

Matthew Taylor Review on Rural Economy and Affordable Housing:

Planning and land use to support
sustainable rural communities

Shelter's submission

From the Shelter policy library

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Shelter

Shelter is a national campaigning charity that provides practical advice, support and innovative services to over 170,000 homeless or badly housed people every year. This work gives us direct experience of the various problems caused by the shortage of affordable housing across all tenures. Our services include:

- A national network of over 50 housing aid centres
- Shelter's free housing advice helpline which runs from 8am-midnight
- Shelter's website which provides housing advice online
- The Government-funded National Homelessness Advice Service, which provides specialist housing advice, training, consultancy, referral and information to other voluntary agencies, such as Citizens Advice Bureaux and members of Advice UK, which are approached by people seeking housing advice
- A number of specialist projects promoting innovative solutions to particular homelessness and housing problems. These include 'Homeless to Home' schemes, which work with formerly homeless families, and the Shelter Inclusion Project, which works with families, couples and single people who have had difficulty complying with their tenancy agreements because of alleged anti-social behavior. The aim of these particular projects is to sustain tenancies and ensure people live successfully in the community.
- We also campaign for new laws and policies - as well as more investment - to improve the lives of homeless and badly housed people, now and in the future.

Shelter

About you:

i) Your details:

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ii) Are the views expressed in this survey an official response from the organisation you represent or your own personal views?

Organisational response

Personal views

iii) Please tick the box which best describes you:

- District Council
- UA/County Council
- Parish Council
- Regional Government
- Land Owner
- Housing Association/RSL
- Private Developer/house builder
- Rural Business
- Voluntary sector/charity
- Community Land Trust
- Rural Housing Enabler
- Rural Resident
- Other

(please comment):

iv) What is your main area of expertise or interest in this work (please tick one box)?

- Housing provision
- Rural economies/business
- Planning policy/implementation
- Environmental protection

v) **Do your views/experiences mainly relate to one or more specific regions within England, or across the whole country?**

- South West
- South East
- East
- East Midlands
- West Midlands
- North West
- Yorkshire & Humberside
- North East
- London
- All of England

Other

(please comment):	
Specific local area (please comment):	

vi) **Data protection**

Please note that it is our intention to publish responses to this call for evidence, except where respondents have specifically indicated that they do not wish us to do so.

- If you would prefer us not to give out your answers please tick this box:
- We also sometimes quote from the information we get in published reports. If you do not want us to quote your answers please tick this box:

Would you be happy for us to contact you again in relation to this questionnaire?

Yes No

Questionnaire

A) Rural Economy:

General:

- **A1)** How is the application of planning policies to develop and support rural business practically taking place on the ground: What is working well? What are the barriers and blockages? How might the barriers and blockages be overcome?

A1:

We are not well-equipped to answer this question.

Specific:

- **A2)** Are there specific issues in the planning system (at national, regional, or local level – see **Annex B**) unnecessarily restricting business start-ups or expansion in rural communities? If possible give examples.

A2:

A lack of affordable housing delivered by the planning system can unnecessarily restrict business start-ups and expansion. Affordable housing sustains the local workforce. Shelter's investigation into the rising cost of rural homes¹ found that the lack of affordable housing in rural areas can threaten the viability of local businesses and services.

- **A3)** What scale and type of business should be encouraged or discouraged in rural communities, and is the planning system effective in doing so appropriately?

A3:

We are not able to comment on types of business.

- **A4)** Some suggest there is ongoing loss of workspace and employment in some rural communities, often to housing, or because expanding businesses are forced to relocate to industrial and business space in larger communities. What do you believe is working, or not working, in the planning system to facilitate and promote suitable rural economic development? Should rural workspace and employment be more strongly protected by the planning

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system to maintain and encourage appropriate employment and business opportunities in rural communities – and if so how?

A4:

We are not well-equipped to answer this question.

- **A5)** What is the potential for more live/work units, and mixed use schemes including housing and employment space, to support rural business and housing needs in rural communities?

A5:

We are not well-equipped to answer this question.

- **A6)** What impact is regional and local planning having on the supply of land and premises for employment in rural areas? Is there a need for provision of new sites for business in rural communities to be increased – and if so, how could this be done?

A6:

We are unable to comment on supply of sites for business and employment.

- **A7)** Is the balance right in the planning system at present when considering the use of public transport/private car usage in relation to economic development in rural areas? Is there a need for greater flexibility to allow appropriate scale growth of rural business in communities with limited access to public transport

A7:

We are not well-equipped to answer this question.

- **A8)** Do you think planning policies support the conversion of redundant properties, including agricultural buildings, into premises for employment? If not, is there scope to increase the number and type of properties/sites that could be used in this way?

A8:

We are not well-equipped to answer this question.

B) Affordable Housing:

General:

- **B1)** How is the application of planning policies to develop and support rural affordable housing practically taking place on the ground: What is working well? What are the barriers and blockages? How might any barriers or blockages be overcome?

B1:

Barriers and blockages to the delivery of rural affordable housing

Better use of planning gain (section 106 agreements)

The Government should do more to encourage local authorities to make better use of s.106 agreements. It has been estimated that s.106 agreements now deliver almost 50 per cent of affordable housingⁱⁱ. But, according to the Town and Country Planning Association, only seven per cent of planning consents are subject to a s.106.

Funding

There should be a significant increase in investment in affordable housing in rural areas. Housing Corporation funding of affordable housing can be another barrier to its delivery. When social housing grant is unavailable to developers, then funding 'cascade' agreements are often used under planning gain. The Government recommends such agreements in its policy objectives for the delivery of affordable housingⁱⁱⁱ. Funding 'cascade' agreements tend to provide intermediate housing, rather than social rented housing. Intermediate housing is still too expensive for many people in housing need in rural areas.

- **B2)** The flow chart at **Annex B** describes how the planning process works at the national, regional and local level. Which aspects (and at what level) of the planning policy framework do you think need attention to better deliver affordable homes for rural areas?

B2:

Aspects of the planning policy framework that need more attention

National planning policy

The national planning policies contained in PPS3 are beneficial to rural areas because they require high quality housing that contributes to the creation and maintenance of sustainable rural communities.

Regional and local planning policy

National targets for rural housing must be part of the regional housing allocation process. Regional planning and housing bodies, and in future, Regional Development Agencies, must ensure that their strategies and recommendations on funding allocations reflect the housing needs of rural communities in their region. There is a worry that the emphasis of the Regional Development Agencies in encouraging economic growth means that they might give less priority to meeting rural housing need.

Land/Sites

Planning policy in rural areas must include the allocation of small sites solely for affordable housing. This is recommended in Planning Policy Statement 3 on Housing as a way of providing affordable housing in rural communities.

Section 106

As stated in answer to question B1 above, local planning authorities could do more to actively pursue more ambitious quotas of affordable housing. We support the recommendation of the Affordable Rural Housing Commission that authorities should require 50 per cent affordable housing. We would like to see this comprised of 30 social rented housing and 20 per cent intermediate housing.

Housing Corporation

As stated in answer to question B1 above, Housing Corporation funding can be another barrier to delivery. Over-dependency on market housing to cross-subsidise affordable housing can result in the delivery of fewer affordable rural homes.

We are concerned that, if local planners are not properly trained, the changes to Housing Corporation funding being introduced from this April could lead to a reduction in the amount of affordable housing delivered. The changes will result in the Corporation refusing funding on sites where this could be provided by developers and will create a system in which local authorities will have to agree on a baseline level of provision that a developer can afford. If local planners do not have the expert knowledge of the economics of local sites and developments necessary to undertake this task, the result could be that less affordable housing is delivered.

Also, smaller rural housing associations are reluctant to run up large borrowing on large rural developments.

Local community support

There should be an increase in funding for community-led solutions to the housing crisis in rural areas, such as Rural Housing Enablers and Community Land Trusts to bank and manage land in isolated plots. The funding of Rural Housing Enablers should be continued and increased. Shelter is very worried that the Department for the Environment Farming and Rural Affairs funding of Rural Housing Enablers, via the Rural Social Community Programme, is due to end at the end of March this year. There are currently 57 Rural Housing Enablers across England and Wales. Their work is vital in helping rural

communities who need to develop affordable homes in their areas. They assess rural housing need, secure sites and engage community buy-in for affordable homes. However, the uncertainty about future funding means that programmes and projects are being forced to wind down.

Specific:

- **B3)** Is there sufficient alignment between priorities set out in Sustainable Community Strategies and planning policies for rural affordable housing in Local Development Frameworks?

B3:

Our understanding is that very few Local Development Frameworks have yet been completed and approved. We are therefore not well-equipped to answer this question.

- **B4)** How are planning policies for rural housing, as set out in Planning Policy Statement 3: Housing (PPS3), being implemented locally on the ground in rural areas following the recommendations of the Affordable Rural Housing Commission?

B4:

We note the findings of the Affordable Rural Housing Commission that, despite Government guidance (PPS3) encouraging local authorities to negotiate with private developers for a proportion of affordable housing on allocated market sites, authorities seemed nervous about negotiating higher levels of cross-subsidy.

We note that the Commission recommended that local planning authorities be encouraged to actively pursue lower thresholds and more ambitious quotas of affordable housing. They recommended that, where appropriate and feasible, they should seek one affordable home for each market house.

However, we note the findings of a recent study by the Joseph Rowntree Foundation^{iv}, which

- **B5)** Are there any skills or resource gaps within local authorities that hinder the adoption of PPS3 based rural affordable housing policies? For example, (i) with regards to testing economic viability, (ii) adoption, maintenance and use of Strategic Housing Market Assessments, (iii) supporting community engagement, and (iv) use of Strategic Housing Land Availability Assessments. How might these gaps be filled?

B5:

Skills or resource gaps in local authorities that hinder rural housing

(i) Testing economic viability

We note the findings of a recent study by the Joseph Rowntree Foundation^v, which concluded that viability issues have made it necessary for some local authorities to do financial viability assessments, adding considerably to their workload. The authorities that undertook these assessments felt they were necessary to address perceived inequalities in their negotiations with developers. However, not all authorities will have the skills or resources to undertake such assessments. The study suggested that there is still an unequal playing field between developers and local planners and it can be difficult for members can find it difficult to stand up to developers.

(ii) Adoption, maintenance and use of Strategic Housing Market Assessments

We are not aware of any Strategic Housing Market Assessments that are already in use.

(iii) Supporting community engagement

As stated in answer to question B2 above, Rural Housing Enablers are a valuable link into communities. Unless the Government continues to fund their vital work, a major skills and resource gap will emerge in terms of community engagement. The continuing uncertainty and potential funding gap means that Rural Housing Enabler projects are coming to an end and their good work is being lost.

(iv) Use of Strategic Housing Land Availability Assessments

- **B6)** While plan led allocation of sites for development is the main process for new housing delivery, for very small rural communities, rural exception sites are the most likely avenue for affordable housing, but relatively few come forward. How could or should local communities be encouraged to bring forward suitable exception sites – what is the role of the community (including the parish council), the local authority (officers and members), rural housing enablers, or others? And what should the balance between plan led allocation of sites and exception sites be?

B6:

Balance between plan-led allocation of sites and exception sites

We are not fully equipped to answer this question. However, we generally support the recommendation of the Affordable Rural Housing Commission^{vi}, which reported that the rural exception site policy should be retained but should not be relied on as the principal means of meeting rural affordable housing

needs.

The report stated that: 'a reluctance to allocate sites in smaller rural communities, has resulted in a reliance in these communities on Rural Exception Sites to deliver affordable housing. These sites have brought significant benefits to the communities in which they are located, although they remain opportunistic and small in scale.

'Overall, Exception Sites have made a relatively modest contribution to overall affordable housing supply, especially considering the intense investment in time and effort required to bring these sites forward. Even in the smallest communities quota sites have delivered almost twice as many houses, while in predominantly rural districts only 6% of additional affordable homes were provided through exception sites'

- **B7)** PPS3 allows local authorities to set their own threshold on the size of development above which they will seek a proportion of affordable housing, rather than the national indicative minimum threshold of development of 15 units (and to set different thresholds across communities in a local area based upon their local circumstances). To what degree are local authorities setting their own thresholds? How is this policy being used locally – what are the blockages to its effective use? How could local authorities' ability to negotiate with developers/landowners be improved?

B7:

We are not well-equipped to answer this question.

- **B8)** What is the role of the planning appeals system – how is it influencing decisions in practice? Are there changes that would be appropriate to guide planners and developers as to what evidence inspectors need, and their likely approach?

B8:

We are not well-equipped to answer this question.

- **B9)** How has advice and reports from the Planning Inspectorate (PINs) affected policies for the provision of affordable housing in rural areas? How have local authorities responded to this?

B9:

We are not well-equipped to answer this question.

- **B10)** How is the role of regional planning impacting on the delivery of affordable housing in rural areas? How could it be improved?

B10:

Impact of regional planning on delivery of affordable housing

Regional planning can be improved to deliver more affordable housing in rural areas. It is very important that Regional Spatial Strategies contain enforceable targets for affordable housing in the region.

For example, in our 2006 submission to the draft Regional Spatial Strategy for the South West, we raised our concerns that the strategy fails to set out a clear approach to how it will meet the need for affordable housing in rural areas. We also suggested that there is a role for the Regional Spatial Strategy to emphasise requirement for robust and consistent housing needs assessments in rural areas. This would ensure that development of affordable housing in these settlements is provided for households who are unable to secure homes through the open market.

- **B11)** The planning system requires evidence based decisions – how is the need for evidence effecting outcomes, and could the process for obtaining appropriate evidence be clarified or simplified?

B11:

We are not well-equipped to answer this question.

- **B12)** What role do local councillors have in the provision of rural affordable housing? Could they be better supported (and if so how?) to take a positive leadership role that would encourage increased delivery?

B12:

How can councillors take a positive leadership role to encourage supply

As stated in answer to question B5 above, a recent study by the Joseph Rowntree Foundation found that it is sometimes difficult for councillors to challenge developers on matter of economic viability.

It concluded that support for the affordable housing policy from local authority councillors helps planning officers in negotiations because developers know that if their application goes to committee without meeting the affordable housing requirements the councillors will reject it.

Councillors need to be trained on their strategic housing role and the assessment of housing need. Local councillors are increasingly being required to have a strategic housing role. It is therefore important for them to have a good understanding of housing need and how the local authority policy framework is trying to meet it.

- **B13)** What is the impact so far of the new system of Local Development Frameworks – getting them prepared, approved, and then using them in the delivery of affordable housing in rural areas?

B13:

Impact of Local Development Frameworks on affordable housing

Our understanding is that very few Local Development Frameworks have yet been completed and approved. Planners need to incorporate smaller rural developments within their Local Development Frameworks. The use of a very prescriptive definition of local need can prevent local communities from being socially mixed and prosperous.

- **B14)** Are there any difficulties in delivering rural affordable housing while Local Development Frameworks are under preparation? For example, does it affect where and how much affordable housing can be negotiated in a rural community or affecting the supply of rural exception sites?

B14:

We are not well-equipped to answer this question.

- **B15)** How do local communities currently affect the delivery of rural affordable housing and what steps/support might encourage them to engage more positively?

B15:

Effect of local communities on affordable housing delivery

People in housing need can struggle to have their voice heard in debates about the delivery of rural affordable housing. Members of the community who are opposed to house building in their areas are often effective in organising their opposition and getting their message across.

We would like to see more community-led solutions to housing delivery, with every rural settlement developing a vision for its community. Such an approach would allow people in need and support of the delivery of affordable

housing to present their views. It would also help to alleviate the fears of people who might otherwise be opposed to developments.

- **B16)** What might best reduce local opposition to new affordable housing development in rural communities?

B16:

Reduction of opposition to affordable housing development

Opposition to affordable housing development can be reduced by demonstrating the benefits it can bring, such as providing demand for local shops and services like post offices. A lack of affordable housing means that young people and families on low incomes have to move away to urban areas where housing is cheaper and more available. This can severely affect the vibrancy of rural communities.

Opposition can also be reduced by addressing peoples' concerns about environmental damage or provision of infrastructure, such as roads, health services, schools and community facilities. This can be achieved by requiring housing that meets high environmental standards, such as reduced CO2 emissions, and by adequate planning and funding of infrastructure.

As outlined in answer to question B15 above, opposition can be alleviated by ensuring that communities are fully involved in making decisions about housing delivery.

- **B17)** What might the benefits or disadvantages be in using a Community Land Trust model for the development of affordable rural housing?

B17:

Role of Community Land Trusts

We are supportive of innovations such as pilot Community Land Trusts in rural areas to give access to land for affordable housing.

- **B18)** There are representations from some rural communities that purchase of homes as second homes and holiday-lets is having a significant impact upon the availability and price of local housing. Others argue they have a modest impact in the context of wider housing supply issues and trends for migration from urban to rural areas. The Affordable Rural Housing Commission recommended that a new Use Class for second homes be introduced to allow such uses to be subject to local planning control. Do you have evidence that second homes and holiday-lets are having a significant impact (or otherwise)

on rural housing supply generally, or in specific communities? And if so could this be practically addressed through the planning system, taking into account which communities may be affected and how any planning controls could be reasonably enforced?

B18:

Evidence that second homes and holiday lets impact on housing supply

Shelter's investigation into the rising cost of rural homes^{vii} found that second homes can have a detrimental impact on the local community: depriving them of a scarce housing resource; inflating local house prices and contributing to under-use or limited seasonal use of vital local services.

There are 241,000 households owning a second home in England^{viii}. This number represents a 21 per cent in the last ten years, although numbers have fallen slightly in recent years.

Second home ownership has a disproportionate impact in rural areas throughout England. In sparse villages almost one in every ten household spaces is recorded as a second or holiday home^{ix}.

The South West of England has one of the highest proportions of second homes. The region has treble the national average of second and holiday homes. In some rural and coastal districts of the South West, such as South Hams, Penwith and the Isles of Scilly this represents around 10 per cent of the housing stock^x.

- **B19)** What might encourage landowners to offer land at low cost for affordable housing in rural communities, especially for exception sites?

B19:

We are not well-equipped to answer this question.

C) Real life Examples/Case studies

The review team is particularly interested in real life examples and case studies of:

- (i) good practice and examples of where local housing and business needs are being met – which could possibly be replicated elsewhere, and,
- (ii) examples of where there are local barriers and blockages which are preventing progress.

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We would also welcome any suggestions for visits to areas where good practice is taking place, or where progress has been prevented due to any particular barriers or blockages.

- **C1)** Good practice examples. Please state what the local circumstances were, the problem or issue to be addressed, what was done, and what the outcome was.

C1:

- **C2)** Local examples of barriers or blockages. Please state what the local circumstances were, the problem or issue to be addressed, what was done, nature of barriers which prevented progress, and what the outcome was.

C2:

- **C3)** Are there any schemes, projects, initiatives or local areas that you think the Review team should visit as part of this work to gather evidence on what works – or where there are barriers which need to be overcome?

C3:

D) Other comments

- **D1)** Are there any other comments you would like to make?

D1:

ⁱ *Priced out: the rising cost of rural homes*, 2004, Shelter

ⁱⁱ Monk, S, Crook, T, Lister, D, Rowley, S, Short, C and Whitehead, C: *Land and finance of affordable housing: the complementary roles of social housing grant and the provision of affordable housing through the planning system*, Joseph Rowntree Foundation/Housing Corporation 2005

ⁱⁱⁱ *Delivering Affordable Housing*, November 2006, Communities and Local Government: London

^{iv} Burgess, G and Monk, S, December 2007, *How local planning authorities are delivering policies for affordable housing*, Joseph Rowntree Foundation

^v Ibid.

^{vi} Affordable Rural Housing Commission final report, 2006

^{vii} *Priced out: the rising cost of rural homes*, 2004, Shelter

^{viii} Communities and Local Government, 2007, *Survey of English Housing*

^{ix} Commission for Rural Communities, 2005, *The State of the Countryside*

^x South West Regional Housing Board, 2005, *South West Regional Housing Strategy*