

Ministry of Housing, Communities and Local Government: Planning Reform Working Paper

Reforming Site Thresholds

Response from Propertymark

July 2025

Background

1. Propertymark is the UK's leading professional body of property agents, with over 19,000 members representing over 12,500 branches. We are member-led with a Board which is made up of practicing agents and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry-leading training programme and mandatory Continuing Professional Development.

Consultation – overview

2. The UK Government is looking to support the construction industry so that it can build more homes, which will be critical if the industry is expected to build 1.5 million new homes over the course of the current Parliament. As part of these efforts, the Ministry of Housing, Communities and Local Government (MHCLG) is exploring ways to support smaller construction firms through simplifying planning requirements for smaller and medium-sized sites.

Propertymark response – summary

3. Propertymark welcomes the opportunity to respond to MHCLG's planning reform working paper on reforming site thresholds. Propertymark supports efforts to increase the capacity of the construction industry to not only build more homes but to be more responsive to local demand for the size and tenure of properties that local residents need. It is our understanding having engaged with the construction industry that SMEs (smaller housebuilders) are more likely to focus on smaller sites, which less time to complete once planning has been granted. However, the need to submit multiple planning applications to meet the same number of homes from a single larger application is a significant challenge for smaller developers. As a result, the number of larger projects has increased in recent years, with very large projects of over 500 units representing 38% of new developments, an increase from only 8% from 25 years ago¹. This has made delivering

¹ [new research on barriers to housing supply and the uk planning system1](#)

development projects more challenging for SMEs but also contributed to development projects taking more time to complete. Therefore, we are in favour of efforts to reduce costs and bureaucratic burdens for smaller developers, which smaller site thresholds will achieve, and which will increase the number of homes built every year.

4. Supporting SMEs will be essential in order for the UK Government to meet its targets of building 1.5 million homes within five years. Not only are SMEs more likely to develop on brownfield sites, but they are also more likely to deliver more affordable and social homes². Additionally, supporting SMEs to grow will help retain the construction workforce, as SMEs train 73% of construction apprentices. Without expanding the potential to train more workers, the construction industry will face a considerable labour shortage, as the construction workforce is going to need to grow by an additional 47,860 workers every year for the next five years³.
5. Based on this, our recommendations to support SMEs can be summarised by the following three points:
 - **Provide a streamlined planning process with fewer conditions with a faster statutory period for determination** – currently, larger projects are less likely to be rejected so SMEs are incentivised to apply to larger projects even when they take longer to complete⁴. Supporting SMEs through a quicker application process where projects are less likely to be rejected will help accelerate the number of homes built.
 - **Invest in local authorities to develop in-house ecology teams** – local authorities must be provided the resources to invest in ecologists to support developers through planning applications, reducing the need for developers to arrange their own BNG (Biodiversity Net Gain) and other environmental reports which have been known to be disregarded by local authorities.
 - **Review the Building Safety Levy so that it becomes an incentive to replace dangerous cladding rather than a disincentive to build homes** – where possible, the Building Safety Levy

² <https://builders.org.uk/size-matters-in-planning/#:~:text=The%20House%20Builders%20Association%20%28HBA%29%2C%20the%20housebuilding%20division,to%20ten%20homes%29%20and%20%2E2%80%98Major%2%80%99%20%28ten%20and%20above%29.>

³ <https://demolition-nfdc.com/wp-content/uploads/2025/06/Construction-Workforce-Outlook-2025-29.pdf>

⁴ https://warwick.ac.uk/fac/soc/economics/research/centres/cage/manage/news/five_facts_on_the_uk_planning_system_-_background_brief.pdf

must be targeted to all industries responsible for installing dangerous cladding. In its current form, developers who never installed unsafe cladding are being charged for a problem they were not responsible for.

Consultation Questions

Question 1: Would a medium-sized site threshold help reduce barriers and accelerate delivery for SMEs, if linked to the proposed changes to regulatory requirements set out in the working paper?

6. Currently, developers looking to submit applications for minor residential development, fewer than 10 homes or up to 0.5ha, have historically had to meet fewer requirements. However, the planning system does not distinguish projects of any size above 10 homes. As a result, in theory a project of 11 homes could be treated the same as one with 500.
7. The UK Government is considering the following options to streamline the planning process for smaller developments:
 - Simplifying BNG requirements
 - Exploring exempting these sites from the proposed Building Safety Levy
 - Exempting from build out transparency proposals
 - Maintaining a 13-week statutory time period for determination
 - Including the delegation of some of these developments to officers as part of the National Scheme of Delegation
 - Ensuring referrals to statutory consultees are proportionate
 - Uplifting the Permission in Principle threshold
 - Minimising validation and statutory information requirements
8. Overall, we agree with the majority of the proposals set out above. Primarily, we welcome maintaining a 13-week statutory time period for determination to provide reassurances that decisions will be made in a timely manner. We do not however agree with two proposals, these being exempting sites from the proposed Building Safety Levy and delegating proposals by default to planning officers. Firstly, we disagree that the Building Safety Levy should be issued to all developers, including those not responsible for the cladding crisis. The Building Safety Levy must be used as a deterrent to install dangerous cladding by only being issued to developers responsible for installing such cladding until they remediate all existing unsafe cladding they have installed. This would include developers building on smaller sites. If the Building Safety Levy is not charged

for smaller sites, developers responsible for the cladding crisis could avoid paying the Levy by only building on smaller sites. Secondly, we would only support delegation to planning officers when it can be evidenced that delegation will reduce the time it takes to approve the application. There may be periods where planning departments are struggling to recruit officers or where the planning authority is supportive of quickly approving applications. In either case, planning decisions must be delegated based on how quick a thorough decision can be made. Additionally, there may be circumstances where there is a specific public interest in the development which requires additional local scrutiny and consultation. In these cases, a planning application should not be fast-tracked.

9. We would also support the Permission in Principle threshold. In order to provide reassurances to developers, local authorities should produce extensive guidance on what would be required from proposals in order to meet the threshold. This should include quantitative requirements that can be easily demonstrated and approved if met, ensuring some level of quality and scrutiny from the local authority that would not be as extensive as a planning application.

Question 2: Should the threshold be 10–49 units, or could other size ranges provide a better balance of simplicity and impact?

10. We welcome and support a threshold of 10-49 units. We support this threshold for three major reasons. Firstly, this threshold is more likely to be specifically beneficial to SMEs as larger developers tend to build projects of over 500+ units, as demonstrated earlier that 38% development projects consist of 500+ residential units and around 70% are 50+. Any threshold larger would fail to meet objectives of specifically supporting SMEs. Secondly, some local authorities have already split site size into multiple thresholds, seeing the benefits of doing so. A nation-wide threshold can create more certainty for developers and allow for more to benefit from a simplified planning process, especially those seeking to branch out into surrounding areas under different local authorities. Thirdly, a threshold of this size strikes the balance between reducing costs and accelerating planning applications for SMEs while maintaining the level of scrutiny needed for larger more strategic projects.
11. In addition to the proposed site threshold, we would recommend requiring local authorities to review potential additional thresholds that could be applied to specific development types in support of their local plans. For example, larger cities where SMEs have additional capacity to

deliver individual blocks of flats would benefit from a larger site threshold to maximise effective use of space.

Question 3: Should the medium threshold apply to commercial and other non-residential development and how should mixed uses be reflected?

12. We propose that the threshold should apply to commercial and other non-residential development when proposals are linked to residential areas. It is vitally important for new homes to have access to commercial areas and non-residential infrastructure that communities require. If the infrastructure supporting new residential units is not supported by a streamlined planning system, then developers will either not be incentivised to develop sufficient infrastructure or development projects involving residential and non-residential elements will take longer to complete. While we understand that SMEs do not currently focus on non-residential and mixed-use development, supporting SMEs through the changes proposed in paragraph 7 could promote more infrastructure and non-residential development from SMEs, even these types of development proposals face less local scrutiny.

Question 4: If the medium-sized site threshold were introduced, should the exemption from paying the proposed Building Safety Levy for fewer than 10 dwellings be extended to align with medium-sized development sites?

13. We disagree that developers should be exempt from paying the Building Safety Levy based on the size of development projects. We consider the Building Safety Levy to be poorly designed and a missed opportunity for the Levy to be only applied to developers who were responsible for the cladding crisis. In its current proposed form, the Building Safety Levy is charged to the vast majority of developers with few exemptions, regardless of whether or not the developer installed dangerous cladding, if they have ever built a flat or were incorporated as a business prior to the Grenfell Fire. Developers should be charged the Levy based on their role in the UK cladding crisis, regardless of the size of sites.

Question 5: Should there be solely area-based size thresholds (ha) given the different contexts and densities, particularly for very small, small and medium-sized sites? Or would it be more appropriate to also specify a unit size threshold?

14. We would recommend that a national threshold should be unit-based only. While we understand the importance of setting a hectare limit within the threshold, local authorities currently have their own policies setting out density of projects. Maintaining local discretion in setting out maximum densities will enable local authorities to respond to the needs of their communities, which wouldn't present a barrier to SMEs.

Question 6: Are the proposed streamlining options the right ones for government to consider?

15. We have adequately responded to this question within our answer to question 1.

Question 7: Are there further changes that could and should be linked to new or existing thresholds? Are there wider changes that could be made through national planning policy that would be beneficial?

16. We have no further comments to make at this time.

Question 8: Is the planning application process for small sites more challenging on brownfield land than greenfield land? If so, then what are these challenges or barriers?

17. It is not possible for us to make a broad assessment over the planning process on brownfield sites against greenfield land. Barriers largely depend on the local authority and the site, with some local authorities requiring compliance with multiple policies based on their Local Plan. This can be targeted towards greenfield and brownfield land, making it difficult to make a broad assessment.

Question 9: Are the determination periods detailed in this working paper the correct ones? Would shorter determination periods be appropriate for a particular site size once wider reforms to planning fees have been implemented - including those set out in the Planning and Infrastructure Bill?

18. We would support determination periods of 13 weeks, especially once wider reforms to planning fees have been implemented. There isn't a definitive source for the average time to approve planning permission for a development project with 10-49 housing units. While the UK Government states most planning applications are made within 8 weeks⁵, other academic sources suggest it can take on average 18 months⁶.

Question 10: What are the specific barriers SMEs face during s.106 agreements and what would be the most effective action for government to take, in line with its manifesto commitments on affordable housing?

19. According to the Home Builders Federation (HBF), Section 106 agreements⁷ there are four key factors that contribute to considerable barriers and an average Section 106 approval timeline of 515 days in 2024/25⁸. These barriers include:

- Historic understaffing of local authorities has left planning departments understaffed.
- A lack of standardisation from local authorities which leads to differences in templates, procedures and expectations.
- Lengthy negotiation periods that require input from multiple stakeholders.
- Legal complexity of S106 agreements.

20. SMEs will also have fewer resources to dedicate to planning applications. Given the complexity of S106 agreements, this can increase timelines for Section 106 agreements to be approved or could disincentivise SMEs from submitting applications altogether.

21. Out of the recommendations suggested by HBF, we would urge the UK Government to support the following three. Firstly, there must be greater resources for planning departments. Not only would

⁵ [Planning permission: After you apply - GOV.UK](#)

⁶ https://warwick.ac.uk/fac/soc/economics/research/centres/cage/manage/news/five_facts_on_the_uk_planning_system_-_background_brief.pdf

⁷ Section 106 (S106) Agreements are legal agreements made between Local Authorities and developers. The agreements are linked to planning permissions and can also be known as planning obligation

⁸ <https://www.hbf.co.uk/research-insight/section-106-timeframe/>

this reduce the time for Section 106 agreements to be approved but would support the wider planning objectives of the UK Government. While there would be an initial cost for the UK Government, the wider economic benefits of a faster planning system would offset this cost. Secondly, standardising procedures and templates across all local authorities would help set expectations for developers, ensuring that all parties involved become more familiar with and are able to complete the process faster. This would also benefit planning officers or other professionals who move between local authorities as they will not have to learn a new system every time they move or work on an application in a different area. Thirdly, once the first two recommendations have been embedded, we would recommend introducing statutory timelines for Section 106 agreements. This can help local authorities prioritise more complicated agreements, knowing that they would still need to approve them by a certain deadline.

Question 11: What are the barriers to developing very small sites as defined above and what parameters could be helpfully addressed in a design code?

22. One major barrier for developing on very small sites is meeting BNG requirements, especially for SMEs who will not always have the in-house expertise to meet BNG requirements without seeking more expensive consultants, which is also a problem for local authorities. Additionally, the HBF also states that smaller sites are often reliant on buying off-site biodiversity units to meet requirements⁹. According to HBF, the lack of a design code is not the most pressing issue, rather the lack of expertise from local authorities. We would recommend seeking to address skills gaps in local authorities as an urgent requirement before any design code is implemented.

Question 12: What types of rules set out in design codes would be most beneficial in unlocking development?

23. There is a case where we see a design code being beneficial, although this would not be possible until all local authorities have sufficient expertise. Rather than a broad set a rules the design code should demonstrate specific examples for how SMEs can meet BNG requirements in different types of development projects. Ecology teams within local authorities could be tasked with assessing or installing measures to meet BNG requirements, at a discounted cost to the developer or at no cost considering the environmental benefit to the community. This would provide clear

⁹ [Lack of BNG expertise in councils causing more challenges for SMEs, HBF finds - Show House](#)

set methods for achieving BNG which would reduce delays within the planning process and would be at a lower cost to the developer.

Question 13: Are there other issues or opportunities to consider for ensuring the success of these proposals?

24. We have no further comments to make at this time.

Question 14: Do you anticipate any environmental impacts from these proposals that the government must consider under the Environmental Principles Policy Statement?

25. We understand that relaxing BNG requirements could potentially set back aims to improve wider environmental aims if issued improperly. Additionally, nutrient and water neutrality restrictions are considered a barrier for SME builders which. If both these requirements were relaxed, there could be considerable environmental impacts. Rather than a relaxation of these requirements, we urge the UK Government to support local authorities to invest in training and hiring skilled ecologists and hydrologists. Local authorities would then be able to advertise potential methods to meet BNG and nutrient/water neutrality requirements. Not only could this be a potential revenue stream for local authorities, but these services could be offered at a discounted cost for developers, making for a quicker application process with developers using environmental methods that meet local authority requirements.

Question 15: Do you have any views on the impacts of the above proposals for you, or the group or business you represent and on anyone with a relevant protected characteristic? If so, please explain who, which groups, including those with protected characteristics, or which businesses may be impacted and how. Is there anything that could be done to mitigate any impact identified?

26. We have no further comments to make at this time.