

# Consultation Response

Draft National  
Planning Policy  
Framework

---

## Context

Shelter welcomes the opportunity to respond to this consultation. The National Planning Policy Framework (NPPF) is a crucial document and, alongside the National Planning Policy Guidance (NPPG) sits at the heart of getting more affordable homes built in England.

In this response, Shelter has answered only those questions on which we have a policy view. A full list of the consultation questions can be found on the [consultation website](#), alongside copies of the draft NPPF and draft NPPG.

## Chapter 2: Achieving Sustainable development

**Question 2:** Do you agree with the changes to the sustainable development objectives and the presumption in favour of sustainable development?

Yes.

Shelter supports the proposal for a clearer definition of sustainable development based on economic, social and environmental objectives.

We also support the statement in paragraph 11b that plans should ‘as a minimum, provide for objectively assessed needs for housing and other development, as well as any needs that cannot be met within neighbouring areas’.

**Question 3:** Do you agree that the core principles section should be deleted, given its content has been retained and moved to other appropriate parts of the framework?

No.

For clarity, and to support understanding of the planning system amongst communities and individuals, the core principles should be reinstated. A clear statement of the importance of mixed and balanced communities, and the need for genuinely affordable, social rent, specialist and supported housing as fundamental building blocks of these, should be added.

**Question 4:** Do you have any other comments on the text of Chapter 2, including the approach to providing additional certainty for neighbourhood plans in some circumstances?

To provide a consistent policy environment using the best available evidence, Chapter 2 should clarify that where an existing or emerging local plan is based on a more up-to-date assessment of development needs than a Neighbourhood Plan which conflicts with it, the conflicting Neighbourhood Plan policies should be considered out of date and not relevant for planning decisions. This will ensure that policies to meet identified housing need are followed.

---

## Chapter 3: Plan-making

**Question 5:** Do you agree with the further changes proposed to the tests of soundness and to the other changes of policy in this chapter that have not already been consulted on?

No.

Shelter supports the strengthening of the soundness test to promote joint working between neighbouring authorities, and the use of the Statement of Common Ground to evidence this. However, without a definitive requirement to meet housing need in full across housing market areas, these tools will be limited in their ability to address unmet housing need, to achieve the objectives set out in paragraph 11b.

**Question 6:** Do you have any other comments on the text of chapter 3?

Shelter is concerned about the implications of paragraph 34 for affordable housing delivery through Section 106, and for planning authorities' ability to plan for sustainable growth.

The 2012 NPPF allows councils to reject applications which are not viable, and to set affordable housing and other policies which will not work for each and every scheme, provided the overall development plan is not 'put at serious risk'. This makes it possible for councils, combined authorities and mayors to set policies on developer contributions which can act as a strong market signal. Where there is certainty about the levels of developer contributions schemes will need to provide, policies can be factored into bids for land. In this way, affordable housing policies can be written into land values.

The new NPPF should build on this and strengthen this system allowing local authorities to set clear, tough developer contributions policy that is deliverable across the entire development plan, even though some specific sites may not be able to meet the policy threshold. Introducing a system that would undermine this possibility rather than strengthen it – as the current draft NPPF may well do – should be avoided.

Supplementary planning guidance introduced in London last year provides evidence for the effectiveness of such a 'market signal' approach, with the levels of affordable housing permitted rising from 13% to 38% following the introduction of a 35% threshold system, which provides a 'Fast Track Route' for applications that meet the threshold level of affordable housing. Such an approach can also be applied in a more granular way. For example, Eastbourne Borough Council sensibly distinguishes between high and low value market areas for viability purposes, effectively creating two thresholds to deal with market diversity. Crucially, the policy still provides certainty about expected levels of developer contributions, which can be factored into land bids.

The new draft NPPF instead proposes that affordable housing and other policies should be defined for particular sites and types of development through the plan-making process, and that '[s]uch policies should not make development unviable'. This suggests a requirement for councils to set policies so that each individual scheme is viable using the system proposed in the new National Planning Practice Guidance, in which developer contributions are established using a residual land calculation. Shelter believes this is likely to result in:

- 
- a) more variation and less clarity in affordable housing and other policies, if planning authorities tailor policies to ‘particular sites and types of development’
  - b) reduced levels of developer contributions, if planning authorities instead set plan requirements on the basis of the least viable development in the plan

In either case, the result will be fewer of the affordable homes the country desperately needs.

- a) If the levels and types of affordable housing and other community benefits from development are decided on a case by case basis, policy will be more flexible and less certain, making it impossible for planning authorities to provide strong market signals capable of influencing land values. As a result, it will be difficult or impossible for those purchasing land to have due regard for local policy in the way the NPPG intends. This, combined with the potential impact of the NPPG’s proposed methodology for calculating benchmark land values, is likely to lead to fewer affordable homes coming through the planning system. A requirement to viability test individual allocations in this way would also have resource implications for the plan-making process, and risks slowing down progress towards full up-to-date plan coverage across England.
- b) Planning authorities could also respond to a requirement to ensure viability across all developments by adopting a ‘lowest common denominator’ approach, setting plan policies on affordable housing and other community benefits at levels low enough to be viable for the least viable development. Such an approach would involve accepting far lower levels of developer contributions than could be viably provided by the majority of developments, allowing outlier schemes with abnormal costs or challenges to depress affordable housing expectations across the board.

Shelter recommends that paragraph 34 is amended in the following ways:

- 1) The reference to ‘particular sites’ should be removed.
- 2) The term ‘types of development’ should be clarified so that it supports stronger plan making and increases policy certainty. For example, planning authorities may choose to distinguish between higher and lower values areas when making plan policies, but this should not translate into a duty to set ‘lowest common denominator’ policies that work for every scheme within a given type of development.
- 3) The term ‘policies should not make development unviable’ should be clarified, so that planning authorities must ensure that the cumulative impact of plan policies on affordable housing, infrastructure and other community benefits does not put implementation of the plan at serious risk.

As well as increasing the levels of desperately-needed affordable homes coming through the planning system, these amendments would improve policy certainty, avoid many costly and lengthy negotiations around Section 106 contributions, and expedite the progress of schemes through the planning system.

---

## Chapter 4: Decision-making

**Question 7:** The revised draft Framework expects all viability assessments to be made publicly available. Are there any circumstances where this would be problematic?

No.

Shelter supports the proposal to make all viability assessments publicly available. As most of the information within viability assessments is not specific to applicants, this should not be problematic.

Guidance should clearly define the circumstances in which applicants can make a case for information to be withheld from the public. The final decision on whether the public interest of non-disclosure outweighs the benefits of disclosure should rest with the planning authority. If there are any instances in which concerns around commercial sensitivity represent an insurmountable barrier to making full information publicly available, as much information as possible should be made public.

In all cases, full viability appraisals - including any information deemed to be commercially sensitive - must be available to planning decision makers.

**Question 8:** Would it be helpful for national planning guidance to go further and set out all the circumstances in which viability assessment to accompany planning applications would be acceptable?

Yes.

Shelter believes that if paragraph 34 remains unchanged, affordable housing policy may be set on a case by case basis using the NPPG's viability methodology, amounting to a significant expansion of viability testing overall. Many of the problems of viability testing at application stage could simply be shifted earlier in the process, then duplicated later in the process through increased use of review mechanisms to reduce developer contributions.

On the other hand, if paragraph 34 is amended in line with Shelter's response to question 6, planning authorities could set policies around affordable housing, infrastructure and community benefits which are viable for the development plan as a whole. In this instance, policy should act as a market signal, and viability testing at application stage should be required only for planning applications which do not fully meet the relevant policies in the development plan.

There should still be a role for viability assessments at application stage in genuinely unforeseeable or exceptional circumstances. For example, where a site has abnormally high infrastructure costs or contamination is discovered, subsidy or alteration to the scheme may be needed for it to go ahead. In this case, local planning authorities should take the final decision on whether a non-compliant scheme is in the community's interests, taking into account the development plan as a whole. The NPPF and NPPG should be amended to this effect.

Shelter does not believe that viability assessments at application stage should be used to manage normal market risks, such as sales values being lower than a developer assumed they would be when purchasing land. In a market characterised by cycles and

---

change, sales values will vary in unpredictable ways. This fundamental characteristic of the housebuilding model should already be accounted for in the developer's return – which, at 20%, is already fixed at a high level in the proposed viability system. Developers who make optimistic assumptions about sales values in order to pay more for land should hold onto the associated risk. If this risk is instead transferred onto community benefits like affordable housing, land speculation is likely to increase, and developer contributions to decrease in tandem.

Shelter agrees that it would be helpful for national guidance to go further in outlining the circumstances in which viability assessments may be used, and to provide a clear statement that the realisation of normal market risk is not such a circumstance.

**Question 9:** What would be the benefits of going further and mandating the use of review mechanisms to capture increases in the value of a large or multi-phased development?

Shelter believes that the scope for using review mechanisms to increase affordable housing in the NPPG should be broadened so that planning authorities can use this tool across all scheme types and sizes, provided this supports the development plan. We support the proposal to mandate the use of review mechanisms on large and multi-phase schemes which have reduced affordable housing and other community benefits on viability grounds. Supporting the use of review mechanisms to increase developer contributions will have benefits for local support for housebuilding, the delivery of affordable housing and other community benefits, and the speed and efficiency of the planning system.

Review mechanisms are a valuable tool for overcoming some of the uncertainties inherent in using viability appraisals with standard assumptions to make predictions about the future profitability of schemes. If sales values go on to exceed those anticipated at the time of an earlier viability appraisal, the greater Gross Development Value can be shared with the community and affordable homes which have been removed on viability grounds can be restored.

By enabling planning authorities to re-assess viability at a point when more reliable information is available, review mechanisms provide assurance to communities and planning authorities, which can increase support for schemes locally. Shelter supporters have told us they would be more likely to support housing developments in their area if they felt confident the schemes would provide as much affordable housing as possible.

Enabling or mandating the use of review mechanisms to increase developer contributions also changes applicants' incentives in ways which are likely to deliver more affordable housing and other community benefits. An applicant faced with a choice between meeting affordable housing and other policies now, or engaging in a review mechanism process to share profits above 20% later, has a strong incentive to meet policy in order to hold onto upside risk and potentially make a higher return. On the other hand, an applicant who can use review mechanisms to decrease developer contributions without any chance of being asked to contribute more is incentivised only to suppress developer contributions. In this way, allowing councils to use review mechanisms to increase developer contributions can support a less adversarial and more predictable system, building a consensus around plan policy and expediting the passage of schemes through the planning system.

Review mechanisms can be useful on any scheme for these reasons, although the costs of undertaking them may be prohibitive on smaller schemes, where they should be an optional tool for planning authorities to use, supported by national policy. They have particular value on large and multi-phased schemes, where the costs involved in undertaking reviews will be justified by the scheme's scale and economics. Because of the time taken for such schemes to build out, it is likely that the information used in

---

viability assessments will become outdated before they are complete, creating a need for more accurate information to re-assess viability later. Review mechanisms can also incentivise faster build out if they are triggered where an agreed level of progress has not been reached by the end of a development phase, for example within two years of the date of the planning consent.

At the same time, the proposals in the NPPG imply an increased role for review mechanisms in reducing affordable housing levels, as it suggests local policies should be flexible 'in the context of significant changes in costs and values', and that councils should support the use of review mechanisms to 'provide more certainty through economic cycles'.

It would helpful to have clarity on how significant changes in costs and values should be to justify reducing developer contributions. Following the housing market crash in 2008, many stalled sites benefitted from reviews of design and tenure mix to adjust to a significant shift in market conditions, often by increasing grant and affordable housing levels to compensate for reduced private demand. In the event of a future crash, there would be a case for using reassessments in similar ways.

However, the suggestion that review mechanisms should be used systematically to provide 'certainty through economic cycles' suggests scope for review mechanisms to be used to manage entirely normal market risk, as changes in costs and values are a normal part of economic cycles. This would be likely to lead to an increase in downward revisions to developer contributions on viability grounds, compromising the delivery of affordable housing and other benefits and increasing uncertainty and time-consuming negotiations in the planning system. This situation would also undermine the intention of the guidance to establish a viability system in which 'the potential risk to developers is accounted for in the assumptions' and 'realisation of risk does not necessitate further viability assessment or trigger a review mechanism'.

Shelter recommends that review mechanisms are not used to reduce developer contributions, and that applicants wishing to make changes to a scheme use other the tools available in the planning system, such as deeds of variation or a revised application.

#### **Question 10: Do you have any comments on the text of chapter 4?**

Shelter attaches with this submission a briefing covering our analysis of and recommendations for viability in the NPPF and NPPG. In addition to the areas covered in our responses to questions 6-9, Shelter believes the proposed approach to assessing benchmark land values has particular implications for the delivery of affordable homes.

Shelter supports the clear statements in the NPPG that land transactions should account for local policy, and that '[t]he price paid for land is not a relevant justification for failing to accord with relevant policies'. We also support an approach to benchmark land values based on Existing Use Value plus a premium as the best way to assess scheme viability and ensure a fair distribution of the benefits from development between landowners, developers and the community. However, we believe that the proposed method for calculating the landowner premium may undermine some of the intentions of the guidance, by effectively topping up Existing Use Value using market evidence.

Using transactions data to calculate landowner premia but modelled generic data for viability assessments risks depressing developer contributions, as transactions data is typically based on more optimistic assumptions specific to individual developers. An individual developer may require a lower profit than the standard 20% assumed in the proposed viability appraisal methodology, or they might benefit from cost efficiencies around build costs, finance costs or professional fees. Because land transactions reflect the highest bid for and, they are inherently more likely to assume relatively low costs and

---

relatively high sales values. A standardised approach to viability testing applies typical assumptions of cost, value and profit inputs, which are by their nature less optimistic than real world land transactions.

As a result, the two methodologies suggest very different conclusions about the value which could be used for developer contributions. Mixing methodologies in this way is likely to lead to higher landowner returns (because these are based on relatively lower costs and higher sales values) and lower levels of affordable housing and other community benefits (because these are based on relatively higher costs and lower sales values).

Shelter recommends that the approach to benchmark land value is revised so that the landowner premium is based on a percentage of the Existing Use Value between 20% and 100%, with the approach to calculating premia agreed as part of the plan-making process. Such local flexibility is necessary to deal with diverse housing markets, in which the price of development land and the difference in value between different uses (i.e. agricultural and residential or commercial and residential) is far greater in some regions than others. This could mean a greater percentage of EUV as the premium in low value areas to help incentivise landowners to bring forward land for development, but a lower percentage premium in higher value areas like the south east where this will still represent a good incentive for landowners to put their land into development.

## Chapter 5: Delivering a wide choice of high quality homes?

**Question 11:** What are your views on the most appropriate combination of policy requirements to ensure that a suitable proportion of land for homes comes forward as small or medium sized sites?

Shelter supports the intention to drive up the proportion of land for homes coming forward as small or medium sized sites. However, we would caution that a 20% requirement for sites under half a hectare will be easy to meet in some areas, and significantly harder in others, depending on the outcomes of Strategic Housing Land Availability Assessments. Where planning authorities can robustly evidence that such sites are not available, there should be no requirement for them to identify and allocate sites. Shelter would further recommend that the 20% threshold should apply to sites under one hectare rather than half a hectare, to provide more flexibility where 'medium' sites are more available than 'small' sites.

Amendments to the viability system proposed in the NPPF and NPPG, in line with Shelter's responses to questions 6-10, would support small and medium sized developments to come forward by creating a more predictable operating environment. When developers have certainty around the levels of developer contributions required (with exceptions allowed only in limited and rare circumstances) they can become part of the normal cost of doing business on every scheme.

On the other hand, where developers have broad grounds to use viability appraisals to reduce developer contributions, such measures are more likely to be cost-effective for developers of larger sites. On small sites, the expense and time needed to engage in protracted negotiations around developer contributions may outweigh the possible benefits for the developer. Shelter research into the use of viability assessments across nine English cities in 2016-17 found that sites where a viability assessment was used to reduce affordable housing were almost double the size of sites where no viability assessment was used – an average 130 homes to an average 73 homes.

Shelter recommends more certainty around affordable housing and other policies to create a more level playing field between developers of small, medium and large sites.

---

**Question 12:** Do you agree with the application of the presumption in favour of sustainable development where delivery is below 75% of the housing required from 2020?

No.

Shelter welcomes the intention to drive up housing delivery. Many developments with planning permission are taking too long to deliver – or are simply not being delivered at all. However, we believe the proposed Housing Delivery Test will be unable to drive up housing delivery in many areas, because it places the responsibility for delivering homes on planning authorities which have few powers to achieve this. Planning authorities can increase the supply of land with planning permission and work to make the planning process more efficient, but they cannot force developers to build, and have limited powers to influence the market conditions which would encourage more private supply. In responding to missed housing targets with an increase in the supply of land with planning permission, the Housing Delivery Test will not tackle the real cause of inadequate housing delivery.

Ultimately, the most powerful action the government could take to drive up build out rates is to diversify output by getting land into development at values low enough to support a mix of housing tenures and price points. As the March 2018 preliminary update of Oliver Letwin's independent review of build out rates concluded, the fundamental driver of slow build out once planning permission has been granted is the absorption rate for the housing planned. A housebuilding system which is over-dependent on housing for private sale to make up overall numbers will find itself unduly constrained by natural limits to demand. Developers can only build homes for sale as fast as they can sell them – and there is only so much money chasing homes for sale. By contrast, there is a guaranteed and instant market for affordable homes for rent, helping to de-risk development and getting sales receipts in quickly. Analysis from Lichfields in 2016 shows that large sites delivering 30%+ affordable housing have build out rates 40% higher than those of large sites delivering only 10-19% affordable housing.

Shelter recommends that the introduction of the Housing Delivery Test is delayed pending the outcome of Oliver Letwin's review, to enable the development of a more comprehensive approach to driving up housing delivery.

**Question 13:** Do you agree with the new policy on exception sites for entry-level homes?

Yes.

Shelter supports the introduction of Entry-Level Exception Sites. Rural Exception Sites have successfully delivered affordable housing in rural areas, and Shelter has campaigned for the introduction of a tool to allow other areas to release small sites specifically for high quality, locally affordable homes, referred to as Neighbourhood Exception Sites in our New Civic Housebuilding report.

Key to the success of Rural Exception Sites is their ability to build community confidence and trust by giving a high degree of control to local people. Entry-Level Exception Sites should replicate this, and decisions about the location, design, tenure, price and allocation of homes must be made with local people through Neighbourhood Plans. Shelter believes this should include a right for local communities to choose to build on sites in areas designated as green belt if they have no environmental protection status.

To ensure that Entry Level Exception Sites maximise the delivery of affordable homes to plug unmet local need, paragraph 72 should specify limits to the proportion of market

---

housing which schemes can include. Shelter recommends an absolute maximum of 25%. Without this, there is a risk that exception sites could become another loophole in the planning system, allowing speculative development of unaffordable homes to be imposed on local areas. Crucially, the rules must be standard across both Rural and Entry Level sites, to avoid creating false incentives to prefer one type of site where the other is more appropriate for meeting local needs. Rural Exception Sites are well-understood and effective, having delivered 7,881 affordable homes since 2011, and they should not be supplanted by Entry Level Exception Sites.

Once an exception site has been allocated, it should carry a 20-year legal exclusion from coming forward in the conventional the 5-year land supply of the local plan. This will incentivise landowners to proceed under the exception site policy, rather than hold out.

#### **Question 14: Do you have any other comments on the text of chapter 5?**

Shelter opposes the continuation of differential policies around developer contributions for small sites and vacant buildings, and recommends that paragraph 64 is amended to provide support for exemptions where planning authorities can demonstrate that affordable housing on these sites is needed to meet housing needs locally. This will maximise the delivery of affordable housing and other community benefits, particularly in rural communities where urban extensions are often restricted to small sites, and urban communities' dependent on small infill schemes for much of their land supply. For rural communities, missing out on even a small number of affordable homes can be the difference between post offices and schools staying open or not, and villages thriving or dying as families and young people are priced out. It is critical that rural planning authorities have the ability to collect developer contributions and flexibility in how they use them, in order to plan resilient communities.

Shelter supports the principle of a minimum 10% threshold for affordable housing on all schemes proposed in paragraph 65, but we believe strongly that the choice of tenure should be informed by local need and the Strategic Housing Market Assessment. This will ensure that affordable housing meets local need as effectively as possible, avoid the delivery of homes for which there is little demand (particularly in areas where the private sale market is relatively affordable and the need for low-cost homeownership consequently less great), and mitigate the risk that the most affordable sub-market homes for rent may be crowded out in areas that cannot support a high overall percentage of affordable homes on new schemes.

Shelter recommends that paragraph 73 is amended to reinstate the reference to 'new settlements or extensions to existing villages and towns that follow the principles of Garden Cities' included in the 2012 NPPF. Garden City principles can deliver well-designed communities with a high proportion of genuinely affordable homes. They are underpinned by a financial model which not only enables fast delivery but also puts people at the heart of delivering new places. Maintaining support for the use of these principles in the NPPF will provide certainty on their status and confidence for schemes already being planned in this way.

Shelter supports the proposal in paragraph 78 for shorter time limits for the implementation of planning consents, to encourage faster build out.

## **Chapter 11: Making effective use of land**

**Question 25: Do you agree with the proposed approaches to under-utilised land, reallocating land for other uses and making it easier to convert land which is in existing use?**

---

Yes.

Shelter supports the proposed approaches in principle, but we recommend that Chapter 11 clarifies that land must be used in a way that meets housing needs around tenure, size, affordability and the design of homes, as identified in the Strategic Housing Market Assessment. For example, there may be cases where converting the airspace above existing residential and commercial premises provides opportunities to deliver studio and one bedroom homes, but where unmet local need is focused on larger family homes. Planning policies and decisions should support the effective use of land for meeting identified housing need, not only for increasing overall numbers. This is the best way to drive up delivery quickly, as housing output aimed at meeting a greater range of needs will benefit from quicker absorption rates compared to many schemes targeting the same source of demand.

**Question 26:** Do you agree with the proposed approach to employing minimum density standards where there is a shortage of land for meeting identified housing needs?

Yes.

Shelter supports the proposed approach to minimum density standards in principle, but we recommend that Chapter 11 clarifies that land must be used in a way that meets housing needs around tenure, size, affordability and the design of homes, as identified in the Strategic Housing Market Assessment. To support this, density policies should refer to habitable rooms per hectare rather than to units per hectare.

Shelter would further raise that while increasing the density of developments can be helpful where limited land supply represents a barrier to housing delivery, densification is unlikely to be an effective response to affordability pressures, as land values will rise to reflect any policies which will increase total sales values.

## Chapter 12: Achieving well designed places?

**Question 28:** Do you have any comments on the changes of policy in chapter 12 that have not already been consulted on?

Shelter supports the proposed approach to achieving well-designed places, but we would recommend that Chapter 12 is amended to provide a clear statement that design policies should support delivery to meet housing needs identified through the Strategic Housing Market Assessment around standards, size, tenure and affordability.

## Chapter 13: Protecting the green belt

**Question 30:** Do you agree with the proposed changes to enable greater use of brownfield land for housing in the Green Belt, and to provide for the other forms of development that are 'not inappropriate' in the Green Belt?

No.

Shelter supports the proposal to enable greater use of brownfield land for housing within the Green Belt, as such sites can provide valuable opportunities to meet housing need in areas with restricted land supply.

---

We also welcome the opportunity provided by paragraph 145 for Green Belt development to come forward under a Community Right to Build Order or Neighbourhood Development Order, as these measures enable local communities to take an active role in determining how land is used.

Shelter believes there should be more scope for appropriate use of greenfield and Green Belt development in the right places, particularly as lower land values on such sites provide more opportunities to build affordable homes and provide other community benefits where development gain is captured. We recommend that Entry Level Exception Sites be allowed on Green Belt sites with no environmental protection status through an amendment to paragraph 144 (f).

#### **Question 31: Do you have any other comments on the text of chapter 13?**

Shelter welcomes paragraph 135, which will enable Neighbourhood Plans to make amendments to Green Belt boundaries, which will enable more small-scale development to be brought forward to meet local need. However, paragraph 135 should be amended with a clear statement that Neighbourhood Plans cannot amend a Green Belt boundary if this would reduce capacity for housing development.

Paragraph 136 should be amended with a clear statement that a Green Belt review may be appropriate where brownfield sites cannot deliver the required housing to meet local housing need.

## **Chapter 15: Conserving and enhancing the natural environment?**

#### **Question 35: Do you have any other comments on the text of chapter 15?**

Shelter supports the strong protections against inappropriate development in Areas of Outstanding Natural Beauty and National Parks in paragraph 170.

## **Glossary**

#### **Question 43: Do you have any comments on the glossary?**

Shelter is concerned that the proposed definition of affordable housing in this glossary will make it more difficult for planning authorities to get social rent homes built in their areas, even where there is clear evidence of a need for this type of housing. This is because of the omission of the term 'social rent' and changes which would make affordable housing less targeted going forward.

The widely understood and used term 'social rent' has been removed from the definition, and does not appear anywhere in the draft NPPF or NPPG. Shelter understands this may not be the intention of the new proposed definition of affordable housing, as social rent is technically included in the reference to homes where 'the rent is set in accordance with the Government's rent policy'. However, by removing all mention of 'social rent', the proposals suggest a withdrawal of support for these kinds of homes in the planning system. In our view, the Government's rent policy should be guided by the definition of affordable housing, rather than the definition being set by the rent policy.

Shelter welcomed the Government's financial commitment to build more social rent homes in autumn 2017. We recommend that the NPPF and NPPG are amended to reflect this clear support from the Government for social rent homes as a part of affordable housing supply going forward. To achieve this, social rent homes should be named.

---

Shelter receives a significant number of queries and comments about the definition of affordable housing, overwhelmingly critical and focused on how it has become less clear and less effective. Many people have lost trust in the term 'affordable housing', believing that it is often not truly affordable. As a trusted and well-understood definition, 'social rent' can help to maintain public support for development, and reassure communities that they will truly benefit from affordable housing built as part of schemes. The fact that the proposed definition technically leaves room for social rent homes to continue to come forward is unlikely to allay the fears this change will provoke amongst communities who already lack trust in official definitions of affordable housing. This will have implications for public trust in the planning system and local support for new development.

As a secondary concern, we would highlight the need to continue to collect and publish affordable housing supply statistics that distinguish social rent from other kinds of affordable rented provision. Shelter supports a range of affordable housing provision, including affordable homes to buy as well as rent, as the best way to increase build-out rates and so boost overall supply. But within this, social rent housing performs a unique function, as it is the only tenure which is generally affordable to those who are currently homeless or at risk of homelessness. Being able to measure the supply of social rent homes, distinct from but alongside other vital tenures, is crucial to understanding homelessness and developing effective strategies to reduce it.

Shelter recommends that 'social rent' is included in the final definition of affordable housing.

In addition, where the 2012 NPPF defined affordable housing as that 'provided to eligible households whose needs are not met by the market', the draft NPPF removes references to eligibility. Under the proposals, affordable housing is any 'housing for sale or rent, for those whose needs are not met by the market'.

While Shelter recognises the impact of the housing crisis on an increasingly broad group, and the need to supply affordable housing of a range of types to meet a range of needs, the removal of any reference to eligibility is likely to make it more difficult for planning authorities to get less profitable tenures built, even where Strategic Housing Market Assessments offer clear evidence of a need for these types of housing. This is because of the way a less targeted definition of affordable housing will combine with viability proposals, leading to broad flexibility to vary housing tenure to meet landowner and developer profit expectations. It will always be more profitable for a developer to build shared ownership than to build social rent. If no distinction between these tenures is made in planning rules - if one can be substituted for another - it is likely that viability arguments will be used to distort affordable housing provision towards the most profitable, least affordable tenures. This already happens regularly under current planning rules, and a less targeted definition may make it harder for planning authorities to insist on the most affordable tenures.

We would also point out that the current definition of affordable housing is already enabling some delivery which is poorly targeted at meeting housing need. For example, in one development in Kensington and Chelsea, social rent homes were replaced with shared ownership on viability grounds, only for the shared ownership homes to turn out to be so expensive that in order to afford a 25% share, a household would need to have an income above the threshold entitling them to affordable housing. In other cases, affordable rent is being substituted for shared ownership in places where there is little demand for this product.

There is a risk that definitions of affordable housing which do not target new supply at housing need create opportunities for gaming, in which it is possible to deliberately build homes for which there is no demand in order to later flip them to market housing. This cannot be a desirable outcome of the planning system. The proposed definition will in our view make this situation worse, by providing a signal that what is built is not important –

---

so long as something which technically falls within the definition of affordable housing is put forward.

Shelter recommends that the final glossary includes a clear statement that affordable housing should meet the needs of eligible households to ensure that the range of affordable housing delivered includes the most affordable tenures, at rents affordable to eligible households.

