

Ministry of Housing, Communities and Local Government

Made on: 13 March 2019

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[HCWS1408](#)

Planning update

Planning: independent report on build out rates and permitted development

At Autumn Budget 2017 the Government announced an independent review, chaired by Sir Oliver Letwin, to examine the significant gap between housing completions and the amount of land allocated or permissioned, and make recommendations for closing it. I sincerely thank Sir Oliver and his panel for their hard work over the 12 months that followed.

Sir Oliver's draft analysis, published in June 2018, took an in-depth look at the rate of housing delivery on a number of large sites in **high** pressure areas around the country. He concluded that the binding constraint on housebuilding rates once implementable planning permission had been granted was the 'absorption rate' – meaning that homes are built at the rate at which housebuilders believe they can be sold at their target prices. Importantly, the Review found no evidence that speculative land banking is part of the business model for major house builders. I note that there has been widespread acceptance of Sir Oliver's analysis across the sector and a consensus has emerged that it is the market absorption rate that determines the rate at which developers build out large sites.

Sir Oliver's final report, published alongside Autumn Budget last year, concluded that greater differentiation in the types, tenures and design of housing delivered on large sites would increase the market absorption rates of new homes.

I welcome Sir Oliver's support for greater emphasis on housing diversification within the planning system. The revised National Planning Policy Framework has already embedded a requirement for a greater mix of housing; it explicitly requires a mix of size, type and tenure of housing that reflects the diverse needs of local communities. My department is also committed to improving the design of new **development**. The purpose of the Building Better, Building Beautiful Commission is to tackle the challenge of poor quality design and build of homes and places, and I look forward to their final report later this year. My department also has a number of funding programmes specifically designed to support a more diversified housing market, such as the Home Building Fund.

As confirmed in **Spring Statement**, my department will shortly publish additional planning guidance on housing diversification – to further encourage large sites to support a diverse range of housing needs, and help them build out more quickly.

I note Sir Oliver's recommendations that authorities should further capture land value uplift by insisting on specific levels of greater housing diversification – and also note that many in the housing-building industry are sceptical of this approach. I agree with the principle that the costs of increased housing diversification should be funded through reductions in residual land values. The Government is committed to improving the effectiveness of the existing mechanisms of land value capture, making them more certain and transparent for all **developments**. My focus is on evolving the existing system of developer contributions to make them more transparent, efficient and accountable and my department is gathering evidence to explore the case for further reform.

I will keep the need for further interventions to support housing diversification and faster build out, including amendments to primary legislation, under review. My department will also work closely with Homes England to identify suitable sites and will look for opportunities to support local authorities to further diversify their

large sites. Once again, I am very grateful to Sir Oliver and his panel for their important analysis and recommendations, and for their hard work over the course of the Review.

My priority now is to ensure faster decision-making within the planning system. My department will publish an Accelerated Planning Green Paper later this year that will discuss how greater capacity and capability, performance management and procedural improvements can accelerate the end-to-end planning process. This Paper will also draw on the Rosewell Review, which made recommendations to reduce the time taken to conclude planning appeal inquiries, whilst maintaining the quality of decisions. I will also consider the case for further reforms to the compulsory purchase regime, in line with our manifesto commitment.

Permitted Development Rights

The consultation, *Planning Reform: Supporting the **high** street and increasing the delivery of new homes* closed on 14 January 2019. As confirmed in the **Spring Statement** it is our intention to bring forward a range of reforms. To support the **high** street we intend to introduce additional flexibilities for businesses. This will be to amend the shops use class to ensure it captures current and future retail models, which will include clarification on the ability of (A) use classes to diversify and incorporate ancillary uses without undermining the amenity of the area, to introduce a new **permitted development** right to allow shops (A1), financial and professional services (A2), hot food takeaways (A5), betting shops, pay day loan shop and launderettes to change use to an office (B1) and to allow hot food takeaways (A5) to change to residential use (C3). Additionally, to give businesses sufficient time to test the market with innovative business ideas we will extend the existing right that allows the temporary change of use of buildings from 2 to 3 years and enable more community uses to take advantage of this temporary right, enabling such premises to more easily locate on the **high** street. I will also shortly publish “Better Planning for **HighStreets**”. This will set out tools to support local planning authorities in reshaping their **high streets** to create prosperous communities, particularly through the use of compulsory purchase, local **development** orders and other innovative tools.

We will take forward a **permitted development** right to extend upwards certain existing buildings in commercial and residential use to deliver additional homes, engaging with interested parties on design and technical details. We would want any right to deliver new homes to respect the design of the existing **streetscape**, while ensuring that the amenity of neighbours is considered. We will also make permanent the time-limited right to build larger single storey rear extensions to dwellinghouses and to introduce a proportionate fee. I do not intend to extend the time-limited right for change of use from storage to residential. This right will lapse on 10 June 2019. Alongside I intend to review **permitted development** rights for conversion of buildings to residential use in respect of the quality standard of homes delivered. We will continue to consider the design of a **permitted development** right to allow commercial buildings to be demolished and replaced with homes. We will also develop a 'Future Homes Standard' for all new homes through a consultation in 2019 with a view, subject to consultation, to introducing the standard by 2025.

Finally, we intend to remove the **permitted development** right and associated advertising deemed consent in respect of new telephone kiosks, reflecting that mobile technology has changed the way people access telephone services since the right was introduced in 1985; amend the existing right to install off-street electric vehicle charging points to allow for taller charging upstands to address advances in rapid charging technology; and will look to bring forward a draft listed building consent order which will grant a general listed building consent for works to listed waterway structures owned, controlled or managed by the Canal & River Trust.

I intend to implement an immediate package of **permitted development** right measures in the **spring**, with the more complex matters, including on upward extensions, covered in a further package of regulations in the autumn.