

Press release: PM speech on housing to set out changes to planning rules

Theresa May will today [5 March 2018] warn developers who are too slow to build houses that their past record could count against them when they bid for new planning permissions.

The Prime Minister will also highlight the “perverse incentive” in the bonus structure of some house builders which does not encourage them to build homes that are affordable.

In a speech in London, the PM will say the government is “rewriting the rules on planning” to help developers and local authorities build more properties – restoring the dream of home ownership.

The new planning rules will make the system fairer and more effective by streamlining the process, cutting red tape and ending barriers to building.

While progress has been made in building more homes – over 217,000 new homes were built last year – the PM will say “for decades this country has failed to build enough of the right homes in the right places”.

Speaking at a national planning conference in London, the Prime Minister is expected to say that we “cannot bring about the kind of society I want to see, unless we tackle one of the biggest barriers to social mobility we face today: the national housing crisis.”

She will say “in much of the country, housing is so unaffordable that millions of people who would reasonably expect to buy their own home are unable to do so” and the “failure to match demand with supply really began to push prices upwards”, and “higher prices brought with them higher rents”.

“The result is a vicious circle from which most people can only escape with help from the Bank of Mum and Dad. If you’re not lucky enough to have such support, the door to home ownership is all too often locked and barred.”

She will go on to say:

I still vividly remember the first home I shared with my husband, Philip. Not only our pictures on the walls and our books on the shelves, but the security that came from knowing we couldn’t be asked to move on at short notice.

And because we had that security, because we had a place to go back to, it was that much easier to play an active role in our community. To share in the common purpose of a free society.

That is what this country should be about – not just having a roof over your head but having a stake in your community and its future.

The Prime Minister will warn that “the gap between permissions granted and homes built is still too large.”

She will say that, when used incorrectly, planning rules can create barriers to building, tying up councils in red tape and allowing some developers to game the system. Once planning permission is granted, a variety of factors can slow down delivery and the Oliver Letwin Review is looking at explaining the gap.

The PM will say:

this government is rewriting the rules on planning. With the major overhaul being published today, we’re giving councils and developers the backing they need to get more homes built more quickly...The reforms driven forward under our last Prime Minister led to a great and welcome increase in the number of planning permissions granted. But we did not see a corresponding rise in the number of homes being built.

The new rules will see around 80 of the proposals set out in the Housing White Paper implemented, including using land more efficiently, fast tracking planning permissions into homes, giving greater certainty to local authorities and putting local plans in place to give communities more control.

The Prime Minister will be clear that “it’s also time for builders and developers to step up and do their bit.”

She will say “the bonuses paid to the heads of some of our biggest developers are based not on the number of homes they build but on their profits or share price.”

In a market where lower supply equals higher prices that creates a perverse incentive, one that does not encourage them to build the homes we need.

The Prime Minister will highlight some areas where action could be taken, such as:

allowing councils to take a developer’s previous rate of build-out into account when deciding whether to grant planning permission. I want to see planning permissions going to people who are actually going to build houses, not just sit on land and watch its value rise. Where councils are allocating sufficient land for the homes people need, our new planning rulebook will stop developers building on large sites that aren’t allocated in the plan – something that’s not fair on residents who agree to a plan only to see it ignored.

She will continue “I expect developers to do their duty to Britain and build the homes our country needs.”

Along with developers, councils also need to ensure local communities are at the heart of the process and they know what infrastructure they will be getting and when. The PM will be clear developers and councils need to work together to meet their communities’ needs in a more joined up way.

The Prime Minister will urge councils to “do all they can to find sites, grant planning permissions and build homes” including through adopting a new nationwide standard that shows how many homes authorities need to plan for in their area.

She will say “our new rules will also see to it that the right infrastructure is in place to support such developments” and the planning changes will also allow more affordable homes prioritised for key workers, including nurses, teachers, and firefighters, and the PM is today enabling local authorities to prioritise these workers.

But the Prime Minister will also be clear that the “answer to our housing crisis does not lie in tearing up the Green Belt.”

She will announce that the government is maintaining existing strong protections, “so that authorities can only amend Green Belt boundaries if they can prove they have fully explored every other reasonable option for building the homes their community needs.” There will also be stronger protections for ancient woodlands and historic coastlines.

Only 10 per cent of England has been built on and only 13 per cent is covered by Green Belt – the purpose of which is to prevent urban sprawl. The PM will be clear that developers and local authorities must only allocate Green Belt sites for development for exceptional reasons. Should development have to go ahead it must first make use of brownfield sites, and where land is removed, they must create new spaces.

This major overhaul to the National Planning Policy Framework, the first in six years, will be launched today to provide a comprehensive approach for planners, developers and councils so they can build the homes this country needs.

The plans will be consulted on over the next 8 weeks – with a final version expected to be published in the summer.