Bull & Bear

St. Bride's Managers

Unintended Consequences

Bull: What a treat, Bear. We have a special guest joining us today.



Bear: I just hope he doesn't shine so bright that the folks at St Bride's latch on to the idea of having a guest every Sunday. We may be out of a job by Christmas! It's David Cross of Sky-House.

Bull: Good morning, David.

David: Good morning, Bull and Bear. Firstly, I have been a loyal *Weekly* reader ever since St Bride's and my house-building business, Sky-House Co, started working together back in 2023. And I am delighted that you think your readership may be interested in hearing what is happening in our world.

Bull: I am sure they will. But in the infamous words of Cilla Black, first, tell us who you are and where you come from?

David: No problem. I am a Chartered Architect turned property developer and I am the co-founder and CEO of Sky-House, a sustainable housing development company. We are headquartered in Sheffield, and our work focuses heavily on urban regeneration and building eco-friendly communities. Before Sky-House, I founded and later exited CODA Studios, one of the region's premier multidisciplinary architecture firms. In addition, I serve on the Business Advisory Board for the South Yorkshire Mayoral Combined Authority (SYMCA) and participate in the Parliamentary Liaison Group for Housing Market and Housing Delivery.

Bear: Blimey. Someone's a busy boy!

David: We are certainly trying to be. But it's not easy out there. And that's what I was keen to discuss with you today, if that's okay?

Bull: Absolutely. We are very happy to be led by you. I think everyone has a reasonable understanding of how the UK residential property market is performing, where interest rates are heading, and how the Government is falling short of its ambitious housing target, but it would be great to hear your perspective.

David: No problem. But you need to be warned. This conversation has, in truth, the distinct possibility of turning into a bit of a rant!

Bear: Go for it, David!

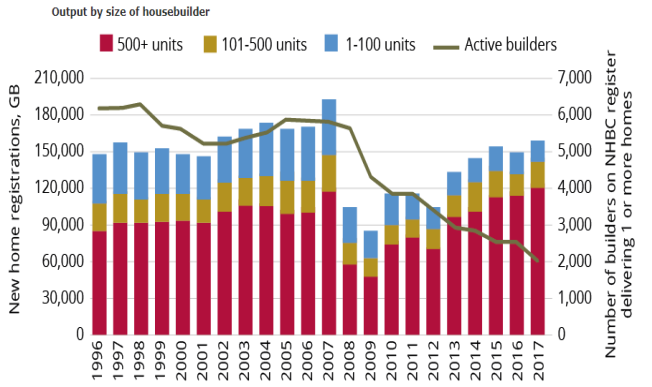
Bull: Shut up, Bear. Let the man speak.

David: Basically, in the 26 or so years I have been an architect, I have watched the slow and near-total demise of the SME developer and housebuilder.

Bull: It sounds like we've got another Bear sitting in the room! What makes you say that?

David: Layer by layer, the Government has regulated the housing sector beyond reasonable viability, to the point where building homes in large parts of Britain has now become a state-sponsored affair. The entrepreneur developer who was commonplace in my early career has almost vanished. The small builders who would pick up awkward little sites and deliver cool urban schemes, conversions or a handful of one-off houses have been disappearing too.

Bull: We've discussed this trend previously, haven't we, Bear? The statistics are very stark. In 1988, SMEs delivered around 39% of all new homes. By 2020 that figure had fallen to around 10%.



Source: Savills and LDS, *A review of the availability of development sites for SME housebuilders in England and Wales* (2021): https://ldsyoursite.com/savills-sme-housebuilders-report-demonstrates-huge-potential [accessed 16 December 2021]

David: Indeed. From 2003 to 2008, my old architectural practice would have had dozens of small builders as clients. Each might deliver only a handful of homes a year, but collectively they formed an important part of the housing market. Then the GFC wiped out most of them.

Bull: The GFC wiped out a lot of businesses though, not just housebuilders.

David: Of course it did, but before the GFC we also had what I would call 'planning speculators'. They would option sites and navigate them through the planning system. Planning wasn't simple then, but it was nowhere near as complex or as expensive as it is today. These people had a particular skill. They understood land, planning and risk. They would manufacture consented schemes which small builders could then buy and build. They too have largely disappeared.

Bear: I assume, in the old days, that an architectural practice like yours might have had a drawer full of oven-ready schemes for small builders to buy and deliver?

David: Very much so. But today that drawer would be empty. SME developers like Sky-House need to create our own schemes from scratch.

Bear: And I bet that doesn't come cheap?



David: Nope. We can easily spend more than £150,000 getting a 50-home scheme through planning, on land which we already control through increasingly complicated option and conditional contracts. All with no guarantee of securing a consent.



Bull: Cripes! And you have limited control over the timescales either? We all know that the chance of getting a scheme consented within the stipulated 13-week determination period is about as slim as Tottenham winning a football match.

David: I'm a Sheffield Wednesday fan, so I am not going to get involved with your petty football banter! But yes, the planning system remains a major source of frustration. Time-consuming and costly are two adjectives that immediately spring to mind. It defies belief what is being asked for to secure a consent.

Bear: You are going to need to elaborate on that, David.

David: Okay. I need to take a deep breath … A planning application now comes with contamination reports, transport assessments, travel plans, refuse strategies, sustainability statements, Design and Access Statements, acoustic reports, archaeology reports, drainage strategies, ecology reports, biodiversity assessments, landscape designs, arboricultural reports, flood-risk assessments and sometimes construction details that would historically have been produced much later in the process.

Bull: Wow. That's some list. And all that with no certainty that a viable consent will even be secured?

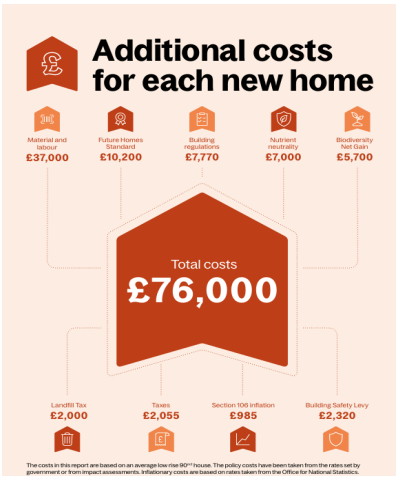
David: Exactly. And that's only the start of it. Once you get your planning consent, you then effectively have to start again. Conditions need discharging, reports are revisited, consultants are reappointed, details are developed, and legal agreements are completed. All the while you just want to get a spade in the ground and start building.

Bear: And I assume that, all the while, you are having to fund this out of your own pocket?

David: Yes.

Bear: That doesn't sound very sustainable to me.

David: No, it's not. The Home Builders Federation has recently calculated that regulation, taxation, levies and construction inflation have added around £76,000 to the cost of delivering an average new home since 2020. It's ridiculous. The additional costs comprise further architects' fees, material and labour inflation, as well as Building Regulations, BNG (Biodiversity Net Gain), the Future Homes Standard, taxes, levies and other policy costs. And people wonder why not enough houses are being built.



Source: The Home Builders Federation, May 2026

Bear: If you take a step back and really think about it, it isn't that difficult to see how we got to where we are.

Bull: I'm looking forward to hearing this next bit.

David: Just think about it. As our cities grew and councils became increasingly strapped for cash during austerity, more areas adopted the Community Infrastructure Levy. The principle is difficult to argue against. Development creates additional demand for infrastructure, so development contributes towards infrastructure. It's a nice idea… on paper.



Bear: And what about global warming and the climate emergency? Planning policy has increasingly sought renewable energy, lower energy use, EV charging, green roofs, sustainable drainage, biodiversity improvements and other environmental measures, hasn't it? Again, individually, most of these are perfectly sensible.

David: They are. Nothing individually sounds that unreasonable. But therein lies the problem. Almost nothing on that list is unreasonable on its own. Net zero has pushed Building Regulations further. Add into the mix better airtightness, more insulation, lower energy use, EV chargers, photovoltaics, heat pumps, MVHR where required, air testing, sound testing and increasingly sophisticated building services. Again, we support the objective. We build zero-gas homes ourselves.

Bull: But somebody must pay for all of this. Every design decision now appears to have another compliance consequence and another cost attached to it.

David: Very much so. We could end up building darker homes that require more artificial lighting to solve an overheating problem, then add more photovoltaics to offset the additional electricity. This is how unintended consequences happen. I've told this story a few times, but we once bid £5 million for a former railway site in a central urban location. It was perfect for one of our gentle-density neighbourhoods. Around 150 new homes within walking distance of the city centre.

Bull: I assume you won it?

David: We didn't, but the highest bidder subsequently pulled out. However, by the time the site was offered back to us, BNG had become mandatory and the open mosaic habitat on the former railway land had become a major viability consideration. Our bid had to be reduced to £2.5 million. It was not accepted and the site was withdrawn from the market. 150 new homes never happened.

Bear: And I assume all UK cities are full of small sites such as this?



David: Of course they are. People ask me all the time why they aren't being redeveloped. The answer is often incredibly simple. They are arguably worthless for housing. Nobody wants us to build over beautiful countryside. Brownfield first makes complete sense to me. Regenerate forgotten areas. Repair streets. Reuse infrastructure. Build homes within walking distance of jobs, shops, schools and public transport. But at the same time, it appears that the public has vilified buy-to-let investment, made off-plan investor sales increasingly difficult, demonised landlords and loaded cost after cost onto development. And then everyone wonders where all the SME developers have gone.



Bear: The viability evidence is stark, isn't it? Zoopla's analysis found that development is unviable across 48% of the country, with a further 16% only marginally viable. It found that average sales values could support new development across 64% of southern England, compared with just 13% in the Midlands and 10% in northern regions.

Bull: At some point we must ask ourselves what sort of homes and neighbourhoods we actually want to create. And this leads to 'the great irony'. Having regulated the cost of new housing beyond what many people can afford, it looks like we now need another mechanism to help people buy it! You couldn't make it up!

Bear: And that's exactly why the Government has recently announced a new Help to Buy scheme: Your First Home. If you think about it, the State has increased the cost of building a home and it now plans to subsidise the purchaser to buy it. A perfect merry-go-round.

David: At Sky-House, we certainly welcome the new Help to Buy scheme. It should make home ownership cheaper and more accessible than renting for many first-time buyers. That is really important.

Bear: I accept that, but the scheme addresses demand, not the underlying viability problem of creating new homes.

David: Spot on, Bear. As hard as it is to believe, we are reaching the extraordinary stage where the State increasingly determines what homes can be built, where they can be built and what tenure they should be. The State then lends the developer the money and provides a grant to make the appraisal viable. And then … the developer pays the money back through CIL, Section 106 contributions, taxes and levies. And soon, we'll see another State-backed mechanism to help the buyer afford the finished home!

Bear: That sounds like the definition of absurdity to me. So, David, if you had a magic wand or blank chequebook, what would your answer be?

David: I'm not sure that we need a blank chequebook. There is already plenty of money in the system. The problem is that too much of it is absorbed by process, regulation, tax and complexity. My magic wand would, therefore, be about radically simplifying the system for SME developers delivering brownfield sites, namely:

1. Remove Affordable Housing and CIL contributions for SMEs developing brownfield land.
2. Make Nationally Described Space Standards (NDSS) optional for SME schemes but retain them as a condition where public grant is being used. Make it a carrot rather than a stick.
3. Rethink the Future Homes Standard. In many lower-value areas it risks being another viability burden. Instead, offer a simple completion grant, say £10,000 per home, where developers choose to deliver the higher standard.
4. Create a standards-compliant home specification, similar in principle to Robust Details, covering the main Building Regulations and M&E requirements. Stop every project reinventing the wheel.
5. Remove mandatory Biodiversity Net Gain (BNG) from smaller brownfield sites and replace it with simple, proportionate biodiversity requirements.
6. Rationalise statutory consultees and introduce firm response deadlines. If a consultee does not respond within the statutory period, the application should proceed on the basis that no objection has been raised.
7. Create a dedicated SME brownfield planning team within each local planning authority, with a genuine 13-week determination target.
8. Make substations and reinforcement of utility infrastructure the responsibility of the utility companies. Developers currently pay substantial sums to connect new customers who then provide those companies with decades of revenue.
9. Reduce or remove statutory utility connection charges for SME brownfield development.
10. Make archaeology requirements proportionate to the scale, location and archaeological risk of the development.
11. Strip unnecessary reports out of the planning process. Contamination, acoustics and many other technical matters can often be dealt with through clear performance-based planning conditions and Building Regulations rather than expensive reports before consent.
12. Remove S106 contributions from qualifying SME brownfield schemes.
13. Exempt SMEs from the Building Safety Levy.
14. Review the CITB Levy for smaller developers.

Bear: Wow. That is some list, David. But it all sounds sensible, if you ask me.

David: I think so. What really frustrates me is that despite decades of design guidance, urban design policy and new regulation, much of our volume-housing has remained remarkably unchanged. We have added enormous complexity to the system without necessarily producing better places. We ultimately have a choice. We can continue adding cost and complexity to development and accept that large parts of the country will miss out on the homes they require, or we can try to make it viable to build homes again.



Bull: Amen to that. As much as I hate to say it, we have well and truly run over our allotted time. Sadly, therefore, we are going to have to bring today's chat to an end. We just want to say a huge 'thank you' for your time and wish you and Sky-House all the very best. Hopefully businesses like yours can keep bucking the trend and continue building the houses the country desperately needs.

David: With St Bride's continuing to fund us, I am sure we will!

