



RERG

Rural Economy
Research Group

THE RURAL ECONOMY RESEARCH GROUP: SOLUTIONS TO THE RURAL HOUSING CRISIS



Executive summary

This report is the product of two meetings held by the Rural Economy Research Group (RERG) in November 2023 and February 2024 in the House of Lords.

The purpose of these meetings was to gather evidence from leading housing experts, academics, and Parliamentarians on the challenges of rural housing. Evidence was gathered with the aim of producing recommendations to political parties on what evidence exists and what solutions there are.

This report concludes that an overhaul of existing legislation is vital to solving the crisis in rural housing provision.

By addressing the existing flaws in legislation and offering tangible solutions, this report offers a chance for policymakers to help those living in rural communities to thrive.



The Baroness McIntosh of Pickering,
Chairman of the Rural Economy
Research Group.

Introduction

The rural housing crisis has been ongoing for decades. The crisis arises from several issues; the wish for an aging population to stay in their communities, a lack of affordable housing in rural communities and the difficulty of acquiring permissions from local planning authorities to build on green spaces to accommodate expanding communities.

The (RERG) held two meetings over a period of three months which were attended by Members of Parliament, ministers, shadow ministers, Peers, industry leaders and academic experts in their field. Through this expertise, this report has reached cross-party conclusions to present to lawmakers in the year of an election.

The policy asks constructed in this report are both tangible and achievable. The RERG asks, among other things, for reform of existing legislation and changes to planning permission applications which would speed up the process and give more freedoms to those wishing to develop their land.

Across rural areas up and down the country, house prices are now 18% higher than those in urban areas. Therefore, the RERG also calls for more affordable housing to be built with the express purpose of creating the right conditions for young people to remain in rural areas, thus re-invigorating the rural economy and for retiring tenant farmers and elderly residents to remain within their communities.

Current Policies and necessity for change

Currently, both the Conservative Party and Labour are committing to fresh housing policies to unlock more land to build homes. The Levelling Up Secretary Michael Gove announced a new bill to tackle nutrient neutrality, unlocking up to 140,000 houses, however he confirmed in December 2023 that this would not be followed up prior to the next election.

At the Labour Party Conference in October 2023, Shadow Chancellor Rachel Reeves announced Labour's intention to build on what they termed the 'grey belt'; ex-industrial sites within Green Belts which would unlock up to one million homes. During our meetings, we discussed whether this policy could be used to tackle the rural housing crisis, however it can be expected that building anywhere within the green belt will be difficult and undesirable.

The Renter's Reform Bill was introduced by the Conservatives in 2023, however it did not pass due to the election being called in June 2023. The RERG did recommend, however, that the Bill be amended to provide greater protection for tenants. We recommended removing section 21 of this Bill, to ensure landlords could only evict a tenant if they have broken the terms of their tenancy agreement. Changes to existing legislation such as this would provide increased security to tenants in rural areas and allow for longer term planning which heavily impacts the local community.

While both major parties have estimates for how many new houses they could unlock through various land schemes, the RERG would also ask for a quota on the types of houses built in rural areas be considered.

Most newly built homes in England in the last year were houses (82%). Of those, 1% had one-bedroom 21% had two-bedrooms, 45% had three-bedrooms and 33% had four or more beds (new flats predominantly have one or two-bedrooms). A major issue in rural communities is a lack of one- and two-bedroom houses at an affordable price for the aging population wishing to remain within their community and for young people to be able to find work in a rural area.

By giving local authorities a set number of smaller, affordable housing to build, this would allow for small, rural communities to continue to thrive by allowing those residents who wish to downsize to remain and to open up larger houses for families wishing to settle.

Recommendations

These recommendations were developed in response to evidence presented to the RERG, discussions during our meetings and from a consensus from the Group on what political parties should do to address the challenges of rural housing provision.

1. Balanced development of housing

- a. Encourage the development of more one and two-bedroom homes in rural areas to accommodate different demographic needs, such as aging populations and those with small families, as well as young people wanting to be independent of their parents, while also addressing issues of larger families being cramped in existing smaller homes.
- b. Introduce a 'planning passport' for Rural Exception Sites to increase delivery of affordable housing. Splitting the planning process for these sites into two stages. The first stage would provide the applicant with planning permission in principle, giving them certainty in their investment. Only if the scheme gains this permission will further expenditure be required, thus avoiding unnecessary time and expenditure on any applications that are likely to fail. Rural Exception Sites are key to unlocking affordable one and two-bedroom properties that serve the communities.

2. Local housing plans for rural communities

- a. Support initiatives like Rural Exception Sites that allow individual villages and parishes to develop detailed plans for new, affordable housing tailored to local needs. These plans should prioritise housing for local residents to maintain community integrity.
- b. Through strengthening local planning authorities (LPA) understanding and resources towards Rural Exception Sites, this can provide the confidence to the developer and the community that the site can be delivered for the need and in line with the character of the community. LPA support for Rural Exception Sites during the pre-application stage is critical to identifying a need for affordable housing.

3. Holistic approach to rural development

- a. Recommend a holistic approach to rural development that includes not only housing but the economy and also essential community infrastructure like shops, healthcare, and transport, to create cohesive and sustainable rural communities.

4. Enhanced funding for rural housing

- a. Increase funding for affordable housing projects in rural areas, especially for the development of council housing and infrastructure that accommodates growing rural communities.
- b. Given constraints on the public purse, this should be funded in some part by developers and some naturally from landowners as the ability to build on their own land is liberalised.
- c. Provide further support for small sites and small medium enterprise housebuilders to reduce the planning risk and enable sites to obtain planning and be built.
- d. Strengthen rural local planning authorities through additional skills and resource funding, enabling the support for rural exception sites (RES) over a number of years, allowing them to cover the expenses of pre-applications to bring forward the best possible schemes for the area.

5. Public and private sector collaboration

- a. Explore the potential for collaborative efforts between public and private sectors in rural housing development, while ensuring community involvement and maintaining standards. Noting the challenges faced by local authorities and the need for grass-root policy interventions in rural housing through local decisions for local housing.
- b. Support from Homes England that recognises the more challenging 'economies of scale' on rural sites and working with developers on sustainable solutions.

6. Strategic planning in flood-prone areas

- a. Implement stricter controls and guidelines for building on floodplains and flood-prone land, including the development of effective flood defences and drainage systems. Ensure that these measures are incorporated into the National Planning Policy Framework.
- b. Close the loophole that allows developers building in flood risk areas to simply leave a space for flood defences in the future. This could be incorporated into the review of the National Planning Policy Framework.
- c. Maintain existing flood defences and build new ones. Research undertaken by The Environment Agency highlighted that it is cost effective to maintain existing flood defenses with every £1 increase in maintenance spending almost £7 is saved in capital spending on defences.
- d. Ensure that mapping of flood plains, especially those in the critical Zone B, is carried out by local authorities so that no new housing development takes place on these flood plains which are not covered by Flood Re if built after 2009 and therefore cannot be insured against flood risk.

7. Strategic planning in flood-prone areas

- a. Implement stricter controls and guidelines for building on floodplains and flood-prone land, including the development of effective flood defences.

8. Legislation review

- a. Revisit legislation, such as Renters Reform Bill (which was introduced by the previous Conservative Government), for potential impacts on rural housing, particularly in relation to tenants in rural areas.
- b. The grounds under section 8 of the Housing Act 1988, must be fit for purpose within the context of the rural economy. This includes: enabling properties to revert at the end of employment; being able to evict a private tenant in order to house someone who you have a lifetime statutory duty to house; and to achieve vacant possession of a property where it is needed for an incoming person working within the rural economy.
- c. Concurrently, in the absence of Amendment 21 in the former Bill, we propose an amendment to the former Renters Reform Bill to set a target Court waiting time for repossession hearings, the target to be met before section 21 is removed as the Courts should reflect the need to support landowners in the rural economy where housing of the workforce is essential.
- d. Enforcing a higher minimum of genuinely affordable housing in national planning.
- e. Amend the definition of affordable housing for rent in the National Planning Policy Framework (NPPF) to allow private landowners and community groups to develop affordable housing without becoming registered providers. Thus, enabling landowners to deliver genuinely affordable housing.

We would like to thank those who attended the meetings for their contributions and continuing support.

Meeting attendees

1. Baroness McIntosh of Pickering
2. Heather Wheeler MP
3. George Freeman MP
4. Liz Twist MP
5. Steve Double MP
6. Chris Loder MP
7. Earl of Leicester
8. Lord Carter of Coles
9. Steve Double MP
10. The Baroness Young of Old Scone
11. Baroness Thornhill
12. Lord Best
13. The Lord Carrington DL
14. Professor Malcolm Bennett, Nottingham University
15. Ruth McAreavey, Newcastle University
16. Jo Lavis, Rural Housing Solutions
17. Professor Nick Gallent, University College London
18. The Baroness Young of Old Scone
19. Avril Roberts, Country Land and Business Association
20. Jennifer Bryant Pearson, JBP Associates
21. Kieran Bergholcs, JBP Associates
22. Professor Ian Hodge, Cambridge University
23. Martin Collett, English Rural
24. Peter Mitchell, Holkham Estate
25. Mark Hedges, CountryLife Magazine
26. Henry Clifford, Department of Environment, Food and Rural Affairs
27. Fiona Howie, Town and Country Planning Association
28. Helen Wylde-Archibald, Wildanet
29. Lord Sewell
30. Tevor Cherrett, Town and Country Planning Association
31. Alistair Cargill, Pitt Farms
32. Kerry Booth, Rural Services Network
33. Tristan Fischer, Fischer Farms
34. Ian Mills, The Crown Estate
35. Stuart Brocklehurst, University of Exeter
36. Matt Wilson, NFU Mutual
37. Alex Guyver, Office of Sir Christopher Chope MP
38. Professor Matt Lobley, University of Exeter
39. Baroness Ritchie of Downpatrick
40. Baroness Bennett of Manor Castle
41. The Lord Carter of Coles
42. The Lord Watts
43. Fiona White, Department for Environment Food and Rural Affairs
44. Tom Bostock, The PG Group
45. Lucy Greenwood, Savills
46. Baroness Pitkeathley
47. Emma Mosey, Retail Farming Association



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the future of farming



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