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*The Government is committed to getting Britain building again. This paper forms part of a series of working papers on different aspects of planning reform, designed to inform further policy development in collaboration with the wider sector.*

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## Summary

This working paper seeks views on reforming site size thresholds in the planning system to better support housing delivery on different types of sites. This means taking a graduated approach to the system as a whole – removing and streamlining disproportionate requirements on small and medium sites, while maintaining and strengthening requirements on major development. It explores how different site sizes should be treated within the planning system and considers the case for removing barriers specific to developers in this part of the sector.

The paper primarily explores the simplification of planning requirements for the smallest of sites and the introduction of a medium-sized site threshold within the planning system – in recognition of the particular needs of this scale of development. These changes aim to provide certainty to the sector, ensure the planning system is more targeted and proportionate across different scales of development, and help small and medium builders (SMEs) deliver the homes our communities need. This supports a key objective of our Long-Term Housing Strategy to diversify the housing market and deliver a reformed housebuilding system, which will be set out in full later this year.

A series of questions are posed at the end of the paper to inform ongoing discussions with the sector before determining next steps.

## Introduction

The government is committed to delivering 1.5 million homes this Parliament, as a key milestone in the Plan for Change to meet the country's long-term housing needs. The Plan for Change is clear that building more homes in the places where they are most needed – to support the needs of local communities, access to jobs and services – is critical to rebuilding Britain. To achieve these ambitions and unlock growth opportunities we must transform and disrupt the system to support development across all parts of the housing market.

The government has already taken action to deliver this – including publishing a revised pro-growth National Planning Policy Framework (NPPF), introducing the Planning and Infrastructure Bill, and announcing a review of statutory consultees. The government remains committed to developing a truly plan-led system with a policy framework that is accessible and understandable to all, and to that end we intend to consult on future policy changes, including a set of national policies for development management in 2025. This working paper sets out the case for further reforms in the planning system, to streamline regulation and support our overarching vision to diversify the market.

SME builders play a crucial role in driving up housebuilding rates – by bringing diversity and competition to

the market and supporting faster build out rates. SMEs build out the majority of small sites, which supports the efficient use of land, maximises opportunities for gentle densification, and responds to local housing needs. They also contribute to thriving, successful places through the provision of associated infrastructure which supports new development. That is why supporting SMEs forms a key pillar of the upcoming Long-Term Housing Strategy.

However, this part of the sector has faced significant challenges in recent years – a third of SME developers have ceased operating over the last two decades, and the largest developers have become increasingly dominant – accounting for roughly 90% of volume growth. Recent analysis from the Federation of Master Builders (FMB) highlights ongoing challenges, with the proportion of planning permissions granted on sites with 1 to 9 units having steadily declined over the past 13 years, falling from 21% in 2010-11 to 9.3% in 2023-24 – a marked reduction from previous contributions by SMEs. Addressing this trend, reducing risks and costs, and removing barriers to entry is key to supporting the government’s ambitions for a reformed housebuilding system, with SMEs playing a leading role.

SMEs have pointed to the planning [and regulatory] systems as key obstacles to government meeting those ambitions – serving to stifle growth of the sector and prevent much needed homes from coming forward.

We have already taken steps to help SMEs and encourage greater diversification across the housing market through our revisions to the NPPF in December 2024. Nevertheless, the Government’s response to the consultation on the revised NPPF recognised the strength of feeling that current policy around smaller developments is not working for local planning authorities or SME developers. Therefore we made clear our intention to give further consideration to how we can better support small site development, and enable SME housebuilders to grow.

The acute nature of this challenge requires more than policy changes alone. That is why the government is proposing a **broader range of options** to restore SMEs as the backbone of our housebuilding system and unlock development – with a particular focus on streamlining the regulations governing site size thresholds.

### **The Planning System for SME builders**

The planning process has become disproportionate for SME housebuilders in bringing forward sites for development. Today’s national policy and regulations only differentiate between minor applications (broadly those under 10 units), and major applications (broadly those of 10 or more). Minor applications have some reduced requirements, such as typically being exempt from affordable housing requirements, not having to provide a Design and Access Statement, and having shorter statutory timescales for determination. However, these easements are limited in scope and – beyond this – there is little difference between how planning applications for 10 homes are treated in the system compared to those for 100 homes or 1,000.

This creates additional risk and uncertainty for SMEs, alongside upfront costs and delays to the process, which can be harder for smaller housebuilders to absorb. We are therefore exploring changes to the planning system that support the following principles.

- **Moving to a more proportionate planning system** that offers a more graduated approach and responds to the needs of different sizes of site. This includes lifting disproportionate requirements for the smaller sites, streamlining requirements for medium sites, and setting clearer expectations for strategic sites.
- **Establishing clearer categories of development** that can support a more effective market, greater consistency across the planning system, and allows more sophisticated and targeted approaches to

government policy – both now and in the future.

- **Providing greater up-front certainty on planning requirements** for different site sizes – to help de-risk and speed up development.

In line with these objectives and this graduated approach, we are seeking views on: 1) streamlining requirements and removing others entirely for minor development; 2) creating a new ‘medium’ threshold for development – detailed in the section below; and 3) strengthening requirements on larger, strategic sites.

## **Reforming Site Size Thresholds for residential development**

### **1. Minor Residential Development – fewer than 10 homes /up to 0.5ha**

Development management regulations define ‘major development’ for housing as development with 10 or more houses, or, if the number is not known, a site of over 0.5ha. **Minor development** is not formally defined but is taken to be anything below this threshold.

Planning applications for minor residential development have historically had fewer requirements, to avoid unnecessary burdens and allow development to come forward more quickly. However, the planning process has become increasingly complex in recent years, with developers being asked to provide information on a greater range of matters, deliver more requirements to make development acceptable, and section 106 agreements becoming more frequent. This has resulted in longer determination times – often stretching beyond statutory limits.

We therefore want to ensure the planning application process is more proportionate and faster for this type of smaller development. The government is minded to maintain this threshold while considering:

- **Streamlining requirements on Biodiversity Net Gain (BNG) including the option of a full exemption** – aligning with the proportionate approach taken to wider requirements including affordable housing. Full details on the government’s approach can be found in DEFRA’s consultation which can be [here](#).
- **Retaining the position that affordable housing contributions are not required on minor development** – other than in limited circumstances where this is justified such as in Designated Rural Areas.
- **Retaining the position that sites of fewer than 10 units are exempt from paying the proposed Building Safety Levy (BSL)**. This exemption forms part of the proposed design of the Building Safety Levy (as set out in the Written Ministerial Statement 20 March 2025) and will remain in place as a minimum.
- **Retaining the shorter statutory timeframe for determining minor development at 8 weeks** – however we will take steps to improve and monitor performance so SMEs can expect a better service.
- **Reducing validation requirements** – through setting clearer expectations in national policy on what is reasonable, which could form part of the forthcoming consultation on national policies for development management.
- **Requiring that all schemes of this size are delegated to officers** and not put to planning committees as part of the **National Scheme of Delegation**. The government’s full consultation on the reform of planning committees can be found [here](#).
- **Reviewing requirements for schemes of this size for consultation with statutory consultees** – instead making use of proportionate guidance on relevant areas. This forms part of our review of statutory consultees.

### *1b. Very small sites - under 0.1ha*

For **very small sites** within this threshold, we want to go even further in streamlining the planning process. A significant amount of residential development occurs on **very small sites** (less than 0.1 hectares) which often become available due to changing circumstances. These circumstances can include the closure of commercial premises, or opportunities to intensify existing development – for example the conversion of unused garages into housing. Such sites are not usually allocated in local plans, although national planning policy requires local plans to allocate a proportion of small sites – which can include some very small sites.

The government will consult on a new rules-based approach to planning policy later this year through a set of national policies for development management. This will include setting out how the government intends to take forward relevant aspects of the proposals contained in the previous ‘Brownfield Passport’ working paper: [Planning Reform Working Paper: Brownfield Passport - GOV.UK](#).

Alongside this, the government sees a role for an updated national Model Design Code in helping to further support simplified design requirements. This could provide greater certainty about what development is acceptable at the planning application stages in different types of location, encourage new entrants into the market, and support incremental neighbourhood intensification by supporting well-designed residential development that makes efficient use of land. The government is therefore proposing to further support the delivery of very small sites through:

- **Providing template design codes** that can be used locally for different site size threshold and typologies – which will take a rules-based approach to design to help identify opportunities and enable faster application processes;
- **Using digital tools** to support site finding and checking compliance of design requirements on specific sites.

Views on this working paper will inform further thinking on site thresholds and accompanying proposals for very small sites.

## **2. Medium Residential Development – between 10-49 homes/up to 1.0 ha**

As set out above, the planning system currently only distinguishes between site sizes of fewer than 10 homes, and site sizes of 10 homes and above. The government believes this approach is too binary and fails to account sufficiently for different types of development.

Therefore – as part of creating a graduated approach that ensures planning requirements are more proportionate and responsive to different development needs – the government is therefore considering introducing a new **medium development threshold for sites between 10 and 49 homes**. This new category would sit above the current minor development threshold and be accompanied by a related increase in the major development threshold to sites of 50 homes and above.

While we think an upper limit of 49 is an appropriate threshold for these proposals, we are clear that we also want to support higher density development on sites of this size, and work is ongoing to help bring forward more housing on brownfield land in urban areas, which tends to be built out at a higher density. We would welcome views on whether this unit threshold, in combination with the proposed site size threshold gets the balance right, particularly in the context of higher density developments in urban areas.

For applications within this new medium threshold, we are considering:

- **Simplifying BNG requirements** – reducing administrative and financial burdens for SME developers and making it easier for them to deliver BNG to help restore nature on medium sites by consulting on applying a revised simplified metric for medium sites. Further details are set out Defra’s consultation on potential BNG changes offering stakeholders the opportunity to give their views on this issue.
- **Exploring exempting these sites from the proposed Building Safety Levy** – we intend to lay regulations for the Building Safety Levy in Parliament this year (as set out in [our response to our technical consultation](#)) and the Levy will come into effect in Autumn 2026. As part of this working paper, we are keen to explore whether, if introduced, medium sites should also be exempt from paying the Levy.
- **Exempting from build out transparency proposals:** We have separately set out the government’s strategy for speeding up the build out of homes, and have published a [technical consultation on build out transparency measures](#). In addition to exempting minor development from these requirements, we also propose exempting medium sites – reducing potential burdens for SMEs, and supporting greater consistency across the planning system.
- **Maintaining a 13-week statutory time period for determination** – in line with major development – but specifically tracking performance of these types of developments directly so SMEs can expect a better service.
- **Including the delegation of some of these developments to officers as part of the National Scheme of Delegation** – providing greater upfront certainty for SMEs and investors in areas where the principle of development is more easily maintained. Further details are set out on our [reforms to planning committees consultation](#).
- **Ensuring referrals to statutory consultees are proportionate** and rely on general guidance which is readily available on-line wherever possible. This forms part of our review of statutory consultees.
- **Uplifting the Permission in Principle threshold** – allowing a landowner or developer to test for the principle of development for medium residential development on a particular site without the burden of preparing an application for planning permission. We recognise take up of Permission in Principle by application for minor residential development has been relatively limited since its introduction in 2017, and we would therefore like to gauge the appetite for this reform before exploring further.
- **Minimising validation and statutory information requirements** – through setting clearer expectations in national policy which could form part of the forthcoming consultation on national policies for development management.

#### *Streamlining section 106 negotiations*

The government has a clear manifesto commitment to deliver the biggest increase in social and affordable housebuilding in a generation. S106 is an important tool to mitigate the impacts of new development and, alongside the Community Infrastructure Levy (CIL), delivers affordable housing and infrastructure which benefits local communities. The government is also clear that affordable homes should be delivered onsite unless off-site provision or an appropriate financial contribution in lieu can be robustly justified. Onsite provision is the quickest way to meet affordable housing need, and can deliver wider benefits by supporting mixed and balanced communities; increasing build-out rates; and supporting developer cashflow through guaranteed sales to a registered provider.

While being clear on these commitments, the government is interested in securing further views and evidence on how s.106 obligations can be agreed more quickly. This is because we recognise protracted negotiations on section 106 agreements increase costs for local authorities and developers, and can have a disproportionate impact on SME builders, who require more timely decision-making to access appropriate finance.

We therefore welcome views and evidence on:

- 1) The specific barriers facing SMEs in agreeing s.106 obligations – including availability of willing and suitable Registered Providers;
- 2) What role national government should play in improving the process – including the merits of a standardised s.106 template for medium sites;
- 3) How the rules relating to suitable off-site provision and/or appropriate financial payment on sites below the medium site threshold might be reformed to more effectively support affordable housing delivery, where there is sufficient evidence that onsite delivery will not take place within a suitable timeframe and noting the government's views that commuted sums should be a last resort given they push affordable housing delivery timescales into the future.

In instances where commuted sums might be used as a last resort, we understand that local planning authorities and communities would want assurance that they are channelled as quickly as possible into affordable housing delivery. As such, we welcome accompanying views on what steps government could take to support this. To take two examples: 1) would guidance for local planning authorities and developers on calculating commuted sum payments to ensure these reflect the value of onsite delivery be effective? 2) are there safeguards that can be put in place to ensure that local planning authorities do not accrue commuted sums where there is limited evidence of an authority's deliverable pipeline opportunities in relation to affordable housing to ensure that commuted sums can be spent? If so, what would these be?

Views provided in response to the above options and the questions listed at the end of this working paper will further inform the upcoming consultation on national policies for development management later this year.

### **3. Major Residential Development – 50+ homes / 1+ hectare.**

This working paper primarily considers targeted changes and easements to sites below 50 homes. Sites above 50 will benefit from overall government reforms to the planning system – including those set out in the revised National Planning Policy Framework published in December, the Planning and Infrastructure Bill, and future reforms to statutory consultees and through emerging national policies for development management.

Nevertheless – the government is interested in views in response to this working paper on:

- **Applying a threshold for mixed tenure requirements on larger sites** – as set out in the government's working paper on speeding up build out, we are considering a range of options to set a threshold whereby mixed tenure development should apply – including at 500 units. We welcome further views on the right threshold – and on whether and how there should be some discretion for Local Planning Authorities – ahead of consulting on the policy as part of a consultation on national policies for development management and a revised National Planning Policy Framework later this year.

### **Development Management Regulations**

The changes in this working paper would be introduced through a change to the development management regulations and, taken together, would create the following categories of development in regulations:

- **Minor** – will be taken to be anything which does not fall within either medium or major definitions (i.e. sites under 10 dwellings or less than 0.5ha if no number is known.)
- **Medium** – where the number of dwellings to be provided is between 10 and 49; and the site is less than

1 hectare (and if there is no known number of dwellings, the site is between 0.5 and 1 hectares);

- **Major** – where the number of dwellings to be provided is 50 or more or the site is more than 1 hectare.

The focus of this working paper is on new categories for residential development. We recognise the definition of major development applies to commercial and other types of development. We are keen to explore how a more granular approach – and especially a new category of medium development – could apply to commercial development. Similar easements would apply to these developments.

## Conclusion and questions

The following questions aim to guide sector engagement and ensure the proposed threshold delivers meaningful benefits:

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?
2. Should the threshold be 10–49 units, or could other size ranges provide a better balance of simplicity and impact?
3. Should the medium threshold apply to commercial and other non-residential development and how should mixed uses be reflected?
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?
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?
6. Are the proposed streamlining options the right ones for government to consider?
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?
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?
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](#)?
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?
11. What are the barriers to developing very small sites as defined above and what parameters could be helpfully addressed in a design code?
12. What types of rules set out in design codes would be most beneficial in unlocking development?
13. Are there other issues or opportunities to consider for ensuring the success of these proposals?
14. Do you anticipate any environmental impacts from these proposals that the government must consider under the Environmental Principles Policy Statement?
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?

## Next Steps

We will consider comments received on this working paper, which will inform a consultation later in the year.

The goal is to introduce a more proportionate, sophisticated and targeted framework for different site development, while upholding principles of sustainability, quality, and fairness, to support our long-term ambitions for a transformed housebuilding system.