

Rural housing at a time of economic change: Summary

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This research has been funded by the Commission for Rural Communities in order to improve understanding of likely future changes in housing markets in rural areas in England. The focus is on:

1. The **changing levels of rents** (both private and social) and the quality and location of available housing.
2. The **impact of recent and forthcoming government policies** on social and private tenants, including the changes to Housing Benefit and the overall benefit caps.
3. **Migration:** The numbers of people forced to relocate from rural areas, or unable to live where they would choose to do so

The research, which draws on analysis of recent policy change and secondary data as well as interviews with local authorities and national bodies, aims to explore differences between rural areas, as well as between rural and urban areas overall.

Key findings

Rents

- Social housing rents vary comparatively little outside of London and are similar or slightly lower in rural than urban areas.
- Social rents have increased most in urban areas outside London in the last four years.
- Private rents vary a great deal more. Overall they are broadly similar in rural areas and urban areas (excluding London) though variation between rural areas is substantial.
- Overall, private rents have increased more in urban areas, and least in the most rural local authorities in the period 2007-2011.

Housing quality

- Homes in rural areas are substantially more likely to fail to meet the decent homes standard. This is true across both the social sector and the private sector, though private sector homes have the highest rate of not meeting the standard.
- Homes in rural areas have much higher rates of thermal inefficiency, with 56% of private rented homes in hamlets or isolated dwellings having a SAP rating of under 30 (the worst rating) as compared with only 7% in urban areas. Social housing is less likely to have a low SAP rating, but also has higher rates of inefficient homes in rural areas. With rising fuel prices and falling incomes and benefit levels, this raises real concerns over fuel poverty.

Policy reform

- The reduction of Housing Benefit for working age social tenants who ‘underoccupy’ their homes will impact disproportionately on rural areas. This is because:
 - A higher proportion of households under-occupy in rural areas. This is partly a result of a shortage of smaller properties, and also because a desire on the part of social landlords in rural areas to accommodate people in homes that they can grow into, rather than having to move as their family grows.
 - There is a national shortage of one-bedroom properties as compared with the number of households deemed to require this size of home, and this shortage is worse in rural areas which typically have fewer flats.
 - Relocating households to more suitably sized housing is harder in rural areas because of the distances involved in moves.
- Of the housing benefit reforms affecting tenants in the private rented sector:
 - The reduction from the median to the 30th percentile for housing benefit results in similar levels of reduction in rural areas and urban areas outside London, though affects households in larger properties to a greater extent and those in more expensive areas.
 - Raising the age limit for the shared room rate from 25 to 35 is likely to affect urban areas more as there are fewer households in this age group claiming housing in rural areas and fewer one-bedroom flats, though those who do need to move in rural areas may find it harder to find suitable shared housing nearby.
 - The housing benefit caps will only affect London, but the overall welfare caps for out of work households will affect those requiring four bedroom homes all types of areas. Households requiring three bedroom homes will also be affected in a small number of higher-priced rural areas. These households will see their housing benefit cut to lower levels than the 30th percentile of rents, so will have to make up the shortfall from their benefits, or seek out smaller or cheaper housing.
 - The new Affordable Rent product is largely replacing the construction of new social rented housing. Housing Associations are permitted to charge up to 80% of market rents, and also to convert a proportion of their relets to Affordable rent to cross-subsidise. There is a north-south divide in terms of the ratios of social to private rents, meaning that in the South of England, especially near to London, rents could rise substantially, whereas in the North there is little scope for this. There are concerns that housing in attractive rural villages could command a high rent, and that support for rural exception sites could be hard to sustain if the housing is not seen to be affordable on local incomes.

Migration

- The traditional patterns of young people moving away from rural areas and older people moving in appears to have remained in the last few years. However, overall levels of mobility have declined. Moves into and within owner-occupation have declined steeply, and have been partially offset by increased mobility into the private rented sector.
- The operation of Broad Market Rental Areas (BMRAs) appears to be impacting on the migration patterns of low income households. BMRAs are the areas over which Local Housing Allowance is calculated and are larger than local authorities, often containing a mixture of urban and rural local authorities with very different rental markets. In some parts of the country this means that almost all of the accommodation within the Local Housing Allowance limit is to be found in one part of the BMRA, sometimes the local town or the edge of a large city, whilst the rural areas nearby contain almost no housing within the limits.
- With the reductions in Housing Benefit, there is likely to be an increased flow of lower income households towards the cheaper parts of the BMRA. This will mean migration out of entire local authority districts and into others.

Overall, the current economic climate and policy reforms present a challenging set of circumstances to those providing or seeking housing in rural areas. Providing housing in rural areas has always encountered additional difficulties associated with planning restrictions and high costs of housing, whilst for those seeking affordable housing the shortage of available homes, resulting from the sparseness of housing, remains an issue. The Localism Act and latest planning reforms seek to give more power to local areas to determine their own priorities. It remains to be seen whether these powers will enable rural areas to improve the housing situations of residents.

The full report can be found at:

<http://www.cchpr.landecon.cam.ac.uk/Downloads/Rural%20housing%20at%20a%20time%20of%20economic%20change%20-%20final%20report.pdf>