

Southern Housing submission to House of Lords Built Environment Committee Grey Belt Inquiry

October 2024

Introduction

Southern Housing is one of the largest housing associations in the UK. We were formed through the merger of Optivo and Southern Housing Group in December 2022. We own and manage almost 80,000, mostly affordable homes across London, the Midlands and the southeast of England. Southern Housing is a not-for-profit social landlord with charitable status regulated by the Regulator of Social Housing. The Regulator has recently awarded us its top grade (G1) for Governance. And its second highest (V2 & C2) grades for our performance against its Viability and Consumer standards. We reinvest every penny we receive from rent, service charges and sales into delivering services to our residents, maintaining our existing homes and building new ones. Our vision is to create communities where everyone has a safe home in a place where they're proud to live.

We welcome the opportunity to submit evidence to the Built Environment Committee's Grey Belt enquiry. Like many housing associations, Southern Housing welcomed the vast majority of Government's proposed changes to the National Planning Policy Framework (NPPF), including a more pragmatic approach to Green Belt release. We've long called for an evidence-based approach to Green Belt development that better balances environmental protections with the need to build new housing on lower-performing sites. Government's Grey Belt designation is a significant step towards this.

In our evidence, we quote a collection of early studies suggesting Grey Belt sites could deliver anywhere between 100,000 and 300,000 much needed new homes. However, we caution – as we did in our NPPF consultation submission – that housing associations are currently ill-equipped to start new affordable homes over the course of this parliament due to intense pressures on their finances.

Government will need to combine planning reform with the boost to housing associations' development capacity promised in its manifesto if Southern Housing and others are to play their much-needed role in resolving the nation's housing supply crisis.

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

- a. What is your understanding of what makes a "limited contribution" to achieving the purposes of the Green Belt?*

Overall, we believe the five purposes of Green Belt are clearly articulated, which makes identifying those sites making a "limited contribution" relatively straightforward. The one area where we foresee some potential for differing interpretations concerns purpose (e) "*to assist in urban regeneration, by encouraging the recycling of derelict and other urban land.*" We anticipate some local planning authorities could argue Grey

Belt development is not appropriate where previously developed sites are available within the built-up area boundary or outside the Green Belt boundary.

If local planning authorities were to widely adopt this position, it could mean Grey Belt sites are rarely permitted and weaken the potential benefit of Government's proposed approach. We recommend Government clarify that the sequential approach set out at paragraph 144 of the amended NPPF is aimed at sites *within* the Green Belt only and that the assessment shouldn't include previously developed land outside of the Green Belt. This would ensure more suitable sites are made available within appropriate locations and speed up the delivery of new housing.

We also believe it's important for Government to clarify whether the development of a Grey Belt site results in its removal or release from the Green Belt. If, once developed, a site is removed from the Green Belt, this could start to significantly erode the integrity of the Green Belt over time. Sites that currently make a "limited contribution" to Green Belt purposes may perform a greater contribution if neighbouring, former Grey Belt sites have been developed and de-classified.

For example, regarding purpose (c) (to assist in safeguarding the countryside from encroachment) there may be circumstances where a Grey Belt site bridges the space between two edges of a Green Belt boundary. Whilst redevelopment may not automatically result in harm (e.g. where the site is already occupied by built form), its release from the Green Belt may weaken a council's ability to defend the adjoining countryside from development in the future.

Where multiple Grey Belt sites are in close proximity to one another, there is greater potential to erode the integrity of the Green Belt. However, where all sites are of similar quality or make a similar contribution to the five purposes, it would be unreasonable for a council to favour one site over another.

Whilst the NPPF includes a need to review Green Belt, this is a slow process normally undertaken as part of a local plan review. In addition, proposed paragraph 142 of the amended NPPF references exceptional circumstances when altering Green Belt boundaries. It may therefore be beneficial to include the release of Grey Belt land as an example of an exceptional circumstance. This would assist local planning authorities to protect the integrity of the Green Belt.

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

a. How many new homes could be built on Grey Belt land?

Most early estimates suggest Grey Belt sites could contribute up to 300,000 new homes. Consultancy Knight Frank's estimate is relatively conservative (and broadly pitched) at 100,000 to 200,000 homes¹. LandTech has calculated a potential

¹ <https://www.knightfrank.com/research/article/2024-01-26-how-can-britains-grey-belt-boost-housing-numbers>

contribution of 300,000². And the Resolution Foundation – using land use statistics from MHCLG – suggests 309,000 homes could be built. Estimates are likely to be subject to a large degree of uncertainty at this stage due to definitional ambiguity over the Grey Belt. Different organisations will also make different assumptions about the proportion of any given site that needs to be allocated to infrastructure and the density of homes to be built.

If 300,000 homes can in fact be built on Grey Belt land, that would be a valuable contribution towards Government's housing targets. However, as the Resolution Foundation argues, it (Grey Belt development) is not a silver bullet and will need to be accompanied by significant development on currently undeveloped land and an increase in the density of new housing if Government's target is to be achieved.

How quickly these 300,000 homes can be delivered is another matter. There are various non-planning-related constraints on housing delivery, which are currently especially acute for housing associations. Chief among these is expenditure on building safety (£6bn over the coming years with £4bn in 2022-2027³) and decarbonisation (amounting to over £36bn to achieve net zero across the sector by 2050⁴). Our short-term outlay on existing homes over the next five years means we will collectively be able to start relatively few homes over the course of this parliament. For example, although Southern Housing will build out its 3,700-home committed newbuild programme, we won't start any additional homes until our EBITDA-MRI cash interest cover has recovered towards the end of this parliament.

Therefore, in isolation, planning reform in general and Grey Belt designations in particular, will not make an immediate difference to housing supply. To remedy this, we have identified a series of immediate and longer-term interventions Government could make to boost housing associations' development capacity. These include:

- The introduction of a new long-term, index-linked rent settlement
- The reintroduction of rent convergence so rents can catch up with benchmark or formula rents
- An increase in overall funding and grant rates for individual homes through the next Affordable Homes Programme
- Broadening the Building Safety Fund to cover not only leasehold homes, but rented homes too
- Greater funding for decarbonisation works through the Warm Homes: Social Housing Fund
- Greater flexibility over the use of Recycled Capital Grant Funding so it can be applied more readily to existing homes and distressed development sites.

² <https://land.tech/blog/around-300000-houses-could-be-delivered-on-the-grey-belt>

³ <https://www.housing.org.uk/globalassets/files/budget-submissions/national-housing-federation-autumn-budget-and-spending-review-2024.pdf>

⁴ <https://www.housing.org.uk/globalassets/files/budget-submissions/national-housing-federation-autumn-budget-and-spending-review-2024.pdf>

- 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?*

The existing system of demonstrating “exceptional circumstances” can result in protracted discussions regarding need for the proposal. This slows down the delivery of suitable sites for housing. In addition, Green Belt reviews are normally undertaken as part of a wider local plan review and are therefore slow to react or release new land for housing when it’s required. The proposed introduction of a Grey Belt designation should allow suitable sites to come forward immediately. This will help to boost the supply of housing from the point of adoption, which is crucial given current low levels of housebuilding.

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?

As the estimates we’ve referred to in response to question two indicate, development of Grey Belt land will likely deliver a maximum of 300,000 homes. Therefore, at a national level, Grey Belt development alone will not be sufficient to meet Government’s housing delivery targets. At a local level, the impact is likely to be variable. For some local planning authorities where Green Belt protections are the biggest barrier to housing delivery, development on lower-performing Grey Belt sites could have a considerable impact. But for those authorities with very little Green Belt, or predominantly high-performing sites within the Green Belt, the proposal is likely to have a negligible impact.

That is not to say Government’s Grey Belt proposals are not worth pursuing. In conjunction with the other proposed planning reforms (re-introducing mandatory housing targets, prioritising brownfield sites, increase the capacity of planning departments), they will help boost housing supply. But planning reforms will need to be accompanied by a series of other measures (some of which are referenced above) if Government is indeed to deliver 1.5m homes over the course of this parliament.

- 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?*

The NPPF has previously encouraged collaboration between local authorities on all matters including the Green Belt. There has also previously been a requirement to review Green Belt boundaries. Collaboration is important for any aspect of cross-boundary planning, including the Green Belt. The introduction of a Grey Belt designation will be another factor to assess when reviewing the Green Belt, but is unlikely to fundamentally change the level of work that goes into a review. Additional resources may be required when considering very large Grey Belt sites. However, this isn’t likely to be vastly different to other large sites within the Green Belt or strategic sites.

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?

We believe the sequential test adequately balances these two priorities. The proposed wording at draft paragraph 144 gives a clear indication regarding the priorities. The reference to footnote 7 in the Grey Belt definition ensures the areas with the highest level of protection are not identified for development.

- 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?*[\[1\]](#)

The types of designation at footnote 7 have been identified due to their national importance. Therefore, we consider it appropriate to retain the list as it is. This will allow applications to be considered on a case-by-case basis within these areas.

5. What infrastructure and local amenities are necessary to ensure that a Grey Belt 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?*

Yes. We think it would be helpful to explicitly reference connectivity and sustainability. By their very nature, some Grey Belt sites will not be in particularly sustainable locations. For example, sites on the edge of suburban areas. While these may be well related to the built form, they are less likely to be near to shopping centres, services or other infrastructure, which we know to be crucial to the appeal of any new development. Therefore, we recommend Government considers amending the definition of Grey Belt to include reference to sites that are well related to existing centres, services and public transport.

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

Based on our response to point a. we believe it is necessary for homes developed on the Grey Belt to be in sustainable locations. This should include proximity to schools and health facilities. Consultation responses from organisations such as National Highways, the NHS and the local education and highways authority, should be adequate when considering the release of land from the Green Belt and when assessing planning applications.

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?

Land contamination can arise on a variety of sites for a variety of reasons. Full planning applications involving contamination will normally be supported by a desk-based study as a minimum. This should be sufficient to identify the main issues and ensure any detailed mitigation can be dealt with by way of a condition. The contamination issue therefore needs to be assessed on a case-by-case basis.

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?

While we're broadly supportive of this approach, we believe it could have unintended consequences.

Applying a 50 per cent threshold may deter some registered providers (including housing associations) from acquiring sites with extant planning permission and delivering them as 100% affordable housing. That's because a high affordability threshold means registered providers benefit less from the delivery of "additionality" (the proportion of affordable homes delivered above the threshold secured in a s106 agreement). Depending on local restrictions, certain types of affordable housing secured in s106 agreements may not benefit from grant.

Government should consider either lowering the percentage or stipulating the affordable percentage should meet or exceed the local threshold for the area. In addition, the wording "with an appropriate proportion being social rent" is ambiguous. We feel it would be better to:

1. compel developers to achieve the tenure mix set by the local policy relevant for the area
2. allow greater flexibility where a scheme is being delivered by a registered provider (since RPs may be able to provide more homes for low-cost rent).

This would strike a balance between offering certainty over tenure mix expectations and maximising the delivery of affordable housing.