



RURAL SERVICES APPG

BRIEFING PAPER ON KEY RURAL CONCERNS IN RESPECT OF THE PLANNING WHITE PAPER (PWP) AND THE GOVERNMENT'S PROPOSED CHANGES TO THE CURRENT PLANNING SYSTEM

1.0 INTRODUCTION

1.1 This briefing paper has been prepared for the APPG members ahead of the APPG Meeting on the 27th January, 2021 with The Rt Hon Christopher Pincher MP, Minister of State for Housing, Ministry for Housing, Communities and Local Government.

1.2 Whilst this Briefing Paper has been prepared by the Rural Services Network as the Secretariat to the APPG the issues raised are common across a wide range of rural interest groups.

1.3 The Briefing Paper has been limited to 4 main areas of concern from a rural perspective. The issue of proposed changes to the Standard Method for Assessing Local Housing Need have not been included as the Government on 16th December, 2020 stated that it was not proceeding with the specific changes consulted on but would proceed with a reformed standard method which appears to address the main rural issues of concern in that regard. There are however two remaining challenges. Firstly, the methodology still provides an overall housing number, but with no guarantees that these will provide affordable rent and sale housing at the levels required to meet evidenced local needs. Secondly, given the challenges of providing homes on urban brownfield sites delivery may fall below the Housing Delivery Test target. At this point the Presumption in Favour of Sustainable Development will kick in which could result in the rural communities in the urban local authority areas being forced to accept development that is inappropriate in scale and does not provide the affordable tenures that meet their housing needs.

2.0 SUMMARY OF MAIN CONCERNS

2.1 There are four likely, negative impacts for rural areas if the proposals are implemented:

- **Delivery of new affordable homes will be reduced**
- **The PWP presents a threat to the sustainability of most rural communities.**
- **Rural areas will suffer a democratic deficit.**
- **Neighbourhood Plans could become no more than local design guides**

3.0 THE MAIN CONCERNS IN MORE DETAIL

3.1 Delivery of new affordable homes will be reduced

This will be a consequence of the proposals in the Planning White Paper and more immediately through changes to the NPPF if the Government's proposals for changing the existing planning system are implemented. Both are a consequence of the failure to recognise that most residential developments in rural areas are on small sites and the importance of rural exception sites to meeting rural affordable housing needs.

ACRE, RSN, The Rural Housing Alliance and the Plunkett Foundation expressed these concerns, in a letter to the Secretary of State dated 18th August, the contents of which are summarised in the Briefing Note.

Impact on providing affordable housing through market developments

The PWP proposes to replace Section 106 agreements and Community Infrastructure Levy with a flat rate, nationally set, Infrastructure Levy (IL). Its value will be calculated at the point of completion and levied when the properties are occupied. Affordable housing can be provided in-kind, but there is nothing in the PWP that guarantees it will be provided. It is, however, clear that there will be a de minimis value below which no Infrastructure Levy will be charged and in consequence no affordable housing provided. Inevitably this will include small sites and it is probable that Government will adopt the 40 – 50 dwelling threshold it proposed in its consultation on changes to the current planning system.

These changes have the potential to drastically reduce the supply of new rural affordable housing for the following reasons.

- In many rural communities, residential developments tend to be smaller than 10 dwellings. A survey of 27 local authorities undertaken by the Rural Services Network in September 2020 found that in parishes with populations of 3k to 10k, 92% would experience a loss of affordable housing if the threshold was raised to 40 dwellings. The corresponding figure for communities of 3,000 population or fewer was 81%, with 30% reporting these small communities would lose 50% of planned affordable housing delivery.
- The consultation document proposes an exemption to this rule in designated rural areas based on the S157 1985 Housing Act definition, however this measure will be largely ineffective because it will not apply to almost 70% of smaller rural communities.

S157 of the 1985 Housing Act is not planning legislation instead it provides two rural safeguards from the Right to Buy (RTB). When a property bought under RTB comes up for resale the local housing authority can require either that they have pre-emptive right to buy back the home, or it must be sold to someone with a local connection. All parishes in National Parks and Areas of Outstanding Natural Beauty are automatically designated. In addition, Local authorities can apply to the Secretary of State for designation of other parishes. This is done through Statutory Instrument. Most designated parishes have a population of 3,000 or fewer, but a few larger parishes are included. The majority of

designations were made in the early 1980s, with a very limited number of later additions. Only around 30% of parishes with populations of 3,000 or fewer are designated.

- Despite good intentions, the proposed changes will not help SME builders in rural areas.
 - As the experience during the 2008 recession demonstrated, affordable housing is essential to the survival of SME builders. These developers continued to build in rural areas because housing associations bought the affordable homes, guaranteeing the developers with an income that supported cash flow, kept the site under construction, contractors working and promoting future market housing.
 - Removing affordable housing requirements will lead to higher land values which will constrain the ability of SME builders to compete in purchasing sites.

Impact on providing affordable housing through rural exception sites

The inability to gain affordable housing from small sites places reliance on rural exception sites to meet this need. A role recognized in a letter from the Housing Minister to the Rural Housing Alliance in which he stated, *“The National Planning Policy Framework makes it clear that in rural areas, housing development that reflect local needs should be supported. The Framework also includes the rural exception sites policy that promotes affordable housing led development, and makes it clear that planning policies should identify opportunities for villages to grow and thrive, especially where this will support local services.”* Unfortunately, measures in the PWP and proposed changes to the current planning system are likely to reduce the supply of rural exception sites for the following reasons.

- The PWP makes no mention of rural exception sites or the need to exempt them from the Infrastructure Levy despite the fact that their sole purpose is to provide rural affordable housing.
- Land prices will rise once it is no longer necessary to provide affordable housing on small sites, either a result of raising the affordable housing threshold or introduction of a de minimis threshold for Infrastructure Levy. This will make it less likely that landowners will release land for rural exception sites that produce a significantly lower land value, reflecting their purpose as sites for affordable housing to meet local needs.
- The introduction of First Homes Exception sites will have the same impact. As they will provide predominantly affordable housing for sale, they are likely to command a higher land value than rural exception sites.
- Whilst a rural exemption from First Homes Exception Sites is welcome, the chosen definition to define these rural areas means almost 70% of small rural communities will be excluded.

Proposed response to avoid the devastating consequence of the combination of these measures and Housing Minister’s response

In their letter to the Secretary of State rural interest groups noted that in combination raising the

affordable housing thresholds and reducing the supply of rural exception sites would cut the two routes that deliver rural affordable housing. To avoid this, they proposed two steps Government could take.

1. Replace the definition of designated rural areas from those areas listed under S157 regulations to all parishes with a population of 3,000 or fewer. This would provide a definition that is transparent and readily understandable, easy to evidence and update, efficient and simple to apply, whilst providing consistent coverage across rural England.
2. Adopt the wording in the NPPG that was introduced in July 2019 that allows local planning authorities to set their own thresholds for affordable housing in their designated rural communities but as above not just those with S157 designation.

The letter was replied to on 22nd November by the Housing Minister who said that the issues raised would be considered with all consultation responses.

3.2 The PWP presents a threat to the sustainability of most rural communities.

A number of the PWP proposals give rise to this concern.

Zoning

The PWP proposes that Local Plans will apply three zones to their areas, Growth, Renewal and Protected areas. In areas with a high Housing Requirement, it is likely that some rural areas will fall into a Growth Zone, exposing them to high levels of development. Market towns and some larger villages could be included in Renewal Zones, where there will be some growth through small scale development and use of existing buildings.

It is likely that most rural communities will be zoned as Protected. This category includes not only Green Belt and the currently statutorily protected landscapes but could also include most rural communities outside of the Growth and Renewal Zones. Development in Protected Zones will be stringently controlled, limiting the opportunities for rural areas to meet their social and economic needs.

In particular, it is likely that the restrictions that come with assignment to a Protection Zone will increase the premium on rural house prices, exacerbating even further the acute shortage of affordable housing in rural area and accelerating rural communities decline into unsustainability.

Simplification of Local Plans so they no longer include locally relevant policies

The proposed simplification of Local Plans to map based documents with text confined to explanations infers that they will no longer include policies. Yet these local derived and defined policies ensure the form and type of development responds to the specific needs of rural communities in the Local Plan area. Zoning will not provide this necessary level of nuanced direction and detail. Neither can it be

provided by national policy, particularly if as proposed in the PWP it will set out the restrictions on development in protected areas, rather than a positive approach to delivering appropriately scaled residential and commercial development that supports sustainable rural communities.

Sustainability Test and Narrowing of Sustainability Appraisals to Environmental concerns

The Planning White Paper provides no detail on the elements of the proposed consolidated 'Sustainable Development Test'. However, in the context of its proposal to abolish Sustainability Appraisals and replace with a simplified framework for assessing environmental impact and enhancement opportunities, there is a danger that Local Plans will not be responsive to social and economic needs in rural areas. Instead, there will be a focus on environmental benefits at a local authority level that could restrict development in rural communities. As has been evidenced over many years this results in the needs of those living and working in rural communities to go unmet and in consequence rural communities entering a cycle of sustainability decline.

Infrastructure Levy

The proposal for a de minimis value below which Infrastructure Levy will not be charged will make it less likely that rural areas will be able to improve infrastructure necessary for them to thrive economically. Whilst this is less likely for rural communities in Growth and Renewal areas, levying the IL at the point of occupation will leave up front infrastructure unfunded, putting increased pressure on existing services.

Stronger emphasis on build out through planning

The PWP does not offer any proposals that will ensure homes with planning permission are built. National evidence published by the LGA in February 2020 showed that more than a million homes granted planning permission in the last decade were not built out. Failure to build these homes means that local authorities fail the Housing Delivery Test, triggering the Presumption in Favour of Sustainable Development. In many rural communities this has resulted in schemes that are inappropriate in scale and do not provide the affordable housing mix that meets the community's needs.

3.3 Rural areas will suffer a democratic deficit.

Whilst the PWP's emphasis on greater and more meaningful community engagement in the planning system is to be welcomed there are significant concerns that its proposals will undermine the achievement of this objective in rural areas for the following reasons.

- The principal mechanism for enabling this is through digital tools and digitisation of documents and maps. Immediately this raises a problem for participation by rural communities where slow or inadequate broadband will make such techniques redundant and documentation inaccessible. The reduced 2025 target for the roll-out of gigabit-capable broadband raises this concern considerably.

- The timescale of 6 months for community engagement in discussions on zoning and design are woefully short. Plan making is technical and requires skills and resources for that engagement to be inclusive and meaningful. These pressures will be felt acutely in many rural areas where local planning teams are often very small covering large geographical areas and diverse communities.
- Residents will have 6 weeks to comment on the Local Plan (with a word limit) and will have a right ‘to be heard’, but this will not be in a public forum. Publicising the Plan for public comment in parallel with it being submitted to the Secretary of State and the absence of any open and public discourse during the Examination leaves little if any room for challenge, mediation and compromise.
- Apart from some developments in Protected Zones the current planning application process will disappear. It will be replaced by either Outline Approvals, Presumption in Favour of Sustainable Development, Local Development Orders and widened Permitted Development Rights.
- Development will have to comply with national and local design guidance. In all areas the principle of development will have been considered to have been established by the zoning, leaving neighbour and interested parties only able to comment on technical matters. Neighbourhood Plans will be confined to setting local design guidance.
- There is also legitimate concern about the downgrading of the role of locally accountable authorities. Their role in the planning process will be much reduced, with more policies decided at the National Planning Policy Framework (NPPF), level. Inevitably, this means less scope to flex planning policies to fit varying local circumstances – a key requirement in rural areas
- People will still want to comment on specific proposals i.e., planning applications. Moreover, this surely cuts Parish and Town Councils out of their statutory consultee role in planning decisions, at least in Growth and Renewal zones.

3.4 The Future Role of Neighbourhood Plans (NP’s)

There is major concern that the PWP proposals will downgrade Neighbourhood Plans to become weightier versions of Village Design Statements. The crudeness of the zoning proposals, as set out thus far, may mean that they will no longer be able to set policy and make site allocations to attract or shape development to meet their social, economic and environmental needs. Communities will only engage in this process if their Plans retain this scope and legally binding powers to implement their plans. In consequence rather than increasing community engagement and widening take up, the PWP proposals are likely to have the reverse effect.