



Investment  
Property Forum

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## **Levelling-up and Regeneration Bill: reforms to national planning policy**

The Investment Property Forum (IPF) welcomes the opportunity to respond to the above consultation.

IPF is a national membership organisation of senior professionals, all active in the property investment and finance market. The organisation has a diverse membership of over 1,800, which includes fund managers, investment agents, accountants, bankers, lawyers, researchers, academics, actuaries and other related professionals.

The IPF's Mission is to enhance the understanding and efficiency of property as an investment, including public, private, debt, equity and derivatives, for its members and other interested parties, including government. We are not a lobby organisation but one of our key priorities is to identify where legislation or regulation has, or will have, an impact on the market and to alert government and our members to any adverse or beneficial issues.

### **The growth in institutional investment in the residential sector**

The IPF has a dedicated Residential Investment Special Interest Group, which was established in 2009 to support the nascent large-scale, institutional build-to-rent market. The IPF's Research Programme has also undertaken a number of studies of the growth of the residential investment sector, not least in our regular publication, 'The Size and Structure of the UK Property Market'<sup>1</sup>, which shows that the value of institutionally owned residential property (including purpose-built student accommodation) in mid-2023 was only £18bn, out of a total private rented sector of £837bn (2%). By the end of 2020, the comparative totals were £87bn and £1,284bn so although the stake in the sector had risen by nearly 400%, it still accounted for less than 7% of the total private rented sector. This increase is due almost entirely to new development of purpose-built accommodation.

Institutional investment in the residential sector has charted by the IPF in its annual survey of institutional attitudes and investment intentions towards the UK residential market since 2012. Respondents to the survey are drawn from the organisations most active in the nascent institutional rental investment market and include pension funds, life assurance companies, property companies (including real estate investment trusts) fund and investment managers and developers. The original survey was prompted as a response to the Minister for Housing and Local Government's call to encourage greater institutional investment into the privately rented residential sector (the Sir Adrian Montague Review) and nearly 90 organisations have taken part over the course of this research.

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<sup>1</sup> <https://www.ipf.org.uk/resourceLibrary/the-size---structure-of-the-uk-property-market-year-end-2020--january-2022--report.html>

## **Impact of national planning policy on future institutional investment in the residential sector**

Following the publication of last edition of the survey in 2020<sup>2</sup>, the IPF reviewed the survey findings from the nine-year period and conducted further interviews with senior investment professionals to inform the paper, ‘Large Scale UK Residential Investment: Achieving Market Maturity’<sup>3</sup>.

### *Relevant finding from the research:*

- Investors are considering a broader offering in their portfolios, including single family housing; accommodation that appeals to a wider spectrum of renters, including retirees; and affordable housing options. Expansion into affordable and discounted market rental housing has accelerated. The 2020 IPF Residential Survey reported net intentions of over £2.0bn, significantly higher than levels reported in previous survey years.
- Investors are looking outside the city centres of the UK’s major conurbations, alongside the traditional city centre locations.
- There is a strong commitment amongst mainstream investors to environmental standards and ESG issues and these are expected to play an important role in shaping UK residential investment in the future.
- Supply of suitable investment stock in terms of quality and scale remains a significant stumbling block to investment.
- Schemes are generally large-scale complex projects that take a substantial time to deliver through a complicated planning and construction process. When contributors to the IPF’s 2020 survey and subsequent paper were asked which policies or changes to policy would be most helpful in achieving further growth in institutional residential investment, the top ranked response was “More supportive and simplified planning”, particularly in relation to the inclusion of build-to-rent in large scale development and the possibility of build-to rent having its own specific planning class.

### *Impact of the proposed reforms to national planning policy*

In addition to the relevant findings of its research, the IPF canvassed the views of its Residential Investment Special Interest Group members, several of whom work for organisations in the vanguard of increasing institutional investment in the residential sector. Their comments were as follows:

- The removal of housing targets makes it easier any local authority to resist building the houses needed in its area. Over the course of the past year, and as it was understood that the Government was considering removing the Standard Method housing targets, a number of local authorities that were progressing local plans have decided to put them on pause.

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<sup>2</sup> <https://www.ipf.org.uk/resourceLibrary/uk-residential-property-institutional-attitudes-and-investment-survey-2020>

<sup>3</sup> <https://www.ipf.org.uk/resourceLibrary/large-scale-uk-residential-investment-achieving-market-maturity--march-2021-.html>



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One member of the IPF Group estimates that 40 such local plans have so far been delayed or withdrawn.

- Other changes also seem to allowing local planning authorities (LPAs) to plan to deliver less housing, not least: the added reference to 'sufficient' housing and that LPAs only having to meet objectively assessed housing need 'as far as possible'; pushing development towards urban brownfield sites but also disapplying the presumption in favour of sustainable development where it would mean building at densities significantly out of character with the existing area or where there is clear evidence of past over-delivery; deletion of the requirement to agree with other LPAs how unmet need from neighbouring areas is accommodated – making it easier for LPAs to argue they have provided for their own area without considering wider market area needs; and the Standard Method for calculating the minimum number of homes needed is now described as 'an advisory starting point'.
- There is concern about the level of under-resourcing in LPA departments.
- Large-scale, institutional residential investment can play a significant role in mixed-use placemaking, town centre regeneration etc. The separate consultation by property sector approach is not helpful in promoting 'joined-up' thinking.

Please do contact me should you wish to discuss anything raised in this consultation response.

A handwritten signature in black ink that reads 'Sue Forster' in a cursive, flowing script.

**Sue Forster, Chief Executive  
Investment Property Forum**