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**PROPOSED REFORMS TO THE NATIONAL PLANNING  
POLICY FRAMEWORK AND OTHER CHANGES TO THE  
PLANNING SYSTEM, DECEMBER 2025 CONSULTATION**

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Response of ASocialDemocraticFuture



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ASOCIALDEMOCRATICFUTURE  
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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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6. Some minor editing changes have been made to version submitted to MHCLG.

## 1 Background and Supporting Analysis/Introductory comments

In February 2024 [The CMA Housebuilding Study: Labour's blueprint?](#) we summarised and reviewed the Housebuilding Market Study (the Study) published by the Competition and Market Authority (CMA) earlier that month.

It identified the system challenges that a new Starmer government would need to overcome if it was serious in intent to achieve Labour's proclaimed commitment in opposition to build 1.5m additional homes during the lifetime of the then forthcoming new parliament in England (an average annual total of 300,000 dwellings).

The government's core dilemma was then defined thus: to achieve its housing delivery target (or, even to approach it) it must rely on the current private speculative housing system (pre-planning, land acquired, assembled, serviced, and homes built with the necessary permissions for profit without a known buyer or certain end price), delivered largely by the large volume housebuilders.

That model, however, includes intrinsic features that historically have resulted, and will continue to result in endemic supply under-provision relative to both national economic and social needs, with, in turn, any periods of peak supply marked by escalating real house prices, worsening current and future affordability.

It went on to conclude that Labour's 1.5m supply target to have any chance of success had to be led by a committed overarching strategy, supported by policies and plans.

In other words, a very much a 'Mission' approach that echoed the committed efforts of early post war governments to achieve 300,000 new homes annually, that had to be all encompassing, covering not only New Town and urban extension policy and planning, LPA empowerment, the declassification of 'grey' green belt land, and affordable housing, but also flats above shops/pubs, transport node densification, and community housing, as well as all other material components of additional supply flow.

During the autumn/winter of 2024-25, in the wake of Labour's record electoral victory, we published a further series of three posts delving into the new government's (as it had become) housing supply target, its definition and measurement, its phasing and prospects of achievement, and its relationship to existing public and private delivery systems.

The *first*, [The 1.5m Delivery target: Prospects and Issues](#) demonstrated in detail that the 1.5m housing delivery target/commitment was unrealistic for several reasons, including that:

- early legacy supply under-delivery of around 220,000 dwellings compared to 300,000 (*in subsequent outcome, average actual annual new additions for each of the two years, April 2024 to March 2026, are unlikely to exceed 210,000 to 220,000*) will, across the last two years of this current parliament, require annual supply to exceed 350,000 (*now more likely 400,000 or more if under supply continues into 2026-28*)
- such a level of new supply will not be delivered by the predominant private speculative delivery model – even if macro-economic and housing market conditions, due to lower interest rates and elevated build costs, become more benign;
- that is because the model's inherent systemic tendency to dribble out new supply slowly in accordance with its predominant driver to maximise profit margin, rather than volume;
- the target requires a parallel expansion of public grant-supported affordable housing to annual levels at a public capital cost seemingly inconsistent with the new government's fiscal rule framework (and the June 2025 Spending Review housing settlement (SR2025), as this [review](#) of the latter showed;
- planning reform is necessary but not sufficient to sustain new annual housing supply at or above 300,000 dwellings in England;
- a new generation of New Towns and urban extensions is unlikely to come on stream substantively until next decade.

The *second*, [Fiscal Institutional Reform and Labour's Delivery Target](#) (FR) sketched out a route map to mainstream affordable housing provision across both public and private sectors to maximise supply, quality, and affordability outcomes, involving a progressive shift towards a *partial public-led contracting model*, at least on large sites, to reduce the current reliance on the existing predominant private speculative provision model.

It pointed out that a future sustainable annual total delivery of at least 300,000 dwellings – at least within the confines set by present public and private delivery systems – presupposes an annual SR and intermediate affordable housing sub tenure annual volume programme (enabled affordable housing) of around 140,000 dwellings.

In that light, a broad 'stocktake' of the investment case for Social Rent (SR), was made, taking account of direct and indirect financial, economic and social benefits balanced against some possible disbenefits.

As [Making the Most of the Budget](#) later went on to conclude, such a programme will require demonstrable evidence of its positive impact of on future growth and the public finance sustainability outcomes relative to alternatives, strong enough to withstand HM Treasury and financial market scrutiny, noting that such an objective evidence-led process indicates supporting institutional fiscal reform along the lines that the earlier FR post outlined.

The *third*, [Labour's Planning Reforms: Ends and Means](#), reviewed the new government's flagship planning reforms, encapsulated in the December 2024 National Planning Policy Framework (*NPPF*) and associated documents, including a revised presumption to development, strengthened affordable housing obligations, and new standard method methodology to assess local housing need, prefigured in Labour's 2024 [manifesto](#) housing provisions.

Its core conclusion, noting that additional planning permissions granted, in any case, do not directly translate into homes started and completed, was to underscore that planning reform, at a systemic level, is a necessary but far from sufficient condition to achieve even a revised and more realistic but still momentous sustainable annual 300,000 delivery target in England, which will depend (uneasily) upon:

1. The expected or perceived direction and state of the national economy, impacting on interest rates, on household incomes, on the cost of capital, and on overall confidence.
2. The drivers of the private speculative business plan model largely predicated on maximizing profit margin rather than volume delivery that is the primary cause of slow build out as previously diagnosed by the Competition and Markets Authority (CMA) and Letwin reports.
3. The availability of public funding to support new affordable housing provision, most of which under current arrangements comprise front-loaded grant, counting against public borrowing and debt making it subject to the new government's new fiscal framework.

Besides *planning reform*, it reiterated that, in practice, Labour's delivery target, to be even approached, required public and private housing delivery systems to *shift towards a partial public contracting-led partnership housing supply model*, although, given 1-3 above, across the short- to medium-term, current housing market conditions may require the government to be pragmatic in its short term policy responses.

It went on to make the observation that December 2024 NPPF's introduction of 'golden rules', its treatment of benchmark land values (BLV) and viability (at least as introduced in the *July 2024 consulted NPPF version prior to publication of final published and operative December 2024 version*) and continuing changes to the compulsory purchase compensation framework (also subject to consultation) should be sustained

and developed, and short-term pressures to abort them resisted, as they provided an embryonic tilt towards such a partial public-led contracting model<sup>1</sup>.

When progressed in parallel with demonstration Mayoral and other development corporation demonstration projects, where most economically and socially productive, the foundations of higher sustained levels of housing delivery conducive to higher growth and housing opportunity could then be laid, even though future benefits would not be primarily reaped until the next, rather than this, parliament.

The broad contours of such a shift were developed further in our July 2025 response to the [MHCLG planning reform working paper: speeding up Build out \(March 2025 MHCLG build out consultation\)](#) consultation, outlined in *Appendix Two* to this consultation response.

It also highlighted that the prevailing Ministry of Housing, Communities, and Local Government (MHCLG) policy direction of travel appeared potentially consistent with such a shift to such a system, at least across the three inter-linked areas:

- 1 The introduction of ‘golden rules’ applicable to development on Green Belt (GB) land that the new December 2024 NPPF (*paras 68 and 155 and 156*) set out.
- 2 The setting of 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 development purpose – to keep land acquisition costs closer to their existing use value (EUV).
- 3 The continuing reform of compulsory purchase order (CPO) rules consistent with the use of CPO as a backup default stick to encourage voluntary exchanges at a defined premium close to existing use values on and beyond Green Belt (GB) land, including greenfield and urban extension developments, and the next

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<sup>1</sup> *Para 157* of the July 2024 consulted NPPF version had offered additional guidance on viability considerations for development in the Green Belt, attaching a cross reference to an *Annex Four*, which sought to establish, a BLV based on EUV plus a “*reasonable and proportionate premium*”.

Consultee responders were invited to specify such a value for national policy purposes, with a suggested nudge that it should be closer to three times EUV compared to current industry expectations.

Both that *para* and *Annex four*, however, was omitted in the new operative December 2024 version. Instead, site-specific viability negotiation on GB land was prohibited in a December 2024 update to MHCLG [viability guidance](#), pending “*strengthened national planning practice guidance on viability (which apparently) will consider the case for permitting viability negotiations on previously developed land and larger strategic sites, likely to carry greater infrastructure costs*”, subject to this current December 2025 NPPF consultation.

generation of New Towns (our response to the *MHCLG December 2024 [Compulsory Purchase](#)* consultation for more detail).

It also cautioned, however, that without such necessary accompanying reform and the wider strategic reform and process change a *negative circular policy feedback loop* could emerge where setting mixed tenure requirements are bedeviled by viability-associated problems and delays.

Likewise, while future iterations of national development management policies (NDMPs) could also mandate tenure diversity and minimum affordable housing provision as a general principle and thus address possible reluctance to specify them at the local level, to do that wouldn't by itself overcome viability issues emerging, some of which are rooted in shortcomings in the design and operation of the viability process, which unadjusted will instead act against greater tenure diversity and faster build out.

It also identified the related danger that these inter-linked measures would be blown off course by short term industry lobbying pressures to reduce the 'burden' of current Section 106 affordable housing obligations (AHOs) amid claims that the 'golden rules' would render Green Belt (GB) development unviable, with the Starmer government coming under concurrent increased pressure to demonstrate progress towards its unachievable (as then and currently constructed) delivery target/commitment.

These fears were underscored and in part vindicated by the government's and Mayor of London's November 2025 Support for Housebuilding package published then as a [draft Mayoral Local Planning Guidance \(LPG\) document](#) (the *London emergency package*).

Undoubtedly, a perfect storm of factors during the previous two years coalesced to collapse housing starts and activity across London, including:

- interest rates rising in 2022 to levels not experienced since the Global Financial Crisis (GFC) and then remaining high;
- rising and high material and labour costs consequent to Covid-related interruption of global supply chains impacting on input costs, exacerbated by subsequent geopolitical events;
- continuing wider geopolitical and economic domestic and international uncertainty;
- post Grenfell regulatory requirements and approval processes, including the two staircase for blocks over 18m requirement, attached with extended and delayed approval processes;
- low market absorption rates of completed units linked to falling international and domestic off-plan demand, acting especially on new Build to Rent (BtR), with 62% fewer such units, in London, started in 2024 compared to their 2022 peak

(see [2025q3Moliorreport](#)) amid the longer-term structural impact of affordability-constrained local first-time buyer demand and depressed international buy-to-let investor appetite;

- the declining financial capacity of councils and housing associations to support affordable housing, whether through direct funding or via S106 AHO purchases.

According to Molior (see above link) for schemes in London where more than 12 dwellings were sold per quarter in the period between 2024q1 and 2025q3:

- 38% of total sales were Build to Rent (BtR);
- c17% 'switched to affordable';
- 19% were foreign buyers; while only
- 21% were 'normal' (domestic market) UK sales.

The low proportion of domestic market sales shows that the speculative housing system in London has become patently dysfunctional, intrinsically unable to meet the economic and social imperatives of the capital and its residents, where average first time buyer deposits reached £139,000 in 2024.

Buying your first home in London – certainly outside the cheapest outer boroughs – is now increasingly limited to those able to access Bank of Mum and Dad support, sourced from baby boomer housing wealth concentrated in London and the Home Counties.

In short, the current private speculative model to work relies upon ever increasing house prices when that prerequisite no longer is present in London, where limits to affordability have long been reached, now joined by a declining appetite for flatted developments and the implosion of alternative speculative sources of demand.

The *London emergency package* proposed lower AHO requirements by themselves are unlikely to shift the supply dial, whose substantive movement depends on changes in structural market conditions and to the operation of the existing predominant private speculative model.

In our [consultation response](#) to that *London emergency package*, we cautioned that reducing or lifting AHOs rather risked translating into higher land prices and developer profits, not new supply, allowing developers to bid more for land and/or to extend their profit margins, contrary to the government's and to the Mayor's housing objectives.

In our response, we endorsed the Mayor's intention that the next London Plan should not increase the overall burden of planning policy requirements and that opportunities should be taken to streamline requirements and speed up the planning approval process.

We also highlighted, however, that current supply problems afflicting the capital are a product of different factors that vary in cause and consequent implication(s) for their potential solution or amelioration: for example, the situation relating to and the response to stalled incomplete developments does and should differ to that of unactioned planning permissions secured through the fast-track route and should not be lumped together; accordingly, their alleviation requires tailored bespoke responses.

While recognizing that some public, as well as private stakeholders, have cautioned that requiring over onerous AHOs in the face of current market conditions, marked by interest rate uncertainty and heightened post-Grenfell building costs, risks getting 'a *percentage of nowt rather than a percentage of something*', we made the point that no certainty or substantive evidential justification exists that reducing AHOs or even lifting them will then simply result in schemes proceeding speedily, adding to supply.

AHOs, although a cost to developers (but also a source of demand and revenue), when applied within a certain, consistent, and understood planning policy environment and should help to underpin quicker development by providing certain and consistent early demand for speculatively provided units.

Moreover, reducing AHO requirements in response to short term factors also risk embedding AHO requirements into the medium- and long-term horizon, when, by then, different market conditions may then prevail, undermining AHO planning certainty and consistency - the posited key positive attribute of the Mayor's [2017 Affordable Housing and Viability Supplementary Planning Guidance](#) (SPG 2017), when it introduced the threshold fast track route.

More generally, we noted that *The London Plan Annual Monitoring Report 2024* published by the GLA in January 2026 states that the net supply of new homes in London was 36,468 in 2022-23, while 24,400 net additions were reported by the MHCLG net additions series between 1 April 2025 to 10 January 2026, the most recent period, suggesting a 2025-26 total, hovering around 30,000.

Regardless of their precise accuracy, such outturns compare starkly to the December 2024 nationally revised London annual housing target of 88,000 dwellings.

This eye-watering shortfall reflects the reality that the capital suffers from a worsening housing crisis, both acute and chronic, marked by structural unaffordability for most low income to upper middle-income purchasers.

Although real house prices, as an average across areas, mixes, and types, in the capital have stagnated or fallen (but due to rising interest rates, repayments increased), real rents have risen.

That structural unaffordability problem, when combined with declining numbers of affordable rented opportunities, has led to ballooning and record numbers of homeless (73,330) households having to live in family-unsuitable temporary accommodation (TA) for extended periods.

Westwards along the M4, the Green-controlled Bristol City Council issued in January 2026 a [Bristol Affordable Housing Practice Note](#) that seemed to follow the same groove as the joint government-Mayor of London emergency package, albeit without accompanying central government support.

To recap, both responses, in our view, are misplaced for the following main reasons:

- 1 Affordable Housing Obligations (AHOs) should act on the land price, reducing future development costs and, hence, all other things remaining the same, should help to enhance both scheme development volume and profit levels.

Although that outcome is often not achieved in practice, tackling the reasons why that is so is the underlying problem/issue that needs attention, not the symptom.

- 2 While the return on AHO's will be less than the expected speculative sale margin (once realised), such AHO purchases can offer early cash flow advantages to developers, some of whom have observed that AHO levels should increase, rather than reduce.

Of course, as with (1), the AHO purchase process must become much more efficient and streamlined to underpin quicker development by providing certain and consistent early demand for speculatively provided units; policy efforts should concentrate on that key challenge.

3. Reducing AHO requirements could result in the scaling back of scheme sizes, an outcome which appears contrary to its stated aim, regarding volume delivery.
4. There is no evidenced guarantee nor, even likelihood, that reduced AHOs will result in speedier delivery.

The primary cause of the present supply crisis in London and Bristol is stagnant

demand related to limited FTB affordability and imploded external investor appetite combined with sticky historically high material and labour costs.

The focus on over-onerous AHOs as the primary cause of their current supply crisis is a misdiagnosis that threatens to throw out the baby with the bathwater.

5. Replacing nil grant AHO with grant aided support involves an opportunity cost for other affordable schemes that could otherwise utilise such funding.
6. The longer-term effects of reducing AHOs (assuming macro-economic conditions change and construction costs reduce - very uncertain) will be to embed higher land expectations contrary to (1) allowing future profits to increase at the expense of AHO delivery.
7. Re-negotiation delays and fee expenses will likely add to development costs and consume scarce LA resources.

The claims that the developer lobby uses to demand cuts in AHO requirements, in fact, supports contrary conclusions and policy responses, including that now is the time for:

- currently completed unsold and stalled units to be switched to affordable, using the funds to be made available, (such as in London the City Hall Developer Investment Fund, perhaps after a name change and revised terms of reference) and other available sources;
- schemes with existing planning approvals that, such as the 281,000 unbuilt permissioned homes in London at 2025q3 (see previous Molior link) that will vary in viability circumstance, to be subject to more focused 'carrot' and 'stick' responses involving, for instance, a competitive process whereby developer bids are invited regarding their best maximum affordable offer to be delivered within a three year delivery time window;
- a systematic overhaul of the wider operation of the AHO system and its shortcomings (outlined in *Appendix One*);
- nudging the private speculative model to cater more for the majority intermediate London population on a volume basis through strategic, rather than through tactical measures focused on the symptoms of system failure, addressing its core causes by shifting to a partial public sector-led contracting model that *Appendix Two* outlines.

We understand that the government is on the horns of a dilemma. Its manifesto made commitments to build 1.5m dwellings this parliament, strengthening the AHO system to contribute to a generational change in the level of Social Rent (SR) provision; on the other, current market conditions - on top of the intrinsic inability of the current predominate private speculative model, driven by margin rather than volume, to achieve

such a target/commitment unless supported by an unsustainably rising housing market and supplemented by a 100,000 to 140,000 of public enabled dwellings annually – could result in a massive and embarrassing shortfall against that target.

However, many of ameliorative ‘fix’ responses to short-term constraints, discussed above by, in effect, entrenching a *trickle down* private speculative market model approach onto the medium term, will tend to undermine any process towards future sustainable long-term reform that is consistent with the achievement of a sustained 300,000 annual dwelling supply emerging by the end of this parliament and into the next.

We thus make no apologies for putting our response into a wider policy and political context.

Not only is planning reform necessary but insufficient, but discrete issues covered by individual questions to be answered meaningfully and in a consistent manner, require reference to an overarching policy framework, which, we suggest, regrettably, has been and remains undeveloped.

In short, we concur with the analysis and approach of the recent Shelter [Build up not trickle down](#) report, save that we believe that a more variegated 100,000 to 140,000 public enabled affordable dwelling outcome mainstreamed into private and public delivery systems is more feasible and sustainable than a headline 90,000 SR programme continued and sustained into the medium term.

That said, the short-term priority is to make inroads into the TA crisis, which requires SR programmes to be front loaded and targeted in favour of the councils most affected, including the acquisition of stalled developments, where appropriate, for onward SR letting reducing development delays for such desperately needed accommodation.

In that light, we focus our question responses to *PM12, DM5, GB8, and Annex Four*, as we believe that a reformed more certain and consistent viability process system is a short-term priority and most relevant to the immediate purposes of this consultation.

We also make the following general observations summarising our other question responses:

1. In the short-term, at least, and quite likely for much, if not the entire lifetime of this parliament, it appears that the government will have to heavily rely on speculative non-Local Plan (LP) compliant applications translating into starts and completions

quickly enough to provide much of what is delivered as part of its supply delivery target.

2. A by-product of the proposed transitional arrangements is that a significant number of local planning authorities (LPAs) will offer local housing requirements below their December 2024 standard method (SM) assessed housing need assessment and what is likely to be apportioned to them by future Strategic Authorities in their applicable spatial development strategies (SDSs).
3. Expectations of the future impact of SDS on housing delivery outcomes across the short-term to medium term appear over-optimistic: apart from timescales, the example of the London 88,000 dwelling target (consistent with the government's delivery target) demonstrates that such targets can be purely aspirational in the absence of concerted and interlocking strategic reform and actions at both local and national levels, even with an SDS in place.
4. Although making the presumption in favour of suitably located development more permanent, proactive and rules-based is a step forward, it will still need to navigate situations where applications are not policy compliant, for example, concerning AHOs.
5. The proposed NPPF provisions that would limit proposed residential developments outside settlements in LPAs with a 5YHLS and no Housing Delivery (HDT) failure, except for defined circumstances, such as suitable proposals that develop land around 'well-connected' train stations outside settlements, including on Green Belt land (see Lichfield's [presumption decision tree](#)) could restrict development on greenfield sites not specifically covered by such exceptions.
6. We agree with others that argue for greater clarity and certainty defining the precise circumstances that make an LP 'out of date'.
7. A tension is thus discernible between relying upon presumption to secure increased supply within the timescales required by the government's delivery target and the purposes of proclaimed paramourncy of a plan-led system.
8. Such a system to be credible and effective requires much more streamlined and compressed gestation, consultation and examination periods going beyond the current 30-month expectation for new LPs to be put in place.

To provide context and clarity to our question responses, we have on occasions included as a preamble relevant chapter-based commentary justification from the [consultation document](#) (*consultation document*).

### **Responses to the Questions: The case for non-statutory national policy**

The consultation document advises that national planning policy as it stands already carries very considerable weight in the planning system: it must be taken into account in plan production and is an important material consideration when making decisions on planning applications.

Updates to national planning policy carry this weight from the point they are issued (subject to any transitional arrangements) and are capable of altering the planning balance where there is an inconsistency with existing development plan policies – especially where national policy is clear and definitive.

Its effectiveness is illustrated by the way that December 2024's introduction of 'grey belt' as a category of land has already had a significant impact.

Since the current Framework was updated in December 2024, an unprecedented 80% of major residential appeals located on grey belt land have been approved, homes that likely wouldn't have been built under previous policy.

The government concludes that the core aims of statutory National Development Management Policies can be secured within the current legal Framework, by:

- setting out much clearer policies for planning and decision-making as proposed in this consultation;
- making explicit that these decision-making policies should not be repeated in development plans; and
- providing for these policies to bear on the system from day one, by requiring that any inconsistent local policies are immediately given very limited weight.

The government has also considered whether introducing statutory National Development Management Policies at this stage could have disadvantages, including loss of flexibility which would frustrate the effective operation of the planning system in the short-term, as the implications of the new statutory Framework are tested.

On balance, given the impact which we expect the proposals in this consultation will have, the government has decided not to use the powers to prepare and designate statutory National Development Management Policies at this stage.

The government intends keep this decision under review and will return to it if the proposed policies do not have the desired outcomes of supporting more effective decisions and reducing generic or alternate policies in development plans.

#### Question One

**Do you have any views on how statutory National Development Management Policies (NDMPs) could be introduced in the most effective manner, should a future decision be made to progress these?**

Statutory status suggests mandatory requirements that should be applied nationally, or at least to defined categories of LPAs, overriding local discretion.

They therefore should be focused on policy areas that most pertinently and urgently require such treatment for wider public policy ends. This is a wider objective than simply avoiding duplication with LP provisions.

Many, if not most policy areas, fall into a grey area where a desirable policy end can conflict with local discretionary preferences, such as small site policy, recently subject to a recent [Centre for Cities](#) report, consistent with policy three - *Driving urban and suburban densification* – of the 12 key policy changes highlighted in the consultation document.

This provides, perhaps, an exemplar example of where the government needs to weigh the advantage of setting “*clear and definitive*” national policy that would positively impact on housing supply outcomes against the possible disadvantages connected to abrogating local discretion, noting that the non-statutory basis of NDMPs would still mean that “*inconsistent local policies are immediately given very limited weight*”.

#### Question Two

**Do you agree with the new format and structure of the draft Framework which comprises separate plan-making policies and national decision-making policies? Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree. a) Please provide your reasons, particularly if you disagree.**

*Partly disagree.*

Although in some respects the new format and structure is helpful, especially the separation of plan-making and national decision making policies, it is geared to an end situation where most LPAs have up-to-date plans examined under the new 2025 framework, a prospect sometime considerably in the future beyond this parliament, when the urgent and pressing imperative is to increase housing supply, access, and affordability, in accord with the government’s objectives.

We agree with [Lichfields 'Tipping the Scales' blog](#) that the opportunity should have been (be) taken to 'hardwire' these objectives into the new NPPF, including its strategic intention to move towards a partial public-led contracting system in partnership with the private sector.

## **Responses to the Questions: Changes to structure and content**

The consultation document proposes additional annexes are added to the draft Framework, some of which import key aspects of Planning Practice Guidance (PPG) considered essential for the operability of the Frameworks policies (these imports relate to the standard method for calculating Local Housing Need (LHN), identifying grey belt land, additional flood zone and flood risk vulnerability tables; while *standardised inputs into viability assessment may be added, subject to consultation, our italics*).

### Question Three

**Do you agree with the proposed set of annexes to be incorporated into the draft Framework? Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree. a) Please provide your reasons, particularly if you disagree.**

*Strongly agree.*

We consider it vital that *Annex B* taking account of our responses to *Questions 55, 60, 65, and 144*, as well as to *Questions 202 and 212*, is included.

## **Responses to the Questions: Chapter One: Introduction**

The consultation propose a simpler and more consistent approach to the weighting of different considerations throughout the draft (2025) Framework.

The current (2024) Framework uses a number of terms where the government expects weight to be given to particular matters (great, significant, substantial).

In general, these are not intended to imply any sort of ‘weighting’ hierarchy, so we are proposing that ‘substantial’ is used throughout the document where positive weighting of this sort is intended.

*Paragraph 13 of the introduction to the [Draft NPPF December 2025 \(consultation text\)](#) is designed to set out more clearly the intended relationship between statements of national planning policy and the supporting role played by Planning Practice Guidance, drafted as follows: *National planning policy is supported by a suite of planning practice guidance, the purpose of which is to support the implementation of national planning policy. The government intends this to play an important but supporting role to national planning policy and its status should be regarded in that light.**

### Question Five

**Do you agree with the proposed approach to simplifying the terminology in the Framework where weight is intended to be applied?**

*Partly agree.*

Greater clarity and certainty should prove helpful and reduce incidence of appeals.

However, please refer to our *question 36* response pertaining to the revised presumption unless substantially outweighed by any adverse effects relationship.

## **Responses to the Questions: Chapter Two: Plan-making policies**

The government is clear that the plan-led approach is, and must remain, the cornerstone of our planning system.

Development plans are the best way for communities to shape decisions about how to deliver the housing and wider development their areas need.

They enable local areas to set their strategy for future growth and their approach to protecting and enhancing the environment, and they provide the certainty and confidence required to bring development forward across the country.

In the absence of an up-to-date local plan, there is a high likelihood that development will come forward on a piecemeal and speculative basis, with reduced public engagement and fewer guarantees that it will make the most of an area's potential.

That is why we are determined to drive local plans to adoption as quickly as possible in order to achieve our ambition of universal plan coverage and to ensure plans contribute positively to our Plan for Change milestone of building 1.5 million new safe and decent homes in England by the end of this parliament.

### Question Six

#### **Do you agree with the role, purpose and content of spatial development strategies (SDS) set out in policy PM1?**

*Partly agree.*

Although we strongly agree that all areas within a properly defined sub-region should be subject to an SDP, as already applies in London, that should cover the areas that *PM1* outlines, the experience of the London Plan demonstrates also the potential limitations of spatial planning without concerted, interlocking, and coordinated strategic policy interventions.

The Local Housing Need (LHN) annual 88,000 dwelling level set (for London) in accordance with the new 2024-set SM methodology, for instance, in implementation terms is widely unrealistic and appears as simply aspirational, at least when confined within the operation of the present private speculative housing and public delivery systems amid current available policy tools and resourcing levels.

Without such wider system reform that will remain the case for most if not all future SDPs, showing that planning reform, while often necessary and desirable, by itself, is quite insufficient to achieve wider desired public ends, and that to suppose otherwise risks future disappointment and disillusionment.

### Question Seven

**Do you agree that alterations should be made to spatial development strategies at least every five years to reflect any changes to housing requirements for the local planning authorities in the strategy area?**

**If not, do you think there should be a different approach, for example, that alterations should only be made to spatial development strategies every five years where there are significant changes to housing need in the strategy area?**

*Partly agree.*

As per our response to *Question Six* above, the frequency of changes made to LP housing requirements is less important than the development of a wider strategic policy framework capable of their implementation, assuming the housing requirements when set are realistic, noting that they set in total rather than disaggregated tenure terms related to local affordability considerations.

Having made that fundamental point, reviewing such requirements every five years seems sensible, consistent with our answers to *Questions Six and Nine*.

### Question Nine

**Do you agree with the role, purpose and content of local plans set out in policy PM2?**

*Partly disagree.*

The local plan making process currently takes years encompassing separate and extended sequential consultation and examination stages making their end value relative to resources expended, open to question.

Often by the time a Plan is adopted, circumstances, such as the overarching policy environment, have changed, sometimes requiring them to be modified, even to the point of replacement.

A thirty-month period to adoption from Gateway One is still too long but itself seems unrealistically short considering past and current practice.

The plan-making process should be made much more streamlined and shortened, less onerous but more pertinent, allowing Plans to be realistically reviewed every five years aligned to its overarching SDS.

#### Question 10

- a) **Do you think that local plans should cover a period of at least 15 years from the point of adoption of the plan? Yes/No. If not, do you think they should cover a period of at least 10 years, or a different period of time. Please explain why.**

The period that LPs span is less important than the development of a wider strategic policy framework capable of their timely and effective development and implementation.

A longer period involves greater uncertainty; a shorter period requires more frequent review and revision.

#### Question 11

- Do you agree with the principles set out in policy PM6(1c), including its provisions for preventing duplication of national decision-making policies?**

*Strongly agree.*

Policy PM6 seems consistent with the more streamlined expedited process for plan-making and implementation required, as per our responses to *Questions 16 and 20*.

#### Question 16

- Do you agree that policy PM12 (developer contributions) increases certainty at plan-making stage regarding the contributions expected from development proposals?**

*Partly agree.*

According to the *consultation document*, PM12 seeks to promote greater clarity at the plan-making stage on expected contributions to reduce the need for negotiation at the decision-making stage, going on to recognise developer contributions as tools to support viable delivery of the plan, the need for clear expectations, as well as circumstances for review mechanisms where contributions fall below plan policy requirements ... reflecting also the introduction of spatial development strategies and that contributions may apply at different tiers and across areas, with particular importance for strategic sites.

In response, we agree that developer contributions should be set at a level that allows for the planned types of development and sites to be deliverable, maximising certainty and reducing the need for viability assessment at the decision-making stage.

However, in practice, variations in site typologies, and changes in prevailing wider macro-economic and development circumstances, will make realisation of these aims difficult or

could otherwise result in bias towards adopting area-wide developer contribution requirements that are set too low.

Such concerns are compounded by the elongated period that plan-making currently takes, as per our response to *Questions nine and 20* below.

#### Question 20

**Do you have any specific comments on the content of the plan-making chapter which are not already captured by the other questions in this section?**

We would underscore that the local plan making process currently takes years, including separate sequential consultation and examination stages, making their end value relative to resources expended, open to question.

Often by the time a Plan is adopted, circumstances, such as the overarching policy environment, have changed, sometimes requiring them to be modified, even to the point of replacement.

A thirty-month period to adoption from Gateway One is still too long but itself seems unrealistically short given past and current practice.

The process needs to be much more streamlined and shortened, made less onerous but more pertinent.

## **Responses to the Questions: Chapter Three: Decision-making policies**

*DM5* expands on *para 59* of the current Framework and is intended to work in tandem with policy *PM12*.

It seeks to reduce cases of unnecessary site-specific viability assessment by clarifying when it may be appropriate at the decision-making stage, noting that such assessments are more likely to be justified for developments where the typology, site characteristics, costs and economic circumstances differ substantially from those that could be foreseen or assumed at the plan-making stage.

*DM5* requires any viability assessment accompanying a proposal to explain divergence from the plan's viability evidence and meet transparency standards.

It is reproduced in full below:

1. Where development proposals accord with relevant up-to-date plan policies and national decision-making policies, they should be assumed to be viable. Relevant policies in this context are those which relate to the contributions expected from development.
2. There may be limited circumstances in which it would not be possible for development to proceed on a policy compliant basis, and a viability assessment to inform decision-making is justified to ensure that a proposed development makes the maximum possible contribution to affordable housing and other infrastructure. Such circumstances may include situations where:
  - a. The development is significantly different from any typology assumed in the development plan viability assessment;
  - b. Site characteristics differ substantially from the assumptions used to assess viability when the relevant development plan policies were prepared;
  - c. The development is demonstrably burdened by costs which were unforeseeable when the development plan was prepared; and/or
  - d. Site or economic circumstances have changed significantly since the development plan was prepared.
3. Neither the price paid for land, nor the price intended to be paid through an option agreement, should be a justification for failing to accord with relevant policies in the plan.
4. Where a viability assessment is submitted with a development proposal, this should be based upon and refer back to the viability assessment(s) that informed

the relevant development plan policies. It should fully evidence all inputs and assumptions used in the assessment, and explain any differences from those used for viability assessment that informed the relevant plan policies.

All viability assessments should reflect the recommended approach in planning practice guidance, utilising the standardised inputs set out in [*Annex X – to be added subject to the outcome of this consultation*], and should be made publicly available.

5. These considerations should inform the decision maker’s assessment of the weight to be given to a submitted viability assessment. Where a viability assessment is submitted and contributions are reduced below the requirements set out in relevant development plan policies, decision makers should consider using review mechanisms to seek policy compliance over the lifetime of the project, in accordance with planning practice guidance.

#### Question 22

**Do you agree with the policy DM2 on information requirements for planning applications?**

*Partly agree.*

Information requirements should be reduced to a proportionate necessary minimum, especially for SMEs on small to medium sites.

#### Question 23

**Do you have any views on whether such a policy could be better implemented through regulations?**

That aim is more likely to be achieved through NDMPs rather than through local discretion. Local variations should be justified by exception.

#### Question 25

**Do you agree that policy DM5 would prevent unnecessary negotiation of developer contributions, whilst also providing sufficient flexibility for development to proceed?**

*Partly agree.*

DM5 (1) and (2) above presuppose that the Plan-stage viability-set requirements are both robust and comprehensive and are relied upon by developers.

We suspect, as per our response to Question 16, that developers will revert using the exceptions cited (a) to (d), perhaps more as a rule than as an exception, unless Plan-set

affordable housing obligations (AHOs) are set at a low level, cognisant that it will take many years for complaint plan-level appraisals to become universally embedded.

With respect to (3) how the price paid for land, or the price intended to be paid through an option agreement, is assessed or measured as consistent with policy compliance is not clear, remaining subject to past practice and tendency to pessimism bias set out in our question responses.

Further to (6), In principle, planning requirement costs should be incorporated into the initial land price or cost; however, this often does not happen.

Decision-making appraisal outcomes will also be very sensitive to appraisal inputs invariably subject to commercially sensitive developer pessimism bias, as per our responses to Questions 200-202.

Combined with the likely pessimism bias of appraisal inputs, it means that late-stage reviews are likely to still prove necessary, insofar that subsequent changes in macro-economic and housing market conditions can subsequently allow schemes to be completed with higher returns.

This is an area where national policy rather than local discretion appears appropriate and/or the hierarchy relationship between NPPF national policies, annexes and planning guidance is provided with greater precise clarity.

#### Question 26

**Do you have any further comments on the likely impact of policy DM5: Development viability?**

*DM5 to be effective requires its effective and consistent integration with Annex Four as per our responses to Questions 200-202.*

**Do you agree with the approach for planning conditions and obligations set out in policy DM6, especially the use of model conditions and obligations?**

*Partly agree.*

(4) is not clear in this regard, but the government's housing objectives depend upon the AHO system to be streamlined and made more certain and effective taking regard of the considerations set out in *Appendix One*, including not only the general use of model agreements that clearly specify the process and terms by which they will be delivered.

Question 28

**Do you agree with the new Article Four direction policy in policy DM10?**

*Partly agree.*

There is no mention of Article Four treatment of conversion of single-family dwellings to HMOs, despite its possible salience.

## **Response to the Questions: Chapter Four: Achieving Sustainable Development**

S2 introduces a requirement for plans to include a clear spatial strategy. It emphasises the importance of identifying settlement boundaries, or clear criteria for identifying settlements, to support the proposed approach to decision-making on development within and outside settlements (*policies S4 and S5*).

S3 replaces the decision-making elements of *para 11* of the current Framework (but) retains the existing principle that proposals which accord with the development plan and national decision-making policies should be approved without delay.

The remainder of the policy takes a different approach to the existing, by requiring decisions to be made in accordance with policies *S4* and *S5*, depending on the location of a development proposal.

This is because the ‘tilt’ in favour of granting permission in certain circumstances, set out at 11(d) of the current (2024) Framework, has been replaced by new versions embedded within policies *S4 and S5*.

A core aim of those policies is to promote sustainable development, by steering proposals to appropriate locations: maximising the use of suitable land within urban areas, and taking a more selective approach to the types and locations of development outside settlements.

By linking directly to these policies, the new ‘presumption in favour of sustainable development’ (*the presumption*) set out in proposed policy *S3* is intended to live up to its name, as an overarching policy which signals where development should be located.

*S4* builds on the changes to the current Framework made in December 2024, which included an addition (at paragraph 125c) requiring that development on suitable brownfield land within settlements is approved unless there would be substantial harm, reflecting the first strand of the ‘brownfield passport’ working paper published in September 2024.

This is in terms of making the principle of development on such land clearer, intended to bring greater certainty for those bringing forward development proposals, including on small sites.

Proposed policy *S4* refines this to provide a more complete approach within settlements, so that development is supported in principle within settlements *as a whole (our italics)*, subject to specified exceptions where there could be unacceptable impacts.

These exceptions include: a conflict with land which has been allocated for specific purposes; the development of previously undeveloped land which is of value (policy *S4(2)a*)

and b); and circumstances where an important policy elsewhere in the draft Framework would direct refusal.

This approach recognises that some non-brownfield land within settlements may be appropriate for development, which in practice is likely to entail relatively small sites, including residential curtilages up to certain limits (see policy L2).

S4 (and S5) is phrased in terms of development proposals *being approved unless the benefits of doing so would be substantially outweighed by any adverse effects (our italics)*, rather than applying a ‘substantial harm’ test, to make clear that all relevant national decision-making policies must also be considered.

#### Question 36

**Do you agree with the revised approach to the presumption in favour of sustainable development? Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree. a) Please provide your reasons, particularly if you disagree.**

*Partly agree.*

Although we understand and recognise the reasons why the current ‘tilted balance’ has been replaced by a more positive proactive embedded presumption that includes potential significant even perhaps transformational supply-enhancing features, including the encouragement of dense but sustainable development around train stations, we do have some concerns.

First, the proposed separate treatment of land in and outside settlements in S4 and S5 involves new quite complicated and far from certain drafting that could well lead to a new series of contested applications and appeals.

Second and related to the first, although a shift to rules-rather than discretionary-based system within settlements is welcome, in practice different rules and policies will continue to conflict, such as between the presumption and national housing policies pertaining, for instance, to affordable housing, the adjudication of which is likely to depend on the assessment and weighting accorded to such policies with regard to whether adverse non-compliant effects are deemed to ‘substantially outweigh the presumption’ which will be subject to discretionary decision.

#### Question 37

**Do you agree to the proposed approach to development within settlements? Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree. a) Please provide your reasons, particularly if you disagree**

*Partly agree.*

See our response to *Question 36*.

Question 38

**Do you agree to the proposed approach to development outside settlements? Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree. a)  
Please provide your reasons, particularly if you disagree.**

*Partly agree.*

See our response to *Question 36*.

## Responses to the Questions: Delivering a sufficient supply of homes.

### Question 55

**Do you agree the plan-making requirements, for both local plans and spatial development strategies, in relation to large scale residential and mixed-use development are sufficiently clear?**

*Partly agree.*

Policy *HO4* sets out requirements to identify locations and sites for large scale residential and mixed-use development to support opportunities to meet housing and other development needs through the provision of large, strategic sites, such as new settlements, before going on to note that such settlements can support a comprehensive approach to development, by including a diverse range of housing types, adopting high quality design and ensuring appropriate infrastructure provision.

To strengthen policy support for *mixed tenure development (our italics)*, and to ensure that new settlements plan for a *diverse range of housing types and are built out as quickly as possible (our italics)*, it proposes that *local plans set out expectations for a mix of tenures to be provided on these sites (our italics)*.

It further advises that MHCLG intends to review and update HO4 following the government's confirmation of the locations for new towns in the spring next year to ensure their incorporation into the preparation of relevant spatial development strategies and local plans.

We endorse the general sentiments and policy drift conveyed by HO4 but it currently fails to tackle or address many of the key issues that will determine its success or not.

As we explained in our in our July 2025 response to the [MHCLG planning reform working paper: speeding up Build out \(March 2025 MHCLG build out consultation\)](#), 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 to both increase supply and to ensure speedier build out, 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. They, of course, will need the necessary funding and other capacity to do that, as well as the necessary driving political commitment at local and national levels.

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.

Evidence cited in that *March 2025 MHCLG consultation paper* consultation paper indicated that both a higher proportion of affordable housing and such parceling 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.

A build out statement that meets setting out mixed tenure requirements linked to timetable requirements could constitute a condition/material factor in the application decision making process.

LPAs 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.

An outstanding issue remains to the extent that such build out statements should be subject to local discretion or to customised HMDP(s).

Our response to the *March 2025 MHCLG consultation* also cautioned that it was unclear how faster build out through greater tenure and property type diversity and through front-loaded mandated affordable housing provision was going to be practically achieved as a general mainstreamed principle, in contrast to their possible confinement to a few demonstration master planned sites without wider interlocking and carefully sequenced wider more strategic supporting reforms that move beyond planning policy reform – necessary but insufficient on its own to achieve government aims.

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

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, should 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, 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 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, as well as RP and council demand for affordable housing units.

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 supportive of such outcomes.

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 affordable dwellings, which, amongst other things, requires a much more streamlined and certain S106 process.

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

Please refer also to our responses to *Question 60* below.

#### Question 60

**Do you agree with our proposals to ask authorities to set out requirements for a broader mix of tenures to be provided on sites of 150 homes or more? Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree. a) Please provide your reasons and indicate if an alternative site size threshold would be preferable?**

*Partly agree.*

Please refer to our response to *Question 55*.

A 150 dwelling threshold may be too low, noting that the Royal Town Planning Institute (RTPI) has suggested that 500 would provide a more suitable minimum threshold.

Question 65

**Would requiring a minimum proportion of social rent, unless otherwise specified in development plans, support the delivery of greater number of social rent homes? Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree. a) If so, what would be an appropriate minimum proportion and development size threshold taking into account development viability?**

*Partly agree.*

It is to be expected that LPAs set local affordable housing policies in line with local conditions and preferences. Some don't and some set them too low for whatever reason, however.

A strong case exists for affordable housing requirements to be mandated as a NHMP on a similar but more locally-tailored basis than the 50% 'Golden Rule' requirement, given the advantages of certainty and consistency balanced against local conditions, with flexibility accorded to the sub-tenure permutation within the total requirement.

Consistent with that scenario, we suggest a minimum requirement of 20% SR within the requirement (10% of total development if 50% overall affordability requirement; eight per cent if 40%) unless the LPA can demonstrate that local need for SR is less strong than for other forms of intermediate provision that should merge with locally affordable market provision offered by the development.

The associated bugbear is, of course, viability impact.

Different permutations of affordable sub-tenures will likely have different results on scheme costs and values. Social rent (SR) is invariably more costly in viability terms for developers to deliver on a 'nil grant' basis than are intermediate sub tenures.

These impacts should be better quantified and understood on a consistent and certain basis, involving the systematic quantification of the cost/value of different AHO sub tenure provision, understood and consistently applied between developers and councils.

Across high-need areas subject to higher levels of homelessness and recourse to TA, the need for additional SR will be higher, while across lower value/cost areas SR rental levels it will tend to be closer to intermediate or even rental levels.

Although higher value area schemes could be expected to provide greater scope for cross subsidy in favour of SR provision, but as in London, where the recent collapse in housing start activity has propelled demands and policy responses to lift AHO requirements or at least support SR provision with additional public grant, a general trend seems to have emerged across many urban areas where structural affordability constraints, acting on FTB demand and declining investor appetite for Build-to-Rent pre sells, is making a cross-subsidy approach to providing affordable housing, unviable.

Fundamentally, as per our response to *Question 55*, the needed strategic policy shift from the current predominant private speculative to a partial public contracting-led system presupposes that a ‘*Letwin-plus*’ approach to tenure diversity requirements is combined implies guaranteed purchase sources for affordable dwellings provided.

That, amongst other things, requires a much more streamlined and certain S106 process, based on transparent and certain values and quality standards (see *Appendix One*).

It can and should be progressed with alacrity and focus.

Please also refer to our responses to questions *144* and *200-202*.

#### Question 67

**Do you agree that applicants should have discretion to deliver social and affordable housing requirements via cash payments in lieu of on-site delivery on medium sites? Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree. a) If so, would it be desirable to limit the circumstances in which cash contributions in lieu of on-site delivery can be provided – for example, should it not be permitted on land released from the Green Belt where the Golden Rules apply? Please explain your answer. b) If you do not believe applicants should have blanket discretion to discharge social and affordable housing requirements through commuted sums, do you think cash contributions in lieu of on-site delivery should be permitted in certain circumstances – for example where it could be evidenced that onsite delivery would prevent a scheme from being delivered? Please explain your answer.**

*Partly disagree.*

This is a complex and tricky question.

First, commuting AHO requirements transparently on a certain and consistent basis to cash payments presupposes that these are calibrated, quantified, defined and understood as per our response to *Question 65*.

Second, the danger is that LPAs simply accumulate such payments involving an opportunity cost of AHO units provided in kind.

Third, whether the medium site definition is appropriate is open to question.

Fourth, it is unclear and unevidenced that commuted AHOs offers the most effective path to supporting SME delivery.

It could well be that reducing the overall complexity and burden of the planning process on SME's is more important, while underscoring the need for the S106 process pertaining to the purchase of AHO units by RPs and councils to be streamlined and made more efficient and certain.

#### Question 68

**What risks and benefits would you expect this policy to have? Please explain your answer. The government is particularly interested in views on the potential impact on SME housing delivery, overall housing delivery, land values, build out rates, overall social and affordable housing delivery, and Registered Providers (including SME providers).**

As per our response to *Question 65*.

#### Question 70

**Would further guidance be helpful in supporting authorities to calculate the appropriate value of cash contributions in lieu? a) If so, what elements and principles should this guidance set out? Please explain your answer. For example, guidance could make clear that contributions in lieu should be an amount which is the equivalent value of providing affordable housing on site, based on a comparison of the Gross Development Value of the proposed scheme with the Gross Development Value of the scheme assuming affordable housing was provided onsite.**

As per our response to *Questions 65 and 67*, we consider that it is imperative that the value of AHOs in kind is calibrated and quantified in a more certain and consistent manner as a general principle, not limited to calculating cash contributions in lieu.

The calculation should take account of the lower developer return required for known purchase of on-site AHO provision.

#### Question 71

**Do you support proposals to enable off site delivery where affordable housing delivery can be optimised to produce better outcomes in terms of quality or quantity? Strongly**

**agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree. a) Please provide your reasons, particularly if you disagree.**

*Partly agree.*

Well, yes, but obviously depends on the process accuracy of the optimisation claimed.

#### Question 80

**Do you agree the proposals in policy HO13 will help to ensure development proposals are built out in a reasonable period? Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree. a) Please provide your reasons, particularly if you disagree.**

*Strongly agree*, but please refer to our response to *Questions 55 and 60* for related ramifications and requirements, including on viability.

#### Question 81

**Do you agree the requirements to take a flexible approach to the consenting framework for large scale residential and mixed-use development is sufficient to ensure the opportunities of large scale development are supported? Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree. a) Please provide your reasons, particularly if you disagree.**

*Partly agree.*

Please refer to our response to *Questions 55 and 60*.

#### Question 82

**Are any more specific approaches or definitions needed to support the delivery of very large (super strategic) sites, including new towns? Yes, no a) Please provide your reasons.**

Please refer to our response to *Questions 55 and 60*, noting that such sites, almost by definition, require a partial public contracting-led approach as outlined in *Appendix Two*.

## Responses to the Questions: Protecting the Green Belt: GB8: The Golden Rules

### Question 139

**Do you agree that site-specific viability assessment should be permitted on development proposals subject to the Golden Rules (GRs) in these three circumstances? Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree.**

**(a) Please provide your reasons, particularly if you disagree.**

*GB8* requires major development involving the provision of housing is proposed on land released from the Green Belt through plan preparation or review, or on sites in the Green Belt subject to a planning application to meet the GRs including that it meets development plan policy requirements for major development on land within or released from the Green Belt (as established under policy *HO5(1)(a)(iii)*) or until such policies are in place, a contribution which is 15% above the highest existing affordable housing requirement which would otherwise apply to the development, subject to a cap of a 50%, which, in the absence of a pre-existing requirement for affordable housing, will apply by default.

It also sets three clear and limited circumstances where the use of a site-specific viability assessment may be justified to enable development in the Green Belt.

These are:

- 1 On previously developed land;
- 2 For a multi-phase, strategic site;
- 3 For a development model which is of a wholly different type to that assumed in the viability assessment that informed the development plan.

The consultation document advises that this proposed lifting of the current restriction on any site specific viability assessment on Green Belt land would work in tandem with policy *PM12: Developer contributions* and *DM5: Development viability* and that it would only occur once wider proposed reforms are considered and finalised – including to:

- policies *PM12 and DM5*;
- *associated viability guidance* (including the proposed annex to the draft Framework, set out in *Annex B* of this document); and,
- potential policies pertaining to an “affordable housing floor” and to Benchmark Land Values.

Our understanding is that government will publish updates to the *Viability Planning Practice Guidance* operative on publication.

Our response is that we *partly agree*.

However, the definition of previously developed land could be gamed and made uncertain (see our response to *Question 140* below); the evidential justification for exempting multi-phase schemes is not set out (see our response to *Question 141*); while the third assumes the existence of plan-making assessments made according to typologies that most LPAs will not have conducted for Green Belt (GB) sites.

#### Question 140

**With regards to previously developed land, are there further changes to policy or guidance that could be made to help ensure site-specific viability assessments are used only for genuinely previously developed land, and not predominantly greenfield sites?**

Developers seeking a Previously Developed Land (PDL) exemption should be required to isolate and quantify scheme additional costs relative to comparable virgin green field development, if any, taking account the availability and suitability or otherwise of site infrastructure already in place.

#### Question 141

**Do you agree with setting an affordable housing ‘floor’ for schemes subject to the Golden Rules accompanied by a viability assessment subject to the terms set out? Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree.**

The *consultation document* advises to reflect the manifesto commitment to ensure any new development on GB land benefits communities, that the government seeks views on a minimum threshold (or ‘floor’) below which applicants should not seek to negotiate on viability grounds *under the three circumstances proposed above (our italics)* – to avoid developments coming forward with no or very low levels of affordable housing.

The government is considering the following two options when these *three circumstances* (our italics) apply:

- A fixed national ‘floor’, whereby a minimum proportion of Social Rent (SR) housing, for example 10% or 15% of the overall development, would be required for these developments, unless otherwise specified in up-to-date development plans.

- An affordable housing ‘floor’ reflecting differing local circumstances. For instance, the GB affordable housing ‘floor’ could be required to meet or exceed plan policies for equivalent land types (e.g. previously developed land) and development types outside of the Green Belt.

*Our response* notes that a 10% to 15% minimum SR requirement on such sites would relate to a 20% to 30% apportionment of the affordable housing requirement had the GR default 50% cap been applied.

The document is not clear whether such a floor would also require additional affordable sub-tenure provision or not.

One possible danger pertaining to multi-phased schemes is that it could be taken as a cap rather than as a floor to be applied across successive phases rather than geared to circumstances specific to one phase.

A wider danger is that the floor generally is applied as a cap, although that issue could be addressed through the site-specific viability process, subject the pitfalls and problems inherent in that process discussed in our responses to *Questions 200-202*.

#### Question 142

**Please explain your answer, including your view on the appropriate approach to setting a ‘floor’, and the right level for this?**

More generally, consistent with our answers to *earlier questions*, responding as requested is difficult given lack of current policy clarity on the future relationship *PM12*, *DM5*, and *viability guidance*, currently in the air, as and when updated.

#### Question 143

**Do you agree with local planning authorities testing viability at the plan-making stage using a standardised Benchmark Land Values scenario of 10 times Existing Use Value for greenfield, Green Belt land?**

**Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree.**

**(a) Please explain your answer.**

The 2025 *consultation document* advises that the government does not believe a national benchmark land value would sufficiently account for variation in land values or types of land and, if set too low, would disincentivise landowners from bringing their sites forward,

but, nonetheless, notes there may be instances where further guidance could be beneficial to support compliance with the Golden Rules, as well as plan deliverability.

This may be particularly true of greenfield land, which is typically more homogenous than brownfield land in terms of its existing uses and abnormal costs.

The government is therefore interested in the potential benefits of testing viability at the plan-making stage using a standardised national benchmark land value scenario of 10 times Existing Use Value for greenfield, Green Belt land.

The purpose of the test would be to send a clear signal and ensure that plan-makers (and viability practitioners working on their behalf) have a clear and strong justification should they wish to adopt a higher benchmark land value.

#### Our response

*Partly disagree.*

The 2024 consultation document suggested a standardised Benchmark Land Value (BLV) uplift of three times existing use value (EUV).

The evidential justification of more than trebling that specifically for greenfield, GB land to ten times is not provided within the 2025 consultation document other than presumably three times was too low and would fail to incentivize landowners to sell.

Our response to *Question 144* below discusses some of the relevant background issues in more detail, but we would disagree with the premise that BLVs should not be adopted more generally to greenfield and other defined discrete categories of brownfield land other than GB land.

#### Question 144

#### **Do you have any other comments on the use of nationally standardised Benchmark Land Values for local planning authorities to test viability at the plan-making stage?**

Nationally standardised BLVs should reconcile the advantage of national policy certainty and consistency with the reality of regional, sub-regional, and local differences, which make a 'one size fits all' approach potentially problematic.

For instance, three/ten times existing use agricultural or undeveloped value will tend to be much higher in quantum across high value than lower value areas.

Another potential problem is that such a standardised BLV requirement is treated as a floor minimum rather than a maximum ceiling by landowners or, conversely, developers make it

a standard viability input regardless of what they actually paid to selling landowners in individual cases.

On the other hand, effective and transparent viability testing does require a benchmark anchor to assess the reasonableness of otherwise variable and indeterminate land value assumptions.

In our assessment, the debate on this central and key issue tends to conflate separate issues in an unhelpful, often cloudy way.

It is true that any EUV premium - the 'carrot' - must be sufficient to incentivise the landowner to sell for development, leaving aside the existence of default backup CPO powers to purchase at existing value - an ultimate and last resort public policy 'stick'.

However, what is "reasonable" is inherently subjective, subject to social construct and expectation, with property industry stakeholders complaining that landowners often possess very unrealistic and unreasonable 'windfall' price expectations.

These expectations should be dampened to a lower level that is more consistent with government public policy on housing, supply, access, and affordability policy ends.

Developers often assert that 'landowners' need at least 40 times EUV to make schemes viable. But they invariably assume that the cost and risk of securing planning permission for development and then site infrastructure servicing costs is borne by the landowner.

Land value transfer values should and need to be separated from the costs of securing planning permission and site servicing stage - processes that do not need to be undertaken by the landowner, who, usually is not best placed to undertake them - and should be separately costed within any viability process (*process segmentation*).

Indeed, viability (whether undertaken at plan- or decision-making stage) transparency, effectiveness, and enforcement requires such process segmentation.

## Response to Questions: Transitional arrangements

The *consultation document* for the purposes of decision-making that the 2025 Framework would be a material consideration from the day of publication of the final version.

This means, as has been the case in previous versions of the Framework, that the policies of the revised Framework will need to be taken into account when making decisions from that date.

The draft Framework proposes policies on the interaction between policies contained in development plans around the country and the new suite of national decision-making policies.

It is likely to overlap with many development management policies and cover a lot of the same issues that are already addressed locally.

Eventually, the expectation is that this overlap will fall away because plans prepared against the new Framework should not repeat, duplicate or modify policies covered by the Framework.

However, for a period where plans are being produced and updated, there will be inevitable overlap.

Where policies in the Framework and development plan are consistent, then this would be straightforward.

Practically, consistency between policies would mean that no tension would arise on how issues should be considered.

Where there is inconsistency between policies in the Framework and development plan policies, this would be much more difficult for decision-makers to navigate.

To address this, the government is proposing that development plan policies should be afforded *very little weight where inconsistency arises (our italics), except where they have been examined and adopted against the new Framework.*

This would:

- give clarity on how inconsistency should be managed in decision-making; and
- ensure government priorities which are reflected in policies of the Framework have effect as quickly as possible and are not hindered by policies that have not been produced in accordance with this Framework.

For the purposes of plan-making this 2025 Framework is proposed to form the basis of all new system plans and the draft transitional arrangements reflect this.

(However), *all old system plans, under this arrangement, would proceed in accordance with the relevant previous versions of this Framework (our addition in brackets and our italics).*

Question 192

**Do you agree with the transitional arrangements approach to decision making? Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree. a) Please provide your reasons, particularly if you disagree.**

*Partly disagree.*

We endorse the [Lichfields 'Tipping the Scales' blog](#) concern that *Annex A para three* of the *text document* is clear that where 'unmet need' is a precursor for developing new homes under Policy S5(1)(j), HDT and the 5YHLS performance against targets assessed in plans accordant with previous NPPF versions will be applied for five years from adoption, even if the adopted target is lower than would the case if it had been assessed under the current Standard Method.

Under current wording, this applies even to local plans prepared under previous versions of the Framework, including an estimated 39 Local Plans that have been adopted or remain under examination since July 2024.

*Many of these, “were advanced by those Councils specifically in order to bake in lower housing targets than would now apply under the current Standard Method – in other words, produced to plan for fewer homes than would otherwise come forward”, according to Lichfields, with “housing targets across these 39 Local Plans, 15,411 homes less per annum than the Standard Method for those areas, and many will also avoid addressing unmet housing need from neighbouring areas”.*

*Annex A para 3*, according to this reading, suggests a combined opportunity cost for housing delivery of around 77,000 homes across five years (plus any additional unmet need from neighbouring areas) – an outcome that seems quite contrary to the government’s delivery target and wider strategic objectives.

The Government seeks to address this through its provisions at para nine of *Annex D* in the *consultation text* with the 20% uplift on 5YHLS performance but this seem an indirect, tentative and underwhelming partial palliative.

Question 193

**Do you have any further thoughts on the policies outlined in this consultation?**

These have largely been covered in the Background section of our response and in our responses to specific questions.

## **Response to Questions: Annex B - Viability: Standardised inputs in viability assessment**

The *consultation document* advises that standardised inputs to viability assessments provide a consistent framework for evaluating development proposals and ensure both authorities and developers have greater certainty in the viability assessment process.

For that reason, the government is therefore proposing moving the current Planning Practice Guidance sub-section on ‘Standardised inputs to viability assessment’ into an annex to the draft Framework, and updating where needed, to support the proposed policies *PM12, DM5 and GB8* above, *subject to views received (our italics)*.

The remainder of the existing viability PPG would remain in guidance.

The proposed updates, the consultation document advises support:

- greater consistency;
- upfront clarity for all interested parties; and,
- to reduce the need for negotiation at the decision-making stage.

At the same time, the proposals seek to ensure the system remains sufficiently responsive to different development types and risk profiles, to ensure development can proceed.

### **Growth Testing**

Surveyors and developers factor anticipated growth into viability assessments to reflect changes in development conditions and costs over time.

Strategic, multi-phase sites take years, or even decades, to build out, during which time development conditions are subject to change.

Within the constraints of this uncertainty, growth testing may help to maximise plan policy compliance at appropriate points in development schemes by establishing a positive but realistic view of growth expectations.

*An upfront commitment on developer contributions would also provide greater clarity for all stakeholders, including communities, alongside supporting the efficacy of any proposed review mechanisms (our italics).*

Of course, growth assumptions (applied) may not be realised, increasing risks to developers and ultimately could see returns fall below acceptable and investable thresholds. *Any approach would need to ensure that sites and developments remain investable (our italics).*

The government therefore seeks views on the benefits and risks that may be brought about by encouraging growth testing for strategic, phased schemes, as well as any risk mitigations.

#### Question 200

**Would you support the use of growth testing for strategic, multi-phase schemes? Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree. a) Please explain your answer.**

*Partly agree.*

Upfront commitment on developer contributions providing greater clarity for all stakeholders, developers especially, as well as communities, along the lines of the Mayor of London's 2017 Fast Track, is our preferred approach across the board, not just for strategic multi-phase schemes.

Operating optimally this should reduce the need for review mechanisms that can suffer from indeterminate retrospective processes of variable robustness and effectiveness, and associated information and negotiating asymmetries between the parties, which can delay scheme progress and completion.

On the other hand, and pertinently, recent macro-economic and housing market conditions in London and some other metropolitan centres, have led to mounting pressures to reduce upfront commitments on the ground that a "*percentage of something is better than a percentage of nowt*".

They have been reflected in public policy responses, including, notably, the October 2024 joint government-Mayor of London emergency housebuilding package (for our response to the consultation on that package and how - given the implosion of the private speculative model in London - it can be made more effective both short-term and the medium terms, see [our consultation response](#) to that.

A concerted and focused developer lobby not only has campaigned for reductions in upfront AHO commitments, but for them to be made open-ended, rather than time-limited, and be accompanied by the lift of all future late viability reviews.

This combination would, of course, provide an open cheque for developers during the next housing market upswing related to the wider economic cycle, to make supranormal profits and a significant loss of affordable housing supply contrary to the government's manifesto commitment to strengthen (rather than weaken) the affordable housing obligation process and outcomes.

In that light, we would support the introduction and development of a systematic approach to growth testing, *where it has not been possible to secure compliant upfront AHO commitments.*

Its introduction would provide an opportunity to develop a standardised methodology understood and applied consistently by both developers and councils.

This requires broader but coordinated changes to *PM12, DM5 and GB8, as well as to this Annex B*, as they need to ‘bind together’ consistently.

At present, however, they are currently ‘in the air’, as per our responses to *Questions 55, 60, 65, and 144*, as well as to *Questions 202 and 212*.

However, at a practical level, a tendency for future growth assumptions to be subject to pessimism bias might be expected and thus undershoot; conversely an optimistic bias is likely to lead to later pressures to renegotiate down commitments made down.

Forecasting future macro-economic and housing market outcomes is inherently uncertain.

That is a possible consideration in favour of making retrospective multi-phase late reviews more consistent and effective in operation as an alternative approach to proactive growth testing, despite our strategic and overarching preference for commitments to be made upfront on a more nationally consistent basis.

On balance, we cautiously support the introduction of growth testing as proposed taking regard of the above considerations and cavils.

#### Question 201

**Would you support the optional use of growth testing for regeneration schemes? Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree. a) Please explain your answer.**

*Partly agree.*

As per our response to *Question 200* above, noting, if growth testing is made optional for such defined schemes, developers could resort to gaming to define strategic multi-phase schemes as ‘regeneration’ to avoid its application.

If extending growth testing to regeneration schemes could undermine their introduction across strategic multi-phase schemes focused on housing supply, an argument can be made to exclude them.

Such exclusion requires clear understanding and definition of their differentiation from broader housing schemes.

## **Developer returns: Expectations**

*Viability Planning Practice Guidance* states ‘an assumption of 15-20% of gross development value may be considered a suitable return to developers in order to establish the viability of plan policies’ and that plan-makers ‘may choose to apply alternative figures where there is evidence to support this.’

The government is interested in the merits of providing greater specificity than the existing range to increase certainty and speed in the system.

Local planning authorities would still be able to justify different figures in plan-making where they have evidence to support this, as they are able to do currently.

As part of this, the government is interested in the merits of providing greater specificity where a lower figure than the existing 15-20% range may be appropriate and justified.

For example, 6% of gross development value is generally used for affordable housing tenures other than Discount Market Sale and First Homes.

Other cases may include residential investments that have an entirely different economic model (recovering investment over the course of years of rental yield, rather than upon sale), or for sites de-risked by public sector investment, where we note that the Planning Practice Guidance already says that ‘potential risk is accounted for in the assumed return for developers at the plan-making stage.’

As we seek increased clarity on expected developer contributions at plan-making stage, it may be appropriate for plan-makers to reflect more specifically the relative degree of risk and bespoke economic models when setting expected developer returns for sites.

### Question 202

**Do you agree greater specificity, including single figures, which local planning authorities could choose to diverge from where there is evidence for doing so, would improve speed and certainty? Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree. a) Please explain your answer. If you agree, the government welcomes views on the appropriate figure – for example, whether 17.5% would be an appropriate reflection of the industry standard for most market for sale housing.**

*Partly agree.*

Ample evidence exists that developers are prone to pessimism bias when inputting into Financial Viability Appraisals (FVAs).

Section Two of the recent Shelter [Build up not trickle down](#) report, summarized in its *figure two*, provides case studies of developers endemically overpaying for land above its BLV and over inflating construction, financing, and other costs causing schemes to be defined unviable leading to a loss of affordable housing provision, a conclusion supported by other work, such as the March 2025 [evidence](#) that the GLA submitted to the Housing, Communities and Local Government Select Committee Inquiry into Land Value Capture.

Profit returns of 17.5% and above relative to GDVs set as a standard expectation on speculative market sales is a symptom of a badly functioning market subject to multiple interlocking market failures.

The strategic aim must be to reduce such expected rates of return – lowering it from 20% to 10%, as an average, would all other things remaining the same, reduce the sale price of a currently priced £270,000 house by over £25,000: a significant improvement in affordability allowing consequent improved access into affordable sustainable home ownership; the resulting increased demand should also increase developer supply volume, revenue, and total profit as their business models shift to volume rather than margin maximisation.

Such a shift requires both the systematic derisking of the current speculative private model and greater effective competition within the housebuilding industry. This needs to be part of the wider shift to a partial public-led contracting model, including making the Section 106 process more transparent, certain and effective (see *Appendix One*) that *Appendix Two* outlines.

It, of course, will take time, and will need to overcome public capacity and coordination and sustainable funding challenges but the direction of travel needs to be clearly set and communicated by government to allow developers to begin the process of resetting their business models, consistent with the government escaping the horns of dilemma that we identified in the *background or introductory comments* of our response.

In the short term, making the FVA tighter to redress identified pessimism bias, yet more consistent and certain, incorporating process segmentation within it, and increasing the proportion of pre-sold, including affordable housing units, is and would be, in our assessment, more important than using a single specific figure (see our response to *Questions 203 and 212* below).

Site heterogeneity and variability militate against such specificity.

A tendency for a specific figure to become a minimum floor level, regardless of individual scheme circumstances, is also a risk.

### Question 203

**Are there any site types, tenures, or development models to which alternative, lower figures to 15-20% of Gross Development Value might reasonably apply? a) Please explain your answer. The government is particularly interested in views on whether clarifying an appropriate profit of 6% on Gross Development Value for affordable housing tenures would make viability assessments more transparent and speed up decision-making.**

*Strongly agree.*

On large sites, say 500 or more dwellings, the aim accordant with the shift towards a partial public-led contracting model should be for pre-sold affordable housing units requiring a construction risk rather than speculative return of around six per cent, to approach 50 per cent of scheme dwellings.

### Question 204

**Are there further ways the government can bring greater specificity and certainty over profit expectations across landowners, site promoters and developers such that the system provides for the level of profit necessary for development to proceed, reducing the need for subjective expectations? a) Please explain your answer.**

Securing greater specificity and certainty across landowners, site promoters and developers is fundamental and integral to the achievement of the government's objectives.

As per our responses to *Questions 202*, Such a shift requires both the systematic derisking of the current speculative private model and greater effective competition within the housebuilding industry. This needs to be part of the wider shift to a partial public-led contracting model, including making the Section 106 process more transparent, certain and effective (see *Appendix One*) that *Appendix Two* outlines.

It, of course, will take time, and will need to overcome public capacity and coordination and sustainable funding challenges but the direction of travel needs to be clearly set and communicated by government to allow developers to begin the process of resetting their business models, consistent with the government escaping the horns of dilemma that we identified in the *background or introductory comments* of our response.

In the short term, making the FVA process tighter to redress identified pessimism bias, yet more consistent and certain, incorporating process segmentation within it, and increasing the proportion of pre-sold, including affordable housing units, is and would be, in our assessment, more important than using a single specific figure (see our response to *Questions 144 and 203* above and 212 below).

### **Developer returns: Alternative metrics**

The government is aware that some developers and surveyors sometime use metrics other than profit on gross development value (for example the Internal Rate or Return or Return on Capital Employed) to assess investments.

Alternative metrics may provide a more effective measure of cash flow in certain contexts, given their ability to manage return over longer periods of time. Conversely, however, they may also be more volatile than percentage of Gross Development Value.

The government is interested in views on whether supplying guidance on additional metrics would support timely housing delivery, and the goal of securing plan policy compliance where this is possible.

#### Question 205

**Existing Viability Planning Practice Guidance refers to developer return in terms of a percentage of gross development value. In what ways might the continued use of gross development value be usefully standardised?**

See our responses to *Questions 202 and 212*.

#### Question 206

**Do you agree there are circumstances in which metrics other than profit on gross development value would support more or faster housing delivery, or help to maximise compliance with plan policy? Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree. a) Please explain your answer.**

*Partly agree.*

We are not sure that profit on gross development value is a plan-making in contrast to a FVA metric.

Speedier build out we would suggest is a more relevant plan-making metric. See our response to *Question 202*.

#### Question 207

**Are there types of development on which metrics other than profit on gross development value should be routinely accepted as a measure of return e.g. strategic sites large multi-phased schemes, or build to rent schemes? a) Please explain your answer.**

Securing greater specificity and certainty across landowners, site promoters and developers is fundamental and integral to the achievement of the government's objectives.

As per our responses to *Question 202*, such a shift requires both the systematic derisking of the current speculative private model and greater effective competition within the housebuilding industry. This needs to be part of the wider shift to a partial public-led contracting model, including making the Section 106 process more transparent, certain and effective (see *Appendix One*) that *Appendix Two* outlines.

It, of course, will take time, and will need to overcome public capacity and coordination and sustainable funding challenges but the direction of travel needs to be clearly set and communicated by government to allow developers to begin the process of resetting their business models, consistent with the government escaping the horns of dilemma that we identified in the *background or introductory comments* of our response.

In the short term, making the FVA process tighter to redress identified pessimism bias, yet more consistent and certain, incorporating process segmentation within it, and increasing the proportion of pre-sold, including affordable housing units, is and would be, in our assessment, more important than using a single specific figure (see our response to *Questions 203* above and 212 below).

With respect to the specific question, diverging from a standard profit on gross development value FVA metric risks running counter to the aims of greater consistency and certainty within the process.

Although some practitioners consider internal rate of return is a more appropriate metric for Build-to-Rent (BtR), for instance, than GDV, others point out it is more complex and uncertain leading to greater outcome uncertainty.

Our view is that more important for the future viability of BtR schemes, apart from their cost of capital, is for their development costs to be reduced by omission of extras such as concierges, resident gyms and lounges, and the such like, that generate high service charges unaffordable for most moderate and mid-income residents and that the sector need to be nudged to migrate down to cater better to that sustainable segment of the market.

#### Question 208

**Do you agree that guidance should be updated to reflect the fact a premium may not be required in all circumstances? Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree. a) In what circumstances might a**

**premium, or the usual premium, not be required? b) What impact (if any) would you foresee if this change were made?**

*Partly agree.*

We are not sure of the circumstances when no premium is required, save for, perhaps, voluntary action by a landowner motivated by social rather than financial considerations.

What is important and vital is that premiums are reasonable in terms of being consistent with affordable housing objectives helped by a more certain and consistent FVA process.

That requires process segmentation and other changes touched on to responses to *Questions 144 and 212.*

### **Benchmark Land Values: Alternative use value**

Current Planning Practice Guidance sets out the scenarios whereby alternative use value of the land may be informative in establishing benchmark land value. It is also clear this should be limited to those uses which would fully comply with up-to-date development plan policies, including any policy requirements for contributions towards affordable housing.

The government is aware of cases of extant planning consents for an alternative use potentially driving up land values, despite, for example, market demand lapsing. In such cases, there is a risk of contributions being negotiated down on the basis of an inflated land value, despite there no longer being any realistic prospect of the land commanding the alternative use value in practice.

It therefore seeks views on whether guidance should set out any specific cases in which alternative use value would not be appropriate.

The government's intended effect would be for plan-makers to continue to be able to refer to alternative use values where these may be informative, whilst being able to disregard them where they do not have a bearing on real-world land transactions.

Question 209

**Do you agree that extant consents should not be assumed to be sufficient proof of alternative use value, unless other provisions relating to set out in plans are met? Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree. a) Please explain your answer.**

*Strongly agree because of the reasons the consultation document sets out above.*

### Question 210

**If extant consents were not to be assumed as sufficient proof of alternative use value, should this be at the discretion of the decision-maker, or should another metric (e.g. period of time since consent granted) be used? Decision maker discretion / Another metric / Neither a) If another metric, please set out your preferred approach and rationale.**

#### **Benchmark land values: Market evidence**

Existing Planning Practice Guidance sets out that market evidence can be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. It adds that evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan.

Where this evidence is not available plan-makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance.

This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.

Whilst the government recognises that market evidence may be useful as a cross check of benchmark land value, historic benchmark land values of non-policy compliant developments should not be used to inflate values over time.

Noting the government's commitment to securing appropriate affordable housing and infrastructure to support new development, it welcomes views on the efficacy of existing Planning Practice Guidance in managing this risk.

### Question 211

**What further steps should the government take to ensure non-policy compliant schemes are not used to inform the determination of benchmark land values in the viability assessments that underpin plan-making?**

See our responses to *Questions 144, 202, and 212* below.

#### **Residual land value cross-check**

The residual land value represents the amount remaining after deducting all development costs – including construction, fees, finance, planning obligations, and developer return – from the gross development value of the completed scheme. This residual figure may then be compared against a benchmark land value to assess viability.

The government is aware of cases where viability assessments have reported very low or even negative residual land values, despite market data showing considerably higher prices were paid for those sites.

In such cases, there is an inconsistency between low or negative residual land values, which can suggest a scheme might not be viable, and a high price paid for land, which might imply that developers judge a scheme to be profitable.

Nonetheless, the (government) also acknowledges that there are occasions when low or negative residual land values might be expected, for example when a given scheme forms part of a wider project (e.g. accompanied by an enabling development).

The consultation document therefore proposes to encourage decision-makers to aid their analysis of viability assessments by cross-checking the residual land values of the scheme in question with residual land values for comparable schemes; to help to set the viability assessment in context.

It seeks views on how this cross-checking tool might aid the interrogation of viability assessments submitted alongside a development proposal, as well as any unforeseen risks.

#### Question 212

**Do you agree that the residual land value of the development proposal should be cross-checked with the residual land values of comparable schemes; to help set the viability assessment in context. Strongly agree, partly agree, neither agree nor disagree, partly disagree, strongly disagree. a) Please explain your answer.**

*Partly agree.*

As per our response to *Question 202*, the residual land value calculation, when developer past practice in inputting pessimistic variables (commercially understandable and rational) does mean that FVA's can and have lied.

That pessimism bias provides the justification for late stage reviews to pick up on actuals in cases where assessed unviability (based on assumed inputs) led to the dilution of planning requirements.

Far better to embed land values as close as possible to existing value at the beginning, which is likely, as a general rule, to be more straightforward on green/grey compared to brownfield sites.

EUV-plus in that context means what should be paid to the landowner relative to the existing land value, and should not be adjusted to reflect planning and development risk (process segmentation), which landowners do not need to take on as per our response to Question .

The NPPF provides for greater certainty regarding planning treatment of GB applications and already several applications accordant with the golden rules, including 50% affordable housing provision, have already been approved.

## **Appendix One: Problems and Issues Connected to Section 106 Affordable Housing Obligations (AHOs).**

- obligations are mostly attached to major housing schemes that many authorities only infrequently face and progress, causing problems related to LPA lack of experience and capacity in dealing with such applications;
- the complexity of such large-scale schemes and lack of policy certainty on contribution amounts and rates can result in protracted negotiations that consume much local authority and developer time and other resources, to the especial detriment of small and medium housebuilder enterprises (SMEs);
- asymmetries in negotiating expertise exist between the two parties, leading to unsatisfactory public policy outcomes related to above, for example in [this Southwark case example](#);
- a site- and locally negotiable system, rather than one subject to certain requirements known in advance, means that both local authorities and developers are not always aware of the level of planning contributions that might reasonably be expected from a given development, resulting in obligations varying between areas and applications that are otherwise substantially similar;
- besides such local discretion in treatment, such variation is an inevitable by-product of a process sensitive to changes in market conditions (a rising or falling housing market impinges on development values and developer profits and hence perceived, claimed, or actual scheme viability) that can also result in substantial downward negation or revision of previously agreed negotiations as, for instance, occurred in the wake of the GFC that continued well into the next decade despite improving market conditions, a risk especially relevant to the package proposed by the 2025 London Housing Housebuilding Support package;
- affordable housing levels achieved on a site-by-site and LPA level can therefore diverge markedly from published local policy requirements, leading developers to assume less than policy compliant levels of affordable housing when bidding for land, resulting in higher land prices and development costs, generating a self-fulfilling circular process that can become embedded and entrenched;
- a stated headline affordable policy requirement – say 35% – in any case can cover a range of compositional permutations of social rented and intermediate tenure options that vary in value to the LPA and in cost to the developer, both over time and between LPA's;

- evidence, including this [Building together better](#) review and practice note published by the G15 group of the largest housing associations (RPs), shows that in some areas and instances the current AHO process has become broken, where developers complain that they cannot find buyers and RPs complain that they are offered dwellings that are often unsuitable in type and location for their needs and/or are overpriced and unaffordable, with the clearing house system announced by the government in 2025 seemingly having only a limited partial positive impact relative to the scale of the problem.
- associated problems of lack of process transparency;
- other potential sources of contribution, including commercial and smaller developments, are left untapped;
- S106 scheme contributions towards community infrastructure and/or site mitigation can be meshed more to stakeholder budgetary imperatives rather than to local needs;
- possible tendency of some local authorities to misuse Section 106 to delay or discourage development, by asking for unreasonably onerous levels of developer contributions;
- possible generation of perverse incentives in favour of high-density housing schemes deemed most likely to maximise contributions and to protect developer profit levels, thus risking over-development or sub-optimal social outcomes, such as compressed space and other standards;
- long time lags between the negotiation, the agreement, and the receipt of contributions;
- inadequate monitoring of the delivery of originally negotiated obligations, whether due to their renegotiation, to changes to planning applications or their non-progression in full or part, or to simple shortfall when the development takes place, can result in LPAs not getting the full benefit of contractually committed obligations, as identified by a May 2022 [audit of affordable housing delivery](#). There is little or no reason to suppose that a similar problem does not exist across other such authorities.

## **Appendix Two: 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.