



MHCLG PLANNING REFORM WORKING PAPER: SPEEDING UP BUILD OUT

Consultation Response by ASocialDemocraticFuture



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Introduction/housekeeping

1. Name of person submitting response: John Newton
2. He is submitting it on behalf of www.asocialdemocraticfuture.org (*ASocialDemocraticFuture*) in his capacity as convener of that organisation.
3. Comments or assessments prefixed by 'we' or 'our' should be taken to mean *ASocialDemocraticFuture*.
4. *ASocialDemocraticFuture* is a website committed to identifying and analysing policy pathways to equality and efficiency and their obstacles. It is independent of external financial and other support.
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Summary of response

We echo that:

- **large, strategic sites need to be built with greater tenure diversity**, and should deliver higher shares of affordable housing and of Build to Rent homes;
- the ‘**partnerships**’ model for large sites, involving pre-selling homes to an institutional investor for build to rent (as well as pre-sales to Registered Providers for affordable homes) should be progressed; and
- the **strategic master-planning role**, of Homes England, of new Development Corporations and of Mayoral Strategic Authorities, be (greatly) expanded.

Our firm view is that problem of slow build out must be treated at root as part of broader systemic reform, which the consultation paper sets out in part, rather relying on tactical and piecemeal policy responses focused on its symptoms, most especially, the Delayed Homes Penalty, which could risk adding further distortions and unintended consequences to the predominant speculative private housing model.

Overcoming slow build out rather requires a range of strategic interlocking interventions that, in effect, involve a systematic process shift to a *partial public contracting-led model*.

Incentivising and supporting models of development that build out faster, “*such as partnership models, greater affordable housing, public sector master-planned sites, and smaller sites*”, would, indeed, be central to such a shift.

Strategically master-planned large developments should also parcel up land for different models of delivery (build to rent, low-cost rent and intermediate tenure housing), small and medium housebuilders (SMEs), self and custom build.

As the paper also highlights, such parcelling is associated with faster build rates, where private sector partners compete to build the homes and infrastructure on a *volume and quality* basis, rather than generating the bulk of their returns through *high risk and high margin land promotion and development*.

In that light, the provision model of the future New Towns Programme should provide an exemplar of how such an evolving partnership model should evolve in practice.

Given current and continuing fiscal pressures, a wall of private finance will need to be accessed for the necessary partial shift to a public contracting model to be progressed this and the succeeding parliament.

Consequently, the precise mechanisms by which private finance can be assessed and channelled at scale and effectively by the newly established National Housing Bank (NHB) in accord with government objectives should be investigated, identified, and progressed as a matter of priority and urgency.

Without such necessary accompanying reform and the wider strategic reform and process change, a *circular policy feedback loop* could emerge where setting mixed tenure requirements are instead bedevilled by viability-associated problems and delays.

Specifically, it is not clear to us how faster build out through greater tenure and property type diversity and through front-loaded mandated affordable housing provision is going to be practically achieved as a general mainstreamed principle, in contrast to their possible confinement to a few demonstration master planned sites.

Simply setting specified levels of tenure diversity might encourage speedier build out in private schemes where it is made a planning requirement linked to a speedy build out schedule in cases where heterogeneous tenure and type requirements cater for different sub-markets allowing dwellings to be sold at prevailing second hand market prices within each.

A build out statement that meets set mixed tenure and LPAs build out timetable requirements - *as specified in its planning brief/local policies or in new national development policies* - could constitute a condition/material factor in the application decision making process.

The next iteration of national development policies could also mandate tenure diversity and minimum affordable housing provision as a general principle and thus address possible reluctance to set such requirements at the local level.

Such inclusion by itself, however, won't overcome viability issues emerging, some of which are rooted in shortcomings in the design and operation of the viability process, including fixed developer profit parameters (which unadjusted will act against greater tenure diversity and faster build out).

In that light, the prevailing MHCLG policy direction of travel across the three inter-linked areas briefly discussed below could, however, if maintained, help on that and the related viability front when combined with other changes to the viability process.

First, the introduction of 'golden rules' applicable to development on GB land set out in the new National Planning Policy Framework (NPPF) (*paras 68 and 155 and 156*);

Second, setting low Benchmark Land Values (BLVs) for viability purposes - broadly defined as the value that a willing landowner would be prepared to sell their land for a proposed alternative development purpose - to keep land acquisition costs closer to their existing use value (EUV).

Awaited revisions to current MHCLG [viability guidance](#) should set out a consistent framework for BLV setting for viability purposes based on a premium to EUV that can underpin voluntary exchanges at Benchmark Land Value (BLV) values consistent with the provision of necessary public infrastructure and affordable housing at desired levels on green/grey belt and greenfield generally, as well as on brownfield sites.

Third, continuing reform of compulsory purchase order (CPO) rules consistent with the use of CPO as a backup default stick to encourage such voluntary exchanges at a defined premium close to existing use values (rather than existing value) on and beyond GB land, including greenfield, urban extensions, and the next generation of New Towns, as is most relevant to this question (see our [response](#) to December 2024 MHCLG compulsory purchase consultation for fuller discussion).

A danger exists, however, that this necessary direction of travel is blown off-course, if not reversed, by short term industry pressures made for commercial reasons connected with the predominant private speculative model, amid claims, for instance, that the ‘golden rules’ will render future GB development unviable.

We accordingly tend to the view that it would be better, transparent, and helpful for the government to explicitly recognise that the predominant speculative housing model is inherently is unable to deliver its wider objectives, including faster build out, and that it should be progressively replaced by a *partially led public contracting partnership one*, and to seek how this can be progressively best achieved in partnership with the private sector.

Appendix One provides a summary outline for the wider rolling out of such a model.

Responses to each individual question.

a. Do you agree with the evidence base and theory we have set out on build out rates?

We very much agree that the slow build out of developments is integral to the current private speculative model as previously diagnosed by the Competition and Markets Authority (CMA) and Letwin Reports.

Unreformed, this major market failure will undermine, if not stymie, the government's core economic and social objectives, including progress towards its flagship housing delivery target/commitment, as this website demonstrated in [The 1.5m delivery target: prospects and issues](#).

The government's current core dilemma is thus: to achieve its housing delivery target (or, even to approach it) it must rely on the current private speculative housing system delivered by the large volume housebuilders (pre-planning, land acquired, assembled, serviced, and built with the necessary permissions for profit without a known buyer or certain end price), but that model includes intrinsic features that historically have, and will continue to result in endemic supply under-provision, relative to both national economic and social needs, with any peak supply periods characterised by escalating real house prices, worsening current and future affordability: put simply: ever increasing house prices.

It follows that incentivising and supporting models of development that build out faster, *"such as partnership models, greater affordable housing, public sector master-planned sites, and smaller sites"*, are, indeed, necessary and vital.

This is to ensure that any future higher number of permissions for homes enabled by the government's wider planning reforms are, in practice, translated with less delay into new homes available for rent and sale for working people and to relieve some of the causes and consequences of wider housing market failure, touched on in the consultation paper and discussed in more detail in the second section of [The CMA Housebuilding Study: Starmer's Blueprint?](#).

We also agree that slow build out is a quite separate issue to landbanks. Also, while slow build out can be related to stuck or stalled sites, (slow build out is an inherent integral systemic feature, while stalled sites can be more contingent) both problems require dedicated responses, although these could however overlap.

The factors that the paper identified below as impacting on slow building out, we believe also provide a robust and correct analysis and framework for policy development - *noting the observations/cavils that we make in italics* - and that an effective strategy must address each of them:

- **The restrictiveness of local planning and the concentration of market power** – recent research has shown that sites are built out faster where a local land and planning system is generally less restrictive (i.e. there are more permissions available and fewer physical constraints to building) and where no single firm has dominant market power, because in markets with more planning permissions available and multiple firms competing, developers do not anticipate as much house price growth across the construction period and so are incentivised to build and sell faster, rather than phasing sales;
- **Local demand** – all else being equal, places with higher demand for new housing see faster rates of market housebuilding, simply because more homes can be sold each year at prevailing market prices, so developers are prepared to build more homes more quickly to meet that higher demand;
- **Housing typologies** – there are different build out rates and patterns for blocks of flats, compared to terraced and detached homes.

Flatted developments are harder to slow down mid-build compared to detached homes and are more often debt-financed, requiring a faster return of capital (*also, the prospect of bulk purchases of flatted developments from developers for institutional ‘build to rent’ for a known long term income stream can reduce the return required by the developer and by any purchasing investors, see below*);

- **Small sites and SMEs** – absorption constraints are less pronounced on small sites (typically built by SME firms), as each site represents a much smaller share of an overall local sales market, while SME housebuilders are also less well capitalised than volume developers and so will prioritise a faster return of capital at a lower margin, meaning that they deliver faster build out rates (*SME stakeholder experience and views important*);
- **Levels of affordable housing** – sites with a higher share of affordable housing are built more quickly on average.

This is because homes are sold to registered providers (such as housing associations) in bulk and are then available below market rates e.g. for social rents or shared ownership - *that, of course depends on their design, type, and location suitability for sustainable social occupation, their price (sometimes inflated by developers), and the resource capability of RPs and councils to purchase (see our response to (b) and (i))*;

- **Mixed tenure** – as well as higher levels of affordable housing, there is evidence that schemes which incorporate an element of ‘Build to Rent’ private rental housing are built faster (*as above*).

Ministry of Housing, Communities and Local Government (MHCLG) analysis of planning pipeline data finds build out rates are 30% to 60% faster on projects with Build to Rent (BtR) compared with non-BtR projects, while the Letwin Review found that absorption rate constraints do not apply in the same way on mixed tenure sites as for largely mono-tenure estates.

Although we commend the broad strategic approach to speed up house building set out, we do believe that its apparent predominant reliance on the *use it or lose it* and, more especially, the *Delayed Homes Penalty* mechanisms respond to a symptom of the predominant speculative housing model rather than to the systemic causes of slow build out.

In short, although we agree with their expressed aim, these proposed measures as currently proposed, could possibly produce unintended consequences that could defeat their purpose – at least in the absence of wider interlocking and carefully *sequenced wider more strategic supporting reforms that move beyond planning policy reform -something that is necessary but insufficient on its own to achieve government aims*.

Overcoming slow build out rather requires a range of strategic interlocking interventions that, in effect, involve a systematic process shift to a *partial public contracting-led model*, as our responses to (b) below, and then to (d), (f), (g), and (i) discuss in more detail.

Public authorities enabled and established to masterplan and assemble sites, splitting them into different segments/lots to allow a range of housebuilders to compete to build different types of properties offered at different price points, including those targeted at local potential purchasers at lower quartile levels – a *Letwin-plus* approach, would need to be made central to such a shift.

Some schemes could be self-financing using public land value capture facilitated by viability and CPO reform/policy development, discussed in our response to (d), where a significant proportion of the dwellings provided could be offered on low cost rental and intermediate affordable terms for low to moderate income households, with some possibly offered direct to local first time buyers subject to a household income threshold at a discount retained and maintained in perpetuity for subsequent purchasers.

Other master planned schemes are likely to require substantial additional public resourcing (albeit reduced, if the measures discussed in (d) were adopted) to support necessary supporting transport and physical infrastructural provision.

It is possible that tenure diversity planning requirements linked to a speedy build out schedule could be implemented by private developers without public subsidy in schemes where heterogeneous tenure and type requirements are specified that cater for different local sub-markets that provide steady levels of demand at prevailing local second-hand prices.

Lowered levels of market and economic risk could make risk adjusted returns of c6-9% acceptable compared to the 20%-plus associated with the speculative model.

This is more likely where more certain and known outcomes, including purchase by councils and housing associations (RPs) for onward officially defined affordable housing use, is in the scheme mix.

However, that implies guaranteed purchase sources for such dwellings, which, amongst other things, requires a much more streamlined and certain S106 process (see our response to (i)).

Without necessary reform and wider strategic reform and process change, a *circular policy feedback loop* instead could emerge where setting mixed tenure requirements are bedevilled by viability-associated problems.

b How could we go further to support models of housebuilding which build faster, such as small sites, strategically master-planned and mixed tenure?

We agree that **that large, strategic sites need to be built with greater tenure diversity**, delivering higher shares of affordable housing and of Build to Rent homes.

The progression of a 'partnerships' model for large sites, which might involve pre-selling homes to an institutional investor for build to rent (as well as pre-sales to Registered Providers for affordable homes) would help, as would expanding the **strategic master-planning role**, of Homes England, of new Development Corporations and of Mayoral Strategic Authorities.

These public authorities should coordinate land assembly, planning and delivery on major new housing-led developments, helping to de-risk development and ensure that the right economic and social infrastructure (transport, health, education) is delivered. *But, of course, they will need the necessary funding and other capacity to do that.*

We also absolutely agree that such strategically master-planned large developments should also parcel up land for different models of delivery (build to rent, low-cost rent and intermediate tenure housing), small and medium housebuilders (SMEs), self and custom build.

We note that the evidence cited in the consultation paper suggests that such parcelling is associated with faster build rates allowing private sector partners to compete to build the homes and infrastructure on a *volume and quality* basis, rather than generating the bulk of their returns through *high risk and high margin land promotion and development*.

We would underscore that is key and the core strategic outcome required. Such an outcome is integral to the future development of a partially led public contracting partnership model upon which the paper's wider aims and progression of the government's delivery target/commitment, depends.

These models, as were set out within the consultation paper in (d) and (e) under the *Our Strategy to speed up build out* heading, should certainly therefore become centrepiece to the MHCLG's *Long Term Housing Strategy for England*. We also endorse the general aims of (a) to (c) as set out under that heading.

But, as in our response to (a) above and throughout, what must be determined and determined is by what delivery mechanisms such models can be effectively delivered within the next ten years, within what precise public policy and resourced framework, insofar that they are likely to be contrary to the commercial incentives and processes currently intrinsic to the private sector speculative model.

Specifically, it is not clear to us how faster build out through greater tenure and property type diversity and through front-loaded mandated affordable housing provision is going to be practically achieved as a general mainstreamed principle in contrast to their possible confinement to a few demonstration master planned sites.

Simply setting specified levels of tenure diversity might encourage speedier build out where it is made a planning requirement to be monitored and as mentioned in our response to (a) above, where tenure diversity planning requirements linked to a speedy build out schedule could be implemented by private developers rather than public authorities in schemes where more heterogeneous tenure and type requirements cater for different sub-markets attached with more certain and known outcomes.

We suggest in our response to (e) accordingly, that a build out statement that meets set mixed tenure and LPAs build out timetable requirements - *as specified in its planning brief/local policies or in new national development policies* - would constitute a condition/material factor in the application decision making process.

However, all other things being equal within the existing predominant speculative model, it could also generate viability issues in relation to the mandated affordable housing requirements and tenure diversity elements of the wider proposed scheme.

In that case, in the absence of the necessary reform and wider strategic reform and process change, as discussed in our response (d) and then to (f), (g), and (i)), the

circular policy feedback loop as identified in (a) above could result in viability-associated problems and delays.

c. For mixed tenure, what would you consider to be an appropriate threshold level?

We affirm that strategic sites should deliver on a mixed tenure basis; indeed, that is fundamental not only to achieving faster build out but also to the progression of wider sustainable reform to the housing system consistent with the government's core economic and social objectives.

An obvious potential pitfall with a fixed threshold is that it could provide an incentive for developers to submit applications below it.

Much will also depend upon how mixed tenure, its composition and quantum, is defined and the precise purpose and impact of the threshold.

It is not clear why a mixed tenure requirement should apply, say, to a project of more than 1,500 but not to one of 1,000, 500, or even 50 dwellings.

As we touched on above, a practical reason why 1,500 or other high threshold might be set is that such projects are most likely to be subject to public master-planning, assembly, and parcelling out, provided with public resource support.

But as was discussed above that begs a question beyond such public master planned schemes on the wider application of the mixed tenure principle.

d. Do you have any views on how the proposed CPO (compulsory purchase order) measures would work best in practice?

We support the proposal to allow the conditional confirmation of CPOs in the circumstances that the paper describes but as we go on to explain below such an added power is likely to prove incomplete and insufficient.

The proposal is framed on where landowners seek to claim that they have alternative and deliverable proposals for future use of their land that undermine the compelling public interest case for CPO action, specifically on sites that have stalled for a long period, have been allocated in local plans but have not come forward for development or have multiple planning permissions not commenced.

Such circumstances would make it more difficult for landowners to claim that their alternative proposals could be delivered in a timely manner.

It does seem to us, however, that even a streamlined conditional approval process will still hit upon the possible problem that - taking the example of land already zoned or designated for housing – that its acquisition cost will be at land values that reflect its future use for speculative provided housing rather than reflecting mixed tenure partnership model principles.

Such land values will depend, amongst other factors, on locally set planning and affordable housing requirements, which are variable across the country. Some LPAs having limited or weak affordable housing requirement policies, whether by choice, through inertia, or due to their deemed unviability.

Given that most LPAs are or will become subject to ‘*the tilted balance*’ in the wake of the December 2024 NPPF changes (as discussed in [Labour's planning-reforms: ends and means](#)), it can be anticipated that many speculative applications will be approved through the planning appeals process without, or with limited, tenure diversity and affordable housing provision included, due to the deemed unviability of such provision.

This May 2025 Planning Inspectorate appeal decision concerning the [Stag Brewery](#) site in Mortlake, West London, for instance, is simply one of recent many.

The next iteration of national development policies could mandate tenure diversity and minimum affordable housing provision as a general principle and thus address possible local reluctance or oversight of such requirements.

Such inclusion by itself, however, won’t overcome viability issues emerging, some of which are rooted in shortcomings in the design and operation of the viability process, including fixed developer profit parameters (which unadjusted will act against greater tenure diversity and faster build out).

Indeed, without accompanying and supporting changes to viability guidance (see below), including the expected profit margin parameter, the issue is likely to turn back to viability and whether projects can or will be built out at all in accordance with the *circular policy feedback loop issue identified in our response to (a)*.

We are likewise concerned that developers could make speculative applications to forestall future public acquisition at existing use value (EUV) on greenfield and agricultural land through exercise of the implemented *Section 190 LARA* (provision of affordable housing and/or health and social infrastructure) power.

That would make voluntary exchanges at a premium close to an EUV consistent with the provision of necessary public infrastructure and affordable housing at desired levels difficult, if not impossible.

Many factors contribute to the failure of authorities to purchase land by agreement, as the consultation paper points out. These include inflated landowner expectations of prices many times EUV, moulded by past practice and the current operation of the private speculative model.

The prevailing MHCLG policy direction of travel across the three inter-linked areas briefly discussed below could, however, if maintained, help on that and the related viability front when combined with other needed changes to the viability process, including the treatment of 20% plus profit margins as a fixed model parameter.

First, the introduction of ‘golden rules’ applicable to development on GB land set out in the new National Planning Policy Framework (NPPF) (*paras 68 and 155 and 156*);

Second, setting low Benchmark Land Values (BLVs) for viability purposes - broadly defined as the value that a willing landowner would be prepared to sell their land for a proposed alternative development purpose - to keep land acquisition costs closer to their existing use value (EUV).

Awaited revisions to current MHCLG [viability guidance](#) should set out a consistent framework for BLV setting for viability purposes based on a premium to EUV that can underpin voluntary exchanges at Benchmark Land Value (BLV) values consistent with the provision of necessary public infrastructure and affordable housing at desired levels on green/grey belt and greenfield generally, as well as on brownfield sites.

Third, continuing reform of compulsory purchase order (CPO) rules consistent with the use of CPO as a backup default stick to encourage such voluntary exchanges at a defined premium close to existing use values (rather than existing value) on and beyond GB land, including greenfield, urban extensions, and the next generation of New Towns, as is most relevant to this question (see our [response](#) to December 2024 MHCLG compulsory purchase consultation for fuller discussion).

A danger exists, however, that this necessary direction of travel is blown off-course, if not reversed, by short term industry pressures made for commercial reasons connected with the predominant private speculative model, amid claims, for instance, that the ‘golden rules’ will render future GB development unviable.

e. How should MHCLG guide local authorities and developers towards reasonable build out schedules (noting that ultimately this will be negotiated locally)?

The *transparency and accountability* section of the consultation paper outlined a reporting framework involving requirements to be placed on developers to:

- a. **submit a build out statement** with a planning application to local planning authorities (LPAs);
- b. **notify LPAs** before development is commenced through a *commencement notice*;
- c. **report annually to LPAs on housing delivery** through a *development progress report* that will provide a comprehensive and consistent picture of build out rates for individual developments for the first time.

Completion notices will require developers to commence their development on the date specified in the notice.

If not, they will need to submit a further notice, but where the LPA considers the development will not be completed in a reasonable time, the planning permission will then cease – a form of “*use it or lose it*” power that will replace the need for the Secretary of State’s consent for a notice attached with an appeals process.

Implementation of *section 113 LARA* will also empower LPAs to decline to determine planning applications made by persons who applied for, or who are connected to, an earlier planning permission for the development of land in the LPA’s area which has not been built out at a reasonable rate.

This will provide LPAs with a new sanction “*to address developers who persistently fail to build out quickly and tackle the problem of unscrupulous speculators making repeated applications that they have no intention of ever building out*”.

Our response

While we support the wider aims of these changes to the planning process, we do foresee some potential practical constraints and some unintended consequence risks, as briefly summarised below.

First, developers may be incentivised to submit cautious build out statement and commencement notices to avoid giving future ‘hostages to fortune’; or even to delay their planning application in the first place; or to make a notional sham first ‘spade in the ground’ commencement step. Anticipated compliance costs may be added to project risk contingencies, possibly impacting on scheme viability and costs.

Second, legal due process and associated issues pertaining to the retrospective *section 113* power could lead to wasteful wrangling and time-consuming resource costs for LPAs.

We would suggest, accordingly, that a build out statement that meets set mixed tenure and LPAs build out timetable requirements - as specified in its planning brief/local policies or in new national development policies - would constitute a condition/material factor in the application decision making process.

This would send a clear initial signal to the market concerning the government’s intention to shift to a partially led public contracting model and the need for the private sector to adjust their provision models accordingly.

As per our earlier responses, to address the negative *circular policy feedback loop issue identified in our response to (a)*, such a move should be accompanied by supporting reforms, including in our response to *(d)* and more generally in *(i)*, and summarised in *Appendix A*.

LPA's through, say, new national development policies, could, in addition be provided with a discretion to void any approval after x years approval, where they are satisfied it will not be built out as per the approved build out statement.

f. What are the right set of exemptions for external factors that impact build out rates? Should this include economic downturns which reduce sales rates, or does that mean that payments would be too weak to induce the shift toward the partnerships business models we want to see?

It is not clear whether the intended coverage of this question extends to the enforcement of build out statements, of commencement notices, of use or lose it powers, or the Decent Homes Penalty, to all of them, or more widely.

Exemptions tend to subvert the intention of a policy instrument.

One example was the introduction of the Community Infrastructure Levy (CIL) in 2011 where early exemptions concerning its coverage and their frequent changes (which also generated uncertainty and confusion, hampering the efficient operation of the scheme) constricted its revenue generation capacity, discouraging widespread LPA adoption of CIL for much of the ensuing decade (see section three of [The New Infrastructure Levy: going round the Mulberry Bush](#) for more detail).

Setting and implementing such exemptions will undoubtedly be subject to contingent circumstances and lobbying pressures; they are also likely to prove administratively cumbersome and problematic.

Economic downturns invariably impact on current and expected sales values.

Developers responding to the commercial incentives inherent to the private speculative model to protect their profit margins, in accord with the interests of their shareholders and their duty to them, will often wish to postpone or stall activity to reduce the risk of unsold inventory or recourse to 'fire sale' pricing.

That tendency underscores the need for a progressive shift to a *partial public contracting-led model*, as outlined and discussed throughout this response, where private sector partners compete to build the homes and infrastructure on a *volume and quality* basis, rather than generating the bulk of their returns through *high risk and high margin land promotion and development*, as the consultation paper rightly highlights.

g. For the Delayed Homes Penalty (DHP), do you agree with the intention to use it to incentivise the shift towards higher build out models of housebuilding?

DHP would be a sanction – a negative- rather than a positive-acting incentive. As touched in our response to (a), it is likely to be costed in by private developers, thus risking deadweight costs and/or involve unintended consequences, especially as its

implementation is likely to prove cumbersome and problematic, as per our response to (e).

Some of the reforms discussed in our response to (i) and in our earlier responses would provide a better route to achieve faster build out but will take time and require increased public resourcing and capacity building.

h. How should the Penalty be calculated? What are the strengths and weaknesses of using a percentage of house price, or reference to local council tax rates? What information would local authorities require?

This question rather encapsulates the likely additional administrative and implementation problems that the DHP could pose.

i. Are there wider options you think worth worthy of consideration that could help speed up build out of housing?

Our firm view is that problem of slow build out must be treated at root as part of broader systemic reform, rather relying on tactical and piecemeal policy responses focused on its symptoms, such as the Delayed Homes Penalty, which could risk adding further distortions and unintended consequences to the predominant speculative private housing model.

In that light, in *Appendix One* we outline the strategic contours of a shift to a partial public contracting-led and partnership planning model.

Accordant with our response to (b) we echo that:

- **large, strategic sites need to be built with greater tenure diversity**, and should deliver higher shares of affordable housing and of Build to Rent homes;
- the **‘partnerships’** model for large sites, involving pre-selling homes to an institutional investor for build to rent (as well as pre-sales to Registered Providers for affordable homes) should be progressed; and
- the **strategic master-planning role**, of Homes England, of new Development Corporations and of Mayoral Strategic Authorities, be (greatly) expanded.

The provision model of the future New Towns Programme should provide an exemplar of how such an evolving partnership model should evolve in practice.

Given current and continuing fiscal pressures, it is likely that a wall of private finance will need to be accessed for the necessary partial shift to a public contracting model to be progressed this and the succeeding parliament.

Consequently, the precise mechanisms by which private finance can be assessed and channelled at scale and effectively by the newly established National Housing Bank

(NHB) in accord with government objectives should be investigated, identified, and progressed as a matter of priority and urgency.

The [June 2025 Spending Review](#) document did announce £4.8 billion in financial transactions (FTs) funding capacity for MHCLG (see its *table 5.5*) covering 2026-27 to 2029-30 (enabled by last autumn's change to fiscal rule public debt definitions) rising to £1.8bn in 2029-30, to "*catalyse additional private investment to further boost house building*", to be managed by Homes England.

The operative verb does seem to be '*catalyse*'. Certainly, a wall of private – including pension fund – money needs to be harnessed to bolster a sustained increased in housing supply given the limited public funding provided even by this latest moderately expansionary Spending Review (SR).

The MHCLG [advises](#) that the National Housing Bank (NHB) will be established as a publicly owned subsidiary of Homes England, which will be "*backed with £16 billion of financial capacity, on top of £6bn of existing finance to be allocated this Parliament, in order to accelerate housebuilding and leverage in £53 billion of additional private investment, creating jobs and delivering over 500,000 new homes*"

It is a very welcome and encouraging first step along that way. The NHB will be able to issue government guarantees directly and have greater autonomy and flexibility to make the long-term investments "*that are needed to reform the housing market and deliver strong returns*".

We await further detail, however, as the current posited (SR) MHCLG budget relating to financial transactions appear insufficient to back the above claims that, in any event, presuppose the forging of effective transaction and implementative mechanisms.

We are also very conscious that the effectiveness and timeliness of such a shift will be dependent on an effective land value capture framework encompassing CPO reform and accompanying adjustments to viability arrangements, as were discussed and referenced in our response to (d).

The needed strategic shift would be a long-term process. Changes will take time to bed-in and are unlikely to translate into supply completions on a volume and time scale consistent with the government's delivery target – at least as it is currently constructed and defined.

But ramping up and facilitating development corporations to master plan and manage large scale developments offering a range of property types and tenure at different affordability levels on a Letwin-plus model to bring on stream a transformational step change delivery within ten years, would provide private stakeholders time to adjust their business plans and to innovate and compete to maximise quality supply where it is most needed.

Meanwhile supply should increase in the short term. To that end, tactical more immediate policy responses, such as the New Homes Accelerator, build out schedules becoming a material planning consideration and conditions, as discussed in or response to (e), could help.

Improvements to the S106 affordable housing obligation process that are consistent with the needed strategic shift are also a necessary short-term step and should be progressed and implemented with alacrity.

In that light, this [guidance](#) produced by L&Q on behalf of the G15 Group of housing associations, advised that in December 2024, 17,000 affordable homes were not being built because RPs were not bidding for them, not only due to financial constraints but also because of design, location, delivery and price issues that connected to the offered dwellings themselves. It also provided a template for future better practice, which calls for action.

This very useful [summary](#) from Listen to Locals, signposts to other useful work.

The [HouseBuildersFederation \(HBF\)](#) has itself made a set of relevant policy proposals that overlap and could be combined with the G15 guidance.

These include the development and implementation of *national standard S106 templates and best practice guidance linked to statutory timelines and more systematic and robust monitoring, benchmarking, and reporting performance arrangements*. All appear no-brainers.

And at an overarching level, affordable housing obligation Local Plan policies should be made more consistent and certain, consistent with local conditions, subject to our responses to (d).

The wider shift needs to be compellingly meshed to an appealing but realistic future vision, where affordable housing is mainstreamed within a public-private partnership planning model focused on maximising supply, quality, and affordability, with, as the consultation paper succinctly put, private sector partners competing to build the homes and infrastructure on a *volume and quality* basis, rather than generating the bulk of their returns through *high risk and high margin land promotion and development*.

j. Do you anticipate any environmental impacts from these proposals that the government must consider and the Environmental Principles Policy Statement?

No comment.

k. Do you anticipate these proposals giving rise to any impacts on people who share a relevant protected characteristic, as defined by the Equality Act 2010, that the government must consider under the Public Sector Equality Duty?

The proposals made in the consultation and especially in relation to tenure diversity and master planning should produce impacts that act in favour of protected groups defined under the Equality Act 2010, especially where they result in the provision of additional affordable housing which disadvantaged groups tend have a disproportionate need.

Appendix One

Moving to a partial public contracting-led and partnership planning model

The contradictions currently inherent within both the existing public and private delivery systems require a progressive shift to a partial public contracting-led and partnership planning model.

Public authorities supported by increased levels of enabling public investment with access to new financial intermediaries/instruments, leveraging-in varied sources of private finance in conjunction with an adequately capitalised National Housing Bank (NHB), would set masterplan requirements, would secure the necessary planning and other approvals, would assemble the land, and would forward-fund enabling pan-site infrastructure, where necessary or most cost-effective/efficient.

They would harness private sector skills and initiative to provide enabling infrastructure and to build larger scale developments, according to set best design, quality, and efficiency standards.

Masterplan briefs would split sites into different segments/lots allowing a range of housebuilders to compete to build different types of properties offered at different price points, including those targeted at local potential purchasers at lower quartile levels.

Working up such a model to practical realisation would be a detailed and complex process, involving many different stakeholders, but should be accelerated, streamlined, and supported by a robust, concerted, and focused central direction at both a political and administrative level.

New Town and other Development Corporations will need to pioneer and kickstart early demonstration examples this parliament.

The schedule below accordingly outlines indicatively what such a shift to a partial public contracting-led and partnership planning model should comprise and progress.

Short term

- New Towns Taskforce identifies provision model attached with supporting delivery and resourcing plans consistent with partial public contracting-led partnership model (which could also act as a template for future strategic GB projects subject to the golden rules);
- Mayoral, Combined Authorities and Development Corporations to likewise develop strategic plans/projects consistent with the progress of the government's delivery target and its wider growth and other objectives, whether in Oxford/Cambridge arc, London, or pioneer New Towns scattered across the country;

- Revised viability guidance (currently awaited) should set out a consistent implementable framework for BLV setting for viability purposes based on EUV-plus at a premium that can underpin voluntary exchanges at Benchmark Land Value (BLV) values consistent with the provision of necessary public infrastructure and affordable housing at desired levels, embedding them into future land and house price expectations, thus reducing the net public expenditure costs associated with a shift to partially-led public contracting model;
- Continuing reform of compulsory purchase order (CPO) rules consistent with the use of CPO as a backup default stick to encourage such voluntary exchanges at a defined premium close to existing use values on and beyond GB land, including greenfield, urban extensions, and the next generation of New Towns;
- A properly capitalised NHB established and provided with clear remit to lever-in private finance at the levels required to support partnership model and supporting infrastructure funding at needed levels;
- Section 106 Affordable Housing Obligations process streamlined, made more certain and effective for councils, for RPs, and for developers;
- Developers of stalled sites should be encouraged and facilitated to divest to Build to Rent (BtR) investors/providers, completed or soon to be completed dwellings at a price consistent with their affordability for local moderate to middle income households; and to councils/RPs for onward affordable letting (where properties are suitable in type and cost), noting that in London nearly 50% of market sales lately have been to BtR providers.

Medium term

- New Town and other Development corporations develop expertise cluster in land assembly to acquire land at values close enough to EUV to make them viable inclusive of infrastructural and affordable housing requirements, using CPO as a credible but last resort default;
- Innovative forms of institutional infrastructural funding provided at mainstreamed scale to supplement and blend effectively public sources of infrastructural and development funding;
- Development corporations to master plan and manage large scale developments offering a range of property types and tenure at different affordability levels on a Letwin-plus model to bring on stream a transformational step change delivery within ten years;

- Partnership planning between public and private sectors to mainstream at scale the provision of mixed tenure affordable housing on a steady state annual basis;
- Construction industry partnership planning covering workforce planning, skills and training development, and working conditions, should be established and embedded within the above wider partnership planning arrangements;
- The National Housing Bank and other funding intermediaries access and funnels pension fund and other sources of private finance at sufficient scale, supplementing public forward funding of infrastructure, with housing investment recognised as a key driver of inclusive sustainable growth.

Lasting changes and forward vision

Affordable housing is mainstreamed within a public-private partnership planning model focused on maximising supply, quality, and affordability.