

Cambridge Centre
for Housing &
Planning Research

Rural housing at a time of economic change

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Planning Research

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This report has been produced by the Cambridge Centre for Housing and Planning Research. The Research team included Anna Clarke, Sarah Monk, Connie Tang and Chihiro Udagawa.

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Introduction

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 in the wider context of changing housing market pressures and government policies on affordable housing and Housing Benefit. It aims to provide up-to-date evidence to enable CRC, Defra and other government agencies to influence housing policy at national and local levels and ensure that these policies are rural-proofed. The research therefore has the following objectives:

To develop a new understanding of:

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 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.

Definitions

Throughout this report, two different ways of categorising rural areas have been used. The first is Defra's 2009 categorisation of entire local authorities (LAs) into:

- **Rural 80 (R80) LAs** have at least 80 percent of their population resident in rural settlements (populations of under 30,000). There are 55 LAs in this group
- **Rural 50 (R50) LAs** have between 50 and 80 percent of their population in rural settlements. There are 48 LAs in this group.
- **Significant Rural (SR) LAs** have between 26 and 50 percent of their population in rural settlements. There are 55 LAs in this group.
- **Major Urban LAs** have *either* a minimum of 100,000 people *or* a minimum of 50 percent of their total population resident within a major urban area.
- **Large Urban LAs** have *either* a minimum of 50,000 people *or* a minimum of 50 percent of their total population resident within a large urban area
- **Other Urban LAs** have less than 26 percent of their population living in rural settlements and do not have a substantial quantity or proportion of their population living within major or large urban areas.

(See www.defra.gov.uk/rural/ruralstats/rural-defn/LAClassifications_technicalguide.pdf)

For most of the analysis within this report, the three types of urban area have been grouped together.

The other way of categorising rural areas is a more fine grained analysis using the ONS categorisation of census output areas into:

- **Urban** (with a population of over 10,000)
- **Town and Fringe**
- **Village**
- **Hamlet and Isolated Dwelling**

(See www.ons.gov.uk/ons/guide-method/geography/products/area-classifications/rural-urban-definition-and-la/)

Some data sources group together these last two types.

Background

Housing in rural areas

Housing in rural areas has long been a difficult issue to tackle. Concerns to protect the countryside often conflict with the need to house more people and to keep settlements sustainable (Satsangi et al, 2010). The intrinsic nature of rural areas – more sparsely populated than urban ones, means that it is often more difficult for people to find suitable housing near to where they want to be.

The Office for National Statistics' (ONS) 2008 mid-year population estimates report that 19.1 percent of England's population live in rural areas. Approximately half of this rural population lives in small towns, and 46 percent in Villages, hamlets and isolated dwellings. Sparse areas account for 1.4 percent of the overall population, or 6.4 percent of the rural population.

According to the latest estimates, the population of rural areas is growing faster than urban areas (CRC, 2010). The ONS predicts the rural population will increase by 16 percent by 2028 compared to 9 percent in urban areas (Taylor, 2008). Growth is fastest in less sparse villages and hamlets. Sparse areas see slower growth, but their small rural towns are growing at a proportionately greater rate. Even so, some rural areas are losing population, especially some of the more remote sparse areas, but also some areas in South East England and many coastal areas (CRC, 2010).

Population profile

The median age of rural England is older than for the country as a whole (44.4 years in rural areas and 38.5 in urban areas in 2006). As discussed below, this is related to out-migration of young people from rural areas. While 20 percent of the population in urban areas are aged 16 to 29, the figure for rural areas is 13.7 percent. In contrast, the proportion of people over retirement age is 18.1 percent in urban areas compared to 23.5 percent in rural (CRC, 2010).

The proportion of owner-occupation is relatively high across all types of rural area (Table 1).

Table 1: Tenure in rural areas

		Owner occupation	Social renting	Private renting	Total
Output area analysis	Urban	66.0%	19.9%	14.1%	100.0%
	Town and fringe	75.1%	14.3%	10.6%	100.0%
	Village	78.1%	10.5%	11.4%	100.0%
	Hamlets and isolated dwellings	76.8%	4.2%	19.0%	100.0%
LA level analysis	R80	74.5%	12.6%	12.9%	100.0%
	R50	75.6%	9.3%	15.2%	100.0%
	SR	75.1%	11.3%	13.6%	100.0%
	urban (London)	55.5%	18.2%	26.3%	100.0%
	urban (rest)	68.1%	11.4%	20.5%	100.0%

Source: EHS 2009-10 and SEH 2007-8¹

As can be seen from Table 1, social renting in districts that are predominately rural is broadly as common as in urban areas outside London, though the social housing in these districts is not often located in the smallest settlement sizes. Private renting is less common overall in predominately rural districts, though more likely to be found in hamlets and isolated dwellings.

Accessing housing in rural areas

As the Affordable Rural Housing Commission reported, there is “an acute shortage of affordable housing in rural areas of all regions of England” (ARHC, 2006:2). The high cost and limited availability of housing in many rural areas is an issue for people who live or work in the countryside (Taylor, 2008; Monk, et al., 2006). Average house prices in all rural area types, except Town and Fringe, are higher overall than in urban areas, with hamlets having the most expensive housing (CRC, 2010b).

¹ The slightly older data from the SEH has been used here because the EHS does not collect data on the rurality of LAs. Other reasonably recent data sources do not distinguish between owner-occupation and private renting.

Overall, households in rural areas have higher average incomes, slightly higher levels of personal assets, and there are substantially lower proportions of benefit claimants (ibid)

Despite this, the high house prices in rural areas mean that affordability is still worse overall (ARHC, 2006; CRC, 2010b)). This reflects a wider income distribution and different pattern of the physical housing stock in rural areas.

The availability of affordable rural housing, both for local people and for migrant workers, is important for ensuring a sustainable supply of workers for rural economies. This is a particular issue for seasonal, temporary and low-paid migrants (Chappell, et al., 2009).

The stock of social rented homes in rural areas has historically been lower than in urban areas, and while the proportion of social housing has decreased in all areas over the past 30 years, the sharpest decline has been in rural England. In 1980, 25 percent of the housing stock in rural areas was social housing compared to 36 percent in urban areas. By 2007, these figures had declined to 13 percent and 21 percent respectively (Taylor, 2008). In absolute terms, the total stock of social rented housing in rural areas was lower in 2008 than it was in 1998, a result of the Right-to-Buy taking more homes out of the sector than were built (CRC, 2010).

In some rural areas, difficulties in accessing housing are compounded by high rates of second home ownership, though it has been argued that the political prominence they receive is largely not backed up by statistical data on their prominence (Satsangi et al, 2010). In 2009, 2.7 percent of all dwellings in Rural 80 areas were classed as second homes, compared with 1.1 percent in Rural 50 and between 0.8 percent and 1.0 percent in other area types. Rural areas with the highest rates are the Isles of Scilly (18.3 percent), South Hams (10.1 percent) and North Norfolk (9.2 percent). On the other hand, there are many rural areas where proportions of second homes are very low, such as large parts of the East and West Midlands.

The level of homelessness in rural areas is approximately half of that found in Major urban areas and approximately two thirds the level found in Large and Other urban areas (CRC, 2010). This may reflect 'exporting' of homelessness to urban centres.

The impact of the financial downturn on rural areas

It is clear that the credit crunch and the subsequent recession to the global economy have had dramatic impacts on rural housing market. The recent work by CRC highlighted the following impacts on rural housing:

- The average rural house price remains substantially higher than the average urban house price – and the gap is widening.
- Average house prices have fallen at a much slower rate from their peak in rural hamlets and villages than elsewhere and rural housing remains substantially less affordable (in terms of income to house price ratios) than urban.
- Access to the rural housing market for first time buyers remains highly constrained due to high prices and tight lending criteria. CRC analysis shows that the proportion of first time buyers is substantially lower, almost half the rate, in rural areas than urban areas.
- Private sector housing construction and affordable housing as a by product of market development remains very slow in many rural areas and mortgage finance for shared ownership, community land trusts or restricted equity properties is difficult to obtain.
- Recent flexibility on grant levels encouraged development of rural exceptions sites by RPs, but although there are still schemes "in the pipeline" in many areas there remains widespread concern about the future of overall rural housing delivery by social landlords and private developers alike (CRC, 2010).

With home purchasers facing difficulties getting mortgages and social landlords facing cuts, it is increasingly difficult for households in rural areas to access either home ownership or the social rented sector. This places increasing pressure on private rented housing and low cost home ownership. Both these tenures are extremely limited in rural areas compared with larger towns and particularly cities. As a result, this may have the effect of forcing some people to re-locate from rural to urban areas, a phenomenon that has happened in the past but primarily in search of employment rather than housing *per se*. However, little is known about this issue.

Housing quality

CRC's previous work reported that the English House Condition Survey found that in 2006 the proportion of homes in the 'not decent' category in hamlets was double that in urban area and rural towns (15 percent, 8 percent and 7 percent respectively) (CRC, 2010). This is probably related to the fact that rural houses tend to be older, with 52 percent in Hamlet and isolated dwelling areas dating from before 1919, compared to 18 percent in urban areas (ibid).

With rising utility bills, concern over fuel poverty has increased in recent years. Fuel poverty has been defined as where a household needs to spend more than 10 percent of its income to keep the home heated to 21°C in the living room and 18°C in the rest of the house. It is calculated using the income of households, the cost of fuel they need for heating, and the ability of their home to retain heat.

The age and construction of rural houses has implications for the cost of heating a home. Rural houses are more likely to be detached and larger than urban houses. Virtually all houses built before 1919 are solid walled, while nearly all built after 1945 are cavity walled and are therefore generally better insulated. While over 60 percent of homes in urban areas and rural towns are cavity walled and on mains gas, this is true of only 32 percent in villages and 21 percent in hamlets. In villages and hamlets, oil is a major source of heating fuel, and electricity for heating is more common in villages than any other area type (ibid).

For houses in villages and hamlets without gas, the main heating fuel is oil. Electricity accounts for about 17 percent of heating in villages. Mains gas networks serve most settlements with population over 3,000. Calor Gas Ltd has provided data on the proportion of households on and off the mains gas network (ibid). There are high percentages of homes with gas in some village and hamlet settlements, but these are generally in those areas that are close to towns. Access to mains gas is very rare in sparse rural areas.

Mains gas is substantially cheaper than other forms of heating, increasing the likelihood of fuel poverty. Of people living in villages, hamlets and isolated dwellings, 28 percent of those without mains gas are in fuel poverty, compared with 13 percent for those with mains gas. The relatively low level of houses with cavity walls also accounts for the higher level of fuel poverty in smaller settlements than that found in rural towns and urban areas (ibid).

Migration into and from rural areas

Migration from overseas

A greater proportion of migrants who settle in rural areas come from 'accession' European Union countries than is the case in urban areas. Rates of migration from accession countries are at a relatively similar rate for all English local authority types, whilst migration from other areas is more commonly into urban areas in England. This means that 70 percent of overseas migrants to Rural 80 areas are from accession countries compared to 31 percent in Major urban and 43 percent in Large and 50 percent in Other Urban areas (CRC, 2010)

Internal migration within England

A total of 447,000 people migrated from urban to rural areas in 2008² whilst 355,000 moved the other way, leading to a net urban to rural flow of 92,000. This does not necessarily result in an increase in rural populations because of the differing age profiles and death rates between rural and urban areas (CRC, 2010).

However, some rural areas in the far north of England and other areas closer to major cities are not gaining population through internal migration – counter-urbanisation has not completely taken over from rural depopulation. Different age groups show different migratory patterns. The 16 to 24 age group tend to have a net movement from rural to urban, Chappell and others (2009) identify that low wages are a push factor encouraging young and highly educated workers to leave rural areas. The net gains and losses for the 45 to 64 age group shows a marked pattern of movement from urban and commuter areas closer to major cities towards more sparsely populated areas. The 25 to 44 year old group tend to move away from major cities and into rural areas closer to major cities (CRC, 2010).

Because of the shortage of housing in many urban areas and the possible effect of Local Housing Allowance caps, there is concern that there may be growing migration flow from urban to rural areas. Such movement is likely to put additional pressure on the existing housing stock, in particular private rental, in rural areas. Again, very little is known about how these competing pressures – for outward and possible inward migration – will impact on housing markets in rural areas. Indeed, given the different nature of rural areas, the impacts are likely to vary across the country. This, along with the other issues raised here, is explored further in this study.

Methods

This research made use of the following data sources:

- Data from the Valuation Office (VOA) (private rent levels, by local authority)
- The Regulatory Statistical Returns (RSR) (housing association rent levels, by local authority)
- Live tables from the website of the Department of Communities and Local Government (DCLG) (council rent levels, by local authority where applicable)
- The English Housing Survey (EHS) and Survey of English Housing (SEH) (private and social rent levels, by region and rurality; housing quality issues; migration into and within the private rented sector)
- Data on social housing from the Continuous Recording of lettings and sales in social housing (CORE) (migration into and within the social rented sector)
- Data from the Department of Work and Pensions (DWP) (benefit levels)

This was supplemented by a series of nine telephone interviews with local authorities in areas that were rural, in part rural, or urban but with rural areas nearby. A further 14 authorities responded to a web-based survey and 12 national experts and stakeholders were also consulted by email and telephone.

A focus group discussion of the interim findings was also held for members of Defra's Rural Communities Action Network and CRC Commissioners and staff.

² Using Defra's classifications of local authorities, and including *Significant Rural* as rural

Section 1: Rent levels and housing quality

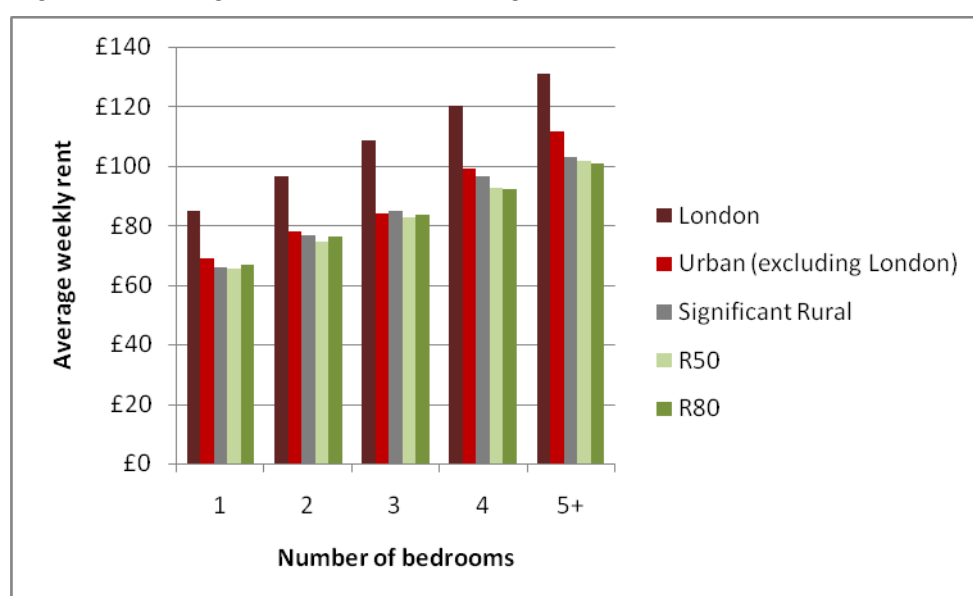
Rent levels, in both social and private rented housing have increased over the past five years. There has, however, been very little effort to study the differential ways in which these changes have affected rural and urban areas.

Social rents

Rent levels in social housing are regulated by government. They do vary in a similar geographical pattern to private rents, but with a much lower degree of variation between low and high priced areas, and also between smaller and larger dwellings.

Figure 1 shows the 'average of average'³ rent levels charged by housing associations (HAs) and local authorities (LAs) in England, by rurality.

Figure 1: Average of HA and LA average rent⁴



Source: RSR 2011 and DCLG live tables 2011

As can be seen, average rent levels are very similar in all types of local authority outside London. For larger properties, rents in rural areas are slightly lower.

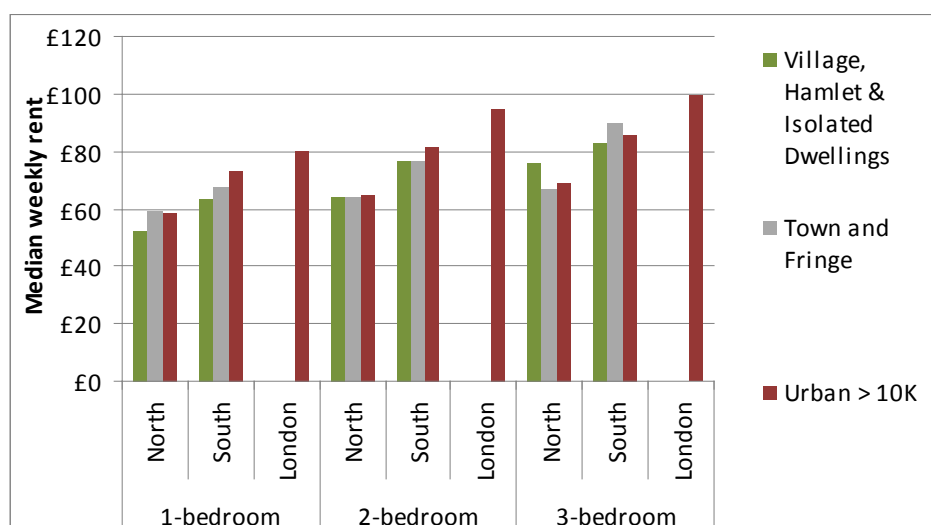
There is considerable variation between rural authorities in the rents charged. The highest HA rents are found in Mid Sussex, Guildford and Tandridge – all of which are over £100 a week, whilst the lowest are in North Lincolnshire, Durham and Calderdale, all just over £60 a week.

This analysis though does not distinguish between rural and urban areas within a local authority. To do this, it is necessary to draw on different data sources. The EHS collects data on rents, and also has a rural indicator using ONS output area categories.

³ Raw data on rent levels is not available for local authority housing. Therefore these figures have been obtained by averaging the average rent figures, published for each local authority.

⁴ The full data for this figure, and all others in the report, is contained within Annex 1

Figure 2: Median weekly social, by 3 way regional split⁵

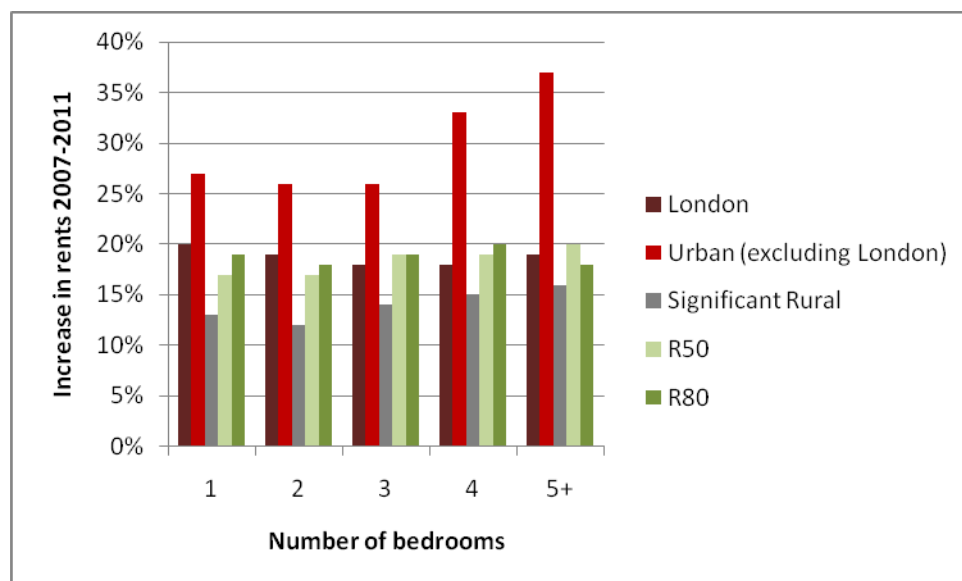


Source: EHS 2009/10

Analysis of this data shows no statistically significant differences in rent levels between rural and urban areas outside of London.

Recent changes in rent levels have also been explored. Figure 3 shows the rate of increase in social rents between 2007 and 2011.

Figure 3: Increase in social rents 2007-2011



Source: RSR 2007-2011

Rents have risen fastest in the social sector in urban areas outside London, possibly as a result of moves towards target rents, and greater levels of new housing association stock being built in urban areas. Again, there are substantial differences between local authorities in the rate of change, with East Lindsey, Craven and Fenland seeing rises of over 30 percent in HA rents, whilst Mole Valley, Eden and Cotswold have seen slight falls in average rents.

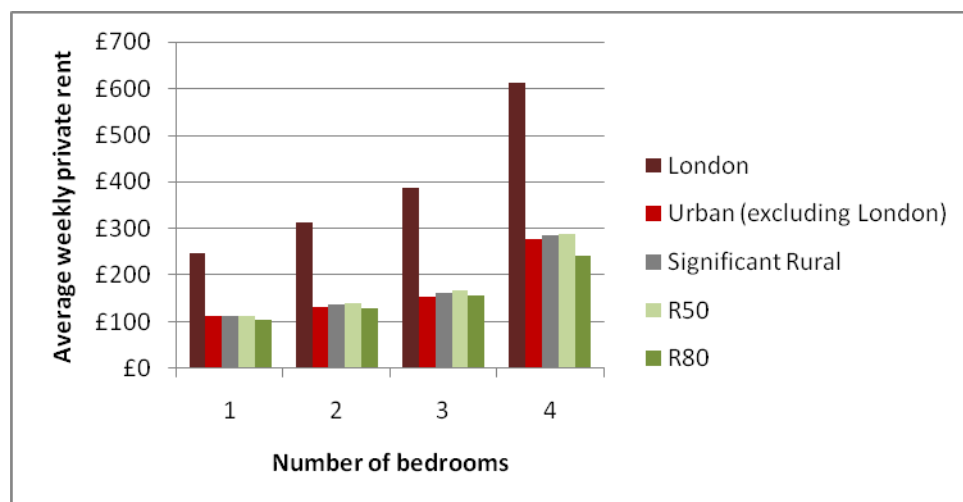
⁵ 'North' = North East, North West, West Midlands, East Midlands and Yorkshire and Humber Government Regions. 'South' = South East, South West and East of England Government Regions.

Reasons behind this diversity of changes in rent levels are uncertain, and would merit further investigation.

Private rents

Rent levels in private rented housing vary considerably more than those in social housing. Figure 4 shows the average of VOA rent levels by local authority in England for 2011.

Figure 4: Average private rent levels by property size

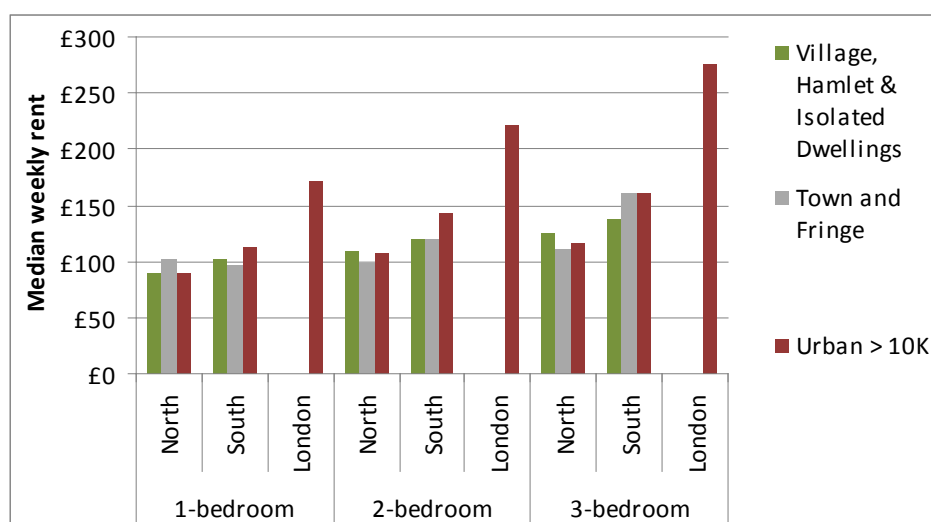


Source: VOA 2011

As can be seen from Figure 4 outside of London, rent levels are broadly similar in rural and urban areas for a given property size, and slightly lower on average in R80 authorities. However, these broad differences are small compared to the very large differences in rent levels on average between rural local authorities. Rent levels are highest in South Bucks, Guildford and Hertsmere where they are around £300 a week for a three bedroom home. In contrast, West Lindsey, Bolsover and North Lincolnshire all have average rent levels for the same sized home of just over £100 a week.

As above, we can use the data from the EHS to look at variation in rent levels between rural and urban areas within local authorities (Figure 5)

Figure 5: Median weekly private rent, by 3 way regional split



Source: EHS 2009-10

This also appears to show that private rents are broadly similar outside London, and that there are, on average, slightly higher rents charged in urban areas in the South.

On a local scale, illustrative data was provided for this project by Cornwall county council of average rents charged by parish. A “mean of means” has been used here to estimate the typical price of private rented housing in rural and urban areas within Cornwall (Table 1)

Table 2: Rent levels for parishes in Cornwall

	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house
Rural ⁶	£111.36	£127.28	£137.87	£157.41	£184.61
Urban	£111.86	£128.52	£140.06	£157.05	£183.27

Source: Cornwall County Council, CCHPR analysis

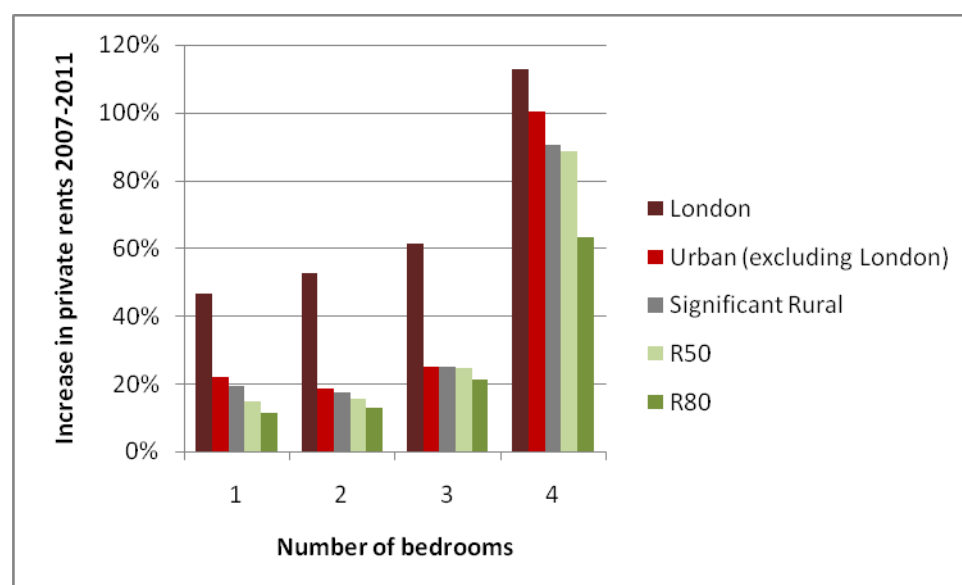
Although only provided from one local authority, these data suggest that in Cornwall there are no significant differences between rent levels between the settlement sizes within this county.

Rent increases

Private rents have increased at a much faster rate than social rents over the last five years, by an average of 41 percent, as compared with 18 percent for HA rents, and 17 percent for LA rents. Social housing rent rises have therefore mirrored overall inflation in this period (17.4 percent), whereas private rents have risen more than twice as fast.

Figure 6 shows the overall increase in private rents between 2007 and 2011.

Figure 6: Increase in private rents 2007-2011



Source: VOA 2011⁷

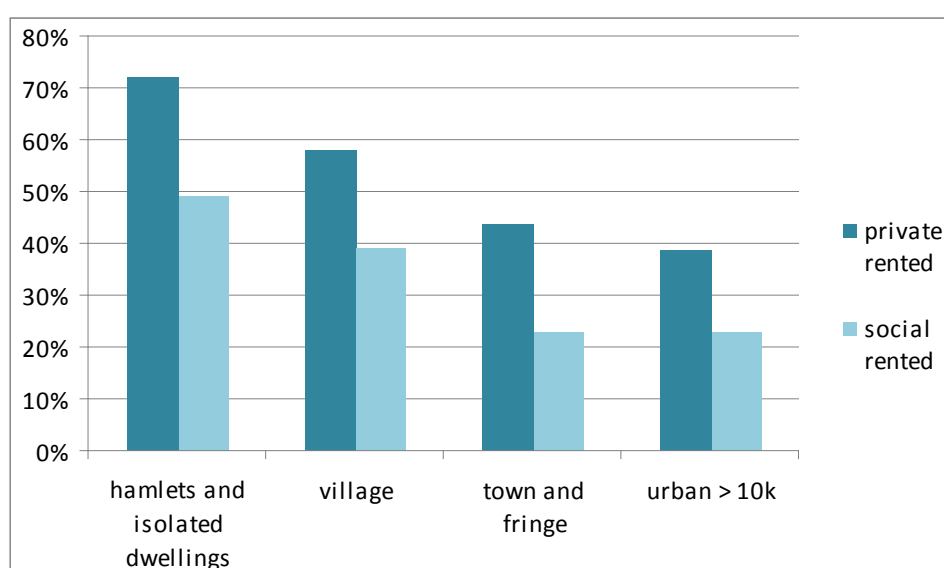
⁶ There are no major urban areas within Cornwall, however urban parishes were defined, in this context, as significant towns, market town and coastal towns. Rural areas were defined as small towns and villages and smaller settlements.

As can be seen, the rates of increase have been substantially higher in London than elsewhere. However, outside of London, the rate of increase in rents have been higher in urban than in rural districts, particularly for one bed and four bed properties.

Housing quality

As discussed previously, concerns have been raised about the quality of housing in rural areas. Poor quality housing is found most often in the private rented sector, and least often in the owner-occupied sector. Figures 7 and 8 show the proportion of rented housing by tenure that fail to meet the Decent Homes Standard, and the proportion with an Energy Efficiency rating (SAP rating) of under 30, where a low rating denotes low efficiency.

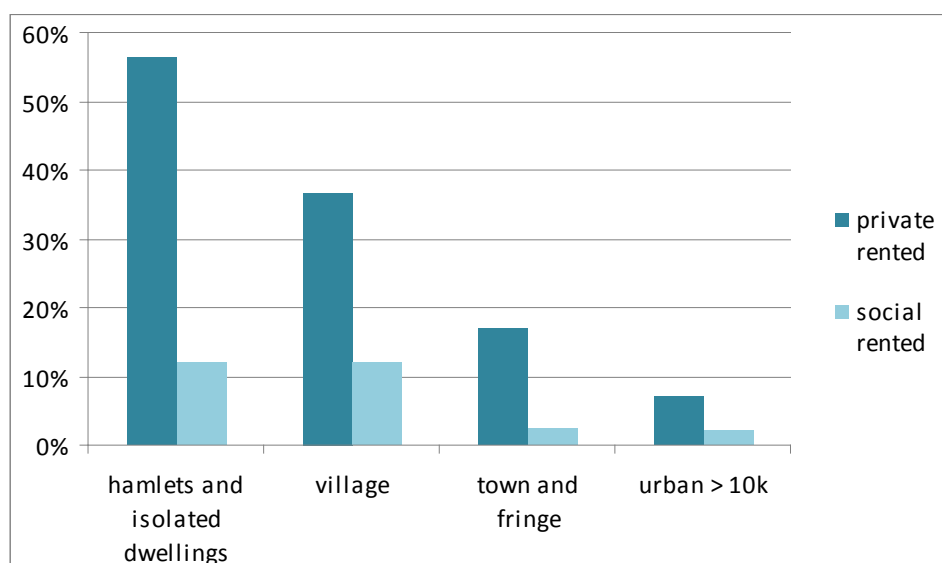
Figure 7: Homes failing to meet the Decent Homes Standard



Source: EHS 2009-10

⁷ There were changes in the way in which the VOA assessed rent levels between 2007 and 2011. 2007 rents were assessed by local authority rent officers, whereas 2011 were mean rents recorded. This difference may account for some of the high increase seen in the price recorded for four bedroom properties.

Figure 8: Homes with a SAP rating of under 30



Source: EHS 2009-10

These data show substantial issues with housing quality, and in particular with energy efficiency in rural areas. This raises challenges for policy at a time of rising fuel prices and environmental concerns with energy efficiency.

Section 2: The impact of policy changes on rural housing

There is currently a range of reforms to welfare and housing that have either been introduced recently or are shortly to be introduced. The government's impact assessments (Department of Work and Pensions, 2010; Department of Work and Pensions, 2011; Communities and Local Government, 2011) have attempted to establish the likely impact of these reforms, and other organisations and pressure groups have produced further analysis of the likely consequences (Beasor, 2012; CIH, 2011; Clarke and Williams, 2011; Fenton, 2010). However, none of these studies has made much effort to look at the impact particularly on rural areas.

This section therefore considers how the recent and forthcoming changes may impact on rural areas, and includes:

- The HB reductions for social tenants who are under-occupying their homes
- The reforms to Housing Benefit (HB) for private tenants, including:
 - The move from the median to the 30th percentile of local rents
 - The increase in the age limit for the single room rate from 25 to 35
 - The overall caps on HB claims
- The overall welfare cap of £500 per week for families and couples and £350 per week for single people
- The new Affordable Rent product, whereby housing associations may charge up to 80 percent of market rents for newbuilt properties as well as a proportion of their relets.

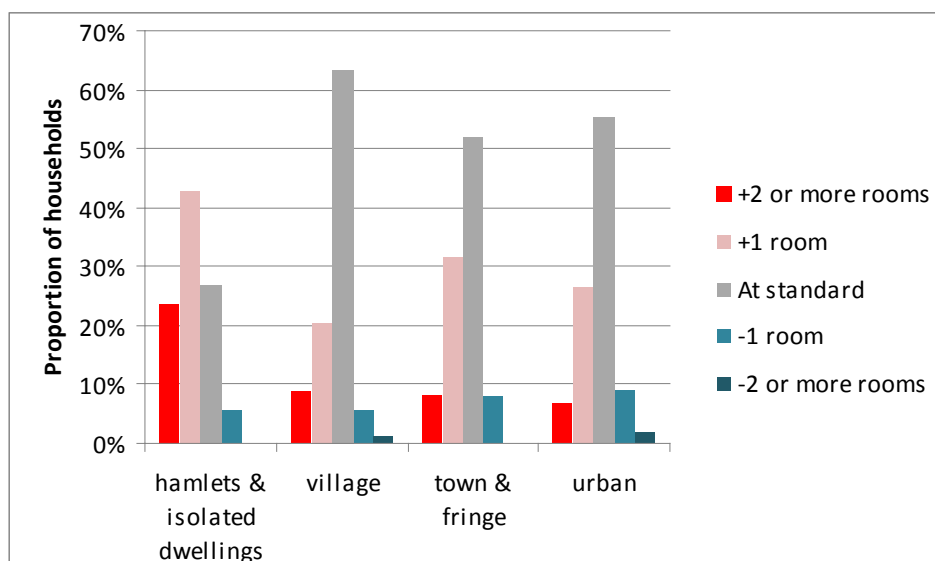
Housing benefit reforms affecting social tenants

The 2012 Welfare Reform Act stipulates that from April 2013 social housing tenants of working age will only be able to claim housing benefit (HB) for the size of property they are deemed to need⁸. Those considered to be under-occupying their home face a reduction of 14% of their HB if they have one spare room, and 25% if they have two or more.

Government analysis has shown that 670,000 households will be affected nationwide (DWP, 2011). Figure 9 shows rates of affected households by rurality.

⁸ This is ascertained so that no one has to share a bedroom unless they are a) a couple, b) both under 16 and of the same sex or c) both aged under 10 and of either sex. No more than two people should have to share a room.

Figure 9: Under-occupation by working age households in receipt of HB⁹



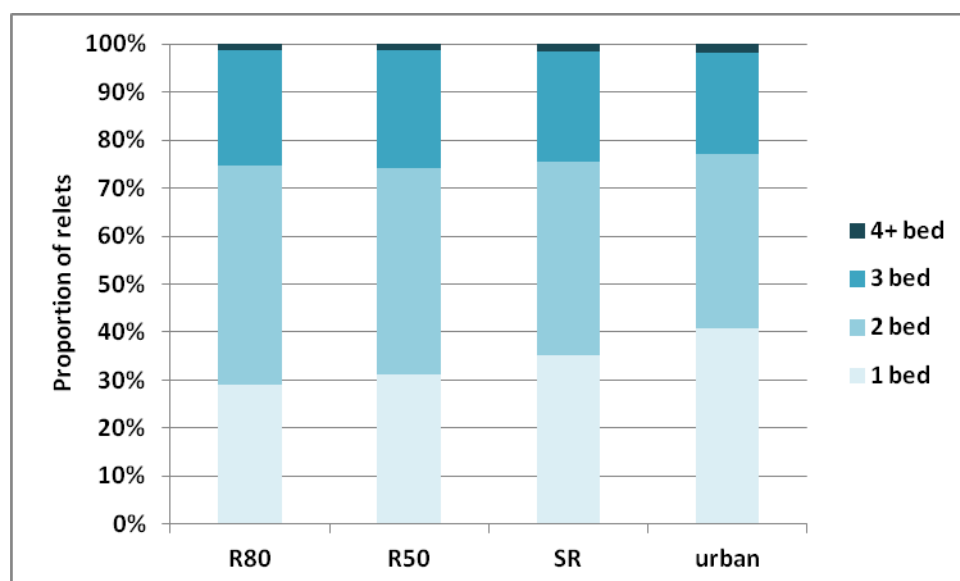
Source: EHS 2009-10, CCHPR's analysis

It can clearly be seen from Figure 9 that the rates of under-occupation by working age households in receipt of HB are considerably higher in rural areas. Rates of overcrowding are also lower in rural areas, meaning there are fewer households who may benefit from the under-occupiers downsizing. This is probably in part the result of fewer smaller units in rural areas, and a somewhat older population. Though interviews carried out for this research did suggest that in prioritising local people for new housing, it was sometime necessary to allocate households to larger properties than they might be deemed to need.

If under-occupiers wish to avoid having their benefits cut, they could try to move to a smaller social rented dwelling. Previous nationwide analysis has suggested that the number of available smaller properties is many times smaller than the number of potential downsizers, particularly for those requiring one bedroom homes (Clarke and Williams, 2011). Our analysis here suggests that this problem is particularly acute in rural areas (Figure 10)

⁹ Under-occupation has been calculated here using the HB definition.

Figure 10: Annual relets (General needs social housing)



Source: CORE 2010-11, CCHPR analysis

This suggests that tenants in rural areas who have their housing benefit cut as a result of under-occupying are likely to find it more difficult to move to a smaller home. This suggests a pressing need for new provision of one-bedroom houses in rural areas.

Housing benefit reforms affecting private rented tenants

a) Changing the LHA limit from the median rents to the 30th percentile

The Rent Office uses a Broad Market Rental Area (BMRA) to calculate the level of Local Housing Allowance (LHA) payable to eligible applicants. This area is often wider than local authority districts, and many districts across more than one BRMA. LHA was previously calculated at the median level of rents in the BMRA. This has been reduced to the 30th percentile, meaning that only 30% of properties within the BRMA will be affordable to households claiming HB, rather than half.

Table 3 shows the median and 30th percentile rates at local authority level, by rurality.

Table 3: Weekly rents at the median and 30th percentile rates (average of LAs)¹⁰

Size	Rurality	Median	Estimated 30th percentile	Difference
1 bed	R80	£104	£98	£6
	R50	£109	£103	£6
	SR	£115	£109	£6
	urban (London)	£220	£203	£17
	urban (rest)	£111	£105	£6
2 bed	R80	£130	£123	£7
	R50	£138	£129	£9
	SR	£143	£135	£8
	urban (London)	£284	£258	£26

¹⁰ Due to a limited sample size, City of London (all sizes), Isle of Scilly (all sizes) and Adur (4+bed) were excluded

	urban (rest)	£137	£129	£8
3 bed	R80	£155	£145	£10
	R50	£167	£155	£12
	SR	£174	£162	£12
	urban (London)	£366	£326	£40
	urban (rest)	£164	£153	£11
4+ bed	R80	£222	£197	£25
	R50	£248	£216	£32
	SR	£255	£226	£29
	urban (London)	£527	£443	£84
	urban (rest)	£235	£209	£26

Source: VOA December 2011, CCHPR analysis

As can be seen from Table 3, rural areas typically have similar rent levels to urban areas outside London and hence a similar differential between the median and the 30th percentile. The variation between property sizes is substantial with four bedroom properties affected to a much higher degree. Families in larger properties are therefore more likely to find that they face a significant shortfall. Those in rural areas are likely to find it harder to find alternative accommodation within a reasonable radius, simply because there is less accommodation available in rural areas.

Table 4 looks in more detail at the individual authorities with the highest differentials.

Table 4: Local authorities with the highest difference (£) between the median and the 30th percentile weekly private rates

Size	rurality	LA	region	Median	Estimated 30th percentile ¹¹	Difference
1 bed	R80	Forest Heath	East	£103.85	£94.23	£9.62
	R50	South Bucks	SE	£178.85	£166.65	£12.20
	SR	New Forest	SE	£126.92	£114.35	£12.57
	Urban	Kensington & Chelsea	Lon	£420.00	£373.54	£46.46
2 bed	R80	Chichester	SE	£173.08	£161.62	£11.46
	R50	South Bucks	SE	£213.46	£196.15	£17.31
	SR	St Albans	East	£219.23	£195.57	£23.66
	Urban	Kensington & Chelsea	Lon	£600.00	£518.30	£81.70
3 bed	R80	Forest Heath	East	£184.62	£159.48	£25.14
	R50	South Bucks	SE	£288.46	£253.85	£34.61
	SR	Brentwood	East	£256.73	£223.46	£33.27
	Urban	Kensington & Chelsea	Lon	£1200.00	£927.67	£272.33
4+ bed	R80	Mid Sussex	SE	£357.69	£302.61	£55.08
	R50	South Bucks	SE	£576.92	£466.02	£110.90
	SR	Brentwood	East	£415.38	£334.05	£81.33
	Urban	Kensington & Chelsea	Lon	£2000.00	£1495.39	£504.61

Source: VOA December 2011, CCHPR analysis

¹¹ Modelled using available data – median, lower quartile and sample size. Assumptions were that within the inter-quartile range, rents dispersed in a form close to a normal distribution.

Again, the differentials for larger sized properties are stark, with larger families in high rental rural areas such as South Bucks losing up to £110 per week from the amount of HB that they can claim.

BMRAs are also quite large and many contain both rural and urban components, and rents often differ between parts of BMRAs. Section 3 considers whether this is likely to cause families on benefits to move from rural areas.

b) Raising the age limit for the single room rate from 25 to 35

Single adults aged under 25 have long been limited in the amount of HB that they can claim to the price of a room with shared facilities. In January 2012 the age limit was raised from 25 to 35 for new claims, and is currently being rolled out for existing claimants during the course of 2012. It is difficult to make estimates for the extent to which this measure will impact upon rural areas.

Rural areas tend to have lower rates of people claiming HB than urban areas, and also have fewer one bedroom flats, so ought to have fewer affected tenants than urban areas, but unfortunately it has not been possible to look at any this with recent data.

The DWP have been unable to provide LA level data on the age group of households claiming benefits, so disaggregation by rurality is not possible.

However, national level data provided by the DWP shows that there were 162,870 single adults under 25 claiming HB in March 2012, most of whom would have been living in shared accommodation (because they are already restricted to the single room rates). There were at this time 265,800 aged 25-34, most of whom prior to January 2012 would have been living in self-contained accommodation. If these people were to all seek accommodation in shared housing (because they could no longer afford the self-contained accommodation) there could be a significant impact on the housing market. The rent for one bedroomed accommodation could be expected to fall, particularly at the lower end of the market, whilst the cost of larger homes suitable for sharing could rise.

People who need to find new housing in rural areas are likely to find it harder to find somewhere suitable within a reasonable distance, because of the lower density of housing in rural areas. There is also less of a tradition of sharing housing in most rural areas, which lack the student markets of many larger towns and cities.

Our research did uncover significant concerns from the rural local authorities we interviewed about this aspect of HB reform. Some had carried out their own research (drawing on locally held Housing Benefit data) which showed that substantial numbers of tenants would be affected. There was concern about those employed in rural areas who may struggle to find accommodation to rent near to their place of work.

Some LAs had already responded to the changes by developing shared housing schemes to which they could refer under 35s in housing need. They were engaging both private landlords and housing associations in providing and managing this accommodation.

c) Housing benefit caps

Upper limits to the amount of HB that can be claimed have been imposed since April 2011 for new claimants, and began being phased in for existing claimants in January 2012. Weekly housing benefit is limited to:

- £250 for a one bed property
- £290 for a two bed property
- £340 for a three bed property

- £400 for a property with four or more bedrooms

Local Housing Allowance is normally set at the 30th percentile of market rents in the BMRA but will instead be capped at these levels in expensive areas. Only London has BMRAs in which the 30th percentile of rents are above the HB caps (Table 5).

Table 5: BMRAs affected by the HB cap

Broad Rental Market Area (BRMA)	Current weekly LHA limit (*= capped)			
	1 Bed	2 Bed	3 Bed	4 Bed
Central London	£250*	£290*	£340*	£400*
Inner North London	£250	£290*	£340*	£400*
Inner East London	£250*	£290*	£340*	£400*
Inner West London	£230	£290*	£340*	£400*
Inner South West London	£225	£288.46	£340*	£400*
Outer South West London	£201.92	£253.85	£311.54	£400*

Source: VOA, March 2012

The caps will therefore not affect tenants in rural areas directly at the present time. The DWP have recently indicated that they will uprate the caps in line with CPI, which is also being used to uprate LHA levels. This should mean that no new areas will be affected by the caps.

Overall welfare caps

When Universal Credit is introduced, from April 2013, overall limits on welfare benefits for out of work households will come into effect. These impose a limit of £500 per week for families and couples and £350 for single people, to include housing benefit as well as benefits for living expenses (such as Job Seekers Allowance and Income Support). The DWP's analysis of the impact shows that there are two main groups affected; those living in high rent areas and larger families.

In order to explore the likely implications for rural areas, it is necessary to work out how much would be likely to be available below the cap for housing expenditure, after allowing for living expenses. We have therefore worked out the assumed living expenses for different sizes of household (Table 6)

Table 6: Weekly living cost estimation by property size¹²

Size of property	Composition of household that would normally occupy		Benefits claimed
Bedsit	Largest	Single person over 25	£71.00
	Smallest	Single person under 25	£56.25
	Average		£63.63
1 bed	Largest	Couple with no children	£111.45
	Smallest	Single with no children	£71.00
	Average		£91.23
2 bed	Largest	Couple with two children	£276.49
	Smallest	Single parent with one child	£170.91
	Average		£223.70
3 bed	Largest	Couple with four children	£406.75
	Smallest	Single parent with two children	£122.10
	Average		£264.43

¹²Calculated as consisting of JSA, tax credits and child benefits as appropriate. Includes no disability-related benefits. No allowance has been made for differential living costs between different types of area. The Average is a simple average of the amounts of benefits required by the smallest and the largest type of household likely to be living in that dwelling (assuming allocation at the bedroom standard).

	Largest	Couple with six children	£537.02
4 bed	Smallest	Single parent with four children	£366.30
	Average		£451.66

Source: CCHPR's estimation drawing on DWP and HM Revenue & Customs data for benefits from April 2012.

Having worked out the money needed for basic living expenses (Table 6), assuming average household sizes and benefit level incomes (with no disability premiums) we can then estimate what is left for rent.

Table 7 shows the amount left for rent by property size, using the assumptions described above:

Table 7: Amount left for weekly rent by property size

Size of property	Estimated living costs of household	Overall welfare cap	Amount left for rent
Bedsit	£63.63	£350	£286.37
1 bedroom	£91.23	£350 ¹³	£258.77
2 bedrooms	£223.70	£500	£276.30
3 bedrooms	£264.43	£500	£235.57
4 bedrooms	£451.66	£500	£48.34

Source: CCHPR

It is then possible to look at how this affects households in rural and urban areas. Table 8 shows the number of LAs where the amount of money calculated as being available for rent, after the welfare cap takes effect is lower than the current LA cap.

Table 8: LAs where available budget is less than the estimated 30th percentile private rents¹⁴

Size	LA count					%				
	R8 0	R50	SR	Urban		R80	R50	SR	Urban	
				London	Outside London				London	Outside London
1 bed				5					16%	
2 bed				8					25%	
3 bed		2	4	28	9		4%	7%	88%	7%
4+ bed	54	48	55	32	134	100%	100%	100%	100%	100%

Source: VOA, DWP, CCHPR analysis

As with the housing benefit caps, the local authorities that are worse affected are those in London where some households in all sizes of properties will be affected. In rural areas affordability constraints as a result of the welfare cap affect mainly larger households requiring four or more bedroomed properties. The cap means that almost all households currently renting four bedroomed homes in all areas will see their housing benefit reduced from April next year. A small number of households in three bedroomed homes will also be affected in rural areas. These households will see their benefits cut to below the 30th percentile of local rents, so will have to make up the shortfall from their benefits, or seek out smaller and/or cheaper housing.

¹³ This would be the cap for a single person. Couples would have a larger cap and therefore more income with which to pay their rent.

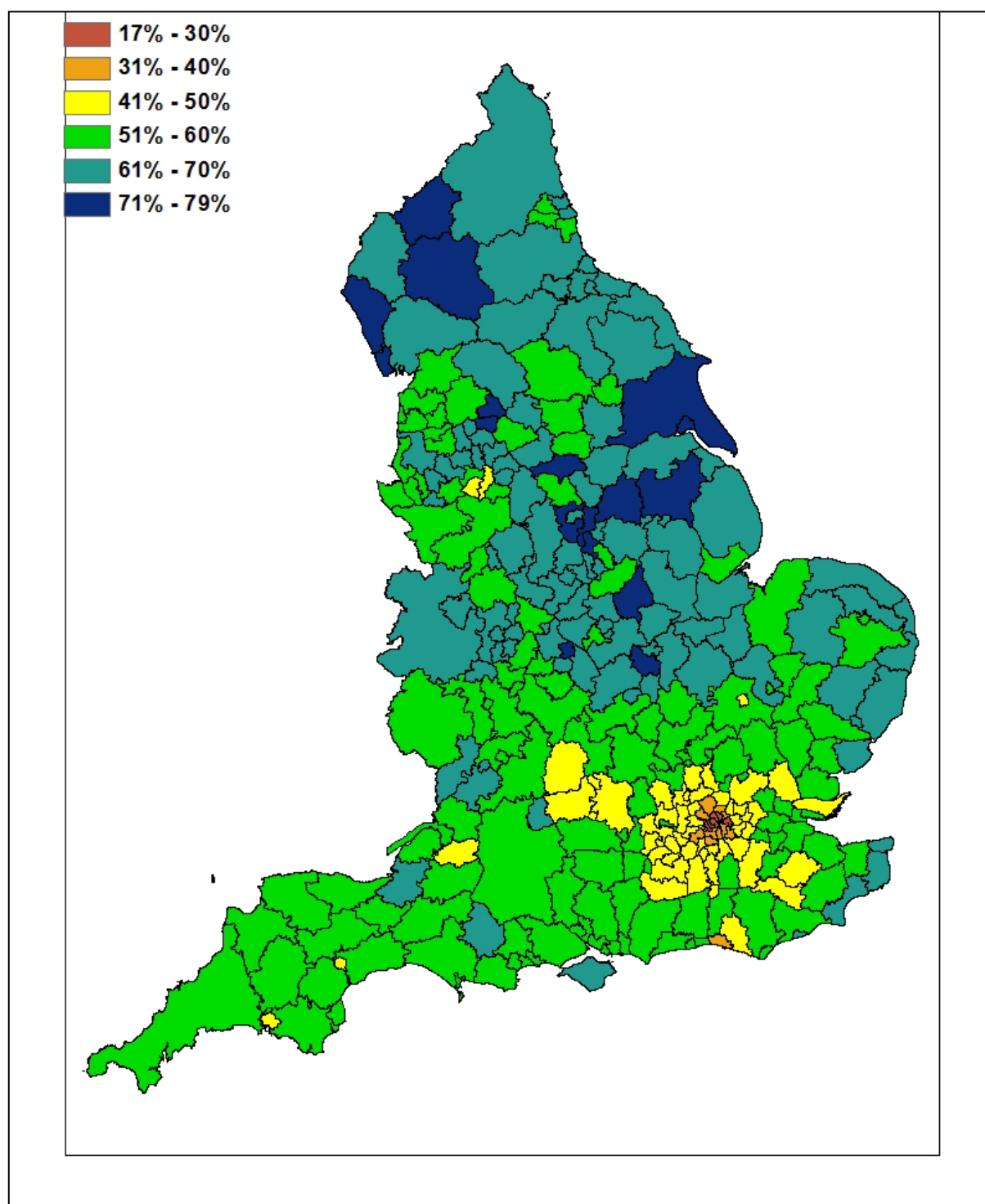
¹⁴ The observation period for the private rents was 12 months to December 2011, while the resource estimation is based on the condition from April 2012. Due to a limited sample size, City of London (all sizes), Isle of Scilly (all sizes) and Adur (4+bed) were excluded from the analysis

The new Affordable Rent product

The government has introduced a new affordable housing product, Affordable Rent with rents at up to 80% of market rents (HCA, 2011). While many local authorities are concerned that such housing will not be affordable to many households, developing housing associations have signed up to it because Social Housing Grant was only available from the Homes and Communities Agency if new affordable housing included a proportion at affordable rent. In order to subsidise the construction of this housing, developing housing associations are able to convert a proportion of the social housing that comes available for reletting to the new Affordable Rent product.

As Figure 11 shows, there is considerable regional variation in the relationship between social and private rents. In some rural areas in the North, such as Eden and Carlisle, private rents are already quite close to social rents. In much of the South, particularly rural areas near to London such as parts of Oxfordshire, private rents are much higher than social rents meaning that the new Affordable Rent product could be substantially more expensive than social housing.

Figure 11: Social rents as a proportion of private rents



In some areas, the potential levels for Affordable Rent could exceed LHA limits. Though social tenants are not bound by these limits in terms of the HB they can claim, the government has suggested that it expects LHA limits to be considered when setting rent (HCA, 2011).

Some HAs interviewed for this research were concerned also that building housing in more expensive areas or for larger families would also mean that the occupants would be at risk from the overall welfare cap if their rent was too high. As discussed earlier, the amount of money left for rent for larger families would effectively make four bedroom properties at anything more than social rents unaffordable to households in need of that size of

accommodation. New tenants are generally allocated to the correct size of property, so unlikely to be affected by the under-occupation rules initially, though as the reduction is a proportion of the overall rent, any working age tenants on HB in Affordable Rented housing who did see a reduction in their household size, and hence to under-occupy would have a larger shortfall in rent.

Rural housing enablers were also concerned that housing built in attractive rural villages could often have a very high market value, making it more likely that the Affordable Rent charged would be very high relative to local incomes, or to the overall welfare cap. There was also concern that support for rural exception sites could be hit if people don't perceive the new housing to be affordable on local wages.

Section 3: Migration

Exploring the numbers of people unable to remain in rural areas, or unable to live where they would choose to do so is difficult in numerical terms, as definitions are unclear and data sources scarce. Most households consider a range of factors when deciding where to live and deciding who has been forced to move away from a rural area and who has chosen to do so is necessarily subjective. Both the EHS and CORE databases include information on a household's main reason for their recent move. For moves into social housing, it is possible to ascertain whether the household has moved from a rural to an urban area with the CORE data, though this is not sufficient to tell us whether the household would have preferred to have remained in a rural area and was unable to do so.

We can nevertheless analyse the available data to explore whether reasons given shed light on this issue. At the very least, comparing pre-credit crunch with more recent data (the latest available CORE data are for 2010-11) will show whether there has been any change in the overall trends – which in past recessions have tended to show people leaving rural areas in search of housing and employment (see for example, Champion, 1998).

The interviews with local authorities and national stakeholders also found a great deal of concern around the impact of using BMRA to set HB levels in rural areas. BMRA were introduced in 2008. Previously the local authority rent officer determined what was a reasonable rent for the local area in order to determine the maximum HB that could be paid out. BMRA however are significantly larger than local authorities – on average two to three times as large. This means that they often cover quite a variation of housing market conditions. They were drawn up to be areas in which a tenant “could reasonably be expected to live having regard to facilities and services for the purposes of health, education, recreation, personal banking and shopping, taking account of the distance of travel, by public and private transport, to and from those facilities and services” but also required to contain a variety of rented accommodation.

BMRA cut across local authority boundaries, so many rural authorities find that they are split between the BMRA that consist mainly of nearby towns or cities outside of their district. This can mean that the LHA is limited to a level of rent that can be found somewhere in the BMRA but not necessarily within the district, or within the area in which households would actually want to live. For instance, one district, in this situation, had been compiling data on private rented accommodation in the district within LHA limits advertised on popular websites and found only 12 percent of advertised properties to be within the limits, including just two percent of four bed roomed houses and six percent of three bed roomed homes. The local authority representative we spoke to confirmed that people were sometimes forced to move away from the district, into other parts of the BMRA in order to find accommodation.

This issue is borne out by the data from the VOA. Table 11 illustrates this issue by showing a few of the more expensive rural authorities in the country, with the median rent level for their authority, and also for the BMRA(s) in which they lie.

Table 9: Selected rural authorities: 2 bed properties median weekly rent and LHA limits for the BMRA(s) in which they lie

	Median weekly rent			
	In the LA	BMRA1	BMRA2	BMRA3
South Bucks	£323.08	£178.85	£184.62	-
Mole Valley	£262.47	£173.08	£207.69	£206.54
Sevenoaks	£220.96	£171.92	£150.00	-
Chiltern	£253.99	£178.85	£183.46	-
Waverley	£235.14	£173.08	£207.69	

Tandridge	£254.23	£173.08	£190.38	£196.15
Hertsmere	£260.32	£231.00	£178.85	£183.46
St. Albans	£262.81	£183.46	-	-
Epping Forest	£245.15	£160.38	£185.00	£178.85

Source VOA 2011 for median rent by LA, and <https://lha-direct.voa.gov.uk/search.aspx>

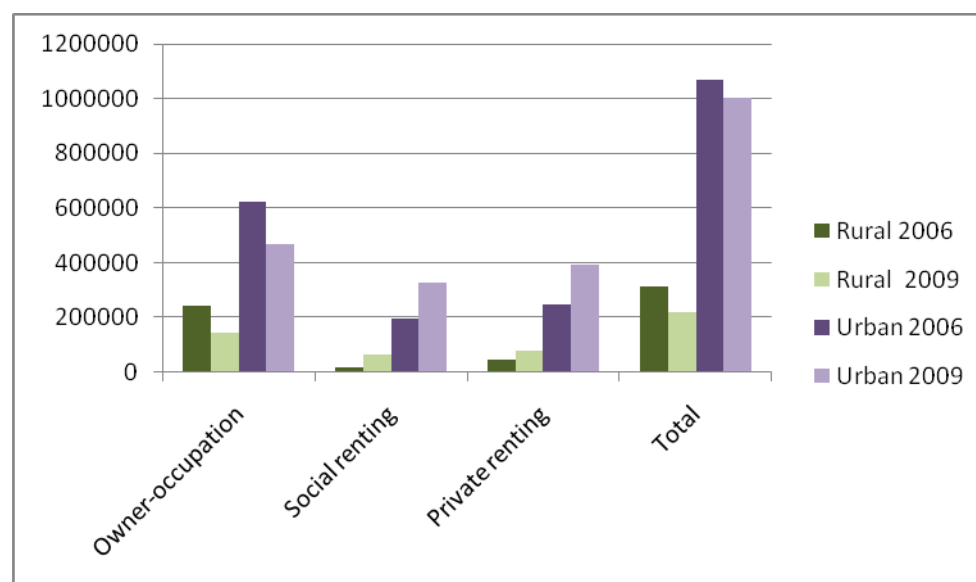
As can be seen, some areas lie within BMRA's where the LHA is substantially lower than the average rent to be found within the district. It is likely that households who need to claim housing benefit would need to move to the cheaper parts of the BMRA, which may well be outside of these districts. This is likely to impact upon migration patterns of lower income households.

Moves between tenures

The best source of data on housing tenure comes from the EHS¹⁵. It is possible to look at the reason for moving for those who have moved to a new home within the last three years¹⁶. The 2006 survey therefore includes only households who moved prior to the recession that hit during late 2007. The 2009 data (the most recent available) includes households moving between 2006/7 and 2009, so mostly during the recession.

Overall, there was a 59 percent increase in the number of households moving into new homes within the PRS in rural areas between the two surveys and a 57 percent increase in urban areas. This was however, small in comparison with the much larger reduction in the numbers of households moving into owner-occupied housing, in both rural and urban areas (Figure 12). This is probably the result of people moving into the PRS because they are unable or unwilling to buy in the current climate, or because they need to move but have been unable to sell their house, so move into the PRS whilst letting their old house out.

Figure 12: Numbers of households moved in the last three years, by current tenure



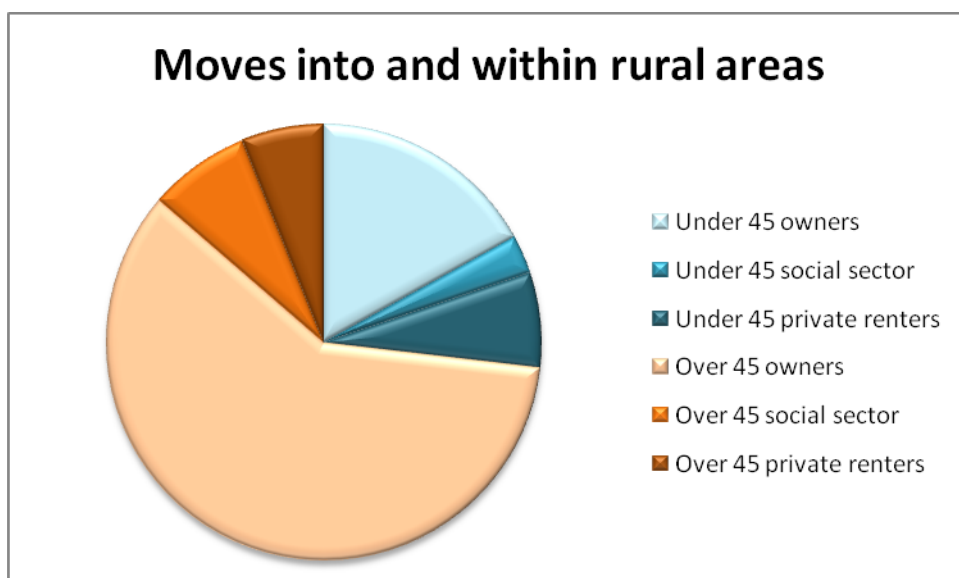
Source: EHS 2006-7 and 2009-10

¹⁵ This began in 2008/9, taking the place of the Survey of English Housing, which asked many similar questions.

¹⁶ This data is recorded for the *Household Reference Person*, the adult with the highest income in the household

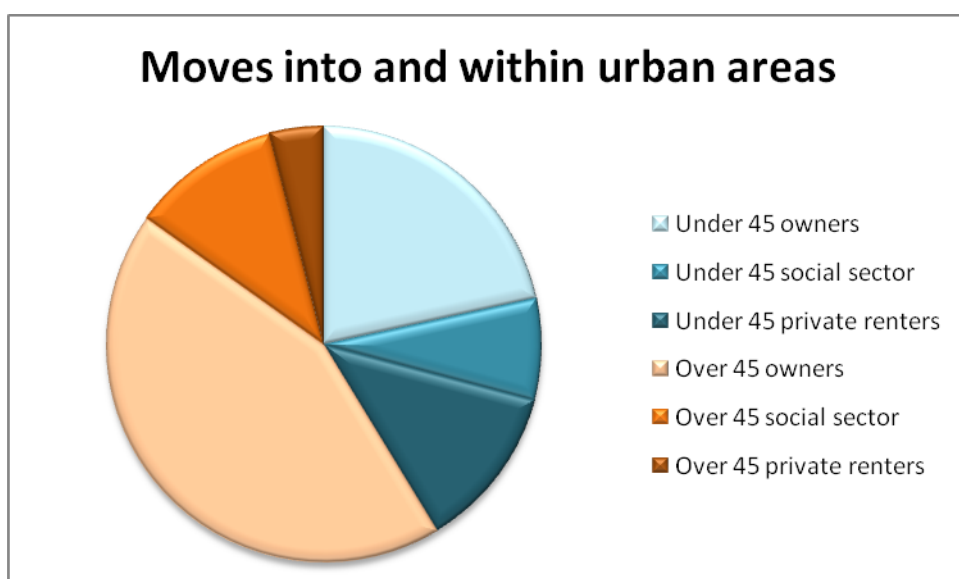
It is well-known that there are different patterns of moves for younger and older people. Figures 13 and 14 show moves into or within by tenure and age group for rural and urban areas respectively.

Figure 13: Moves into and within rural areas, by age group and tenure of destination



Source: EHS 2009-10

Figure 14: Moves into and within urban areas, by age group and tenure of destination



Source: EHS 2009-10

It can be seen from these two figures most moves into or within rural areas are moves by older households, and owner-occupation dominates to a greater extent than in urban areas.

Moves into and within the social rented sector

The best source of data on moves into and within social housing comes from the CORE database. It is possible to look at the reason for moving for all new tenants moving within or

into the sector¹⁷. The 2006/7 data include only households who moved prior to the recession that hit during late 2007. The 2010/11 data (the most recent available) enables a comparison with households moving during/after the recession.

Overall, there was a 45 percent increase in the number of households moving into new homes within the social sector in rural areas between 2006/7 and 2010/11 compared with only a 15 percent increase in urban areas. The reasons for this are unclear. The numbers do however fluctuate somewhat between years, as shown in Table 10.

Table 10: Moves into or within social housing, by type of previous location

	2006/07		2007/08		2008/09		2009/10		2010/11	
Urban to urban ¹⁸	138,623	73%	144,742	73%	167,325	74%	127,685	65%	159,182	68%
Rural to urban	1,657	1%	1,485	1%	1,700	1%	1,806	1%	2,566	1%
Urban to rural	2,966	2%	3,285	2%	3,698	2%	3,920	2%	4,833	2%
Rural to rural	47,919	25%	49,413	25%	53,095	24%	64,399	33%	68,904	29%
Total	191,165	100%	198,925	100%	225,818	100%	197,810	100%	235,485	100%

Sources: CORE HA and LA General Needs, 2006/07–2010/11.

Table 10 also appears to show an increase in migration from rural to urban areas in 2010/11.

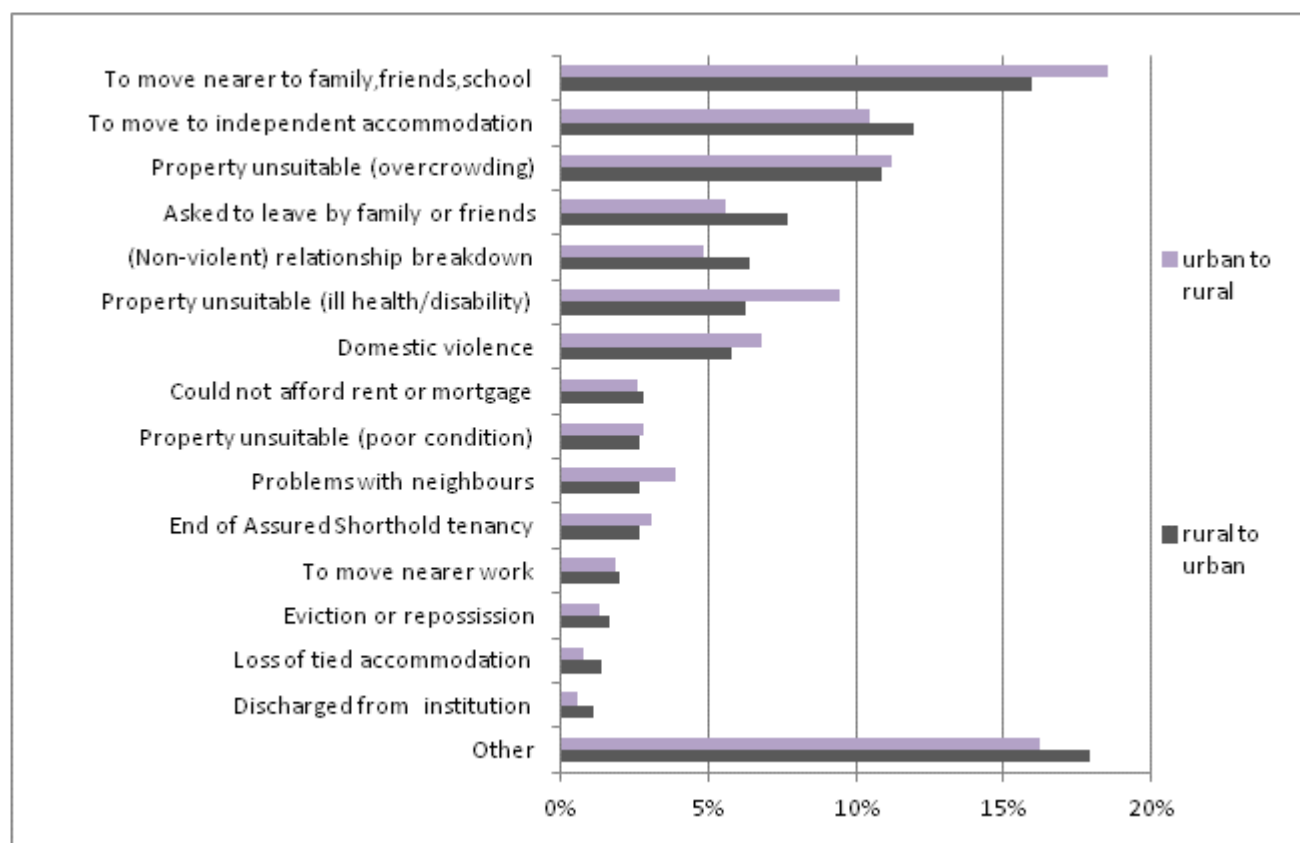
Figure 15 shows the ‘reasons for housing’ recorded for those moving between rural and urban areas in 2010-11¹⁹. There are overall no huge differences between the two groups, though substantially more people move into rural areas in search of accommodation more suitable to their illness or disability or to be nearer family, friends or school, whilst people moving away from rural areas are more likely to be doing so because asked to leave by family and friends, or to move into independent accommodation. This is consistent with a pattern of young people setting up home for the first time in urban areas, and moving (back) to rural areas later in life, though the differences are not huge.

¹⁷ This information is recorded for the first tenant, which for joint tenancies is whichever is economically active, or the oldest where both are economically active.

¹⁸ Urban is classed using Defra’s classification of LAs into R80, R50 and SR as rural

¹⁹ This is recorded by the landlord at the time of allocating the tenancy. It is not necessarily the same as the household’s own reasons for wanting to move, though offers some insight into the reason for moves.

Figure 15: Main reason for housing for those migrating between rural and urban areas moving into or within social housing



Source: CORE 2010-11

Figure 15 shows changes over the last five years in the reasons recorded in CORE for the move. Most reasons, as recorded by CORE are issues relating to the absence or unsuitability of previous accommodation.

The English Housing Survey can also be used to explore whether there have been any changes in the reasons for moving into private or social rented housing over the past five years. These data are shown in Annex 1 (Table A18). Overall, there has been little change in the reasons recorded during this timespan, though there does seem to be a small increase in the proportion moving in both directions whose properties were in poor condition, and who were moving into independent accommodation. Perhaps surprisingly, there does not appear to be any measurable increase in the numbers moving because they could not afford the rent or mortgage on their last home.

It is well known that migration away from rural areas tends to happen in the younger age groups, whilst older people move (back) to rural areas. This trend occurs in social housing too, though not to a great extent (Table 12)

Table 12: Age group of people migrating between rural and urban areas moving into or within social housing

Migration	Age group	2006/07	2007/08	2008/09	2009/10	2010/10
Rural to urban	under 25	18%	18%	19%	24%	21%
	25-34	23%	24%	24%	24%	25%
	35-44	20%	21%	17%	19%	18%
	45-54	13%	13%	12%	12%	15%
	55-64	14%	12%	14%	10%	11%

	65+	12%	13%	13%	10%	10%
	<i>Total</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>
Urban to rural	Under 25	16%	16%	15%	18%	18%
	25-34	21%	21%	21%	23%	23%
	35-44	20%	20%	21%	21%	20%
	45-54	13%	13%	13%	15%	16%
	55-64	12%	13%	13%	12%	12%
	65+	18%	17%	16%	11%	12%
	<i>Total</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>

Sources: CORE HA and LA General Needs, 2006/07–2010/11.

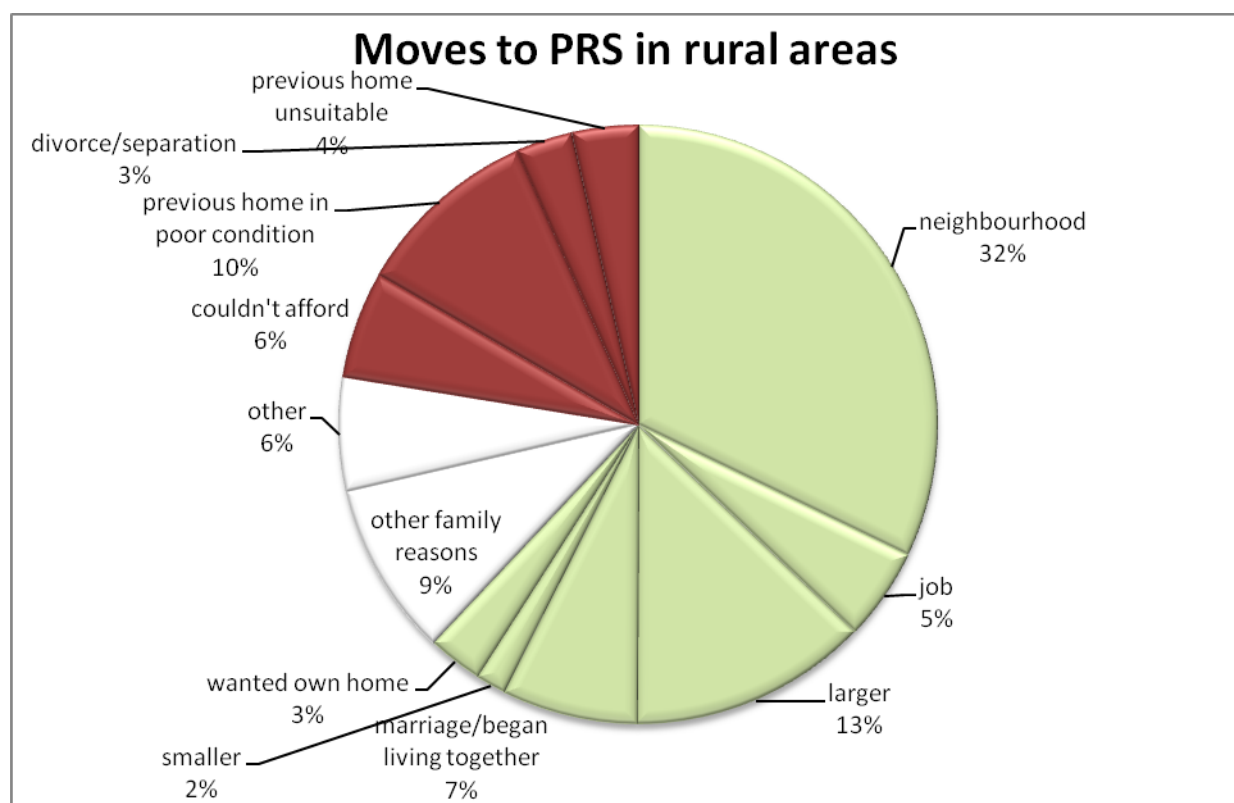
As can be seen, the proportion of people moving both into and out of social housing in rural areas aged over 65 appears to have fallen over the last five years, whilst there has been a comparable rise in the younger age groups.

Figures for economic activity were also compared but there were no significant differences between rural-urban and urban-rural migrants, nor discernible changes over the last five years except for a small overall decline in the proportion of households with someone in full-time work.

Overall this analysis suggests that the factors that affect people moving in social housing into or away from rural areas are largely the same as those that are influencing the housing system overall. This is probably because the social housing allocation system is highly constrained and access is largely restricted to those with a local connection to the relevant local authority.

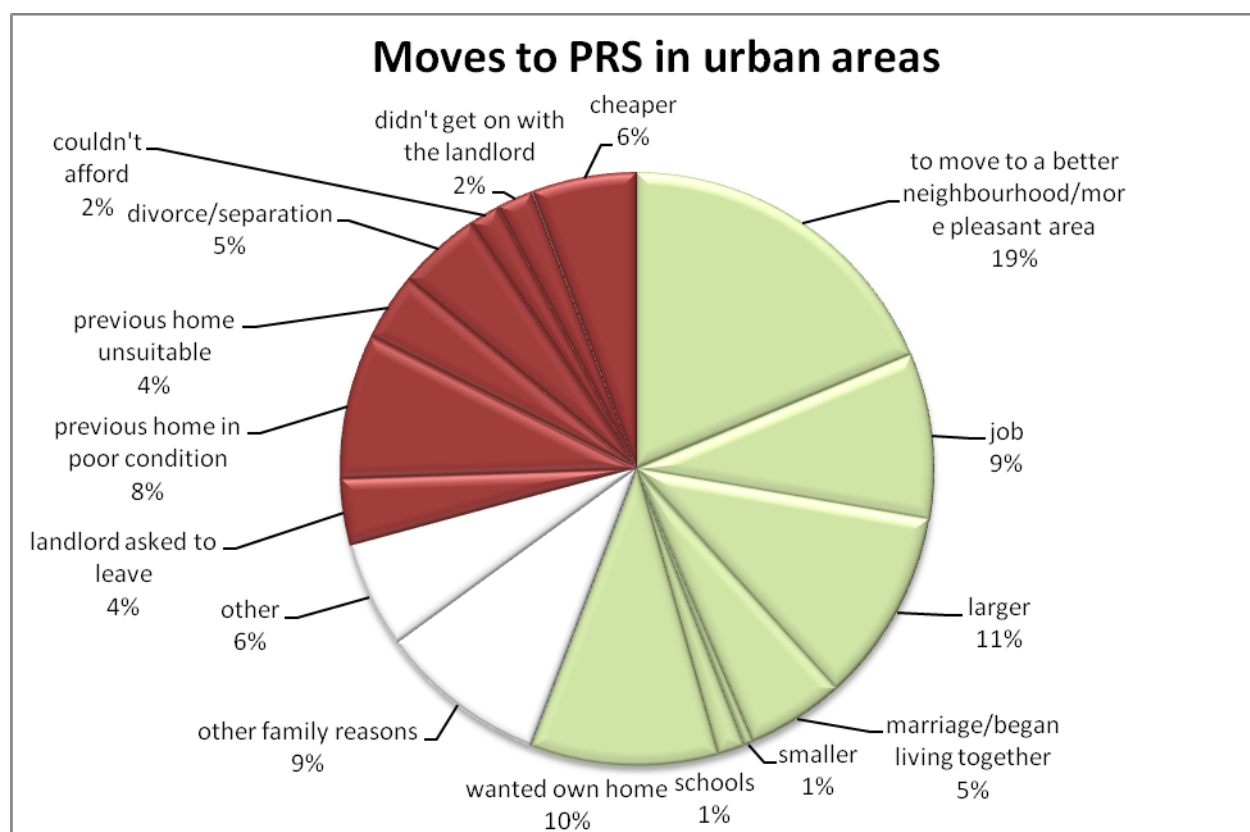
Comparing rural and urban areas, Figures 16 and 17 show the reasons for moving, highlighting the moves for more positive reasons (in green) and those which are more likely to be forced moves (in red).

Figure 16: Moves into or within the PRS in rural areas by reason



Source: EHS 2009-10

Figure 17: Moves into or within the PRS in urban areas by reason



Source: EHS 2009-10

The sample size is small here, so these figures should be interpreted with caution. They do suggest that there are somewhat more moves into or within urban areas for what could be considered negative reasons relating to problems with the previous accommodation. It is, unfortunately, not possible to look at whether these forced moves were from rural to urban areas or solely within urban areas with the EHS data.

Conclusions

There is much that is changing in terms of housing, particularly for low income groups trying to access housing in the rented sectors. Many of the most recent policy reforms have yet to come into force, so it is hard to know precisely what impact they may have.

This report has, however, highlighted several issues relating to the current economic climate and policy reform which have had, or are likely to have, a significant impact on rural areas.

Rent levels

Overall, rent levels are similar in rural areas to urban areas outside London, contrary to popular belief. However, there is a great deal of variation within and between areas. Finding housing that is affordable has for many years been difficult for low income groups and the latest reforms to housing benefit will make it significantly harder for those unable to pay their rent without assistance. For people looking to live in rural areas the difficulties are likely to be compounded by the scarcity of rented housing available at any given time, within an area where they could feasibly live.

Housing quality

Housing quality in England is good overall, and there were few reported problems of housing in substantial disrepair or unfit for habitation. This research has however highlighted significantly higher levels of poor quality housing in rural areas. The main issue of concern is that of fuel poverty. The lack of availability of mains gas in many rural areas, coupled with rising costs of fuel mean that fuel poverty is a major issue for many in rural areas. Forthcoming welfare cuts to housing benefit are likely to exacerbate this issue for some of the lowest income households.

Welfare reform

Many of the reforms to housing benefit and overall benefit levels are likely to affect different types of areas differentially. Whilst the overall caps on welfare and housing benefit levels mainly affect London, the housing benefit reductions for working age social tenants who under-occupy their homes are likely to hit hardest in rural areas. In rural areas, a higher proportion of working age benefit-recipients are under-occupying, there are fewer overcrowded households with whom they might swap, and there is a smaller supply of one-bedroomed properties available for reletting each year to which they could move. The likelihood is that most households affected will not be able to move and will have to pay the shortfall in HB from their benefits or earnings.

Migration

Overall mobility has slowed substantially in all types of areas, caused by a dramatic reduction in the number of homes being bought and sold in the last four years. This has been to some extent offset by increased mobility in the rented sectors, particularly the private rented sector. This pattern appears to be broadly consistent across rural and urban areas but there is a lack of data on migration patterns between urban and rural areas. Traditional concerns of rural areas, such as young people being pushed out of rural areas because of high house prices, appear to remain.

The operation of BMRA is also a concern in many rural areas. BMRA are quite large, and often take in a substantial town or city as well as the nearby rural area. In some cases this

means that almost all of the properties that are within the LHA limit lie in the urban area, often in a different local authority district from the rural area. This may leave almost no housing accessible to those who need to claim HB within their local authority. The reductions of LHA from the 50th to the 30th percentile of rents are likely to exacerbate this pattern. Whilst local authorities can identify pressures and difficulties for local residents as a result of the LHA limits, actual data on their impact is scarce. This is one area that would merit further investigation.

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.

Annex 1

This annex presents the full data used in charts and figures in the report. Table A1 corresponds with Figure 1, Table A2 with Figure 2, etc.

Table A1: Average of HA and LA average rents²⁰

		Number of bedrooms					HA (all)	LA (all)
		1	2	3	4	5+		
England		£68.06	£77.10	£83.95	£97.85	£110.23	£78.43	£67.83
Urban		£69.03	£78.00	£84.13	£99.14	£111.45	£78.76	£67.84
	London	£84.90	£96.42	£108.36	£120.30	£131.06	£97.46	£83.66
	Outside							
	London	£69.03	£78.00	£84.13	£99.14	£111.45	£78.76	£61.41
Rural		£65.93	£75.72	£83.69	£94.10	£102.11	£77.47	£66.88
	R50	£65.36	£74.55	£82.55	£92.72	£101.50	£76.49	£63.47
	R80	£66.81	£76.18	£83.66	£92.24	£101.01	£78.02	£66.14
	SR	£65.88	£76.48	£84.79	£96.67	£102.90	£77.96	£69.73

Source: RSR2007 and 2011 and DCLG live tables

Figure A2: Median weekly social rent, by 3 way regional split²¹

		Village, Hamlet & isolated dwellings	Town & Fringe	Urban
1-bed	North & Midlands	£53.00*	£59.86	£59.23
	East & South	£64.00*	£68.00	£73.21
	London			£80.77
2-bed	North & Midlands	£64.42	£64.62	£65.00
	East & South	£77.08	£76.92	£82.00
	London			£95.00
3-bed	North & Midlands	£76.25	£67.00	£69.63
	East & South	£83.00	£90.00	£85.85
	London			£100.15

Source: EHS 2009-10 (Total sample size = 2,995. *=small sample size (under 20).

Table A3: Increase in social rents 2007-2011

		Number of bedrooms (HA only)					HA (all)	LA (all)
		1	2	3	4	5+		
England		17%	17%	18%	18%	19%	18%	17%
Urban		16%	17%	17%	18%	19%	17%	17%
	London	20%	19%	18%	18%	19%	20%	15%
	Outside							
	London	27%	26%	26%	33%	37%	26%	18%
Rural		18%	17%	19%	20%	19%	18%	23%

²⁰ Raw data on rent levels is not available for local authority housing. Therefore these figures have been obtained by averaging the average rent figures, published for each local authority.

²¹ 'North' = North East, North West, West Midlands, East Midland and Yorkshire and Humber Government Regions. 'South' = South East, South West and East of England Government Regions.

R50	13%	12%	14%	15%	16%	13%	14%
R80	17%	17%	19%	19%	20%	18%	21%
SR	19%	18%	19%	20%	18%	19%	30%

Source: RSR 2007 and 2011

Table A4: Average private rent levels by property size

Table 1.1: Average private rents by property size						
		Number of bedrooms				
	Bedsit	1	2	3	4	All
England		£136.48	£154.51	£177.12	£311.37	£162.87
Urban		£150.15	£165.98	£188.02	£341.32	£170.64
London	£247.50	£311.83	£386.17	£612.15	£295.50	£295.50
Outside London						
London	£112.61	£132.53	£153.34	£276.00	£137.92	£137.92
Rural		£109.89	£134.98	£161.57	£270.89	£148.93
SR	£112.23	£139.41	£168.02	£288.61	£155.44	£155.44
R50	£103.50	£128.50	£155.10	£242.04	£143.94	£143.94
R80	£113.22	£137.43	£163.24	£285.58	£148.88	£148.88

Source: VOA 2011

Figure A5: Median weekly private rent, by 3 way regional split

		Village, Hamlet & isolated dwellings	Town and Fringe	Urban > 10K
1-be	North & Midlands	£91.15	£103.85*	£90.47
	East & South	£103.85*	£98.08	£114.23
	London			£173.08
2-bed	North & Midlands	£109.62	£100.00	£107.99
	East & South	£121.51	£121.15	£144.23
	London			£222.52
3-bed	North & Midlands	£126.23	£112.50	£116.98
	East & South	£138.46	£161.54	£161.54
	London			£276.92

Source: EHS 2009-10 (Total sample size = 10,541. *=small sample size (under 20).

Table A6: Increase in private rents 2007-2011

		Number of bedrooms				
		1	2	3	4	All
England		31%	21%	21%	83%	41%
Urban		37%	24%	22%	93%	41%
London		47%	53%	61%	113%	65%
Outside London		22%	19%	25%	100%	29%
Rural		17%	17%	26%	83%	44%
R50		15%	15%	25%	88%	44%
R80		11%	13%	21%	63%	41%
SR		19%	17%	25%	91%	42%

Source: VOA 2011²²

Table A7: Homes failing to meet the Decent Homes Standard

Tenure	Hamlets & isolated dwellings	Village	Town & fringe	Urban
Private	72%		58%	44%
Social	49%		39%	23%

Source: EHS 2009-10

Table A8: Homes with a SAP rating of under 30

Tenure	Hamlets & isolated dwellings	Village	Town & fringe	Urban
Private	56%		37%	17%
Social	12%		12%	3%

Source: EHS 2009-10

Table A9: Under-occupation by working age households in receipt of HB²³

Occupation	Degree	Village	Hamlets & isolated dwellings	Town & fringe	Urban
Under	2+ rooms	9%	24%	8%	7%
	1 room	21%	43%	32%	27%
At standard		64%	64%	27%	52%
Over	1 room	6%	6%	8%	9%
	2+ rooms	1%	0%	0%	2%
Total		100%	100%	100%	100%

Source: EHS 2009-10, CCHPR's analysis

Table A10: Annual relets (General needs social housing)

	R80	R50	SR	Urban	R80	R50	SR	Urban
1 bed	1,970	3,280	3,973	24,993	29.1%	31.3%	35.2%	40.7%
2 bed	3,077	4,494	4,529	22,298	45.5%	42.9%	40.2%	36.3%
3 bed	1,634	2,561	2,600	12,877	24.2%	24.5%	23.1%	21.0%
4+ bed	81	138	172	1,179	1.2%	1.3%	1.5%	1.9%
Total	6,762	10,473	11,274	61,347	100.0%	100.0%	100.0%	100.0%

Source: CORE 2010-11, CCHPR analysis

Table A12: Numbers of households ('000s) moved in the last three years, by current tenure

	Rural		Urban	
	2006	2009	2006	2009
Owner-occupation	206	100	479	316
Social renting	19	26	160	128
Private renting	38	53	185	232
Total	263	179	824	676

Source: EHS 2006-7 and 2009-10

Table A13 and A14: Moves by households aged under and over 45²⁴

²² There were changes in the way in which the VOA assessed rent levels between 2007 and 2011. 2007 rents were assessed by local authority rent officers, whereas 2011 were mean rents recorded. This difference may account for some of the high increase seen in the price recorded for four bedroom properties.

²³ Under-occupation has been calculated here using the HB regulations around bedroom sharing

		2006		2009	
	Age group	Rural	Urban	Rural	Urban
Owners	Under 45	887	3053	579	2765
	Over 45	2371	5897	2138	6140
Social sector	Under 45	160	1141	112	1037
	Over 45	358	1679	292	1648
Private renters	Under 45	208	1036	224	1376
	Over 45	210	489	209	522
Total	Under 45	1255	5230	915	5178
	Over 45	2939	8065	2639	8310

Source: EHS 2009-10

Table 13: Main reason for housing for those migrating between rural and urban areas moving into or within social housing

	Rural-urban	Urban-rural
Perm decanted from another property owned by this HA/LA	0%	0%
Left home country as refugee	0%	0%
Discharged from prison/longstay hospital/other institution	1%	1%
Loss of tied accommodation	1%	1%
End of Assured Shorthold tenancy	3%	3%
Eviction or repossession	2%	1%
Domestic violence	6%	7%
(Non-violent) relationship breakdown with partner	6%	5%
Asked to leave by family or friends	8%	6%
Racial harassment	0%	0%
Other problems with neighbours	3%	4%
Property unsuitable because of overcrowding	11%	11%
Property unsuitable because of ill health/disability	6%	9%
Property unsuitable because of poor condition	3%	3%
Could not afford rent or mortgage	3%	3%
To move nearer to family, friends, school	16%	19%
To move nearer work	2%	2%
To move to accommodation with support	1%	1%
To move to independent accommodation	12%	10%
Other	16%	15%

Source: CORE 2010-11

Table A16: Moves into or within the PRS in rural areas by reason

²⁴ Household reference person aged under 45 at time of interview

Reason for move	Number
To move to a better neighbourhood/more pleasant area	64730
Job	31168
Larger	36484
Marriage/began living together	18464
Smaller	1808
Schools	5063
Wanted own home	35346
Other family reasons	31751
Other	20189
Landlord asked to leave	12651
Previous home in poor condition	27173
Previous home unsuitable	12796
Divorce/separation	15761
Couldn't afford rent or mortgage	5801
Didn't get on with the landlord	6890
Cheaper	19852
Total	345927

Source: EHS 2009-10

Table A17: Moves into or within the PRS in urban areas by reason

Reason for moving	Numbers
Better neighborhood	22011
Job	3405
Larger	8856
Marriage/began living together	4997
Smaller	1132
Wanted own home	2041
Other family reasons	6427
Other	4206
Couldn't afford	3963
Previous home in poor condition	6864
Divorce/separation	2083
Previous home unsuitable	2449

Source: EHS 2009-10

Table A18: Reason for moving between rural and urban areas

		2006/ 07	2007/ 08	2008/ 09	2009/ 10	2010/ 11
Rural to urban	Discharged from institution	2.3%	1.2%	1.4%	1.3%	1.2%
	Loss of tied accommodation	1.9%	2.4%	1.8%	1.6%	1.4%
	End of Assured Shorthold tenancy	2.9%	4.0%	3.1%	2.0%	2.7%
	Eviction or repossession	1.5%	1.7%	1.0%	1.2%	1.7%
	Domestic violence	6.3%	6.8%	5.8%	5.4%	5.8%
	(Non-violent) relationship breakdown	7.5%	5.0%	6.0%	6.0%	6.4%
	Asked to leave by family or friends	7.8%	7.6%	6.1%	6.6%	7.7%

	Problems with neighbours	3.8%	3.6%	4.1%	3.0%	2.7%
	Property unsuitable because of overcrowding	9.8%	9.0%	11.0%	12.3%	10.9%
	Property unsuitable (ill health/disability)	6.5%	6.7%	6.4%	6.0%	6.2%
	Property unsuitable (poor condition)	1.4%	1.5%	1.8%	2.1%	2.7%
	Could not afford rent or mortgage	2.6%	2.7%	2.7%	3.5%	2.8%
	To move nearer to family, friends, school	18.4%	19.0%	19.4%	16.7%	16.0%
	To move nearer work	2.5%	3.1%	3.3%	2.7%	2.0%
	To move to independent accommodation	9.9%	8.7%	11.2%	12.3%	12.0%
	Other	14.9%	16.9%	15.1%	17.3%	17.9%
	Total	100%	100%	100%	100%	100%
Urban to rural	Discharged from institution	1.2%	0.9%	0.8%	1.0%	0.6%
	Loss of tied accommodation	1.4%	1.5%	1.2%	1.3%	0.8%
	End of Assured Shorthold tenancy	2.9%	4.0%	3.3%	2.6%	3.1%
	Eviction or repossession	2.3%	1.8%	1.8%	1.4%	1.3%
	Domestic violence	7.0%	6.5%	7.3%	6.4%	6.8%
	(Non-violent) relationship breakdown	6.4%	6.1%	5.5%	4.8%	4.8%
	Asked to leave by family or friends	5.7%	5.6%	5.8%	6.2%	5.6%
	Problems with neighbours	4.8%	4.0%	3.7%	4.3%	3.9%
	Property unsuitable because of overcrowding	9.2%	10.0%	10.6%	11.9%	11.2%
	Property unsuitable (ill health/disability)	7.5%	8.0%	8.4%	8.6%	9.4%
	Property unsuitable (poor condition)	1.8%	2.1%	2.5%	2.5%	2.8%
	Could not afford rent or mortgage	2.4%	2.7%	2.9%	2.7%	2.6%
	To move nearer to family, friends, school	21.6%	18.1%	19.7%	21.3%	18.5%
	To move nearer work	1.7%	1.8%	1.8%	1.7%	1.9%
	To move to independent accommodation	8.5%	9.8%	9.2%	10.0%	10.5%
	Other	15.8%	17.2%	15.7%	13.2%	16.2%
	Total	100%	100%	100%	100%	100%

Source: EHS 2009-10

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