

RESPONSE BY THE COUNTRYSIDE AGENCY TO THE BARKER REVIEW OF HOUSING SUPPLY

1.0 Introduction

The role of the countryside Agency

- 1.1 The Countryside Agency is the Government's statutory adviser on the English countryside. We work to make the quality of life better for people in the countryside and the quality of the countryside better for everyone. Our objectives are to conserve and enhance the countryside; spread social and economic opportunity for the people who live and work there; and to help everyone, wherever they live, to enjoy the countryside and share in this priceless national asset. We seek to achieve our aims through researching and increasing understanding of the issues; influence policy-makers and practitioners; and demonstrating practical solutions to problems. At the heart of our work we aim to promote sustainable development. We do not have a direct role in housing provision, but the type and quality of housing, how it is produced and where it is developed has a direct impact on our work. The main focus of our housing work is on seeking ways to improve the supply of affordable housing for rural communities. At the same time we seek to mitigate the impact of development pressure on the countryside by improving the quality of the urban environment, for example through the provision of urban green spaces.
- 1.2 The provision of affordable housing is one of the most critical issues affecting the English countryside and we have been involved in the issue for many years. A note of the Countryside Agency's current involvement in housing is attached in Annex A.

Housing in rural areas

- 1.3 There is considerable and growing demand for housing in the countryside. At the same time, the market is constrained by a number of factors, such as planning controls and policies to protect the countryside, and housing supply has not been able to keep pace with the demands. The inelastic supply of housing has, in particular, led to an acute shortage of affordable housing in most rural areas in England. In effect, there is a market failure to provide a range of housing suitable for people from a variety of age groups and backgrounds and in differing circumstances. House prices are higher than average in most rural areas and, as a consequence, people on low incomes are squeezed out of the housing market. This has direct social and economic costs borne by individuals and businesses in rural areas. Thirty per cent of England's businesses are located in rural areas

and the stock of businesses is growing faster in rural than urban areas. They experience problems with finding staff with appropriate skills and it is not unusual to find reverse commuting. The flow of more affluent – and often older – people into countryside, with those on low incomes, and younger, moving out to the towns and adding to the pressures there, also has an impact on the nation as a whole.

- 1.4 Addressing housing market failure in low demand areas is now part of government policy. However, equivalent attention and support is needed to address market failure in (high demand) rural areas. This will need sophisticated approaches that enshrine the principles of sustainable development that meets social, economic and environmental needs in an integrated way. Since there are 3 key issues affecting the supply of housing in rural areas – land, finance and planning – this requires intervention to release more land for appropriate housing development; the provision of adequate public subsidy to ensure the right type of housing is produced; and planning policies that support and maximise the benefits of public policy intervention.
- 1.5 The issues raised in this review are interrelated and need to be considered and tackled together, not in a piecemeal approach. We have attempted to make the links explicit in this submission. We begin by setting the context for our response and go on to address in detail those matters raised in the consultation where we are in a position to give an informed response.

Context – consequences of housing market failure in the countryside

There are two fundamental issues that contribute to market failure in rural areas:

- The operation of a high demand market in an environment of limited land and housing supply with consequential impacts on cost; and
- An urban focus of most housing and planning policy and its implementation

2.0 Nature of rural housing markets

- 2.1 A note of key facts and figures relating to housing in rural areas is attached at Annex B. Approximately 14 million people live in rural areas of England, 28.5% of the overall population. Although the rate of growth has slowed in the last ten years, between 1981 and 2001 the rural population grew by 12% compared with 2.4% in urban areas. Proportionately fewer younger people and more middle aged and older

people live in rural districts than urban ones. This population profile reflects migration patterns, young people moving away from rural areas and older people moving in, either whilst working or to retire.

- 2.2 In response to this demand, the market on the whole provides larger, higher cost housing. Between 2001 and 2002 house prices in rural England rose by 17% with the median house price £121, 000, over £3,000 more than in urban areas. People who live and work in rural areas are more often dependent on low incomes. Around a quarter of low income households live in rural areas. Average weekly earnings are often lower than in urban areas; remote rural districts have the highest proportion of working age adults receiving in-work tax credits. Research has shown that low income households in rural areas are more likely to remain on a low income over time. These households have difficulty in competing in the private housing market and to meet their housing needs, particularly younger households, have to move away.
- 2.3 Recently published research for the Joseph Rowntree Foundation (*Can work: can't buy*) has shown that affordability is not just a problem confirmed to London and the South East. Indeed, it showed that, outside of London, access to home ownership was more difficult in the South West (a largely rural region) than in the South East. This is echoed by our housing affordability index which shows that a lack of affordable housing affects large swathes of rural England; it is a particular problem in areas of high landscape value, ie the National Parks and Outstanding Areas of Natural Beauty (AONBs). This is demonstrated by the maps attached at Annex C that show relative levels of affordability (based on the relationship of incomes to mortgage costs), incidence of second homes and current landscape designations. There are no nationally agreed figures on the scale of the need for affordable rural housing. However,, we have estimated that there is a need for 10,000 affordable homes per annum over a 10 year period in rural districts, just to meet the needs of households already living in those areas. About half of these are needed in smaller settlements, below 3,000 population, where it is often most difficult to provide housing of any type.
- 2.4 There is a shortage of suitable housing to buy or rent at prices people can afford. There is little housing for sale at the lower end of the market to enable people, especially the younger age groups, to get a foot on the ladder to home ownership. Experience on the ground indicates that the private market is unlikely to fill the gap. Anecdotal evidence indicates that there are distinct markets operating in the private rented sector in rural areas, catering for high-income households and a reducing supply of lower rented properties. In popular tourist areas, rented accommodation is only available for local rent out of season on short term lets. At the same time there is a shortage of 'social housing' as an alternative (i.e. affordable

housing provided mainly with some public funding). In 2001 it comprised 14 % of the housing stock in rural areas, compared to 23% in urban areas.

- 2.5 The nature of the housing market has a significant impact on the sustainability and prosperity of the countryside and its communities. The lack of affordable housing undermines social cohesiveness and inclusion, as low-income households are forced to move away from families and friends, and often from local jobs, leading to a breakdown of informal social networks and difficulties in providing formal public support services. It hinders economic development because employers are unable to attract and retain a workforce. It has adverse environmental impacts because it encourages high levels of commuting of high-income households to urban areas and low-income households returning to employment in rural areas.

Policy context

- 2.6 There is an inherent tension between public policy mechanisms for redressing housing market failure in the countryside and policies for protecting the countryside from development, with the latter often taking precedence. This does not mesh well with the objective of promoting sustainable development that meets social, economic and environmental needs. The Government's recent Sustainable Communities Plan tries to pull these strands of policy together. It opens with a commitment to make a step towards successful thriving and inclusive communities, urban and rural. In the chapter devoted to the countryside and rural communities it notes the challenges as: the need to protect the countryside from urban sprawl; and address the housing needs of rural communities. However, the chapter is dominated by actions that will protect the countryside, with few links to their impact on actions required to improve the supply of affordable housing in rural areas, or how these can be reconciled.
- 2.7 The implementation of current planning policies can also work to discriminate against meeting a range of housing needs in rural areas, particularly the delivery of affordable housing. We return to this issue in more depth in paragraphs 8.1 and 8.2.
- 2.8 Public funding for affordable housing in rural, in market towns and villages, is primarily channelled through the Housing Corporation to housing associations (i.e. Registered Social Landlords). Successive governments have recognised the particular problems of developing and attracting investment for affordable housing in smaller rural communities. As a result the Housing Corporation has had a special Rural Programme targeted at communities of less than 3,000 population for a number of years. The programme has delivered over 22,000 homes since 1989 and in recent years there has been a modest increase to the current target of 3,500 new homes during the 2 year period 2003 to 2005. However, this only brings it back to the level of seven years ago.

- 2.9 Outside the smaller settlements, housing schemes form part of the HC's general investment programme. Market towns are important employment and service hubs for their residents and surrounding rural communities. They provide an opportunity to accommodate larger developments and to meet the needs of particular groups, such as young people or supported housing for the elderly. However, funding for affordable housing in market towns has to compete with major urban schemes and in consequences can lose out. We return to this issue in paragraph 9.1.
- 2.10 The availability of affordable housing and the benefits of investment and planning policies to deliver affordable housing have been affected by a continual leakage of social housing in rural areas through the Right to Buy. 91,000 social rented homes were lost from rural areas, largely as a result of Right to Buy, between 1980 and 1991. Because of other constraints – the availability of land and finance and the interaction of planning policies – replacement has been limited, either by the Housing Corporation or by local authorities, using LA Social Housing Grant (which has now been phased out). Earlier this year the Government announced changes to the Right to Buy, aimed at mitigating the loss of this resource in certain areas. The discount available to purchasers was reduced in 41 authorities, of which 31 were London boroughs; only five of the authorities included in the list were rural. The criteria for designating rural areas where local authorities have the right to buy back the property on first resale or require the home to be sold to a local person was also relaxed. However, the impact of this relaxation may be limited as the market value of ex-council housing in many rural areas is often beyond the resources of rural local authorities or the purchasing power of local people. For example, last year in Grassmere a council house, sold initially to the tenant for £30,000, was on the market for £130,000 at the first resale.

Causes of unresponsiveness in housing supply

We consider there are three obstacles to increasing the supply of affordable housing in rural areas: land, planning and finance. These are addressed under the headings raised in the consultation paper.

3.0 Issue One: Land constraint

- 3.1 It is impossible to divorce the issue of land supply from planning policy. We address the impact of planning policy on land supply in paragraph 8.1 and expand on the matter further in the section on land allocation.
- 3.2 Countryside protection policies mean housing land in rural areas has a premium. Not only does this help to fuel land price inflation, it also fosters 'hope value', so that landowners may be unwilling to release land at

a cost that makes it viable to provide affordable housing. Failure to release land adds to the inelasticity of supply. As a consequence most market housing produced is “executive housing” to meet the market demand from people moving into rural areas and to enable the developer to make a sufficient return on investment.

- 3.3 The logical response would be to free up the supply of land to expand the supply of housing. However, new housing contributes less than 1% of stock to the housing market. Releasing the amount of land needed to have any significant effect on the housing market land would, therefore, be of such a scale to incur a significant environmental cost. Neither would it necessarily lead to the production of a range of housing products suitable to satisfy the array of housing demands, some of which will still not be met by private market provision. These points are expanded in the section on land allocation and in paragraph 9.2.

4.0 Issue One: Brownfield sites

- 4.1 Almost by definition, the countryside has few brownfield sites and certainly few of any significant size, apart from a few, such as ex-military bases or hospital sites. In consequence the primacy given in planning policy to developing brownfield sites acts as another restraint on housing supply in rural areas. Even where opportunity exists, e.g. some forms of previously used agricultural land and buildings, these are excluded from use for housing purposes. There are, however, some small pockets of brownfield land and empty properties in rural areas that would be suitable for housing development, particularly in market towns. Unfortunately, the current emphasis by English Partnerships on major brownfield sites in urban hinders the assembling and use of such sites in rural areas. Another opportunity which has the potential to increase supply in rural areas is by making greater use of space above shops in market towns. Although these would not individually contribute large numbers of additional premises, collectively they could make an important contribution to supply. We have supported pilot of Living over the Shop (LOTS) in rural areas and the ODPM are now investigating the feasibility of setting up an organisation capable of extending the scheme to provide national coverage. Another opportunity which has the potential to increase supply in rural areas is by making greater use of space above shops in market towns. Although these would not individually contribute large numbers of additional premises, collectively they could make an important contribution to supply. We have supported a pilot of Living over the Shop (LOTS) in rural areas and the ODPM are now investigating the feasibility of setting up an organisation capable of extending the scheme to provide national coverage.

5.0 Issue One – Option

- 5.1 Taking out options on potential development land assists the provision of private housing by supporting land banking without a significant capital outlay. As well as assisting cash flow, it can result in smoother delivery that is more responsive to changes in demand. However, it can have detrimental impact on the ability to secure affordable housing and other public goods that add to the quality of the development through planning gain. To some extent this is determined by the nature of the option agreement and the latitude it allows for negotiations with the landowner on the cost of the land once it is brought forward for development.

6.0 Issue One – Land allocation

- 6.1 As we noted in paragraph 3.3, only major land release and allocation for housing development would help increase the supply and reduce the cost of housing and make it affordable. If the objectives of the Sustainable Communities Plan are to be met, the price of the land, the availability of public subsidy, planning obligations and fiscal policy are important, rather than the impact of planning policies, including exception sites and allocating sites for affordable housing, on the cost and supply of land.

7.0 Issue Two - Constraints on the construction industry

- 7.1 We are not in a position to comment in detail on the issues raised in this section. However, we are aware of the drive to increase the use of modern construction techniques in the private and social sector. The ability to take advantage of these techniques will in part be dependent on the capacity of the developer and it is important that the issues raised are discussed with Registered Social Landlords and a range of private developers, local, regional and national.
- 7.2 One important issue, not covered in the review, is the impact of modern construction techniques on design and use of materials, which are important factors in the acceptability and compatibility of housing in rural areas. It is important, therefore, that the environmental quality of development should respect and enhance local character and distinctiveness. This is particularly so in places such as National Parks. However, this can place additional costs on a scheme and jeopardise affordable housing schemes going ahead. The additional costs of design and using local materials is to some extent recognised by the Housing Corporation in its funding for rural schemes.
- 7.3 Off site construction, in combination with traditional exterior treatment, could reduce costs. But use of standard designs, for example dictating

window shape and proportions, could undermine local diversity. Bespoke design however could reduce the potential savings offered through economies of scale of off-site manufacture. These factors will need to be taken into account in the future processes for funding affordable housing schemes.

8.0 Issue Three – Policy Environment

8.1 Ensuring rural dimension (i.e. rural proofing) in national planning policy guidance, regional planning guidance and local development plans policies is essential to take account of the particular needs and circumstances in rural areas. For example, a central tenet of Planning Policy Guidance Note 3 Housing (PPG 3) is the sequential approach. This gives primacy to development on brownfield sites and centres well served by public transport and a range of services. Whilst such criteria may limit development on Greenfield sites, they fail to recognise the benefits of alternative uses for brownfield sites which contribute to improving the quality of the urban environment such as green space. More problematically, the sequential approach criteria, if applied rigidly, rule out many potential development sites, further constraining the supply of land for housing as part of the development. Indeed there have been instances where local authorities have been instructed to de-allocate green field sites to conform with regional brownfield targets. For example, in South Lakeland, where the lack of affordable housing is an acute problem, de-allocation reduced the number of affordable homes that would be developed in the market town of Kendal to 6 units.

8.2 In rural areas, local planning authorities increasingly rely on the rural exceptions policy to provide affordable housing. This allows sites that would not normally be considered appropriate for development to be given planning permission if the housing meets a proven local need and can be retained in perpetuity to meet local needs. Although this has been a welcome recognition of the need for special measures to meet rural housing needs, identifying and bringing such sites forward is along and time intensive process, often having to overcome opposition from some members of the community and sometimes local planning departments. Most local authorities have adopted this policy and, while it has made a useful contribution, it has only delivered a modest number of schemes. Research for Joseph Rowntree Foundation identified that on average rural local authorities secure 8 units per year through this route.

Planning Policy Guidance

8.3 The Countryside Agency has developed an alternative policy to the rural exceptions policy, which has now been incorporated into the recently – published consultative draft of the revised PPG 3. In essence, it provides that in rural communities, local planning authorities can allocate sites solely

for affordable housing where this will contribute to the attainment of a mixed community. We consider the adoption of this policy essential if the current market failure to provide affordable housing in rural areas is to be addressed. It provides a transparent mechanism that offers certainty to developers and landowners. It will help to suppress land values, which, although they will be above exception site value (usually 3-5 times agricultural value), will still be lower than market value. This is essential if a scheme is to come within the cost limits set by the Housing Corporation (Total Cost Indicators – TCI) and be eligible for social housing grant. In so doing, it fills the gap left by market delivery, helps create sustainable rural communities, without significant loss of the countryside and, through the inherent subsidy in the land costs, reduces the cost to the public purse.

- 8.4 To be successful the policy will need to be backed by robust housing needs surveys, undertaken by a partnership of housing and planning authorities. In addition, it must be accompanied by clear definitions of affordable housing, based on the relationship between income and housing costs. Only then will local authorities be able to respond sensitively to the different types of affordable housing need, from intermediate low cost home ownership options to social rented housing. The proposals in the consultation on PPG 3, if accepted, will need to be accompanied by clear guidance on the use of these definitions in planning agreements that ensure the housing remains available as affordable in the long term. Such reassurance is crucial if landowners are going to be convinced that in releasing a site affordable housing they have not forgone increased value associated with private development.

8.5 *Legislation*

The Planning and Compulsory Purchase Bill, currently before Parliament, provides the opportunity for development planning to move to a spatial strategy, supporting the achievements of non-land use objectives and greater involvement by the community in the planning process. However, these advantages will only be realised if local planning authorities have the resources to engage with their communities to bring forward locally relevant delivery. In this respect, it is disappointing that the Bill contains no requirement that planning authorities should take account of housing needs in the development plan process. It will also be important to recognise the limited capacity of some rural local authorities to take on a more proactive role that leads to schemes coming forward that maximise social, economic and environmental benefits and to make some support available to enable them to do this.

8.6 *Planning Obligations*

Key to attaining these benefits is a need to review the remit and use of Planning Obligations, primarily Section 106 agreements. In response to the Planning Green Paper, we commissioned a practically based piece of research that investigated the changes needed to planning obligations to

increase their effectiveness in securing sustainable development benefits. The study concluded that the Local Development Frameworks should set out the authority's general approach to the use of planning obligations. The Community Strategy, informed by local community action plans, such as parish plans, should contribute. National guidance should, therefore widen the matters that can be addressed by planning obligations. However, planning obligations cannot be relied on to provide all the public goods needed for sustainable development. The engagement of other service providers, probably through the Local Strategic Partnerships, in the planning and delivery of affordable housing is crucial.

8.7 *Change of Use*

The consultation seeks views on the regulations covering change of use. Reforms have been suggested, as a mechanism for securing affordable housing and restricting the conversion of permanent dwellings to second homes. Neither has been adopted, the first because there are problems of enforcement, the latter because it is deemed that it would contravene Human Rights legislation. Most local policy makers favour allocating sites solely for affordable housing, as we have discussed in paragraph 8.3.

8.8 *Changes in the Tax regime*

We believe there is a case for parity in VAT between new build and conversions, which would help to increase the supply of affordable housing by encouraging conversion of empty properties to new homes. A more radical proposition, being investigated by Hastoe Housing Association, who are one of the major developers of rural affordable housing, is the use of tax credits to encourage landowners to bring forward sited for affordable housing.

9.0 Issue Four – Social housing and the rental sector

9.1 Throughout this response we have focused on the need for more affordable housing in rural areas because of the severe impact of the shortage on rural communities both now and in the future. As changes to public subsidy have been introduced, there has been a greater reliance on the private sector to deliver affordable housing, often secured through planning policies and obligations. However, recent research by Joseph Rowntree Foundation has indicated that there is little additional affordable housing provided by the private sector through this route, and that, even on mixed tenure sites, public subsidy is required to support the affordable housing element.

9.2 A number of private companies are now keen to be involved in providing intermediate affordable housing, without recourse to public subsidy. We have been involved in discussions with a number of these companies. It is clear that to make these schemes financially viable the developers are

looking for sites where the land value has been suppressed, currently rural exception sites. They are able to provide housing that is at a cost higher than social rent but lower than market housing and provides some equity stake for the occupier. In some cases they are even able to offer some limited perpetuity arrangements. Whilst such development can make a positive contribution to meeting one form of affordable housing need, they do not make the provision of social rented housing at an affordable level a viable option without public subsidy. However, we would not favour the extension of social housing grant to private developers, unless they could provide similar safeguards to investors and tenants as those offered by housing associations regulated by the Housing Corporation.

- 9.3 To meet the gaps in current supply, a number of alternative approaches for low cost home ownership are being developed. We would draw attention to two models: the first is the use of a Joint Venture Company, being tested in South Shropshire, as a partnership between the local authority, the transfer housing association and a private finance company. Together they develop low cost sale housing, using a local developer who will be required to source labour and materials locally. The housing is retained as affordable in perpetuity through planning obligation and the use of a 'affordability share', which is transferred to the local authority, without any cash payment. The second model has been developed in Cumbria. The resident buys an equity stake that can be increased to 80% of the full cost. No rent is paid on the remaining share. The developer retains the remaining equity. If the occupier wishes to move into full owner occupation, an open market valuation is agreed between them and the developer. The resident moves to an alternative market property and the developer offers the equity share property to a local person who fulfils the local needs criteria, at 80% of the open market value.
- 9.4 In the past private and rented housing has been an important elements of the rural housing stock. Indeed a study by York University, produced in the mid 1990s, identified that in some areas it provided homes for those people who in urban areas would have been housed in social rented housing. The same research identified that much of the private rented stock in rural areas was owned as part of farming estates. These landowners did not see this housing as a business opportunity and it is doubtful whether it could make a significant contribution to the supply of affordable housing in rural areas.

COUNTRYSIDE AGENCY'S CURRENT HOUSING WORK

Increasing understanding of the nature and extent of housing needs in rural areas

- The Housing and Support Needs of Older people – joint funded with the Housing Corporation
- Sharing and squatting – a case study of rural homelessness – in partnership with CRISIS
- Experience of young people moving on from Foyers – with the Foyer Federation

Improving policy and practice

- Improving the supply of affordable and supported housing in National Parks – joint funded with Housing Corporation
- Developing sub regional housing strategies: a pilot in the Welland Partnership
- Forever affordable: an evaluation of low cost home ownership models in rural areas

Demonstrating and disseminating new approaches

- Piloting the Sites for Social Diversity policy in Wealden and South Hams
- Odyssey: providing affordable housing in rural areas without using public subsidy
- Should I Stay or Should I Go: supporting older people make informed housing choices
- Support for 2 Housing Directors with BiTC to take forward work to increase the involvement of business in providing and supporting rural affordable housing, funding jointly with the Housing Corporation, The Prince of Wales and the Duke of Westminster.

Rural Housing Enabler Programme

Rural Housing Enablers (RHEs) work with rural communities, local planning and housing departments, landowners and housing associations to identify housing needs and bring forward developments that meet those needs. The Programme is funded by the Countryside Agency, Housing Corporation and local partners. To date there are 36 RHEs in post across rural England.

Through quarterly data reports and qualitative reports twice a year the Countryside Agency and Housing Corporation are provided with information that they can use to advise government and other policy makers and plan and deliver the Rural Programme

Advice and Influencing

- Membership of ODPM advisory group for the revisions of PPG 3
- Rural proofing support for Regional Housing Strategies and advice to government on extent to which Regional Housing Strategies have addressed rural housing needs.

AFFORDABLE HOUSING IN RURAL AREAS

Housing needs

- We estimate a need over a ten year period for 10,000 new units of affordable housing per annum, split equally between settlements below 3,000 population and larger rural communities up to 10,000 population, resulting from projected household growth.
- In addition, there is a significant backlog of unmet need. Surveys undertaken by CA funded Rural Housing Enablers in 160 villages between 1999 - 2000 revealed an immediate need for 1,973 affordable homes.
- House prices in rural and urban areas are on average broadly similar £124,000 in rural and £125,000 in urban
- Wage levels in rural areas are on average 12% lower and rising more slowly than in urban areas
- 57% of households in rural England could not afford to buy their own home, compared with 36% in urban areas
- 'Hidden' homelessness is a problem in many rural areas. Research by Bristol University, using DETR information, showed that between 1992 -1996 the rural homelessness rose from 11.8% to 14.4% at a time when homelessness in London and urban authorities was falling. The highest increase (12.1%) was in deep rural areas and 20 rural local authorities witnessed rises in excess of 50%. By 2001 rural accepted homelessness has risen to account for 19% of the national total.
- Social housing is limited: 13% in rural areas compared to 23% in urban areas. In some areas it is lower, for example in the New Forest social housing is only 10% of the stock.
- 91,000 homes were lost from the social rented sector in rural areas between 1985 - 1990 as a result of the Right To Buy.
- 32% of the rural housing stock has been lost through Right to Buy between 1979 - 2001 compared with 29% in urban areas. This underestimates the impact in smaller rural communities and pressurised areas. For example, in Threlkeld in Cumbria only 3 of the original 39 local authority properties remain.
- Replacement has been limited: Since 1989 the Housing Corporation's special Rural Programme has produced some 22,000 units (only 4,000 of these in the last four years).

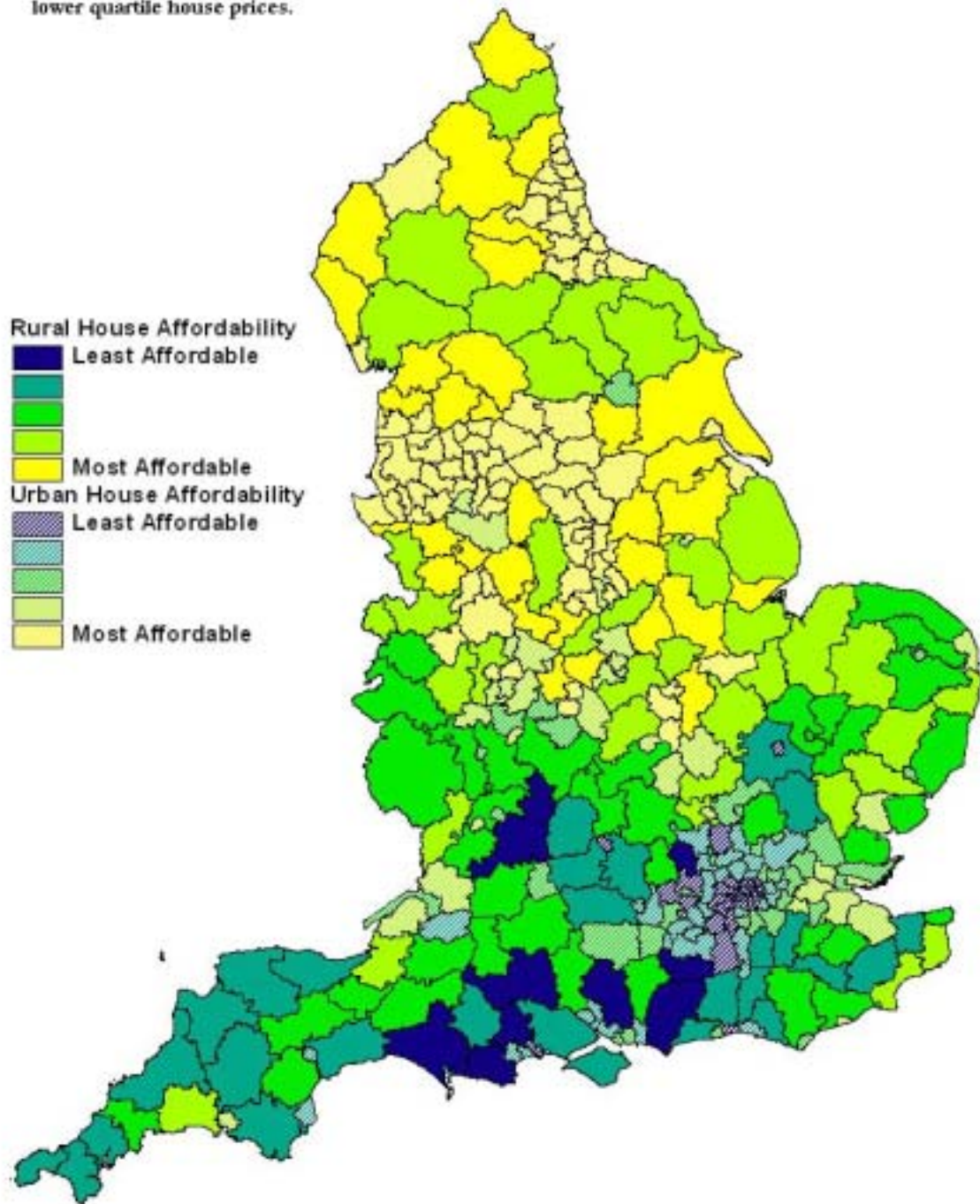
- Current research by Cambridge University for the Joseph Rowntree Foundation has found that generally rural local authorities secure an average of 8 units a year through the Section 106 quota policy and 7 units from rural exception sites. Aggregated for all rural local authorities, this would result in only 2,160 new affordable homes a year, including in market towns. With the output of the Rural Programme some 3,000 units per annum would be provided. (The target in the RWP for all rural areas is 9,000 units per annum.)
- There is evidence of shortfalls between supply and need across the country. For example:
 - North Shropshire - 191 - 2001 target for affordable housing to meet need 350 units - production 231. Current need 1740 over the next ten years
 - Wealden need = 40 units per annum - average out turn 20 units per annum
 - New Forest = need is four times that which the local authority are able to deliver
- Most rural social housing provided is for families. At the same time, research has shown that there are particular problems for young people in securing suitable accommodation, and for the elderly and those needing supported housing, to enable them to remain in the community.
- Rural housing schemes are time consuming and costly to develop. They may take several years to come to fruition.
- There are approximately 100,000 second homes in rural England. These are unevenly distributed with concentrations in protected and coastal areas. For example in
 - Cotswolds many parishes have more than 9% of their housing classified as second homes, this rises to 15% in one parish.
 - In South Lakeland there are 4,000 second homes, in the villages of Windemere and Ambleside they represent 16% and 24% of the stock respectively.
- Removing the council tax discount on second homes would raise £40 million, this could roughly double the Housing Corporation's Rural Programme.
- Social housing helps retain support networks and local services. JRF research concluded that the most obvious role housing fulfilled was to enable tenants to stay in their village and establish networks of family and friends. A study of rural social housing in Kent found 91% had connection with the village prior to moving into their current home; 98% used the village shop and 55% the village school. A similar survey in Northumberland revealed 84% were satisfied with their home; 62% use the village post office and 50% the village shop on a regular basis

- Social housing is a pre-requisite of a healthy local economy. A collation of labour market reports shows a skills gap and recruitment difficulties for local firms among craft and skilled trades, the people who are likely to be squeezed out of the owner occupied market and be seeking affordable housing. A report for Wealden District Council in 2001 revealed that employers were finding it difficult to recruit workers because of the gap between incomes and house prices - 42% earned less than £18k the average house price was £164,364

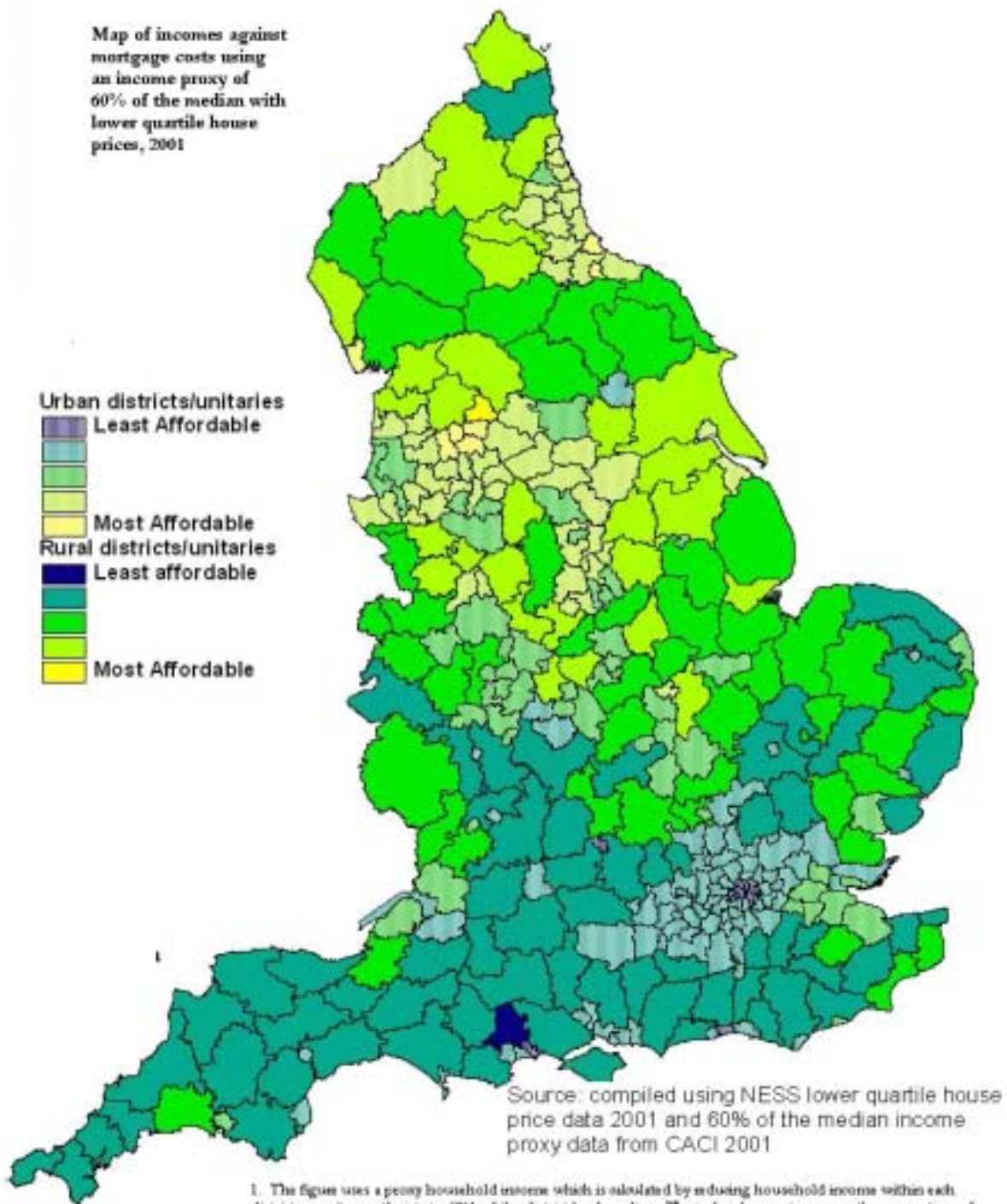
The Countryside Agency
August 2003

Map of incomes against mortgage costs using median incomes against lower quartile house prices.

Annex C

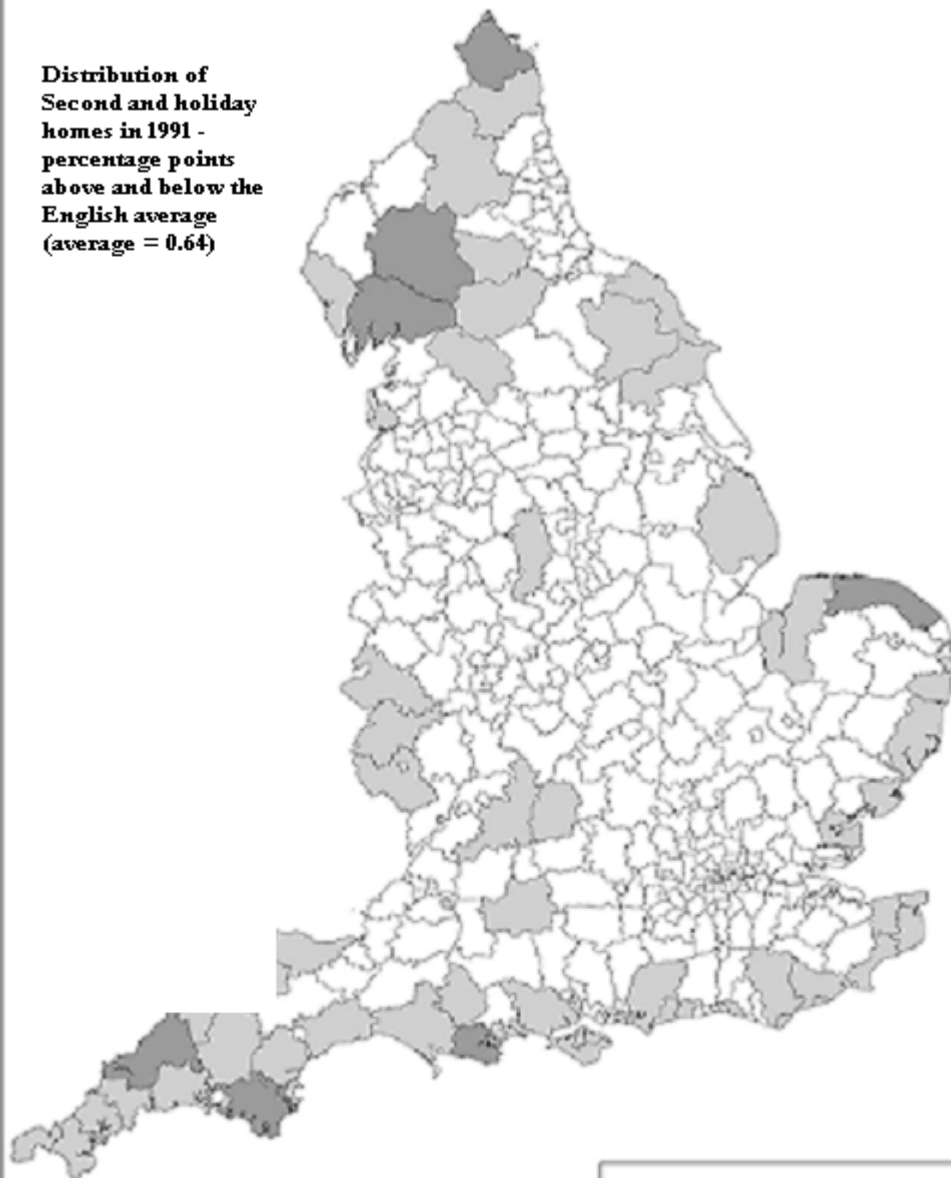


Map of incomes against mortgage costs using an income proxy of 60% of the median with lower quartile house prices, 2001



1. The figure uses a proxy household income which is calculated by reducing household income within each district or unitary authority to 60% of the district level median. The index does not measure the proportion of households within each district that are on less than 60% of the median income.

**Distribution of
Second and holiday
homes in 1991 -
percentage points
above and below the
English average
(average = 0.64)**



**% pts above English Second
Homes Average in 1991**

	Below Average	(299)
	0-2.5	(58)
	2.5-5	(9)
	5-7.5	(0)
	7.5-10	(1)

