

Small Sites Planning Policy – The proposal.

Why is this needed

As Policymakers have acknowledged, restrictive and competing policy objectives have contributed to the reasons for low housing delivery from small sites. As a result, developers of small sites are often locked into protracted negotiations with local authorities and frequently also local communities. Stats that support this:

- Small sites take on average 60 weeks to gain a planning determination (almost 5x the statutory time period) (Litchfields, 2020)
- Almost a quarter (23%) of developments on small sites required two or three successive applications to secure permission (Litchfields, 2020)
- In a recent survey by the HBF, 94% of developers believed these delays in securing planning permission or discharging conditions were representing a major barrier to housing delivery (HBF, 2021)
- In 1988, SME housebuilders built 39% of new homes; now they build just 10%

What was causing this:

- 1) **Planning inflexibility.** In the Litchfield research on the delivery of small sites, all case study sites reviewed were unable to achieve a policy compliant mix (Litchfields, 2020).
- 2) **Viability testing.** 75% of the cases, viability & affordable housing requirements represented a key blocker for small site schemes (Litchfields 2020).

Solution - SSPP

In short, a Small Sites Planning Policy has the potential to deliver tens of thousands more homes per year across the country on underutilised brownfield small sites and make it easier for housebuilders to deliver all forms of affordable housing, **at no extra cost to the treasury.**

Our proposed revisions would provide a material consideration for decision-makers to tilt the balance in favour of development on small sites, while also ensuring schemes do not get stuck in complex viability discussions.

Put simply, small brownfield sites, that provide more than 50% affordable housing (as set out in Annex 2 of the National Planning Policy Framework), should benefit from the following:

- 1) **A tilted balance** in favour of development that would provide a material consideration for decision-makers to tilt the balance in favour of development on small sites where high levels of affordable housing can be demonstrated and **unless the adverse impacts of allowing development would significantly and demonstrably outweigh the benefits.**
- 2) **A planning fast-track route** with no requirement for a viability assessment to provide a more streamlined planning process for SMEs, but also incentivise greater delivery of affordable housing across the country.

Opportunities

- **Fewer planning delays and greater certainty for developers.** According to Litchfield's research, small sites that benefited from the London Plans *fast-track route* gained planning 5x quicker (post the statutory 13 weeks).
- **Delivering an SME renaissance.** Support through a new small sites policy could help revitalise the sector and reduce uncertainty when it comes to planning. Today there are little more than 3,000 SME's currently operational. Even if the policy tweaks helped the sector return to the number of SME firms operational in 2007, it could help boost housing supply by 25,000 homes per year (HBF, 2017)

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- **Housing delivery in sustainable urban areas.** The policy would ensure planning flexibility that could, according to research, unlock more than 110,000 small brownfield sites in the 10 largest urban locations alone (Pocket Living, 2022). This could increase to over 1.6 million new homes if the threshold was increased to under 1 hectare (LDS Guarantee, 2023)
- **Delivering all forms of affordable housing.** The policy could support one of the largest affordable pushes in the last decade. The London Plans' adoption of a similar planning *fast-track route* for schemes with high levels of affordable housing saw the number of planning applications meeting this threshold increase by 45 per cent since 2018 (Mayor of London, 2021).

Progress so far

December 2022 – We worked closely with Andrew Lewer MP (Chair of the APPG for SME Housebuilders) to bring forward New Clause 12 in the House of Commons stages of the Bill. Following cross-party support from over 40 organisations, the government committed to reviewing the policy in the NPPF consultation.

March 2023 – A range of organisations including Barratt Homes, the G15 and others include the small sites planning policy within their NPPF consultation responses.

March 2023 – Baroness Thornhill, Liberal Democrat Lords Spokesperson, submits a small sites amendment to the Levelling Up and Regeneration Bill (**Small Sites Planning Policy Amendment 274A**)