

## Delivering more affordable homes: Reforms to small sites policy

This briefing examines the timely opportunity to reform our policy towards small sites, following the Government's commitment to review the process of small site delivery within the NPPF consultation 2023.

### The Problem

Put simply, too few affordable homes are being delivered, leaving more people, particularly young people and key workers, frozen out of home ownership.

- **Homeownership is out of reach for many, particularly young people.** In 2003/04, 59% of households led by someone aged 25-34 were homeowners. By 2020/21, this was 47%.
- **SME developers play a vital role in the market, but are limited by a disproportionate and complex planning system.** The 'one size fits all' nature of development puts SMEs at an inherent disadvantage, limiting the diversity of the market and choice of first-time buyers, not to mention the potential of these housebuilders to transform communities for the better, particularly around small sites.

### The Solution

- **A new Small Sites Planning Policy (SSPP) is needed.** A new SSPP could be introduced, offering a more permissive approach to planning for those developing small sites which offer the majority of homes as affordable housing. Sites still need to conform to more general development policies and must be designed in a manner that observes and adds to the existing character of the area.
- **Sites would need to meet other criteria for the SSPP to apply.** For example, sites should be under 0.25 hectares so major developers don't take advantage of the SSPP regime. To ensure development takes place in those areas where the Government wants more homes built, it could be targeted specifically at brownfield sites.
- **Once the SSPP applies, SME developers should benefit accordingly.** If their sites meet certain criteria, SMEs should benefit from a presumption in favour of development.

### The Impact

- **Tens of thousands of new homes a year could be built.** SME developers, who know their local areas, could come forward and deliver up to 110,000 new homes in the 10 largest urban areas in England alone.
- **Hundreds of thousands of people would be priced in across the country.** This policy would unlock potential buyers across the country and increase demand for SME products.
- **The new properties will open opportunities for SME housebuilders.** SSPP would present more opportunities for housebuilders to bring forward sites and contribute to regeneration in urban neighbourhoods.

### **New Small Sites clause: Requirements to encourage the development of small sites**

1. *In respect of a development where the conditions in subsection (a) and subsection (b) are satisfied Local Authorities should support opportunities to bring forward sites and apply a presumption in favour of development where the site:*

- is below 0.25 hectares in area, and*
- contains over 60% affordable housing, as defined in Annex 2 of the NPPF"*