Building the homes we need

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Statement made by

Angela Rayner

Deputy Prime Minister and Secretary of State for Housing, Communities and Local Government

Labour

Ashton-under-Lyne

Commons

Statement

The Government has today set out the first major steps in its plan to build the homes this country needs.

Our manifesto was clear: sustained economic growth is the only route to improving the prosperity of our country and the living standards of working people. Our approach to delivering this growth will focus on three pillars; stability, investment and reform. But this growth must also be generated for everyone, everywhere across the country – and so nowhere is decisive reform needed more urgently than in housing.

We are in the middle of the most acute housing crisis in living memory. Home ownership is out of reach for too many; the shortage of houses drives high rents; and too many are left without access to a safe and secure home.

That is why today I have set out reforms to fix the foundations of our housing and planning system – taking the tough choices needed to improve affordability, turbocharge growth and build the 1.5 million homes we have committed to deliver over the next five years.

RESTORING AND RAISING HOUSING TARGETS

Planning is principally a local activity, and it is right that decisions about what to build and where should reflect local views. But we are also clear that these decisions should be about how to deliver the housing an area needs, not whether to do so at all, and these needs cannot be met without identifying enough land through local plans.

We are therefore reversing last year's changes which loosened the requirement for local authorities to plan for and meet their housing needs, and we are going further still, by mandating that the standard method is used as the basis for determining local authorities' housing requirements in all circumstances.

A mandated method alone is, however, insufficient to deliver on our scale of ambition and the current 'standard method' is not up to the job. It relies on decade-old population projections, an arbitrary 'urban uplift' that focuses too heavily on London and it lacks ambition across large parts of the country. We are therefore updating the standard method and raising the overall level of these targets – from around 300,000 to approximately 370,000. The new method provides a stable and balanced approach. It requires local authorities to plan for numbers of homes that are proportionate to the size of existing communities, by taking 0.8 per cent of existing stock as a floor, which is broadly consistent with the average rate of housing growth over recent years. It also then incorporates an uplift based on how out of step house prices are with local incomes, using an affordability multiplier of 0.6 per cent, up from 0.25 per cent in the previous method.

This approach means that there is no need for any artificial caps or uplifts: the previous cap will no longer apply, and the urban uplift will be removed. With a stable number, reflective of local needs and the way housing markets operate, we will stop debates about the right number of homes for which to plan, ensure targets reflect the way towns and cities actually work, and support authorities to get on with plan making.

BUILDING IN THE RIGHT PLACES

If we have targets that tell us how many homes we need to build, we next need to make sure we are building in the right places. The first port of call for development should be brownfield land, and we are proposing some changes today to support more brownfield development: being explicit in policy that the default answer to brownfield development should be yes; expanding the current definition of brownfield land to include hardstanding and glasshouses; reversing the change made last December that allowed local character to be used in some instances as a reason to reduce densities; and in addition, strengthening expectations that plans should promote an uplift in density in urban areas.

It is however also clear that brownfield land can only be part of the answer, and will not be enough to meet our housing needs – which is why a Green Belt designed for England in the middle of the twentieth century now must be updated for an England in the middle of the twenty first. The Green Belt today accounts for more land in England than land that is developed – around 13 per cent compared to 10 per cent. Yet as many assessments show, large areas of the Green Belt have little ecological value and are inaccessible to the public. Much of this area is better described as 'grey belt': land on the edge of existing settlements or roads, and with little aesthetic or environmental value. It is also true that development already happens on the Green Belt, but in a haphazard and non-strategic way, leading to unaffordable houses being built without the amenities that local people need.

This Government is therefore committed to ensuring the Green Belt serves its purpose, and that means taking a more strategic approach to Green Belt release. We will start by requiring local authorities to review their Green Belt boundaries where they cannot meet their identified housing, commercial or other development needs. There will be a sequential approach, with authorities asked to give consideration first to brownfield land, before moving onto grey belt sites and then to higher performing Green Belt land – recognising that this sequence may not make sense in all instances, depending on the specific opportunities available to individual local authorities. We are defining grey belt land through reference to the specific reasons for which the Green Belt exists, so that it captures sites that are making a limited contribution to the Green Belt's purposes, with additional guidance set out in the consultation. Existing protections for land covered by environmental designations, for example National Parks and Sites of Special Scientific Interest, will be maintained – and there will be a safety valve to ensure Green Belt is not released where it would fundamentally undermine the function of the Green Belt across the area of a local plan as a whole.

But we cannot wait for all release to come through plan making. Where authorities are under performing – be that lacking a sufficient land supply or failing to deliver enough homes as measured by the Housing Delivery Test – we will therefore also make it clear that applications for sites not allocated in a plan must be considered where they relate to brownfield and grey belt land. This route will maintain restrictions on the release of wider Green Belt land, meaning it would remain possible for other Green Belt land to be released outside the plan-making process where 'very special circumstances' exist, but such cases would remain exceptional. We are also strengthening the general presumption in favour of sustainable development, by clarifying the circumstances in which it applies and introducing new safeguards to make clear that its application cannot justify poor quality development.

Whenever Green Belt land is released, it must benefit both communities and nature. That is why we have today translated our 'golden rules' into policy, meaning that development on Green Belt will need to: target at least 50 per cent of the homes onsite being affordable for housing developments; be supported by the necessary infrastructure, like schools, GP surgeries and transport links; and provide accessible green space.

To maximise the value delivered to communities, we are making clear that negotiations on viability grounds can take place only where there is clear justification. This will enable fair compensation for landowners, but not inflated values. If we see quality schemes come forward that promise to deliver in the public interest but individual landowners are unwilling to sell at a fair price, bodies such as Homes England, local authorities and combined authorities should take a proactive role in the assembly of land to help bring forward those schemes, supported where necessary by compulsory purchase powers. If necessary, my ministers and I will consider the use of directions, including by local authorities and Homes England, to secure 'no hope value' compensation where appropriate and justified in the public interest.

MOVING TO STRATEGIC PLANNING

These changes will enable a significant amount of land to come forward. I nonetheless recognise that delivering on mandatory and higher housing targets and releasing the right parts of the Green Belt will not always be straightforward. As such, local authorities will be expected to make every effort to allocate land in line with their housing need as per the standard method, and will need to demonstrate that they have done so at examination of their plan. There are however instances where local constraints on land and delivery – such as significant National Park, protected habitats and flood risk areas – can make it difficult for an authority to meet its full target, and the current system is not sufficiently effective in enabling need to be shared between authorities in such instances.

That is why the Government is clear that housing need in England cannot be met without planning for growth on a larger than local scale, and that it will be necessary to introduce effective new mechanisms for cross-boundary strategic planning. This will play a vital role in delivering sustainable growth and addressing key spatial issues – including meeting housing needs, delivering strategic infrastructure, building the economy, and improving climate resilience. Strategic planning will also be important in planning for local growth and Local Nature Recovery Strategies.

We will therefore take the steps necessary to enable universal coverage of strategic planning within this Parliament, which we will formalise in legislation. This model will support elected Mayors in overseeing the development and agreement of Spatial Development Strategies (SDSs) for their areas. The Government will also explore the most effective arrangements for developing SDSs outside of mayoral areas, in order that we can achieve universal coverage in England, recognising that we will need to consider both the appropriate geographies to use to cover functional economic areas, and the right democratic mechanisms for securing agreement. Across all areas, these arrangements will encourage partnership working but we are determined to ensure that, whatever the circumstances, SDSs can be concluded and adopted. The Government will work with local leaders and the wider sector to consult on, develop and test these arrangements in the months ahead before legislation is introduced, including consideration of the capacity and capabilities needed such as geospatial data and digital tools.

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

- first, in addition to the continued operation of the duty to cooperate in the current system, we are strengthening the position in the NPPF on cooperation between authorities, in order to ensure that the right engagement is occurring on the sharing of unmet housing need and other strategic issues where plans are being progressed in the short-term;
- second, we will work in concert with Mayoral Combined Authorities to explore extending existing powers to develop an SDS; and
- third, we intend to identify priority groupings of other authorities where strategic planning – and in particular the sharing of housing needs – would provide particular benefits, setting a clear expectation of cooperation that we will help to structure and support, and using powers of intervention as and where necessary.

DELIVERING MORE AFFORDABLE HOMES

Although increasing supply will be an essential part of improving affordability, we must also go further in building a greater share of genuinely affordable homes. That is why the Government is committed to the biggest growth in social and affordable housebuilding in a generation. As of 2023, there were 3.8 million Social Rent homes – 200,000 fewer than the four million that existed in 2013. According to revised figures we are publishing today, only 110,000 to 130,000 homes are now due to be delivered under the Affordable Homes Programme, down from an aspiration of 'up to 180,000' when it was launched. On current plans, delivery is due to decline. We will stop that happening. In the first instance, this Government's aspiration is to ensure that, in the first full financial year of this Parliament (2025-26), the number of Social Rent homes is rising rather than falling.

We are therefore proposing a number of changes in planning policy designed to support the delivery of affordable homes: removing the prescriptive requirements that currently tie local authorities' hands with respect to particular types of home ownership products, and allowing them to judge the right mix of affordable homes for ownership and for rent that will meet the needs of their communities; setting a clear expectation that housing needs assessments must consider the needs of those requiring Social Rent homes, and that local authorities should specify their expectations on Social Rent delivery as part of broader affordable housing policies; and testing whether there is more that could be done to support developments that are predominately or exclusively affordable tenures, in particular Social Rent.

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

Alongside our reforms to the planning system, we have today also confirmed a range of new flexibilities for councils and housing associations, with more to follow in the coming months. The first relate to the Affordable Homes Programme, which provides grant funding to support new homes for Social Rent, Affordable Rent and Shared Ownership.

We know that, particularly outside London, almost all of the funding for the 2021 to 2026 Programme is contractually committed. We have asked Homes England and the Greater London Authority to maximise the number of Social Rent homes in allocating the remaining funding.

In London, there have been significant delays, including from changed regulations on building safety and many other pressures, which mean that even existing contracts are at risk of falling through because they are no longer deliverable under the current terms. We have therefore agreed with the Greater London Authority new flexibilities to the existing Programme so that they can unlock delivery in London, with changes to deadlines for homes completing and tenure mix to enable some intermediate rent homes.

The second relate to Right to Buy. Over the last five years, there has been an average of 9,000 council Right to Buy sales annually, but only 5,000 replacements each year. Right to Buy provides an important route for council tenants to be able to buy their own home. But the discounts have escalated in recent years and councils have been unable to replace the homes they need to move families out of temporary accommodation.

The Government has therefore acted on the commitment in the manifesto and started to review the increased Right to Buy discounts introduced in 2012, on which we will bring forward more details and secondary legislation to implement changes in the autumn. The Government will also review Right to Buy more widely, including looking at eligibility criteria and protections for new homes, and will bring forward a consultation in the autumn.

More immediately, we are increasing the flexibilities on how councils can use their Right to Buy receipts. The Government will remove the caps on the percentage of replacements delivered as acquisitions and the percentage cost of a replacement home that can be funded using Right to Buy receipts, and councils will be given the ability to combine Right to Buy receipts with section 106 contributions. These flexibilities will be in place for an initial 24 months, subject to review. I encourage councils to make the best use of these flexibilities to maximise Right to Buy replacements and to achieve a good balance between acquisitions and new builds.

To further empower and enable councils to build their own stock of affordable homes, I am today confirming our commitment to invest £450 million in councils across England under the third round of the Local Authority Housing Fund. This will create over 2,000 affordable homes for some of the most vulnerable families in society, including families currently living in cramped and unsuitable bed and breakfasts, and Afghan families fleeing war and persecution.

In addition to the actions we are taking today, we are committed to setting out details of future Government investment in social and affordable housing at the Spending Review, so that social housing providers can plan for the future and help deliver the biggest increase in affordable housebuilding in a generation. We will work with Mayors and local areas to consider how funding can be used in their areas and support devolution. The Government also recognises that councils and housing associations need support to build their capacity and make a greater contribution to affordable housing supply – which is why we will set out plans at the next fiscal event to give councils and housing associations the rent stability they need to be able to borrow and invest in both new and existing homes, while also ensuring that there are appropriate protections for both existing and future social housing tenants.

We will also engage with the sector and set out more detail in the autumn on our plans to raise standards on quality, and strengthen residents' voices. The Government is committed to introducing Awaab's Law to the social rented sector, and will set out more detail and bring forward the secondary legislation to implement this in due course.

BUILDING INFRASTRUCTURE TO GROW THE ECONOMY

Alongside building more houses, we also need to build more of the infrastructure that underpins modern life – so today we are taking what are just the first steps in reforming how we deliver the critical infrastructure the country needs.

With respect to commercial development, the Government is determined to do more to support those sectors which will be the engine of the UK's economy in the years ahead. We will therefore change policy to make it easier to build growth-supporting infrastructure such as laboratories, gigafactories, data centres, electricity grid connections and the networks that support freight and logistics.

Alongside consulting on revisions to planning policy, the Government is also seeking views on whether we should expand the Nationally Significant Infrastructure Projects regime to include these types of projects, and if so, what thresholds should be set for their inclusion.

Turning to green energy, boosting the delivery of renewables will be critical to meeting the Government's commitment to zero carbon electricity generation by 2030. That is why on this Government's fourth day in office we ended the ban on onshore wind, with that position formally reflected in the update to the National Planning Policy Framework published today. We must however go much further – which is why we are proposing to: boost the weight that planning policy gives to the benefits associated with renewables; bring larger scale onshore wind projects back into the Nationally Significant Infrastructure Projects regime; and change the threshold for solar development to reflect developments in solar technology.

We are also testing whether to bring a broader definition of water infrastructure into the scope of the Nationally Significant Infrastructure Projects process, providing a clear planning route for new strategic water infrastructure to be delivered on time.

And recognising the role that planning plays in the broader needs of communities, we are proposing a number of changes to: support new, expanded or upgraded public service infrastructure; take a vision-led approach to transport planning, challenging the now outdated default assumption of automatic traffic growth; promote healthy communities, in particular tackling the scourge of childhood obesity; and boost the provision of much needed facilities for early-years childcare and post-16 education.

SUPPORTING LOCAL PLANNING

These reforms to planning policy make it more important that every local authority has a development plan in place. The plan making system is the right way to plan for growth and environmental enhancement, ensuring local leaders and their communities come together to agree on the future of their areas. Once in place, and kept up to date, local plans provide the stability and certainty that local people and developers want to see our planning system deliver. But too many areas do not have up to date local plans – just a third of plans have been reviewed and updated in the past five years. In the absence of a plan, development will come forward on a piecemeal basis, with much less public engagement and fewer guarantees that it is the best outcome for communities. That is why the Government's goal is for universal coverage of ambitious local plans as quickly as possible.

In pursuit of that goal, we therefore propose to take a pragmatic approach to the interaction between the changes we have set out today, and the fact that local authorities across England will have local plans at various stages of development. In practice, this means that:

- for plans at examination, allowing them to continue, although where there is a significant gap between the plan and the new local housing need figure, we will expect authorities to begin a plan immediately in the new system;
- for plans at an advanced stage of preparation (Regulation 19), allowing them to continue to examination unless there is a significant gap between the plan and the new local housing need figure, in which case we propose to ask authorities to rework their plans to take account of the higher figure; and
- areas at an earlier stage of plan development should prepare plans against the revised version of the National Planning Policy Framework and progress as quickly as possible.

While this will delay the adoption of some plans, it is important to balance keeping plans flowing to adoption with making sure they plan for sufficient housing. The Government also recognises 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. While I hope the need will not arise, I will not hesitate to use my powers of intervention should it be necessary to drive progress – including taking over an authority's plan making directly. The consultation we have published today sets out corresponding proposals to amend the local plan intervention criteria.

We will also empower Inspectors to be able to take the tough decisions they need to at examination, by being clear that they should not be devoting significant time and energy during an examination to 'fix' a deficient plan. The length of examinations has become increasingly elongated, with the average going from 65 weeks in 2016 to 134 weeks in 2022. I have therefore instructed the Planning Inspectorate on my expectations for how examinations will be conducted, which will in turn mean that Inspectors can focus their effort on those plans that are capable of being found sound and which can be adopted quickly.

More broadly, the Government knows how important it will be to bolster capacity, capability and frankly morale in planning departments up and down the country. Skilled, professional planning officers are agents of change and drivers of growth, playing a crucial role in delivering the homes and infrastructure this country needs. Today we are therefore looking to build on the Manifesto commitment to recruit 300 new planning officers by consulting on increasing fees for householder applications, which for too long have been held well below cost recovery levels, constraining planning departments in the process. Moving to what we estimate is a cost recovery level of £528 would still be low when compared to other professional fees associated with an application, and is estimated to represent less than 1 per cent of the average overall costs of carrying out a development, with homeowners also benefiting from a range of permitted development rights which allow them to improve and extend their homes without the need to apply for planning permission.

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

Finally, in demanding more of others, I am clear that we as ministers must demand more of ourselves. I have already said that when my ministers and I intervene in the planning system, the benefit of development will be a central consideration, and that we will not hesitate to call in an application or recover an appeal where the potential gain for the regional and national economies warrants it. Today I can confirm that we will also be marking our own homework in public, reporting against the 13-week target for turning around ministerial planning decisions.

FIRST STEP OF A BIGGER PLAN

The actions we are taking today will get us building, but they represent only a downpayment on this Government's ambitions.

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

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

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

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

These are the right reforms for the decade of renewal the country so desperately needs. In every area, we will endeavour to make changes with the input and support of the sector, but we will not be looking for the lowest common denominator answer, and we will not be deterred by those who seek to stand in the way of our country's future.

There is no time to waste. It is time to get on with building 1.5 million homes.

A copy of the consultation on the National Planning Policy Framework and associated documents will be placed in the libraries of both Houses, alongside an update on targets for the 2021-26 Affordable Homes Programme.

Statement from

Ministry of Housing, Communities and Local Government

Linked statements

This statement has also been made in the House of Lords

Ministry of Housing, Communities and Local Government

Building the homes we need

Baroness Taylor of Stevenage
Parliamentary Under Secretary of State
Labour, Life peer

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Lords

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