

## Introduction

The Home Builders Federation (HBF) is the representative body of the home building industry in England and Wales. Our members are responsible for providing around 80% of all new private homes built in England and Wales and most of our members are small or medium-sized enterprises.

HBF and its members are grateful to the Committee for the opportunity to offer views on the Government's Grey Belt proposition.

### 1) What is your assessment of the Government's definition of "Grey Belt"?

Grey Belt is welcome recognition that the homes the country needs cannot be built without developing land that is currently identified as Green Belt. This takes a sensible and mature approach to identifying the best possible sites to meet the country's extensive housing needs and is in stark contrast to the December 2023 version of the NPPF. The Grey Belt proposition is also recognition that sustainable sites must be allowed to come forward ahead of local plan reviews and the proposals included in the recent National Planning Policy Framework (NPPF) consultation represent a step in this direction.

Given the ambition of significantly boosting the supply of land in sustainable locations at pace the role of Grey Belt is arguably more important in decision-making than plan-making.

The process by which a local planning authority (LPA) wishing to make Green Belt allocations is long-established and well-understood. If brownfield sites within the urban area have been exhausted, if densities have been optimised, and if agreement with neighbouring authorities about contributing to unmet need cannot be reached, then the exceptional circumstances required to amend a Green Belt boundary can exist. With that threshold reached a Green Belt Assessment would consider the strategic, functional role of the wider Green Belt and then the individual roles of specific parcels of land against the five tests of Green Belt, with a view to identifying those that make the weakest contribution and so may be the most suitable for release be they green or brownfield.

The issue has been the time taken to get to this point. As a point of principle, the proposed NPPF unequivocally states that LPAs are to "meet an area's identified housing need" rather than "meet as much of an area's identified housing need as possible" and LPAs should undertake a Green Belt review where they are unable to meet housing, commercial or other needs without altering Green Belt boundaries. These positive statements of intent for the shorter-term, combined with the universal strategic planning coverage for the longer-term, should have the effect of shortening local plan timescales.

As such, where the Grey Belt proposition stands to add most value is by enabling sites that would be allocated in local plans to come forward earlier than would otherwise be the case.

Prior to 2024 General Election announcements about Grey Belt had asserted that it would be "a new class of land to ensure grey and poor-quality parts of the Green Belt are prioritised, and that any development benefits local communities". It went on to state that "poor-quality and ugly areas of the Green Belt should be clearly prioritised over nature-rich, environmentally valuable land. At present, beyond the existing brownfield category the system does not differentiate between them. This category will be distinct to brownfield with a wider definition."



This could have been done by defining Grey Belt in explicit, objective terms and then defining the circumstances under which the development of Grey Belt sites would be supported (outwith an allocation in a local plan).

Such a definition could have included, for example:

- Land that is or has been occupied by a permanent structure that is not captured by the current definition of PDL (so, for example, agricultural and forestry buildings were they not to be defined as PDL);
- Land on the edge of urban areas that is or has been used for recreation (e.g. golf courses), but that excludes playing fields; and
- Land that has been significantly influenced or defined by the urbanising effects of development, transport infrastructure or non-agricultural human activity (e.g. ‘rounding off’ a settlement inside a road or railway).

Instead, the Government is proposing to constrain identification of Grey Belt to existing (and relatively longstanding) Green Belt policy parameters, namely the five purposes, alongside a proposal that the typical characteristics of Grey Belt are to be set out in an Appendix. The Government's proposal is an understandable reinterpretation of the Labour Party's initial proposals, but inevitably creates a more abstract, subjective approach to its identification.

In land supply terms, the benefit of the former option would be to offer clear, unequivocal support for the type of sites upon which the principle of development would be supported and the circumstances under which that would be the case. On the one hand, landowners and their development partners would be able to commit to the cost of a planning application with certainty and confidence, but, on the other hand, a strict definition would inevitably place an upper limit on the amount of such sites in any given area.

The benefits of the latter option are the opposite. On one hand, a broader definition increases the number of sites that could conceivably be supported in any given area and at any given time, but the more subjective definition increases the chances that a LPA may come to a different conclusion on the extent to which a site makes a limited contribution to the five purposes. This will inevitably reduce the certainty and confidence with which landowners and their development partners can commit to the cost of a planning application relative to onward promotion through the local plan process.

The answer perhaps lies in a more coherent reconciliation of the two distinct approaches (see below).

HBF has questioned the merit of including PDL within the definition of Grey Belt because infilling or the partial or complete redevelopment of PDL is already identified as not being inappropriate development in Green Belt. Doing so, therefore, introduces restrictions upon such sites coming forward that do not exist currently, which could legitimately be considered a retrograde step in the context of significantly boosting the supply of land upon which to build homes.

#### **a) What is your understanding of what makes a “limited contribution” to achieving the purposes of the Green Belt?**

The Green Belt Assessment process through which an objective view as to the contribution an individual parcel of land makes to the five purposes is relatively well known and understood, but past Governments have resisted producing any guidance or standardised methodologies to ensure consistency in approach or to provide clear thresholds for judgements. There is, therefore, an inevitable subjectivity to “limited contribution” as a definition.



If the Grey Belt proposition does have a material impact on land coming forward, then there will be a greater reliance on Green Belt Assessments for development management purposes. HBF considers it essential then to the successful implementation of Grey Belt policy that the methodology for undertaking and evaluating such documents be standardised.

## **2) Do you think the Government's Grey Belt proposals will contribute to delivering new homes across the country and, if so, how quickly?**

Yes. The local plan process is time-consuming there is a low level of up-to-date local plan coverage, especially in Green Belt areas, that are not meeting their housing needs. Demonstrating 'very special circumstances' by way of a planning application is a high bar for the owners of sensible, sustainable Green Belt sites to get over presently. The Grey Belt proposition offers a third route towards establishing the principle of development that could be less time-consuming and less costly, pending the production of new local plans that address local housing need under the new Standard Method, but the speed at which land comes forward will be subject to clarity around the Grey Belt definition. As defined, not encroachment onto the countryside will be a very high bar for potential sites to get over.

The Grey Belt proposals will certainly not contribute to delivering new homes if the proposals for 50% affordable housing and Government-determined benchmark land values (BLV) are pursued. The former is considered at Question 7 below and in relation to the latter, given the multiplicity of different factors influencing value across different locations, a nationally set BLV is simply not practicable.

Setting a BLV nationally at a high level might mean it over-estimates the BLV in some places and see less value capture. The Harman Review<sup>1</sup> made clear that BLV was influenced by local factors, and this reflects the current PPG on how LPAs should determine viability for their local plans, setting BLV locally in consultation with landowners, developers and other stakeholders. The current arrangements for assessing viability in the planning system, introduced in 2018/19, should be allowed to mature rather than impose major disruption upon the land market.

### **a) How many new homes could be built on Grey Belt land?**

The more subjective 'limited contribution' definition of Grey Belt makes assessment of the possible quantum of it very difficult. LPAs that have Green Belt within their administrative boundaries will likely have undertaken Green Belt Assessments or Reviews at some point and will likely understand the quantum of 'low performing' Green Belt, but that material may not be in the public domain and may not be useable (digitised) even if it is.

It is noted that LandTech<sup>2</sup> has found that up to 150,000 hectares could qualify as 'Grey Belt' and that between 2.5 and 4 million homes could potentially be built in these areas. Lichfields<sup>3</sup> has identified that the shortfall in current rates of housing delivery against the new Standard Method in areas constrained by Green Belt amounts to circa 75,000-100,000 homes a year, which is a proxy for the amount of extra Green Belt (including Grey Belt) land that might be required. This equates to 1.1m to 1.5m homes over a 15-year period.

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<sup>1</sup> <https://www.hbf.co.uk/news/local-government-and-home-builders-collaborate-on-delivery-of-new-homes/>

<sup>2</sup> <https://land.tech/resource-centre/data-report-grey-belt-opportunities-by-local-authority>

<sup>3</sup> <https://lichfields.uk/blog/2024/september/20/fool-s-gold-how-a-rigid-approach-to-affordable-housing-and-benchmark-land-values-for-green-belt-could-undermine-housing-delivery>



**b) Will the creation of a new Grey Belt category be a better way to deliver new homes in the Green Belt than the existing processes for redesignating Green Belt land?**

Outwith much faster local plan reviews and / or widening the circumstances under which very special circumstances can be demonstrated by way of a planning application for land in the Green Belt, Grey Belt will be a better way to deliver new homes in the Green Belt, at least in the next five years.

**3) Do the current proposals for identifying Grey Belt land provide local planning authorities with sufficient scope to meet their housing targets and the needs of local communities?**

Yes.

**a) Are there any strategic considerations concerning the designation and development of Grey Belt land that may require an unusual degree of collaboration between neighbouring local authorities and, if so, what are they and how is that collaboration to be achieved?**

Green Belt is a strategic designation that is seldom confined to a single LPA's boundaries and often straddles many such boundaries. It is then best reviewed strategically, with LPAs making strategic allocations in the interests of both the wider Green Belt and the wider housing marking area, and the Government's commitment to strategic planning should ensure that such reviews are undertaken more frequently than has been the case since the revocation of Regional Spatial Strategies in 2010. This does not mean, however, that Green Belt cannot and should not be reviewed at a local level through local plans or that individual Green Belt/Grey Belt sites cannot be sensibly released for development without strategic plans. According to Lichfields<sup>4</sup>, since 2013, between 2,000 and 4,000 hectares of Green Belt land have been developed each year without the need for strategic plans and without undermining the fundamental purpose of Green Belt.

The Grey Belt proposition may or may not include within its definition sites of a strategic nature, but it should be considered most likely that it will encourage individual, non-strategic sites to come forward for development.

**4) Do you think the proposed sequential test for allocating land in the Green Belt for development will provide sufficient protection for "high quality" Green Belt land whilst still ensuring sufficient land is released for new housing?**

Green Belt as a definition takes no account of the 'quality' of land and only its contribution relative to the five tests. High performing then Green Belt will not then be subject to the Grey Belt provisions.

'High quality' Green Belt is likely to be considered as such by way of a designation other than Green Belt itself, e.g. AONB, and would be protected as such.

**a) The current NPPF designates specific categories of land as "areas of particular importance" which cannot be developed and would be excluded from being considered Grey Belt land. Should the Government review which areas receive this designation?**

No. This would not be consistent with the ambition to significantly boost the supply of housing.

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<sup>4</sup> <https://lichfields.uk/blog/2024/september/20/fool-s-gold-how-a-rigid-approach-to-affordable-housing-and-benchmark-land-values-for-green-belt-could-undermine-housing-delivery>



**5) What infrastructure and local amenities are necessary to ensure that a Grey Belt housing development is a good place to live?**

The same infrastructure and local amenities necessary to ensure that any housing development is a good place to live.

**a) Should the identification of Grey Belt land be influenced by the proximity of public transport amenities or other services, or is this better handled through individual planning applications?**

As proposed the further characteristics of Grey Belt that are to be set out in an appendix to the NPPF do not include either proximity to an existing settlement boundary or proximity to public transport. HBF offers no strong view, but notes that proximity to public transport or other services could be assessed during consideration of an individual planning application.

**b) How can identified Grey Belt sites be connected with social infrastructure such as schools and health facilities?**

In the same way that any other potential development site can be connected with social infrastructure such as schools and health facilities.

**6) The Government has pointed to disused petrol stations and car parks as instances of Grey Belt land. Are any additional special measures needed to support the potential decontamination of Grey Belt land, beyond those that are currently available?**

No.

**7) The government has proposed a 50 per cent affordable housing target on Grey Belt sites. Is the current approach to viability assessments and s106 agreements able to deliver this?**

50% affordable housing is more than is considered viable in almost all local plans. In St Albans, for example, which has some of the highest house prices outside London – the evidence-based requirement is 40%.

Wakefield City Council recently reviewed its affordable housing policy as part of its local plan review (adopted January 2024). The 2012 Core Strategy had set a flat rate policy requirement of 30% affordable housing, but affordable delivery has averaged 20% since and every application has to be accompanied by a Viability Assessment, causing both delay and resource issues within the planning team.

The Council's review of affordable housing policy concluded that 30% actually represented a barrier to delivering affordable housing. The Council's viability review mapped four different housing viability value areas across the district, all of which included land that was released from the Green Belt for housing, and in only one was 30% affordable housing provision found to be viable.



According to Lichfields<sup>5</sup>, in general terms, it is unlikely that 50% affordable housing will be viable in areas where values are below £4,000m<sup>2</sup>, and these represent 59% of the Green Belt, meaning that a national level of affordable housing will mean viability cases are necessary on any Green Belt development proposal coming forward. In the 41% of Green Belt where values are above £4,000m<sup>2</sup>, there may still be other infrastructure obligations which render 50% affordable housing unviable.

Landowners in these circumstances will not bring land forward because of the adverse impact on land value and 'subject to viability' caveat is unlikely to provide the level of confidence required for the promoters of land to invest hundreds of thousands of pounds on a planning application. It is beyond fanciful that the 180 LPAs with Green Belt across England or Homes England will – in the next five years – have either the resources or the inclination to invest in acquiring multiple sites at existing use value and then preparing and submitting multiple applications.

HBF is very firmly of the view that affordable housing policies pertaining to future development sites should continue to be tested by way of local plan examinations and that any Green Belt sites should be subject to the same affordable housing policy requirement as the existing/emerging local plan requirement that would apply on any greenfield site as there is no real-world difference between the sites that would impact on its viability.

Planning applications made based on the proposed Grey Belt provisions on sites currently in the Green Belt and ahead of an allocation in a local plan might reasonably be expected to target affordable housing provision of 10% over and above the requirement pertaining locally at that time. That will contribute towards increasing affordable housing provision in the least affordable parts of the country without imposing a national target that would render development in many other parts of the country unviable.

### **8) In order to facilitate Grey Belt development, what flexibility in the process could be introduced without compromising the Government's overall housebuilding objectives?**

The success of the Grey Belt proposition as a policy will be judged on the extent to which it encourages more land to come forward for development than would otherwise be the case, which, in turn, will generate more planning applications. It is considered then that rather than flexibility, the more pressing issue is capacity within the process.

HBF members of all sizes and in every part of the country are experiencing significant delays in the planning process and the principal reason is a lack of staff and resources within LPAs.

The situation is particularly challenging for SME builders. Of the respondents to HBF's SME survey<sup>6</sup>, run in conjunction with Close Brothers Property Finance and Travis Perkins, 91% stated that under-resourced LPAs are hindering the growth of their business. This is supported by the results of the 2022 Local Government Association Workforce Survey<sup>7</sup> that found almost 6 in 10 councils (58%) are struggling to recruit planning officers and 36% were having problems retaining them.

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<sup>5</sup><https://lichfields.uk/blog/2024/september/20/fool-s-gold-how-a-rigid-approach-to-affordable-housing-and-benchmark-land-values-for-green-belt-could-undermine-housing-delivery>

<sup>6</sup> <https://www.hbf.co.uk/news/hbf-report-state-play-challenges-and-opportunities-facing-sme-home-builders/>

<sup>7</sup> <https://www.local.gov.uk/publications/2022-local-government-workforce-survey>

