The provision of new affordable housing in larger rural settlements

Final Report for the Housing Corporation

November 2008

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HOUSING CORPORATION
CENTRE FOR RESEARCH AND MARKET INTELLIGENCE

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By ECOTEC Research and Consulting

November 2008

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Foreword

I welcome this report as a valuable contribution to the debate about affordable rural housing. It is particularly welcome because of the relatively rare focus on larger rural settlements.

I do not agree with all of its conclusions. And I do not expect the Housing Corporation's successor body in this area, the Homes & Communities Agency, necessarily to do so.

But, which is why I welcome the report, I am confident that at the very least it will stimulate interest and debate.

Andrew Wiles
Director, South West
Lead Director for rural housing

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Executive Summary

Aims of the study

This report aims to improve understanding of affordable housing investment in larger rural settlements. It comments on the appropriateness of this investment pattern and offers suggestions for changes and continuities.

Initial analysis of allocations under the rural programme for the period 2006-08 appeared to show an imbalance in resources going to smaller (under 3,000 population) and larger (3,000 to 10,000) settlements, with the benefit going to the former. There were also imbalances between regions, with little correlation between size of rural population and level of investment. There was further disparity between rural and urban allocations, urban areas receiving disproportionately more cash allocations and delivering more completions.

Approach

ECOTEC's research between September and November 2008 comprised:

- A brief literature review
- A re-examination of data recording accuracy
- Full analysis of allocations and completions
- Statistical analysis of some factors driving housing need and demand
- Four detailed case studies in larger rural settlements
- Local authority-based data analysis and interviews on the private sector role.

Results of the data analysis

Concerning data validation the main findings of the research are as follows:

- Substantial inaccuracies in the registration of Housing Corporation investment by settlement size has distorted understanding of the spatial distribution of the 2006-08 programme. Concerns remain, and while data-cleaning work by ECOTEC has substantially improved data quality, further work is needed to ensure greater robustness.
- Thorough data-cleaning is required for the 2008-11 programme.
- Corporation / HCA procedures should be amended to avoid problems recurring.

The main findings of the data analysis carried out in this research are:

- Based purely on population, all rural settlements had proportionately less grant (and completions) than merited compared to urban areas.
- Within the rural programme, larger communities receive proportionately fewer resources than smaller ones. The difference is less than was assumed (larger communities delivered 29% of NAHP completions whereas initial figures suggested 15%).
- However this 29% applies to settlements housing 35% of the rural population; smaller settlements, housing 65%, receive 71% of completions.
- We recognise that purely population-based figures are relatively crude. Analyses of additional indicators showed:

- There were more newly-forming households in larger rural communities, but they received proportionately less investment than smaller communities.
- A greater proportion of social rented stock is available in larger compared to smaller rural settlements.
- House price to income ratios show smaller rural settlements are less affordable than larger ones.
- All rural areas show much lower deprivation levels than urban areas, but larger rural communities are more polarised than smaller settlements, with more households in the most and least deprived wards.

In our opinion the results are fairly evenly balanced between the needs of the two types of settlement; therefore, without taking other factors into account, we cannot see why larger settlements should receive proportionately less investment, based on population, than smaller settlements.

The case studies

The research looked at four case studies to explore in greater details the factors influencing investment patterns at the local level. The broad themes emerging from these case studies are:

- The main factor influencing development in larger rural settlements is land and site availability. There were more development opportunities on small sites in village hinterlands than in larger settlements. New sites developed for affordable housing in larger rural communities were those avoided by the private sector.
- It was sometimes easier to pursue village sites, despite opposition, than tackle the difficulties of greenfield sites on market town edges.
- Linked to this was the different role perceived for larger settlements as 'rural capitals' and service centres for the wider hinterland of villages where housing development would occur. While not consistent across all case studies, we consider this dynamic between the housing and service provision roles of larger rural settlements to be an important factor in decisions about where new development should occur.
- Public sector investment was required to compensate for higher costs in larger rural brownfield sites; that aside, viability issues did not differ much between larger or smaller rural settlements. The key determinant was local policy on affordable housing.
- Historic patterns of 'restraint' featured in some larger rural communities; these were now shifting.

The private sector

The interviews and additional data analysis exploring the private sector development experience indicated that:

- Local authority data analysis showed strong similarity between the performance of affordable and private sector developers.
- The role of the private rented sector is important. Larger rural settlements act as a pool of private lettings, housing those working in the community or rural hinterland, or commuting to urban centres.

- Currently the most feasible success route for private sector developers was to focus on the 'urban fringes'. There were problems with sites in larger rural settlements coming through, stimulating greater interest in, and pressure on, smaller settlement sites.
- That said, where there was land and site availability in rural areas, 75% were in larger settlements rather than smaller ones.
- There were also concerns about 'nimbyism', the costs of bespoke carbon-compliant design in smaller communities (though build costs and standards were a general issue), affordable housing commitments and S106 liability.
- However, the overwhelming factor influencing developer perception was the current market, credit and recessionary environment, which was more significant than distinctions between different rural settlements.

Overall conclusions

Bringing together the various elements of the analysis we conclude that:

- Affordable housing investment outcomes in rural areas are determined by the interplay between available investment, local market forces, site availability and development profitability. The principle of capitalising on opportunity-sites appears more evident than patterns of need and demand or any top-down strategic approach.
- Thus, we suggest that in spite of the existence of targets for some but not other types of settlements, rural development is not primarily target-driven. The reasons for proportionately more development in smaller than larger rural communities (based on population size) are to do with market and planning factors.
- Higher levels of investment in relation to population size, existing social stock or other factors do not necessarily mean the type of settlement in question getting a more-than equitable share, but are most likely to reflect the resolution of bottlenecks around planning restrictions, site availability and development profitability.
- While a case could be made for setting more 'proportionate' targets for both types of settlement using statistical findings from this report, a better approach would be to learn from their successes and transfer these to other parts of the country that are lagging behind in affordable housing provision. The logic of this is that the specific target for smaller rural settlements should be dropped in favour of a balanced rural allocations policy that recognises the different but complementary roles played by both settlement types.
- This said, there remains a need for rural programmes to tackle the planning environments in rural areas, and to counter the argument that resources should transfer to where it is easier to use them.
- Because housing need is not being met in both large and small settlements a "programmatic" approach to the funding of affordable housing, one that supports proactive intervention to address the bottlenecks holding back strategic sites, is recommended.
- There may be a case for examining the regional division of resources for the rural programme.
- There is a clear need for better data input standards and monitoring of the rural programme by the Housing Corporation / HCA.

1. Introduction

1.1 Background

The Housing Corporation commissioned ECOTEC Research and Consulting Ltd to carry out research in order to:

- Improve understanding of the scale and distribution of investment in larger rural settlements, both between different settlements of this type and when compared to other settlement types (smaller rural, urban)
- Provide some informed commentary on this investment pattern and the reason for it
- Comment whether the investment pattern is appropriate within the Housing Corporation's investment programme as a whole
- Offer some reasoned suggestions for changes and / or continuities to either the direct or indirect drivers of this pattern.

The background to the commission was initial analysis of allocations under the Housing Corporation's rural programme for the period 2006-08. This appeared to show an imbalance in the resources that went to the smaller (under 3,000 population) and larger (3,000 to 10,000 population) settlements, with the benefit going to the smaller category. There were also imbalances between regions, with little correlation between the size of the rural population and the level of investment. There was also further disparity between rural and urban allocations, with urban areas (excluding London) receiving disproportionately more cash allocations and completions than rural areas, based on population size. Although population is a crude measure of proportionality it is nevertheless a useful starting point for analysis.

The research was carried out between September and November 2008 and consisted of the following elements:

- A brief literature review of relevant material
- A re-examination of the details of allocations in the 2006-08 programme, including whether the data had been accurately recorded (and therefore truly represented the pattern of allocations)
- A full analysis of these allocations and of completions, by region and by settlement type
- A statistical analysis of some of the factors that drive housing need and demand in the different types of rural (and urban) areas, at a regional level
- Four detailed case studies in larger rural settlements, including interviews with principle stakeholders and decision-makers
- Analysis of private sector completion data and supplementary interviews with private sector developers operating in rural areas.

1.2 The policy context

Despite the action and priorities set out in the Rural White Paper[1] (2000) and subsequently Defra's 2004 five year strategy[2], the lack of affordable housing in rural localities has continued and in many areas become more acute.

In response to the rural housing situation in July 2005 the Government set up the Affordable Rural Housing Commission (ARHC) to identify ways to improve access to affordable housing in rural areas. At the same time the Commission for Rural Communities (CRC) and Joseph Rowntree Foundation (JRF) also undertook inquiries into rural affordable housing that fed into the deliberations of the ARHC, reporting on these in May 2006[3].

Having considered the obstacles to the provision of rural affordable housing, including those experienced in local delivery, the ARHC made recommendations for practical action to be taken by the Government, regional and local authorities and rural communities. These were grouped under the key ingredients necessary to deliver affordable housing: land and sites, positive planning, better funding and increasing skills and capacity to engage. In terms of numbers of homes required, the Commission concluded that there was an annual need for an additional 11,000 new affordable homes in market towns and villages. The parallel JRF work[4] came up with a slightly lower figure of 9,500 per annum, while the CRC estimated that an annual programme of 30,800 was required (to address backlog as well as newly-arising need)[5].

All these figures can be compared with the 2006-08 Affordable Housing Programme of 5,754[6] homes through rural allocations (that is 2,877 per annum), and current target of delivering 10,300 homes in the Housing Corporation's 2008-11 National Affordable Housing Programme in smaller rural communities (3,433 per annum).

A number of the ARHC recommendations had direct relevance to supporting effective local delivery. The Commission offered a number of proposals for strengthening the local planning framework which were adopted in PPS 3. It recommended work to test new ideas related to bringing forward public and private sites, attracting private investment and new models of delivery. Importantly, it acknowledged that there were some excellent examples of local delivery, but these were not the practice of the many.

Building on this, the Taylor Review was charged in 2007 with reviewing how the planning system could better support the sustainability of rural communities, focussing on the rural economy and affordable housing. Its report 'Living Working Countryside' (2008) picks up on several of the

[1] Our countryside: the future – a fair deal for rural England, MAFF/DETR (2000)
[2] Delivering the essentials of life: Defra's five year strategy, Defra (2004)
[3] Affordable Rural Housing Commission – Final Report , (2006)
[4] Homes for Rural Communities: Conclusions from Rural Housing Policy Forum, JRF (2006)
[5] Calculating Housing Needs in Rural England, CRC (2006)
[6] Though ECOTEC analysis estimates that this target has been exceeded – see section 1.4

themes of this project, in particular the distinctive roles of and pressures faced by smaller and larger rural settlements.

1.3 Affordable housing and rural areas

The causes of the lack of affordable housing are now well-rehearsed and understood. Planning policy constraints and limited land release, combined with increasing pressure of demand from higher income groups moving into the countryside, have driven house price increases. Local incomes have not kept pace, resulting in many rural residents being unable to afford a home in the market. Concurrently there has been a net loss of social housing supply through loss from Right to Buy sales which has not been replaced by new provision or tougher controls of disposals.

Planning policy in its application to rural areas has historically been dominated by concerns to protect the environment. The consequence has been to limit both market and affordable housing development. At the same time there has been growing pressure of demand, particularly from higher income groups, to live in the countryside. In some areas this is further exacerbated by the demand for second and holiday homes. This pincer movement of constrained supply and rising demand has had the inevitable consequence of further raising house prices. Between 2000 and 2005 house prices in rural areas rose by 73% compared with 68% in urban areas. By 2007, the average house price in rural areas was £257,600 compared to £212,823 in urban areas. The position for lower quartile prices was even more polarised: £119,072 (rural) v. £94,911 (urban)[7]. However, locally earned incomes (as oppose to incomes of commuters and those with savings) in rural areas have not risen at the same rate and tend to be lower than those in urban areas. Work by the IPPR[8] (quoted in 'State of the Countryside 2008') has shown that, when examining the lowest earners in the country (those taking home less than 60% of median pay) 28% of rurally-based employees fell into this category, compared to 19% of urban-based employees. The average wage in the most rural areas is £20,289, compared to £27,487 in urban areas.[9]

The result is that housing has become unaffordable even at the lower end of the market. Work for Defra[10] showed that someone earning £17,000 per annum would only be able to buy a home in 28% of rural wards, although there is some regional variation. This picture is confirmed by the figures provided by Professor Steve Wilcox for the Joseph Rowntree Report[11] which shows particularly acute problems in the South West. In some areas where affordability ratios are particularly high the churn of housing in the market has fallen and markets have stagnated, resulting in even fewer opportunities for rural residents to satisfy their needs through home ownership. As noted by the Taylor Review '…many of the people who work in the countryside

[7] State of the Countryside, CRC, (2008)
[8] Working poverty; a study of the low paid and the 'working poor', IPPR (2007)
[9] Living Working Countryside - The Taylor Review (2008)
[10] Housing affordability in rural areas, Frontier Economics (2006)
[11] The geography of affordable and unaffordable housing, S. Wilcox, JRF (2006)

increasingly cannot afford to live there, while the people who can afford to live there increasingly do not work there'[12]

Clearly, the housing market stagnation and falling house prices that have characterised 2008 will have some impact on this pattern. However, when allied to the difficulties first time buyers have in accessing mortgage finance, the increased price of mortgages, and increased demand for deposits, it seems unlikely that the position will be improving for many of those on lower incomes in rural communities. The situation is likely to be exacerbated by the falling-off of new private sector development, with the National House-Building Council reporting a 54% reduction in starts for October 2008, compared with the same month in 2007[13].

The traditional route for those unable to compete in the housing market is to turn to social housing, provided by local authorities and housing associations. However, the Right to Buy has had a proportionately greater effect in rural areas where supply has always been more limited. These losses have not been replaced by new provision. Between 2001 and 2005 there was only a 3% increase in the amount of affordable housing built, compared with 22% in urban areas. Between 1980 and 2005 there was a net loss of social stock in predominantly rural districts of 24%[14]. Like the open market, it is becoming increasingly apparent that the lack of supply and choice in the social sector is resulting in low turnover. A high proportion of lettings are being allocated to homeless households leaving very little supply for young newly forming households who cannot afford to buy in the market.

1.4 Delivery of rural affordable housing

Over the last fifteen years a number of national policies and approaches have been introduced to support local action to improve the supply of affordable housing. This began as the rural exception site policy and alongside it the Housing Corporation's Rural Programme. Subsequently, planning policy has been refined further, particularly culminating in PPS 3[15] which requires local planning authorities to adopt positive and proactive responses to meeting housing needs in rural areas. It encourages local planning authorities to adopt a range of mechanisms to achieve this including: lowering thresholds and seeking high affordable housing contributions from market developments, allocating sites solely for affordable housing, and use of the windfall rural exception site policy.

The funding programme has fluctuated, in part reflecting more general availability of public resources. Since 2004 responsibility for deciding how much funding should be spent in rural areas has passed to Regional Housing Boards. As part of this devolution of decision-making and to support local action the Housing Corporation has made a commitment to new approaches to allocating its investment which includes closer working with local authorities. At a national level,

[12] Living Working Countryside - The Taylor Review, p26/27 (2008)
[13] 'Home starts continue to fall' NHBC website, 24 October 2008
[14] Affordable Rural Housing Commission – Final Report (2006)
[15] Planning Policy Statement 3: Housing, CLG (2006)

the Green Paper 'Homes for our Future'[16] included commitments to increasing the supply of affordable housing in rural areas. The 2006-08 Affordable Housing Programme succeeded in producing 6,913 rural homes[17], and substantially over-shooting the target of 5,754[18]

The Housing Corporation’s current rural housing strategy 'Communities and the Countryside'[19] reiterates the core principles of partnership working, commitment to increased supply, and mixed and sustainable communities. It expands on the previous policy by stressing making the best use of existing affordable housing, finding innovative ways to increase land supply, incorporating ways to ensure affordable housing remains affordable 'in perpetuity' or at least safeguarding future supply, and promotes good and 'green' design.

Significantly, in terms of this project, and reflecting the views of the Regional Housing Boards 'Communities and the Countryside' specifies that 'Our preference is for [targets] to be set for settlements of fewer that 3,000 people, with monitoring (but not target-setting) for provision in settlements of up to 10,000 people'[20]. As noted, the CLG has set a target of 10,300 homes to be provided in smaller rural areas through the 2008-11 NAHP. Other commitments are to be more flexible in the use of grant, to encourage local authorities to set lower thresholds for S106 requirements, to encourage innovative ways to improve supply (such as Community Land Trusts), rural proofing major policies and projects, and responding to equality and diversity issues.

The continuing emphasis on smaller rural communities, as compared to larger communities, is echoed in the Prospectus for the 2008-11 National Affordable Housing Programme[21]. Only two regions (the South East and Yorkshire and Humberside) proposed a 50/50 split of new development between smaller and larger rural settlements. All the rest (except London which, unsurprisingly, has no rural component), are heavily weighted towards smaller communities (between 66% and 100%).

1.5 Smaller and larger rural settlements

As referenced above, for the purposes of funding programmes the Housing Corporation distinguishes two sizes of rural settlement, both of fewer than 10,000 inhabitants, which is the government threshold for the definition of 'rural'. There are several other typologies that attempt to distinguish 'rurality' including the Defra classification of local authorities which includes categories of districts characterised as 'significant rural', rural-50 (50-80% inhabitants in villages and market towns', and 'rural-80' (80% or more population in villages and larger market towns'). There are further distinctions available, based around degrees of sparsity, and definitions of 'village' and 'hamlet'. The Taylor Review distinguishes the 'smaller rural' (under 3,000) category, but for reasons

[16] Homes for the future: more affordable, more sustainable, CLG (2007)
[17] ECOTEC modelling of Housing Corporation completion data;
[18] Communities and the Countryside: rural housing strategy, Housing Corporation (2007)
[19] ibid
[20] ibid
[21] Prospectus for National Affordable Housing Programme, Housing Corporation, (2007)

of pragmatism incorporates larger market towns (of up to 20,000) in its definition of 'larger rural communities'.

It is clear that different public policy approaches – and public attitudes – relate to developing in smaller or larger rural settlements. On the one hand, market towns in England have enjoyed an unprecedented period of attention from government over the last eight years since the Rural White Paper (2000) identified their potential as hubs for growth in the countryside. Many have responded to this attention by developing community based partnerships alongside their traditional town councils which have driven forward programmes promoting growth and improvement, using the Market Towns Initiative as the means of providing key funding for much work in the public realm (via RDAs and the former Countryside Agency). The recently published Halifax Market Town Review[22] – an annual survey of house prices in market towns - found that two thirds of market towns have higher average house prices than their county, distributed across the country. Towns in the top 10 nationwide experiencing the highest premium to county house prices range from Beaconsfield in the South East to Bakewell (East Midlands), Wetherby (Yorkshire and Humber), Keswick (North West) and Malmesbury (South West). The Halifax Chief Economist stated that '…home buyers continue to be attracted to the high quality of life, architecture, history, community spirit offered by market towns…'. All this indicates places with high demand for new growth, in many cases matched with the potential for growth offered by a vibrant service sector and good transport links with nearby employment hubs.

On the other hand, other groups have emphasised the role, potential, and need for affordable housing investment in smaller, sparsely-populated villages and hamlets as essential in retaining and restoring sustainable communities in the countryside. The local authority-based SPARSE organisation, the English National Parks Authorities Association, and the Campaign for the Protection of Rural England (CPRE) have all committed to manifestos or policy statements that emphasise the role of small-scale intervention in provision of affordable housing as a key element is ensuring the viability of villages: 'Rather than dealing with a large volume of housing, a single new affordable property or a small number can make a huge difference to a rural community and the sustainability of that community'[23]. Launched in 2006 (and relaunched in 2008) the CPRE and the National Housing Federation (NHF) initiated a joint campaign 'Save Rural England – Build Affordable Homes'[24] which, among other steps, called for all rural authorities to set affordable housing targets for ***all*** suitable sites, however small. The Taylor Report, although placing market towns '…at the heart of the very substantial housing growth announced by the Government…' [25] also criticises the tendency to exclude smaller rural communities from access to both open market and affordable housing development, often through mechanisms in the planning system. This view

[22] Halifax Market Town Review, HBOS (2008)
[23] Response to government consultation paper 'Homes for the Future…' by English National Parks Authorities Association, 2007
[24] Save rural England – build affordable homes, CPRE/NHF, 2006 and 2008
[25] Living working countryside – the Taylor Review , p.9 (2008)

is echoed by interviews with rural private sector developers, who gave examples of various small villages where any form of development was impossible[26].

As will become clear through the course of this report, the author's conclusion is that in policy terms there should not be an 'either / or' approach. Both types of community are essential to the viability of rural life; and both should receive a proportionate allocation of resources for housing development.

[26] Interviews conducted by ECOTEC, October 2008

2. Re-analysis of data: do the figures tell the true story?

According to the research brief, larger rural settlements in England have been receiving a relatively low proportion of affordable housing investment compared to smaller settlements when taking account of their share of the rural population. The figures for the 2006-08 National Affordable Housing Programme (NAHP) provided by the Housing Corporation at the start of this research indicated that larger rural settlements (population 3,000-10,000) accounted for 15% of all rural affordable completions, yet they constituted 35% of the rural population. 85% of completions were achieved in smaller settlements, though only 65% of the rural population live in these communities.

In order to validate these findings, and ensure that the underlying assumptions driving the project were well founded ECOTEC re-analysed the investment and completion data across England, for the 2006-08 programme. Additional to that, we compared investment patterns to the distribution of population at a national and regional level, and extended the analysis to other factors including affordability and indicators of housing need and deprivation.

2.1 Approach

The first step in the data analysis involved checking the accuracy of the coding of NAHP 2006-08 data from downloads taken from the Corporation's Investment Management System (IMS). This was to see if sites and units completed are correctly labelled as either 'larger rural', 'smaller rural' or 'urban'. An initial scan of the data revealed discrepancies and inaccuracies which were resulting in incorrect output regarding the distribution of investment by settlement size. For example, of a sample of fifteen addresses around one small market town in the South West, four (26%) contained inaccuracies

To address this GIS was employed to automatically recode the data by settlement size, and additional manual corrections were made using the information contained in the address field of some records. This work provided a more robust basis from which comparisons could be made.

Following discussion with Corporation officers about which programmes were relevant and which should be excluded (e.g. reimprovements, minor works etc) some 13,484 records covering 81,193 units were processed through these two methods (85% via GIS and 15% manually).

While undoubtedly there is further work that could be done to make the 2006-08 completions dataset more reliable, the authors are confident that the data is now substantially more accurate, and is robust enough to analyse and to extract policy conclusions.

A number of secondary data sources were then assembled to provide comparative housing market related data. The choice of data was constrained by the need to be able to distinguish between smaller and larger rural settlement size. Data at district and higher aggregation level was therefore not fit for purpose. Census (2001) and Index of Multiple Deprivation (2007) were the two sources used as these sources provided statistics at Lower and Middle Super Output Area level. The data was aligned to settlement size using GIS in a similar way to the matching of the NAHP data.

2.2 Distribution of investment by settlement population size

The recoding of NAHP completions data 2006-07 and 2007-08 resulted in the following indication of the distribution of investment across various sized settlements. The figures in the first table do not include London. As can be seen from table 2.1, there is a quite a close match between settlement size, share of completions and share of grant for settlements sized under 3000; however, 3000 – 10,000 settlements receive a 2.4% lower share of the NAHP than merited purely on population size: their actual share is 32% less than could be expected based upon population share. We use these figures excluding London initially, because this was the basis of investment figures used in the commissioning brief and it was recognised that the London would have a disproportionate impact. So, on this basis, we can confirm that the larger rural settlements do receive a lower share of investment resources when benchmarked against population.

Table 2.1 NAHP 2006-07 and 2007-08 by settlement size – England excluding London

Dwelling type	< 3 K settlements	3-10 K settlements	Larger settlements
Share of grant	13.9%	5.1%	80.9%
Share of completions	13.6%	5.6%	80.8%
Share of population	14.6%	7.5%	77.9%

When we reintroduce London into the calculation the disparities become even more marked, as can be seen in table 2.2 below. Smaller settlements are also effected, with a 5.1% shortfall in investment against population; for larger rural communities the difference is 3.6%. If one considers the figures as proportionate losses of investment, it could be argued that smaller communities received a 69% shortfall in investment and larger rural communities a 129% shortfall. This is more clearly seen if we turn these figures into cash: had the 2006-8 NAHP of £3.9b been allocated purely on a population-size basis, smaller rural settlements would have received £488m instead of £289m; larger rural settlements would have received £250m rather than £109m; and urban areas (including London) would have received £3.16b, not £3.50b.

Table 2.2 NAHP 2006-07 and 2007-08 by settlement size – England including London

Dwelling type	< 3 K settlements	3-10 K settlements	Larger settlements
Share of grant	7.4%	2.8%	89.8%
Share of completions	9.5%	3.9%	86.6%
Share of population	12.5%	6.4%	81.1%

London has a disproportionate effect in 'dragging' additional resources beyond its population proportion into the urban category and away from rural programmes; and it is also obvious that unit costs are such that substantially fewer homes are generated for a set amount of grant than in rural areas (or, indeed, in other urban areas as can be seen by comparing tables 2.1 and 2.2). The rest of this analysis focuses on the picture when the London factor is removed.

If we remove the urban settlements from the equation, and just look at the relationship between the two types of rural settlement the picture is as below, in table 2.3. The share of investment going into 3,000-10,000 settlements is 27% of all rural investment. While some imbalance favouring smaller settlements still applies (73% investment to 66% rural population), the figures for the larger rural settlements are significantly higher than the 15% figure quoted before the data cleaning operation. This indicates that the level of under-representation of investment in larger rural settlements is not as severe as was first thought, though there is still clearly an issue of equity (again, purely taking account of population size)

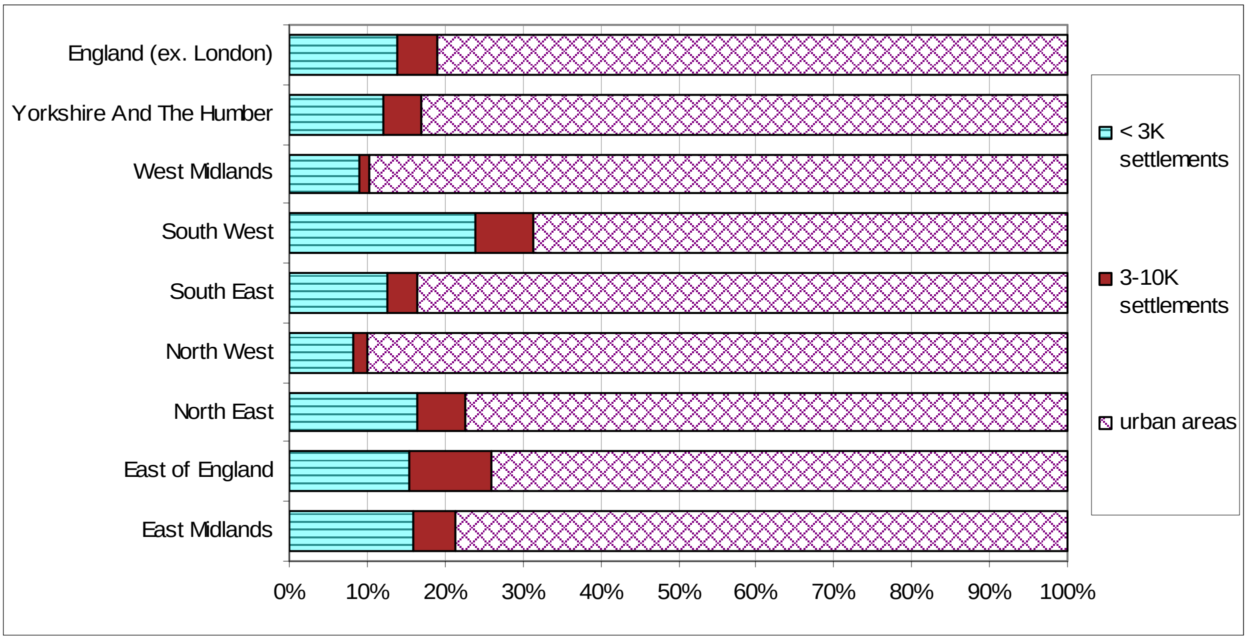
Table 2.3 NAHP 2006-8: shares of grant into rural settlements

Dwelling type	< 3 K settlements	3-10 K settlements
Share of rural grant	73.0%	27.0%
Share of rural completions	70.8%	29.2%
Share of rural population	66.0%	34.0%

The data cleaning operation revealed that a significant number of investment sites in market towns with a population below 10,000 were not being labelled as rural. This is possibly influenced by the policy focus on smaller rural settlements which is described in the preceding Section.

The data analysis also revealed significant differences between regions, with the share of completed units in larger rural settlements ranging from 1.3% in the West Midlands (where close to 90% of the investment went into urban areas), and 10.6% in the East of England. The South West had the highest overall share of rural investment (31.5%), but the great majority of this went into settlements with fewer than 3,000 inhabitants.

Figure 2.1 Completed dwellings from 2006-08 NAHP by settlement size and by region



2.3 Comparing the distribution of investment with housing market data

As stated above the data confirms that the share of grant and affordable completions in larger rural settlements is not in step with the distribution of population and of households across England. Investment levels in 3,000 to 10,000 settlements are estimated to be 5.1% of the English total excluding London, which is more than two percentage points below the share of population and households. The share of investment in smaller rural settlements (villages and hamlets) is slightly lower than these settlements' share of the national population. The share of investment in urban settlements is higher than these settlements' share of the national population.

2.3.1 Additional demographic and market factors

An additional demographic factor has been examined – *the proportion of the population in the 20-34 age group*. This is only one of many possible signifiers of housing need, but is particularly useful as this group is the most active in the housing market (has a high movement frequency) and has a high number of newly forming households who are potentially likely to be trying to access independent housing for the first time – buying or market-renting if possible, relying on social housing if not. This is a good surrogate for assessing potential new housing demand in an area.

The proportion of 20-34 year olds is highest in settlements larger than 10,000. The proportion in 3,000 to 10,000 settlements is higher than in smaller rural settlements; this could indicate a greater need for affordable housing in these communities compared to surrounding villages. In fact the relationship between a market town and its rural hinterland is in some ways similar to that between an inner city core and its surrounding suburbs. The former area generally contains a greater number of smaller and cheaper dwellings, including a higher proportion of units for social rent.

Larger and more expensive dwellings are more common in the surrounding areas and these are occupied by more affluent established families.

The movement of younger households from the countryside to market towns may reflect a lack of affordable options in the 'smaller rural' areas rather than a preference for town life. Offering a greater number of affordable new builds in those areas where housing market starters are most prevalent is therefore not necessarily the sole possible policy response as it could serve to reinforce the established pattern rather than help to promote more balanced communities.

Table 2.4 Data comparison: England excluding London

	< 3 K settlements	3-10 K settlements	Larger settlements	Source
Housing corporation investment programme 2006/07 and 2007/08 (completions data)				
Share of grant	13.9%	5.1%	80.9%	Housing Corporation
Share of completed units	13.6%	5.6%	80.8%	Housing Corporation
Demographic statistics				
Population share	14.6%	7.5%	77.9%	Census/Gazetteer
Household share	14.3%	7.7%	78.0%	Census 2001
Share of 20-34 year olds	11.4%	6.4%	82.2%	Census 2001
Tenure				
% of households in owner occupation	79.2%	76.8%	68.4%	Census 2001
% of households in PRS	10.1%	7.6%	9.9%	Census 2001
% of households in social rented sector	10.7%	15.6%	21.7%	Census 2001
Affordability				
Mean annual gross household income	£34,800	£32,700	£29,000	ONS 2004/05
Mean house price	£255,500	£216,500	£164,800	ONS 2006
Price-income multiple	7.3	6.6	5.7	Calculated here
Overcrowding and deprivation				
% overcrowded households	2.6%	3.7%	6.6%	Census 2001
% HHs in deprived neighbourhoods	2%	8%	32%	IMD 2007
% HH in "mid 50%" neighbourhoods	65%	49%	48%	IMD 2007
% HHs in least deprived neighbourhoods	32%	43%	20%	IMD 2007

Housing Corporation data as reanalysed by ECOTEC

Social rented dwellings make up a higher share of the total stock in 3,000 to 10,000 settlements than in smaller rural settlements, but the opposite is true of private rented accommodation, which is nearly as common as social renting in small rural settlements. A more expensive supply of rental accommodation in these small communities could be a reason for promoting increased investment in new affordable housing in these areas, though it is worth noting that several case studies noted the significance of private renting in their settlements.

The average price-to-income ratio is highest in smaller rural settlements indicating that those on a lower income and needing to move to a new home in these areas will have greater difficulty finding housing they can afford[27]. The income and house price data do not stem from the same year, so it is the relative difference that should be considered.

Levels of overcrowding are worst in urban areas where close to 7% of all households were living in too cramped conditions at the time of the 2001 Census. There are greater levels of overcrowding in

[27] Because the income and house price data do not stem from the same year, the ratio that has been calculated should only be used as an indication of the relative difference in affordability between settlements in the various size categories.

larger rural settlements than in smaller ones, and this argues for the provision of more and larger affordable homes in these towns.

Regarding deprivation the figures show the share of households in each settlement size category living in the 25% most deprived neighbourhoods in the country (the first row), followed by the share living in neighbourhoods belong to the “middle 50%” of neighbourhoods and lastly the share living in neighbourhoods belonging to the 25% least deprived neighbourhoods in England.

Levels of deprivation are low in larger rural settlements, although not as low as in small rural settlements. A high proportion of these small rural settlements (65%) score in the middle 50% of neighbourhoods in the national deprivation rankings. The 3,000 to 10,000 settlements are more polarised, being highly represented among the low deprivation areas of the country (43%) but also with more households (8%) living in the most deprived wards than is the case in smaller communities (2%). A lack of amenities is a factor counting against small rural settlements in the way deprivation is measured. Furthermore the national picture masks significant regional variation, with the northern regions scoring particularly highly in terms of deprivation. IMD scores are therefore most useful as a context indicator at the regional level.

2.3.2 Statistical conclusions – at a national level

Although the data can be interpreted in a number of ways, the conclusion emerging from the analysis is that the factors (excluding population) that militate towards changing the balance between smaller and larger rural communities more or less cancel each other out. Account should be taken of the greater propensity for new household formation in larger rural communities; but affordability is worse in smaller communities and stimulating affordable housing in these settlements may assist maintaining balanced communities; as noted there are more households in deprived areas in larger rural communities, but there are fewer in the least deprived areas in smaller communities; there is already more social housing in larger communities; on the other hand there is less private-rented supply

So, we are left with the initial assessment that, on the basis of a combined population and 'package' of needs and market factors, there is little case that larger rural communities should proportionately receive any less investment than smaller rural communities. On this basis, we could suggest altering the balance, or possibly adjusting the targets to reflect population. However, there may well be other factors, including pragmatic considerations of where development is possible and viable, that will impact on this. These aspects will be examined further in the case studies.

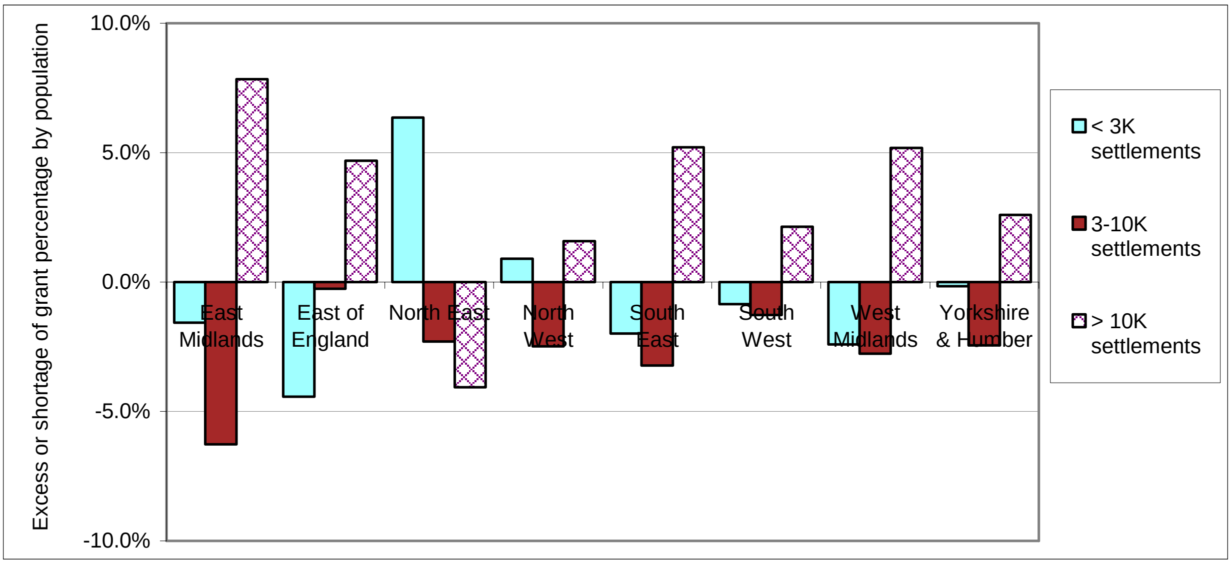
2.4 Regional analysis: consistency of proportion of grant to size of community

We examined whether, on a regional level, there were variations in the level of consistency in the relationship between the proportion of investment and the size of the population in different sizes of community. As noted, population alone is a fairly crude proxy for equity in distribution, and therefore other factors around housing need, housing markets and deprivation have been considered. Population distribution however is a useful starting point to explore the regional dimension.

As the chart below indicates, there are both common patterns and inconsistencies. In all regions the larger rural settlements are consistent 'losers' in terms of resource to population matching. Smaller rural settlements are proportionate winners in two and losers in six regions. Larger urban settlements only lose out in one region, the North East.

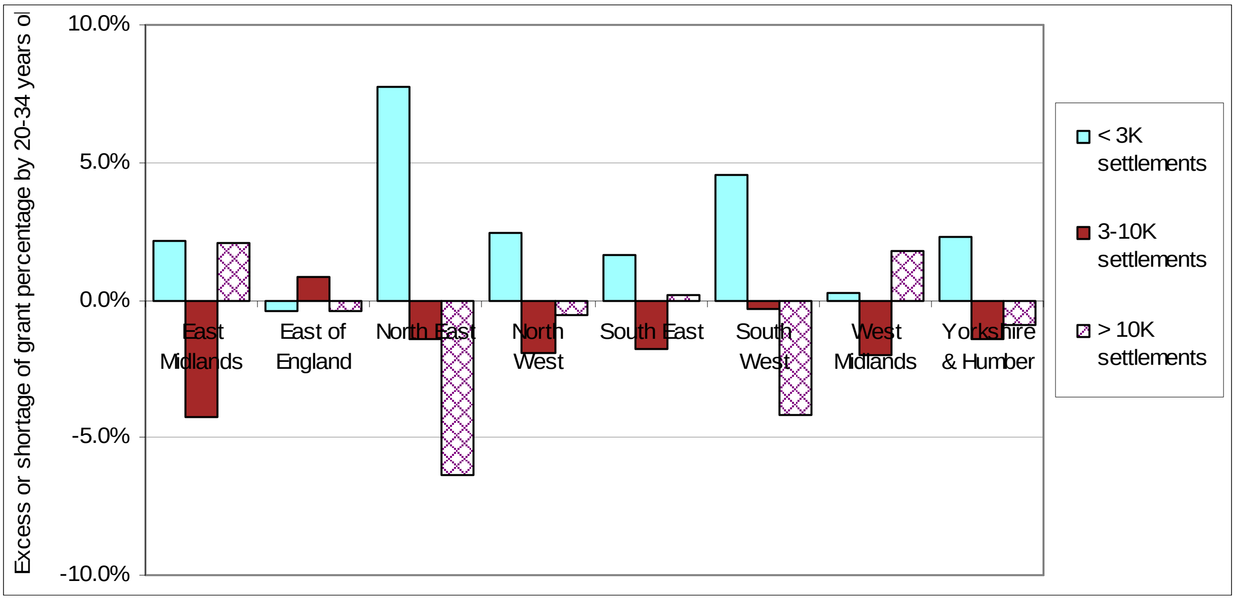
When benchmarked against population relative under-investment in larger rural settlements is greatest in the East Midlands. The most anomalous region appears to be the North East, where small rural communities are disproportionate winners at the significant expense of both larger rural communities and urban areas. Due to low overall investment volumes in this region, the output could be more sensitive to fluctuations connected to the development of individual sites.

Figure 2.2 Consistency of grant % and population %



When comparing the distribution of investment to the distribution of 20-34 year olds the pattern is quite different to the above. In most regions it is the smaller rural settlements rather than urban settlements that receive an excess of grant. With regard to larger rural settlements the East of England is the only region with a surplus of in relation to potential newly forming households. However in those seven regions where there is an investment shortage, the degree of shortage is slightly less pronounced than was the case when measured against population of all ages.

Figure 2.3 Consistency of grant % and % of 20-34 year olds



The largest differences concern the balance between smaller rural settlements and other settlements, with the smaller rural category consistently gaining additional resources disproportionate to numbers of potential newly-forming households. In policy terms, as noted elsewhere, this might not be inappropriate, if a priority is to retain younger people in these communities.

The next table compares the level of grant spent on the 3,000 to 10,000 settlements of each region with selected data indicators. This is done by ranking each region according to the total amount of grant received by market towns, from high to low, and subsequently ranking according to the other indicators to check for consistencies and correlations.

Table 2.5 Ranking 3,000 to 10,000 settlements per region by selected housing indicators

Region	Grant spent	Population	Population 20-34 year olds	Social rented stock	House price to income multiple	Households in deprived neighbourhoods
East of England	1st	1st	1st	1st	4th	6th
South East	2nd	2nd	2nd	2nd	2nd	7th
South West	3rd	4th	4th	4th	1st	4th
East Midlands	4th	3rd	3rd	3rd	6th	3rd
Yorkshire & Humber	5th	5th	5th	5th	5th	2nd
North East	6th	7th	7th	6th	8th	1st
North West	7th	6th	6th	7th	7th	5th
West Midlands	8th	8th	8th	8th	3rd	8th

The larger rural settlements of the East of England receive the most grant of any region, which is consistent with the overall population living in these settlements as well as the numbers of 20- 34 year olds. There are two regions ranked lower by grant received than by number of 20-34 year olds - the East Midlands and the North West.

There are two regions which rank higher in terms of price-income multiple than in terms of grant received: the South West, which has the sharpest affordability ratio, and the West Midlands which has the largest ranking difference. The relationship between social rented stock and house-to-income multiple is an interesting one because a large social rented stock should have a moderating effect on market sector prices. In the case of the South West and the West Midlands the number of social sector dwellings is modest and a case could be made for increasing investment in affordable housing in these regions to compensate for the lack of re-let supply. This extra investment appears to be already being made in the South West, as its ranking position with regard to grant is higher than its population ranking.

If we were to allocate grant solely according to “population of 20-34 year olds” and “price-income (affordability) ratio”, attaching equal weight to both, then the relative regional rankings would be as follows:

- 1st: South East;
- 2nd equal: East of England and South West
- 4th: East Midlands
- 5th: Yorkshire and Humber;
- 6th: West Midlands
- 7th: North West
- 8th: North East

According to this simple allocation system the West Midlands would move 3 places up the rankings. All other regions would move one place up the rankings except for the East of England and the North East, both of which would drop one place. A conclusion to draw from this analysis is that attention on the delivery of affordable houses in these regions should be sharpened. However there are a great many other factors to consider when determining allocations than affordability ratios and the number of younger households. These will be explored in depth by the case studies

3. Case studies

3.1 Background

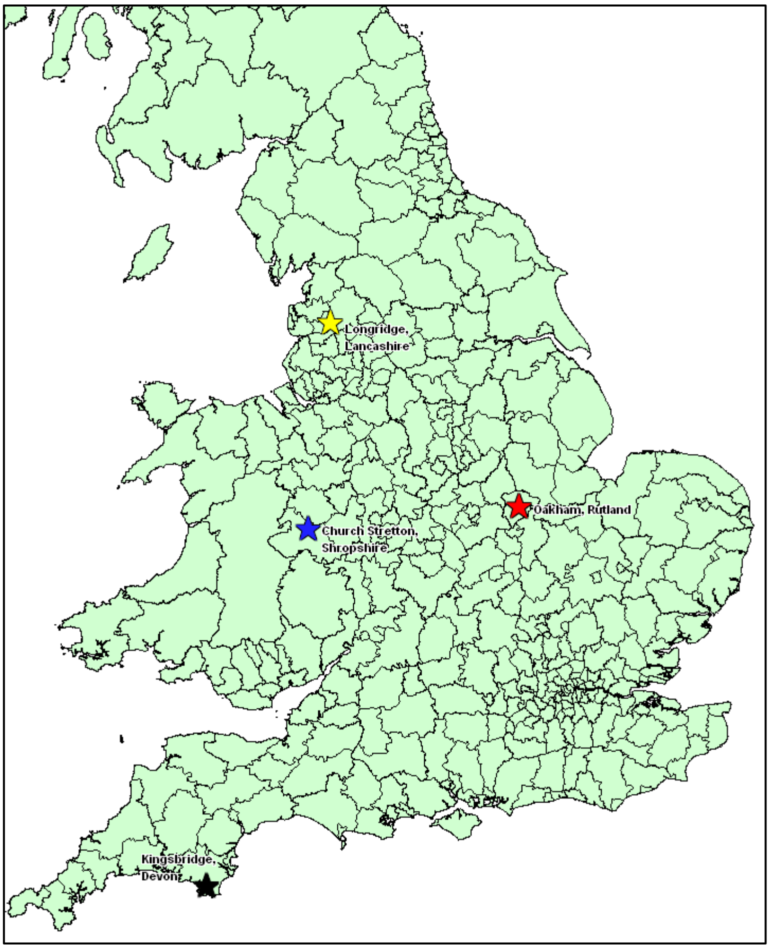
So far in this study we have focussed on statistical analysis and quantifiable data to explore the drivers for differential investment patterns between larger and smaller rural communities. However, we are clear that there are a series of local market environmental factors, pragmatic determinants of behaviour, and wider economic and commercial considerations that need to be considered in coming to a rounded set of conclusions.

Case studies are presented here to explore in depth factors which determine investment patterns in larger rural settlements, including those that might be militating against affordable housing development in the localities compared to factors that militate for development in surrounding, smaller village areas

3.2 Approach

Four case study towns have been selected using a number of criteria. Towns in four different regions displaying a range of market characteristics and varying proximity to major urban areas were chosen, these being:

- Kingsbridge
  South Hams
  South West
- Longridge
  Ribble Valley
  North West
- Oakham
  Rutland
  East Midlands
- Church Stretton
  South Shropshire
  West Midlands



Three sources of information were used to generate case study evidence. Firstly relevant planning and housing policy documents were reviewed. Secondly statistical evidence was assembled and finally a series of interviews were conducted with council housing and planning officers, locally operating RSLs, developers, estate agents and town council representatives to explore local issues in depth.

The research findings for each case study are set out in turn below. Following a brief introduction to the town there is an analysis of market dynamics, housing need and demand. Where possible statistical evidence has been used comparing the town to smaller rural settlements and the district as a whole. The level of affordable and market housing provision in recent years is shown in order to gauge whether enough has been built to meet the local requirement. To address the main research question the remainder of each case study explores the possible factors behind the identified level of investment, grouped under the themes “housing and planning policies”, “political forces” and “site availability and viability”.

3.3 Kingsbridge, South Hams

3.3.1 Introduction

Kingsbridge is a market town in the South Hams district. It has a population of 5,643 according to the Housing Corporation's Rural Gazetteer, making it the third-largest town in the district behind Ivybridge (circa 12,000 inhabitants) and Totnes (8,294). It is situated at the northern end of the Kingsbridge Estuary within the South Devon AONB. Plymouth is the nearest city some 20 miles to the northwest. The town does not have particularly good transport connections as it is not served by a railway line and the nearest high speed road, the A38 South Devon Expressway, is more than 10 miles distant.

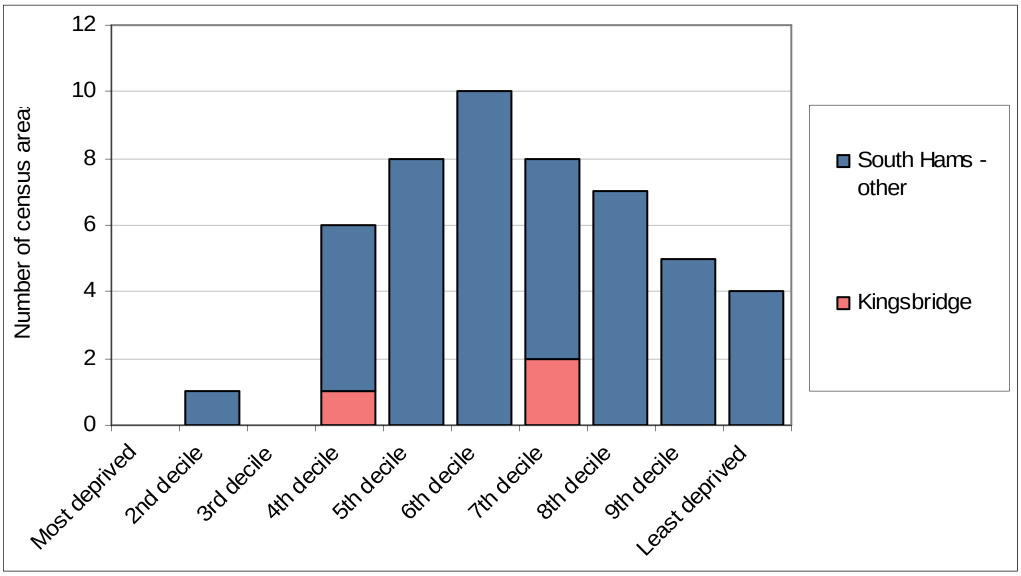
Figure 3.1 Kingsbridge within Devon

Whilst tourism is important to the local economy, the town’s primary economic profile is that of a service hub catering for the needs of the local community and surrounding hinterland. A significant number of residents also commute to work in Plymouth

The housing stock in South Hams numbers close to 41,000 dwellings of which 84% are owner-occupied, 9% social housing and 7% privately rented. 12% of dwellings in the district are holiday/second homes, one of the highest percentages in the UK. Census data indicates a lower share of holiday/second homes in Kingsbridge (6.5%).

The following graph plots Kingsbridge's three (Census Area) neighbourhoods on the national Index of Multiple Deprivation scale. Kingsbridge has one neighbourhood in the 4th decile of the national deprivation ranking and 2 neighbourhoods in the 7th decile. On average the town has higher levels of deprivation than in the district as a whole.

Figure 3.2 Kingsbridge's neighbourhoods on the scale of deprivation



Index of Multiple Deprivation 2007

3.3.2 The local housing market and affordability

House prices in the South Hams are approximately 35% above the national average while wages are 17% below the national average, indicating an acute problem of affordability. Moreover while the average household income in the South Hams is close to £20,000, this is significantly skewed by a significant number of inhabitants who commute long distances to work. On average those who work locally earn significantly less. Many work in low paid and seasonal jobs in the tourism sector.

Kingsbridge has a multi-dimensional housing market with until recently healthy demand generated by local households in various price segments as well as wealthy retirees and second home buyers from further a field. There has however been a dramatic market slowdown in 2008 due to the credit crunch and worsening economic outlook.

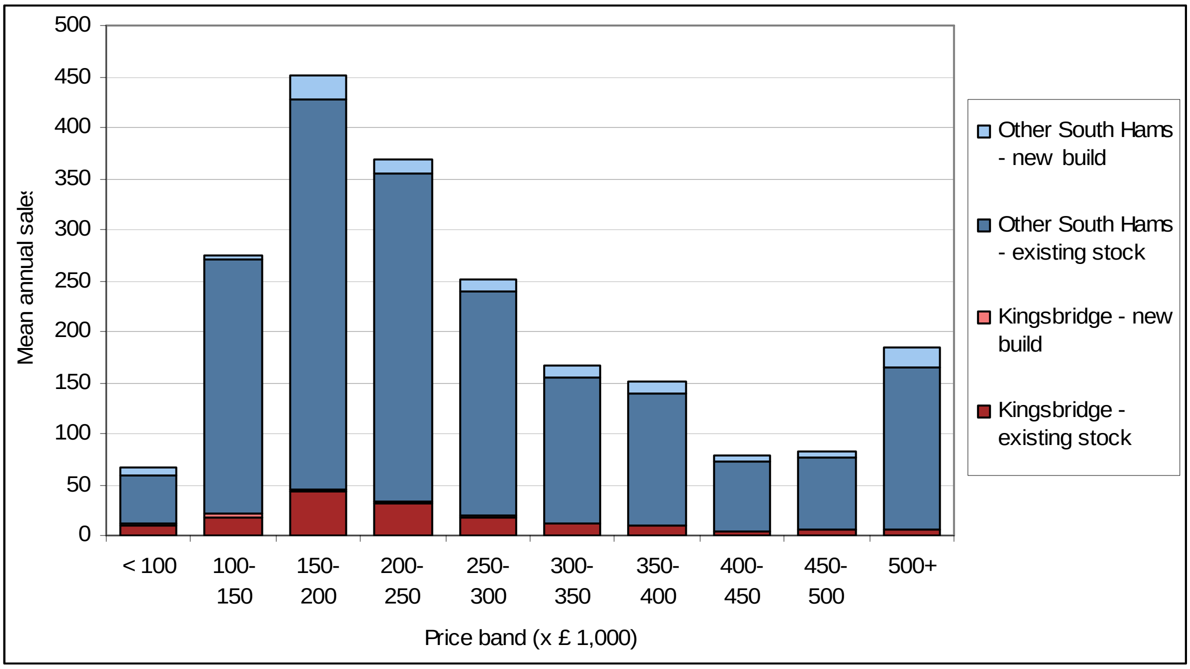
According to local estate agent there is a relatively large supply of 1-bed flats in Kingsbridge, including a number of flats above shop premises. This is confirmed by Census data which indicates that close to 30% of households in Kingsbridge are living in flats/apartments, maisonettes or caravans and other temporary structures.

The entry level price for flats in the town is currently around £100,000 or £500 per month in the private rented sector. According to government guidance on affordability a single person or childless couple would have to earn at least £24,000 per annum to be able to enter the market in Kingsbridge.[28]

The cheapest 3-bed houses in Kingsbridge are being offered for £150,000, although £175,000 is a more common transaction price. These dwellings can be rented for between £650 and £700 per month. Based on the lower figure a family would need a combined income of £31,200 per annum to be able to afford one of these properties.

The following graph plots recent market sales (April 2005 - December 2007) by price band, showing the distribution of prices in Kingsbridge within the context of the district market as a whole. All price bands are represented in the Kingsbridge market although there is a relatively higher incidence of sales in the lower price bands in the town compared to the district as a whole. 47% of sales in Kingsbridge were under £200,000 compared to 37% in the rest of South Hams. 7.4% of sales in Kingsbridge were new builds compared to 6.1% in the rest of South Hams.

Figure 3.3 Sales by settlement and price band



Source data: Land Registry; analysis ECOTEC

The interview evidence points to an acute shortage of affordable housing in the town and many young households have limited options in the market, despite the town providing some of the most cheaply priced properties in the district. The HMNA (DCA, 2006) revealed that many younger households are responding to affordability pressures by choosing to remain living with parents while others are looking to leave the South Hams - almost 600 households planned to leave the district within a three year period due to a lack of affordable housing.

[28] This is based on the method of calculating affordability advocated in the Strategic Housing Market Assessment Practice Guidance produced by CLG in August 2007. This states that no more than 25% of gross income should be spent on housing for it to be considered affordable.

The Council's Housing Register has doubled in the last five years to 1,611 and there were 859 new registrations in the past two years. Of all those currently on the waiting list 93 gave Kingsbridge as their first preference, which is just under 6% of the total.

3.3.3 Housing need

The South Hams Core Strategy noted that the district's four main towns – Ivybridge, Totnes, Kingsbridge and Dartmouth – are the settlements experiencing the greatest levels of need for affordable housing.

The South Hams District Housing Market & Needs Assessment Final Report (DCA, 2006) is the main evidence base for housing need in the South Hams. The key components of the district's housing needs calculation are set out here:

- Total backlog need: 1,094; reduction over 5 years = 219 per year.
- Newly arising need: 640
- Total affordable need: 859
- Affordable supply: 253
- Overall annual shortfall South Hams: 606

The DCA study also provides figures for individual sub-areas within the South Hams, showing the requirement for affordable and market dwellings split by type and size. Clearly a different methodology has been used to arrive at these figures[29] as the total for the district is far in excess of the 606 given in the housing needs calculation.

Table 3.1 South Hams housing requirement broken down by sub-area

Settlement size	Sub-area	Market requirement		Affordable requirement	
		number	%	number	%
< 3,000	Bickleigh / Woolwell	82	2.1%	41	2.6%
	Dartmouth & Totnes Rural	752	19.1%	381	24.3%
	Modbury, Western Rural & Ivybridge Rural	879	22.3%	176	11.2%
	South Brent & South Dartmoor	257	6.5%	70	4.5%
	Kingsbridge & Salcombe Rural	534	13.5%	140	8.9%
	Total < 3,000	2,504	63.4%	808	51.5%
3,000 - 10,000	Dartmouth Town	178	4.5%	55	3.5%
	Totnes Town	391	9.9%	341	21.7%
	Kingsbridge & Salcombe*	359	9.1%	227	14.5%
	Total 3,000 - 10,000	928	23.5%	623	39.7%
> 10,000	Ivybridge Town	515	13.0%	137	8.7%
Total South Hams		3,947	100.0%	1,568	100.0%

DCA 2006

Salcombe has been incorporated with Kingsbridge in the above figures but this town belongs in the lower population category as it has a permanent population of less than 2,000. The affordable housing requirement in Salcombe is estimated to be 54, or 3.5% of the district total (crudely calculated based on population). By applying this correction to the above table the following redistribution of affordable housing required in South Hams can be given:

[29] One that is based on survey respondents who indicated an intention to move.

- < 3,000 settlements: 862 (55% of South Hams total)
- 3,000-10,000 settlements: 623 (36%), of which Kingsbridge: 173 (11%)
- Larger settlements (Ivybridge): 137 (9%)

As shown in the following table 60% of the affordable dwellings required in Kingsbridge and Salcombe are 1-bed units, 20% two-bed units and 20% three bed units.

Table 3.2 Affordable Sector Type / Size Required – Kingsbridge and Salcombe

Dwelling type	HA rent	Shared ownership	Total
Total number required	123 (54%)	104 (46%)	227
1 bed flats	37%	38%	38%
1 bed bungalows & houses	8%	38%	22%
2 bed flats	17%	8%	13%
2 bed bungalows & houses	7%	8%	7%
3 bed bungalows & houses	31%	8%	20%

DCA 2006

As stated above annual unmet need in the South Hams has been calculated to be 606, but the DCA study does not provide a breakdown of this number by sub-area. By applying the Kingsbridge share arrived at above (11%) to the 606 figure we arrive at a broad indication of annual affordable housing shortfall in Kingsbridge: 67 dwellings per annum.

According to a representative of a local housing association the levels of housing need indicated in local parish surveys and used to justify exception sites in small rural settlements tended to overstate true need due to the way questions are framed. This interviewee's view was that in many cases it was "too late" to provide affordable houses in some hamlets as lower income households had departed already and been completely replaced by more affluent households.

3.3.4 Housing provision in recent years

In the five years 2003-04 to 2007-08 41 affordable homes were built in Kingsbridge, an annual average of 8. This just 12% of the number required according to the calculations set out above. 63% of completed affordable units were for social rents and 27% for shared ownership.

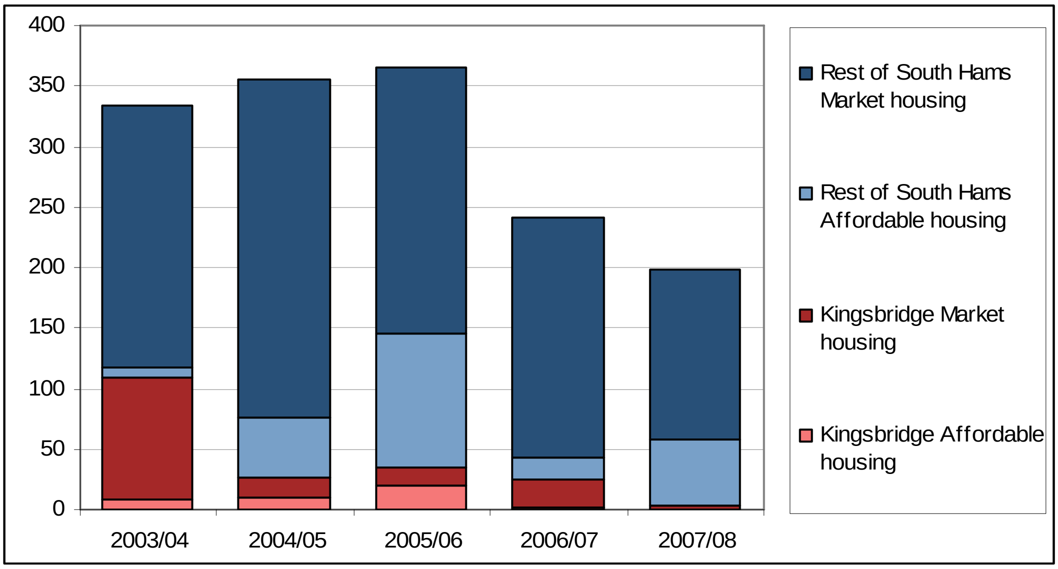
There were only 281 affordable completions in the whole of South Hams during this 5 year period, an average of 56 per annum. This is also well short of the 606 units per annum required in the district (9% of what is required). The percentage split between social rented units and shared ownership mirrored closely that in Kingsbridge.

The 8 affordable completions per year in Kingsbridge represent a 15% share of the 281 units in the South Hams, which is quite a high proportion of the district total relative to need and population.

Market sector completions in Kingsbridge totalled 159 between 2003-04 and 2007-08, on average 32 per year and four times the number of affordable completions. At 13% this was also a relatively high proportion of the district total given the size of Kingsbridge relative to the rest of South Hams.

The number of completions fluctuated quite widely from year to year, with 100 of the 159 market sector completions in Kingsbridge falling in 2003-04. Since then most new builds in the town have been expensive private sector flats developed primarily for the second homes market. These were relatively small scale projects located for the most part along the town's waterfront. Anecdotal evidence suggests that a great many of these completed units are remaining empty for large parts of the year.

Figure 3.4 Housing provision in the South Hams 2003/04-2007/08



South Hams DC

The shortfall in housing completions and competition from second home and retiree households migrating into the area has contributed to steep price rises and increased pressure on the housing market in Kingsbridge and across South Hams as a whole. The Council estimates that on average between five and 10 new homes are being built each year on rural exception sites in smaller settlements or remote locations across the district.

3.3.5 Housing and planning policy

The primary policy thrust of the old South Hams Local Plan 1989-01 (adopted in 1996) was to preserve the quality of the environment by protecting the countryside from development. It was not a policy priority to expand the housing supply and as a result new build levels were relatively low. Furthermore under the previous policy sites smaller than 15 dwellings were exempt from any requirement to provide affordable housing and developers responded tactically by not bringing large sites forward, or phasing development to stay under the threshold.

In recent years the increasing difficulties faced by first time buyers trying to enter the housing market has prompted a significant political and policy shift towards facilitating the expansion of the housing stock. The South Hams Core Strategy (adopted in December 2006) lists 'securing a supply of housing for local people at affordable levels' as its top priority.

The district's current new build housing target was set in the Devon Structure Plan. A total of 8,350 new homes are required to be provided in the South Hams between 2001 and 2016. To meet this target an annual completion rate of 667 will need to be achieved from this point forward. This target is incorporated in the South Hams Plan Core Strategy under Policy CS2 which reads: "To provide, on sites to be proposed in the LDF, 6,000 new dwellings by 2016…"

4,500 dwellings are to be provided on the fringe of Plymouth, of which 4,000 in the Sherford New Community which will mainly cater for overspill from the city. 900 new homes are to be provided in the district's four largest settlements which have been termed "Area Centres". Included in this group is Kingsbridge with an assigned target of 200. Ivybridge, the only South Hams settlement with a population above 10,000, has been assigned a low target (100 new dwellings) due to the fact that it has grown significantly over an extended period and a continuation of this is not felt to be desirable. The remaining 600 dwellings of the district-wide target are to be constructed in the smaller villages and rural areas of the South Hams.

This distribution represents to a certain extent a policy of concentrated development in the larger settlements. This is regarded as being in keeping with sustainability principles due to the level of amenities and infrastructure already present in these centres. Accessibility is also taken into account by the site sustainability appraisal process and sites on the edge of larger settlements and well served by main roads are regarded more favourably than more remote sites.

The Council's adopted LDF Core Strategy sets a strategic affordable housing target of 50% from all sources. The Affordable Housing Development Plan Document (adopted Sept. 2008) requires all new housing schemes for 2 or more dwellings to contribute towards meeting the affordable housing needs of the District. Allocated sites are required to deliver as much affordable housing as is viable, with the following local targets being set:

- 50% on the Plymouth Urban Fringe (including Sherford);
- 55% in the Area Centres (Dartmouth, Ivybridge, Kingsbridge and Totnes) and Local Centres (Chillington/Stokenham, Modbury, Salcombe and Yealmpton);
- 60% in the rural areas – the remainder of the district.

A sliding scale will be employed on unallocated sites to determine the required share of affordable housing, starting at 20% for sites of 2 to 5 dwellings rising to 50% on sites with capacity for 15 or more dwellings. Rural exception sites will be permitted if they comprise entirely of affordable units. These exception sites will only be permitted in what the Council terms rural areas, which exclude the above mentioned Area Centres and Local Centres.

Establishing the new Local Development Framework is proving to be a time- and resource-hungry process and as a result the change in policy emphasis towards raising new build levels is yet to bear fruit in practice. Affordable housing officers at the Council have expressed the view that adapting the old plan may have led to faster results than going through the exhaustive process of adopting the new LDF. There are few sites of significant size coming forward for development at the present time and it promises to be some years yet before the new sites currently being identified will be delivered.

3.3.6 Political forces

The importance of expanding the housing stock and providing more affordable housing appears to be widely understood and enjoying a degree of political consensus in South Hams. The issue rose up the policy agenda due to Councillors responding to signals from constituents about the need for more affordable housing. Although a certain amount of opposition to specific sites can be expected during the consultation process interviewees did not identify any general opposition to housing growth. The low completions rate in Kingsbridge and South Hams as a whole is therefore not due to local political forces and there is currently no organised or widespread opposition to greenfield expansion.

One interviewee did cite an example of a site in a small rural settlement being quashed by local politics at the parish level. It was felt that “nimbyism” was more of a factor in the smaller villages than in the market towns, and housing associations were sometimes “distrusted” in these smaller rural settlements.

3.3.7 Site availability and viability

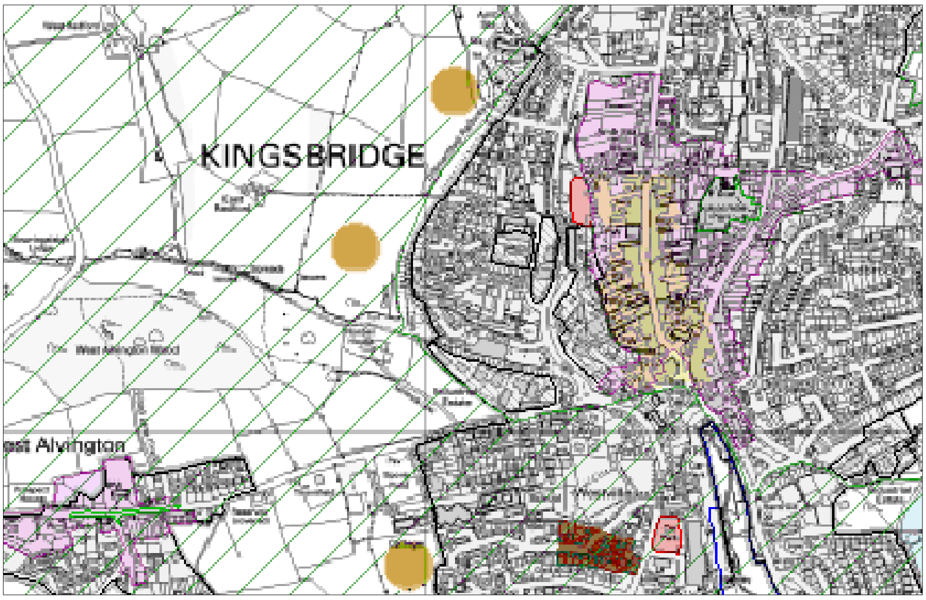
All interviews pointed to the lack of available sites to be the most important reason behind the shortfall of completions in the District and this is certainly true of the situation in Kingsbridge. Most sites in the town are small ones and these are generally less suited to family housing. Redundant land is far less common in South Hams than in the neighbouring urban areas of Plymouth, Exeter and Torbay and this is largely due to the high land values achieved in the district.

According to the local estate agent interviewed there is a greater availability of sites in the small villages of the South Hams, with East Allington being cited as an example. However it needs to be noted that the number of smaller settlements is far higher than the number of larger market towns[30]. Another interviewee felt that planning barriers were greater in smaller villages.

Due to the lack of brownfield sites coming forward in Kingsbridge the Council has identified five greenfield sites on the edge of the town with a combined capacity of between 200 and 240 dwellings. These sites will be considered during the Kingsbridge Action Area Plan consultation process which is yet to be initiated.

[30] There are 3 towns with a population of between 3,000 and 10,000 in the South Hams and 76 villages and hamlets with a population between 100 and 3,000.

Figure 3.5 Potential new sites on the western edge of Kingsbridge



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Both Section 106 and grant funding are important in financing new affordable dwellings in South Hams. In 2007/08 35 affordable dwellings were provided through S. 106 agreements which was two-thirds of the total. A representative of Tor Homes commented that the housing association was mainly reliant on private developer initiatives as the price of land was too high for it to act independently. 100% affordable developments were generally only possible when publicly owned land came forward and this was not very often.

Potential development locations are ranked according to the results of the sustainability appraisal and sensitivities around protecting the landscape could still be a major factor in preventing a sufficient number of larger greenfield sites from coming forward. Potential sites often fail to come through the sustainability appraisal process due to a range of problems such as flood risk, the steepness of hillsides and site access. All three of these aspects also have implications for site viability, as higher costs are associated with mitigating such problems.

Council affordable housing officers expressed the view that a flexible site-by-site approach needed to be taken towards grant funding, as additional subsidy was sometimes required on specific sites to make them viable. The point was made that when extra subsidy was found from another source, this was commonly deducted from the available Housing Corporation grant making it impossible for the site to proceed.

The high percentage of affordable housing required by the LDF combined with the lowering of the threshold to two dwellings will undoubtedly have an effect on site viability. A comment picked up during the interviews was that reduced profitability is discouraging landowners from putting their holdings up for sale, and vendors' expectations need to be brought down. The local estate agent felt that the new council policy "will kill most schemes" in Kingsbridge and in the surrounding villages. The policy of "pepper-potting" affordable housing among market housing was also felt to have contributed to reduced viability.

Another interviewee suggested that council planners should be more flexible in their dealings with developers, as discussions around affordable housing requirements would often drag on for many years without resolution. The example of a plan in the village of Chillington was cited, where the developer and the council wrangled over the affordable housing requirement for four years. Eventually the council gave ground and accepted a lowered percentage but by that time the market had collapsed so there is still no prospect of the plan proceeding. While it is difficult to generalise from this (and the other case studies) it is worth considering more generally whether or not the overall planning system runs more slowly in rural rather than urban environments.

3.3.8 Conclusions

- There is clearly a great need for new affordable housing in Kingsbridge and South Hams as a whole and new build levels are falling well short of the overall requirement. The evidence however does not show that Kingsbridge and the other two towns in the district with a population between 3,000 and 10,000 are receiving less than their share of development and investment. According to the housing needs calculation 11% of the district's new affordable housing completions should be situated in Kingsbridge. The actual share achieved over the past five years was 15%.
- The South Hams Core Strategy and LDF are actively promoting a degree of development concentration in the market towns, as these centres are being favoured above smaller rural settlements. However the arduous LDF process is causing delays in the implementation of the policy shift towards promoting higher new build levels, and there is little prospect of a step change in the short to medium term.
- In relative terms there is no less demand for housing in Kingsbridge than in other parts of South Hams, both market and affordable. Unfavourable price-income ratios are common across the district as first time buyers and those on a modest income are facing competition from second home buyers and retirees migrating in. Kingsbridge does appear to have more low-end market housing on offer than other parts of the district, including a thriving private rental market. But this is not a factor behind the low levels of affordable completions in the town.
- There is no evidence to suggest that site viability is more difficult in Kingsbridge than elsewhere in South Hams, nor are there different, harder-to-overcome planning-related barriers in the town. In fact the opposite appears to be true – the sustainability appraisal being used clearly favours larger settlements over smaller ones.
- The research has not identified any decisive difference between 3000 to 10,000 settlements and smaller settlements with regard to the level of investment in affordable housing – the barriers identified are generally present across the borough as a whole.
- Site availability has been identified as the largest factor constraining new build activity in the district and in the case study town. Whilst there appears to be greater availability of sites in smaller villages and rural areas this is due to the lack of strategic sites coming forward. As a result the bulk of development appears to be taking place on small "windfall" sites spread more or less randomly across the district.
- The reason why strategic sites are not coming forward is to a large extent due to cumbersome planning procedures resulting in a large time lapse between the decision to push for housing

growth and the implementation of this policy on the ground. It is worth investigating further whether or not this is more a feature of the planning role in a rural rather than an urban environment.

- A second major factor is viability or, possibly more correctly, issues around profitability. Whilst costs associated with aspects such as flood risk mitigation, brownfield clearance, the need to build on steep hillsides and to provide access all feature in the viability/profitability equation, it is the requirement for a high percentage of affordable housing that often proves the most contentious.
- Anecdotal evidence suggests that potential development land is being priced under the assumption that affordable housing targets can be negotiated down. When this fails to happen profitability is reduced and developers and land owners alike are less likely to proceed.
- The Council is clearly reliant on the private sector to take the lead in bringing sites forward. Until the public sector takes a more urgent, pragmatic and proactive approach to development there appears to be little prospect of a significant increase in the level of affordable housing completions in Kingsbridge and the rest of the South Hams.

3.4 Longridge, Ribble Valley

3.4.1 Introduction

Longridge is a market town in Ribble Valley, North East Lancashire. It has a population of 7,789 according to the Rural Gazetteer, and is the second largest town in the district behind Clitheroe (14,697 inhabitants). The countryside surrounding Longridge includes the Forest of Bowland AONB, with outdoor activities and sites of historical interest including nearby Ribchester.

Figure 3.6 Longridge within Lancashire

Longridge is the only settlement in the Ribble Valley within the 3,000 to 10,000 population range. Clitheroe is a larger market town (over 10,000 range), and the Rural Gazetteer lists 42 other settlements in the district with a population under 3,000. Of these, Whalley is the most significant.

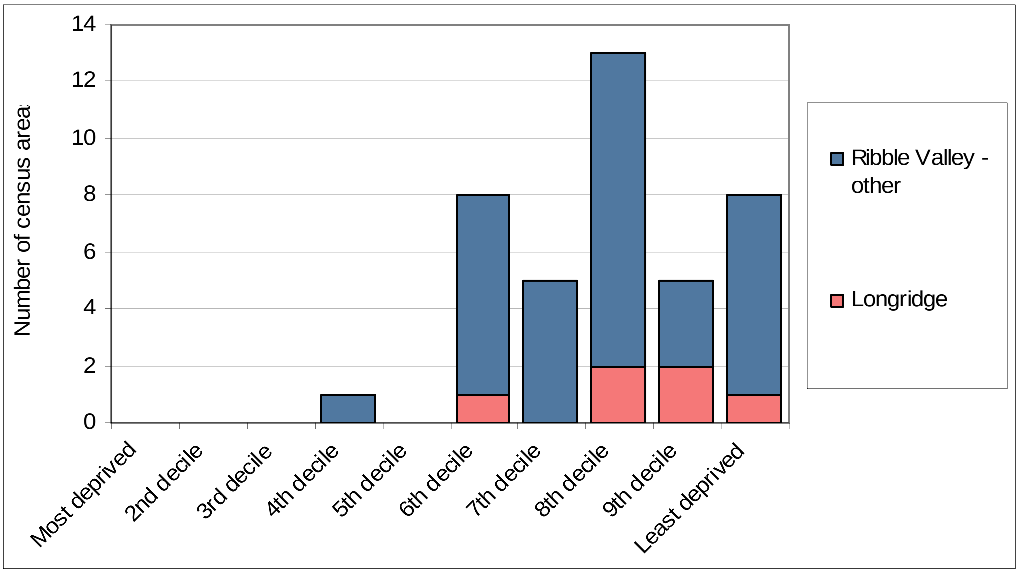
Preston is the nearest city, eight miles to the west. Longridge is well connected by road as it is served by the B5269 which leads to the M6 and Preston, and links to the A59 towards Clitheroe in the east. There is no longer a railway station serving the town and public transport provides bus links to Preston, Clitheroe and Blackburn.

Longridge is the key service centre of the local farming district catering for the needs of the local community and rural hinterland. Nearby Preston provides employment opportunities for Longridge residents.

The housing stock in Ribble Valley consists of 22,211 dwellings of which 81% are owner-occupied, 8% social housing and 11% private rented. A significant proportion of private rented properties are agricultural dwellings belonging to the Duchy of Lancaster estates. There are a very low proportion of dwellings in the district that are classified as second homes, at just 0.7%.

All but one neighbourhood in Ribble Valley are in the top 50% least deprived neighbourhoods in England and six out of the seven neighbourhoods that make up Longridge are in the top 30% least deprived.

Figure 3.7 Longridge's neighbourhoods on the scale of deprivation



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3.4.2 The local housing market and affordability

According to interviewees the housing market in Longridge is fairly self-contained, as there are relatively few inward and outward household movements. The Strategic Housing Market Assessment for the Ribble Valley (2008) notes that 53% of the district's population travel out of the borough to work. There is also an in-migration of wealthy people that are helping to push up the price of homes. This has dramatic implications for the indigenous population who find it more difficult to afford their own homes, and may be forced to move to other less expensive boroughs.

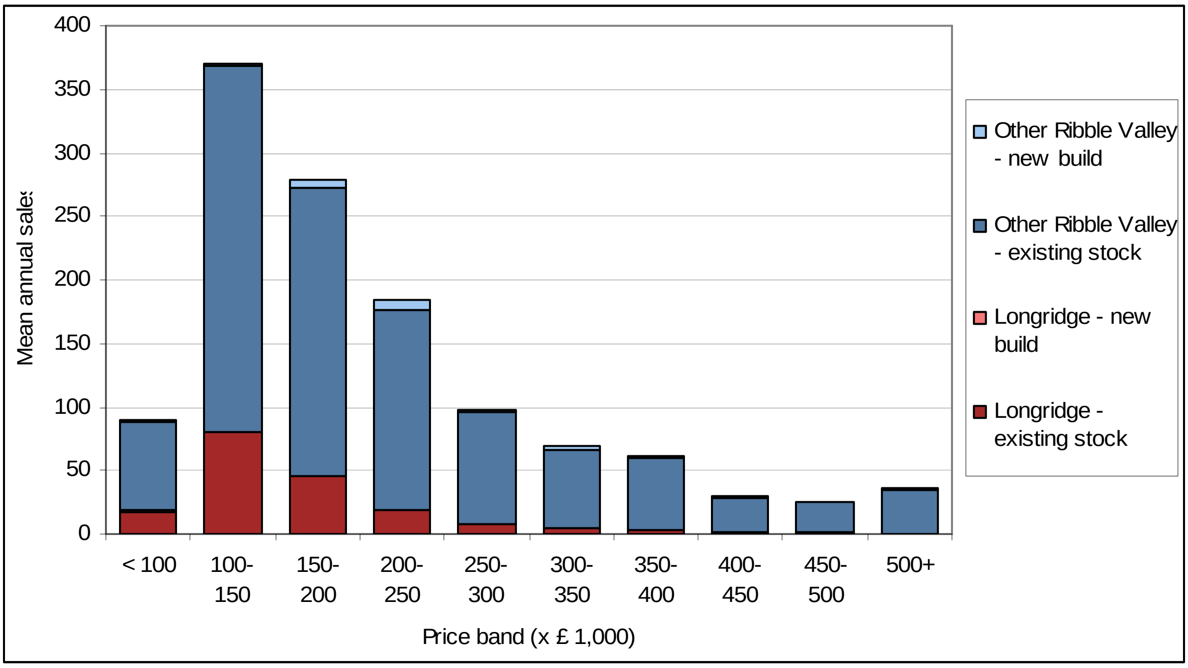
The interview evidence pointed to an acute shortage of affordable housing in the town, with many young households struggling to get onto the housing ladder. The local estate agent interviewed suggested that there are much cheaper properties in nearby Preston as well as in Burnley and Blackburn, both of which are part of the Housing Market Renewal Pathfinder programme.

"Some of the two-bed terraces here are double what they are in Preston, so literally three or four miles into Preston you can pick up one for £65,000 to £70,000 and it is £135,000 to £140,000 for the same thing here."

There is also a noticeable difference in private sector rent levels. For a two bedroom property average rents are £450 to £500 a month, and for a three bedroom property average rents are £500 to £550 a month. The average house price for a two bedroom property is £140,000 upward.

Demand is evident for these types of properties, and the supply of the cheaper properties at the lower end of the market (around £115,000 to £120,000) has increased in the last few months. due to current housing market inactivity. However local people are experiencing similar problems to those faced nationally, encountering difficulties obtaining mortgages to purchase the properties.

Figure 3.8 Sales by settlement and price band



Source data: Land Registry; analysis ECOTEC

Data from the Land Registry reveals that 80% of homes sold in Longridge went for less than £200,000 compared to 56% in the rest of Ribble Valley. Less than 1% of sales in Longridge were new build compared to 2.3% in the rest of the district.

According to data contained in the Ribble Valley SHMA (2008) the affordability ratios for wards in Longridge lie between 5.1 and 5.5, placing them among the most affordable in the district. The mean household incomes in the various wards in the town are all high ranging from £28,704 in Derby and Thornley, to £35,304 in Alston and Hothersall. These figures are no doubt skewed by the high number of people in professional occupations. The SHMA states that 51% of the 80% economically active residents in Longridge commute out of the borough to work, most likely to Preston.

3.4.3 Housing need

The Strategic Housing Market Assessment for the Ribble Valley (2008) forms the evidence base for housing need in the district. The key components of the district's housing needs calculation are set out here:

- Total backlog need: 837; reduction over 5 years = 167 per year
- Newly arising need: 172
- Affordable supply: 76
- Overall annual shortfall Ribble Valley: 264

Of the 264 affordable homes required in Ribble Valley 109 of them (41%) are needed in Longridge. As shown in the following table there is very high need for 2 and 3 bedroom houses in the town.

Table 3.3 Affordable Housing Requirement in Longridge by tenure and size

	Discount Buy	Shared Ownership	Rental	Total
1 bed flats	3	0	8	11
1 bed bungalows & houses	5	0	3	8
2 bed flats	2	1	4	7
2 bed bungalows & houses	46	1	9	56
3 bed bungalows & houses	23	0	4	27
Total	**79**	**2**	**28**	**109**

Longridge HNS 2004; the figures relate to all households moving over the next 2 years

In the Longridge Housing Needs Survey commissioned by Ribble Valley Council in 2006, 209 responding households indicated a need for affordable housing. Key findings from the study for affordable housing in Longridge include:

- The largest number of respondents in housing need require two bedroom houses (50%) this could be indicative of first time buyers
- Most people in housing need would prefer to buy their own home (75%)
- Just under a quarter (22%) would prefer to rent
- 96% of those wanting rental properties could only afford a rent of less than £100 a week.
- 81% of respondents in housing need state that their net earnings are below £385 per week.
- The median affordable mortgage (based on net earnings and a 95% mortgage) for the parish is £55,575
- The average mean affordable mortgage (based on net earnings and a 95% mortgage) for the Parish is £65,812.

The housing waiting list for Ribble Valley increased by over 20%, from 748 households in 2002, to 942 households in 2007 (SHMA). There is a clear imbalance in the demographics of the borough between the number of young and old people. There is a lower proportion of young people in

Ribble Valley compared to the regional average with less than a third of people aged less than 25 in 2001. As noted above, affordability is a key concern amongst young people and anecdotal evidence points indicates that some are being compelled to move out of the district for work and affordable accommodation.

3.4.4 Housing Provision in recent years

The Lancashire Structure Plan required 1,575 new dwellings to be completed in Ribble Valley between 2001 and 2016, requiring an annual completions rate of 105. The affordable homes target is 80 dwellings per annum (2006-16), which represents three-quarters of the total.

The borough's most recent Annual Monitoring report stated that 1,148 new homes were provided between 2001 and 2007, an average of 191 dwellings per year. In 2007-08 40 affordable homes were built in the district of which five were in Longridge and more than half (22) in Clitheroe. Most new affordable dwellings were financed through S.106 agreements with private investors.

Planning completions data by tenure is not available from Ribble Valley Council, however between April 2003 and March 2008, 75 dwellings of all tenures were completed in Longridge. Of these 20 were affordable, representing just under a quarter of the total new supply. This is clearly well short of the number of affordable units required as calculated in the recent Ribble Valley SHMA. In fact it represents just 3% of the number required annually.

Table 3.4 Affordable Housing Provision in Longridge

	2003	2004	2005	2006	2007	2008
Flats	0	15	0	0	0	5

Source: Ribble Valley Borough Council 2008

Over the same period, Ribble Valley council reported 798 completions for the district as a whole. As this data is not split by tenure, the table below uses figures from Communities and Local Government Affordable Housing Supply Live Tables to give an indication of the rate of affordable supply over the past 5 years[31].

Table 3.5 Ribble Valley affordable housing supply

	2003/04	2004/05	2005/06	2006/07	2007/08
Social rent	0	10	30	10	40
Intermediate	0	0	0	20	0
Total Affordable Housing supply	0	10	30	30	40

CLG Live tables, 2008 and Ribble Valley Council, 2008

The table shows that the level of affordable housing supply across the district as a whole has been modest and it is only in the last two financial years that completion levels have started to rise. Longridge has received approximately 18% of the proportion of new affordable housing since 2003.

[31] Figures are estimations and should not be taken as an exact record. Figures have been rounded to the nearest 10

In the 2008-11 Housing Corporation bidding round the district received allocation for 54 affordable units, although to date none are planned for Longridge.

3.4.5 Housing and Planning policy

The Ribble District-wide Valley Local Plan was adopted in July 1998. In this document Longridge is described as a main settlement along with Wilpshire, Clitheroe, Billington and Whalley. Development is wholly permitted within the built part of the settlement of Longridge or the rounding-off of the built-up area. Policy H19 of the plan is applied to large scale development in the main settlements – this is to promote the provision of affordable housing throughout the borough in areas where need is clearly identified. Negotiation for the inclusion of a proportion of affordable housing will occur for all new planning consents, for suitable sites.

The Housing Issues Paper written as part of the Local Plan Review in July 2002 recorded the following aims and objectives of particular importance for housing:

- To meet housing and employment needs in the Borough by the allocation of land as necessary.
- To make specific provision for locally generated housing needs
- To safeguard all open land from unnecessary development

The local policy in Ribble Valley is to match the supply of homes in the area with identified needs, and the provision of affordable homes to rent and/or buy is a strategic objective of the Community Strategy. The Council operate a Landlord initiative to match landlord's investment to deliver affordable housing. Longridge is not part of this scheme because in terms of Local Housing Allowance (LHA) Longridge receives a higher rate than the rest of the district as it falls under the LHA for central Lancashire. For example, the allowance for a 1 bedroom self contained unit under the Central Lancashire Broad Rental Market Area (BRMA) is £84.23 a month, whereas in the East Lancashire BRMA, the same unit would receive an allowance of £80.77 a month.

When the Local Plan was produced it became clear that the level of housing development likely to take place far exceeded strategic requirements. With the publication of PPG 3 (March 2000), the Council produced interim guidance to restrict new developments to the re-use of previously developed land within settlements or to the conversion of some rural buildings, to help slow the rate of development. The policy required 100% affordable provision.

As noted in the previous sub-section 1,148 net dwellings were completed in the Ribble Valley between 2001 and 2007 and this constituted an overprovision during the early part of the Structure Plan period. In response to high completions levels the Ribble Valley Council imposed a Housing Restraint Policy in April 2004. This aimed to balance the oversupply of dwellings allocated in the structure plan until 2016, to reduce the number of large executive homes being developed in the district, and to try and encourage the development of more expensive homes in surrounding districts where lower value housing was more prevalent, such as Burnley, Blackburn and Pendle. The moratorium on open market housing was lifted after four years, in September 2008.

Since the end of the housing moratorium, the requirement for 100% affordable housing has been reduced to 50% for sites with more than 15 units. The proportion is more flexible for sites with less than 15 units. This has resulted in more planning applications coming forward, however these are subject to economic viability assessments. The criteria used for site identification prioritises Clitheroe, Longridge and Whalley, because of their status as market towns. All applicants are required to draft a S.106 Agreement before submitting a planning application to ensure affordable dwellings are catered for. At present completion rates are still above the Structure Plan requirement and the adjusted annual completion target is now set at 47 dwellings per year.

Ribble Valley Council is undergoing a transition period as local housing and planning policies are being recast for inclusion in the new Local Development Framework (LDF) that will replace the District Plan. The suite of documents to be produced includes the Strategic Housing Land Availability Assessment (SHLAA) which will identify potential new housing sites within the Ribble Valley. The first stage will look at the key service centres and outline sites put forward for consideration in the future. The housing sites will be drawn together to produce an indicative housing strategy that will indicate whether there are sufficient identified sites in the Ribble Valley to meet a five year housing supply. There are no allocations at the present time as it is to early in the LDF process.

Ribble Valley would consider using a rural exception site policy as set out in PPS3 but to date have had little need to follow this route. Until now applications have been determined with reference to the District-wide Local Plan. If the site is outside of the main settlement area the policy dictates that a development catering for local needs housing is allowable, but it must not contain market housing.

Concerning the sub-regional policy level the Lancashire Structure Plan envisages emphasis on urban regeneration, with development concentrated on town centres, inner urban areas and brownfield sites. The Plan's main policy thrust is to tackle unfit housing, low demand and to prevent the outward migration of young and better educated people in East Lancashire. Most development will therefore be concentrated in the Principle Urban Areas, which includes Blackburn (3,730 new dwellings), Burnley (1,430 new dwellings) and Preston (4,200 new dwellings).

With regard to market towns the Lancashire Structure Plan calls for development that is sufficient to promote regeneration and to support and enhance their role as a service centre and public transport hubs for surrounding villages and rural areas (Policy 4). Longridge is identified under this policy, as are the other Ribble Valley towns of Clitheroe and Whalley.

The North West Regional Spatial Strategy (2008) supplanted the Lancashire Structure Plan when it was published in September 2008. The strategy outlines the priorities for the region from 2008 to 2016. Ribble Valley is part of the Central Lancashire sub region, where the main foci is on Preston, Blackburn, Blackpool and Burnley.

Policy L5 of the North West RSS sets the priorities that local authorities should consider for the provision of affordable housing. These include:

- Seeking a proportion of affordable housing on all development sites which are above the relevant thresholds,
- Allocating the development of sites solely (or primarily) for affordable housing (i.e. up to 100% affordable in rural areas), where necessary
- Using local occupancy criteria to support provision for local housing need so long as this can be clearly demonstrated, to be implemented through the use of planning conditions and obligations;
- Actively promoting the rural exception site policy,
- Ensuring wherever possible (and subject to continuing evidence), that property remains affordable and available in perpetuity.

The Pennine and East Lancashire Housing strategy will be published before the end of 2008. This document will identify the priorities for the housing markets in the East Lancashire sub region including the Ribble Valley, which will link into the LDF.

3.4.6 Political Forces

Ribble Valley Council found it difficult to answer whether political forces have had an impact on affordable housing provision. In general, the Council would like to see more development but no suitable sites have come forward. There have been no objections to developments in the recent past, and the view from the interview with Reeds Rains is that local people would also welcome more affordable housing.

The town council are proactive in housing meetings and in commissioning housing needs studies; however there has been a lack of pressure to push for more affordable housing in Longridge outside these meetings.

The main issue currently on the political agenda concerns the identification of a site to the west of Longridge but within Preston's boundaries. Councillors would like to see this land used for Longridge but it is out of the hands of Ribble Valley.

3.4.7 Site availability and viability

In the interviews with both Ribble Valley Council and Vicinity Homes (the parent body of Ribble Valley Homes) the lack of suitable development sites in Longridge was cited as a contributing factor behind the shortfall of completions in the district. Vicinity Homes said that there are three potential sites at the moment, however issues involving landowners exist. The principle barrier is the level of affordable housing required, as landowners prefer to build for outright sales in order to maximise profit. More sites may be released in the current economic climate as landlords take a long term view on minimising losses and recognise policy directives to include affordable housing in developments.

In Longridge, there is a shortage of brownfield sites. Vicinity Homes described problematic sites with difficult access/configuration and topography that were proving too expensive to develop. It was felt that there was more scope to develop in smaller settlements such as Sabden and

Chipping although these areas are still faced the problem of developers wanting to build for outright sale only. There is tension between the price developers expect Vicinity Homes to pay for affordable and rent/shared ownership properties and the price that Vicinity Homes can afford. When unresolved this can leave a gap in funding.

A major site currently being negotiated in Ribble Valley is the Clitheroe Cottage Hospital, a PFI initiative in which a new hospital is to be part funded by releasing land for housing. Expectations are that developers will soon sign a Section 106 Agreement. In Chipping a Community Land Trust has demolished a building to replace it with new housing. In Sabden there is potential for a 2 acre site to be released with a large proportion allocated to affordable housing.

Concerning the Preston site mentioned above a change in land use is required and this can take time to get through the planning system. Planning is still in an early phase. A viability assessment is yet to take place as are negotiations between the local authority, developers, and RSLs concerning the required mix of dwellings appropriate to local peoples' needs.

3.4.8 Conclusions

- There is a high level of housing need in Longridge and demand for small family homes. The level of affordable housing provided over recent years has fallen below expectations; however this is true for the rest of the district.
- It is difficult to assess whether Longridge is under-represented in investment in affordable housing due to a number of factors, the most relevant concerning the lack of information about sites to be developed, in comparison with the rest of the district. At the moment there are no allocations until the publication of the SHLAA later this year. The interview with the council could not determine why Longridge as not received investment in affordable housing in relation to need. There are no obvious policy restrictions or lack of pressure from Councillors; however investment in Ribble Valley as a whole drawn down from the Housing Corporation grant is used to fund provision in rural settlements with a population of less than 3,000, meaning Longridge has missed out.
- Longridge has a close association with the city of Preston and this may have an impact on the local housing market and investment patterns. At a local level, the lack of options for affordable housing may be counteracted by the choice of alternative cheaper housing markets on neighbouring districts like Preston, and within the East Lancashire Housing Market Renewal Pathfinder area. The priority for Ribble Valley Council is for affordable housing sites in the district market towns including Clitheroe and Whalley; however Longridge is not included in the Council's Landlord and LHA scheme because the town receives the same allowance levels as Preston.
- The lack of vacant sites in Longridge certainly has an impact on the opportunities for affordable housing provision. Issues with landowners wanting to maximise the sale potential of their land by developing open market housing is prevalent, but these preferences are starting to change through a mixture of current housing market conditions and the recent change of policy from Ribble Council to allow 51% proportion of affordable housing.

- Developments are taking place in Clitheroe and Chipping, there is a large site close to Longridge with the potential for affordable housing, but policies and decisions lie with the neighbouring city of Preston.
- Longridge is the only settlement with a population range between 3,000 and 10,000 in the borough. Development does seem to be taking place in Ribble Valley but there is more new build activity in the smaller settlements and Clitheroe. Policy however does not seem to be the driving factor behind this pattern of investment. Instead the opportunities available to private developers and landowners are the determining factor, as well as Ribble Valley Council's procedures of using Housing Corporation grant to fund schemes in rural areas with a population of less than 3,000.

3.5 Oakham, Rutland

3.5.1 Introduction

Oakham is a market town of 9,975 residents and is the county town of Rutland, the smallest County in England. It is one of only two settlements which fall into the category of 'market town' in the County - the other being Uppingham (population 3,781), some six miles to the south.

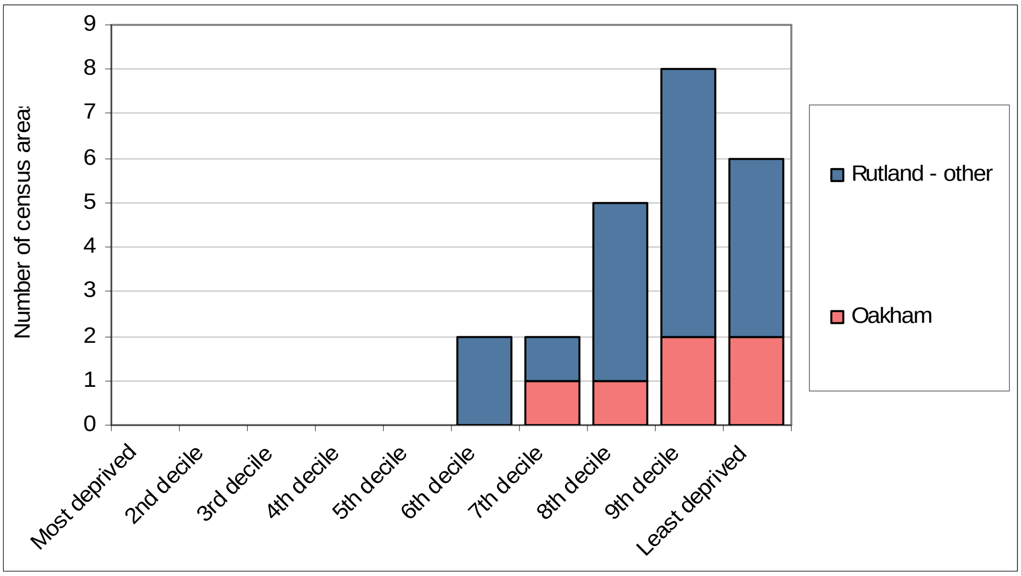
Figure 3.9 Oakham within Rutland

Oakham is located in the Vale of Catmose near Rutland Water which is the largest artificial lake in England. The town itself is well connected by road and rail with the nearby A1 allowing for quick journey times north and south. There are good road links to Leicester (25 miles), Nottingham (38 miles), Melton Mowbray (10 miles), Uppingham (6 miles), Corby (13 miles) and Stamford (11 miles). The Birmingham to Peterborough railway line runs through the town, providing links to Birmingham, Leicester, Peterborough and Cambridge. Due to these good transport links Oakham and surrounding villages are popular with commuters, with consequent impacts upon house prices.

Rutland is sparsely populated with less than one person per hectare and as a result of this services can cost more to deliver. Often residents often have to travel long distances to access services in the cities. The County is also home to two MoD bases and two large prisons and these added to the presence of Rutland County Council headquarters means that the area has a large - and relatively well paid – public sector workforce.

All of Oakham's neighbourhoods fall within the 40% least deprived neighbourhoods in England, with four out of six of them among the 20% least deprived. In fact there are no neighbourhoods in Rutland belonging to the 50% most deprived in the country, underlining the fact that it is an affluent and homogenous area.

Figure 3.10 Oakham's neighbourhoods on the scale of deprivation



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3.5.2 The local housing market and affordability

The town generally has a limited mix of housing types with new build activity in particular focusing on high-end semi and detached properties. Second home owners are attracted to the town because of the proximity to Rutland Water and the notable public schools in the town and neighbouring villages.

Average household income at £29,000 is higher that the regional average but 61% work outside the county and much of the work available locally is relatively low paid. In fact, Rutland is one of the least affordable areas to live in England. The average price of a house is £266,331 (Halifax, 2008) and the ratio of house prices to average incomes is one of the highest in the country.

The proportion of affordable properties for rent (council and housing association) is low at 11% of the housing stock.

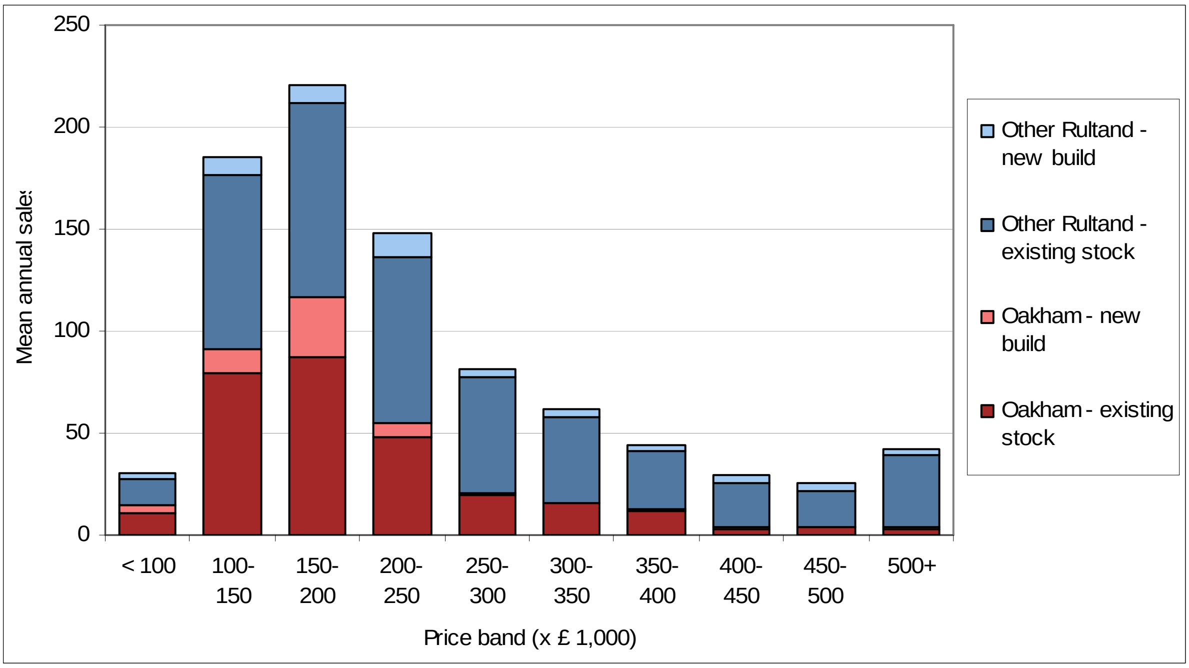
The Peterborough sub-regional Strategic Housing Market Assessment produced by Fordham Research in March 2008 is the main evidence base for housing policy in Oakham and the rest of Rutland. The town sits within the Rutland Northern market area as defined by the study. The work identified entry-level prices ranging from £152,000 for a two bedroom property to £265,000 for four bedrooms. The minimum market entry prices for private renters are given here:

- 1 bedroom dwelling: £400 per month - affordable to those earning at least £19,200 per year (gross) according to the official guidance;
- 2 bedrooms dwelling: £496 per month – affordable at £23,800 p.a.
- 3 bedroom dwelling: £595 per month - affordable at £28,600 p.a.

The local Housing Needs and Demand Survey conducted in 2008 by Fordham Research showed the income distribution of newly forming households to be heavily concentrated in the lower income brackets with 37% having incomes below £10,000 and 74% below £20,000. The median amount of deposit/bond when buying or renting a home is £1,596. Therefore, it is clear many will have difficulty accessing the housing market without some form of subsidy.

In the period April 2005 to December 2007 there were 921 houses sold in Oakham, an average of 338 per year. 66% of these were lower than £200,000 compared to just 40% in the rest of the County.

Figure 3.11 Sales by settlement and price band



Source data: Land Registry; analysis ECOTEC

16% of sales in Oakham were new builds which indicates a high level of completions in recent years. Of these 53% were terraced houses (average price £163,000) and 20% were flats (average price £149,000).

3.5.3 Housing Need

According to the Housing Needs and Demand Survey (2008) 17% of households stated a need or likelihood to move over the next two years. 27% of newly forming households expected to buy their own home, 18% expected to move into social rented accommodation and 55% expected to rent privately.

The key components of Rutland's housing needs calculation are set out here:

- Total backlog need: 223;
- Newly arising need: 300;
- Annual affordable supply: 138
- Overall annual shortfall in Rutland: 133

Close to two-thirds of unmet need concerns dwellings with one and two bedrooms. 23% concerned dwellings with more than three bedrooms. However the supply of these larger homes (both social re-lets and new builds) was zero, which meant that candidates needing larger homes have virtually no chance of getting one.

The Fordham study also identified a key need for 'intermediate affordable housing' in Oakham, for example achieved through lower subsidy and higher rental values in the Corporation's programme. This would provide for those who were at the higher end of the income spectrum but still unable to get onto the housing ladder due to constraints on lending – particularly pertinent now. Some of this demand has been picked up through buy-to-let provision but again this is likely to decline in availability as a result of recent changes in the market place.

Spire Homes, the main RSL for the County, identify 347 people currently on the waiting list for all housing association/local authority stock (covering all housing type/preference). Housing needs surveys have identified 130 affordable homes required per annum for Rutland as a whole. In demand terms, Rutland County Council have identified demand for 1 bedroom flats, 2/3 bed family houses and a need for housing for the newly retired, recognising the growing retired population of the County as a whole.

3.5.4 Housing Provision in recent years

In 2001, Oakham was selected as one of 12 market towns in the East Midlands to take part in the Healthcheck Scheme, run by the Countryside Agency and East Midlands Development Agency (EMDA). In relation to affordable housing provision the Healthcheck noted that there were a number of projects underway to increase and improve affordable housing provision within the town. This included 54 new units for people with special needs and a further 48 units for general needs.

The Housing Corporation NAHP 2006-08 identifies just one scheme for Oakland, at Barleythorpe Stud where a grant of £80,000 was scheduled for 5 new build units. Although, there has been no strategic growth in Oakham for the past 10 years the Core Strategy of the LDF indicates that there will be significant land release for Oakham with over 1,000 units planned, a significant share (up to 40%) of which will be planned as affordable housing, for sale (share equity) or rent.

3.5.5 Housing and planning policy

Council stock for Rutland is currently in the process of being transferred to a RSL (from spring 2009). Mapping by County undertaken in relation to the extent of social housing loss through Right to Buy has revealed that there has been a proportionately higher loss in villages than in the market towns – indicating in turn that there continues to be a key need to replace this social housing in villages as a means of addressing sustainability.

Within Rutland, Oakham and Uppingham are the clear focus for growth. The desire as expressed by the town council is to see "organic growth" – i.e. slow and incremental rather than large scale and potentially unsustainable town extensions. However, there too is a strong recognition that affordability is a critical issue for the town's future and that inaction over the past decade has exacerbated this.

The Local Development Framework identifies 6 potential sites around Oakham, with capacity for 1,000+ new houses. However, there is considerable opposition for such a considerable extension to the existing built up area and key concerns have been expressed not just about the mix of affordable and market housing, but more critically about the impact upon the town's infrastructure.

3.5.6 Political forces

Oakham is host to Rutland County Council and is the key settlement for the County. It also has a Town Council and a Town Partnership – formed in 2001 following a recommendation made by the Civic Trust in their report "Oakham Town Centre – Action for the future" (2000).

Perhaps the key issue for Rutland and, hence, Oakham, is the high levels of Council Tax compared to neighbouring authorities. This resulted from Rutland seeking and gaining unitary status in 1997. Due to the size of the County, there is some pressure politically to see the housing stock increase in number to raise revenue. However, this is tempered by a strong conservative element in the council.

The partnership formed as a result of the regional market Towns Initiative brings together commercial and public sector concerns in the town at a forum which is primarily focused upon the regeneration of the area around the railway station which is seen as physically run down. This area is an important gateway to the town.

3.5.7 Site availability and viability

Anecdotally, there is limited space for growth in Oakham town itself, although recent by-passing of the town has opened up new areas of greenfield land for potential development. For example:

- Rutland Memorial Hospital site: The site is located to the north west of Oakham and is bounded by existing housing development to the west, Rutland Memorial Hospital, Oakham Medical practice, and rear gardens of other dwellings to the south. A development of at least 52 dwellings would be appropriate here, representing a minimum density of 30 dwellings per hectare. A variety of housing types could be accommodated to meet a range of housing needs, including larger detached family accommodation, semi-detached dwellings and small terraced units.
- The site should provide 50% affordable housing. The Council prefers affordable housing to be rented accommodation provided by a housing association with 60% single person accommodation and 40% smaller family accommodation.

For the County as a whole, the fulfilling of affordable rural housing demand has been undertaken through the use of exceptions sites. However, this has always been opportunist and therefore non-strategic in nature, and does not necessarily meet the needs of those identified as being in greatest need. Oakham is the key growth site for the County and as such has to react to demands from beyond its boundaries.

3.5.8 Conclusions

- Strong demand for growth is apparent in the town, evidenced by new development resulting from the recent by-pass scheme. House prices in Oakham are hugely unfavourable to the local population.
- The presence of a distinguished public school has pushed up prices, exacerbated by an influx of public sector employees on wage levels higher than the County average.
- A buoyant private rented sector exists in the town but this alone does not meet market demand for "intermediate" affordable housing.
- There is a positive attitude to managed growth but tempered by a desire to maintain the character of an essentially rural county. Significant growth is planned through the RSS and this will provide major challenges for Planners and residents alike.
- The lack of affordable housing has been identified by local employers as having an effect upon recruitment and retention of skilled and semi skilled employees.

3.6 Church Stretton, South Shropshire

3.6.1 Introduction

The historic market town of Church Stretton (population 3,416 – The Rural Gazetteer) is situated in the heart of the South Shropshire Hills Area of Outstanding Natural Beauty (AONB) on the English/Welsh borders. This part of the Marches is still relatively undisturbed by development and Church Stretton is the only town in this AONB.

Figure 3.12 Church Stretton within Shropshire

The town is well connected by the A49 to Shrewsbury to the north and, via there, to Telford and the Black Country (A5/M54), as well as to nearby market towns to the south such as Craven Arms and Ludlow. It is a key settlement with a good range of services and facilities including secondary education institutions and is an important service centre for its area. Major local employers include a water-bottling plant, polymer laboratories and tourism, this last being regarded as increasingly import as the local visitor economy diversifies and expands into the outdoor pursuits market.

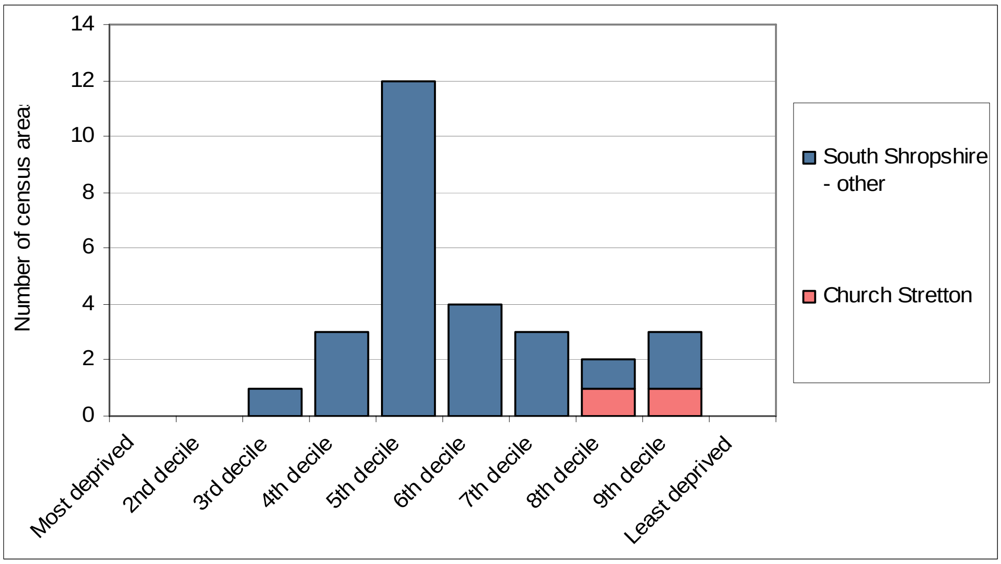
The biggest economic issue for Church Stretton is the lack of available land for economic development and the over reliance on a single major employer that actually recruits very few local people due to the specialist nature of the company. The area is very dependent on tourism, which is often low paid, low skilled and seasonal.

South Shropshire has a lower than average working age population exacerbated by an increasingly elderly proportion. In Church Stretton 43% of people are 60 years of age or over, compared to a County average of just over 20%. According to the 2001 Census 26% of households in the town were pensioners living alone. The ageing population is a major issue for the Council with regard to maintaining a sustainable balanced community.

At the time of the Census 60% of households in Church Stretton was living in detached housing and under-occupancy was a common phenomenon. The average number of bedrooms per home in the town was high (6.06) while the average household size is low (2.09). The rate of vacant dwellings was also high – 4.5% of the stock.

Church Stretton belongs to the 30% least deprived neighbourhoods in England, and has among the lowest levels of deprivation in South Shropshire district.

Figure 3.13 Church Stretton's neighbourhoods on the scale of deprivation



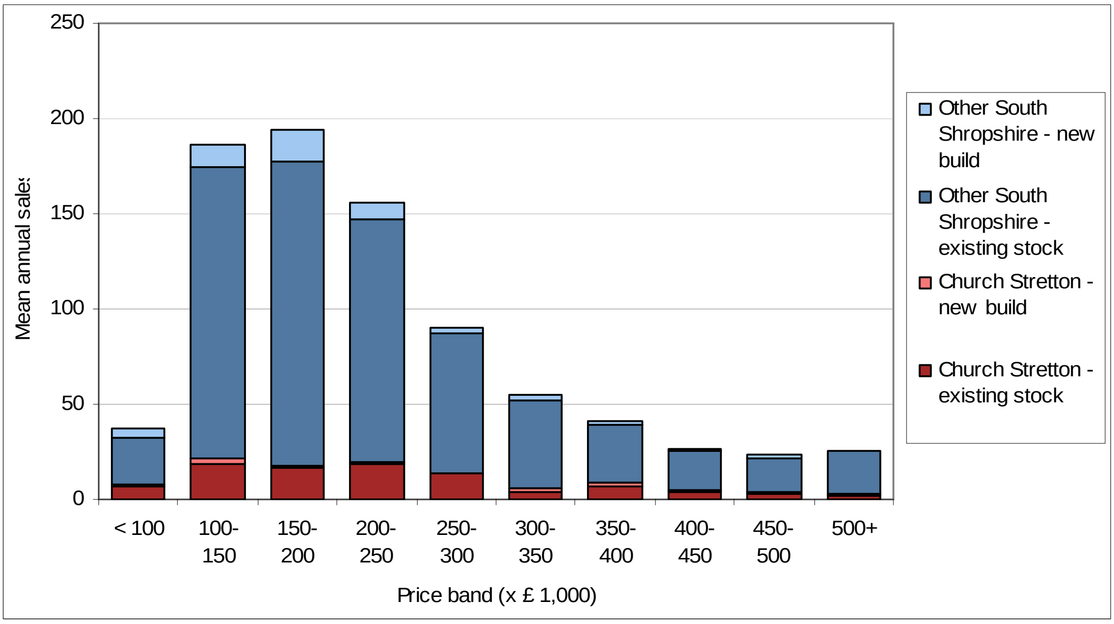
Index of Multiple Deprivation 2007

3.6.2 The local housing market and affordability

There is high demand for housing in Church Stretton and the town is a particularly popular destination for wealthy retirees. In the first half of 2008 average house prices in the town were very high at £288,407, which is 49% higher than the average price in the County of Shropshire as a whole.

Recent housing sales in Church Stretton are fairly evenly spread over a wide range of price bands although there is a slightly higher share of transactions in the higher market segment compared to the district as a whole. 19% of sales in the town were above £350,000 compared to 13% in the rest of South Shropshire. Of the 289 sales between April 2005 and December 2007 27 of them were new builds (9%). Of these half were flats (average price £132,000) and the other half detached properties (average price £369,000).

Figure 3.14 Sales by settlement and price band



Source data: Land Registry; analysis ECOTEC

South Shropshire is one of the least affordable districts in the West Midlands, with an average income to house price (affordability) multiplier of 9. The district also has the lowest rate of social sector lets to new households in the Region.

3.6.3 Housing Need

Information from the Housing Register indicates that there are currently around 300 households seeking affordable housing in Church Stretton with 70 of these having strong local connections to the town. Whilst this figure of 70 is likely to under-represent those seeking to access an affordable home it is already in excess of the total number of new affordable family homes being planned in the town by the end of 2010.

3.6.4 Housing provision in recent years

The rate of completions in the non –Major Urban Areas (MUAs) of the West Midlands has been double the rate of the Major Urban Areas over the period 2001-04 and the committed supply in non-MUA authorities in the region is almost one and a half times that of the MUAs. This recognises the key role that market towns and other non metropolitan areas outside the Birmingham Coventry Black Country (BCBC) City Region play in the Region's economic fortunes, and the interdependency that exists across the West Midlands between urban and rural areas. This is particularly true of rural communities accessible to or dependent upon the City Region.[32]

However, South Shropshire has not contributed significantly to this pattern. House development in Church Stretton has been negligible over the past 5 years with the only development being in-filling

[32] Birmingham, Coventry and Black Country City Region Urban Rural Interdependencies, AWM (2008)

on a modest scale, and providing nothing in the way of affordable homes. Reasons for this lack of new build activity include:

- the limited availability of development land due to the geography of the place (enclosed by hills to the East and West);
- relatively poor accessibility to the Major Urban Areas;
- the attractiveness of the town to incomers for retirement and 2nd homers – creating a perceived NIMBY lobby in the town who have worked to restrict new development.
- The relative proximity of Shrewsbury, acting as a magnet for new development – for example it is earmarked as a new government 'Growth Point' – because of its accessibility to the City Region.

In the immediate future new land releases both centrally in the town and along the A49 have provided the opportunity for a very significant boost in affordable provision over the coming 2-4 years with approximately 70 units planned for investment through the Commission's programme. A future development at Ashbrook farm to the north of the town centre is anticipated for 2009 and will provide 64 new units in two phases, with only 8 of these at open market prices.

Table 3.6 Housing Corporation 2006-08 Programme: planned provision

Development	Planned year	HC investment (£)	Units
Watling Street	2007	296,142	6
Windsor Place	2007	2,000,000	30
Street Meadow	2007	870,000	15
Street Meadow (2)	2007	330,000	11
Lutwyche	2007	266,836	5

3.6.5 Housing and planning policy

South Shropshire is in the West Housing Market Area of the West Midlands. Key issues affecting this sub-region:

- High demand, high unaffordability
- The need to balance available housing market is priority
- Not only is new social and other affordable housing required, this has to be delivered to meet locally generated need in mixed and balanced communities and in conformity with the policies of West Midlands Regional Spatial Strategy.

Current proposals to increase the supply of affordable homes in the town also promote the rural renaissance policy objectives of the West Midlands Regional Housing Strategy (2005). This aims to create pathways of housing choice by offering access to high quality supported, affordable rented and shared ownership options. These objectives are also aligned with the priorities of the West Housing Market Area Partnership and Shropshire's Local Area Agreement which incorporates a target for increasing the supply of affordable housing (LPSA8). Increasing the supply of affordable housing also helps to provide options for the prevention of homelessness in line with the Shropshire Homelessness Strategy.

In the wider strategic context, increasing the supply of affordable housing in market towns is seen as an important tool in improving and promoting the economic and social sustainability of rural areas (rural renaissance). The South Shropshire affordable housing policy states that:

- All housing developments within the District will continue to provide 50% affordable housing. In order to allow single plots to be available as open market housing, we require 50% of the cost of construction of an equivalent affordable house to be given to the Council as a contribution for affordable housing elsewhere in the District.
- In Ludlow and Church Stretton (settlements where the population is more than 3,000) open market housing is allowed on small sites up to 0.5 hectares, or less than 15 houses, without any requirement for affordable housing.
- In the other designated towns and villages (Bishops Castle, Craven Arms, Clun, Cleobury Mortimer, Clee Hill, Burford and Bucknell) there is a target of 50% affordable housing on all sites. Open market housing is allowed on a single plot provided a contribution is made towards affordable housing elsewhere.
- All housing developments on sites outside of these settlements will only be for affordable housing. These are known as exception sites.
- A policy has been adopted to promote the retention and restoration of attractive traditional rural buildings, allowing these to be redeveloped for market housing provided a sum equivalent to 50% of the cost of construction is paid Council to provide affordable housing elsewhere.
- Affordable houses should normally be no larger than 100sqm and such houses will have a potential initial maximum value. The resale value of these houses is to be linked to the initial value and subsequent increases in the local housing market.
- For financial reasons it must be assumed that the affordable dwellings are evenly split between “Discounted Equity Mortgage” homes and Social Rented homes. The actual agreed mix of homes built will be subject to negotiation. Any changes to this would have to be agreed and would involve a payment to the council for provision to be made elsewhere.

3.6.6 Political forces

On 1st April 2009, Shropshire will become one Council. All the existing District, Borough and County Council services will be carried out by the new Shropshire Council. Shropshire Council will become the new Local Housing Authority. Importantly, this means that South Shropshire has been required to develop a new Affordable Housing Allocation Policy and an Allocation Scheme in line with other Districts. The new Policy and Scheme will replace the ones currently operating in the Districts. The Districts are also working with local housing associations with the eventual aim that all social housing providers in Shropshire – Council and housing associations – will use the same Policy and the same Allocation Scheme. The affordable housing included in the Policy and Scheme is social rented housing and shared ownership homes.

3.6.7 Site availability and viability

Very limited scope exists for new build in and around Church Stretton because the town is located in a steep sided valley, and the valley floor is exposed to flood risk. The opening of sites to the east of the A49 has also provided challenges in joining new development to the town centre, with the physical barriers formed by the road and rail needing to be overcome. New sites that have been brought on stream for affordable homes recently are notably those sites which have been difficult to develop and hence avoided by the private sector. In locations such as Church Stretton where topography restricts development, there is a real threat to the character of both town and country arising through ribbon development along the key lines of communication. The need for housing (and industrial development), must then be balanced with the requirement to avoid over urbanisation and sprawl.

3.6.8 Conclusions

- Housing growth in Church Stretton has been suppressed over the past 10 years, restricted mostly to private sector - small infilling. However, recent plans for affordable housing have been approved across three sites, underlining the latent demand that has built up in the town.
- Social housing across the District has been eroded through right-to-buy, and it is certain that proportionately this has hit smaller settlements harder in terms of overall supply.
- Very limited private rental opportunities exist in surrounding villages. In Church Stretton there has been a limited amount of buy to let properties come onto the market in recent years. However, this is balanced by 2nd home and holiday lets which remain popular options.
- Land is limited around the town due to geography. As a result sustainable affordable homes are increasingly being built in villages outside the town. Church Stretton in reality needs to be regarded as the rural capital for a wider hinterland. Development in villages is welcomed where this can meet the needs of the valley as a whole by improving links between town and villages.
- The location of the town in the AONB restricts development to start with, compounded by its valley bottom location and lack of any major brownfield development sites. The small sites that are available are located in disadvantageous places in relation to the town, making them potentially costly to develop as a result of (mostly) connectivity issues - for example the need to link new housing development with the town via footbridges across trunk road and railway.
- Growth in the town's housing supply needs to be strongly linked to economic growth – jobs for those can stay in the town. This in turn is likely to be strongly linked to the town's aspirations to become a tourism centre for the South Shropshire hills, in turn requiring new investment in the town's built infrastructure, potentially further affecting the availability of new sites for housing development.
- Growth in the towns needs to be "masterplanned", avoiding the dislocation of new development of the town and its services, ensuring that standards in design are maintained and fit with the high quality environment currently there. At present and in the past, planning for growth has been very piecemeal and this is reflected in the lack of a coherent strategy for the town's future. This is now being rectified by new partnership arrangements, but is in its infancy and not yet sufficiently well evolved to affect the immediate round of planning via the newly approved Spatial Strategy.

4. The private sector experience

We were conscious that the drivers influencing how the affordable housing model was delivered in different forms of rural community may well be different to the pressures faced by the private, market sector. There is a paucity of data that can be used to compare private sector investment and completion rates in rural areas as against urban areas, let alone between different types of rural settlement. However, we adopted a combined quantitative and qualitative approach to this element of the brief.

4.1 Local authority-based private sector completion data

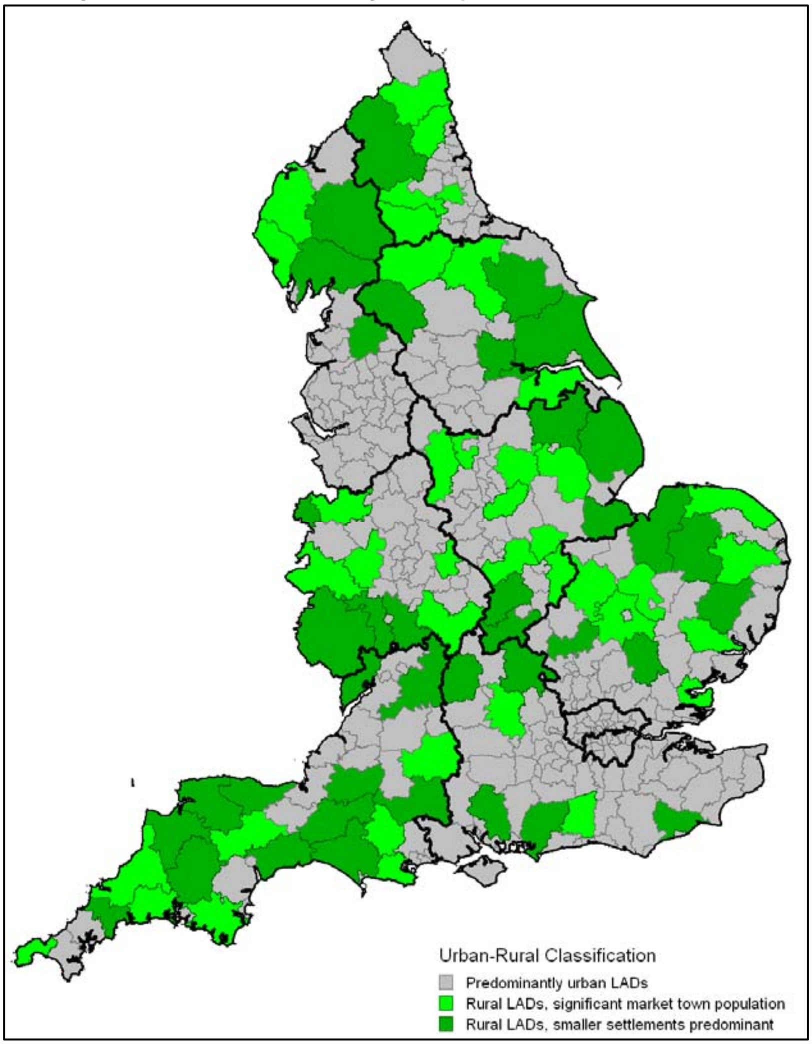
The following analysis makes use of private sector completions data 2006-07 and 2007-08 which is available at Local Authority District level (source CLG Live tables). All districts in England have been categorised into one of the following three classes:

1) "Rural LADs, smaller settlements predominant": those districts in which at least 50% of the population lives in settlements of fewer than 10,000 inhabitants and less than 20% live in settlements with between 3,000 and 10,000 inhabitants.

2) "Rural LADs, significant market town population": those districts in which at least 50% of the population lives in settlements of fewer than 10,000 inhabitants and at least 20% live in settlements with between 3,000 and 10,000 inhabitants.

3) "Predominantly urban LADs": those districts in which at least 50% of the population lives in settlements with more than 10,000 inhabitants.

Figure 4.1 Districts in England by urban-rural classification



This method of classification recognises to some extent the share of population within 3,000 – 10,000 settlements. The more commonly used DEFRA classification of districts (into 'Major Urban', 'Large Urban', 'Other Urban', 'Significant Rural', 'Rural – 50' and 'Rural – 80' categories) does not do this and has therefore not been used for this analysis,

The analysis provides a general indication of the relative distribution of investment in urban and rural areas, although the strength of the analysis with regard to investment in settlements in the 3,000 to10,000 population band is weaker. It is possible for example that although the majority of a district's population may be housed in rural in settlements, the new investment could still be largely concentrated in the (minority) urban areas of the district. Therefore the figures should be treated with some caution and as a broad indication only.

The data has been aggregated to the regional level. The following table compares the results for the middle category – those districts in which more than half the population lives in rural settlements and more than 20% in market towns. Because the raw data is at district level the output is not directly comparable to that presented in Section 2.

Table 4.1 Comparing NAHP completions, private completions and population in rural districts with a significant market town population

Region	NAHP completions 06/07 & 07/08	Private completions 06/07 & 07/08	Population
East of England	16.3%	15.1%	13.2%
East Midlands	14.9%	17.4%	15.8%
North East	12.5%	15.7%	10.1%
North West	0.9%	2.3%	2.4%
South East	2.3%	1.8%	3.1%
South West	11.3%	10.8%	11.3%
West Midlands	5.5%	6.5%	6.1%
Yorkshire And The Humber	11.0%	5.8%	5.7%
England excluding London	8.4%	8.7%	7.6%

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What seems clear is that there is considerable congruence between the 'development experience' of both the affordable housing provider and the private sector developer across and within the regions. With a few exceptions, similar proportions of affordable housing sector and private sector completions appear region-by-region for our surrogate for the 3,000 to 10,000 settlement type. The two exceptions are the North East, where an additional 3.1% private sector completions were achieved, compared to affordable completions; and Yorkshire and Humberside, where the reverse was the case, with only 5.8% of private sector completions, compared to 11.0% of affordable completions.

A set of tables in the Annex give fuller figures for all three categories region by region.

4.2 The developer perspective

Because there is clearly substantial overlap between the affordable and market sectors (for example, S106 obligations), we considered that private sector bodies could provide a useful perspective on the main issues this study is addressing. Through the good offices of the Home-Builders Federation, interviews were carried out with three firms of builder / developers who operated primarily on small schemes in rural communities. One was based in the East Midlands, and two in the South East. The following is a summary of the views they expressed.

In recent times, while there has been a steady supply of land in rural areas being brought on to the market, it was noticeable that landowners were still demanding unrealistic prices. Of the total amount of land being offered, around 15-20% was rural in nature, with about 5% located in smaller villages (under 3,000) and 10-15% in small markets towns (3,000-10,000).

In both types of community the main barrier to development was uncertainty around liability for S.106 funding. Although S.106 commitment around affordable housing provision was usually clear and set by policy, there were frequently surprises concerning additional requirements to fund infrastructure such as schools. This created difficulties when it came to proposing a clear price to the landowner, and often meant that open-ended clauses had to be introduced, making schemes less desirable. And of course this uncertainty is now being exacerbated hugely by the current downturn in the development industry.

Regarding local community engagement, it was felt that the smaller the community, the greater the likelihood of opposition to development. People were very protective of their rural environment, viewing most sorts of change as undesirable – both from a quality of life perspective, and impact on house values. Examples were cited of, initially, the proposed development of an employment site in a village, against which the local population successfully campaigned. Emboldened by victory, they went on to campaign against all new development, including residential development. Further success has lead to house price rises – “to the detriment of the sons and daughters of the protestors”.

Another critical factor has been increasing build costs caused by new standards for energy efficiency and other design requirements. This, it is felt, is preventing sites being brought forward because it reduces the sums that could be a made available to landowners who are more likely (in current market conditions) to keep their land back until conditions improve. In smaller villages, there is more likelihood that 'bespoke' design and building techniques are required, pushing up costs further.

As regards the effectiveness of the planning system interviewees noted that it could take up to four years to get land reclassified from employment to housing. Current market conditions are now distorting the position across the board. One unexpected side effect is that in some instances, taking S.106 liability into account, employment land is achieving a higher value than housing land.

The view was expressed that the only way to deliver housing requirements at the present time was through larger scale developments on urban fringes, where there was existing infrastructure provision (and therefore less burden on S.106 funding). The integration of affordable housing provision was not perceived as a problem; indeed, both developers are reliant on contractor building work for housing associations rather than speculative market development for the time being. Where larger sites are not coming forward, or development had been turned down through the planning system, inevitably this increased the pressure on smaller villages – but, if these had the perception that neighbourhoods affected by larger schemes were able to reject them, the same may well be applicable at the smaller scale.

It was noted that many local authorities used the 3,000 population band to determine the threshold at which an affordable housing requirement was triggered in S.106 negotiations. In larger communities it tended to be developments of 15 or more; in smaller communities the threshold could be as low as six or seven.

In conclusion, there is little evidence to show that development conditions are any tougher in larger communities of 3,000 to 10,000 than in villages of 3,000 or under. But the current economic situation and industry-wide recession far over-shadows the settlement size factor as a determinant of the private sector rural house building pattern.

5. Conclusions and recommendations

The main findings of the research are:

5.1 Conclusions from the data validation exercise

Our initial task was to check the quality of data relating to investment in different types of settlement, to ensure it formed a sound basis for analysis. Our findings were:

- There have been substantial inaccuracies in the registration of housing corporation investment by settlement size, which has distorted an understanding of the spatial distribution of the 2006-08 programme. Concerns remain, and while the work that ECOTEC has undertaken in 'cleaning' this data has substantially improved data quality, there is further work to be done to ensure robustness.
- A thorough data cleaning operation is required for the 2008-11 programme to ensure similar inaccuracies in the monitoring of this programme are avoided.
- Corporation / HCA procedures need to be amended to avoid similar problems occurring in the future.

5.2 Conclusions from the data analysis

Part of our review was to assess (for the 2006-08 programme) whether there were significant variations of resource allocation between smaller rural, larger rural and urban settlements that were not explained by population size or a selection of indicators of differential housing need, market conditions and deprivation. Our principle findings were:

- Based purely on the proportion of the population living in rural and urban communities, rural settlements of all types received a lower proportion of grant (and completions) than should be merited when compared to urban areas.
- Within the overall rural programme, larger rural communities do receive proportionately less resources than smaller rural settlements, based on population size. However, the difference is less acute as was indicated in the initial assumptions and information supplied by the Corporation (which indicated larger rural communities received 15% completions of the rural programme, whereas our figures indicate it received 29%).
- However the fact remains that these 29% completions cater to settlements which house 35% of the rural population; whereas smaller settlements, housing 65% of the population, receive 71% of rural completions.
- We recognise that purely population-based figures are a relatively crude measure of where investment should be focussed, and we analysed differences between a range of housing needs and market indicators. We found:

a) Indicators for newly-forming households (a surrogate for high housing demand) showed that these were more prevalent in larger rural communities, but they received disproportionately less investment than smaller rural communities. However, there may be a policy case for continuing investment in smaller communities, to help retain balanced communities.

b) There is a greater proportion of social rented stock already available in larger rural compared to smaller rural settlements.

c) The house price to income ratios – the key indicator of affordability – are sharper (that is less affordable) in smaller rural settlements than in larger ones.

d) In terms of deprivation (as measured by the Index of Multiple Deprivation) all rural areas showed much lower levels of deprivation than urban areas, both proportionately and absolutely. However, it was apparent that larger rural communities were more polarised than smaller settlements in terms of deprivation, having both a greater proportion of households living in the most deprived wards, and a greater proportion living in the least deprived wards.

These figures disguise some regional variation (discussed below), but in our opinion the results are fairly evenly balanced between the needs of the two types of settlement. Therefore, without taking any other factors into account (at this stage), we cannot see why larger settlements should receive a lesser proportion of investment resources based on population, than smaller rural settlements.

In terms of regional variations, there are anomalies in the balance of resources going into rural as against urban development in some regions. This may well be a matter of regional strategic priorities, but it is worthy of further investigation.

At a regional level, there are also anomalies in the balance of resources focussed on larger rural communities, when compared with housing need, demand and population indicators. If more targeted programmes are to be set in the future, re-adjusting the regional balance along the lines we suggest is recommended.

5.3 Conclusions from the case studies

Detailed conclusions from each of the case studies about the factors that impact on the specific area appear at the end of each section. Here we summarise some of the broad themes that have emerged, both on the distinctions between the development environment in the case study settlements and their village hinterlands; and more generally on across the board issues that militate against or mitigate for rural housing development.

- The critical determinant to whether a larger rural settlement is better or worse placed to develop is land and site availability. Somewhat counter-intuitively, across most of the case studies, local partners felt that there were more development opportunities on small sites in the village hinterland, rather than in the larger settlement itself. Reasons included inappropriate sites in town centres, limited growth potential, price competition for brownfield site conversion with urban areas, problems with topography, greater site availability in villages, a greater tendency for sites on market town edges to 'fall out' of the planning process, and objections to what are perceived as 'urban extensions' (as in the Oakham case study). A side effect of this is that new sites brought on stream for affordable housing development in larger rural communities were those avoided by the private sector for some of the reasons above.

- While it was accepted that, at an individual site level, there may be more focussed 'nimby' opposition to development in a village, and associated barriers built into the local planning structures, in some cases it was easier to go down this route than attempt to access larger greenfield sites on market town edges. This was a theme picked up by the private sector rural developers as well.
- Linked to the above, there was a perception of a different role for the larger rural settlement rather that as a place for housing development. In Church Stretton for example, there was a vision of the town as 'rural capital' for a wider hinterland, for which it provides services, and has strong transport links, with smaller villages providing the sites for new housing development. Longridge had a similar view of itself as a 'key service centre' for the rural hinterland.. While not a consistent message across all four case studies, we consider this dynamic between the housing and service provision roles of larger rural settlements to be an important factor in decisions about where new development should occur in rural areas.
- Related to land and site availability is the issue of development viability. A case study theme was that public sector investment was essential to compensate for higher costs in larger rural brownfield sites; that this militated towards considering greenfield sites on the edges of settlements (give lower development costs); but as a bottom line, in the rural context, there was not a great deal of difference between viability issues in larger or small rural settlements. The key determinant was the local policy regarding provision of affordable housing.
- Historic patterns of 'restraint' were a feature in building up issues for the present in some larger rural communities. In Oakham, where there had been no strategic growth over the last ten yeas, there are large scale plans for significant land release; In Longridge, where since 2004 there had been policies to encourage high-end market development out of the area, the moratorium has been lifted. In Kingsbridge, a restraint policy had been on operation between 1996 and 2006.
- Lastly, the role of the private rented sector should not be underestimated. Most of the case study settlements acted as a pool of private rented lettings, housing those 9at different income levels) that both worked in the community and in the rural hinterland (or commuted to urban centres). In Longridge access to the private rented sector was significantly cheaper than owner-occupation, and other communities also had flourishing private rented sectors.

5.4 Conclusions from the private sector

Conscious that the differential barriers to affordable housing development in smaller and larger rural communities may not be the same for the purely market housing development sector, we analysed local authority data on private sector versus affordable housing sector development in areas characterised by medium-sized market towns; and interviewed three builder-developers who operated primarily in rural areas. The principle findings were:

- The local authority data analysis showed strong similarity around the development performance and of affordable and private sector developers, region by region. There were minor anomalies in two regions, but the overall message is that there is no difference in the experience of the two market places
- From the perspective of private sector developers, in the current environment, the most feasible route to successful development was to focus on the 'urban fringes' where large scale development was possible and infrastructure was in place. There appeared to be problems with sites in larger rural settlements coming through, which meant that further interest in and pressure on smaller settlement sites was apparent.
- That said, where there was land and site availability in more rural areas, 75% were in larger rural settlements than smaller ones
- There were also concerns about 'nimbyism' and the costs of bespoke carbon-complaint design in smaller communities (though build costs and standards were an issue across the piece). Local authority affordable housing commitments and S106 liability was also of concern
- However, the overwhelming factor influencing developer perception was the current market, credit and recessionary environment, all of which were more significant than distinctions between different rural settlements.

5.5 Overall conclusions

Bringing together the data from the different elements of this project we would conclude:

- Affordable housing investment outcomes in rural areas are determined by the interplay between available investment, local market forces, site availability and development profitability. The need for affordable housing is generally far greater than the actual numbers of units being provided in our case study areas; and the principle of “building where possible” and capitalising on opportunity-sites appears to be more evident than patterns of need and demand or any top down strategic approach determining the location of investment.
- Thus, we would suggest that in spite of the existence of the target for smaller settlements, and the absence of target for larger ones, rural development is not primarily target-driven. The reasons for a greater proportion of development in smaller rather than larger rural communities (based on population size) are to do with market and planning factors, not because they have a target.
- Higher levels of investment in relation to population size, existing social stock or any of the other factors examined in this research do not necessarily mean that the type of settlement in question is getting more or less than an equitable share of investment. Rather it is most likely to reflect the successful solution of bottlenecks related to the three key factors - planning restrictions, site availability and development profitability.
- While a case could be made for setting more 'proportionate' targets, using some of the statistical findings from this report, for both smaller and larger rural settlements (instead of just smaller

ones), a better approach would be to learn the lessons of their success and where possible transfer these to other parts of the country that are lagging behind in terms of affordable housing provision. The logic of this is that the specific target for smaller rural settlements should be dropped, in favour of a balanced rural allocations policy that recognised the different but complementary roles played by both settlement types.

- Having said this, there still remains a need for rural programmes, designed to tackle the sometimes difficult (and often different) planning environments in rural areas, and to ensure that there is no excuse to argue that resources should transfer into areas that may find it easier to use them. The Kingsbridge study in particular has shown how easy it is for more strategic sites on the edge of larger rural settlements to 'fall off the radar', leading to greater priority being placed on smaller, village –based opportunity-sites.
- A “programmatic” approach to the funding of affordable housing, one that supports proactive intervention to address the bottlenecks holding back strategic sites, is recommended.
- There may be a case to examine the regional division of resources for the rural programme.
- And, returning to the beginning of our conclusions, there is a clear need for better data input standards and monitoring relating to information held by the Housing Corporation / HCA on the rural programme.

Annexes

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South Shropshire Local Development Framework Documents:

- South Shropshire Affordable Housing Policy (2008)
- Core Strategy – Issues (February 2008)

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- Housing Review (Evidence Base, Jan. 2006);
- Rural Areas Development Plan Document (Issues and Options, July 2007)
- Affordable Housing Supplementary Planning Document (adopted Sept. 2008);
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Longridge Housing Needs Survey. May 2006

Oakham Town Healthcheck and Action Plan 2004

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- Core Strategy DPD – Issues and Options (August 2008)
- Peterborough Strategic Housing Market Assessment (March 2008)
- Sustainability assessment of towns and villages in Rutland (March 2008)

List of interviewees

Cassandra Harrison and Debbie Holloway of the South Hams District Council Affordable Housing Team;

Martin Johnson, Kingsbridge Town Clerk

Andrew Biggs, Marchand Petit Estate Agents, Kingsbridge

Michael Hourican, Tor Homes

Rachael Stott (Housing Strategy) and Diane Cafferty (Forward Planning), Ribble Valley Council

Sarah and Gillian, Reeds and Rains Estate Agents, Longridge

Tony Dunn, Vicinity Homes

Alastair Jackson, Head of Housing, Rutland County Council

Cllr Alan Kelly, Oakham Town Council

Cllr Maureen Dodds, Oakham Town Council

Bob Welch, Mayor, Church Stretton Town Council and Chair, Church Stretton Area partnership

David Garratt, Strategic and Enabling Housing Officer, South Shropshire District Council

Representatives of three rural market sector developers, through the good offices of the Home Builders Federation

Data approach

Both the NAHP data and the Rural Gazetteer contain (XY) point coordinates. These were inputted into GIS to measure the distance (as the crow flies) between each investment site and the nearest settlement. An additional map layer covering urban areas was applied to identify those sites in settlements larger than 10,000 inhabitants.

A substantial number of records (15%) were not able to be matched due to the lack of coordinate information. These records were instead matched manually using the place name contained within each address field. The manual method of matching is time consuming but is felt to add to the robustness of the GIS method. This is because the GIS method measures the distance from sites to the central point of each settlement, taking no account of the larger surface area covered by larger settlements. As a consequence some sites on the edge of larger settlements may have been incorrectly matched with smaller settlements in the vicinity, resulting in the undercounting of sites tied to market towns.

ONS Rural and Urban Area Classification of Lower Layer Super Output Areas (LSOA) data (available at the following web address along with a technical explanation: www.statistics.gov.uk/geography/nrudp.asp) in combination with the Rural Gazetteer was used to split the population of each local authority district (LAD) by settlement size. Firstly those LSOAs classified as urban (belonging to settlements with a population greater than 10,000) were summed for each LAD to determine the total urban population of the district. The total population of settlements sized between 3,000 and 10,000 in each LAD was calculated using the Rural Gazetteer. The remainder population of each LAD was ascribed to smaller rural settlements (villages and hamlets under 3,000 and scattered dwellings).

Detailed testing of the ONS Rural and Urban Area Classification suggested there could be an undercounting of the rural population and a corresponding over-count of the urban population. For example South Staffordshire district has a total population of close to 105,000. This district contains 3 settlements larger than 10,000 – Codsall (15,200), Wombourne (13,700) and Perton (10,800) – with a combined population of just under 40,000. According to the ONS Rural and Urban Area Classification 43 of South Staffordshire's 68 LSOAs belong to the "Urban > 10K" category, and the combined population of these areas is 64,900. This leaves circa 25,000 inhabitants unaccounted for. A possible explanation is that they live on the fringes of the district's three towns and might more correctly be counted as part of the South Staffordshire's rural population. Because the population of 3,000 – 10,000 settlements is has been taken account of through the use of the Rural Gazetteer any undercounting of rural is likely to be concentrated in the under 3,000 category (scattered rural, i.e. those not living in settlements).

The matching of secondary data to settlement size was done in a similar way to the matching of the NAHP data, making use of the XY coordinates contained in the Rural Gazetteer to identify the LSOA in which each settlement falls. Some LSOAs included settlements belonging to different size categories so a perfect match was not always possible. In these cases a "best fit" approach was used, with all results being weighted to ensure consistency with the population totals by settlement size at the regional level arrived at using the method described above (ONS Rural and Urban Classification combined with Rural Gazetteer). The results should therefore be treated as being indicative of the overall pattern rather than as being exact.

Acknowledgements

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Regional data tables

East Midlands

	< 3 K settlements	3-10 K settlements	Larger settlements	Source
Housing corporation investment programme 2006/07 and 2007/08 (completions data)				
Share of grant	16.0%	5.4%	78.6%	Housing Corporation
Share of completed units	14.2%	7.1%	78.7%	Housing Corporation
Demographic statistics				
Population share	17.5%	11.7%	70.8%	Census/Gazetteer
Household share	17.2%	11.8%	71.1%	Census 2001
Share of 20-34 year olds	13.8%	9.7%	76.5%	Census 2001
Tenure				
% of households in owner occupation	79.7%	78.0%	68.7%	Census 2001
% of households in PRS	8.9%	6.3%	9.6%	Census 2001
% of households in social rented sector	11.4%	15.7%	21.7%	Census 2001
Affordability				
Mean annual gross household income	£32,700	£31,000	£26,900	ONS 2004/05
Mean house price	£210,100	£179,400	£140,500	ONS 2006
Price-income multiple	6.4	5.8	5.2	Calculated here
Overcrowding and deprivation				
% overcrowded households	2.2%	2.9%	5.9%	Census 2001
% HHs in deprived neighbourhoods	3%	9%	33%	IMD 2007
% HH in "mid 50%" neighbourhoods	60%	45%	49%	IMD 2007
% HHs in least deprived neighbourhoods	36%	46%	18%	IMD 2007

East of England

	< 3 K settlements	3-10 K settlements	Larger settlements	Source
Housing corporation investment programme 2006/07 and 2007/08 (completions data)				
Share of grant	15.3%	10.6%	74.1%	Housing Corporation
Share of completed units	13.9%	10.9%	75.2%	Housing Corporation
Demographic statistics				
Population share	19.7%	10.9%	69.4%	Census/Gazetteer
Household share	19.4%	11.0%	69.7%	Census 2001
Share of 20-34 year olds	15.7%	9.8%	74.5%	Census 2001
Tenure				
% of households in owner occupation	78.8%	77.9%	70.0%	Census 2001
% of households in PRS	9.4%	8.1%	9.5%	Census 2001
% of households in social rented sector	11.8%	14.0%	20.4%	Census 2001
Affordability				
Mean annual gross household income	£36,100	£34,400	£32,300	ONS 2004/05
Mean house price	£249,600	£227,400	£194,300	ONS 2006
Price-income multiple	6.9	6.6	6.0	Calculated here
Overcrowding and deprivation				
% overcrowded households	2.5%	3.8%	6.7%	Census 2001
% HHs in deprived neighbourhoods	1%	2%	17%	IMD 2007
% HH in "mid 50%" neighbourhoods	64%	51%	55%	IMD 2007
% HHs in least deprived neighbourhoods	36%	46%	28%	IMD 2007

North East

	< 3 K settlements	3-10 K settlements	Larger settlements	Source
Housing corporation investment programme 2006/07 and 2007/08 (completions data)				
Share of grant	16.4%	6.3%	77.3%	Housing Corporation
Share of completed units	13.0%	5.4%	81.6%	Housing Corporation
Demographic statistics				
Population share	10.1%	8.6%	81.3%	Census/Gazetteer
Household share	10.0%	8.9%	81.1%	Census 2001
Share of 20-34 year olds	8.7%	7.7%	83.6%	Census 2001
Tenure				
% of households in owner occupation	70.7%	68.2%	61.5%	Census 2001
% of households in PRS	10.9%	5.6%	7.6%	Census 2001
% of households in social rented sector	18.4%	26.3%	30.9%	Census 2001
Affordability				
Mean annual gross household income	£28,500	£25,700	£24,900	ONS 2004/05
Mean house price	£176,100	£138,600	£127,000	ONS 2006
Price-income multiple	6.2	5.4	5.1	Calculated here
Overcrowding and deprivation				
% overcrowded households	3.2%	4.2%	5.7%	Census 2001
% HHs in deprived neighbourhoods	18%	34%	49%	IMD 2007
% HH in "mid 50%" neighbourhoods	70%	51%	39%	IMD 2007
% HHs in least deprived neighbourhoods	12%	14%	12%	IMD 2007

North West

	< 3 K settlements	3-10 K settlements	Larger settlements	Source
Housing corporation investment programme 2006/07 and 2007/08 (completions data)				
Share of grant	8.3%	1.7%	90.0%	Housing Corporation
Share of completed units	7.5%	2.0%	90.5%	Housing Corporation
Demographic statistics				
Population share	7.4%	4.2%	88.4%	Census/Gazetteer
Household share	7.3%	4.3%	88.5%	Census 2001
Share of 20-34 year olds	5.9%	3.6%	90.5%	Census 2001
Tenure				
% of households in owner occupation	82.5%	81.0%	67.0%	Census 2001
% of households in PRS	9.4%	6.3%	9.4%	Census 2001
% of households in social rented sector	8.1%	12.7%	23.6%	Census 2001
Affordability				
Mean annual gross household income	£33,700	£31,400	£26,400	ONS 2004/05
Mean house price	£227,700	£178,500	£137,300	ONS 2006
Price-income multiple	6.8	5.7	5.2	Calculated here
Overcrowding and deprivation				
% overcrowded households	2.5%	3.0%	6.2%	Census 2001
% HHs in deprived neighbourhoods	3%	8%	47%	IMD 2007
% HH in "mid 50%" neighbourhoods	66%	53%	41%	IMD 2007
% HHs in least deprived neighbourhoods	30%	39%	12%	IMD 2007

South East

	< 3 K settlements	3-10 K settlements	Larger settlements	Source
Housing corporation investment programme 2006/07 and 2007/08 (completions data)				
Share of grant	12.5%	4.0%	83.5%	Housing Corporation
Share of completed units	12.7%	3.8%	83.5%	Housing Corporation
Demographic statistics				
Population share	14.5%	7.2%	78.3%	Census/Gazetteer
Household share	14.1%	7.3%	78.6%	Census 2001
Share of 20-34 year olds	10.9%	5.8%	83.3%	Census 2001
Tenure				
% of households in owner occupation	79.4%	79.4%	72.2%	Census 2001
% of households in PRS	10.2%	7.4%	11.5%	Census 2001
% of households in social rented sector	10.5%	13.2%	16.3%	Census 2001
Affordability				
Mean annual gross household income	£42,500	£41,200	£35,900	ONS 2004/05
Mean house price	£329,800	£304,900	£217,600	ONS 2006
Price-income multiple	7.8	7.4	6.1	Calculated here
Overcrowding and deprivation				
% overcrowded households	3.0%	3.9%	7.4%	Census 2001
% HHs in deprived neighbourhoods	1%	2%	13%	IMD 2007
% HH in "mid 50%" neighbourhoods	49%	33%	52%	IMD 2007
% HHs in least deprived neighbourhoods	50%	66%	35%	IMD 2007

South West

	< 3 K settlements	3-10 K settlements	Larger settlements	Source
Housing corporation investment programme 2006/07 and 2007/08 (completions data)				
Share of grant	23.9%	7.6%	68.5%	Housing Corporation
Share of completed units	23.0%	7.2%	69.8%	Housing Corporation
Demographic statistics				
Population share	24.7%	8.9%	66.4%	Census/Gazetteer
Household share	24.1%	9.3%	66.7%	Census 2001
Share of 20-34 year olds	19.4%	7.9%	72.7%	Census 2001
Tenure				
% of households in owner occupation	78.9%	72.8%	71.7%	Census 2001
% of households in PRS	11.7%	11.1%	12.2%	Census 2001
% of households in social rented sector	9.4%	16.1%	16.2%	Census 2001
Affordability				
Mean annual gross household income	£32,400	£29,600	£29,400	ONS 2004/05
Mean house price	£270,600	£221,800	£188,300	ONS 2006
Price-income multiple	8.4	7.5	6.4	Calculated here
Overcrowding and deprivation				
% overcrowded households	2.7%	4.5%	6.4%	Census 2001
% HHs in deprived neighbourhoods	2%	6%	22%	IMD 2007
% HH in "mid 50%" neighbourhoods	77%	63%	55%	IMD 2007
% HHs in least deprived neighbourhoods	22%	31%	23%	IMD 2007

West Midlands

	< 3 K settlements	3-10 K settlements	Larger settlements	Source
Housing corporation investment programme 2006/07 and 2007/08 (completions data)				
Share of grant	8.9%	1.3%	89.8%	Housing Corporation
Share of completed units	9.3%	1.1%	89.5%	Housing Corporation
Demographic statistics				
Population share	11.3%	4.1%	84.6%	Census/Gazetteer
Household share	11.1%	4.2%	84.7%	Census 2001
Share of 20-34 year olds	8.6%	3.3%	88.0%	Census 2001
Tenure				
% of households in owner occupation	80.3%	77.8%	68.1%	Census 2001
% of households in PRS	9.8%	6.3%	7.5%	Census 2001
% of households in social rented sector	9.9%	16.0%	24.3%	Census 2001
Affordability				
Mean annual gross household income	£33,400	£31,000	£26,200	ONS 2004/05
Mean house price	£255,600	£217,700	£147,100	ONS 2006
Price-income multiple	7.7	7.0	5.6	Calculated here
Overcrowding and deprivation				
% overcrowded households	2.3%	3.4%	6.6%	Census 2001
% HHs in deprived neighbourhoods	0%	1%	42%	IMD 2007
% HH in "mid 50%" neighbourhoods	75%	60%	45%	IMD 2007
% HHs in least deprived neighbourhoods	24%	39%	13%	IMD 2007

Yorkshire And The Humber

	< 3 K settlements	3-10 K settlements	Larger settlements	Source
Housing corporation investment programme 2006/07 and 2007/08 (completions data)				
Share of grant	12.0%	4.9%	83.1%	Housing Corporation
Share of completed units	11.6%	5.2%	83.2%	Housing Corporation
Demographic statistics				
Population share	12.2%	7.3%	80.5%	Census/Gazetteer
Household share	11.9%	7.3%	80.8%	Census 2001
Share of 20-34 year olds	9.7%	6.3%	84.0%	Census 2001
Tenure				
% of households in owner occupation	79.6%	75.5%	63.9%	Census 2001
% of households in PRS	10.0%	8.1%	10.3%	Census 2001
% of households in social rented sector	10.4%	16.4%	25.8%	Census 2001
Affordability				
Mean annual gross household income	£30,600	£29,000	£25,000	ONS 2004/05
Mean house price	£208,400	£176,500	£132,900	ONS 2006
Price-income multiple	6.8	6.1	5.3	Calculated here
Overcrowding and deprivation				
% overcrowded households	2.4%	3.4%	6.9%	Census 2001
% HHs in deprived neighbourhoods	4%	13%	44%	IMD 2007
% HH in "mid 50%" neighbourhoods	67%	50%	43%	IMD 2007
% HHs in least deprived neighbourhoods	30%	37%	13%	IMD 2007

Local authority-based analysis of affordable and private sector completions

England excluding London

	Rural LADs, smaller settlements predominant	Rural LADs, significant market town population	Predominantly urban LADs
NAHP grant	9.2%	7.5%	83.3%
NAHP completions	8.8%	8.4%	82.8%
Private enterprise completions	10.4%	8.7%	80.9%
Population	9.0%	7.6%	83.4%

EAST

	Rural LADs, smaller settlements predominant	Rural LADs, significant market town population	Predominantly urban LADs
NAHP grant	8.0%	16.1%	75.9%
NAHP completions	7.1%	16.3%	76.6%
Private enterprise completions	14.5%	15.1%	70.4%
Population	9.9%	13.2%	76.9%

EAST MIDLANDS

	Rural LADs, smaller settlements predominant	Rural LADs, significant market town population	Predominantly urban LADs
NAHP grant	12.7%	13.1%	74.2%
NAHP completions	12.2%	14.9%	73.0%
Private enterprise completions	11.9%	17.4%	70.6%
Population	10.5%	15.8%	73.7%

NORTH EAST

	Rural LADs, smaller settlements predominant	Rural LADs, significant market town population	Predominantly urban LADs
NAHP grant	3.0%	14.4%	82.6%
NAHP completions	2.5%	12.5%	85.0%
Private enterprise completions	1.9%	15.7%	82.4%
Population	2.3%	10.1%	87.6%

NORTH WEST

	Rural LADs, smaller settlements predominant	Rural LADs, significant market town population	Predominantly urban LADs
NAHP grant	7.0%	1.3%	91.8%
NAHP completions	5.1%	0.9%	94.0%
Private enterprise completions	1.9%	2.3%	95.8%
Population	3.1%	2.4%	94.5%

SOUTH EAST

	Rural LADs, smaller settlements predominant	Rural LADs, significant market town population	Predominantly urban LADs
NAHP grant	8.2%	2.2%	89.6%
NAHP completions	7.6%	2.3%	90.1%
Private enterprise completions	9.0%	1.8%	89.3%
Population	7.0%	3.1%	89.9%

SOUTH WEST

	Rural LADs, smaller settlements predominant	Rural LADs, significant market town population	Predominantly urban LADs
NAHP grant	16.9%	12.4%	70.8%
NAHP completions	18.4%	11.3%	70.4%
Private enterprise completions	21.0%	10.8%	68.1%
Population	21.8%	11.3%	66.9%

WEST MIDLANDS

	Rural LADs, smaller settlements predominant	Rural LADs, significant market town population	Predominantly urban LADs
NAHP grant	7.4%	5.7%	86.9%
NAHP completions	5.6%	5.5%	88.8%
Private enterprise completions	7.5%	6.5%	86.0%
Population	7.5%	6.1%	86.3%

YORKSHIRE AND THE HUMBER

	Rural LADs, smaller settlements predominant	Rural LADs, significant market town population	Predominantly urban LADs
NAHP grant	7.7%	9.5%	82.8%
NAHP completions	6.9%	11.0%	82.1%
Private enterprise completions	10.5%	5.8%	83.7%
Population	10.0%	5.7%	84.3%