

DRAFT RESPONSE SERVICE

As part of the Rural Opportunities Bulletin, 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.

National Planning Policy: consultation on proposed changes – Department for Communities & Local Government consultation

On 7th December the Government published its consultation on changes to the National Planning Policy Framework (NPPF) along with the accompanying Equalities Impact Assessment on which it also invites comments. The government states that this consultation is seeking views on some specific changes to National Planning Policy in the following areas:

- “broadening the definition of affordable housing, to expand the range of low cost housing opportunities for those aspiring to own their new home
- increasing residential density around commuter hubs, to make more efficient use of land in suitable locations
- supporting sustainable new settlements, development on brownfield land and small sites, and delivery of housing allocated in plans
- supporting delivery of starter homes”

This consultation closes on 22 February 2016.

<https://www.gov.uk/government/consultations/national-planning-policy-consultation-on-proposed-changes>

1. Overall

As Section 9 of the Equalities Statement states, the proposals in the consultation have not been rurally proofed: “... *there should not be any adverse impact on wider affordable housing.... The potential exception to this may be to allow starter homes on rural exception sites... further consideration needs to be given to whether starter homes developments in rural areas would have a different impact on Protected groups compared with the position nationally*”. In consequence there is no consideration of the impact of the proposals on the viability of the mechanisms that deliver affordable rented housing in rural areas. This heightens the contradiction that exists within the consultation document. On the one hand it re-states the NPPF requirement that Local Plans should meet the full, objectively assessed needs for market and affordable housing in the housing market area. On the other it puts forward policies that will make this very difficult to achieve in rural areas.

This lack of rural proofing means that in a rural context this consultation appears not to have a sound Equalities Impact assessment. This contradicts the requirements set out in the Treasury Green Book, accompanying Better Regulation Framework and the Government’s commitment to rural proofing stated in its response published in December to the Independent Rural Proofing Implementation Review carried out by Lord Cameron of Dillington.

2. Definition of affordable housing – Paragraphs 6 - 12

The consultation proposes to change the definition of affordable housing in the NPPF to include the current range of products, but without the necessity that these will be subject to ‘in-perpetuity’ or the need to recycle any subsidy if they are sold. In effect this means that Starter Homes will be defined as affordable housing and treated as such by developers and local authorities even though they can

be sold onto the open market after 5 years and will be sold at prices well above that affordable to those only able to afford social rented homes.

Rural impact:

Helpfully, it will still be possible for local authorities to seek affordable housing that has 'in-perpetuity' arrangements. However, there is a danger that developers will seek to substitute this form of affordable housing with Starter Homes because they will provide a higher return. This will either increase developer profit or, more likely, push land values above that which makes it viable to provide other forms of affordable housing, particularly affordable rented homes. The impact will be particularly significant for rural exception sites whose value currently reflects that they can only be used to provide affordable housing to meet local housing needs in perpetuity. In consequence it will be very difficult to provide affordable rented homes in rural areas.

Suggested response:

It is important that any response makes clear the impact that the new definition will have on the ability to provide affordable rented homes in rural areas and that in consequence it would adversely affect people with protected characteristics defined in the Equalities Act 2010.

It is worth highlighting that to provide the full range of affordable housing in rural areas requires low land values that result from being able to use in-perpetuity arrangements, but these make it difficult for potential residents to raise a mortgage. Therefore, a more effective measure to increase access to home ownership would be for the Government to provide guarantees for mortgages on properties with in-perpetuity arrangements.

3. Support for development on brownfield sites and sites of less than 10 units – Paragraphs 27 – 33

The consultation proposes that the NPPF will be changed to, in effect, give 'presumption in favour' of use of brownfield sites. Whilst this may be helpful, there is a danger that brownfield sites will be prioritised in land allocations. In rural areas where there are less brownfield sites this could have the effect of limiting development opportunities.

The consultation helpfully recognises the value of small sites and seeks views on how their allocation and development could be promoted through the NPPF. Specifically, it seeks views on whether the NPPF should require Local Plans to include clear, positive local policies for assessing applications for small windfall sites. It also links this to the 'Permission in Principle' that is being introduced for small residential sites in the Housing and Planning Bill.

Rural impact:

As small sites constitute a major element of housing supply in rural areas (including affordable housing) such a policy would be useful. It would prevent the use of ambivalent or restrictive policies for such sites and could help reduce delays and costs associated with gaining planning permission. However, there is a significant hidden danger that this policy will be used to re-introduce the removal of any requirement to provide affordable housing on sites of less than 10 units. Moreover, linking the proposal to 'Permission in Principle' underlines the need for affordable housing requirements to be taken into account at this first stage of planning permission. Leaving it to the point of 'Technical Permission' will be too late because the land price will have been agreed and, on viability grounds, the developer could argue that the affordable housing contribution should be reduced or removed.

Suggested response:

Whilst welcoming a requirement for clear and positive policies it is vital that the NPPF also requires that such policies require and set out affordable housing contributions on such sites. In so doing this will ensure that developers take this into account when negotiating the land price so avoiding protracted and expensive viability discussions. It will also ensure that affordable housing is a factor in deciding Permission in Principle.

A further positive step would be for the NPPF to require that Local Plans apportion a percentage of the total planned housing numbers to its rural areas. In so doing it will support the approach set out in the National Planning Policy Guidance for rural housing which advises that: *“Assessing housing need and allocating sites should be considered at a strategic level and through the Local Plan and/or neighbourhood plan process. However, all settlements can play a role in delivering sustainable development in rural areas – and so blanket policies restricting housing development in some settlements and preventing other settlements from expanding should be avoided unless their use can be supported by robust evidence.”*

4. Ensuring housing is delivered on land allocated in Local Plans – paragraphs 27 -33

This part of the consultation is intended to address the mismatch between housing numbers and actual delivery. Following the announcement in the Autumn Statement it proposes to introduce a ‘Housing Delivery Test.’ It invites comments on a number of mechanisms that would provide the data to compare planned and actual delivery of new homes. Where there is evidence of sustained under-delivery it proposes that the Local Planning Authority should identify additional sustainable sites brought forward through rapid and targeted policy reviews.

Rural impact:

These measures will not necessarily increase delivery of housing or affordable housing in rural areas where delay in building out sites is a consequence of a number of factors, including landowners holding on to sites in the expectation of being able to achieve a higher land value. In rural communities land is often held by one or two large landowners, so the competitive incentive that this approach offers will not apply.

These measures will also have little effect in rural areas if there continues to be a reliance on windfall and rural exception sites to deliver housing and affordable homes.

Suggested response:

A more effective measure to ensure development happens would be to withdraw allocation of a site if it is not developed within five years.

To overcome the limitations on applying this approach in rural areas where there are few allocated sites, Local Planning Authorities could be required to set targets for delivery of housing and affordable housing in their Local Plan and in the housing trajectory. Through their Annual Monitoring Reports they could be required to report on progress being made to meet these targets. Where there is a sustained failure to deliver, Local Planning Authorities could be required to identify deliverable sites where there is a proven need for expansion and /or affordable housing. This would mirror the requirement placed on Local Planning Authorities for promoting self and custom build.

5. Encouraging Starter Homes in Rural Areas – Paragraphs 45 - 47

These paragraphs propose the inclusion of Starter Homes on rural exception sites with the same minimum time limits on resale of 5 years. The intention behind this is to ensure local people are able to maximise the value of the home and secure their place in the local housing market. The consultation also proposes that Local Planning Authorities can exceptionally require a local connection test.

Rural impact:

The proposals adversely affect people with protected characteristics defined in the Equalities Act 2010. Firstly, allowing Starter Homes on rural exception sites without any 'in-perpetuity' arrangements will push up the land value of rural exception sites. This will make it unviable to provide affordable rented homes. Secondly, because there are so few development opportunities in rural areas, not allowing any perpetuity arrangements will mean that the homes will only benefit the first occupiers, but exclude future young households aspiring to buy.

That the homes have a local connection requirement and will be affordable in-perpetuity are pre-requisites to landowners being willing to release rural exception sites and community support for a scheme. If neither of these are applicable affordable housing of any type will not be provided in many rural communities.

Suggested response:

Starter Homes should not be allowed on rural exception sites except where to do so would facilitate the provision of significant additional affordable housing to meet local needs. This would bring the requirements on Starter Homes into line with the current measures for market housing on rural exception sites. It would provide another form of housing for some local households currently excluded from buying and it could be used with market housing to provide cross subsidy, but without compromising the delivery of affordable rented homes to meet local housing needs in perpetuity.

On rural exception sites it should be a requirement that Starter Homes are subject to a perpetuity arrangement, possibly in the form of limiting the value of re-sales to a percentage of open market value. There should be a requirement for them to be subject to local connection clauses, but with a cascade that takes account of the requirements of lenders to ease access to mortgages.

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