***DRAFT RESPONSE SERVICE***

*As part of our service to members, RSN will regularly provide concise potential responses to key current consultations. These are not intended to be definitive or to reflect the views of RSN and may include potentially opposing responses to reflect different views designed to assist individual organisations in compiling their own response. We do however recognise the pressure members are under and we hope this service will assist.*

**Inquiry into long-term delivery of social and affordable rented housing – Ministry of Housing, Communities & Local Government Select Committee**

This inquiry will investigate the effectiveness of the Government’s current strategies to boost social and affordable rented housing provision. This will include the adequacy of funding levels, as well as programmes and incentives for key stakeholders, such as local authorities and housing associations, to stimulate delivery.

The Committee will also look at the challenges facing different areas of the country and consider what lessons can be learnt from successful schemes in other countries.

The deadline for submissions is 12 July 2019.

<https://www.parliament.uk/business/committees/committees-a-z/commons-select/housing-communities-and-local-government-committee/news/long-term-social-housing-inquiry-launch-17-19/>

*Suggested potential responses to a selection of the questions posed are set out below.*

**Question:** *How can the Government ensure the sustainable delivery of social and affordable rented housing to meet long-term need and contribute to the Government’s overall housebuilding targets?*

It is important that government recognise the particular issues and the scale of the affordable housing problem in rural communities.

Average house prices are £44,000 higher in rural areas than urban areas (2017). Housing is less affordable in predominantly rural areas, where lower quartile (the cheapest 25%) house prices are 8.3 times greater than lower quartile annual earnings (2016).

Options for those on low incomes seeking social rented housing are typically limited in small rural settlements. Only 8% of households in villages live in social housing. By contrast, 19% of households in urban settlements live in social housing (2011 Census).

***Per cent of households that live in each type of housing tenure (2011 Census)***

The rural stock of social rented housing has shrunk under the Right to Buy policy, with sales quadrupling between 2012 and 2015 to reach 1% of the stock each year. Although the sale income is intended for reinvestment, only 1 replacement home was built in rural areas for every 8 sold during this period, and these replacements are rarely in the same settlement.

Second homes and holiday lets often add to rural housing market pressures, especially in popular tourist areas. They form a particularly large share of the housing stock in some local authority areas – Isles of Scilly (15%), North Norfolk (10%) and South Hams (9%).

It has previously been estimated there is a need to build 7,500 new affordable homes each year at England’s small rural settlements, a figure now considered an under-estimate. Around 3,700 such homes were completed in 2015/16 and just over 4,000 during 2016/17.

**7,500+**

*Numbers refer to small settlements with under 3,000 population*

**4,075**

**1,071**

*Total affordable homes Of which, those on rural The annual need for*

*completed 2016/17 exception sites 2016/17 affordable homes*

Two thirds of rural local authorities say that affordable housing delivery decreased in their rural areas in 2017. This follows a change in planning policy, with developers no longer required to include any affordable homes on small market development sites.

There must be a realistic definition of ‘affordable homes.’ In most rural areas the greatest need for affordable housing is that for social rented housing. Many households cannot afford to pay anywhere near open market prices or rents. However, national policy has broadened the definition of ‘affordable housing’ to include Starter Homes, which are for sale at a 20% discount, and Affordable Rent, which is for rent at up to 80% of market prices. These tenures have their place, but the overriding need is to increase the supply of truly affordable homes. This could be assisted by improved funding for housing associations and allowing local planning authorities more discretion to set tenures in Local Plan policies.

In addition, the Right to Buy must be removed from rural communities. The Right to Buy policy for local authority housing tenants has severely depleted the stock of affordable homes in rural areas. Figures show that for every 8 rural homes sold to their tenants, only 1 replacement home was built. Even with a renewed effort to replace homes lost under right to buy, rural areas is unlikely to see significant benefit as it is far easier to replace properties in more urban locations where economies of scale can be generated on larger developments and planning issues are often less problematic.

Furthermore, planning policy needs to change. Most development sites in rural areas are small. Recent changes to planning policy exclude small sites (of less than 10 dwellings) from the requirement that private developers include a proportion of affordable homes. Despite certain qualifications in designated rural areas, the impact on affordable housing delivery is proving significant and negative. Indeed, this had been the main way that such housing was built and it required no public subsidy. A simple solution would be to exempt all small rural settlements from the policy change, allowing affordable housing quotas again where they are most needed.

**Question:***What levels of central government funding will be required to support this delivery over the next 10 years?*

For rural areas, the key issue in relation to funding is that this is equitably available and equitably utilised in rural communities. Many funds available in theory have, in practice, been drawn into more urban areas where government funds are perceived to achieve a ‘bigger bang for each buck.’ This has often been at the exclusion of rural communities where more effort per square foot and more funding per unit is frequently required to make schemes happen. There should be a rural target across all funding programmes which aims for equitable distribution of resources to small settlements as well as large.

In addition, a specific grant programme is needed, designed to boost delivery by housing associations in small rural settlements. This could be managed by Homes England and run at a scale which meets the shortfall in delivery identified by the 2014 Rural Housing Policy Review. It should offer grant rates which account for the fact that small-scale development in rural areas is comparatively costly. Grants should also be sufficient to encourage good design and energy efficiency measures. Similarly, a share of the Community Housing Fund, which usefully supports community land trusts, co-housing and self-build projects, should be allocated to rural projects, thus meeting the original objective for this fund.

**Question:***How effective existing government incentives and programmes are and what further incentives should the Government provide to key stakeholders to stimulate delivery?*

In addition to comments above, efforts should be made to bolster support for affordable homes from landowners and communities.

Landowners’ willingness to release land for rural exception sites, at prices which forego hope value, depends on them being assured it will only ever be used for affordable housing. At present there is uncertainty, which undermines policy delivery. One way to boost delivery of exception sites would be putting into law the ability to attach an affordability purpose to the sale deeds. Rural community support for affordable housing development would be enhanced if the occupancy of new homes was widened from those on local housing registers, to include those in nearby parishes or settlements who currently live in insecure rented or tied accommodation and/or have strong family or employment ties to that area which mean they need to live there and can contribute to settlement sustainability.

**Question:** *Are supply subsidies the best way of supporting delivery, or should other approaches be considered?*

Yes. Supply subsidies are critical. However, other innovative solutions should also be considered where these impact on delivery across all types of community.

**Question:***What the role of (a) local authorities – as enablers and providers, (b) Homes England (c) housing associations and (d) other providers should be in that long-term delivery.*

Local authorities are critical players in terms of long-term delivery. This includes their housing and planning policy role as well as direct delivery and management of stock. Asset transfer is an additional role played as well as support for wider enabling roles with respect to rural affordable home delivery.

Homes England should have specific rural delivery targets across all programmes to ensure smaller communities are not inadvertently forgotten. It would also be hugely beneficial to identify a board member as a ‘Rural Champion’ with a responsibility to speak up for rural communities at a strategic level.

Housing Associations are also critical players and there is much good practice in relation to delivery of affordable homes in a rural setting – for example, through members of the Rural Housing Alliance. However, there is a degree of concern about potentially changing priorities for Housing Associations as they grow, with rural stock often being perceived as marginal. There should be some form of requirement that Housing Associations with stock in rural areas spend appropriate proportions of funds in these areas both to maintain existing stock and deliver more.

Community-led housing deliverers are also important and of potentially growing significance in relation to affordable housing delivery in perpetuity. The current funding available for such schemes is welcome but must be extended beyond the current short-sighted horizon of March 2020 if this potential is to be realised.

In a rural context, the value of ‘Rural Housing Enablers’ has been proven over many years. There is a strong case for central government funding to support such posts, in the same way as Community-led Housing advisers are currently supported, as a mechanism to increase delivery in rural areas.

**Question:***How can the Government’s approach to delivery best meet the different needs of individual regions and area.*

Effective ‘rural proofing’ is a fundamental requirement to ensure government programmes deliver effectively in rural areas. The need and mechanisms for this are well researched and justified and set out in national government policy. However, all too frequently lip service is paid to rural proofing and rural communities are either ignored or inadvertently damaged by national policy.

Furthermore, there is an overriding need for government to develop a comprehensive ‘Rural Strategy’ at national level.

As we approach the 20th anniversary of the last Rural White Paper, we believe it is time to look again in a comprehensive way at the opportunities and threats facing rural areas and communities in England.

Today the challenges facing rural areas often leave residents and communities feeling isolated and largely overlooked by a political and financial system that is seemingly focused on towns and cities. Yet, nearly 20% of England’s population live in the countryside, more in total than in Greater London. There is a genuine need for their voice to be heard.

“Rural” all too often conjures up imagery of idyllic countryside living, but this stereotype is massively to the detriment of those living and working there and does a great disservice to the genuine challenges they face.

A new national Rural Strategy is needed to raise the profile of rural issues and address the challenges faced by the communities of rural England, with the intention of achieving genuine equality for future generations of people living and working in rural England. Affordable homes are central to such a strategy.

There is widespread concern that deep-seated challenges to the sustainability of rural communities, including rural economies and service delivery in rural areas have been inadequately addressed for too long and the situation is now urgent. The significant outflow of people from rural areas to urban-based jobs and services continues to be a source of concern. There is a prevailing sense that the potential of rural areas is being squandered, despite projections that unlocking their digital potential could add at least £12bn of extra productivity each year to the UK economy. A national Rural Strategy, with affordable housing an intrinsic element, would provide an excellent starting point to begin to address the issues and exploit the potential which exists.