



Housing Market
& Housing
Delivery



Hacking Housing:

Nine supply side hacks to fix our housing system error

September 2023



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Chair's Foreword

No one doubts the need to reform the housing market. Everyone argues about how, and to what extent.

For decades we've recognised that our housing market is a political priority, but unfortunately that's led to years of government interventions that have made it worse. Our market doesn't operate like a market. It doesn't have the common features of a market economy: supply does not meet demand, innovation does not lead to growth or efficiency.

We broke it, we brought it. It's up to the Government to fix it.

We need to cut through the false choice of Nimbyism and Yimbyism and have conversations with real people about the real issues that matter to them. Have their children got places nearby they can afford? Are there appropriate places for older people to retire or downsize to?

We need to address the issues with planning departments. The system they work within is too complex and adversarial. We need to make their profession as attractive as it could be.

And how do we prioritise funding and reward success? We need to stitch together the seams of billions of pounds of public investment in order to have a real impact on communities.

Let's be honest, we should have started this years ago. Decades, in fact. Housing is the longest, hardest, most expensive, most complicated, most politically contentious element of any government policy. And it's fundamental to almost all policy areas. It's underrated. It's unloved. It's time for housing and planning to glow up.

Ben Everitt MP

Chair of the All-Party Parliamentary Group for
Housing Market & Housing Delivery



Executive Summary

This report critically reviews issues surrounding the insufficient supply-side support within the housing industry, alongside intricate matters concerning local control, decision-making, and national housing deficits.

Decades of housing market failures necessitate radical government intervention to enable housebuilders to meet the growing demand for housing. Despite post-pandemic recovery in construction, the government's 300,000-home target remains elusive, indicating structural shortcomings in market, policy, and politics, the core focus of this report.

Drawing on extensive expertise and insights collected through roundtables and evidence sessions over the past three years, this report proposes solutions to target the structural weaknesses in UK housing. The APPG urges political parties and industry leaders to embrace these proposals, catalysing changes in principles, practices, policies, and behaviours across the UK.

These recommendations aim to promote economic and social well-being by addressing the housing deficit in a sustainable, affordable, appropriate, and proportionate manner. It is essential to acknowledge that tackling these issues offers substantial opportunities for sustainable growth while providing much-needed affordable housing and supporting thriving communities. Achieving these goals requires a concerted effort and commitment from all stakeholders across the UK.





Recommendations

Winning the politics

1. **New principles to change the narrative** and serve as a roadmap for the sustainable, appropriate, affordable, and proportionate development of housing across the nation. They're deliberately high level, so they can relate and resonate to most people in most places.

Making planning sexy

2. **Bring back the chief planner** because going to work and designing communities that will last hundreds of years is actually a pretty cool job.
3. **Sub-regional spatial strategies** which is possibly the least sexy sounding document around, but genuinely one of the most useful – a framework for strategic development, unencumbered by the constraints faced by Local Plans.
4. **More resources for planning teams, better paid planners** because our planners are overworked, underpaid and unloved.
5. **More routes into planning** so that we can meet demand with conversion courses, apprenticeships, visas and prestigious degrees.
6. **Whitehall shuffle: make the planning ministry sexy** by elevating the role to cabinet level, having reporting lines from junior ministers in each government department, and placing the role in the Cabinet Office.

Incentives and rewards

7. **Link housing targets to Levelling Up priorities** so we can capture the multiplier effect of Levelling Up funding and make sure its impact is sustainable.
8. **Reboot and refocus new homes bonus** so we reward authorities that deliver.

A grown-up conversation about the Green Belt

9. **Revive & refresh the green belt: keep it clean & green** because a lot of what we're falling out about isn't actually worth it. Patches of the Green Belt aren't even green. We can save the Green Belt by weeding out the brown and grey patches.

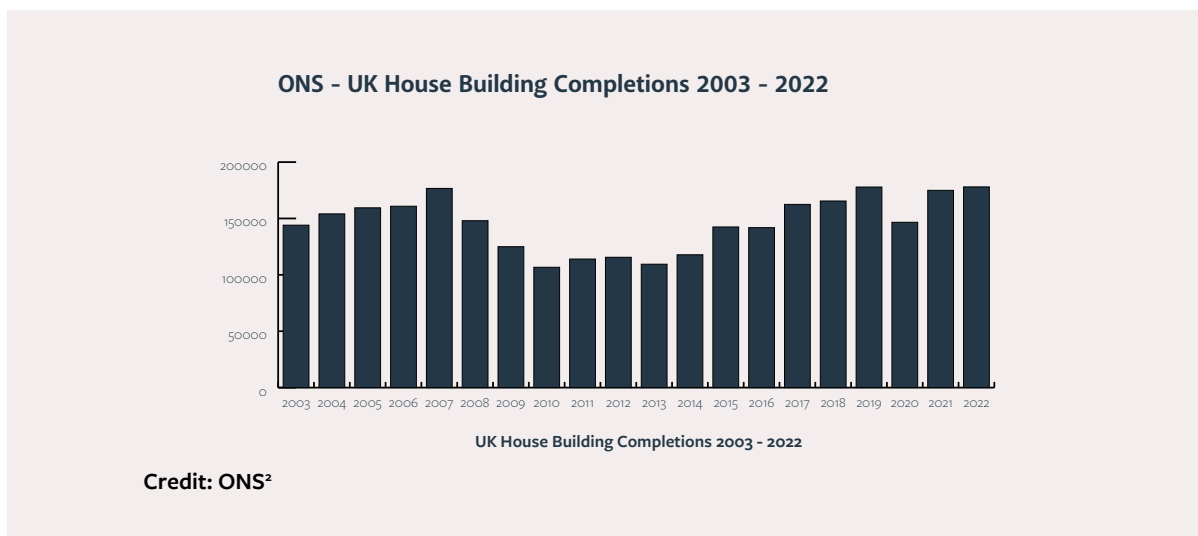
Introduction

The All-Party Parliamentary Group for Housing Market & Housing Delivery has spent this Parliament diligently working through the many challenges facing UK housebuilding, delivering industry and expert consensus to actively provide a regular stream of policy proposals for policymakers.

This report reviews issues relating to a lack of supply side assistance within the housing sector, together with those complex matters referring to local control, decision making and national shortfalls.

There have been decades of failure to ‘fix’ the housing market and only through radical Government action will state-led intervention support housebuilders in their desire to make greater progress on delivering increasing housing supply.

These proposed solutions are of course very much needed. Housing remains a hugely important national political issue as well as a key social and economic driver. Post-pandemic, construction of new dwellings is slowly creeping back up to the record high of 243,000 new homes set in 2019/20, a marked increase on the UK’s low point in 2012 when just 125,000 homes were built. However, the Government’s 300,000 target - 40,000 homes less than demand - is still well beyond reach and will not be achieved without a dramatic overhaul of the market, policy and notably, the politics of housing¹. This shortfall reflects structural failures in all three areas, and the core focus of this report. Demand overstimulation will continue to occur and whilst some of these investments are useful, they are not going to create new homes until supply side investments find themselves on a better footing.



Based on wide-ranging expertise and insights gathered at regular roundtables and evidence sessions over the past three years, this report makes a series of suggestions to help target the structural weaknesses in UK housing, that we feel, will not be resolved without sweeping reforms. The APPG therefore strongly urges the leadership of all political parties and of industry to take note of our proposals, thereby undertaking a concerted effort to amend principles, practices, policies and behaviour across the board in all four corners of the United Kingdom.

1 Wilson, W. and Barton, C. (2023) ‘Tackling the under-supply of housing in England’. Westminster: House of Commons Library.
2 Office for National Statistics, ‘House building, UK: permanent dwellings started and completed by country’, September 2023

The report is divided into four interlinked sections, starting with an examination of the political narratives around housebuilding and how best to tackle polarisation and cut through the NIMBY/YIMBY divide. This will feed into how we can make planning ‘sexy’ focusing on how we can attract greater talent into the planning profession through expanded routes. It is also critical to rethink the post of housing/planning minister to ensure that it has the necessary firepower, namely making it a cabinet level post, to stimulate housebuilding more effectively. Further to this, the report proposes that housing targets ought to be rebooted if we are to hit the current target of 300,000 homes. Finally, we must also have a sensible conversation about the purpose of the Green Belt - defining what is and what isn’t Green Belt as it is commonly perceived. For the avoidance of confusion, the Green Belt must be kept and protected but it is vital we look at how we designate such land to be able to make use of what is considered brown/khaki/grey belt.³

It is important to bear in mind that whilst housebuilding is failing on many fronts, the deficit in building represents a massive opportunity for economically and environmentally sustainable growth, while providing tremendous social benefits in the form of affordable and appropriate housing delivery.

The recommendations contained within this report are focused to deliver economic and social good. However, this will only occur if we take a proportionate approach, agreeing to building new homes that are needed, and indeed in places where people want to live. We must approach supply side solutions through the framework of sustainable, affordable, appropriate and proportionate.



³ We recognise that there may be some folk who have stopped reading at this point and are already filing copy and/or tweeting along the lines of ‘new report says abolish the Green Belt’, or something. If someone could call them out that’d be great, thanks.

Winning the politics

It is often stated that we must take the politics out of the narratives around housing and planning. However, it must be recognised and accepted that both are deeply political areas of policy and will continue to be so for the foreseeable future. As such, we must instead try to find ways to ‘win’ the politics by building consensus across all stakeholders, from politicians through to local communities, as opposed to playing to the polarised rhetoric that has plagued discourse around housing for some time. Essentially, we need to recognise that if the game is unwinnable, then we must change the rules of the game.

Principles that cut through NIMBY/YIMBY divide

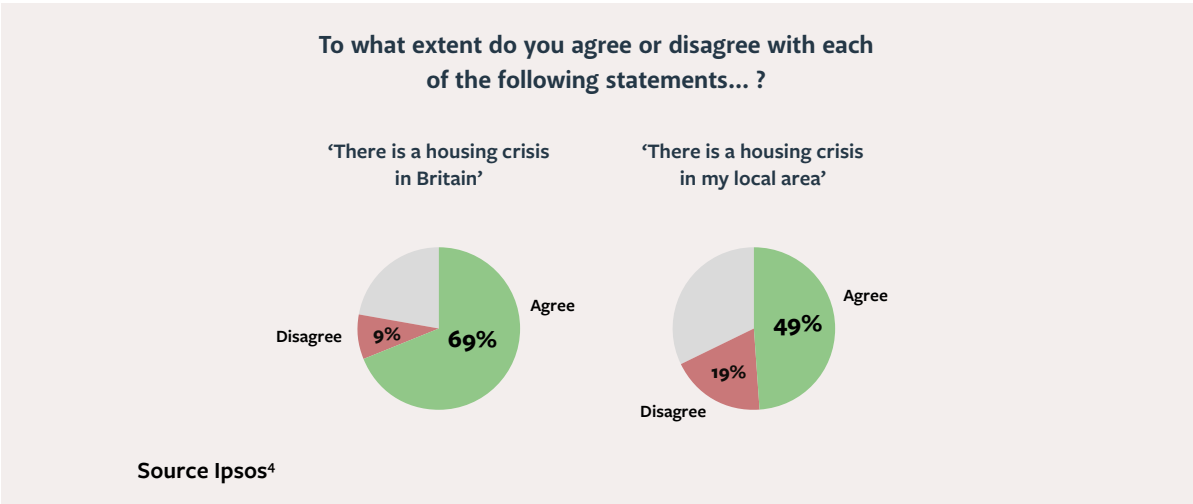
Politicians of all stripes and at all levels are known to lobby against new developments in their constituencies, which feeds into a general tendency across the UK to criticise both developments that are underway and future projects as they come forward for consideration.

If the game is unwinnable, then we must change the rules of the game.

While nimbyism is deeply rooted, the groundswell of support for more housing suggests the political narrative can be shifted, helping to liberate the debate in Westminster and at the local level, leading to better and more decisive policy reform. The challenge lies in the persistence of NIMBY attitudes, which is rooted of course in very rational concerns. People object to housing development due to the unappealing nature of new homes in their vicinity and the negative impact these developments bring without corresponding benefits. Without addressing this issue, particularly without the addition of enhanced infrastructure to support new developments, the expansion of housing will always face substantial political barriers – both at the local and national level.

Recommendation 1

New principles to change the narrative



4 Ipsos, 'Housing in Britain: Crisis and concern', May 2022

Sustainable, Affordable, Appropriate and Proportionate

The future of housebuilding demands a comprehensive and visionary approach. In order to cut through the polarisation, we must adopt principles that ensure development is conducted in a way that benefits and brings on board communities and stakeholders of all stripes. To ensure that our communities thrive, and that the houses we construct meet the diverse needs of our population, it is essential to adopt a set of guiding principles. These principles serve as a roadmap for the sustainable, appropriate, affordable, and proportionate development of housing across the nation.

The principles should be embedded across the language used by ministers, the guidance set by the Department and the expectations of planning departments in local plans and local planning policies.

Therefore, we propose that all development should be based on the following principles:

Sustainable

Firstly, sustainability in housebuilding extends beyond environmental concerns; it encompasses the creation of sustainable communities. In this context, sustainability means that every new development should be seamlessly integrated into its surroundings, ensuring convenient access to essential infrastructure and services. Sustainable communities are those where residents have easy access to schools, healthcare facilities, public transportation, and job opportunities that align with the local economy. Moreover, sustainability implies a commitment to environmental stewardship, with housebuilding practices that minimise carbon footprints and promote energy efficiency as we look to address the challenges presented by climate change.

Appropriate

Secondly, development must be appropriate for the past, present and future communities it serves. It must embrace both the vernacular and the cultural history of its location.

Appropriateness in housebuilding involves respecting the cultural and architectural heritage of the region, with new developments harmonising with the local vernacular, reflecting the unique character and identity of the area. But beyond this, the type, style and tenure of housing is key – the balance of form and function. The right houses for the right people in the right place at the right time. Demographically futureproofed to account for trends, aspirations and investment in places.

*The right houses for the right people
in the right place at the right time.*

*Demographically futureproofed to
account for trends, aspirations and
investment in places.*

This principle underscores the importance of designing houses that are not only homes, but drivers of communities. Places where people live, work and grow a family are not only functional but also aesthetically in tune with their surroundings. By embracing the heart of placemaking, we ensure that future generations inherit a built environment that resonates with the spirit of their communities.

Affordable

Thirdly, new developments should be affordable for local people by basing them on local needs and ensuring sizing is tailored to said communities. Affordability is a cornerstone of inclusive housebuilding. Our communities thrive when housing options cater to a range of incomes, ensuring that local people can afford to live in the areas they call home.

This principle emphasises the need to build houses that are genuinely affordable, considering the economic realities of the region. Moreover, it advocates for constructing houses of various sizes, addressing local needs and preferences. The right-sized homes, tailored to local demographics, contribute to the social fabric and long-term vitality of our communities.

Proportionate

Finally, developments must be proportionate, and this must be recognised as a critical, indeed fundamental, consideration in the development of new housing. It underscores the importance of ensuring that developments are proportionate concerning their location and immediate surroundings. The scale of new housing should be in harmony with the existing built environment, respecting the scale and character of the area. This principle recognises that the character of a village will differ from that of an urban centre, and developments should be proportionate relative to what is nearby. Additionally, it acknowledges that a balanced mix of housing types, ranging from 5% to 20% affordable housing, can contribute to the social diversity and cohesion of communities.

These principles for sustainable housebuilding in the UK serve as a comprehensive framework for shaping our future communities. By adhering to these principles, we can ensure that our housing developments are not just bricks and mortar but integral components of vibrant, thriving neighbourhoods. Sustainability, appropriateness, affordability, and proportionality are the pillars upon which the foundation of our future communities should be built. Embracing these principles will guide us toward a housing landscape that is inclusive, environmentally conscious, and deeply rooted in the needs and aspirations of local communities.

Making Planning Sexy

Planning is critical. Even if the multiple issues on the supply side and the demand side are addressed, we still need to sort the bit out in the middle that connects the two.

Planning is time consuming, expensive, needlessly adversarial, inefficient and frustratingly opaque. In the current system it's very common to submit a planning application for a development that aligns with the Local Plan and still encounter rejection, further exacerbating the housing shortage.⁵ On the flip side, very often the first thing communities hear about an application is when it's too late to shape it – they feel powerless, like planning is being done *to* them, not *for* them or *with* them. No wonder they get upset. And it's planners, and planning they get upset about.

Recommendation 2

Bring back the chief planner

The problem is compounded by the fact that, over the past decade and a half, local authorities have reduced real term spending on planning departments by around 50%. Perhaps not unexpected given general population expansion, planning applications have doubled in the same period.⁶ Almost six in ten Councils are struggling to recruit planning officers, a third [36%] report difficulties in retaining them. As such, Councils increasingly find themselves reliant on costly agency staff. The resource issue is compounded by a supply problem. Quite simply, not enough planning professionals are being trained to support and sustain the market demand.

The issue is further exacerbated by the negative connotations associated with planning which is a result of the pessimistic nature of discourse on this front over many years. As such, we must change the narrative and perception of planning as a process and as a profession - hence, we must make planning sexy.

Recommendation 3

Sub-regional spatial strategies

Bringing Strategy Back

We need to bring back the prestige of the Chief Planner, a job that barely exists anymore, but in years gone by sat at deputy Chief Exec level in a planning authority. Planning should be a cool job – you get to go to work and design communities that will last hundreds of years. Part of the problem is, though, that the strategic elements of planning have gradually been trimmed from planning departments. Planners now focus on the transactional – processing a mountain of applications, rather than the strategic.

⁵ Breach, A. (2022) 'A very short guide to planning reform'. London: Centre for Cities.

⁶ O'Leary, D., Joyce, D. and Geffert, A. (2020) 'HBF Report -State of Play: Challenges and opportunities facing SME home builders'. London: HBF.

A virtually cost-free policy lever, that can have immediate impact, is to undertake effective strategic planning. Critically, this must occur at the regional and subregional level to help effectively resolve the tensions between supplying homes in the South-East where the demand is primarily located and supporting the Government’s Levelling Up agenda elsewhere. In the latter case, policymakers and planners need to be shrewd about key infrastructure investment, a critical determining factor in the demand for homes.

Simply put we need to consider introducing frameworks around the **what**, the **where** and the **why**, ensuring that these key criteria are applied in coordination with overarching policy objectives, here specifically, Levelling Up. The more localised and devolved these strategies are, the more likely they are to deliver the right homes in the right places.

The APPG’s roundtables have repeatedly shown Government at all levels to be bereft of initiative in this regard. Urgent attention is therefore needed. Even existing commitments to devise planning strategies are lacking significantly. In 2020, only 40% of Local Plans were up to date, denying developers clear direction on what kinds of properties would receive support and therefore approval.⁷ Since then, the picture has been bleak as there have been numerous delays to the publication of the new National Planning Policy Framework (NPPF). This has in turn increased uncertainty and compounded the lack of clarity across the system with roughly 60 local authorities withdrawing or putting their local plans on hold as a result.⁸

Recommendation 4

**More resources for planning teams,
better paid planners**

Investing in Planners

It is evident that England’s planning sector is currently facing significant challenges. The sector requires immediate injection of additional resources to ensure the provision of the housing and essential public services that are vital for individuals, families, and their communities.

Planners play a vital role in facilitating the development of essential infrastructure in suitable locations, working closely with local communities and key stakeholders. However, as highlighted by the Royal Town Planning Institute (RTPI), there has been a substantial 43% decrease in local authority net expenditure on planning, which has decreased from £844 million in 2009 to £480 million in 2020.⁹

7 Vitali, J. (2023) ‘How Housebuilding Can Revitalise the UK Economy’. Westminster: Policy Exchange, P9.

8 Bamford, P. (2023) *Delayed local plans*. Available at: <https://www.hbf.co.uk/policy/planning-policy/delayed-local-plans/#:~:text=In%20September%202022%20announced%20a,draft%20local%20plan%20for%20consultation> (Accessed: 20 September 2023).

9 Steele, H. ‘Empowering Public Sector Planning’. London: Royal Town Planning Institute.

Overall, just 0.45% of local government budgets are allocated to planning services, which clearly highlights the immense strain planning departments are under. This skills deficit has resulted in inadequate staffing levels, overwhelming workloads, and quite understandably as a result, overburdened personnel. Local authorities are therefore finding it ever more difficult to both attract and retain talent. According to the data from the RTPI, a quarter of planners departed the public sector between 2013 and 2020, with many moving to the private sector – a quite startling loss of these key regulatory personnel.

Recommendation 5

More routes into planning

The funding constraints impacting attracting talent to the sector are further exacerbated by the narratives around planning. The persistent negative rhetoric around planning delays and reform has had a knock-on effect on both morale and the image of the sector. The Royal Town Planning Institute has highlighted the profound challenges confronting the planning profession, particularly in the context of its public perception. In current political discourse, both left-wing and right-wing narratives tend to cast planning as a hindrance rather than a solution to the ongoing housing crisis. There is a growing demand for what is commonly termed as ‘planning reform’ at the national level. Additionally, planners often face widespread abuse and ill-treatment at the local level, further adding to the difficulties they encounter.

This situation not only detrimentally impacts the mental well-being of planners but also adversely affects their working conditions. The combination of these factors underscores the pressing need for a more constructive and supportive approach to planning and the recognition of the vital role planners play in addressing housing and development challenges day to day.¹⁰

There is also a need to expand the routes into the planning profession, including apprenticeships, visa programs, degree programs with work placement opportunities, and postgraduate conversion courses. We want to see planning colleges offering different types of planning specialisms and planning departments in the great universities. This will ensure that there is a sufficient stream of qualified planners to meet the demand for development projects.

Well-funded local authorities are pivotal in empowering local leaders and communities to effect positive change within their regions, ultimately enhancing the overall quality of life. It is important to ensure there is a holistic approach covering funding, innovation in training, recruitment and retention, as well as the national outlook on planning. Critically, planners also assume an important role in addressing pressing issues such as climate change, biodiversity preservation, economic development, and public health outcomes through placemaking.

It is in the applicant’s interest to have a well-resourced and competent planning team. There is a nativity of a desire to not fund planning departments well in an effort to limit construction whereas instead, you are only likely to get poorly reviewed sites without adequate master planning.

10 Bridge, S. and Hills, V. (2023) *Local authorities struggle as over a quarter of planners depart*, RTPI. Available at: <https://www.rtpi.org.uk/news/2023/may/local-authorities-struggle-as-over-a-quarter-of-planners-depart/> (Accessed: 20 September 2023).

Make the Planning Ministry Sexy

The UK Government has had 16 housing ministers over the last 10 years. It is clear that the role and responsibilities related to one of the most important decisions a family makes has been neglected by the Government and the lack of relevancy and responsibility that has been allocated to this position has hindered its ability to take control of the planning system.

For too long, this ministerial role has been treated as a political stepping stone and failure to enable an entrenched departmental oversight will continue to cause a proliferation of the problems we see in the housing market.

The challenge of boosting housebuilding in the United Kingdom is a multifaceted one, requiring a coordinated and comprehensive approach. To meet this challenge effectively, it is imperative to elevate the profile of the Housing and Planning Minister's role to a cabinet level post. Such a move would not only bestow prestige upon the role but also facilitate the necessary horizontal and vertical oversight across multiple government departments, ensuring a cohesive and strategic approach to addressing our nation's housing needs.

Recommendation 6

Whitehall shuffle: make the planning ministry sexy

Elevating the Housing and Planning Minister to a cabinet-level position sends a powerful message about the Government's commitment to address one of the most pressing issues facing our nation – the housing crisis. It places the importance of housing and planning on par with other key government priorities, elevating its prominence in the public eye.

Fundamentally, the supply of housing is inherently interconnected with almost every aspect of government policy, spanning multiple departmental briefs such as energy, employment, jobs, education, environment, transport, policing and health. Housing either enables, supports or creates demand for nearly every other aspect of UK-based government activity. Therefore this key delivery dependency should be recognised by placing the role in the Cabinet Office. This will create a central point of authority and accountability for housing related matters. We would ensure that housing policies are aligned with broader government objectives and that resources are allocated efficiently to address the housing crisis. The position at a higher level within the government hierarchy, can effectively oversee and coordinate housing strategies horizontally across various departments. This means ensuring that housing policies are in sync with infrastructure development, employment opportunities, and environmental sustainability, among other factors.

Recommendation 7

Link housing targets to Levelling Up priorities

Additionally, a cabinet-level, Cabinet Office minister has greater influence and authority to collaborate vertically with local authorities, regional governments, and industry stakeholders. This fosters a more cooperative approach to housebuilding, allowing for the efficient allocation of resources, removal of regulatory barriers, and effective implementation of housing policies at the grassroots level.

Reboot Targets to Put Levelling Up on Steroids

Targets are one of the more contentious elements of modern housing policy. And with due reasons. Targets usually lead to incentives, if set right. However, that really wasn't the case with the previous targets.

The old targets were rubbish, anyway. They weren't forecasts of need, based on a population's potential. They were projections based on previous successes. The definition of unsustainable, the opposite of Levelling Up.

Recognise the Rainmaking Impact of Levelling Up Funding

The government is investing billions in left behind communities through various pots of money. The Levelling Up Fund, The High Streets Fund, The Shared Prosperity Fund, The Towns Fund. At its core, Levelling Up is about people, and opportunities. Opportunities translate to jobs, economic activity and revival. But for these communities to flourish sustainably, people need to live, as well as work in them. They need to spend their money locally, commit to an area and be able to bring up a family. This means that there must be an adequate supply of housing – this argument hits every one of the four principles earlier in the paper: sustainable, affordable, appropriate, proportionate.

The alternative (investing in economic development in a community without ensuring an adequate supply of quality housing) means that Levelling Up funding will not be permanent or sustainable. We risk creating Levelling Up enterprise parks, where people commute in and out and don't stay and commit to an area.

Reboot and Refocus New Homes Bonus

So Levelling Up funding is clearly missing the multiplier effects it could have if it was linked into housing development. We would propose that housing targets are directly linked to areas that have been supported by Levelling Up grants. And further, that the roll out of subregional spatial strategies be prioritised to cover all Levelling Up areas. Direction should be given to Homes England to deliver housing and infrastructure that meets future demand in areas where the Levelling Up grant has exceeded £10m.

As evidenced earlier, a key factor in dissent to new development is the undue stress it places on the existing infrastructure and services. Thus, the enabling of infrastructure through further grants, via Homes England, would be a significant improvement not only for the cash flow of many developments but would ensure that new development is viewed positively by communities. This could be achieved

by initiatives such as innovative funding solutions being created to charge the land that would be developed with the cost of building the infrastructure to enable the work to occur. A multiple of the new homes grant could also be created to connect it to the Levelling Up funds. For example, where Levelling Up projects have the local support of the council, administration and local plan, a 1.5% increase could occur. We have seen the economics of Levelling Up funding to be cash flow positive to the government and we anticipate this to occur even faster when tied into infrastructure improvements.

This should be tied in with a rebooted New Homes Bonus which would contribute to the multiplier effect and bring localism back to planning. The NHB has in the past proven to be a very effective carrot in incentivising local authorities to facilitate housing construction. It was designed to motivate local authorities to grant planning permissions and deliver new homes within their respective jurisdictions. The mechanism was simple yet effective: local councils received additional funding from the government for each new home constructed, including affordable housing.¹¹

However, in recent years, the NHB has seen changes and reductions in funding, leading to its phased discontinuation. Despite this, there are compelling reasons to consider rebooting and reinstating the NHB as a strategic tool to invigorate housing supply across the country.

Rebooting the NHB would also have a significant impact on affordable housing delivery as affordable housing is a fundamental component of any thriving community. The NHB, in its original form, offered local authorities additional funding for both market-rate and affordable housing developments. Reinstating this scheme would once again underscore the importance of affordable housing, ensuring that local councils actively support and invest in developments catering to diverse income groups. Coupled with this, the NHB has historically encouraged sustainable planning practices. Local authorities aiming to maximise their NHB rewards often focused on developments that align with long-term sustainability goals, such as brownfield regeneration and improved infrastructure. Reinstating the NHB would reinforce these sustainability objectives, ensuring that housing development is aligned with environmentally responsible practices.

Recommendation 9

Revive & refresh the Green Belt:
keep it clean & green

¹¹ *Local Authorities losing millions (2011) New Homes Bonus*. Available at: <https://www.hbf.co.uk/news/new-homes-bonus/> (Accessed: 20 September 2023).

A Grown Up Conversation About the Green Belt

A restrictive planning system features among reasons for under-supply, but other factors are more salient

As you may know, Britain is currently building fewer homes per year than the Government has said it wants to see built.

How much, if at all, do you think each of the following have contributed to this?

“The planning system including the Green Belt limiting where it is possible to build new house”



Source: Ipsos¹²

No report on planning in the United Kingdom can avoid the considerable complexities relating to Green Belt usage and development. The principle of prioritising brownfield land as a central element of planning policy is a key one and should be protected. The redevelopment of such sites will always be a fundamental component of strategies to boost housing supply, regardless of their additional costs.

However, it's important to note that, even if every available site listed on the brownfield register were successfully redeveloped for housing purposes, this approach alone would fall significantly short of achieving the long-term goal of 300,000 new homes per year. In fact, it would only provide a third of the required housing units over the next 15 years and so brownfield development is not the great panacea.¹³

The principle of prioritising brownfield land as a central element of planning policy is a key one and should be protected.

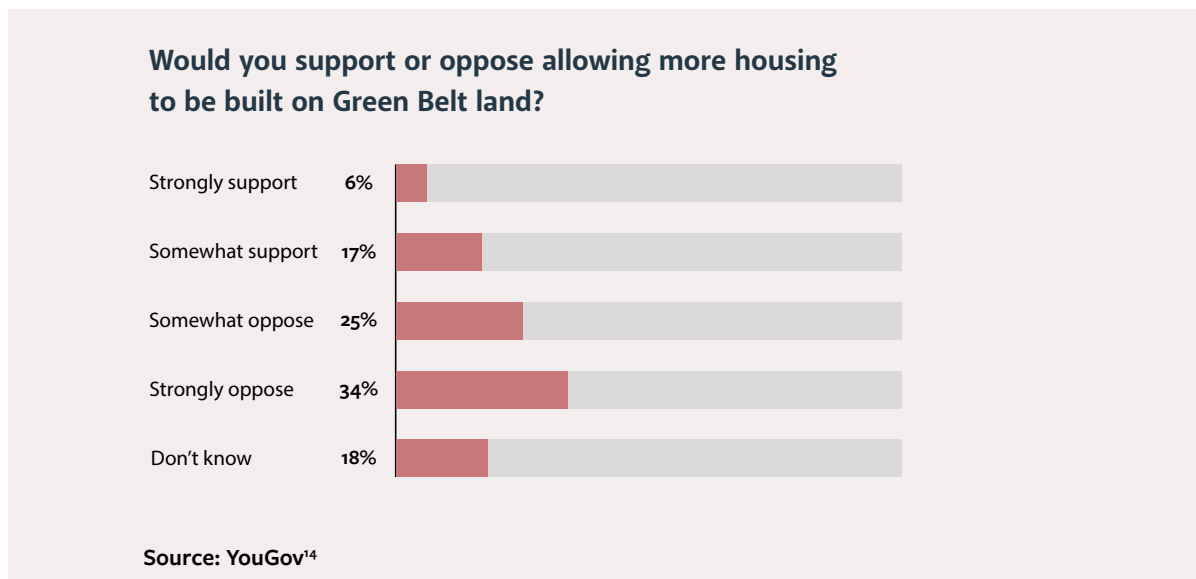
Adding to the complexity of the situation is the fact that many existing brownfield sites consist of small, disjointed parcels of land, often requiring substantial investment in preparation and occasionally decontamination processes. Furthermore, not all brownfield land is located in areas with a high demand for housing or sufficient existing infrastructure to support such new developments. These challenges underscore the need for a re-evaluation of how we categorise land as either green or brownfield, and a reconsideration of the criteria that inform such classifications.

12 Ipsos, 'Six in ten people in England would keep the Green Belt as it is', August 2023

13 LPDF and Lichfields (2022) 'Banking on brownfield'. London: Lichfields.

Having said that, the APPG believes we should have a sensible conversation about the purpose of the Green Belt. Indeed, the Green Belt should be kept and protected but if we are to tackle the housing crisis effectively, we must refresh our thinking on what is and what isn't 'Green Belt' as it is commonly understood and ensure there are measures to make effective use of land that is sometimes referred to as the grey/khaki belt.

Many of the objections towards the idea of releasing land from the Green Belt would be more reasonable if this land were solely of ecological significance. Despite the prevailing public perception of the Green Belt as a picturesque, natural expanse of land, it's important to note that its original purpose did not revolve around environmental conservation. Consequently, it includes areas that are inaccessible and offer minimal cultural or environmental value, as well as protected land that many would more appropriately consider as brownfield rather than "green."



These Green Belt areas also consist of pre-existing built-up sites, which could be more accurately labelled as "grey belt." These sites are well-connected to crucial infrastructure such as transportation, energy, and social amenities, making them most suitable for development. The primary intention behind the creation of the Green Belt was to curtail urban sprawl. Paradoxically, this has led to the expansion of developments farther away from suburbs and into rural regions – often without the required infrastructure that is of course essential for development success.

We would propose that a government review re-determines the purpose of Green Belt land, considering the severity of the housing crisis, and that this is done quickly. Reclassifying even a fraction of Green Belt land for development would have a seriously positive impact on housing delivery. We would propose that Local Plans deliver the strategic framework for local authorities and their residents to designate land in their area brownfield and/or Green Belt depending on need and local circumstances.

14 YouGov, 'Would you support or oppose allowing more housing to be built on Green Belt land?', May 2023

Despite the apparent difficulties in trying to achieve such reforms, the rewards of robust and bold thinking around the Green Belt present an immense opportunity. If we were to release land in the Green Belt situated within a reasonable walking distance of train stations, where the commute to central London, Manchester, Birmingham, Bristol, or Newcastle takes approximately 45 minutes, it opens the potential for significant construction of many new homes across suburban population densities. This approach could yield as many as 2.1 million new houses, with roughly half of them concentrated in the vicinity of London.¹⁵

¹⁵ Breach, A. (2020) 'More people are calling for Green Belt reform – and the Government is listening', *Centre for Cities Housing*. Centre for Cities, 9 March. Available at: <https://www.centreforcities.org/blog/more-people-are-calling-for-green-belt-reform-and-the-government-is-listening/> (Accessed: 20 March 2020).

Appendix 1: Root Causes

In order to understand the problem with housing supply in the UK, it is important to highlight its historical basis. The crisis' roots can be traced back to one of two significant changes in housing policy in the United Kingdom that took place shortly after World War II. Firstly, there was a substantial increase in the importance of council housing, which accounted for roughly half of all new homes constructed in the post-war era. Secondly, a new discretionary planning system was introduced in England through the Town and Country Planning Act of 1947, which still serves as the foundation for planning processes and approvals across the UK today.

These two historical issues lie at the heart of the political discourse surrounding the housing crisis in the UK today. They are presented as competing explanations for the severe housing shortage the country faces. One explanation focuses on the implementation of the Right to Buy policy and the subsequent decline in council house construction during the 1980s. The other explanation highlights how England's discretionary planning system restricts the supply of new homes due to its case-by-case decision-making process for granting planning permission.¹⁶

Regardless of which of the two historical issues as highlighted above holds more weight, there is no denying that there has been a significant downturn in housebuilding across the UK in the preceding decades. Despite that, home ownership over the last 50 years has been a major aspiration for British people and remains a powerful desire among Britons of all ages.

According to the British Social Attitudes survey, 86% of people in the UK aspire to home ownership, yet only just under two-thirds are on the property ladder. We know that demand outstrips supply by a factor of almost two-to-one. This has made house prices prohibitively high, particularly for younger generations who increasingly see home ownership as unrealistic. Importantly, it is demand excluding immigration that is not being met and changes to family dynamics and lifespan are the root causes of increasing the need for more housing.¹⁷

Reforms focused on increasing supply are therefore the priority of this report and the 'freeing-up' of the planning system to allow swift changes over the next 18 months will be key to having long term success. Successive Governments have tried to remedy the situation in the short-term with a result of moderate successes and smaller 'wins'. This report argues that only deeper and more complex interventions will provide the significant changes that are needed.

In examining the complexities that exist, it is important to note that several factors have contributed to the inflexibility of housing supply in the UK and its lack of responsiveness. The primary and most crucial factor, which is also the root cause of other supply-related issues, is the uncertainty surrounding the availability of land for residential use - this uncertainty is largely determined by the planning system. The planning system as it stands introduces inherent uncertainties because permissions are not granted based on fixed rules but rather on a discretionary basis, which can be highly susceptible to influence from interest groups opposed to development. These uncertainties have directly impacted

16 Watling, S. and Breach, A. (2023) *The housebuilding crisis The UK's 4 million missing homes*. Available at: <https://www.centreforcities.org/wp-content/uploads/2023/02/The-housebuilding-crisis-February-2023.pdf>.

17 Perry, J. (2022) *Dispelling myths about migrants and housing*, www.cih.org. Chartered Institute of Housing. Available at: <https://www.cih.org/blogs-and-articles/dispelling-myths-about-migrants-and-housing> (Accessed: 20 September 2023).

the development industry, leading to what can be described as a highly ‘speculative’ approach to housebuilding. In this model, developers earn their profits from the difference between the sale price of the houses they build, and the total expenses incurred during the development process.

A relevant example of these speculative approaches is as follows: developers acquire land, seek planning permission for that land, construct homes, and then sell them on the open market. Speculation plays a significant role in this process, as developers estimate both the likelihood of obtaining planning permission for a specific site and the potential selling prices of houses on that site. The cost of land is determined through a residual valuation method, where developers calculate the expected sales value of the homes they plan to build and subtract the anticipated development expenses to arrive at a residual profit amount.

Due to the substantial uncertainties involved, especially regarding the acquisition of planning permission, developers strategically acquire land to minimise their risks. This practice has varying impacts on housebuilders, with those smaller housebuilders especially facing many more difficulties. Thus, a clear pathway to raising housing stock is to improve framework conditions to enable small and medium-sized housebuilders to flourish.

Currently, the UK’s eight largest housebuilders account for approximately half of the total market. This enables large construction at scale, however, despite the dominance of these larger developers, smaller firms remain important to help supply catch up with demand. In addition to this, the creation of more middle-sized developers will increase competition within the construction market and hopefully let developers compete on the strategic goals of placemaking and community instead of just house construction alone.

The encouragement of a variety of different ‘players’ with the correct incentives from local authorities could significantly increase the number of new homes being built. The Home Builders Federation (HBF) calculates that with the appropriate support and planning reforms, small builders could create 65,000 homes per year by 2025, a significant increase from the 12,000 homes in 2021.¹⁸ According to the Federation of Master Builders (FMB), SMEs only account for 12% of new homes at this time when compared to a 40% share of building four decades ago when they were building about 80,400 homes a year.¹⁹

18 Federation of Master Builders (2022) SME house building, www.fmb.org.uk. Federation of Master Builders. Available at: <https://www.fmb.org.uk/news-and-campaigns/campaigns/sme-house-building.html> (Accessed: 20 September 2023).

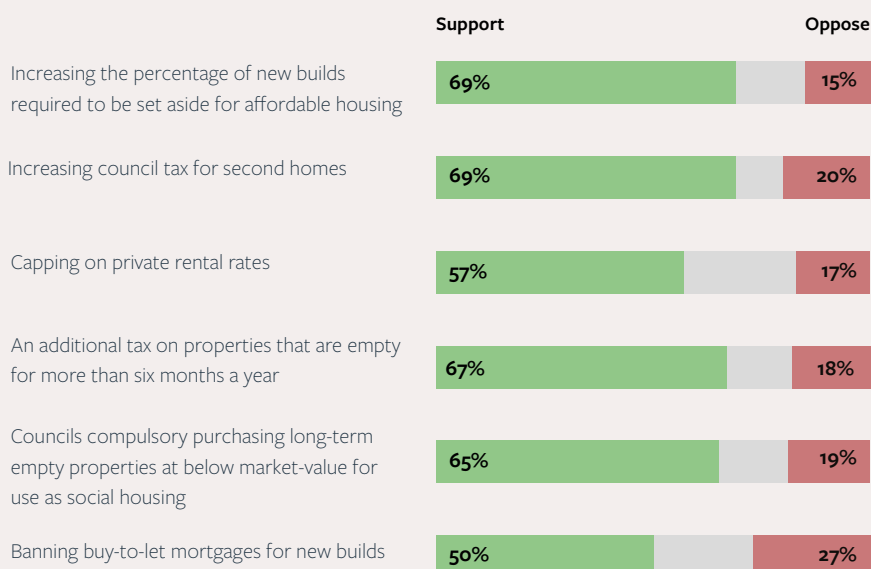
19 Office for National Statistics (2023) UK house building: permanent dwellings started and completed - Office for National Statistics, [ons.gov.uk](https://www.ons.gov.uk). Office for National Statistics. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ukhousebuildingpermanentdwellingsstartedandcompleted> (Accessed: 20 September 2023).

Appendix 2: Changing the Narrative

Over the past year, housing has been reflected as a much higher priority for voters²⁰; 7 in 10 Britons think there is a housing crisis and 49% would support more homes being built in their area.²⁰ Clearly, there is a mandate therefore for a root and branch reform agenda. According to YouGov, 36% of voters view housing as a “large problem”, while 31% identify it as a “moderate problem”. Less than one in ten do not recognise housing as a problem. What is more, this distribution is more or less uniform across gender, region, voting behaviour, age, and socio-economic status.

Most Britons support more intervention in housing policies - including more affordable housing, increasing council tax on second homes and a cap on rent.

Would you support or oppose introducing the following housing policies?



Source: YouGov²¹

This should not be surprising, we are seeing the housing crisis feed into different discussions at different levels, for instance older voters - 73% of the 65 years plus age-range view housing as a large or moderate problem – and are known to be anxious for their children and grandchildren’s futures²². This runs counter to the well-established assumption that voters already on the housing ladder (older voters) are preoccupied with seeing the value of their assets rise and remain against new housebuilding.

20 Marshall, B. and Albiston, C. (2022) Seven in ten of Britons think there is a national housing crisis, while opposition to local home-building has cooled. Ipsos. Available at: <https://www.ipsos.com/en-uk/seven-ten-britons-think-there-national-housing-crisis-while-opposition-local-home-building-has> (Accessed: 20 September 2023).

21 YouGov, ‘What housing policies would Britons support to tackle the housing crisis?’, February 2022

22 YouGov (2023) *How much of a problem do you think low levels of housebuilding in the UK is? | Daily Question, yougov.co.uk*. YouGov. Available at: <https://yougov.co.uk/topics/politics/survey-results/daily/2023/07/25/f82ed/2> (Accessed: 20 September 2023).

Meanwhile, many voters on lower incomes are trapped in a high-rent spiral stemming from a lack of social housing - 62% of voters view local authority homes for social rent as the number one housebuilding priority - exacerbated by the cost-of-living crisis.²³

Essentially, the issue of planning represents a conflict between two contrasting viewpoints. One asserts that the optimal number of appropriately sized, high-quality homes can be determined through Government mandates. The opposing view argues that planning should safeguard our natural and architectural landscapes and 'mediate' between current residents and those proposing new developments. By establishing a framework for negotiation, quality standards will naturally emerge. Government, and politicians more generally, often finds themselves vacillating between these conflicting visions without definitive support for either. This was evident in the backlash among some Conservative backbenchers to the Government's recently announced Long-term Plan for Housing.

All in all, it is essential that genuine reform should be embraced. Local residents must possess control over new home numbers and quality/design processes across their communities. To incentivise this, mechanisms like direct council tax rebates to households in development-friendly areas should be implemented. Local authorities should emphasise infrastructure provisioning and be held accountable for failures in this respect. With these measures implemented, the potential to build both the desired quality and quantity of homes exists. In their absence, we can anticipate further problems and ongoing political in-fighting.²⁴

Feeding the clear consensus around building more houses through to parliamentarians and media commentators is therefore essential. Anti-development campaigns in individual constituencies and counties are shaped by specific circumstances, arguments are often entirely valid, necessitating relevant procedure and consultation. A more pervasive and pernicious trend is towards presenting the housing crisis as 'fake news'.

Claims that the existing housing stock 'is sufficient' are becoming increasingly common. The argument put forward by such proponents - that household stock outstrips supply and as such there is not a supply problem - is simply untrue. Similarly, claims that rising house prices are driven not by scarcity of supply, but systemic inflation across the economy are increasingly commonplace, and also spurious. In housing 'hot-spots' like London, we have seen household size increase, indicating that fewer households in the face of housing unaffordability signal a shortage, not excess supply. Rents have indeed risen in real terms, even with data limitations, and there is evidence of faster rises in other private sector rental indices. While there may be speculative house price bubbles, it does not diminish the importance of supply in addressing housing challenges.²⁵

23 YouGov (2023) *Which of the following do you think should have the greater priority for future housebuilding in the UK?* | Daily Question, yougov.co.uk. YouGov. Available at: <https://yougov.co.uk/topics/politics/survey-results/daily/2023/07/20/cd4dd/3> (Accessed: 20 September 2023).

24 Vitali, J. (2023) *How Housebuilding Can Revitalise the UK Economy*. Westminster: Policy Exchange, P9.

25 Morton, A. and Dunkley, E. (no date) *The Case for Housebuilding*. London: Centre for Policy Studies. Available at: https://cps.org.uk/wp-content/uploads/2023/01/CPS_THE_CASE_FOR_HOUSEBUILDING2.pdf (Accessed: 20 September 2023).

Appendix 3: Targets & the Multiplier Effect

There is broad range consensus that we need to be building more than the 300,000 homes set out in the 2019 Conservative manifesto. However, as aforementioned in the report we are currently meeting about two thirds of that target, which has now been watered down as simply advisory.

As outlined in the Levelling Up, Housing and Communities Select Committee’s report, which scrutinises the Government’s proposed planning reforms, it concluded that the Government has not presented enough evidence to demonstrate how eliminating obligatory local housing targets will directly result in increased home construction. While the Government is making progress towards delivering one million new homes during this parliamentary term, it is not anticipated to achieve the annual goal of 300,000 net new homes by the mid-2020s.²⁶

The LUHC Committee’s “Reforms to National Planning Policy” report strongly critiques the intermittent changes to national planning policy over the past several years. It contends that this approach has created uncertainty among local authorities and planners, led to delays in local plans, and hindered the pace of new home construction.

The Government has expressed its intention to attain its national housing target by modifying the National Planning Policy Framework (NPPF) to increase the coverage of local plans, with the aim of promoting more home construction. However, a significant portion of the evidence presented to the Committee indicates that the proposed reforms could have the opposite effect, potentially making it more challenging to achieve the national housing target through the local planning system. These submissions of evidence have highlighted specific Government policy proposals that may hinder the goal of constructing more homes, including:

- Transitioning the outcome of the Standard Method for calculating housing need into an advisory starting point for informing plan-making, rather than making it mandatory.
- Eliminating the requirement for local planning authorities to continuously demonstrate a feasible 5-year housing land supply (5YHLS) and removing certain additional buffers that are applied in specific circumstances.
- Clarifying that local planning authorities are not obligated to review and modify Green Belt boundaries if this is the only way to meet housing needs in full.
- Allowing local planning authorities to factor in historical surplus in their calculations for a 5-year housing land supply.
- Placing renewed emphasis on the aesthetic and design aspects of homes.²⁷

In addition to this, a key factor tying in many aspects of this report, is the provision of adequate funding for such proposals to have real substance. Vitaly, we must look at how we can tie in housing development to existing funding streams, most notably around Levelling Up, as it can be utilised to have a multiplier effect that thereby positively impact on housebuilding.

²⁶ Levelling Up, Housing and Communities Committee (2023) *Reforms to national planning policy*. House of Commons. Available at: <https://committees.parliament.uk/publications/40872/documents/199083/default/> (Accessed: 20 September 2023).

²⁷ YouGov (2023) *How much of a problem do you think low levels of housebuilding in the UK is? | Daily Question*, yougov.co.uk. YouGov. Available at: <https://yougov.co.uk/topics/politics/survey-results/daily/2023/07/25/f82ed/2> (Accessed: 20 September 2023).

Appendix 4: Other Big Changes

There are many headline grabbing opportunities for reform that need to be explored in detail going forward. We are pleased to lead an active APPG and importantly we must look to the Government to enact serious changes to Ground Rents and leasehold reform.

With both above, we are aware of the need to protect the banking/pension industry, but this must be balanced with the opportunity to allow more people to afford their property. We would hope that within the next year we cap all Ground Rent rises and bring them down to less than £500 a year per property within 3 years and to £0 within 5 years.

For leasehold reforms we would actively push to re-evaluate the concept of “Marriage Value” and the discount rate applied in the freehold purchase calculations. Of the millions of people currently with long leaseholds we would hope to see at least 1/3 of them use a new right for them to buy their house freehold within the next 5 years.

Glossary

APPG - All-Party Parliamentary Group

DLUHC - Department for Levelling Up, Housing and Communities

FMB - Federation of Master Builders

HBF - Home Builders Federation

HMG - His Majesty’s Government

LPA - Local Planning Authority

LPDF - Land, Planning and Development Federation

NHB - New Homes Bonus

NIMBY - Not in My Backyard

NPPF - National Planning Policy Framework

RTPI - Royal Town Planning Institute

YIMBY - Yes in My Backyard

LU - Levelling Up

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