

Written evidence submitted by Action with Communities in Rural England (ACRE) [FPS 161]

Introduction

ACRE welcomes the opportunity to submit evidence to the Housing, Communities and Local Government Select Committee Inquiry into the Future of the Planning System in England.

ACRE is a national charity representing 38 member organisations, together we reach 52,00 grassroots organisations in 11,000 rural communities. Our aim to be the voice of rural communities is supported by the wealth of evidence and intelligence on rural matters that we collect from our members. We use this to influence national policy on rural issues, from housing, health and transport to broadband, services and fuel poverty. Planning policy has an effect across our remit, but particularly impacts on our work to support the delivery of rural affordable housing and Neighbourhood Plans.

We would want a planning system to be:

Plan-led - National policies should be responsive to rural circumstances and allow local authorities the flexibility to respond to the social, economic and environmental needs of their rural communities

Evidenced based - using high quality data that provides a means of assessing impacts of national and local policies on the sustainability of rural communities, using the Defra Urban/Rural settlement classification process

Democratic - accountable, open and accessible. At local level rural residents are fully able to share and take part in decisions that affect the development and future of their communities.

Allows all rural communities the opportunity to be sustainable by allowing for appropriately scaled high quality social and economic development in rural towns and villages and does not rule out any rural settlement from opportunities to maintain or increase their sustainability. This includes ensuring all rural communities have the opportunity to provide truly affordable housing.

Supports rural communities become net zero by at least 2045 taking account of the opportunities and rural circumstances that mean this has to be achieved in different ways in rural and urban areas.

Well-resourced, having the capacity and capability to prepare, deliver, monitor and enforce plans, engage proactively in development management, provide strategic housing enabling and support meaningful community engagement, including Neighbourhood Planning

1a) Is the current system working as it should?

Overall, whilst not perfect, the planning system is working well, but with some areas where improvements could be made to policy and to ensure that the practice of the best becomes that for all.

Its strength lies in the principle of it being a Plan-Led system with national guidance informing Local Plans that set out the spatial strategy, with policies and land allocations that are responsive to the social economic and environmental needs and circumstances of the plan area. In turn these provide a clear and transparent framework for planning application decisions. However, three challenges weaken the implementation of the current system to the detriment of achieving sustainable development in rural areas.

Firstly, inconsistencies in policy and practice at and between national and local levels. For example, the NPPF requires local planning authorities to respond to the evidenced need for affordable housing. However, current policies that prevent most rural communities from taking a contribution from small sites, which make up the majority of rural residential sites, makes this difficult to achieve rural areas. At a Local Plan level, inconsistencies arise between strategic policies that have the objective of creating sustainable communities and spatial policies that debar development in smaller rural communities, undermining their social, economic and environmental well-being. The latter runs counter to the more positive approach to rural development taken in the NPPF.

Secondly, the lack of resources and staff capacity in planning teams. In rural lower tier local authorities these are often very small. Rural Housing Enablers working across the country have reported the delays that rural affordable housing schemes experience during discussions with planners in advance of a formal planning application being submitted. These are discussions on the suitability of a site, scheme design and heads of terms of any planning conditions or obligations. The consequence is delay and heightened risk for the developers and communities disengaging from schemes where progress is slow.

Thirdly, the Presumption in Favour of Sustainable Development, has resulted in developments in some rural areas, particularly in high value market areas, that are inappropriate in scale and do not provide the type and tenure of housing that meets the needs of the host community. This has undermined rural communities' confidence in the planning process, particularly where the scheme runs against policies and land allocations in a community's Neighbourhood Plan, a matter we will return to under Question 3.

1b What changes might need to be made?

We would propose the following:

Introduction of a clearly defined sustainable development test at Examination that requires Local Plans to show how the distinctive social, economic and environmental needs of their rural and urban areas are met by policies and land allocations.

Rural proofing of national planning policy and guidance, with evidence of how this was done and informed policy formally reported through Regulatory Impact Assessments that should accompany new proposals and consultations.

Additional resources are made available to expand the capacity of planning teams. These should support local authorities make and review regularly Local Plans; strengthen and expand development management teams; and ensure they have skills in community engagement, negotiation and understanding of economic viability. The distribution of these resources should take into account that they are equally needed in rural areas where housing targets and levels of delivery are likely to be relatively low.

Penalties should be imposed on developers who do not build out schemes granted planning permission. We expand on this in our response to Question 2.

Better alignment between Neighbourhood Plans and Local Plans, with Neighbourhood Planning as a process being more clearly embedded into local plan making and planning decisions. We expand on this in our response to Question 3.

1c Are the Government's proposals the right approach?

ACRE considers that the Government's proposed approach set out in its consultation on Changes to the Current Planning System and the Planning White Paper will potentially harm rural communities.

Proposed Changes to the Current Planning System

We have calculated that the proposed raising of affordable housing thresholds and the introduction of First Homes Exception Sites will result in almost two thirds of rural communities not being able to meet their housing needs.

Most residential sites in rural areas are small scale, in consequence raising the affordable housing threshold to 40-50 dwellings will mean it is not possible to secure new affordable homes through this route. A survey of 27 local authorities undertaken by the Rural Services Network in September 2020 found that in parishes with populations of 3k to 10k, 92% would experience a loss of affordable housing if the threshold was raised to 40 dwellings. The corresponding figure for communities of 3,000 population or fewer was 81%, with 30% losing 50% of planned affordable housing delivery.

If it is no longer possible to take an affordable housing contribution from smaller sites, the only route open in most rural communities will be rural exception sites. However, experience has already shown, their supply is slowing. For example, the trend information provided by Rural Housing Enablers over the first two quarters of this year has reported that identifying and securing sites is the greatest barrier to delivery. Landowners are increasingly holding out for their sites to be allocated for market development and in consequence command a significantly higher land value than they would gain from a rural exception site. A similar effect is likely to result from the introduction of the First Homes Exception Sites.

The proposed rural exemptions from the revised thresholds and First Home Exception Site proposals are inadequate as they will only extend to approximately 30% of parishes with populations of 3,000 or fewer.

Planning White Paper

ACRE has significant concerns with the proposals in the Planning White Paper, in summary they are as follows.

1) Zoning will undermine rural communities' ability to thrive

The proposals for zoning are too crude to be responsive to the diversity of rural communities and land uses within them. For some, the proposals will see them swamped by new development. But the large majority will be in protected zones where the NPPF will dictate a restrictive approach to development. This will make it difficult for them to meet their social and economic needs.

2) Rural residents will lack a voice in Local Plans or planning applications

The ability of rural residents to shape development in terms of scale and type will be lost. The Planning White Paper's warm words about increasing community engagement seem hollow when set against its proposals to exclude residents from planning decisions on individual developments. Up-front community involvement in Local Plans is a principle we support, and digital solutions can have a role in this. But where does this leave rural residents with poor internet connection and limited mobile coverage and those without the knowledge or capacity to use it? Our experience underlines the point that inclusive engagement requires time, deliberative conversations and good facilitation to ensure all parts of the community have an opportunity to be heard.

3) Neighbourhood Plans will be reduced in importance

Neighbourhood plans, when based on thorough and inclusive engagement with the whole community, are an important means by which rural residents can shape the future of their area. But rather than building on this experience, the Planning White Paper diminishes their importance to essentially Design Guides. No longer will neighbourhood plans be able to allocate sites and include policies by which the community can ensure development meets their needs.

4) Delivery of new affordable housing will be curtailed

The proposed Infrastructure Levy will weaken the ability of local authorities to meet the need for affordable and specialist housing in their area. There is nothing in the proposal that will prevent affordable housing being squeezed out of a development because of infrastructure requirements. Setting the levy nationally, will not account for local market conditions that affect the financial viability of a scheme and its capacity to provide affordable homes. We are concerned this will have a particular impact on smaller developments and those in low value areas where it is unlikely any affordable homes will be delivered. Taken together with the proposed abolition of Section 106 agreements which retain affordable housing in perpetuity for local communities, it is difficult to see how rural areas will be able to secure homes that are within reach of many households, particularly the those on lower incomes.

2. In seeking to build 300,000 homes a year, is the greatest obstacle the planning system or the subsequent build-out of properties with permission?

National evidence published by the LGA in February 2020 shows that more than a million homes granted planning permission in the last decade were not built out.¹ This is borne out in data from rural areas, for example in North Yorkshire over the last five years planning permissions averaged 10,484, but completions averaged 5,115 per annum.² At the other end of the country, Cornwall Council reports that it has 28,000 homes with extant planning permission, but which are not yet completed.³

The proposition that failure to deliver is a consequence of the planning system is not borne out by the facts, or the findings the Letwin Review which points to rationing of supply by developers to maintain house prices. We would advocate the need for more effective penalties for developers who do not build out sites, including small scale developments. These could include the option to de-allocate sites and rescind planning permission where development does not commence within a given time period.

¹ Local Government Association February 2020 <https://www.local.gov.uk/housing-backlog-more-million-homes-planning-permission-not-yet-built>

² Data analysis for North Yorkshire Strategic Housing Board – September 2020

³ Cornwall Council's submission to the Planning White Paper consultation

3. How can the planning system ensure that buildings are beautiful and fit for purpose?

We fully support the ambition to drive up the design quality of new development but would stress that good design is more than just aesthetics. It should incorporate all of the ten characteristics that make for a well-designed place, as set out in the Government's National Design Guide⁴: context, identity, built form, movement, nature, public space, Uses, homes and buildings, resources and lifespan.

Through our support for new rural affordable housing developments and Neighbourhood Plans we know that community engagement in the design process plays a vital part in ensuring development respects the context in which it is built. We consider that the planning system could encourage this involvement by re-energising and embedding some of the well tested tools that already exist. For example, Village Design Statements, Concept Statements and Making Places studies. These can variously be given weight in Local Plan policies and adoption into Supplementary Planning Documents. They can inform design briefs for specific schemes and inform development management pre-application discussions.

Key to the preparation and implementation of these documents is the engagement of planners, particularly those involved in Development Management. Their informed input and ability to think creatively can ensure that schemes can still be financially deliverable without compromising design quality. To perform this role, planning departments need to be better resourced to have the capacity to deploy these skills.

4. What approach should be used to determine the housing need and requirement of a local authority?

We can see the benefits of having a standard methodology for calculating the overall housing number for the local plan. To a large extent until recently this was available through the NPPG. Its benefit was that it used local data which meant that policy and land allocations could be tailored to the diversity of housing markets in a local authority area, including those operating in their rural communities.

The methodology proposed in the Planning White Paper removes that local sensitivity and does nothing to address the acute affordability problems experienced in rural areas. Data produced by Defra for rural local authorities shows that simply increasing housing supply does not improve affordability⁵.

- In 2019/20, 8.4 dwellings were completed by private enterprise per 1,000 households in predominantly rural areas, compared with 4.9 per 1,000 households in predominantly urban areas.
- In 2018 58% of new residential property transactions in rural areas were detached properties, whilst terraced homes made up just 12%.

⁴https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/843468/National_Design_Guide.pdf

⁵ Defra Statistical Digest November 2020
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/932868/06_Statistical_Digest_of_Rural_England_2020_November_edition.pdf

- lower quartile affordability ratios are 8.6:1, rising to 9:1 ⁶in mainly rural areas and even higher in villages.

The consequence of the proposed methodology will be to swamp rural communities in accessible areas, without necessarily increasing the supply of affordable housing. In areas of constraint and high levels of affordability the methodology will leave rural communities unable to meet their housing needs which in turn will undermine their sustainability.

5. What is the best approach to ensure public engagement in the planning system? What role should modern technology and data play in this?

ACRE fully supports public engagement in the planning system and its Network members have supported rural communities do so through new affordable housing schemes, community plans and latterly Neighbourhood Plans. The lessons we draw from this experience are that it takes time and requires skilled support in facilitation and mediation to ensure that all parts of a community have the opportunity to engage effectively.

Digitalising this process and presentation of material will not be enough to ensure this outcome. Indeed, in some rural areas where there is no or very slow broadband coverage and poor mobile phone reception, there is a danger that rural residents will be excluded. It is also the case that the population of rural areas is older and ageing more rapidly than urban centres. These residents often find it difficult to use digital technology because they do not always have the skills, confidence, or experience degenerative conditions such as visual impairment and arthritis.

Similar concerns arise in the proposed focus on digitalisation in the planning application and notification process.

Neighbourhood Plans and the process by which they are developed are quintessentially community engagement in planning. Our experience shows that where communities have the means to engage, secure and shape development through policies and site allocations, they have supported and, in some cases, sought new development. Equally, they often include a raft of policies and site allocations that support other elements of sustainable development, employment, services, infrastructure requirements, green and open space and alternatives approaches to reduce carbon emissions.

Our Network's experience also provides insights into some of the challenges confronting Neighbourhood Plans that could be addressed as the Government develops its approach. Currently, Neighbourhood Plans are channelled into a parallel activity that can become out of synch with Local Plans. In consequence the weight of Neighbourhood Plans in the decision making process is lessened and, in some cases, has resulted in their inability to pursue policies and development that would support their community's sustainability. This undermines community confidence and willingness to give the time to developing, or reviewing, a Neighbourhood Plan.

These and other challenges have been addressed in research by Reading University recently published by MHCLG, 'Impacts of Neighbourhood Planning in England'⁷. It contains a number of action points including how to better align neighbourhood and Local Plans.

How can the planning system ensure adequate and reasonable protection for areas and buildings of environmental, historical, and architectural importance?

No response

6. What changes, if any, are needed to the green belt?

ACRE acknowledges the value of Green Belts as a measure of urban containment, but the restrictive nature of planning policies for these areas at national and local levels has resulted in rural communities struggling to meet their social and economic needs. These areas are amongst the least affordable in the country, a consequence of the combination of demand for housing from those earning high incomes in urban areas and limited supply of housing. This excludes those working locally from the housing market. For example, in Mid-Sussex, which in part falls into the London Green Belt, work based incomes are on average of £29,599, compared with £35,423 for residence-based earnings that includes the salaries of those commuting outside the district for work.

The current NPPF policy allows by exception affordable housing for local community needs and there are some good examples of affordable housing schemes in Green Belt villages. However, they are few and often experience resistance from the local planning authority. This could be addressed by cross referencing Green Belt policy in the NPPF to the more positive and proactive wording used in the section on rural housing, paragraph 77.

7. What progress has been made since the Committee's 2018 report on capturing land value and how might the proposals improve outcomes? What further steps might also be needed?

ACRE welcomes the support that the Committee gave to the importance and value of Section 106 Agreements and its proposals to reform the 1961 Land Compensation Act so that the price reflects existing use rather than hope value. Such measures are important not just to the supply of rural affordable housing, but also for securing other community benefits such as village halls and community facilities.

The revisions made to the NPPF and the NPPG that viability should be established at the plan-making stage and that, 'The price paid for land is not a relevant justification for failing to accord with relevant policies in the plan', were helpful.

It is unfortunate that the Planning White Paper's proposals to abolish S106 and CIL and replace with a national Infrastructure Levy run counter to these positive changes. There is nothing in the current proposal that will prevent affordable housing being squeezed out of a development by infrastructure requirements. Setting the levy nationally does not account for local market conditions and local variations, which may affect the financial viability. For example, in Cornwall

current CIL rates range from £0 to £400 per square meter reflecting the different market value areas in the authority.

We are equally concerned that the de-minimis threshold will have a particularly detrimental impact on the delivery of affordable housing in rural areas, cutting off the only routes for providing these homes. It is likely that small sites, that make up the majority of residential sites in rural areas, will fall below the value threshold. In consequence these sites will not provide any affordable housing or contribute to infrastructure. The failure to charge an Infrastructure Levy on these small developments could also potentially reduce the supply of rural exception sites. No Infrastructure Levy charge means the developer will be able to pay more for these sites, which means landowners will be unwilling to sell land for Rural Exception Sites that attract a value significantly below that for market developments.

A similar concern arises for low value areas where schemes may fall below the de-minimis threshold, yet there is a need to improve the supply of good quality affordable housing and infrastructure. This includes post-industrial rural communities and those in low value market areas where external demand for second and holiday homes can exclude those employed locally from the housing market.

The proposed abolition of S106 would bring further problems to delivering rural affordable homes. As legal obligations that run with the land, they have more force than a planning condition and are the mechanism for ensuring perpetuity and local occupancy of affordable housing. These requirements are essential to landowners being willing to release sites at a price that makes it viable to provide affordable housing.

The Committee's report recognised that reformed CPO powers may be necessary to ensure sites still come forward at a price that means it is viable to provide community benefit. We recognise this is probably more appropriate for large scale developments and we would like to propose a parallel mechanism more suited to smaller rural developments.

In April 2020 communities in Scotland were given the statutory right to buy land to further sustainable development under Part 5 of the Land Reform (Scotland) Act 2016. It will give registered community bodies the right to buy land if they can demonstrate that its main purpose is consistent with furthering the achievement of sustainable development. If successful in their application, the community body would be granted an absolute right to buy, even if the land is not for sale, meaning landowners could be forced to sell. ACRE would welcome a similar power being available to rural communities in England.

November 2020