

# Real Estate: UK response to MHCLG's consultation on New Towns Draft Programme

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Prepared and submitted by  
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## Real Estate:UK

Real Estate:UK (RE:UK) brings together global and domestic capital, world-leading expertise and forward-thinking policy to drive growth.

With over 500 member organisations spanning investors, developers, advisers and operators, we represent the full breadth and diversity of the commercial real estate market, worth £950bn to the UK economy.

We connect UK and international investors with the insight, networks and opportunities that make the UK one of the world's most dynamic and investable markets.

Working closely with national governments and their agencies, as well as regional and local leaders, we promote the UK real estate sector as a premier destination for capital. Through direct engagement with ministers, policymakers and advisers, we help shape a regulatory environment that unlocks growth and builds investor confidence.

We support thriving communities across the UK through the homes, workplaces, critical infrastructure such as logistics and data centres, and retail and leisure centres our members build, maintain and operate.

## General Comments

Real Estate: UK and our members strongly support the Government's ambition to deliver a new generation of well-designed, sustainable New Towns and recognise the important role they can play in addressing the UK's long-term housing and growth challenges. Members welcome the emphasis on placemaking, stewardship, infrastructure and environmental quality, and agree strongly that successful New Towns must be planned as genuinely mixed and sustainable communities where homes, for all ages; jobs; transport; social infrastructure; and community facilities and amenities are delivered together from the outset.

The real estate sector has extensive experience of investing in, developing and managing places at scale across a wide range of asset classes, and this breadth of expertise will be essential if New Towns are to become enduring, economically successful and socially cohesive places that work for people at all stages of life.

Though there is significant support for the Government's New Towns programme, it is essential that the Government approach the endeavour with the acute development viability challenges facing the sector, front and centre in its thinking. Practically, as the Government works towards final decisions later this year, we would suggest that:

- ambitious policy objectives around affordable housing, environmental standards and infrastructure delivery be grounded in realistic assessments of viability and deliverability;
- further clarity is provided on delivery models, infrastructure funding, land assembly and the practical operation of the proposed planning framework; and
- critically, that the Government explore tax and broader fiscal levers to address site-specific as well as broader development viability pressures facing the sector.

The sector stands ready to work with Government to support the delivery of New Towns. We would welcome the opportunity for Real Estate: UK to engage further on the points raised in our response and facilitate further practical, delivery-focused feedback from the industry.

**Question 1 Which of the following best describes how you are responding to this consultation?**

- **as an individual member of the public**
- **on behalf of an organisation**
- **as both an individual and on behalf of an organisation**

As a membership organisation representing the real estate sector.

**Question 2 Which area are you responding about?**

- **potential new town location**
- **wider region**
- **national interest**
- **I'm not responding about a specific location/region**

National interest

**Question 3 What is your connection to the proposed location/region?**

- **resident nearby**
- **landowner**
- **local authority**
- **developer**
- **environmental organisation**
- **professional interest**
- **no specific connection**
- **other**

Professional interest - on behalf of members

**Question 4 If you are responding on behalf of an organisation, please select the type of organisation you are responding from below:**

- **private sector business**
- **charity**
- **social enterprise**
- **local authority**
- **government department or agency**
- **housing association / registered provider**
- **professional or representative body**
- **academic institution**
- **not applicable**
- **other**

As a membership organisation representing the real estate sector.

**Question 5** **If you are responding on behalf of an organisation, please provide the name of your organisation here.**

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**Question 6** **If you are responding on behalf of an organisation, what size is your organisation?**

- **micro (1 to 9 employees)**
- **small (10 to 49 employees)**
- **medium (50 to 249 employees)**
- **large (250+ employees)**
- **not applicable / don't know**

Small

#### **ASSESSMENT OF LOCATIONS**

**Question 7** **Thinking about the 13 locations listed, which locations do you believe have positive features that could help achieve the objectives of the New Towns programme? What do you believe are the positive features of the location(s) you have selected?**

We make no comment on the specific locations listed or proposed.

Members have, however, highlighted a number of factors that will be essential for success in any location. These include:

- The importance of local support and of strong local/regional leadership. The schemes that work are usually those where there are strong leaders or a strong leadership team, with the vision and ability to drive projects forward.
- A stable policy environment and political consensus. These are long-term projects and investors and developers will want a degree of certainty to invest at scale.
- A real understanding of development viability, and public private partnerships that are built on trust.
- A plan to tackle local energy and infrastructure challenges. Grid and wider infrastructure-related challenges are often cited by members as one of the biggest barriers to development.
- A plan to manage the long-term stewardship of assets, including green spaces and the public realm. There are examples of existing New Towns that have struggled in this area due to a lack of funds and lack of long-term planning. Members are pleased to see stewardship recognised as a core placemaking principle of the Government's approach to New Towns.

Members also highlighted the need to learn from previous New Town developments, and cite the work that has been done by the Town and Country Planning Association on this issue.

**Question 8**      **Do you think any of the 13 locations listed face barriers which could hold back delivery of the New Towns Programme objectives?**  
**(Yes/No/Not sure)**  
**If you answered yes, please tell us what you believe the barriers to delivery in the location(s) you have selected are.**

See response to question 7

**Question 9**      **Do you think the SEA report has identified the main environmental issues relevant to the 13 locations?**  
**(Yes/No/Not sure)**  
**If you answered no, please expand here.**

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**Question 10**     **Is there any additional environmental information about these locations that the SEA should take into account?**  
**(Yes/No/Not sure)**  
**If you answered yes, please tell us what additional information the SEA should take into account**

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**Question 11**    **Do you have any suggestions for practical mitigation measures to address effects identified in the SEA report?**  
**(Yes/No/Not sure)**  
**If you answered yes, please set out the practical mitigation measures here.**

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**Question 12**    **Do you have any other feedback on the SEA report, including the issues and effects identified therein?**

We make no comment on the detail of the Strategic Environmental Assessment (SEA) report or on any specific assessment of environmental issues relevant to individual locations.

Members do, however, welcome the focus on high environmental standards and agree that New Towns should be designed to be low carbon and climate resilient and delivered in a way that protects and restores nature. One of the most visible and enduring legacies of many of the existing New Towns is their green infrastructure. We would just make the following observations:

- We note the Government's intention that buildings and developments in New Towns should meet "ambitious" environmental standards. It is not clear what this means in practice. We would support high environmental standards but what is achievable will depend on a range of factors and is often site-specific. We would suggest the Government is not too prescriptive at this stage.

- We also note that it is not clear how the New Towns planning policy will align to the National Planning Policy Framework (NPPF) on environmental standards. For example, the recent NPPF consultation is proposing to limit the ability of local authorities to set standards above national Building Regulations on energy efficiency measures or to go beyond the 10% target for biodiversity net gain (BNG). This feels at odds with the tone of the Government's ambitions on New Towns. There needs to be more clarity on this point.
- On BNG, in particular, we note the SEA report suggests that there may be scope to set "more ambitious targets for delivery of Biodiversity Net Gain" in New Towns. This is allowed under the current regulations although, again, we would encourage the Government not to be too prescriptive at this stage. There are a range of variables around BNG, not least because it is site and habitat-specific.
- Social value and social impact do not appear in the SEA report, and are not explicitly referenced in the draft Planning Policy or Place Making principles (although the Place Making Principles do state that New Towns should provide social infrastructure and enable residents to build social capital). This may be a simple question of terminology. We assume but state here for the avoidance of doubt that delivering social impact will be central to the successful delivery of enduring New Towns.

#### **PROPOSED NEW TOWN LOCATIONS**

- Question 13** **Do you think the 7 locations proposed for the new towns programme are the ones most likely to meet the programme's objectives?**  
**(Yes/No/Not sure)**  
**If no, please set out why you think the proposed locations do not meet our objectives.**

See response to question 7

#### **GOVERNMENT OFFER**

- Question 14** **Do you agree with the overall government offer for proposed new town locations?**  
**(Yes/No/Not sure)**

No.

**If you answered no, is there any additional support you think should be offered?**

The fiscal proposals set out to support New Towns sites are, while limited in detail, helpful – and stand to be impactful levers. However, they cannot be a substitute for Government addressing the fundamental barriers to development viability, especially tax barriers.

Our earlier report - [Boosting Development Viability](#) - outlines why development viability is challenged and what actions Government could take to better unlock development viability in this country.

Continuing to speed up the planning system, addressing delays, and providing more stability and certainty to investors is paramount. In addition, further focus should be given to supporting innovation in the sector - to boost productivity and construction times.

Most urgently, action is needed on tax policy, especially Stamp Duty Land Tax (SDLT) and business rates, to remove unnecessary barriers to development – see further details below. The UK has the highest property tax burden in the whole of the OECD – putting us at a competitive disadvantage when competing for investment into our property stock. There is no single silver bullet to addressing the development viability challenges – but we draw out a number of important tax policies below where Government could have a meaningful impact on development viability:

1. **Stop adding new taxes and levies on development** - Levies before any profit has been made are the most damaging way to tax businesses – because they create barriers to economic activity even starting. On top of this, constant tax and regulatory changes exacerbate instability for business, and damage investor sentiment. We must stop adding new taxes and levies – and provide businesses with more stability and certainty.
2. **Remove SDLT barriers to investment in property** – SDLT is a damaging tax for all property investment and should be reduced. Ideally, SDLT on commercial property investment should be on a par with other institutional investment asset classes, like equities, and be subject to a much lower transaction tax rate. At the very least, given the potential of institutional investors to deliver new Build to Rent homes - at scale and at pace – a targeted SDLT relief, like Multiple Dwellings Relief (MDR), should be reintroduced for high density housing developments – in order to level the playing field with lower rise developments. We estimate that reintroducing targeted SDLT support for the BTR sector would cost Government very little in the short term – and **unlock capacity for 36,000 homes**. This house building activity would generate significant Exchequer revenues in the medium term.
3. **Remove council tax and business rates on empty units in new developments** – the current 3 month window from practical completion before council tax or business rates is charged on new development is woefully inadequate for a high-density development. A large-scale Build to Rent Scheme, for example, could have hundreds of units completed at the same time - which will take closer to 1-2years to fully lease out. The current rules add unnecessary upfront cost and risk to development – it would be much fairer and supportive of investment if the tax was charged from the point the property was occupied.
4. **Business Rates** – extend Empty Property Relief to 12 months, followed by 50% discount thereafter. Business rates are currently charged on empty properties after only 3 months of vacancy – this is woefully out of touch with how much time it takes a vacant property to become reoccupied, let alone where an investor wants to carry out retrofit or refurbishment works. The current business rates treatment on empty properties is penal – it adds costs to development or refurbishment – and adds risk to investing in areas with high vacancy – which takes capital away from the towns and high streets across the country that need it most. Empty Property Relief must be reformed and extended to remove barriers to investment.

While grants and subsidies will be very helpful levers for Government to use – this should not be a substitute for addressing the current barriers to development within the tax system – which, if addressed, will lead to more sites becoming viable with the need for as much Government support by way of grants and subsidies.

**Question 15**     **Do you think there are any additional interventions that government should consider to ensure design and placemaking quality in new towns? (Yes/No/Not sure)**

Yes

**If you answered yes, please set out the additional interventions government should consider.**

A successful new towns approach must be based on the delivery of genuinely sustainable communities, where homes, jobs, services and infrastructure are planned together from the outset.

While addressing the housing crisis is essential, new towns cannot become primarily housing-led developments without sufficient access to employment opportunities, town centres, leisure uses and social infrastructure. Government should therefore ensure that the planning and delivery of new towns includes a strong focus on employment land and economic growth alongside housing delivery.

Integrating jobs, transport connectivity and community infrastructure from the beginning will be critical to creating economically productive, socially cohesive and environmentally sustainable places where people want to live and work.

**NEW TOWNS PLANNING POLICY**

**Question 16**     **How clear do you find the proposed planning policy?**

Not sure

**If you answered unclear, which elements are unclear and how would you suggest changing them?**

Members consider that the proposed planning policy lacks clarity in several key respects.

In particular:

- The structure of the consultation material makes it difficult to clearly identify the operative policy, with relevant elements dispersed across supporting documents.
- There is uncertainty as to how the policy will translate into the National Planning Policy Framework, limiting the ability to assess how it will be applied in practice.

- The proposals appear underdeveloped in relation to existing legislative frameworks, with limited reference to how they interact with current statutory provisions.

Greater clarity is required on how the policy will operate in practice, including its relationship with existing planning policy and legislation.

**Question 17**      **Do you think establishing the placemaking principles in the proposed planning policy is an effective way to implement the placemaking ambition of the programme? (Yes/No/Not sure)**

Not sure

**If you answered no, how do you think the placemaking principles should be implemented?**

Members support the ambition to embed strong placemaking principles within the new towns programme.

However, given the current lack of clarity and detail in the proposed policy framework, it is not yet possible to determine whether the approach will be effective in practice.

**Question 18**      **Do you think the proposed planning policy provides sufficient flexibility to new town locations to meet the placemaking principles? (Yes/No/Not sure)**

Not sure

**If you answered no, what other measures could create a flexible approach to the placemaking principles?**

Members note that the consultation leaves key aspects of delivery and implementation open, including how new towns will be brought forward.

While this may allow for some flexibility, the absence of clear policy mechanisms makes it difficult to assess whether the proposed approach will provide sufficient or appropriate flexibility in practice.

**Question 19**      **Is establishing a 40% target for affordable housing an effective way of delivering an ambitious number of affordable homes? (Yes/No/Not sure)**

No

**If you answered no, what changes to the target are needed?**

We strongly support efforts to increase the supply of affordable homes; however, affordable housing requirements need to remain flexible and viability-led if they are to be deliverable in practice.

The Build to Rent sector is already experiencing significant viability pressures, with starts well below the levels needed to meet long-term demand. In this context, recent policy **approaches** in London- where affordable housing expectations have been adjusted to around 20% in order to unlock delivery- demonstrate that lower or more flexible targets are often necessary to bring forward schemes.

If affordable housing requirements are set at a level that renders schemes unviable, they do not result in more affordable homes; instead, they prevent development from coming forward altogether, reducing overall housing supply and limiting additionality in the rental sector.

This challenge is particularly acute in large-scale strategic developments, such as new towns, where significant upfront infrastructure costs place additional pressure on viability. In these contexts, a fixed requirement of 40% is likely to be unrealistic and undeliverable in many cases.

There is therefore a risk that rigid, high targets could unintentionally suppress delivery rather than support it. Affordable housing policy must be sufficiently flexible to respond to changing market conditions, particularly in complex, long-term regeneration and new settlement schemes.

**Question 20** **Is the proposed planning policy on giving substantial weight in decision making to the social and economic benefits of new towns clear? (Yes/No/Not sure)**

Not sure

**If you answered no, please provide your reasons.**

Members recognise the intention to give greater weight to the social and economic benefits of new towns.

However, due to the broader lack of clarity in the proposed policy framework, it is unclear how this weighting would be applied in practice within decision-making.

**Question 21** **Do you agree with the government's approach to decision making policy on the Green Belt? (Yes/No/Not sure)**  
**If you answered no, what further change to plan-making or decision-making policy are needed?**

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**Question 22** **Do you think the proposed planning policy is sufficient for the purposes of safeguarding land for development as new towns. (Yes/No/Not sure)**  
**If you answered no, how could the policy go further?**

Members note that the consultation does not yet provide sufficient clarity on how new towns will be delivered in practice, including the mechanisms for bringing sites forward.

As a result, it is difficult to determine whether the proposed policy is sufficient to effectively safeguard land.

**Question 23**      **Do you think any additional planning policies are needed to support the delivery of the programme objectives?  
(Yes/No/Not sure)**

Yes

**If you answered yes, please provide details.**

Members consider that further policy development is required to support delivery, particularly in relation to land value capture, delivery mechanisms and viability.

On land value capture, members note that this is an area with a long history of unsuccessful or short-lived policy interventions, including development taxes in the mid-20th century, the proposed Planning Gain Supplement, and to some extent the Community Infrastructure Levy.

These experiences underline the importance of ensuring that any approach is practical, proportionate and responsive to market conditions.

Members recognise that New Towns represent a distinct case. Historically, Development Corporations have successfully captured land value by acquiring land at existing use value (sometimes using compulsory purchase powers), securing planning permission, and reinvesting uplift into infrastructure. Given the scale of infrastructure required and the strategic benefits delivered, there may be justification for such an approach in the specific context of New Towns.

However, members emphasise that the use of compulsory purchase powers to acquire land without hope value is a significant intervention, with implications for property rights. As such, it should be used sparingly and only within clearly defined and justified circumstances, consistent with the framework established under the New Towns Acts.

More broadly, greater clarity is needed on:

- Delivery mechanisms, including the role of development corporations and alternative models;
- Viability considerations, particularly in balancing infrastructure funding, affordable housing, and deliverability.

Providing clearer policy direction in these areas would support confidence and help ensure the programme can be delivered in practice.

**Question 24**      **Do you have any views on the potential impacts of the New Towns Draft Programme on people or groups with protected characteristics?**

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**FINAL QUESTION****Question 25** **Is there anything else you would like to tell us that you think is relevant to this consultation but has not been covered in previous questions?**

Members raised a number of overarching concerns regarding the current proposals:

- The policy framework appears to be at a relatively early stage of development, with key elements still unclear.
- There is uncertainty around delivery models, including the role of development corporations and how schemes will be implemented in practice.
- The approach to land value capture requires careful consideration, given the mixed track record of previous policy interventions in this area. While members recognise that new towns may justify a more interventionist approach, including the use of Development Corporations and land assembly powers, such measures should be clearly defined, proportionate, and used only in appropriate circumstances.
- There is a risk that ambitious policy requirements, particularly in relation to affordable housing, are being set without sufficient regard to viability and infrastructure costs.

Overall, members consider that further development and clarification of the policy framework will be essential to ensure that the new towns programme is deliverable in practice.

End of response