



HOUSE OF COMMONS

LONDON SW1A 0AA

Rt Hon Christopher Pincher MP
Minister for Housing
Department for Housing, Communities and Local Government
2 Marsham Street
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16th February 2021

Dear Chris

Thank you for attending the APPG for Rural Services meeting on 27th January. We very much appreciated the update on the Planning White Paper and your offer to continue to work with us as the Government develops its detailed proposals. In that vein I thought it might be helpful to expand on three matters that you offered to consider further in light of our discussion.

First, you acknowledged our concern that the Planning White Paper made no mention of rural exception sites. These remain an important route for delivering affordable housing, particularly in smaller rural communities, where local landowners can be willing to make land available for local need without holding out for the highest price from developers of open market housing. It was reassuring to hear from you that it was the Government's intention to retain rural exception sites and officials will be working on a guidance note to encourage greater take up of this approach. In drafting this note your civil servants may find it helpful to draw on three existing guides that set out the process for developing rural exception sites and how landowners, community groups and Parish Councils can become involved.

However, the principal route for providing rural affordable housing is through small market led developments. For this reason, we raised with you our considerable concern that this route may be closed as a consequence of raising the site threshold that triggers an affordable housing contribution, without an effective and robust rural exemption.

Since the affordable housing thresholds were raised in 2014, rural interests have evidenced the negative impact this has on rural affordable housing delivery. For example, 60% (29) of local authorities who responded to a Rural Services Network's (RSN) survey in 2019 identified that the delivery of rural affordable housing had been reduced since the 10-dwelling threshold was introduced in 2014. Even more starkly are the findings of the RSN survey undertaken in September 2020. 78% (23) of local authorities reported that raising the threshold to 40 dwellings would result in a loss of rural affordable housing in their existing pipelines in their communities of 3,000 or fewer population. This rose to 89% (26) in larger rural communities.

It is welcome that the Government has gone some way to address these concerns by providing that in designated rural areas local authorities can set a threshold of five dwellings or fewer. However, as we pointed out, the choice of the S157 Right to Buy clauses of the 1985 Housing Act to define these rural areas means that 70% of parishes of 3,000 or fewer population cannot benefit from this exemption.

We would therefore propose that this could be resolved by *secondly* adopting a simple rural definition to include all parishes of 3,000 population or fewer and all parishes in National Parks and Areas of Outstanding Natural Beauty. It is easily understood and widely accepted as parish council boundaries are formally defined, it is efficient to apply and most importantly provides consistent coverage across England. This definition could then be used for other rural exemptions, including that from First Home Exception Sites. We feel that Defra would be likely to be supportive of this approach.



Third, we suggest that within these designated rural areas local authorities are permitted to set their own site thresholds with the affordable housing being provided on site, but with provision that in exceptional circumstances the contribution can be taken in the form of a financial sum. As has always been the case site specific negotiations can take place to ensure financial viability of a development. This approach was used successfully under Circular 6/98, but our proposal would provide a clearer and more consistent definition of 'rural area'.

From the evidence we have received we are convinced that these changes would address the shortage of affordable housing in smaller rural communities where currently only 8% of housing is in the social housing sector and affordability ratios are higher than in urban areas - excluding some parts of London. We also know that this measure would benefit SME builders. During the 2008 recession, these developers continued to build in rural areas because housing associations bought the affordable homes, guaranteeing small developers an income that supported cash flow, kept the site under construction, contractors working and promoting future market housing. Their opportunities to develop in the future will however be constrained by their inability to compete in purchasing sites because removing affordable housing requirements will lead to higher land values.

The provision of rural affordable housing is a keystone to maintaining thriving rural communities and economies. Its successful delivery requires that as policy is developed it takes account of the particular circumstances that exist in rural areas. Our suggestions respond to these and their adoption would show the Government, from an affordable housing perspective, is listening and is committed to delivering its Levelling Up agenda in rural areas, providing homes in places people want to live and at prices they can afford.

I would of course be very happy to discuss this with you further if that would be helpful.

With kind regards

A handwritten signature in black ink that reads "Philip Dunne".

Rt Hon Philip Dunne MP
Chairman, APPG for Rural Services