FINAL CALL FOR SME HOUSEBUILDERS?

THE URGENT CASE FOR SMALL AND MEDIUM SITES

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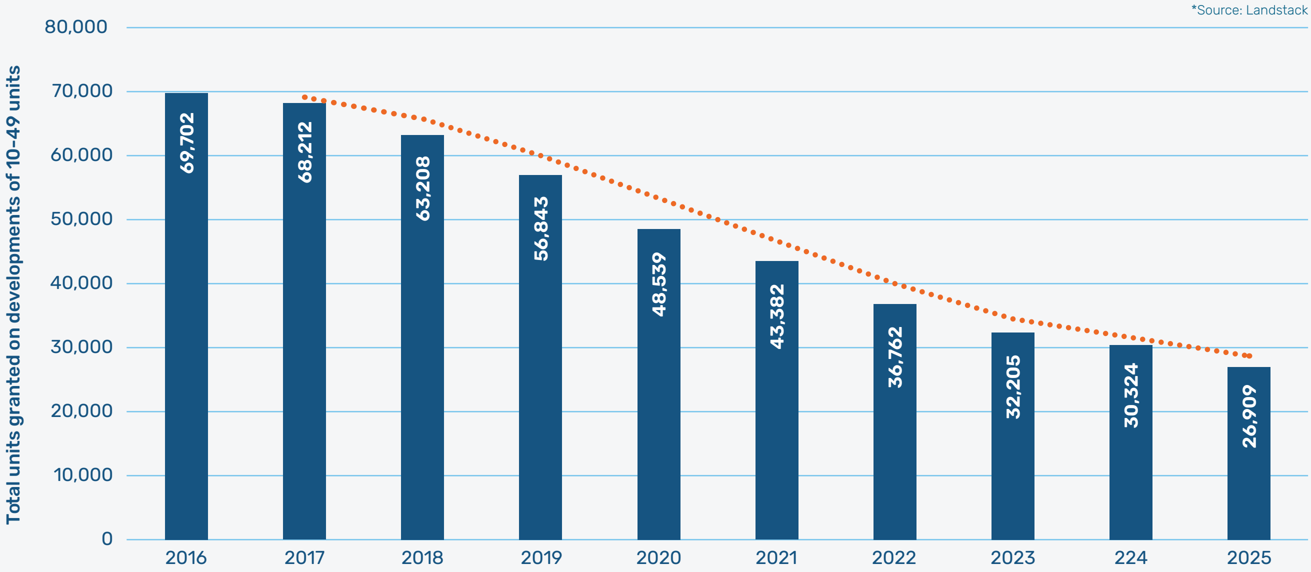
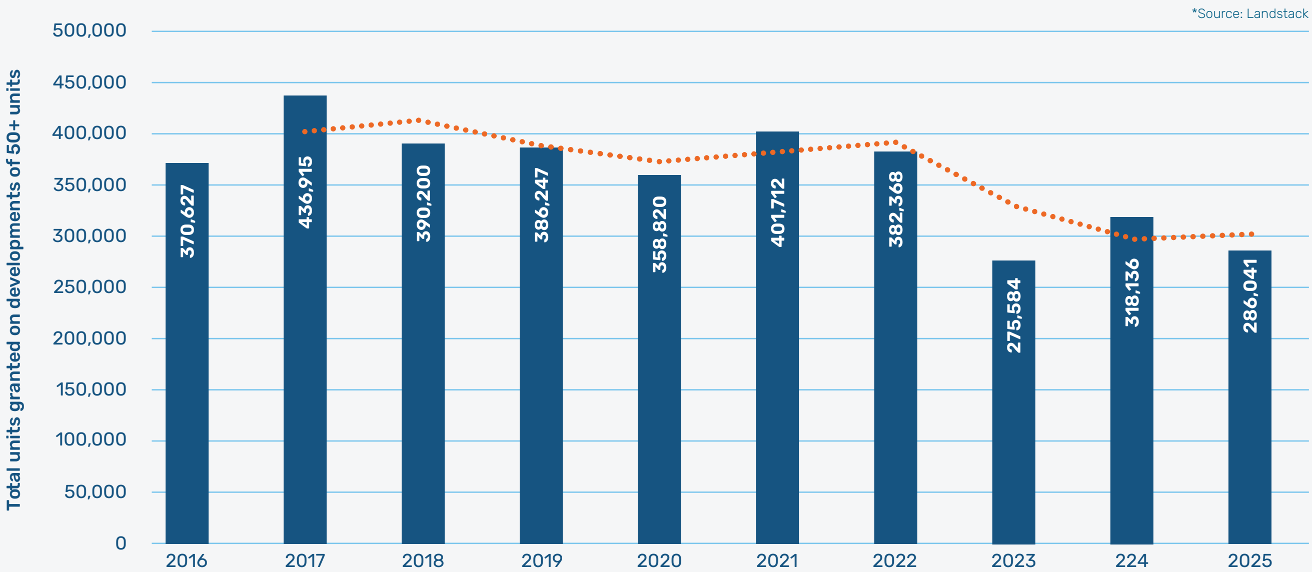
TOTAL UNITS GRANTED PLANNING PERMISSION ON DEVELOPMENTS OF 10-49 DWELLINGS



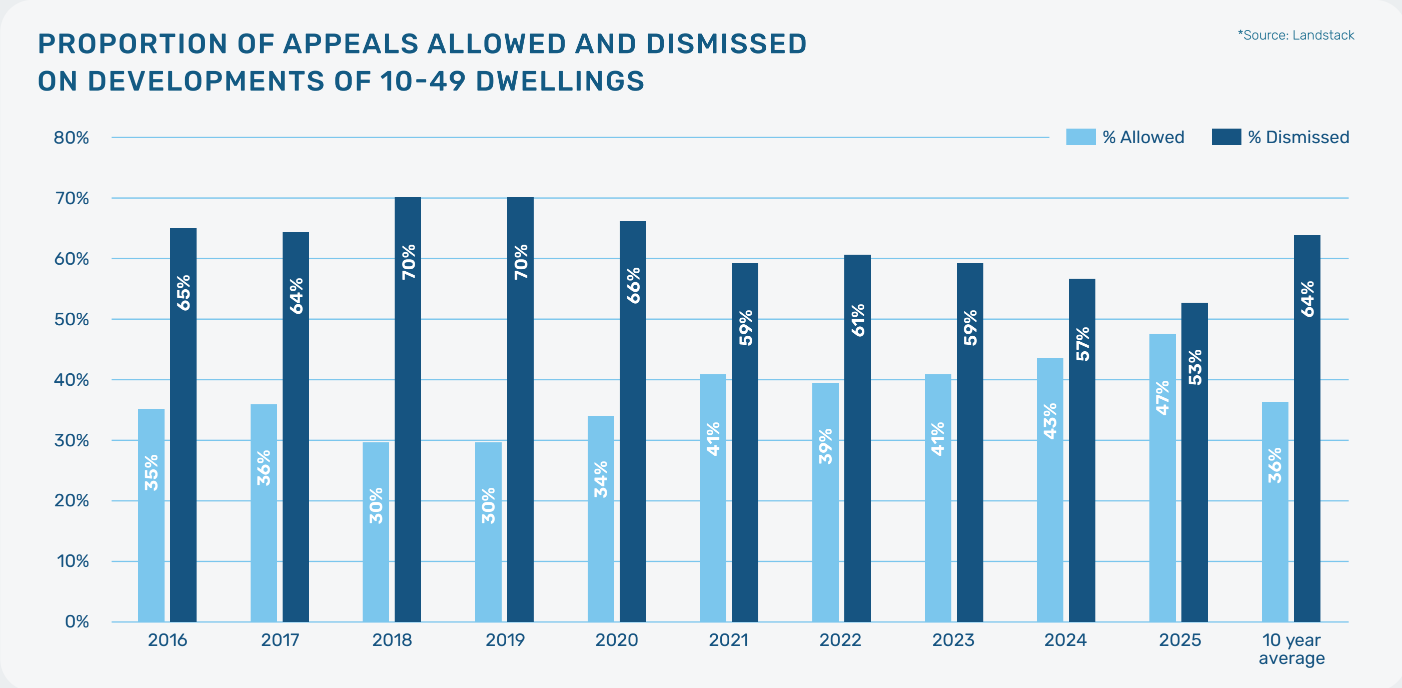
SMEs are vital to housebuilding, boosting supply, competition, and providing greater choice for buyers. They deliver smaller or complex sites often overlooked by larger builders, support local jobs and supply chains, and provide a wider mix of housing. Their flexibility and responsiveness to local demand also strengthen overall market resilience. The graph above shows how the number of units granted planning permission on developments of 10-49 dwellings has fallen by 61% over 10 years, from 69,702 units to 26,909 units in 10 years.

TOTAL UNITS GRANTED PLANNING PERMISSION ON DEVELOPMENTS OF 50+ DWELLINGS



In contrast to smaller developments of 10-49 units, the graph above shows how the number of units granted on developments of 50+ dwellings has only declined by 22.8% since 2016.

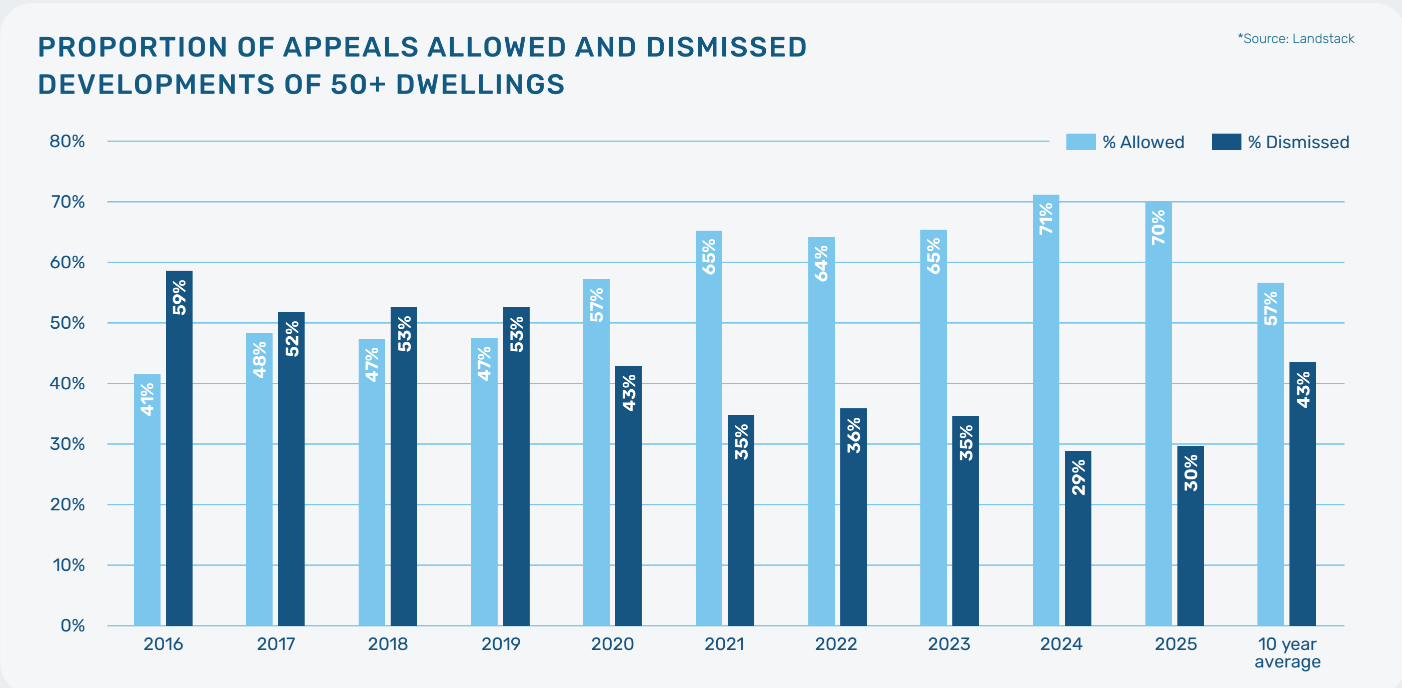
As a consequence of these figures, dwellings granted planning permission on developments of 10-49 units as a proportion of all permissions had almost halved, from 15.8% in 2016 to only 8.6% in 2025.



The graph above illustrates how the proportion of appeals dismissed on developments of 10-49 dwellings has averaged 64% over the past decade.

This compares with only 43% of appeals being dismissed over the past decade on proposals for 50+ units.

The likelihood of a site proposing 10-49 units being dismissed at appeal has therefore been nearly 50% higher than a site with 50+ units.



SME housebuilding has declined in large part due to the planning system, which is complex, slow, and uncertain. Lengthy approval processes, high upfront costs, and limited allocations of small and medium sites disproportionately affect smaller firms. This restricts their ability to secure land, manage risk, and bring schemes forward, reducing their overall output.

SUGGESTED URGENT MEASURES TO ENSURE THE SURVIVAL AND GROWTH OF OUR SME HOUSEBUILDING SECTOR

If the trend of the last 10 years is continued, the SME housebuilding sector faces an existential threat to its very survival. Decades of regulatory 'creep' together with obfuscation and delay within the planning system, have led us to this point. This is now compounded by the state of the sales market for new homes in large parts of the country (as shown in recent LPDF research). However, there is a massive opportunity for Government to address this – through a range of measures encompassing all elements impacting an SME housebuilders business – starting with the forthcoming NPPF.

The LPDF have sought to provide a checklist of changes and initiatives that could impact the sector and ensure that new capital can be attracted to both grow existing participants and incentivise new entrants into the market. In combination these could have a positive impact on the Government's ambition to build 300,000 new homes a year by the end of the Parliament.

PLANNING – POLICY, GUIDANCE AND PRACTICE

- Provide specific support for small and medium sized sites ('SMSS') - SMSS should be specifically referenced in NPPF Policy S4 and in particular, NPPF Policy S5, in relation to them being a form of development that is allowed under these policies.
- Require small and medium sized sites in local plans - All local plans should allocate at least 20% of their housing requirement on SMSS, to ensure that a wide variety of sites are allocated under NPPF Policy H06.
- Require LPAs to evidence a diversity of sites - LPAs should have to demonstrate (immediately in the absence of an up-to-date Local Plan) that they have at least 20% of their current 5YHLS as being deliverable on SMSS. This should be referenced in NPPF Annex D.
- Give SMSS a positive weight in the planning balance;
- SMSS should not be considered as major development in protected landscapes under NPPF Policy N4 or in the associated guidance in the PPG. Settlements that lie in protected landscapes are in significant need of new affordable and market housing to support local services and allow local populations to access the housing market. This supply has been significantly restricted under the current policy leading to the loss of many local services and facilities and an aging population due to the lack of housing opportunities for young people. SME housebuilders are particularly focused on serving these communities.
- Publish a national validation checklist for SMSS through Annex C of the NPPF, with a reduced evidence base requirement that is proportional to the scale of development being proposed and a service standard for timely validation.
- State that SMSS should be dealt with under Schedule 1 of the National Scheme of Delegation.
- State clearly in NPPF Policy DM1, that a pre-application process is not needed for SMSS.

- Introduce **mandatory** template section 106 agreement wording for SMSS and that it automatically includes cascades in respect of Affordable Housing to avoid delay.
- Allow for off-site contributions for affordable housing on SMSS where this would be 10 dwellings or less.
- Allow SMSS to make a contribution to Natural England in respect of BNG.
- Shorten the statutory determination period for SMSS to 10 weeks, recognising the reduction in evidence base noted above, to encourage LPAs to prioritise the delivery of these sites.
- Cap the numbers of Planning Conditions that can be applied to SSMS and set service standard timescales for their speedy discharge, including deemed discharge measures.
- Re-instate the 'free-go' application.
- Provide guidance to PINS on the importance of SMEs and how Appeals are to be treated positively.

MARKET – DEMAND SIDE SUPPORT, OPERATION AND FUNDING

- Introduce a Help to Buy scheme. The brunt of the impact of declining sales rates in large parts of the country is being felt by our SMEs. Research by the LPDF, undertaken by Savills, shows it could lead to 85,000 additional completions and boost GDP by £24Bn by the end of this Parliament. It could save many SMEs.
- Set challenging minimum service standards including timescales on service providers (electricity, BT/Fibre, water and wastewater) and capped costs for the delivery of utilities to site for SSMS.
- Set challenging minimum service standards including timescales on highways authorities in respect of s38 and s278 technical approvals. Introduce mandatory template documents for s38 and s278 for SMSS.
- Exempt SSMS from the Building Safety Levy.
- Continue to expand Homes England's capabilities through the National Housing Bank to support all funding, where possible with the private sector, whilst innovating on structures. Speedy timescales should be encouraged.

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