

Policy Position Statement

Affordable Rural Housing

The supply of appropriate and affordable housing is crucial in maintaining sustainable communities in rural areas of Sussex. All communities should be identifying their own housing needs and working with providers to meet that need locally.

Introduction

The aspirations of the majority who are seeking a house is home ownership. This has been a feature of the British housing market for over 50 years. However achieving this depends on a number of factors including house prices, rate of house building, the supply of houses, and the ability to obtain a mortgage to finance and manage the purchase. The alternative for many is housing for rent or shared ownership provided by the public or private sector. This policy paper addresses the policies and strategies that are needed to increase the number of affordable homes in smaller rural communities to meet identified local needs.

What is 'Affordable' housing?

'Affordable' housing is non-market housing provided to those whose needs are not met by the market. It can include social-rented and intermediate housing, for example shared equity, and should normally meet the needs of current and future eligible households, for example through restrictions on price, eligibility and resale. It includes private sector and un-subsidised homes that meet the definition.

The housing market in Sussex summarised

The last decade has seen house prices within Sussex rise dramatically. Table 1 illustrates this rise between 2000 and 2008 in both East and West Sussex. Income levels over this period have not kept pace with these increases so that in 2008 the average house was over 8.5 times the average income in both counties. This is a far cry from the situation in the 1960s when average house prices were only 3 times the average income. Buying a house has, therefore, become unrealistic for many, even when their incomes are above the county average. This analysis also underestimates the situation in rural areas where both average house prices and 'entry level' prices in rural areas are always significantly higher than their urban equivalents. Average rural house prices can be up to 15 times average incomes.*

**Table 1
Sussex Average House Price (Land Registry) to Average Income Ratio: By place of work (ASHE)**

	Average House Price	Average Income	Multiplier
East Sussex			
April 2000	£91 876	£15 843	5.79
April 2008	£208 680	£24 378	8.56
West Sussex			
April 2000	£112 858	£18 573	6.08
April 2008	£233 953	£26 978	8.73

The supply of housing in rural areas of Sussex, as with many other areas of the country, is not able to keep pace with demand. The expanding population, caused by natural increases amongst existing residents, combined with the influx of in-migrants and the growing number of smaller households, have led to increased competition and further inflated house prices. These factors combine to the disadvantage of those on lower incomes, particularly young people and some pensioners who cannot compete with incomers. Many rural areas in Sussex are therefore experiencing an outward flow of younger people. The proportion of older people is rising as a result of this and also, amongst other things, because the two Counties are attractive to retirees with available income to compete for rural homes.

All of the above analysis was true prior to the 'credit crunch' and economic downturn of late 2008. The effects of this have been that house building, including affordable housing, is now slowing down dramatically. At the same time house sales have largely ground to a halt as the credit crunch begins to bite.

The reduction in the availability of mortgages and the changes in interest rates on some mortgage products can only add to the growing need for affordable housing.

In late 2008 house prices in many rural areas continued to rise thus adding to the affordability issue as mortgage financing has diminished and tightened.

The supply of affordable houses depends very much on the investment made by Central Government and over the last decade rural areas have not received a proportionate allocation of that investment. 23% of the English population live in predominantly rural districts, but in 2004/05 only 19% of the additional affordable homes were built in these same districts.

Population Projections

As shown in Table 2 the population projections for both East and West Sussex continue to forecast an increase over the next twenty years. Whilst West Sussex is shown to experience a more rapid rate of growth, it is the changing structure of the population in both counties which also affects the demand for rural affordable housing. Both counties are likely to see increasing proportions of retirees and in-migrants with the ability to purchase rural homes, thus simultaneously increasing the demand and affecting the price of rural housing for existing residents. An added feature of this growth in population is that there will be a growing number of older people in the population both through increased life expectancy and because the area is attractive to retirees. The Commission for Rural Communities (CRC) estimates that the numbers of those over 75 years will increase by 90% in the next 25 years.

Table 2 Sussex Population Projections 2006-2026

	2006	2016	2026
East Sussex	506 223	511 253 (+0.99%)	519 334 (+1.66%)
West Sussex	768 000	809 800 (+5.17%)	843 500 (+4.00%)
Sussex Total	1 274 223	1 321 053 (+3.55%)	1 362 834 (+3.07%)

(Source: West Sussex County Council/ONS & ESiF)

Affordable housing supply in Sussex

The supply of rural affordable homes, that are rented or in shared ownership, has been very low across both Counties. The percentage of affordable houses that have been built in rural East Sussex in the last three years is shown in Table 3. Similar figures for West Sussex are not available. Housing needs surveys undertaken across Sussex in the same period have demonstrated, without exception, that there is a local unmet housing need. These are typically younger people, who are living with parents or relatives, or those who have had to move away from their village and / or area of work in order to find a home and wish to return if housing was available.

Table 3. % of total Affordable Housing Completions in Rural Districts, East Sussex 2005 – 2008

District	2005/06	2006/07	2007/08
Lewes	4.9	8.4	3.4
Rother	1.3	24.1	11.3
Wealden	17.9	14.8	3.4

(Source: www.eastsussexinfigures.org.uk)

Rural affordable housing supply issues

There are a number of issues that affect how many affordable houses are built in rural areas and how long it takes to get them built.

1. Funding

The availability of the grant (subsidy) is crucial to any affordable housing scheme going ahead. The Government sets the grant figure each year and this is dealt with on a competitive basis by the Housing Corporation. There is never enough funding available to meet the needs of the schemes that have been put forward. Other subsidies can come from the housing association and/or the local authority but these are not the main sources.

2. Planning permission

Planning permission likewise is a necessity and can often be a delaying factor and is sometimes refused because of the sensitivity of some rural sites.

Different planning protocols, interpretation of policy and inconsistent application leads to blockages and barriers causing time delays and increased costs. There remains an unwillingness on the part of some Local Planning Authorities to take up the more flexible, positive and pro-active approaches proposed by PPS3 and PPS1. This implementation gap between policy and practice is severely hampering delivery in rural areas where many villages because they are considered to be "unsustainable" are not given the option of development.

3. Shortage of housing sites

One of the greatest barriers to increasing the provision of affordable housing in rural areas is the shortage of appropriate development sites. Planning legislation does make specific provision for rural housing development on 'Exception Sites'.

These are sites in small rural communities (usually under 3,000 population), where if there is a demonstrated local housing need, planning permission can be granted for affordable homes to be built and managed by a housing association.

There are also legal covenants on these sites that ensure the houses are allocated to local people in need and that this remains the case on re-letting and in perpetuity. A key to the success of the Exception Site policy is that the land attracts a below open market value because of the restrictions that are placed on the planning permission. In spite of this specific legislation exception sites are few and far between and landowners have commonly been reluctant to come forward because of the lower valuation on the land. In more recent years Local Authorities have had the power to identify or designate exception sites but this has not increased the number of successful sites significantly.

More commonly rural Local Authorities are relying on ensuring that, on all private sector housing development, a proportion of houses are now allocated to housing associations for development. The proportions on such sites vary but it should enable a greater supply of houses for rent and shared ownership to be available. Achieving affordable housing through this approach is particularly vulnerable in the current downturn in the economy as less private sector house building means less affordable housing.

4. Local Opposition

When sites do become available the amount of local opposition can, at best, delay and, at worst, prevent the housing scheme. Motivations for such opposition range from a desire to protect the local environment, a desire to prevent any development that will alter the status quo to outright opposition to this type of housing being built. Over the last decade Nimbyism (Not in My Back Yard) and opposition to social housing have been factors in preventing and delaying local housing provision. Yet most villages in Sussex have examples of social or council house developments of previous decades and many now have small exception sites that have also become part of the village fabric. Where projects have been successful the Parish Council has played a key role in helping to steer the project forward alongside the District Council and Housing Association.

5. Implications of a lack of affordable rural housing

As housing becomes increasingly less affordable, particularly for those on lower incomes, so such groups become excluded from many parts of the Sussex countryside. This trend is leading to the fragmentation of families with younger generations being forced to move away to find homes. This in turn can lead to an imbalance in the population so that local jobs can no longer be filled or school pupil numbers begin to fall to a level that makes the school vulnerable to closure. In addition the

village shop may no longer be supported as it used to be. An increasing number of commuters amongst the 'incomers' can result in a village becoming more of a dormitory settlement with fewer people participating in local events and activities.

Current role of Action in rural Sussex

AirS is actively involved in supporting rural housing schemes and working with others to increase the supply of rural affordable housing.

- AirS has employed a **Rural Housing Enabler** for almost 18 years. The role of the Rural Housing Enabler has been endorsed in the findings of the Affordable Rural Housing Commission¹ and in Sussex is supported by the Local Authorities and Housing Associations. The role of the Enabler is to provide independent advice and guidance to local communities and to promote and facilitate the development of affordable rural housing; working with rural communities, local authorities and housing associations to deliver more affordable rural housing. Part of this role is also about raising awareness of housing need and encouraging a better understanding of the issues.
- AirS carries out **Housing Needs Surveys** for Parish Councils. These surveys and reports provide the detailed and robust evidence base that can demonstrate the level and nature of the affordable housing need. This is always a precursor to any detailed work on a development.
- AirS organises and co-ordinates the **Sussex Rural Affordable Housing Partnership** and the **Sussex Rural Affordable Housing Conference**.
- AirS is an active participant in Government enquiries and provides information at a regional and national level from a Sussex perspective. The Chief Executive of AirS was one of the Affordable Rural Housing Commissioners in 2006.

Further reading and references

1. Affordable Rural Housing Commission Final Report 2006
 2. Meeting affordable housing needs in rural communities. A Good Practice Guide, AirS 2004
 3. AirS website – www.ruralsussex.org.uk
 4. Affordable Rural Housing - Lowering the costs, John Lancaster October 2007
 5. www.communitylandtrusts.org
 6. The Taylor Review – Living, Working Countryside July 2008
 7. Communities in Control July 2008
- * (David Couttie Market Assessment 2006)

Action in rural Sussex recommendations

1. AirS supports and endorses the findings and recommendations of the Affordable Rural Housing Commission.¹ The recommendations from their report should be adopted and translated into legislation where required. In particular it supports the provision of a small number of affordable houses in every village in order to meet existing needs and to support the retention and viability of existing services. Action in rural Sussex understands, through its own experience over the last few decades, that this work requires commitment and continuity from all who are involved in increasing the supply of affordable houses.

AirS will work with its partners locally, regionally and nationally to make the case for rural affordable housing and to encourage a strategic and project team approach to the process to raise standards of delivery, ensure value for money and ensure that local prejudice does not hinder schemes moving forward. AirS is committed to working through the Local Area Agreement arrangements to ensure that rural housing needs are identified and met.

AirS will encourage national and regional targets to be set for the delivery of affordable housing in settlements of less than 3,000 and those of 3,000–10,000 population, and ensure that investment supports the creation of sustainable communities in villages and market towns.

2. AirS will continue to provide the Rural Housing Enabler (RHE) services and will work with the local authorities and housing associations that support this post. The RHE provides independent advice and support for all rural communities working with local authorities and housing associations to increase the supply of affordable rural housing.² AirS will continue to provide that service and lobby for funding to support it.

3. Housing Needs Surveys remain crucial, and AirS will work with the local community, principally through the Parish Council, to identify housing needs and to improve the information relating to local housing needs to ensure that what is built does meet local needs.

4. AirS will continue to make the case for investment in rural affordable housing (and RHEs) through representation on the Regional Housing Forum, through sub regional groups, via its co-ordination of the Sussex Rural Affordable Housing Partnership and through direct liaison with specialist rural housing providers.

5. AirS is committed to promoting good design and the use of local materials, products and local businesses in the construction of rural housing developments. We will work with our partners (including specialist rural housing associations) to deliver good quality housing developments which seek to achieve high standards of design and sustainability in terms of materials used, energy efficiency and minimising carbon footprint as described in the code for sustainable buildings.³

6. AirS will support proposals that offer incentives to landowners to bring sites forward. Better use needs to be made of the exception site policy, making this a plan led; criteria based approach based on need and community engagement. This is a recommendation of The Taylor Report⁶.

7. AirS will investigate the wider use of new ownership models such as Community Land Trusts. This includes providing information and advice and getting involved in housing schemes that are part of Community Land Trusts. AirS believes that the Government should provide clearer guidance and resources to local authorities and public bodies on the process for disposing of land at less than market value for rural affordable housing, and support the transfer of publicly owned assets as suggested in The Communities in Control White Paper 2008⁷.

8. AirS supports the development of affordable housing schemes as a means to increase local sustainability. As recommended recently in The Taylor Review ('Living, Working Countryside 2008⁸'), planning authorities should undertake a more holistic assessment of rural communities incorporating the three strands of sustainability, namely economic, social and environmental, in order to fully assess the impact that retaining the local population and meeting local housing needs can make. Mathew Taylor calls for a more comprehensive assessment of sustainability to be applied to rural communities to end the tick box "sustainability trap" in which villages deemed 'unsustainable' are refused the option of development.

For more information on Affordable Rural Housing contact:

Name: Tom Warder
Telephone: 01273 479008
Email: tom.warder@ruralsussex.org.uk
Website: www.ruralsussex.org.uk

For more information about any of the Policy Statements produced by Action in rural Sussex contact:- Teresa Gittins, Head of Strategy and Communications
Telephone 01273 405442
Email: teresa.gittins@ruralsussex.org.uk