



H O U S I N G A S S O C I A T I O N L I M I T E D

AW

Kate Barker
1 Horse Guards Road
London
SW1A 2HQ

15 July 2003

Dear Ms Barker

Housing supply and affordable rural housing

Thank you for your letter of 9 June outlining the scope of your review of housing supply. I welcome the opportunity to respond on Hastoe's behalf.

Hastoe and rural housing

First, a little context for our response. We are a medium sized association specialising in affordable rural housing in the south of England, from Devon to Norfolk. We have provided nearly 1000 houses in 150 schemes in villages and small market towns over the past fifteen years. We build small groups of about six rural homes, using a combination of 'cheap' land, public grants, private finance and, often, subsidy from our own resources. The majority of our schemes are built on 'exceptions sites' on land that has only cost us £2,000 per house plot. These sites lie just outside the permitted development areas of villages but benefit from 'exceptional planning consents': we enter into corresponding planning agreements that limit occupation of the houses to local people on modest incomes, or keyworkers.

A growing need

Our recent experience shows a serious and growing shortage in the provision of affordable housing, with the affordability gap between house prices and wages in country areas growing ever wider. This experience has been confirmed by recent research carried out by both the Joseph Rowntree Foundation and the National Housing Federation. Our comments therefore focus on the need for additional affordable housing in rural areas.

We suggest five main measures:

- *Use 'exceptional planning consents' more widely*

Government could encourage much wider use of 'exceptional planning consents'. If every village in our area were to have one small scheme of, say, six houses over the next five years it would have minimal environmental impact on those villages but could produce a total of 16,000 houses. Provision of this nature would go some way towards

meeting the need estimated by the Countryside Agency for an additional 10,000 affordable homes each year. This approach would increase land supply while ensuring at the same time that prices paid for land, and housing subsidies paid by the State, were minimised.

- Promote the idea of 'Village Benefit Consents'

Hastoe is expanding the concept of 'exceptions consents' to encompass the idea of 'Village Benefit Consent'. This would enable associations to promote larger, Sustainable Development schemes. Housing associations - or 'Village Benefit Societies' - could acquire land cheaply under exceptions consents and assemble a development package in conjunction with planners, some land being sold profitably to housebuilders for normal market provision. Surpluses could then cross-subsidise an affordable housing scheme without the need for Government subsidies. Such projects could also go further, by facilitating the provision of additional amenities on the remaining land (such as employment and training facilities, school extensions, health centres, sports provision) to underpin the sustainability of rural settlements, particularly 'Hub Villages'.

- Brownfield sites

Current planning restrictions could be freed up on the use of brownfield sites, such as redundant farm buildings, garages etc. The requirement to cascade down through different uses before being able to consider housing on a commercial site leads to unnecessary delays. If such sites could be considered straight away for *affordable* housing many more homes could be speedily delivered.

- Predictable subsidy programmes

An ongoing commitment to predictable programmes of public subsidy could be given. 'Cheap' land is in itself not enough to make schemes viable. Each rural project takes several years to assemble and there needs to be a sustained and reliable level of public subsidy.

- Tax credits

Other forms of subsidy could be investigated. We are working with others on tax credits, which could also encourage more landowners to release sites.

I will of course be pleased to give you further details.

Yours sincerely

ANDREW WILLIAMSON
Managing Director