increase the rates so that they match up with income tax, which would mean 45 per cent for additional-rate payers.*”



- 2.14 This does not happen automatically, for a host of reasons that include those related to the need for local plans to present a range of options before selecting sites, as we discussed [here](#). And the costs – whilst varying depending on circumstances - can be significant:
- Research has found the costs of evidence to support an outline application for SME builders is now estimated at £125,000 plus application fees<sup>15</sup>;
  - Henley Business School presented a case study of a 2,000 home scheme with promotion costs of £1.5-2m<sup>16</sup>;
  - The North Essex Garden Communities SPV reportedly spent £6.8m to promote its three sites through the Local Plan, of which only one was eventually allocated<sup>17</sup>. This excludes any planning application costs;
  - The CMA found the direct costs associated with making planning applications can range from around £100,000 per application to around £900,000 per application depending on the size of a site<sup>18</sup>; and
  - If taken to appeal, the costs of an inquiry can easily reach £200,000-500,000<sup>19</sup>.
  - Knight Frank estimate a cost of £25,000 - £40,000 per gross acre to promote new settlements<sup>20</sup>, and in our experience this is comparable with other large sites.
- 2.15 Presently, LPAs rely on the private sector (landowners, housebuilders or specialist promoters) to assist in plan making by putting forward sites for consideration and provide the evidence necessary to satisfy the plan maker (and in due course examining Inspector) that the sites are suitable and meet the relevant NPPF tests. There is limited appetite or capacity in the public sector to promote multiple sites through their own local plans, and no plans to nationalise land promotion<sup>21</sup>. Even were there such ambitions, they would be costly and take several years to mobilise.
- 2.16 For planning applications that run ahead of the local plan on unallocated land (i.e. speculatively), it is self-evidently reliant on the landowner or a private sector promoter acting on its behalf to drive that process by investing in the preparation, submission and negotiation of planning permission (with all the risks involved, notably of not succeeding).

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<sup>15</sup> Lichfields, Small builders, big burdens, September 2023 available [here](#)

<sup>16</sup> See this [analysis](#) by Henley Business School at University of Reading

<sup>17</sup> See the media coverage in EssexLive [here](#)

<sup>18</sup> See para 4.30 of the CMA Housebuilding Study Final Report [here](#). These costs exclude internal staffing costs and the work ahead of a planning application, including promotion through the Local Plan process. We assume they also exclude appeal costs.

<sup>19</sup> Whilst an appellant can sometimes seek and secure an award of costs where an Inspector judges the LPA's behaviour unreasonable, this is rare.

<sup>20</sup> See Knight Frank analysis [here](#). It has been a valuable source of information for the analysis in this paper.

<sup>21</sup> Homes England's role is to support release of housing land in a more targeted way and/or through strategic partnerships, not to oversee the promotion of all potential housing land.

- 2.17 Taking the risk on a planning application is critical if the Government is to come close to its 1.5m homes ambition, reversing the shrinkage in the housing pipeline that has emerged in recent years, compounded by the lack of up to date local plans<sup>22</sup>.
- 2.18 The University of Reading described the role of land promoters thus:
- Specialist land promoters can be viewed as market intermediaries with relatively high appetites for and tolerance of planning risk. In order to operate effectively in the strategic land market, they will also usually have access to the resources and resilience to absorb and manage such risk. For some landowners, land promoters are essentially land venture capitalists. Given the site-specific nature of planning risk, the ability of large land promoters to promote and consequently to diversify across a number of sites, provides a source of competitive advantage.*
- 2.19 Having the ‘resources and resilience’ means receiving a sufficient return on their investment which they will secure from what is typically their share that is reported as 10-15% of the proceeds of the land sale. Given the time taken (measured in many years), that large costs are often incurred early in the process, and that not all land promotions will be successful, the promoter (be that a housebuilder, landowner or specialist promoter) will typically require a significant return on investment which Knight Frank report as being five times the costs incurred<sup>23</sup>. The BLV will thus need to be set to provide a sufficient return to achieve this, whilst still leaving sufficient value for the landowner after capital gains tax. Without this, there would be no business case to support the investment in that activity or persuade the landowner to make their land available in the first place.
- 2.20 To this it might be said that in due course a more streamlined planning system and positive policy environment will increase certainty, reduce the costs, and reduce the rate of return required by promoters. However, that is an unproven hypothesis, and its impacts (if successful) are in the medium to long term. In the short term, the Government's housing ambitions require these organisations - and their funders - to invest now to bring forward land.

### **3. Funding up-front infrastructure/servicing of plots for housebuilding**

- 2.21 The third element is that, once the principle of development is established through a planning permission, it is necessary to invest in up-front infrastructure and servicing the land for development. The Knight Frank analysis <sup>24</sup> refers to research on up-front infrastructure on large new settlement schemes of between £40,000 - £63,000 per plot and viability studies for local plans typically refer to costs of £5,000 to £25,000 per plot, with others providing equivalent figures per gross or net hectare. Obviously, on larger sites, the up-front infrastructure can be split into phases, but the amounts will vary significantly. The key challenge is that the works that are required before sufficient income is generated from house sales will need working capital through some form of loan facility where the residual value of the land with permission acts as security collateral, probably at no more than a

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<sup>22</sup> See analysis [here](#) of the challenge facing the Government in achieving 1.5m homes in this parliament.

<sup>23</sup> A figure validated by Lichfields discussions with specialist land promoters.

<sup>24</sup> Already referenced, available [here](#)

60% Loan to Value (LTV). The Knight Frank analysis identifies on its new settlement case study that the initial debt-funding requirement amounted to around one fifth of the total enabling infrastructure cost.

- 2.22 The alternative, of course, is for more significant up-front state funding of infrastructure, but scarce resources will in any event be needed for intervention on sites with large abnormal costs; there is no sense at all that the state has the resource (financial or bandwidth) to front-fund all residential development sites.

**Drawing it all together, what does this mean for BLVs that support delivery of new homes?**

- 2.23 In simple terms, the value of the land sufficient to support delivery of new homes needs to be the minimum of what is necessary to satisfy the three factors.

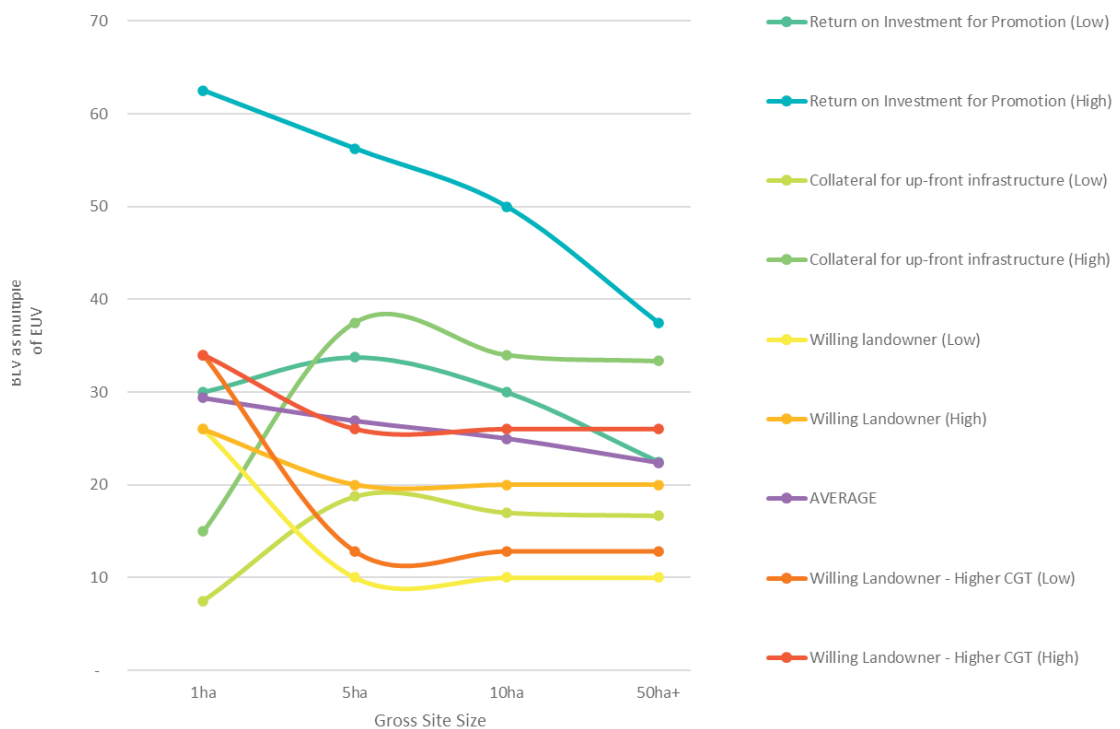
- 2.24 Every site will be different, but setting a BLV for viability purposes in the planning system needs to be resilient to different circumstances, such that sufficient deliverable land is brought forward. To illustrate what this means, in a simple modelling exercise we have identified a range of different BLV estimates based on what factor is seen to drive the land value required:

- 1 Identified four notional typologies of sites with gross areas of 1, 5, 10 and 50 hectares;
- 2 Derived net developable areas based on typical site ratios ranging from 0.4 (for sites of 50+ha) to 0.9 (for sites of one hectare) to which is applied a density of 40 dw/ha. This reflects that sites need to accommodate landscape/open space/bio-diversity net gain and infrastructure.
- 3 Developed two bookend scenarios (high and low) for applying our various assumptions;
- 4 Assumed promotion costs per hectare of £75,000 to £100,000 for a site of one hectare, ratcheting down to 60% of those costs per gross hectare as site sizes increase up to 50 hectares, with a rate of return for the promoter of between four and five times that cost. We then identified the necessary BLV to support that return if it were 40% of the total increase in land value achieved (and 50% for the small site of one hectare) albeit in many promotion agreements what is assumed is 10-15% of the uplift (which would necessitate an even higher uplift than we estimate);
- 5 Applied bookends for what a willing landowner would require to motivate them to sell their site to between 10 and 20 times EUV for sites of 5, 10 and 50 hectares, with a EUV+£500,000 for a site of one hectare;
- 6 Applied a capital gains tax rate of 24% to the uplift in land value after deducting 15% for the land promotion return to identify the net return to the landowner and then identified what the BLV would need to be for the landowner to achieve the same return if CGT applied at 45%;
- 7 Assumed that up-front costs per plot (not total infrastructure costs per plot) to service land of between £2,500 and £5,000 for sites of one hectare increasing in stages to

between £10,000 and £20,000 per plot for sites of 50 hectares and identified what the BLV would need to be to secure a loan at 60% LTV.

2.25 The outputs from this modelling exercise, which are to illustrate a concept, not to set what should be used for a BLV in any given area, show the BLV as a multiple of EUV (assumed to be £20,000 per hectare in all cases) for each driver of the BLV are shown in Figure 2 below.

Figure 2 BLV Levels



Source: Lichfields analysis

2.26 A data table for the analysis is at Appendix 1.

2.27 In theory, for a site to successfully come forward, one would assume that the BLV would need to be the highest of the three drivers of land value in any reasonable scenario for a site (either what justifies the promotion cost, secures an adequate return for the landowner after CGT to incentivise them releasing their asset, or to fund upfront infrastructure) as otherwise the site/project would not be either promoted, released or funded. In some of our notional scenarios for the smaller site examples, the combination of promotion return and what a willing landowner would require after CGT would suggest these sites would not in fact come forward, which probably goes some way to explain why there is a paucity of smaller sites allocated and coming forward, and why streamlining and de-risking planning for small sites is so important, particularly for SMEs.

2.28 The cost and value factors shaping the different elements of this calculation will clearly vary between sites, but setting a BLV to inform planning policy needs to account for a

representative mix of sites on which an area will sensibly rely to meet its housing needs. In this regard, our analysis of typologies shows that the different factors will typically suggest BLVs at least to the middle or upper end of the 10-40 times EUV range identified earlier and nothing remotely supports the idea of setting BLV at the lower end, let alone at just three times EUV. Even before considering landowner expectations, promotion costs are a very high proportion of the total costs for small sites, whilst up-front infrastructure can require significant collateral for larger sites. A crude average across our different drivers and the low and high bookends equates to a BLV of between 23 and 30, but it is obvious that circumstances could accumulate on a site to require a higher level.

## 3.0 Summary and conclusions

3.1 Drawing from the preceding analysis, the following conclusions emerge:

- 1 It is unlikely that 50% affordable housing will be viable in most Green Belt LPAs under the current approach to viability. Although some locations - such as those with residential values of £4,000 or more per square metre (equivalent to 41% of the Green Belt) – might see 50% as being achievable on some sites, this will be the exception (particularly outside the South East – see Figure 1) and explains why the majority of LPAs even in the most prosperous markets set affordable housing requirements in local plans at no more than 40%. Although having an affordable housing premium for Green Belt is politically understandable, setting a flat national target at 50% is likely to mean viability testing is required on the majority of Green Belt and Grey Belt sites that might come forward, adding cost and uncertainty, especially for any applications or allocations that were made under existing (to be previous) NPPF policy.
- 2 Given the above, applying the proposed new approach immediately on adoption of the new NPPF would catch a number of live sites/applications where landowners, promoters and housebuilders agreed commercial terms in good faith based on current Local Plan affordable housing targets, and undermine their ability to come forward.
- 3 It would appear imprudent to set a national BLV for Green Belt sites, especially at the lower end of the 10-40 times EUV range, given the multiplicity of different factors influencing this value across different locations. Setting it nationally at a high level might mean it over-estimates the BLV in some places and sees less value capture. The Harman Review made clear that BLV was influenced by local factors, and this is reflected in the current PPG guidance on how LPAs should determine viability for their local plans, setting BLV locally in consultation with landowners, developers and other stakeholders.
- 4 There is no evidence to support the idea that reducing BLVs for Green Belt land below what would result from the approach generated by current PPG guidance to other comparable local land would be consistent with delivery. As it stands, in many areas it would not be willingly made available by landowners, be promoted, or produce fundable schemes at any scale if a lower BLVs are imposed for these reasons:
  - a Landowners are often reluctant sellers and take a long-term view which informs the value they demand. They will have in mind what their land is worth, taking into account that although Green Belt is a restrictive policy, there has been a persistent

flow of Green Belt land developed over past decades. In most cases, they will have to pay capital gains tax at 24% on any net receipts they receive after promotion costs are deducted, and there is speculation this may increase to 45%. Set the BLV too low and it will simply not be worthwhile for many owners causing a 'land strike'.

- b Land promotion is a necessary part of the planning system and it relies on the private sector investing in the lengthy and expensive process, spreading the risk across a portfolio of sites, reflecting that an implementable permission may or may not transpire, dependent on whether i) land is allocated in a plan (which may or may not be produced) and/or ii) a costly application is approved or refused by LPA. Taking into account the costs and risk, it is easy to see how land values may need to absorb costs of £100,000 or more per ha before the landowner's return and require BLVs that are 40 times EUV. An examination of why land promotion activity requires the rate of return it does, needs to look beyond simple planning approval rates at application or appeal, and consider the time it takes, and the extent to which much promotion activity does not even make it to the application stage.
  - c Developments require up-front funding at anything between £2,500 to £20,000 per dwelling (depending on the site, its size, location, abnormalities etc) to deliver infrastructure that services plots for building homes. The land value is often used as collateral to support loans at a 60% LTV to unlock the sites before income from house sales is forthcoming. Our modelling suggests this factor alone requires a BLV of up to 38 times EUV on sites of 5ha or more.
- 5 Although there is a theoretical role for the public sector to acquire sites – including through CPO – and then fund up-front infrastructure, this is not a feasible solution for bringing Green Belt land forward at necessary scale or timeframes, because:
- a The Government's goal of 1.5m homes by July 2029 is fundamentally dependent on sites being promoted ahead of local plans, often in areas where LPAs are at best ambivalent (and often hostile) to Green Belt development in the first place;
  - b It is simply inconceivable that the 180 LPAs with Green Belt across England or Homes England will – in the next five years – have either the resources or inclination to speculatively invest in acquiring multiple sites at EUV and then preparing and submitting multiple applications at any scale, particularly in areas where local residents are hostile to the idea of Green Belt development;
  - c Even through the local plan process - which might be relied upon for sites that deliver in the next parliament - the legal and policy obligations on plan makers rely on scores of alternative site options being available to support the testing of reasonable alternatives and for evidence to be available that demonstrates the ultimate deliverability of prospective allocations. This promotion activity – with all its costs – applies to every local plan cycle.
  - d There is not sufficient funding resources or administrative bandwidth – currently identified – for Government (itself, via Homes England, or through LPAs) to up-

front fund (or under-write) infrastructure investment at the scale required to bring forward new homes on multiple sites in every LPA.

This is not to diminish the prospect of the public sector unlocking specific large-scale new communities or unblocking stalled sites of strategic significance - through funding, CPO or good old-fashioned bashing together of heads - and this will have an important role. But the idea the state would in the future become the predominant promoter and deliverer of residential land is simply not plausible even were it considered desirable.

## **4.0 Recommendation**

4.1 Based on the above, it is recommended that:

- 1 Any Green Belt site should apply the same affordable housing policy requirement as the existing/emerging Local Plan requirement that would apply on any greenfield site as there is no real-world difference between the sites that would impact on its viability.
- 2 If an affordable housing premium for Green Belt is to be maintained (and the political rationale is understandable), this should be set in national policy at a level linked to the existing local percentage requirement from the most recent Local Plan, for example at five or ten percentage points above.
- 3 Viability assessments, where necessary, should be carried out based on the current approach to viability in the existing PPG including locally-set BLVs.
- 4 To ensure the new policy does not disrupt the flow of existing Green Belt sites, a transition arrangement should apply to exempt from any new 'golden rules':
  - a current planning applications submitted within a month of the publication of the new NPPF to allow for schemes that are currently submitted or were formulated (and commercial agreements formed) pursuant to existing national policy proceed; and
  - b applications submitted at any point on land that was allocated for development having been removed from the Green Belt in a local plan prepared pursuant to the existing NPPF.

## Data Appendix

The tables below present the headline figures from the analysis that informs the BLV figures reported above and shown in Figure 2. These are produced to illustrate concepts, rather than to demonstrate that any particular scenario is or is not consistent with a willing landowner or viable development. The scenarios are not interdependent.

Low Scenario		Gross Site Size (Ha)			
		1	5	10	50
Net developable Area		0.9	3.75	6	25
Number of Homes		36	150	240	1000
<b>Return on Investment for Promotion</b>					
Promotion Cost	£	75,000	337,500	600,000	2,250,000
Return on Promotion Cost	£	300,000	1,350,000	2,400,000	9,000,000
Return on Promotion Cost	£/ha	300,000	270,000	240,000	180,000
BLV necessary to fund promotion	£/ha	600,000	675,000	600,000	450,000
Multiple of EUV		30.0	33.8	30.0	22.5
<b>Collateral for up-front Infrastructure</b>					
Initial Enabling Cost	£	90,000	1,125,000	2,040,000	10,000,000
Cost per h/a	£/ha	90,000	225,000	204,000	200,000
Minimum BLV at 60% LTV	£/ha	150,000	375,000	340,000	333,333
Multiple of EUV		8	19	17	17
<b>Willing landowner</b>					
BLV	£	520,000	1,000,000	2,000,000	10,000,000
BLV	£/ha	520,000	200,000	200,000	200,000
Multiple of EUV		26	10	10	10
<b>Higher CGT</b>					
CGT (current)		102,000	183,600	367,200	1,836,000
CGT (future)		191,250	344,250	688,500	3,442,500
Net return to landowner at current CGT	£/ha	320,000	113,280	113,280	113,280
BLV to achieve net return at higher CGT	£/ha	679,818	255,964	255,964	255,964
Multiple of EUV		34	13	13	13



High Scenario		Gross Site Size			
		1	5	10	50
Net developable Area		0.9	3.8	6.0	25.0
Number of Homes		36	150	240	1,000
<b><u>Return on Investment for Promotion</u></b>					
Promotion Cost	£	100,000	450,000	800,000	3,000,000
Return on Promotion Cost	£	500,000	2,250,000	4,000,000	15,000,000
Return on Promotion Cost	£/ha	500,000	450,000	400,000	300,000
BLV necessary to fund promotion	£/ha	1,250,000	1,125,000	1,000,000	750,000
Multiple of EUV		62.5	56.3	50.0	37.5
<b><u>Collateral for up-front Infrastructure</u></b>					
Initial Enabling Cost	£	180,000	2,250,000	4,080,000	20,000,000
Minimum BLV at 60% LTV	£/ha	300,000	750,000	680,000	666,667
Multiple of EUV		15	38	34	33
<b><u>Willing landowner</u></b>					
BLV	£	520,000	2,000,000	4,000,000	20,000,000
BLV	£/ha	520,000	400,000	400,000	400,000
Multiple of EUV		26	20	20	20
<b><u>Higher CGT</u></b>					
CGT (current)	£	102,000	387,600	775,200	3,876,000
CGT (future)	£	191,250	794,250	1,588,500	7,942,500
Net return to landowner at current CGT	£/ha	320,000	242,480	242,480	242,480
BLV to achieve net return at higher CGT	£/ha	679,818	520,873	520,873	520,873
Multiple of EUV		34	26	26	26