

PLANNING REFORM WORKING PAPER: REFORMING SITE THRESHOLDS

RESPONSE BY THE RURAL SERVICES NETWORK

1.0 INTRODUCTION

1.1 The Rural Services Network [RSN] is pleased to be given the opportunity to respond to this request for views on reforming site size thresholds in the planning system to better support housing delivery on distinct types of sites.

1.2 The RSN's primary concern is to help ensure that the proposals have a positive impact on the delivery of affordable housing to meet the demonstrably elevated levels of housing need across rural areas - and that there are not any negative unintended consequences in that context.

1.3 We welcome the fact that the working paper is a response to issues that developers, and in particular SME builders, experience in delivering housing on small and medium sites. However, the price of meeting those concerns must not be producing lower numbers of rural affordable housing that could be achieved within any development.

We are not using the on-line survey to respond as the questions do not really fit with the points we wish to make and do not fully reflect the proposals.

2.0 THE RSN's LONG STANDING POLICY POSITION ON THE ISSUES CONCERNED

- While the NPPF does identify the ability for designated rural areas to set a threshold of five or fewer this designation is not automatic and in fact relates to S157 of the Housing Act and must be applied for through the Secretary of State. **As we have argued many times the ability to set a threshold of five or fewer should automatically apply to all rural communities with populations less than 3,000.**
- There must be **an extension of the definition of Designated Rural Areas** to all parishes of 3000 population or fewer and all parishes in national parks and national landscape areas
- **The particular needs and circumstances of rural areas will not be met by one-size-fits-all planning policies.**
- In the rural context Local Planning Authorities should **have the opportunity to require affordable housing contributions from sites of 9 dwellings or less**
- The absence of an Affordable Housing Requirement on Minor Developments means sites are sold at full market value. **This has the effect of reducing the supply of rural exception sites (RES)** whose value is significantly less than that which a landowner will achieve for a 100% market site.
- Minor Developments, and RES Schemes of 20 or fewer dwelling should be exempted from the Biodiversity Net Gain requirements as they add

significantly to the costs in both time and money to these important but relatively small rural schemes

- Changes to the planning process must be **accompanied by improvements in capital grant funding** for Registered Providers to develop rural affordable housing

2.1 In addition to the RSN's long standing policy position as set out above we regard the following as essential points relevant to this request for views:

- Any national guidance or templates e.g., for validation requirements, S106 agreements and design codes, must be designed to incorporate and/or secure the essential elements of rural exception site policy and take into account rural circumstances. It is vital that we ensure that design codes are suited to the local context rather than being a one size fits all approach. Some optional design codes may be suitable to be made available for authorities that don't have any but these should not be mandatory.
- Introducing a National Development Management Policy for Rural Exception Sites (RES) would speed up and improve delivery of rural affordable housing and provide safeguards to maximise the benefits of other proposed measures, such as delegation of decision to officers.
- Including RES developments of less than 20 dwellings in the Minor development threshold/size category as the challenges they face are the same as those experienced in developing affordable housing on Minor development sites.
- Any changes to the Permission in Principle route should also include the introduction of a specific Rural Exception Site Permission in Principle regime so as to reduce cost, risk, and time of the development of small Rural Exception Site schemes.

3.0 THE RSN's RESPONSE IN DETAIL

(A) Minor Residential Development – fewer than 10 homes/up to 0.5 hectare

3.1 The proposal is to retain the current provision in the NPPF. **We do not support this.**

3.2 **It reduces the opportunities to provide affordable housing in rural areas because:**

- Most development sites are small
- The Designated Rural Area definition only covers 30% of parishes with populations of 3,000 or fewer

- The absence of an affordable housing requirement means sites are sold at full market value. This has the effect of reducing the supply of rural exception sites (RES) whose value is significantly less than that which a landowner will achieve for a 100% market site.
- SME developers are significantly disadvantaged by the excessive cost of the site and are unable to draw on the guaranteed income of sale of the affordable homes to a Registered Provider. This negatively impacts on their cash flow and ability to borrow.

3.3 We continue to press the case that the definition of Designated Rural Area should be changed to include all parishes of 3,000 population or fewer and all parishes in National Parks and National Landscape Areas. In these communities the Local Planning Authority should be allowed to take an affordable housing contribution from all sites, including those of 9 dwellings or fewer on-site but with provision that in exceptional circumstances it could be an off-site contribution.

3.4 This would improve the supply of rural affordable housing by:

- Increasing the opportunities to provide affordable housing through market development
- Reducing land values which would create more opportunities for SME developers and encourage more landowners to consider the release of land for RES development

3.5 **We support retaining the position that sites having fewer than 10 units are exempt from paying the proposed Building Safety Levy.** Retaining this exemption is helpful to the supply of rural affordable housing by removing what would be a further cost to schemes where financial viability is already challenging.

3.6. **We support the proposal to retain the shorter statutory timeframe for determining minor developments at 8 weeks.** However, we strongly suggest that it should be made abundantly clear that this exemption should apply to all small sites, including those developed by Registered Providers (RP's) and Community Led housing groups

3.7 We **support the proposed reducing of validation requirements.** That said it is **essential** that in setting the proposed clearer expectations in national policy on what is reasonable, **that those national validation requirements make provision for those features that define a rural exception site** - namely that the tenure mix meets a robustly evidenced local need.

3.8 In terms of the proposal to require that all Minor Residential Developments be delegated to officers and not put to planning committees we **must raise the issue once again of the capacity of planning teams within rural authorities. That lack of capacity is due to decades of unfair funding of rural Councils by Central Government.**

3.9 We **believe that there should be a National Development Management Policy for Rural Exception Sites.** Without such a national policy it is essential that there is

a process through which a senior planning officer can review an RES application and if they deem it necessary, to refer the decision to a Planning Committee for determination. It follows that RES policy should be part of any training for planning committee members

3.10 We support in principle the proposal to review requirements for schemes of this size for consultation with statutory consultees. This could be helpful as small rural affordable housing schemes often experience considerable delays waiting for responses from statutory consultees

Very Small Sites - Under 0.1 ha

3.11 We feel unable to support providing template design codes without the detail proposed being available. We acknowledge that simplifying the process necessary to achieve good design could be helpful in reducing time and cost. That said, the current national design guidance gives very scant attention as to how principles of good design can be applied in a rural context. Engagement with communities in rural areas in the design of a scheme is critical to that communities constructive engagement, allaying fears and gaining support for a scheme.

3.12 As said in paragraph 3.11 above, more detail is required as to how a model design code would work - especially in the context of minor and very small rural affordable housing schemes - particularly when these are RES development. **Any template design code must be appropriate to the rural context where development is taking place in smaller rural communities** (particularly on RES proposals) and must leave time and space for community engagement in design matters in respect to such schemes

(B) Medium Residential Development – between 10-49 homes/up to 1.0 hectare

3.13_This is a proposed new category of development that would sit above Minor developments of 9 dwellings or fewer or 0.5 hectare, but below major development defined as 50 dwellings or greater.

3.14 There will be some rural affordable housing schemes which will fall into this new category, but it is likely that they will be at the lower end of this size threshold. These are likely to include RES sites that experience many of the same challenges experienced generally on Minor Residential Developments.

3.15 We believe there is a case to include Rural Exception Sites and 100% affordable housing sites of up to 20 dwellings in the Minor rather than the Medium Residential category.

3.16 Whether a scheme of 1--49 dwellings is considered by the local community in which it is proposed to be situated to be “Medium” in its impact will, in the rural context, depend very much in the circumstances of each site. The impact of some schemes of this size will be quite significant.

3.17 On balance we support the proposal subject to the following:

- **As we say in paragraph 3.9 above, there being is in place a National Development Management Policy for Rural Exception Sites.** Without such a national policy it is essential that there is a process through which a senior planning officer can review an RES application and if they deem it necessary, to refer the decision to a Planning Committee for determination. It follows that RES policy should be part of any training for planning committee members.
- **We reiterate the capacity point** set out in paragraph 3.8 above
- **Ensuring referrals to statutory consultees are proportionate** and rely on general guidance which is readily available on-line wherever possible. We support this **in principle**, but we need to see what is in the review of statutory consultees and more detail on the nature of the guidance
- **Uplifting the Permission in Principle threshold. Fundamentally, there should be a Permission in Principle regime specifically for RES schemes.**

(C) Streamlining Section 106 Agreements

3.18 There is no doubt that negotiating S106 agreements is a common cause of significant delay for many rural affordable housing schemes, including those for Rural Exception sites.

3.19 The proposals in the Working Paper aimed at improving the speed at which S106 agreements can be agreed are less well developed, instead it is seeking broader views on the challenges that slow down these negotiations. Table Four sets out the views being sought and proposals for measures the government could explore further. Our response to those issues is set out below

What are the specific barriers facing SMEs in agreeing s.106 obligations – including availability of willing and suitable Registered Providers

Response: There is a shortage of RPs willing to take on affordable housing on small rural sites. This includes taking on the affordable housing contribution of a market scheme and developing Rural Exception Sites.

For the latter, the principal reason is the financial unviability of these schemes. Measures that would recognise the increased costs associated with developing these small schemes are:

- An automatic uplift in Homes England grant rates for RES schemes in parishes of 3,000 population or fewer
- A national Homes England rural target for delivery of affordable homes in parishes of 3,000 population or fewer.
- Adoption of a portfolio approach for providing grant to a package of RES schemes
- Adopting a programme approach to delivering a rolling programme of rural affordable housing schemes in parishes of 3,000 or fewer by a single or consortium of RPs, including non-Strategic Partners.

Making these schemes financially viable would open up more opportunities for SME builders to be contracted to build these homes.

What role national government should play in improving the process – including the merits of a standardised s.106 template for medium sites

Response: A standard national S106 template (template not a one-size-fits-all requirement) designed specifically to secure the key requirements of the Rural Exception Site Policy would undoubtedly be beneficial in reducing time and cost

Would guidance for local planning authorities and developers on calculating commuted sum payments to ensure these reflect the value of onsite delivery be effective?

Response: Yes, national guidance for the calculation of off-site provision of affordable housing contributions would be helpful.

Are there safeguards that can be put in place to ensure that local planning authorities do not accrue commuted sums where there is limited evidence of an authority's deliverable pipeline opportunities in relation to affordable housing to ensure that commuted sums can be spent? If so, what would these be?

Response: It is important that any such guidance includes that within given timescales, on a cascading basis, any commuted sums should be spent in the community where they are raised, followed widening out on an increasingly wide geographic basis