

## **PLANNING FOR THE RIGHT HOMES IN THE RIGHT PLACES**

### **9 November 2017**

This response to the DCLG consultation has been written by Jo Lavis, on behalf of ACRE/ACRE Network and the Rural Housing Enabler Network.

#### **Question 1:**

**a) do you agree with the proposed standard approach to assessing local housing need? If not, what alternative approach or other factors should be considered?**

**b) how can information on local housing need be made more transparent?**

1a) Yes - but with the caveat that the methodology needs rural proofing - A standardised approach to setting the housing number is welcome as a means of reducing cost, complexity and providing some transparency and consistency. However, simply using an average figure at local authority level will disguise particular pressures that could exist in the rural parts of the area. The consequence could be that policies and site allocations are not responsive to the housing needs of rural communities.

1b) The process would be more transparent if Government required Local Planning Authorities to breakdown the district figure for the urban and rural parts of their area.

To assist this it is critical that Government provides guidance and a list of approved sources that could be used to calculate the affordability ratios for rural areas. This would be greatly facilitated by re-instating the easy access to the ONS Neighbourhood level statistics and the continued collection and disaggregation of data to parish level by ONS.

**Question 2: do you agree with the proposal that an assessment of local housing need should be able to be relied upon for a period of two years from the date a plan is submitted?**

Two years is too short a period given the time it can take for a Local Plan to go through the full Examination and adoption process. We would suggest a combination of a longer time period and/or when the evidence shows there has been a significant change in the baseline housing need figure.

**Question 3: do you agree that we should amend national planning policy so that a sound plan should identify local housing need using a clear and justified method?**

Yes in principle, but the test of soundness should also consider how the Local Plan has augmented this figure with evidence to support policies that address the particular housing needs of rural communities.

**Question 4: do you agree with our approach in circumstances when plan makers deviate from the proposed method, including the level of scrutiny we expect from Planning Inspectors?**

No - More detailed Government advice/guidance is needed to avoid leaving the National Parks exposed to costly challenges at Examination and during the implementation of their Local Plans.

It is helpful that Government recognises that the lack of disaggregated data and alignment with local authority boundaries means it is not possible to apply the standardised methodology in National Parks. We would propose that Government provide much greater guidance on how National Parks should calculate their overall housing need figure including:

- which sources of evidence should be used,
- how to apportion population projections from the constituent local authorities, whose boundaries fall within the National Parks.
- What would meet the standards of soundness of the Local Plan at examination in National Parks.

All this would be greatly facilitated by re-instating the easy access to the ONS Neighbourhood level statistics and that ONS continue to provide a breakdown of data on housing and related factors at parish level.

**Question 10a :**

**a) do you have suggestions on how to streamline the process for identifying the housing need for individual groups and what evidence could be used to help plan to meet the needs of particular groups?**

It is essential that LPAs are able to assemble an evidence base on housing need in rural communities if they are to fulfil the welcome proposed NPPF requirement that they should identify opportunities for villages to thrive, especially where this would support services and help meet the authority's housing needs. This includes a range of needs across different tenures and age groups including that for young single people and for older people who make up an increasing number of the population of rural communities.

We would propose the following evidence is required:

- Information on house prices, rents and levels of sales of different types of housing in rural communities is collected and analysed to provide a 'staircase' to illustrate where there are gaps in the housing market.
- That data is collected on the supply of and demand for affordable housing, including:
  - the quantity and percentage of the rural communities affordable housing, broken down between rent and affordable home ownership tenures
  - the number of lets and re-lets a year over a three year period
  - the length of time those with a housing need and looking for a house in their community have to wait before being housed

- This would be greatly assisted by requiring that all local authorities re-instate a lower band in their Choice Based Lettings to allow those living in unsuitable or short term private rented housing to register. This would respond to the fact that the lack of affordable housing in rural areas has meant that many of those with the need for this tenure have had to turn to private rented housing which can be low quality, only available for a short time and can be expensive.
- The absence of data on local incomes means that calculating the affordability ratio has to use ASHE data. For rural areas it is essential that this is work-placed data because it is data on those working in the area and not skewed by those who live in rural communities but work outside the area, often on significantly higher salaries.
- Given the lack of lower priced market housing and low locally earned incomes lower quartile as well as median affordability ratios should be calculated for rural communities.
- Supplementing, but not in place of this strategic level analysis, local planning authorities should be encouraged to commission local housing needs surveys using the standardized approach that has been adopted by Rural Housing Enablers. This fine grain information provides a much more detailed and location specific evidence base which is essential to gaining community support and the design of a viable scheme.
- Underpinning all these is the need to re-instate the easy access to ONS Neighbourhood Statistics and that ONS continue to provide a breakdown of data on housing and related factors at parish level.

### **Question 10b**

#### **b) do you agree that the current definition of older people within the National Planning Policy Framework is still fit-for-purpose?**

No - We think the definition is a useful starting point, but needs to be refined for the purposes of assessing housing needs. Given their particular needs, both in terms of housing and support, we would advise that the definition should have two elements: people aged 65 - 84 and those 85+ .

Although each individual is different, in general the housing and related support needs of this older age group are distinct from those 65 - 84.

Using these age bands aligns with census and mid-term population estimates produced by ONS.

**Question 11:**

**a) should a local plan set out the housing need for designated neighbourhood planning areas and parished areas within the area?**

**b) do you agree with the proposal for a formula-based approach to apportion housing need to neighbourhood plan bodies in circumstances where the local plan cannot be relied on as a basis for calculating housing need?**

a) Yes - in principle this would be a helpful, but as a starting point for Neighbourhood Plans and parished areas. But it would require a methodology that is appropriate to rural circumstances.

b) No - There are two reasons why the proposed approach is not appropriate and if adopted will exacerbate the lack of affordable housing in rural communities.

Firstly, the apportionment of the housing number to Neighbourhood Planning areas and parishes should be based on the evidence of housing need and not also involve judgements based on the settlement strategy. The evidence should inform the policy not vice versa.

Despite the guidance for rural housing in the NPPG many local plans still adopt settlement hierarchies, which as evidence has persistently shown leads to housing in rural communities becoming less affordable resulting in those on low incomes being excluded from these villages. At the same time they also reduce the opportunities to provide affordable housing. Ultimately, settlement hierarchy policies can undermine the sustainability of rural communities. If Local Plans and Neighbourhood Plans are to plan positively for their rural communities an alternative approach is required that takes as its starting point the particular housing market pressures that face many rural communities.

Secondly, for similar reasons, simply apportioning the district housing figure to parishes and Neighbourhood Planning areas will fail to provide the evidence needed to support policies for appropriate growth and forms of development in rural areas. District /unitary level figures will not reflect the significantly higher affordability ratios that already exist in the majority of rural communities and frequently worsen as the size of the settlement decreases.

We would offer three inter-related proposals that would address the deficiencies with the methodology put forward in the consultation document.

Firstly, the housing number should be apportioned to the parish or Neighbourhood Planning area and not take into account the position of the settlement in the settlement hierarchy.

Secondly, we recognise that apportioning a household projection figure for each rural community is unlikely to be possible, but would welcome an exploration of whether this could be done for the rural communities, that is those of less than 3,000 population for a Local Plan area.

Thirdly, we would urge that whatever the basis of the household projection element of the calculation the affordability ratio for rural communities is based on lower quartile workplace incomes and house price data for the rural communities in the Local Plan area. This is preferential to using median affordability ratios that often underplay the significant affordability problems that are faced by rural communities, particularly smaller villages where prices are higher and locally earned incomes lower.

**Question 12: do you agree that local plans should identify the infrastructure and affordable housing needed, how these will be funded and the contributions developers will be expected to make?**

Yes, and equally we would strongly support the consultation proposal in paragraph 110 that Local Planning authorities should set out the types and thresholds for affordable housing required. This ability to set local thresholds is critical to improving the delivery of affordable housing in rural areas where so many sites are less than 10 units and the current restrictions on taking contributions from these sites has had a devastating impact on delivery of affordable housing in rural communities..

**Question 13: in reviewing guidance on testing plans and policies for viability, what amendments could be made to improve current practice?**

It would be helpful to provide more guidance on how a benchmark price of land should be calculated for allocated and windfall sites, including where it has an existing use value. It would be helpful if this was accompanied by advice on sources of data to use.

Similar advice is needed for calculating the value of rural exception sites. Unlike other forms of development site the value is not determined through a residual calculation, but a multiple of agricultural value, commonly £10k a plot (£100k per acre). This is because these sites are not allocated for development and are only considered for planning permission if they provide homes to meet the local need for affordable housing. The introduction of cross-subsidy from market housing to help pay for the affordable housing has resulted in pressure to raise land values. This runs contrary to the NPPF paragraph 54 that encourages LPAs to allow some market housing to facilitate the provision of significant additional affordable housing to meet local needs. A higher land price has the reverse effect thus undermining the principle of rural exception sites. Equally, evidence shows that landowners are unlikely to release sites if the land price is below £10k a plot.

A further area where guidance could be clearer is about what is counted as a 'community benefit' contribution and under what circumstances this could justify a reduction in the affordable housing contribution.

**Question 14: do you agree that where policy requirements have been tested for their viability, the issue should not usually need to be tested again at the planning application stage?**

Yes - it would strengthen the responsibility placed on developers to only offer a land price that will deliver the affordable housing contribution needed to meet the range of housing needs that exist in a Local Plan area.

Most local plans include in policy that in cases where viability is an issue, such as where there are abnormal or unexpected development costs that there can be negotiation. It would be helpful if Government provided guidance on what factors could trigger a negotiation and that land price is not a factor.

**Question 15: how can Government ensure that infrastructure providers, including housing associations, are engaged throughout the process, including in circumstances where a viability assessment may be required?**

The input of housing associations and other providers of affordable housing, such as Community Land Trusts, is critical to plan making and viability testing. It could be part of a testing of soundness of the Local Plan that their views and experience of costs, funding availability and other non-planning policies that affect delivery have been taken into account in the viability assessment.

**Question 16: what factors should we take into account in updating guidance to encourage viability assessments to be simpler, quicker and more transparent, for example through a standardised report or summary format?**

We support all the elements proposed in the consultation document (paragraph 115) with the addition of those factors we note in our response to Question13, clarity on setting land values for allocated and rural exception sites and clear definition of what is a community benefit that could justify a reduction in the affordable housing contribution.

**Question 17:**

**a) do you agree that local planning authorities should set out in plans how they will monitor and report on planning agreements to help ensure that communities can easily understand what infrastructure and affordable housing has been secured and delivered through developer contributions?**

- a) Yes, we agree that local authorities should set out how they will monitor and report on planning agreements. This should include monitoring the spatial distribution of on-site contributions and use of financial contributions made in lieu of on-site provision.

**b) what factors should we take into account in preparing guidance on a standard approach to monitoring and reporting planning obligations?**

To overcome the practice of financial contributions raised from rural developments being used in urban areas the guidance should require that monitoring and reporting has a spatial analysis, in particular showing where sums raised in rural communities are spent. Where it is evident that this is becoming prevalent practice a review of the Local Plan's policies for rural affordable housing should be triggered.

**Question 18:**

**a) do you agree that a further 20 per cent fee increase should be applied to those local planning authorities who are delivering the homes their communities need? What should be the criteria to measure this?**

Yes, the 20% increase in fees should be applied, but the criteria should reflect that although statutory demands in terms of producing a Local Plan are the same for all local planning authorities, the housing numbers delivered in rural areas will be lower, particularly in the National Parks. We would therefore propose that:

- the trigger is linked to a percentage increase in housing numbers based on a baseline for the previous year; and
- for National Parks, given the statutory constraints on development, it may be appropriate for them to set a higher fee without the requirement to show an increase in overall housing numbers. Instead this could relate to an increase in the supply of affordable homes.

**b) do you think there are more appropriate circumstances when a local planning authority should be able to charge the further 20 per cent? If so, do you have views on how these circumstances could work in practice?**

See answer to Q18 a