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11 October 2024

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Dear Sir / Madam

ANON-AQTS-32NX-4 - Winchester District Local Plan 2020-40 Regulation 19 Consultation

Master Land & Planning Ltd is instructed by **English Rural Housing Association (ERHA)**, who welcome the opportunity to comment on the Regulation 19 consultation for the Winchester District Local Plan 2020-2040.

These representations have been submitted online under reference ANON-AQTS-32NX-4 however are also submitted via email and comprise:

- Representations below with cross-references to the appropriate paragraphs and policies; and
- Associated evidence.

Please can our client be kept informed of the progress of the Local Plan.

Yours faithfully

[REDACTED]

Planner

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Responding to the rural housing crisis – the role of English Rural Housing Association

English Rural Housing Association (ERHA) are a non-profit organisation that have been providing affordable housing to rural communities in England since the early 1990s. ERHA works in partnership with those communities, parish councils, landowners and local authorities to deliver a unified approach, and aims to be the foremost specialist provider of rural affordable housing in England to help sustain the economic and social life of rural areas.

Affordability in rural areas is worsening, with high property values, increased aspirations to live in the countryside and limited development of new homes meaning many local households are now unable to find a home they can afford and remain within the rural community where they have grown up or where they work. The absence of affordable homes is a national crisis, exacerbating rural poverty and driving the real and growing problem of rural homelessness. The **'Homelessness in the Countryside: A Hidden Crisis'** (March 2023) report (enclosed) conducted by University of Kent and University of Southampton identify that rural areas receive 65% less funding per capita than urban areas for homelessness prevention resulting in the funding for genuinely affordable housing being highly inadequate and having limited impact in rural areas.

The provision of affordable housing can therefore have a transformative impact on individual lives and communal vitality, being an effective economic stimulus to support communities and rural regions to thrive. Planning policy needs to actively enable the growth and development of rural areas.

Currently owning and managing over 1,500 homes across 130 villages, the mission of ERHA is *"to build and manage affordable housing for local people in rural communities in England and to be an advocate for affordable rural housing"*. They seek to build high-quality attractive homes with minimal environmental impact through energy efficient solutions that ensure affordability and local access for generations to come.

ERHA are a trusted partner and registered housing association with a top-tier regulatory grading for Governance (G1) from the Government's Regulator of Social Housing. Their financial stability and status as an Investment Partner with Homes England ensure that resources can be secured to develop affordable housing, catering to a diverse range of needs through affordable rental properties, shared ownership and other discounted sales options.

Most of the affordable houses delivered by ERHA are through rural exception sites. Delivering small scale bespoke developments that are built to meet local needs for local people. However,

there are many challenges to their delivery, of which planning policies is one. The recent paper ‘**Land, Landowners, and the Delivery of Affordable Homes in Rural Areas**’ (September 2023) (enclosed) was completed by University College London in collaboration with ERHA undertakes a ‘deep dive’ into the use of rural exception sites as a mechanism for delivering new homes in the countryside. The number of new homes built using rural exception sites is a fraction of wider housing delivery and, more crucially, a drop in the ocean when it comes to responding to demonstrable unmet housing needs in rural areas. This is further emphasised by more recent research by University College London ‘**Factors in the effective delivery of Rural Exception Sites in England**’ (February 2024) (enclosed) which found that only a fraction (17%) of rural local planning authorities have made use of Rural Exception Sites to deliver affordable homes between 2021 and 2022. The many challenges of bringing forward new exception sites span a range of issues, including the need for corporate support, national clarity of cross-subsidy, community involvement and funding. However, as outlined in the paper planning policy and the approach of each local planning authority do have significant impacts, and there is a need for Local Plans to *“have spatial development strategies that support RES in lowest tier settlements, in order to advance the future sustainability of England’s villages and rural communities.”*

ERHA therefore welcomes the opportunity to contribute to your emerging Local Plan so that it sets a proactive and viable framework to encourage rural exception sites to be brought forward at the earliest opportunity.

Policy H7: Affordable Housing Exception Sites to Meet Local Needs

<i>Do you consider the supporting text and policy are:</i>	<i>Legally Compliant</i>	<i>Sound</i>	<i>Complies with the duty to co-operate</i>
	No	No	Yes

Existing National Policy Context

The NPPF (December 2023) defines rural exception sites as:

“Small sites used for affordable housing in perpetuity where sites would not normally be used for housing. Rural exception sites seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection. A proportion of market homes may be

allowed on the site at the local planning authority's discretion, for example where essential to enable the delivery of affordable units without grant funding."

A variety of NPPF policies in paragraphs 60, 63, 82 and 83 support the delivery of housing to meet specific needs and boost the supply of housing in rural areas. Further guidance is defined in the PPG at paragraph references 67-009-20190722, 67-011-20210524, 67-012-20210524, 67-013-20210524, 67-014-20210524, 67-015-20210524.

The LPA must also have regard to the Written Ministerial Statement 'Building the homes we need' of 30th July 2024 that expresses the firm intention to raise housing targets and facilitate housing delivery. This is now part of current national planning policy. The WMS recognises *"We are in the middle of the most acute housing crisis in living memory. Home ownership is out of reach for too many; the shortage of houses drives high rents; and too many are left without access to a safe and secure home."*

Existing Local Plan Context

The existing Joint Core Strategy (Adopted 2013) Policy CP3 sets a target for a provision of at least 40% of homes to be affordable with 70% of which for rent. This affordable housing percentage should remain for as long as the need exists.

The Winchester Annual Monitoring Report 2013/14 (AMR), which was the first report to be published after the adoption of the plan, outlines that 149 affordable homes were delivered out of a total of 670 net completions during the 2013/14 year. This equates to only 22% of the affordable housing target being met for that year which is a large shortfall compared to the required 35%. Subsequent AMR's up until 2020/21 show constant shortfalls with total affordable net completions averaging around 25%. More recent AMR's have shown better deliverability of affordable homes, including deliverability of 34% in 2020/21, 42.5% in 2021/22, and 35% in 2022/23. The target of 40% has only been met in one monitoring period.

The Winchester District Strategic Housing Market Assessment (SHMA) 2012, which was published as part of the Evidence Base for the Joint Core Strategy, established a need for 371 affordable homes each year. Comparing this target against the monitoring data shows it has only been met within the 2021/22 and 2022/23 monitoring years.

Policy H7 and whether it is a sound way to deliver affordable housing through exception sites in Winchester?

The most recent SHMA (July 2024) was published as part of the Evidence Base for the emerging Local Plan 2020-2040 and shows there has been an increase in the total affordable

housing need (of both rented and affordable home ownership). It establishes a need for 411 affordable rented homes each year, and an additional need for 147 affordable home ownership units per year. This annual affordable need equates to over 82% of the Standard Method need for the District, as it is set out in the Regulation 19 Draft Local Plan.

ERHA support the inclusion of a rural exception sites policy within the Local Plan as an important mechanism to deliver small scale rural affordable housing. However, modifications are required in order to address paragraphs 16 and 35 of the NPPF to ensure a positive framework is set for rural exception sites.

Firstly, the policy title should be amended in line with the terminology in national policy to refer explicitly to Rural Exception Sites.

The first paragraph of the policy gives additional support for '*proposals that are community driven or gained the support of the community*'. ERHA object to the inclusion of this statement. As demonstrated above in these reps, there is a rural affordable housing crisis across the country, including within this District. Significant additional proposals are needed to come forward if the affordable housing need identified in the SHMA is to be delivered. Community support is not always possible, and ERHA would not support a policy that uses this as a fundamental blockage to the delivery of rural exception sites given the national and local policies imperative to meet needs at the earliest opportunity. The suitability of land must be guided by land-use considerations. This sentence should be deleted.

The first part of bullet point i) requires proposals to meet identified local need. This is supported however ERHA wish to highlight that there are a range of evidence sources that will be applicable to identify need including Local Housing Needs Surveys, as well as the Council's Housing Register. ERHA consider that local housing need surveys can include those commissioned by a community, and those that are commissioned by an applicant. Flexibility is therefore needed to allow a range of sources to be used as evidence of need, including in paragraph 9.55 of the supporting text.

Bullet point i) additionally limits development to meeting the needs of '*the settlement to which that need relates*'. It is also further stated in paragraph 9.50 of the supporting text that '*The local needs to which this policy approach relates will be those arising from the Parish or settlement to which a proposal relates*.' ERHA object to this. There are often cases where exception sites may meet the needs of adjoining parishes, particularly where a range of smaller parishes or settlements and development in one will support a range of communities. The NPPF and the

PPG at Reference ID: 67-011-20210524 confirms rural exception sites "*can come forward in any rural location*". A flexible wording in bullet point i) is required to address these concerns.

The final paragraph of the policy is supported. Whilst it is important to ensure the primary purpose is to provide affordable housing in perpetuity, in our experience it is becoming increasingly necessary for proposals to provide some market housing to make the proposal viable and deliverable in the short term, as a result of external factors such as higher build costs and land owner expectation, which must be balanced against delivering affordable housing at the restricted rents affordable to their tenants. This has recently become more evident through the regrading of many registered housing providers from V1 to V2, which reflects the broader decline of economic conditions and business capacity from the disconnect between rent levels and costs. It is recommended for the policy to incorporate and consider market housing to increase the viability of a proposal. The policy and supporting text at present makes no reference to this type of housing nor is there another policy that relates specifically to the deliverability of market housing.

Some modifications are recommended to the Policy H7 text as summarised below.

Modifications to address consistency with national policy:

- Amend Policy H7 text as follows

Policy H7 - ~~Affordable Housing~~ Rural Exception Sites to Meet Local Needs

In order to maximise affordable housing provision to meet identified affordable housing needs the Local Planning Authority will exceptionally grant permission or allocate sites for the provision of affordable housing to meet the specific local needs of particular settlements, on land where housing development would not normally be permitted. ~~In particular, proposals that are community driven or have gained the support of the community will be looked upon favourably.~~

Development will only be permitted where:

- The proposal is suitable in terms of its location, size and tenure to meet an identified local housing need ~~that cannot be met within the policies applying to the settlement,~~ of the Parish, or group of adjoining Parishes, to which that need relates;*
- The scheme is of a design and character appropriate to its location and avoids harm to the character of the area or to other planning objectives,*

taking account of the policy objective to maximise affordable housing provision; and

- iii. *The affordable housing is secured to meet long term affordable housing needs, and will remain available in perpetuity (subject to any legislative requirements).*

Subject to the needs of the local community, the majority of the affordable homes should be for social or affordable rent (with rent levels being a maximum of the Local Housing Allowance level, unless otherwise agreed and evidenced by a viability appraisal). In exceptional circumstances a modest element of other tenures may be allowed on the most suitable identified sites in order to enable a development to proceed, providing no less than 70% of the homes proposed meet priority local affordable housing needs. In these circumstances the applicant should demonstrate that alternative forms of housing e.g self-build or Market Housing are required due to the economics of provision, of which an independently verified viability assessment is required to support the application. The quantity, tenure and type of that housing should be limited to that which allows the affordable housing development to proceed.