PLANNING REFORM – SUPPORT FOR SME DEVELOPERS

Posted on September 29, 2020

This summer, the Government announced a raft of changes to the planning system, some of which are the subject to parliamentary debate and legal challenge. In addition to changes to permitted development rights and the use class order, sweeping changes were set out in the white paper "*Planning for the Future*". Alongside the white paper, the Government launched a consultation on 'Changes to the Current Planning System'.

The "*Changes to the Current Planning System"* consultation sets out proposed measures to improve the effectiveness of the current planning system. The 4 main proposals are:

- Changes to the standard method for assessing local housing need.
- Securing of First Homes through developer contributions in the short term until the transition to a new system.
- Supporting small and medium-sized builders by temporarily lifting the small sites threshold below which developers do not need to contribute to affordable housing.
- Extending the current Permission in Principle to major development.

The changes to the standard methodology have been discussed extensively, albeit largely by planning professionals. The main purpose is to meet the Government's aim of delivering over 300,000 dwellings per year. However, the revisions have been the subject of much criticism, therefore MHCLG has admitted that the proposals are "not set in stone" and requested "help us to come up with a better methodology". **1**

The other measures of the consultation are particularly relevant to SME developers including the introduction of First Homes (a new affordable housing tenure) and rural exception sites - which are often progressed by

SME developers.

Further support is proposed through the temporarily raising the affordable threshold to either 40 or 50 units for an initial 18-month period. In acknowledging that smaller sites are more likely to be built-out by SME developers this would reduce the financial burden on SME developers. Raising of the threshold was highlighted in our recent 'Build better, not just more' blog post stating that "*Perhaps a rethink of the on-site affordable threshold is necessary which could deliver faster decisions and more homes from SME developers*." **2** – Glad to see our suggestions making its way in to potential government policy!

Finally, extending permission in principle to major developments is proposed. This form of permission introduced in 2017 is rarely used but presents an opportunity to secure an early planning win without the significant expense of having to fully design a scheme with 'technical details consent' following. This can shorten option agreement timescales which can be helpful to SME developers.

The consultation closes today so there is still time to get comments in (click to comment). It is likely that some of the reforms such as affordable housing threshold and extending Permission in Principle will be introduced this Autumn in order to stimulate development with other reforms coming in Spring 2021 at the earliest.

1. https://www.planningresource.co.uk/article/1694872/mhclg-planning-director-defends-standard-housing-need-method-changes
2. https://www.planninginsight.co.uk/blogs/build-better-not-just-more/