



Rural housing

Countryside in crisis

#ruralhousing
#yestohomes

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Getting rural housing back on the map

We have a rural housing crisis. High house prices, low wages, seasonal rental and jobs markets, high levels of second home ownership, and an ageing population are all piling pressure on to rural communities and local services.

Some years on from Lord Taylor's influential Living, Working Countryside report, families and

young people are still being priced out of our villages and market towns. Housing associations are addressing the challenges faced by rural areas, not only through the supply of new and affordable homes, but also through the range of other specialist services they provide. But concerns about the ageing rural population, continued high levels of second home ownership, rising energy prices,

welfare reform, and the loss of homes through Right to Buy, are all hampering their progress in bringing about changes that are needed to address this crisis.

This publication focuses on four key issues which are making our rural areas increasingly unaffordable for many: housing affordability, prevalence of second homes, fuel poverty and an ageing population.

“ The question now is: how do we ensure that our countryside does not become the preserve of only the very wealthy? ”

Who can afford a home in the country?

Rural¹ areas face profound affordability issues with house price growth exceeding increases in local incomes. In 90% of rural local authorities the average homes costs over eight times the average salary. DEFRA reports that the average price of homes in rural hamlets – where there is the largest difference – is almost £119,000 higher than in urban areas².

The areas with the biggest affordability issues are in the South West – the rural areas around the urban hubs of Exeter, Bath, and Bristol. In the South East it is the rural areas with excellent transport links to London (and higher wages) that are among the most unaffordable. The top 12 most unaffordable areas all lie within these regions.

Thousands of people living in rural areas are in households of below average income and high housing costs have a role to play in this. In his Living, Working, Countryside report Lord Taylor highlighted the choice to be made between building more affordable homes in rural areas or seeing younger people and families moving away and schools, pubs, shops and services disappearing from communities³.

The question now is: how do we ensure that our countryside does not become the preserve of only the very wealthy?

Case study

Impact Housing Association has completed an affordable housing scheme of 12 houses and 3 flats in the centre of Grasmere village. Demand for new homes was so high the scheme got huge support from the local community and was oversubscribed by 600%.

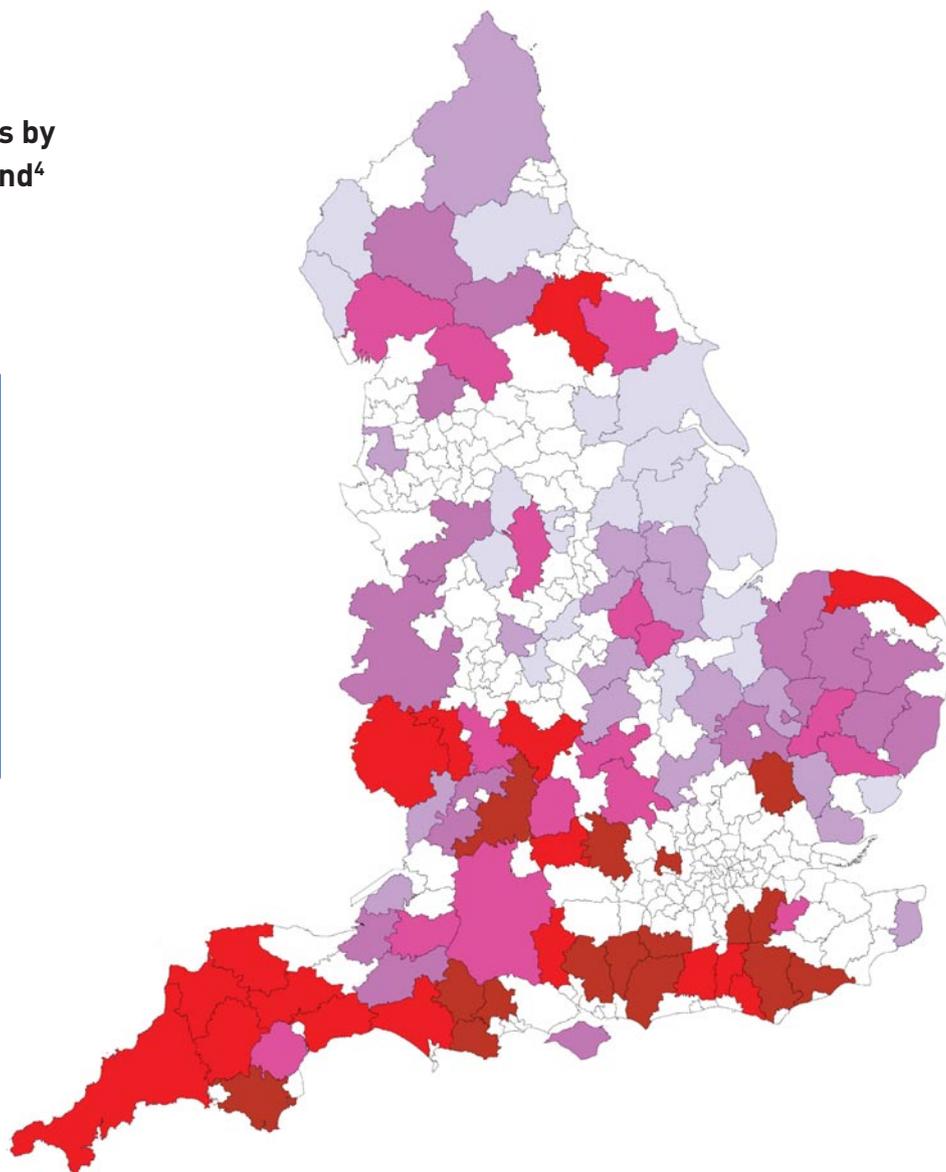
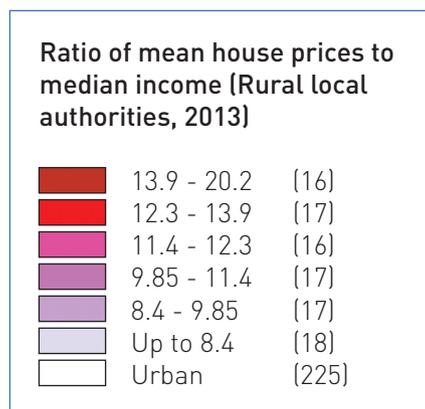
This scheme is a great example of partnership working. The Youth Hostel association worked with Impact to agree a price for the site. South Lakeland District council put in money and Lake District National Park supported the project to keep costs down. Impact funded the remainder of the cost through borrowing and internal subsidy. The sale of the two properties at market price helped cross-subsidise.

1 Definition of rural – local authority areas where at least 50% of the population is in rural settlements and larger market towns (Department for Environment, Food and Rural Affairs – DEFRA)

2 Land Registry, Price Paid Data/DEFRA, 2013 – DEFRA used a range of rural typologies in their analysis.

3 The Taylor Review of Rural Economy and Housing, Living, Working, Countryside, 2008

House prices vs income levels by rural local authority in England⁴



⁴ Mean house price (Land Registry 2013), gross median earnings (ASHE, ONS, 2013). Contains Ordnance Survey data © Crown copyright and database right 2013, Licence No. 100031183.

The rise of second homes

The rise of second homes is a serious issue for rural areas. The 2011 census reported more than 1.5 million people had a second address in England and Wales. Cornwall had the greatest number of second home-owners – almost 23,000 people⁵. Desirable and highly sought-after places

attract people with the available capital to invest in a second property and these are often found in rural areas.

The number of second homes as a percentage of the overall housing in a local authority area is having huge impact on rural areas. In

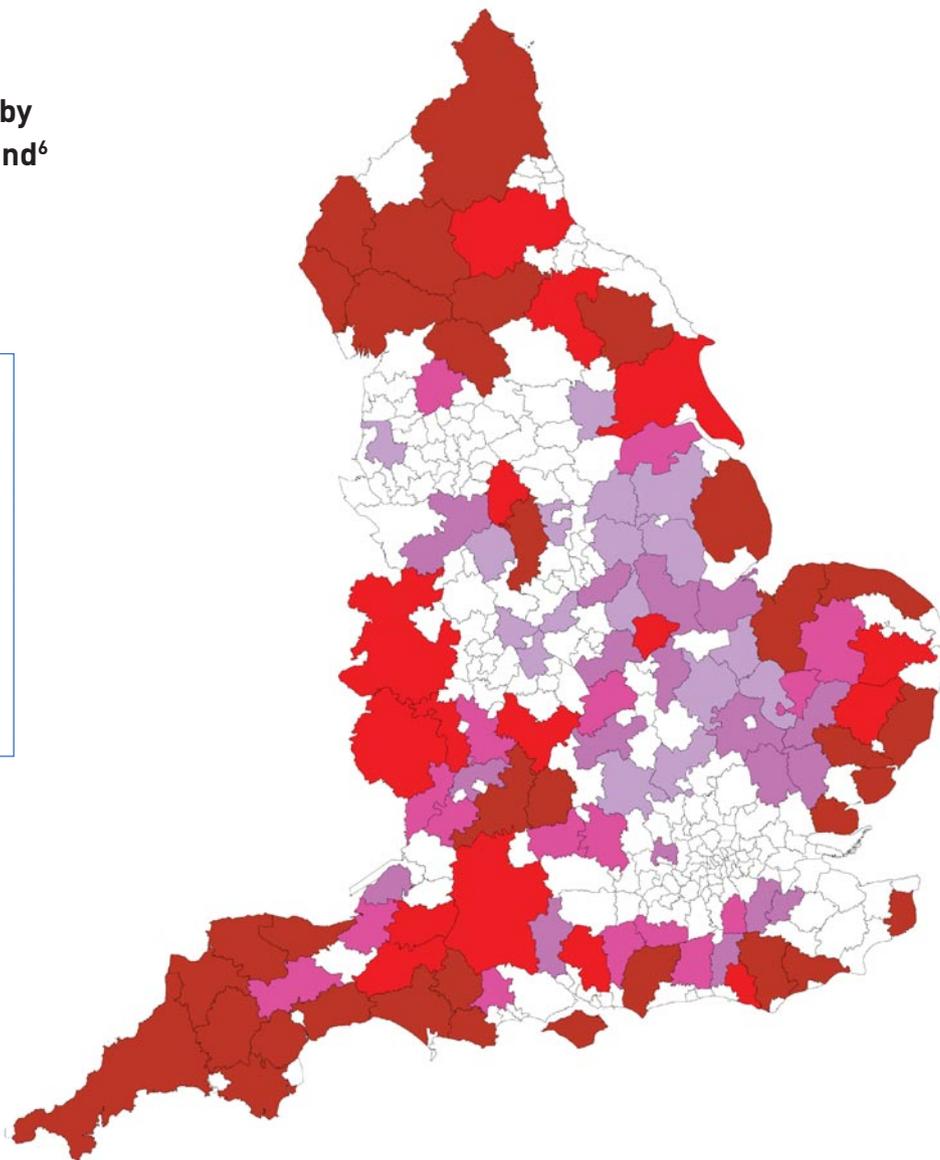
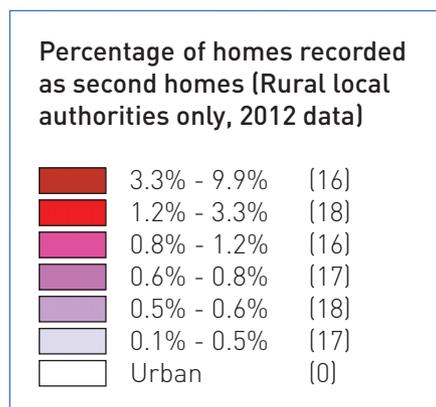
desirable coastal and national park areas with a high number of second homes the impact can be far-reaching. With second homes inhabited for only part of the year the local services can suffer with village shops, schools and bus services left struggling to survive.

Case study

The uneven playing field created by people moving into rural areas with higher incomes and purchasing power has been tackled in Hampshire by the Hyde Group.

Communities throughout rural Hampshire are benefiting from a unique scheme involving parish councillors and local groups to unblock planning objections and provide affordable housing where it is needed most. The Hyde Group is the development partner for HARA (Hampshire Alliance for Affordable Rural Housing) which has created some 300 new homes across the county. In line with the recommendations of HRH Princess Anne, HARA and its development partner, the Hyde Group have been quietly injecting life and regeneration into more than 40 villages by building small, locally appropriate schemes, often of just five to 10 affordable homes. Many of the developments include wildlife areas, community orchards, allotments and vegetable patches. These are hugely popular and demonstrate that communities can meet their housing needs and improve the quality of life for the people living in the area. The residents of the new housing also contribute to village life and the HARA scheme has already brought several local pubs and sports facilities back from the brink.

Proportion of second homes by rural local authority in England⁶



Fuel poverty

Fuel poverty is an often overlooked housing issue for many rural areas. Over the past decade, average energy bills have risen by around 135% in cash terms. OFGEM estimates that the average annual dual fuel bill will reach £1,344 in 2014/15⁷. DECC predicts that energy prices will continue to rise⁸. Those on lowest incomes are usually affected most⁹.

DEFRA reports that proportionally more households in rural areas are in fuel poverty than in urban areas (18% compared to 16%) and that, as the level of rurality increases, so does the level of fuel poverty¹⁰.

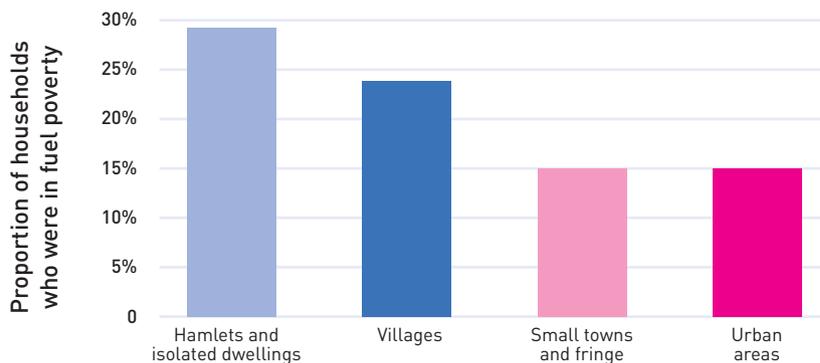
Homes that are old, poorly insulated and hard to heat and maintain will mean a larger amount of money has to be spent on fuel. Households in rural areas are more likely to be off the gas grid (36%) and are therefore more

reliant on alternative (and potentially more expensive) heating methods. In urban areas only around 8% of households are off the gas grid¹¹.

A household is deemed to be fuel poor if:

- their income is below the poverty line (taking into account energy costs); and
- their energy costs are higher than is typical for their household type.

Proportion of households in fuel poverty



English housing survey, DCLG; the data is the average for the three years to 2009; England; Updated July 2011

7 OFGEM, Market Supply Indicator, April 2014

8 DECC, Estimated impacts of energy and climate change policy on energy prices and bills 2012, March 2013

9 Spending on fuel as a necessity would stay broadly similar across income levels but lower income means a higher proportion is spent on fuel.

10 DEFRA, Fuel, Energy and Fuel Poverty in Rural Areas, January 2013

11 DEFRA, Fuel, Energy and Fuel Poverty in Rural Areas, January 2013

The ageing population in rural areas means that older people make up a large proportion of the fuel poor in rural areas. Age UK's recent report 'Reducing fuel poverty – a scourge for older people' calls for the Government to urgently tackle the nation's problem of fuel poverty by driving forward a massive energy efficiency programme. In the report Age Concern specifically asks for rural areas to be tackled as they point out that the high number of stone-built, solid wall homes that are off gas make the issue particularly difficult.

The impact of a cold house on people's health is becoming increasingly documented and the impact on older people is much more serious and can be a cause of death. Furthermore the report estimates that the cost to the NHS of treating illnesses caused by fuel poverty is around £1.36bn¹² per year and illnesses vary from cardiovascular and respiratory diseases to depression.

Case study

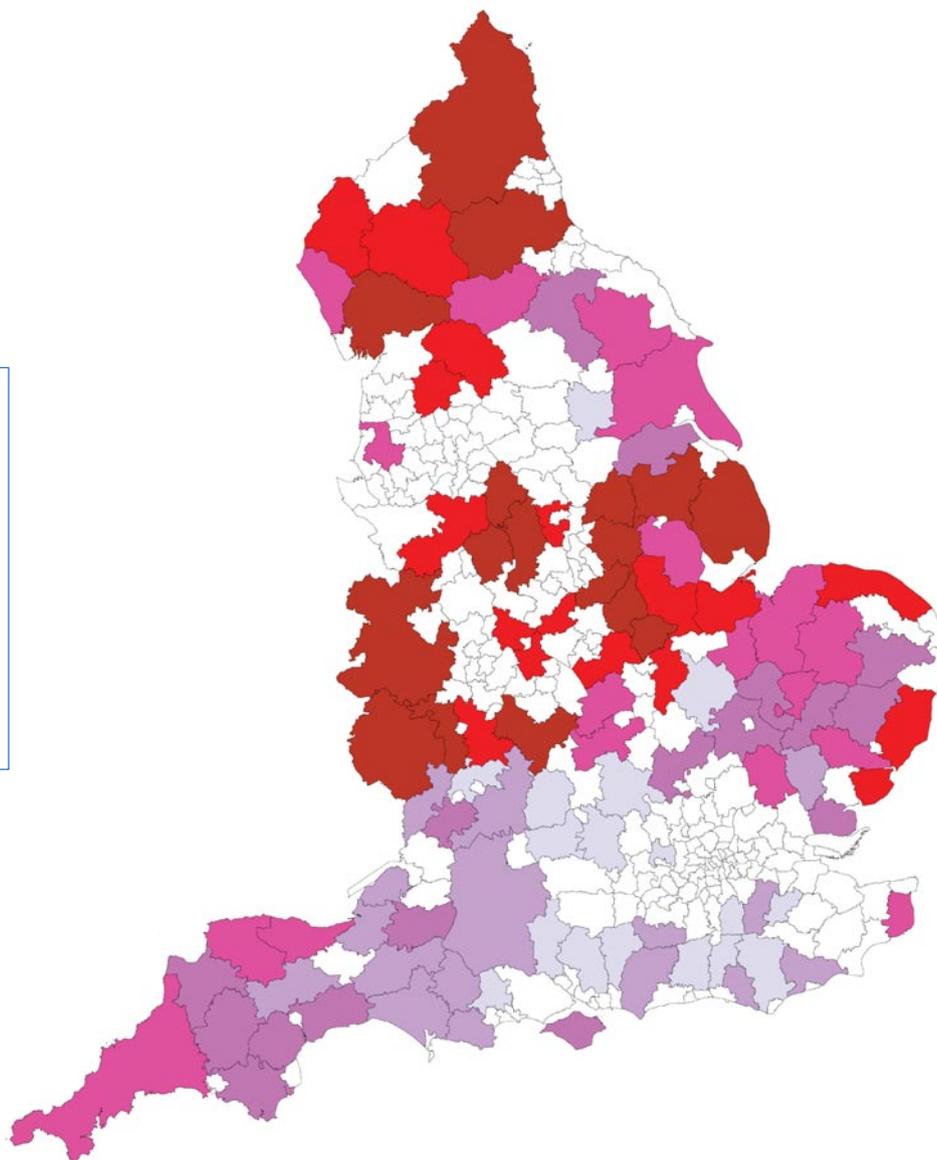
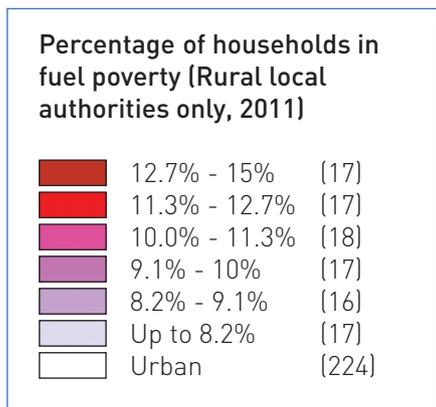
Hastoe Housing has tackled the issue of rural fuel poverty through a significant retrofit programme of ground source heat pumps with the key aims of raising the environmental performance of their homes and to provide affordable warmth to those living away from the gas network.

In September 2012 Hastoe embarked on the £1.5m retrofit programme to install 77 ground source heat pumps in rural areas in the South West and East Anglia. The retrofit focused on homes with electric storage heaters, with many having an open coal fire as a secondary source of heat.

The results have been fantastic with:

- 1.8 tonnes of CO2 being saved per property
- £80 on average per property per annum saved
- £250 per year (additionally) being saved on average by no longer purchasing coal

Fuel poverty by rural local authorities in England¹³



¹³ Sub-regional Fuel Poverty Levels, England, 2011 [Department for Energy and Climate Change, DECC]. Contains Ordnance Survey data © Crown copyright and database right 2013, Licence No. 100031183.

An ageing rural population

The demographic pattern in England is shifting and our population is getting older. An ageing population puts strains on services not only in terms of delivery but also in terms of paying for it. Life expectancy is higher in rural areas than in urban areas¹⁴.

And while there are many wealthy retirees moving into the countryside there are still over 600,000 pensioners in low income households living in rural districts¹⁵.

Crucially, some areas that have high levels of fuel poverty will also see a large increase in older people as older people often have lower incomes, but being less mobile they spend a larger proportion of their income on fuel.

Older people in rural areas face significant challenges. Age UK has highlighted many challenges faced by older people in rural communities, including: lack of public transport, reduced access to

health, care and support services, fuel poverty, lack of access to broadband, poverty and financial exclusion, as well as loneliness and social isolation¹⁶. By 2029, there will be around 930,000 people with social care needs living in rural areas¹⁷. As our population ages, rural areas are at the forefront of these demographic changes, and therefore need to tackle these challenges.

Case study

Margaret and Roger Derry ran the local shop in Snitterfield, near Stratford-upon-Avon, Warwickshire, for many years. Their strong connection to the village meant when Waterloo Housing Group, on behalf of Warwickshire Rural Housing Association, developed 10 new houses, they were given priority and allocated a bungalow. Their grandchildren live around the corner and they were reunited with many old friends. Margaret said: "When we saw the houses being built, we knew the bungalow was perfect for us and we really hoped we would be lucky. I plan to be here for the rest of my days."

Not all the homes are bungalows but they are built to the Lifetime Homes Standard, meaning there is space to accommodate the changing needs of residents should they need level wheelchair access or a ground floor shower room in the future.

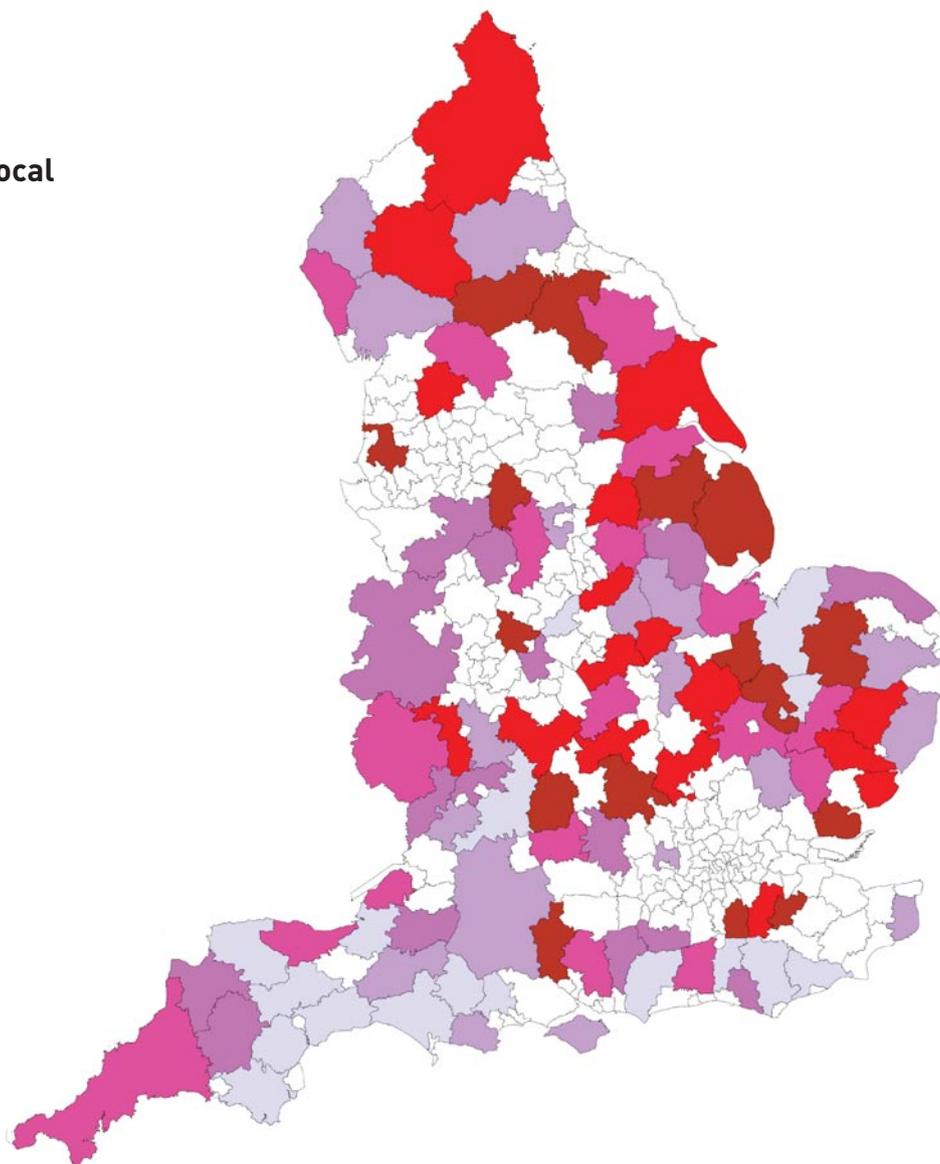
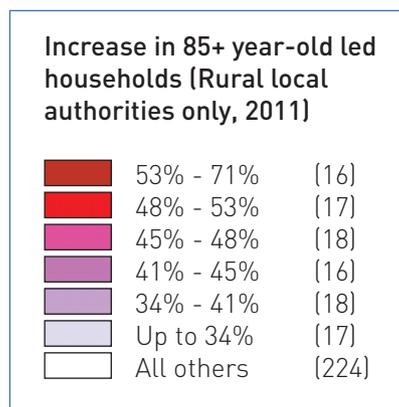
¹⁴ DEFRA, Health of individuals in rural and urban areas, March 2014

¹⁵ CRC/New Policy Institute, 'Indicators of poverty and social exclusion in rural England', 2009

¹⁶ Age UK, Later Life in Rural England,

¹⁷ Cabinet Office, 'Working together for older people in rural areas', 2009

Proportional increase in 85+ year-old led households by local authority in England¹⁸



¹⁸ Household projections for England and local authority districts, interim 2011-based (DCLG, 2013). Contains Ordnance Survey data © Crown copyright and database right 2013, Licence No. 100031183.

The role of housing associations

Housing associations are building good quality small scale developments up and down the country in partnership with local communities. Where these homes have been built, the impact on the community is powerful – it thrives. Shops and schools remain open, the bus service continues and village life is enhanced. Among the most important routes of providing affordable housing is the use of s106 agreements. It is imperative that this mechanism is retained for sites under ten properties.

As our rural population continues to age, housing is needed not only for the older population but for

those who will be providing their care. At the moment we have older people forced to live in unsuitable housing that would provide appropriate homes for those young people who wish to stay in the area.

Older households are also particularly affected by fuel poverty. The property types are often difficult and costly to retrofit but housing associations are rising to the challenge both with the existing older properties and the new build. This is helping to reduce the fuel poverty.

With support from government, local authorities and local

communities, housing associations can and will do more to ensure the healthy future of our rural communities.

Working with local authorities to identify sites, maximising developer contributions and encouraging the release of suitable development sites at a sensible price, we can make the step change in delivery that is so desperately needed in our rural communities.

Housing associations are up for this challenge but need commitment from government to help our rural communities.

“ We need a long-term plan from government to end the housing crisis in rural areas within a generation. There are four areas in particular that would help redress the key challenges facing our rural communities.” ”

What's needed

Clear local policies for rural housing

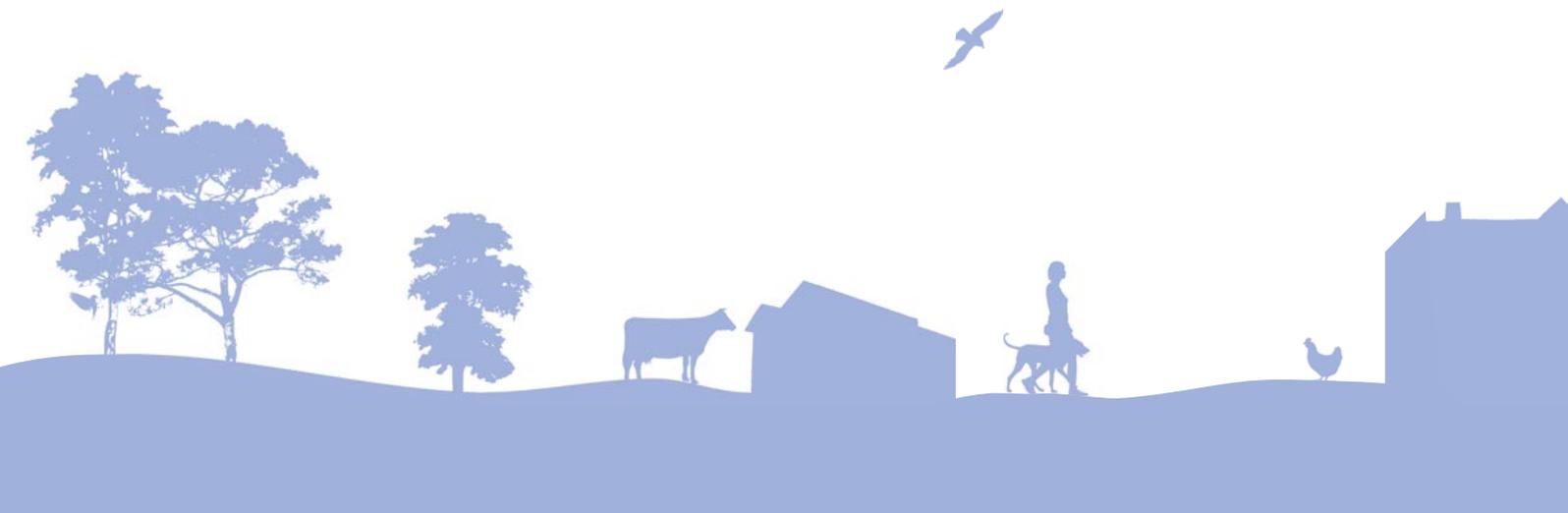
The National Planning Policy Framework (NPPF) delivered a step-change towards a simpler and more positive planning system that supported housing and the creation of prosperous rural communities. In order to realise the ambition of the NPPF it is important that rural councils plan fully to meet local housing need through their local plans.

These should set out clear policies and allocations for affordable housing, prioritising housing to areas that help existing communities thrive and prosper and making the most of the development potential of sites. This should include using rural exceptions sites to deliver affordable housing where appropriate.

Ensuring the best contributions from developers

Developer contributions are an important means of securing affordable housing delivery in rural areas. As most development takes place on small sites, it is important that small schemes are not automatically exempted from providing contributions.

Many rural authorities are already effectively operating affordable housing policies for small sites, often securing financial contributions rather than onsite provision on the smallest of sites.



Maximising the use of public and private land

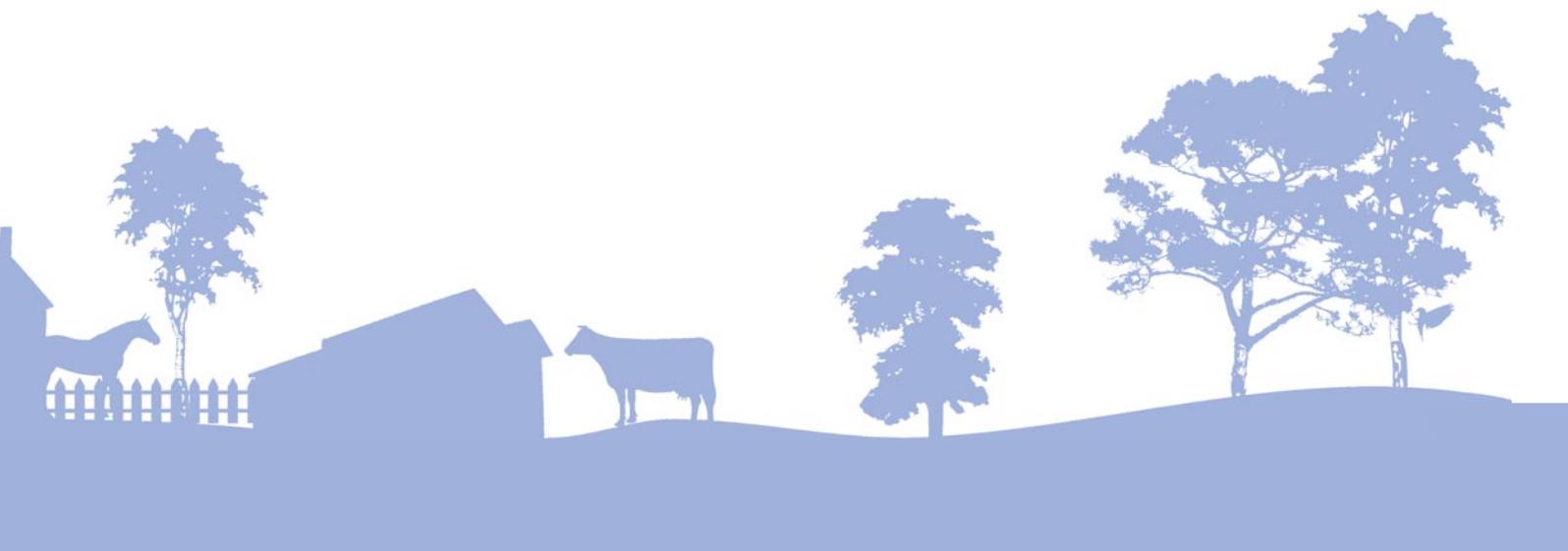
The way land is released for development is also important. Public bodies who own land in rural areas should explore disposal models that support affordable housing delivery, such as Build Now Pay Later.

Private land owners should also be incentivised to bring land forward at an affordable price, rather than holding back in the hope of a higher return. This could include rural authorities buying undeveloped land at its existing use cost and then allocating for affordable housing provision.

Rural councils and councillors must say Yes to Homes

The Yes to Homes campaign is calling for more of the right homes, in the right place, at the right price in local communities. Councillors and councils are perfectly placed to help people who do support new homes to have their voice heard and to balance the local debate about housing in rural communities.

To join the 500 councillors and three councils who have already said Yes to Homes go to www.yestohomes.co.uk/councillors and sign up to register your support.



The National Housing Federation is the voice of affordable housing in England. We believe that everyone should have the home they need at a price they can afford. That's why we represent the work of housing associations and campaign for better housing.

Our members provide two and a half million homes for more than five million people. And each year they invest in a diverse range of neighbourhood projects that help create strong, vibrant communities.

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