

# Rural housing in Wales

There is a significant level of unmet housing need in rural Wales. Problems of affordability are more acute, homelessness levels have increased more sharply in recent years and social housing supply is more limited than in urban areas. Current and projected new affordable housing supply will not be sufficient, and a seismic upward shift in provision is required to meet this need. The paper presents the findings and recommendations of the independent JRF Commission on Rural Housing in Wales

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## Key points

- New national housing policies should be tailored to rural conditions and needs, and national planning policy should be reviewed to ensure it encourages innovation and local flexibility.
- The Social Housing Grant distribution formula should be revised to take better account of local housing and planning need.
- The Assembly Government should develop a single definition of housing need and affordability and a single methodology for calculating them, and should coordinate a more detailed and sophisticated collation of evidence on such need to plug key gaps.
- The regulation of the RSL sector should allow greater private borrowing for increased provision of new affordable homes and the purchase of vacant homes where they can be brought up to the required standard for use.
- A significant proportion of second home council tax receipts should be used by local authorities to respond to housing needs in their areas. Specifically, a proportion of these receipts, matched by national funding, should fund a national network of at least twelve rural housing enablers.
- The Assembly Government should develop and promote good practice in bringing vacant properties back into use by local authorities.
- A database of public land that has the potential to be developed should be established to facilitate strategic decisions that will allow for its disposal for affordable housing, and options allowing charities to release land for affordable housing should continue to be reviewed.
- Local authorities should establish more proactive, constructive and innovative dialogue with private developers, RSLs and others through local housing partnerships.
- Responding to rural housing needs will require cooperation, coordination, innovation and, above all, strong leadership and political will at national and local levels. Ultimately, the required extra funding for and action on rural housing now will offset far heavier future social, economic and cultural costs.

Rising levels of unmet housing need have been a recent trend across the UK, and rural Wales has been no exception. In fact, problems of affordability and homelessness, and the need for social housing, have often been more acute in areas of rural Wales than elsewhere.

In the course of their work the JRF Commission on Rural Housing in Wales analysed new and existing statistical data, and evidence from national government, local authorities, housing professionals, other relevant stakeholders and many members of the public.

## **Evidence on rural housing needs**

Housing needs in rural Wales are both significant in scale, widespread in nature and, in many cases, more acute than in other parts of Wales.

The average house price in rural Wales increased by 176 per cent between 1997 and 2005, compared with 157 per cent in Wales. More recent data reveals that property prices have increased by more than 150 per cent in all nine rural local authority areas in the period 2000-07.

Research indicates that the average property price in rural Wales in 2005 was 12 per cent higher than for Wales. The average house price-to-income ratio now exceeds five in all rural local authority areas, with the average ratio for rural Wales higher than that for all Wales.

The latest comparable local housing needs assessments undertaken across the nine rural local authority areas indicate a net annual shortfall of about 3,800 properties.<sup>1</sup> There are also about 25,000 households on local authority housing registers in rural Wales.

Homelessness has also become a more significant problem in rural Wales in recent years. The officially recognised homeless total increased by 309 per cent between 1978 and 2005, compared with 129 per cent in urban areas. More recent figures reveal that the number of rural homeless households increased by 83 per cent between 1997-98 and 2006-07. The corresponding increase for urban areas was 34 per cent.

Over the last decade the stock of social housing in rural Wales has declined significantly. According to national data, 2,865 new properties were provided by registered social landlords and 36 local authorities between 1996-97 and 2006-07.<sup>2</sup> Across the same period 10,217 right-to-buy sales were completed in rural Wales, although the volume of sales has reduced somewhat the last couple of years. The stock of social housing is also particularly limited in the smaller and more remote rural settlements.

## **One Wales and rural housing**

The Commission welcomes many of the proposals on housing made by the Welsh Assembly Government in One Wales, particularly its goal of providing an additional 6,500 affordable properties in Wales between 2007 and 2011, but considers that any new national policies should be tailored to rural conditions and needs. Any new national policies need to be tailored particularly to rural conditions and needs.

### **Housing and the sustainability of rural communities**

The sustainability of rural Wales depends as much on the social and economic well-being of its communities as it does on the protection and enhancement of its environment. The Commission suggests that the limited provision of, and restricted access to, affordable housing in rural Wales are threatening the social and cultural sustainability of many of its communities. Addressing current rural housing needs will inevitably require increased funding from the Assembly Government. The Commission considers that additional funding for and action on rural housing now will offset far heavier future social, cultural and economic costs.

### **Improving the evidence base**

The Commission has been disappointed to discover that key statistics on the changing scale of housing needs in rural Wales are not being collated and analysed by the Assembly Government and local government. This has made its task of assembling up-to-date evidence on rural housing extremely difficult. More detailed and sophisticated collation of evidence on rural housing need is required by the Assembly Government in order to plug existing key data gaps.

It is also apparent that there exist different definitions and measurements of housing need and affordability within Wales. The Commission suggests that the Assembly Government should develop a single definition of housing need and affordability, and a single methodology for calculating them.

### **Increasing the provision of affordable housing**

A significant upward shift in affordable housing provision in rural Wales is required. The Assembly Government needs to coordinate this increased provision using national evidence on housing need and local targets for delivering affordable housing.

### **Planning for affordable housing**

The Commission contends that local planning authorities need to use their existing planning powers more effectively to deliver further affordable housing. To aid this, they should consider co-funding specialist staff to develop affordable housing schemes and entering into bulk purchase agreements with developers.

It is important that the financial institutions are willing to lend on Section 106 Agreement properties. The Assembly Government should lead discussions to establish common re-sale conditions for affordable housing.

Evidence presented to the Commission indicates that the current planning system is too regulatory, reactive and rigid, and often hinders the development of innovative solutions to rural housing needs. The Assembly Government should review planning policy to ensure it encourages innovation and local flexibility. In particular, it is important that local planning authorities are encouraged to set affordability thresholds according to local conditions and constantly monitor these.

### **The disposal of public sector land**

The Commission considers that the disposal of public sector land for affordable housing purposes could provide a useful tool for responding to housing needs in rural areas. The Assembly Government should establish a database of public land that has the potential to be developed, on which to base strategic decisions for disposal for affordable housing. In addition, the Assembly Government should continue to examine options for charities to dispose of their land for affordable housing.

### **Dealing with the existing housing stock**

The Commission considers that better use could be made of the existing housing stock in rural areas. With up to 18,000 vacant properties in rural Wales, it is likely that actions on empty homes can potentially make an important contribution to meeting rural housing needs. The Assembly Government should assemble and promote good practice in bringing vacant properties back into use, which should be acted upon by local authorities.

In principle, the Commission is not against the sale of social housing to sitting tenants provided that revenue from these sales is reinvested into the provision of replacement housing and conditions are placed on the resale of these properties.

The Commission also proposes that the registered social landlords should be permitted to purchase and refurbish empty homes that do not meet the Welsh housing quality standard.

### **Rural housing enablers**

The Commission considers that rural housing enablers provide a valuable role in responding to housing needs in rural Wales. The Commission recommends that the Assembly Government and local planning authorities should create a national network of at least twelve rural housing enablers.

### **Resources**

While a proportion of new affordable housing will be provided by the cross-subsidisation of market developments, there remains an urgent requirement for increased Assembly Government funding for the Social Housing Grant and shared equity schemes to respond effectively to the levels of rural housing needs identified by the Commission. In addition, the Commission recommends that the Assembly Government should distribute Social Housing Grant according to evidence on local housing and planning need.

The Commission proposes that a significant proportion of second home council tax receipts should be used by rural local authorities to respond to housing needs in their areas. Specifically, some of these receipts, matched by Assembly Government funding, should be spent on a national network of rural housing enablers.

The Assembly Government should also ensure it has adequate internal resource to respond strategically to rural housing needs.

### **Relations between local planning authorities and private developers**

It is clear from the evidence presented by the larger property development companies that they are keen to work in more positive and innovative ways with local planning authorities to develop cross-subsidised housing schemes in rural Wales. The Commission suggests that local planning authorities establish a more proactive and constructive dialogue with private developers to facilitate better partnership working and innovation.

### **Regulation of the registered social landlord (RSL) sector**

The Commission considers that the regulation of the RSL sector should be changed to allow greater private borrowing for increased provision of new affordable homes. Such a change will require revisions to the macro- and micro-regulation of the RSL sector, as well as new forms of expertise and resources within the Assembly Government to ensure the long-term financial viability of housing associations in Wales.

### **Joining up responses to housing needs**

The evidence presented to the Commission suggests that the development of effective solutions to rural housing needs is dependent on significant changes being made to the existing delivery framework. There needs to be greater joined up working between and within the Assembly Government and local authorities to ensure policy is suitable for rural areas and housing objectives are integrated into other policy areas. The Commission also considers that local authorities should establish local housing partnerships to coordinate local needs assessment and solutions.

### **Developing top down and bottom up approaches**

The Assembly Government needs to develop new national policy to realise its vision of 'affordable homes for all' and to ensure an equitable distribution of affordable housing across Wales, including its small towns and villages. Without such national action, it will be extremely difficult to deal with the scale and range of housing needs in rural Wales. It is critical, though, that national policy remains sensitive to the particularities of local housing markets. Rural Wales is characterised by a great deal of heterogeneity in relation to local housing markets, economic systems, demographic change, cultural and linguistic issues, and landscape characteristics. As such, the Assembly Government should ensure that its new national housing framework permits equal access to housing across Wales, including its rural areas, and provides sufficient flexibility to deal with local conditions.

### **Leadership**

The Commission considers that the Assembly Government and local authorities need to provide stronger policy and political leadership on housing issues. In One Wales, the Assembly Government proposes an ambitious strategy to tackle housing needs in Wales. The Commission broadly supports this strategy but considers that in order for this strategy to be effective, the Assembly Government needs to be more proactive, innovative and experimental in its approach to delivering affordable housing. At the local level, the Commission urges local planning authorities to provide stronger leadership in order to raise awareness of local housing needs, to make better use of existing housing and planning powers, and to promote innovative solutions to local housing needs.

## About the Commission

The JRF Commission on Rural Housing in Wales was launched in October 2007. The Commission comprises of six independent members, including Derec Llwyd Morgan as Chairman, and with Professor Paul Millbourne (Cardiff University) as academic consultant. The JRF provided the Commission with funding and secretarial support.

The Commissioners were asked to take evidence on rural housing need to establish a series of insights and recommendations for all policy-makers and practitioners on which consensus can be built to deliver sustainable solutions.

The Commission collected evidence through a literature review, site visit, written consultation process, six evidence sessions across Wales, two public consultation sessions and conference calls. This enabled the Commission to meet and converse with over 60 organisations, several individual housing policymakers or practitioners and many members of the general public.

## Notes

1 Given that these surveys were undertaken in the early years of this decade and that different methodologies were employed, caution needs to be exercised when interpreting this figure.

2 It is important to note that the Commission has been advised that these figures are likely to under-count total new affordable housing delivery.

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## For more information

The full report, **JRF Commission on Rural Housing in Wales**, is published by the Joseph Rowntree Foundation. It is available as a free download from [www.jrf.org.uk](http://www.jrf.org.uk).

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