



THE IMPLICATIONS OF THE NEW NPPF for housing delivery by applicants and Local Authorities in England

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BACKGROUND

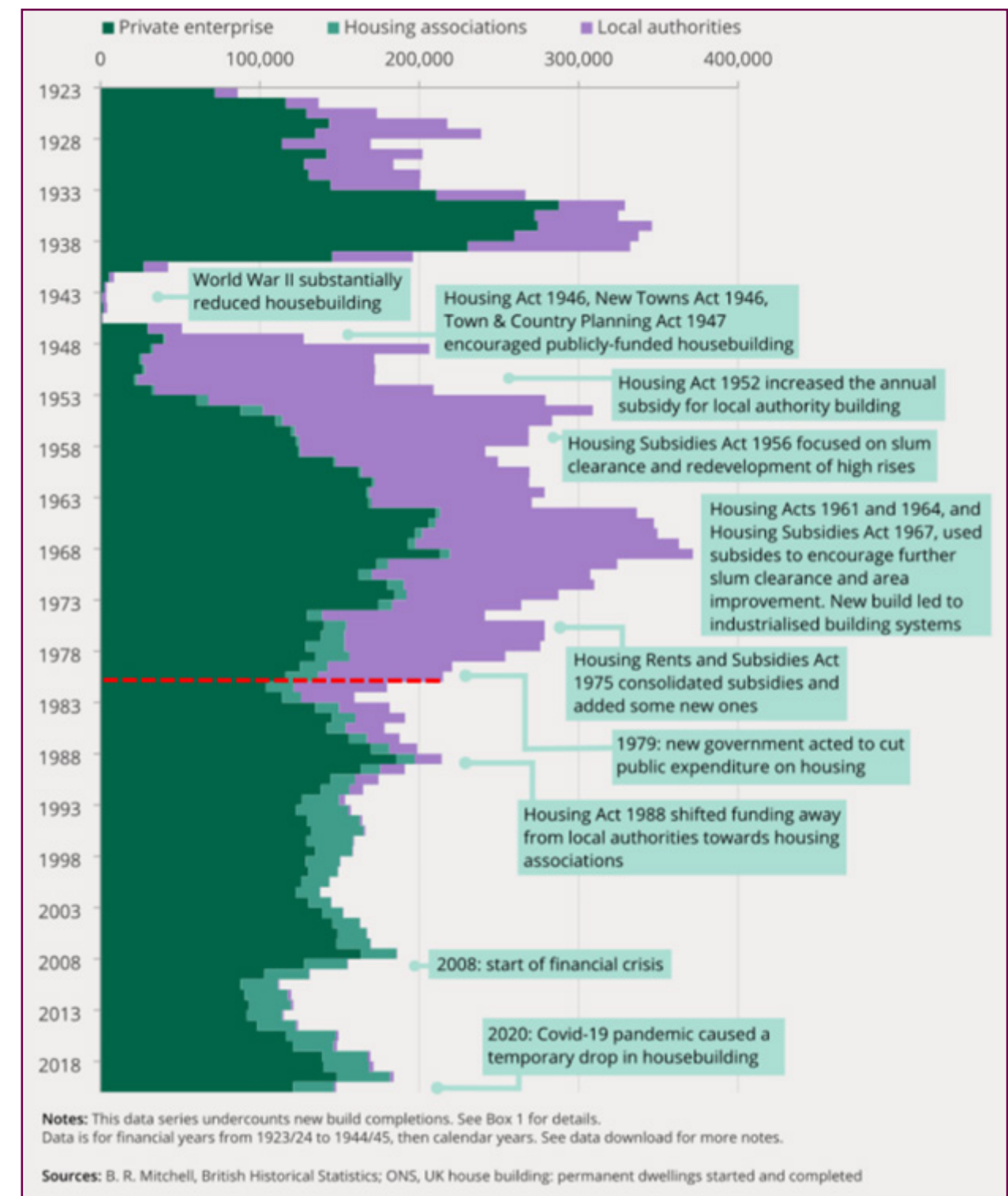
The UK's housing crisis is one of the most pressing challenges facing the Government and our ability to address it has far-reaching implications for the quality of life of future generations and the long-term sustainability of the economy. Whilst urban areas are under the greatest pressure for new homes, given their large concentrations of jobs and services, rural areas also need new homes to ensure services in small villages and towns can continue to be fulfilled.

England's need for housing has become especially acute for the following reasons¹:

- England's population is set to increase to more than **60 million** people by 2045, an increase of nearly **4 million** compared with the 2021 Census figures.
- Between 2002 and 2022, the median house price in England has increased from **4.92** times larger than the median salary to **8.28** times larger than the median salary. In London, this disparity has reached a substantially higher magnitude, with the median house price **13.3** times higher than the median salary.
- The number of young adults living with their parents has increased from **2.4 million** (in 2002) to **3.4 million** (in 2022), with many young adults unable to afford to buy homes in their local communities.
- As of 2021/22, **3.5 million** homes in England are in a 'non-decent' condition, being hazardous to occupants and having negative impacts to health and wellbeing, whilst **732,000** households are considered to be living in overcrowded homes.

Planning reform is the Government's key instrument to addressing the housing crisis. Since the Autumn Budget of 2017, the Conservative Party has pledged to deliver **300,000** net additional homes per year by the mid-2020s². This target was a retained aspiration within Michael Gove's Written Ministerial Statement which he delivered alongside the release of the latest National Planning Policy Framework (NPPF) on 19th December 2023. The annual **300,000** figure represents a challenging scale of delivery which has not been seen in Britain since the late 1960s/early 1970s. Delivery further reduced following the introduction of the 'Right to Buy' scheme in 1980 which resulted in the transference of much of Britain's Local Authority owned housing into private ownership. Whilst delivery has increased in recent years, the rate remains significantly below the target. As it stands, in both 2021-22 and 2022-23, net additions of dwellings in England amounted to just ~**234,000** per annum³.

House building by type of developer, England & Wales, 1923 – 2020



Red dashed line indicates the introduction of Right to Buy in 1980

Source: B. R. Mitchell, British Historical Statistics, ONS
(<https://researchbriefings.files.parliament.uk/documents/CBP-7671/CBP-7671.pdf>)

The figures cited in this graph are based upon the Government's quarterly series housebuilding data, which is acknowledged by DLUHC as being a 'leading indicator' of the trend in supply, but which excludes conversions, changes of use, demolitions, and other stock changes from its figures, as well as a proportion of new builds, thereby undercounting completions.



Whilst the **300,000** target has remained a constant, the Government’s approach to unlocking this scale of delivery has existed in a state of uncertainty for a long period of time. A key milestone in the reform process was the introduction to Parliament of the Levelling Up and Regeneration Bill (LURB) in May 2022. The LURB, which became an Act in October 2023, proposed several reforms intended to level up the country, to empower communities, regenerate towns and cities and, critically, enable the delivery of more homes. The LURB’s headline reforms included the following proposals:

- National housing targets will be changed to advisory.
- Local Planning Authorities will no longer need to maintain a rolling five-year supply of land for housing, providing local plans are up to date.
- Green belt protections will be strengthened, and brownfield land will be prioritised for development.
- The delivery of high-quality design and beautiful places will be emphasised.

These reforms, alongside similar proposals within the Draft NPPF of December 2022, signalled a substantial shift in national planning policy to come and led many Local Authorities to anticipate that national policy would soon enable their Local Plans to become less oriented towards housing delivery. Accordingly, since May 2022, 64 Local Planning Authorities (LPAs) paused their Local Plan Review, and in instances where progress has resumed, four LPAs have done so with a reduced housing requirement relative to an earlier stage⁴. This reduction has also been seen for two LPAs (Bristol and Wiltshire) that have not paused their Local Plan Review.

This situation has now been resolved in the publishing of the latest version of the NPPF on 20th December 2023. The document provides long awaited confirmation of how the LURB’s proposed reforms have translated to specific policy interventions. Whilst some of the interventions promote housing delivery to a greater extent than before, some could also enable LPAs to reduce housing delivery, despite the Framework’s intentions.



SUMMARY OF KEY CHANGES

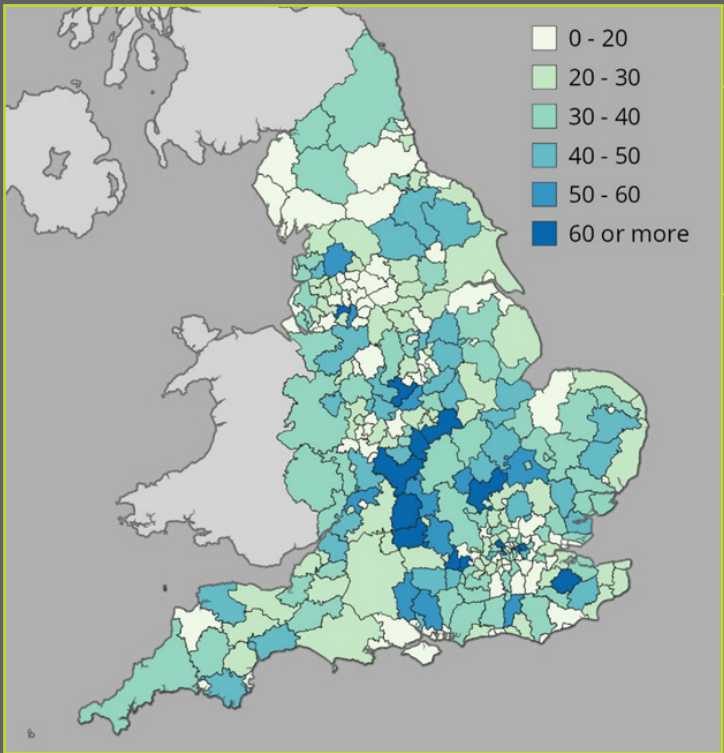
Housing targets and housing land supply

Overall, the new NPPF provides a mixed bag of policy changes.

A clear positive purpose of the revised Framework is to encourage LPAs to progress plan-making, with incentives incorporated for this, most notably through the removal of a requirement to demonstrate a five-year housing land supply (where a local plan which delivered a five-year housing land supply at the point of adoption is less than five years old)⁵ and an explicit reference to housing targets being an ‘advisory starting point’⁶. These changes will help to ease resourcing burdens for LPAs by removing the need to continually monitor housing land supply throughout a plan period. For instance, these changes have already resulted in **40%** of Councils which were required to maintain a five-year housing land supply prior to the publishing of the revised Framework now no longer needing to meet this⁷.

The changes relating to housing land supply have also been promoted by the Government as a means of enabling better protection for LPAs against speculative development.

As a counterpoint to this second benefit, a risk of this policy change is that it could enable the reduction of housing delivery in certain LPAs. At present, where housing delivery is demonstrated as insufficient, rolling housing land supply statistics provide an impetus for applicants and LPAs to justify additional housing, particularly in locations where they would be inappropriate amid a more successful climate of housing delivery. The loss of the requirement to keep track of the success (or lack thereof) of housing delivery over a plan period could remove the ability for such essential housing delivery to be justified until an LPA’s Local Plan is of a significant age (five years). The newly explicit ‘advisory’ status for housing targets and the provision for Green Belt boundaries to not be reviewed further embeds these risks. There is a concern that some LPAs may choose to pursue diminished housing growth on the basis of these revised policies; particularly as a number of LPAs which previously paused their plan-making or reduced their housing requirement in anticipation of such an opportunity.



New housing supply by local authority

Three-year net supply (2019/20 to 2021/22) per 1,000 resident households in 2019

Source: House of Commons Library, DLUHC (<https://researchbriefings.files.parliament.uk/documents/CBP-7671/CBP-7671.pdf>)

GREEN BELT AND HOUSING DELIVERY UPLIFT FOR THE LARGEST URBAN AREAS

The new Framework enables LPAs to choose not to review their Green Belt boundaries⁸ and this presents risks for housing delivery in locations where housing pressures are often at their most acute – in urban-rural hinterlands. This could benefit LPAs by reducing their resource burden, but it's unclear how the 'duty to co-operate' will be resolved in scenarios where city LPAs and neighbouring authorities for that city's commuter belt have differing priorities regarding their choice to undergo a Green Belt review.

Consistent with the new Framework's explicit reference to a **35%** uplift in housing targets being applicable to the biggest urban areas,

alongside a confirmation that this uplift should be accommodated within those urban areas except where there are voluntary cross boundary redistribution agreements in place⁹, it may be that cities will need to rely on meeting their needs within their own urban boundaries more so than previously, and this could have significant implications for the density and pressures on infrastructure within our cities. The establishment of a regional planning instrument, to oversee the delivery of the 'duty to co-operate' and to mediate the delivery of housing across a region in a balanced way, could serve as a beneficial tool for future consideration that could mitigate the associated risks.

DESIGN AND BEAUTY

The new Framework's stronger focus on the delivery of high-quality and 'beautiful' design is welcome, particularly given the risks for design quality to become a cursory consideration as volume of delivery becomes increasingly important. In relation to density, a key change of the Framework seeks to centralise its authority in prescribing, for all LPAs, the creation of a borough wide design code to enable design-based decision making to be more clearly justified in policy¹⁰. This is a welcome provision which should improve the consistency of design-based decision making in the long-term, but which has the risk of presenting difficult resourcing trade-offs for under-resourced LPAs in the short-term.

Linked to this, the new Framework also establishes a policy that guides the judging of impact to character and appearance associated with developments in existing urban areas, stating that the "average density of residential development may be inappropriate if the resulting built form would be wholly out of character with the existing area"¹¹.

The use of 'may' rather than 'must', and 'wholly' rather than 'significantly' (as it was worded within the consultation draft), establishes a higher bar for LPAs to resist developments in existing urban areas on grounds of character and density and is therefore consistent with the Framework's other changes which seek for existing urban areas to see the biggest uptick in housing delivery to meet England's needs. It is of interest that the Written Ministerial Statement accompanying the new Framework's release included a desire that "the overturning of a recommendation made by a professional and specialist officer should be rare and infrequent", which clearly indicates a desire for streamlining of the planning system in this regard¹².

COMMUNITY LED AND OLDER PEOPLE'S HOUSING

The new Framework now refers to and assigns special status to community led housing. Specifically, the Framework supports community led development on rural exception sites that would not otherwise be suitable for housing, even where that scheme is part comprised of market housing¹³.

Furthermore, the new Framework assigns greater importance to the delivery of housing for older people. For the first time, the Framework now expands on what is meant by such housing, specifically defining it to include retirement housing, housing-with-care, and care homes¹⁴. This is consistent with the identification of this type of tenure as being in critical need within Planning Practice Guidance¹⁵.



CONCLUDING THOUGHTS:

1

Overall, the revised NPPF has a set of well-intentioned aims which may succeed at empowering LPAs to increase their housing delivery. However, some of the provisions within the new Framework may have mixed outcomes in practice. In particular, there are risks that the Framework's revisions could result in mixed incentives for LPAs. For instance, while it's positive that plan-making is clearly being encouraged, the specific series of incentives have been set up in a way which provides the autonomy for LPAs to choose to deliver less housing, especially for authorities which are largely comprised of Green Belt, where the review of such land for meeting housing needs is no longer mandated. On the other hand, it is possible that the explicit promotion of the 'advisory' nature of housing targets will benefit authorities which have a strong track record for delivery and could seek to reset targets according to highly ambitious locally devised benchmarks. This is particularly possible if the five-year housing land supply methodology becomes less relevant as a consideration in light of these policy shifts.

2

The new wording in relation to judging planning harm in character and appearance terms and for such harm to be justified through a more policy embedded approach as established through an authority wide design code is a positive change, which has the potential to be effective even if it could prove challenging and resource intensive for LPAs in the shorter term.

3

The new Framework's increased emphasis on the importance of delivering older people's housing to account for England's increased life expectancies is a positive change. Similarly, the choice to assign greater support for community-led housing is welcome and could be particularly beneficial in incentivising the delivery of new housing in rural locations with active community and neighbourhood associations.

4

Accordingly, it remains to be seen if the NPPF's latest changes deliver the much-needed policy reform that would unlock the delivery of **300,000** homes per year in England, particularly as there is scope for the changes to enable LPAs to reduce such delivery. It is hoped that this effect will be limited, and it is acknowledged that Michael Gove has outlined that he will intervene in LPAs where "the expectations for the planning system are not met"¹⁶. Nonetheless, applicants, particularly those looking to build on Green Belt, could face more limited scope to justify their developments based on unfulfilled housing need because of this and may instead need to look to deliver more constrained development opportunities within brownfield locations.

5

Whilst the new Framework provides clarity for the immediate route forward, given that we are now into an election year and polling generally indicates a likelihood of there being a change in Government, the longevity of the new Framework's provisions are already in question. In particular, the Labour Party, were it to come to power, has indicated that it would seek to "bulldoze" restrictive planning rules, including those relating to Green Belt protection, to boost housebuilding in England¹⁷ meaning that LPAs could reasonably expect further, more significant overhauls of national planning policy in the relatively short-term future. As such, despite the release of this new Framework, it could be said that the Government's approach to unlocking accelerated housing delivery continues to exist in a state of uncertainty.

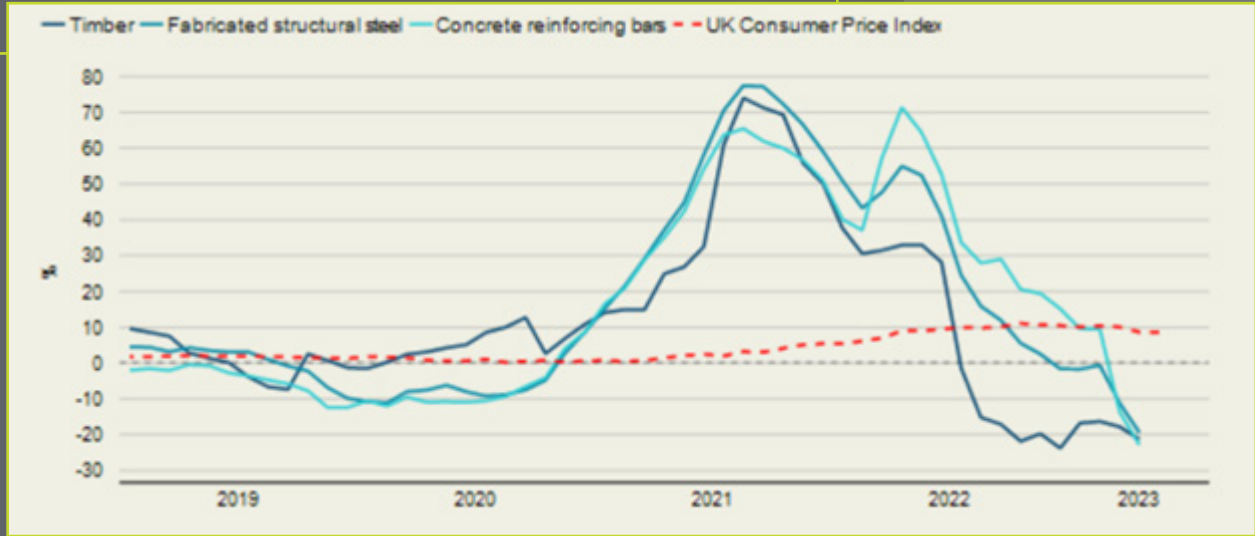
In the longer term, a paradigm shift within the industry may be needed to meaningfully unlock housing growth for England. As remarked at the beginning of this briefing note, the transfer of a large part of the housing sector from the public to the private sector, as was established through the 'Right to Buy' policy of 1980, has slowed housing delivery; whilst rates of growth have increased to an extent, the previous scale of house building (**352,540** homes were built in 1968, representing the country's housebuilding peak¹⁸) has not recovered since.

This has resulted in housing growth becoming increasingly market led and for housing to have increasingly acquired a dual purpose as both a place to live in and an asset to invest in. As a result, the scarcity of housing has become both a benefit and a drawback to different cohorts of our society. Additional barriers have emerged over time, including the 2008 recession, disruption associated with Brexit and post Covid-19 inflationary pressures which led to an extraordinary rise in construction costs. Collectively, these factors have created volatile market conditions and stifled housing delivery.

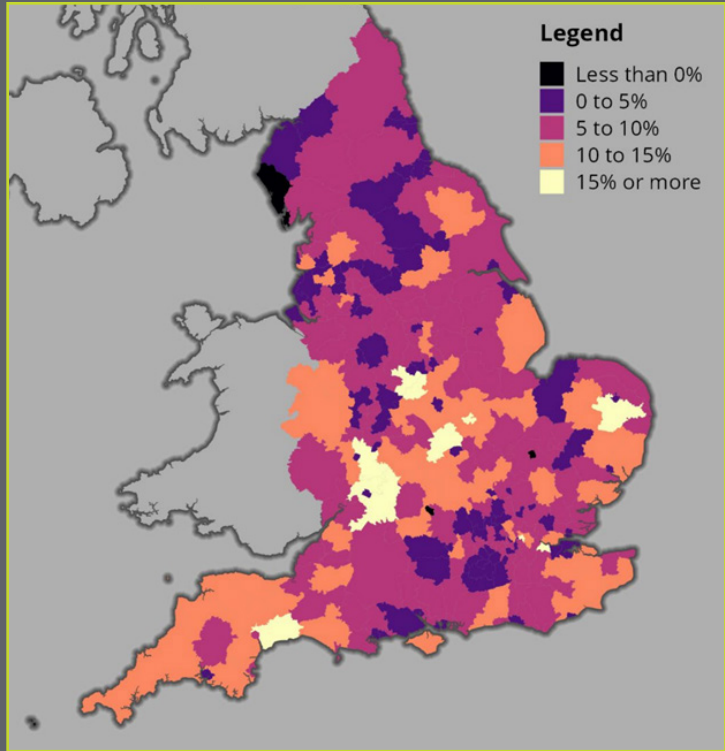
To remove these barriers and to prevent the increasing commodification of housing, an antidote to the 'Right to Buy' policy, potentially in the form of an expanded role for Local Authorities as housebuilders, or an extensive scheme of subsidy for the delivery of housing, may become necessary measures in the long run. Such measures could enable the delivery of a sustainable supply of homes that will meet England's needs.

Construction material prices vs core rate of Inflation

12-month percentage change



Source: Knight Frank, Department for Business and Trade (2023)
(<https://www.knightfrank.com/research/article/2023-06-29-what-is-happening-to-build-and-labour-costs>)



Projected household growth by local authority

% change, 2018-2028

Source: ONS (2022)
(<https://researchbriefings.files.parliament.uk/documents/CBP-7671/CBP-7671.pdf>)

REFERENCES

¹ Homes England, Fact Sheet 1. The need for Homes, November 2023

²<https://www.gov.uk/government/speeches/autumn-budget-2017-philip-hammonds-speech>

³ Graph showing housing delivery in recent years

⁴<https://www.hbf.co.uk/policy/planning-policy/delayed-local-plans/>

⁵ NPPF, December 2023 – Paragraph 76

⁶ NPPF, December 2023 – Paragraph 61

⁷https://www.planningresource.co.uk/article/1851613/gove-frees-40-councils-requirement-maintain-five-year-supply-land-housebuilding?utm_medium=EMAIL&utm_campaign=promotion&utm_source=20240105&utm_content=240105AB03&spMailingID=28957415&spUserID=OTAYNDQ2NjU3MzY3S0&spJobID=2620284397&spReportId=MjYyMDI4NDM5NwS2

⁸ NPPF, December 2023 – Paragraph 145

⁹ NPPF, December 2023 – Paragraph 62

¹⁰ NPPF, December 2023 – Paragraph 130 and 133

¹¹ NPPF, December 2023 – Paragraph 130

¹² Michael Gove's Written Ministerial Statement, 19th December 2023

¹³ NPPF, December 2023 – Paragraphs 66 and 73

¹⁴ NPPF, December 2023 – Paragraph 63

¹⁵ Planning Practice Guidance, Housing for Older and Disabled People, June 2019

¹⁶ Michael Gove's Written Ministerial Statement, 19th December 2023

¹⁷ <https://www.bbc.co.uk/news/uk-politics-67880324>

¹⁸ Homes England, Fact Sheet 1. The Need for Homes, November 2023

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