



THE DEVELOPERS CLUB
DEVELOPING FUTURE DEVELOPERS

The Developers Club's Manifesto:

A Call for Collaboration

Introduction

The persistent delays and bureaucratic challenges facing SME developers in the UK threatens progress in addressing the UK's housing crisis. In response, The Developers Club, an organisation representing young SME property developers & housebuilders across the country, introduces this manifesto to advocate for reform in the planning system. SME developers have long been the backbone of community-driven housing growth, yet they are often underrepresented and disproportionately burdened by complex regulations and planning delays.

This living document calls for a simplified and timely planning framework that supports SMEs, championing the need for collaboration and constructive relationships between developers, planners, and communities. We aim to engage diverse stakeholders from policymakers to community leaders, in refining and implementing pragmatic solutions.

This is more than just a plan to build homes; it is a call to action for a unified movement that demands innovation and cooperation. Join us in turning "Planning Delay, Housing Decay" into a catalyst for positive change in the housing sector.

Rationale for Our Manifesto

1. **Improving the System for All:** Planning Delay, Housing Decay. Delays in planning lead to stagnation in housing development. We are eager to overcome these obstacles and increase productivity within the SME sector.
2. **Building Constructive Partnerships:** A significant hurdle in creating the right homes is the need to shift from adversarial relationships to cooperative partnerships between developers, planners, communities, and councillors.
3. **Addressing Political Interference:** While local planning authorities have room for improvement, one of the core challenges lies in managing political influence. At times, the pressure to address local concerns and maintain constituent satisfaction can be greater than meeting local housing targets, impacting the consistency and efficiency of delivering new homes, often choking SMEs into submission.
4. **Advocating for Positive Change:** Our goal is to promote the unlimited potential of SME developers as forces for progression to tackle the UK's housing crisis. We aim to mobilise support and influence local politics to favour quality, sustainable development and boost local economies nationwide.
5. **Our Ground-Level Perspective:** As SME developers, our insights come from first-hand experience. We propose practical improvements, share our challenges, and rally YIMBYs to remind local politicians of public support for housebuilding.
6. **Ensuring SME Representation:** The survival of SME developers is crucial, yet they often lack representation in industry discussions. Our aim is to pave the way for future SME entrepreneurs by advocating for and championing their needs.

Embracing the idea that collective wisdom exceeds individual knowledge, we present this manifesto for public discussion and seek input from those with innovative ideas and experience in this field.

Understanding the Challenges Facing SME Developers

Recent findings from the 2023 report, "Small Builders, Big Burdens," commissioned by the Land, Planning and Development Federation (LPDF), United Trust Bank (UTB), and prepared by Lichfields, highlight significant challenges faced by SME housebuilders. Over the past three decades, the role of SMEs in housing delivery has notably decreased. In 1988, SME housebuilders delivered 39% of all homes built in England, but this fell to just 10% of annual housing completions in 2020.

Let's examine the impact of current requirements for obtaining outline permission, which now necessitate extensive supporting documentation and detailed pre-application discussions. This process incurs significant upfront costs and yields uncertain outcomes, disproportionately affecting the operations of SME developers.

Several key issues contribute to this trend:

Lengthy Approval Processes: The duration for securing outline permission has increased from 13-14 weeks in 1990 to 52 weeks today.

Rising Costs: Adjusted for inflation, the cost of assembling necessary information for outline permissions has escalated from £28,000 in 1990 to £125,000.

Increased Planning Fees: Planning fees have risen by 72% since 1990, with further increases expected.

Complex Requirements: SME developers now face the need to provide an average of 30 separate assessments for outline permissions in 2023, impacting their competitiveness and capacity to deliver more homes.

The Value of SME Developers

This situation is concerning, as SME developers play a crucial role in the housing sector and broader economy.

Innovation and Competition: Many of the large housebuilders started as SMEs. SME developers bring new talent, dynamism, innovation and competition to the table.

Economic Stimulation: SMEs breathe life into local economies through development and employment opportunities.

Career Development: They provide career progression pathways for skilled tradespeople.

Maximising Land Use: SME developers are adept at transforming challenging brownfield and Greybelt sites, which are increasingly prioritised for development and encouraged by national government.

Understanding these challenges and recognising the strengths of SME developers is essential for fostering a more balanced and effective housing strategy.

Scope of Our Focus

We aim to engage in the ongoing discussion about the challenges faced by SME developers to build new homes whilst navigating the UK planning system. While we do not claim to have all the answers, we are committed to contributing toward meaningful solutions. This document primarily addresses the complexities that SME developers encounter in obtaining consent to build homes.

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1. **Planning Complexity and Regulatory Burden:** Obtaining planning approval has become increasingly complex and expensive, placing a disproportionate burden on SME developers.
 - a) **Policy Layers:** The National Planning Policy Framework (NPPF) includes multiple policy layers, each with its own guidelines. These policies vary by region and local authority, sometimes leading to confusion and conflict in interpretation. It is not uncommon for these various policy layers to contradict each other and for Planning Officers and Committee Members to misinterpret policy.
 - b) **Different Regimes:** In addition to the NPPF, other legislative and regulatory regimes such as Building Control and Selective Licensing Schemes add further complexity. These regimes can sometimes clash with one another, generating additional confusion.
 - c) **Legal Complexity:** Developers must navigate countless pages of policy documents, often written in complex language, which lack clarity. This makes it difficult for SME developers to determine what is permitted.
 - d) **Regulatory Requirements:** Over the years, planning departments have become responsible for addressing a wide array of emerging issues. Tackling environmental concerns, additional requirements such as 'car-free developments,' wildlife surveys, and provisions for 'bicycle/bins/recycling' storage have been added. Addressing housing shortages linked to population growth and demographic changes has introduced affordability mandates. In response to climate change, responsibilities like 'net nutrient neutrality' and 'net biodiversity gain' have been incorporated. To support modern infrastructure needs, the Community Infrastructure Levy (CIL) and Highways contributions have been included. To address social inequality, Section 106 contributions have been added. While each of these requirements is reasonable on its own, together they create a colossal challenge for SME developers by dramatically increasing costs and causing delivery delays which have both contributed irrefutably to the sharp decline of SME housebuilders in the UK.

TDCPEC Proposal for discussion:

1. **Rationalise and Simplify Policy Layers:** The National Planning Policy Framework (NPPF) includes multiple policy layers, each with its own guidelines. These policies vary by region and local authority, sometimes leading to confusion and conflict in interpretation. It is not uncommon for these various policy layers to contradict each other and for Planning Officers and Committee Members to misinterpret policy.

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- II. **Establish regional Planning:** Empower regional planning bodies or combined local authorities to coordinate strategic planning decisions across wider areas. This would ensure consistency, reduce regulatory clashes between different jurisdictions, and better align infrastructure and housing delivery.
 - III. **Introduce Zoning Reforms:** Explore the adoption of an American-style zoning system that designates areas for specific uses by right, rather than through discretionary approvals. This would provide greater clarity and certainty for developers, while still allowing local authorities to guide growth in accordance with long-term strategic plans.
 - IV. **Expand the Use of Compulsory Purchase Orders (CPOs):** Strengthen and streamline the CPO process to enable quicker land assembly for strategic development projects. Making CPOs faster and more predictable would help unlock stalled sites and deliver housing and infrastructure at scale.
 - V. **Establish Development Corporations:** Create new Development Corporations or expand the remit of existing ones to lead the regeneration of key growth areas. Development Corporations can act with greater agility than local planning authorities, providing a focused delivery vehicle for major housing and infrastructure initiatives.
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2. Planning Costs and Delays

- a) **Application Stages and Costs:** Developers must navigate multiple stages of planning applications, each incurring significant expenses for reports, design work, surveys, and expert advice. These costs are often covered through borrowing, which is becoming increasingly expensive. Unfortunately, there are no refunds or guaranteed timelines, creating a scenario where developers may feel they are investing heavily without assurance of receiving timely attention or guidance from planning departments.
- b) **Time Limits and Incentives:** Although there are statutory time limits for Local Planning Authorities (LPAs) to make decisions on planning applications, these timelines are frequently missed. LPAs can request extensions, and applicants often feel pressured to agree to them to maintain cooperation. This leaves SME developers, who often operate under considerable financial pressure, uncertain about when the process will advance (if it advances), often leading to immense financial strain and we are increasingly seeing small developers going bankrupt. Currently, there are no penalties for LPAs that fail to meet statutory deadlines, nor are there incentives to ensure prompt decision-making.

TDCPEC Proposal for discussion:

- I. **Strengthen the Pre-Application Process:** Pre-application decisions should be binding. If a planning application largely complies with policy, it should be recommended for approval at the full planning stage, with any necessary amendments suggested by officers. By making decisions binding ensures clarity and predictability, reducing unnecessary delays and costs by providing developers with a clearer path to approval.
 - II. **Implement Accelerated Approvals:** Introduce a system for "approval in principle with details to follow," allowing developments to proceed more quickly.
 - III. **Utilise Planning Performance Agreements (PPA):** Encourage the more widespread and effective use of Planning Performance Agreements, which are currently underutilised and many smaller SME developers are unaware of PPAs.
 - IV. **Differentiate Approval Requirements:** Clearly distinguish between the requirements for permission in principle, outline permission, and full detailed consent. This includes:
 - a) Training case officers to fully understand their roles and the relevant documents.
 - b) Identifying ways to maximise the benefits of consultation periods.
 - V. **Performance Incentives:** Introduce incentives for LPAs to make positive determinations within specified time frames and to meet their local housing targets.
 - VI. **Accountability:** Underperforming LPAs that are not meeting their housing delivery targets and consistently missing statutory deadlines are held accountable to their own targets.
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3. Planning Uncertainty

- a) **Subjectivism:** The subjective nature of the planning system often leads to delays in home building and development due to disagreements over aesthetics. Policy-compliant developments can be rejected over minor details, such as bike storage or heating choices, that reflect individual preferences rather than planning policy, making it difficult for developers to anticipate outcomes, often leading to hostile outcomes rather than collaborative solutions.

- b) **Balancing Interests:** Planning officers face challenges in balancing the interests of sustainable development while managing feedback from statutory stakeholders and the community. The tendency to aim for universally agreeable solutions can lead to unnecessary obstacles for developers, who often feel that LPAs sometimes highlight issues to avoid approving projects. While no development proposal can be perfect, we must avoid letting the ideal of 'perfect, one day' become the enemy of the 'good, today.'

TDCPEC Proposal for discussion:

- I. **Introduce Objectivity:** Implement defined style guides or architectural style books. By adhering to pre-approved designs, developers can be assured that planning consent will not be denied on aesthetic grounds.
- II. **Enhanced Training for Planning Officers:** Provide better training to planning officers to enable them to effectively weigh the pros and cons of developments, particularly in the context of urgent national needs.
- III. **Modernise Planning Committees:** Explore ways to update and improve planning committees to better align with current development challenges.

4. Planning Culture

- a) **Oppositional Mindset:** There are instances where LPAs has been perceived as having an anti-developer bias, which can hinder constructive collaboration between planners and developers creating hostile relationships.
- b) **Remote Working Concerns:** Given the urgent need for new housing development across the country, we believe remote working arrangements for planners are seen as inefficient. It is essential for Planning Officers to work in a collaborative office setting, allowing for better communication and growth opportunities with peers and supervisors to tackle cases as quickly and efficiently as possible.
- c) **Retention of Talent:** Planning departments face challenges in retaining talented individuals due to the complex and high-pressure nature of the work, coupled with more attractive opportunities in the private sector offering better pay and conditions.

TDCPEC Proposal for discussion:

- I. **Foster Collaborative Relationships:** Encourage developers and planners to cultivate healthier, more collaborative, and respectful working relationships. We share a common goal of building high-quality homes and communities.
 - II. **Address the Housing Crisis Collectively:** Promote a unified effort among all parties to effectively address the housing crisis through collaborative problem-solving and mutual support.
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5. Planning Resources

At a time of critical national demand, our planning system faces significant challenges due to inadequate resources and overwhelming workloads. This limits its ability to effectively fulfill its responsibilities. The primary factors influencing this situation include:

- Salaries
- Funding Per Application
- Workload Per Case Officer
- Talent Acquisition
- Tools and Technology

TDCPEC Proposal for discussion:

- I. **Enhanced Performance Incentives for LPAs:** Planning application fees should be ringfenced to LPAs. Currently, a significant share of the Community Infrastructure Levy (CIL) is directed to central government. By allowing LPAs to retain a fixed amount per approved dwelling, they will have greater motivation to perform efficiently and effectively.
- II. **Targeted Performance Rewards for Officers:** Consider implementing individual performance incentives to recognise, reward, and retain talented planning officers. A graded scale could be introduced to align with different scheme types.
- III. **Advancing Digitalisation:** Invest in digital solutions to streamline and modernise the planning application process, enhancing both efficiency and accessibility.
- IV. **Strengthening Human Resource Capacity:** Increase the number of qualified Chief Planners and Junior Planners. Collaborate with professional bodies such as the Royal Town Planning Institute (RTPI) to advance this goal.

- V. **Adequate Financial Support:** Ensure sufficient funding by categorising planning responsibilities into strategic sites, SME sites, and superficial applications. Developers are open to higher planning fees if it guarantees efficient and effective planning processes
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6. Politics in Planning

- a) **NIMBY Concerns:** The "Not In My Back Yard" aka NIMBY group is understandably worried about the impact of development on their neighbourhoods, including disruption, privacy, and resource strain. These concerns are valid and can be addressed within the development framework. However, the active resistance by this vocal minority is obstructing the majority's needs for housing. Planning Officers must consider these objections. We aim to mobilise "Yes In My Back Yard" aka YIMBY supporters to balance the influence and support sustainable development.
- b) **Environmental Perspectives:**

The environmental lobby is rightfully cautious about development impacts. However, it is important to recognise:

 - I. There are insufficient vacant homes to meet demand with a growing population
 - II. Limited brownfield sites cannot fulfil housing needs.
 - III. UK building standards are among the world's most environmentally friendly.
 - IV. While protecting wildlife is crucial, it should not overshadow the needs of children living in inadequate housing conditions.
 - V. Opposing poorly planned schemes is reasonable, but blocking all development is counterproductive and unfair to local governance and planners.
- c) **Political Influence:** The planning systems challenges are not necessarily with the planning system but with political interference in the planning system. Elected officials often overturn applications that have been approved by case officers, which is not fair on developers who have produced a compliant scheme, at great expense and are then failed at the last hurdle by committees without formal training or subject matter expertise.

TDCPEC Proposal for discussion:

- I. In our democracy, we intend to strengthen the YIMBY initiative to support local politicians against strong anti-development movements.
- II. Propose a restructuring of committee formation, training, and empowering civil servants' decisions

In Summary

1. **Planning Complexity and Regulatory Burden:** The intricate planning requirements and additional regulation includes developers undertaking numerous surveys and reports, significantly increase the cost of housing. The refusal of viable projects due to technicalities further exacerbates this issue.
 2. **Planning Costs and Delays:** Extended approval timelines lead SME developers to incur higher debt servicing costs, which we ultimately pass onto our customer resulting in raising the price of homes. The inefficiencies within the Planning System contribute to escalating housing expenses.
 3. **Planning Uncertainty:** The subjective nature and unpredictability of the planning process force developers to absorb losses from failed applications by increasing prices on successful projects, driving up housing costs.
 4. **Planning Culture and Organisation:** To mitigate losing talented young planners and foster collaboration with developers, Planning Departments must cultivate a respectful and co-operative driven culture. Implementing our recommendations could lead to a more ambitious and effective planning culture.
 5. **Planning Resourcing:** Adequate funding, resources, training, and incentives are crucial for Planning Systems and their staff. Establishing a culture of collaboration between planners and developers through national efforts can lead to more efficient processes and better housing solutions.
 6. **Politics in Planning:** Overly influential special interest groups often block new developments with misleading claims, slowing progress and raising housing costs. Balancing these influences is essential to addressing the housing crisis effectively.
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Conclusion

1. **Root Causes:** While planning departments have room for improvement, they are not the primary cause of current challenges in housing development.
 2. **Key Challenges:** The main obstacles include fostering collaboration to replace adversarial relationships between LPAs and developers and curbing political interference by councillors and special interest groups that unjustly block sustainable development projects that meet NPPF and local policy.
 3. **Our Core Demand:** The survival and representation of SME developers must be central to the discussion. We aim to ensure these developers have a voice equal to that of larger housebuilders, improving the industry for future SME entrepreneurs without seeking special privileges.
 4. **Our Advocacy:** We will champion more productive relationships among planners, SME developers, communities, and elected officials. We advocate for a YIMBY approach and a supportive policy environment that enables SMEs to thrive by delivering the high-quality developments the country needs.
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