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# An Evaluation of the Rural Housing Enablers in Wales

## LITERATURE REVIEW

# **LITERATURE REVIEW**

## **Rural Housing Solutions Cyngor Da Three Dragons**

Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government

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## Contents

	Page
Introduction	3
Wales	4
England	11
Scotland	22
Northern Ireland	34
Comparison of Rural Housing Enabler Programmes across the UK	41
Issues requiring further research	46
References	47

## Introduction

This Literature Review constitutes the first stage of the evaluation of the Rural Housing Enabler (RHE) Programme in Wales.

Drawing on published documents and on-line sources, it summarises the drivers for and main points of policy development and implementation in relation to rural affordable housing in Wales and the other nations of the UK since 2000.

While the legislative and economic context differs in each country, there has been a common recognition that affordable housing is needed in rural areas to address particularly acute affordability problems and to support the continued sustainability of valued rural communities.

This report sets out the position in each country under the following headings:

- What have been identified as the key barriers to delivery of rural affordable housing?
- What is the overall position on rural communities and their sustainability?
- What is the public funding context and are there any specific measures for rural delivery?
- What is the planning policy context and are there any specific measures for rural delivery?
- Are there any measures in place to safeguard the supply of rural affordable homes?
- What are the local structures and processes that support delivery?

Consideration is given to the effectiveness of policy in practice and to barriers and solutions to rural affordable housing delivery that may be applicable to the Welsh context. Key issues are identified for further investigation in the subsequent stages of this research project.

## **Wales**

### **What have been identified as the key barriers to delivery of rural affordable housing?**

Rural housing came into focus as a policy priority for Wales from 2006. Studies by the Wales Rural Observatory<sup>i</sup>, the JRF Commission<sup>ii</sup> and Sheffield Hallam University<sup>iii</sup> over the period 2006-09 were in broad agreement on the causes of and barriers to delivery. Key barriers identified during that time can be summarised as:

- Land and site supply - with disproportionately high ratios of local earnings to house prices driven by in-migration, and physical, access and infrastructure problems with some potential development sites; landowners' reluctance to sell, even in a falling market, for less than they perceived a site to be worth
- Planning policy and practice - which had been slow to recognise the impact of changing markets and employment patterns on local communities
- Financing rural affordable housing - including limitations to Social Housing Grant and Acceptable Costs Guidance; lack of economies of scale
- The limited supply of social housing
- Localised issues - difficulties in identifying, quantifying and understanding housing demand and capturing hidden housing need in locations where the absence of affordable housing acts as a disincentive to registering for housing assistance; local opposition (both public and political) to affordable housing developments.

The Sheffield Hallam study, produced after the effects of the 'credit crunch' and housing market downturn on the economy had begun to be felt, identified an intensification of issues around finance and additional barriers, pointing out that it was often a combination of factors that inhibited delivery. The additional barriers were:

- higher costs associated with access, infrastructure, construction, design and material costs for small scale rural developments
- delays arising from the operation of other barriers
- inadequate partnership working.

### **What is the overall position on rural communities and their sustainability?**

The Wales Rural Observatory (WRO) described in 2006 how the transition from agriculture and manufacturing towards a service based economy has influenced the social and cultural composition of rural Wales and identified changes in the housing

market as presenting a risk to the character and future of rural communities. Middle-class and older households, in some cases purchasing second and holiday homes, were replacing young people moving away due to lack of employment and affordable housing opportunities. These changes impacted on the sustainability of communities by reducing the size of the permanent population, increasing house prices, the cost of land, building costs, homelessness and creating an imbalance between supply and the demand for housing for households in need. It was argued that, in permitting villages to expand beyond the size characteristic of, and appropriate to, Welsh rural settlements, planning and policy-making had not adequately considered the implications for Welsh language and culture or the housing needs of local households.

The Welsh Government's local authority classification defines nine of the twenty-two local authority areas in Wales as rural: Carmarthenshire, Ceredigion, Conwy, Denbighshire, Gwynedd, Isle of Anglesey, Monmouthshire, Pembrokeshire and Powys. According to the 2001 Census, these nine rural areas contained 959,486 people, or 33 per cent of the Welsh population. Rural housing is therefore relevant for a substantial proportion of the population and has implications for the economy of Wales as a whole.

Housing was already being recognised as an important issue across Wales, with the publication of *Better Homes for People in Wales* in 2001 but the policy focus on improving and increasing the supply of rural affordable housing dates from around 2006. In subsequent years a series of reviews, research reports, evaluations, guidance and planning measures have been produced to support the delivery of affordable housing in rural Wales.

'Rural Housing in Wales' confirmed the findings of the WRO, highlighting some specific housing indicators of concern:

- The earnings to house price ratios were greater in rural areas and most acute in smaller and more isolated rural settlements
- Homelessness had risen sharply in rural areas and was disproportionately higher than in urban areas (in 2006-7 the homelessness totals for rural and urban areas were very similar at 2,249 and 2,264 households respectively, despite the fact that the urban areas represent a larger proportion of the population).
- Assessment of rural housing need indicated a net annual shortfall of about 3,800 properties.

Furthermore, 'Rural Housing in Wales' highlighted a rise in hidden homelessness, an acute shortage of available land for new build, a large number of homes sitting empty in Wales, and higher development costs in rural areas and poor statistical

analysis of rural housing need. Echoing the policy shift in England, it was argued that the sustainability of rural Wales was reliant on both social and economic wellbeing and the quality of environment.

Although rural communities continue to receive recognition in national policy (the National Housing Strategy<sup>iv</sup> identifies a need to 'increase the number of affordable homes for purchase or rent, in the right location and specifically in rural areas'), detailed proposals for action have not been put forward.

Recent homelessness data for Wales presents a mixed picture which would require more detailed analysis to pinpoint specifically rural issues but does point out that 'following the increase in the age threshold for the shared accommodation rate of Local Housing Allowance from 25 to 35 under the Welfare Reform Act 2012 the proportion of single people among homelessness acceptances has been increasing 'and accounted for 53 per cent during 2012-13'.<sup>v</sup>

While much has been done to improve the ability of the housing system to support delivery, ranging from work undertaken following the Essex review<sup>vi</sup> to the funding of the Rural Housing Enabler Programme which is the subject of this evaluation, wider economic and policy changes (as discussed in the review for England) suggest that question marks remain over the most appropriate way forward to enable rural housing need and community sustainability to be addressed effectively.

## **What is the public funding context and are there any specific measures for rural delivery?**

Following the introduction of the RHE role in Wales in 2004 and the recommendations of the WRO, Hughes-Isherwood<sup>vii</sup>, JRF and Sheffield Hallam reports, a pan-Wales Rural Housing Enabler Network was agreed at Ministerial level in 2008-09 as a means of improving delivery and addressing many of the local barriers identified previously. Welsh Government funding of £150,000 per annum from the Rural Housing Development Fund was committed alongside contributions from local authorities and other bodies. That funding comes under review in 2014.

Between 2008-09 and 2009-10, £50,000 per year was allocated from the Rural Housing Development Fund to promote Community Land Trusts (CLTs). A handbook<sup>viii</sup> was developed and a number of CLT groups initiated. In so far as CLTs and other community-led activity are identified in our engagement with RHEs and their partners, we will report further on their development and potential.

Social Housing Grant<sup>ix</sup> (SHG) is payable by the Welsh Government to Registered Social Landlords (housing associations) alongside private finance to provide new affordable housing for rent or low cost home ownership to meet local needs and

priorities as identified by local authorities. SHG can be used to provide housing through new build or the use of existing buildings. The impact of rates of SHG paid and the operation of Acceptable Costs Guidance will be explored in the course of this evaluation.

Unlike in England and Northern Ireland, no target is set for the delivery of rural affordable housing, either in numerical terms or as a proportion of the value of the SHG funding available. This is regarded as a matter for local authorities when setting their own priorities.

In response to concerns about the level of Empty Homes in Wales, a £10m loan fund<sup>x</sup> was introduced by the Welsh Government in 2012 to refurbish/ convert empty homes and commercial buildings for sale for owner-occupation or for rent. This initiative has the potential to improve the sustainability of rural communities.

In April 2012 the Welsh Government announced a £10 million investment in the House into Homes scheme. Designed to bring empty homes and redundant commercial buildings back into use as homes for rent and sale across Wales - where in 2011/12 there were over 23,000 empty homes. The regional scheme received its first interim evaluation in August this year<sup>xi</sup>, but as yet it is too early to draw any firm conclusions about delivery.

## **What is the planning policy context and are there any specific measures for rural delivery?**

People, Places, Futures - The Wales Spatial Plan<sup>xii</sup> underpins the planning policy context for Wales and refers specifically to the importance of understanding and meeting rural affordable housing needs.

This is reflected in Planning Policy Wales<sup>xiii</sup> (PPW), which requires all local authorities to prepare a Local Development Plan. PPW states that development in the countryside should both benefit the rural economy and local communities and enhance the environment. The housing chapter also makes clear that a local housing market assessment should be the basis for determining affordable housing requirements, that development plans should include an authority-wide target for affordable housing, and should set affordable housing thresholds, possibly plus site-specific targets above which developer contributions to affordable housing will be sought. Sites can be allocated for up to 100% affordable housing.

Planning Policy in Wales allows the provision of affordable housing to meet local need on small sites within or adjoining existing settlements that would not otherwise be allocated for housing. The issue of allowing market housing on such sites to



provide cross-subsidy for affordable housing was discussed when both TAN 2 (Planning and Affordable Housing) and TAN 6 (Planning for Sustainable Rural Communities) were being prepared in 2006 and 2010 respectively. At the time Welsh Government's view was that as the provision of affordable housing on such sites is an exception to the policies for general housing provision, it would be contradictory to allow any market housing. There has been no change to this policy position. The policy in Wales is intended to help ensure the viability of the local community; however it was never envisaged that it would result in a large number of additional affordable homes, rather smaller provision where needed for smaller communities.

The focus of Welsh Government guidance on the provision of affordable housing in rural areas is on encouraging local planning authorities to work proactively with local communities and local delivery partners, particularly Registered Social Landlords, to identify suitable sites and a broad range of delivery options. The policy on exception sites is intended to supplement this broader approach.

Supplementary Technical Advice Notes (TANs) to PPW provide additional guidance on specific topics. TAN 2 provides guidance on the role of the planning system in providing affordable housing. TAN 6 Planning for Sustainable Rural Communities encourages use of all policy approaches to maximise the supply of rural affordable housing including proactive work with local delivery partners - providing a formal basis for the role of RHEs.

## **Are there any measures in place to safeguard the supply of rural affordable homes?**

As indicated above, PPW requires that affordable housing provided on rural exception sites should be affordable in perpetuity although it is recognised that shared owners may 'staircase' to full ownership.

Purchase of social rented housing owned by a local authority or housing association in the National Parks, Areas of Outstanding Natural Beauty and designated rural areas under the Right to Buy legislation is subject to rural restrictions. These require that the property may only be resold to someone who has been living or working in the area for 3 years. There may also be a requirement for the property to be offered to the original landlord if being resold within 10 years of purchase.

In addition, the Welsh Government have made it possible to suspend a tenant's right to buy his/her social housing in areas of housing pressure and they have not increased the maximum discount of £16,000 for a tenant buying their home.

## **What are the local structures and processes that support delivery?**

A range of sources of advice and guidance has been produced, largely since 2006, to improve local authority capacity to deliver more effectively. The Affordable Housing Toolkit<sup>xiv</sup> is a compendium of information and case studies on how policy can be developed and implemented using a range of housing and planning tools. The Local Housing Market Assessment Guide<sup>xv</sup> (followed by Getting Started With Your Local Housing Market Assessment in 2012) provides detailed advice on how to derive overall figures for the number of households requiring additional housing and assess what this would mean in terms of the need for affordable housing provision. Based upon this assessment, authorities can then develop robust planning policies to provide the right housing tenure mix.

The Housing White Paper 2012 sets out a programme of action for the remainder of the current term of Government which, while not specifically targeted at rural areas, includes proposals which are relevant for them:

- Increasing the supply of new homes: by 7,500 additional affordable homes, of which 500 will be co-operative homes and 500 will be built on surplus public sector sites, and
- Bringing 5,000 empty properties back into use.
- Publicly-owned land is also to be registered and released for new affordable housing<sup>xvi</sup>.
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The Code of Guidance for Local Authorities<sup>xvii</sup> is a comprehensive guide for members and staff of local authorities in implementing their functions in connection with allocations and homelessness. The Code sets out how allocations policies can be used to support rural communities. In determining priorities within allocation schemes, the Code advises that there is nothing to prevent them including a local connection that exists between the applicant and the local authority's area as a policy priority within their allocation scheme. The Code makes the point that 'this is particularly relevant for local authorities operating in rural locations who aim to promote community sustainability'<sup>xviii</sup>. It goes on to make clear (para 4.53) that an allocation scheme can include other policy priorities such as job-related mobility, the needs of extended families, releasing under-occupied properties or sustaining rural communities. Pages 42 and 43 describe how, within an overall allocations scheme, local lettings policies can be developed to benefit rural communities, making a specific reference to the role of RHEs at para 4.61.

## **Rural Housing Enablers**

The Welsh Government first piloted a RHE post in 2003 in two areas and by 2006 this had expanded to four posts. Over the next three years, three reports provided

impetus to the expansion of the programme<sup>xix</sup> leading to the establishment of a pan-Wales RHE Network funded by the Welsh Government. Initially this supported ten posts at a cost of £150,00 per annum, with match funding from local sources.

The role ranges from identifying local need through surveys, identifying sites, supporting community involvement to enable appropriate development to take place. In some areas they have also been involved in bringing empty homes to be brought into use.

In 2011 the Welsh Government commissioned and published a Mapping of RHE activity<sup>xx</sup> that reported on progress and barriers to RHEs work. Its key findings were;

- The process of delivery is lengthy, with delays at all stages and over which the RHE often only had minimal influence. These are exacerbated by the recession and changing financial context.
- There were differences of view on the outcomes and outputs that should be expected from the RHEs, ranging from units completed to softer outcomes around community engagement and support for rural regeneration.
- The above factors combined to prompt exploration of alternative approaches including self-build, Community Land Trusts, bringing empty properties back into use and working more closely with the private sector.
- Funding for the RHE posts is fragile and under increasing pressure as local authority budgets are cut and RSLs face financial pressure on their business.
- Communication about what is affordable housing, how it is delivered and accessed and explaining the role of the RHE is weak.
- The Steering Groups, who manage the RHE work plan, were generally working well, but with limited formal reporting of progress and sometimes a lack of responsive action by the Steering Group to the changing financial and policy context affecting rural delivery.

## **What has been the impact of recent policy on delivery?**

The main source of information on policy outcomes is the RHE Mapping Exercise<sup>xxi</sup> undertaken at the end of the initial three year period of Welsh Government funding for the network. This reported on outputs in terms of surveys undertaken/ in progress, outcome of planning applications and units in development/ completed (132 at March 2011). It was clear that progress was in line with the length of time an RHE had been in post. The Mapping Exercise reported a range of views on the impact of the RHEs, drew conclusions of the value of RHEs in terms of community benefits as well as bricks and mortar and identified a range of success factors that could be used to improve the design of the role.

## England

The lack of affordable housing in rural England is well documented and an issue that continues to have prominence in debates on the countryside and its future. In 2010 in its Rural Challenge document the Rural Coalition stated, “Meeting the affordable housing needs of rural communities remains an urgent priority.”<sup>xxii</sup>

The still most comprehensive and recent assessment of rural housing need in England was presented in the Affordable Rural Housing Commission’s (ARHC) report.<sup>xxiii</sup> It calculated that there was a need for 11,000 new affordable homes per annum in settlements of less than 10,000 population. The latest data in Defra’s Rural Statistical digest indicates that this need has not gone away, in August 2011 the affordability ratio for rural areas was 8.1:1<sup>xxiv</sup>.

The causes too have been well rehearsed: the high price of market housing compared to low wages paid through local employment resulting in an affordability problem; very limited supply of social housing provided by local authorities and housing associations; and a mixed private rented sector serving both extremes of the housing market with cheaper accommodation often of poor quality and let on a short term basis.

### **What have been identified as the key barriers to delivery of rural affordable housing?**

Since 2000 a number of reports<sup>xxv xxvi xxvii xxviii</sup> have identified the key barriers to affordable housing. The two principal reports that brought together earlier work, national data on delivery and evidence taken from key national and local stakeholders were the ARHC report published in 2006 followed two years later by Living Working Countryside<sup>xxix</sup>, written by Matthew Taylor MP. While the former looked across the full span of factors that affected the delivery of rural affordable housing, the latter explored in greater depth planning issues and also included some consideration of economic activity in rural areas. Their combined findings fall under four themes.

- Land and site - reluctance by landowners to release land at a price that made it viable to provide affordable housing. Coupled concerns about local opposition and a desire to retain control of some or all of the properties, particularly if the homes could house a member of the family or an employee.
- Planning policy and practice – a constant theme is the barrier presented by planning policy and its implementation arising from an environmental/countryside conservation bias in policy, often expressed as a

narrow interpretation of sustainable development that has been focused on access to services and reducing car use. There is a tension between contradictory positions towards rural and generic development leading to planning authorities to adopt generic guidance to the detriment of creating sustainable rural communities.

- Financing rural affordable housing - A lack of finance, particularly public grant. Concerns have also been raised about the reduction in capital funding from local authorities, sums that often tipped a scheme into viability or supported innovative models of delivery.
- Perpetuity arrangements – Can reduce RSL access to capital loans and occupiers to residential mortgages. However, they are needed if landowners are to release sites.
- Local implementation – the barriers fall under two headings.
  - Limited staff time and resources with local authorities -Concerns that local authorities do not always provide the executive leadership and often lack the time and specialist skills needed for what has become a complex process. A consequence has been delaying producing up to date Core Strategies (Local Plans), adopting new policies and delivering homes on the ground.
  - Lack of political leadership – demonstrated by a lack of corporate thinking in the way decisions are made leading to muddled thinking reflects widespread anti-development attitudes in rural local authorities. In consequence many planning authorities appear to be unwilling or lack confidence to apply more sensitive approaches.
  - Community Opposition – local opposition can prevent schemes proceeding at various stages of the pre-development process and can result in policy implementation depending on more than technical factors and arguments.

Understanding the barriers to the delivery of rural affordable housing in England provides a vital context to its policy and practical response.

## **What is the overall policy position on rural communities and their sustainability?**

The Organisation for Economic Co-operation and Development (OECD)<sup>xxx</sup> described the evolution of rural policy in England as involving a shift in focus and a move from specific rural policies to consideration of rural issues as part of mainstream policy development. As the OECD remarks, this largely reflects the generally urbanised nature of rural England, certainly compared with mainland Europe.

Policy initially sought to protect rural employment, preserve agricultural land and, later, conserve the countryside for its own intrinsic value. This long standing approach remained relatively unchanged until 2000, but was increasingly challenged as the broader social impacts of restricting development became apparent. The Rural White Paper, *Our Countryside the Future: A Fair Deal for our Rural Areas*, published in 2000<sup>xxxi</sup>, marked a significant shift towards a rural policy that sought to address rural social, economic and environmental concerns. It promoted an integrated approach, in line with the principles of sustainable development later enshrined in the Sustainable Communities Plan: *Building for the Future*. This integrated approach was reflected in the broader remit of the Countryside Agency created in 1999 by merging more narrowly focussed bodies. Towards the end of the Rural White Paper the government also set out its approach to devising policy for rural areas which it described as the “Systematic assessment of the rural dimension of all government policies as they are developed and implemented – nationally, regionally and locally.”<sup>xxxii</sup> This is now termed ‘mainstreaming’ rural policy that is supported by Rural Proofing.

The integrated approach, given policy expression through Rural Proofing, remained the thrust of government policy over the next nine years despite concerns that this was not delivering a change in delivery at local level, particularly in the provision of affordable housing and jobs. Acknowledging this the Government commissioned two inquiries, the ARHC that reported in 2006 and *Living Working Countryside*. Common to both was a core concern that planning policy and practice was adopting an urban based model of sustainable development in effect still giving priority to conservation of the countryside. They cited evidence that demonstrated that these policies restricted rural economic and affordable housing development, undermining the creation of sustainable rural communities rather than supporting sustainable development.<sup>xxxiii xxxiv</sup>

The differences in their recommendations were more of focus than principle. Both reports recommended as a key priority a positive plan-led planning system. This found high levels of support across the diverse range of rural interests and led to a renewed push for a more positive and proactive approach to rural development,

particularly in the expression of planning policies.

While this continues to underpin national policy, there has been a shift in direction. Reflecting wider government priorities, the emphasis is less on environmental issues and more on economic growth and communities shaping their futures and providing services, supported by a range of Community Rights introduced in the Localism Act 2011. Thus the government's vision in the 2012 Rural Statement is of 'successful rural businesses and thriving rural communities in a living, working countryside, and is based around three key priorities: economic growth; rural engagement; and quality of life'.<sup>xxxv</sup>

## **What is the planning policy context and are there any specific measures for rural affordable housing delivery?**

Following the broad thrust of national policy, planning policy for rural areas has undergone significant change over the last ten years. PPS 1 published in 2005<sup>xxxvi</sup> was the first to require planning authorities to take a more positive approach to rural areas. With the catch all phrase 'in urban and rural areas' it called on planners to: promote sustainable and inclusive patterns of development and sustainable communities; support regeneration; and enhance the quality of the natural and historic environment. More detailed interpretation followed in PPS 7 Sustainable Development in Rural Areas<sup>xxxvii</sup> and PPS 3: Housing,<sup>xxxviii</sup> but was somewhat undermined by PPS 13: Transport that continued to re-iterate the need to reduce the use of the car.<sup>xxxix</sup>

The iterations of PPG/S 3 over the last decade through to the requirements now included in the National Planning Policy Framework demonstrate an increased acknowledgement that the circumstances of rural areas often require different approaches to meet overarching objectives. This is illustrated under three aspects of planning policy for rural affordable housing.

### **Responsiveness to rural circumstances**

PPG 3 (2000)<sup>xl</sup> set a restrictive policy for housing development in rural areas, although acknowledging additional houses to meet local needs could contribute to mixed and balanced communities. PPS3 (2006)<sup>xli</sup> set a very different tone, requiring planning authorities at all levels to take a positive and proactive approach to the delivery of rural affordable housing. In line with its pro-development, plan led principles the NPPF<sup>xlii</sup> takes this a step further. Local planning authorities are required to 'be responsive to local circumstances and plan housing development to reflect local needs, particularly for affordable housing, including through rural exception sites where appropriate.' It is also something of a rural landmark in that it

separates out the rural policies, giving them greater strength and avoiding local misinterpretation of national policy.

### **Site thresholds to trigger affordable housing contributions**

PPG 3, followed by PPS3, acknowledged that most sites coming forward for development in villages were below the thresholds set in national guidance and introduced the flexibility for local planning authorities to set a nil unit threshold in rural areas. The NPPF does not set specific thresholds but requires Local Plans to meet the evidenced market and affordable housing needs of their area. Any affordable housing requirement to be set in a way that it provides a competitive return to a willing landowner and developer.

In this context it is interesting to note that the 2013 Growth and Infrastructure Act<sup>xliii</sup> includes an exemption from re-negotiation of affordable housing requirements on rural exception sites.

### **Exception site**

Introduced in 1991 the rural exception site policy has been jealously guarded by rural interests and became central to PPG 3's rural affordable housing policy. By PPS 3 there was some widening of the policy suggesting that sites solely for affordable housing could be allocated in Local Plans, as well as employing the traditional windfall rural exception site approach.

The NPPF's policy is quietly radical on two counts. It makes clear that exception sites should not be the sole means for providing affordable housing in rural areas. It also allows for an element of cross-subsidy from market housing where it "would facilitate the provision of significant additional affordable housing to meet local needs."<sup>xliv</sup>

### **What is the public funding context and are there any specific measures for rural delivery?**

The principal source of public funding for rural affordable housing in England is that provided by the government and administered by the Homes and Communities Agency (HCA), previously the Housing Corporation (HC).

In 1991, to support the newly introduced rural exception site policy, the HC set a rural target within its national investment programme. (Rural areas being defined as settlements with a population below 3,000.) The target underwent various iterations



over the next 20 years, sometimes being dropped completely. However, recognising that the lack of a target saw funding drift away from rural schemes, the HCA has allocated 9% of the 2011-15 programme to rural developments.

The level of rural delivery gradually increased from 2000 to 2011 when HC investment supported delivery of 1,600 units per year to an average of 2,800 homes per year in 2008 -11. However, the current 2011-15 programme has been allocated to deliver an average of 1,800 units per year in rural areas.

The HCA's Rural Affordable Housing Project, which ran from roughly 2009-11<sup>xlv</sup> sought to increase awareness of and delivery of rural affordable housing. Commissioned to investigate concerns that cost may be a barrier to rural development, the Stage 1 report for the Rural Housing Economic Viability Toolkit<sup>xlvi</sup> concluded that although rural schemes are not intrinsically more costly than equivalent urban developments, a number of factors regularly occur in relation to rural housing schemes which can often result in increased development costs. These factors, including design, infrastructure and code for sustainable homes, are discussed, with recommendations to counter these costs put forward. In discussing wider issues related to strategic housing and enabling that impact on economic viability, the value of partnership and procurement processes and early community engagement are identified as mechanisms enabling risks associated with innovation to be shared and economies of scale and continuity of supply to be achieved.

The amount of grant payable per unit has steadily been driven down. Firstly, a rural multiplier that had the affect of enhancing the grant rate was discontinued some years ago. Secondly, and with greater impact, the way the HCA procured affordable housing was changed for the 2011-15 Programme. Instead of allocating on an assessment of individual scheme bids, funding was distributed to programmes of schemes submitted by Registered Providers, who can be private organizations or housing associations. This competitive process required programmes to meet a national grant rate of £22k a unit. This is considerably less than the 40k a unit previously awarded to rural schemes, which recognised the higher costs associated with rural delivery. Following following expansion of the Government's definition of affordable housing and reduced grant allocation for 2011-15, many homes in the current programme were expected to be for 'affordable rent' designed to assist working households and generate more revenue than traditional social rents.

Two wider changes have the potential to influence rural delivery but the effects have yet to be seen. First, the Localism Act encouraged development by introducing the New Homes Bonus that rewarded local authorities with a payment for each new home completed. NHB payments are not ring-fenced for housing and so may not lead to any benefits for affordable housing. Second, a major change to the way Council-owned housing was financed has opened the way for local authorities to

develop affordable housing themselves. As many of the local authorities that had retained their stock were larger and more urban, the opportunities for rural schemes may be limited.

## **Community Led Housing**

There has been a small, but growing interest in community led housing in England's rural areas since the early 2000's, primarily in the form of Community Land Trusts (CLTs). This has gathered momentum over the last five years, helped considerably by the introduction of a series of Community Rights, dedicated capital grant funding, and the establishment of a National CLT Network.<sup>xlvii</sup>

In response to the reported barriers to delivery on rural exception sites Matthew Taylor called for proactive engagement of the community in the absence of any allocated sites. He proposed this should be backed by a criteria based, community-led approach to exception sites with the aim of streamlining and bringing more certainty to the exception site process.

The purest community-led approach is probably that offered by CLTs and Co-operative housing. Both the ARHC and Matthew Taylor promoted this approach, the first calling for them to be piloted, the second for guidance to be published drawing on the lessons learnt.

The policy expression of Matthew Taylor's recommendations is enshrined in the Community Rights introduced in the Localism Act 2011<sup>xlviii</sup>. There are four Rights that are particularly relevant to the delivery of rural affordable housing.

**Right to Challenge** –allows communities to challenge how a public authority is providing a service and take it over.

**Right to Bid** –gives communities the power to ask for land and property to be put on a register of assets held by the local authority. If they come up for sale the community have a pre-emptive right to bid for the asset.

**Neighbourhood Plans** - In rural areas Parish or Town Councils take the lead in producing a Neighbourhood Plan that has to be in conformity with the Local Plan. It can vary in scope and provides a framework whereby the community can decide what type of development should be allowed and where it should be located. It is quite a formal process requiring the collection of evidence and high levels of community involvement in its development. It has to be passed by an Independent Inspector and agreed by 50 % of those voting in a local referendum. Once adopted

the Neighbourhood Plan becomes part of the Local Plan and as such has significant influence in the determination of planning applications.

Community Right to Build Orders (CRBO) - these have to be led by community groups registered as a corporate body with the purpose of furthering the social, economic and environmental well-being of the local community. It gives power to such groups to build houses, provide workspace, or other facilities that will benefit the community on a specific site. The process of adopting a CRBO is similar to that of a Neighbourhood Plan. Once adopted there community has the right to grant planning permission for the site and development specified in the CRBO.

Supporting these Rights the Government allocated £25m of its 2011-15 Affordable Housing Programme for community led schemes. It also offered seed-corn funding as revenue support for groups going down the CRBO route. However, take up was very low and the criteria have recently been relaxed making the funding available to other organisations seeking to provide community-led development.

A key player to emerge in response to this movement has been the National Community Land Trust (NCLT)<sup>xlix</sup>, a membership organisation offering advice and support to groups interested in setting up and running a CLT. Initially, NCLT was funded with a contribution from the Government, but is now supported by charitable funding and membership fees.

Following two pilots, supported by the Carnegie Trust, six Umbrella CLTs have been established. Covering a specific geographic area, usually a county or region, Umbrella CLTs provide advice and support for communities wishing to set up a CLT. All employ a full time equivalent facilitator who works with the communities assisting them develop their ideas, explaining options, supporting them through the process of legal registration, developing a Business Plan and managing a build contract and the eventual homes.

### **Are there any measures in place to safeguard the supply of rural affordable homes?**

A number of measures to secure rural affordable homes in perpetuity are in place. These have been introduced in recognition of the lack of affordable housing in rural areas, the limited opportunities for providing new homes, the importance of securing land at a low cost, and securing community support.

In statute there are limitations on the sale of council owned housing through the Right to Buy (RTB). These either require that houses are sold to someone with a local connection, or there is a pre-emptive right for the Council to purchase a

property that has been sold through RTB before it goes on the open market. In 2004 the rural areas where this applied were extended, but it still requires the local authority to apply for designation. The ARHC identified this has only been of partial success, largely because Councils do not have the funds to purchase the homes when they come up for sale. It recommended caps on how much equity tenants could buy and reductions in the discounts available. These have not been adopted and indeed in 2012 the Government increased the level of discount. Emerging evidence indicates that this has led to an increase in RTB sales in rural areas.

A stronger measure is the exemption from the Right to Acquire of any homes built by housing associations in settlements of less than 3,000 population after 1995. Mirroring this, the Housing and Regeneration Act 2008<sup>1</sup> introduced 'protected areas' restricting the sale of shared ownership and shared equity houses let under the HCA's shared ownership lease in settlements of less than 3,000 population. Under this provision either the amount of equity that is bought is limited to 80% or the Registered Provider (RP) has a pre-emptive duty to buy the home back. Radically, the Government agreed that the HCA could, as a last resort, provide funding for buy-back.

Securing perpetuity without compromising the ability of the developer or potential resident to raise a loan or mortgage is an on-going challenge that was considered by the ARHC and to which the Council of Mortgage Lenders have in part responded through guidance to lenders. However, recent research has found evidence that the credit crunch has heightened lenders' perception of risk and difficulties accessing a residential mortgage where there are perpetuity arrangements in place continues to be an issue.

### **What are the local structures and processes that support delivery, including the work of Rural Housing Enablers?**

The responsibility for delivering rural affordable housing ultimately lies with local authorities, using their housing enabling and planning resources and powers. However, during the last decade a regional tier of decision making has affected delivery.

Both the ARHC and Matthew Taylor cited evidence from local authorities that policies and housing allocations in Regional Planning Guidance and later the Regional Spatial Strategies were not providing enough numbers or positive policy framework for them to meet the housing needs in their areas. In response they both made recommendations to secure a stronger and more rurally responsive approach to rural developments. With the abolition of the RSSs since 2011 this issue has been overtaken by events.

In response to the concerns raised about political leadership and limited skills and resources within local authorities to deliver affordable housing there has been a plethora of good practice guidance from a host of organisations. This includes the HCA Rural Housing Information centre web site,<sup>ii</sup> a guide produced by the NHF<sup>iii</sup>, a recent publication aimed at encouraging local leaders,<sup>iiii</sup> and two guides currently in production by the CIH/Rural Services Network and LGA. The core message of all this guidance is that the tools for delivery are at hand and with determination and creativity they can deliver results.

## **Rural Housing Enablers**

Since the pilot in 1991 the role of the RHE has remained relatively unchanged. The key elements of their work are to support communities meet their housing needs by helping them: assess their housing needs; identify sites; and participate in the pre-development process, including in scheme design. Acting as facilitators and brokers they support collaborative working amongst communities, local authority housing and planning staff and housing association development staff.

Initially the posts were funded by a combination of central government and locally raised grant. The government grant was offered on a taper with the expectation they would be locally funded after five years. In 2006 Defra took over the management of RHE funding and host organisations were given a year to find alternative funding. In that year there were 40 RHEs employed across the country, by June 2013 this had declined to 16 and at that time funding for 75% of these posts ended in March 2014. The findings of an evaluation of the RHE programme published in 2006 were echoed in the ARHC and Matthew Taylor reports. Both acknowledged the importance of the RHE role in providing evidence and offering guidance and support to rural communities leading to the successful development of rural exception sites. Equally, they both raised concerns about the lack of certainty over the funding for these posts.

Since then, as local partners have looked to tailor the role to a changing policy, funding and economic context, there have been a number of evaluations of local RHE Programmes. Common lessons that emerged from four of these are:

- RHEs usually provide a critical and vital service that helps develop affordable housing, principally on rural exception sites. Core to this success is the relationship they build with the communities and their position as catalyst and broker.
- The ability of the RHEs to deliver the ultimate goal of more rural affordable housing is not completely in their control. Their success is often impeded by six factors

1. Lack or limited involvement of policy and development control planners, particularly at the very early stages of a scheme.
2. Difficulties identifying and agreeing sites, often a consequence of point 1.
3. Local authorities' ambitions to create sustainable rural communities do not always translate into the detail of policy, strategy and senior officer and councilor support.
4. Local authority and RSL partners feeling that they do not have enough input into the management and monitoring of the RHE work-plan.
5. Weak collection of programme management data that has the effect of making it difficult to assign responsibility and tasks to others where they have more control over removing barriers.
6. The uncertainty and precarious nature of funding for RHE posts undermines opportunities for the role to develop and respond to changing circumstances.

### **What has been the impact of recent policy on delivery?**

As indicated above, delivery has been at its height when public funding for rural affordable housing and for RHE posts has been available.

Changes to the planning system have opened up opportunities for delivery of affordable housing by Housing Associations and community led developments. However, these are undermined by a number of other policy changes.

Reductions in overall public funding and particularly grant rates, alongside the introduction of 'affordable rents' and RP difficulties raising capital loan has resulted in a fall in rural delivery, particularly in low value areas. Rural local authorities have been particularly affected by cuts in government funding, often resulting in less capacity to enable rural affordable housing. Welfare Reform, particularly the 'bedroom tax' is expected to have a significant impact in rural areas where there are higher levels of under-occupation and a very limited supply of smaller property in the affordable or private rented sectors. As well as the adverse consequences for the resident there are concerns that this will result in rural voids, exacerbated by local occupancy conditions. All these factors have resulted in cuts or withdrawal of funding for RHEs and in consequence concerns that in future rural schemes will not come forward.

## **Scotland**

During the course of the literature review three factors emerge that have a significant impact on Scotland's response to rural issues and distinguish its policy and practice from that of the other Home Nations.

Perhaps foremost of these is the political commitment to rural affordable housing that has significantly increased over the last decade. Initially through the Scottish Executive, but with increased momentum under the Scottish Government. This is evident from the range of radical measures, often enshrined in legislation, that are in place to increase the resilience of rural communities. The most recent demonstration of this is the Scottish Government's announcement in August 2013 to set up a Rural Parliament, which will sit every two years. It will not be a formal part of government nor a legislative or decision-making body, but will make recommendations based on the priorities identified by rural communities. Its core principals require it to be 'rooted in and empowering of rural communities' and 'independent and politically neutral'.

Secondly, and probably driving the political commitment is the very rural nature of Scotland, much of which is described as remote, but with an increasing awareness that rural Scotland is heterogeneous in its character and circumstances.

Thirdly, is the increasing importance, orientation and influence of Europe, particularly northern Europe, not just as a source of funding, but also in ideas and practice.

### **Situation level of need and causes**

Over the last decade there have been three constant themes in the literature about rural affordable housing in Scotland: the un-affordability of market housing to local residents; a limited supply of social housing; and the poor quality of housing in the owner occupied and private rented sectors. Commentary on the impact of these factors throughout the decade has pointed to an out-migration of local workers, which in turn can undermine provision of local services, business creation and growth and the social exclusion of low income rural residents.

The challenges were succinctly summarised in a briefing to a Cross Party group of Scottish MPs in February 2013<sup>liv</sup> as:

- Some of the most acute affordability problems in Scotland in rural areas, pointing to the differences between urban and rural areas in the ability of newly forming households to buy.

- A severe shortage of private housing to rent or buy that is affordable to local people, particularly for older and younger people. This is fuelled by the increase in the rural population as a result of in-migration arising from counter-urbanisation trends.
- An ageing rural population in need of small, high quality energy efficient homes.
- Inability of low income households to access mortgages. In 2011 more than half the highest income householders in remote rural Scotland earned £20,000 or less per year.
- A shortage of social housing to rent, reduced by Right to Buy sales and non replacement.
- A shortage of good quality private rented housing. Private rental properties are not only more expensive, they are usually only available on a six month short assured tenancy, giving tenants flexibility but little long-term security.
- High levels of fuel poverty arising from limited fuel choices and preponderance of hard to heat properties. This is a particularly significant issue in remote rural areas.
- High levels of second home ownership in remote rural areas that add to competition and inflate house prices.

### **What have been identified as the key barriers to delivery of rural affordable housing?**

Unlike England and Wales there are no reports that specifically explore the barriers to delivering rural affordable housing. However, common themes emerged during the course of the literature review<sup>Mvi</sup>

- Accessing land at a price that makes it viable to provide affordable housing
- Dominance of environmental concerns in planning policy and decisions
- High costs of rural delivery arising from transporting materials to site and ground conditions that are not fully reflected in grant rates



- Application of urban standards and “one fits all” approaches, for example highway requirements, that add to the cost and undermine sensitive design
- Lack of sufficiently local data to identify rural housing needs, which in turn weakens the rural content of local housing and planning strategies
- Lack of a formally adopted definition of what constitutes a rural settlement and in the remoter areas the geographic area of the community to be by rural affordable housing schemes.
- Limited appetite amongst larger RSLs with financial capacity to build in rural areas
- Limited appetite of private developers to develop in fragile remote housing markets

## **What is the overall position on rural communities and their sustainability?**

In the past rural policy in Scotland has been dominated by environmental and agricultural interests. This is amply illustrated in the OECD’s review of the Scottish Rural Development Programme strategy 2007 – 2013 where it raised concerns at the high level of expenditure for agriculture, the strategy’s sustainability and its predominantly environmental focus.<sup>lvii</sup> Flowing from this the OECD identified a sectoral approach to rural development resulting in: a lack of integration between agricultural/environmental and socio economic concerns; a lack of policy differentiation in response to the diversity of rural areas in Scotland; and complexity and lack of place based policy development and implementation. The key priorities for Scotland’s rural policy recommended by OECD included “addressing the shortage of rural affordable housing and the increasing demand for multi purpose uses by directly tackling the rigidity of land use regulations that inhibit the sustainable development of rural communities.”<sup>lviii</sup> Since then there has been a marked change in policies that impact on rural areas to more nuanced approaches, reflecting the diversity of rural areas and a greater focus on policies that address rural disadvantage.

## **What is the planning policy context and are there any specific measures for rural affordable housing delivery?**

The OECD's report appears to have particularly inspired a radical shift in Scottish planning policy towards rural development. Whereas NPF 2<sup>lix</sup> published in 2009 maintained a fairly narrow and approach to rural development, the current consultation on NPF 3<sup>lx</sup> demonstrates a much greater awareness of the diversity of the country and rural issues.

Accompanying a vision that: Scotland becomes a world leader in low carbon energy production; that its natural environment is respected, improved and is an economic, environmental and social resource; it seeks to be a successful, sustainable place in which, "There is a fair distribution of opportunities in cities, towns and rural areas, reflecting the diversity and strengths of our unique people and places."<sup>lxi</sup> In part this is informed by its mapping of community resilience based on a combination of population density, unemployment, access to services and income. The ensuing proposed approach takes a much more differentiated and positive approach to rural development aimed to take advantage of the distinct advantages of different rural areas.

More detailed planning guidance is contained in Scottish Planning Policy. In 2010 a more rurally sensitive approach was emerging in which "The aim is not to see small settlements lose their identity nor to sub-urbanise the Scottish countryside but to maintain and improve the viability of communities and to support rural businesses."<sup>lxii</sup> However, the prime focus was still on rural economic development. The most recent draft SPP published in April 2013<sup>lxiii</sup> demonstrates a full realization of the need for a differentiated and integrated approach rural areas with the core requirement that, " In all rural areas, planning should encourage development that supports prosperous and sustainable communities and businesses whilst protecting and enhancing environmental quality."<sup>lxiv</sup>

Policies for rural affordable housing largely mirror this trend and appear to respond to a number of reports that identified the policy and practice of land use planning as one of the key barriers to delivery of rural affordable housing.<sup>lxv lxvi lxvii</sup> The existing SPP 3 replaces earlier guidance and requires that Development Plans should support more opportunities for small scale housing development in all rural areas and new build or conversion housing which is linked to rural businesses or would support the formation of new businesses by providing funding.

The draft of the new SPP is much more proactive in tone requiring that "planning should encourage development that supports prosperous and sustainable communities and businesses whilst protecting and enhancing environmental quality".

It calls for sensitivity to different types of rural area and sets out different policy approaches for development in accessible and remote rural areas. This is supplemented by the introduction into national policy of the rural exception site approach in areas where there is significant unmet need for affordable housing. However, its emphasis on increasing overall housing supply has led to a weakening of targets for affordable housing with a proposal that the maximum quota should be 25% except in exceptional cases.

Further guidance, is offered in PAN2/2010 Affordable Housing and Housing Land Audits.<sup>lxviii</sup> Perhaps reflecting resources rather than need it suggests that Housing Land Audits of completions and monitoring of delivery can be undertaken at intervals of more than a year in remote rural areas. It supports local authorities wishing to set a lower site threshold to trigger on-site affordable housing contributions in rural areas. Under perpetuity arrangements it includes the possible use of the Rural Housing Burden for subsidised low cost market sale housing and the use of revenues from raising Council Tax on second homes to fund rural affordable housing delivery.

### **Planning obligations (Section 75)**

Like Section 106 Agreements used in England and Wales, Section 75 Agreements are commonly by Scottish Local Authorities to support and enforce their affordable housing policies, for example by requiring a developer to provide a pre-defined quota (currently normally 25%) of affordable houses on a given site as a Planning Permission requirement. Section 75 Agreements may also specify the tenure of affordable housing that the developer must promise to deliver on the specific site, as well as a named and approved provider. However, recent advice from Scotland's Chief Planner is that S 75 should only be used where absolutely necessary and wherever possible alternative mechanisms should be used.

### **What is the public funding context and are there any specific measures for rural delivery?**

Funding for affordable housing is primarily provided through the Scottish Government. The distribution of funds is guided by its national housing strategy 'Homes fit for the 21<sup>st</sup> Century 2010 – 20'<sup>lxix</sup>. Although it is largely generic it does include four specific rural measures: an acknowledgement of the role of self-build in rural areas; recognition of the higher costs of rural development in grant rates; encouragement to use receipts from charging 90% Council Tax on long term empty properties to fund Rural Housing Enablers; and proposed amendment of lease regulations to encourage innovative leasing and raising long term bond, pension

fund and institutional lending easier to Rural Housing Bodies who are responsible for the operation of Rural Housing Burdens.

**Strategic Housing Investment Programme** - As in England the Scottish Government has introduced a new competitive process for procuring affordable housing. This was modified in 2012 to provide local authorities with three year Resource Planning Assumptions. These have allowed local authorities to devise locally led programmes for their areas agreed on annual basis by the Scottish Government. They encompass RSL and LA developments and span social rent and low cost home ownership tenures. 83% of the housing supply budget is channeled through this route.<sup>lxx</sup>

Although there is no rural target or apparent monitoring of spend on specifically rural developments, rural schemes do receive an enhanced grant rate. This was cut in 2010, but following deep concerns expressed during a review by the Scottish Government it has now been reinstated. Social rent, green housing in the West Highland, Island and Remote Rural Argyll will receive a grant rate of £72k a unit and in other rural areas the grant rate is £63k, although the latter is only £1k more than for urban units.<sup>lxxi</sup>

**Rural Home Ownership Grants** were available to low income working, pensioner and disabled households who are first time buyers. It assisted them either acquire a site of existing property in need of renovation to provide them with a permanent residence. The level of grant was determined by the ability of the household to support a mortgage and did not normally exceed 33% of approved total costs. This has now been abandoned. In its place the Scottish Government has introduced an Open Market Equity Share scheme. This includes a 'golden share' whereby the Government retains a share of the equity to maintain future affordability. Concerns have been raised that the effectiveness of this scheme will be constrained in rural areas because of a lack of private sector interest arising from low volumes of sales and pressure on house prices from second home owners.

**Empty Homes Loan Fund** – in the past there was a Rural Empty Properties Grant, but this has now been subsumed into the Scottish Government's generic Empty Homes Loan Fund with £2m (50%) of the fund targeted at renovating empty homes in rural areas. It is designed as a revolving loan fund with users expected to repay 60% of the loan within eight years and the remainder within 10 years. It is open to legally constituted bodies including private sector organizations, RSLs, local authorities and registered charities. The renovated properties should be available for a minimum of five years and offered for social rent, intermediate (mid-market) rent, shared equity or for use in a private sector leasing scheme.

## **Community Led Housing**

A unique feature of Scottish support for community action was the introduction in statute of the Community Right to Buy in 2003, a response to the historic and often contentious issues surrounding land ownership in Scotland. This was targeted specifically at rural communities and to date has assisted communities to purchase 420,000 acres, primarily in the Highlands. These assets range from whole estates to a local shop. Highlands and Islands Enterprise (HIE), funded by the Scottish Government, has taken a leading role in supporting this movement. Communities have also been assisted by the Scottish Land Fund, which is a partnership of the Scottish Government, Big Lottery and HIE. The fund is administered by the Big Lottery and provides grants and soft loans from £10,000 to £750,000 to rural groups that are community led and controlled. With the aim of extending the geographic coverage of community ownership and strengthening its links to wider social and economic benefits the Scottish Government have commissioned a review that will report in 2014. Its interim findings identify a need for single Agency to assist communities through the legal and financial complexities of land purchase. Specifically they raise the need for greater consideration to be given to how more affordable housing can be delivered through community land ownership.<sup>lxxii</sup>

### **Are there any measures in place to safeguard the supply of rural affordable homes?**

There are three principle measures to safeguard supply of rural affordable housing in Scotland.

#### **Exemptions from Right to Buy**

Under the Housing (Scotland) Act 2001 Scottish Ministers were power to grant any part of a local authority area Pressurised Area Status (PAS) allowing it to suspend the Right to Buy for tenants living in social housing in specified areas, known as. In 2010 Housing Act amended these provisions removing Ministers from the process. Instead local authorities now have the power to make, amend or revoke PAS. The power may be exercised if the authority considers that each of two conditions is met. The first is that, in the relevant part of the authority's area, the need for housing provided by the authority or by Registered Social Landlords (RSLs) substantially exceeds (or is likely to exceed substantially) the amount of housing which is (or is likely to be) available. The second condition is that the exercise of the right to buy (RTB) by tenants in the area is likely to worsen the situation. Designations to be made generally in relation to all houses in the area, or in relation to particular house types only. It also extended the maximum period for which a pressured area can be designated from five years to ten years.

## Rural Housing Burden

Rural Housing Burdens were created through the Titles and Conditions (Scotland) Act 2003 and first used in 2004. They allow formally registered Rural Housing Bodies to acquire land at a discounted rate and then pass on the discount for the benefit of the local community. This is achieved by the insertion of a clause into the Title Deeds of a property or plot of land, creating a pre-emption right in perpetuity to which affordable buy-back conditions, such as price restrictions linked to open market values, may also be attached. RSLs, local authorities, Community Land Trusts and Trusts can register as Rural Housing Bodies. In 2010 there were 34 designated Rural Housing Bodies, 82% were in the Highlands. There were 129 Rural Housing Burdens exercised by six Rural Housing Bodies.

In 2011 the Carnegie UK Trust published an assessment of the effectiveness of Rural Housing Burdens.<sup>lxxiii</sup> It concluded that the principles of securing perpetuity to maintain a supply of low cost home ownership, encourage landowners release land at discounted prices, gain and maintain community support and in some instances control of housing, were still valid but their spread was disappointing. The report identified that since their introduction different mechanisms have been employed to action the Rural Housing Burden. One of the most ambitious is a tripartite approach now adopted in Dumfries and Galloway that formally links Section 75 agreements with the Rural Housing Burden and includes a revolving buy back loan provided by the local authority to the Dumfries and Galloway Small Communities Housing Trust. Two impacts of the wider housing market on the effectiveness of the Rural Housing Burden became apparent through the research. Firstly, rapid price inflation reduced the ability to buy-back and retain the homes at an affordable price. Secondly, the Credit Crunch and ensuing risk averseness of lenders made it harder for potential occupiers to raise a mortgage. The report concluded that while Rural Housing Burdens had made a contribution to providing affordable home ownership in rural areas, they were not living up to their potential. To strengthen their application and widen the take up the report made a number of recommendations which can be grouped under four themes:

- Publication of clear and simple guidance for RSLs, LAs, CLTs, landowners and solicitors.
- Consideration is given to how Rural Housing Burdens can be included as part of other perpetuity mechanisms including Section 75 agreements and the Scottish Government's equity share programme with not less than 35% of equity share being held by Rural Housing Bodies.
- Steps are taken by Scottish Government to improve buy back and lending arrangements by providing a revolving buy back loan fund and discussing with lenders what measures might be required to make borrowing terms more conducive for potential shared equity purchasers.

- That the Scottish Government considers how rural landowners might be incentivised to make more land available at significantly-discounted rates for affordable housing protected by RHBs.

## **Golden Shares**

As part of its Open Market Shared Equity Programme, in areas where there are only small amounts of affordable housing and few opportunities to build more affordable homes, the Scottish Government will keep a 20 per cent stake in properties bought under this scheme.

## **What are the local structures and processes that support delivery, including the work of Rural Housing Enablers.**

A distinguishing characteristic of Scottish policy for affordable housing is the continual emphasis in national policy that housing and planning departments should work in collaboration and align their strategies. This is underpinned by the statutory requirement that local authorities produce Housing Need and Demand Assessments, with an expectation that this evidence will underpin local planning and housing strategies. The national guidance for these Assessments offers advice on where they could build in a rural dimension and the rural factors that should be taken into account.<sup>lxxiv</sup>

At a local level mechanisms to deliver rural affordable housing have been very much shaped by the work of the Rural Partnerships for Change.<sup>lxxv</sup> Set up in 2000 it was a time limited initiative whose remit was to consider how to address shortfalls in social rented housing in pressured rural areas. It consisted of two strands: the Highland Pilot under the direction of the Highland Council and a National Steering Group to consider how the experience of the pilot could inform action across the rest of Scotland.

## **Highlands Pilot Development For a**

The Scottish Executive provided £10 million over three years to support a pilot project in the Highland Council region. It developed a method for identifying and measuring relative housing pressure using both quantitative and qualitative analysis -including taking account of the views of local communities in defining need and their local areas of housing stress, defined as areas in which more households wish to live than there are permanent homes of an acceptable and physical quality for the purpose of providing primary housing accommodation’.

Initially, seven local development fora were established across the Highlands. They brought together those involved in developing housing, including housing agencies and the Highlands Small Communities Housing Trust, community planning partners, planners from both the development control and policy teams, and representatives from the Scottish Rural Property and Business Association, SEPA, SNH, Scottish Water and local economic agencies. Individual developer representatives have been invited to discuss particular projects. The purpose of the fora has been to facilitate joined-up working and take a proactive approach to identifying development solutions to local problems.

Currently the fora meet on a quarterly basis and focus on identification of housing investment priorities, early identification of the most suitable and economic sites for affordable housing and overcoming any development constraints. They also inform the preparation of local plans. One of the main benefits of the fora is to enable discussion and sharing of information between RSLs and the planning authority to help avoid housing associations undertaking abortive work on sites which are not appropriate for housing development.

Three other organisations are instrumental to the delivery of rural affordable housing in Scotland, all of which receive funding through a single package from the Scottish Government.

### **Highlands Small Communities Housing Trust**

The HSCHT was and remains in the vanguard of rural affordable housing delivery. Set up in 1998 it is a registered charity funded by Scottish Government, Charitable Funding and income from its activities. From the start it recognised that enabling constrained to working and gaining support from communities would not in itself deliver the needed homes. It therefore runs a number of complementary activities including:

- A revolving Land Bank Fund – initially funded by Scottish Government it has now purchased 28 sites.
- Buys and sells plots for self build using the Rural Burden to be able to pass these on at a discounted price and ensure long term affordability
- Researches housing need
- Builds highly eco-efficient homes
- Buys and improves properties which it rents to key workers
- Runs the 'Cairngorms Construction Skills Project
- Provides advice to landowners
- Provides assistance with Land Audits and feasibility studies
- Its most recent initiative is to run a Rent to Buy scheme



## **Dumfries and Galloway Small Communities Housing Trust**

The D&GSCHT was set up in 2006 with the same purpose and way of working as the HSCHT. It too offers an enabling service, complemented by a self build programme using the Rural Burden and as a Development Trust develops small schemes as well as working on larger schemes with RSLs.

## **The Rural Housing Service**

The Rural Housing Service is a charity established in 1993 and for most of that time was operated by one member of staff, managed by a Board of Directors. It is funded through annual subscription fees from individuals, RSLs, local authorities, communities, and the voluntary and community sector and a grant from the Scottish Government.

It has supported and delivered some of its services through a small number of Rural Housing Enablers. On a broader front they advise on housing options; promoting the uptake of grants and helping rural residents find affordable rented housing.

Drawing on their practical work they highlight the extent and nature of rural housing issues to policy and decision makers and play a key role in the development of rural housing policy.

## **Rural Housing Enablers**

In Scotland there is not a formal Rural Housing Enabler Programme, as found in Wales and England. Five posts Rural Housing Enabler posts have been created over the last ten years. Three have been attached to Council areas, but their support has been provided through the Rural Housing Service. The other two are embedded respectively in the Dumfries and Galloway and Highlands Small Communities Housing Trusts. In common with their English and Welsh counterparts their role is to:

- Undertake Community-based surveys, in tandem with community groups, to assess local housing needs.
- Identifying sources of housing supply: in particular, identification of sites or empty properties.
- Providing information and advice to individuals: for example, on access to grants.
- Building community capacity to develop housing solutions for themselves.
- Feeding into wider area housing strategy or needs assessment.

A report by Shelter in 2007<sup>lxxvi</sup> suggested that up to then the first of these tasks dominated RHEs work, but also identified that the role could be widened, in particular to identify suitable sites. A good working relationship between the RHEs and local authority housing, planning, estates and corporate services departments was recognized as “essential for the potential of enablers to be realised in full.” However it also highlighted the weak funding basis for the posts that was largely based on a mixture of statutory bodies, voluntary and charitable funding.

The Shelter report concluded with a call to establish a national network of RHEs where:

- the Scottish Government set core objectives, developed a support infrastructure and set a monitoring and evaluation framework.
- set up and core costs were funded 75% by the Scottish Government and local authorities ideally providing the remaining 25%.
- the posts should be independent of local authorities with employment through a Trust or single national body.
- management should be provided by an
- in terms of management Shelter proposed that the RHE posts should be by advisory group whose membership was drawn from the main stakeholders.

In 2010 The Scottish Government’s Housing Supply Task Force<sup>lxxvii</sup>, acknowledged the value of RHEs in Scotland and recommended extension of the service, interestingly alongside the roll out of the Highlands Housing Alliance and Land Bank Fund approaches.

### **Highlands Housing Alliance**

Although principally working in the urban areas of the Highlands, the Highlands Housing Alliance (HHA)<sup>lxxviii</sup> work has extended into larger rural communities. It is a unique private limited company co-owned owned by five housing associations working in Highland, two housing trusts and The Highland Council. It provides a range of housing, including affordable homes and self-build, with a very strong emphasis on attaining very high eco-efficiency standards. Its initial aims were to:

- Purchase strategic sites
- Carry out infrastructure works
- Use surpluses from sales to cross subsidise affordable housing or fund housing related causes through its charitable subsidiary. Carry out research and development.

It achieves this by working with landowners, private developers and local authorities, in effect offering 'oven ready schemes to developers. Integral to its early successes was access to a Highlands Land Bank Fund that acted as a revolving loan fund, supported by the Highlands Council and Scottish Government. It was set up in 2005 and by 2008 the Land Bank Fund stood at £15m, having made loans of £13m and repaid £7m. A review<sup>lxxix</sup> in 2008 reported that the keys to its success were: the strong and sensitive relationships it built between RSLs and private developers; the amount of public land made available by the Council and its ability to re-invest surpluses that it made during the housing boom years of 2005 – 2007. The review also highlighted the value of the commercial culture embedded within the organization that allowed it to respond to opportunities quickly and flexibly), and local political support. At the time the time the on-going challenges were how it would respond to the downturn in the housing market, a diminishing stock of council land and concerns among some that it was going to become the lead development agency in the area.

A report to Highlands Council in June 2013<sup>lxxx</sup> cited that the HHA had purchased 14 strategic sites and delivered over a 1,000 new homes and that using previous years' surpluses it had invested £1,200,000 in housing charitable causes, including homelessness projects and to cross subsidise high cost affordable housing.

### **What has been the impact of recent policy on delivery?**

In common with the other Home Nations, the recession and credit crunch, and ensuing cuts in funding have had an impact on the delivery of rural affordable housing. However, the Scottish Government has made a commitment not to make the same level of cuts, or make the changes to the Welfare system, that have so severely affected delivery in England. There appears to be a greater responsiveness to rural concerns, witness the differential and now increased grant rates for rural developments, particularly in the remote rural areas. There also seems to be a continuing appetite to innovate, review, improve and roll out successful practice. However, beyond Government action there remains an on-going challenge in terms of raising private finance for affordable housing and access to development and residential mortgages.

## **Northern Ireland**

### **What have been identified as the key barriers to delivery of rural affordable housing?**

Rural housing is well established in Northern Ireland as a policy priority but delivery remains challenging with the following identified as key barriers.

- Affordability problems and insufficient new social housing - home ownership became more affordable following the 2007 banking crisis but more stringent deposit and lending requirements, wider economic decline and unemployment all added to the demand for social housing
- Public opposition to development in the countryside
- Possible higher costs of smaller schemes
- Restricted range of tenures – social rented housing is effectively the only form of affordable housing, placing unnecessary pressure on social rented housing from households who could afford shared ownership and preventing providers from cross-subsidising between tenures
- Reliance on public funding (though may change if developer contributions are introduced)
- Lenders perceive smaller rural schemes to represent a higher risk
- A centralised housing system where key Government Departments and agencies are only beginning to work together and where community engagement and consultation are difficult to achieve
- Other significant housing priorities: poor stock condition and estates in need of major regeneration.

## **What is the overall position on rural communities and their sustainability?**

Rural communities are an integral part of Northern Ireland with a long history and strong culture that are reflected in the priority they receive in policy.

The Department of Agriculture and Rural Development (DARD) is responsible for rural development and rural policy in Northern Ireland<sup>lxxxix</sup>. This includes the management and implementation of the Rural Development Programme, the development of the Rural White Paper Action Plan, rural proofing and the promotion of integrated rural policy making across government.

'Rural' is defined by DARD as, 'Settlements with a population of 4,500 or less'. Approximately 35% of Northern Ireland's 1.7 million inhabitants live in rural areas. The relatively small size of the rural population, compared with England, highlights the challenges of balancing meeting the needs of rural people and communities across a large geographical area with cost effective use of public funds.

The Rural White Paper Action Plan<sup>lxxxix</sup> recognises that rural areas and people are important, have rights, provide enormous value and have untapped potential. It makes a commitment that government will help recognise those rights, support that potential and address the challenges that exist in rural communities.

The Northern Ireland Executive's on-going commitment to rural communities and their sustainability was demonstrated by the approval, in 2012, of Rural White Paper proposals including the preparation of a further NIHE Rural Action Plan.

This approach is reinforced by the Regional Development Strategy (RDS) for Northern Ireland to 2025<sup>lxxxiii</sup>. Policy SPG-RNI2 aims to:

- Support the continued development of long established rural communities by recognising the strong sense of belonging and sense of place in rural areas
- Reinforce strong community identities
- Help rural communities to develop strategies for economic and social regeneration in the face of wider rural change (with a particular focus on the sustainable and equitable development of disadvantaged rural areas)
- Continue to develop a partnership approach to tackling complex rural issues based on community participation.

### **What is the public funding context and are there any specific measures for rural delivery?**

Affordable housing in Northern Ireland has traditionally meant social rented housing provided by the Northern Ireland Housing Executive (NIHE) (which currently performs both landlord and strategic roles) and housing associations (HAs) (which are generally small organisations with a stock of fewer than 4,000 homes). Expansion of the range of tenure options has been recommended repeatedly in recent years, notably in 2010 by the Independent Commission on the Future for Housing in Northern Ireland<sup>lxxxiv</sup> (The Independent Commission).

Alongside social rented housing, Co-Ownership, a form of home ownership, is available whereby the householder who cannot afford the open market price purchases a share of a property for sale on the open market. The remaining share is purchased by the Northern Ireland Co-Ownership Housing Association (NICHA). The Independent Commission saw particular value in mixed tenure rural development to enable younger people to remain within the villages of Northern Ireland and recommended that Co-Ownership should continue to operate in its current form.

During the economic downturn, the housing market in Northern Ireland became close to dysfunctional with the average house price falling by more than 50% from above £250,000 in 2007 to under £138,000 by the second quarter of 2011<sup>lxxxv</sup>. Home ownership became more affordable but factors including more stringent deposit and lending requirements as well as wider economic decline and unemployment created market stagnation with very few transactions and few first time buyers joining the housing ladder<sup>lxxxvi</sup>.

The housing system is very centralised with policy and funding levels set by the Department for Social Development (DSD) and NIHE developing the Social Housing Development Programme (SHDP) which is delivered by registered housing associations.

The funding allocation for housing, including grant for social housing development, takes place through the Northern Ireland Executive budget round, based on advice from the Department of Social Development (DSD) and the Housing Minister. HAs bid for grant funding and inclusion of their schemes in the SHDP. The level of social housing grant paid to HAs is calculated using Total Cost Indicators (TCIs) and associated allowances compiled by DSD based on the average cost of development within each district council and on an average scheme size. A higher level of grant can be considered for individual high-cost schemes with DSD approval.

The objectives of the Housing Strategy, Facing the Future: Housing Strategy for Northern Ireland 2013-17<sup>lxxxvii</sup> (the first Housing Strategy to be developed in Northern Ireland) do not have a specific rural focus. The strategy operates at a high level, designed to stabilise the housing market to support the economy, improve standards and modernise the housing system. The only relevant action, which will impact on rural and urban development, is to introduce a developer contribution scheme during 2014-5 (subject to market conditions) to increase the supply of social and affordable homes - similar to the s106 contributions secured through the planning system in England.

Nonetheless, funding continues to be allocated for rural development. There is a well established process for embedding rural considerations such as hidden need, more dispersed population, lesser access to services and a requirement for smaller scale provision in housing policy and implementation.

The NIHE Rural Strategy<sup>lxxxviii</sup> describes the main rural housing problems as:

- affordability
- the impact of PPS21 - legislation which makes it difficult to get planning permission for new homes in rural areas
- not enough new social housing
- higher than average levels of unfit housing.

The NIHE adopted a specific rural approach in 1991 that has evolved into the current 'Rural Homes and People' strategy rolled out through a Rural Action Plan (RAP).

As part of the RAP for 2009-12, research<sup>lxxxix</sup> was undertaken to better understand whether the cost of building new social/affordable housing in rural areas was higher for reasons of location.

This building costs research found that while rural schemes may have particular costs (e.g. infrastructure and services), urban schemes can also have particular site specific costs and that residential schemes in rural locations do not necessarily result in higher costs purely for reasons of location. Site size appeared to be more significant in adding to scheme cost with small schemes not coming forward because HAs considered they would 'fail' TCI which appeared to be less sensitive to the requirements of smaller schemes.

Recommendations included:

- That the TCI system be reviewed in relation to scheme size issues
- Further research into barriers and processes which may prevent some rural sites being developed and the feasibility of cross-subsidising small rural schemes through wider development programmes
- That NIHE and DSD create greater awareness of the need for a more integrated approach across government particularly in relation to rural infrastructure
- Procurement groups (groups of HAs) should pilot a Rural Housing Enabler; work with DSD/ NIHE and local authorities on bringing forward potential sites; and examine short term opportunities to use private sites for market or sub market rental
- That NIHE raise awareness of rural social/affordable housing issues with local Councils in advance of transfer of planning powers
- A move towards a more mixed tenure approach
- Consideration of mechanisms such as developer contributions and Community Infrastructure Levy.

The current RAP 2013-2015<sup>xc</sup> sets and commits to monitor a specific rural target for new build in rural areas of 10.3% of the general needs new build programme. The rural target was met for the first time in 2009 and has been exceeded in each of the last three years with a total of 513 rural homes completed<sup>xc</sup>.

The RAP reiterates previous commitments to conduct rural housing need assessments and monitor Waiting Lists for levels of rural need.

It also introduces actions planned to increase the supply of social housing in rural areas, many of which take forward the recommendations of the building costs research referred to above:

- To offer a rural housing enabling service to help rural groups identify local need, search for development sites and take forward development opportunities,

- Clustering smaller individual schemes to make them more attractive for housing associations to develop,
- Review how rural housing need is assessed and continue to test latent demand;
- Examine the potential for mixed tenure housing in rural areas
- Monitoring cost differentials or other issues that inhibit social housing development by housing associations in rural areas.

The current Rural Coordinator at NIHE commented in a telephone interview for this review that the RAP is a valuable mechanism in bringing NIHE, DSD and DARD together to address rural issues, moving away from the previous more silo-based approach and towards a more community-focussed approach.

The Rural Coordinator also referred to recent, anecdotal information that borrowing to fund rural schemes is becoming an issue. Lenders are reported to prefer lending on larger schemes in urban locations where there is greater certainty of demand and hence that HAs will be able to repay loans using rent revenue. The suggestion is that there is a risk that smaller rural schemes would not be let and hence would not generate the required income.

### **What is the planning policy context and are there any specific measures for rural delivery?**

The planning system recognises the needs and value of rural communities and puts policies in place to support them through appropriate housing development. The planning system currently functions in a centralised manner but the forthcoming transfer of responsibilities to local government has implications for policy implementation. It opens up opportunities for strong community groups to directly influence the planning process for the first time.

Planning policy is the responsibility of the NI Department of the Environment which is also responsible for the transfer of many operational planning responsibilities to the new 11 Councils and the establishment of new working arrangements between central and local government on planning matters.

The Department is also responsible for the development of planning policy, guidance and advice, together with the legislation required to accelerate reforms to the planning system prior to the transfer of planning powers.

While there are similarities with the system in England and Wales, there is, as yet, no system of developer contributions under S.106 Town and Country Planning Act



1990. The provision of social housing has therefore been reliant on public funding through the SHDP.

Rural planning policy is set out through a range of strategic planning guidelines and policies.

Chapter 8 of the Regional Development Strategy (RDS) is devoted to promoting social inclusion in rural areas and balancing the need to provide suitable housing (particularly social housing), while ensuring rural areas are not threatened by inappropriate development. It recognises the need to facilitate the provision of land and buildings, and associated services and amenities, in order to accommodate a projected need for 70,000 in the open countryside.

Policy SPG-HOU1 aims to, 'manage housing growth in response to changing housing needs' and provide for a balanced supply of housing land throughout the Region. This will be achieved by a review of housing projections every five years, adjustment to Housing Growth Indicators and ensuring there are reserves of land through the development plan process for appropriate rural housing.

Two Planning Policy Statements (PPS) have particular relevance to the provision of rural affordable housing. PPS12 'Housing in Settlements', designed to guide the future pattern of housing by managing future housing growth and distribution defines how affordable housing can be provided and states that the planning system has a part to play in addressing affordability.

PPS 21 'Sustainable Development in the Countryside' sets out policies to manage development in the countryside including housing, balancing the needs of rural areas / communities with protection of the environment. Countryside is defined as 'land lying outside the settlement limits as defined in relevant development plans'.

In the interests of promoting rural regeneration and in recognition of the strong sense of belonging and sense of place in certain rural areas, PPS21 enables the designation of Dispersed Rural Communities (DRC) for areas which are not centred on a clear local settlement but which do display evidence of local community activity and have a strong community identity.

Planning policy normally resists groups of dwellings in the countryside. Exceptions are made when there is a specific need for social and affordable housing in an area established through a local housing need assessment undertaken by the NIHE and where the housing need has not been identified through the development plan process. Planning permission can be granted in the countryside for a limited range of purposes including:

- a small group of houses (up to 6) in a designated DRC
- the provision of social and affordable housing in accordance with PPS21 Policy CTY5.

Policy CTY 5 – Social and Affordable Housing, states that planning permission may be granted for a group of no more than 14 dwellings adjacent to or near a small settlement or within a designated DRC to provide social and affordable housing to meet the needs of the rural community.

Planning permission will only be granted where the application is made by a registered HA and where a demonstrable need has been identified by the NIHE which cannot readily be met within an existing settlement in the locality. Policy CTY5 has proved extremely contentious with considerable political opposition to the prospect of housing development in the countryside. For rural communities the policy offers a solution to a lack of available land in some settlements where housing need exists.

Under this policy, NIHE can work with HAs to identify sites for development that are outside main settlement boundaries.

While potentially positive for social housing provision, the policy could prove restrictive should there be a desire to develop mixed tenure schemes in the future. The Independent Commission saw a compartmentalised approach to tenure and housing provision as a barrier and advocated the use of financial and planning tools to build well-designed new homes for a mix of incomes and with choices for ownership as well as renting.

### **Are there any measures in place to safeguard the supply of rural affordable homes?**

Backed up by the role of DARD as the responsible Department for rural development and rural policy, the publication of the RAP 2013-15 in May 2013 demonstrates a continued commitment to channelling an equitable share of available resources towards rural areas despite other significant housing challenges in relation to blight (abandonment of partially developed urban sites), regeneration and stock condition.

The Right to Buy is available to secure tenants of NIHE homes in urban and rural areas with a minimum tenancy length of 5 years. There are no restrictions in to safeguard the existing supply of rural homes. Where there is an indication of housing need in a rural area with low (or no) turnover of existing stock then latent (unexpressed) demand testing will be undertaken to establish any requirement for a new build scheme.

## **What are the local structures and processes that support delivery?**

The system for delivering affordable housing is generally very centralised. Moves are gradually being made to a more sub-regional or local structure, reflecting the wider transfer of some functions to local government.

The Independent Commission pointed out that there can be insufficient incentives for social housing providers to provide small numbers of new homes due to the complexities and effort required (such as responding to local opposition or special planning requirements). To overcome this barrier it recommended that a programme of Rural Housing Enablers be established. The rural building costs research also recommended this.

It is interesting to see that a more collaborative approach is developing: rural needs assessments are often undertaken at the request of a local council or councillor, District Housing Plans are now being completed annually for consultation with District Councils to inform plans for the following year<sup>xcii</sup> and the latest RAP introduces a rural enabling role. However, the enabling role remains located within the NIHE rather than by bodies that would be recognised in rural communities as independent, with no vested interests.

## **What has been the impact of recent policy on delivery?**

The introduction of RAPs has focussed attention on rural need. The delivery target has increased delivery to a substantially higher level than was achieved prior to 2009. (The Action Plan Progress Report for 2010/11 celebrates achieving the highest number of rural social new build starts recorded in the previous ten years.) 531 units were completed between 2009-12.

## SUMMARY OF COMPARATIVE RURAL HOUSING ENABLING PRACTICE ACROSS THE HOME NATIONS

	<b>Wales</b>	<b>England</b>	<b>Scotland</b>	<b>Northern Ireland</b>
<b>RHEs in place</b>	Yes Currently 9 RHEs in post	Yes Currently 16 RHEs in post	Yes Currently 4 posts that undertake RHE role, but only 2 as standalone RHEs	No Rural Co-ordinator role supports enabling as part of Rural Action Programme. Creation of RHEs has been recommended but to date not adopted.
<b>Length of programme</b>	2007 to present	National Programme 1998 to 2006 Local RHE projects continue	2003 to present	
<b>Funding arrangements</b>	Mix of national government and local LA/RSL/National Park grant	Until 2006 RHEs funded by mix of national and locally raised grant. Since 2006 mix of grant and income funding with balance increasingly towards income funding	Support service, provided by Rural Housing Service that is funded by Scottish Govt. RHE posts funded by locally raised grant. 2011 Scottish Govt. support for roll out of RHE programme alongside, Highlands Small Communities Housing Trust, Dumfries & Galloway Small Communities Housing Trust, local Land Banks and adoption of Highlands Housing Alliance model ( see below)	
<b>Host organisation</b>	LA or RSL	RCC or LA	LA or Small Communities Housing Trusts	Northern Ireland Housing Executive support rural enabling work
<b>Governance arrangements</b>	Overarching workplan managed by steering group for each RHE Line management arrangements vary	Overarching workplan managed by steering group or partnership group for each RHE Line management varies		
<b>Geographic coverage</b>	Generally 1 RHE per	Variable – from district to	Each RHE covers a Council area	

	authority (equivalent to English Unitary or County Council)	county, majority 1 post covers 2/3 district council areas	(similar to Welsh local authority area)	
<b>Lessons learnt</b>	<p>Recognised by some as a valued resource, but concerns by others whether RHE offers value for money, particularly as funder's budgets come under pressure.</p> <p>Lack of clarity/agreement about outputs and outcomes of RHE role.</p> <p>Steering group management arrangements work well, but day to day support for RHEs not formalised and sometimes limited after induction.</p> <p>The fragility and uncertainty of funding affects morale and ability to innovate.</p> <p>Concern that above factors limit the ability/willingness to change the RHE role in response to changing barriers and opportunities.</p>	<p>Commonly held to be a valuable service, but their effectiveness is undermined by:</p> <p>Lack or limited involvement of policy and development control planners,</p> <p>Difficulties identifying and agreeing sites, often result of point 1.</p> <p>Local authorities' positive corporate strategies are not always followed through into detailed policy and implementation.</p> <p>Local authority and RSL partners feeling that they do not have enough input into the management and monitoring of the RHE workplan.</p> <p>Weak collection of programme management data which has the effect of making it difficult to assign responsibility and tasks to others where they have more control over removing barriers.</p> <p>The uncertainty and precarious nature of funding for RHE posts undermines opportunities for the role to develop and respond to changing circumstances.</p>		

	Overcoming barriers to delivery of rural affordable housing are outside the role and influence of the RHEs			
<b>Innovation and other activity that supports enabling of rural affordable housing</b>	Co-housing pilots sponsored by Welsh Government include a rural area.	Community Rights under Localism Act National planning policy backing to cross-subsidy on rural exception sites Differentiated national planning policy to deliver rural affordable housing	Statutory Community Right to Buy Scottish Land Fund Revolving Land Bank Highlands Small Communities Housing Trust Dumfries and Galloway Small Communities Housing Trust Highlands Housing Alliance (independent ?? with private sector approach to meet public sector goals) Rural Housing Burden (designated Rural Housing Bodies able to buy land at discount and pass benefit to the community)  Differential capital grant rate for rural schemes Ring-fenced rural funding for other housing investment programmes. Government equity stake in rural properties sold under private shared equity scheme Differentiated national planning policy to deliver rural affordable housing	Rural specific target for social rented within generic new build target.

## **Issues requiring further research**

### **Funding/finance**

A common theme across all four counties is the appropriateness of public subsidy for rural affordable housing. While rural housing may not be intrinsically more costly to develop, there does appear to be a concern about the financial viability of small sites. It will be important to understand more about recent SHG rates and the operation of ACG's, comparing public investment in rural schemes delivered by RHEs and non-rural schemes.

A target percentage of the SHG budget allocated to rural development has proved helpful in securing higher levels of delivery in England and Northern Ireland. In Scotland there a higher grant rate is paid for rural schemes. Views among stakeholders in Wales can usefully be explored.

### **Planning and land release**

Across the four nations the definition of sustainable development and its expression through planning policy and practice in rural areas has had a significant impact on delivery of rural affordable housing. It will be important to explore what definitions and interpretations are used in Wales and whether there are any differences across country.

Approaches and attitudes vary regarding the desirability of greater flexibility of tenure on exception sites. Responses in Wales will assist in understanding whether this would be helpful in encouraging land release.

### **Community involvement and public opposition**

Community-led initiatives and more localised approaches within local government appear to be giving local communities a greater sense of ownership of decisions for their area. We propose to explore perceptions of the appetite of local communities in Wales for community-led approaches to affordable housing development.

The independence of RHEs has been identified as key to their success in engaging with local stakeholders. It would be useful to explore whether RHE management arrangements could be altered to enhance the perception of their independence – perhaps linking their role to an approach such as the Highland Development Forum.

## Empty Homes

RHEs in Wales are unusual in their involvement in bringing empty property back into use for housing. Understanding progress to date and the extent and potential of empty homes in rural Wales and will help guide the way forward.

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