

Ministry of Housing, Communities and Local Government
3rd Floor, Fry Building
2 Marsham Street
London
SW1P 4DF

9th July 2025

Response submitted by email only: SiteThresholds@communities.gov.uk

Dear Sir / Madam,

Re: Planning Reform Working Paper: Reforming Site Thresholds

Introduction

The Land, Planning and Development Federation (LPDF) welcomes the publication of the working paper *Reforming Site Thresholds*, part of a wider series of planning reform proposals intended to support the government's ambition of delivering 1.5 million new homes during this Parliament. We are encouraged by the government's recognition that achieving this target will require not only increased supply, but a broader and more diverse pipeline of sites, and with it, a wider range of developers contributing to delivery.

We acknowledge that the changes implemented through the new National Planning Policy Framework (NPPF) in December 2024, along with subsequent changes to the Planning Practice Guidance (PPG) and other elements of the planning system, will make a positive difference. Indeed, research by the LPDF has shown that in the first two quarters of 2025, there is an anticipated 160% increase in the numbers of planning applications which our members are seeking to submit, compared to the six months leading up to the publication of the new NPPF.

However, central to the Government's aim to deliver 1.5 million new homes is the need to ensure that a plurality of site types and sizes are available and actively brought forward for development. By creating a more balanced land market that includes a mix of large, medium, and small sites, the planning system can support a more competitive and resilient housebuilding sector. This, in turn, will encourage the entry and expansion of small and medium-sized enterprises (SMEs), diversify the range of housing products offered, and ultimately accelerate the pace of delivery.

The LPDF has long argued for the introduction of a distinct 'medium-sized sites' category, and we are pleased to see the government engaging with this concept in a meaningful way. If the threshold is set at an appropriate level and supported by accompanying reforms to national and local policy, as well as regulatory simplification, this change has the potential to unlock a significant volume of development capacity currently held back by systemic barriers. Crucially, it could create the right conditions for more SME builders to enter the market, expand their operations, and deliver high-quality housing at scale.



The latest report of the Radix Big Tent Housing commission¹ concludes, based on evidence prepared on behalf of the LPDF by Savills², that SMEs could deliver another 70,000 homes per year if they received pro-active support through the planning system. This support includes extending the medium sized sites category potentially up to 100 dwellings, and ensuring only essential information is required for planning applications on such sites. The LPDF fully support these conclusions. Ensuring local plans allocate a proportion of their housing requirements on small and medium sized sites, would clearly assist the government greatly in increasing the speed at which new homes are delivered.

We therefore support the direction of travel set out in this working paper and welcome the opportunity to contribute further to the development of a more inclusive and effective planning framework.

About the LPDF

The LPDF seeks to represent the UK's leading land promoters, home builders and commercial developers.

LPDF members support the housebuilding and commercial development sectors by promoting sites through the planning system, providing "shovel ready" land with a planning permission which can facilitate the delivery of infrastructure and serviced land parcels.

The LPDF seeks to actively engage with government on planning, housing and commercial development policy and to educate the wider public on the social, environmental and economic benefits of development through an evidenced based approach.

The LPDF encourages its members to deliver well designed, high quality, sustainable places which deliver a mix of housing types and tenures, commercial spaces and community uses that have a positive social, environmental, and economic impact.

Our key values include:

- Working in a positive and cooperative way with central and local government and key stakeholders, to deliver a planning system capable of supplying the homes and employment space we need.
- Promoting research and an evidence-led approach to policy development.
- Increasing the supply of new homes to meet demand and make home ownership a realistic possibility for all those who aspire to it.
- Ensuring that we build the affordable homes of all types and tenures that this country so desperately needs.
- Delivering new employment space to meet demand from businesses and support economic growth.
- Championing the impact of increased housing delivery on reducing intergenerational unfairness.
- Creating well designed, high quality and sustainable places to live and work.
- Educating and informing about the social, environmental and economic benefits of development.

¹ Radix Big Tent – [Unblocking the Housing Ecosystem](#)

² Savills (October 2024) – [What size of builders do we need to deliver more homes?](#)



- Supporting diversity of delivery in the market and championing SME developers.
- Promoting diversity and inclusivity within the sector.

Questions

1. Would a medium-sized site threshold help reduce barriers and accelerate delivery for SMEs, if linked to the proposed changes to regulatory requirements set out in the working paper?

Yes, the LPDF believe that a medium sized site threshold has the potential to reduce barriers and accelerate delivery for SME housebuilders, providing it is coupled with the appropriate regulatory and policy reforms.

Plurality of builders active in the market at any given time is of fundamental importance. Research undertaken by Savills on behalf of the LPDF³ estimated that the number of medium sized and smaller builders (building up to 500 homes per year) has declined dramatically, falling by 60% between 1995 and 2023. As a result of this stark decline in SME builders, the UK has become more reliant on a small number of housebuilders and in particular, a few very large housebuilders. We need more small and medium sized sites, as well as large ones, to support increased delivery of housing so that the full range of different sized builders can contribute to delivery.

The trend, in recent years, has been towards larger local plan allocations, often at the expense of smaller and medium sized sites. Research by Savills⁴ highlights this shift towards larger site allocations. These large allocations are complex and often take a long time to overcome a variety of issues before they start delivering on site. Medium sized sites are critical to enable SME builders access to land, increase plurality in the market and enable them to grow.

A recent WPI Strategy report⁵ looks at the rising costs for housebuilding, specifically policy interventions, tax and regulatory costs, including Future Homes Standards and Biodiversity Net Gain (BNG) and the impact that these are having on the output from SME builders. This report highlights that SME builders are in long term decline. The share of homes built by SMEs fell from 39% in 1988 to just 10% today. The consequence of further decline in this sector would be that the country becomes even more reliant on a small handful of large 'volume' housebuilders. Part 3 of the WPI Strategy report focusses on the future for smaller housebuilders, specifically the declining output, operating margins and rising insolvencies. From the modelling undertaken, this research concludes that without targeted action, the pressures faced by SMEs are likely to intensify and around 50% of the sector are at risk of insolvency by the end of this parliament.

Research undertaken by Savills⁶ on behalf of the LPDF estimates that, based on real-world precedents, a policy environment that actively encouraged sites of up to 100 homes and removed barriers to their development could potentially add an additional 95,000 homes a year to housing supply. This clearly provides empirical support for the

³ Savills (October 2024) – [What size of builders do we need?](#)

⁴ Savills (June 2023) - [Savills UK | Is the planning system delivering the volume and mix of sites to increase delivery in England?](#)

⁵ WPI Strategy (June 2025) – [The Future of Smaller Housebuilders in England](#)

⁶ Savills (July 2025) – [Land Matters: Increasing Outlets to Boost Housing Delivery](#)



medium sized sites category, highlighting the need to capitalise on this in order to increase housing delivery in the short term.

Given the above context, the deepening housing crisis, and the government's ambitious housing delivery targets, the LPDF strongly support proposals to introduce a medium sized sites threshold and the associated changes to regulatory regimes and policy requirements. This is something that the LPDF have advocated for over a number of years as we believe it could have significant positive effects for SME housebuilders, increase plurality of builders active in the market and consequently, increase the delivery of housing overall.

Reducing the barriers for SME housebuilders is of significant importance and therefore, it is crucial that the thresholds are set at the most appropriate and effective level to have the greatest positive impact. Research by Lichfields⁷ on behalf of the LPDF highlights the barriers, specifically relating to costs and planning risk that have a significant impact on SME builders.

If the medium sized sites threshold was accompanied by requirements for local plans to allocate a certain proportion of their housing requirement to these types of sites, it would ensure more medium sized sites were allocated and thereby reduce the planning risks associated with these sites. This would help the government increase the speed at which new units are delivered.

2. Should the threshold be 10–49 units, or could other size ranges provide a better balance of simplicity and impact?

No, the LPDF do not think the threshold should be 10-49 units, as to have the greatest impact we believe the upper limit needs increasing.

As set out above, whilst the LPDF strongly supports the introduction of a medium sites threshold, in order to maximise the benefits gained from this by SMEs and increase their ability to access land and deliver housing, we strongly believe the government need to go further and that this threshold should be increased to 'up to 79 dwellings'. This would then capture a greater number of sites, giving more SME builders opportunities within the market and in turn increasing the delivery of housing.

The LPDF refer to recent research prepared by Savills⁸ which highlights, through Table 2, how recent policy has neglected the importance of medium sized sites. This demonstrates how the share of homes being consented on sites of less than 100 homes has consistently declined since 2017, reaching a low of 51,000 in 2023. The proposals to create a 'medium sites' category may help to reverse these trends, however increasing the upper end of the threshold would seem appropriate if delivery is to substantially increase over a short time period.

The LPDF note that whilst the Radix Big Tent commission report points towards 100 as the upper threshold, we believe that 79 is a more appropriate upper limit, as if this were increased beyond 80 dwellings, we believe that some of the volume housebuilders would, in certain regions, continue to compete with SME's for these sites. In setting this limit at 79 the new policy would cover 84% of the reduction in applications below 100 homes, maximising the benefits from this policy change. Fundamentally, it is important to remember that the purpose of creating this new size threshold is to maximise the ability for SME housebuilders to be active in the housing market and grow. It is therefore critical to

⁷ Lichfields (September 2023) – [Small Builders, Big Burdens](#)

⁸ Savills (July 2025) – [Land Matters: Increasing Outlets to Boost Housing Delivery](#)



ensure that the vast majority of medium sized sites are accessed by SME builders. We are seeking to extend the period in which SMEs compete with each other but not with volume housebuilders with their vastly different financial resources for sites.

Whilst having the threshold upper limit set at 50, as proposed in the working paper, would provide increased opportunities for SME builders, we believe that to capitalise on these changes the optimum threshold for medium sites is 10-79 units as to do otherwise does not maximise the opportunity from this initiative to enable mid-sized housebuilders to grow.

We believe that in order that a focus is maintained on the delivery of housing that a new definition of Large should also be introduced with the upper threshold set at 250 dwellings. See later comments to question 7 regarding the intended use and purpose of this category.

3. Should the medium threshold apply to commercial and other non-residential development and how should mixed uses be reflected?

No, the medium threshold should not apply to commercial and other non-residential development because it is the nature of the activity, not the size, that determines the impact of such developments. Commercial uses vary widely in purpose and intensity, so a size-based threshold risks missing key differences in their effects.

4. If the medium-sized site threshold were introduced, should the exemption from paying the proposed Building Safety Levy for fewer than 10 dwellings be extended to align with medium-sized development sites?

With regards to the principle of the Building Safety Levy, the LPDF share concerns raised by the HBF. We refer to a letter sent to the Chancellor from the HBF⁹ earlier this year, which highlighted significant concerns over the impact of the Building Safety Levy on housing delivery and sought for the government to reassess their approach. The letter notes that no formal impact assessment has been conducted to estimate the levy effect on housing supply and that work to more accurately assess how much the funding might realistically be required to collect from industry will only be carried out during 2025. The HBF draws the Chancellor's attention to the financial burden the levy will place on developers, especially SMEs already struggling with rising development costs and burgeoning regulatory pressures.

The letter from the HBF argues that the need for the new tax has not been clearly demonstrated, especially considering that more than £2.5 billion remains unallocated in the existing £5.1 billion Building Safety Fund, established over four years ago. It calls for a more thorough analysis before proceeding with the levy, calling for the government to publish a robust impact assessment and consider how the tax will affect the delivery of both private and affordable homes. The LPDF are in agreement with these concerns, and the need for further consideration of the Building Safety Levy and its impacts on the industry as a whole.

However, if the Building Safety Levy is to be introduced then it is critical that it should not add further to the disproportionate burdens faced by SME builders. When considering the functionality of the housing market in general and the need for diversity within the housing sector, the LPDF believe that if a medium sized site threshold is introduced then along with small sites, medium sized sites should be exempt from paying the Building Safety Levy.

⁹ HBF (March 2025) – [Home Builders Federation Calls for Suspension of the Building Safety Levy](#)



Reducing the cost burdens on SME builders is critical in ensuring they remain financially viable businesses, have access to the market for land and can play their part in delivering much need housing.

The Lichfields' research on the burdens faced by SME builders highlighted the increasing costs of planning applications as a key barrier. This research outlined that the broad costs of achieving planning permissions in the early 1990s was around £12,000 or £28,000 in 2023 prices. Now, seeking an outline permission on a similar site costs around £125,000 in consultant fees and further planning fees potentially leading to costs of £150,000, just to establish the principle of development. If you then layer in additional costs such as the proposed Building Safety Levy on top of these planning related costs it would act as an additional financial barrier which when coupled with other regulatory requirements may well prevent some SME builders from remaining active in the market.

5. Should there be solely area-based size thresholds (ha) given the different contexts and densities, particularly for very small, small and medium-sized sites? Or would it be more appropriate to also specify a unit size threshold?

The LPDF considers unit-based thresholds to be a more appropriate and effective means of categorising sites than also relying on area-based measures. Unit thresholds provide a clearer and more consistent reflection of the scale and nature of development, especially given the significant variations in density and context that can exist between sites. By contrast, using area alone can be misleading and may not accurately capture the practical realities of development.

Area-based thresholds fail to account for key factors such as land needed for open space, drainage infrastructure, BNG, and other site-specific constraints. As such, the LPDF recommends that site size thresholds should be based solely on the number of residential units proposed, rather than on land area, with the caveat in guidance regarding the efficient use of land.

Furthermore, the LPDF does not consider it necessary or appropriate to introduce a separate category for 'very small' sites. These should instead be included within the broader 'small sites' category to maintain clarity and avoid unnecessary complexity in site categorisation.

6. Are the proposed streamlining options the right ones for government to consider?

Yes, the LPDF believes that the streamlining options currently under consideration by government are appropriate and, if implemented effectively, would have a strongly positive impact, particularly for SME builders who are essential to a healthy and competitive housing market. These measures can directly support the acceleration of housing delivery across the country.

Our members, particularly those representing smaller developers, have consistently identified a number of systemic challenges that delay or discourage development, many of which relate to the complexity, cost, and inconsistency of the planning system. On a similar note, the Lichfield's research '*Small Builders, Big Burdens*'¹⁰ found that changes to the planning system since the early 1990's have made it more complex, more costly and more risky.

In this context, we believe the following areas of reform are of particular importance:

- **Minimising validation and statutory information requirements:** A much more pragmatic and proportionate approach is needed to what evidence is required at validation stage. This should include a clear separation

¹⁰ Lichfields (September 2023) – [Small builders, big burdens](#).



of responsibilities between case officers and validation officers, enabling a more flexible and common-sense approach. For example, technical reports should only be required where there is a clear planning rationale, for instance, air quality assessments should be limited to Air Quality Management Areas (AQMAs) or where a use is genuinely polluting. Similarly, archaeological trial trenching should not be required pre-determination unless there is a clear risk to preservation in situ. Too often, applicants are forced to front-load significant cost and risks, on work that could reasonably be addressed post-permission or later in the process. This is not only inefficient, it undermines deliverability, especially for SMEs.

- **Ensuring referrals to statutory consultees are proportionate:** A more targeted and risk-based approach to referring to statutory consultees would reduce delay and support a more responsive planning service. Not all developments require the same level of scrutiny, and a one-size-fits-all process often leads to unnecessary hold-ups for lower impact schemes.
- **Streamlining the Section 106 process:** The negotiation of planning obligations can be a source of considerable delay and legal complexity. A simplified, standardised approach, particularly for smaller schemes, would bring much needed certainty and help unlock sites more quickly.
- **Rationalising planning conditions and avoiding duplication with Building Regulations:** There needs to be better management of the number and nature of planning conditions. Conditions must be necessary, reasonable, and relevant and care must be taken to ensure that developers are not being required to meet the same requirements under both planning and Building Regulations. This duplication results in unnecessary costs and inefficiencies for applicants, with no added value to the public interest.

Crucially, while many of these reforms would benefit all developers, they are especially important for SMEs, who are disproportionately affected by planning risk and upfront costs. If the government can simplify, standardise and rebalance the planning system to reduce unnecessary burdens, it will make a significant difference to the ability of these SMEs to bring forward new housing at pace.

These are not theoretical concerns, they are live issues our members are facing today. We therefore support the direction of the government's proposals and urge the inclusion of practical, risk-sensitive reforms.

7. Are there further changes that could and should be linked to new or existing thresholds? Are there wider changes that could be made through national planning policy that would be beneficial?

Yes, changes to policy requirements linked to site size thresholds will be necessary. Specifically, the LPDF believe that local plans should be required to outline the minimum number of dwellings that should be brought forward in each category (small, medium and large), this could be through a percentage requirement of the annual supply set out in the local plan.

The allocation of sites in local plans within small, medium and large sized sites categories would help de-risk the planning process for medium sized sites significantly. This would give SMEs the confidence to invest in bringing these sites forward. Smaller sites generally deliver units more quickly as they are less complex and often do not require the delivery of major supporting infrastructure which can delay sites from coming forward, SMEs also need a faster Return on Capital Employed (ROCE) to ensure they have sufficient cashflow to continue to operate.

In addition, the LPDF believe that national policy should make clear that the delivery of small and medium-sized sites should be given a separate very significant positive weight in the overall planning balance exercise. This would help



recognise their contribution to housing delivery, market diversity, and the health of the SME sector, further incentivising their allocation and approval. To really result in transformative change, and growth in this sector, we would suggest a further positive step would be that the presumption in favour of sustainable development should automatically be triggered for small and medium sized sites, irrelevant of the local planning authorities housing land supply position.

A further policy change, which if introduced, could assist in the delivery of new homes in the short term, would be a separate additional application of positive weight (to be applied in the planning balance judgement) for small, medium and large sites relating to the speed by which they can demonstrate they would be delivered. This would directly assist the government in seeking to achieve the 1.5 million new homes target, whilst also providing additional support for bringing forward, small, medium and large sized sites (linked to the suggested medium and large sites categories outlined in response to question 2). The LPDF believe that some form of positive policy incentive regarding speed of delivery would be beneficial for SME builders bringing forward these types of sites and suggest that the government give this some serious consideration.

The LPDF would also suggest that an amendment should be made to paragraph 190 of the NPPF relating to major development in National Parks, the Broads and National Landscapes. We strongly believe that sites in the newly proposed 'medium sites' category (along with small sites) should be excluded from this and would accordingly suggest the wording is changed to that 'such development was unlikely to be viewed as major development' for the purpose of paragraph 190. A large proportion of SME builders are very active in the more rural locations and are unnecessarily caught up by this overly restrictive policy which is contributing to the issues highlighted in the report of the Intergenerational Foundation, 'No country for young people'¹¹.

The LPDF, have been made aware by our members, particularly SMEs, of the difficulties that the current BNG regime poses for them. These issues are particularly acute with smaller and medium sized sites. We are aware that, in tandem with this working paper consultation a consultation regarding BNG and the implications on small, medium and brownfield sites is also taking place. We welcome this consultation and the LPDF will be submitting a response in relation to this. Reforms to BNG are necessary with regards to small and medium sized sites, to ensure that they are not disproportionately impacted by these requirements.

8. Is the planning application process for small sites more challenging on brownfield land than greenfield land? If so, then what are these challenges or barriers?

Yes, the planning application process for small sites is typically more challenging on brownfield land than on greenfield land, largely due to the significant viability issues that brownfield sites present.

While planning policy often encourages the reuse of brownfield land, the economic realities of doing so are far more complex. Remediation of contamination, site clearance, and addressing legacy infrastructure can all add substantial upfront costs before planning risk is even addressed. These issues are particularly acute for SME developers, for whom cash flow and financing are more constrained.

In addition, brownfield sites usually require detailed technical assessments, such as ground investigations, and environmental reports, all of which add to project costs and delay timescales. These challenges are compounded by

¹¹ Intergeneration Foundation – [No country for young people](#)



abnormal site conditions like constrained access, irregular plots, and proximity to neighbouring uses, which often demand bespoke, and therefore more expensive, design solutions.

9. Are the determination periods detailed in this working paper the correct ones? Would shorter determination periods be appropriate for a particular site size once wider reforms to planning fees have been implemented - including those set out in the Planning and Infrastructure Bill.

In principle the LPDF support the proposed determination periods outlined in the working paper. However, our research, 'How Long is a Piece of String?'¹², reveals that actual determination periods often exceed these targets, creating significant delays that hinder housing delivery.

The findings of this research indicate that the average time to determine a major residential outline application has increased by 175% since 2014, with only 4% of applications determined within the statutory 13-week timeframe in 2024. These delays disproportionately affect SME housebuilders who often lack the resources to absorb prolonged decision-making processes.

As highlighted through 'How long is a piece of string?' the length of time it takes to determine planning applications is something that requires urgent attention from the government if they are to get anywhere near to achieving the delivery of 1.5 million new homes. One recommendation that the LPDF have been advocating is the standardisation of s.106 agreements. This is discussed in further detail in response to Q.10 below.

10. What are the specific barriers SMEs face during s.106 agreements and what would be the most effective action for government to take, in line with its manifesto commitments on affordable housing?

SMEs face several specific barriers during Section 106 (s.106) agreements, which can significantly delay or even prevent housing delivery. For SME housebuilders, the negotiation of s.106 obligations is often disproportionately complex, expensive, and time-consuming relative to the size of their schemes. These developers typically lack the in-house legal and planning resources of larger firms, meaning they are more affected by the uncertainty, inconsistency, and administrative burden involved in the process. The variation in expectations across local planning authorities (LPAs), particularly regarding affordable housing contributions and viability assessments, adds further risk and cost, and can end up making marginal schemes unviable.

The HBF recently undertook a piece of research¹³ investigating the length of time taken to negotiate s.106 agreements. This found that in just a 2 year period 2022/23 – 2024/25 the average time to finalise a s.106 increased from 425 days to 515 days, a 20% increase. These lengthy processes are having a dramatic impact on SME housebuilders and their ability to bring forwards sites.

Crucially, these barriers undermine both SME participation in the housing market and the government's wider objectives to boost small and medium site delivery. If the government is serious about its ambition to deliver 1.5 million new homes, then the significant delays caused by the s.106 process must be addressed, not just for SMEs, but across the board.

¹² Lichfields (May 2025) – [How Long is a piece of string?](#)

¹³ HBF (2025) – [What is the timeframe for local authorities to agree community investment?](#)



The LPDF advocates for the standardisation of s.106 agreements, not only for small and medium-sized sites but also for larger schemes. We believe there should be standard clauses that have to be used by every LPA in respect of obligations, including Affordable Housing. This requirement would reduce legal and negotiation workloads, speed up the planning process, and provide greater clarity and certainty for all parties involved, including local authorities and developers.

In line with the governments' manifesto commitments on affordable housing and housing delivery more generally, one reform the government could take is to streamline and standardise s.106 processes nationally. This could involve mandating a suite of standardised terms and developing template agreements for different types of schemes. A more consistent and transparent approach would particularly benefit SMEs, who are currently disadvantaged by the complexity and inconsistency of the system, but would also improve delivery outcomes at scale.

By reforming the s.106 process to focus on speed, consistency, and deliverability, government can empower a more diverse development sector and make meaningful progress toward its housing targets.

In addition, as highlighted in the Savills, Land Matters research and the Croydon case study within this, we believe that the government could simplify the approach to Affordable Housing delivery in relation to medium sized sites. Croydon's Local Plan included a policy to deliver 6,500 homes from small sites (below 0.25 hectares) in ten years. To prevent delays and to ensure deliverability, on-site affordable housing was not required, replaced by a payment in lieu.

The LPDF recommend that a similar approach, incorporating payments in lieu for affordable housing, be introduced for medium sized sites. Whilst Savills note that Registered Providers (RPs) typically prefer to acquire affordable homes in lots greater than 20 in order to make ongoing management more efficient, feedback from members suggests that in rural areas that figure is closer to 10 dwellings. Accordingly we believe that by introducing a policy requiring a payment in lieu, in respect of those sites that would, under a policy calculation, be required to deliver less than 10 dwellings, would significantly simplify and speed up the delivery of housing for the affected housebuilders improving cash flow and enabling capital to be recycled and, together with profits, reinvested in the next (larger) site.

11. What are the barriers to developing very small sites as defined above and what parameters could be helpfully addressed in a design code?

As outlined in our response to Question 5, the LPDF do not consider it necessary for there to be a 'very small' sites category.

12. What types of rules set out in design codes would be most beneficial in unlocking development?

Currently, design guidance is a complex jigsaw of requirements. With escalating temperatures and rising regulatory complexity, Architects and Urban Designers today face the seemingly impossible challenge of reconciling contradictory highways, design and drainage guidance at both national and local level. The knock-on effect is significant delay and ambiguity in the decision-making process.

The National Model Design Code should provide clear rules and quantity standards that housing designs will be expected to achieve, to set the minimum quality benchmark from the outset and underpin local guidance. These standards should cover density, heights, space standards, car parking, street types and green space types; with commensurate variances to allow for differentiation in terms of location and type of site and especially, the scale of development proposed.



13. Are there other issues or opportunities to consider for ensuring the success of these proposals?

Yes, there are several key issues and opportunities that could be addressed and implemented to ensure the success of the government's proposed reforms to site thresholds.

Firstly, resourcing and performance within LPAs remain fundamental. The LPDF's research, 'How Long is a Piece of String?', highlights the persistent delays in decision-making, with only a small proportion of major applications determined within statutory timeframes. To improve delivery outcomes, the government could consider not only enabling reforms but also introducing financial incentives for LPAs, such as a reintroduced Planning Delivery Grant. Targeted funding linked to performance would encourage better decision-making and faster turnaround times, particularly where thresholds are intended to increase housing delivery and reduce the barriers for SME housebuilders.

Secondly, standardisation is critical. Variability in how LPAs interpret planning obligations, particularly around affordable housing, introduces uncertainty and risk, especially for SMEs. The LPDF continues to advocate for nationally prescribed definitions and standardised clauses to improve consistency and reduce the transactional burden on applicants and planning officers alike.

Additionally, there is a significant opportunity to align threshold reforms with a more proportionate approach to planning obligations. For smaller sites, especially those delivered by SME developers, complex and time-consuming s.106 negotiations can be a major barrier. Simplifying this process, through standard templates for small and medium schemes, could improve viability and confidence across the sector. These approaches to standardisation should extend to matters such as s278 and s38 documentation necessarily agreed with the appropriate Highways Authority.

A further recommendation the LPDF make is that where an SME is seeking to develop a small or medium-sized site and the application was refused by the local planning authority but is subsequently allowed at appeal, then there should be an automatic award of costs to the applicant. SME developers typically operate with limited cash reserves and are disproportionately impacted by the time and financial burden of pursuing an appeal. Such a policy would ensure that the capital expended is recovered, enabling it to be used to aid the funding of the build out of the site in question and minimising the impact on profits.

We would also ask that Government consider the role of statutory service providers in delaying the delivery of small and medium sized sites. We would contend that in relation to small, medium and large site sizes there should be set time periods within service standards for the supply of the necessary utilities and at fixed costs per dwelling to better enable budgeting and cashflow management for the housebuilders bringing them forward.

Finally, any reforms should be underpinned by a strong monitoring and feedback mechanism. The government should commit to evaluating the real world impact of threshold changes on application volumes, decision times, and housing delivery, particularly on small and medium-sized sites. While the proposed reforms are a step in the right direction, their success depends on the necessary regulatory and policy reforms and parallel improvements in planning authority resourcing, greater standardisation, more proportionate obligations, and financial incentives to drive performance.

14. Do you anticipate any environmental impacts from these proposals that the government must consider under the Environmental Principles Policy Statement?

The LPDF have no comments to make in this question.



15. Do you have any views on the impacts of the above proposals for you, or the group or business you represent and on anyone with a relevant protected characteristic? If so, please explain who, which groups, including those with protected characteristics, or which businesses may be impacted and how. Is there anything that could be done to mitigate any impact identified?

The LPDF have no comments to make on this question.

Conclusions

The LPDF welcomes and strongly supports the principles set out within this working paper. The introduction of a medium-sized sites category, if set at an appropriate threshold and accompanied by meaningful regulatory and policy reform, has the potential to be genuinely transformative for SME housebuilders.

Reforming the planning and regulatory environment in this way is essential to rebalancing the housing market. A thriving, diverse housing sector requires a plurality of builders operating in every location, not just large-scale developers. Without targeted action to reduce the disproportionate risks and costs currently faced by SME builders in securing planning consent, the sector will continue to contract. This would be to the serious detriment of housing delivery nationally.

If the government is serious about delivering 1.5 million new homes within this Parliament, it must create the conditions for SME builders to re-enter and thrive in the market. This working paper is a step in the right direction, and the LPDF encourages the government to move forward swiftly and decisively with the necessary reforms.

