BUILDING A SHARED RECOVERY

We value our dialogue with Government over the past four months during these unprecedented challenges. As attention turns towards recovery the real estate industry stands ready to work as supportive partners investing in people, property, and places.

The need to invest in development across the whole country is so important to deliver the levelling up agenda and to support a construction sector that employs 3.1m people and housing market which underpins so much economic activity. Key workers need hope that they will get the quality housing offer their efforts deserve. New ways of working with reliance on distribution and adaptations to our buildings and places will test our industry and its customers. Our sector can help universities and their students, by providing quality accommodation that frees up their resources to focus on teaching and first class research. Our High Streets need support and new solutions to encourage start-up retailers and more homes into our town centres. Longer-term priorities, such as net zero, housing choices for our elderly citizens and levelling up all remain front and centre.

Unprecedented challenges require big and bold thinking. We have thought hard about what will support activity over the next 12-24 months. We are also conscious that public finances at local and national level are very stretched and we have sought to minimise and limit any long-term funding impacts.

Our roadmap to a shared recovery encompasses two parts – immediate measures to kick start the recovery, and more medium-term initiatives aimed more at the Autumn Statement. The document is structured as follows:

Index: *Summarising all policy recommendations*
Part 1: *Immediate measures, colour-coded in green.*
Part 2: *Ideas aimed more at the Autumn Statement are shown in blue.*

There are several new suggestions, to drive economic recovery and target support where it is needed:

- **Furloughed Space Grant Scheme**
- **A High Street 'Use'**
- **Town Centre Investment Zones**
- **Logistics' planning support**
- **Prioritising reserved matters applications**
- **Entrepreneurs' Space Rebate**
- **Community Improvement Districts**
- **Homes for Heroes/Home is the Heart**
- **A brownfield presumption in favour of Build-to-Rent**
- **Lifetime Isa support for renters**

We have not included a separate section on the environment. In many ways our net zero obligations are so significant that it should be treated as a golden thread that is sewn throughout any recovery plan and many of our recommendations could have conditions attached that only allow access to support for buildings and organisations achieving specific environmental targets. For example, VAT reductions, or stamp duty support could be linked to environmental outcomes. Help-to-buy could be linked to environmental performance. Support for R&D could be targeted at zero carbon construction methods.

A recent sustainability sentiment survey we undertook with our members showed not one sector respondent would be reducing their sustainability programme in response to Covid. It has become clear through public opinion and engagement with our membership that environmental considerations remain at the top of the industry's agenda and in many cases are being afforded even greater weight by investors than ever before. A green recovery will not only help us achieve our net zero ambitions but will also provide opportunity and economic growth. We therefore ask Government to recommit to the long-term net zero agenda and to provide a robust policy framework to give the industry more certainty in order to secure investment which is under greater pressure than usual.

Index of policy recommendations

Part 1 – Immediate measures

Supporting key workers and saving construction jobs - Build-to-Rent

One of the housing success stories of lockdown has been the Build-to-Rent sector, which we helped establish with the Government in 2012. During lockdown the Build to Rent (BTR) service and model has looked after people well:

- In dealing with the most pressing human issues relating to Covid-19, rent deferments, etc, the centralised management of BTR properties and BTR services have offered practical advantages in the lockdown.
- High speed broadband enables effective homeworking.
- Delivery lockers and cool rooms allow contactless delivery.
- Centralised management allows for easier cleaning and repairs.
- Existing communications channels with residents and neighbourhood community groups have enabled tenants to be kept up to date and remain socially connected. With mental health, as well as physical health, being a major concern during lockdown, it is important to maintain community connections.

Current circumstances have also highlighted that those who society regards as key workers is far wider than those people who would normally be eligible to access social housing. There are many key workers in the BTR sector, who have made their homes there because it provides a good quality rental offer at an affordable price and with city centre living that supports their work patterns.

There is no shortage of capital that would like to invest in the BTR sector and if anything, there will be an even a greater appetite for investment in the sector at this time.

In the immediate terms, our analysis shows there are 122 BTR schemes that have planning permission and are due to complete over the next 18 months. Given the sector is also at the forefront of using MMC (Modern Methods of Construction) and is counter-cyclical, we would recommend a package that:

a. Helps the sector to deliver its current pipeline of 122 projects.
b. Supports it to help other government objectives such as town centre redevelopment and support for broader house building.
c. Captures the current significant interest in investment in the sector.
d. Plays off other positive facets of BTR, for example, it is very brownfield-focused and increasingly nationwide, as our BTR map shows.

Three policy recommendations to allow BTR to boost housing delivery immediately are set out on the following page.

	Proposal	Why is this needed?	Detail:	Resources:
Fiscal	**Temporary relief from the SDLT investor surcharge on Bulk Purchases**	BTR investors grow their portfolios in two ways. Forward funding deals (which involves purchasing land and funding the development), which does not incur SDLT. Or BTR investors also purchase buildings that might be mid-construction - and current conditions will lead to more of these opportunities. The second approach means that BTR investors are caught by the SDLT 3% 'additional dwellings' surcharge, making such purchases less attractive. It was never the intention of the surcharge to catch institutional investment, and such a surcharge does not apply to institutional investors in Scotland, which is benefitting from increased levels of BTR investment.	Changes in multiple dwellings relief in 2011, which allow investors to pay SDLT on an average unit price, helped to kick-start the BTR sector. However, a lot of the benefit has been undone as investors now incur an investor surcharge of 3 per cent. Removing the surcharge will allow investors to support developers with semi-completed stock they will be unable to sell. We would recommend a similar approach as adopted in Scotland, whereby transactions involving 6 or more units would not be subject to the additional dwellings surcharge.	Lower SDLT revenue of £75m per annum, recouped in taxation terms overall by the increased activity and taxes paid on more units coming forward.
Housing support	**Homes England account management**	Developers are facing new challenges in the current climate. Shifting productivity and costs because of social distancing in the construction process, and other pinch-points that may affect a project, such as access to debt. The BTR pipeline, however, is very well mapped with 122 schemes (44,000 units) (£7bn of spend) either in construction, or with outline or full planning permission.	There is a very clear and detailed BTR pipeline, which is mapped by Savills on behalf of the BPF. It comprises major projects – the average BTR development in construction pipeline is 360 units. It is critical to construction over the next 18 months that as much of that pipeline is delivered. An account management relationship with Homes England would help ensure that is the case, maintaining construction jobs and related economic activity.	Resource implications for Homes England.
Housing support	**£4bn of Housing Guarantees**	Development finance becomes more difficult to access in downturns as finance providers become more risk averse. The relative newness of BTR makes finance providers wary of the BTR sector, its lack of track record, data, etc. That is changing as the sector becomes more established, but any debt constraints are likely to impinge on delivery.	The Government announced in 2017 a programme of £8bn to support housing delivery, of which £4bn remains unallocated. The BTR sector engaged in discussions about how best to utilise such guarantees and the feedback was generally that they should be used to support access to development finance, either guaranteeing the whole debt or a first proportion of it, which would encourage lenders to lend.	A contingent liability for the Government and exposure to any default risks. We think these are limited given the appetite to invest in BTR and demand for the product, but there will be locational and project specific risks.

A wider construction-led recovery

The Commercial Property Sector commissions £bns of construction activity each year, much of which is focused on creating mixed use buildings and places, and the nation's workplaces and leisure spaces. The sector faces multiple challenges to deliver its current pipeline, with circumstantial planning policy hurdles, lower productivity because of social distancing, and a less certain occupier market, when complete. With prolonged time also comes cost and increased risk. The breadth of types of property the sector is now investing in, and greater emphasis on mixed-use development, may make the sector more resilient than a decade ago. However, 30 per cent of the private sector's construction pipeline is at risk of being lost in the current financial year. To keep projects running and support shovel-ready opportunities we suggest:

	Proposal	Why is this needed?	Detail:	Resources:
Planning	**Prioritise reserved matters applications**	Most large sites are subject to an outline planning permission, which is then augmented as a scheme develops with several reserved matters applications. These RMAs follow the same time limits as a full application, so 13 weeks and can take far longer.	To help speed up construction work over the next two years we would suggest that RMAs should be prioritised. Given scarce resource in planning departments this may mean longer timeframes for other forms of application. We suggest RMAs should be processed in eight weeks and deemed consent if they are not.	This would require some re-prioritisation of planning resource within local authorities and would have impacts on other planning approvals, or more resource to maintain current services.
Various	**Support the CLC recovery plan**	The Recovery Plan published by the Construction Leadership Council provides a comprehensive roadmap to recovery for the whole construction sector. It is supported by a range of trade associations representing all parts of the sector's supply chain, including the BPF. As well as a focus on the near-term support measures, the plan aims to increase the level of activity across the construction ecosystem, accelerate the process of industry adjustment to the new normal, and build capacity in the industry to deliver strategic priorities.	It is anticipated that the construction sector's recovery from Covid19 will be gradual. Lost output will require approximately two years to recover, with most of the recovery in 2021. Failure to act will cost jobs and risks the industry lapsing into a longer-term recession, which erodes capability and skills, and leaves a smaller, weaker sector as a legacy. The full CLC recovery plan seeks to ameliorate this. It can be found here.	The recovery plan has 48 recommendations, with detailed explanations of benefits. Four working groups are taking these recommendations forward to flesh out their details. It is important to stress that whilst the plan requires support from Government, many of its recommendations also require the support of and active participation of the industry.

Helping communities restore and repurpose their high streets

The retail and hospitality sectors have been particularly hit hard by lockdown. A comprehensive package of support will be required to help trade get back to something more like normal and to accelerate the repurposing on our High Streets, including encouraging new start-ups and more residential use.

We think there will be a groundswell of public support for local shops and a keenness on the part of communities, local leaders, and businesses to rally round and help to support recovery. Government should channel that support and enthusiasm and incentivise the public and private sectors to work together in innovative new ways with local support.

	Proposal	Why is this needed?	Detail:	Resources:
Deregulation	**A temporary relaxation of Sunday trading hours**	With social distancing it is more difficult for businesses in the retail and hospitality sectors to operate at full capacity. Extending Sunday trading hours will help and allow for Sunday demand to be spread over more hours, meaning less queueing for members of the public.	At present, shops over 280 square metres: • can open on Sundays but only for 6 hours between 10am and 6pm • must close on Easter Sunday • must close on Christmas Day We have no desire to alter Easter Sunday or Christmas Day trading hours, which are important religious festivals, but would propose a relaxation of Sunday trading hours.	Some minimal costs in terms of new signage and administration.
Fiscal	**Furloughed Space Grant Scheme**	Businesses across the economy, but particularly those in leisure, hospitality and retail, have had their income and ability to trade dramatically reduced over the last quarter and reduced activity is likely to persist until at least the end of the year. While the government's emergency support has kept many businesses afloat, without further help with property costs we are likely to see a spike in business failures and job losses later this year, at a time when they should be investing for growth and recovery.	Businesses in those sectors who had been forced to close their premises during the crisis should be able to apply for government grant funding to cover part of their property costs (rent and service charge) provided businesses and their property owners comply with the new code of practice.	This proposal is the subject of a separate submission to Government by the BPF, Revo, BRC and UKH. Costs depend on shared assessment with Government of need, in order to support recovery of the retail and hospitality sectors. Support could be reallocated from schemes that the government has already committed to (but not actually spent), like CBILS. It is also worth noting that a spike in insolvencies would likely compromise amounts due to HMRC.

Planning	**A High Street 'use'**	Encouraging flexible use of space on the nation's High Street is a challenging policy conundrum. Too much flexibility may adversely affect place. High Streets are often greater than the sum of their original parts and how uses connect and are curated is important. Too little flexibility, however, and places may find it difficult to arrest from decline. We therefore have made two recommendations related to panning on the High Street. We think 'no change' is not a viable but set out two different approaches that might strike the right balance.	At present high street uses are quite granular and whilst the use classes order allows switching between some, it can restrict some uses that are quite modern and seem odd to restrict. One approach to address this would be allow for a broad 'High Street use', allowing most typical high street uses to switch between without need for planning permission, but to have an excluded list where permission would be required.	This would be a deregulatory measure for businesses and local councils.
Planning	**More use of Local Development Orders (LDOs)**	An alternative approach to encouraging more flexibility in local High Street planning would be to make more use of LDOs. This would be a more bottom-up approach to the issues explored in 12. above. LDOs are still quite rare so may require some incentive or disincentive to promote their use.	To encourage more use of LDOs, Government could make it a condition of granting High Street Fund or Towns Fund allocations, that a local authority must show how it is using LDOs or similar planning flexibilities to promote a modernisation of its High Street.	This would require some resource at a local authority level to produce the LDO but would be a one-off and therefore deregulatory for businesses and local authorities in the long term.
Fiscal	**Business rates – abolish downwards phasing**	A fair and sustainable business rates system which reflects current market values is fundamental to creating an attractive investment proposition. We include further detail on business rates in the longer-term measures outlined in the next section.	In the short term, the fundamental review should be prioritised, and feedback enacted on without delay. In the meantime, the downwards phasing mechanism, which means that business rates valuations still have some bearing on 2010 values, should be abolished.	Abolishing downwards transition will have an impact on exchequer revenues, but it will help the business rates system better reflects current rental values sooner.
Fiscal	**Abolish or reduce SDLT in our high streets**	The reinvention of our high street will be a continual process, where units may need to change hands a few times before the right balance of occupiers/asset classes is found that is right for a certain area. SDLT is a barrier to that investment – it reduces liquidity in the market and therefore reduces transactional activity.	Abolishing SDLT will reduce the financial barriers (and risk) to trying something new – which will hopefully help expedite that reinvention of our high streets. (It could be incorporated within the Town Centre investment Zone initiative below).	This will cost the government some tax revenues – however it will also bring forward economic activity that might not otherwise happen.

	Extend the SDLT payment deadline	The recent reduction in the SDLT filing deadline from 30 to 14 days was proving challenging for businesses even before Covid, but it has proved even more challenging with increased levels of working from home and other resource challenges. In addition, there will be cash flow challenges where lease renegotiations are subject to SDLT, particularly where the occupier is suffering from reduced cash flow.	We would advocate for a reinstatement of the previous 30-day filing window. We would also recommend an extension of the deadline to pay SDLT, especially in respect of lease renewals – e.g. to allow the payment to be made over say, 6 months, to spread out the cash impact of a lease renewal.	No significant cost, just a timing difference in SDLT receipts.

Supporting pensioners' investments

The real estate sector is an important employer itself (2.2 million people) and its investment is an important driver of growth (£101.2bn to the economy each year - 7% of UK GVA), tax revenues and productivity. Much of the sector's fortunes are intertwined with those of its customers and therefore the other measures we have set out in this submission. The sector, however, also has other important obligations, to its funders and the millions of pensioners whose savings are invested in property (46 million pension pots). The deferment of rent by landlords inevitably has short term consequences for their cashflow, debt servicing and investor distributions.

To help the sector support its pensioner investors, we suggest five short-term temporary measures in this:

	Proposal	Why is this needed?	Detail:	Resources:
Fiscal	**A temporary increase in capital allowance rates**	It would be helpful if the tax relief for capital expenditure already incurred could be brought forward to allow business to reduce their corporation tax bill sooner, and thus retain more cash in their business. If this was time limited, it could also incentivise businesses to bring forward expenditure. This would also have a dual benefit of reducing the level of profit that many REITs are required to distribute (as the PID is based on taxable profits) – given the significant reduction in rental income in recent months, reducing pressure on PID obligations would be helpful. In addition, a special 'Covid' pool could be introduced, to allow current year relief for any capital expenses incurred in relation to redesigning buildings to address Covid risks.	Temporarily increase the capital allowances rates to bring forward tax relief on assets already acquired – the more significant the increase, the more helpful this measure will be for cash flow – even if it is time limited for just a year. To incentivise further investment, the Annual Investment Allowance, which is due to be reduced at the end of the year, should be retained at £1m or higher for another year. In addition, the Structures and Buildings allowance rates could be increased, and could be a helpful policy tool to encourage green developments, by offering a higher SBA rate for those buildings which achieve certain sustainability credentials	This measure brings forward tax relief, rather than introduces a new relief, so it is a timing difference.

Fiscal	**VAT repayments – bad debts**	A significant number of rental invoices that have been issued in recent months have since been renegotiated or deferred until a later date, and unfortunately, a proportion of these debts will go bad. A significant amount of VAT is tied up in these invoices, and it would be helpful for business if the VAT could be repaid as soon as possible.	The current 6-month timeframe to recoup VAT on bad debts should be expedited.	This would aid private sector cashflow – and is just a timing difference for government.
Regulatory	**REITs - distributions**	Waive the requirement to make a property income distribution (PID) to allow property companies to conserve cash in the business to support their tenants.	While HMRC have discretion to defer PID payments, it would be more efficient for both HMRC and business if REITs have certainty that they can choose to delay or reduce the PID in the current period without falling foul of the REIT rules.	No cost, bar small amount HMT/HMRC resource
Regulatory	**REITs – interest cover**	Waive the 'breach' of the rules for any REIT that fails the interest cover test as a result of Covid.	As above, while HMRC have a certain amount of discretion, it would be helpful if REITs have certainty that a breach in the REIT rules, as a result of Covid, will not cause them to fall foul of the rules over this period.	No cost, bar small amount HMT/HMRC resource

Part 2 – Autumn Statement ideas

Housing for all

The heroes of lockdown have been the many key workers who have courageously supported the NHS and allowed other critical functions to continue, including people in our own sector managing properties and ensuring they and their residents are safe. The public will rightly have higher expectations that their housing conditions and especially those of key workers will improve.

There is also heightened awareness of the housing conditions of the elderly, and the pressing need to provide a better range of housing options for people in their later years, that allow them to live independently, but with care to suit their needs.

	Proposal	Why is this needed?	Detail:	Resources:
Planning	**A brownfield presumption in favour of BTR.**	BTR is still a very new housing product. Often local authorities will not have written a specific BTR policy into their local plans, leading to protracted negotiations and delay.	BTR applications on brownfield land that meet National Planning Practice Guidance requirements and good design in the next two years should get planning approval	Negligible funding and net administration implications.
Housing	**Homes for Heroes/Home is the Heart**	Investment in affordable housing is an excellent counter-cyclical way of boosting economic activity. We are supporters of the Homes for Heroes campaign, led by the G15 Housing Associations. We also support the National Housing Federation Campaign, 'Home is the Heart'	The Homes for Heroes campaign has called for the following: a) A national programme of low-cost homes prioritised for the heroes who have put themselves at risk to keep us alive and healthy throughout this crisis. b) An initial burst of thousands of homes within months, by matching government funding with housing association resources to make completed homes and those under construction available on a low-cost basis for essential workers. c) A high-tech manufacturing base to create jobs across the country - powering a long-term programme to deliver the low-cost homes our heroes need. d) Spread the costs across society by part-funding the homes through public giving, public land, government funding and housing associations' resources.	Additional public funding and use of public land, but the proposal seeks to mitigate this with contributions from public and private sectors.

Planning	**Support for a range of retirement housing choices through the planning system.**	The country needs more purpose-built housing choices for older people. As lockdown has illustrated too many elderly citizens are either in traditional care homes or struggling at home. We have seen with Build-to-Rent, that greater planning certainty helps attract greater private sector investment.	Policy on purpose-built housing choices for older people is set out in the most recent NPPF. Paragraph 61 requires local councils to plan for the range of housing their communities need, and to include the housing needs of older people. Given demographic trends, however, we think policy needs to move quicker and to be more explicit. Each local authority should therefore have an explicit planning policy on housing for the elderly within their boundaries, explaining how they are promoting choice. Any accommodation, which clearly exhibits capacity for care, should not have to provide affordable housing requirements, save in exceptional circumstances, for example on very high value units.	This would have some resource implications for local authority planning departments, although in the longer term should alleviate some resources, through greater clarity about plan policies to developers. There may be a loss of some affordable housing, but the housing with care sector is still relatively small and units freed up by elderly people should feed through the housing supply chain.
Various	**A national retrofitting programme as committed to in the recent Conservative Party election manifesto**	80% of the buildings that will be in existence in 2050, have already been built. Strong regulatory incentives have already been introduced to deliver better energy efficiency in both commercial and residential private rented stock. However, incentives for the retrofit of existing housing stock and owner-occupied homes, are harder to come by. If we are to significantly reduce the carbon impacts of the built environment, energy efficiency measures in existing homes will need to be delivered at pace.	Detail - Retrofitting existing homes to a high standard including insulation, double glazed doors and windows, and small-scale renewable energy solutions, will reduce household emissions and provide a much-needed boost for construction, supply chains, SMEs and UK innovation. It will be important to ensure that stimulus funding avoids some of the challenge some of the previous attempts, and that the correct incentives are made clear to those undertaking retrofit work.	A financial package will be necessary to facilitate this change, however it would be anticipated that employment opportunities and wider spending within the economy will be stimulated as a result, and in alignment with supply chains that already exist.

Fiscal	**VAT – reduce or zero rate VAT on residential repairs, maintenance, and management, as part of a wider national housing retrofit strategy**	Our departure from the EU provides an opportunity to consider whether our VAT rules are appropriately supporting our economy and encouraging investment where it is most needed. Reducing the rate of VAT on residential repairs and maintenance and management would help unleash further investment in the Build-to-Rent (BTR) sector, as well as stimulate improvements to our existing housing stock, whether that be energy efficiency measures or remediation works to make fire safety improvements.	The recoverability of VAT on construction costs is inordinately complex - with different costs recoverable depending on who the occupier is, whether the property is commercial or residential, and whether the property has been built for sale or for rent. In summary though, it is generally easier to recover VAT on expenditure incurred on commercial property than it is on residential property. This makes large-scale investment in residential property comparatively less attractive. Zero rating repairs and maintenance on residential repairs and maintenance would simplify the tax system and help level the playing field in terms of VAT recovery for investors in different types of property.	While such a measure would be a significant boost to investment in build-to-rent; the potential benefits of such a policy change would be far more wide reaching – in particular, it would reduce tax barriers to improving the quality, safety, and carbon efficiency of our existing housing stock. There was a full policy costing of the measure, including costs and benefits, by the Cut the VAT campaign and research by Experian.
Fiscal	**Lifetime Isa support for renters**	Young people who are making their way in the world and renting a home are at a disadvantage to those who stay at their parental home, in that their deposit on renting is not able to count towards a Lifetime ISA, and miss out on Government support. We suggest rental deposit monies 'count' towards Lifetime ISA savings, allowing young people to save more quickly.	Legitimate deposit monies on rental property are now heavily regulated and required to be in Government approved schemes. It should be relatively easy to monitor the amounts that are held and 'count' towards a Lifetime ISA bonus.	This would have some cost, but support fairness and help young first-time buyers.

Town centre transformation

Measures set out earlier in this submission address the urgent need to help support our High Streets. In the longer-term, our wider town centres are going to need to find significant public and private sector investment to support their transformation. Such is the scale of the task that individual one-off measures are unlikely to attract the amount of investment that is needed. Investors will want to see a holistic vision for town centres and a complete package of measures that will support that vision.

	Proposal	Why is this needed?	Detail:	Resources:
Regulatory and fiscal	**Fundamental business rate reform**	The change in consumer habits and the shift from physical to online retail has had a profound impact on our high streets over the last decade – with retail rents decreasing by around 30% and the level of empty shop fronts on our high streets steadily increasing over this time. The Covid crisis has accelerated this change. The business rates system must be responsive enough to reflect current rental values in closer to real time – and it must not penalise landlords by charging business rates on empty units, which is an unfortunate but inevitable part of the evolution of the high street, and takes away investment capital from the very stakeholders that want to invest in repurposing and reimagining our high streets.	The Government's anticipated fundamental review of business rates must be prioritised – and we look forward to engaging in the consultation process. Ultimately, the business rates system must be responsive to changes in rental values to avoid stifling business and investment. To that end, our primary recommendations for a more responsive system include: 1. More frequent revaluations; 2. A reduction in the total tax burden (we have the highest level of property taxes in the EU); 3. A tax take which fluctuates with the wider economy, or a local rental growth index (rather than increasing by inflation each year). Longer term, we would advocate for business rates discounts for 'green' commercial premises to help stimulate demand for the most energy efficient properties, thereby encouraging landlords to invest in greener properties, and retrofit existing premises.	The tax rate currently stands at over 50% of rateable values (a proxy for rents) – we would recommend bringing this down to around a third of rateable values. If the government were to simply reduce the total take by a third, this would cost approximately £8bn – however, there are other ways of achieving this and how this reduction might be otherwise funded should be consulted on as part of the forthcoming review.

Various	**Town Centre Investment Zones (TCIZs)**	The full-scale reinvention of our town centres and their recovery is not going to occur through one policy intervention, but several levers all working at the same time, whether those are fiscal, regulatory, or planning. Private capital in scale will also be more attracted to those places that have a clear narrative and plans and tools to support them.	The BPF has been promoting TCIZs as a way of focusing support for High Street recovery and renewal. The precise support could come from a menu of measures applicable to all TCIZs, or specific to individual places. This could include enhanced planning powers, tax and investment incentives, deregulatory measures, local environmental and labour market enhancements.	The designation of the TCIZ area should be in the hands of the local authority, local businesses and the local community who know their High Street best. There should however be some clear criteria for designation set by central Government, to ensure correct and fair use of a TCIZ and ensure that TCIZs are not resource intensive. This may consist of requirements for: • A clear long-term vision for the town centre • A clear strategy for bringing together local initiatives and council services • Existing or historic town centre features within the designation's remit • Inclusion of residents and business stakeholders within the zone's planning • A master plan, Business Neighbourhood Plan or Town Centre Area Action Plan (AAP) in preparation.

Revenue	**Community Improvement Districts (CIDs)**	Our town centres and High Streets are facing unprecedented challenges at a time when local government resources are stretched. Local people, however, care deeply about their local shops and facilities at the best of times and we think there will be a groundswell to try and support retailers and hospitality businesses, who have been hit hard by current conditions. One way of channelling that enthusiasm might be Community Improvement Districts (CIDs).	CIDs would allow local authorities to raise a small council tax supplement based on a clear improvement plan and vote amongst residents. These could be structured to support a specific retail place or places. The concept is not untried and is used already in certain circumstances, for example in London to maintain the upkeep of some common land.	A CID will involve some upfront investment on the part of Government to design the parameters of a scheme, and on the part of local community groups and local authorities to put together local business plans and conduct votes on them.
Fiscal	**Entrepreneurs' space rebate**	Less/unestablished SMEs provide greater risk and a weaker covenant for landlords. This measure should help encourage landlords to consider occupation by less/unestablished occupiers and generally foster landlord/occupier collaboration during a new business's first year.	Empty rates paid in the previous 12 months should be rebated to a landlord if it provides space to a start-up or SME for a minimum of 12 months successful occupation.	This will have some revenue implications. We estimate of the order of £150m per annum. Existing empty rates relief is of the order of £1bn per annum, and the measure will support entrepreneurs and landlords keen to support them.

An inclusive and forward-looking UK

The impact of uneven growth across the UK is unhelpful to the UK as whole. It means that people and communities get left behind and that comes with a huge personal and economic cost. The Government's levelling-up agenda is therefore strongly supported by our membership and their hope is that current conditions will help reinforce rather than adversely affect progress. Transport and digital infrastructure are critical to unlocking development sites and regeneration and we urge Government to maintain its commitment to capital investment already announced, and to an ambitious National Infrastructure Strategy looking ahead.

We also need to better support the changes we see in our economy through the greater use of technology:

	Proposal	Why is this needed?	Detail:	Resources:
Planning	**Embedding remote ways of working**	Current conditions have forced new ways for the planning system to work and brought broader digitalisation into sharper focus. It is important such progress is embraced and embedded into future work practices.	There must be proper evaluation of the new ways of working with the planning system. We do not wish to circumvent individuals' rights, but there would be benefits to a more flexible and multi-channel approach, allowing greater participation for the public, and a speedier service for applicants.	Time of MHCLG officials to evaluate and make recommendations. A broader working group or task force may help advise.
Planning	**Strengthen the presumption in favour of sustainable development in national planning policy and for decision making.**	A key test for large swathes of government activity as we move out of the current crisis will be the extent to which the precise action is directly supporting the economic recovery. Such a principle is already incorporated in the planning system via the NPPF and presumption in favour of sustainable development.	The industry considers that the presumption has been weakened since its introduction in 2012 and needs strengthening, whereby great weight should be given to the contribution that development can make to meeting the country's social and economic needs.	This could be done quickly through a Ministerial Statement or if necessary, through a review of NPPF, to ensure that all parts of the country and all communities play their part by meeting development needs in full. The same principle should also be applied for the plan-making process.
Planning	**Local plan delivery and speed**	Local plans are the signals, which give investors clarity of direction. Without a local plan, the planning system is direction-less and therefore a barrier to economic decisions	It a vital Government continues to put pressure on all local authorities to have up-to-date plans by the deadline of December 2023. Government should also consider reform of the local plan-making process making it single-stage.	Officials' time within MHCLG and some additional local authority resource, although it should have deregulatory benefits in the longer-term.

Planning	**A presumption in favour of logistics development where a clear set of 'logistics criteria' are met** **Written ministerial statement on the importance of the logistics sector to the UK's economic recovery**	The importance of the logistics sector as an essential part of our national infrastructure underpinning all aspects of our day-to-day lives has been brought starkly in to focus by the COVID-19 outbreak. To ensure that its full potential is harnessed, we need a planning framework that acknowledges its importance, its locational requirements and responds positively to its clearly identified needs now so that the sector can play its full part in the economic recovery. Logistics is an integral component of the manufacturing sector and underpins a significant sector of the construction industry during the development stage. Throughout the pandemic, the sector has continued to perform strongly, and there has been exponential growth in the rate of online retail sales.	The Local Plan process is simply not reacting quickly enough to the logistic sector's identified needs, and delivering the number of sites to satisfy this demand. Local Authorities, at present, do not uniformly recognise the benefits that logistics operations provide, nor the need for a resilient regional and national supply chain network. Clear direction from central government is therefore needed through the introduction of a 'presumption in favour' of logistics development when a precise set of 'logistics criteria' are met. Such a presumption could be introduced through an amendment to the NPPF or be delivered through the forthcoming planning white paper. **Logistics Criteria:** · Easy access and proximity to the strategic highway network · Ability to provide effective access by non-private car to suit shift working patterns · Located away from residential development/where no unacceptable impact on residential amenity to allow for uninterrupted 24 hour working · Capable of accommodating large scale buildings in terms of both footprint and height · Sites which suit location for future occupiers It is worth noting that North West Leicestershire District Council (through Plan Policy EC2 Para 2) operate a similar policy at a local level.	This action would require minimal MHCLG resources to signal the clear intent and commitment of the Government to support the logistics sector and maximise its contribution to the wider economic recovery. In addition to the 'presumption in favour proposal' above, our members have also developed a range of complementary amendments to Planning Policy/Guidance to provide additional detail in support of this clear direction of travel.

Planning	**Viability considerations**	The impact of the current Covid-19 outbreak and its aftermath will affect development scheme viability. It is important to communities, however, that planning obligations are met, because that is seen as support they get to make developments acceptable. We have no desire to return to s106BA, which forced viability reassessments after the last economic downturn. Instead, we suggest an alternative.	Planning Practice Guidance should be clear that authorities should voluntarily consider requests to review S106 requirements in the same way as if they were submitted under S106A 1 where: (i) The changes sought: (A) would make the scheme 'present day' viable. (B) are driven by unforeseen C-19 issues (increased holding costs/ finance costs/ delayed starts) not just factors that are 'normal' development risk. (ii) Changes would be time limited to reflect the expectation of a present-day start (having a clear substantial commencement threshold that must be achieved); (iii) A review mechanism is applied so that the eventual outturn is assessed, and concessions clawed back where financially neutral.	Some resource implications, but additional delivery.
Deregulation	**Fast-track new devo deals and extend further powers to existing devo deals**	The devolution agenda of the past decade has widely been seen as a success, empowering some of our great city regions to make local decisions about their local economies, safe in knowledge they would have the best knowledge on what is needed, with accountability to their local electorates. With the Government ambitious on its levelling-up agenda, it is important the devolution agenda is renewed.	There are specific areas of responsibility that could be expanded into existing devo deals. For example, several combined authorities have indicated they would like to take responsibility for skills and training policy and expenditure. Also, greater responsibility for environmental policy. Particularly in the current context both would seem logical.	This would be dependent on specific devolution deals. Many of the powers already devolved, however, are within existing spending programmes.
Fiscal	**Remove counterproductive foreign tax surcharges**	The UK real estate sector is truly international, relying heavily on wholesale capital – both local and international – to create housing and commercial real estate. Over recent years taxes have increased significantly on overseas investors in UK property, both in housing and commercial property - the latest tax being an SDLT surcharge of 2% on non-residents. It is important now more than ever that the UK is seen as being open for business.	In considering taxes on non-residents, it is important that Government considers the motivation of such investors and whether they are investing for short-term speculation or long-term investment in the success of the UK. In particular, we believe that those investors that are contributing to housing supply should be exempt from the new 2% SDLT surcharge – this would include Build to Rent investments, and those developments who's business model relies on a certain amount of off plan sales.	Admin negligible, but loss of some revenue, counterbalanced by greater economic activity and housing supply.

Deregulation	**Best consideration**	In a modern economy it is increasingly the case that organisations are being judged on their environmental, social and community outputs. When BPF members bid for public land, however, they are often still judged on purely financial outputs, even although they may be providing a range of other benefits, which may not be instant but accrue over time. Best consideration rules are interpreted differently by local authorities illustrating that there is perhaps more scope to be flexible than some practice.	In the Housing White Paper of 2017, the Government of that day committed to consult on extending the flexibility that local authorities have to dispose of land at less than best consideration, but was never able to finish that commitment. We would suggest that consultation and follow up actions are still needed.	Negligible.
Regulatory	**Amend government procurement rules to align with net zero targets**	The government's own procurement processes present a significant opportunity to drive sustainability in the industries that serve it. By aligning governmental, departmental, and local authority procurement rules with net zero ambitions, numerous markets, sectors, and their supply chains can be incentivised to decarbonise their activities and services.	Thought should be given to embedding greater levels of environmental and social weighting in government procurement policies and even in relation to reviewing the green book evaluation methodology.	This will largely require time, capacity, and skills resources. Both in exploring and establishing new guidance and rules, but also in facilitating a new way of assessing value and risk within government departments and public bodies. The benefits for sustainable supply chains and the costs for public bodies could however be significant.

The focus of this paper has been on the near-term, and new initiatives that might help economic and social regeneration. There are, however, several other existing work programmes that Government is engaged on that will also help secure recovery and should be prioritised:

i. HMT Green Book reform
ii. A National infrastructure Strategy
iii. A Planning White Paper
iv. A roadmap towards Net Zero
v. Reforming the Housing Delivery Test to reflect growth aspirations in the Midlands and North
vi. A Single Housing Infrastructure Fund

These remain as important as ever, and we look forward to continuing to work with Government, as committed partners, in their delivery.