



# National Planning Policy Framework

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Consultation response

September | 2024

# About UK Finance, and our consultation response

UK Finance is the collective voice for the banking and finance industry. Representing around 300 firms across the industry, we act to enhance competitiveness, support customers and facilitate innovation.

Our work to support our members in the mortgage industry includes the recent publication of our flagship housing policy report [Homes We Need](#) which proposes a three-part policy support package to help tackle a range of challenges in the housing market. These include measures to support the home-building industry; to support first-time and last-time buyers, and to support the private and social rented sectors.

Although our expertise is in other areas than technical planning policy, we have responded to questions in the [consultation](#) which are most pertinent to our members and to our related housing policy work.

## Responses to specific consultation questions

### Chapter 5 – Brownfield, grey belt and the Green Belt

**Question 34:** *Do you agree with our proposed approach to the affordable housing tenure mix?*

While we agree that local authorities are best placed to assess and determine local housing need, in areas with larger urban conurbations we suggest there is merit in considering a more aggregated approach for instance through combined authorities. These could inform a wider view on issues such as appropriate affordable housing

tenure mix within the overall 50% affordable housing target on land released from the Green Belt for residential development.

## **Chapter 6 – Delivering affordable, well-designed homes and places**

**Question 47:** *Do you agree with setting the expectation that local planning authorities should consider the particular needs of those who require Social Rent when undertaking needs assessments and setting policies on affordable housing requirements?*

Yes, however this approach should ensure an overall broad tenure mix is delivered that meets identified and assessed housing needs overall rather than prioritising social rent exclusively.

**Question 48:** *Do you agree with removing the requirement to deliver 10% of housing on major sites as affordable home ownership?*

It is important to ensure that affordable home ownership options, such as shared ownership, continue to remain available as part of an overall tenure mix that meets the housing needs of an area. It will be for policymakers to determine whether this is best facilitated by retaining reference to a proportion set centrally or allowing local planning authorities to determine.

**Question 49:** *Do you agree with removing the minimum 25% First Homes requirement?*

As above, in our response to Q48, our view is that the focus should be on an outcome which delivers an appropriate tenure mix that meets assessed local housing needs.

**Question 50:** *Do you have any other comments on retaining the option to deliver First Homes, including through exception sites?*

Given that First Homes can be delivered via requirements in s106 planning agreements alongside other affordable housing options such as shared ownership, it will be important to ensure shared ownership continues to have a strong and clear role alongside social rent and any delivery of first homes.

**Question 51:** *Do you agree with introducing a policy to promote developments that have a mix of tenures and types?*

Yes, as above, we agree that planning policy should promote developments with an appropriate mix of tenures to meet local housing needs.

**Question 52:** *What would be the most appropriate way to promote high percentage Social Rent/affordable housing developments?*

We suggest consideration of a range of options including developer incentives such as accelerated permissions through a rules-based zonal approach. Land value considerations could also play a role here.

**Question 53:** *What safeguards would be required to ensure that there are not unintended consequences? For example, is there a maximum site size where development of this nature is appropriate?*

In our view, there is no set blueprint for an ideal mixed tenure development, with the optimal mix likely to vary on a site-by-site basis. Determining the mix can be influenced by a range of factors, including local planning policy, the size, scale and topography of sites and economic viability including land values. In the same way, the framing of safeguards against siloed communities could be informed by a range of demographic, health, education and economic factors.

**Question 54:** *What measures should we consider to better support and increase rural affordable housing?*

We agree that housing affordability needs to be addressed for rural communities to help protect community identity and cohesion. Although there is growing focus on using planning tools to deliver this, for example, through measures to restrict permissions for second homes and holiday lets, this should be done in a balanced way which also recognises the economic benefits for an area that these markets can provide. Learning from areas which have adopted such approaches and from initiatives such as discount market sales schemes can be used to inform improvements such as ensuring scheme requirements are not so restrictive and rigid as to limit access to mortgage finance for would-be purchasers.

**Question 56:** *(Community-led development) Do you agree with these changes?*

We agree and recognise the role of community-led housing in meeting overall housing need and that national planning policy should support this as appropriate.

**Question 57:** *Do you have views on whether the definition of ‘affordable housing for rent’ in the Framework glossary should be amended? If so, what changes would you recommend?*

For ease of reference, we have included the framework glossary definition here:

**Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government’s rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of

affordable housing provision (and, in this context, is known as Affordable Private Rent).

We would suggest that given the role private providers are increasingly playing or seeking to play in the provision of affordable housing, including private shared ownership (part-rented), that the definition could be expanded to explicitly reference private providers as well as registered providers.

**Question 58:** *(Allocation of small sites for SME developers) Do you have views on why insufficient small sites are being allocated, and on ways in which the small site policy in the NPPF should be strengthened?*

While we agree it is important to ensure appropriate allocation of small sites for SME developers, it will be for experts in planning policy to consider how this could be improved via the NPPF.

## **Chapter 9 – Supporting green energy and the environment**

**Question 78:** *In what specific, deliverable ways could national planning policy do more to address climate change mitigation and adaptation?*

By ensuring effective coordination and aligning consideration of strategic planning objectives and outcomes with those relating to flooding, flood management and mitigation. Please see our response to question 80, below.

**Question 80:** *Are any changes needed to policy for managing flood risk to improve its effectiveness?*

Yes – greater alignment of strategic objectives and outcomes between those responsible for planning and those responsible for flood risk and mitigation. Please see our response to question 81, below.

**Question 81:** *Do you have any other comments on actions that can be taken through planning to address climate change?*

In our view, planning in the context of the NPPF and the desired universal plan coverage can have a greater and more effective role in addressing and responding to climate change, for instance, in relation to coastal erosion and managed retreat. Strategic planning can be an enabler to support building new communities in place of those likely to be lost in future years through coastal erosion.

There is a need to ensure strategic planning policy and plans are aligned with and support the ambitions of the National Flood and Coastal Erosion Risk Management Strategy, owned by DEFRA.

As part of this there should be greater alignment, coordination and collaboration between planning authorities at a strategic level and those responsible for flood

zones to ensure an end to inappropriate housing development on flood plains which are essential and natural components of flood management.

## **Chapter 12 – The future of planning policy and plan making**

**Question 103:** *Do you agree with the proposed transitional arrangements? Are there any alternatives you think we should consider?*

**Question 104:** *Do you agree with the proposed transitional arrangements?*

In our Homes We Need report, we recommend transitioning to a rules-based zonal system which would help to provide greater certainty for developers and reduce the prospect of planning disputes. As part of the proposed NPPF changes, we propose that government considers transitioning to this more rules-based approach.

Otherwise, we agree that the proposed transitional arrangements for future planning policy and plan making represent a pragmatic approach which recognises that plans are at different stages towards adoption. This approach should support the overall aim of universal plan coverage and delivery of the overarching 1.5 million homes target.