

# The Road to a Proportionate System

**Reigniting the SME Renaissance:**

Insights from the Industry's Leading Voices



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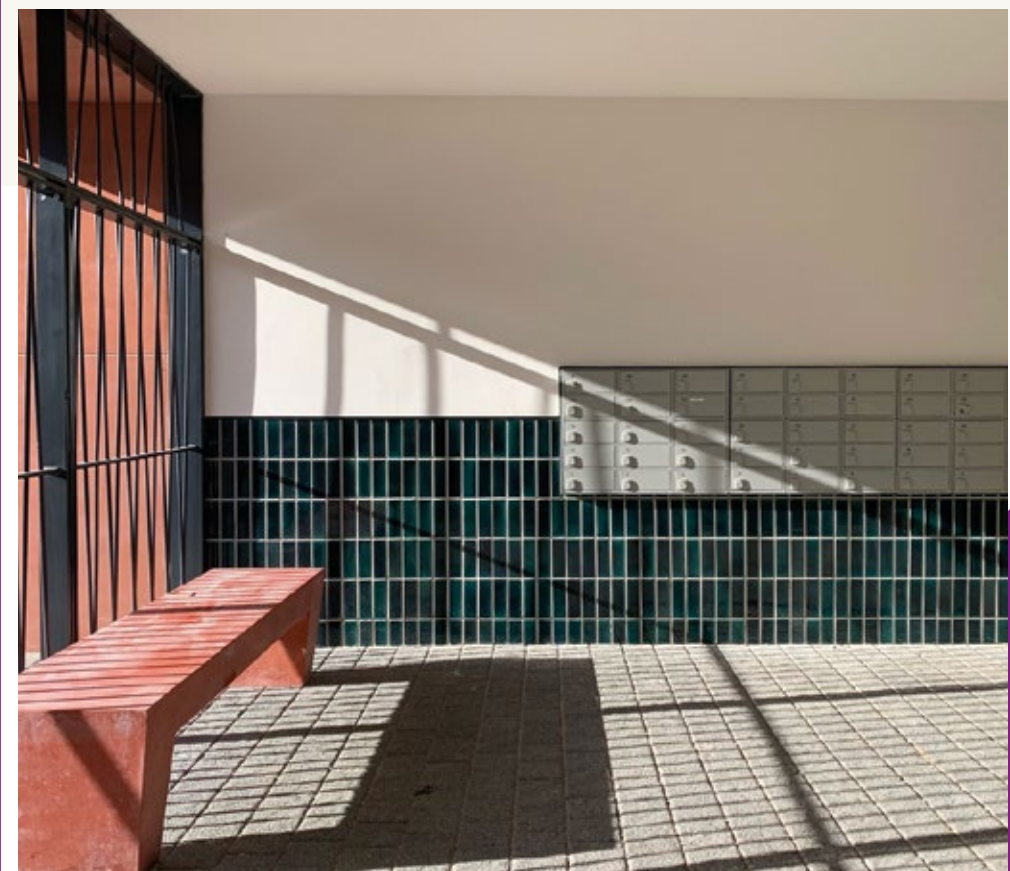
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*“Over time, planning processes, regulatory frameworks, and access and delivery of land, often introduced with good intentions, have collectively created a system that inadvertently favours large developers over smaller ones.”*

# The Challenges



**Marc Vlessing OBE**  
*Chair*  
Pocket Living

## Introduction

This report shines a stark light on the uphill struggle faced by small and medium-sized housebuilders trying to deliver new homes. At its core, it reveals that these challenges stem from two main sources. First are the **market realities** that come with running a smaller business, economies of scale, less bargaining power and reduced access to capital. These are structural disadvantages familiar across many sectors and not easily solved by policy alone.

The second, however, is more troubling: the **policy-induced barriers** that have gradually stacked the odds against SMEs. Over time, planning processes, regulatory frameworks, and access and delivery of land, often introduced with good intentions, have collectively created a system that inadvertently favours large developers over smaller ones. Rather than fostering competition and growth, this patchwork of red tape has contributed to an environment where only the biggest players can thrive.

To build more homes and drive growth, these policy-made hurdles must be tackled head-on and we hope the thinking in this report supports that.



*“It is crucial that policy interventions, planning processes, and regulatory frameworks are designed in a way that recognises the unique challenges faced by small and medium-sized developers.”*

# The Progress



**Paul Rickard**  
CEO  
Pocket Living

For the first time in many years, we have an administration that is proactively listening to and engaging with the sector to collaboratively find solutions for SMEs that don't just rely on fiscal largesse.

Since the publication of our first report in September 2024, we are delighted to see that a number of the group's recommendations have been incorporated, at varying levels, into the government's thinking on the SME sector, and recent policy announcements.

A consistent theme running through all of our work has been the importance of **proportionality**. SME home builders are no longer a sub-section of the wider developer market, but rather a different market entirely and any policy, good or bad, disproportionately affects the sector to its disadvantage.

It is crucial that policy interventions, planning processes, and regulatory frameworks are designed in a way that recognises the unique challenges faced by small and medium-sized developers. Only then can we build a diverse, resilient housing market that meets the needs of all.

Thank you to all of the contributors and supporters of the continued efforts to support the SME sector. This second report brings together a new series of practical recommendations, drawn from across the sector, that we believe can help the government deliver on its mandate to support SME housebuilders and deliver the homes we desperately need.

*“Across the country, underused sites and empty shops blight our communities, yet SME housebuilders have the flexibility to transform these spaces where large developers won’t.”*

# Foreword



**Sarah Edwards MP**  
MP for Tamworth  
and Chair of the All-Party  
Parliamentary Group for  
SME Housebuilders

I have a long-standing passion for the built environment, having studied spatial design and taken a deep interest in how our towns and cities evolve. As Chair of the All-Party Parliamentary Group for SME Housebuilders, I’m proud to support a vital sector often overlooked.

Across the country, underused sites and empty shops blight our communities, yet SME housebuilders have the flexibility to transform these spaces where large developers won’t.

This new report shows that these builders face disproportionate costs, stifling their contribution. We must support them to revitalise neglected areas and deliver the homes our communities so badly need.







Mapleton Crescent, Wandsworth (Pocket Living scheme)

## *Part 1* The Cost of One Home – PLC vs SME

*“These findings highlight that PLC developers benefit not only from the structural efficiencies of their business models but also from the economies of scale and the nature of the sites they typically develop. As a result, they are able to achieve significant per-home cost savings.”*

# The Cost of One Home – PLC vs SME

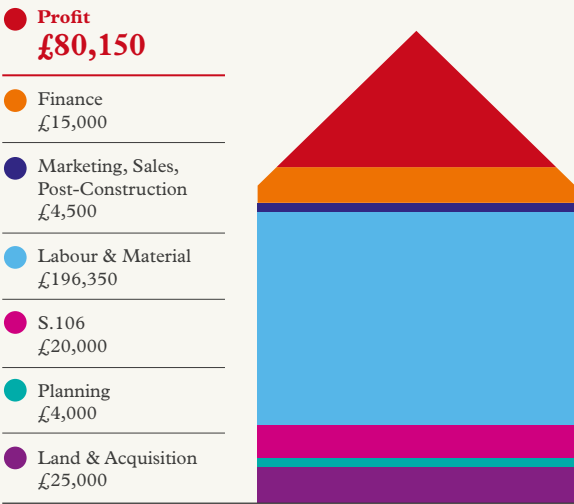
The affordable housing developer **Pocket Living** and **K2 Construction Management** have undertaken a hypothetical scenario to compare the cost of constructing a single one-bedroom home in London by a PLC developer versus an SME developer. The analysis highlights the cost

variations driven by scale, planning, and financial constraints. In this scenario, it is assumed that one home is delivered by an **SME on a small site (fewer than 100 homes)**, while the other is delivered by a **PLC developer** as part of a large regeneration scheme comprising **500 to 1,000 homes**.

Cost Category	PLC Developer	SME Developer	Variance / SME Burden	Rationale
Land & Acquisition	£25,000 assumed per home	£25,000 assumed per home	0%	<b>Note</b> For the purposes of this exercise, the cost of land has been assumed to be equal.
Planning Costs	£4,000 per home	£8,000 per home	+100%	PLCs benefit from economies of scale in planning fees. For example, on a 1,000-unit site, the average fee per home is £211. In contrast, for a 50-unit scheme, it rises to £626. SMEs also face higher relative costs from professional services, design iterations, and planning condition discharge.
Planning Delays	56 weeks avg.	60 weeks avg.	N/A	Delays are broadly similar in length, but have a more significant impact on SMEs due to capital constraints and fixed finance costs during downtime.
Regulatory Compliance	Cost included within planning and S.106 costs	Cost included within planning and S.106 costs	N/A (cost not assigned)	Though not quantified here, new obligations such as Biodiversity Net Gain and the Building Safety Levy burden SMEs, who have fewer resources and limited internal compliance teams. Future assessments may need to price this in.
S.106 & CIL Contributions	£20,000 (assumed equal)	£20,000 (assumed equal)	0%	While obligations vary by site, this exercise assumes parity per unit. However, SMEs often lack leverage and resource to negotiate bespoke agreements, unlike PLCs.
Labour & Material Costs	£196,350 per home  In-house construction model	£231,000 per home  Subcontracted model	+15%	<b>Labour Costs</b> PLCs use internal construction arms or long-term frameworks, achieving cost savings on preliminaries, programme efficiencies, and margin control. SMEs rely on subcontractors, who charge premiums and offer less flexibility.  <b>Material Costs</b> Large developers receive bulk discounts on materials like bricks etc. SMEs pay closer to market rates. Analysis based on supplier quotes shows a 15% saving for large schemes.
Marketing & Sales	£3,000 per home	£6,000 per home	+100%	PLCs amortise show home costs, digital campaigns, and sales agent fees across hundreds of units. SMEs carry these fixed costs over fewer homes, doubling the per-unit marketing spend.
Post-Construction Costs	£1,500 per home	£3,000 per home	+100%	Higher warranty premiums, customer service staffing, and insurance products impact SMEs more due to perceived financial risk and limited aftercare infrastructure.
Finance & Borrowing Costs	£15,000 (4% rate)	£30,000 (8% rate)	+100%	SMEs typically access finance at 8–12%, compared to PLCs using institutional finance or internal funds at 4–6%. For the same cost base, SMEs pay nearly double in borrowing costs.
Total Cost to Build One Home	£264,850	£323,000	+22%	

## Why SMEs Struggle to Make the Same Profit on a £345k Home in London

Homes Built by a  
**PLC**



Homes Built by an  
**SME**



## Key Findings

This exercise set out to illustrate the disproportionate costs faced by SME developers when delivering a single home in London, compared to large PLC developers. This ignores the indirect costs, for example through the increased exposure to supply chain insolvency.

- SMEs Face Higher Costs Across the Board.** SMEs can pay almost **£60,000** more per home in London than PLC developers – a **22%** increase.
- Revenue Is Equal, But Margins Are Not.** Despite achieving the same sale price (£345,000). The average profit margin (vs. cost) in this hypothetical scenario is just **6% for SMEs**, compared to **25% for PLCs**.
- Planning System Disadvantages SMEs.** Planning costs are the most significant relative disparity, with SMEs facing costs that are over **100% higher** than their PLC counterparts.
- Construction and labour costs are the largest overall cost drivers.** Even a modest 15% difference in these areas can critically impact SME viability and provide PLCs with a significant competitive edge.

*“SMEs can pay almost £60,000 more per home in London.”*

- A 4% increase in interest rates** can equate to an additional **£15,000 per home** for SME developers, due to less favourable financing terms.
- Forthcoming regulatory changes—** Upcoming requirements such as the **Building Safety Levy** (up to £10,000 per home by 2026 in some London boroughs) are likely to leave SMEs more exposed, further skewing the playing field.

These findings highlight that PLC developers benefit not only from the structural efficiencies of their business models but also from the economies of scale and the nature of the sites they typically develop. As a result, they are able to achieve **significant per-home cost savings**.

The exercise also underscores the systemic challenges facing SME developers. In addition to higher relative costs, SMEs tend to be **less resilient** and **less able to absorb financial shocks**. This helps explain why the number of SME homebuilders has fallen to fewer than **2,500 across the country** from 12,000 in the 80s.





Sail Street, Lambeth (Pocket Living scheme)

## *Part 2*

# An SME Housing Renaissance: 9 Practical Policy Solutions

*“The government’s recent announcement to deliver a streamlined small and medium sites framework offers a once-in-a-generation opportunity...”*



## 9 Practical Policy Solutions

We’ve brought together some of the sector’s leading voices to develop a series of practical, proportionate reforms aimed at levelling the playing field for SME developers and unlocking thousands of new homes.

“Across nearly every cost category involved in delivering a new home, small and medium-sized enterprises (SMEs) face disadvantages compared to major developers.”

1. Page 18

### An SME Renaissance, with London at its Heart

Redefine “medium-sized” sites in London as 10–150 homes to reflect real-world delivery patterns and unlock thousands of SME-led homes. Use NDMPs to embed proportionality across four key areas: tenure flexibility, presumption in favour, viability exemptions, and streamlined validation.

**Paul Rickard**  
CEO  
Pocket Living

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### Standardised Planning Obligations

Endorse national S106 templates through planning guidance to cut delays, legal costs, and negotiation burdens for SME developers.

**Simon Ricketts**  
Founding Partner  
Town Legal

3. Page 24

### Passports for Growth

Introduce “brownfield passports” through NDMPs and Local Development Orders to legalise predictable, low-risk intensification and boost SME-led delivery.

**Nicholas Boys Smith MBE**  
Founder and Chair  
Create Streets

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### A Proportionate Solution for Planning Fees

Amend the Planning & Infrastructure Bill and introduce tiered, cost-neutral planning fees and capped PPAs to reduce the disproportionate burden on SME developers.

**Hugo Owen**  
Policy & Communications Manager  
Pocket Living

5. Page 28

### Raising the Barriers

Set national planning validation requirements proportionate to scheme size to cut delays, reduce cost, and unlock SME-led infill and small site delivery.

**Russell Curtis**  
Founding Director  
RCKa

6. Page 30

### NDMPs: Key to Unlocking a Small Sites Renaissance

Introduce a clear National Development Management Policy granting automatic approval for brownfield housing schemes under 0.5 hectares.

**Jack Airey**  
Director  
Public First

7. Page 32

### Mortgage Market Reform to Unlock First-Time Buyer Access

Reform post-crisis mortgage rules, raising caps and improving the Freedom To Buy Scheme, to better reflect modern affordability and support SME delivery.

**Jenny Anson**  
Head of Sales  
Pocket Living

8. Page 34

### Unblocking Biodiversity Net Gain (BNG)

Reform Biodiversity Net Gain rules to exempt or simplify requirements for small brownfield schemes and SME developers, enabling delivery without undermining ecology.

**Sean Tofts**  
Small Sites Alliance Contributor

9. Page 36

### High Street Renewal: turning disused town centre sites into vibrant and connected retirement communities

Give retirement housing schemes on small town-centre brownfield sites a presumption in favour and cost exemptions to boost SME delivery and local economic vitality.

**Suzanne Revell**  
Group Sales and Marketing Director  
Churchill Living

# An SME Renaissance, with London at its Heart

## Part 1 Create a one-off London-specific definition for “medium-sized” sites

London’s built environment is a testament to the enduring contribution of SMEs. Over more than three centuries, small and medium-sized enterprises played a crucial role in shaping the city. From the terraces of the Victorian era to the inter-war garden suburbs and the post-war reconstruction efforts, SMEs were the backbone of London’s housing delivery. They worked street by street, plot by plot, innovating on the ground to meet the city’s changing needs, making London one of the most dynamic cities in the world.

The government’s Working Paper “*Supporting the Delivery of Medium-Sized Housing Sites*”, which aims to deliver a streamlined small and medium sites framework, offers a once-in-a-generation opportunity to revive this legacy. However, the current proposed definition of “medium” sites, those delivering 10–49 homes, fails to reflect London’s unique development landscape.

Defining “medium” sites as only those with 10–49 homes risks discouraging mid-rise density developments essential in the capital’s urban environment. For example, a current Pocket Living scheme on a small site in London delivers over 130 homes in a mid-rise building. Under the national definition, this type of scheme could encourage lower-density designs, dramatically reducing its potential contribution.

This approach risks excluding a significant portion of the SME housebuilding market, particularly when London’s housing targets are at record highs. To unlock the full potential of the government’s proposals and put London at the heart of an SME renaissance, we recommend that in

Paul Rickard  
CEO  
Pocket Living



*“From the terraces of the Victorian era to the inter-war garden suburbs and the post-war reconstruction efforts, SMEs were the backbone of London’s housing delivery.”*

London, “medium-sized” sites be defined as developments delivering between 10 and 150 homes and the planning exemptions for medium sites are optimised (see Part 2).

**Reasons for a London-Specific Definition**  
**1) 50–150 Home Schemes Face the Same Challenges as 10–49 Homes**  
Planning and viability barriers affect both small (10–49 homes) and mid-sized (50–150 homes) developments. These challenges are especially acute in London, where high land values, stringent design requirements, and site constraints persist regardless of scheme size.

Since 2015, over 160 schemes of 50–150 homes have been withdrawn, failed, or lapsed, representing nearly **14,000** homes. Research by Molior on behalf of Pocket Living shows that both small and mid-sized schemes face similar hurdles transitioning from planning consent to housing starts. In 2025, **66%** of consented 10–49 home schemes and 73% of 50–150 home schemes have yet to start. Expanding the government’s proposals to cover 50–150 homes could unlock up to **21,000** additional homes.

**2) PLCs Rarely Deliver Schemes of This Size**  
The economics of housebuilding in London have driven larger developers to focus almost exclusively on larger schemes, contributing to the fact that the average scheme size in London is now **230 homes**. According to our Molior research, schemes delivering 50–150 homes in London are predominantly delivered by SMEs, regional builders, and housing associations rather than by large PLCs with



the homes therefore being true additionality. Currently, there are 374 schemes with planning permission or under construction in this size range. Of these, 319 (85%) are being delivered by SMEs<sup>1</sup> or council development arms. To put this into context, one leading plc is only bringing forward one of the 374 sites.

**3) Unlocking London’s Affordable Housing and Delivering on the Government’s Build-Out Targets**  
Mid-sized sites are also key to affordable housing delivery. Since 2017, schemes of 50–150 homes have averaged **39%** affordable housing in London, exceeding the Mayor’s targets and outperforming larger developments (**30%**).

Sites of 10–49 homes have averaged **34%** affordable housing. Further to this, mid-sized developments can often be delivered in a single phase, reducing risk and accelerating the delivery of much-needed homes, aligning with the government’s build-out agenda.

**Policy Ask**

- In light of the above, we ask that the government update its “*Supporting the Delivery of Medium-Sized Housing Sites*” Working Paper to include:
- A one-off London-specific definition for “medium-sized” sites, covering developments delivering between **10 and 150 homes** which then benefit from the governments proposed streamline planning route.

1. This used the CMA definition for SMEs ie building fewer than 1,000 units per year.



Part 2

Optimising the “Supporting the Delivery of Medium-Sized Housing Sites” Working Paper: Additional Tools

We welcome the government’s willingness to listen to the sector. The recommendations in the working paper accurately diagnose many of the key challenges and put forward a series of pragmatic solutions to help unlock delivery. As the paper sets out, the government should commit to exemptions from Biodiversity Net Gain and the Building Safety Levy, and ensure these schemes are included within the National Scheme of Delegation, while retaining the 13-week statutory determination period. A review should also be undertaken to identify other possible exemptions from requirements that do not materially advance non-housing policy aspirations but are detrimental to delivery on small and medium sites.

To further strengthen the current proposals, the government could go further by adopting the following additional measures to significantly accelerate the contribution of small and medium-sized sites to housing delivery:

1. Introduce Flexibility on Affordable Housing Tenure and Mix

**Issue:** Small sites face acute constraints which often make policy-compliant affordable housing mixes unfeasible. Research by Lichfields found that none of the small site case studies were able to deliver a full affordable tenure mix on-site.

**Recommendation:** Although ultimately a matter for the local authority, national guidance could encourage greater flexibility in tenure and mix requirements for small and medium-sized sites, provided the overall proportion of affordable housing is met. This would unlock schemes that are otherwise held back by rigid policy expectations.

“To significantly accelerate the contribution of small and medium-sized sites to housing delivery across the UK, we recommend that Government go further...”

2. Apply a Presumption in Favour of Development

**Issue:** Despite national recognition of the role small sites can play, they still face multiple application rounds: 23% of small site developments required two or more applications to secure permission (Lichfields, 2020).

**Recommendation:** Extend a presumption in favour of development to small and medium-sized sites that align with the Local Plan, subject to design safeguards. This would: Reduce costly planning cycles, improve certainty for SMEs & de-risk the planning process and encourage market entry.

3. Exempt Small and Medium Sites from Disproportionate Viability Testing

**Issue:** In places like London, viability testing is a major barrier for SMEs. Most small and medium sites cannot meet rigid affordable mix policies and are pushed into prolonged, expensive viability negotiations, often without the internal capacity to manage them.

**Recommendation:** Provide national guidance exempting small/medium sites from full viability testing where they meet baseline policy requirements; Standardise a lighter-touch approach within NDMPs to ensure consistency and reduce planning risk for SMEs.

4. Remove Duplicative Planning Requirements Already Covered by Building Regulations

**Issue:** SME developers face repeated and costly reporting on technical matters already regulated under Building Control, such as:

- Accessibility (Part M)
- Energy (Part L)
- Overheating (Part O)

**Recommendation:** Eliminate duplication by limiting planning application requirements to matters not already governed by Building Regulations. Also, move Equalities Impact Assessments to the plan-making stage, not the application stage.

Policy Ask

**Use NDMPs to Reinforce National Proportionality**  
Embed proportionality and flexibility for small/medium sites into the forthcoming National Development Management Policies (NDMPs). NDMPs could override unnecessarily onerous local standards and provide a consistent baseline across England.



Addiscombe Grove, East Croydon (Pocket Living scheme)



# Standardised Planning Obligations

Simon Ricketts  
Founding Partner  
Town Legal



Regardless of how quickly a local planning authority resolves to approve a planning application, there is then delay and cost whilst the almost inevitable section 106 agreement or unilateral undertaking is negotiated and completed.

The format of the “boiler plate” provisions of these documents is increasingly uniform and the obligations themselves are often relatively standard in nature, whilst covering a largely defined range of topic areas. Despite that,

each local authority works from a slightly different set of template drafts which are usually not even publicly available. The cost of the process and impact of the delays caused are disproportionately high for SME developers, who may not otherwise need to engage specialist planning lawyers or who risk unscheduled hold-ups if an issue gets “stuck” – usually in circumstances where their relatively small project may not have the prioritised attention of busy officers and council solicitors.



Forest Road, Waltham Forest (Pocket Living scheme)

*“The cost of the process and impact of the delays caused are disproportionately high for SME developers, who may not otherwise need to engage specialist planning lawyers or who risk unscheduled hold-ups...”*

## The Ritual Dance

The process typically unfolds as follows:

- The council’s case officer instructs the council’s planning solicitor (internal or external) in relation to preparation of the necessary agreement or undertaking, usually after the officer’s and committee’s resolution to approve the application.
- Before starting work, the council’s solicitor first requires an undertaking from the applicant’s solicitor for their costs, the level of those costs differing hugely but often significant and then matched by the work also required on the part of the applicant’s solicitor.
- There is then a delay, usually of several weeks, whilst the draft is prepared by the council’s solicitor (who will rarely let the applicant’s solicitor initiate the first draft).
- The respective solicitors then spend several weeks arguing over the draft (often in relation to drafting matters which would not arise if there were to be one nationally endorsed template), with additional delays along the way if the council’s solicitor needs to take instructions from their instructing department on any particular outstanding issue.
- Further delays then often arise due to issues arising as to title, particularly caused by ongoing delays at Land Registry that make accurate and reliable deduction of title problematic.
- Further delays as the document does the rounds for execution, particularly if the council still holds out against electronic execution.

## A Practical Solution

It is encouraging to see from the government’s “reforming site thresholds” consultation document that section 106 agreement templates for small and medium sized development projects appear to be on the agenda.

This cost and delay could be reduced, without the need for legislation, by:

- **Government endorsement of a set of recommended template documents**, in a form endorsed by a representative sample of those advising the various parties including local planning authorities, developers, lenders and registered providers.
- **Prescriptive advice as part of the Government’s Planning Practice Guidance**, endorsing the templates and recommending their use save where specifically justified (with councils being at risk of an award of costs if an appeal is subsequently required due to an issue arising through non-use of the templates), and associated advice as to good practice on the part of all parties with regard to the negotiation and completion of planning obligations.



Passports for Growth

Nicholas Boys Smith MBE  
Founder and Chair  
Create Streets



The ‘housing crisis’ has many causes but one crucial driver is unpredictable regulation. British planning is not rules-based, like most planning systems, but far more discretionary. Almost uniquely, a new building in Britain does not just need a building permission, which is a ‘tick-box’ exercise based on building codes. It also needs planning permission which is a case-by-case judgement by a planning officer<sup>2</sup>. This judgement is, in turn, based on the local plan which is a policy document not a regulatory one. It gives principles and guidance. It does not set rules. This is the fundamental difference to nearly all other approaches to land use regulation (partial exceptions being Ireland, Portugal and some though reducing elements of the Australian approach).<sup>3</sup>

There are advantages to the British approach. If you regulate for the wrong thing (for example demanding suburban housing in city centres as much of the US has done for 70 years) than you can entrench an approach to development that is fundamentally less popular and less sustainable than alternatives.<sup>4</sup>

However, there are disadvantages too, particularly for modest developments within existing settlements, the sort typically built by SMEs. All standard frameworks of good regulation suggest that regulation should be predictable, certain, not subject to producer capture or to ‘whom you know.’<sup>5</sup> When regulation is uncertain, unpredictable, easy for experts to guide and hard for the public meaningfully to influence then markets become ‘hard to enter’ and

*“The proportion of British homes that small builders develop is still declining in the face of high land prices and high planning risk and costs. Thirty years ago, small builders were responsible for 40 per cent of new build homes. Today it is 12 per cent.”*<sup>7</sup>

are unduly influenced by an oligopoly of large firms and producers, not consumer interests. A Homebuilders Federation (HBF) report argued; ‘The fragility of the standard SME business model and the inherent risk associated with planning are a source of frustration for all builders but these challenges can be disastrous for the smallest of companies.’<sup>6</sup>

This is what has happened. Greater uncertainty and a slow process with major expense up-front before the right to build is certain has increased planning risk, pushed up enormously land prices which have permission and acted as a major barrier to entry for small developers, minor landowners, self and custom builders. The proportion of British homes that small builders develop is still declining in the face of high land prices and high planning risk and costs. Thirty years ago, small builders were responsible for 40 per cent of new build homes. Today it is 12 per cent.<sup>7</sup> Here are immediately available policies to de-risk development on individual sites by creating ‘brownfield passports’.

2. Only in a few circumstances is planning permission not required for modest domestic extensions at the rear or for buildings in farmyards via ‘permitted development’ outside the planning system.  
3. See a summary here: [https://www.createstreets.com/wp-content/uploads/2020/09/Where-will-Thomas-and-Rebecca-live\\_v3.pdf](https://www.createstreets.com/wp-content/uploads/2020/09/Where-will-Thomas-and-Rebecca-live_v3.pdf)  
4. See Speck, Jeff (2019), Walkable City for a brilliant exposition of what went wrong in the US and how enlightened planners, communities and developers are fixing it.  
5. The most influential such frameworks in the UK context are perhaps the 1997 UK government Better Regulation Taskforce and the 2005 OECD Guiding Principles for Regulator Quality and Performance See N Boys Smith, N. (2018), More Good Homes pp.38-43.  
6. HBF (2017), Reversing the decline of small housebuilders: Reinvigorating entrepreneurialism and building more homes, p.21.  
7. In parallel the membership of builders’ professional bodies for builders has declined from over 12,215 to 2,710. During the crash from 2007 2009 the industry lost more than one-third of its companies. HBF (2017), Reversing the decline of small housebuilders: Reinvigorating entrepreneurialism and building more homes, p. 6, .p 17, p.20.

1. MHCLG should bring the democracy forward and legalise new housing by:

- a. publishing a Written Ministerial Statement encouraging this;
- b. changing the National Planning Policy Framework (NPPF) to give extra weight to increasing by one storey when following a local code. This would require changes to Paragraph 125 (e), for example substituting ‘the creation of new living space’ for ‘new homes’; or
- c. issuing a new National Development Management Policy (NDMP) for householder extensions including detailed guidance for their implementation to de-risk the process further.

2. Local Councils can also bring the democracy forward and legalise new housing today by:

- a. Issuing highly supportive and clear Supplementary Planning Documents. Strongly supportive local policy, in the Local Plan or via a Supplementary Planning Document (SPD) as has been done for specific neighbourhoods in South Tottenham and Tower Hamlets and is currently being implemented in Stamford Hill;<sup>8</sup> or
- b. taking advantage of existing little used planning mechanisms such as Local Development Orders (LDOs). These can pre-permit certain designs in certain places with the local plan. This can give councils an ‘easy to implement’ option to pre permit locally popular intensification of thousands of existing streets and permit the creation of many thousands of new homes and bedrooms. This also creates a clear ‘product’ for SMEs. Councils that are already starting to do this include Cornwall Council, the Chesham Neighbourhood Plan and the Dudley Household Extensions Local Development Order.

West Green Place, Haringey (Pocket Living scheme)



8. Southwood, B. (2021) Learning from History: suburban intensification in South Tottenham. Available at: <https://www.createstreets.com/wp-content/uploads/2021/12/Tottenham-Paper-1.9.pdf>.And Stamford Hill Design Guide (supplementary planning document) | Hackney Council



# A Proportionate Solution for Planning Fees

## The Problem

Across nearly every cost category involved in delivering a new home, small and medium-sized enterprises (SMEs) face disadvantages compared to major developers. Nowhere is this disparity more pronounced than in planning costs. Requirements like surveys, assessments, and technical reports are generally applied uniformly, whether a scheme delivers 50 homes or 1,000. However, because these fixed costs are spread across fewer units in smaller developments, they represent a significantly greater burden for SME builders.



Mapleton Crescent, Wandsworth (Pocket Living scheme)

**Hugo Owen**  
Policy and Communications Manager  
Pocket Living



Our research reveals that, on a per-home basis, planning costs for SMEs can be **up to twice as high** as those for large developers.

A key driver of this imbalance is the current planning fee structure. Although fees are centrally set by government, the calculation method effectively discounts larger schemes, creating a scale-based advantage. This leaves smaller developers, who are often less able to absorb or offset these costs, at a further disadvantage.

Under the present regime, developers pay approximately **£635 per home for the first 50 homes** in a scheme. Beyond this threshold, each additional home incurs a fee of just **£189**.

- This results in a stark disparity:
- A 50-home scheme incurs an **average fee of £626 per home**
  - A 1,000-home scheme pays just **£211 per home**

This structure creates a built-in **economy of scale**, favouring larger developers and rendering smaller schemes relatively less viable.

Additional costs, such as those for pre-application services, also exacerbate the problem. In the absence of national cost guidance, local authorities are free to interpret pricing independently. While large developers are equally subject to these fees, SMEs often lack the capacity to absorb unexpected or excessive costs.

Planning Performance Agreements (PPAs) have become a significant financial barrier for SME developers. Originally intended for large-scale schemes, PPAs are now increasingly required for sites delivering fewer than 100 homes. Fees are unregulated and vary widely depending on the local authority and the perceived complexity of the project, leading to inconsistent interpretations and little cost certainty for SMEs. In one recent example, a developer of a sub-100 home scheme in London was quoted £150,000 for a PPA — creating a substantial and disproportionate obstacle to delivery.

## The Legislative Opportunity

The **Planning and Infrastructure Bill 2024–25** proposes devolving powers to set planning fees to local authorities—and, in London, to the Mayor (see Part 2, Chapter 1, Section 48: “Fees for planning applications etc.”).

While greater local control is welcome in principle, the current draft lacks safeguards to ensure **fee structures are proportionate**. Without these protections, there is a risk that new systems could replicate or even exacerbate the imbalances of the existing regime.

## The Solution

**Phase 1: Amend the Planning and Infrastructure Bill**  
To protect SMEs, Parliament should amend **Section 48 (“Fees for planning applications etc.”)** to require planning fees to be proportionate to the size and nature of the development.

We are delighted to be working with a range of MPs and Peers championing this principle through an amendment that will level the playing field for SMEs.

**Phase 2: Local Implementation**  
Once powers are devolved, local authorities and Mayors should be encouraged to adopt a tiered and transparent fee structure. Crucially, reforms should be cost-neutral to local planning authorities (LPAs), ensuring no LPA is worse off.

Recommendations:

- Planning fees**
- Introduce a low, fixed fee for schemes under 10 homes
  - Apply a consistent per-unit fee for all other schemes
  - Consider exemptions for affordable housing provision

**Planning Performance Agreements**  
Introduce clear guidance and cost controls to ensure PPAs are proportionate and accessible to smaller developers, including a recommended fee schedule for local authorities.

- Set a maximum PPA fee cap of £250–£500 per home for all schemes delivering fewer than 150 homes, with affordable housing units exempt from this charge.
- Require local authorities to justify any designation of schemes under 150 homes as “complex,” with published criteria to ensure transparency and consistency.

*“In the absence of national cost guidance, local authorities are free to interpret pricing independently. While large developers are equally subject to these fees, SMEs often lack the capacity to absorb unexpected or excessive costs.”*



## Raising the Barriers

With revisions to the National Planning Policy Framework complete, and clear parameters for the strategic release of green belt now established, the government is rightly turning its attention to the plight of SME developers which have yet to benefit from planning reform but perhaps have the most significant part to play in helping to deliver the **1.5m homes** promised in Labour’s manifesto.

The collapse in SME development in recent decades has been striking, with diminishing diversity and mediocre design and poor construction quality now a prevailing characteristic of the new-build housing market. According to government statistics, by **2022** a **quarter of new homes** were being delivered by just **three plc developers**, and nearly **half of them** by the **top ten**. In **2020** SME developers were providing just **10% of the nation’s homes**, down from **40% in the 1980s**. These figures will not have improved in more recent years.

For SME developers, and especially those operating at the small end of the market, planning remains the most significant barrier to growth. Although the risk of refusal remains a constant concern, it is more often than not the inevitable delays to decision-making that can quickly turn a marginal scheme into an unviable one. Delays cost money, as small developers are rarely flush with cash and often borrow money to acquire land at higher rates than plc housebuilders, which means interest on the debt starts accruing immediately. All of this could be planned for and factored into investment decisions were the timescales predictable, but according to research by planning consultancy Lichfields, in **2024**, just **36% of major planning applications** (those comprising ten or more homes) were determined in less than a year. This figure is a remarkable change from ten years earlier, when **78%** of major applications were decided in this time. The statutory timescale for determination is **13 weeks**.

**Russell Curtis**  
Founding Director  
RCKa



*“...planning remains the most significant barrier to growth. Although the risk of refusal remains a constant concern, it is more often than not the inevitable delays to decision-making that can quickly turn a marginal scheme into an unviable one.”*

The cost of acquiring land is usually, by some margin, the largest financial outlay. Nevertheless, professional services, surveys and application fees can quickly add up. The number of reports and surveys required to accompany planning applications (“validation requirements”) have increased dramatically over time. This has two effects: firstly, the cost of commissioning these documents is significant. Even for a relatively modest application, the cost can run into **tens, or hundreds of thousands of pounds**. Secondly, by making the validation process more complex and uncertain, the risk of delays between submission and the case officer even looking at an application can be significant. The slightest error in documentation, or omission of a report, can result in additional cost as the statutory eight- or thirteen-week determination period cannot commence until an application has been made “valid” and assigned to a case officer.

The number and type of reports required to accompany a planning application are the responsibility of the local planning authority, although there is a mandatory national requirement which comprises just the application form, Design and Access Statement, location plan, ownership certificates and fee. The LPA can use a “local list” to add a plethora of additional requirements depending on the type of development. For a recent scheme for **21 flats in south**

**London**, we were asked to provide an aviation impact assessment, TV and radio reception impact assessment, construction logistics management plan, microclimate wind assessment, agent of change assessment and a public art strategy, among the **more than 40 items** required to accompany our submission. Each one of these requires a separate consultant to be engaged, managed, and paid.

This is a preposterous amount of work to undertake at pre-planning stage when even the principle of development might remain undetermined. Many of these things should not be required at all – energy performance and safety requirements are set out in the Building Regulations, for example – but even those that could reasonably be the concern of planners should be attached to a planning consent as conditions, rather than required upfront.

The front-loading of the validation checklist might be an unintended consequence of the **2016 Neighbourhood Planning Bill** which placed restrictions on the number of conditions that could be attached to a planning consent. To forestall development, too many LPAs have instead shifted these requirements to the beginning of the process, rather than scrapping them altogether.

Fire safety is dealt with in Part B of the Building Regulations, compliance with which is mandatory for all development. A building which does not meet these regulations cannot be occupied, so why require a fire statement in addition to this as part of the planning process when it falls outside the scope of the Building Safety Act? While the intention might seem sound, the reality is that a completed building will rarely be assessed by planning compliance officers to ensure that it meets with the approved drawings.

Likewise, environmental performance. Requiring enhancements above the level described within the national Building Regulations is unnecessary. This isn’t to diminish the importance of sustainability initiatives, but their inclusion within a planning application should be up to the applicant to determine and form part of the “on balance” decision made by planning authorities, having weighed up the relative merits of the scheme.

There is no reason why all planning validation requirements should not be set at national level. Radio waves do not behave differently between Bromley and Barnet; the good people of Havering have no less of an appreciation of public art than they do in Hammersmith.

The government’s recognition that the demands on SME developers are far different from those of the volume housebuilders, and that these entities operate within entirely different constraints, is welcome. This presents the opportunity to align validation requirements with these categories of development. Consistent with the alliterative naming convention, a new “micro” development category for sites with an area of less than **100sqm** or providing a single dwelling should be introduced, with a nationally determined validation list and design parameters and nothing else. This would unleash a wave of creativity and innovation, providing self-builders and small-scale developers with the certainty to bring forward new infill homes in sustainable locations.

Minor applications (those between **two and nine dwellings**) need not be accompanied by much more than this: plans, elevations, sections, a Design & Access Statement and daylight and sunlight report should be enough to determine whether an application meets the requirements of local policy. A prohibition on locally set affordable housing “levies” should be part of this reform, as these undermine the national threshold intended to encourage small site development. As with proposed changes to Biodiversity Net Gain requirements, statements of community engagement, open space assessments and the like are unnecessary at this scale and place an unreasonable burden on prospective development. In all but exceptional circumstances the provision of new homes far outweighs any negative impact of development.

There is no reason why validation requirements should not be set entirely at national level, and at a level commensurate with the size of the development being proposed. SME developers are desperate to help the government deliver on its housing ambitions. Raising the barriers will help them do it.



# NDMPs: Key to Unlocking a Small Sites Renaissance

Jack Airey  
Director  
Public First



Reversing the decline of SME developers should be one of the Government’s foremost priorities for housing. They are the lifeblood of the industry, providing jobs, training and entrepreneurship. Historically, housebuilding rates have peaked when smaller firms have thrived.

While Ministers have recently proposed a series of welcome measures to help smaller developers, alongside far-reaching reforms in the Planning and Infrastructure Bill, they have not yet said how they will use one of their most powerful existing tools to simplify the planning system in favour of SMEs: National Development Management Policies (NDMPs).

NDMPs were legislated for by the previous administration with the explicit intention of helping SME developers. They enable Ministers to create a ‘rules-based’ planning system, cutting through inconsistent local development plan policies that cumulatively make it much too complex – and therefore costly – to secure consents to build new homes, and which disproportionately affect SME developers.

As NDMPs will by law trump inconsistent local planning policies,<sup>9</sup> they are going to drive substantial changes in the approach of those deciding planning applications. This will include planning decisions in London as the statutory status of NDMPs will match the legal weight of the London Plan.

The process of designating NDMPs is relatively straightforward. There is no requirement for parliamentary approval and no need to legislate, only to issue a consultation, which Ministers have committed to doing later this year. NDMPs are, in short, a golden opportunity for the Government to help SMEs build more and generate economic growth.

9. NDMPs will be on the same statutory footing as development plans so that planning decisions would have to be made in accordance with both the development plan and NDMPs. National planning policy will no longer simply be a material consideration. What is more, where there is conflict between the development plan and an NDMP, the conflict must be resolved in favour of the NDMP.

10. Public First (2025) – How National Development Management Policies Can Boost Economic Growth

So, what should Ministers do? Public First and the leading planning barrister Chris Katkowski CBE KC have proposed an NDMP that creates a clear and simple path for smaller housing sites to be approved.<sup>10</sup> It should read:

*“Planning applications for homes on a brownfield site of less than 0.5 hectares are to be approved.”*

The wording should be as clear as that. Policymakers could dial the policy impact up or down – e.g., adjusting site size or extending its application to Grey Belt – but it is essential the NDMPs are written in terms that leave no room for interpretation. Otherwise the benefit of the policy will be diluted.

A simpler, more proportionate planning system is just one part of the policy puzzle to reversing the decline of SME developers. But it is an essential part and the first NDMPs offer the Government a chance to support this vital element of the economy.

*“There is no requirement for parliamentary approval and no need to legislate, only to issue a consultation, which Ministers have committed to doing later this year. NDMPs are, in short, a golden opportunity for the Government to help SMEs build more and generate economic growth.”*



Woodside Park, Barnet (Pocket Living scheme)



# Mortgage Market Paralysis: How Post-Crisis Caution Became a Barrier to Homeownership

## Mortgage Market Paralysis: How Post-Crisis Caution Became a Barrier to Homeownership

Seventeen years on, the shadow of the 2008 financial crisis still lingers over the UK mortgage market. The legacy of that crash and the wave of reposessions that followed prompted a swift and forceful regulatory response. In many ways, that was right. Where markets fail, robust intervention is essential.

But every financial crisis leaves more than just a dent in balance sheets. It reshapes policymaking. In housing, this has taken the form of increasingly rigid regulation, rules designed for past failures, not present realities. What began as a necessary correction has hardened into a system where caution often crosses into constraint.

Nowhere is this more evident than in the UK mortgage market. In the wake of 2008, exotic lending products disappeared and underwriting became stricter. Borrowers now face intense scrutiny, and affordability tests often stretch credibility. The result? Flexible, responsible lending, particularly for self-employed and first-time buyers, has all but vanished.

We must now ask: have we moved from fixing a crisis to entrenching exclusion?

### A System Out of Step with Reality

One of the clearest and most damaging barriers to homeownership in London today is the cap on mortgage income multiples. Under rules set by the Financial Policy Committee, no more than 15% of a lender’s new mortgages can exceed 4.5 times the borrower’s income. Whilst this is now under review and that is welcomed, the proposed changes still aim to ensure that overall lending remains within the limit of 15%. Originally introduced to safeguard financial stability, this rule has become a blunt

Jenny Anson  
Head of Sales  
Pocket Living



*“Flexible, responsible lending, particularly for self-employed and first-time buyers, has all but vanished.”*

instrument, especially in high-cost markets like London, where average house prices bear little relation to typical salaries or affordability.

Take *Jeremy*, a 29-year-old paramedic living and working in London. He earns £42,000 a year and currently rents a one-bedroom flat in Zone 3, paying £1,450 a month, a rent he’s reliably paid for over three years. He’s managed to save a £35,000 deposit through disciplined budgeting and support from family.

Jeremy wants to buy a modest one-bedroom flat costing £375,000, well below the average London home. In principle, borrowing £340,000, at an interest rate of circa 4% for 40 years, would cost around £1,450 per month. However, based on the standard 4.5x income cap, the maximum he can borrow is £189,000, giving him a total budget of £224,000, over £150,000 short of the property he wants to buy. Despite a clean credit history, stable employment, and years of demonstrating affordability at a higher monthly outlay than his mortgage would cost, he is locked out of homeownership.

He’s not alone. Thousands of key workers, young professionals, and aspiring first-time buyers are facing the same wall, not due to financial recklessness, but because the system refuses to recognise modern affordability.

### The Affordability Gap

This gap between incomes and property values is not a sign of individual irresponsibility, it’s a structural flaw. And it demands a policy response.

## Positive Steps – But More Ambition Needed

We welcome the Government’s recent announcements to support first-time buyers, including making the Mortgage Guarantee Scheme (now to be known as Freedom to Buy) permanent, some easing of loan-to-income restrictions, and exploring the use of rent payment history in affordability assessments. These are important and overdue steps in the right direction.

But they don’t yet go far enough. The underlying issue, borrowing caps that bear little relation to real-world affordability, remains largely unresolved. Many would-be buyers like Jeremy will still find themselves excluded from ownership unless further action is taken. We need a mortgage system that reflects what people can truly afford, based on their proven ability to manage monthly housing costs.

## Targeted, Responsible Reform

The government, working with the Financial Conduct Authority and lenders, should now consider safe and proportionate reforms to improve mortgage access for first-time buyers. Options include:

**1. Exempting first-time buyers:** Go further and exempt first-time buyer mortgages from the 4.5x rule up to a certain property value and let UK regulated lenders use their own affordability and credit criteria (which might include consideration of rent payment history). This value threshold could be linked to the average first-time buyer price in London (and separately, out of London). Such a measure would not only improve mortgage access for those struggling to get on the ladder, but also create a powerful market signal, encouraging developers to deliver homes priced within reach of this cap, thereby helping to moderate and potentially reduce average first-time buyer prices over time.

**2. Raising the 15% quota:** Allow lenders greater flexibility by increasing the overall proportion of mortgages permitted above the 4.5x income cap. Banks often hold back from using the full quota out of caution, they don’t want to get too close to the limit and risk breaching it. Raising the cap would not only offer more headroom, but also give lenders greater confidence to lend closer to the current limit.

**3. Lifting the multiple:** Increase the baseline multiple to 5x (or higher) for certain borrowers, supported by robust affordability testing. This would better reflect the demographic profile of most first-time buyers, who are typically at the early stages of their careers and earnings

trajectories. In many cases, their earnings will rise significantly over the life of the loan, making them a lower long-term risk than current lending rules imply.

**4. Make Freedom to Buy more meaningful than the Mortgage Guarantee Scheme:** The Mortgage Guarantee Scheme was significantly underused, accounting for just 1.4% of total residential mortgage lending in the UK<sup>11</sup>. While the Government is making the scheme permanent as part of the 2025 Spending Review, further action is needed to ensure it achieves its full potential. We recommend the following simple action to support greater uptake:

**Pressure banks to offer on newbuild properties –** No major lender will include new build flats within the scheme, despite Government guidance allowing them to do so. The Government should urgently engage directly with all major banks to promote take-up. This could be done by:

- Requiring lenders to offer the scheme across all eligible property types, including new-build flats and houses
- Introducing minimum market coverage requirements, so lenders cannot cherry-pick risk profiles
- Mandating transparent data reporting, including take-up by tenure, region, and property type

## Unlocking SME Housebuilding

These changes wouldn’t just help buyers, they would also support the SME developers trying to build for them. SME housebuilders are a vital source of affordable homes for first-time buyers. But they rely on predictable sales to secure finance and bring forward new schemes. If prospective buyers can’t get a mortgage, especially on new-build flats and houses, SME developers can’t build. This is more than a finance issue, it’s a structural barrier to housing delivery.

In short, mortgage reform is supply-side reform. For lenders, it reduces the risk of unsold stock. For buyers, it reopens a pathway to ownership. Without it, the government’s ambitions for affordable housing and SME growth will remain out of reach.

11. Q4\_2024\_MGS\_Quarterly\_Statistical\_Report\_May\_2025.pdf



## Unblocking Biodiversity Net Gain (BNG)

### BNG is stalling small housing delivery

Biodiversity Net Gain (BNG) requires most new developments in England to achieve a 10% improvement in biodiversity compared to the site’s original state. While well-intentioned, this policy was built with large strategic sites in mind. For small sites, under 0.5 hectares or fewer than 10 homes, BNG is proving unworkable. For these schemes, BNG imposes disproportionate costs, delays and uncertainty. Instead of helping nature, it risks blocking housing delivery and driving SME developers out of the market. Over 90% of professionals surveyed by the Small Sites Alliance (SSA) said BNG affects small sites far more negatively than large ones.

### A poor fit for small sites

Large greenfield sites often have space to accommodate biodiversity enhancements. Small, previously developed plots do not. BNG’s fixed costs, such as surveys, mapping and assessments, do not scale down. A two-home scheme might require the same reports as a 200-home one. This makes many small sites unviable.

These rules clash with the government’s brownfield first agenda. Urban plots often contain scrubland or trees that score highly under BNG metrics. Mitigating their loss is expensive, even if the site moves from unviable to deliverable. SSA’s survey found that over half of respondents had paused or withdrawn small brownfield schemes due to BNG.

### Unequal exemptions and unintended harm

Some developments are exempt from BNG. If an individual self-builds a home themselves, they are exempt. If a local SME builds the same home, they are not. This makes no ecological sense and undermines policy credibility. If the government accepts that BNG does not work for one-off plots, it should accept the same for similar SME schemes.



Sean Tofts  
Small Sites Alliance Contributor

### Arbitrary numbers do not deliver outcomes

The 10% requirement sounds strong, but it has no robust ecological or planning justification. It is an arbitrary political soundbite. Worse, it may reduce biodiversity overall. If five small sites are abandoned because they cannot hit 10%, that is five lost opportunities. If those five could have delivered even 4 or 5% each, the cumulative benefit could easily surpass a single 10% scheme.

### Patchy evidence and rising costs

BNG’s impact on small sites was never properly tested. Much of the financial modelling is outdated, based on pre-Brexit and pre-COVID assumptions. Build costs, finance, and risk have all worsened. No fresh modelling has tested how BNG affects SME viability today.

### A better way forward

SSA proposes a short-term and necessary pause on BNG for small sites, giving time to build a proportionate system that works. We suggest several options below:

- **Exempting small sites from the statutory metric,** allowing on-site enhancements such as pollinator planting, bat boxes or hedgehog highways.
- **Counting gardens and retained trees.** These features have real ecological value but are ignored in current calculations. A new type of BNG Tree Preservation Order could secure these benefits in a cost-effective way.
- **Extending the self-build exemption to SME schemes,** removing an unjustified policy divide and extending this to all small sites. Even applying this exemption only to sites delivering 3–4 homes could provide meaningful relief where it is needed most.

*“Reforming BNG for small sites is also politically savvy. It lets the current government highlight a flawed policy from the previous government and show that they back small builders and local housing delivery.”*

- **Using scale-based targets.** Larger schemes could deliver 12.5% or more. Many already exceed this. That would allow small sites to deliver less but bring more projects forward overall with negligible impact on the viability of larger sites.
- **Letting MHCLG take the lead on BNG for housing.** DEFRA’s focus is biodiversity. But BNG is directly affecting housing supply, something MHCLG is better placed to balance.

### BNG needs a rethink, not abandonment

These proposals do not dilute BNG. They strengthen it by making it deliverable. We need more homes and more biodiversity. But a rigid 10% threshold on fewer sites is not better than lower enhancements on more sites. Small developers once built 40% of new homes. Now it is closer to 10%. If current BNG rules remain, that number will fall even further. Reforming BNG for small sites is also politically savvy. It lets the current government highlight a flawed policy from the previous government and show that they back small builders and local housing delivery. The solution is simple: unblock BNG by starting small and building a system that works for everyone.



West Green Place, Haringey (Pocket Living scheme)



# High Street Renewal: turning disused town centre sites into vibrant and connected retirement communities

Suzanne Revell  
Group Sales and  
Marketing Director  
Churchill Living



Recent research shows that 73% of people would rather spend their later years within easy walking distance of shops, restaurants and leisure activities<sup>12</sup>.

When older people downsize they often want to be less car-reliant, closer to the shops they frequent, to family businesses they trust, and within easy reach of the restaurants and coffee shops they enjoy. Importantly they also want to retain the multi-age interactions that come with being on or near the High Street and help them feel young-spirited in later life.

It is for that reason that our preferred locations for retirement communities are centrally-located urban “brownfield” sites, in or adjacent to town centres or suburban shopping streets. However, while the benefits to older people are widely understood, the benefits to local SMEs of co-locating retirement housing amongst shops, services and businesses is often overlooked.

In 2021 a former HM Treasury economist carried out a study to identify the relationship between High Street spending patterns and neighbouring retirement housing schemes. This study found that a typical 45-apartment retirement community located within easy reach of the town centre can be expected to generate just under £375,000<sup>13</sup> of High Street expenditure, each year. This figure is derived from typical day-to-day purchases, what some might term ‘leisure-spend’, presenting a much-needed growth opportunity for SME businesses in that area. It isn’t just personal expenditure that plays a part in supporting local shops and services, the same study found that the retirement community operator itself will commission enough local services to easily support six new permanent jobs in local businesses. Examples of this would

“...our preferred locations for retirement communities are centrally-located urban “brownfield” sites, in or adjacent to town centres or suburban shopping streets.”

be catering for social events, landscape management, building maintenance and many other support services for customers.

So, we have a large number of people who want to live closer to local shops and services in later life and we have clear evidence that retirement communities located in exactly those places generate a sharp uptick in high street expenditure, improving both the vitality and viability of shopping centres. This is a terrific opportunity for a Government which has rightly made economic growth and housing its top priorities, and one which doesn’t need state funding or legislation to bring about.

The key to simultaneously helping older people downsize into a location which appeals to them and to generating new, lucrative sources of income for local businesses, is to adjust the planning framework so that small, town centre brownfield sites are made viable for specialist older people’s housing.

In practical terms that means:

1. Establish a planning presumption in favour of specialist housing for older people on centrally located urban brownfield sites. These sites often face undue planning objections due to existing commercial land-use designations which drive an anti-residential bias.

2. Provide exemptions from affordable housing obligations and Community Infrastructure Levy (CIL) charges for specialist housing for older people. Retirement housing operators frequently lose great, town centre sites due to these financial burdens because “non-residential” developers do not face similar obligations. Hence, retirement housing operators aren’t able to operate on a level playing field at the point of land acquisition.
3. Mandate local planning authorities to ensure adequate provision of town-centre brownfield sites for older people’s housing. Unlike other European countries UK planning authorities rarely allocate suitable sites for this purpose.

Not only is this relatively simple for a pro-housebuilding Government to deliver, it is also a strategy that has worked in the past. Forty years ago when specialist housing for older people was a relatively new concept in the UK, it was clearly identified as a social need to help people live safer and better lives as their needs changed. Accepting all the wider social and economic benefits retirement housing offered, and in recognition that it is inherently more difficult and costly to deliver than mainstream housing, it was accorded favourable considerations to help incentivise it and enhance supply.

That approach led to delivery rates as high as 20,000 retirement properties a year in the 1980s, in turn generating much more fluidity in the wider housing market as people moved on and up the housing ladder as older people downsized from the top of it. Not only were outright build numbers up, but also there was far greater diversity of operators in the sector, as even mainstream housebuilders were offering age-specialist properties in their portfolios.

However, over recent years, and particularly since the great financial crash, the delivery of new retirement housing has plummeted. Supply levels struggle to reach 6,000 per year and most of the supply is met by a small number of operators who have stuck it out despite operating in what has been the one the most hostile planning environments ever known.

All this has happened despite the Government’s own National Planning Policy Guidance stating the need for this sort of housing is “critical” – the only housing type to be so-described.

Large, mainstream housebuilders have long since exited the retirement housing market because (i) it is expensive to build, (ii) one has to build the whole block and associated communal facilities before achieving a sale, (iii) it takes longer to sell because people quite reasonably take a long time when deciding to downsize, and (iv) operators like Churchill Living stay in place for the long-term, managing and maintaining the development rather than simply selling it and moving on.

The case for specialist retirement housing to receive favourable treatment when it comes to planning and costs was well-made and confirmed in the recent *Older People’s Housing Taskforce report*.

By adjusting the planning regulations and addressing the cost burdens so that these sites, very often redundant hotels and offices, former petrol stations or car dealerships, or wasteland within town centres, can be regenerated for retirement housing then policymakers will be:

- Helping older people downsize to a location they favour at a price they can afford.
- Releasing second-hand family-sized homes back onto the market so younger generations can get on and up the ladder.
- Visually improving town centre and high street sites which are often otherwise vacant or derelict.
- Reducing health and social care costs through older people living safely and with more support around them.
- Injecting investment into the local economy, and specifically into the SME businesses with which they are co-located.

The Government’s upcoming National Housing Strategy is a brilliant opportunity to deliver a housing mix that serves people at all stages in life. If the UK is serious about making downsizing an easier, less expensive and more routine part of the housing journey – as it surely must do to meet the needs of our ageing population – then small, urban brownfield sites is the place to start.

12. Stack Data Strategy poll, 15 May 2025, sample: 6731  
13. Silver Saviours for the High Street, WPI Strategy, February 2021 (2021 figure uprated by 3.4% CPI)





Woodside Park, Barnet (Pocket Living scheme)



