



Department for Levelling Up,
Housing & Communities

Rt Hon Lucy Frazer KC MP
Minister of State for Housing and Planning

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5 January 2023

Dear Mr Catherall,

Thank you for your letter of 9 November to the Rt Hon Michael Gove MP regarding housing in this country. I am replying as the Minister of State for Housing and Planning, and I will address each of the matters you raise in turn below.

Planning

You raise concerns about planning reforms in your letter. The Government is clear that communities must be at the heart of the planning process. We will reform the process for producing plans so that it is simpler, faster, and easier for communities to engage with. There will be clear opportunities to get involved at key stages of the process, and plans themselves will be shorter with more accessible documents.

It is also vital that we have well-resourced, efficient, and effective planning departments, capable of providing a planning service that local people and applicants expect and able to implement our planning reforms. Planning application fees provide essential income for local planning authorities. However, currently, the income from planning application fees does not cover the cost of processing those planning applications, leaving the taxpayer to make up the difference. As announced earlier this year, the Government intends to consult on proposals to increase planning fees so that they cover a greater proportion of the costs.

On the matter of land banking, we have been examining ways to incentivise the prompt build-out of permitted housing sites and to support councils to act against those who fail to meet these commitments. Through the Levelling Up and Regeneration Bill (LURB), housing developers will be required to formally notify local authorities when they commence development, via a Development Commencement Notice (DCN), and provide a trajectory setting out annual rates of housing delivery to completion. We will also modernise and streamline existing powers for local authorities to serve completion notices.

To build on the clauses already in the LURB, the Government will introduce two further provisions. Firstly, we will require housing developers to report annually to local authorities on their actual delivery of housing, enabling local authorities to identify where sites are coming forward too slowly and help to inform decisions to sanction developers. Additionally, we will also allow local planning authorities to decline planning applications made by developers who fail to build out at a reasonable rate earlier permissions granted on the same land. The Government has been

exploring whether anything more can be done to support faster build, and any further announcements will be published in due course.

Private Rented Sector and Social Rented Sector

You also mention the Private Rented Sector in your letter. The Government has committed to the ban on section 21 'no fault' evictions to protect tenants and will introduce a Renters Reform Bill in this Parliament.

With regards to the Social Rented Sector, the Levelling Up White Paper set out the Government's commitment to increase the amount of social housing over time and build more genuinely affordable social housing. We want to see local authorities delivering the next generation of council housing, and we have given them a comprehensive range of tools to do so.

Our £11.5 billion Affordable Homes Programme, which councils are eligible to bid for, will leverage up to £35 billion of public and private finance to deliver tens of thousands of affordable homes right across the country. In addition to this, the Government abolished the Housing Revenue Account (HRA) borrowing cap in 2018, allowing councils to borrow for building more affordable homes. In March 2021, we also announced a package of reforms to give councils more freedom in how they spend the money they receive from Right to Buy sales on replacement homes.

Currently, most affordable housing is built by housing associations, but we know there is more ambition out there in untapped parts of the market. We welcome proposals from existing and new partners – housing associations, local authorities, developers, for-profit providers, community-led organisations, and others who have an ambition to deliver affordable homes, including those we haven't previously worked with. Additionally, throughout the summer of 2022, the Homes England Local Government Capacity Centre ran a series of events to help local authorities hone their development skills and capacity.

Regarding quality, social housing tenants deserve to live in decent homes, to be treated with fairness and respect and to have their problems quickly resolved. The Social Housing Regulation Bill is a critical part of the Government's strategy to address issues of quality in the social housing sector, as set out in the Social Housing White Paper. The Bill will support a new regulatory regime which will drive significant change in landlord behaviour to focus on the needs of their tenants and ensure landlords are held to account for their performance.

You also raise concerns around requirements on developers to deliver affordable homes. The LURB gives the Government powers to create a new Infrastructure Levy. This will aim to capture land value uplift at a higher level than the current developer contribution regime, allowing local authorities to use the proceeds for providing the affordable housing and infrastructure that communities need. The levy will be a mandatory, non-negotiable charge, set and collected locally, to largely replace the complex and discretionary Section 106 regime and CIL charge.

The Bill ensures that local authorities will take the desirability of delivering at least as much affordable housing into account when they set their rates. We will also set further mechanisms through regulations, including the 'right to require'. Crucially, developers will not be able to negotiate their affordable housing obligations downwards, which offers significant protection of affordable housing delivery compared to the present system. We will be consulting on the methods used to measure current levels of affordable housing delivery as we develop the regulations.

Home Ownership

Finally, you raise concerns about homeownership. The Government has taken a number of measures aimed at helping people to avoid repossession, including Support for Mortgage Interest loans for those in receipt of an income-related benefit, and protection in the courts through the

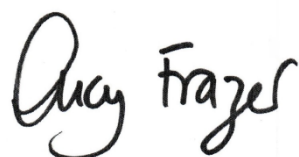
Pre-Action Protocol, which makes it clear that repossession must always be the last resort for lenders.

More broadly, the Government is committed to creating a fair and just housing system that works for everyone, including increasing first-time buyer numbers in all regions. We have already cut Stamp Duty Land Tax, doubling the threshold at which SDLT becomes due to £250,000 and expanding First Time Buyers Relief. We also have a range of programmes to help people into home ownership. Since spring 2010, over 800,000 households have been helped to purchase a home through Government-backed schemes, including Help to Buy and Right to Buy.

On the matter of leasehold, the Government has already implemented an end of new houses sold as leasehold through Help to Buy. We remain committed to bringing forward legislation to ban the granting of new residential long leases on houses, other than in exceptional circumstances. We also want to reinvigorate commonhold for flats so that it is a viable alternative to leasehold, ensuring people can enjoy the benefits of true homeownership from the outset. We are due to bring forward further leasehold reforms later in this Parliament, and details will be published in due course.

I hope this is helpful, and I thank you again for your letter.

Yours sincerely,

A handwritten signature in black ink that reads "Lucy Frazer". The signature is written in a cursive, flowing style.

RT HON LUCY FRAZER KC MP