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Building the homes we need

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Statement

This Government has inherited an acute and entrenched housing crisis. The average new home is out of reach for the average worker, housing costs consume a third of private renters' income, and the number of children in temporary accommodation now stands at a historic high of nearly 160,000. Yet just 220,000 new homes were built last year and the number of homes granted planning permission has fallen to its lowest in a decade.

That is why the Plan for Change committed to rebuild Britain, with the hugely ambitious goal of delivering 1.5 million new homes this Parliament, and the vital infrastructure needed to grow our economy and support public services.

The Government has responded with the urgency this demands. We published a consultation on a revised National Planning Policy Framework within a month of gaining office, proposing measures to reverse anti-supply changes introduced in December 2023 and in their place setting out pro-growth reforms. Since then, we have published proposals to prioritise and fast-track building on previously developed urban land through a 'brownfield passport' and for speeding up decision making through modernisation of planning committees. Next year, we will introduce a Planning and Infrastructure Bill to speed up and streamline the planning process, to build more homes of all tenures and accelerate the delivery of major infrastructure projects. At the Budget on 30 October, we committed an additional £50 million to boost capacity to deliver this ambitious planning reform agenda, alongside providing an additional £500

million in grant for affordable housing, and further £3 billion of additional support to the private housing market, to translate permissions into build out.

Today's publication marks the next step in delivering on our promise to radically reform the planning system. The measures set out below build on more than 10,000 consultation responses and extensive engagement with private housebuilders, affordable housing providers, local authorities and other organisations from the sector. Taken together, they reflect our commitment not to duck the hard choices that must be confronted in order to tackle the housing crisis – because the alternative is a future in which a decent, safe, secure and affordable home is a privilege enjoyed only by some rather than being the right of all working people.

RESTORING AND RAISING HOUSING TARGETS

The plan-led approach is, and must remain, the cornerstone of our planning system. It is through local plans that communities shape decisions about how to deliver the housing and wider development their area needs. But we are clear that these decisions must be about how to meet those needs, not whether to do so at all. We are therefore restoring mandatory housing targets. This means that local authorities must use the standard method as the basis for determining housing requirements in their local plans.

As we set out in July, a mandatory method is insufficient if the method itself is not adequate to meet housing need. We consulted on an ambitious revision of the existing standard method, increasing the total annual national target from 300,000 to 370,000, ending the reliance on decade-old population projections, and removing the arbitrary 35 percent 'urban uplift' that resulted in a skewed national distribution, disproportionately focused on London to the detriment of the rest of the country. Instead, the new method relies on a baseline set at a percentage of existing housing stock levels, to better reflect housing pressures right across the country, and uses a stronger affordability multiplier to focus additional growth on those places facing the biggest affordability challenge.

We heard through the consultation that our method could go even further in targeting growth at those places where house prices are most removed from local incomes, and so we have made an adjustment to the method to make it more responsive to demand pressures. The final method now incorporates an even stronger affordability adjustment – nearly four times as strong as the inherited formula. This will have the effect of altering the distribution, increasing numbers in those places facing the most acute affordability pressures while maintaining ambitious targets across the whole of the country.

BUILDING IN THE RIGHT PLACES

Meeting ambitious new targets relies on allocating sufficient land to do so. We have been clear that developers should first look to brownfield, or previously developed,

land. That is essential to protect our most valuable countryside and agricultural land. And we have made changes to support that, making the default answer to proposals to build on brownfield ‘yes’ and expanding the current definition of brownfield land to include hard standing, ahead of further reforms planned for next year on the back of our brownfield passport working paper. Together, these changes will ensure that we make full and efficient use of previously developed land.

But we know that there are simply not enough sites on brownfield land registers to deliver the volume of homes that the country needs each year, let alone enough that are viable and in the right location. And that is why we have grasped the nettle and proposed a modernised, strategic approach to Green Belt land designation and release, fit for the 21st century.

In the first instance, it requires local authorities to use the local plan process to adopt a ‘sequential approach’, considering brownfield, then grey belt, and only then higher performing land – all while ensuring that sustainability is a central consideration throughout. We expect authorities to conduct Green Belt reviews, to identify the right land to bring forward in their areas. Where authorities fail to meet development needs, developers may bring forward proposals on low-performing grey belt land outside of the plan process, but with higher performing land protected from this form of release.

Through our consultation we found broad support for this strategic approach to Green Belt release, and for the concept of grey belt, which recognises that there are significant parts of the Green Belt that contribute little by way of aesthetic, public access, or ecological value. However, we did see evidence that our proposed definition of grey belt was likely to leave too much room for subjectivity and debate. In response, we have set out a clearer description of how to assess whether land meets the definition, and we will be providing further guidance in the new year. We remain clear that existing protections for land covered by environmental and national landscape designations – for example National Parks, Areas of Outstanding Natural Beauty and Sites of Special Scientific Interest – will remain.

At the centre of our reformed Green Belt policy lie our golden rules, which mean that housing can only be built on Green Belt land if developers deliver high levels of affordable housing, appropriate local infrastructure, and accessible public green space. Our consultation proposed rules requiring that residential schemes across the country would deliver 50 percent affordable housing, while recognising that because land values vary, the limited use of viability assessments should be permitted within certain constraints. The objective of these rules was to make sure that the public would receive the fair share of the ‘planning uplift’ driven by the new rules, and that returns to landowners would be fair but not excessive.

We received significant feedback from a wide range of stakeholders who welcomed the ambition of these rules and the commitment to maximising affordable housing delivery, but who shared strong evidence that fixing the affordable housing requirement at 50 percent nationally would not reflect regional variations in viability and would hinder delivery. This risked leaving authorities with a choice: allow flexibility and turn the amount of affordable housing into a negotiation; or hold firm and make sites unviable, delivering no homes, affordable or otherwise. Responding to this, our final policy introduces a 15 percentage point premium on top of existing affordable housing requirements, up to a maximum of 50 percent, and rules out any negotiation until we have strengthened national planning practice guidance on viability – in which we will consider the case for permitting viability negotiations on previously developed land and larger strategic sites, likely to carry greater infrastructure costs.

In a majority of authorities, this will result in an affordable housing requirement of 50 percent. Local authorities will be required to adopt their own ambitious golden rules through the local plan process, which will supersede these national requirements as new plans come into force. This revised approach delivers on our commitment to sharing the proceeds of land value uplift fairly, securing clear public benefits, while delivering more homes and more affordable homes than a flat 50 percent rate. It will increase the speed of housing provision by giving all actors greater certainty about what is required and what will achieve planning permission.

SUPPORTING LOCAL PLANNING

We have made clear our commitment to universal local plan coverage – local plans are the best way of engaging communities in decisions about the future of their area, of optimising use of land to deliver for the economy and for the environment, and for giving the certainty businesses need to invest in development. A plan-led system in which fewer than a third of places have up-to-date plans does not work. That is why we are taking a tough but pragmatic approach to imposing new housing numbers on local plans; one which sees new numbers feed through into local plans as quickly as possible, while allowing well-developed plans to be adopted.

We are making three changes to the proposals we consulted on, reflecting these twin objectives. First, we will give local authorities an extra two months to progress their plans under the existing framework. Those that reach examination will be assessed in line with existing housing targets, but where there is a significant shortfall will be required to begin work on a new plan as soon as the new plan-making system commences next summer. Similarly, those that reach the final stage of plan preparation will be allowed to progress only where there is no significant shortfall. Second, responding to feedback that we should measure significant shortfall in proportionate rather than absolute terms, we are replacing the 200 home threshold with a requirement that plans provide for at least 80 percent of the new standard method

figure. Third, we are introducing a new requirement that authorities with plans adopted under the old standard method must provide an extra year's worth of homes in their five-year housing pipeline. This requirement will kick in from 1 July 2026 and drive authorities to take steps to close the gap between existing housing requirements and the new targets by bringing more land into the system.

We recognise that going back and increasing housing numbers will create additional work, which is why we will provide financial support to those authorities asked to do this. To ensure that local authorities are well-equipped and supported to implement our policy changes, we will provide grant funding to support authorities with local plan delivery and Green Belt reviews. A total of £14.8 million is available across both funds to support local planning authorities with these costs. In light of the revised National Planning Policy Framework, I will be writing to all local planning authorities with more details, and asking them to provide an updated plan-making timetable within 12 weeks, in order to drive delivery and give transparency over progress.

I expect authorities to rise to this challenge – over the last five months we have seen an acceleration on plan-making, which demonstrates what is possible with clear policy direction from national government and the right political will at a local level. But we will use the full range of ministerial intervention powers at our disposal if that does not happen – including taking over an authority's plan making directly. The revised local plan intervention criteria, published today, will boost our ability to act quickly where plan-making stalls.

The pressure on planning departments goes beyond plan-making, as we drive towards the unprecedented numbers of planning permissions needed to meet our 1.5 million homes and wider development objectives. That is why, responding to consultation feedback, we will set householder application fees at what we estimate is cost-recovery level, in order that applicants cover the costs of processing their planning applications. This will bring a boost of more than £50 million per year into local planning authorities from next year, enabling authorities to provide a quicker, better service. We will, through the Planning and Infrastructure Bill, go further in enabling local planning authorities to vary or set fees to cost recovery levels as appropriate for their area. This funding comes on top of the additional £50 million of planning capacity and capability funding announced at Budget. In combination with the dedicated support for updating local plans, this amounts to a package of over £100 million in the coming year.

SECURING HIGH-QUALITY DEVELOPMENT AND MORE AFFORDABLE HOUSING

Rapidly driving up planning consents in the context of a system with woefully inadequate local plan coverage will increase the number of permissions secured outside of local plan allocations in the short-term. This is necessary if we are to see the scale of delivery we need to meet our commitment to 1.5 million homes. Therefore,

where it applies, the presumption in favour of sustainable development must have real teeth. The changes we make today ensure that the presumption carries real weight, acting as a significant adjustment to the decision-making balance in favour of approving development. We are however absolutely clear that this is not a green light for low-quality development. That is why we have amended the presumption to call out the existing safeguards that exist in national policy around the provision of affordable housing, design quality, and sustainability of location, in line with the proposals we consulted on. We simply do not accept there is an inherent trade-off between supply and quality.

We have taken wider steps to drive the reformed housebuilding industry we are committed to delivering – one that is more responsive to consumer needs, which places affordability at the heart of what it does, and which builds out faster. We are therefore making changes to set an expectation of mixed-tenure on large sites, support more small sites to come forward to support SME delivery, and make clear our support for Social Rent schemes. Reflecting the absolute priority we attach to delivering Social Rent homes, we are amending the definition of Affordable Housing to carve it out as a separate category, distinct from the broader category of affordable housing for rent.

As part of the Government's plans to deliver much needed affordable homes, Homes England is today launching a new clearing service to help unblock the delivery of section 106 affordable housing. This follows reports in recent months of developers experiencing greater difficulty in selling section 106 affordable homes for which they have planning permission. This new service will help improve the functioning of the market for affordable housing, by supporting buyers and sellers to find each other more effectively – with developers able to share details of unsold section 106 affordable homes for registered providers and local authorities to search. The service aims to facilitate dialogue and partnerships that allow homes to be delivered in line with the originally agreed tenure mix set out in section 106 agreements. It will also provide new data and insight into the section 106 market. The Government is calling on all developers with uncontracted section 106 affordable homes, including small and medium builders, to proactively and pragmatically engage with the new clearing service, and on registered providers and local planning authorities to engage positively as providers and enablers of affordable housing. This is an important step in unlocking these homes and driving delivery.

As new land enters the system, we expect to see new permissions rapidly translated into build out. In order that we have transparency and accountability, I will introduce secondary legislation next year to implement powers brought forward under the Levelling Up and Regeneration Act 2023 to require developers to commit to a build out trajectory upfront and report on delivery against it. Where that does not happen, authorities will be empowered to hold them to account – including through declining to

determine applications from developers with a poor record of delivery. We will publish technical consultations to guide delivery of the necessary regulations in the new year.

BUILDING INFRASTRUCTURE TO GROW THE ECONOMY

Finally, in July we proposed changes to the planning system to drive greater commercial development in those sectors which will be the engine of the UK's economy in the future. We will confirm the changes as detailed in the consultation and make it easier to build laboratories, gigafactories, data centres and digital infrastructure, and the facilities needed to support the wider supply chain. We will also specifically recognise the need to support proposals for new or upgraded facilities and infrastructure, setting the expectation that suitable sites for these types of modern economy uses are identified in local plans. As proposed in the summer, we will bring onshore wind back into the Nationally Significant Infrastructure Projects consenting regime, and raise the threshold of projects for both onshore wind and solar to 100MW. We will follow through with prescribing data centres, gigafactories and laboratories as types of business or commercial development capable of being directed into the Nationally Significant Infrastructure Projects consenting regime, depending on the scale of the project.

PART OF A BIGGER PLAN

These are necessary changes to unlocking the land needed to deliver 1.5 million homes and the scale of new infrastructure we will need to support growth. But we are clear that they must form part of a wider plan to address wider blockers in the planning system and to drive rapid build out. We will use the Planning and Infrastructure Bill to improve certainty in decision-making, create a win-win for development and nature, and streamline processes for critical infrastructure. Since we know that we cannot meet housing need without planning for growth on a larger than local scale, we will empower local leaders to work cross-boundary to deliver strategic plans.

Only by delivering these reforms will we unlock investment and delivery. It is also vital that, alongside the appropriate infrastructure, these reforms also deliver substantial affordable housing. It is vital that local communities can see the benefits of development in terms of enhancements to public services and more affordable housing for local people. We recognise that to deliver on these reforms we will need to work in partnership with local leaders, housebuilders and infrastructure developers to deliver investment into these sectors, and we are grateful for the support for these proposals from across the sector.

These reforms are essential to transform the housing crisis, deliver growth, protect the environment, and provide hope to the many thousands of people locked into substandard and unaffordable housing.