

# JRF Commission on Rural Housing in Wales

## Final report

June 2008

### **An independent analysis of the levels of housing need in rural Wales, its causes, and recommendations for positive policy and practice change.**

This report is the conclusion of the work of the independent JRF Commission on Rural Housing in Wales. Rising unmet housing need has been a growing trend across the UK and rural Wales has been no exception; in fact issues of affordability, homelessness and the need for social housing have often been more acute in rural Welsh areas. The report is based on new and existing evidence received from government, local authorities, housing professionals, other relevant stakeholders and members of the public. It:

- explores the current state of rural housing need in rural Wales, in terms of:
  - the current statistical evidence base of need;
  - an analysis of the oral and written evidence received by the Commission on need;
  - an assessment of the current blockages to meeting rural housing need;
- assesses current policy and practice responses by local and national government and wider housing organisations to meeting identified need;
- outlines the Commission's conclusions and recommendations for policy and practice change.



# Contents

Foreword		04
Preface		05
Section 1	The evidence on rural housing needs in Wales	07
Section 2	Responding to rural housing needs in Wales	26
Section 3	Conclusions and recommendations	41
Appendix 1	About the Commission	48
Appendix 2	The Commission’s evidence base	49
References		51

The Joseph Rowntree Foundation has a long interest in the development of housing and communities, starting with the work of our founder who created a model village in York in 1904. Today, we carry forward this interest through our theme of place. We aim to contribute to the development of strong, cohesive and sustainable communities, with a focus on the needs of the most disadvantaged people. The core of our approach is the recognition that a secure affordable home in a viable, safe neighbourhood is vital to people's wellbeing, and should be available to all. The Commission on Rural Housing in Wales has been a real opportunity to address this requirement in rural Wales, by listening to the views of people living in these areas about the serious housing problems they face, and drawing together some recommendations to begin tackling them.

The Joseph Rowntree Foundation is committed to working within all four nations of the United Kingdom. The devolved administrations have created policy divergence, and allowed for the development of different policy and practice responses to shared problems. But there are also differences at local community level and in practice. The Commission rightly recognised that the concerns of Welsh communities are distinct to those of other nations, but also that the issue is further complicated by the varied experiences of communities across Wales.

It is clear that Wales' rural economy is dependent upon ensuring the future viability and sustainability of these communities, and we hope the recommendations of the Commission will go some way towards helping to achieve this. But they will also have broader relevance. Despite the very real differences between the four nations, housing problems plague rural areas across the UK, and the evidence and recommendations of the Welsh Commission will certainly have a wider resonance.

I should like to extend my thanks to the Commission's chair, Derec Llwyd Morgan and the five other members, alongside the lead academic, whose expertise and dedication have made this report possible, as well as to all those people who took the time to contribute their views and experience to the investigation.

**JULIA UNWIN CBE**

Director, Joseph Rowntree Foundation

This Report is the work of the Commission on Rural Housing in Wales established by the Joseph Rowntree Foundation in 2000. It is an important document because it deals with a basic need – man and woman’s need for a place in which to live. Meeting such a basic need – to an extent the chosen responsibility of government – is, for a host of reasons, not simple. Solutions to housing problems are always hedged and hindered by matters of land acquisition, planning issues, finance, and, in some of our communities, by ignorance of the real need. In rural Wales, there are other, wider considerations too: economic, cultural and demographic. Outside the cities and the most affluent parts of south-east Wales, wages and salaries are comparatively low and house prices are comparatively high. The levels of homelessness there exceed those of urban areas. There is net migration of young people, especially of highly educated young people, threatening the viability of some communities. This, of course, is an old phenomenon, but one must think that there will come a time when the countryside cannot afford, demographically or linguistically, to lose any more of its talented youngsters. Once or twice in our deliberations, my colleagues and I said that if we had a magic wand to create a thriving rural macro-economy we’d be home (literally and figuratively); but of course there is no wand.

The Commission’s brief was to assemble information currently available about housing issues in rural Wales, to receive new evidence on them, and to publish a set of recommendations that would help politicians and policy-makers to seek solutions to the problems identified. The assemblage of current information was undertaken by our excellent academic leader and advisor, Professor Paul Milbourne of Cardiff University. For the receipt of new evidence we embarked on a programme of consultations. We held meetings in Aberystwyth, Bangor, Cardiff, Carmarthen and Welshpool with individuals and groups

representing a host of associations, authorities and organisations who had responded to a consultation paper previously sent to them. These included housing association officers, a language society, politicians, farming unionists, local government councillors and officers, financiers, private company directors, people concerned with the aged, and others. There was an opportunity at all these meetings for members of the general public to come, again as individuals or in groups, to express their views, and I am glad to say that in most places many did turn up and gave us invaluable experiential evidence. With the cooperation of TPAS Cymru and Community Development Cymru, we organised successful seminars in Aberystwyth and Llanrwst, attended by men and women with further direct, personal experience of rural housing matters. And in order to get evidence from experts who couldn’t attend the main meetings, we held telephone conference calls with representatives of building societies, house builders and academics. The contribution made by all is richly appreciated.

We began our work in October 2007. By the end of the calendar year, we were already struck by the commonality of the evidence given to us, especially in answers to questions asked about the key obstacles to responding to housing needs and about the actions required to address them. This, to my fellow commissioners and me, was heartening: it meant that people in different parts of Wales and from different walks of life, seeing the problem whole, understood its complexities and its consequences, and it gave us, their interrogators and reporters, a set of themes from which we could define our recommendations. Those recommendations form the final part of this Report. I stress that the main part of the Report accurately records what we were told.

Although this Commission was established, funded and administered by the Joseph Rowntree Foundation, it is an independent body of six people

who live or work in Wales, deliberately chosen from different parts of the country for their range of skills, experience and expertise. Some of us have professional knowledge of planning and housing, others don't, but we all know Wales and its people and care for their welfare. I wish to record my deep admiration and appreciation of my colleagues' contributions to the Commission's work, and to thank them for making chairing a committee on such a seriously difficult subject an unexpectedly enjoyable experience. Just as Paul Milbourne has been a model academic advisor, so Roger Harding of the Foundation has been a model administrator-cum-clerk to us, and on behalf of my colleagues and myself I thank both of them for their work. Unseen by us, Michelle Ong worked wonderfully to organise everything.

In publishing this Report we hand our work over to those who have the power and the means to do something about the problematic issues discussed in the document, namely the Welsh Assembly Government and its dependent local authorities. What happens to our recommendations depends simply on the political will of those in power. Naturally, the Commission fervently hopes that government ministers and others will adopt and implement them, so that in the next few years Wales will witness how their actions alleviate what they have already acknowledged is a massive concern.

**DEREC LLWYD MORGAN**

Chairman

# 1. The evidence on rural housing needs in Wales

The first section of the report provides an overview of recent evidence on housing needs in rural Wales. It draws on three types of evidence: first, the findings from recent published studies of rural housing in Wales; second, new statistical evidence collected by the Commission on the scale of housing needs in rural areas; and third, information provided by the organisations and individuals that responded to the Commission's call for evidence on the nature of housing needs in rural Wales.

The section begins with a discussion of the definitions of rural Wales used in the report and the broader contexts of demographic, socio-cultural and economic change in rural areas. Attention then turns to rural housing issues in Wales, with a broad range of evidence provided on the structure of the rural housing system and the nature and scale of rural housing needs in Wales.

## Defining rural Wales

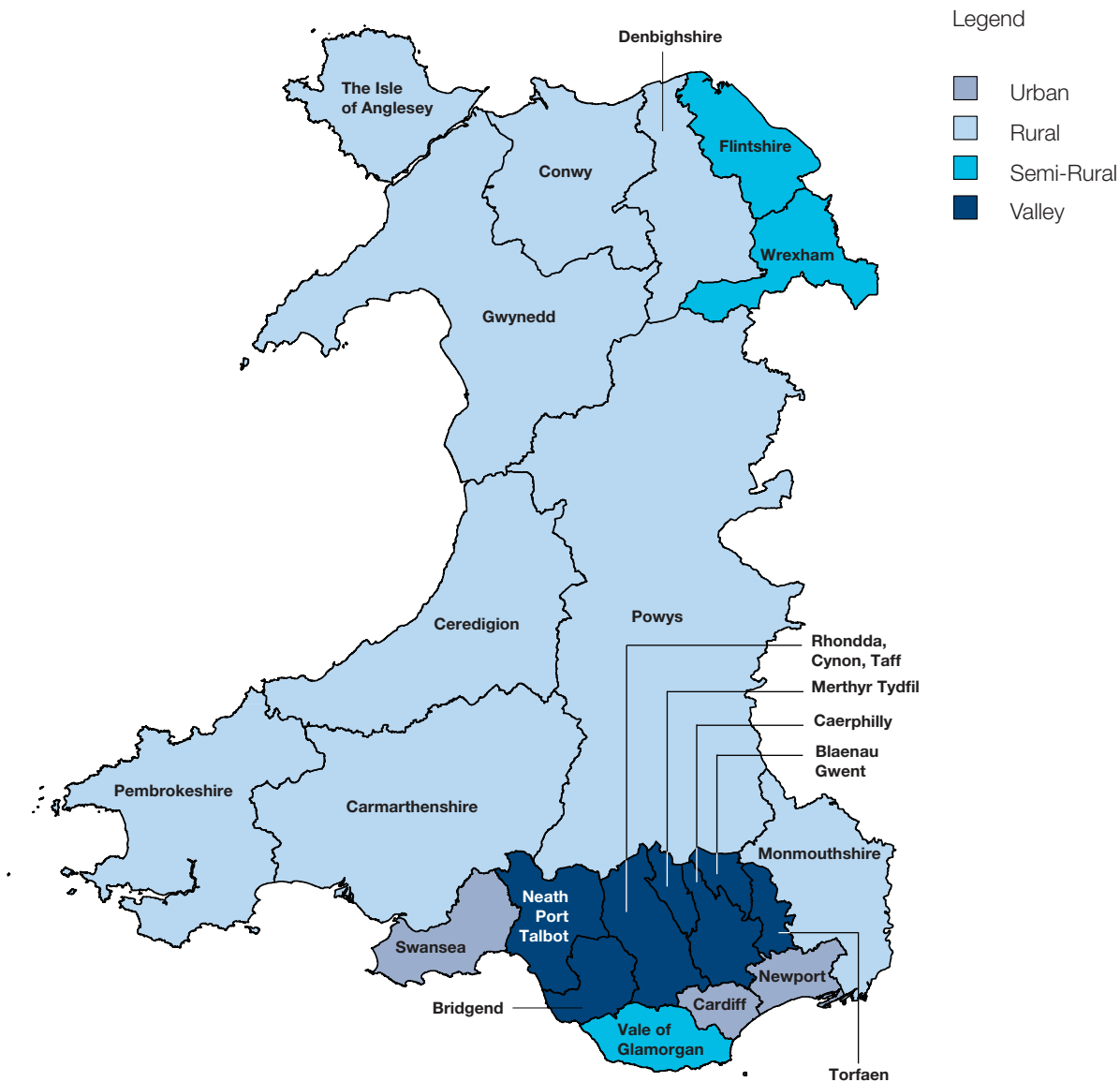
Before presenting evidence on housing needs in rural Wales it is necessary to discuss what is meant by 'rural' in the context of Wales. Two statistical classifications of rural areas will be used within this report. The first is the Welsh Assembly Government's local authority classification, which divides local authority areas in Wales into four categories: Rural, Semi-Rural, Urban and Valleys. The rural category comprises the local authority areas of Carmarthenshire, Ceredigion, Conwy, Denbighshire, Gwynedd, Isle of Anglesey, Monmouthshire, Pembrokeshire and Powys, with Flintshire, Vale of Glamorgan and Wrexham defined as semi-rural (see Figure 1). According to the 2001 Census of Population, these nine rural areas contained 959,486 people, or 33 per cent of the Welsh population. A further 396,362 persons (14 per cent) were resident in semi-rural areas. The second classification is provided by the Office of National Statistics (ONS) and combines different types of settlement form with a measure of

sparsity. It identifies three main settlement types – urban (places with more than 10,000 residents); small town and fringe; and village, hamlet & isolated dwellings, and two types of sparsity – sparse areas and less sparse areas. This approach classifies rural wards as those containing all settlement types in 'sparse areas' and the 'village, hamlet and isolated dwellings' settlements in the 'less sparse' areas (see Figure 2). Using this classification, rural settlements contained 645,351 people in 2001, accounting for 22 per cent of the Welsh population.

## The broader context of demographic, socio-cultural and economic change in rural Wales

Following many decades of population decline, rural Wales has witnessed net growth of its population in each of the periods between the last two censuses. The rural population total increased by about 43,000 persons (4.9 per cent) between 1981 and 1991 and by approximately 30,000 people (3.8 per cent) across the 1991–2001 period (see Figure 3). Population growth in rural areas has been much stronger than in other areas of Wales during the last couple of decades. For example, the population of urban areas increased by only 0.5 per cent and the valleys recorded a population loss of 1.7 per cent between 1991 and 2001. These headline growth figures, though, mask a great deal of spatial differentiation within rural Wales. Population increases have generally been highest in the eastern areas, with Ceredigion, Powys, Monmouthshire and Denbighshire each recording growth rates of 4 per cent or more between 1991 and 2001. By contrast, population increases of less than 2 per cent were witnessed in Carmarthenshire, Conwy and Gwynedd, while Anglesey recorded a population loss between 1991 and 2001.

Figure 1: Map of Wales showing Welsh Assembly Government Local Authority Classification



Almost all of the recent population growth in rural areas has resulted from net in-migration, with 50,300 more people moving to rural Wales than leaving during the 1991-2001 period. Indeed, without this net in-movement the population total of rural Wales would have declined by 19,400 between 1991 and 2001. However, there continues to be a net loss of young people from many parts of rural Wales. In 2000-01, for example, rural areas recorded a net out-movement of persons aged 15-19, 20-24 and 25-29 years, with this out-movement appearing to be most pronounced in the north-western areas of rural Wales.

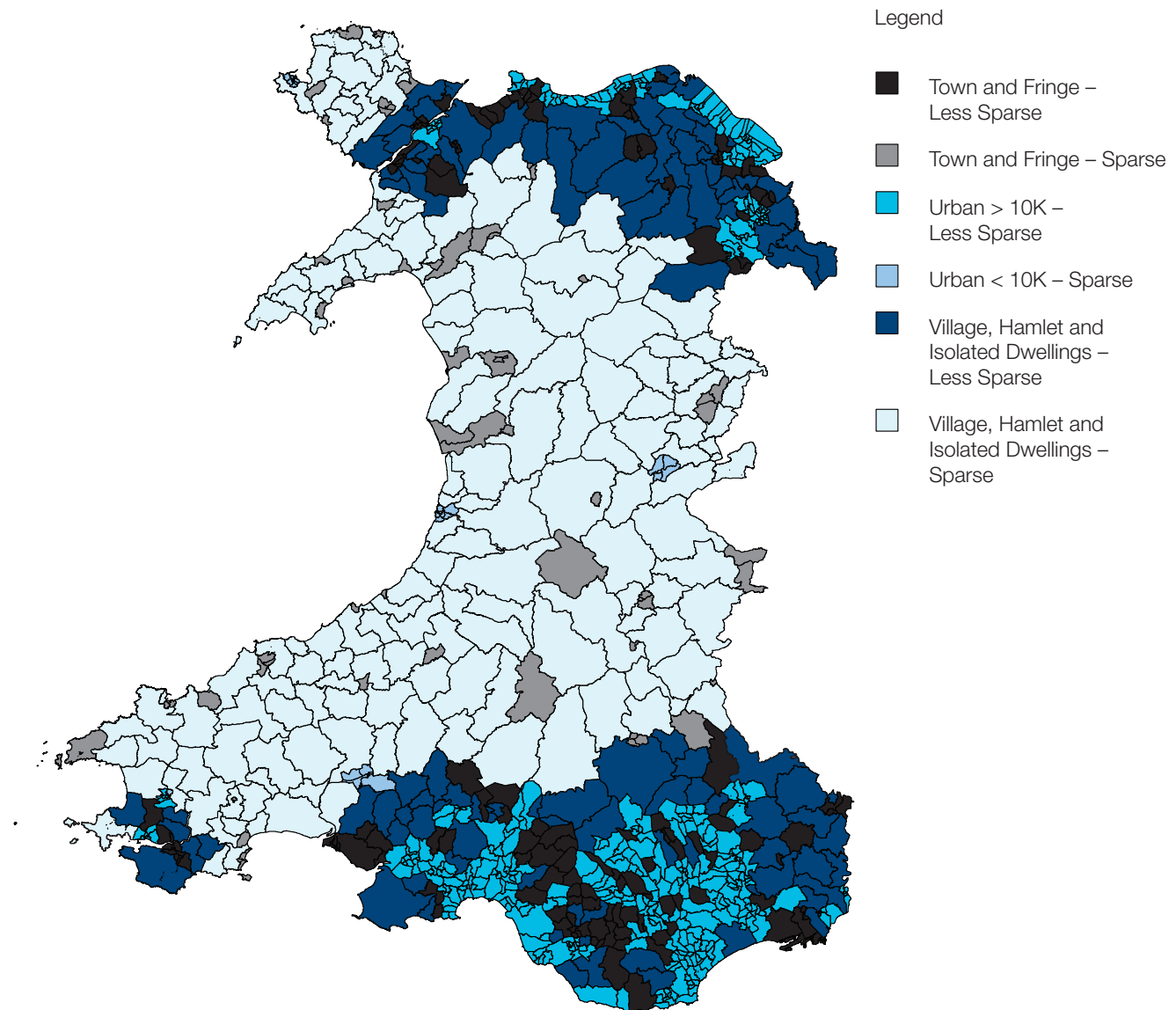
Given these net out-flows of young people, it is hardly surprising to discover that rural Wales contains a higher proportion of older people than

other parts of the country. In 2001, 20 per cent of the rural population was aged 65 years or older compared with 16 per cent in urban areas and 17 per cent of residents in the Valleys. By contrast, 16-24 year olds accounted for 10 per cent of the rural population but 13 per cent of the population in Urban areas.

These processes of in- and out-migration have inevitably increased the social and cultural heterogeneity of many communities across rural Wales. The 2001 Census reveals, for example, that rural areas contain a much higher proportion of residents born outside Wales (35 per cent) than for Wales as a whole (25 per cent). It is also the case that these demographic changes have impacted on the everyday usage of Welsh within rural areas



Figure 2: ONS Classification of Wards



Source: National Statistics website: [www.statistics.gov.uk](http://www.statistics.gov.uk)  
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as out-migration has been more pronounced in those (western) areas of rural Wales where the Welsh language is strongest.

Recent decades have also witnessed important changes to the economy of rural Wales. The agricultural sector has become much less important and, in 2001, accounted for only 6 per cent of all rural employment. The occupational structure of the rural economy is now remarkably similar to that for the whole of Wales, with each dominated by the service sector (which accounted for 69 per cent and 65 per cent respectively of all employment in 2001). In addition, average levels of economic activity and unemployment are broadly comparable for rural areas and the whole of Wales. That said, there exist important differences in the

state of the economy within rural Wales. Unemployment levels tend to be highest and economic activity rates lowest in the western rural areas. It is also the case that the structure of the rural economy varies across local authority areas. For example, agriculture comprised 11 per cent of the workforce in Powys in 2001 but only 3 per cent in Conwy, and the proportion of the workforce engaged in manufacturing ranged from 16 per cent in Monmouthshire to only 8 per cent of the workforce in Ceredigion.

In recent years, there has been much discussion of low rates of income associated with employment in rural Wales. Research by the Wales Rural Observatory indicates that, in 2005, the average household earned income in rural Wales

was £26,803 per annum, only slightly below the mean for Wales (£27,328) (WRO, 2005). However, this figure masks the fact that eight of the nine rural local authority areas had average earned income levels below the national mean. The spatial distribution of average incomes in rural Wales reflects that presented in earlier parts of this section, with highest income levels recorded in eastern areas (Monmouthshire, Denbighshire and Powys) and lowest incomes in the western authority areas of Gwynedd, Anglesey, Pembrokeshire and Ceredigion.

Average income levels obviously mask the distribution of incomes within rural Wales. In 2003, 20 per cent of working households in rural areas had incomes of less than £10,000 per annum, a level that was identical to that recorded for urban areas (WRO, 2005). Again, it is the western local authority areas that recorded highest levels of low income – Gwynedd (21.7 per cent), Carmarthenshire (21 per cent), Anglesey (20.8 per cent) and Pembrokeshire (20.1 per cent). In addition, a survey of 4,000 households in 2004 conducted by the Wales Rural Observatory has shown that one quarter of households in rural Wales were living on low income (less than £10,000 per annum), with eight of the nine rural local authority areas recording more than one-fifth of households on low income (WRO, 2005).

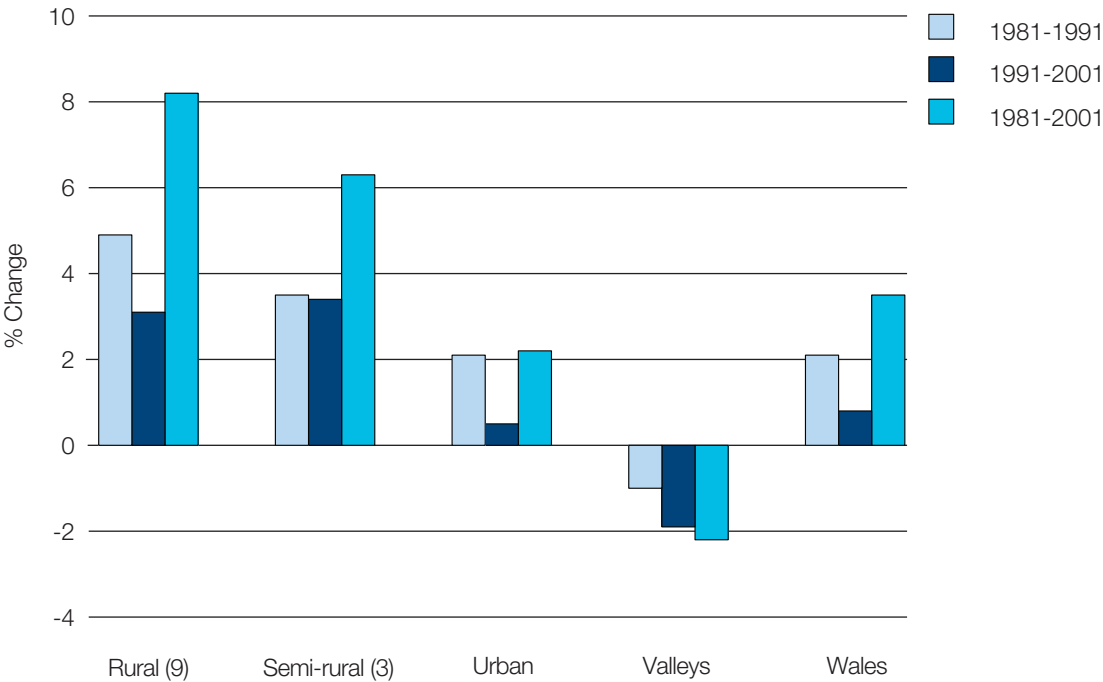
## The structure of housing in rural Wales

### Household tenure

The private sector dominates the housing market in rural Wales, accounting for the tenure of 81 per cent of households in 2001. Most significant within the private sector is owner-occupied housing, with 71 per cent of households in rural Wales owning their properties (either outright or with a mortgage). The remaining 10 per cent of private sector households were in rented housing. The social housing sector accounted for the tenure of 16 per cent of households in 2001, with 12 per cent renting from the local authority and 4 per cent living in housing association accommodation.

These tenure patterns are broadly similar to the national situation, although rural Wales records a slightly lower percentage of households renting from local authorities (14 per cent for Wales) and a higher proportion in privately rented housing (7 per cent for Wales). Again, we need to be careful with these average figures as different local authority areas contain different mixes of tenure (see Table 1). For example, the level of owner-occupation in Monmouthshire (76 per cent) was much higher than in Gwynedd (67 per cent) and Anglesey (68 per cent), and the proportion of

Figure 3: Population change in Wales, 1981-2001, by local authority categories in Wales



Source: Census of Population 2001

households in the social rental sector varied from 12 per cent in Ceredigion and Conwy to 19 per cent in Gwynedd.

A finer grained analysis of household tenure using the ONS classification of wards in Wales reveals that the proportion of social rental households is lowest and the level of private ownership highest in the smaller rural settlements (see Table 2).

### **New property completions**

Between 1996-7 and 2006-7, 31,384 new properties were completed in the nine rural local authority areas – an average of 2,853 completions per annum. The vast majority of this new housing growth has been associated with the private sector, which provided 91 per cent of new properties in rural Wales. The corresponding figure for the whole of Wales was 89 per cent. Registered Social Landlords (RSLs) provided 2,865 new properties and local authorities 36 new properties across rural Wales during this eleven year period.

### **Right-to-Buy sales**

A total of 10,217 Right-to-Buy sales were completed between 1996-7 and 2006-7 in the nine rural local authority areas. This represents about 19 per cent of the 1996 local authority/new town corporation housing stock. This number of sales is also more than three times the total number of new properties provided directly by local authorities and RSL in rural areas during this period. However, Right-to-Buy sales have reduced somewhat in recent years, with only 439 sales recorded across rural Wales in 2005-6 and 246 in 2006-7.

### **Housing conditions and amenities**

The relative standard of the rural housing stock is generally high. Figures from the 2001 Census, for example, reveal that less than 1 per cent of households in rural Wales lacked sole use of a bath or shower and toilet, only 4 per cent were living in crowded accommodation (4 per cent for Wales as a whole), and just 8 per cent of households were without central heating (8 per cent for Wales as a whole).

Evidence from the 1998 Housing Condition Survey indicates that the proportion of poor quality housing stock in some rural local authority areas is higher than the Wales average. In fact, three rural

local authority areas – Ceredigion (11.1 per cent), Pembrokeshire (10.6) and Gwynedd (10.5) – recorded rates of unfitness that were among the highest in Wales.

### **Second and holiday homes**

Contrary to political and popular perception, second and holiday properties comprise a relatively small proportion of the overall rural housing stock in Wales. Figures from the latest Census reveal that, in 2001, only 3.1 per cent of properties in rural areas were second or holiday homes. Within rural Wales, two local authority areas recorded levels of second and holiday home ownership in excess of 4 per cent – Gwynedd (8 per cent) and Pembrokeshire (6 per cent). Clearly, there are places where such properties comprise a much higher proportion of the local stock, but it should be recognised that the number of these places is extremely small. For example, in 2001, only 13 wards in rural Wales (4 per cent of all rural wards) had more than 20 per cent of their local housing stock as second or holiday homes, and 27 wards had between 10 and 20 per cent of their stock as second or holiday properties.

### **Vacant properties**

Vacant properties accounted for 4.3 per cent of the total rural housing stock in 2001, a figure that is slightly higher than the Welsh average (4 per cent). Five rural authorities – Gwynedd, Pembrokeshire, Carmarthenshire, Anglesey and Conwy – recorded levels of vacant properties that were higher than the national mean. While it is likely that a proportion of these properties will be leisure homes or legitimately empty (e.g. marketed but not yet sold), it is clear that, in numerical terms, vacant homes are more significant than second and holiday home properties in rural Wales. Indeed, the proportion of vacant properties was higher in seven of the nine rural local authority areas.

### **Property prices**

Rural Wales has witnessed significant increases in the price of domestic property during the last few years. Between 1997 and 2005 the average house price in rural Wales increased by 176 per cent, compared with a rise of 157 per cent for Wales as a whole. Much of this increase has occurred in the years since 2001, with the price of the average

Table 1: Percentage household tenure and occupancy type in 2001 by unitary authority

Unitary authority	Category	Owner occ	Local auth	Housing assoc	Private rented	Other
Carmarthenshire	<b>Rural</b>	72%	14%	3%	7%	4%
Ceredigion		70%	9%	3%	13%	5%
Conwy		73%	8%	4%	11%	3%
Denbighshire		73%	9%	4%	11%	4%
Gwynedd		67%	15%	4%	10%	5%
Isle of Anglesey		68%	16%	1%	10%	5%
Monmouthshire		76%	11%	4%	7%	2%
Pembrokeshire		69%	14%	4%	9%	4%
Powys		69%	11%	4%	11%	5%
<b>Other Rural</b>		73%	15%	3%	6%	2%
<b>Urban</b>		71%	12%	4%	10%	4%
<b>Valley</b>		70%	13%	6%	8%	3%
		72%	16%	4%	5%	3%
<b>Wales</b>		71%	14%	4%	7%	3%

Source: ONS (2001)

rural property doubling between 2001 and 2005. More recent price data obtained from the Land Registry by Shelter Cymru highlights that average property prices increased by more than 200 per cent in Ceredigion and Pembrokeshire between April 2000 and April 2007, and by more than 150 per cent in the remaining rural local authority areas.

Recent research by the Wales Rural Observatory (WRO, 2006b) reveals that the price of the average property in rural Wales in 2005 was £155,000, some 12 per cent higher than the average for Wales. Monmouthshire recorded by far the highest average property price in rural Wales (£207,000, around £40,000 more than the next most expensive rural local authority area). In five other rural local authority areas – Ceredigion, Conwy, Denbighshire, Pembrokeshire and Powys – average prices were also higher than the national mean.

### Typology of local housing markets in Wales

A 2005 study of the rural housing system in Wales (WAG, 2005a) led to the production of a typology of local housing markets in Wales. Based on a cluster analysis of population, economic, income and housing ward-level data, the typology identifies local housing markets with similar characteristics. The analysis revealed that a five-fold classification

best represents the structure and geography of local housing markets in Wales. In relation to rural Wales, the analysis highlights a mix of different housing markets, with the ‘advantaged’ markets located in areas in the south-east and north-east, as well as the Gower peninsular, while the ‘disadvantaged’ local markets tend to be in western, and particularly north-western, parts of rural Wales. Summary descriptions of the five clusters are provided as Table 3.

## The scale of housing needs in rural Wales

Having provided contextual data on socio-economic trends and the structure of housing within rural Wales, we now move on to discuss the extent of housing needs in rural areas. The data that we have been able to assemble have been derived from a variety of sources, including official statistics, published reports and submissions from different organisations. These data have allowed us to present evidence on the changing level of housing affordability, the extent of housing needs as revealed by social housing registers and local housing needs assessments, and levels of official homelessness in rural Wales.

Table 2: Household tenure by ONS spatial category, 2001

<b>Spatial category</b>	<b>Owner-occupied households (%)</b>	<b>Social rented households (%)</b>	<b>Private rented households (%)</b>	<b>Other (%)</b>
Urban > 10k – Sparse (1)	57.4	24.4	15.8	2.4
Town and Fringe – Sparse (2)	64.6	19.0	13.4	3.0
Village, Hamlet & Isolated Dwellings – Sparse (3)	75.3	10.2	11.8	2.7
Urban > 10k – Less Sparse (4)	70.4	19.5	8.0	2.0
Town and Fringe – Less Sparse (5)	72.9	17.7	7.3	2.2
Village, Hamlet & Isolated Dwellings – Less Sparse (6)	78.4	11.3	8.0	2.3

Source: Census of Population 2001

### **House-price-to-income ratios**

Information on housing affordability in rural Wales is available from three sources: a report on rural housing needs published by the Wales Rural Observatory (2006b); an analysis of affordability indices for younger people in the UK produced by Wilcox (2006) for the JRF; and a 2007 press release by HBOS on housing affordability in rural Wales. Each source utilises different local house price and income data, which produce slightly different accounts of affordability in rural Wales.

The HBOS analysis of affordability includes eight of the nine rural local authority areas – Conwy being the authority excluded – and is based on data from its own property transactions and estimated local earnings for full-time male employees. This analysis reveals that the property price-to-annual earnings ratio in 2007 exceeded five in all local authority areas in rural Wales. Powys recorded the highest ratio (7.5), with five other authority areas having ratios of 6 (Carmarthenshire, Pembrokeshire, Anglesey, Monmouthshire and Ceredigion). Gwynedd (5.4) and Denbighshire (5.6) recorded the lowest price-to-earnings ratios in 2007.

Research by the Wales Rural Observatory (WRO, 2006a) utilised local data on house prices from the Land Registry and earned income. Its analysis indicates that the affordability ratio (average house price divided by mean household income) for rural Wales in 2005 was 5.9, higher

than the ratio for Wales (5.3). The WRO work also shows that rural property has become less affordable over recent years, with the rural affordability ratio increasing from 4.2 in 2003.

Further analysis of ward-level price and income data for 2005 indicates that average house prices were at least four times the mean annual household income in 95 per cent of wards in rural Wales, compared with 76 per cent of all wards in Wales. Slightly more than half of rural wards (52 per cent) recorded a price-to-income ratio of at least 6 (27 per cent for Wales as a whole) in 2005 and ratios of 7 or more were present in 22 per cent of wards in rural areas, compared with only 10 per cent of all wards in Wales.

Within rural Wales the price-to-income ratio in 2005 was highest in Monmouthshire (6.9), Powys (6.6) and Ceredigion (6.4), with Carmarthenshire (5.1) being the only rural authority area to record a ratio less than the Welsh mean. Figure 4 provides a more detailed picture of the geography of affordability in Wales based on ward-level data for 2005. What emerges from this map is that price-to-income ratios are highest in Monmouthshire, southern Powys, parts of the southern national parks, areas of the Vale of Glamorgan, and the Gower. Lower ratio wards (less than 5) are located mainly in north-western areas and along the northern coastal belt.

Table 4 presents the findings from a new analysis of housing affordability for 2005 based on



Table 3: A typology of local housing markets in Wales

Description of the five clusters			
Cluster No.	Geographical Description	Summary of characteristics	No. of wards
<b>Cluster 1</b> <i>(most advantaged)</i>	Rural, South Wales	Very high income, very high house prices, population loss, low local authority, average growth economic activity	14
<b>Cluster 2</b>	Rural, border/Southern edge	High income, high house price, above average population growth, low local authority, above average growth economic activity	58
<b>Cluster 3</b>	Rural	Above average income, high house prices, very high population growth, low local authority, above average growth in economic activity	198
<b>Cluster 4</b>	Rural	Average income, below average house prices, average population growth, average local authority, average growth in economic activity	272
<b>Cluster 5</b> <i>(most disadvantaged)</i>	Valleys/ North-west Wales, Northern coast	Low income, low house prices, population loss, high local authority, below average increase in economic activity	339

Source: WAG (2005)

the ONS spatial classification of wards in Wales. It is clear from this table that affordability problems are most acute in the smaller settlements in rural Wales. Highest price-to-income ratios in 2005 were recorded by the two 'village, hamlet and isolated dwellings' categories of settlement, while the less sparse 'urban' and 'town and fringe' settlements had the lowest ratios.

Other research funded by the JRF (Wilcox, 2006) has provided a more focused analysis of property price-to-income ratios for local authority areas in Wales in 2005 based on average incomes of working households aged 20-39 years and lowest quintile prices for local two- and three-bedroom properties. Two key findings emerge from this work. First, each rural local authority area recorded a price-to-income ratio of at least four. Second, price-to-income ratios were highest in rural areas. For example, eight of the nine rural local authority areas recorded price-to-income ratios above the Welsh average in 2005, and seven of the ten local authority areas with the highest ratios were rural.

### Local housing needs assessments

The nine most rural local authorities have all undertaken housing needs assessments. Five (Anglesey, Ceredigion, Conwy, Denbighshire and Powys) have used the Basic Needs Assessment Model, as recommended by ODPM/DETR (2000), with the remaining authorities utilising other methods. The first round of assessments was conducted between 2000 and 2004 and revealed a net annual shortfall of 3,803 affordable properties across rural Wales<sup>1</sup>. The shortfalls for individual rural local authority areas are provided in Table 5. Monmouthshire, Denbighshire and Carmarthenshire recorded the largest shortfalls, with these three areas accounting for about two-thirds of the total affordable housing shortfall in rural Wales.

Given that these surveys were undertaken in the early years of this decade<sup>2</sup> and that different methodologies were employed, we need to be

<sup>1</sup> This total includes a backlog of unmet needs.

<sup>2</sup> Some rural local authorities have undertaken more recent surveys but it is not possible to provide a more recent indication of housing needs for all nine authority areas.

careful about how we interpret these data in relation to current housing needs in rural Wales. It is also the case that the aggregate shortfall of affordable housing identified for rural Wales is higher than that produced by Holmans (2003), using secondary data, of 2,500 social properties per annum for Wales as a whole. In the absence of alternative housing needs data for rural Wales, though, we conclude that the current level of affordable housing provision and the increases proposed by the Assembly Government in *One Wales* (WAG, 2007) will not be sufficient to meet the existing and newly arising housing needs identified by these surveys in rural Wales.

### Local authority housing registers

Information on the level of housing needs in rural Wales can also be obtained from local authority housing registers. Reductions in the stock of

council housing during the last couple of decades, however, have meant these registers have become less useful for measuring the true scale of local housing needs. For example, certain groups, such as single people and childless couples, recognise their chances of obtaining such housing are extremely slim and so do not often register their needs. It is also the case that applicants can only register for social housing in areas where it exists. Nevertheless, housing registers provide an indication of the minimum level of housing need in rural areas. The Wales Rural Observatory has published statistics on housing register totals in 2005 for the nine rural local authority areas (WRO, 2006a). These show that approximately 25,000 households were on local authority housing registers in rural Wales in that year.

Shelter Cymru has also undertaken an analysis of data from the housing registers. Based on 2007

Figure 4: Average house price to average household earned income ratio by ward in Wales, 2005

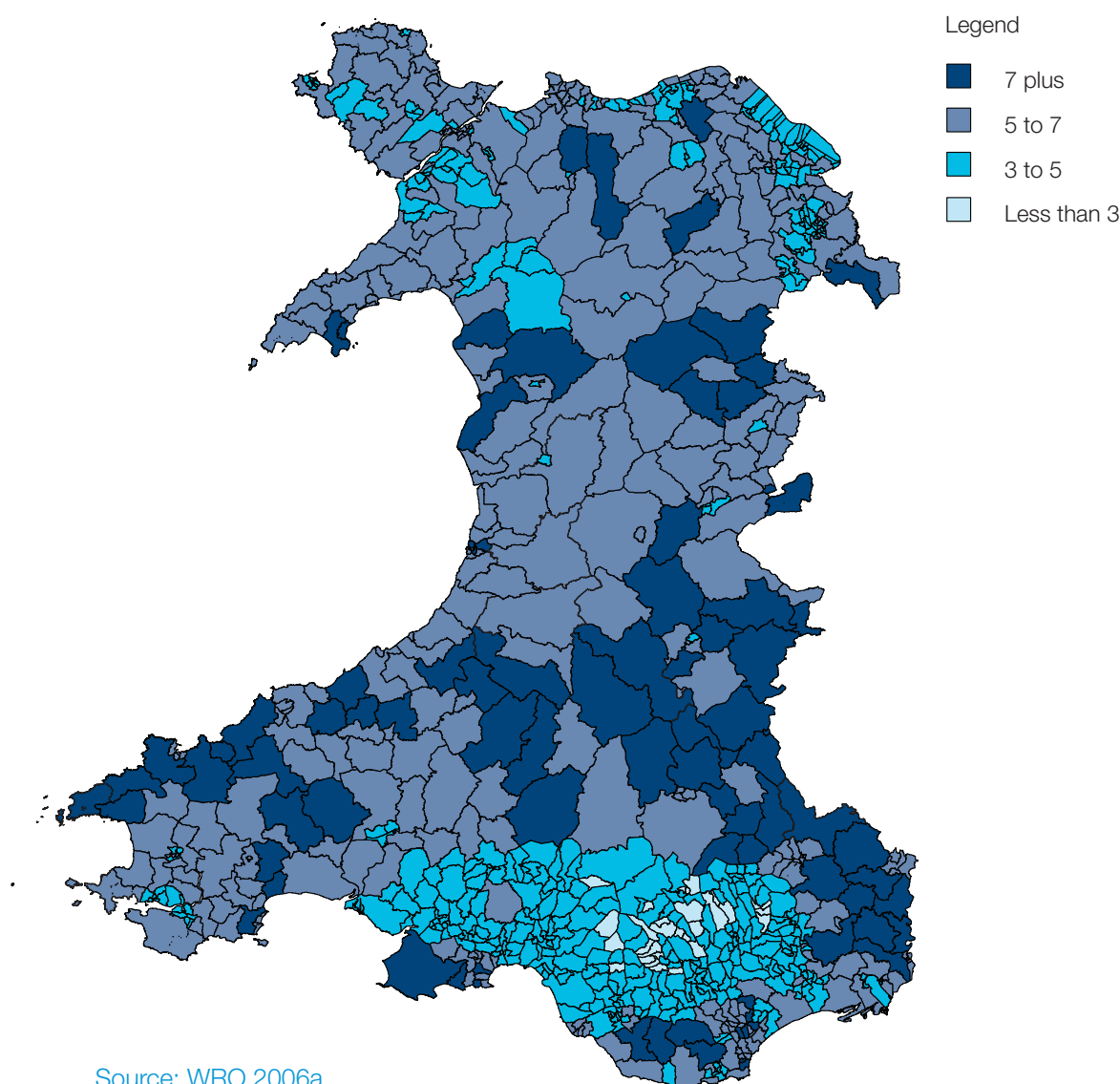


Table 4: Housing affordability in Wales (2005) by ONS spatial category

ONS urban rural classification	Average house price	Average annual income	Price-to-income ratio
Urban > 10k – Sparse (1)	£121,826	£24,199	5.0
Town and Fringe – Sparse (2)	£130,897	£24,365	5.4
Village, Hamlet & Isolated Dwellings – Sparse (3)	£162,397	£26,420	6.2
Urban > 10k – Less Sparse (4)	£121,213	£27,002	4.5
Town and Fringe – Less Sparse (5)	£121,698	£27,309	4.5
Village, Hamlet & Isolated Dwellings – Less Sparse (6)	£181,680	£31,652	5.7
Rural (1 + 2 + 3 + 6)	£158,829	£27,490	5.8

NOTE: The price-to-income ratio in this table is an estimate as the actual mid point is not available for the house price and income bands.

information from eight rural local authorities, it reported that around 23,000 households were on housing registers in rural Wales.

### Official homelessness statistics

Homelessness has become a more significant problem in rural Wales during the last few years. A recent study of rural homelessness by the WRO (2006b) has calculated that between 1978 and 2005 the number of households accepted as homeless and in priority need by rural local authorities rose by 309 per cent compared with an increase of 129 per cent in urban authority areas. For much of this period the homelessness figure for urban areas exceeded that for rural areas (Figure 5). From the mid-1990s, though, the gap began to narrow and by 2000 the rural homelessness total exceeded that recorded for Urban areas. It is also clear from this Figure that there is a cyclical pattern to homelessness in Wales, with rising levels of homelessness in Rural and Urban areas corresponding to surges in national property prices.

A more detailed analysis of changing levels of homelessness in Wales since the mid-1990s also points to the increased significance of homelessness in rural areas (Figure 5). The number of officially recognised homeless households in rural Wales almost tripled across the seven-year

period 1997-8 to 2004-5, rising from 1,226 to 3,595 households. Since 2004-5, the rural homeless total has fallen to 2,249 households (2006-7 data). What this means is that, between 1997-8 and 2006-7, the number of officially recognised homeless households in rural Wales increased by 83 per cent, a figure that is much higher than the 34 per cent increase recorded by urban areas.

In 2006-7, the homelessness totals for rural and urban areas were very similar (2,249 and 2,264 households respectively). The standardised rate of homelessness in rural areas is also similar to that for urban areas; it is also higher than the valleys rate. An analysis of data for 2003-4 to 2006-7, for example, reveals a rural rate of 7.1 homeless households per 1,000 households compared with 7.7 in urban areas and 6.6 per 1,000 in the valleys. Within rural Wales, highest rates of homelessness were recorded by Pembrokeshire (10.3 per thousand), Carmarthenshire (7.6), Powys (7.3) and Gwynedd (7) (see Table 6).

Other data provided by Shelter Cymru on homelessness reveals that in the period between 1 October 2006 and 30 September 2007 it assisted 2,463 households with 7,448 housing or homelessness related problems in the nine predominantly rural authorities. Of these,



31 per cent were living in the private rented sector, 23 per cent were tenants of either the RSLs or local authorities and 6 per cent were owner-occupiers at the time they approached the organisation.

## The nature of rural housing needs in Wales

In addition to collecting evidence on the changing scale of rural housing needs in Wales, the Commission has also examined the nature of housing needs. This section of the report provides an overview of the information provided by the organisations and individuals that responded to our call for evidence. The section addresses five main themes:

- the key dimensions of rural housing needs;
- the causes of rural housing needs;
- the groups experiencing housing needs in rural areas;
- the geography of housing needs;
- the relations between housing, culture and language in rural Wales.

### The key dimensions of rural needs

The evidence presented to the Commission highlights five dimensions of housing needs in rural Wales.

The first of these relates to difficulties associated with accessing affordable housing, with evidence pointing to the limited opportunities available to purchase and rent affordable properties on the open market in large parts of rural Wales:

*Lack of affordability of property in the owner-occupied and private rented sector. [local authority]*

*Lack of affordable homes both to buy and to rent for newly-forming households. [local authority]*

*Affordable to whom? [member of the public]*

While in previous years, problems of affordability were mainly experienced by unemployed, low-income or vulnerable groups, the evidence

Table 5: Net annual shortfalls of affordable housing by local authority areas in rural Wales

	Year of assessment	Net annual shortfall
Carmarthenshire	2000	459
Ceredigion	2004	274
Conwy	2002	209
Denbighshire	2003	645
Gwynedd	2002	314
Isle of Anglesey	2001	311
Monmouthshire	2000	916
Pembrokeshire	2000	358
Powys	2002	317
<b>Total</b>		<b>3,803</b>

Source: amended from WRO (2006a)

presented to us indicates that these problems are now impacting more widely across the rural population of Wales:

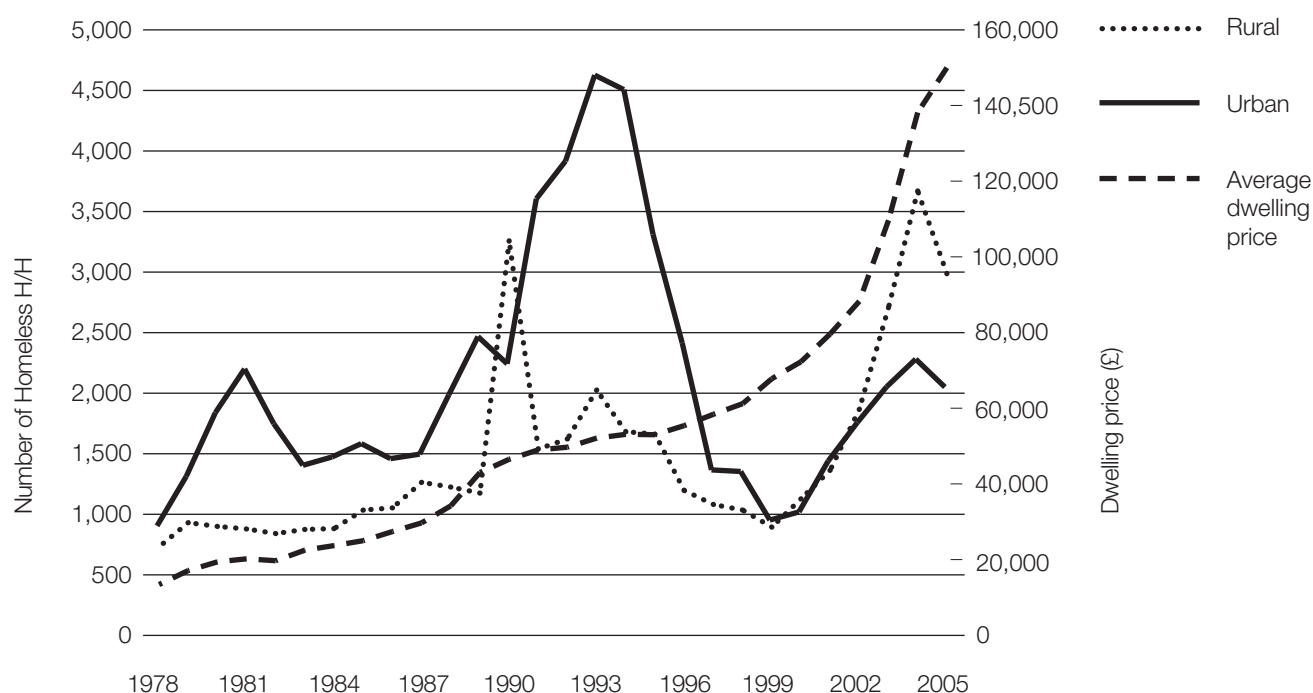
*Historically, housing need has been from households whose financial circumstances has meant that they require social housing. While there is still a need for social rented housing in rural areas, in recent years there has been an increase of housing need by people in more favourable economic circumstances. [national park]*

*...housing need in many parts of rural Wales is a problem experienced not just for low income houses. Housing to buy is often beyond the purchasing power of medium to high income earners. Similar problems are evident in the private rented sector. [national organisation]*

*Buying or renting? Everything's expensive. A lot of people are unable to afford it. [member of the public]*

Reflecting the data presented in the previous section, most respondents pointed to dramatic increases of house prices in their areas in recent

Figure 5: Changing levels of official homelessness in rural and urban areas of Wales, 1978-2005



Source: WRO (2006b)

years, with significant gaps emerging between local property prices and local income levels:

*We are aware of the considerable increase in house prices, especially at the 'lower/entry' end of the market in the last 10 years. [local authority]*

*[The] problem has become more acute – house prices have increased at a rate considerably higher than incomes. [local authority]*

*The boom in property value in relation to earnings. [Rural Housing Enabler (RHE)]*

*Housing affordability has decreased as the gap between house prices and the amount that can be afforded widens. [local authority]*

*Affordable is almost a redundant term now – houses just aren't affordable! [member of the public]*

*A marked and well documented increase in the prices of land and houses, combined with a widening of the gap between average earnings and the price of an average home. [national organisation]*

*Significant increase in house prices in relation to wages. [national organisation]*

The second dimension of housing needs highlighted by respondents was the restricted supply of housing in rural Wales. Two elements of this supply problem were stressed. The first relates to the general provision of housing in rural areas, with respondents suggesting that the growth of the rural housing stock had not kept pace with population increases resulting from in-migration and the rising number of households in most areas:

*Insufficient new housing completed to match the number of new households being created. [local authority]*

*Although historically, many parts of rural Wales were densely populated (albeit perhaps in poor quality housing stock), today rural areas are characterised by a limited housing stock much of which is concentrated in small settlements and country towns with a more dispersed pattern in open countryside. As a result, the housing stock in rural areas is limited in absolute terms and that situation has been reinforced by successive planning policies of containment and control. This has restricted any significant housing development in open countryside in favour of concentration in accessible settlements and towns. [national organisation]*

Table 6: Standardised rates of official homelessness in rural Wales, 2003-4 to 2006-7

Area	No. of homeless households (average p.a.)	Total households thousands (2003)	Homelessness per thousand households (average p.a.)
Isle of Anglesey	195	29	6.7
Gwynedd	342	49	7.0
Conwy	291	48	6.1
Denbighshire	195	40	4.9
Powys	394	54	7.3
Ceredigion	215	32	6.7
Pembrokeshire	506	49	10.3
Carmarthenshire	546	72	7.6
Monmouthshire	222	36	6.2
<b>Rural</b>	<b>2,906</b>	<b>409</b>	<b>7.1</b>
<b>Urban</b>	<b>2,169</b>	<b>361</b>	<b>7.7</b>
<b>Valleys</b>	<b>931</b>	<b>280</b>	<b>5.7</b>
<b>Other</b>	<b>2,398</b>	<b>163</b>	<b>6.6</b>

The second problem raised relates to the supply of affordable and social housing in rural areas. It was suggested that despite much policy and political discussion of the affordability problem in rural Wales, relatively few affordable housing schemes had been developed in recent years. Considerable concern was raised about the loss of local authority housing stock resulting from Right-to-Buy sales and the inability of local authorities to reinvest revenue from these sales into new council house building programmes. Mention was also made of the difficulties faced by the Registered Social Landlords (RSLs) in replenishing the social housing stock in rural areas, particularly real-term reductions in the Social Housing Grant in and the additional costs of providing new units of social housing in rural areas:

*Lack of council housing due to the Right-to-Buy. [RHE]*

*Disposal of most council housing stock – 30 per cent or 749 units were lost between 1981 and 1991 in the Pembrokeshire Coast National Park. [national park]*

*The level of social housing grant received has lessened in real terms. [local authority]*

Rural housing needs were also discussed in relation to broader economic and demographic processes. Clearly, affordability problems involve both the price of property and the income available to households to purchase or rent housing. Mention was made of the restricted employment opportunities available in the remoter parts of rural Wales and the low wages associated with particular sectors of the rural economy. Net in-migration was also cited as placing additional pressures on the rural housing system. With many in-migrants having greater financial resource, the increased competition for

housing was viewed as further disadvantaging low- and middle-income households in rural areas:

*Historically, rural workers' incomes are lower than those of their urban counterparts, and the recent trend of out-migration from urban areas has placed increased pressures on the rural housing market that has driven house prices up beyond the means of many rural dwellers. [national organisation]*

*Rising house prices in SE leading to growing influx of purchasers into rural Wales taking advantage of relatively low cost homes – pushing up prices. [national organisation]*

Reference was also made to the pressures on the private rental sector resulting from the in-migration of workers from central and eastern European states in particular local housing markets.

*Suggestions that an inflow of workers from the countries of eastern Europe may lead to further pressures on the private rented sector and will compete with the local need for housing. [local authority]*

Affordability problems were mentioned as a factor behind the out-movement of young people from rural areas, although it was stressed by many that the decision to move from village to town within rural Wales, or out of rural Wales altogether, was one that involved housing and a variety of other factors, including higher education and employment opportunities, the provision of services and lifestyle aspirations:

*If people, particularly young people, are not able to achieve a certain standard of living in the area they were brought up, they will move away. Housing is only part of the reason for this – employment is more important, and there are other issues which affect people's decision, e.g. lifestyle choices. [local authority]*

*The economic environment is not conducive to retaining young people. [member of the public]*

*Access to good quality, affordable housing is the vital ingredient of community sustainability. If rural economies fail to deliver then individuals will move to areas where their income provides*

*access to the local housing market. Such moves are usually by young people and families and are therefore likely to jeopardise the generation balance. [local authority]*

The poor condition of the rural housing stock was viewed as another dimension of housing problems in rural areas. Particular reference was made to the poor state of private rented properties, particular in rural and seaside towns, and to privately owned housing occupied by older households.

*Poor conditions in both private rented and some parts of owner occupied stock. [local authority]*

*Not enough investment in private housing to upgrade them. [RHE]*

*There is an issue with the poor condition of the existing housing stock, i.e. housing that is defective, inappropriate or inadequate. This could arise because of poor repair, size or design and/or suitability for particular groups, most significantly the elderly. [national organisation]*

Attention was also given to the types of property available in rural areas. It was stated that the current stock is dominated by larger and detached houses with relatively little property available for first time buyers and retired households looking to downsize. Consequently, those seeking smaller properties were being forced to move to the larger settlements in rural Wales:

*Profile of stock in rural areas does not meet needs of local households – large proportion of large detached homes, which are not appropriate for newly-forming households and lone retired people. [local authority]*

*Housing need is also exacerbated by the predominance of 'family homes' in the housing market with a corresponding shortage of accommodation for single person households. This creates problems not only for young people but also for elderly households needing to downsize and wanting to remain in their community. [national organisation]*

Linked to the above problems is the issue of fuel poverty, with older and detached properties tending to be more costly to heat. An additional

factor here is the limited provision of mains gas supplies in the smaller and more remote settlements in rural Wales and the extra costs associated with liquid gas.

*Cost of energy etc is rising. Need to develop a more sustainable policy. [member of the public]*

Respondents stated that the availability of supported housing was limited in rural areas, which creates problems for those agencies tasked with dealing with the housing needs of vulnerable groups, such as homeless people, older groups and people with disabilities. Housing solutions for such groups often involve relocations, with some of these being over large distances:

*Older people often wish to remain in the community in which they have established social networks. However, availability of local housing specifically designed for older people in some rural communities seems to be an obstacle for those wishing to move, as they are frequently located several miles away from the person's social network. [university researcher]*

*Difficulty in providing supported housing due to sparse population, including adequate range of supported housing for older people. [local authority]*

*Rural homelessness has become more acute, with families having to be temporarily rehoused in bed and breakfast hotels many miles from their own communities, including out of county placements in many cases. Families and vulnerable single persons have been spending months in temporary accommodation with little prospect of being offered permanent settled accommodation within their own communities. [RSL]*

Second and holiday homes were mentioned as a further dimension of housing needs in environmentally protected areas, such as the national parks, and other scenically attractive areas, for example the Penrhyn Llyn/Lleyrn Peninsula:

*More people buying property to let in some areas – specifically in areas which attract a lot of tourists in peak seasons. [national organisation]*

*Holiday homes – raise the cost of houses for local people. [member of the public]*

*High levels of second home ownership – especially in popular tourist areas such as the national parks. [national organisation]*

### **The main causes of rural housing needs**

The evidence submitted to the Commission indicates the following main causes of housing needs in rural Wales.

First, it was claimed that rural housing needs are resulting from broader sets of national housing, economic and social processes that are impacting on rural and urban parts of Wales, as well as in the UK. It was generally recognised that there is a national shortage of housing in the UK which has led to dramatic increases in property prices and an acute affordability problem in most regions and localities. Respondents also pointed to the limited investment by government in affordable housing in Wales during the last couple of decades:

*Not enough social and affordable houses – particularly family sized houses – have been built under the Labour Government in the past 10 years, which has created a gap between supply and demand. [national organisation]*

In addition, it was recognised that there were some more specific causal factors resulting in housing needs in rural areas. Net in-migration and the resultant increased competition for housing in many areas of rural Wales has produced additional pressures on local housing markets. This was particularly the case in the south- and north-eastern areas, where many villages have been transformed into commuter settlements. In the more scenic inland parts and along the coastal belts of rural Wales, new pressures have also been created by retirement migration and second and holiday home ownership.

Frequent references were made to the planning system as a cause of housing needs in rural Wales. The current planning system was viewed as being too restrictive in nature, placing more emphasis on the protection of natural spaces than on dealing with the welfare of rural communities. Evidence presented to the Commission indicates that planning policies are limiting the supply of housing in rural areas by constraining the number of sites for new development in many smaller settlements, requiring a large volume of evidence of local



housing needs to justify affordable housing developments and processing applications slowly:

*Planning system [is] too slow to react to problem of housing need. [local authority]*

*Planning policies that keep tight control on the development of various types of housing from new and bringing former property back into use. [local authority]*

*Planning policies that are essentially protectionist rather than developmental in emphasis within the framework of a sustainable development agenda that seeks to concentrate development increasingly in settlements that are accessible by public transport. [national organisation]*

*Planning laws are not sensitive to rural areas. [member of the public]*

The limited supply of housing was highlighted as another cause of housing needs in rural Wales. It was claimed that there was a shortage of market housing and affordable property for purchase in rural areas. In addition, mention was made of the limited choice of property types available in many areas, with smaller developments tending to be executive style housing and relatively little one- or two-bedroom property within the existing stock:

*Insufficient mix of dwelling types and tenure. [local authority]*

*House builders build large detached properties at expense of other dwelling types – such developments do not make a contribution to meeting affordable housing needs of particular communities. [local authority]*

*Lack of entry level accommodation. [local authority]*

*Lack of a suitable mix and supply of housing types – developers favour large executive style housing. ...developers prefer to build highly profitable executive style housing. [national organisation]*

*The supply does not meet the need of specific groups in need, such as older people, young singles and young families. This leads to high levels of homelessness and migration from the country to the town. [local authority]*

Reference was also made to the older age of many rural properties and the problems these properties create for energy conservation and adaptation:

*Old properties which do not lend themselves to physical adaptation. [RSL]*

*Houses are expensive to maintain – poor standards of energy-saving affect residents' health and welfare. [local authority]*

*The stock generally does not meet today's requirements – it is difficult to upgrade e.g. high percentage of terraced housing. [local authority]*

In certain areas, the poor quality of the existing private sector housing stock was raised as a particular cause of rural housing needs, with some properties falling into a state of disrepair and others requiring the investment of large sums of money to bring them up to an acceptable standard:

*Poor housing conditions – stock falling into disrepair and dereliction – inadequacy of financial resources necessary to maintain standards and extend the life of properties and the refusal of individual property owners to accept responsibility for ongoing maintenance of their dwellings. [local authority]*

*Propensity of local people and recent in migrants to choose new property above the refurbishment of existing dwellings thus accelerating the deterioration of older houses and consequential loss of stock. [local authority]*

*Houses available but a need for substantive investment to bring them up to the demands of people today. Public funds to assist this are reducing. [local authority]*

*Areas with a high number of houses built pre 1919 call for substantial structural, environmental and economic investment to create sustainable communities and keep young people in the locality. [local authority]*

Mention was also made of the limited supply of social housing in many communities within rural Wales linked to Right-to-Buy sales, particularly in the village settlements, and the low level of RSL activities in rural areas. The limited provision of social housing within rural Wales was viewed as

creating difficulties for local authorities and RSLs responding to housing needs, with long waiting lists a feature of most rural local authorities:

*No housing available due to council housing being sold. [member of the public]*

*Sale of council houses has reduced number of houses for letting, leading to long waiting lists for homes, and [a] low level of housing association houses in rural areas to take the place of council houses that have been sold. [local authority]*

*A corresponding decline in social housing following the sale of council housing and the comparatively limited social housing provision by alternative agencies. [national organisation]*

For some of those giving us evidence, the principal causes of rural housing needs lay beyond the housing realm, encompassing a broader range of problems concerning the sustainability of rural communities in Wales. Reference was made to the fragility of particular sectors of the rural economy: low rates of pay associated with local employment and the decline of essential services and facilities such as public transport, post offices and retail outlets, from smaller settlements:

*Low quality jobs in rural area. Local residents who work locally compete in a housing market with people who may work in other areas and earn higher wages. [local authority]*

*A low wage economy which renders large sections of the rural population unable to compete in either the owner-occupied or private rented sector. [NFU]*

*Lack of rural amenities: schools closing, post offices, shops, public houses, public transport. [national organisation]*

*Pubs, shops, schools are closing in rural areas. Communities are dying on their feet. [member of the public]*

*The general situation of rural communities is relevant with regard to transport, shops and services because of the developments of large stores sub-regionally such as at Porthmadog and Pwllheli. Young people are moving into the town because of this. [local authority]*

Finally, reference was made to problems resulting from local opposition to new housing developments and particularly to schemes of affordable property in many village locations:

*NIMBY syndrome – occupants often object to housing developments e.g. social housing in small villages. [national organisation]*

*Local opposition to housing developments in general but especially to social 'affordable' housing. [local authority]*

### **Specific groups experiencing housing needs in rural areas**

Housing needs were viewed by respondents as impacting on a broad range of groups within the rural population. However, certain groups were highlighted as experiencing more pronounced housing needs. By far the most frequent group mentioned was young people, with reference made to the difficulties they faced purchasing their first property and the lack of housing options provided for younger single people and childless couples by local authorities and RSLs. Moving to the other end of the age spectrum, reference was also made to problems faced by older people in need of supported accommodation or looking to downsize within their local communities. Other groups highlighted as being particularly prone to housing needs were low-income households and unemployed persons, and younger people who had relocated to other (lower priced) areas and were unable to return to their home communities.

### **Rural – urban comparisons**

The evidence presented to the Commission indicates that the causes of housing needs in rural Wales are similar to those being witnessed in other parts of the country. The commonalities identified by respondents included rising property prices, the restricted supply of market and affordable housing, and the restrictive nature of the national planning system. It was clear from the responses provided, though, that there are distinctive elements of housing need in rural areas. The main elements referenced by respondents are set out below:

- The impacts of housing needs on the cultural fabric of Welsh-speaking communities are more pronounced in rural Wales.

- Average property prices are higher in rural areas.
- Rural housing markets offer a smaller range of housing options in terms of the types and tenure of property.
- There is a more restricted supply of housing in rural areas.
- The planning system tends to be more restrictive in rural areas.
- There are higher costs associated with living in the countryside.
- Rural housing needs often remain more hidden.
- The incidence of housing need tends to be higher in rural areas.
- There is a more limited supply of social housing in rural Wales.
- There is increased local opposition towards new (affordable) housing development in smaller settlements.
- Income levels are lower in many rural areas.
- Additional problems result from the economic and social infrastructures of rural areas.

### **The geography of housing needs in rural Wales**

Housing needs were viewed by respondents as particularly pressing in the following types of area:

**National park areas**, where high levels of in-migration, increased numbers of second and holiday homes, and a more restrictive planning system combine to produce high property prices and limited housing development opportunities.

**Other recreational areas**, such as the coastal belts, where the high demand for retirement property and second and holiday homes is placing pressure on local housing markets.

**Accessible commuter rural areas**, located within commuting distance of large towns and cities, such as Swansea, Cardiff, Newport, Bristol, Liverpool, Chester and Wrexham, and the main towns within rural Wales, where property prices are amongst the highest in Wales.

**Smaller settlements**, where average property prices are the highest and the stock of social housing the lowest in Wales.

### **The relations between housing, culture and language in rural Wales**

Most respondents considered that housing needs in rural Wales were impacting detrimentally on the Welsh language. In almost all cases, however, this consideration was based on anecdotal evidence gained from living and working in rural Wales rather than on robust evidence from research. Indeed, respondents stressed that it was extremely difficult to develop any causal linkages between housing, linguistic and cultural change.

The following extracts from evidence presented to the Commission illustrate some of the difficulties faced by respondents in discussing the linkages between housing needs and the Welsh language in rural Wales:

*[It] may be difficult to prove that housing problems i.e. shortages have CAUSED a decline in Welsh language and culture as causes are likely to be multi-factored...An educated guess, from lengthy observation and experience, suggests that language and culture are detrimentally affected by shortages in housing, acute competition and in-migration.... [local authority]*

*We have no direct statistical evidence that this is the case, however circumstantially it could be argued that historically, families (many of them Welsh speaking) are being priced out of the market in their communities and are being forced to find accommodation elsewhere. This could have a detrimental effect on the Welsh speaking community. However I would state that this is sometimes mitigated to a point by families (mainly middle income) who then choose to have their children educated through the Welsh medium. But as stated we have no statistical data to back this up. [local authority]*

*The Welsh language is suffering due to the lack of affordable housing. No research has been undertaken to evaluate this statistically. [national organisation]*



*The group considers that it is not in a position to offer evidence that housing problems in rural Wales affect the Welsh language and culture, although it accepts that anecdotally it would appear that housing pressures, especially in traditional Welsh speaking areas in coastal areas where the impact of second homes has been greatest, have impacted on the Welsh language and traditional culture in a negative way. [PHG]*

*It is inevitable that the housing situation will have an affect on the sustainability of the Welsh language in its strongholds although work is needed to collate the evidence. [local authority]*

It was acknowledged that the in-migration of non-Welsh speakers to and the out-migration of young Welsh-speakers from rural communities was diminishing the everyday usage of Welsh. Respondents were keen to point out, though, that while out-migration was bound up with housing needs, it was much more about economic issues, with lifestyle considerations also playing a part.

Reference was also made to the fact that many of the areas where the Welsh language was strong were also characterised by high levels of second and holiday home ownership.

*The Welsh language is being heavily affected by building policies. [member of the public]*

## 2. Responding to rural housing needs

The Commission's evidence-gathering also focused on tackling housing needs in rural Wales. We identified a number of themes that we were interested in obtaining evidence on, including the identification of rural housing needs, the main obstacles to tackling housing needs in rural areas, actions undertaken to respond to rural housing needs, areas of good practice, and priority actions for tackling housing needs in rural areas. This section of the report provides an overview of the evidence on these themes. Before doing this, though, it is necessary to provide an overview of the national housing and planning policy context in Wales.

### The national housing and planning policy framework

#### One Wales and housing

The Welsh Assembly Government's approach to housing is set out in its recently published document, *One Wales: a progressive agenda for the government of Wales* (WAG, 2007). It states that 'everyone has the right to an affordable home as owner, as part-owner or as tenant' and that 'a stock of good-quality, affordable homes is the foundation of thriving local communities in all four corners of Wales' (p16). The Assembly Government recognises the intensity of housing needs in many parts of Wales, particularly the shortage of affordable housing to buy and to rent, and the broader impacts of these needs on local communities. *One Wales* sets out a programme of policy actions to meet housing needs; improve access to housing; increase the provision of affordable housing; and ensure '21st century social housing' provision.

In relation to meeting housing needs, the Assembly Government states that it will draw down legislative power to suspend social housing sales, allow local planning authorities to use language impact assessments for planning purposes, permit

local planning authorities to secure 100 per cent affordable housing sites to meet local housing needs, and control the conversion of properties into second homes in areas of housing pressure.

Its proposals for improving access to housing consist of providing grants to first time buyers to help them get onto the property ladder, and extending the definition of the essential dwelling category in rural areas to include 'rural enterprise' workers.

The Assembly Government intends to increase the supply of affordable housing by investing in social housing and 'stimulating the supply of affordable private sector homes'. It proposes a number of specific measures to increase the supply of affordable housing in Wales, including:

- increased funding for social housing;
- requiring all larger housing developments to contain a proportion of social housing to meet local needs;
- allowing local planning authorities more flexibility to designate sites solely for affordable housing purposes;
- revising guidance on 'affordability' and 'local' criteria within Section 106 Agreements;
- increasing the supply of publicly-owned land available for affordable housing development;
- developing Community Land Trusts<sup>3</sup>;
- lobbying the Westminster government to allow charitable organisations greater discretion in disposing land at below market value for affordable housing purposes;
- placing a statutory duty on local authorities to devise plans for delivering affordable housing in their areas.

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<sup>3</sup> A Community Land Trust is a 'mechanism for the democratic ownership of land by the local community. Land is taken out of the market and separated from its productive use so that the impact of land appreciation is removed, therefore enabling long-term affordable and sustainable local development. The value of public investment, philanthropic gifts, charitable endowments, legacies or development gain is thus captured in perpetuity, underpinning the sustainable development of a defined locality or community. Through CLTs, local residents and businesses participate in and take responsibility for planning and delivering redevelopment schemes.' ([www.communitylandtrust.org.uk](http://www.communitylandtrust.org.uk))

In terms of ensuring 21st century social housing, the Assembly Government states that it will continually review the Welsh Housing Quality Standard, restrict the number of stock transfer ballots in each local authority area, offer impartial advice to tenants about stock transfers, and provide additional funding for the *Supporting People* programme.

In addition to these actions, the Assembly Government proposes to produce a new strategy to tackle homelessness during the next ten years, seeking new powers under the Government of Wales Act (2006) where necessary.

*One Wales* builds on an existing suite of policies that has been developed by the Welsh Assembly Government to deal with housing needs in Wales during the last few years.

### **National housing strategy**

The Assembly Government's national housing strategy, *Better Homes for People in Wales*, which was introduced in 2001, states that 'everyone in Wales should have the opportunity to live in good quality, affordable housing; and to be able to choose where they live and whether buying or renting is best for them and their families' (p8). In order to realise this vision for housing in Wales, the Assembly Government set out a policy programme based on the following themes:

**Quality** – it commits itself to eradicating poor quality housing across all tenures, including bringing all social housing up to the new quality standard within ten years.

**Affordability and choice** – the Assembly Government states that it wants to provide increased diversity of housing choice 'by giving people better access and more choice over affordable housing that meets needs' (p13). It proposes to do this by establishing a system of fairer social housing rents, developing sustainable low-cost home ownership schemes, and improving allocation policies for social housing.

**Homelessness** – *Better Homes* commits the Assembly Government to eliminating the need for rough sleeping in Wales and providing better access to housing advice.

**Disadvantaged people** – the Assembly Government states that it will target initiatives to meet the needs of particular disadvantaged groups, including people experiencing domestic

violence, black and minority ethnic households, and low-income groups living in fuel poverty.

More recently, the Assembly Government has published *The Affordable Housing Toolkit* (WAG, 2006), which aims 'to raise awareness of the inter-relationship between different policies, tools and functions' in relation to the provision of affordable housing. The document provides an overview of the broad range of policy tools that are available to respond to housing needs in Wales.

- Local housing market assessment guides (to help local authorities to understand housing demand and needs in their areas).
- Guidance on preparing local housing strategies, with all unitary authorities requested to develop these.
- Increased Social Housing Grant and revisions to its allocation to local authorities.
- Initiatives to promote low-cost home ownership, including Homebuy, Homefinder, Transfer Discount and Home Release schemes and Shared Ownership.
- Restrictions placed on right-to-buy and right-to-acquire schemes to maintain the stock of social housing.
- Guidance on the disposal of land and property by the Assembly Government, Assembly Sponsored Public Bodies and local authorities at below best value for affordable housing.
- Funding for pilot research on the potential of Community Land Trusts for delivering low-cost housing in Wales.
- Agreement to 'provide funding towards a project which will develop a national network of Rural Housing Enablers...' (p29).
- Encouragement of the use of statutory powers in land assembly, including compulsory purchase powers by local authorities.

### **The planning policy framework**

The Wales Spatial Plan, introduced in 2004, provides the 'spatial interpretation' of the Assembly Government's strategic policies:

*It provides a framework for collaborative action between all partners to respond to national and*

*regional priorities, recognising that ‘one size’ solutions do not fit all parts of the country. (WAG, 2006, p5)*

The Plan contains six spatial areas and work towards its implementation is being taken forward by six regional groups, which comprise partnerships between the Assembly Government and its sponsored public bodies, local authorities, business and other organisations. Some of these partnerships have established sub-groups to examine affordable housing issues. The Assembly Government considers that the Spatial Plan approach has the potential:

*...to more effectively respond to housing markets as it looks across local authority boundaries and considers the whole range of socio-economic and environmental factors which affect housing supply and demand. (WAG, 2005b, p5).*

The Assembly Government has also recently (2006) updated the housing chapter in *Planning Policy Wales*. It recognises that the planning system has ‘an increasingly important role to play in the delivery of affordable housing both in situations where public subsidy is available and where the applicant for planning permission provides the subsidy through a Section 106 agreement or other mechanism’. (WAG, 2006, p6).

*Planning Policy Wales (updated by Ministerial Planning Policy Statement 01/2006)* states that planning policy ‘requires local authorities to work collaboratively between housing and planning functions when preparing local housing strategies and development plans’ (WAG, 2006, p6) and that local authorities need to understand the nature of their local housing markets.

The Assembly Government stresses that the development plan is the main mechanism to identify the level of market and affordable housing, taking into account the Assembly’s national and regional household projections. The development plan must be based on evidence on housing needs from the local housing market assessment and ‘set an authority wide affordable housing target and identify the policy approaches which will be adopted to meet this target’ (WAG, 2006, p7).

The Assembly Government has revised Technical Advice Notes 1 (Joint Housing and Land

Availability Studies) and 2 (Planning and Affordable Housing) to improve the supply of land for housing and to increase the provision of affordable housing through the planning system. Revisions to the latter document include:

- providing a ‘step by step guide’ to the delivery of housing via the planning system;
- defining housing affordability and setting out advice to local authorities on determining this;
- emphasising collaborative working between local authority planning and housing departments, and other housing stakeholders;
- requiring local housing and planning authorities to undertake local housing market assessments, include an affordable housing target and to monitor the supply of affordable housing against this target within their development plans.

The Assembly Government states that local planning authorities should assess whether it is necessary to support affordable housing policies with supplementary planning guidance, which could include providing further information on evidence of need, definitions of affordability, the Section 106 process and design principles.

Finally, national planning policy includes ‘special provision for rural exceptions sites for affordable housing to meet to local need’ (WAG, 2006, p11). These sites can be located on sites within or on the edge of existing rural settlements that would not normally be released for market development. The Assembly Government stresses that it is keen to promote more effective use of this policy by local authorities.

## Identifying rural housing needs

Before housing needs can be tackled, evidence first has to be collected on the nature and scale of these needs, and, as has been mentioned previously, this is not always a straightforward process. Indeed, respondents identified a number of problems faced by agencies in identifying housing needs in rural Wales. The first problematic element of the identification of housing needs mentioned was the poor quality of the current evidence-base. The housing needs surveys

undertaken by all the rural local authorities were welcomed as a means of recording the diverse range of housing needs experienced by different groups of the local population but the infrequency of these surveys was criticised. It was also stated that the evidence from recent local housing needs surveys has not been collated and published by the Assembly Government, which has meant that it is difficult to assess the overall scale of housing needs in rural Wales. In addition, it appears that different local authorities may have been using different definitions of housing needs, which creates additional problems for the consistent measurement of rural housing needs in Wales.

Recent local authority surveys of housing needs are unable to highlight needs at the local (community), level. The Rural Housing Enablers (RHEs) have played an important role in conducting these more local surveys although it needs to be recognised that the small number of enablers together with the resource intensive nature of these surveys has meant that relatively few have been undertaken in rural Wales.

Inevitably, surveys capture particular types of information on housing needs. In particular, they tend to provide statistical information on needs; data for households that respond to the survey; and information on households that remain in the local area. It would also seem to be the case that the format of local housing needs surveys is extremely variable.

*Poor quality information/biased surveys/reliance on anecdotal evidence/small number of households making statistical analysis invalid. [local authority]*

*The absence of any sufficiently fine-grained and reliable survey and analysis of rural housing problems and issues. [national organisation]*

*Invariably surveys tend to focus on existing families/households and questioning them on their housing needs. [local authority]*

*Lack of evidence-base, lack of consistency in information and mix of definitions used e.g. local needs/affordability. [national organisation]*

*Lack of information at the community level – need to undertake local housing needs assessment for all community areas. [national park]*

*People identifying themselves as in need. Surveys are reliant on people returning questionnaires. Often those who fill in questionnaires are not those who are in need – this has the potential effect of skewing the results. Self-sufficiency in finding solutions to housing problems, therefore people do not have their need recorded. [local authority]*

*People less willing to take part in such surveys. [national organisation]*

*People feeling it's not worth replying to surveys, young people not filling in survey forms addressed to the head of the household. [national organisation]*

*Substantial changes over a short span of time mean that any housing needs surveys are outdated and of little value after two years. [local authority]*

*Some people in need move away so are unmeasured. [local authority]*

Traditionally, local authority social housing waiting lists have been used as a measure of housing needs. As was discussed in Section 1, the substantial loss of council housing stock in recent decades has meant that this source of information on housing needs has become less reliable. Respondents also made this point to the Commission. It was stated that waiting list data provided, at best, a partial picture of housing needs in rural areas as large numbers of households fail to register their needs with their local authority:

*Figures available on housing waiting lists will give some indication of housing need, but do not reflect those who are living with relatives, have already moved away from an area, or who are commuting great distances. [national organisation]*

Respondents also claimed that households could only register for social housing in locations where it currently exists. As such, the waiting list provides a geographically skewed indication of housing needs in a local authority area, with demand for social housing tending to be greatest in areas containing the most housing:

*In rural areas which have no social housing stock, no waiting list figures are available. [RHE]*



*If social housing does not exist locally then people in rural areas often do not put their names on any list. [member of the public]*

*Hidden need not always detected – people won't register on a waiting list if there are no council/RSL homes in the area. [local authority]*

*The possibility that people are not willing to register for social housing because of systems for prioritising or where there is no suitable housing stock (e.g. for old people) available locally. This means that the level of need cannot be measured in a reliable way. [local authority]*

*It appears there's a stigma regarding registering for affordable housing. [member of the public]*

It is also the case that with increased RSL activities in recent years, the local authority housing register provides a more limited indication of the scale of registered needs in a particular area. Consequently, where local authorities and RSLs do not operate a joint register it can be difficult to ascertain the level of registered housing need:

*Lack of information from waiting lists – need a joint housing register (data from LAs and Has). [national park]*

The hidden nature of rural housing needs was also stressed by respondents. Needs tend to be less visible in rural areas due to the dispersed nature of settlement structure, the more limited supply of social housing and the reduced provision of advice and support services for those in need. It was claimed that a more realistic indication of rural needs will only become apparent when additional social housing and increased advice and support is provided for households in housing need. Obviously, welfare agencies working in rural areas face a difficult problem: without the evidence of need it is not easy to secure funding for welfare services but without the presence of such services it is difficult to demonstrate need:

*As for addressing homeless issues in rural areas, unless we have contact with people who are aware of particular individuals, these individuals will not be picked up at all. [local authority]*

*Often difficult to discern the rural aspect of the problem e.g. some aspects of the problem only manifest themselves in urban areas where the*

*services are located but the origin is a rural problem – people with housing problems or experiencing homelessness often present to services in urban areas. [national organisation]*

*It's difficult to be clear what the real need for housing is. [member of the public]*

*Difficulty in identifying hidden households living with other households or homeless and sharing with others. [local authority]*

*A tendency for rural housing need to be less visible than its urban counterpart. [national organisation]*

There is also a tendency for people in housing need living in areas that lack social housing and welfare support to adopting coping tactics that involve reliance on kith and kin networks:

*A tendency for rural households to adopt 'coping strategies' to deal with housing needs such as young people continuing to live at home and young couples choosing to live with their in-laws or other relatives. [national organisation]*

What this means is that housing needs in many rural areas often remain under-recorded within official statistics:

*Under-recording of individuals in housing need, because people in rural areas are less likely to approach the council or housing associations for help. Unfortunately, the tradition of self-help is not able to overcome the now massive affordability gap which exists in our rural areas, or the massive under-supply of suitable homes. This under-recording is also caused by the Catch 22 that no provision means people don't apply. No applications means no proof of need therefore nothing is done. We also need a rural housing enabler, to get stuck in with local communities, and to do the local survey work. We simply don't have the resources to do the small-scale surveys that are needed to identify need in 'deep' rural areas with sparse populations. [local authority]*

It was stated that much more research and analysis of rural housing needs is required to underpin policy. A key obstacle to undertaking this work was seen to be the high costs involved and the limited research capacities of the smaller

rural local authorities. Many respondents considered that the RHEs were beginning to provide evidence of (hidden) needs at the local level and, with additional funding to expand the RHE scheme to the all-Wales level, a broader range of evidence on housing needs could be provided:

*We simply don't have the resources to do the small scale surveys that are needed to identify need in 'deep' rural areas with sparse populations. [local authority]*

*A lack of resources to fund research into rural housing needs, for example the Welsh Assembly Government could fund a Rural Housing Enabler in every county in Wales.*

*The process of conducting accurate housing needs surveys is expensive. [local authority]*

*There is a need for more detailed research particularly at a local level and appropriate definitions which are understood. There is a large amount of general information but local housing needs surveys are required together with a review of available land. [national organisation]*

*Obtaining information on needs at the local level is not easy – local housing needs surveys are resource intensive/expensive. [local authority]*

Six further actions were proposed by respondents to provide a better assessment of housing needs in rural Wales.

### **Improved local housing needs assessments**

Local authority housing needs assessments need to be conducted on a more regular basis and more detailed information provided on housing needs at the local (community) level. Additional funding will be required from the Assembly Government to undertake these local assessments, alongside better national co-ordination of timing, spatial areas covered and methodology.

### **Further research**

In addition to improving local housing assessments, the evidence provided to the Commission indicates that there is a need for much more research to be undertaken on the

nature and scale of housing problems in rural Wales. This research should involve a more extensive programme of needs surveys as well as qualitative studies of housing needs in particular places and amongst specific groups.

It is also clear from the (lack of) evidence presented to us that research is urgently needed on the following topics:

- the linkages between the housing and demographic change and economic restructuring in different places;
- the relations between housing and the Welsh language;
- the impacts of second and holiday homes on communities in particular places;
- the identification of empty properties;
- the coping strategies employed by different groups in housing need.

### **Better use of existing evidence**

The limited evidence on housing needs that exists is not being utilised as effectively as it could or perhaps should be. For example, the Assembly Government has not yet collated and published the data on housing needs from the local housing needs surveys undertaken by the local authorities. We have also been struck by how difficult it has been for us to obtain basic data on housing register totals and Section 106 agreements at the local authority level. We consider that the Assembly Government and the rural local authorities need to work together to ensure that existing evidence on housing needs in rural Wales can be made more widely available.

### **Increased local involvement in measuring housing needs**

The involvement of local communities in the identification of housing needs was viewed by evidence providers as being extremely important to ensure that local knowledge of housing needs can be utilised effectively. As one local authority response stated:

*But also I believe that community councils have to be an integral part of any housing need assessment as these people live and work in the community concerned and have a greater*

*feel for and knowledge of the area. I believe as well that there needs to be a greater emphasis and push for 'rural enablers' to assist all groups with a vested interest, statutory, voluntary and community so that there is an independence of research and problem solving and to ensure that solutions are not imposed on the community but are owned by them. [local authority]*

The Commission has been convinced of the important role played by the RHEs in involving local communities in the identification of local housing needs.

*The Rural Housing Enabler project – maintain it – needs financial backing. [member of the public]*

### **Improved housing registers**

Currently, local housing registers provide only a partial picture of the scale, nature and geography of housing needs in a local authority area. Three improvements to these registers were suggested to us. The first is the development of joint housing registers between a local authority and the RSLs active within its area. Second, households should be able to register a need for social housing in locations where such housing currently does not exist. Third, it was proposed that the local housing register should be expanded into an affordable housing register on which people could register their needs for different forms of affordable accommodation.

### **Increased local provision of affordable housing and welfare support**

One of the key reasons that there exists hidden housing needs in many rural communities is the limited provision of affordable housing and associated housing welfare and support services. With the increased provision of affordable housing for rent and sale in different settlement types and the development of improved local systems of advice and support, it was suggested that it is highly likely that previously hidden needs will become more apparent to local housing and welfare agencies.

## **The main obstacles to responding to rural housing needs**

Evidence presented to the Commission points to ten key difficulties faced by agencies dealing with housing needs in rural Wales.

The **existing planning system** was considered by many respondents to be working against the development of affordable housing in rural Wales. The present system was viewed as too rigid, regulatory and reactive to meet rural housing needs, placing too much emphasis on the protection of rural spaces and not enough on the welfare of rural communities. Mention was also made of the spatial unevenness of planning policy within local authority areas, with criticism raised about the concentration of development in the larger settlements and the tight restriction on new housing in smaller villages.

*Inflexible planning mechanisms preventing houses being built where they are needed. [national organisation]*

*Politicians need to listen to the voice of rural areas – relax planning regulations. [member of the public]*

*Planning policy is restrictive. [RHE]*

*Restrictive planning policies which prevent the development of small scale sites in rural areas and/or limit housing provision to a selected number of accessible settlements. [national organisation]*

*Planning laws are not sensitive to rural areas. [member of the public]*

In addition, property development companies complained about the delays in processing applications for cross-subsidised housing developments.

The **limited supply of social housing** was viewed as creating severe problems for local authorities in dealing with housing needs in rural Wales. Mention was made of the historically low levels of social housing in rural areas, the detrimental impacts of sales of social housing to sitting tenants, the restrictions preventing local authorities from providing new units of social accommodation, and the limited activities of the



RSL sector in rural areas. It was also brought to the Commission's attention that the value of the Social Housing Grant during the last few years has not allowed sufficient investment in the social housing sector (at least not in relation to land and building costs).

*Lack of investment in social housing. [national organisation]*

*Limited capacity and resources of RSLs to build or manage developments. [local authority]*

More specifically, it was claimed that housing support for vulnerable groups, such as older people and those with disabilities, and emergency support for homeless households, was often limited in rural areas, with the support provided often concentrated in the main towns.

**Local opposition to affordable housing developments** was identified as a third obstacle to meeting housing needs in rural areas. It was claimed that local communities were often reluctant to accept new housing in their communities, with opposition greatest when affordable properties were being proposed. The problem of local opposition was viewed as resulting from three factors: the fear among property owners that affordable housing would impact detrimentally on the value of their property; the lack of support for some affordable housing developments from local councillors; and the lack of consultation with local communities about housing affordability issues in their area.

*[A] common perception that new social rented housing development will attract unsavoury characters with no links with, or sense of belonging to, local community. [national park]*

*The planning system, councillors who already have homes responding to their NIMBY voters. [individual]*

*Local opposition to general housing development and especially to social housing. [local authority]*

*Local opposition to the provision of low cost housing ostensibly for reasons of environmental impact but also with a concern to protect property values. [national organisation]*

Respondents claimed that there was a **lack of joined-up approaches** to tackling housing needs in rural Wales. This point was discussed in relation to the vertical relations between the Assembly Government and local authorities, as well as the linkages between different departments – particularly planning and housing – within local authorities. Related to this point was the issue of leadership, with some respondents suggesting that there was a lack of leadership by the Assembly Government and local authorities in dealing with rural housing needs. As one local authority representative and a member of the public stated:

*Political commitment does not always match political rhetoric. [local authority]*

*...a lack of money and will from the Assembly. [member of the public]*

In recent years, emphasis has been placed on the **cross-subsidisation of market housing development** as a key mechanism for delivering affordable housing in Wales. Respondents stated that in the remoter and smaller rural settlements there was limited market demand for larger site developments and that affordable housing would need to be provided through the rural exception policy on smaller sites. Reference was also made to the small scale nature of the local property development sector in these areas and limited competition among developers, which was viewed as leading to higher development costs (though data was not received to be able to verify this claim).

The mortgage lenders expressed unease about the variety of Section 106 Agreements that are currently being used by local planning authorities and the restrictive covenants associated with some of these.

The **lack of robust datasets on housing** was raised as another obstacle to responding to rural housing needs. Without the provision of an improved evidence-base on the nature and extent of housing needs, capable of highlighting needs at the local authority and community levels, it was stated that it would be difficult to develop policies to tackle local housing needs.

*A lack of a statistical database of information over the exact number and nature of housing issues/homes required in rural areas. We have found that planning colleagues are rightly*

*charged with protecting the landscape, however we acknowledge that they are pragmatic in this and that if the evidence-base is there to allow limited development on a needs basis that will not 'open the floodgates' then they are willing to consider. It is this evidence-base that we see as crucial. [local authority]*

*Having good evidence of housing need – we all know it's there, but need to come up with hard evidence for all exception schemes. [local authority]*

**Land supply problems** were also discussed by respondents. For some, the problem related to the price of land while others pointed to the limited availability of land suitable for affordable housing development.

Evidence presented to the Commission indicates that there exists a great deal of **hidden housing need** in rural areas, with residents experiencing housing problems failing to register their problems with the local authority or RSLs, and little effort being made by local welfare agencies to publicise their services to the wider population.

*Identifying true need. [local authority]*

*Lack of in-need people coming forward to register. [RHE]*

*Poor communication and consultation within rural communities does not improve understanding of issues. People are largely unaware of the help that is available to them through the housing association. [local authority]*

The Commission was made aware that some of the **existing powers** available to local authorities to intervene in the open property market and to facilitate the provision of affordable housing are not being used effectively. The main issue raised by respondents was the use of Section 106 agreements, with a recent research report and evidence presented to the Commission indicating that this planning tool has not been used that efficiently by local authorities in Wales. It is also far from clear how the revenue from Council Tax on second homes is being used by local authorities to meet rural housing needs.

## Actions taken to tackle rural housing needs

Notwithstanding the obstacles mentioned in the previous section, it is clear that a broad range of work has been undertaken by various organisations to deal with housing needs in rural Wales. In this part of the report we provide a discussion of the main actions discussed by respondents.

### Research and analysis

Certain local authorities have moved beyond local housing needs surveys and local housing market assessments to undertake research and analysis on a wide range of themes relevant to rural housing needs, including property prices, housing registers, homelessness, housing conditions, empty homes, and community-based needs surveys.

### Rural Housing Enablers

Four RHEs have been funded in Wales on a pilot basis by the Assembly Government, local authorities and RSLs, with the first of these established in 2003. A recent evaluation of RHE initiative concluded that it 'is recognised to be making reasonable progress, albeit not being able to show many units "on the ground" as yet, partly because of the fledgling nature of the RHE service in Wales, and all the RHEs being embroiled in the early survey and site identification stages of the process'. (Hughes – Isherwood Regeneration Consultants, 2006, p8). A large number of submissions received by the Commission were extremely positive about the impacts that the RHE pilot scheme had made to the identification of previously hidden needs and the development of small scale affordable housing schemes in villages. The key strength of the RHEs appears to be their ability to work independently with a range of local stakeholders to facilitate the provision of affordable housing.

### Partnership working

Evidence presented to the Commission indicates that new forms of partnership working have been developed by strategic housing agencies in recent years. Planning and housing local authority officers are now working more closely than was the case previously; the rural local authorities and rural housing associations are collaborating to identify,

publicise and tackle rural housing needs; and individual rural local authorities are working in partnership with other local housing stakeholders to develop new housing initiatives in their areas. It is also the case that some local authorities have been working together at the regional level within the framework of the Wales Spatial Plan.

### **Planning for affordable housing**

All the rural local authorities have recently developed affordability thresholds for market housing developments, although the exact threshold varies from one authority to another and across different settlement types in the same authority. Most rural authorities have also provided affordable housing through the rural exceptions policy. Evidence collected by the Commission indicates that the number of units delivered by this mechanism is highly variable amongst local planning authorities. However, the lack of nationally collated data makes performance assessment difficult and can be included in the list of key evidence gaps.

### **Other actions**

Individual local authorities have developed other initiatives to deal with housing needs in their areas. These include the establishment of a register of affordable housing by one authority 'to provide [an] opportunity for the people of [authority name] to register their interest in purchasing an affordable property within the county'. This and another authority have also set up an affordable housing task group. Other authorities have examined the potential of community land trusts for meeting housing needs, taken actions against fuel poverty, placed covenants on right-to-buy and right-to-acquire sales to restrict the future sale of these properties, developed an empty properties initiative and established an affordable housing action plan.

## **Essential components of good practice for responding to housing needs**

The evidence submitted to the Commission highlights a number of areas of good practice for tackling housing needs in rural Wales.

### **Developing an appropriate evidence-base**

National and local policies to respond to housing needs should be based on an appropriate evidence-base. This involves the Assembly Government making better use of existing statistics on levels of housing needs in the rural local authorities, as well as the local authorities, RSLs and RHEs analysing a broad range of available local data on needs on a regular basis. It is important to move beyond official statistical indicators of needs in rural areas to undertake research on hidden housing. Research and analysis are also required to evaluate the effectiveness of existing policies, again at national and local levels.

*Consistent local level research and effectively assessing local need – feeding this into local authority's planning strategy. [local authority]*

*Ensure needs information is sound. [local authority]*

*Undertake identification of local rural housing needs, identifying hidden households, etc. [local authority]*

*Strong evidence base to back up affordable housing policies. [local authority]*

### **Effective use of existing stock**

Given some of the difficulties with providing new housing in rural areas, it is useful to make effective use of the existing housing stock, particularly in the smaller settlements. With the 2001 Census indicating that there were about 18,000 vacant properties in rural Wales, it is clear that there is scope to address housing needs by bringing a proportion of these back into the market. In addition, the farming unions suggested that the conversion of redundant agricultural buildings into affordable dwellings could play a role in meeting housing needs in particular rural areas.

*Maybe develop a system of looking at empty properties and establishing why they're empty and whether they could be used. [member of the public]*

*Making the most of existing stock, including proactive action on empty homes. [national organisation]*

*Empty properties should be bought by the council. [member of the public]*

*Use existing redundant buildings to create dwellings which are in keeping with local landscape and could be affordable, e.g. disused farm buildings. [national organisation]*

*Make maximum use of present housing stock in response to rural housing needs. [local authority]*

### **Local awareness raising**

The evidence on housing needs should be made available to local stakeholders to make them aware of the nature and scale of local needs, and the range of support services available to help local people with these needs. In particular, it is important to raise awareness among local councillors, landowners and communities.

### **Holistic solutions to housing needs**

Housing issues need to be positioned within the broader context of restructuring in rural areas, with connections made with changing demographics, economies and structures of service provision. The relations between housing, economic and social change are complex and will vary from place to place, but it is important that housing needs are not tackled in isolation.

*Adoption of holistic dedicated approach as rural housing problems are a symptom [of] other problems which require broader solutions. [local authority]*

Consequently, solutions to housing needs require joined-up approaches, involving partnership arrangements between different policy agencies.

### **Innovation and leadership**

The complexity of housing needs also requires the development of bold and innovative approaches to deal with these needs. Such approaches will be associated with policy experimentation and risk-taking and so will require strong political leadership to carry them through.

*Imagination, boldness, an action orientated approach and a belief in the need to be innovative. [local authority]*

*Developing innovative models to help local residents remain in their communities. [local authority]*

### **Involvement of local communities**

Crucial to the implementation of successful policy to deal with rural housing needs is the involvement of local communities. Communities need to be included in identifying and publicising local needs, and in the development of local schemes to respond to housing needs in their areas. Important within this process is the work of the RHEs who are able work with local stakeholders and community representatives to co-ordinate local affordable housing schemes:

*Involve local communities. [local authority]*

*Work closely with local communities to assess their needs and respond to needs. [local authority]*

*The essential component is the will to listen to communities and action their needs accordingly. [local authority]*

*Effective consultation with all interested parties within rural communities. [RSL]*

*Communication – lack of communication – the council/authorities should work with the community. [member of the public]*

*Working closely with local communities e.g. via the Rural Housing Enabler. [local authority]*

*Community goodwill, not only when helping to identify need but a willingness to support sites proposed as well. [national park]*

*Ensure development plan policies are prepared by involving the local community, taking account of their needs. [local authority]*

### **Making effective use of existing powers**

Local authorities possess a range of powers that can be used to respond to local housing needs. They are able to use planning powers to develop affordable housing through the rural exceptions policy and the cross-subsidisation of market housing developments. It appears from previous research and data collected by the Commission that these powers could be used more effectively by local authorities.



The extra revenue from Council Tax on second homes could also play a significant role in meeting housing needs in rural areas. With some 13,000 second or holiday properties in rural Wales in 2001, the Commission estimates that this tax is raising up to £10 million per annum for rural local authorities in Wales. There is also scope for local authorities to make better use of compulsory purchase powers to develop new units of affordable housing.

## Developing more effective responses to rural housing needs

Respondents proposed a number of ways of providing more effective responses to housing needs in rural Wales.

### **Holistic approaches to tackling housing needs**

Recognising that housing needs in rural Wales are linked to broader economic, demographic and socio-cultural processes, it was suggested that multi-sector policy needs to be developed to address the sustainability of rural communities. In particular, increased policy attention needs to be given to low levels of income associated with certain sectors of the economy, declining levels of service provision in smaller settlements and the poor quality of public transport networks in rural Wales:

*Many rural communities are simply becoming domicile backwaters for the nearest large town or city. They must become vibrant, dynamic and sustainable communities in their own right. [national organisation]*

*Not just a need for housing for young people. [member of the public]*

*Strengthening the economy – better employment to allow local families to compete fairly in the housing market against people with more resources. [local authority]*

*Investment in the transport network to increase the sustainability of rural communities accessibility of work and key services. [local authority]*

### **Reform of the planning system**

It was the view of some organisations that significant revisions to the existing national planning

system in Wales are required to provide a sufficient supply of affordable housing to meet current needs in rural Wales. It was claimed that a more flexible and proactive planning framework is required that not only allows but encourages local authorities, other local housing agencies and local community organisations to develop innovative responses to housing needs in their local areas:

*Planning authorities should be more effectively encouraged to promote affordability through mixed community development. [national organisation]*

*Re-examine the planning system to ensure that it is flexible enough to respond to housing needs without compromising the beauty and environment of the countryside. [national organisation]*

*Positive and flexible planning policies that allow for and recognise the local scale and specific nature of need. [national organisation]*

### **Making better use of existing local authority powers**

While some respondents called for significant revisions to the planning system, others claimed that more could be done by working more effectively within the current system. Local authorities have a range of powers that can be used to address housing needs and to facilitate the development of affordable housing within their areas. A recent evaluation of planning obligations in Wales and the evidence collected by the Commission on S106 housing developments and rural exceptions schemes suggest that rural local authorities could and should do more to develop affordable housing through the planning system. It was suggested to us that local planning authorities should share good practice on S106 agreements and rural exceptions schemes. In addition, some organisations considered that rural local authorities need to look towards training existing officers to negotiate more effectively with the property development sector:

*Better use of Section 106 agreements. [national organisation]*

*Sharing of best practice on use of s106 agreements. [local authority]*

*There appears to be scope for reducing some of the uncertainty associated with the rural exceptions policy by identifying such sites in rural areas for 100 per cent affordable housing through the LDP system. [national organisation]*

Other suggestions for making better use of existing local authority powers included the designation of a proportion of the revenue from Council Tax on second homes for low cost schemes, and the improved use of compulsory purchase powers. It was also that the Assembly Government review current land assembly and acquisition arrangements to assess whether the public sector needs to be more proactive in bringing more land forward for new homes.

### **Increased investment in affordable housing**

Almost all the organisations that provided evidence to the Commission proposed increased investment in the social housing sector in rural Wales. It was suggested that the level of the Social Housing Grant for rural local authorities should be increased and that the Acceptable Cost Guidance rate needs to be revised to take account of any additional construction costs associated with smaller developments in rural Wales. It was claimed that RSLs need to become more active in the smaller rural settlements:

*Increase level of SHG available to help meet identified needs. [says who?]*

*Greater Social Housing Grant funding for rural areas and more realistic Acceptable Cost Guidance rates. [local authority]*

*Encourage housing associations to invest more in rural housing stock...and to encourage government to increase the Social Housing Grant. [national organisation]*

There was also strong support for the continued funding of shared equity schemes:

*...continuation of the Homebuy scheme, but with safeguards in terms of helping people who are in genuine housing need. [local authority]*

*Increase/re-introduce Homebuy in areas where opportunities to build are limited. [national park]*

It was also noted that the Assembly Government and local authorities should ensure affordable

homes are environmentally, as well as socially and economically, sustainable. This applies equally to existing stock to ensure that it is affordable to live in as well as to rent/buy.

### **Improved partnership working**

Partnership working was considered to be an essential ingredient of successful policy responses to housing needs in rural areas. However, respondents considered that improvements needed to be made to existing modes of working between the Assembly Government and local authorities, planning and housing departments within local authorities, and the public and private sectors (at national and local levels). It was also stated that more attention needs to be given to the better integration of regional and local housing agendas in Wales. Particular efforts are required to improve dialogue between the Assembly Government and local planning authorities and property developers and the financial sector in relation to the development of affordable housing. For example, developers viewed the current planning system as working against innovative private sector affordable housing initiatives, while the financial institutions were keen to agree a cascade approach with planners to deal with the future use of S106 properties:

*The work of housing and planning departments should be more closely integrated in order that planning strategies responds to local housing needs. [local authority]*

*Housing and planning to work closer together so that local strategies inform each other. [national organisation]*

*Cross-boundary housing market assessments, as proposed in new WAG guidance. [national park]*

*Partnership working with private sector landlords. [national organisation]*

### **Expansion of the Rural Housing Enabler pilot scheme**

There was considerable support for the expansion of the Rural Housing Enabler initiative to the whole of rural Wales. The RHEs were viewed as playing a valuable role in meeting rural housing needs by identifying hidden housing needs and facilitating



the development of small scale schemes of affordable housing:

*Welsh Assembly Government could fund a Rural Housing Enabler in every county in Wales, as an honest broker seeking to bring planners, landowners, and local communities together to identify suitable development (including exception) sites. [RSL]*

### **Better use of the existing properties**

Some of the rural local authorities considered that more effort should be made to identify empty properties and to bring these back into the property market. The focus on empty properties was viewed by some respondents as being a more sustainable approach to meeting housing needs, particularly in areas such as the national parks and smaller settlements. It was also suggested that RSLs should be incentivised to develop affordable housing using existing housing stock:

*Better use of existing properties such as empty properties is also important – data shows there are approximately 51,000 empty properties in Wales, including rural areas such as Carmarthenshire (3,500). [national organisation]*

*More innovation and relaxation of obstacles that currently exist on RSLs to rehabilitate and bring back into use derelict or empty dwellings. [local authority]*

*Investment in bringing empty homes back into use, with subsidy from s106 commuted sums/capital from housing association reserves. [local authority]*

In addition, the farming unions called for changes to be made to the existing classification of brownfield land to allow redundant agricultural buildings to be used for affordable housing purposes, though this may require clauses to ensure agricultural buildings are not built for this purpose or subsequently changed into holiday homes.

### **Increasing the range of housing options in rural areas**

It was recognised that the housing options available to particular groups and in particular areas need to be expanded. Respondents pointed

to the limited provision of housing suitable for first time buyers and older people looking to downsize, as well as supported accommodation for vulnerable groups in many smaller settlements in rural Wales. It was also stated that an increased range of housing products – social rented, private rented, intermediate and market housing – was required to meet the diversity of current and future housing needs in rural areas.

### **Better use of public sector land**

It was suggested that public sector land could be used more efficiently for affordable housing purposes. Calls were made for the revision of existing regulations that require such land to be disposed of at best financial value to allow public sector bodies to consider the best social or community value of the land for affordable housing:

*Release of public/local authority land at 'best price' for affordable housing. Public bodies including ourselves to give greater priority to affordable homes when selling [our] own land. [local authority]*

*Asset transfer of unused land in the ownership of LAs, quangos and other public bodies. [national organisation]*

### **Right-to-Buy and Right-to-Acquire sales**

A number of suggestions were made about the sales of social housing to sitting tenants. Many respondents were against the principle of these sales given the limited stock of social housing in many rural areas. Among this group, there were calls for the suspension of all sales, the prohibition of sales in pressurised local housing markets and the removal of the discount offered to tenants. Other respondents stated that the reduction in social housing sales in recent years meant that they no longer represent a significant issue, while another group was supportive of sales provided that local authorities were awarded the right to replace the social housing sold or first refusal on re-sale.

### **Improved evidence base**

Respondents highlighted an urgent need for further research on and analysis of housing issues to ensure the development of evidence-based policies to meet housing needs in rural Wales. It was

suggested that the Assembly Government should play a more active role in collating existing sources of data and commissioning research to fill current data gaps, and in funding local authorities to undertake housing needs assessments at a finer spatial scale and on a more regular basis. Some organisations also called for more rigorous evaluation of existing planning and housing initiatives for delivering affordable housing in rural areas.

*Funding should be made available for rural needs research – possibly to councils but I would advocate in conjunction with independent rural housing enablers. [local authority]*

### **Increased local community involvement in the policy process**

There was consensus that local communities need to become more involved in the policy process to ensure the increased provision of affordable housing across rural Wales. Local involvement was viewed as important for identifying the nature and scale of housing needs in communities and for developing housing schemes that are supported by different parts of the community and suitable to their needs. Some respondents also proposed that financial support should be given to communities to develop their own solutions to local housing problems, with several references made to the value of community land trusts:

*Greater community involvement in affordable housing (breaking down the mistaken idea that it is about housing people from outside the area). [local authority]*

*Financial support to community land trusts, set up a CLT commission similar to the Scottish Community Land Unit to offer advice, funding, support and aftercare to community groups. [national organisation]*

*Involve local communities in discussions and workshops to identify the needs of the specific community. [national organisation]*

*Work more closely with communities from the start and introducing ideas to them openly in order to counteract any possible objections. [local authority]*

### **Regulation of RSL sector**

Individual RSLs and Community Housing Cymru proposed revisions to the regulations on borrowing by RSLs against assets that, if implemented, could enable increased investment in social housing provision in rural Wales. Calls were also made for RSLs to be allowed to purchase and refurbish empty homes that do not meet the Welsh housing quality standard. These proposals are being examined by the Assembly Government's Affordable Housing Task and Finish Group.

### **Section 106 Agreements and mortgage lenders**

The mortgage lenders called for increased discussion between the Assembly Government, local authorities and themselves to gain agreement on the re-sale conditions attached to Section 106 Agreement properties. They proposed a cascade approach to the re-sale of these properties, whereby properties are first offered to people in need within the locality, then to those in need within the wider area and finally to purchasers on the open market.

# 3. Conclusions and recommendations

It is clear from the evidence presented in the previous sections of this report that housing needs in rural Wales are both significant in scale and widespread in nature. The analyses provided of a broad range of statistical data have revealed not only that housing needs have become more pressing during the last decade but that these needs are more acute than in other parts of Wales. It is also the case that a series of obstacles have been identified by respondents that are hindering the development of effective policy responses to rural housing needs in Wales.

In this final section of the report we set out the conclusions from our evidence-gathering work and provide policy recommendations that, if implemented, will go some way to meet existing housing needs in rural Wales. We should stress at this point that the recommendations we propose should be viewed less as a menu of options and more as a set of actions that need to be implemented collectively.

## 1. Housing and the sustainability of rural communities

The Commission considers that the sustainability of rural Wales depends as much on the social and economic wellbeing of its communities as it does on the protection and enhancement of its environment. It is our view that the limited provision of, and restricted access to, affordable housing in rural Wales are threatening the social and cultural sustainability of many of its communities. The evidence presented to us indicates that rural housing problems are affecting a broad range of groups in rural areas – young and older people, those in work as well as the unemployed, households with average incomes as well as those living below the poverty line. In addition, housing needs are evident across the owner-occupied, rental and shared ownership sectors of the rural housing market.

The Welsh Assembly Government has stated recently that ‘everyone has the right to an affordable home as owner, as part-owner or as tenant’ and that ‘a stock of good-quality, affordable homes is the foundation of thriving local communities in all four corners of Wales’ (WAG, 2007, p16). We strongly support this statement but consider that, at present, large numbers of the rural population are being prevented from accessing decent and affordable housing within or close to their local communities. Without significant changes to the existing housing and planning systems, there is a real danger that we will lose the next generation of rural people, which will lead to broader sets of social, cultural and welfare problems for rural communities. Addressing the scale and nature of housing problems in rural Wales will inevitably require increased funding from the Assembly Government. It is the view of the Commission, though, that the long term economic, social and cultural costs of non-intervention far outweigh the short-term financial costs of implementing our recommendations.

- **Extra funding for and action on rural housing now will offset far heavier future social and economic costs.**

## 2. One Wales and rural housing

We welcome many of the proposals on housing made by the Welsh Assembly Government in its 2007 policy document, *One Wales*. The ambition ‘to ensure that all households, in all communities and irrespective of their means, can afford a decent home’ (p16) is to be commended, as are the stated policy goals of providing an additional 6,500 affordable properties in Wales between 2007 and 2011, and giving financial support to young people to buy their first home. We await further details of how the Assembly Government will achieve these

policy goals, but expect that any new actions will be 'rural proofed' to ensure that national policy addresses housing needs in rural areas.

- **New national policies should be 'rural proofed' to ensure they are tailored to rural conditions and needs.**

### 3. Defining and measuring housing needs

The Commission has been disappointed to discover that key statistics on the changing scale of housing needs in rural Wales are not being collated and analysed by the Assembly Government and local government. This has made our task of assembling up-to-date evidence on rural housing for this report extremely difficult.

What has emerged from the evidence we have been able to gather is that different organisations have adopted different definitions of housing need and affordability, some of which do not reflect local communities' perceptions of need or what is affordable. The Commission considers that the Assembly Government should consult with other relevant agencies in the public, private and not-for-profit sectors to develop a single definition of, and an agreed methodology for calculating housing need and housing affordability that can be used by different organisations at local, regional and national levels.

- **The Welsh Assembly Government should develop a single definition of and methodology for calculating housing need and affordability.**

It is also apparent that there exist important gaps in the housing needs evidence-base. We recommend that the Assembly Government plays a more prominent role in collating and analysing existing local data on the housing system. In particular, it is important to make better use of the evidence on housing needs provided by the most recent assessments of local housing needs undertaken by local authorities. Where this is not possible it should work with local authorities to commission new reliable assessments. It would also be useful to provide more sophisticated analyses of changing levels of housing needs as

measured by local housing registers. Beyond these statistical indications of housing need, we suggest that the Assembly Government should commission specific research on the hidden nature of housing needs in different parts of rural Wales.

- **The Welsh Assembly Government should co-ordinate a more detailed and sophisticated collation of evidence on rural housing need to plug key gaps in the current data.**

### 4. Increasing the provision of affordable housing

The Commission considers that the supply of affordable housing in many areas of rural Wales needs to be significantly increased to address the intensity of housing needs. The evidence provided to the Commission indicates that the number of new affordable properties required in rural Wales exceeds the current level of supply and also the increased level of provision proposed by the Assembly Government. We recommend that the Assembly Government provides a national assessment of housing needs in Wales, including detailed analysis of the most recent local housing market assessments and housing needs surveys, to set evidence-based targets for the provision of new affordable housing in each of the local planning authorities.

It is clear to us that affordable housing needs to be provided in the rental, intermediate and owner-occupied housing sectors to enable households to select a tenure that best meets their particular housing needs and allows them the potential to move between tenures. It is also important that affordable property is provided across a range of types and sizes to cater for the needs of different groups of the rural population.

- **There needs to be a seismic upward shift in affordable housing provision. The Welsh Assembly Government needs to co-ordinate this based on national evidence on housing need and local targets for the delivery of affordable housing.**



## 5. Planning for affordable housing

The Commission contends that there exists a range of planning tools that could be used more effectively by local planning authorities to develop new sites for affordable housing and to secure cross-subsidies from proposed developments of market housing. We have been struck by the differential use made of Section 106 Agreements by local planning authorities in Wales and the difficulties experienced by various organisations in working within the local planning system. We recommend that the local planning authorities work together to provide a more consistent approach to planning for affordable housing in relation to developing common terminology, sharing best practice and improving the capacities of officers to negotiate with the private development sector. One option is for local planning authorities to co-fund specialist officers to negotiate with private developers on their behalf. We also consider that joint working may allow local authorities to enter into bulk purchase agreements with the major housebuilders to provide a higher volume of new affordable housing on multiple sites across their areas.

- **Local housing and planning authorities need to use their existing powers more effectively to deliver further affordable housing.**
- **To aid this, they should consider co-funding specialist staff and entering into bulk purchase agreements with developers.**

It is important that the financial institutions are willing to lend on Section 106 Agreement properties. Discussions need to be held between the Assembly Government, local planning authorities and the mortgage lenders to gain agreement on the re-sale conditions attached to Section 106 Agreement properties. We support the cascade approach to the re-sale of these properties, whereby properties are first offered to people in need within the locality, then to those in need within the wider area and finally to purchasers on the open market.

- **The Welsh Assembly Government should lead discussions to establish common re-sale conditions for affordable housing.**

We recognise that delivering affordable housing through planning gain works better in the larger and more accessible rural settlements, where higher density property developers tend to be more active and where larger sites for housing development are available. It is therefore important that local planning authorities are allowed to take account of local conditions to set their own affordability thresholds for cross-subsidised housing developments. Local planning authorities should also monitor their affordability thresholds on a regular basis to ensure that they are set at a level that provides the most effective delivery of affordable housing in their areas.

- **Local authorities should set affordability thresholds according to local conditions and constantly monitor these.**

Evidence presented to the Commission indicates that the current planning system is too regulatory, reactive and rigid, and often hinders the development of innovative solutions of rural housing needs. The Commission recommends that the Assembly Government reviews and revises national planning policy and procedures to enable local planning authorities to develop more flexible and innovative planning policies that are capable of dealing more effectively and efficiently with local housing needs.

- **The Welsh Assembly Government should review planning policy to ensure it encourages innovation and local flexibility.**

## 6. The disposal of public sector land

The Commission considers that the disposal of public sector land for affordable housing purposes could provide a useful tool for responding to housing needs in rural areas. While we have been unable to ascertain the exact amount of land owned by the Assembly Government, local authorities and other public sector organisations in rural Wales, it is likely that it represents a potentially significant resource. We recommend that the Assembly Government establishes a database of public sector land in Wales and develops new mechanisms to aid the efficient disposal of this land, at below market



value, for affordable housing purposes. This will also involve the Assembly Government entering into negotiations with other UK governmental agencies that manage land in Wales. In addition, we recommend that better use is made of the existing powers available to the Assembly Government and local authorities to release publicly owned land for local affordable housing at below market level.

- **The Welsh Assembly Government should establish a database of public land with development potential on which to base strategic decisions for disposal for affordable housing.**

As well as making better use of public sector land, we consider that more attention needs to be given to the contribution that land owned by charitable organisations can make to the provision of affordable housing in rural Wales. We welcome the statement made by the Assembly Government that it will discuss with the UK government the opportunities that exist for giving charities greater discretion in disposing of land at below market value for affordable housing.

- **The Welsh Assembly Government should continue to examine options for charities to dispose of their land for affordable housing.**

## 7. Dealing with the existing housing stock

The Commission considers that better use could be made of the existing housing stock in rural areas. With up to 18,000 vacant properties in rural Wales, it is likely that actions on empty homes can potentially make an important contribution to meeting rural housing needs, particularly in areas of environmental and landscape sensitivity. We have been impressed by the work undertaken by some rural authorities in bringing empty homes back into the housing market. It is our view that a good practice guide should be prepared by the Assembly Government to help local authorities identify empty properties and bring them into more productive use.

- **The Welsh Assembly Government should assemble and promote good practice in bringing vacant properties back into use. This should be acted upon by local authorities.**

In principle, we are not against the sale of social housing to sitting tenants provided that two conditions are attached to these transactions. First, revenue from these sales should be reinvested into the provision of replacement units of social housing. Second, covenants need to be placed on the re-sale of these properties to ensure that the proportional discount offered to tenants is passed on to future purchasers and that any future sale of these properties is restricted to local households in housing need.

The Commission also proposes that the Assembly Government gives serious consideration to revising Planning Policy Wales in relation to the conversion of buildings to allow the re-use and adaptation of existing rural buildings for affordable housing purposes. In addition, we propose that Registered Social Landlords should be permitted to purchase and refurbish empty homes that do not meet the Welsh housing quality standard.

- **The Welsh Assembly Government should allow RSLs to purchase vacant homes where they can be brought up to the required standard for use.**

## 8. Rural Housing Enablers

We consider that Rural Housing Enablers provide a valuable role in responding to housing needs in rural Wales. Working with different local stakeholders and the local community, they have a proven track record of identifying previously hidden housing needs and facilitating the provision of land for small scale developments of affordable housing in village settlements. The Commission recommends that a national network of at least 12 Rural Housing Enablers is established in Wales, with funding provided by local planning authorities and the Assembly Government.

- **The Welsh Assembly Government and local planning authorities should create a national network of at least 12 Rural Housing Enablers.**

## 9. Resources

While a proportion of new affordable housing will be provided by the cross-subsidisation of market developments, there remains an urgent requirement for increased Assembly Government funding for the Social Housing Grant and shared equity schemes to respond effectively to the levels of rural housing needs identified in this report. The Assembly Government should also recognise within the Social Housing Grant the additional construction costs that are often associated with providing small scale affordable housing schemes in rural areas.

As well as increasing the level of the Social Housing Grant, we recommend that the Assembly Government gives urgent attention to the spatial distribution of this funding within Wales. We consider that the allocation formula associated with the Social Housing Grant should take more account of the evidence on housing needs in different parts of Wales and that the grant should be spatially redistributed to areas where the cross-subsidisation of market developments is more difficult to implement.

- **The Welsh Assembly Government should distribute Social Housing Grant according to evidence on local housing and planning need.**

More effective use should be made of the powers held by unitary authorities to intervene within local housing markets. Authorities are permitted to charge up to 100 per cent Council Tax on second homes. With about 13,000 second and holiday homes in rural Wales in 2001, we estimate that this tax generates up to £10 million per annum for local authorities in rural Wales. The Commission proposes that a proportion of tax revenue from second homes should be used by local authorities for affordable housing purposes. More particularly this revenue, if matched by funding from the Assembly Government, would easily be able to finance a national network of Rural Housing Enablers in Wales, with the dual funding maintaining their independence.

- **A significant proportion of second home council tax receipts should be used by rural local authorities to respond to housing needs in their areas.**
- **Specifically, a proportion of these receipts, matched by national government funding, should be spent on a national network of Rural Housing Enablers.**

Finally, it is important to ensure that the Assembly Government has adequate internal resources to enable it to play a more active strategic role in assembling evidence on and responding to housing needs in all parts of Wales.

- **The Assembly Government should ensure it has adequate internal resources to respond strategically to rural housing needs.**

## 10. Relations between local planning authorities and private developers

The Commission contends that there is an urgent need to increase and improve the connections between local planning authorities and property developers in rural areas. It is clear from the evidence presented by the larger property development companies that they are keen to work in more constructive and innovative ways with local planning authorities to develop cross-subsidised housing schemes in rural Wales. We encourage local planning authorities to work more closely with property developers to set out more clearly current local planning policies, to gain a better understanding of the needs of the housebuilding sector, and to develop joint housing initiatives to meet local needs. At the national level, the Assembly Government should examine a range of mechanisms for developing constructive dialogue between the public sector and property development companies.

- **Local planning authorities should establish a more proactive and constructive dialogue with private developers to facilitate better partnership working and innovation.**

## 11. Regulation of the registered social landlord sector

The Commission is convinced by the arguments made by individual Registered Social Landlords (RSLs) and Community Housing Cymru that revisions to regulations on borrowing against assets would enable increased investment in social housing provision in rural Wales. Such revisions will require changes to the macro- and micro-regulation of the RSL sector, as well as new forms of expertise and resources within the Assembly Government to ensure the long term financial viability of housing associations in Wales. These issues are being considered by the Welsh Assembly Government's Affordable Housing Task and Finish Group and the Commission keenly awaits its recommendations.

- **The regulation of the RSL sector should be changed to allow greater private borrowing for increased provision of new affordable homes.**

## 12. Joining up responses to housing needs

The evidence presented to the Commission suggests that the development of effective solutions to rural housing needs is dependent on significant changes being made to the existing delivery framework. In particular, there is a need for improved partnership working between the different players involved in the delivery of housing. The Commission proposes three key revisions to the existing delivery framework. First, the Assembly Government should work more closely with the rural unitary authorities and the regional spatial planning teams to monitor the impacts of broader housing policy in rural areas and to ensure that new national/regional housing policy takes proper account of rural issues. Second, we recognise that housing problems (and therefore housing solutions) extend beyond the realm of housing to encompass a broader range of policy areas, including economic development, the provision of services, population change, language and culture. As such, different departments within the Assembly Government and local authorities need to be better

integrated to develop broader and more sophisticated approaches to housing issues. Third, at the local level, housing partnerships should be established by the Assembly Government to co-ordinate the measurement of local housing needs, the promotion of housing issues among the local population, the development of housing initiatives to respond to local needs, and the evaluation of these initiatives. It is important that these local housing partnerships involve all of the main players in the local housing system, including the unitary authorities, national parks, RSLs, property developers, financial institutions, estate agencies, landowners, relevant not-for-profit organisations, Rural Housing Enablers and town and community councils.

- **There needs to be greater joined-up working between and within the Assembly Government and local authorities to ensure policy is suitable for rural areas and housing objectives are integrated into other policy areas.**
- **Local authorities should establish Local Housing Partnerships to co-ordinate local need assessment and solutions.**

## 13. Developing top down and bottom up approaches

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

deal with local conditions. It is also important that the national policy framework encourages unitary authorities to develop local housing strategies that meet the particular requirements and needs of their areas.

- **Dealing with these significant rural housing challenges will require national support and guidance alongside local tailoring and innovation.**

## 14. Leadership

Finally, while we are convinced that key changes are required to existing systems of housing and planning, we consider that the Assembly Government and the local authorities need to make better use of their existing powers by providing stronger policy and political leadership on housing issues. In *One Wales*, the Assembly Government proposes an ambitious strategy to tackle housing needs in Wales. The Commission broadly supports this strategy but considers that in order for this strategy to be effective, the Assembly Government needs to be more proactive, innovative and experimental in its approach to delivering affordable housing. At the local level, we also urge local planning authorities to provide stronger leadership in order to raise awareness of local housing needs, to make better use of existing housing and planning powers, and to promote innovative solutions to local housing needs.

- **At both a national and local level many of the powers exist to greatly improve the rural housing situation. Making more effective use of these powers will require co-operation, innovation and above all, strong leadership and political will.**

# Appendix 1

## About the Commission

The Commission on Rural Housing in Wales is an independent body which was set up by the Joseph Rowntree Foundation (JRF) as part of its social research and development work in the UK.

The Commission was asked to take existing and new evidence to establish a series of insights and recommendations for all policy-makers and practitioners that would enable the issue of housing need in rural Wales to be taken further forward and that aid the important process of building consensus on the potential solutions to problems identified. The JRF provided the Commission with funding and secretarial support.

The core objectives of the Commission were:

1. As an independent body to examine the issue of rural housing needs in Wales.
2. To further the cause of the Joseph Rowntree Foundation in seeking out the root causes of social disadvantage in this area.
3. To help assemble currently available information and to receive new evidence on rural housing issues and problems.
4. To examine evidence-based means by which problems found can be overcome in accordance with point 2.
5. To identify, as part of the above, similarities or differences with the experience in other countries in the UK which may suggest the need for similar or divergent solutions.
6. To produce a final report and summary of the Group's considerations and final conclusions and make clear recommendations for policy and practice change, and to propose a plan for dissemination.

The Commissioners are:

- Derec Llwyd Morgan (Chairman)
- Tim Bennett
- Owain Llywelyn
- Iwan Parry
- Aneurin Phillips
- Vivienne Sugar

Lead Academic: Professor Paul Milbourne, Cardiff University

Clerk to the Commission: Roger Harding, JRF

Commissioners were asked to participate in the Commission in their personal capacity and were therefore not expected or asked to represent the views of any one community, profession, organisation or political party.

All information on the Commission is available at [www.jrf.org.uk/ruralhousingwales](http://www.jrf.org.uk/ruralhousingwales) or by emailing [ruralhousingwales@jrf.org.uk](mailto:ruralhousingwales@jrf.org.uk)



# Appendix 2

## The Commission's evidence base

In preparing this report the Commission collected a wide range of differing forms of evidence. This section details the main forms and sources of these.

In preparation for the Commission's work and continually throughout the process the lead academic ensured where possible that the Commission drew upon the latest relevant qualitative and quantitative information from various government, academic and other organisations' research. These reports are referenced throughout the report and so are not listed here.

### Written evidence

Before its formal launch in October 2007, the Commission issued a consultation paper to key stakeholders and made it available on the Commission's website. The Commission received well over written 40 responses through this process.

### Oral evidence

The Commission held several evidence sessions across rural Wales, alongside a series of conference calls, *ad hoc* meetings and a site visit, between October 2007 and April 2008. Six evidence sessions for invited key stakeholders and with parts of the day open to the general public were held in:

- Aberystwyth
- Bangor
- Cardiff
- Carmarthen
- Welshpool

Two public consultation sessions were held in:

- Aberystwyth
- Llanrwst

These were kindly organised and facilitated by Community Development Cymru and TPAS Cymru, who further helped recruit a wide range of participants.

All together, these sessions allowed the Commission to meet and converse with more than 60 organisations, several individual housing policymakers or practitioners and more than 60 members of the general public.

The Commission would like to express its thanks to all those organisations, professionals and members of the public who kindly contributed to its work by providing written and/or oral evidence without which this report would not have been possible.

Organisations and professionals who contributed to the Commission's work:

Alun Ffred Jones AM  
Barrett South Wales  
Bellway Homes  
Campaign for the Protection of Rural Wales  
Care & Repair Cymru  
Carmarthenshire County Council  
Ceredigion County Council  
CIH Cymru  
Citizens Advice (Carmarthen)  
Citizens Advice (Gwynedd & De Ynys Môn)  
Citizens Advice Cymru  
Commission for Rural Communities  
Community Development Cymru  
Community Housing Cymru  
Conwy County Council  
Country Land & Business Association  
Countryside Council for Wales  
Cymdeithas yr Iaith Gymraeg  
Cymuned  
Cytun (Churches together in Wales)  
Denbighshire County Council  
Eira Hughes and Dr. Baron Isherwood  
Farmers' Union of Wales  
Federation of Master Builders  
Gwynedd County Council  
Housing Ladders  
Inform to Involve  
Land for People  
Mark Isherwood AM (Welsh Conservative Party Spokesperson)  
Mark Williams MP  
Matthew Taylor MP  
Mid Wales Housing Association  
Monmouthshire County Council

National Farmers Union Wales  
National Landlords Association  
Nationwide  
Pembrokeshire Coast National Park Authority  
Pembrokeshire County Council  
Pennaf Housing Association  
Peter Black AM (Welsh Liberal Democrat Party Spokesperson)  
Peter Williams  
Powys County Council  
Prince's Foundation for the Built Environment  
Principality Building Society  
Professor Mark Shucksmith (Newcastle University)  
Dr. Robert Smith (University of Cardiff)  
Professor Vanessa Burholt (Swansea University)  
Redrow Homes  
RICS Cymru  
RTPI Cymru  
Rural Housing Associations Group  
Welsh Rural Housing Enablers  
Shelter Cymru  
Snowdonia National Park Authority  
Sue Essex  
Sustainable Development Commissioner  
Swansea City & County Council  
Cymdeithas Tai Eryri  
Wales Rural Observatory  
TPAS Cymru  
Wales Young Farmers Club  
Welsh Assembly Government  
Welsh Association of National Park Authorities  
Welsh Language Board  
Welsh Local Government Association  
Welsh Planning Officers Society  
Ynys Mon County Council

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The Joseph Rowntree Foundation has supported this project as part of its programme of research and innovative development projects, which it hopes will be of value to policy makers, practitioners and service users. The facts presented and views expressed in this report are, however, those of the author[s] and not necessarily those of the Foundation.

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© JRF Commission on Rural Housing in Wales 2008

First published 2008 by the Joseph Rowntree Foundation

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ISBN 978 1 85935 662 3

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