

Ministers look to support small builders in planning shake-up

Proposal to exempt small sites from council infrastructure costs



Planning law reforms, due to be published on Thursday, are designed to cut regulations and costs © Brian Lawrence/Alamy

George Hammond in London YESTERDAY

30

Ministers will seek on Thursday to bolster the cause of small builders by cutting regulations and costs associated with England's planning process, which have frozen many out of the market.

The government is proposing to exempt small sites from payments towards local council infrastructure such as schools and affordable housing, which is one of the major costs faced by developers.

Such fees, called section 106 payments, are often a condition for receiving planning permission. But they can be a costly impediment to small and medium-sized builders, whose numbers have declined in recent years.

The government's proposed waiver of the fee on sites of 10 homes or fewer is part of a significant shake-up of the planning system, described by Robert Jenrick, the communities secretary, as "once-in-a-generation reforms".

The aim of the reforms is to simplify and accelerate the planning process, according to the government, although critics have warned that the proposals could trigger a cascade of lightly regulated development.

Key to the proposals, on which the government will launch a consultation on Thursday, is a [categorisation of land](#) as "growth", "renewal" or "protection" in an effort to stimulate building and tackle the UK's acute housing shortage.

Recommended



UK housebuilding

Relaxation of planning regulations raises community concerns

On land designated for growth by local councils, new developments which meet certain criteria will receive automatic permission, developments on so-called "renewal" land will receive "permission in principle", while those on protected land will not.

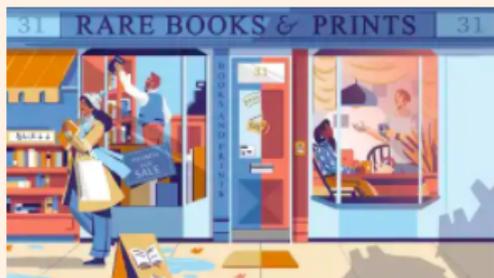
"The current system has shown itself to be unfavourable to small businesses, with the proportion of new homebuilding they lead on dropping drastically from 40 per cent 30 years ago to just 12 per cent today," said the Ministry of Housing, Communities & Local Government.

Alistair Watson, head of planning and environment at law firm Taylor Wessing, said: "As a developer you have to pay upfront for the land, then find funds for a planning application. And even when you get the permission that will very often come with contributions that have to be paid before you start building." Those costs could be prohibitive for smaller builders, he added.

Brian Berry, chief executive of the Federation of Master Builders, said: “Small, local builders are ready and waiting to play their part in delivering the homes we need, but they are frequently held back by the complexities of the planning system, including section 106 agreements.”

But waiving section 106 payments may prove complicated and would not alone be enough to help SMEs catch up, said Judith Salomon, strategic planning director at Pocket Living, a small builder.

Recommended



Q&A **Property law**

Property law: Can we turn a shop into a home?

“The new [zoning] categories may be simpler, but if SMEs have to jump through the same hoops I don’t see how that’s an advantage for them. The planning system has no sense of proportionality; a development of 50 homes has to address the same policies as one of 500 or 5,000 homes but with less land,” she said.

Ministers are also proposing scrapping section 106 payments and the community infrastructure levy — another payment to local councils — entirely, replacing them with a one-off “infrastructure levy”, set as a fixed proportion of the value of a development, over a certain level.

Kate Henderson, chief executive of the National Housing Federation, which represents housing associations, said “any alternative to section 106 must ensure we can deliver more high quality affordable homes to meet the huge demand across the country.” Almost 28,000 affordable homes, roughly half the total built in England last year, were paid for via section 106, she added.

A spokesperson for Sadiq Khan, the mayor of London, said: “These confused reforms are a barrier to building the housing and infrastructure London desperately needs. They will cause major disruption and upheaval in the middle of a pandemic at precisely the moment the housing sector needs certainty and stability.”