

DRAFT RESPONSE SERVICE

As part of our service to members, RSN will regularly provide concise potential responses to key current consultations. These are not intended to be definitive or to reflect the views of RSN and may include potentially opposing responses to reflect different views designed to assist individual organisations in compiling their own response. We do however recognise the pressure members are under and we hope this service will assist.

Changes to the Current Planning System: consultation on changes to planning policy & regulations – Ministry of Housing, Communities & Local Government

Government states that: “This consultation sets out proposals for measures to improve the effectiveness of the current planning system. The 4 main proposals are:

- changes to the standard method for assessing local housing need
- securing of First Homes through developer contributions in the short term until the transition to a new system
- supporting small and medium-sized builders by temporarily lifting the small sites threshold below which developers do not need to contribute to affordable housing
- extending the current Permission in Principle to major development”

This consultation closes on 1 October 2020.

<https://www.gov.uk/government/consultations/changes-to-the-current-planning-system>

Suggested key elements of a potential response are set out below.

Government statistics already show a chronic shortage of affordable housing in rural areas. Lower quartile affordability ratio for mainly rural districts is 9:1, only 8% of properties are social housing (compared with 19% in urban areas), and last year only 5,558 new affordable homes were built in rural communities with fewer than 3,000 residents. Two specific elements of the consultation raise significant concern:

1. Affordable housing thresholds

The proposal to raise the threshold that triggers affordable housing contributions from 10 to 40 or 50 dwellings for a limited time period will drastically reduce the supply of rural affordable homes. This is because in many rural communities, residential developments tend to be smaller than 10 dwellings. Many rural communities, therefore, will see no affordable homes being provided at all.

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 70% of smaller rural communities.

Despite good intentions, these changes will not help SME builders in rural areas. During the 2008 recession, these developers continued to build 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 and this will inevitably further constrain the ability of SME builders to compete in purchasing sites.

2. Exception sites

The proposed 'First Homes Exception Sites' will seriously damage the supply of Rural Exception Sites in non-designated areas and, with it, the ability to meet a broad range of housing needs.

Landowners will choose to sell their land for First Homes Exception Sites which, because they will provide predominantly affordable housing for sale, are likely to command a higher land value than Rural Exception Sites. They will also cause confusion and destroy the emphasis on community engagement. Gone will be the opportunity provided by Rural Exception Sites to provide a mix of affordable homes tailored to the specific needs of the community, often including discounted market sale in perpetuity.

This risk is recognised in the proposal by not applying First Homes Exception sites in designated rural areas. However, again the chosen definition to define these areas means 70% of small rural communities will be excluded. This definition needs to be altered.

The combination of the change to affordable housing thresholds and the proposed First Homes Exception Sites could have a catastrophic effect on the delivery of rural affordable housing.

Two small changes to the proposals could avoid these risks whilst still achieving the government's overall ambition:

- (i) 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.
- (ii) Adopt the wording in the NPPG1 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.

It is critical that rural communities are allowed to thrive and that the many key workers who have been so important during the covid-19 pandemic and beyond, are able to afford to live in the communities they serve. These revisions will be fundamental in helping to achieve that end.