



Briefing Note

The lack of affordable housing in rural Scotland is the most important issue in rural Scotland today¹. Rural Scotland is undergoing a renaissance; the population is increasing; half of all business start-ups take place in rural Scotland; broadband has increased the scope for education and employment; and young people are choosing to remain or return to rural communities. The quality of life in our rural communities means that more and more people are choosing to live in rural Scotland. This should be positive news, but with this population growth has come huge growth in house prices and a lack of affordable rural housing, resulting in people who grew up or who work in rural Scotland not being able to afford to live there: whilst a shortage of social housing means there are few alternatives to buying a house.

This briefing note outlines steps the Rural Housing Service believe will increase the supply of affordable housing in rural Scotland:

- Hold on to what we've got – scrap the **Modernised Right to Buy**.
- Support **Rural Housing Enablers** to deliver affordable rural housing
- Allow community trusts to build housing in their communities.
- Support landbanking for housing by community trusts
- **Plan for Rural Development:** reinforce SPP 15 Planning for Rural Development
- Introduce Rural Exceptions Policies in Scotland
- Allocate land specifically for affordable housing in rural areas
- Increase investment in affordable rural housing
- Plan infrastructure development and enable alternatives

1. Hold on to what we've got – scrap the Modernised Right to Buy

The impact of the Right to Buy has been felt most acutely in rural communities, in some villages all of the council housing has been sold. Housing associations with Right to Buy tenancies are running to standstill; the new housing they are building is just replacing stock which has been sold off, not increasing the supply of affordable rented housing.

Land, planning and infrastructure constraints mean that new housing can often not be built in those small communities where Right to Buy has decimated the stock. And in rural areas Right to Buy houses are more likely to leak out of the local low cost home ownership market.²

The extension of the Right to Buy to housing associations has been a strong disincentive to landowners to release land for affordable housing which could be sold off in later years. Pressured area status has been of limited assurance as it is time limited and not universally applied: our experience has been that some local authorities have not applied for this designation despite the presence of severe pressure on local housing markets.

We therefore strongly welcome the green paper proposal to end the Right to Buy for new social housing as it will help to free up land for housing from landowners. However it will have limited effect in increasing the supply of social housing; as new tenancies in existing council housing will still have the Right to Buy and tenants of non charitable housing associations will acquire the Right to Buy their homes in 2012. Albeit this could be suspended through pressured area status being granted.

We believe that only through the abolition of the Modernised Right to Buy will the stock of affordable rural housing in Scotland begin to grow. This measure should be accompanied by the extension of low cost home ownership schemes to enable those who wish to enter home ownership to do so.

2. Diversify Supply

We welcome the emphasis the green paper gives to alternative routes to deliver affordable housing particularly in rural areas; Rural Home Ownership Grants, Rural Empty Property Grant, private sector leasing, alternative builders and lead tenancy schemes. However to have an effect these routes require sufficient funding and also guidance for landowners and applicants to enable sufficient uptake.

2.1 Support Rural Housing Enablers to deliver affordable rural housing

The role of the Rural Housing Enabler is to work with rural communities providing independent advice and support, and acting as a guide to the many routes to the provision of affordable housing. They also have a crucial role in improving local authorities and housing agency knowledge of housing needs in small rural communities to enable housing investment to be appropriately directed. Rural Housing Enablers play a vital role in increasing affordable

¹ Rural Gateway

² The Right To Buy In Scotland – Pulling Together The Evidence. The Scottish Government 2006 p.50

housing opportunities by raising awareness of housing options and helping develop new housing in villages. They deploy a “toolbag” of housing options to meet the need for affordable housing; such as Rural Home Ownership Grants, Rural Empty Property Grants, community housing initiatives as well as housing association development.

There are over 40 RHEs working across rural England and supported by DEFRA and the DCLG. The recent Affordable Rural Housing Commission wholeheartedly endorsed their role in delivering affordable rural housing. The approach is also supported in recent research by Tribal HCH³. The Rural Housing Service has demonstrated the added value these posts bring to rural housing development in Argyll and Aberdeenshire. Rural Housing Service development strategy is to develop Rural Housing Enablers across Scotland.

We believe that at least an additional six Rural Housing Enablers would help rural communities harness all of the affordable housing opportunities available; promote Rural Home Ownership Grants; deliver empty properties for reuse; bring forward sites for rural housing development; ensure communities are engaged and involved in the development of affordable housing; support rural housing associations to develop strategically; and involve the private sector in delivering affordable rented housing.

2.2. Allow community trusts to build housing in their communities.

We support rural communities who want to take action on local housing problems and who have the flexibility and energy to deliver community owned and controlled housing. Some of these communities have taken ownership of land and housing through the land reform legislation. However if they want to build new affordable housing to support the regeneration of their community they have no access government funding for housing.

We would like to see community trusts supported by grants to build and renovate housing in their communities enabling real community ownership of housing. This approach will save money as land does not need to be bought by a different housing developer. This approach will also make allocations more local and responsive to community needs. The green paper indicates the potential for a grant to landowners, we believe this grant should also be provided to community trusts but at an enhanced level. This funding would help deliver a greater diversity of providers of affordable rural housing to increase the supply – particularly in small rural communities.

2.3. Support landbanking for housing by community trusts

Access to affordable land is crucial to rural housing development through Rural Home Ownership Grants and by housing associations. Community trusts can provide a way of securing land for affordable housing for rent and homeownership by landbanking sites. These sites are often released by landowners specifically for affordable housing and through rural housing burdens imposed by community trusts, housing built on this land can be retained as affordable in perpetuity. Community trusts complement the activities of rural housing enablers providing land on which projects developed by enablers can be realised. The establishment of a loan fund for community landbanking would enable the development of this and other trusts across rural Scotland.

3. Use planning to increase land supply for housing in rural areas

Planning for housing in Scotland has sought to restrict housing in the countryside, and to direct development to larger towns and cities limiting the scope for housing development in villages and open countryside. This policy is the key factor in limiting the supply of rural housing.

The current approach is challenged by the recent draft report by the Organisation for Economic Co-operation and Development into Rural Policy in Scotland which concluded that:

“Key priorities for Scotland’s rural policy should include... (1) Address the shortage of rural housing...by directly tackling the rigidity of land use regulations that inhibit the sustainable development of rural communities”... adding that

“The policies to facilitate or reduce the high cost of making housing and land available in rural areas have not dealt with the issue of land-use regulation, which appears as the cause of the bottleneck between demand and supply. Policies have used indirect instruments to facilitate rural housing, sometimes in quite original and imaginative ways. We can mention some: subsidizing social housing for low-income families or other priority groups, subsidizing the cost of ferries that haul building materials, having schemes who favour a more efficient use of energy and renewables in houses, restructuring or selling State buildings and properties...The critical issue here is that these indirect ways have a cost, and do not go to the heart of the matter, which is the rigidity of land-use regulations which are in fact protecting its agricultural use.”⁴

³ Allocation Of Land For Affordable Housing Through The Planning System Tribal HCH 2006

⁴ Rural Policy Review: Scotland, UK Key Points – Preliminary Draft - Organisation for Economic Co-operation and Development 2007

Land is not a scarce resource in rural Scotland: however land for housing is. This has to be changed and what is required is a shift towards a planning system which enables development in our rural areas. This was a system rural developers thought had been heralded by SPP 15.

3.1. Plan for Rural Development: reinforce SPP 15 Planning for Rural Development

The emergence of SPP15 was a breath of fresh air in planning – enabling housing development in the countryside to support rural development and recognizing the changing face of rural Scotland. However some local authorities have chosen to ignore the provisions of SPP15 saying that it doesn't apply to their area or that it contradicts other planning guidance such as SPP17, SPP3, PAN 52.

SPP17 states “the objective of a development strategy is to guide development to the most sustainable locations” but it also states that “rural development may be permitted on social and economic grounds where regular and frequent public transport cannot be justified” However in East Lothian for example, planners are refusing to allow housing development in villages because bus services are not available.

This has a knock on effect for affordable housing: as the main planning tool for affordable housing is the quota system whereby 25% of any development has to be affordable. However if no housing development is permitted in villages deemed not to have frequent enough bus services then there can be no affordable housing development either. PAN 52 (Planning in Small Towns) is also used to stop development in villages which don't have “basic facilities such as ... a doctor's surgery”.

In Dumfries & Galloway, planners have refused permission for an eco house in the countryside stating that the house “can't be an eco house if you need a car to get to it” In Aberdeenshire, a developer willing to put affordable housing into his rural development was told to pay a commuted sum because people in “social housing don't have cars”. The planner's attitude was that affordable housing should be in towns where people could get a bus.

There appears to be a planning default position that “assumes that rural communities are basically unsustainable unless they enjoy the full panoply of services – shop, post office, school, pub, public transport... (and) that, from a greenhouse gas perspective, rural settlements are intrinsically unsustainable”⁵ This position prevents housing development in small rural communities and excludes people on low incomes from these communities.

We believe this definition of sustainability is too narrow and consider sustainability to encompass social, economic and community as well as environmental considerations.

In addition to an overall change in planning culture, there are specific instruments which can be adopted to secure affordable rural housing.

3.2. Introduce Rural Exceptions Policies in Scotland

Rural exceptions policies enable rural affordable housing to be developed on sites that would otherwise not be available for development if there is a demonstrable local need for affordable housing. This policy would allow housing associations to access land in many pressured rural communities where either there is no land designated for housing or land is in the hands of private developers.

Rural Housing Enablers play a key role in helping to demonstrate local housing need; the catalyst for the granting of permission for an exceptions site and also engaging with the local community to ensure their participation and support for development. In England where the use Exceptions Policies is widespread, the planning permission given is for housing which meets the needs of the people in the community where the site is in perpetuity. **Therefore the allocation of these houses has to be outside of the normal allocation policy.** This also helps gain community support and approval for these projects as local people can be assured that the houses are meeting housing need in their own community.

3.3. Allocate land specifically for affordable housing in rural areas

PAN 74 Affordable Housing allows planning authorities to allocate “new sites in local plans specifically for affordable housing, in particular small sites within or adjoining existing villages to provide for local needs in perpetuity”.⁶ Many planning authorities are still not using this mechanism to allocate land for affordable housing.

Where land has been allocated as such but a landowner has refused to develop or sell to a social housing provider punitive measures such as Compulsory Purchase should be instigated.

⁵ Stuart Burgess, Commission for Rural Communities speech to the ACRE Conference 2007

⁶ PAN 74 Affordable Housing para 32

4. Increase investment in affordable rural housing

The population of rural Scotland is growing at a much faster rate than the rest of Scotland. The population of rural Scotland increased by 50,000 between 2001-06 and represented 94% of the growth in the Scottish population⁷.

Recent research shows that on current investment levels housing need will persist more obstinately in remote rural areas than in cities and towns. The Bramley report⁸ shows that in urban areas need will fall by 81% between 2006 and 2021 whilst in remote rural areas housing need remains constant over the same period. The rural share of affordable housing investment has to increase to meet the needs of a rising population.

Despite the greater costs of building in rural areas, government subsidy to rural housing providers is lower per house in rural areas than urban areas; £142 M will produce 2375 houses (£59,789 each) in rural areas whilst in urban areas £320.5M⁹ will produce 4991 houses (£64,215 each).

Just over a fifth of housing (22%) in rural Scotland is council or housing association housing; compared with 31% in urban areas. In Highland the rate is less than half the urban figure: 14% and in Perth & Kinross the figure is even lower 13%¹⁰. The level of social housing is lowest in those communities hit hardest by external pressure for second and holiday homes. Communities which need affordable housing the most have the lowest rates of social housing¹¹.

The green paper suggests that housing providers should deliver housing at lower subsidy levels. This is of concern, as small rural developments can be expensive, and may not be deemed viable by the larger development organisations required to meet the new efficiency targets. These concerns have been reinforced by the reduction in the Affordable Housing Investment Programme announced on 14 November 2007¹². In this environment an enhanced understanding of housing need in small rural communities is essential to deliver local housing strategies and strategic housing investment programmes which meet local need.

5. Infrastructure

In addition to planning change a culture change is required to enable development where there are infrastructure capacity issues. New investment in drainage and sewerage needs to build in adequate capacity to enable the expansion of rural settlements.

We also have to look at alternatives; enable the use of septic tanks within settlements where capacity has been reached and infrastructural investment is some way off; fund alternatives such as reed beds; allow the development of the “unplugged house”¹³ - housing with reduced dependence on mains infrastructure. This requires flexibility from SEPA and the planning authorities to deliver.

Rural Housing Service

The Rural Housing Service is a Scottish charity which supports rural communities to develop practical solutions to local housing problems. We provide advice and information on housing issues and help create new housing opportunities for local people by utilising all of the options available. The Rural Housing Service works with rural communities across Scotland and has helped communities such as Gigha, Laggan and Durness create affordable housing solutions. We are a free service and work with any rural community in Scotland to resolve local housing issues.

Resources

We currently employ a Chief Executive, a Rural Housing Enabler in Aberdeenshire and a part time Administrator. The Scottish Executive funds part of our core costs alongside funding from charitable trusts and conference income. The Aberdeenshire Rural Housing Enabler is funded by a partnership of Aberdeenshire Council, Cairngorms National Park Authority, Communities Scotland and the Scottish Rural Property & Business Association.

Governance

The Rural Housing Service is a membership organisation with members from across rural Scotland representing communities, local authorities, housing associations, trusts and others. The service is managed by a Board of Directors.

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⁷ Rural Scotland Key Facts 2007, Scottish Government. Remote rural increased by 12,448, accessible rural 36,864 and rest of Scotland by 3,388.

⁸ Local housing need and affordability model for Scotland Update (2005 based) Communities Scotland

⁹ Communities Scotland Investment 2007/08

¹⁰ HBOS Scottish Rural House Price Index 2006

¹¹ The impact of second and holiday homes on rural communities in Scotland. Communities Scotland 2005

¹² Affordable Housing Investment Programme 2007/08 £387.2M: 2008/09 Draft £373.9M

¹³ Communities Scotland Research Programme 2005/06