

RURAL AFFORDABLE HOUSING

CHAPTER

RURAL
PLANNING



RURAL
ECONOMIES



RURAL
TRANSPORT



RURAL
CONNECTIVITY

RURAL
AFFORDABLE
HOUSING

FAIR
FUNDING



WINNING THE RURAL ✓OTE

A ROADMAP TO RURAL SUCCESS



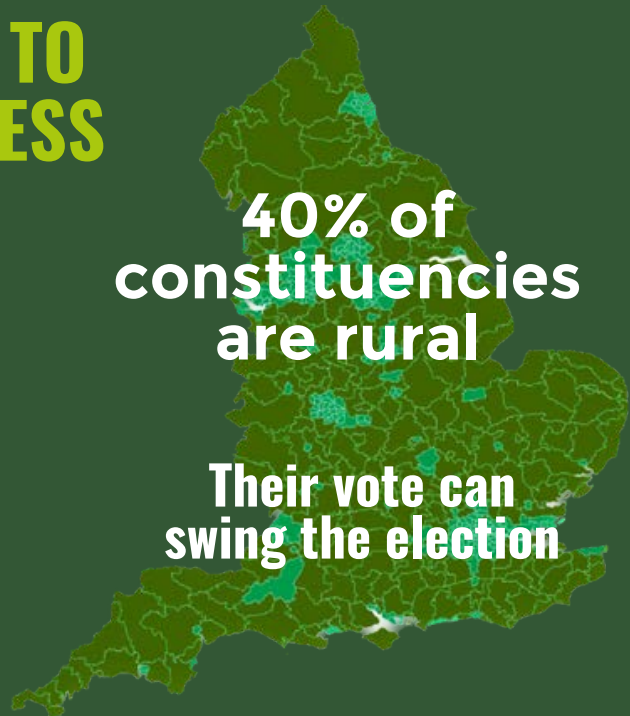
RURAL
NET ZERO

RURAL
HEALTH &
CARE



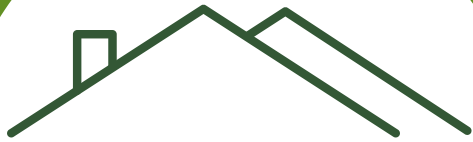
40% of
constituencies
are rural

Their vote can
swing the election





**RURAL
SERVICES
NETWORK**

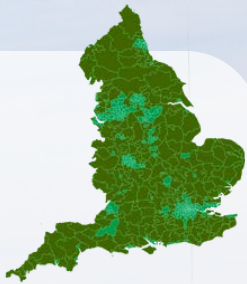


**Rural
Affordable Housing**



**WINNING THE
RURAL ✓ VOTE**

40% of Constituencies are Rural. Rural Affordable Housing Matters.



Rural communities are grappling with a severe affordable housing crisis, marked by high house prices, elevated living costs, and lower incomes, threatening their sustainability and vitality. Housing is less affordable in rural than in urban areas (excepting London). This remains true for those buying at the cheaper end of the housing market. Additionally, the rural rental market is under strain, with a trend towards short-term holiday lets reducing the availability of long-term affordable rentals. This housing deficit not only stifles rural economic growth but also risks turning these areas into enclaves for wealthier, older demographics, eroding community diversity.

Affordable housing is crucial for maintaining local support networks and community ties, especially for younger residents and those with deep-rooted connections. The shortage also challenges rural businesses in retaining essential workers and impedes the recruitment of key professionals like healthcare workers and educators. Therefore, rural areas must be integral to national housing strategies, recognising their unique needs and contributions. Moreover, the prevalence of older, inefficient properties in rural areas exacerbates health risks, underscoring the need for immediate housing improvements.



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THE NATIONAL POLICY CONTEXT

**PRE
2021**

Affordable Housing Definition Expanded

Over time the Government has broadened its definition of 'affordable housing' to embrace new tenures. These are set out in the National Planning Policy Framework. They include traditional social rent housing, plus 'affordable rent' (set at 80% of market rental value), shared ownership or part-rent part-buy tenures and discounted starter homes to buy. Social rent remains the most affordable option and for those on the lowest incomes the only realistic one. Despite its name, 'affordable rent' is above what many in rural areas can afford.

Market Led Approach

The Government's target (not yet met) is that 300,000 new homes should be built each year in the UK. It hopes that by increasing supply and the quantum of homes, the housing market overall will become more affordable. It has, however, dropped specific targets for each local planning authority area, which must be used to allocate enough development land within their Local Plans.

Affordable Housing Quotas

Local planning authorities use Local Plan policies to set the share of homes on development sites which they expect to be 'affordable'. However, Government policy exempts sites of fewer than 10 dwellings from such policies. This is problematic as most rural sites are small. Some flexibility to this rule is permitted in 'designated' rural areas, but the 10 dwellings threshold still applies to most of rural England.

2021

Affordable Homes Programme

Public sector agency, Homes England, manages the Affordable Housing Programme which provides grant funding towards the capital cost of building new affordable homes for rent or for sale. The 2021 to 2026 programme has a value of £7.6 billion and seeks to deliver 130,000 homes outside of London. Some 10% of the new homes delivered are expected to be in rural settlements with a population of less than 3,000.

First Homes Exception Sites Policy Introduced

Local planning authorities are allowed to approve development on small rural sites, typically protected from development, to provide affordable rental housing that meets local needs. These developments, known as rural exception sites, are particularly useful in villages with stringent countryside protection. The government, since 2021, also supports the First Homes exception sites policy, facilitating homes for first-time buyers at below-market prices, although designated rural areas are exempt from this policy.

2022

Levelling Up White Paper

Levelling Up White Paper (2022), the relevant mission is "renters will have a secure path to ownership with the number of first-time buyers increasing in all areas; and the number of non-decent rented homes to have fallen by 50%". As can be seen this is limited to house purchase but in rural areas the overwhelming need is for social rented homes.

End of the Community Housing Fund

Community-led initiatives like community land trusts, self-build, co-housing, and housing cooperatives have been effective in rural areas for providing affordable housing. The government supported these efforts through the Community Housing Fund until 2022/23, offering grants for local group capacity building and larger grants for project implementation. No similar fund currently exists.

2023

Right to Buy Schemes - Amendment

Government guidance on local authorities reinvesting income they derive from Right to Buy sales was amended in June 2023, so that any income not reinvested after five years goes into a central pool. The Government has piloted a right to buy for housing association tenants and says it is committed to rolling this out further. In rural areas where there is a current under supply of affordable rented housing there should be an exception from further right to buy proposals.

Rural Housing Enablers

In September 2023, the government allocated £2.5 million to the ACRE Network to fund Rural Housing Enablers, who assist in developing affordable housing in rural areas, often using rural exception sites. However, this funding is only secured until 31 March 2025, raising concerns about the need for an extension.

2024



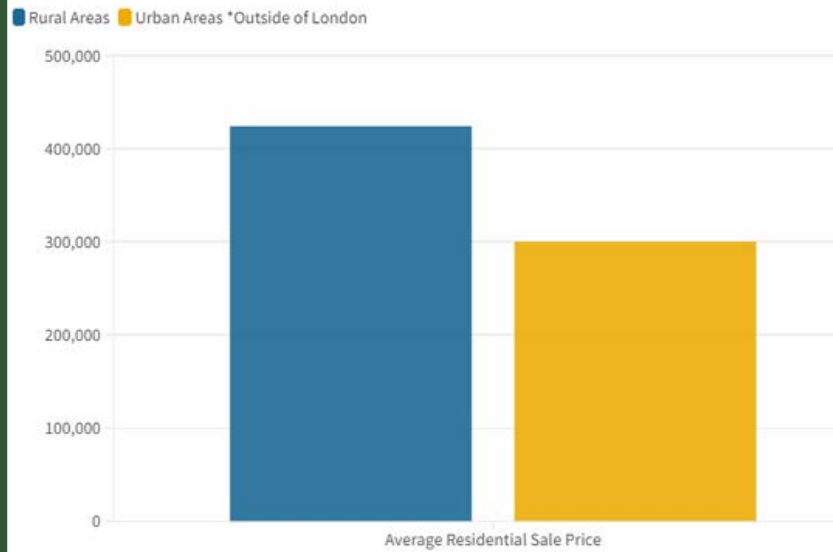
THE RURAL REALITY

Housing is relatively expensive to buy or to rent privately in rural areas and can be beyond the means of many. The average residential sale price in rural areas was £424,000 in the first quarter of 2023, which was £124,000 higher than in urban areas outside London.[1]

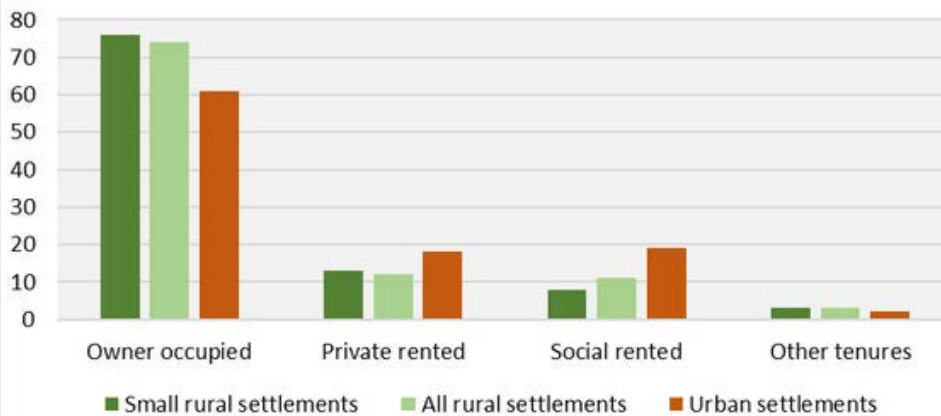
[1] Statistical Digest of Rural England, Defra (2023), based on Office for National Statistics data.

The Average Residential Sale Price

In the first quarter of 2023



Per cent of households living in tenure types (2011)

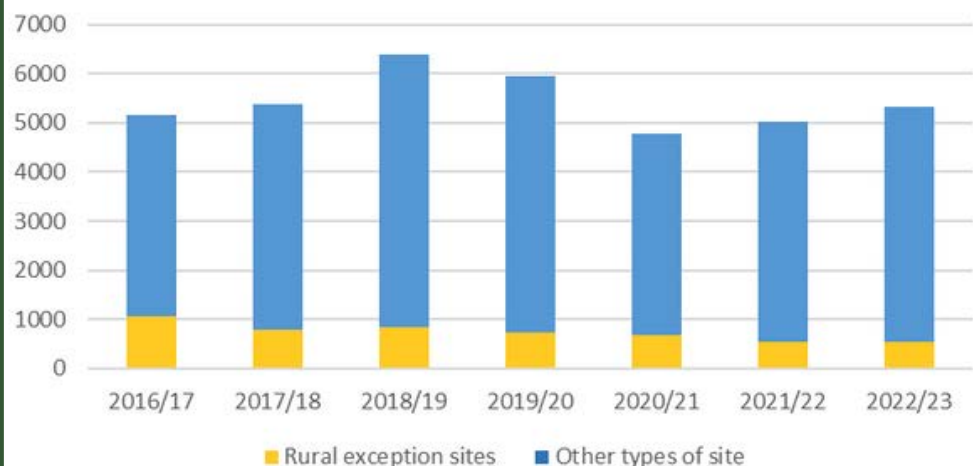


There is a distinct pattern to the mix of housing tenures found in rural areas, with less social rented housing available, especially in the smallest settlements. Just 8% of households from villages and hamlets lived in social rented housing, contrasting with 19% of households from urban settlements. [1]

[1] Analysis based on 2011 Census data, as no comparable analysis is yet available from the 2021 Census.

Research in 2020 estimated how investment by the Government in new affordable homes in rural areas can spur an economic stimulus. Building ten affordable rural homes typically generated Gross Value Added of £1.4 million (from construction jobs, supply chain jobs and tax receipts), outweighing the initial investment or build costs of £1.1 million. Furthermore, each rural affordable dwelling built will, over the following 30 years, create a return of £54,000 for the Treasury.

Delivery of New Affordable Homes in Small Rural Settlements, by Type of Development Site



RURAL RESEARCH

Housing is less affordable in rural than in urban areas (excepting London). This remains true for those buying at the cheaper end of the housing market. The housing affordability index measures the cost of bottom quartile housing as a multiple of bottom quartile annual earnings.

A contributing factor, on affordability, can be the level of demand in an area for second homes. Analysis of 2022 Council Tax data shows that the proportion of second homes is more than twice as great in predominantly rural areas (1.8%) as in predominantly urban areas (0.8%). The very highest proportions (approaching 10%) are found in North Norfolk, Isles of Scilly, and South Hams (Devon).

42,050

New private dwellings completed in predominantly rural areas in 2021/2022.

10,410

New housing association or local authority dwellings completed in predominantly rural areas in 2021/2022.

Rural homelessness has increased 25% from 2021-2022

As many as half of all Parish Councils in rural England are not covered by Section 157 regulations which generally prevent resale of affordable housing units at market prices or as second homes



SPECIFIC POLICY ASKS IN THE ROADMAP TO RURAL SUCCESS: RURAL AFFORDABLE HOUSING

Calls for the first 18 months of the next General Election

PROTECT

Protect rural tenants by ensuring that local authorities can register and manage the short- and long-term rental market to meet local need, avoiding oversupply of holiday lets. Government should ensure that policies on Energy Performance Certificates do not result in a reduction of long-term rental properties.

DELIVER

Deliver a rural housing strategy stating how new housing will be delivered to meet rural community's needs. Introduce and fund an ambitious annual target for genuinely affordable quality rural homes. Deliver this through a dedicated rural affordable housing funding programme to reflect local needs and policies.



ENSURE

Ensure a national homelessness strategy includes investing in solutions in rural areas, taking into account the distinct challenges of rural communities.

Calls for the first 3 years of the next General Election

ADDRESS

Address the lack of affordable homes in the countryside by Rural Proofing any planning policy changes which may be introduced. This will ensure that all planning policies have an aim of increasing the proportion of affordable quality homes built and that no policies have an unintended consequence negatively impacting on opportunities for affordable housing in rural areas.

CREATE

Create a programme of at least 5 years of support for a national network of Rural Housing Enablers covering each rural housing authority.

DEVELOP

Develop a policy to exclude rural areas from any proposals to extend the Right to Buy to Housing Association properties.



SUPPORT FOR THE ABOVE CALLS

AFFORDABLE HOUSING QUOTAS

Change government policies to let local authorities demand affordable homes on smaller projects (5-9 units) in rural areas under 3,000 population or less dense areas. Ensure these homes are built locally, not in distant areas. Reconsider plans exempting larger developments (40-50 homes) from these quotas to avoid harming rural housing supply.

GRANT FUNDING

Increase Homes England's funding for affordable homes in rural areas from 10% to at least 13%, and possibly more, reflecting the rural population's needs. Grants should cover higher rural building costs and promote energy-efficient, well-designed homes.

COMMUNITY LED HOUSING

Boost the Community Housing Fund to support more rural housing projects like land trusts and self-build schemes. Allocate specific funding for rural community-led housing initiatives to meet local needs.

EXCEPTION SITES

Ensure these sites primarily offer affordable rental homes, meeting the needs of young families and essential workers in rural areas. Prevent these sites from being used mainly for first-time buyer homes, which can side line affordable rental options.

SALES OF AFFORDABLE HOMES

Give local authorities more time to use funds from sold affordable homes. Allow them to provide additional support per unit if necessary to ensure the sustainable provision of affordable housing in rural areas.





RURAL AFFORDABLE HOUSING

Adequate housing provision extends beyond the sheer number of homes built; it's equally about ensuring that the housing types — in terms of tenure, size, and location — genuinely meet the unique needs of local communities. For rural communities, this is particularly crucial, as their needs can be significantly different from urban areas. Substantial changes in public policy, planning, and funding arrangements are necessary to cater to these needs effectively.

AFFORDABLE HOUSING RULES



Local authorities should be able to ask for affordable housing on smaller housing projects (5-9 homes) in rural areas. These affordable homes should be built in the same area as the development, not somewhere else. Plans to let bigger developments (40-50 homes) skip providing affordable housing could hurt rural housing supply and need rethinking.



MORE FUNDING FOR RURAL HOMES

Increase funding in programs like Homes England's Affordable Homes Programme to better match the rural population's needs. Grants should cover the higher costs of building in rural areas and ensure homes are well-designed and energy-efficient.



SUPPORT COMMUNITY PROJECTS

Boost funds for community-led housing projects like local trusts and self-build schemes, ensuring a fair share goes to rural areas.



PRIORITISE AFFORDABLE RENTALS

Make sure that land set aside for affordable housing (Exception Sites) is used mainly for affordable rental homes, not just homes to buy. This helps young families and essential workers in rural areas.



FLEXIBILITY WITH SALES FUNDS

Give local authorities more time to use money from the sale of affordable homes and allow them to provide more support per home if needed.





Rural Recovery and Revitalisation: The Economic and Fiscal case for investing in rural affordable housing to drive post-pandemic recovery produced by Pragmatix Advisory.

https://rsnonline.org.uk/images/campaigns/pragmatix/2020_10_08_Report_to_CPRE_Engli.pdf

Unravelling a crisis: the state of rural affordable housing in England produced by CPRE, The Countryside Charity.

https://www.cpre.org.uk/wp-content/uploads/2023/11/State-of-Rural-Affordable-Housing_online.pdf

Homelessness in the Countryside: A Hidden Crisis by academics at the University of Kent and the University of Southampton.

<https://research.kent.ac.uk/rural-homelessness/home/final-report/>

Rural Cost of Living produced by Kovia Consulting.

<https://rsnonline.org.uk/images/publications/rural-cost-of-living.pdf>

Rural Cost of Living Survey 2023 by Rural Services Network and Citizens Advice Rural Issues Group.

<https://www.rsnonline.org.uk/images/research/Cost-Living/Rural-Cost-Living.pdf>

Find out more about the Winning the Rural Vote Campaign, click the logos for more details.



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