HOUSE OF LORDS

Built Environment Committee

Corrected oral evidence: The grey belt

Tuesday 5 November 2024

10.45 am

Watch the meeting

Members present: Lord Moylan (The Chair); Baroness Andrews; Lord Bailey of Paddington; Viscount Hanworth; Baroness Janke; Lord Mair; Baroness Miller of Chilthorne Domer.

Evidence Session No. 5 Heard in Public Questions 47 - 64

Witnesses

I: Marie Chadwick, Policy Leader, National Housing Federation (NHF); Philip Barnes, Land and Planning Director, Barratt Redrow plc.

Examination of witnesses

Marie Chadwick and Philip Barnes.

Q47 **The Chair:** Welcome to this meeting of the House of Lords Built Environment Committee. This is our fifth evidence session in our short inquiry into the concept of the grey belt. Today we welcome Marie Chadwick, who is the policy leader of the National Housing Federation, and Philip Barnes, who is the land and planning director at Barratt Redrow plc. My name is Daniel Moylan. I chair the committee. I will not introduce my colleagues at the moment, but I will call their names as they come to ask questions. You will notice that two of our colleagues are joining us remotely and are on the screens in front of you.

The first question that we would like to ask is whether the proposed grey-belt definition is clear enough for developers to identify grey-belt land with confidence. We are time limited, so please decide between yourselves who answers first, but we ask you to keep the answers reasonably crisp and avoid repetition, because everything is recorded and transcribed, so unless we are being very dim, it should not be necessary to repeat what you are saying.

Philip Barnes: I am happy to kick off. Just jump in if I am rambling too much. I want to make three points in relation to the question.

First, the definition of grey belt in the glossary should be expanded to reflect more closely the description of limited harm at paragraph 10 of the grey-belt section in the consultation document. Our representations to you essentially provided our thoughts on a definition doing that. The definition should include: first, land that is occupied by a permanent structure or hardstanding but is not captured by the definition of previously developed land--I am thinking of glass houses and other elements; secondly, land on the urban fringe previously used for intensive recreation or other uses but not now needed for that purpose; thirdly, land characterised by the urbanising effects of development or infrastructure; and, fourthly, land that is not open in green-belt terms.

Secondly, I urge that the policy or definition makes it clear that grey belt as described does not prejudice the third purpose of green belt, which is to safeguard the countryside. Currently, the purpose could be read as being able to regard, and regarding, the development of any greenfield site as not safeguarding the countryside. It would be good to ensure that we did not get a situation where any grey-belt site, if it were green-failed, was resisted because of that third purpose in paragraph 140.

Thirdly, I would remove the reference to local green spaces in footnote 7. There is a concern that many local plans or neighbourhood plans will quickly define land on the urban edge as a local green space, as a means of preventing its development as grey belt.

Marie Chadwick: We think that the new definition of grey belt sits quite well within the context and the new, nuanced approach that the Government are taking to green belt. We think that it will largely aid understanding of what green-belt land is and what it is for. In our submission to the consultation, the NHF recommended amending the definition of grey belt to be more specific. We felt that giving examples of the type of land—former gasworks, mining land, golf courses, et cetera—or land that has been occupied by a permanent structure would be more helpful. We thought that it would provide more clarity over grey-belt status for at least some of the land, which in turn we hope would reduce the time and capacity needed to release it.

We strongly feel that an approach that encourages an evaluation of each site on its merits would be far better and would support local planning authorities in deciding how to review land to meet their housing need. But the feedback that we have received from our members who are housing associations is that additional guidance on identifying land that makes a limited contribution to green-belt purposes would be helpful and could mitigate some of the risk that areas interpret the definitions very differently, resulting in very little land being released for new development.

One point that our members wanted to make when talking about grey belt was that an explicit reference to connectivity and sustainability should be part of that definition of grey belt, and that it should be made when delivering guidance on which land should be brought forward for development.

Q48 **Lord Mair:** Do you think that the grey-belt proposals create new opportunities for housing development beyond the existing development opportunities for the green belt? Already from what you have both said from your preferred definition of grey belt, I think your answer is probably yes to that question. But what scale of opportunities for housing development will grey belt afford?

Marie Chadwick: The NHF is very supportive of a brownfield-first approach. However, there are 85 million people in England who are unable to access the homes that they need, so that approach is not going to solve the housing crisis alone. We are very clear that it will take a combination of planning reform and measures to improve the financial capacity of housing associations and local authorities to deliver that ambition.

The Chair: Nobody is suggesting, I think, that the grey-belt reform will solve the housing crisis. So the question that I think Lord Mair is trying to pin down is what contribution you think it will make? I do not expect the answer to be precise, but is the answer that it is very tiny, not much, a certain amount, or quite a lot? Where is it on a spectrum?

Marie Chadwick: I think, without having seen the areas captured by the new definition, that it would make quite a lot of difference.

The Chair: Quite a lot of difference.

Marie Chadwick: Yes, quite a lot of difference, but opening and having that conversation is the most important thing from the perspective of the grey belt. It is about putting it on the table and being able to have that discussion about what land is useful, what land creates value and what does not. That is part of the process. We certainly have not done any research yet into what it would bring forward, but we think that the principle of it and having that discussion in the first place would be a very useful thing to have and would provide extra housing.

Philip Barnes: My answer is also yes. Barrat Redrow is very supportive of the proposals, and very hopeful that, with minor changes, they should significantly increase supply, most importantly in the most sustainable locations—namely, on the edge of our cities and towns. The extent depends on the final policy. I have given you some thoughts on definition, which I think would help to increase that number, and we will, I am sure, come on to a discussion on golden rules.

In our representations to you, we gave some very high-level figures of maybe 50,000 new homes a year, starting in about two years' time. The very high-level derivation of that was that we are about 10 per cent of the sector volume and, when we have crunched our numbers, we think that we will get up to maybe 5,000 additional units on grey-belt land that we would not otherwise have built. We have also seen figures from LandInsight talking about 1.5 million to 2 million potential grey-belt sites, so you will be wrestling with a wide range of figures. But the Barratt position is that we are very excited by it, we will respond to it, and it will be significant.

Q49 **Lord Mair:** Can I just follow up on this same line of questioning? We have heard a number of witnesses suggesting that the introduction of the grey belt is unnecessary and a diversion from the existing mechanisms for releasing green-belt land. Do you disagree with that evidence that we have heard?

Philip Barnes: I do disagree. To my mind, it is a fundamental change. At the moment, it is very difficult to secure planning permission on any land in the green belt. You have to demonstrate very special circumstances, and it is very difficult to release land from the green belt in a local plan where you have to demonstrate exceptional circumstances. Those are two very high bars, which are a major disincentive to investors, particularly small and medium-sized investors, whereas the proposal in local plans essentially applies a sequential approach and, if you cannot meet your needs without entering into grey belt, you have to release land in grey belt to meet your housing needs. Further to that, a planning application on grey belt, subject to a range of tests, can be granted planning permission if the local authority does not have a local plan or a five-year land supply or fails the housing delivery test. Those are all "or", not "and". So it is a fundamental change that will have a fundamentally positive impact on supply.

Lord Mair: Ms Chadwick, do you agree that it is a fundamental change?

Marie Chadwick: I completely agree. It is exactly as my colleague has said. However, we also recognise that, so far, it has been incredibly difficult to meet housing need. Our members report that, even on existing brownfield, with permission in principle, it is still quite difficult to get that land released for housing development. So this is a fundamental change that we really welcome and which will make a difference.

Q50 **The Chair:** May I ask a question that might be thought rather rude? We often hear that large private sector housebuilders do not wish to maximise their output because it is better to build a certain amount which they know they can sell, rather than to produce more houses than they are planning to. That is one reason why numbers of new houses remain fairly stable, irrespective of demand. If Barratt alone were to build 2,500 extra homes a year—I think that is what you said; I am not holding you to that—

Philip Barnes: Yes, they are at a very high level. I said 5,000 over two years, so you were right.

The Chair: —how could we be confident that it would happen and that it would not be at the expense of lower production in other parts, perhaps on more challenging sites in more difficult places—in other words, that the numbers might still remain static?

Philip Barnes: Securing planning permission, even with this, will be a highly subjective, high-risk, highly expensive process, and Barratt does not enter that process unless it is absolutely determined to get on site as quickly as possible and to sell those homes as quickly as possible. We are a return-on-capital business; we pride ourselves on being one of the fastest in the sector when it comes to return on capital. We have no desire not to build as fast as possible.

I think what you are getting at is that we want to increase the number of sales outlets so that we can increase our volume, which this will enable us to do, and that if we have three sales outlets in a particular area we might not focus new grey-belt investment there so much as in a newer location where we do not have any sales outlet, because we would be competing against ourselves and all the other builders and it would sell more slowly.

If we are able to get access to new sales outlets in new areas, and we think this will supply that, we will aim to secure them and to build them as fast as we can.

Q51 **Baroness Miller of Chilthorne Domer:** Good morning. You have explained why developing on grey belt might be attractive in itself, but do you think that differs depending on the type of developer?

Marie Chadwick: We do not have a view on this. It is not something that we are experienced in, so I defer to Philip.

Philip Barnes: I think the differences will be within the sector of grey belt, rather than between different types of development. It is easier for bigger builders to take on much larger sites with much more significant infrastructure requirements. So I would imagine that the bigger grey-belt sites would tend to be more attractive to the larger builders. The smaller grey-belt sites—20, 30, 50 units—of which I think there will be very many, will not be attractive to larger builders, because we trade on economies of scale, but, subject to more planning certainty, they should be very attractive to smaller builders.

Q52 **Baroness Miller of Chilthorne Domer:** What particular challenges do you think developers will be faced with when developing grey-belt sites?

Philip Barnes: In planning terms, the challenge is that we have to see what the final policy is and then how it beds down within local authorities and the planning inspectorate. Again, we will have more of an appetite for that risk than perhaps an SME would, because we can win a few and lose a few and work out what it means for the business going forward. If you are an SME and you lose one, that could be an existential threat to your business.

Other than that, I do not think there are any additional challenges. Rather, there is a whole range of additional opportunities, because, without wanting to generalise, Barratt really wants to build at the edge of our cities, where the existing infrastructure and community facilities exist, rather than being forced beyond the outer edge of the green belt, where those facilities may not be so prevalent. The London green belt is 35 miles wide in places. That totemic brownfield petrol station at Tottenham Hale, which arguably triggered this whole debate, is three or four stops from King's Cross. Where would Barratt prefer to build—three or four stops from King's Cross, or 35 miles away from the city?

Q53 **Lord Mair:** I think my question may have been answered by what you have just said, but do you think that developers need to be incentivised to build on grey-belt land?

Marie Chadwick: I think a certain amount of carrot and stick will be required to do this. Forgive me for being slightly more pessimistic than my colleague, but there are challenges when it comes to developing on grey-belt land, and it is important that we think about them. Invariably, it is what is in the land that catches you out—the principal barrier being, of course, the cost of remediation or preparing the land for re-use.

Our members have had a wide range of issues: Victorian railway tunnels, mine shafts, et cetera. Researching a site's past is very important, and in theory the abnormal costs of remediation would be offset by a land value, but often it is not until you actually get on to the land that you discover the real quality and the issues that you are going to face. The reality is that there will be challenges. Other challenges that members have thought about are restrictive covenants, unpaid business rates, unpaid council tax—the kind of debt that follows a bit of land around. There are lots of opportunities and challenges, but I think it is a challenge that people want to take on.

In terms of incentivisation, the National Housing Federation wants to see a strong approach from government on social homes so that it does not end up in negotiations and legal cases. There is a risk of that, but we understand that a balance needs to be struck. There will be no perfect formula for volume building against social housing building. We will come on to golden rules, but our key point is that, whatever the process or the incentives are, housing associations have made it very clear that the regulations need teeth in order to make sure that we do not end up in discussions all the time about viability and legal challenge over the appropriateness or not of a piece of land.

Lord Mair: Is there something specific that the Government should do to incentivise building on grey-belt land?

Marie Chadwick: The Government already have tools, such as funding streams and money that is available for doing that sort of work. We do not need to invent new systems. There are existing systems, such as brownfield regeneration funds and looking to target that money in a different way. That is what we think. Not being developers in our own right, we could not speak to the incentives, because, frankly, delivering social housing in and of itself is an incentive for our members, so we are not necessarily going to need quite as much of a push to do it.

Lord Mair: Mr Barnes, what do you think the Government need to do on incentivisation, if anything?

Philip Barnes: I am conscious that we will come on to the golden rules and ideas that we have on how the policy can incentivise us better, or disincentivise us less, so I do not want to repeat anything. On the point about ground conditions, grey belt will be a mix of different site types, and if there is a grey-belt site that is significantly undermined or has very significant remediation challenges and another one that does not, obviously the funding agency has to decide whether it wants to invest a lot of money to release a very difficult site when there may be an opportunity for the market to bring forward a site without that assistance and to provide the social rented homes and the affordable homes that we require. In other areas, that will be the only site available, and funding should be used to support the development of that contaminated site.

So I think it will be hard just to say that grey-belt sites need additional incentives, but, as with other greenfield sites with high infrastructure demands or other brownfield sites with high remediation or ownership demands, decisions on individual sites will be required depending on how they perform against policy and how much they are needed by the community.

Lord Mair: Just to clarify, if you had two sites both on grey belt, one of which was clearly contaminated and one of which was not, you are suggesting that the only way the contaminated one would be attractive to developers would be if government had some kind of subsidy for dealing with the contamination.

Philip Barnes: I think that would be right in most cases, but not in every case. If you have a contaminated site in Guildford, there is probably enough value in the land and the development to address the decontamination. If it is in Barrow or parts of South Yorkshire, it might need a helping hand from the Government to address those costs.

Lord Mair: So this is reflecting the value of the land.

Philip Barnes: Yes, and the value of the land essentially just reflects the value of the houses you can sell on it.

Q54 **Lord Bailey of Paddington:** Good morning. I have two questions and I will try to weave them into one. How can the Government balance the aims to provide affordable housing on grey-belt land with avid demand such as local need for new development that contains social and rented homes? In your view, is a 50 per cent affordable housing target an appropriate target for all grey-belt developments?

Marie Chadwick: Among our housing association membership, opinions differ on whether a blanket 50 per cent target should apply or whether local planning authorities should have some flexibility to set lower targets, particularly in areas of lower land values, as mentioned.

The most important thing we would stress is that the first principle is that we need social and affordable homes, but we also need to incentivise market-led development, which creates a bit of a balancing act. Action to increase housing delivery has never been more urgent. Eight and a half million people in England cannot access the housing they need, so some flexibility will be required.

That said, we would like the targets in the proposed NPPF changes and grey-belt proposals to be a floor, not a ceiling, because we want to allow ambitious local planning authorities to be able to generate that extra social housing, but, so far, opinions differ on how realistic or easy it will be to deliver 50 per cent in every area of the country.

Lord Bailey of Paddington: For clarification, are you suggesting that the 50 per cent should be a floor?

Marie Chadwick: There is no agreement among our members on whether the 50 per cent should apply in all areas, because of low land values, but people are saying that where there are opportunities to do more than 50 per cent, that should not act as a barrier. There should be some flexibility upwards as well as downwards.

Lord Bailey of Paddington: That is a clarification: that upwards as well as downwards is important.

The Chair: It is 50 per cent subject to viability, though. Can I just throw that in?

Philip Barnes: Yes, the 50 per cent is subject to viability, and having a requirement for 50 per cent but subject to viability is a huge disincentive for a developer setting out on the process of buying a site, investing in it, getting planning permission and then entering a viability assessment process with a very uncertain outcome. It would be a major disincentive to Barratt and, I think, a huge disincentive to SMEs, particularly if they are relying on development finance that needs to be secured at the beginning. What certainty could they give to the funder on the return if it is subject to an uncertain viability assessment process?

Some may say, "Oh, don't worry, it's subject to viability", but I do not think that is how the development sector views that requirement; we view it as a disincentive. You have received representations from the RICS, with some quite persuasive written examples, with real numbers, showing the land value impact in different parts of the country of 50 per cent affordable housing. It is potentially a real unintended consequence that the requirement as written will significantly disincentivise people to invest in grey-belt sites.

Lord Bailey of Paddington: I suppose the question then has to be, "How could that be changed?" There is a tension. We need to provide social housing. That is an inalienable fact. So what could be written to remove some of that disincentive?

Philip Barnes: It is important that we do not come here and just say that it is wrong and not try to help you with solutions.

Our representations said that, for any speculative off-plan application on grey belt, unless we get lots of planning permissions in the next two years, there is no chance of hitting the target of 1.5 million homes within five years. And let us be clear: the policy is written specifically to encourage hitting that target. For those speculative off-plan applications on grey belt, maybe the policy could say that it should be 10 per cent above the current local plan requirement or the current local target. That is something that I could get into a negotiation with a landowner about.

Q55 **The Chair:** Why should there be a special social housing or affordable housing target for development on grey belt at all? I see what the Government are doing: "Everyone loves social housing and everyone loves the green belt, so if you lose a bit of one, maybe they'll be happy with the other". But not everyone loves social housing and not everyone loves every bit of the green belt. It is not a simple trade-off like that. So apart from the publicity effects of it, what is the planning logic of having a higher affordable housing requirement?

Philip Barnes: It is a question, so I cannot agree with you, but there is no real mathematical or technical planning logic. It is political logic. Releasing huge amounts of land on the edge of our cities, a lot of it off-plan, will be contested highly by some of the—

The Chair: Why would they be happier because it is social housing? We are going to ask the Secretary of State, so if she is tuned in today she will get a hint as to—

Marie Chadwick: I am sure that she is glued to her screen.

The Chair: Yes, I suspect so.

Marie Chadwick: Going back to first principles is the most important thing. It is an ambitious target that sets down the crisis that we are in, and people support social housing in their local areas. We did some research, and talking about having social housing for people in the local community really makes an impact. People want that. On the 50 per cent target, and setting an ambitious target, it is two-fold: it recognises the depth of crisis—one in five children are in unsuitable accommodation tonight; but it also recognises that, for local communities, to lose some of their green-belt or grey-belt space, there needs to be an important trade-off in social housing.

The Chair: Yes, but why that?

Baroness Janke: Because people cannot afford to live in the areas they live in, basically. They need more cheap accommodation.

The Chair: But that is also a private sector problem. It is equally true that people cannot afford to get private sector accommodation.

Marie Chadwick: I think the point is right: people are not served by the private market either. There is a crisis in private renting in this country. People cannot afford it, and for a number of people it will be the provision of a social-rented home that will allow them to live the way they want to and to be productive in the economy.

The Chair: Yes, but the criteria for getting into social rented homes have nothing to do with connection with the locality. Anyway, they are not allowed to.

Q56 **Baroness Janke:** One of our witnesses earlier said that the whole issue for him was that the provision of social housing and affordable housing is solely in the hands of the private sector. I want you to comment on that. I think there is a very big need for social housing, in rural areas particularly but also in urban areas. Local people cannot afford to live in the areas they need to live in, and we have keyworkers such as teachers who cannot afford the prices that private sector dependency seems to generate.

I am interested to know your comments on that statement. The point was made that the biggest housebuilding time was after the war, when government took an active and lead role to get more and better social housing. You say "affordable", but I would say that what is given as affordable now is simply not affordable in many parts of the country. What do we need to be able to achieve more housing for the people who actually need it, at a price that they can afford?

The Chair: That was all very interesting, if contestable, but the question is about the green belt—

Baroness Janke: I am sure it is contestable, but it was said by one of our earlier witnesses.

The Chair: Yes, but how does it relate to the grey-belt question? Could you relate it to the grey-belt question?

Baroness Janke: I can relate it to the grey-belt question in that we are hearing that the provision social housing and housing that people can afford in the grey belt looks less and less likely, from what we are hearing about land values and viability. The whole point of these policies was to build more houses that people can afford to live in, so if the grey belt is one of the implements of policy, how is that going to help—and, if it is not, what is needed for it to be made feasible?

Philip Barnes: Just to finish my last point, I would not want anyone to get the impression that Barratt is in some way against the provision of more affordable housing. Barratt's concern is that this is a policy aimed at increasing supply, both private and affordable, and Barratt wants the policy to come forward in a way that avoids the situation whereby landowners will not release their land for that housing because of the specific requirements in the grey-belt policy—to bring it back to grey belt. With a blanket 50 per cent, there is a real risk in most parts of the country that landowners will say that there is not enough land value to incentivise them to release the land.

My suggestion is that, if it were 10 per cent of the target locally, that is something that landowners may accept. It will not change the land value from that to that, so they might say, "This policy might not be around for ever. Okay, I'll release my land". If they are being asked to go from a 20 per cent affordable housing requirement—this is a real-life example that I am working on at the moment—to a 50 per cent affordable housing requirement, they will say, "No, it isn't valuable, I'm not doing it". So that is the derivation of that suggestion.

On local sites released for affordable housing and social rented housing via the local plan, to me—this probably goes to what you were driving at, Chair—they should be considered, viability-wise, exactly as they are now. Local plans up and down the country try to maximise the amount of affordable housing that can be delivered, but in a way that is viable for developers, delivers the necessary infrastructure and is viable for landowners. That policy was introduced only in 2019, and it should be retained. Just introducing a blanket 50 per cent requirement, with reference to real-life examples, could have the unintended impact of restricting the amount of land sold.

Baroness Janke: So how can the grey belt deliver the Government's declared aims of providing appropriate—well, not appropriate; "appropriate" is a bad word—required amount of social and affordable housing which they believe is needed across the country? Are we saying that grey belt is not an appropriate tool?

Philip Barnes: I have given my two suggestions—speculative applications, and local plan release sites. To take it to a higher level, it would be about working with the market and not against it and, once you have done that, to have clear local plan policy requirements. If you want all the affordable housing on a site to be social rented, make that clear in policy, having first tested the viability of it through the local plan process. Dropping requirements from the sky and saying that they have to be applied nationwide does not feel like it is working with the market and local market circumstances.

Marie Chadwick: Grey belt will do something, but it will not solve the housing crisis. It is an important tool, and recognising that the Government are looking at all the tools that they can control in their toolbox to make a difference is worthwhile, but it is not the only thing that will help.

Baroness Janke: Could other things be done that would enable it to help more, in your view?

Marie Chadwick: I am potentially drifting away from the subject, but there are lots of things that they could do. Having a strong rent settlement for housing associations is one way to rebuild the capital that allows housing associations to develop themselves, as is having a new and expanded affordable homes programme, with adequate funding. There is a huge amount of stuff that they could do that probably sits outside this inquiry. There are lots of things that the National Housing Federation is saying to government and to anyone who will listen about how they can deal with the housing crisis.

I come back to the point that this should be welcomed as a first step. We are not going to solve it without a lot of different levers, and it is good to see them being pulled.

Q57 **Viscount Hanworth:** Marie Chadwick, to begin with, could you dissertate on how land values affect the opportunities for housing developments in the green belt and the putative grey belt? Can you comment on proposals in the draft National Planning Policy Framework for benchmark land values for green-belt development?

Marie Chadwick: Of course. The policy intention behind benchmark land values is a welcome one but, frankly, given the range of values across the country, and even at a local planning authority level, our members have real concerns about how they can work in practice. However, we do not feel that we have enough evidence right now to agree with the Government's proposals around benchmark land values, and we do not think that they should set indicative ones. But we do think it is important for the Government to do further work to understand how benchmark land values interact, and to provide good guidance, so that local planning authorities can challenge viability negotiations.

We are very supportive of the view set out in the Letwin review on advocating a balance between public interest and recognition of the value of land by capping residual land values, and around 10 times existing use values was what was in that review. We think that a cap on existing use values is more likely to achieve the Government's policy aims, rather than a more prescriptive benchmark land value measure.

On this, I cannot resist the opportunity to say that strategic planning also plays its part. Moving to strategic planning would also help with being more specific and strategic in thinking not just about a local planning authority area but about where people go to work, learn and socialise. We think that is very important.

The benchmark land value issue is not necessarily going to work very well. I live in Devon, and my neighbouring local authority has some areas of very low land value and has Salcombe and the South Hams. The land values within a local planning authority are incredibly different from each other, so you would not want to set that. It would be prohibitive for decent planning policy.

Instead, they could take what the Letwin review suggested and cap that existing use value, multiplying it when it comes to it. It would be a really important rebalancing of the land market, which the country needs to see.

Viscount Hanworth: If I understand you, if there are to be benchmark land values, they have to take account of regional and even local variations, and you do not trust that they will.

Marie Chadwick: I do not see the evidence yet that they will.

Q58 **Viscount Hanworth:** I have a question for Philip Barnes. What sort of impediments to viability are posed by the costs of demolition? I think you suggested at the outset that you did not really want to get involved in regenerating land in any major way.

Philip Barnes: No, Barratt has done a huge amount for regeneration schemes, with and without public subsidy. I was trying to talk about the views across the sector when faced with a choice of remediating a site at the public expense or developing another site that does not require that public expense. Barratt is fully committed to regeneration. In fact, with the petrol station at Tottenham Hale, we did a major regeneration scheme at Blackhorse Road, just one stop further down the line.

Demolition is a cost that needs to be factored into any development viability appraisal. If the revenues are X, and those costs plus our profit requirements, once they have been subtracted, lead to a land value that a landowner will accept, demolition costs are not a problem. If they are so extensive that the land value is not at a level that would incentivise the landowner, that is a problem. But it is impossible to generalise: it is site by site.

Viscount Hanworth: In Tottenham Hale, did you bear all the costs of regeneration, or was there some subvention?

Philip Barnes: That was a site done in partnership with Transport for London. It was a car park and depot owned by Transport for London, and we did it in partnership with TfL, without need for government funding.

Viscount Hanworth: In other words, it bore some of the costs of regenerating the land.

Philip Barnes: It did; it brought the land into the deal. But it was valued; it did not put the land in for nothing.

The Chair: So it did not spend money, but its receipt from the deal was smaller, almost certainly. I suspect that is what you are saying.

Philip Barnes: You are 99.9 per cent right, other than the fact that it was a partnership, so we both took a hit on revenues and on costs, and the land value reflected that. But yes, is the answer. That was a brownfield site, not a grey-belt site.

Q59 **Lord Bailey of Paddington:** To what extent can existing infrastructure be leveraged to support new developments on grey-belt land? When I heard about this policy, people were talking about petrol stations and pieces of land that had any hard building. Nobody wants to live on those sites, because you cannot go to or from them, I imagine. Where does the infrastructure piece work in developing new bits of grey belt?

Marie Chadwick: I have quite a short answer on that, because it is probably more appropriate for Philip as a company to answer.

Realistically, one advantage of the grey belt is that it already provides some of that connectivity. One of your other witnesses talked about train stations and that being a huge area that can be developed. We want to see homes being delivered that are net zero ready, accessible and adaptable, but with good access to green spaces and good public transport. It makes the case to deliver on grey belt and green belt because, in a lot of cases, a lot of that infrastructure, both social and physical, is already there. We would make the case very strongly for that social infrastructure. Grey-belt land tends to be near existing communities and good transport links, and that will be really important.

The Chair: I certainly see how that might work, but a lot of grey-belt land is actually quite isolated from existing communities. You have grey belts of very considerable depth, not just in London. Some are very narrow, like the one between Bradford and Leeds, as has been pointed out to us, but others are very deep. There might well be old industrial buildings and things of that sort—abandoned buildings—deep in the heart of some of those areas.

One concern that we would have is that grey-belt land might meet the criteria but would not have the connectivity to transport or necessarily be accessible to schools, and it might require the building of new roads or whatever to create that connectivity. I appreciate that those sites might be less attractive to build out than ones that are just next to a connection, but they are also in some ways possibly less contentious.

Marie Chadwick: Very much so.

The Chair: If there is no one actually living there, valuing the view of that abandoned factory, there will not be a lot of protest, whereas if you and your family have lived on the fringe of the green belt, looking out over verdant fields for the past 30 or 40 years and now it is going to be built on, you might feel that very hard.

Marie Chadwick: The important thing here is giving local planning authorities the choice and ability to say, "This makes more sense. Our housing need is such that we need to be able to think about sites that are appropriate". It does not necessarily mean that all grey belt needs to be delivered on and developed on; it is about having that opportunity to say, "That's suitable" or "That's not suitable".

The Chair: But they are not going to have the opportunity if they do not produce local plans. Something like three-quarters of them do not have local plans, or not up-to-date ones. If they all started to produce new local plans tomorrow, they would still be awaiting approval of them three, four, five years down the road, as the planning inspectorate gradually churned its way through them. Is that reasonable?

So this "Wouldn't it be wonderful if" approach does not really engage with the gritty reality of the fact that the local planning authority will not have that sort of say and discretion. I am not criticising you. Obviously, it is nothing to do with you, in that sense. You are not responsible for that. I am just pointing out that it is not really an answer in the real world.

Marie Chadwick: If you look at the context externally and just the grey and green belt, the Government have very large ambitions around local plan coverage, and they are looking at how to incentivise the adoption of local plans. That sits as part of this. It is not about saying that everything is wonderful in the world; it is about saying that there is a crisis, there are different levers that we can pull, and would it not be good to be able to do that? At the moment, local authorities, even if they have a local plan and want to do it, cannot do it. It is just about making those choices easier.

The Chair: If a housing association, maybe one of your members, were offered social housing or affordable housing on a site that met the description that I gave—that is, relatively isolated and not with easy access to schools—are they likely to say yes or no to it?

Marie Chadwick: It would be up to individual members, who have various criteria when deciding what affordable housing to take on. One of the strongest areas—hopefully Philip will agree—is the increasing use of joint ventures between housing associations and plc and SME developers, where they have those sorts of conversations at the beginning. Would they take it? Our members are very driven by their social purpose and the ability to provide a home—and a home that means that residents will be able to live their full life would certainly be a consideration—but I would like to think that housing associations would be involved at the beginning of that so that those infrastructure issues could be worked on together with a company like Philip's.

Q60 **Lord Bailey of Paddington:** I would like to put the same question to

Philip: how sustainable is grey-belt land for building, and how important is the infrastructure piece? I accept that RSLs, for instance, would want to provide a home, but there is a difference between a house and a home. A home will need infrastructure, because there will be toing and froing, et cetera. How willing would your sector, and you as a company, be to take on that challenge?

Philip Barnes: Linking that question and the Chair's point, Barratt is viewing the real opportunity as being grey-belt sites on the urban edge of towns and cities that are currently within green belt, rather than sites out there—if I use the term "in the middle of nowhere", I am just using slang. That is how Barratt views it, and I am sure you will ask the Minister about that.

To what extent has that been a problem with previously developed land, which also has the positive presumption to it in existing green-belt policy? My experience is that, even with a previously developed site in the middle of nowhere, the local authority would not want to grant planning for the sustainability and community-building facilities that you describe.

I agree with Marie about grey belt and generally being better connected, but if the question is whether it should be clearer that grey-belt sites should be connected, accessible and linked to jobs, shops, services et cetera, Barratt is not going to pull back, because that is why we want to see the grey belt released.

Lord Bailey of Paddington: A lesser challenge is that it needs to be more explicit, to my mind, that it must be a site that can work. It feels a bit general and that you could end up in the middle of nowhere. It is very different in different parts of the country. In London, it is quite obvious what is linked and what is not, but in other places maybe not so much.

Philip Barnes: I am sorry to hog, but I totally agree with that. There is probably a case to make it a bit more specific. The site that I was working on last week in outer London was grey belt within walking distance of three Tube stations. It would be difficult to bring it into the planning system under the current policy, but under the grey-belt proposal we are quite excited about what could be delivered in the least affordable part of the country, in walking distance of three Tube stations.

Lord Bailey of Paddington: It goes back to our discussion about land values and connectivity.

Marie Chadwick: I completely agree. Our members would like to see a better definition of grey-belt land, and for it to make specific reference to the sustainability and connectivity of it. That will be really important. You would hope that local planning authorities would have that front of mind, but maybe that guidance will need to be explicit when we are talking about releasing grey-belt land. We are very supportive of that.

Q61 **Baroness Janke:** Are there any likely unintended consequences from the grey-belt proposals as they are drafted. Are there things that you wish to alert us to?

Marie Chadwick: While accepting that that the grey-belt proposal is a bold effort, as we have heard from other sessions that you have had about the Government’s plans to recategorise poor-quality green belt as grey belt, it has the potential to result in confusion among planners, so we need to make sure that it is very clear to local planning authorities what it means.

That is why the National Housing Federation would like to see a wider definition, with examples, of what that sort of land might look like. Given that it will depend on individual authorities, they will need some sort of guidance beyond what they think grey belt might be, so we would advocate for a more specific example of what grey belt is. That would provide planners not only with clarity but with cover for when they are making those decisions at committee, as well as reduce the time and the capacity taken to have the arguments about what grey belt is and is not. That strong definition is really important and is missing at the moment.

Philip Barnes: I think an unintended consequence of the approach to a nationally set benchmark land value and to 50 per cent affordable housing is very few new homes being built on green belt in the coming years. That unintended consequence is the real risk.

If the policies change in the way we and others in the sector suggest, it could be very positive. Just to illustrate that, Barratt is incredibly supportive of grey belt and the NPPF in general. It has triggered a whole range of new planning applications, which will be submitted to build homes and increase supply. However, few of them are on grey belt because of those two constraints. They are driven mainly by the increased housing targets in the standard method, which we are fully supportive of and are responding to commercially, but I do not think you will get the same positive response in grey belt unless you deal with some of the points that Marie and I have been making today.

Q62 **Viscount Hanworth:** Can you say something about the impact of the community infrastructure levy on the viability of various developments that you are involved in?

Philip Barnes: There are two ways of looking at this. We view it as a cost, so it has to go into a development appraisal—

Viscount Hanworth: Indeed, yes, and it could tip the balance.

Philip Barnes: Correct. Or might not. But you also have to look at it from the community side and say that the CIL could be a way to address Lord Bailey of Paddington’s question about infrastructure provision. There is a roof tax approach, predating CIL, in Milton Keynes that has delivered a tremendous amount of infrastructure improvements. It is not one site paying for a road but each home paying a roof tax, and, together, all those 10,000, 20,000, 30,000 homes have delivered the infrastructure. There is real potential there.

As a housebuilder, you would expect me to say that it is frustrating that in the HPF estimate there is £8 billion of unspent CIL payments sitting in local planning authority bank accounts. That should be delivering infrastructure rather than sitting there doing nothing. That is our frustration. We are not frustrated at paying CIL; we are frustrated at paying it and then it not delivering infrastructure.

Q63 **Viscount Hanworth:** To what extent do you have to return to the problems of creating the infrastructure—drainage, electricity and whatever? Do you bear those costs directly?

Philip Barnes: Yes. If it is an off-site cost and the need for it is not generated by our development, we will pay CIL, and when those CIL payments are made they will go towards delivering the infrastructure that the local authority wants. It is very complicated, but it acts on the premise that every time Barratt builds a development, it funds the infrastructure that is needed to make it function. So whether it is a primary school, a road, a drainage system or green infrastructure, we will have provided that, yes.

Viscount Hanworth: So you pay it, but you are not commissioned to provide the infrastructure to any great extent.

Philip Barnes: We fund and build the infrastructure to make our—

Viscount Hanworth: In which case, is the levy commensurate with the costs?

Philip Barnes: It is difficult to generalise. Most places do not have a levy, which tells you how infrastructure is funded in most places. In some places Barratt would say that the levy is, at one extreme, too high and has not been spent, which we find frustrating, and in other areas that it is fine and that the council is a proactive council that gets infrastructure built, which helps our future residents and our sales rates. Somewhere between those two extremes is where the world exists.

Viscount Hanworth: It is very variable.

Q64 **The Chair:** I have a final question, particularly for the National Housing Federation, arising from something that you said earlier. Would you advocate for the ministry to set a mandatory process for identifying grey-belt land?

Marie Chadwick: We do not have the steer from members that that should happen, but they have certainly raised it as an idea of what could happen. The reality is that everyone wants this delivered locally, with local authorities having a say in it. That is the problem with making it a mandatory allocation: it should be decided within local communities. That is risk.

The Chair: Thank you very much indeed. We have come to the end of our evidence session.