

Is this the end of rural affordable housing?

Presentation by:

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“The Rural Services Network wants rural communities to remain places where people from a range of age groups and backgrounds can live.

Social support



Jobs



Services



Reduce carbon



Independence



Housing (un)affordability is a key concern and there is an urgent need for more affordable homes to meet rural community needs.” - RSN Manifesto 2014

Some facts

Rural House prices are **22%** higher than urban

8:1 = Lower quartile affordability ratio

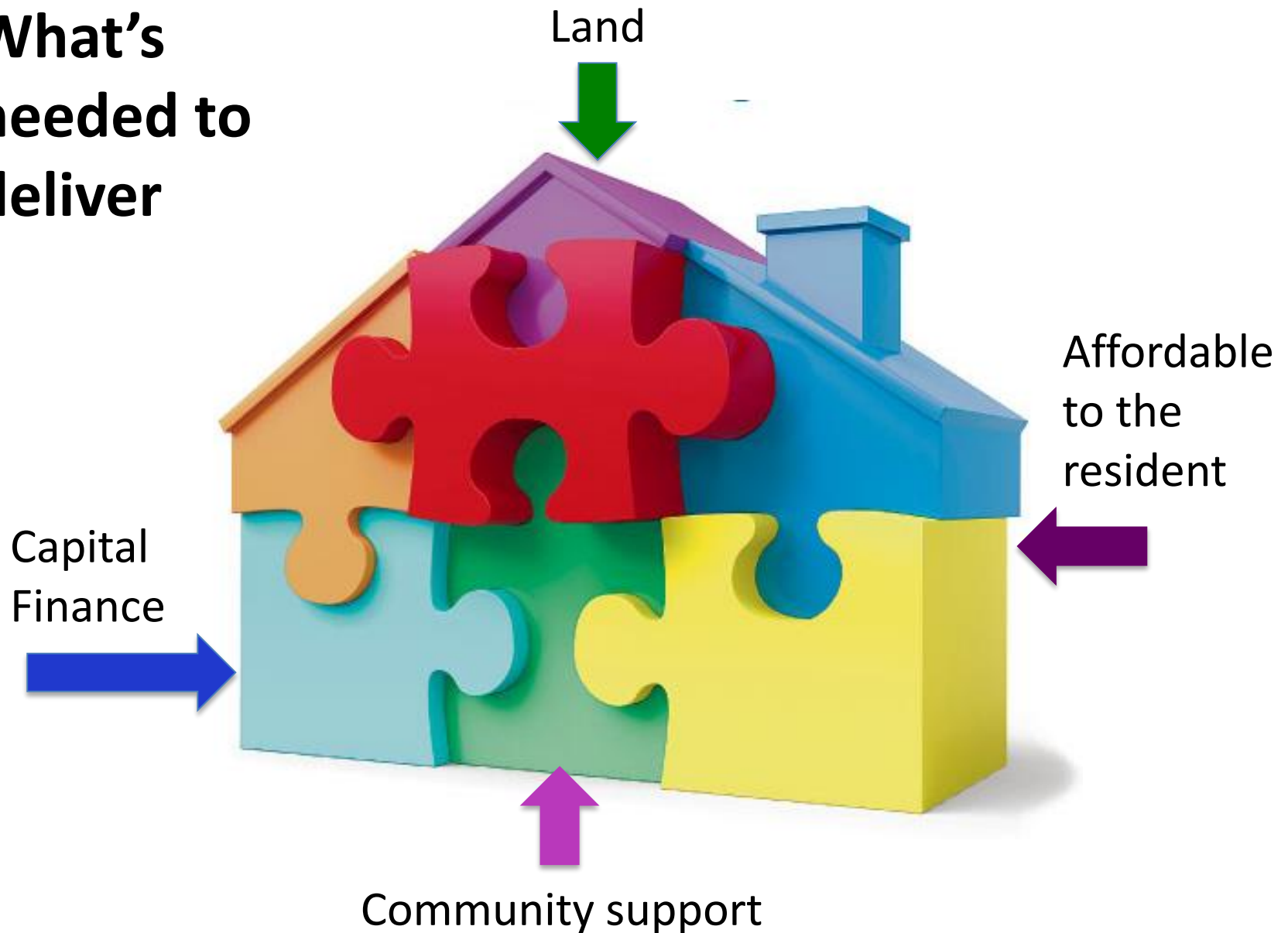
8% = social housing in villages of less than 3k population

7,500 minimum new affordable homes p.a.
in settlements <3k population

2624 average completions
in settlements less than 3k 2011/15



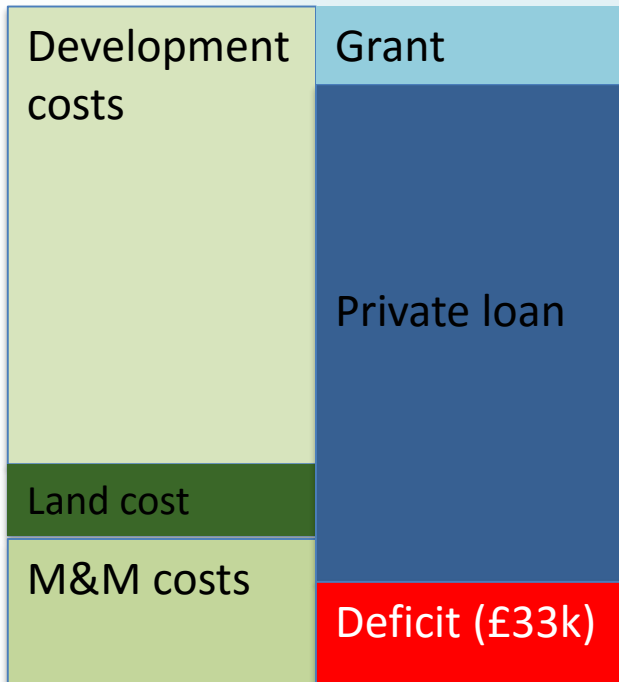
What's needed to deliver



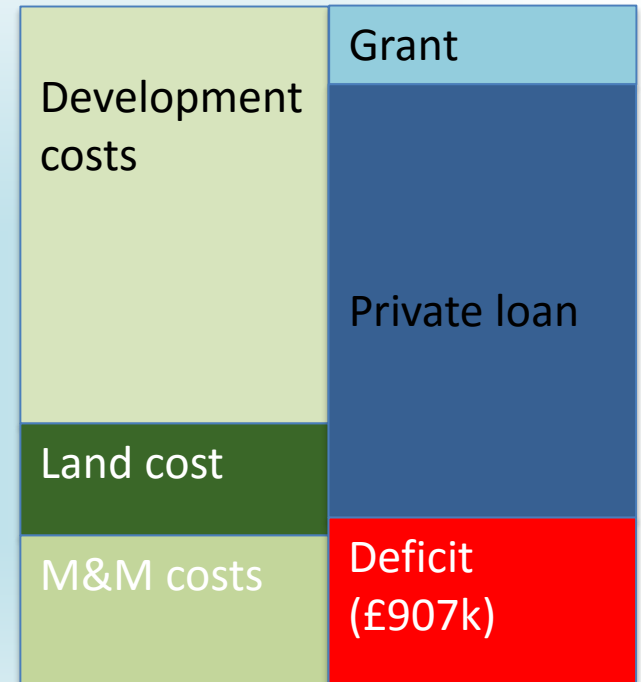


LAND PRICE IS CRITICAL

LAND = £9.3k per plot



LAND = £20k per plot



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Capital Funding

Result = Loss of income

- Grant cut £8.4bn - £4.bn
- Grant rate cuts - £40k to £20k a unit
- 1% cuts in HA rent for the next four years = 20% reduction in capitalised value = less loan to pay for build



Unaffordable 'affordable' housing

- 80% market rent to fill funding gap – not affordable
- Shift to shared ownership – greater need is for rented homes
- 'Pay to Stay' – at £30,000 pa – no account of level of market rents or higher costs of living in rural areas



Removal of requirement to provide affordable housing on sites of less 10 units

*Result = Higher costs
and loss of income*

- 66% of rural affordable housing on S106 sites
- Majority of development sites in villages are less than 10 units
- Provided on site homes or financial contributions to fill grant gap
- Rural safeguards only apply on 20% of parishes of less than 5k population
- Can only take financial contribution – but no opportunities to spend in village
- Will push up land values

Quashed at Judicial Review – Govt. appeal March 2016



Midland Rural HA

Starter Homes

Result = Higher costs

20% of OMV for 1st time buyers under 40

- Not affordable

6.8 : 1

- Will increase land costs because:

Can be sold into open market after 5 years

Landowner will want higher price for land

No S106 or affordable housing requirements

X2 rural exception site prices



Right to Buy

Result = Loss of supply

Voluntary Deal

HA Boards may choose not to sell in settlements of less than 3k population

Full compensation of sale to HA – funded by LA sales of high value stock

Where no RtB sale then ‘portable discount’

Replacement 1:1 at national level
may not be in the same place
may not be the same tenure

No statutory exemptions from sales of rented stock



Hastoe HA - Devon

Right to Buy

Result – higher costs

Rural Impacts

Loss of affordable rented stock from sales of HA & LA stock

Limited new supply and not 1:1 replacement because:

- Increase in land prices = increase in scheme costs
- Landowners unwilling to release rural exception sites – is S106 strong enough?
- Communities will not support new development



Lincolnshire Rural HA

RESULT

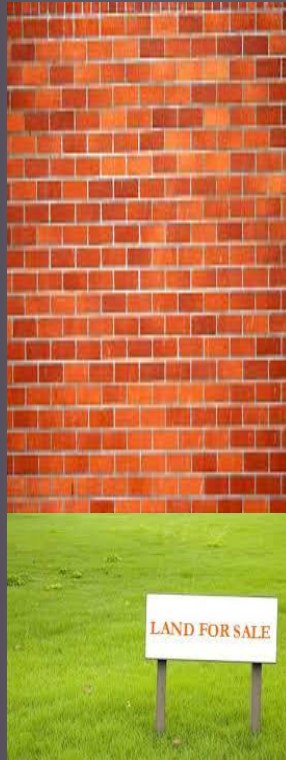
Loss of support



Higher cost



Less £



Warwickshire Rural HA

NO MORE RURAL AFFORDABLE HOMES

WHAT WOULD HELP

Starter Homes

Influence Regulations

- not on rural exception sites – (unless cross-subsidising affordable homes)
- mechanisms for retaining as affordable in the long term
- not part of definition of 'affordable'

Rural Proofing

Right to Buy

Influence Regulations

- No sales in settlements of <3k unless HA Board says 'Yes'
- Receipt used to replace like for like in villages
- Portable discount can be used to buy share – but HA holds freehold

Statutory Exemptions for properties in settlements of <3k

- No sales of high value council housing
- No HA sales

We did it before



Let's make sure we still can