



The
countryside
charity

Unravelling a crisis:

The state of rural affordable housing in England

November 2023





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Executive summary

Many parts of rural England have a housing affordability problem. The reasons for the shortage in affordable homes for people are widely disputed. But people in housing need within rural areas find themselves at the acute end of the crisis, faced with stagnating wages and rising housing costs.

A proliferation of second homes and properties being converted into short term lets has put further pressure on an already overheated housing market. This is having a devastating impact on life in the countryside, with many people forced to leave the communities they love and call home, draining skills and economic activity across the country, and undermining the provision of vital public services.

In this report, CPRE, the countryside charity aims to increase understanding of the issues surrounding the supply of rural affordable housing, what actually constitutes 'affordable' housing and what policies are currently in place to support affordable housing delivery.

Our findings show that:

- The definition of affordable housing in national planning policy does not enable the delivery of genuinely affordable homes. Rural social-rented delivery has plummeted with just 348 homes delivered in 2020/21 and 3,282 delivered in 2021/22, whilst general 'affordable' housing delivery has increased with 21,826 general affordable homes delivered in 2020/21 and 25,294 delivered in 2021/22. This shows it is more viable for developers to deliver intermediate and discount market housing rather than lower rent homes that are desperately needed.
- Rural social housing waiting lists have risen since 2020/21 in all but two regions in England. It would take 89 years to clear the social housing waiting list under the current build rate.
- Rural homelessness has increased by 20% since 2020/21 and 40% since 2018/19.
- 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.
- Rural exception site policy is being utilised to deliver housing in line with locally assessed need, however its impact is limited to a relatively few areas of the country and it is not clear whether the mechanism is a particularly effective means of providing social housing as opposed to other planning policies.
- The current mechanism for securing affordable housing in new developments is via planning agreements where developers can negotiate the proportion of affordable homes delivered down due to viability concerns. The proposed infrastructure levy regime may lead to an increase in affordable housing delivery as the contribution will be non-negotiable and should therefore be factored into the cost of the development from the outset.
- Changes of use from office space to residential conversions under permitted development rights are delivering limited amounts of affordable housing and of poor quality.

As a result of these findings, CPRE has set out the following recommendations in the report:

- Government must redefine the term 'affordable housing' so that the cost of new affordable homes for sale or rent are directly linked to average local incomes. Where homes are not linked to average local incomes they should not be classed as affordable, as this obscures the type of housing that is being delivered.
- Hope value should be reformed to increase the viability of social housing provision and enable Local Authorities to deliver additional social rented homes. Alongside this, national minimum requirements for affordable housing should be increased, with specific targets set for social rented homes
- Government should show greater support for rural communities using neighbourhood planning and rural exception sites to deliver small scale affordable housing on the edge of villages in line with locally assessed need. This includes making grant funding available and aligning planning policy with funding pots to enable social rented housing to come forward on such sites.
- Both government and local authorities must show greater support for community-led development, where it meets a local need.
- Government should more forcefully advise and support local planning authorities and the Planning Inspectorate to reject developments that do not live up to the design standards set out in the National Model Design Code, National Model Design Guide, and other relevant local design policy and guidance.
- Introduce a second home and short term lets register, with planning controls to regulate the provision of Short Term lets and powers to levy extra council tax on second homes.
- Extend restrictions to all parishes of below 3,000 population as well as larger rural towns where there is particular pressure on the housing stock, in England on resale of affordable housing, so that these houses continue to be used by local workers and not as second homes or holiday lets.

Introduction

The average house price in rural England was £418,972 in quarter four of 2022ⁱ, compared to average earnings of £25,600ⁱⁱ. While house prices in rural areas have seen a greater increase (29%) over the past 5 years than their urban counterparts (21%)ⁱⁱⁱ, workplace based rural annual earnings have not seen the same level of increase. In 2017, rural wages were £21,400, equating to a 19.6% increase over the same period. This represents a 10% gap between rural house prices and wages. The data, therefore, shows that the average rural house price is sixteen times greater than the average income.

All of which poses the question:

What can be done to help rural communities in the current situation?

This report will explore the key considerations to addressing the affordability and housing crises facing rural communities.

The circumstances which have caused the crisis are diverse and wide-ranging: a lack of social housing being delivered to replace those that have been lost through the Right to Buy scheme; slow building rates on new build schemes; and second homes and short term lets increasing demand on a limited pool of housing. The extreme (and growing) disparity between average house price and earnings is unsustainable for rural communities and is causing hardships for many families. For some, the lack of rural affordable housing can lead to homelessness which is on the rise across the countryside.

'Affordable housing' is defined by the government as being 80% of the local market value and 'affordable rent' is at least 20 per cent below local market rents, but this is still unaffordable for many households.

Increasingly, local people cannot afford to live in rural areas. Our 2021 survey^{iv} found that 72% of young people living in rural areas say affordable housing is their top concern and 84% of those who want to leave say it is an important factor in making their decision. However, affordable housing is not just an issue for younger people, it is also an issue for families and the elderly. This displacement of people has devastating impacts on skills being retained and developed in rural places and poses a challenge to providing key services for residents of all ages. Investing in rural affordable housing is also crucial for creating jobs in the local economy and boosting prosperity in left-behind rural areas. Ten new affordable homes equate to nine full time construction jobs on site. There is then a multiplier effect down the supply chain supporting more jobs to a total of twenty-six^v. Residents in the new homes can support local businesses, which stimulates the local economy and makes rural businesses and places more sustainable all year round.

CPRE is calling for affordable housing to be redefined to match local incomes, with a mortgage lending ratio being no more than three times the annual income for a two-person household, and affordable rent at no more than 35% of average local household income.



Rural homelessness

This section examines the state of rural homelessness in England. Rural homelessness is often overlooked by policymakers and ignored in public discourse; it is a hidden crisis across the English countryside, worsened by stereotypes about homeless people that are unfair and unwarranted^{vi}.

From our research, rural homelessness in England has seen an increase every year since the municipal year 2018/19 with a 15.76% increase in 2021/22. The figures used are for statutory homelessness which covers people presenting at a local authority for support, which the authorities have the legal duty to provide. There are various ways to count statutory homelessness such as Prevention Duty owed, Relief Duty owed and Rough Sleepers. In this report ‘relief duty owed’ was the variable measured.

The regions in England with the highest rural homelessness figures are the East of England and the South West. The regions with the lowest rural homelessness figures are the North East and Yorkshire & The Humber.

Table 1 shows the rural regional homeless figures from the municipal year 2018/19 to 2022/23. The absolute change is compared to the 2018/19 figure to show changes over the past five years. Rural region is defined as ‘Mainly Rural’ (80% or more of the population resides in rural areas) and ‘Largely Rural’ (Between 50% and 79% of the population resides in rural areas).

Rural homelessness has increased by 40% in 5 years

| Region (Rural) | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | % change to 2018/19 |
|------------------------|---------|---------|---------|---------|---------|---------------------|
| East | 3,576 | 4,302 | 4,477 | 4,242 | 4,789 | 25.33% |
| East Midlands | 3,201 | 3,109 | 2,515 | 3,674 | 4,175 | 23.33% |
| North East | 1,205 | 1,709 | 1,710 | 1,252 | 2,219 | 45.70% |
| North West | 636 | 854 | 640 | 802 | 848 | 25% |
| South East | 2,479 | 2,645 | 2,199 | 2,012 | 2,464 | -0.61% |
| South West | 3,816 | 4,585 | 5,808 | 5,110 | 6,011 | 36.52% |
| West Midlands | 1,608 | 1,951 | 2,142 | 2,135 | 2,560 | 37.19% |
| Yorkshire & the Humber | 691 | 805 | 581 | 908 | 1,077 | 35.84% |
| TOTAL | 17,212 | 19,960 | 20,072 | 20,135 | 24,143 | 40% |

As table 1 shows, rural homelessness has risen in all regions of the England apart from the South East which has seen a marginal decline of 0.61%. All other regions in England have seen a vast increase of more than 20%.

The South West has the highest number of people experiencing rural homelessness with over 6,000 people being owed relief duty from their local authority. The East of England has the second highest total of rural homelessness, followed by the East Midlands which has seen a sharp rise since 2020/21. The North East has seen the largest increase compared to 2018/19 figures at 45.70% but even with this huge increase, the North East is ranked third lowest for rural homelessness in absolute terms. These figures only capture individuals to whom their local authority owes legal duty to. This therefore does not include everyone experiencing homelessness. There is a similar upward trend in rural rough sleeping. There was a 24% rise in rural rough sleeping from 2021 to 2022^{vii}.

The evidence suggests that the growing epidemic of homelessness in England disproportionately impacts some communities more than others. For instance,

some research has shown that black and minority ethnic communities are particularly at risk of facing homelessness^{viii ix x}. Although the number of people on social housing waiting lists (see next section) are much greater than the numbers defined as homeless, the South West and East of England have both the highest number of the rural homeless population and the highest number of people on social housing waiting lists. These regions have the highest number of affordable and social rent completions of affordable and social rent. This supply has still proven inadequate to address the acute issues facing rural communities. This is unsurprising given the planning definition of ‘affordable housing’ means that, as prices rise, new ‘affordable’ dwellings are being put increasingly out of reach of those on the lowest incomes and without property assets. Greater subsidised accommodation is needed to bring down the number of people facing homelessness.

As a member of the Rural Homelessness Counts coalition^{xi}, CPRE echoes the call for:

- Factoring the need of rural communities into all future homelessness strategies
- Improved processes for counting and identifying rural homelessness
- New support services addressing mental health and social and physical isolation
- Dedicated investment for rural social housing and increased welfare funding to cover rent costs

Social housing waiting lists

Rural social housing waiting lists have fluctuated over the past 22 years, with the various regions of England each experiencing their own challenges. Our research shows that the number of people on a rural social housing waiting lists has increased across all regions in England, peaking between 2010 and 2013, with a steady decline / plateau to current day. However, since 2019 there has started to be a noticeable uptick in people on rural social housing waiting list^{xii}.

The South West, South East and East of England have had the highest demand for rural social housing. This could be attributed to a greater proportion of the English population residing here^{xiii}, and with transport links to London. The potential concentrated wealth in the southern regions may have provided greater opportunity for people to buy their council home through Right to Buy.^{xiv} However, it has also created a ‘perfect storm’ whereby house prices have increased due to high demand, meaning that many types of

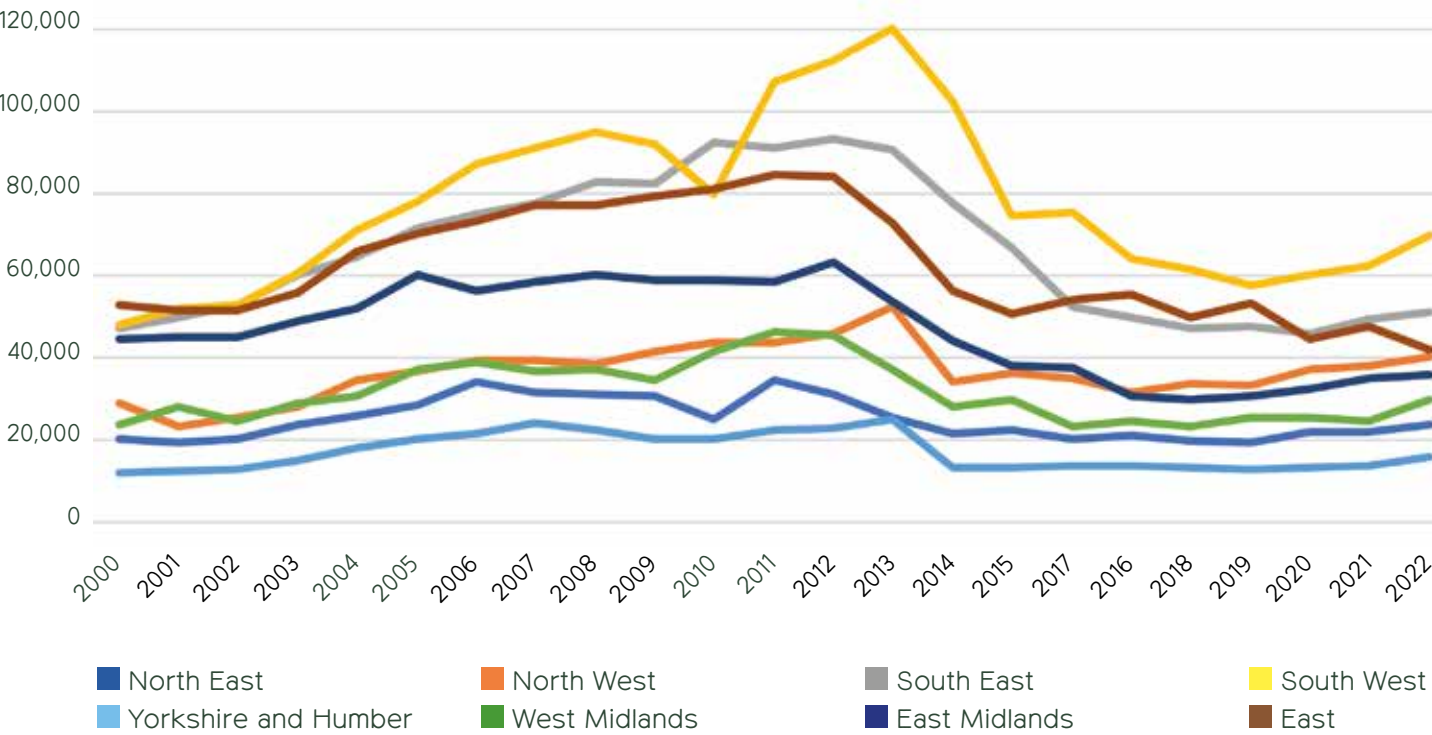
‘affordable housing’ available in the south, such as discount market sale, are out of reach for those on even average incomes and wholly unachievable for those on lower incomes. As such, there is greater demand for social housing in these areas adding to waiting lists.

In England from 2000 to 2022, there has been an increase of 10.8% (from 276,706 to 306,730) in people on rural social housing waiting lists.

Table 2
Rural social housing waiting lists.

| Region (Rural) | 2000/1 | 2005/6 | 2010/11 | 2015/16 | 2020/21 | 2022/23 |
|--------------------|---------|---------|---------|---------|---------|---------|
| North East | 20,010 | 28,501 | 25,049 | 22,145 | 21,860 | 23,625 |
| North West | 28,788 | 36,610 | 43,476 | 36,336 | 37,254 | 40,057 |
| South East | 47,250 | 71,344 | 92,250 | 66,629 | 45,752 | 51,030 |
| South West | 48,098 | 77,879 | 79,663 | 74,373 | 60,214 | 69,587 |
| Yorkshire & Humber | 11,671 | 19,888 | 20,218 | 13,301 | 13,116 | 15,617 |
| West Midlands | 23,626 | 36,845 | 41,381 | 29,557 | 25,498 | 29,507 |
| East Midlands | 44,526 | 59,956 | 58,963 | 37,758 | 32,348 | 35,640 |
| East | 52,737 | 70,327 | 81,079 | 50,499 | 44,446 | 41,667 |
| TOTAL | 276,706 | 401,350 | 442,079 | 330,598 | 280,488 | 306,730 |

Figure 1
Rural social housing waiting lists 2000-2022



Right to buy
Allows most council or housing association tenants to buy their council home at a discount.

Since the introduction of the Housing Act 1980 which included the Right to Buy scheme, supply and demand have significantly diverged, with social housing construction declining^{xv} in the decades since, especially due to a lack of direct replacements for the properties that were sold. Two further acts in the 1980s appear to have exacerbated the rural social housing challenge. The Local Government, Planning and Land Act 1980 gave central government the ability to penalise local authorities if they exceeded their expenditure limits, and the Local Government Act 1989 made it harder for Local Authorities to borrow money for social housing construction. The introduction of this legislation was the start of the social housing crisis.

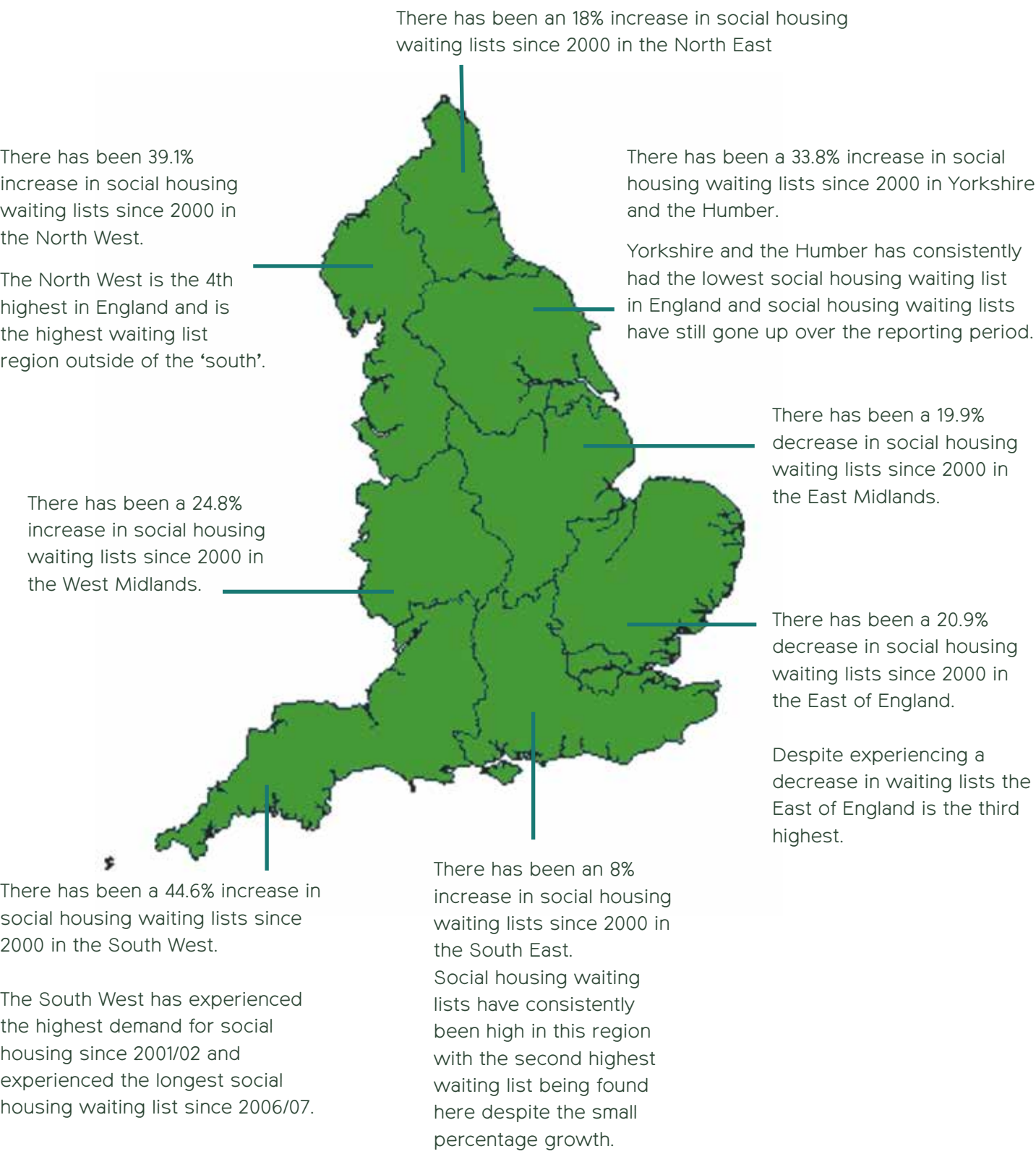
The Right to Buy policy has recently been extended from council homes to include homes in housing associations. The first scheme was introduced in the 1996 Housing Act^{xvi} ‘Right to Acquire scheme’, creating a statutory right for tenants to be able to purchase their home at a discounted price of the market value. In the 2015 Conservative general

election manifesto this Right to Buy was extended again to housing association tenants with pilots launching in 2016 and 2018^{xvii}. In 2022, the scheme had another extension with a pledge of a new social home to be built for every property sold. It is however difficult to quantify whether these changes have had a specific impact on rural areas, as many rural areas (see later commentary on section 157 of the 1985 Housing Act) and rural-based housing associations remain exempt from the Right to Buy scheme.

In Figure 1, it is also noticeable that at key moments of uncertainty and instability for the UK, there is a clear correlation to an increase in social housing waiting lists. Following the 2007/08 financial crash the demand for social housing increased and there was a similar increase in 2020, when the UK formally leaving the European Union coincided with the Covid-19 pandemic.

Compared to the 10.8% increase in rural social housing waiting lists observed nationally. Map 1 shows the percentage difference for each region of England compared from 2000/1 to 2022/23.

Map 1
Rural social housing waiting list percentage change from 2000/01 and 2022/23



Those dependent on social housing are disproportionately affected by the increasing wait lists as they are on low incomes or may have disabilities which means they rely on their local authority to support them with a safe place to call home. These demographics are faced with additional hurdles as they may experience mental health issues, with 15% of people in social housing saying they experienced stigma from housing officials during the application process, and 28% experiencing stigma from their neighbours^{xviii xix}. If the situation worsens for these groups, they risk being drawn into the rural homelessness crisis outlined above.

It is not only a lack of social homes causing an issue; 21.2% of properties in predominantly rural areas are rated ‘non-decent’^{xx}, and the low quality of the homes being provided may impact residents’ wellbeing^{xxi}. ‘Non-decent’ in housing means that the house: does not meet the basic health and safety standards for housing, or it is not in a reasonable state of repair, or it does not have reasonably modern facilities and services, or it has insulation or heating that is not effective^{xxii}.

There is also a clear difference in design quality with more affluent areas generally having better designed quality housing compared to less affluent areas. The CPRE / Place Alliance ‘Housing Design Audit For England’^{xxiii} found that large new housing developments in rural areas had a lower design quality compared to their urban and suburban counterparts. Living in a social house should not mean the home is of bad quality. This, in turn, impacts healthcare, and The Building Research Establishment estimated in 2021^{xxiv} that poor quality housing costs the NHS £1.4bn a year in care costs and a further £18.5bn per year of societal costs.

The lack of social housing and actual affordable housing also further damages the rural economy. The lack of social and affordable housing inhibits regular consumers and potential employees, creating a knock-on impact of declining community spirit. Meanwhile, the proliferation of second homes and short term lets mean that large swathes of rural England are vacant for half the year. This causes severe difficulties for local businesses that need to recruit workers locally in order to thrive.

Case Study:
loss of social housing and its impacts on residents

Sitting on the edge of the Peak District National Park lies the small affluent village of Beeley. With once a mere ten affordable properties, the progressive loss of social housing on Chesterfield Road to the Right to Buy and the Right to Acquire schemes has left the rural community with only three social homes under the current owner - Platform Housing. Such decline has left some residents with no other option but to part ways with their valued countryside.

Alice, a previous council and then housing association tenant, grew up in this part of rural Derbyshire and enjoyed the sense of freedom and safety it gave her. Playing outdoors with the few other children and exploring the countryside allowed her to develop strong bonds with others and fostered her feeling of belonging in her community. As an artist, walking into the fields, woods and moors surrounding her house awakened her creativity. Losing an important source of inspiration for her work was not an easy choice, however, a lack of affordable rental properties along with limited public transport forced her to leave her village behind. Most properties are aimed at tourists

and people with higher incomes. This associated affluence means that there is inadequate demand to support reliable public transport. For young adults, this further decreases their ability to be independent.

“There’s just nothing there for a young person like me,” admits Alice.

For Alice, having access to social and affordable housing, and the means to travel would have helped her stay and reap the benefits of living in the countryside. Alice believes that it is important to build suitable housing for different people, not only multi-bed detached houses. The future of rural communities is at risk if housebuilding continues to revolve around wealthier families and holidaymakers.

“There has to be a way for young people to access suitable housing in rural areas at a price they can afford. It’s only by being able to live there that they can appreciate the countryside and be inspired to care for it in the future”.

How much affordable housing is actually being built and where?

It is broadly accepted that housing delivery rates for ‘affordable’ housing, have slowed over the past decade and that overall, there are not enough ‘affordable’ homes being built to keep up with demand. With this in mind, CPRE has examined affordable housing completions across rural England over a 20+ year period to try and better understand what actually constitutes affordable housing, the reasons for slow delivery, and where it is most prevalent.

Based on recent annual rates of social rent delivery, it would take

89 years

to clear the rural social housing waiting list backlog of 306,700 identified in section 2.

This does not include those who will join the waiting list which is increasing year on year.

The combination of a lack of social and affordable housing supply has direct links to the rise in people on the social housing waiting list and an increase in rural homelessness. From the data presented, the trend of low delivery of appropriate housing tenures in rural areas does not support a reduction in required social housing. In 2021/22, there were only 3,292 rural social rent completions, compared to 291,695 people on the social housing waiting list in the same year. Those that are on the social housing waiting list may be at greater risk of becoming homeless due to their circumstances and in 2021/22 there were 20,855 homeless individuals. Delivery is barely scratching the surface in bringing down social housing waiting lists and reduce those at risk of homelessness.

The national picture

Looking first at the national context, 52.5% of additional affordable homes completed over the period between 1991-92 and 2021-22 were classed as social rent out of a total figure of 1,539,233. This equates to an additional 40,388.1 social rent units per annum. However, looking closer at the regional picture, the areas with the highest delivery rates were London and the South East region (181,288 and 139,650 respectively), with only 26,369 additional social rented units in the North East delivered over the twenty-year period.

Furthermore, delivery rates for social rented homes were highest at the start of the millennium and have tailed off over the past decade, with only 161,577 homes completed out of 807,762 since 2010. This is stark evidence of under delivery. The year with the lowest rates across England was 2016-17 with only 5,827 new social rented homes delivered. This trend has continued, with delivery rates across England over the past four years at a near constant (6,363, 6,766, 6,051 and 7,644 respectively). The implication of the low delivery rates means that the unmet demand for social rented homes in rural communities increases. This adds pressure on already strained resources pushing people out of the areas they wish to live and work in.

| All England Regions | Total additional social rent completions over period from 1991-92 to 2021-2022 | Total additional affordable completions over period from 1991-92 to 2021-2022 |
|--------------------------|--|---|
| North East | 26,369 | 55,064 |
| North West | 83,362 | 160,628 |
| Yorkshire and the Humber | 56,320 | 98,705 |
| East Midlands | 54,365 | 106,689 |
| West Midlands | 81,897 | 149,905 |
| East of England | 90,573 | 170,626 |
| London | 181,288 | 354,567 |
| South East | 139,650 | 276,383 |
| South West | 92,854 | 164,538 |
| All England Total | 807,762 | 1,539,233 |

Table 3
social rent delivery rates compared to overall affordable housing completions over a period between 1991-92 and 2021-22 across the English Regions

(Source: Department for Levelling Up, Housing and Communities and Ministry of Housing, Communities & Local Government)

Given this, there is clearly a need to better define the term ‘affordable housing’ and understand exactly what level of need there is for particular types of ‘affordable housing’.

The National Policy Planning Framework (NPPF) defines ‘affordable housing’ as follows: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)’. However, within this definition there are several different types of ‘affordable product’ including, but not limited to, affordable housing for rent, starter homes, discounted market sales housing, shared ownership, and other ‘affordable routes to home ownership’. The Framework NPPF requires all major residential development to provide a minimum of 10% ‘affordable homes’, however, given the above, it is unclear as to what type of housing should be required.

At CPRE, we are pushing for a new definition of affordable where the price new homes for sale or rent are directly linked to average local incomes.

Affordable Rented:

where the rent is 20% less than local market rents, and social rent, where the rent is set by government policy. In practice, social rent is usually lower than affordable rent. For both rented tenures, the landlord must be a registered provider (RP) with Homes England^{xxv}.

Intermediate Rent (including London living rent): is affordable housing which is targeted at people who have little chance of accessing low-cost rent housing, but who are not able to afford to rent or buy a home on the open market^{xxvi}.

Shared Ownership:

which is a form of leasehold where the occupier buys a percentage of the equity in the home and pays rent to the owning housing association on the remainder^{xxvii}.

London Affordable Rent:

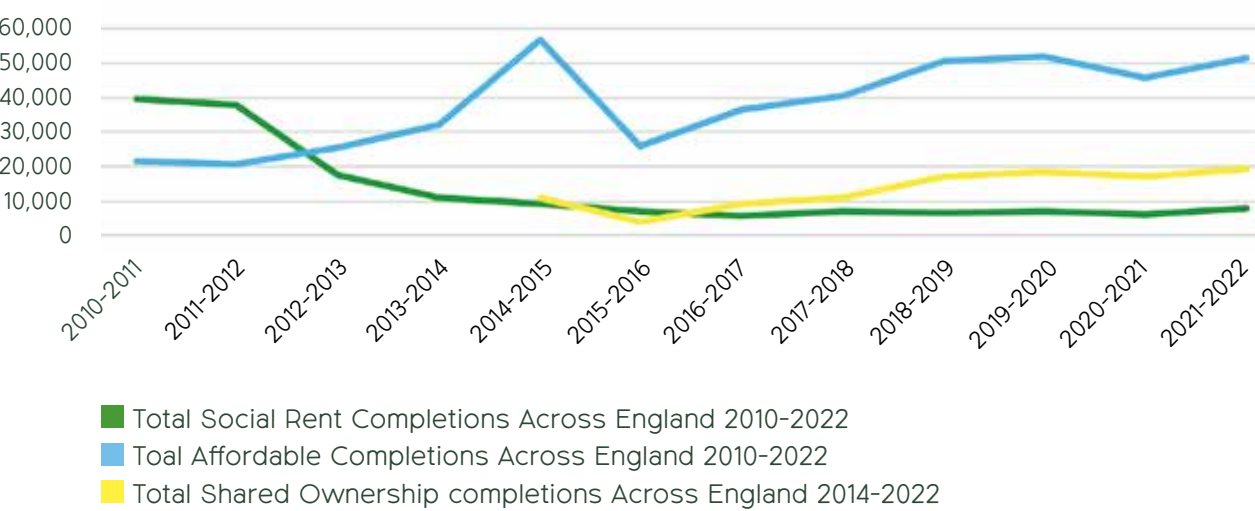
homes are rented by social landlords with rents capped at benchmark levels published by the Greater London Authority. They are lower than the 80% per cent of market rents at which affordable rents can be charged^{xxviii xxix}.

First Homes:

These are new properties which are sold for a discount of at least 30% below market value to first time buyers. Under First Homes, after the discount has been applied, the initial sale of the home must be priced no higher than £250,000 (£420,000 in Greater London). The discount remains with the property forever. A restriction is registered with HM Land Registry to ensure it is passed on every time the property is sold^{xxx}.

When looking at ‘affordable delivery’ more closely, across the country, (shown on Figure 2 below), social rent completions have declined dramatically, in comparison to other affordable housing offers, and to an extent Shared Ownership homes, which have seen a relative rebound since 2016.

Figure 2 total social rent, affordable and Shared Ownership completions 2010 - 2022.
NB: data for shared ownership completions starts from 2014 only, and therefore, the data set is incomplete.



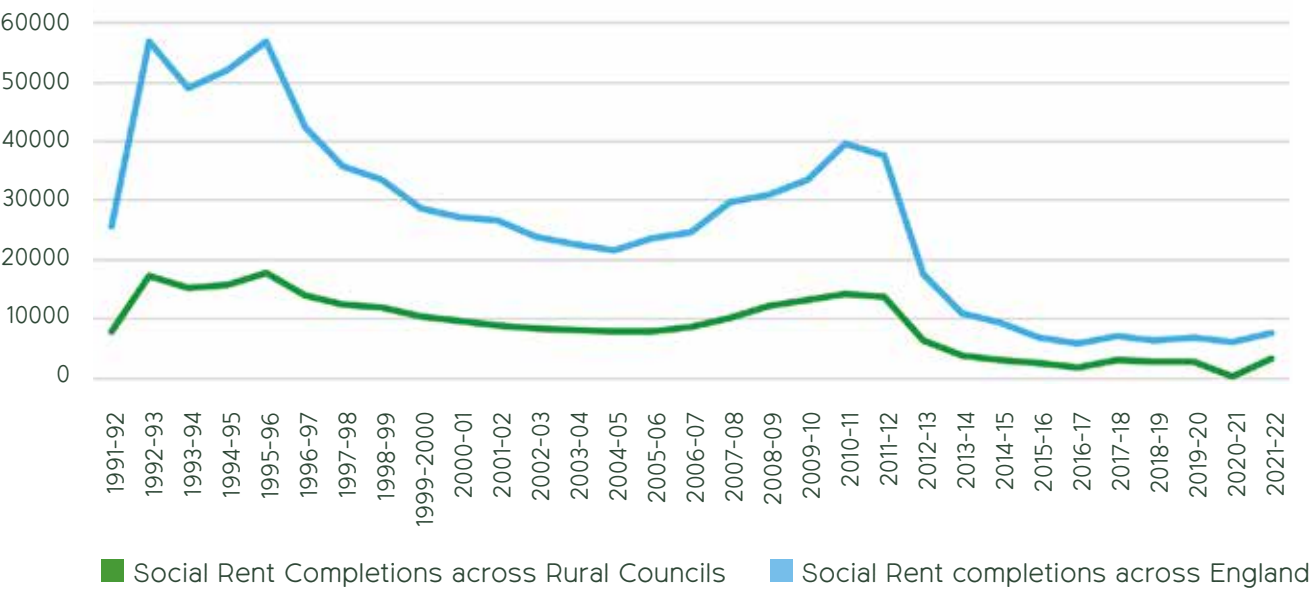
This trend continues even more starkly for rural areas (Table 4), where social housing delivery rates have stagnated. NB: For research purposes, rural areas are defined as Urban with Significant Rural, ‘Largely Rural and Mainly Rural’ under the DEFRA Rural-Urban Classification.

| Rural England Regions | Total additional rural social rent completions over period from 1991-92 to 2021-2022 | Total additional rural affordable completions over period from 1991-92 to 2021-2022 |
|--------------------------|--|---|
| North East | 8,403 | 18,334 |
| North West | 18,132 | 43,046 |
| Yorkshire and the Humber | 16,171 | 31,660 |
| East Midlands | 27,532 | 56,598 |
| West Midlands | 29,580 | 55,331 |
| East of England | 55,320 | 108,941 |
| South East | 67,881 | 140,005 |
| South West | 52,959 | 99,995 |
| Rural England Total | 275,978 | 554,910 |

Figure 3 on the following page shows the disparity between social rent completions in rural areas compared to England as a whole^{xxxi}. Whilst the gap between rural areas and the rest of the country was wider at the start of the millennium, there remains a clear disparity between rural areas and the rest of the country. Social housing in rural areas and all of

England have not seen high levels of completions. Private sector-led developments do not provide enough social housing as there is no legal requirement for them to do so and local authorities are at the mercy of the developers who claim it is not financially viable to build social homes.

Figure 3
Graph comparing social rent completions across rural Authorities with all England totals covering a period from 1991-92 to 2021-22.



North Herts - Exemplar policy on social housing provision

In North Herts District Council, efforts to stem the recent rates of loss of affordable homes to Right to Buy have been made by cross-party councillors. During the development of the Local Plan, a new policy was introduced to ensure that 40% of all developments consisted of affordable housing, with two-thirds being designated to social housing. This percentage is an increase compared to an earlier policy that required a mere 25% of affordable housing in developments larger than 20 dwellings.

Adopting a firmer policy has meant that elected officials are able to regain power from developers in regard to housing provision in their locality. Such power has been exercised in the process of determining the viability of the affordable and social homes which requires developers to cover the costs of an independent assessor to review the proposals. This has been regarded as a success by

the council, as it has resulted in limited instances of development plans being deemed unviable by developers.

Moreover, the council has established another policy to regulate developers which involves accepting cash in lieu of affordable and social housing. This creates a fund of money that is directed to local housing associations to develop the necessary properties elsewhere. In doing so, a middle ground is found in which social and affordable housing requirements are met whilst allowing developers to operate more flexibly.

The North Herts District Council displays its clear commitment to delivering housing that local people can afford through distinctive policies that hold developers accountable. Executing similar policies across the country will prevent developers from building for profits rather than for people.

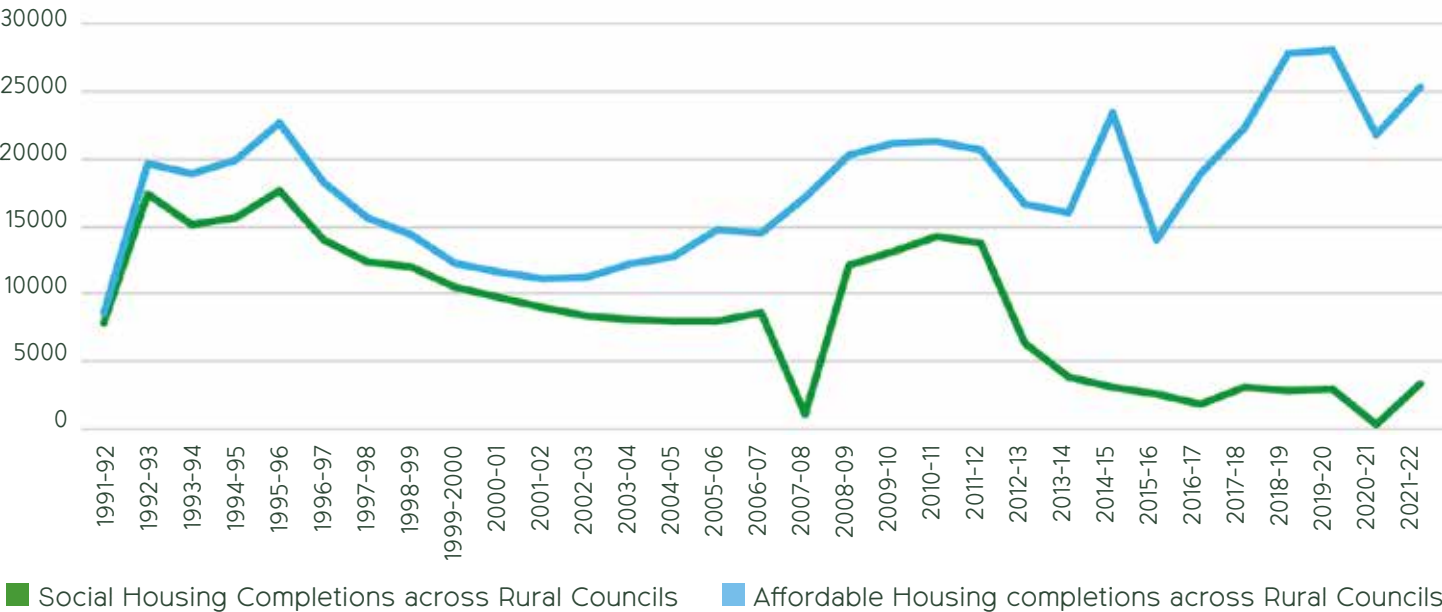
Looking at affordable housing delivery across rural England more generally, Figure 4 (on following page) shows a clear contrast between social and general affordable housing completions. In 1991/92, completion rates were broadly equal and continued to follow a similar trajectory until the early 2000s when the gap began to widen. This could, in part, be explained by new home ownership initiatives brought in by the Government at the time, including the Starter Homes Initiative in 2001 and the Key Worker Living Programme

in 2004 brought in under Labour, which focused attention on affordable home ownership rather than rent. This focus on expanding home ownership has continued, with the ‘HomeBuy’ scheme launched in 2007, followed by ‘Help to Buy’ in 2010 with the coalition Government and a broadly expanded ‘Right to Buy’ programme. There is an evident dip in social housing completions during the 2007/08 financial crash and the Covid-19 pandemic in 2020/21 which may relate to an increase in construction costs, however

affordable home completion increased. In 2011/12 there was a significant decrease in social homes completions^{xxxiii} with this trend not rebounding to the same extent as affordable housing completions.

The increasing focus on affordable home ownership options, in particular ‘Help to Buy’, gave an unexpected boost to the UK housebuilding industry which found it could meet affordable planning policy requirements with a more expensive product.

Figure 4
Graph comparing rural social housing against general affordable housing completions covering a period from 1991-92 to 2021-2022.



Turning to the regional picture, the highest number of homes delivered was in the South East, followed by the South West and East of England (as shown on Figure 5). The North West appears to have a low rural completion rate compared to completions across the

The broadest gap between social rent completions and general affordable completions was in 2020-21 where just 348 social rented homes were completed in rural England compared to 21,826 other affordable homes or just 1.5% of the total delivered. There was a slight increase in 2021-22, with 3,282 social rented homes completed, however, this still only represents 11% of the total rural affordable housing delivered.

region. The North East has the lowest completions on the two variables. There may be differences between rural and urban delivery due to land available and density in which the social houses can be built.

Figure 5
Graph showing a regional breakdown comparing affordable and social housing completions across rural authorities.

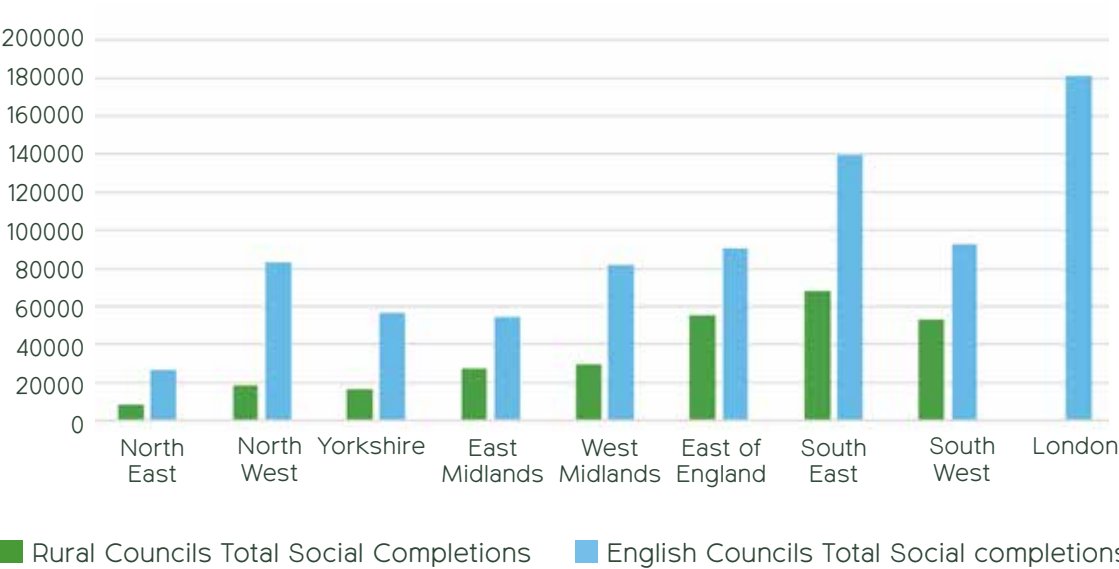


Figure 6
Graph showing a regional breakdown of social housing completions across rural authorities and England as a whole.

It is clear that ‘affordable homes’ are being delivered via the multiple tenure types that come under the umbrella of affordable. Clearly, much of what has been built as ‘affordable’ has been nothing of the sort for local residents who are struggling to stay in the communities in which they call home. Second home ownership, exacerbated by a rapid rise in short term lets^{xxxiii} are making rural areas more unaffordable with 148,000 homes being listed as short term lets, which adds demand and desirability onto the remaining properties, pushing up the price. The increase in average house price then makes the ‘affordable’ housing still out of reach to local people.

These issues compounded with low delivery rates of social rented homes in rural communities create a perfect storm of housing inequality. Adding to this, construction and infrastructure costs have increased dramatically. According to Home Building & Renovating^{xxxiv},

“the cost to create new housing rose on average by 4.5% from June 2022 to June 2023, while repair and renovation work costs rose by 1.2%.”

This rise in cost has led to knock-on effects which often means that developers remove or reduce the number of affordable homes they build further compounding the issues facing rural communities.

Based on our analysis we believe that there is substantial evidence to show that the Government must update and increase the national minimum requirement for affordable housing, in particular setting specific targets for social rent delivery in national planning policy.

York - Best Practice for Council-led Social Housing Delivery

York City Council launched a new housing of delivering programme in July 2018 with a key aim to deliver 600 new homes across the city on council-owned sites, 20% of which would be delivered as social rent housing. All new developments across the programme are underpinned by the council’s Building Better Places Design Manual that sets a consistent and strategic brief for the design teams progressing each site.

The programme has a strong environmental stance expecting all new homes built to:

- Meet certified Passivhaus standards,
- Have the most appropriate renewables installed (including consideration of co-owned solar PV systems which maximise the use of free generated solar electricity) in order to achieve zero carbon whilst also minimising bills for residents and helping to tackle fuel poverty,
- Use building materials that reduce their carbon footprint,
- Reduce water usage within homes through carefully specified internal fittings, grey water recycling and water butts and use permeable surfaces, green roofs and sustainable urban drainage to reduce and manage water run-off.

Ordinance Lane:

A planning application for 85 new homes, 8 commercial units and 2 community facilities was submitted in November 2021. 20% of the new homes were social rent and all were certified as Passivhaus.

Sustainable Rural Housing

CPRE interviewed Chris Carr, one of the owners of Carr & Carr (Builders) Limited about affordable housing delivery, potential barriers that small and medium sized house builders face and how they are proposing to plan for the future including ‘future-proofing’ homes. The company is based in North East Lincolnshire and specialises in providing high-end, sustainable homes in rural villages including the provision of social housing where it meets a local need.

Chris emphasised the benefits of engaging with the local community and parish council before a planning application is submitted to encourage people to provide feedback on the plans.

“I’m building 150 houses in the village where I live... rural housing is not a problem when you do it properly.”

Genuine engagement is also helpful for the developer to gain a better understanding of the local market and potential demand for homes.

Moreover, he stressed the importance of taking a holistic approach to housing by thoroughly assessing site placement and house design. He believes every rural location should have housing that village residents can afford to live in through local rent agreements and social housing quotas. He also acknowledged the need for housing sites to be within reach of public transport.

One of the most important considerations for small and medium sized house builders is to create designs for small scale housing developments that cater to all rural people regardless of family size, age and disability. For this reason, Chris told us how his company builds many semi-detached and detached bungalows without stairs to navigate through which

reduces the risk of injury for elderly and disabled residents. Although houses take up less room on a site than bungalows, the latter also allows for increased outdoor spaces within the available land and can often have a minimised visual impact on the countryside landscape due to their reduced height.

With regards to climate change, Chris believes that energy efficiency is, and will continue to be, a crucial feature of modern housing and that rural housing must also care for the environment and maintain the surrounding landscape. The Future Homes Standards will be a challenge for smaller house builders, however, there are benefits to future-proofing homes, such as designing properties to be built around the sun featuring large porches to restrict heat loss through the entrance doors. This means that people can stay in their homes for longer, contributing to village life.

“We build homes for life” says Chris.

With increasing construction and infrastructure costs, small housing developers struggle to compete with volume builders. To bring forward more community focused housing, the government can set clearer policy expectations on parish councils and local authorities to allocate more smaller and sustainable sites in rural locations.



Impact of Short term Lets on Rural housing supply

Across many quintessentially rural communities from the beaches of Cornwall to the lakes of Cumbria, homes that used to be rented to local families sit empty for much of the year. More people are pushed onto social housing waiting lists, which have been stretched to breaking point by years of underinvestment. Hard-working people are suffering, and they will not easily forgive a government that promised to level them up if it leaves them falling through the cracks of a broken system.

Given this it is clear, the government needs to act fast to avert a growing housing crisis. With the cost of living set to hammer people’s finances in the coming years, this is a problem that is quickly getting out of hand. The government must respond to the fact that our rural housing supply is disappearing into an unregulated short term rentals market that simply didn’t exist six years ago. Ministers must introduce tighter controls on second home ownership, including higher council tax on second homes and the requirement for short term lets to have planning permission.

Alex Macintyre, 37, from Plymouth, was evicted by her landlord because he would make more money listing her flat on Airbnb.

She said:

‘I lived in my last flat for five years until the landlord decided to renovate and do the place up to perfection so he could rent it out on Airbnb. Plymouth has become a city of holiday lets. Fewer homes available for residents means higher rents, and people being priced out of their local areas in search of a home. That erodes local communities and starves local businesses of workers. The only people who benefit are the landlords.’

In many areas, social housing waiting lists could be drastically reduced or even eliminated if the number of properties advertised for short term let (STLs) were available for local families instead, CPRE analysis shows^{xxxv xxxvi}.

- In Cornwall, which saw short term listings grow 661% in the five years to September 2021, there are roughly 15,000 families on social housing waiting lists and the same number of properties being marketed as holiday lets.
- In South Lakeland, which saw a 1,231% increase in short term listings between 2016-20, roughly half the families in need of social housing could be accommodated in properties exclusively available for holiday rentals.
- In Cumbria, a 4% decline in the number of privately rented properties coincided with a 14% increase in families on social housing waiting lists since 2016; and
- In Devon, short term lets appear to be worsening an existing housing crisis, with nearly 4,000 homes taken out of private rent and 11,000 added to short-term listings since 2016.

Earlier this year, the Government held twin-tracked consultations on a register for short-term lets and a proposed new change of use for conversions. CPRE endorses the Government's position on the need for planning requirements for STLs and is happy to see that prior calls for movement on the issue have been heard. We support proposals to introduce a new use class for short term lets (STLs) and the provisional definition for use class C5.

We hope that the new, independent use class will operate in the same way existing uses do, i.e. planning permission will be required for any change of use so that local authorities can keep track of properties and enforce against any breaches of planning permission.

In London, there is a limit of 90 nights before planning permission is required. However, anecdotal evidence suggests that it has been very difficult for local authorities to keep track of which properties are nearing the 90-day limit. Further, in areas where there is a proliferation of short-term lets, action needs to be taken immediately to offset the adverse impacts on the local housing market. As such, it should be down to the Local Authority's discretion to determine the level of flexibility given to landowners choosing to convert properties to short-term lets based on local housing need and evidence.



Current policy responses

Rural Exception Sites

Historically, CPRE has supported the use of rural exception sites (hereafter RES) to provide affordable housing. RES are also encouraged by the National Planning Policy Framework (NPPF) enabling developments primarily for affordable housing to come forward on sites at the edge of villages. However, prior research shows that RES policy is not consistently applied across local authority areas and could be taken up more readily in Local Plans to accelerate new affordable housing development.

Consequently, we have chosen to focus on two key areas in relation to RES: barriers in terms of current policy, and funding for rural enablers. As part of the background analysis, we interviewed several Rural Housing Enablers (hereafter RHEs) to obtain first hand accounts of delivering affordable housing for rural communities.

The role of RHEs is to identify development opportunities; support potential site owners and community representatives through the planning system; and secure local support for a proposed development. Enablers play a crucial role in finding RES and assisting with the development of much-needed affordable housing for rural communities. The first RHE scheme was created in 2001.

Rural Exception Site (RES) Policy

As set out above, RES policy enables local planning authorities to grant planning permission for affordable housing on land that would not normally be granted for housing. This position was established in national policy in 1991 and expanded through the publication of the NPPF in 2012. Paragraph 78 of the current version states, 'Local planning authorities should support opportunities to bring forward rural exception sites that will provide affordable housing to meet identified local needs and consider whether allowing some market housing on these sites would help to facilitate this.'

Whilst national guidance enables sites to bring forward an element of market housing to cross-subsidise new social rent properties, this has not been effectively translated into local planning policy. Feedback received from RHEs highlights an issue with inconsistency across local plans in terms of adoption of a RES policy and restrictive wording. Further, the prescribed affordable housing requirement set out in planning policy tends to be vague and can be interpreted (or misinterpreted) by developers as they see fit. As discussed above, our research shows that 'affordable housing' is often not actually very affordable at all. Many RHEs are not eligible for grant funding to provide social rent, especially when an element of market housing is provided to meet local need (e.g. bungalows for older people to downsize) and therefore, the only viable

tenure they can provide is affordable rent (generally taken to mean 80% of market value). Anecdotal evidence suggests, having spoken to several RHEs, that the types of 'affordable' homes being delivered on RES are affordable rent, shared ownership and discount market sale. Unfortunately, shared ownership is not an option that a lot of people can access, particularly as the shares on offer are usually higher than people on lower incomes can afford (around the 25-30% mark rather than 10%), requiring a higher deposit and income to pay the monthly rent and mortgage repayments. Costs associated with discount market sale are similarly prohibitive for people on lower incomes and/or in receipt of housing benefit. One of the reasons that there tends to be less of a focus on delivery on RES sites is the priority authorities give to strategic allocated sites to meet

housing targets. Whilst these sites meet housing need in terms of ‘unit numbers’, they do not always meet need in terms of the type of housing required (i.e. family housing, homes for older people, multi-generational housing etc.) and levels of affordability. Inadequate resourcing in planning and housing teams has exacerbated this and has resulted in RES becoming less of a priority for councils in terms of affordable housing delivery as they rely more heavily on demonstrating a five-year land supply by allocating strategic sites.

In contrast, many RHEs undertake local housing needs surveys that look at and understand local need by asking people ‘about their desired housing option’. Often RES provides the most suitable housing for residents already living in an area e.g. young people living with parents, older people looking to downsize etc. Alongside this, Economic and Housing Needs Assessments undertaken by RHEs often demonstrate

that local employment profiles do not match housing profiles. Rural areas tend to have a young and lower-wage workforce who work in sectors such as hospitality or agriculture. However, the housing available in these areas is unaffordable, with workers being forced to live further afield and travel in to work. A lack of joined-up, affordable public transport further intensifies the problem, with many rural businesses struggling to maintain and acquire staff.

In terms of land acquisition, the main take-up of RES are farmers who wish to sell their sites. However, RES sites tend to be small (usually under 10 units) and if there are other offers from major housebuilders, they are more likely to sell to them for a better price. Planning policy doesn’t adequately support community-led (or co-led) housing schemes and more support should be given in policy to enable community-led sites in rural areas. This is addressed in more detail later in the report.

Funding for Rural Housing Enablers

In June 2023, the Department for Environment, Food and Rural Affairs (DEFRA) announced a new report titled “Unleashing Rural Opportunity”. The report stated that the government will provide £2.5 million for a network of Rural Housing Enablers (RHEs) and this will be ring fenced to help increase the supply of affordable housing. This round of funding is due to last until March 2025. Before this announcement, the last funding announcement for RHEs was in 2008^{xxxvii}. RHE’s have relied on other government funding such as the Affordable Housing Programme (AHP) to deliver in rural areas^{xxxviii}

Following this fiscal announcement, we spoke to three Rural Housing Enablers from across England. From our research, we have found that all RHE programmes operate on different funding models. Due to the lack of consistent core funding from central government, the income streams include charging a surveying consultation fee to the clients, which can include the landowner, parish councils, local authorities, neighbourhood plan groups, community groups and developers. Further means of income generation include other contracts with the local authority or relying on a surplus from these public sector contracts, or the RHE’s apply for a grant from a provider. These inconsistent funding methods place a hindrance on the development and delivery of affordable or social housing; as one RHE stated, they “used to get more enquires but the pro-action has eased”.

RHEs felt that more could be done with the funding and voiced the need for more support from local authorities. The funding is ring-fenced for affordable housing provisions; however, this means that the funding cannot be used for additional or alternative housing need options. There is not enough funding

available for social rent housing or shared ownership – or alternative options which include the provision of some market housing for older people (such as bungalows). Together, this would assist in the delivery of more affordable housing as well as free up additional housing within the community. To conclude, the funding announced by Defra was welcomed by Rural Housing Enablers. However, there are obvious policy gaps and further uncertainty as to how the funding will be used and what lies ahead after the March 2025 cut off.

There needs to be greater alignment between available grant funding and planning policy to enable social rented housing to become viable on RES. There is currently too great an emphasis on meeting prescribed housing targets at both national and local level, which masks the actual level of need. Policy should be expanded to enable different housing typologies and tenures to come forward where there is a demonstrated need through a Local Housing Needs Survey. Alongside this, Councils and RHEs must be supported to implement and deliver the policy.

Affordable homes for local people

The rural housing crisis has no prejudice; it targets people of all ages. Gordon, an 83-year-old-man from Kent, experienced a sequence of housing challenges which led him to face homelessness at an age when stability should have been guaranteed. He lived happily in a local guest house until his landlord fell victim to the Covid-19 pandemic and unable to manage the property, he was forced to close it down.

Following this traumatic time, Gordon felt like he had ‘won the lottery’ when English Rural announced their affordable housing development right in his community. Gordon’s new home offered more than just a roof over his head. It rekindled his long-lost passion for gardening, providing him with a green space to call his own. It was a sanctuary that resonated deeply with his rural roots, providing serenity and peace amidst the backdrop of the beautiful Kent countryside. With this newfound stability, Gordon reconnected with his local community by participating in events, quiz nights, and taking leisurely walks along bridle paths. He was able to live and belong, as opposed to simply existing, which even improved his health and wellbeing.

Affordable housing does more than just help those that reside in them. It has a cascading effect across the rural community leading to sustainability in their economies. When people move into homes they can afford, in places where they want to live, they invest in those communities. The local shops see more customers, the pubs fill up during the evenings, the schools maintain enough pupils to stay open, and village halls become centres for community activities. Moreover, affordable housing fosters social cohesion. When people from diverse socio-economic backgrounds live together, it creates a vibrant and well-integrated community.

Affordable rural housing is not a standalone issue; it’s an essential element in a complex ecosystem that involves social well-being, economic vitality, and even environmental sustainability. Therefore, it must be prioritised for the future of any rural village or town.

Having a stable and safe affordable home gives people a sanctuary, in which they can live surrounded by community, comfort, and care. For Gordon, this was “everything he ever wanted”.



Right-to-buy/Section 157

Legislative mechanisms can prevent properties from becoming holiday lets or lying vacant and remain accessible and affordable to local populations. Section 157 of the Housing Act 1985 is a lifetime covenant applied to council homes located in Areas of Outstanding Natural Beauty (AONBs), National Parks and areas designated as ‘rural’. It restricts the future sale of former council homes bought under the Right to Buy scheme to buyers or tenants who must have lived and/or worked in the local authority for three years or more. The owner of the property must inform the local authority and gain consent for sale to ensure that the property is marketed accurately for use as a principal residence for local people.

As pointed out in a recent study by University College London for the National Housing Federation, Section 157 designation plays an important role in protecting at least some rural housing from rising property prices, and from being turned into second homes or short term lettings. It is therefore surprising that the designation only applies to little over half (51%) of all parish councils in rural or significantly rural areas.

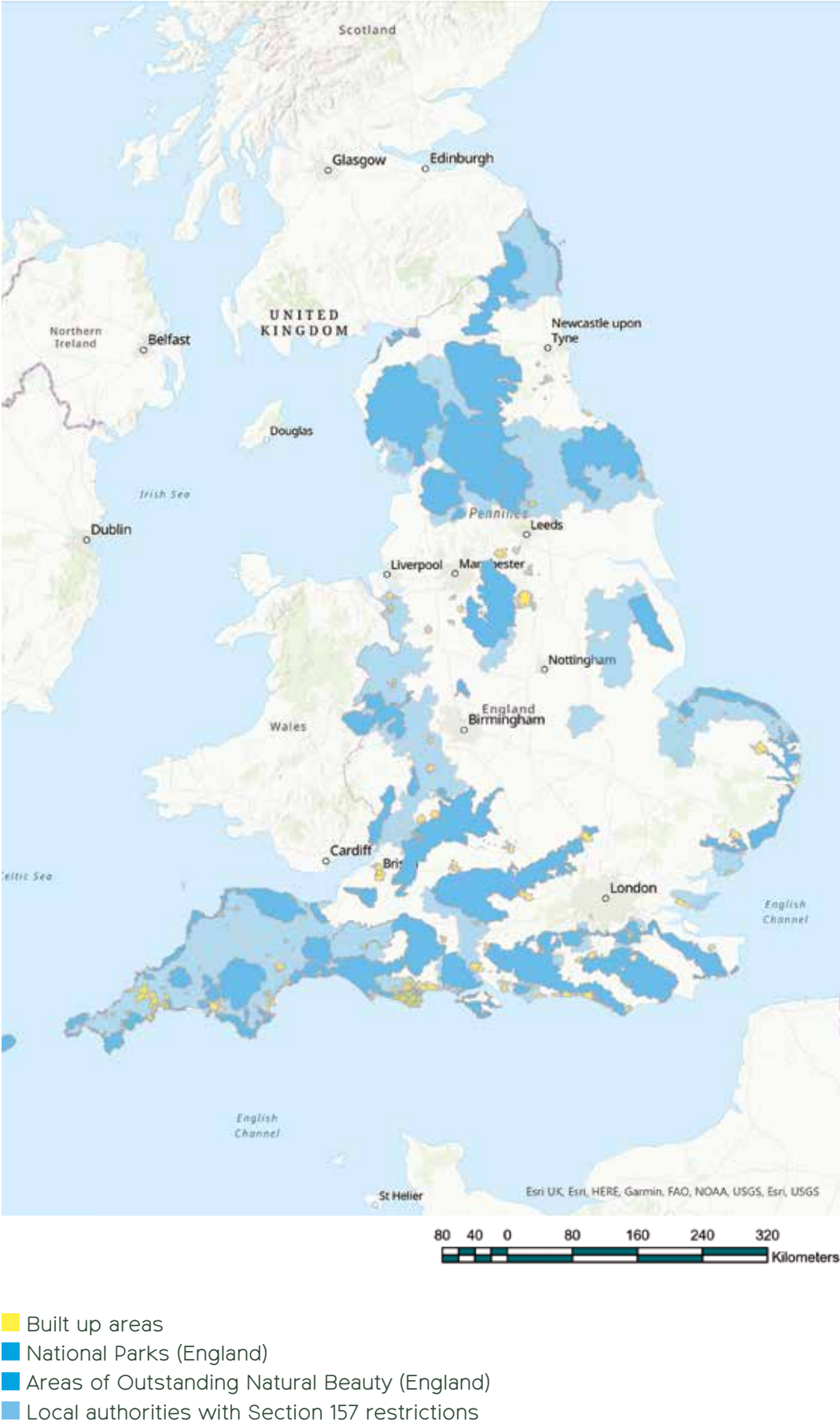
- All parish councils in England that are within rural areas or urban areas with significant rural areas – 9,793
- Parish councils that are within National Parks – 960
- Parish councils that are within Areas of Outstanding Natural Beauty (AONBs) – 2,372
- Parish councils within other areas designated as ‘rural’ under Section 157 – 2,697
- Percentage of all rural or urban with significant rural parish councils with Section 157 designation – 51%
- There is a significant gap in Section 157 coverage across Yorkshire and the Humber, East Midlands and the East of England, (MAP 2)

Using DEFRA Rural-Urban classifications data (urban with significant rural, mainly rural and largely rural classifications) and Geographical Information Systems (GIS), spatial analysis has shown the number of local authority districts which overlap with AONBs, National Parks and could be designated ‘rural’ areas, resulting in an additional 75 local authorities totalling 111 local authorities. Spatial analysis has allowed us to draw conclusions between rural homelessness, social housing waiting lists, and areas not protected

by Section 157 restrictions. As seen in Map 2, with the addition of local authorities overlapping with AONBs, National Parks and rural classification, there is a significant gap across the East Midlands, East of England, and South East. Our research has shown that East of England and the South East are among the regions with the highest social housing waiting lists, compared to East England and East Midlands, which are the second and third highest regions for rural homelessness. Whilst different areas may suffer from different issues, and with one less than a third of parish councils being designated as ‘rural’, there is still a need for local authorities which overlap with AONBs and National Parks and parish councils that can be designated ‘rural’ and benefit from Section 157 restrictions being imposed on housing bought under the Right to Buy

Across the country, AONBs and National Parks are very popular tourist destinations and research conducted by Nationwide in 2022^{xxxix} shows that house prices in AONBs attract a premium of 13% compared to an identical property elsewhere, with properties in the National Parks commanding a premium of 25% compared to a property in another area of England. With such differences in prices and availability of homes across the country, the Section 157 designation should ensure that housing stock stays local and does not become a second home or a short term let. However, should the homes in an area with a Section 157 be sold off to a purchaser who has not lived/ and or worked in the local authority area for the past three years, genuinely affordable housing should be replaced elsewhere in the local authority district to accommodate for local housing need.

Map 2.
A map of 36 local authorities that contain parish councils with areas designated as ‘rural’.



Community Land Trusts and other community-led housing organisations

Community Land Trusts and community led housing schemes can be part of the successful delivery of affordable and social housing for local communities, as another measure to tackle the housing and affordability crisis. In 2023, The Community Land Trusts Network proposed that at least 5% of housebuilding could be achieved through community land trusts developments^{XL}. There are currently 350 Community Land Trusts owning 1,711 affordable homes.

Community Land Trusts and community led housing schemes work efficiently where there are small pockets of land which are suitable for development. The land acquired for community led development is most often privately owned and the patterns of CLTs follow this trend. The landowner has a connection to the local community therefore is happy to see high quality homes built for the community. A trend that found CLTs exceed policy on energy efficiency standards^{XLIII} they are an example of best practice and sustainable homes for the future.

The housing schemes have benefits for rural communities where there is sensitivity around eyesore uncharacteristic housing developments from large developers, and a lack of affordable homes. This gives power to the local community to develop appropriately for the area which the site will serve. There is a concentration of CLTs where there is a disparity between house prices and household income, often in rural tourist spots. CLTs can tackle the issues that many rural communities face with second homes and short term lets increasing house prices, as the developments are affordable and community-focused. CLTs work in conjunction with Rural Housing Enablers and housing associations to deliver on the sites. The housing associations bring the skills and resources to develop the land whilst providing a ground rent to the CLT. The properties are protected under an agreement for the community not to allow the properties to be sold off, therefore keeping a steady bank of social and affordable homes.

In 2016/17, a £60million Community Housing Fund (CHF) was announced by Homes England to support community led housing across 148 local authorities^{XLIV}. The funding has not been consistent since which creates uncertainty for CLTs across England with the third-round funding of £3.6million in 2021. There is a demand for community led developments. The CHF has made 12,000 homes in deliverable projects^{XLV}, and has the potential to create 23,000 additional affordable homes.

The CHF is shifting some of the public subsidy from the Affordable Homes Programme (AHP) from the build stage to the pre-development stages. For example, if a CLT receives a £100,000 grant from the CHF to secure a site, and planning consent, then the housing association needs £100,000 less in grant from the AHP as that cost has been covered. This allows AHP funding to be used on more projects, widening its capacity to deliver further affordable homes.

CLTs are a suitable mechanism for appropriate developments in communities across England. Only a third of councils have some mention of CLT in policy, and two-thirds do not. The implication is that there is not enough awareness of the benefits that CLTs can bring to communities.

Community Land Trust (CLT):

is a not-for-profit organisation that is a not-for-profit organisation that is made up of, and governed by community members. The most common focus is affordable housing in mixed used schemes.^{XLVI XLVII}

Case Study:

Calder Valley Community Land Trust

Based in West Yorkshire, Calder Valley is a Community Land Trust that has been helping local people access genuinely affordable housing. Since its establishment in 2014, the Registered Provider of Social Housing has successfully delivered six independent living bungalows for older people in Walsden and is continuing to work with local councils and community groups to expand their work.

For the past eight years, this CLT has been working on revitalising High Street, Hebden Bridge, a site cleared in the 1960s slum clearances. For them, it is important to build on sites of former housing or on brownfield land to avoid spoiling greenfield land. Despite facing planning application rejections, the charity is committed to involving community members through public consultation to ensure that the houses proposed are built where local people want them. Practically, this has meant tweaking proposals to include details that would improve the local sense of community and living standards. After working tirelessly to address planning and community concerns,

Calder Valley Community Land Trust has gained permission to build 20 “comfortable, low energy, permanently affordable homes for rent by local people”.

This development will provide sustainable homes for people who have been priced out of the local property market whilst adhering to the highest environmental and quality standards.

Though they have made great efforts to fundraise through community shared investment capital, receiving funding from the Department of Levelling Up, Housing and Communities has allowed the scope of their work to stretch farther than ever. With a grant of £38,000 through the Community Housing Fund Revenue Programme 2021/22, Calder Valley has increased opportunities to bring together communities to tackle their own housing challenges. The CLT uses their active voice to create a housing market that the local communities can afford to engage with.^{XLVI}



Developer contributions and affordable housing: community infrastructure levy (CIL) and Section 106 agreements

Community Infrastructure Levy (hereafter CIL) was introduced in 2010 (via the Community Infrastructure Levy Regulations 2010 as amended) and is a charge that can be levied by local authorities on new development in their area to provide funding for necessary infrastructure. CIL was envisaged to simplify the rather clunky Section 106 (hereafter S106) process, which involves lengthy legal wrangling and developers negotiating down funding commitments.

Pressure to provide affordable housing has brought criticism of the CIL regime. There remains an expectation when negotiating S106 agreements that other contributions, including CIL, should be considered. Developers argue that the levy is an additional financial burden, reducing the overall contribution to affordable housing on viability grounds. Developer contributions estimated to be worth around £7 billion were agreed in 2018/19, of which £4.7 billion was in the form of affordable housing contributions. According to data from the Department for Levelling Up, Housing and Communities, the 'delivery of affordable homes funded through s106 nil grant agreements accounted for 44% of all affordable homes delivered in 2021/22'.^{XLVIII}

Exemptions for CIL have provided an incentive for developers to offer affordable housing – the regulations provide 'social housing relief' for most new social rent, affordable rent, and intermediate rent or shared ownership homes. However, the ambiguous definition of what constitutes 'affordable' has led to a variety of tenures coming forward, particularly intermediate products, which tend to be more viable than housing at social rent levels, but far

less affordable for most people. A clearer definition on affordable housing from Government would be useful to incentivise housebuilders to provide more 'genuinely' affordable products.

Given the above, the Government has committed to replacing the current CIL and S106 approach with a 'simpler', single Infrastructure Levy (IL). The IL was introduced in the Levelling Up and Regeneration Bill and has been designed to deliver 'at least as much affordable housing' as the current system. Councils will be given a new 'right to require', so they can dictate how much of the levy is used to deliver on-site affordable housing in new developments and how much is given in cash for other infrastructure, such as new schools, public transport, health facilities etc. It is hoped that the 'right to require' will also speed up the process and stop developers from negotiating down their affordable housing contributions as they will have a legal obligation to meet the amount set by the council and will have to factor in IL costs from the outset. This could potentially reduce hope value in the longer term as developers may be less prepared to pay higher rates for developable land once the new compulsory IL costs have been factored in.

Permitted Development Rights

Permitted Development Rights (PDR) are rights to make certain changes to a building without the need to apply for planning permission. This right derives from general planning permission granted not by the local authority, but by Government^{xvii}.

Office to residential permitted development rights were introduced in 2013 in a bid to increase housing delivery. However, homes derived through PDR are rarely affordable. Research undertaken by the Local Government Association (LGA) found that "More than 18,000 affordable houses have been lost as a result of office-to-residential conversions under permitted development". Furthermore, the standard of accommodation delivered under PDR falls below which could reasonably be defined as decent. In fact, the quality of homes being delivered was so poor that the Government had to stage an intervention in 2020 via the introduction of a requirement for the 'provision of adequate natural light' in all developments consented under PDR. An explanatory memorandum made clear that the intervention was staged in response to concerns about "the quality of homes delivered in some developments". Whilst more decent affordable housing to respond to shortages is welcome, this is not currently being delivered via PDR.

In parts of the country or 'designated areas', permitted development rights have already been restricted.

Designated areas include:

- Conservation Areas
- National Parks
- Areas of Outstanding Natural Beauty or AONBS
- World Heritage Sites
- The Norfolk or Suffolk Broads



Councils can also remove PDR in particular areas in limited situations via an Article 4 Direction. This is necessary in rural parts of the country where commercial and agricultural buildings are being converted into homes that are unaffordable to local people. CPRE holds the position that any new residential development (and indeed other land uses) should be managed through the planning application process, so that harmful effects can be avoided or at least reduced through appropriate mitigation and, critically, Councils can require a proportion of new housing delivered to be provided at social rent levels.

CPRE prefers to see any development in our rural places managed through the planning application process, so that harmful effects can be avoided or at least reduced through appropriate mitigation and, critically, local authorities can require a proportion of new housing delivered to be provided at social rent levels.

Conclusions and recommendations

The report brings together a range of issues impacting rural communities to provide a better and more rounded picture of the state of rural affordable housing today. However, lessons can be drawn from the past and we have included a wide range of data going back to the 1990s to highlight differences in policy approaches and how this has impacted affordability levels in rural areas.

From our research it is clear that ‘affordable homes’ are being delivered in rural areas, albeit at a slower rate than the rest of the country, however this obscures the reality that many of the ‘affordable’ homes being delivered are not actually affordable for those on low incomes and/or in receipt of housing benefits. In short, we need to redefine what affordability actually means for people living in rural areas. The Government’s definition of affordable rents or discount market sale being 80% of market rates is still out of reach for too many. This becomes particularly stark when looking at rates of rural homelessness, which have increased in all regions by more than 20%, apart from the South East, which has seen a marginal decrease of 0.61%. This trend tracks with our findings on rural social housing waiting lists, which from 2000 to 2022 have seen an increase of 10.8%. As a result, CPRE is calling for house prices to be aligned with local incomes to address the issue of unaffordability in rural areas.

These interrelated issues have been caused and exacerbated by a significant reduction in the number of social rented homes being delivered. In 2020-21 just 348 social rented homes were completed in rural England compared to 21,826 other ‘affordable homes’ equating to just 1.5% of the total delivered. With the current rate of social rent delivery, it would take 89 years to clear the rural social housing waiting list backlog. This does not include those who will join the waiting lists which are increasing annually.

When developers pay too much for land, it adds a premium on development and reduces their profits (which are arguably already too high). This ‘overpaying’ for land for housing should not impact on the delivery of social and affordable housing for rural communities as developers claim including these housing tenues is unviable. There are challenging headwinds as

construction and infrastructure costs are increasing, making it harder for small scale and even large-scale developers.

A 1,000% increase in homes listed for short term lets nationally between 2015 and 2021 has squeezed rural areas under pressure further, particularly in tourist hotspots like Cumbria, Cornwall, Dorset, and Devon. 148,000 homes that could otherwise house local families were available on Airbnb-style lets in September 2021. This tracks against 176,000 rural families on social housing waiting lists in the same period and demonstrates a need to enforce against a proliferation of short term lets in rural areas, particularly when local house prices are already high.

Further, our research shows that there are significant areas of rural England, including much of the East Midlands and East of England, that are not covered by Section 157 restrictions. This means that Council homes can be sold off under Right-to-Buy, with no mechanism to retain them as lower cost rental properties. This is particularly worrying given the East of England has the third highest social housing waiting list, and social housing completions in both these areas have also fallen considerably, particularly when compared against their urban counterparts.

Notwithstanding all of this, there are existing efforts to try and reduce the worst excesses of the market and provide affordable homes for people based on their individual needs. Policies such as rural exception sites and community-led housing schemes are delivering high quality, social rented homes, albeit on a small scale. They should be encouraged across rural England and Government must provide assistance by way of joined-up funding and policy to support the delivery of housing in this way.

Whilst these approaches are delivering housing in line with local need, they do not go far enough alone in addressing the dearth of social rented homes. Alongside greater support for SME housebuilders, Community Land Trusts and Rural Housing Enablers, Local Authorities should be enabled to purchase land designated for large sites compulsorily to deliver the homes needed to definitively address housing waiting lists, whilst recognising other local housing needs such as adaptable homes for older people, family sized homes, homes for multi-generational households and housing for single persons.

The problem, though large, is not insurmountable and can be solved through comprehensive updates to national planning policy and other legislation. In light of this and based on the key findings of the report, CPRE has set out the following recommendations:

- Government must redefine the term ‘affordable housing’ so that the cost of new affordable homes for sale or rent is directly linked to average local incomes. Where homes are not linked to average local incomes they should not be classed as affordable, as this obscures the type of housing that is being delivered.
- Hope value should be reformed to increase the viability of social housing provision and enable Local Authorities to deliver additional social rented homes. Alongside this, national minimum requirements for affordable housing should be increased, with specific targets set for social rented homes.
- Government should show greater support for rural communities using neighbourhood planning and rural exception sites to deliver small scale affordable housing on the edge of villages in line with locally assessed need. This includes making grant funding available and aligning planning policy with funding pots to enable social rented housing to come forward on such sites.
- Both government and local authorities must show greater support for community-led development, where it meets a local need.
- Government should more forcefully advise and support local planning authorities and the Planning Inspectorate to reject developments that do not live up to the design standards set out in the National Model Design Code, National Model Design Guide, and other relevant local design policy and guidance.
- Introduce a second home and short term lets register, with planning controls to regulate the provision of short term lets and powers to levy extra council tax on second homes.
- Extend restrictions to all parishes of below 3,000 population as well as larger rural towns where there is particular pressure on the housing stock, in England on resale of affordable housing, so that these houses continue to be used by local workers and not as second homes or holiday lets.

Methodology

This section will outline the methodology behind each chapter in this report.

Affordable housing completion rates:

The data was taken from the Department of Levelling Up, Housing and Communities Live Tables on Affordable Housing Supply – Table 1011: additional housing supply, detailed breakdown by local authority, Tables 1006 and 1008: additional affordable homes provided by type of scheme and local authority, England.

Rural authorities have been defined based on 2001, pre and post 2009, 2011 and 2021 rural-urban classification data sets provided by DEFRA. Authorities classified as “Mainly Rural (80% or more of the population resides in rural areas)”, “Largely Rural (50%-79% of the population resides in rural areas)” and “Urban with Significant Rural (Between 26% and 49% of the population resides in rural areas)” have been included.

The 2021/22 date was used for social rent completions and social housing waiting lists, with the latter divided by the former to work out how many years it would take. The 2021/22 data was used to ensure cohesion in the data.

Social Housing waiting lists:

The data was taken from the Department of Levelling up, Housing and Communities Table 600 which provides the Social Housing waiting lists. To work out which authorities were deemed as ‘rural’ we looked at three Rural Urban 2021 Classification provided by DEFRA. Using this a rural authority was defined as “Mainly Rural (80% or more of the population resides in rural areas)”, “Largely Rural (50%-79% of the population resides in rural area)” and “Urban with Significant Rural (Between 26% and 49% of the population resides in rural areas”. In addition, the 2001 Rural Urban classification^{xlix} was used for authority areas which no longer exist. For this analysis, three authority types were used to ensure that the vast majority of rural areas were covered.

Due to the vast amount of local authority changes over the 20-year analysis period (as local authority boundaries have changed or new unitary authorities were formed), we used the data available of the local authorities before the change to allow for consistency across the analysis period. For example, under a new unitary authority, we used the data of the combined local authorities which were dissolved to backfill the data. This enabled us to have a consistent coherent analysis.

The sources used in Table 600 are:

1987-2000: Housing Investment Programme (HIP) Returns

2001-2011: Housing Strategy Statistical Appendix (HSSA)

2012-2022: Local Authority Housing Statistics

Rural Homelessness:

The findings use the data available from the Department of Levelling up, Housing and Communities (DLUHC) dashboard of homelessness. For this piece of research, the homelessness analysis was conducted using “relief duty owed”, there are several different ways to count homelessness on the DLUHC dashboard.

To define a “Rural” local authority we used The Department for the Environment, Farming and Rural Affairs (DEFRA) Rural Urban Classification^l. Under this classification a rural local authority is “Mainly Rural (80% or more of the population resides in rural areas)” and “Largely Rural (50%-79% of the population resides in rural area)”. These two Rural Urban Classification were used to ensure that the data directly reflected wholly rural local authorities to avoid urban homelessness figures skewing the data.

A caveat was used to ensure that all local authorities have end of year data. This was because not all local authorities consistently collect the homeless data. They are asked to provide a quarterly and annual breakdown of homelessness. It was found that generally the annual figure was the sum of the four quarters. To ensure a more reliable annual figure for those that had no annual figure, the sum of the available quarters was used.

Despite homeless figures being available for the years before the 2018/19 municipal year, these cannot be included in the current Rural homelessness statistic as in 2018 the Homeless Reduction Act was introduced which meant that the way the homelessness is counted changed.

Map of S157 Right to Buy:

Data shared by Rural Housing Solutions was analysed to find the number of local authorities and parish councils with Section 157 restrictions. Using ArcGIS (Geographic Information System), we were able to input and analyse rural urban classification data shared by DEFRA, and AONB and National Park data available on the living atlas on ArcGIS. This allowed us to see the local authorities that overlapped with AONBs and National Parks and produce overlay analyses to show local authorities with parish councils classed as rural but not designated ‘rural’.

Short-term Lets:

Data collected by AirDNA starting in April 2015 using servers to collect reservation data for every listing on Airbnb and Vrbo, accounting for properties that may be listed on both websites (more information on AirDNA data here: AirDNA | How Our Data Works). Our short-term lets figures are based on the number of ‘entire place’ listings on Airbnb and Vrbo available in September 2015, 2016, 2017, 2018, 2019, 2020 and 2021. These are standalone figures for that month in each year, in that particular area.

Social housing waitlists and social housing completions information gathered from government data live tables, April 2013/14 to March 2020/21. Live Table 600 and Live Table 1006 (DLUHC, 2021). Figures on the quantities of privately rented properties in each district obtained from the ONS data set ‘Subnational estimates of dwellings by tenure, England. 2012-2019’.

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