



## **Matthew Taylor report on rural economy and affordable housing - Commission for Rural Communities' response**

### **1. Background**

In September 2007, the Prime Minister asked Matthew Taylor, MP for Truro and St Austell, to conduct an independent review to investigate how the planning system and land use could better support the sustainability of rural communities in England. Over the following months Matthew Taylor has collected evidence from a range of stakeholders across the country. The Commission for Rural Communities (CRC) has contributed to this process through a formal response, which is quoted throughout the report, providing briefing material and acting as a 'sounding board' for Matthew Taylor as his thinking has developed.

### **2. Summary**

We welcome Matthew Taylor's report and endorse his recommendations, particularly his stance on sustainable development in rural areas. The CRC has long been an advocate of the need to allow development that meets the social, economic and environmental needs of rural communities. Such evolution is essential if our villages and rural areas are to thrive and allow people living and working in rural areas, from all walks of life, to respond and benefit from the opportunities and challenges that face us in the twenty-first century. We strongly agree that without urgent and innovative action to address the crisis in affordable housing in rural areas, the countryside faces a sterile and increasingly socially polarised future.

### **3. Community extensions to market towns**

Matthew Taylor's proposals for assimilating the additional growth expected in England's market towns, grounded in the principles of sustainable development, are very helpful. A whole community approach that through design, facilities, and open space brings benefits to existing and new residents is essential if they are to become sustainable communities.

### **4. Eco-towns**

The principle of the eco-towns which aim to provide housing that is needed in ways which meet social, economic and environmental needs of their residents is one that should apply wherever growth is planned. In some cases free standing communities may be locally appropriate, in others allowing existing communities to develop in line with these principles might be more relevant. We support the proposal for broader policy consideration and guidance on how these principles can be applied in practice across all communities.

### **5. Economies**

Matthew Taylor's profile of England's rural economies and challenges faced in many rural communities to grow and improve enterprise and employment opportunities offers a welcome complement to the Rural Advocate's recent report to the Prime Minister on this subject. It is particularly valuable, and will be appreciated by many rural firms and employees and their representatives, because it emphasises the synergies between providing jobs along with accessible, affordable housing. For many workers and especially for young people this interdependency is critical, yet not always recognised in spatial planning, in development decisions, nor by business support providers.

Most rural communities and incomers are enterprising, and Matthew Taylor recognises that for many the home offers a valued and flexible work premise. Home-based businesses need to be appreciated for the direct and diverse contribution they bring to creating more sustainable rural communities, but this report rightly recognises that many homes are a seed bed upon which greater business growth is based.

Rural firms need other suitable premises through which to grow. Retaining the skills and opportunities that such entrepreneurs bring to villages and market towns requires a ready supply of suitable business premises and/or employment land. Current or proposed planning policies and guidance provide part of the framework on which to build delivery of this ambition. Sadly poor understanding of the nature of rural businesses of their paths to growth, of interpretation and of competing rather than complementary housing uses, can thwart release of economic potential. Acting on the proposals laid out in Matthew Taylor's report, and the principles of devolution of the economic agenda to local and sub-regional authorities as set out in the Government's Sub-National Review, provide tangible routes to releasing economic potential in rural areas and more sustainable rural communities.

## **6. Affordable rural housing**

CRC has consistently supported a plan-led approach to providing rural affordable housing, seeing this as the way to increase its supply to the levels needed. We very much welcome Matthew Taylor's endorsement of this approach, with its support for using the allocated route in every rural community. Similarly, we agree that where allocations have not been made planners should still use a plan-led approach, bringing rural exception sites into the mainstream through a community-led approach.

## **7. Second homes**

We know that across the country as a whole second homes are not a problem, but in some communities in our most attractive countryside numbers have risen to a level where the sustainability of those communities is seriously threatened. In such areas the tailored response suggested by Matthew Taylor is worth pursuing and we would support trialling it in a National Park. But fundamentally, the problem in these communities and more generally is a lack of affordable housing. The focus on meeting this need should not be lost.

## **8. Providing the tools to do the job**

Matthew Taylor has rightly identified the need for government to provide training, data, and enabling resources so that planning authorities can use more effectively the policies in place and adopt the approaches he promotes. Alongside this he has also thrown down a challenge to planners and communities to take the lead and actively promote sustainable rural communities. The CRC is already working with Government, Local Authorities and communities to help them achieve this goal. Matthew Taylor's report provides the opportunity to reflect on our current work programme on affordable rural housing.

- We are working with the Improvement and Development Agency for local government (IDeA) to provide a series of sub-regional peer training events to support Local Authorities promote sustainable development in their rural communities and implement PPS 3 to increase the supply of affordable housing in villages and market towns.
- We have commissioned a report that looks at the reasons behind 'NIMBY' objections and ways that have been used successfully to gain community support for affordable housing. Our intention is to publish this, possibly using You Tube, so others can learn from this experience.
- We are working with the Housing Corporation and others to test whether Community Investment Companies could improve the supply of sites for rural affordable housing.
- We are exploring alternative funding arrangements for supporting enabling activity and support local authority capacity building.

## **9. Content and recommendations**

Matthew Taylor's report is founded on the premise that all rural communities should have the opportunity to be sustainable. Drawing on a range of evidence he demonstrates how the operation of the planning system is undermining the achievement of this objective.

Following a detailed debate of the need for a more positive and responsive planning approach that supports development which meets the social, economic and environmental needs of rural communities, the report focuses on four issues: growth in market towns, delivery of affordable housing, supporting economic development and providing planning authorities with the knowledge, skills and resources so they can deliver this vision. The core propositions for each chapter of the report are set out in Annex A.

The report's recommendations reflect the same concerns as the Affordable Rural Housing Commission's report. They are primarily aimed at action that Government should take to ensure that planning authorities adopt a more positive approach to rural communities. Implicitly, these include recommendations for action by Regional and Local Authorities. There is a specific recommendation for trialling control of second homes in a National Park. The full list of recommendations is set out in Annex B.

#### **10. Commission for Rural Communities' response**

The CRC endorses most of the content of the report and welcomes its overarching thrust that all rural communities should have the opportunity to be sustainable. We have put considerable effort into ensuring that the report and its recommendations did not undermine PPS 3's plan-led approach to rural affordable housing: one which was successfully secured through the work of the Affordable Rural Housing Commission, the CRC and its predecessor organisation.

There is very close synergy between the report's recommendations for changes to the planning system to support economic activity in rural areas and those contained within the CRC's advice to the Prime Minister on rural economic activity published in June 2008. By linking the two issues together the Taylor report demonstrates the need for affordable housing as a necessary adjunct to the other steps which will allow economic activity in rural areas to achieve its potential.

#### **11. Next steps**

Through our work programme for sustainable communities and affordable housing the CRC is already taking action that will take forward the Taylor report's recommendations. However, the report gives added impetus to this work and provides a platform for us to take this further, working with Communities and Local Government and Local Planning Authorities and to assist them respond to the challenges set out in the report.

## **ANNEX A**

### **Matthew Taylor report – key propositions**

#### **A living, working countryside**

Planning must not determine the future development of rural settlements against a narrow tick-box approach that assesses communities in their current state of sustainability. Instead they should start with the question “how will development add to, or diminish, the sustainability of this community?” taking social, economic, and environmental factors together to form a long-term vision for the community.

#### **Living, working market towns**

Many market towns face huge growth over the next decade. Yet present planning practices do not deliver the attractive new neighbourhoods that enhance existing. In its place Government and Regional Agencies, a new approach to deliver a positive legacy of socially, economically and environmentally vibrant community extensions and neighbourhoods.

#### **Living, working villages: community-led affordable housing**

Local Planning Authorities should adopt a plan led approach to delivering rural affordable housing with a clear vision for every village to show how these needs will be met to enhance the sustainability of the community. The response should include the allocation of sites for a mix of affordable and market housing in a wider range of settlements. In addition, exception site policy should be reformulated as a criteria based community-led affordable housing policy, within the local plan.

#### **Living, working rural economies**

Greater recognition of the ways in which economic growth can improve sustainability, especially by providing opportunities for people to work near where they live must be central to planning decisions to underpin rural economic regeneration. Taking into consideration local circumstances and conditions, all types of enterprise should be considered for development.

#### **Unblocking the system**

The Government can and should make a series of changes in policy and practice make a substantial difference to the speed and effectiveness of the planning system, better deliver housing needs and a more vibrant economy, and underpin the sustainability of rural communities.

## **ANNEX B**

### **Matthew Taylor report – recommendations**

#### **A living, working countryside**

##### **Recommendation 1**

Planning policy (the PPSs) should be reviewed by Government as a body to create a more coherent set, reducing apparent conflicts between interpretation of sustainability, and the means by which competing priorities are assessed, and by doing so aiding interpretation and application at the local level.

##### **Recommendation 2**

Planning policy (the PPSs) should more clearly set out the requirement to take account of all three strands of sustainability in a balanced way, and to have a long-term vision of the contribution that planning can make to enhancing sustainability economically, socially and environmentally in each and every community.

##### **Recommendation 3**

That the Government should initiate a review assessing the unintended impacts on development, amenity, wellbeing and biodiversity of the policy directing development to brownfield land and how this policy should be developed in the period to 2020.

##### **Recommendation 4**

Government should encourage Regional Planning Bodies and Local Planning Authorities to work together to underpin their decisions on housing and economic development in both their development plans and planning applications with a clear and robust evidence.

#### **Living, working market towns**

##### **Recommendation 5**

Rather than or in addition to its proposed new Planning Policy Statement (PPS) limited to eco-towns, Government should produce a wider Planning Policy Statement designed to address the practical planning issues concerning the sustainable growth of communities, including new neighbourhoods and community extensions as well as new towns. This should be accompanied by a new Design Guide to assist Local Authorities with best practice in neighbourhood/community design building on the Commission for Architecture and the Built Environment's (CABE's) work in this area.

##### **Recommendation 6**

A pathfinder/challenge fund for an exemplar programme should be set up to develop best practice for Local Planning Authorities in master planning housing and economic growth to create new neighbourhoods and community extensions for their communities – with a focus on rural areas. A competition should be launched, with successful Local Planning Authorities receiving the resources, support and mentoring to help deliver a master plan and create a best practice toolkit for other communities to follow and to inform national policy.

##### **Recommendation 7**

Government should review the regulatory burdens and incentives placed upon Local Planning Authorities which focus planning departments on short term delivery targets and development control, to ensure that addressing these short term requirements is more strongly supplemented by support for planning for communities in the longer term.

##### **Recommendation 8**

The Government should continue to encourage the work begun by the CABE, the Government Offices for the Regions, the Planning Inspectorate and the Advisory Team for Large Applications (ATLAS) to review Local Development Framework (LDF) core strategies and publish guidance on best practice.

Local Strategic Partnerships should be encouraged to develop a long-term vision for their community which includes its physical shape and sets plans for change and growth in their economic, environmental and social context. LDF core strategies should, as they are intended to do, set out this vision in more detail for the time period which they cover.

### **Recommendation 9**

Guidance relating to a new Planning Policy Statement and the exemplar programme (Recommendations 5 and 6) should support best practice in community engagement in developing plans for new neighbourhoods and community extensions through processes like “Enquiry by Design” and “Planning for Real”, building on the ideas set out in “Towards an Urban Renaissance” and more recent experience.

### **Recommendation 10**

Building on the pathfinder programme proposed in Recommendation 6 for master planning new neighbourhoods and community extensions, best practice guidance should be developed to support the necessary partnership working with the private sector, Regional Development Agencies and the Housing Corporation/Homes and Communities Agency to deliver these new community developments.

### **Recommendation 11**

The Government should review with the Housing Corporation/Homes and Communities Agency the role the proposed Community Infrastructure Levy (CIL) can have in supporting the development of community extensions. This might include forward-funding of infrastructure provision with costs recovered from CIL as development takes place, and creating community funds to underpin the long-term maintenance costs of public realm such as green spaces. These issues should be addressed by Government as CIL is developed.

### **Living working villages: community-led affordable housing**

### **Recommendation 12**

The Government should review with the Housing Corporation/Homes and Communities Agency the appropriateness of the national target for rural affordable housing in terms of both the numbers required and whether this target is set at the right spatial level to address rural need, in time to inform the next Comprehensive Spending Review.

### **Recommendation 13**

The Government and the Housing Corporation/Homes and Communities Agency should commit to providing advice and support to Local Authorities and affordable housing providers to ensure that sufficient numbers of high-quality bids to develop affordable housing are coming forward to achieve the national target for rural affordable housing.

### **Recommendation 14**

That Government planning policies should require Local Planning Authorities to work with local communities to consider how the needs (environmental, social and economic) of every settlement or parish in their area can be addressed through the LDF as it is developed over time, working towards a clear vision of the future for each settlement built on consultation with the people who live there.

### **Recommendation 15**

The Government should make it clearer that whilst the LDF process may not allocate sites for development in every community, Local Planning Authorities must still address the short and long-term needs and vision for each village or parish including for affordable housing, and as appropriate use proactive engagement with the local community in the absence of allocated development to bring forward community-led affordable housing on exception sites to meet identified local needs, supported by clear criteria set out in the LDF.

**Recommendation 16**

Government and the Housing Corporation/Homes and Communities Agency should develop options for working with local partners (for example Local Strategic Partnerships and Registered Social Landlords) to explore the potential to grant aid (paid against delivery) programmes of affordable housing delivery, including community-led affordable housing on exception sites.

**Recommendation 17**

To assist Local Planning Authorities in drawing up planning obligations the Government should review and update its model for Section 106 agreements with particular reference to the delivery of affordable housing on exception sites and local connection/affordability requirements, so that the standard terms set out in the model can be used wherever possible to minimise the need to draft new clauses.

**Recommendation 18**

The Government and the Housing Corporation/Homes and Communities Agency should explore options to help bring forward significantly more affordable homes to meet local need through schemes which allow landowners to nominate someone such as a family member or employee (who meet the local connections and housing need criteria for initial occupation), providing the property is subject to the same Section 106 criteria as the developments other affordable homes to be in perpetuity affordable, to meet local needs.

**Recommendation 19**

The Government and the Housing Corporation/Homes and Communities Agency should look at how schemes in which landowners retain some interest/income can be part of the range of solutions to secure increased release of land for affordable housing in perpetuity – providing the terms (for example, rate of ground rent etc.) are acceptable to the local community to be housed, and do not undermine affordability.

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**Recommendation 20**

The Government should review, with the Housing Corporation/Homes and Communities Agency whether non-subsidised models of affordable housing should be more formally recognised and promoted as a method of delivering part of the affordable housing mix.

**Recommendation 21**

The Government should anticipate increased interest in Community Land Trusts (CLTs) as a model for affordable housing delivery and draw up guidance on how best to implement this model following the recent review of the CLT pilots, in particular addressing the need for a clear definition of what CLTs are, and broad rules on how they operate, without removing the structural flexibility that they currently enjoy which allows specific arrangements to be responsive to the needs of particular areas.

**Recommendation 22**

The Government should examine the options for trialling planning rules limiting change of use of full time homes to part time occupation (as second homes or holiday lets), in one or more of the National Parks.

**Living, working rural economies****Recommendation 23**

A clear message should be voiced, through the new PPS4 and a Government statement of intent, that rural economies have an important contribution to make to regional and national economies as well as urban economies and that all types of business and enterprise can be appropriate for rural areas, subject to assessment of impact based upon local circumstances and conditions (social, economic and environmental).

**Recommendation 24**

The Government should undertake work to draw together, clarify and consolidate national policy to ensure consistency with regards to economic development, through the review of Planning Policy Statement and Planning Policy Guidance policy as a whole proposed in Chapter 1, (Recommendation x).

**Recommendation 25**

The consultation paper on a new PPS 4: Planning for Sustainable Economic Development recognised that not all development in rural areas can be accessed by public transport and should not be refused simply on this ground, a change in emphasis which this Review very much supports. This new message should be retained in the final Planning Policy Statement, and early action taken to ensure it is reinforced in the development and application of regional and local plans. This would help remove a significant barrier to rural economic development, including the re-use of disused farms or farm buildings, subject to proper assessment of the impact on economic, social and environmental sustainability.

**Recommendation 26**

The new PPS4: Planning for Sustainable Economic Development should make a clear statement that decisions involving the loss of existing employment sites in rural areas and the identification of new sites should be based on evidence addressing the supply of employment sites and premises in that community to ensure economic, social and environmental sustainability of the area is protected and enhanced.

**Recommendation 27**

The final version of PPS4: Planning for Sustainable Economic Development should retain current policy advice to Local Planning Authorities to “take account of the changing spatial working patterns that advances in information and communications technologies allow, such as live-work units or the use of residential properties for home working” and further encourage the collection of data on home workers to provide a local evidence base to inform business support.

**Recommendation 28**

The new PPS4 should encourage Local Planning Authorities to take a more supportive approach to planning applications for workspace extensions to the home (subject to impacts such as scale, noise and disturbance) and policy supporting home-based work should be incorporated into LDFs.

**Recommendation 29**

The Government and the Housing Corporation/Homes and Communities Agency (the regulator of Registered Social Landlords/Housing Authorities) should recognise and support the growing opportunities home-based work can provide for economic participation by affordable housing tenants; in particular advise affordable housing providers against blanket bans on home based work (subject to impacts such as noise and disturbance); offer model tenancy agreements to support home-based work; and encourage needs relating to home-based work to be considered in new affordable housing developments.

**Recommendation 30**

The Regional Development Agencies and Regional Planning Bodies should support the further development of both rural enterprise hubs and live/work units. An exemplar programme should be set up in one or more interested regions to identify best practice and further test the practical issues relating to these enterprise hubs and live/work units in rural areas.

**Unblocking the system****Recommendation 31**

The Government should promote the consistent use by Regional and Local Planning Bodies of the standard ‘rural/urban definition’ in the collection and research of housing and economic data – to ensure consideration of rural circumstances; to better identify their needs; and to set and monitor the delivery of housing and economic development targets.

**Recommendation 32**

That the Government should conduct a review of the Regional Spatial Strategy (RSS) rural impacts, to draw lessons regarding the impact of mainstreaming rural policy and how the RSSs have addressed rural policy issues and needs, to inform the development of the Single Regional Strategies.

**Recommendation 33**

The Government should clarify the legal position regarding the weight to be given to emerging Development Plan Documents.

**Recommendation 34**

The Government should continue to work with its partners, including the Planning Inspectorate, to improve dissemination of best practice and provide more detailed guidance on evidence gathering to support both plan making and decisions on planning applications, including greater clarity over what constitutes an appropriate evidence base.

**Recommendation 35**

The Government should investigate the viability of establishing an agreed national database of local housing markets/affordability, possibly funded through Local Planning Authority (and potentially developer) subscriptions, and examine the potential for adding council data on housing need (e.g. housing register data).

**Recommendation 36**

The Government should encourage Regional Planning Bodies and Local Planning Authorities to work together to underpin their decisions on housing and economic development in both their development plans and planning applications with a clear and robust evidence base.

**Recommendation 37**

The Government should explore ways to build on the position it has taken in the latest PPS12 (paragraph 4.16 "Local Authorities should explore and exploit opportunities for joint working on core strategies") to encourage joint working/joint appointments between Local Planning Authorities (perhaps within housing market areas) to share costs of specialist staff, expertise and capacity.

**Recommendation 38**

Government should clarify the flexible approach in PPS3 concerning the development site size threshold at which a percentage of affordable housing may be required ("The national indicative minimum site size threshold is 15 dwellings."[17]), to make clear that the driver in deciding thresholds and percentages must be evidence of local need and viability, and not the indicative minimum, especially in those areas where many or most developments may be on sites below 15 and good opportunities for affordable housing otherwise lost.

**Recommendation 39**

The Government should update its best practice guidance in relation to setting thresholds and affordable housing percentages and negotiating these with developers.

**Recommendation 40**

The Government should update its model Section 106 agreement for affordable housing to assist Local Authorities negotiate affordable housing contributions and to avoid unnecessary and expensive local variation.

**Recommendation 41**

Government should clarify what is appropriate and communicate the importance of a strong pre-application partnership between developers/business and Local Planning Authorities – and re-examine the framework of incentives and requirements for Local Planning Authorities to encourage pre-application discussion.

**Recommendation 42**

Following recent changes to planning fee structures for larger developments, the Government should examine further use of enhanced fees for an enhanced service and further use of developer contributions for the costs of negotiating Section 106 agreements and drafting legal agreements – some Local Planning Authority Section 106 officers are already entirely financed this way.

**Recommendation 43**

The Planning Inspectorate should make their Inspectors' Handbook and updates readily available on the web.

**Recommendation 44**

The Planning Inspectorate's internal system should be updated to allow much simpler cross referencing by Inspectors of similar cases to aid consistent decision making, and this search facility extended to the public.

**Recommendation 45**

The Advisory Panel on Standards should be asked to look specifically at Inspector training to ensure appropriate measures are being taken to keep Inspectors sufficiently up to date with both policy and practice.

**Recommendation 46**

The Government should urgently clarify the relationship between the Community Infrastructure Levy (CIL) and affordable housing, especially in relation to private developments with Section 106 obligations for affordable housing.

**Recommendation 47**

To maximise affordable housing delivery the Government should exempt affordable housing from the CIL.

**Recommendation 48**

The Government should re-examine the applicability of present Code for Sustainable Homes Building Regulations for housing in locations where there is not mains gas availability.