



East of England Rural Forum Annual Conference 2008 Affordable & Zero Carbon Homes in Rural Areas

Removing the barriers to affordable housing

By Tim Isaac

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Country Land &
Business Association
RURAL ECONOMY IS OUR BUSINESS

CLA – What is it?



- Membership based organisation – 38,000 members covering half the rural land in England & Wales.
- Established in 1907 to protect and promote the interests of those responsible for rural land, property and business.
- We lead, lobby, network, inform & advise members.
- Eastern Region covers Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk.
- We have 3885 land owning members in the Eastern Region. Another 1000+ non-land owning members.
- Committed to the positive management of rural areas.
- Represented on the EERF Rural Housing Sub-group.



EERF Rural Housing Sub-group



- Established to take forward issues relating to rural housing on behalf of EERF - rural proofing housing policy.
- Source of advice & support for Rural Housing Enablers.
- Development of evidence base to inform rural housing policy.
- 2002/03 – Series of local seminars to explore the barriers and solutions to delivering affordable homes in rural areas.
- 2005 – ‘Treehouse’ project was developed as a prototype electronic tool to identify need in rural areas.
- 2007 (March) – Sub-group instructed CLA to conduct affordable housing survey amongst land owning membership.
- The main aim of the survey; to identify the disincentives facing land owners in the provision of land for rural affordable housing.

The Survey



- Without suitable land, there can be no housing.
- Questionnaire sent to 3885 land owning members in region
- 195 responses, but 10 incomplete or too late.
- 185 completed (5%) – reasonable geographic spread across region with slight bias towards more rural counties.
- Results collated and summarised into a concise report.
- Key issues identified under each question.

1. Have you ever provided land for affordable housing (sale or gift)?



- Response: Yes 16%, No 84%.
- Some land owners involved in affordable schemes, but many more provide private housing at low or zero rents.
- Land owners keen to house employees, diversify income and ensure local communities remain viable.
- Acknowledge importance of retaining young families to justify local shops and services – employment & vibrancy.
- Reduction in need to travel.
- Connection with locality – land owners not purely speculative; keen to see limited & sensitive development.
- Main concern is loss of affordable housing to the open market or to meet needs elsewhere.

2. Which reasons apply to your decision not to provide (more) land?



- 1st - Planning system too restrictive.
- 2nd – Inadequate financial incentive.
- 3rd – Local Authority unhelpful / obstructive.
- 4th – Taxation system provides disincentives.
- 5th – Insufficient guarantee for genuine local people.
- 6th – Lack of knowledge.
- 7th – Land holding not suitable.
- 8th – Unaware of local need.
- 9th – Local opposition.
- 10th – Other.
- Development controls = restricted supply & high prices.

3. More likely to consider if also allowed a few homes for family / employees?



- Response: Yes 77%, No 16%, Not sure 7%.
- Many existing homes in rural areas originally built for housing employees and relatives of local land owner(s).
- New mixed developments preserve diversity and viability.
- Promote inclusion, rather than isolation.
- Extension of principle of occupancy conditions to cover a range of rural based enterprises.
- Land owners more enthusiastic if directly involved.

4. More likely to consider if funding from sale of open market homes?



- Response: Yes 89%, No 8%, Not sure 3%.
- Current policy prohibits cross-subsidy on exception sites.
- Despite recent announcements, public funding insufficient.
- More sources of subsidy is the key.
- Generally, sale of 1 open market unit will fund 5 or 6 affordable units.
- Huge enthusiasm from land owners for such schemes.

5. More likely to consider if outside scope of Inheritance Tax?



- Response: Yes 85%, No 6%, Not sure 9%.
- Capital value of housing stock is currently subject to Inheritance Tax – payment often funded by sale of stock.
- Qualification for 100% Business Property Relief would significantly reduce the negative impact of this issue.
- Provision of affordable housing would have to be reclassified as a business activity.
- Reliefs are available for holiday lets making them a more attractive proposition.

6. More likely to consider if qualify for Capital Gains Tax roll-over relief?



- Response: Yes 82%, No 9%, Not sure 9%.
- Treatment as a business asset would allow the gains from the sale of other assets to be rolled over into housing.
- Further reduction in reliance on public funding.
- Also benefits for income tax if housing let at low rents could be included within the same business.

7. More willing if planning and taxation regimes more flexible?



- Response: Yes 81%, No 10%, Not sure 9%.
- If 'Yes', how much land? 1205 acres! But realistically 325.
- Assume maximum plot size of 3 acres and density of 12 houses per acre.
- 325 acres equates to almost 4000 new affordable homes in Eastern region – twice that currently being built in the whole of England & Wales each year.
- Requires open dialogue between local authorities, housing associations and land owners to meet specific needs.
- Approach to possible sites must be flexible.

8. Preferred management options?



- 1st – Sale.
- 2nd – Retain & let at approved monthly rents.
- 3rd – Long term lease for annual ground rent.
- 4th – Community Trust.
- 5th – Shared equity.
- 6th – Other.
- No further involvement 38%, retain involvement 62%.
- Strong dissatisfaction with fate of affordable housing once land owner lost connection with scheme.
- Need assurance: forever available for genuine local people
- Interest in funding scheme in return for approved rents.

9. Interested in renewable materials and energy in new affordable homes?



- Response: Yes 83%, No 5%, Not sure 12%.
- New buildings should be positive asset to environment.
- Sympathetic design useful in gaining support.
- Use of materials grown in UK benefits whole economy.
- Help in reaching target of zero carbon homes by 2016.
- Truly sustainable = closely connected to site, society, climate, region and planet.
- Look to past for inspiration!

10. Interested in supplying some form of wood fuel to heat new homes?



- Response: Yes 48%, No 41%, Not sure 11%.
- Kyoto Protocol: UK committed to reducing emissions of GHG to 12.5% below 1990 levels by 2012.
- Wood is a carbon neutral fuel when used close to where it is grown – also cheaper, cleaner and more secure.
- Viable woodlands have social, economic and environmental benefits.
- Strengthens sense of community connection and inclusion.
- Reduces transport costs and pollution.

Recommendations



1. Encourage organic, incremental growth of villages.
 2. Ensure affordable homes retained for local need.
 3. Recognise importance of communities for young and old.
 4. Remove the prohibition on cross-subsidy.
 5. Remove fiscal boundary between trading & rental income.
 6. Use Council Tax on 2nd homes to fund affordable units.
 7. Recognise re-use of redundant buildings as suitable.
 8. Encourage land owners/communities to find local solutions
 9. Encourage use of UK grown building materials.
 10. Encourage use of local renewable energy.
- (Statements of carbon input as part of approval process?)

Recent changes & initiatives



- ARHC national target – but insufficient public funding.
- £40m funding boost for region (2008-2011) – but where?
- Housing & Regeneration Bill – amendment to limit ability to sell affordable homes on open market – but eligibility?
- Community Infrastructure Levy – to include affordable housing in definition of infrastructure?
- Local Government White Paper – empowering communities to direct use of assets – but NIMBY view?
- ARHI & Housing Corporation – Community Land Trusts.
- Housing Green Paper – Identifies challenges in rural housing.
- The Barker & Taylor Reviews – improve rural land use planning.
- CLA constantly lobbying (with others) at all levels - pushing for practical and sustainable policy measures to solve rural problems.

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