Campaign to Protect Rural England – written evidence (NER0083)

Submission of written evidence by the Campaign to Protect Rural England to the Select Committee inquiry

1. The Campaign to Protect Rural England (CPRE) welcomes the opportunity to submit evidence. We campaign for a sustainable future for the English countryside, a vital but undervalued environmental, economic and social asset to the nation. CPRE aims to promote and enhance the character of the countryside; promote a more sustainable approach to land use; and defend the countryside from damaging development.

2. This submission is structured around the question: *Is there enough affordable housing in rural areas?* set out on the Committee website and summarises research published by CPRE in September 2017 as well as our other recent and relevant research and campaigning work.

3. Our research found that rural areas are facing a growing crisis in affordable housing, and that they are set for a serious shortfall in desperately needed homes over the next five years.

4. Examining 62 rural local planning authorities that have an up-to-date local plan, the research found that nearly half are failing to meet their affordable housing targets. If this trend continues and national policy does not change, more than 33,000 desperately needed affordable homes in rural areas will not be built over the next five years [1].

5. CPRE has also found that local planning authorities are on average planning for 40% less affordable housing than they actually need: just one fifth of examined local planning authorities have affordable housing targets that meet or exceed their identified affordable housing need. If you compare identified need with delivery, more than 86% of these rural local planning authorities are not meeting their need [2].

6. CPRE believes that local planning authorities are setting lower targets because they realise that the market and housing policy are simply not designed to deliver the required number of affordable homes. Local authorities do not have the funding to build homes themselves, and house builders are failing to provide the number needed for local people. Developers are no longer expected to provide affordable housing on sites of under 10 units, parcels of land particularly common in rural areas.

7. The subsequent gap between the reduced target and delivery can be attributed to a number of factors. The low build rates of affordable housing providers in rural areas has
been cited as a problem [3]. Others have cited the ability or desire of local planning authorities to force developers to build out their permissions [4].

8. There is already a shortage of affordable housing in rural areas: just one in 10 existing homes in rural areas fits the Government’s definition of affordable, compared to one in five in urban areas. In July 2017 the Institute for Public Policy Research published research commissioned by Hastoe Housing Association that showed rural homelessness has risen by a third in five years [5].

9. CPRE analysis of rural housebuilding rates shows that there has been a steady decline of affordable housing provision over the last five years. Just 16.8% of houses built in rural areas in 2016 were classified as affordable. This is less than half the proportion in 2012 [6].

10. There are also further, imminent concerns with the type of affordable housing being supplied. CPRE’s new research illustrates that the number of new social homes to rent in rural areas has declined more than 80% in five years [7]. These rents are set in relation to local earnings and local property values, and are considered genuinely affordable.

11. The consultancy Rural Housing Solutions has highlighted that the ‘affordable rent’ homes that have largely replaced social homes to rent may often not be genuinely affordable to many of those most in need [8]. Affordable rents can be up to 80% of local private rents, but in rural areas wages are already lower than average. Many households have also suffered from the cuts at the rent level at which housing benefit is paid. At the time that Government pushed up rents for those unable to buy, it also cut the funding lower income residents depend on to rent.

12. CPRE wants to see the Government doing more to meet housing needs in rural communities that cannot be satisfied by building for the open market. Continuing to focus on meeting market demand will see little change to affordable housing delivery, and to the communities in desperate need of more genuinely affordable housing.

13. CPRE have in the past argued that rural landowners could play more of a role in meeting affordable housing need [9] and the CLA have also set out how rural landowners could be better incentivised to provide sites for affordable housing in their areas [10]. There are various incentives, including potential tax changes, that would encourage more rural landowners to provide sites for affordable rent, which would then provide a rental income stream to those landowners concerned.

14. Most often, rural landowners provide sites for affordable housing through the rural exception site policy. It is important that this policy is properly protected, as the Government’s housing white paper published earlier this year – Fixing our broken
housing market – stated it would do, though without mention of any specific measures. There is evidence to suggest that the extension of the Voluntary Right to Buy, to housing association tenants, is causing landowners to hold back land that they otherwise might provide for rural affordable housing on the basis that housing brought forward may not remain affordable in the longer term.

15. CPRE is calling for the Government to require that viability studies are made public; to enable local planning authorities to force developers to stick to affordable housing quotas as a condition of planning permission; to allow local planning authorities to require affordable homes on developments of all sizes, including under 10 units; and to help local authorities build their own homes again.

16. CPRE endorsed the Rural Housing 5-star Plan, launched earlier this year by the National Housing Federation [11]. This called for at least 10% of HCA investment to deliver new homes in rural areas. Funding for the provision of rural housing has been far short of what is necessary in recent years.

CPRE
November 2017

Notes

[1] CPRE has looked in detail at the affordable housing needs, targets and delivery in rural authorities. The Office for National Statistics defines 145 local authorities as predominantly or significantly rural; 62 of these have adopted local plan since 2012 and are included in this analysis.

Local authorities plan for new housing through a two-stage process. The first stage is an objective assessment of need (OAN), which includes need for affordable housing as a subset. The second stage is to convert the OAN figure into a housing requirement or target, described in a policy within a final local plan.

The table below provides the overall estimates for affordable housing need, targets and delivery across all rural authorities.
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<th>Number of homes per year</th>
<th>Original data source</th>
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<tbody>
<tr>
<td>Affordable housing need</td>
<td>46,100</td>
<td>Based on figures from Strategic Housing Market Assessments quoted within the local plan document. 37 local authorities have quoted such figures.</td>
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<tr>
<td>Affordable housing target</td>
<td>25,500</td>
<td>Extrapolated from affordable housing policies within the local plan</td>
</tr>
<tr>
<td>Affordable housing delivery (completions)</td>
<td>18,700</td>
<td>Based on an average annual delivery over past three years (DCLG)</td>
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Local authorities have therefore on average missed their target by 46 homes per year. If this trend were to continue for the next five years, across all rural local authorities, 33,350 houses that should be built will not be delivered.

[2] CPRE has analysed the percentage of affordable housing need, targets and delivery as a proportion of all planned and completed new housing following the analysis outlined above in footnote 1.

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<tr>
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<th>Proportions</th>
<th>Notes</th>
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<tr>
<td>Affordable housing need</td>
<td>68%</td>
<td>The assessed need for affordable housing as a proportion of the final local plan housing requirement for all types of housing</td>
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<tr>
<td>Affordable housing target</td>
<td>29%</td>
<td>Target as a proportion of the final local plan housing requirement for all types of housing</td>
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<tr>
<td>Affordable housing delivery (completions)</td>
<td>26%</td>
<td>Affordable homes as a proportion of all new home completions - annual average over the last three years (2013/14 - 2015/16).</td>
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In 2015-16, just 11 of the 62 local authorities met or exceeded the affordable housing target in their local plan. This means that 82% of local authorities did not.

Over 86% of the local authorities are not meeting affordable housing need (31/36) over the last three years. Fifty percent met less than half their affordable housing need (18/36) over the last three years. [Only 37 local authorities quoted affordable housing need figures; a further local authority has been excluded as the affordable housing target encompasses a range of figures over time].

[3] ‘Landowners want more positive planning to create affordable homes in UK rural areas’, Property Wire, 10 January 2017.


[6] The proportion of affordable homes in total completions, per year, in the 145 local authorities considered predominantly rural by the ONS, CPRE analysis, September 2017:

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<tr>
<td>Proportion of affordable housing</td>
<td>36.9</td>
<td>32.7</td>
<td>29.0</td>
<td>32.1</td>
<td>16.8</td>
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[7] CPRE analysis of the number of social homes to rent that were built in rural areas, 2011 - 2016, as defined by the ONS, September 2017:

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<td>Number of social homes to rent built</td>
<td>12,730</td>
<td>5,760</td>
<td>3,630</td>
<td>2,920</td>
<td>2,230</td>
</tr>
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</table>

[8] Rural housing consultancy Rural Housing Solutions found that in settlements of less than 3,000 people between 2015 and 2016, 77% of new affordable homes were affordable rent.


15 November 2017