PLANNING REFORM FOR SME DEVELOPERS

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Following recent articles by the team on proposed planning reforms, we take a look at what it could mean for SME developers.

There is strong opposition to the reforms from Conservatives and other political parties, and it is not clear whether the government will deliver as promised. In the midst of the fall out, we look at some of the proposed changes in the context of SME developers.

Housing Focussed.

The reforms focus almost exclusively on housing delivery with the usual target of 300,000 homes delivered each year. The significant increase from the latest high of 243,770 in 2019/20 (1) will be welcomed by SME residential developers, however there is a worrying absence of commercial development which is an important element of a number of other small developers. We are told further details of this will be forthcoming.

Zoning.

The most significant change proposed is zoning through three major designations of Growth, Renewal and Protection. A number of organisations are critical of the simplicity and claim it will not necessarily improve outcomes (TCPA)(2) while others such as Pocket Living cite that there should be sub-areas (3). However, with the uncertainty of planning being cited as one of the main barriers to SME developers (4), the promise of certainty is broadly welcomed.

The three areas do present some challenges for SME developers. It is expected that areas identified for growth

will increase in value which could price out SME developers. These areas may be more focussed for major house builders. This unfortunately will not diversity the market in the way that the government wishes. Renewal areas, criticised as the bits left over once growth and protection areas are designated, will more likely be suitable for smaller development (5).

Protection areas are potentially similar to current designations such as green belt, AONB and conservation areas. It is likely that developing in protected areas will be as difficult if not more than the current system.

Local Plans.

Local plans, which is where broad designations will be locked in, will become the main focus of the new system. Presently, many SME developers do not engage in the local plan making process given its complexity and associated costs. However, there will be a need for many to engage with the new system much earlier either in directly promoting sites or at least following the emergence of local plans to understand which areas to target for their developments.

Section 106.

Another aspect of the planning system that many SME developers cite is being a barrier is section 106 agreements. The main criticisms being a lack of certainty and delays which can run into many months. The government has proposed a reform of s106 and CIL to provide a single Infrastructure Levy (IL). The intention is to run this single tariff style system based on set values. There has also been a lot of criticism of this approach, but it is surely welcomed by SME developers who can build such contributions into their offers for sites.

It is also proposed to bring all forms of development into the IL regime including permitted development (PD) proposals and removal of exemptions. While CIL is often not chargeable on changes of use, this will need to be accounted for by developers who utilise PD.

There is much for SME developers to be excited about in the planning reforms in terms of providing more certainty on delivering planning consents in shorter spaces of time. There will be plenty to look out for when the Planning Bill is published in the Autumn. We will continue to offer insight on proposed changes as they emerge.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938173/Housing_Supply_England_2019-20.pdf

https://committees.parliament.uk/publications/6180/documents/68915/default/ para 19

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https://www.aldermore.co.uk/media/4894/appg-sme-house-builders-planning-report.pdf

https://committees.parliament.uk/publications/6180/documents/68915/default/ para 27