



Contents lists available at ScienceDirect

Progress in Planning

journal homepage: www.elsevier.com/locate/progress

Land, landowners, and the delivery of affordable homes on rural exception sites in England

Phoebe Stirling^{*}, Nick Gallent, Iqbal Hamiduddin

UCL Bartlett School of Planning, UK

ARTICLE INFO

Keywords:

Rural housing
Exception sites
Land price
Landowners
Registered providers
England

ABSTRACT

Land is a major part of the total cost of residential development, particularly in advanced economies where significant proportions of economic value resolve to land and where land for development is rationed through planning systems that seek to corral extractable value into specific locations, in support of the infrastructure investment needed to unlock development opportunity. In England, strong markets assign a high value for land allocated for housing in local plans, relative to unallocated land. In England's rural areas, constraints on land development – for reasons of landscape and amenity protection, or to support food security – contribute to significant affordability challenges for households on lower rural wages, who may be out-competed in the housing market by adventitious purchasers, or simply by more affluent buyers bidding for a limited supply of rural homes. Planned development (on sites allocated in a local plan) may not meet the needs of lower-income groups in constrained rural housing markets. For that reason, it is necessary to support housing affordability by granting exceptional permission for development on unallocated land, and then negotiating land sales at a price that will allow a non-profit housing provider (a 'registered provider of social housing') to build affordable rented homes for local households in need. Development on 'rural exception sites' (RES) has a thirty-year history. It is an important means of supporting the development of affordable homes in smaller villages (market-led schemes on allocated sites are the norm in larger settlements, with affordable homes procured through agreement with for-profit developers). The RES approach lays bare the impact of land cost on housing affordability. Only if a sufficiently low price for land, which is well below 'full residential' value, can be agreed will it be viable to develop affordable homes, with rents matching local wages. Where such a price is agreed, it may be possible to build homes without cash subsidy. If the price rises, affordability may be threatened, unless public grant support is more generous or market homes on the RES can be used to mitigate a higher land cost by providing cross-subsidy for affordable homes. This monograph details research exploring the recent granting of exceptional planning permissions in England, the critical relationship with landowners, and how those landowners may be incentivized to sell land at a price that supports affordability. It analyses extant threats to the approach, and therefore the risk that a key mechanism for delivering affordable homes may be undermined by a market logic that continuously questions the efficacy of 'non-market' and 'non-profit' housing solutions in England.

1. Introduction

The unaffordability of housing is a challenge affecting many advanced economies, with public and academic debate giving increasing attention to the causes of that unaffordability, on the supply and demand sides, and to practicable solutions (for example, [Anacker, 2019](#); [Gallent, 2019](#); [Ryan-Collins, 2018](#)). Much of the debate has focused on urban areas, where populations are growing, investment demand appears most pronounced, and land and supply pressures seem most acute ([Wetzstein,](#)

[2017](#)). The crisis of affordability has numerous causes. Western economies and consumers have enjoyed a sustained period of low Central Bank borrowing rates since the GFC, with house prices elevated by the competition between banks to lend on residential property ([Galster & Lee, 2021](#)). Even before the GFC, rates were already low by historic standards, and therefore the availability of credit had been a major driver of housing demand and investment ([Ryan-Collins, 2021](#)), as the 'wall of money' ([Fernandez & Aalbers, 2016](#)) flowing into the housing market (from a mix of institutional and individual investors) was

^{*} Corresponding author.

E-mail address: phoebe.stirling@ucl.ac.uk (P. Stirling).

<https://doi.org/10.1016/j.progress.2023.100842>

Received 31 August 2023; Received in revised form 20 December 2023; Accepted 21 December 2023

0305-9006/Crown Copyright © 2024 Published by Elsevier Ltd. This is an open access article under the CC BY license (<http://creativecommons.org/licenses/by/4.0/>).

resulting in rapid price rises, relative to local earnings, and making housing a far better investment proposition than bank savings, which were adversely affected by the same low borrowing rates and hence low savings rates. That it simply made sense to invest in housing during this period was a significant demand-side factor affecting price and affordability, advantaging existing homeowners at the expense of prospective market entrants. On the supply side, rampant demand for housing might have triggered a surge in new housebuilding. But it has been previously observed that credit booms often drive transaction activity (exchange and trading up) more than new building (Beauregard, 1994; Mian & Sufi, 2022). It is also the case that speculative demand caused a surge in land prices, making it increasingly expensive and difficult to build homes where they were most needed. This brake on supply was accentuated by the private nature of the land market, motivating monopoly landowners to hang onto sites and target future rises in value, and by the same speculative tendencies in the house building sector (see Davidson, 1975). Globally, every locality has grappled with this structural context in different ways. Local interventions and policies attempting to deal with the consequences of such ‘upstream’ forces (Gallent et al., 2019) have a remedial role, albeit leaving the broader political economy of housing crises untouched, something we see in local solutions to housing problems worldwide. This paper focusses on England, where, adding to the toxic mix of demand pressures and supply constraints, the planning system has either been unable to keep pace with the need for new permissions, because of under-resourcing (RTPI, 2019), or has been restrained by political opposition to new housebuilding (Coelho et al., 2017) – orchestrated by a ‘the well-housed majority’ that seeks to protect house prices by limiting new supply.

Despite the focus on urban areas, many rural communities have faced their own affordability pressures. They display the same essential dynamic of low in-area earnings relative to increasing house prices, pushed up by the race to invest in residential property (Satsangi et al., 2010; Gallent et al., 2022; Sinnett et al., 2023). Despite the outward appearance of abundant land supply, land suitable for building in and around England’s villages is scarce. The standard practice of planning for housing in England is for local authorities to allocate sites in their local plan. Whether through allocation of this type, or through zoning, this process is mirrored internationally in other national planning systems. When allocated for housing, land that is easily connected to key infrastructure and close to schools and other services (in ‘sustainable communities’) commands a high price and, left to the market, will therefore be developed for high-end housing which is unaffordable to many households. The allocation of land for housing thereby supports the extraction of maximum rent from housing, and renders housing unaffordable for many. There is therefore a significant demand for non-market housing in rural England, available to rent at a price calibrated to local in-area earnings (Henderson, 2023). The major providers of that housing are the ‘registered providers of social housing’ or RPs; and the major mechanisms for ensuring affordability are rooted in the operation of local development planning (Gallent et al., 2022). In larger service centres, permissions for market-led housing on sites allocated within local plans are conditional on the inclusion of a proportion of affordable homes. Housing sold on the open market subsidizes this production of affordable homes, which are thereafter managed by RPs (Crook et al., 2016; see also MHCLG, 2021). But in smaller settlements, there are too few sites of sufficient size to carry such planning contributions. It is also the case that larger projects would be out-of-scale in many villages. Acquiring affordable land for non-market housing in the private land market is therefore very difficult for rural RPs. For these reasons, RPs and their partners (community – or ‘parish’ – councils, local authorities, and private landowners) work to develop affordable homes on land that is not allocated for housing within local plans (see Gallent et al., 2022: 90–102). Delivery on these unallocated ‘rural exception sites’ (‘RES’) present the possibility of land purchase at a price that will support the delivery of affordable homes. They therefore present an opportunity to capture land values in a way not supported by the

standard system of planning for housing. Local authorities will make such exceptions where there is evidence of local need, support for the housing within the local community, and a landowner willing to sell plots of land for affordable homes.

Rural exceptions make a difference in rural communities and have become the primary means of facilitating affordable housing production in lowest-tier settlements (where there are few allocated sites). This monograph reports on research into the operation of the mechanism in England. It is concerned with addressing the land component of low-cost housing development, and with the private land market (and land-ownership) pressures that are threatening the progression of schemes that are vital to community well-being in many parts of rural England. The examination of ‘RES’ exposes the continuing centrality of the ‘land question’ as it pertains to housing unaffordability: i.e. who or what creates the value in land that is extractable through development, and who has ultimate claim over that value – society at large or private monopoly interests. Keeping this broader question in sight, the research had a series of objectives, mixing concern for the land question with analysis of the central mechanics of rural exception site projects. The research was undertaken in partnership with English Rural Housing Association (henceforth *English Rural*), a large specialist RP whose projects often rely on the RES mechanism, and which operates across southern England. Its objectives were:

- To detail the everyday practices of RES delivery by analyzing recent *English Rural* schemes and presenting them as narrative cases;
- To detail the operational barriers confronting successful delivery, ranging from local factors (e.g. accessing land) to structural factors (e.g. shifts in national policy including alterations to the public grant regime, operated by Homes England); and critically
- To explore the centrality of land availability to projects and the impacts of rising land price expectation on the viability of delivering affordable homes; and
- To detail how land deals, sometimes involving landowner incentives, had shaped project outcomes.

The research undertaken focused on the critical impediments, in a private land market, to progressing small housing schemes on non-allocated exception sites. Our partner, *English Rural*, sought insights into the innovations and incentives (given to landowners) that might support the delivery of rural affordable housing by registered providers in England. Our own interest lay in the broader operation of this land cost ‘work-around’ and its capacity to procure affordable land essential to local-needs housing. Against the backcloth of structural unaffordability, noted above, RPs have a clear sense of the challenges facing rural communities, centered on population aging and the loss of younger residents, who are unable to access housing and therefore local jobs (Henderson, 2023). The demographic of the rural housing crisis reflects the surge in prices over the last 20 years, which advantages older homeowners (who entered the housing market at a time when earnings were more closely aligned with asset prices) relative to younger renters or younger aspiring homebuyers. The reality of an affordable housing supply problem in rural England is well-evidenced (see, for example, Best & Shucksmith, 2006; Taylor, 2008; CLA, 2017; IPPR 2018; Shelter 2018; CPRE, 2020). A fundamental aspect of this problem is the lack of available land for non-market development, and the difficulty of bringing land forward specifically for building new affordable homes (CLA, 2022). The research carried out with *English Rural* shared this focus, asking how under-utilized plots of land are being identified and secured to improve affordable housing delivery in rural areas, despite these challenges. Set within the broader demand side and supply side dynamics noted above, the project focused mainly on land development and the land question, now exposed by the pressing need for rural planning authorities to pursue *exceptional* rather than plan-led approaches to securing affordable land on which to build affordable homes. Recent research has shown that overcoming the land barrier is

Table 1
Research questions and themes.

General Delivery Approaches	<p>What are the current working practices and mechanisms through which RPs and their partners are advancing small housing projects?</p> <p>The empirical focus, including in the case studies, drills into <i>English Rural</i>'s experience of developing schemes across the south of England. This theme of the research interrogated the housing association's diverse approaches to progressing projects, undertaking an evaluation of everyday working practices. <i>English Rural</i> are viewed as representative of the wider RP sector, although working in pressured southern England and often in amenity areas, and an example from which wider lessons can be drawn.</p>
Securing Land	<p>How are landowners being incentivized to release land and with what effect?</p> <p>The cost of land is one of the greatest obstacles facing RP housing delivery, with the hope value that landowners attribute to their land meaning they often prefer not to sell plots at the value determined by its best current permissible use, which in the case of rural exception sites is close to agricultural value. They speculate on future value, whether probable or imagined. This can be overcome when landowners see the broader value in working with RPs to meet the local need for affordable homes, rather than holding on to land in the hope that market development becomes an option in a future plan period. Building and maintaining relationships with landowners is therefore a crucial aspect of a RP's work. This led us to ask how RPs such as <i>English Rural</i> maintain good relations with landowners, allowing them to secure land for housing delivery. This theme of the research seeks to understand how RPs build relationships and work with landowners, and what challenges they face in incentivizing landowners to release their land.</p>
Changing Policy Environment – discounted market ('first') homes on RES	<p>How might the market logic of government policy, specifically the push to let private interests lead projects and development discounted market homes, affect the exceptions approach to delivering rural affordable homes?</p> <p>National policy shifts have opened up rural exception sites to First Homes (discounted sale) development – enabling landowners and their for-profit development partners to deliver discounted market homes on these sites with neither the evidence of need nor the community buy-in required for traditional planning exceptions. First Homes will have a limit on their maximum sale price (30% discount against prevailing market) and include rules on participation (no cash buyers, income limits, etc.). This has the potential to enable more people to move into home ownership in rural areas. But it also means that private interests might advance development on farmland without involving the RP sector. There is a risk that landowner price expectations will shift (if First Homes become best permissible use), crowding out genuinely affordable housing. This theme is intended to provide insights into the various ways that national policy shifts affect land price expectation and the mechanics of affordable delivery through RES.</p>

key to increasing the supply of affordable homes in England, whilst local landowners are crucial partners to the RPs and 'rural housing enablers' (honest brokers engaged by planning authorities or community support networks – see Hoggart & Henderson, 2005; Webb et al., 2019) who work to identify and secure land, sometimes trialing local innovations that encourage and help landowners get involved in affordable housing delivery (e.g. Lavis 2017).

Yet despite a plethora of good advice, and positive engagement with landowner groups, the problem of unaffordable rural housing persists. The challenge of providing affordable housing in rural areas is complex and multifaceted (Gallent et al., 2020; 2022): there is a 'nexus' of planning, land, and finance barriers to overcome. Rural planning practice may privilege the protection of land-assets over the release of land for community need and wealth-building (Gkartzios et al., 2022). Its rules for governing development and promoting sustainability may suit urban settings to a greater extent than rural ones. The same is true for development finance, with public grant levels set for urban schemes where economies of scale, and therefore lower development costs, are more easily achievable. But whilst planning and finance are public policy concerns, which can be redesigned and 'rural proofed', access to land is largely *negotiated* with private interest. It constitutes at least a third of the rural housing challenge, more when the price of land is factored. Accessing affordable land is a big part of the solution to rural housing affordability stresses, but private landowners are a diverse group and local markets and situations are highly variable.

For that reason, the research detailed in this monograph sought both a general understanding of land (and other) constraints on rural housing affordability, drawn from higher level interviews, alongside a localized understanding gained through the dissection of different experiences, drawn from case studies. It focused on the role of rural RPs, and the work they do to join forces with landowners, parish councils, local planners and others, to bring land forward for affordable housing delivery on rural exception sites. A review of extant literature, presented in the next part of this monograph, identified a research gap around the more informal and relational work that goes into securing plots of land for affordable housing. It was hypothesized that part of the answer to how more land might be brought forward for exceptional development inheres in the relationships developed by key landowning, enabling and planning partners: in the ways they discuss what they are trying to achieve, negotiate, and innovate in order to create incentives, compromises, and solutions that work for key stakeholders. The empirical focus of the research was therefore directed at tracking, through the cases, this informal, relational work, with the aim of providing insights into the everyday practicalities of acquiring land, and what else might be needed to extend the success of rural exception site policy.

Hence, the monograph has three major parts. The first is a review of the relatively small amount of research focused on rural exception sites, and related policy tools, over the last 30 years (since the policy was introduced in 1991). That review is structured around three themes: general *delivery approaches* and working practices; *securing land* for development; and the *changing policy environment*, tracking in particular government's recent broadening of the exceptions approach to allow landowners and their development partners to lead projects – and develop discounted sale housing (so called 'First Homes') rather than housing for social rent (Table 1). The second part, following on from a detailing of method, uses interviews with key policy informants and interest groups to examine more closely the current challenges around general delivery and securing land, particularly through the use of incentives or added benefits to private landowners. It also reflects on emergent uncertainties and risks rooted in changes to the policy framework for rural exception sites. Ahead of broader conclusions, the third part of the monograph returns the focus to relational and informal practice, presenting cases studies – successful and unsuccessful – of affordable housing delivery on RES. Case study analysis focused on the actions and innovations that were needed to advance development and together with higher level interviews, are used to draw conclusions not

only about the practices of development on rural exception sites but in relation to the treatment and power of landowners, their role in affordable housing development, and their claim on land value.

2. Research on rural exception sites

2.1. Land for affordable housing

England's registered providers of social housing (RPs) exist for the purpose of building and managing affordable housing (see [Regulator of Social Housing, 2023](#)). There are various definitions of what constitutes 'affordable' housing (see below; and see also [MHCLG, 2021: 64](#)) and numerous models for its delivery, but essentially it means housing made available at less than full market value, for either purchase or rent. As such, the role of RPs is to deliver a service that the market cannot - this role is central to their work. Since the smaller income raised from affordable rents and sales cannot cover the costs of market development, private borrowing and public grants can help to fill the shortfall and make delivery possible. As much as 80% of affordable development finance comes from privately raised loans, with the rest provided by public grant ([Lavis et al., 2017](#)), although this figure is dynamic. RPs also raise funds by reinvesting their surpluses to provide additional resource for building new homes. Grant comes from several sources ([CPRE, 2020](#)): from national government via 'Homes England' (in the form of capital funding from its Affordable Housing Programme) or from local authorities' capital grant and commuted sums (i.e. a cash receipts from assets sold). Some RPs also build for the open market through arms-length subsidiaries, allowing them to generate profits that can be used to cross-subsidise affordable housing ([Lavis et al., 2017](#)).

Central to the cost of housing delivery is the price of land (further to the costs associated with land acquisition, construction, the cost of borrowing for finance, sales and marketing, and any profit ([CPRE, 2020](#))). The cost of land assigned for market housing development, alongside any costs associated with its acquisition, form one of the greatest obstacles to delivering non-market housing. Land allocated in local plans and released for market housing in rural areas can be especially costly, making the work of rural RPs particularly challenging. In England, rural settlements are broadly classed as those with fewer than 10,000 residents, and include smaller towns, villages, hamlets or isolated dwellings ([Taylor, 2008, Ordnance Survey, 2017](#)). The Department for the Environment, Food and Rural Affairs (DEFRA) has worked with partners to evolve a more nuanced definition of rural areas, dividing local authorities into those that are 'mainly rural' (more than 80% of the local population in settlements considered rural), 'largely rural' (50% to 79% of population in rural settlements) and 'urban with significant rural' (26% to 49%). House prices are often far higher in rural areas, relative to in-area earnings, than in urban areas ([Baxter & Murphy, 2018; Gallent et al., 2022](#)), excluding London. This is *partly* due to the higher cost of housebuilding: sites are smaller and economies of scale harder to achieve ([Baxter & Murphy, 2018](#)), meaning house prices must be set higher, relative to lower earnings, to make private schemes viable and profitable. It is also an expression of land price. On the one hand, housing outcomes are set within a planning framework that prioritizes 'sequential' and 'sustainable' development, displaying a preference for expansion of urban areas over development in rural areas ([Satsangi & Dunmore, 2003](#)). And on the other, the migration of affluent groups out of cities and into the countryside, where their financial resources often outstrip those of local populations (e.g. [Gallent, 2014](#)) means that the demand for houses in rural areas can quickly outpace supply, driving intense competition for land and property ([Taylor, 2008](#)). The price impact of counter-urbanization is accentuated by (new) residents' desire to protect rural amenity and the equity in their homes ([Gallent et al., 2019](#)), reinforcing the development restraint realized through local plans and through the planning decisions supported by local residents. National statistics consistently show a premium on rural over urban house prices within the same region (LGA 2017). Baxter and Murphy

(2019) have observed an £ 87,000 average premium on rural house prices across England. The important point is that high demand in constrained markets drives up house prices, which in turn confers significant value on land allocated for residential development in local plans. Rural landowners therefore expect to achieve a high price for developable land.

A paucity of low-cost land in rural areas squeezes the supply of affordable housing ([Satsangi & Dunmore, 2003, Taylor, 2008](#)). Five years ago, at the market peak, it was estimated that there was a need for 7500 affordable homes in smaller rural communities each year (from RES and market-led schemes), but supply was barely above 4000 in 2016/17 ([Baxter & Murphy, 2018; MHCLG, 2018a](#)). Across rural areas more widely, the number of households registering a need for affordable homes increased by 31% between 2019 and 2022, compared with a 3% increase in urban authorities ([National Housing Federation, 2023](#)). In addition, homes sold under the Right to Buy in rural areas (the obligatory sale of council homes to sitting tenants from 1980 onwards) out-number those built by RPs ([Best & Shucksmith, 2006](#)). These Right to Buy sales, coupled with low build rates, means that rural areas have far fewer affordable homes than urban areas (13% compared to 21% according to [Taylor, 2008](#); or 8% compared to 20% according to [Baxter & Murphy, 2018](#)). This results in a lack of affordable housing options for people living and working in rural communities ([CLA, 2017; Baxter & Murphy, 2018; Henderson, 2023](#)).

2.2. General delivery approaches (research theme 1)

According to the government in England, there are several forms of 'affordable housing': 'affordable rent' charged at up to 80% of local market rents; discounted market sales housing, for which the price is often 80% of local house prices, capped at a maximum or offered to first time buyers only; shared ownership housing, where the occupier buys part of the home and pays rent on the remainder; and 'social rent', which is the most affordable, at around 60% of local market rent ([CPRE, 2020, Lavis et al., 2017](#)). In 2021, planning policy - set out in the National Planning Policy Framework, or NPPF, for England - was amended to include 'First Homes' within the definition of 'affordable housing' ([MHCLG, 2021; Baker 2021](#)), a form of market housing for sale, discounted by *at least* 30% ([Gallent et al., 2022](#)).

All forms of affordable housing can be delivered by RPs (eligible for government grant via Homes England) or by for-profit or community providers, using a variety of delivery models.

2.2.1. Procuring rural affordable housing through the planning system

Local development planning provides a commonly-used vehicle for procuring affordable housing in the form of a 'Section 106 Contribution' (i.e. Section 106 of the Town and Country Planning Act 1990). Local plan policy sets the requirement for affordable housing to be provided on allocated or windfall development sites over a certain size. RPs develop or buy (at an agreed transfer price) the affordable units that a planning obligation, fixed by a condition attached to the development permission, requires on the site. Those units are brought into the portfolio of affordable homes managed by the RP. Part of the cost of the affordable units will be borne in reduced land price (resolving to the owner) and reduced development profit (resolving to the developer, either because the developer transfers units at a nominal price to the RP or a portion of the land on which market homes could otherwise be built is passed to the RP). However, as [Grayston and Pullinger \(2018\)](#) observe, developers have a legal right to negotiate and reduce their Section 106 contribution where they are able to show that it risks reducing their profits below the 'competitive level' of around 20%. Rooted in the Growth and Infrastructure Act 2013, 'viability tests' expose a resource asymmetry between developers and authorities, with the former having the resources needed to mount challenges, adding to the developer bias inherent in the calculative turn in land value capture ([McAllister, 2017](#)). The effect on the provision of affordable housing can be significant. For

rural councils, Grayston and Pullinger (2018) reported 48% fewer affordable homes being built on market-led sites than had been required under the Section 106 Conditions attached to permissions. The difficulties of delivering affordable housing through plan-led developer contributions on market-led sites increases the urgency, in rural areas, of RPs securing affordable sites solely or predominantly for affordable homes.

2.2.2. Rural exception sites

RES were pioneered in the New Forest in 1989 (Barlow & Chambers, 1992; Taylor, 2008) and have been available to local authorities as a policy mechanism for delivering affordable homes since the issuing of DoE Circular 7/91 (DoE, 1991; see also Satsangi & Dunmore, 2003). They are defined as ‘small sites used for affordable housing in perpetuity where sites would not normally be used for housing’ (MHCLG, 2021: 71). It is the fact that these sites would not otherwise be granted planning permission for housing development that makes their use ‘exceptional’: they are unallocated, off-plan, to be permitted in the exceptional circumstance that development is guaranteed to serve local communities (Harris, 2021). Where housing is not otherwise allowed, for example, on open land within a Green Belt or otherwise subject to development constraint (Satsangi & Dunmore, 2003; Taylor, 2008), the market will assign that land a lower value (Gallent & Bell, 2000): its permissible ‘best use’, determining value, may be rough grazing of livestock, a paddock for horses, or similar. This means that a RP may be able to purchase the land at a lower price, a relatively low multiple of agricultural value (Baxter & Murphy, 2018), thereby removing a key impediment to affordable housing delivery.

For market-led development, land price is calculated as gross development value (GDV, or what the homes built are expected to fetch on the open market) less expected build costs and developer’s profit. There is a common conception that the ‘rule of thumb’ for exception sites is that land must currently, in 2023, cost between £ 10,000 and £ 12,000 per plot to support affordability: or between £ 100,000 and £ 120,000 for one acre or 0.4 ha (CPRE, 2020) compared to £ 6000 to £ 15,000 per acre for agricultural land (Lavis et al., 2017). There is considerable uncertainty as to whether the rule of thumb reflects reality - particularly when the additional incentives that landowners receive in exchange for their land, sometimes including homes for their own personal use, are taken into account. The negotiations that RPs enter into, and the incentives they may offer to secure affordable for development, are considered below and in the reported interviews and cases. Lavis et al. (2017) note that there will be some variation in total land price, including total non-cash consideration, reflecting local situations and site circumstances.

Rural exception sites have made a significant contribution to affordable housing provision in rural areas. Fifteen years ago, Taylor (2008) observed that 37% of Housing Corporation (a predecessor of Homes England) supported affordable homes in communities with fewer than 3000 residents were delivered via RES, and 57% of those in communities with fewer than 1000 residents. More recently, Baxter and Murphy (2018) put the figure at 10% of all affordable homes built in rural authorities. Since the planning gain on allocated market-led sites has delivered fewer affordable homes than are required in rural authorities (Beswick et al., 2019), and since those homes are less likely to be provided in villages (Satsangi & Dunmore, 2003), exception sites are fundamental to the delivery of affordable housing in lower tier settlements, many of which are subject to counter-urbanisation pressures (Gallent, 2019).

While a significant proportion of affordable rural housing has been produced using RES, the contribution of such sites to overall delivery is more limited. The policy is applied sporadically and ‘[...] actually delivers relatively few new homes to rural communities’ (Taylor, 2008: 94); Webb et al. (2019) agree that it has not been significant in terms of absolute numbers; Satsangi and Dunmore (2003) point out that while development on exception sites may feel significant at the level of

Table 2

Local authorities with the most affordable homes on RES, 2017 to 2022.

Local Authority	Number of affordable homes (England total = 3600)
Cornwall	1097
Shropshire	264
Sedgemoor	185
North Norfolk	101
Derbyshire Dales	93
South Cambridgeshire	89
Cheshire West and Chester	86
East Hampshire	85
Winchester	68
Stroud	65

Source: Local Authority Housing Statistical Data Returns, Affordable Housing Supply, 2017-2022

individual villages, the policy has not provided the scale needed to meet need across rural England; and while the policy may be important locally, it is less so at a national level (Gallent, 1997). Affordable homes were developed on exception sites in only 66 of 144 rural local authorities between 2017 and 2022, with almost a third of delivery happening in Cornwall. This unbalanced delivery, with Cornwall dominating the national picture of RES delivery, has been addressed elsewhere (Gallent et al. forthcoming), and is partly due to the release of public land using housing revenue account money to build RES housing knowing these are likely to be sold under the right to buy in the future. The total number of sites being brought forward may now also be declining (Baxter & Murphy, 2018) and in order to maintain supply, a clearer understanding is needed of the challenges associated with rural exception sites. .

2.2.3. Challenges confronting rural exception sites

RES are sites that ‘address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection’ (MHCLG, 2021: 71). This requirement, that development serves local needs, is central to the logic of exception sites (Gallent & Bell, 2000). As Baxter and Murphy (2018: 16) note, ‘[...] an exception to planning policy is made on the basis that homes will be available to local households and remain affordable in the future’. RPs must therefore consider local need when seeking to develop on exception sites – the consenting of an exception (to plan-led development) will depend on proof of need. Information on local need can be scarce, and if resulting development is offered to people from outside the local area, this can galvanize local opposition to further development (Satsangi & Dunmore, 2003).

Another feature of rural exception sites is that RPs must work closely with landowners. Landowners need to show an interest in releasing their land for development: they must have the energy and enthusiasm to become involved in what is often a long process; and they may have their own priorities and aspirations for the site (Lavis et al., 2017), which do not align with those of the RP. RPs need to engage with landowners, but without a guarantee that projects will come to fruition.

Land can be offered at a range of prices: in some rare instances, landowners may donate land free for philanthropic reasons; others may seek to negotiate close to a market price (Gallent & Bell, 2000). The supply of potential exception sites will frequently be affected by the ‘hope value’ that owners attach to their land, discouraging them from releasing sites (Satsangi & Dunmore, 2003) in the hope that one day, they may achieve a full development consent and therefore a much higher market price. The average *price paid* for a hectare of farmland in England at the beginning of 2019 was just under £ 17,300 (Knight Frank, 2019); a hectare of land, with infrastructure connectivity, permissioned for residential use at a typical density of 35 dwellings had an average value of £ 5390,000 in South Cambridgeshire in the same year (Valuation Office Agency, 2019). Even the slightest chance of securing a permission for ‘full market’ will discourage landowners from releasing

land for affordable housing.

Some of the challenges confronting rural exception sites are not relational but have to do with the sites themselves. Particular attributes are required for rural exception sites, satisfying planning rules and sustainability goals. Sites must be the right size (around 1 or 1.5 acres or 0.4 to 0.6 ha); located within or next to a village; the village must be considered 'sustainable', with access to shops, transport and other services; sites must be easily connectable to essential services (water, sewage, gas and electricity – although some rural location are off-grid for mains gas); have appropriate vehicular access; and be free from environmental constraints, such as flood risk or specific environmental protections (Lavis et al., 2017). These requirements reduce still further the land that might be available through this policy. A further challenge is that RPs need to navigate the increased costs of provision on rural exception sites (Satsangi & Dunmore, 2003). Economies of scale can be harder to achieve on small sites that are far from local facilities, and in areas where design standards may be more stringent – including in National Parks. End costs can be difficult to estimate, when each site represents a unique challenge and requires working with a range of partners (Gallent & Bell, 2000), confronting the challenges discussed below.

2.2.4. Local authorities and local plan policy

The approach of local planning authorities, and the framing of plan policies, can affect the delivery of exception sites. Many rural authorities adopt exception policies in their local plans, in order to be compliant with national policy, but may not pursue them in practice (Satsangi & Dunmore, 2003). Authorities may view the policy as existing for very 'exceptional' use, applying strict criteria, discouraging engagement by local communities and landowners (Taylor, 2008). Planners and planning authorities may prioritize safeguarding the environment, particularly in areas designated as Green Belt or Areas of Outstanding Natural Beauty (Satsangi & Dunmore, 2003). CPRE (2020) observes that the precise wording of exception policies will determine whether landowners bring their sites forward: where policies comprise lists of 'qualifying criteria' (hurdles that need to be overcome), landowners may be dissuaded from participating in projects – feeling that the bar for success is set too high, presenting too great a risk of project failure.

2.2.5. Rural housing enablers

where rural affordable housing delivery is a corporate priority for a local authority (often one that is pursuing the bulk of its rural delivery through an exceptions rather than plan-led approach), policies are likely to be more open, flexible, and supportive. A clear indicator of the importance attached to RES by a local authority will be the funding of a 'rural housing enabler' (RHE) (Lavis et al., 2017). The enabler is usually an officer, employed by a local authority, and tasked to assemble partners and broker deals, including the land deal needed to unlock a site so that a RES can be progressed. Sometimes a RHE can be entirely independent of the local authority, working out of a voluntary network – i.e. Action with Rural Communities in England (ACRE) – although stand-alone funding has reduced in recent years, so enablers are more commonly supported by councils. Some neighbouring councils may jointly fund an enabler, or where councils overlap (e.g. a district council with a national park), the costs of an enabler may be similarly shared. A RHE works between partners: they can give landowners information about possible RPs they can work with (see below); they can work with local communities to assess local need (Best & Shucksmith, 2006); and they can work to build local support for affordable homes (RHA, 2021). Crucially, enablers can help with addressing local opposition, largely by making the case for affordable homes, drawing on past projects to show the benefits they will bring – supporting local people, the community, and the viability of services. Webb and colleagues (2019: 19) note that '[...] the importance of the role of the Rural Housing Enabler is to raise awareness of the shortage of affordable housing for local people, collect data on local affordable housing need, empower and assist communities,

work with communities to register the housing needs of local people, and support partnerships between different groups in the provision of affordable housing' (see also Welsh Government, 2014). However, as the same authors observe, coverage of RHEs has declined. This may be because their role is not consistent, nor consistently understood by all relevant parties. Their roles also risk being poorly governed and stewarded. While the schemes they have championed and enabled may only now be coming to fruition, many of these posts have been removed, meaning the benefit of having a RHE is only now becoming clear (Webb et al., 2019). Additionally, local stakeholders may be keen to work with RHEs in some areas but not in others (Webb et al., 2019). This opens up a space in which RPs may have to put in additional work to forge relationships with landowners, provide information and build local support (RHA, 2021). It is often a combination of an RP and an enabler that provides the 'hub' for a rural exception scheme, with the two working in lockstep to lay the foundations (evidence, community support, and land deal) for an exception site, before steering it for several years, through the intricacies of project delivery.

2.2.6. Partnerships and the centrality of RPs

Exception sites require intense partnership working. Actors work together to gather evidence of local need (as the exception is 'needs-led'), to identify viable sites, to build support within local communities, to persuade the landowner that an exception will support the community and deliver best financial consideration for her or his land asset, and to eventually deliver the site and manage the homes built. Registered providers, who ultimately take on the risk of delivering the housing, are at the centre of the partnership, working closely with local authority officers (and especially the designated 'rural housing enabler') and others. More broadly, there are various collaborative models which RPs use to deliver affordable housing, including joint ventures with the public sector, working with local council's wholly-owned local housing companies, or local partnerships with community-based initiatives including 'community land trusts' (CLTs) (Brown & Bright, 2018). By far the most common, however, is when RPs play a central role in managing delivery, acting as the developer, and brokering relationships between the other interested parties. This is the case with RES schemes: Webb and colleagues (2019) note that local planning authorities, housing authorities, RPs and private developers must work together to deliver housing on rural exception sites, although it falls largely on the RP to establish and maintain relationships with these groups. An RP development lead or manager may end up as a principal champion for a small rural housing project. Therefore, whether or not RES come forward and are actively pursued in a particular local authority area will depend on the presence of a specialist rural RP (such as *English Rural*) that is ready to invest time, energy and resources – often over several years – in the delivery of a few affordable homes on an exception site. Some rural areas have several operational RPs who might be willing to progress very small schemes, but some have none, and without an RP, schemes generally fail to get off the ground.

2.2.7. Local communities and Parish Councils

RES that are taken forward by a traditional RP are not strictly 'community led'. That label is more usually applied to a CLT leading a development on an exception site (as occasionally happens, with an RP essentially sub-contracting the development function) (Moore, 2018). But exception sites can be considered 'community led housing' given the central role played by communities, often through parish councils, in building the evidence base for a planning exception and giving active support to its progression. Parish councils are a form of community governance in England that exist only in rural areas. Councillors are nominated by two electors from within the local area, and elected to the council in local elections. Councillors are then informally involved in planning as statutory consultees, and in more recent years have become involved in neighbourhood planning. Where there is a proposal to develop an unallocated, off-plan, site for affordable housing, the support

of the community is crucial. A RES must be something that a community broadly agrees is needed. There are no instances of rural exception sites progressing in England without majority community support - which means the formal support of the parish council. Those councils seldom lead or promote development, for fear of being seen as partisan, but they are the fora in which the case for affordable housing is heard, and they are critical partners for enablers and RPs when evidence is gathered and sites are sought. The parish council will be involved in the consideration of sites (during a village 'walkabout' with the enabler and others), the hope being that the development will make sense to the council and therefore be supported by the community.

But local residents are not always in favour of affordable housing development. Even with parish council buy-in, this does not always include the local community and does not equate to community buy-in (Yarwood, 2002). Local opposition can stymie affordable housing schemes, creating the additional challenge of RPs having to negotiate local opposition through the planning system. The Rural Housing Alliance (RHA, 2021: 22) reports on how to test and build support for a rural exception site scheme, noting that parish councils can be vital for establishing community support: 'because you [as a parish councillor] know personally many of your parishioners you will be able to explain why the scheme is needed and [how it] will benefit the community'. The RHA emphasize the very significant challenge that local opposition can represent. Navigating opposition is not a one-size-fits-all process; it takes time, patience and persistence. Local support may be the best solution to local opposition; where local opposition has the loudest voice, schemes may come to nothing. Supportive local councils can play a big role in assuring residents that a scheme will be developed with them rather than being imposed on them; explaining why affordable housing is needed locally; publicizing the benefit of development at local events and at social groups; or speaking with those who are experiencing difficulties finding a home, or local employers having difficulties finding staff. The RHA states that while 'the temptation is to jump straight into calling a public meeting [...] there is a risk that these events will be dominated by a few individuals [...] the ill feeling that such events cause can make it an uphill struggle to bring the community on board' (RHA, 2021: 32).

A big event that seeks to suddenly win the argument may be less effective than a low key approach, across partners, that slowly builds support for a development that targets local need. Experience has shown that communities are more supportive when they have more control, including over design and the look of developments (Best & Shucksmith, 2006, CPRE, 2020). So although RP-led RES are, by definition, not community-led, creating space for community control is an important means of garnering support. RPs and enablers need to embed themselves within a community and avoid the appearance of imposing a development outcome.

Broadly, in terms of general delivery:

- RES represent a special alternative to plan-led development on allocated sites; they are specific to rural locations and address the 'land question' by negotiating the release of sites not 'zoned' for development for exceptional and solely affordable housing development;
- The first challenge they face is that of land price and the uncertainty as to whether landowners can be persuaded to release sites at a price that will support the delivery of affordable homes – this primary challenge links directly to our focus on landowner incentives;
- Other challenges relate to local plan policy and the dynamics of the partnership formed to progress a RES, in particular:
 - o Supportive and flexible policy often denotes a corporate priority on rural affordable housing delivery. This is likely to exist in local authority areas where there are few larger settlements and therefore a greater emphasis on delivering affordable housing through exceptions rather than plan-led allocations;

- o The presence of a rural housing enabler, which also reflects the corporate priority attached to off-plan delivery of rural affordable housing as the enablers are often directly supported by the local authority. They play a crucial role in coordinating delivery partnerships and are credited by numerous bodies as a *sine qua non* for effective RES delivery;
- o The importance of the enabler is matched by the need to have a specialist RP willing to take on very small scale development in villages, often working closely with the enabler to evidence need, build community support, and progress the project through the local planning process.

Overall, the small amount of literature on RES concludes that the land deal and the dynamics of interaction between key partners are the crucial factors determining outcomes. Land price needs to support affordability, and partners need to support the aims of the exception. Top down, where local authorities assign corporate priority to RES, other success factors seem to follow, including having an enabler in place and finding a RP to lead. Bottom up, community support is crucial, and can be strengthened where an enabler and RP have the resources needed to make the case for affordable housing and work closely with communities on evidence, design and delivery.

2.3. Incentivizing land release (theme 2)

Some of the older research on RES observed that local authorities had a responsibility to deliver absolute clarity on the sort of development, i. e. 100% affordable, that would be permitted on exception sites (Gallent & Bell, 2000). It was argued only policy clarity, and the exclusion of market housing, could guarantee that land price expectation would be constrained and that agreed price would therefore support affordability. But, at the same time, it was recognized that even the slimmest chance of securing a permission for full market use, at some point in the future, would drive the hope for a higher land price – and therefore undermine the affordability of land.

The RES policy was introduced in 1991 without any explicit facility for cross-subsidy or any mention of how landowners might be further incentivized to sell land at a price closer to agricultural value than full development value. Incentives have likely featured in RES land deals for much of the last 30 years, with RPs making relatively minor site or access improvements on land retained by existing owners as a means of encouraging participation. But cross-subsidy, the building of market homes on RES, was not permitted until the first publication of the National Planning Policy Framework in March 2012 (DCLG, 2012). The latest iteration of the NPPF states that 'small numbers of market homes may be allowed at the local authority's discretion, for example where essential to enable the delivery of affordable units without grant funding' (MHCLG, 2021). Cross subsidy is a mechanism that can incentivize owners to bring forward their land for affordable rural housing. In theory, land price should be unchanged (some local plans state that the presence of market homes should not impact on land price), but in reality, landowners will share in the profit generated from the sale of market homes through the land price mechanism. Some of the profit will go to cross-subsidizing the affordable housing component and some will find its way into the pockets of landowners.

As Webb and colleagues (2019) note, there are mixed views as to the appropriateness of building market housing on exception sites. Cross-subsidy provides an additional incentive for landowners to bring sites forward, and more exception sites will mean a greater number of affordable homes. But some observe that whilst there can occasionally be an *exceptional* case for affordable housing to meet local need, market housing is never exceptional and should therefore be kept to a minimum (e.g. National Parks England, 2020). Indeed, national park authorities have displayed particular reluctance to support the cross-subsidy mechanism, largely because it risks enlarging projects and increasing the landscape impact from development. Outside of the National Parks,

CPRE (2020) observes that cross subsidy is now a common model for increasing the viability of development on exception sites, but requires the inclusion of safeguards so that market development does not dominate resulting schemes. Local authority discretion clearly allows for variation. Some authorities seek to restrict cross subsidy to the minimum required to support viability; others take a more liberal approach, using the model more freely. There is an apparent divide between authorities that ‘hold the line’ on 100% affordable homes (as a means of controlling landowner expectation and therefore land price), and those that have normalized cross-subsidy on RES. Grayston (2018) has argued in for a clearer policy steer, asserting a presumption in favour of 100% affordable housing on RES, and a maximum level of market housing (not exceeding 25%) where it is essential – as a means of reining in landowner expectation.

Cross-subsidy has become a land price incentive for landowners, making the task of RPs – to negotiate an affordable price for land – more challenging. Webb and colleagues (2019) argue for greater policy clarity, rooted in independent viability assessments, absolute minimum thresholds for the number of affordable homes, and percentage maximums for market housing – all intended to limit the marketisation of RES and ensure that exception sites do not become landowners’ favoured alternatives to allocated sites. There is an emergent view that clear rules set by government, rather than negotiated by RPs, can ensure that cross subsidy is strictly used to support viability (i.e. Grayston, 2018; Webb et al., 2019). There is of course a danger that reducing the use of cross subsidy will reduce the incentive to sell sites: but, at the present, there is no evidence that allowing market housing on RES increases the net supply of affordable homes (Webb et al., 2019).

Indeed, it has been suggested that factors other than landowners’ direct expectation of price inhibit the supply of land for RES. The intermediary role of land agents may be significant, with agents acting as gatekeepers and preventing more rounded conversations with landowners that might address the broader reasons for releasing sites and building affordable homes. Baxter and Murphy (2018) contend that working to manage landowners’ expectations of the value of their land (their financial consideration plus the value to the community) is an essential part of the delivery process: this might be achieved by appealing to their sense of stewardship and civic duty, including their desire to see local communities thrive. The Country Land and Business Association (CLA) note that nearly half of their roughly 27,000 landowner members let properties at below market rent, with one third motivated by a desire ‘to support those in the community’ (CLA, 2017: 6). Large estates may view themselves as having a paternal stewardship role. The CLA (2022) note the vested interest that landowners have in supporting labour supply (through their role in affordable housing provision) and the vitality of villages as a means of securing local business viability. Lavis and colleagues (2017: 7) articulate the appeal in these terms: ‘you may be aware [...] that young people and families are moving away because they cannot find a home they can afford [...] providing homes can help to increase the resilience of rural communities, through the virtuous circle of a locally housed workforce which supports the local economy’. The stewardship response is a component of monopoly power afforded by landed status (Gallent et al., 2022), extending to a desire, amongst some landowners, to secure ‘legacy’ and status. However, it does not always follow that the freehold of land will be sold to an RP or community group. Larger landowners may prefer to grant a lease or even build the homes themselves, retaining ownership, and letting them to local families in need. Where the affordability of homes is guaranteed in perpetuity, such landowner-led development may be supported through an exceptional permission. But such practices depend on the pattern of landownership and the presence of large landowners who wish to support communities more directly.

Direct development tends to be the preserve of larger landowners, who have the capacity to progress schemes, accept risk and manage transaction costs, whether financial, or costs in terms of their own time, effort, and administration (CLA, 2017). Indeed, the CLA notes that ‘[.]

rural exception site policy continues to be under-utilised [directly by landowners] due to high upfront costs for the landowner including professional fees and surveys, uncertainty with the planning system, a risk of right to buy, local perceptions and the inheritance tax burden if the landowner wants to retain and manage the affordable rented provision in-house’ (CLA, 2022: 8). Some larger landowners view inheritance tax rules as a *disincentive* to directly providing affordable homes. The CLA, representing landowners, notes that ‘rented property is currently considered an investment asset and included when calculating the value of the estate for inheritance tax purposes. Rural landowners are unlikely to want to invest in building new affordable homes if it *increases the inheritance tax* faced by their families when financial returns are only likely to be marginal. A conditional exemption from inheritance tax for affordable housing for the period they remain let at affordable rent should be introduced to encourage landowners to bring forward land for affordable homes whilst giving the option to retain and manage the homes in-house’ (CLA, 2022: 8). The extent to which asset building increases liability is questionable (as gain or value increases, tax liability increases proportionally), but it seems to be the case that some larger owners would like to use affordable letting as a tax off-set mechanism. For a variety of reasons, owners wanting to develop their own portfolios of rented housing (with a tax incentive) may therefore not engage with RES (as homes built on exception sites, which need to be for local need in perpetuity, cannot be flipped out of affordable renting): but owners prioritising housing for local needs may partner with an RS as a means of advancing projects. Such landowner-RP joint ventures happen where the landowner takes a long-term view of asset management (Webb et al., 2019), leasing rather than selling land (CLA, 2017), often on 125 year leases.

Tax breaks have been proposed for owners gifting land to RPs or communities (e.g., inheritance tax deferment – Grayston, 2018) and philanthropic ‘legacy’ has been presented as a personal motivation for some owners. However, for the majority of smaller landowners, the incentive sought is largely financial, through either land price or improvements to retained land that enhance its current utility or the prospect of securing a future planning permission for full market development. The latter might include site access improvements that increase the chance of their retained land being allocated for housing in a future local plan review. At the start of this section, it was argued that local authorities were initially expected to ‘hold the line’ on RES land value: to avoid deviating from the position that RES were for 100% affordable housing and nothing else. By holding the line, it was hypothesized that a small multiple of agricultural value would be sufficient to incentivise landowners to sell.

Two opposing positions have now developed either side of that line. On the one side, the view that landowners are not getting a good enough deal has prompted the rise of the cross subsidy approach, which undoubtedly elevates land value expectation. On the other side, a view that landowners exert monopoly power to the detriment of public interest (stalling housing development at a variety of scales) has segued into a broader debate on the potential use of public ‘compulsory purchase’ powers as a means of releasing land and fixing price to intended use (for affordable housing). Indeed, it has been suggested that the reticence of landowners to release sites for affordable housing, preferring instead to hold out in the hope of a future speculative rent of greater value, could be overcome through the use of ‘compulsory purchase’ orders (CPO). If affordable housing were treated as essential infrastructure, and unallocated land were compulsorily purchased for that use outside of development boundaries, then a more predictable supply of land for affordable housing might be forthcoming. However, hope value would remain attached to that land, and CPO rules require the purchasing authority to take account of possible alternative uses for a site and pay compensation for the existing use right ended through compulsory purchase. Whilst the Lyons Housing Review (2014) suggested the payment of tapered premiums (multiples of current use value that would be less than ‘best permissible use’ value) for the compulsory purchase of

land being assembled for larger projects, with smaller exception sites, CPO could result in a higher price being paid for land (unless the law were changed and compensation were fixed exclusively to a specific intended use) as well as a soured relationship with landowners. Politically, such a move would be presented by its opponents as confiscation substituting necessary partnership in support of affordable housing delivery.

The softer approach is preferred by many, cajoling landowners and working to manage expectations. But that softer approach raises ethical questions when it includes any form of financial or equivalent incentive. [Baxter and Murphy \(2018\)](#) remind us that the current model for housing development within a private land market (where land is enclosed to afford exclusive use and rent extraction rights) allows landowners to capture huge uplifts in land value, unlocked by the planning system when a new use is permitted. Even where development is being permitted solely for affordable housing, the value of land (captured by the owner, less capital gains tax) will be at least ten times agricultural value (see above). This is a very significant uplift for unimproved land and represents an un-earned increment. Is there a case for additional benefits on top of that increment? The cost of those additional benefits must be met through additional borrowing by the RP or additional public grant from Homes England – ultimately funded by taxpayers. Where benefits are given, this represents a support to land rent extraction paid either by capital (the RP) or labour (taxpayers) to land (the landowner).

Henry [George \(1879\)](#) was unequivocal in his insistence that landowners have no right to compensation for the loss of ‘land rent’ (either annual or in its capitalised form, on sale). The argument is rooted in political economy: the productive value generated by an economy resolves to labour (as wage), capital (as profit, or recyclable surplus for a non-profit body) and land (as rent). Labour earns its share through ingenuity and exertion and capital for the risks it takes. But unimproved land receives its rent (its accumulating value) passively, without doing anything. Land value is an un-earned monopoly rent. In George’s view, landowners have a right ‘to value in use’ (they should be free to do as they wish with their land) but not a right to ‘value in exchange’ (i.e. the accumulating rent, which should be subject to a 100% tax – George’s ‘single tax’ – which would drastically alter the use of land, causing landowners to bring all land to its most productive use). Seen in this light, there is no case for the private capture of land rent (let alone additional ‘incentives’): rather, the fair and ethical solution is to socialize rent back to the community and society that produced it, through a regular land value tax. However, political support for such a transformation of extant political economy is weak, as the private accumulation of wealth through land rent (e.g. rising land and house prices) is central to the structuration of social class and the advantages gained by some classes, including political elites, over successive generations. However, this larger ethical quandary provides a more complete backdrop to the question of providing landowners with ‘incentives’ to release land for community use.

2.4. The changing policy environment (theme 3)

The cross-subsidy mechanism, introduced in 2012, shifted the expectations of landowners in relation to RES. It represented a form of marketisation, ostensibly designed to support the viability of sites and reduce the reliance of projects on central funding. The tendency towards marketisation was significantly extended in 2021 with the introduction of ‘first homes’ exceptions. Government had already added ‘first homes’ (market sale homes discounted by at least 30% and targeted at first-time buyers meeting income and residency criteria) to its list of defined ‘affordable housing’ types, and now sought to encourage a new form of planning exception, granting exceptional permission to private developers and landowners wishing to build first homes rather than housing for rent on ‘traditional’ RES. The policy represented an evolution of ‘entry level exception site policy’, set out in the 2018 iteration of

the NPPF, and intended to promote the development of ‘entry level homes’ for first time buyers or rental equivalents ([MHCLG, 2018b](#)). The underperformance of entry level sites precipitated the switch to first homes, coupled with a relaxation of rules governing how sites could be developed. First homes are very different to the sorts of homes, usually ‘social rent’ (see above), delivered on traditional RES. The discount of at least 30% relative to prevailing prices ([Pincher, 2021](#)) means that these homes are targeted at households earning less than £ 90,000 in London or £ 80,000 in the rest of England ([Hilbert Smith Freehills, 2020](#)). The non-London earnings threshold is double the median disposable household income in the UK (£32,300 in 2022 (ONS 2023)), and even higher than the median residence-based earnings in predominantly rural areas in England in 2020 (£25,000 ([DEFRA, 2022](#))).

The introduction of a market-led first homes exceptions sites policy (rather than need-led and community-led RES) can be viewed as an attempt to grow the supply of rural affordable homes, although the definition of what constitutes an affordable home is significantly expanded by the policy. Two obvious questions are prompted by this change in the policy environment: will any homes built be affordable to rural households in need? And will this mechanism crowd out RES if the returns to landowners very significantly exceed the land price achievable on traditional exceptions. The answers to these questions seem obvious, but there are important qualifications. First, delivery on RES has been stunted in some parts of England (and government hopes that the first homes approach will generate housing where there was previously none); and second, only traditional RES will be permitted in ‘designated’ rural areas including National Parks, which may limit the ‘crowding out’ effect of first homes. However, a range of rural interest groups have expressed concern. National Parks, other protected areas, and a longer list of rural parishes gained ‘designated’ status via Section 157(1) of the Housing Act 1985. The intention was to place limits on the resale of homes purchased under the Right to Buy (which, it was feared, might be sold on as second homes). Designation now has broader policy intent and, relevant to this discussion, it precludes the granting of exceptional permission for ‘First Homes’. However, fewer than 40% of all rural parishes in England are designated ([Hutchinson, 2021](#)).

But despite the protection for National Parks, *National Parks England* have argued that across all rural areas, the principal need is for affordable rented housing and not discounted sale homes: a 30% discount against full market value will still be unaffordable to many households in need ([National Parks England, 2020](#)). Where there is no Section 157 (1) protection, the supply of affordable rented housing may be diminished ([Bhakta, 2020](#)). Because of the mismatch between in-area earnings and house-prices in many rural areas, especially amenity areas, there are doubts as to whether even the needs of local first time buyers will be met ([CPRE, 2020](#)). A very significant weakness of the approach is that it does not draw on local evidence, which often comes from the community and seeks to link the realities of local need (in terms of household types and incomes) with the homes built (RSN 2018). In fact, the link to evidential need is broken – handing landowners an opportunity to use the exceptions approach to build for a wider market. First homes exceptions may, therefore, simply present landowners with a chance to circumvent the plan-led system – raising general supply in areas without an up-to-date plan and therefore without an adopted allocation of sites.

Depending on land price, first homes sites will be viable without any cross-subsidy from full market homes. However, as a further incentive to landowners (presumably to ensure that land values can get close to ‘full market’), sites can be used to deliver market housing ‘provided that it can be demonstrated that this is necessary in order to ensure the overall viability of the site’ ([MHCLG, 2021b](#)). This might be needed, for example, ‘to enable the delivery of First Homes without grant funding’ ([Pincher, 2021](#)). This level of marketisation (combining a new type of ‘affordable housing’ with market housing) offers landowners a new off-plan opportunity for rent extraction at close to market rates – without planning permission. There is of course a concern that the policy will be a show-stopper for RES and for the production of genuinely

affordable housing in rural areas. Even where RES are proposed, the presence of nearby first homes exceptions will significantly raise land price expectation. During the consultation on the policy with the Ministry of Housing, Communities and Local Government (now the Department for Levelling-up, Housing and Communities), many organisations expressed concern that the policy could undermine the delivery of affordable housing, by limiting land coming forward for rural exceptions, or raising landowners' expectations and therefore the price of land that does come forward for rural exception sites (e.g. CPRE, 2020; Baxter & Murphy, 2018; National Parks England, 2020; RSN 2020).

The market lull precipitated by the Covid-19 pandemic, and the subsequent market downturn, means that it is perhaps too soon to judge the impacts of first homes marketisation on RPs' access to land and therefore affordable housing output. However, in 2021 the Rural Services Network surveyed its members to gauge early outcomes. They found that in those few cases where first homes exception sites had been pursued, they had replaced rural exception sites, and attracted a higher land price than would previously have been paid for a RES. They concluded, therefore, albeit on limited evidence that this new near-market opportunity for landowners is likely to reduce the supply of other affordable tenures. This work drew on the perspectives of RSN partners, from local authorities, parish councils, and other rural stakeholders and organisations, considering the policy's *likely effect* on affordable housing provision. The outlook appeared bleak, but remains uncertain is how the opportunity presented by this policy shift may impact on the informal networks of relationships that help bring land forward for delivery by RPs. The impacts of such policy shifts provides our third empirical focus.

2.5. Synopsis - and gaps in the research

The difficulty of bringing land forward for affordable rural housing is well noted (e.g. CLA, 2022). The literature reviewed above emphasises the significance of building and maintaining relationships, forging local partnerships, and managing conflict. For delivery of housing on exception sites to be a success, local interests need to find some 'common ground' (between maximising rent extraction through development and supporting the delivery of a social good) and trust within working partnerships developed (Gallent & Bell, 2000). More might be learned about these challenges from those who are successfully working to overcome them, encouraging landowners to bring forward sites, building consensus across diverse interests, and maintaining support for these projects. While some studies already exist, detailing the formal processes involved in bringing land forward for affordable housing delivery in rural areas, or setting out the optimum staging of rural exception projects, less has been written about this more informal side of housing delivery. There is value, therefore, in unpacking the lesser known aspects of rural exception site delivery, providing in-depth examples that narrate how land is brought forward, detailing the operational barriers to progressing sites.

There is also very little known about the additional development, support and other incentives that rural RPs use in order to encourage landowners to bring forward plots of land for rural exception site development. Also, whilst there are 'rules of thumb' that infer typical RES land prices, the actual value received by landowners (factoring in incentives) for these sites remains open to investigation. The existing published research and other literature touches on the impact of *cross-subsidy*, which, since its introduction in 2012, may have affected landowners' price expectations. But much less is known about the informal *incentives* provided to landowners to secure land sales. The research presented in the remainder of this monograph seeks a qualified understanding of how RES are progressed, in terms of general delivery, interactions with landowners, and navigating the evolving policy environment – marked by increased marketisation of exception-based planning and development.

Table 3
Interviews – higher-level and project-level.

Organization	Level / case	Interview no.
English Rural Housing Association	Higher-level	1
Department for Environment, Food and Rural Affairs	Higher-level	2
Country Land and Business Association	Higher-level	3
National Housing Federation	Higher-level	4
National Association of Local Councils	Higher-level	5
Broadacres Housing Association	Higher-level	6
National Federation of Young Farmers' Clubs	Higher-level	7
Rural Coalition	Higher-level	8
Trent & Dove Housing	Higher-level	9
Homes England	Higher-level	10
CPRE, The Countryside Charity	Higher-level	11
Action with Communities in Rural England	Higher-level	12
Cornwall Rural Housing Association	Higher-level	13
Hastoe Housing Association	Higher-level	14
Chiddingstone Parish Council	Project-level: Chiddingstone	15
Swale Borough Council	Project-level: Leaveland near Throwley	16
	Project-level: Hernhill	
Land owner	Project-level: Chiddingstone	17
Parish councillor	Project-level: Leaveland near Throwley	18
Sevenoaks District Council	Project-level: West Kingsdown	19
	Project-level: Chiddingstone	
Duchy of Cornwall	Project-level: Leaveland near Throwley	20
English Rural Housing Association	Project-level: East Boldre	21
English Rural Housing Association	Project-level: West Kingsdown	22
	Project-level: Leaveland near Throwley	
	Project-level: Chiddingstone	
	Project-level: Hernhill	
English Rural Housing Association	Project-Level: Dunsfold	23
	Project Level: Burstow	
	Project Level: Hambledon	
English Rural Housing Association	Project-Level: Dunsfold	24
	Project Level: Burstow	
	Project Level: Hambledon	

3. Research methods

Given the research's focus on providing in-depth understanding of how land is brought forward in support of affordable housing delivery on rural exception sites, and the incentives that might be needed to facilitate land release, the main method employed was qualitative interviewing. Two types of interviews were undertaken: 'higher-level interviews' with key national stakeholders, intended to provide insights into the core challenges facing different sectors, and 'project level' interviews, intended to reveal the intricacies and practicalities of bringing forward RES projects in general, focusing in particular on land and incentive questions.

A total of 24 semi-structured interviews were conducted, 14 high-level and 10 project-level (see Table 3). All were transcribed and analyzed in order to identify key themes, using thematic analysis (Braun & Clarke, 2006). Transcripts were coded and then codes organized under 12 sub-themes, under three overarching themes: 1) delivery models and working practices; 2) landowner incentives; 3) the changing policy environment. Sub-themes addressed how projects were understood to have evolved; perceptions of the planning process up to and including submitting a planning application, (including the role played by the parish council, the way that local needs surveys and site searches had been instigated and progressed, conversations and negotiations with

the local authority planning team); the roles of other strategic enablers; the work RPs did in order to manage their reputation; the cost to RPs of upholding high standards and maintaining local support; the cost to RPs of development, including land costs and other expenses (not focused on precise figures but providing a discussion of the kind of work undertaken); perceptions around land values; geographical aspects affecting development; suggestions, proposals and recommendations made by respondents; local incentives that might be used by RPs or parish councils to encourage landowners to work with them; and structural incentives, which might be implemented at a higher level.

4. Research findings – high-level interviews

4.1. General delivery approaches (theme 1)

Existing studies reveal that small scale affordable housing projects, including those delivered on rural exception sites, require RPs to work closely with partners, including landowners, local residents, community governance groups, public planners, and so forth. Partnership working was therefore a significant focus in higher and project-level interviews, building on studies that emphasise (but have seldom investigated) the importance of forging and maintaining critical relationships in which different interests are respected and trust is built (Gallent & Bell, 2000). The centrality of RPs in exception site development informed our perspective on relationships and the interview strategy. As Lavis and colleagues (2017) note, landowners and communities look to work with reputable RPs in which they can have long-term confidence and trust. Housing enablers often make the critical introductions, firstly between the community (represented by the Parish Council) and the RP and, later on, between the RP and the landowner. Our initial focus was on the inception of projects.

How do rural exception site projects actually progress? RES projects can start in different ways and do not follow a fixed process. Projects may be kick-started by landowners looking to sell their land, who may at first get in touch with a rural housing enabler (RHE) or the local authority, before being introduced to a locally-active RP. Alternatively, projects can start when a parish council decides to undertake a local needs survey, or when the local authority requests that one is undertaken, as was the case in Hernhill, for example (case study 3, next section). Once a local need for affordable housing has been evidenced, either the parish council or another facilitator may instigate a search for sites, ahead of contacting one or more landowners. The different parties involved in RES development can become involved at different stages. Those leading the charge may have very clear ideas about what they want from the project, whether that is a landowners' profit motive, or the parish council's desire for more affordable housing.

While no project is the same, from the RP perspective, the general sequencing of events was described in the following way:

1. Housing surveys evidence the level of need for affordable housing locally – RES are 'needs-led' rather than 'plan-led'.
2. Site searches are performed to identify a range of sites on which an exception might be granted. This often involves a 'walkabout', where the parish council and the enabler, and perhaps RP staff, simply walk the length of a village looking for, and assessing, potential sites. If a specific site has already been proposed, either by a landowner or by the parish council, a site search is still undertaken to demonstrate (to future detractors) that all options have been considered.
3. By the time the RP becomes involved, it is beneficial to have secured the support of the parish council, if this has not already been established.
4. Once a site has been identified and a provisional agreement to proceed has been made between the landowner and the RP (and preferably also the parish council), a pre-application review (a 'pre-app') is sought from the local planning authority, making

sure that the site and its access are compliant with local plan policy. Further enquiries are made with the statutory authorities to ensure that requisite services (e.g. highways access or mains gas) can be achieved or connected.

5. At this stage, the RP will also look to move forward with a more formal agreement with the landowner. The first step is the 'Heads of Terms', which is not legally binding, but sets out in principle the terms of sale. The Heads of Terms will establish that the landowner owns the land, providing a copy of the title deed to make sure there are no caveats or obligations that prevent development. The price is also established at this point. The Heads of Terms is intended to preserve good will, demonstrating to the RP that the landowner is willing to proceed.
6. After the Heads of Terms are agreed, a binding 'option agreement' will be drawn up, indicating that the landowner will sell the required land once planning permission has been obtained.
7. If 'pre-app' is positive, this provides the security to move forward with a planning application, including a public consultation during which comments and objections from the local community are received and addressed.
8. If planning permission is granted, this represents a watershed moment in the project timeline. A building contractor will be identified, whether this is put out to tender by the RP or agreed more informally with the landowner as part of the terms of the sale. A surveyor will also be engaged to look after the on-site day-to-day aspects of the project, on behalf of the RP.
9. Interviewees underscored the importance of keeping all parties in touch and updated on all developments throughout the RES process. There will be multiple back-and-forth exchanges throughout. The four cases presented in Part 5 suggest that successful projects may be those with the most transparent and open dynamics between the interested parties.
10. A nominations agreement (within a broader lettings policy) will be drawn up to allocate the housing to local residents, to be included in the Section 106 agreement.
11. At completion, the housing management team for the RP will take over from the contractor.

The perspective offered in the above process is from that of the PR, given the research collaboration with *English Rural* and the centrality of registered providers in delivering on RES.

4.1.1. Relationships with landowners

For RPs, building and maintaining a good relationship with the landowner is crucial. This happens early in the process, since it is through this good relationship that RPs can start to understand what the landowner hopes to get from the development and the form of incentives that might be needed to unlock a site. Each landowner will be in a different situation, with a different relationship to their community (more embedded or more distant), and a different view on how they would like to see the delivery process unfold and how involved they would like to be. Interviews suggested that even landowners themselves may not have a formed view of what they want from the process. This relationship may need to be more informal, and may require time to develop. The specific resources and local connections available to each RP may therefore impact on the formation of this critical relationship. Smaller RPs, such as those in the South of England, may be more embedded in communities and closer to landowners, whereas larger RPs, of which there are many on the North of England, may endure weaker connectivity with communities and local landowners.

4.1.2. Timescale

One challenge raised repeatedly in the interviews was that rural exception sites take time. The Covid-19 pandemic notwithstanding, many of the cases investigated for this project took more than five years to complete, from inception to unit letting. Much of the burden of

maintaining the momentum of projects can fall on RP staff.

Parish councillors also have a role to play in sustaining a focus on the project, and keeping residents updated and on board. As one parish clerk observed:

I try and keep people informed all the time and keep people up to date with what's happening. I think people are a little bit frustrated that it takes a long time, but [...] as much as you'd like it to happen quicker, it's just not possible sometimes [...] I'm always getting emails, saying, what's happening, where are these houses? Unfortunately, it does take a long time (Interview 15).

RPs must perform a facilitation role, keeping interested parties connected and motivated over extended periods of time. An additional challenge here, as noted below, is that as time lapses, contextual factors change: planning cases officers may come and go and the composition of the parish council (or local council) may alter through the electoral cycle. Whilst this may alter support for a project (politically or amongst planning officers), it will certainly mean that there is a job to be done in ensuring that new-people are fully briefed and up-to-speed on the project.

4.1.3. Local opposition

Local opposition was presented as a major obstacle to rural exception site projects. Within every community, there will be people who will want new development that enables young families or key workers to stay in the area. Equally, there will also be those opposed to any new development, or support the 'principle' of having more affordable housing but not the 'prospect' of it happening close to them. Community voices can have a far greater impact on RES projects than other market-led development. The positions individuals hold in the community may give them a disproportionate voice in the planning process, allowing them to impact the progression of rural exception site schemes.

A major challenge here is that local residents may not understand the distinction between social housing for general need (developed, for example, on a market-led scheme through a planning agreement) and RES housing for local need. Rural exception site schemes give preference to local residents with a housing need who have a *local connection* to the area. Local connection is a vital criteria for allocation and is written into the lettings policy, which forms part of the Section 106 agreement attached to the planning permission. Local residents (and potential objectors) may not always understand this feature of rural RES housing, fearing that homes on exception sites are for general need and likely to be allocated to families from outside of the area. As one local landowner explained:

People who objected to the scheme are people who live next to it, and fear it. [They] fear that it's just going to be a bunch of hooligans coming to live right next to them, and that that's going to have an adverse effect on the value of their property and their quality of life. And I sort of get that fear. (Interview 17)

One local landowner donated some land for affordable housing some time ago, and they donated it to a housing association in Tunbridge Wells [...] shortly after that, [the housing association] sold the affordable housing to one of the London boroughs, and they used the affordable housing to rehouse problem tenants from the city. This land had been donated in good faith for affordable housing for the local community, and it's ended up being used by problem tenants from London boroughs. And there were anti-social people who came into the community, and as a consequence of that there was an amount of ill feeling, and a huge amount of scepticism about doing affordable housing again in our hamlet. (Interview 17)

Local connection criteria for RES housing may therefore need to be communicated to residents right from the start of a project. The parish council may have a particular role in this:

They think it's just going to be social housing for any Tom, Dick, and Harry to come down from anywhere. But once you've explained to them - it's local people - they are on board with it much more, because they see the problem [of local need] as well (Interview 15).

Those interviewed also felt that there was a stigma around low quality affordable housing, that goes hand-in-hand with the (misplaced) fear that RES will change the character of a place by introducing new residents without any local connection. These aspects of local sentiment towards rural exception site schemes are another obstacle that RPs must navigate when working to deliver housing on exception sites.

4.1.4. The challenges of public consultation

While openness is key, a balance needs to be struck between speed and caution when progressing to public consultation. In East Boldre (case study 2, see below), *English Rural* had to wait for 'provisional approval', at the pre-app stage, from both East Boldre Parish Council and from the New Forest National Park Authority (NFNPA), before investing the time and resources in getting plans drawn up for public consultation: '[...] to have something to show the public, it needs to be professional and it needs to be done of a quality that can respond to questions from the public' (interview 21). Where the project is delayed by other factors, public consultation can take place much further down the line. However, as the officer responsible for this case observed, 'you can't go too far without going to public consultation, because the parish council are accused of dealing behind closed doors' (interview 21).

It was suggested in interview that managing concerns at public consultation requires taking each comment at a time, considering its merit, and addressing it on its own terms. This is therefore a lengthy process, but essential if local residents are going to feel heard and come to support a project:

Many people were saying that the access road exited onto the A20 [a major road] and that it was a serious accident spot. But our site didn't access onto that road, it was further down. We carried out a highway survey, commissioned a transport report, and were able to demonstrate [that] the access was not a risk. (Interview 1)

These kinds of concerns are practical, and can be addressed in this systematic way. For example, in the case of West Kingsdown, (unreported case), '[...] the main objector was a nursery, which had concerns about houses overlooking the nursery grounds' (Interview 1). This can be addressed through the design of the scheme.

A very different kind of objection are those raised by people more fundamentally opposed to development: 'things like, 'this is green belt, you shouldn't be building on green belt'. That's something we accept, that's fine' (Interview 1). As one local authority respondent commented: 'you're always going to get that. But if [the RP] are experts in this field, they are very good at doing the public consultation' (Interview 19). The task does therefore fall to RP staff to address each objection on its own terms, providing a response that satisfies each concern.

[...] people just fling stuff at the local authority, and the local authority, the district council, have to actually be diligent in pursuing these things. 'I'm sure it was the site of some old medieval settlement, and we're going to have to rehouse the slow worms' [...] They'll use whatever reason they can come up with, but we managed to bat all that away. (Interview 17)

At times, this may add to the cost of the project, as was the case in several of the cases investigated:

We had to provide a badger corridor, together with significant additional planting, more than we would normally do. An overhead electricity cable required diverting. Also a private drainage system was required because there was no mains drainage. It was an expensive project [...] West Kingsdown [unreported case] has many of the same issues, plus soil with a poor soakage rate. So deep bore soak-

always will be needed to dispose of the surface water. So, yes, they're quite normal issues for us, unfortunately. (Interview 1)

Another challenge at the public consultation stage is that *opposition groups* may come together. It was observed that newer residents can be particularly vocal in their opposition to projects whereas more established residents tend to prioritise the social balance and local opportunity that additional affordable housing may bring to their village. This connects to observations made in previous research into land-use planning in rural areas (e.g. Gallent et al., 2019), which found that it is often in-migrant and retired households, rather than longer-term residents, who fight to slow development, prioritizing the preservation of local character, and defending property values. This is a particular dynamic that rural RPs need to navigate in rural areas when seeking to advance the development of affordable homes.

4.1.5. Planning practices - the parish council

While the support of the parish council is significant for RES schemes, that support does not always directly correspond with local sentiment. RPs can spend a great deal of time and effort discussing a potential development with the parish council in order to build their support, yet still find that local opposition can be fierce, stopping a scheme in its tracks.

Nevertheless, the support of the parish council is paramount, in part because the local authority planning committee will find it difficult to approve a planning application that is not supported by the parish council, as a statutory consultee:

Unless you get the buy-in from the parish council, you're doing a lot of work, spending a lot of time, using a lot of resources, and not yielding anything at the end of the day. (Interview 16)

I think it's really up to the parish council, they are the ones who will carry much more weight than [the RP] will, with the planning authority, because [...] the parish council are actually sitting around the table saying 'we want this site, we feel it's good and right for our community, we've looked at other sites, and they're not right. I'm part of that conversation, but it's good when [the parish council] lead on it, because they do have more weight. (Interview 1)

The support of the parish council will also be significant when other partners are confronted by local objectors:

[...] when objections are raised regarding the site selection process we can say 'the parish council conducted the process and have wanted to take that specific site forward'. (Interview 1)

However, even when a parish council are completely on side and have led the housing needs survey and site search, the protracted timescales of projects mean that consistent and continued support cannot be taken for granted, as the following excerpt illustrates:

They came to us. They wanted affordable housing. It was all going really well, we had two site searches, we had walkabouts. We'd gone all the way down and had three or four consultations, and then the parish council had gone 'no, actually, we don't want it'. (Interview 16)

For example, in the Hernhill case, the project was already at consultation stage when three people from a local opposition group were voted onto a parish council of seven. New members can tip the balance and change the minds of supporters: '[...] you only have to have one loud voice on a parish council' (Interview 16).

Interviewees expressed disappointment that projects can get to such a late stage, with strong local support, only to be thwarted by a small number of local objectors. This challenge was seen as particular to rural exception sites, where not only the planning process, but also the individual input and support of parish councillors can make a huge difference to the progression of schemes. The greater influence and role that the parish council has in RES development was largely viewed as

appropriate, given the particular contribution these schemes make in extending the existing social and physical fabric of small rural communities. Nevertheless, this produces an additional challenge in getting housing development over the line:

In a small town, if it meets the planning rules, that [plan-led] development gets built. Whereas for parish councils on exception sites, the rules are a lot more flexible, a lot more personal. And rightly so, because we don't want homes being built in areas where they shouldn't be. But the amount of control a parish council has over the delivery of a scheme that, in planning terms, is absolutely fundamentally fine, and there is an identified housing need for that area, that gets my goat a little bit. (Interview 16)

All this means that support cannot be taken for granted across the timeline of a RES project. Parish council support can be garnered through various approaches. Those interviewed suggested that face-to-face meetings over the course of a project is the most reliable way to maintain support:

They don't have to be leading on the project but the parish council needs to be part of the process and be vocal about why they feel affordable homes for local people is so important. We're happy to support and guide them, every step along the way. (Interview 1)

In Hernhill, with objectors sitting on the council, it became essential to secure the approval of every other councillor:

I had separate, pre-planning committee meetings and presentations with the parish council to reassure those Councillors who were still in support. From being outnumbered, eventually the vote went 4–3, so we got through with majority support. (Interview 1)

Even when parish councils are fully behind a rural exception site project, *English Rural* staff noted the importance of keeping all councillors in the loop, especially at points in the project where things can feel slow:

I was in touch with them regularly saying, this is what's happening now. We're still waiting [to agree the option agreement]' etc. You have to keep that conversation and consultation ongoing. (Interview 1);

[...] during the consultation period, we updated them regularly with what people were saying, the numbers of people who had viewed [the plans], the comments coming forward, because I wanted them to be absolutely aware that these are the negative comments people are saying in the community. (Interview 1)

As well as the parish council, administrative support at other levels was seen as vital, including from the local authority:

What is crucial is a local authority's buy-in from the councillors, the ward members, your cabinet member or your committee chair, whatever system you run. But if you don't have buy in from your cabinet, from your councillors, you're flogging a dead horse. We've never done it. (Interview 16)

While the prospect of pushing projects forward without parish council support was raised by interviewees, there were no examples cited where this had been successful. It was felt this might be possible, only if the local planning authority were very supportive:

If you had a housing association and a planning team that would support it without the buy-in of the parish council, I'm sure you could progress it. But you've got to pick your battles. Without sounding like we're making excuses, we are also overworked and under-resourced, so I think there's got to be buy-in. (Interview 16)

4.1.6. Planning practices - local needs surveys

Local housing needs surveys can come about in a number of ways.

Usually, a parish council will start a discussion around the need for affordable housing, and will then take the step of instigating a housing needs survey. To do this they can contact the local authority for support, and may be put in touch with the rural housing enabler, RHE, who may be able to do the survey themselves. There may be other organisations, such as Action with Communities in Rural Kent (ACRK), who were involved in many of the cases, who can also help parish councils to undertake local needs surveys.

In some of the cases, it was the local authority that requested housing needs surveys be undertaken in each local parish. Where this happens, the parish council may not be on board from the start, and it may be less likely that a survey will lead to a search for potential sites. Additional encouragement may therefore be required from the local authority, beyond the housing needs survey itself.

When RES projects are instigated by local landowners, offering sites for development, a housing needs survey will still be required, because of the local connection criteria that will need to be satisfied in future letting. If projects take a particularly long time, or where there are significant changes during the course of the project, such as a change in the parish council body, it may be necessary to undertake multiple surveys, in order to confirm the need for affordable housing by local residents. Survey results remain valid for five years, so if five years passes and no development has progressed, another survey will be needed to support a RES. When spaced apart, different surveys are likely to identify different individuals, but can confirm an ongoing need for affordable housing in an area:

These surveys are only valid for five years, so the people that put themselves forward under the initial housing needs survey, they [may not be] looking for an affordable home by the time these schemes are built. They've sorted themselves out. But generally speaking, we've found that when we've had a second stage survey, the housing need is the same, which is really interesting actually. (Interview 15)

4.1.7. Local planning - site search

Once a local need for affordable housing has been established, a site search will take place - even if a potential site has already been identified. It is important that site searches are done in order to demonstrate to planning officers (and future objectors) that every potential site has been considered, and the reasons for the final selection:

[...] it's greenbelt protected land and very often in the AONB as well. So we have to prove that we've considered every blade of grass. (Interview 15)

Parish councils may favour a 'walkabout' process, where councillors walk around the neighbourhood assessing potential sites, often with the enabler and the RP staff members involved in the project. This process may have multiple stages, as described here:

[...] we walk around with the parish council first, to shortlist it down, and the housing association will walk around with us, to the shortlist [sites]. These are sites that we don't even know if they are available. At that point you haven't contacted landowners because that would be a very large process, so you've got to identify the sites first. (Interview 15)

A major challenge raised by interviewees was the potential for conflict between the parish council and local planning authority about what constitutes the best possible site.

Quite often the parish council will have a mindset of what they want, what they think is suitable, and then we know what planning thinks is suitable and meets all of the regulations. And these can be two very, very different things. We were looking at a scheme where they had their minds totally fixated on one certain area, but it was on the floodplain, and there were other more suitable sites. And when we

say to [the planning team] 'this is where they want', [the planning team] go 'No, absolutely not'. (Interview 16)

If the parish council and others involved in bringing the project to planning are convinced by their chosen site, it can help to include every detail about the site search process within the planning application. This can serve to persuade planners (and the planning committee) that every step has been taken to consider alternatives, leaving no choice but the selected site:

[This] is so important because when we get to planning consultation stage, someone who lives near the chosen site will say, 'why did you choose that site? We don't think it's the best site', so we have to go back, show all the sites that we looked at and the reasons why they didn't come forward. It's helpful to say at the end of that report: 'this was the only suitable available site'. (Interview 22)

Site searches were raised as one of the major factors slowing down RES projects. In the cases presented below, numerous site searches were undertaken. At each stage, a site selected by the parish council, or identified by a RP working in partnership with a local landowner, may be dismissed by the planning authority. If partners wish to persevere with their chosen site, there may be multiple rounds of back-and-forth with the local planning team, before securing a reasonable expectation that the site will be considered for development.

The site search is crucial because there can be quite a bit of to-and-fro. We've had schemes where you have to go out and do the site searches all again as well. There's quite a lot of enablement and partnership working and things like that at that point. I think once you get past that point, you kind of feel that you've got over the main hurdle, once you've got a site that everybody agrees to. (Interview 16)

[.] we get to planning application stage, objections are being submitted and then planners often feel they've got to go back and revisit the process. (Interview 22)

One major challenge raised related to potential changes in planning authority staffing. Resource and staffing constraints affecting authorities have the potential to stall rural exception site projects, particularly if a site has not yet been decided upon, as bringing in new officers with potentially different views introduces greater uncertainty.

As usual, we'd involved the planners in the site search process. However, by the time the planning application went in, those particular planning officers had left. The housing development lead had retired. We had a whole new set of officers who didn't actually agree with the site, so during the planning process, we had to revisit the site search and do it all over again to demonstrate why this site was the most appropriate. It's the lack of continuity. A planning officer leaves, a new one needs to play catch up. That is really frustrating. (Interview 1)

Equally, agreement on a site can be undermined by changes in local sentiment, or shifting views within a parish council, which is a particular challenge due to the length of RES projects:

With all rural exception sites, the hardest thing is finding a site and keeping that site. We've had situations where fabulous sites have come forward and everyone's very excited, but then neighbours will club together and fight for additional garden land, or a group of concerned residents will clamour for not having affordable housing, where the parish council have said no, we're walking away from this site, it's too controversial. (Interview 19)

While those interviewed might have preferred a shorter timescale, it was acknowledged that the in-depth work required to identify local housing needs, find the right site, and to manage local opposition, means that RES projects will usually be lengthy. Very expended timelines are a key impediment to developing homes on unallocated exceptional sites.

4.1.8. Local planning - the planning authority

Planning applications for RES schemes can be lengthy, and were cited as a major hurdle throughout the interviews. Both pre-app engagement (testing the potential of sites) and planning applications can be time-consuming, and require several back-and-forth exchanges with local planners to make sure all possible factors affecting the development have been considered, and that the development satisfies local policies. RP staff play a significant role in mediating this relationship and planning authority resource constraints (RTPI, 2019) add to the burden on RP staff, who need to maintain communication and may struggle if planning officers do not have the capacity for regular engagement:

Local authorities at the moment are in a very difficult situation financially. And planning departments are significantly under-resourced [and] overworked massively. To try and get information out of a planning officer or a planning team outside of an actual application, or outside of an actual pre-application request, that may be difficult. (Interview 16)

Local solutions to this problem do exist. For example, in Swale Borough Council, this issue has been addressed through the appointment of an *Affordable Housing Manager*, who acts as a link between those implementing rural exception sites and the borough planning team:

A lot of people might say that one of the barriers to getting these schemes off the ground is planning. [...] I might have to chase a little bit, but I will always end up with an informal email or an informal conversation with some advice that I am able to share with the housing association (Interview 16).

4.1.9. Rural housing enablers

The enabling function may be embodied, formally, in a particular individual or it may be a role played by another 'influencer'. Formal rural housing enablers (RHE) are supported by either third sector organisations, such as one of the branches of Action with Communities in Rural England (so 'Action with Communities in Rural Kent', or ACRK, in this research) or by a local authority, or by several authorities sharing the cost of a dedicated enabler. Local authority embedded RHE seem to be more common at the present time as DEFRA no longer provides funding to those embedded ACRE, although this may change in the near future (see below).

Others playing an enabling or influencing role might include a ward councillor pushing for affordable homes, a parish council chair (if they are happy to appear 'partisan') or a development manager from the RP. Any one of these individuals can become a 'figurehead' for a project, seeking to drive it forward. In many cases, someone in the RP will assume a leading role, although an appointed RHE, acting as an 'honest broker', was felt to be particularly significant in small parishes which may lack the capacity to give long-term attention to a RES:

In bigger parish councils, they have more councillors and a full-time clerk and all that sort of thing. They would probably be far more on the ball than we are. We are very small. There's a lot of very small parish councils in the country [...] we need to take more advice than some of the others. (Interview 18)

While using other organisations, including a RHE, to facilitate different aspects of rural exception site projects can add much-needed capacity, interviewees suggested that this must not stand in the way of a direct working relationship forming between the landowner and RP development staff. The ability of RPs to work closely with landowners is central to successfully securing sites, as the following excerpt explains:

A good relationship is actually being able to meet and speak with the landowner, get eye-to-eye contact, shake their hand and get a feeling of where the landowner is coming from. The success of the relationship can often manifest itself on completion of the scheme, when

you invite the landowner back to look at the completed project. You introduce him to the people - he may often know them already - who are going to move into the properties. So, having that close contact is my preferred option. Dealing through an enabling body, such as HARAH or Action For Kent (sic), doesn't always allow that understanding, and you can often develop a scheme without ever meeting the landowner. Everything is done all through the landowner's agent and it can all be done through correspondence (Interview 21)

Finally, while viewed as particularly useful for progressing rural exception site projects, the RHE service - embedded either in local authorities or in ACRE branches - has been cut back, and is now less common:

DEFRA used to fund the rural housing enablers, and they no longer do. It will make our life so much more difficult if we don't have that independent rural housing enabler service. Having [them] on board enables us to have that more open conversation with parish councils and their parishioners. (Interview 19)

There are signs that government has come to recognise the value of the enabling service. Research had previously noted its critical importance to RES delivery (Welsh Government, 2014; Webb et al., 2018) and government has now committed to increasing funding for a 'network of rural housing enablers across England' (HM Government, 2023: 19).

4.1.10. Reputation management, and the cost of maintaining local support

Interviewees viewed the avoidance of local opposition as a long-term strategy, rather than something to be managed on a case-by-case basis. Every decision made in the course of progressing a RES scheme has the potential to not only affect the scheme itself, but also the view that the local parish - and surrounding parishes - take of rural exception schemes in general, and of that RP specifically. Since local support is so crucial when progressing RES, RPs need to deliver on their promises in the long-term (e.g. good quality housing, allocated to local families), and maintain a good track record, not only for each specific scheme to be considered a success but also to maintain positive local sentiment around future schemes.

During the course of RES development, it helps to identify problems in advance, 'getting out in front of them' so local communities do not apportion blame to RP staff. Problems identified include the landowner using a rural exception site to start further development that the community would otherwise have objected to; housing not being allocated according to local connection; or affordable houses sitting empty. These are only some of the potential problems that RPs will need to have identified and acknowledged in advance, before a project starts, partly so they are able to deal with them when they arise but also so that local communities do not become disenchanted and disengaged.

You have to be completely honest and you have to acknowledge to the parish that it will be bumpy. The landowner wants to win out of this. Therefore we need to be open and frank with the parish about the difficulty of things, or they become disengaged. I can give an example. We did an exception and the landowner, he was a farmer, he knew that that village would have a future land supply issue. So we got the front part of the land as an exception site. That particular authority basically had all of its settlement borders disappeared. And where we bought that land for £ 10,000 per plot, the land at the back came through and he sold it, 70 or 80 plots, £ 80,000 a plot. Because we'd maintained a really good relationship with the parish council, because we've been open and honest with them, they didn't point the finger at us, they absolutely understood what's going on. Everybody should understand from the beginning what you're getting into (Interview 1)

If we're going into a new parish. It's how you get your housing team internally to understand - don't muck this up - when we start to allocate. You've absolutely got to allocate on that local connection,

you can't deviate from it. You've got to understand that you've got to work with the parish. Because if you don't, you just get killed. I talk about the jungle drums of parish councils. If you get a bad relationship with one parish council, the jungle drums go out and you go to the next parish council and they're like, but you did this. You didn't follow the allocations process. We don't have local connections. So sometimes the internal relationship that we have to build with our housing team is almost more important than the others (HA – interview 9)

Maintaining a close connection with the parish may be less of a challenge for smaller, locally based RPs than for larger housing associations.

There is a cost to upholding high standards and maintaining local support. Providing sustainable, high-quality, local vernacular housing also comes at a cost. All these costs add up, and mean that RES may not be the most cost-efficient way of delivering housing, but the homes they produce are locally very significant. It can also make a difference if the RP progressing a scheme has substantial prior experience of RES projects:

They [the parish council] got into partnership with English Rural [because] they know and understand how rural exceptions allocations operate, whereas some of the housing associations can make mistakes in the allocations process, because it is quite a different beast to the general needs housing stock (interview 19)

4.1.11. The cost of development

The entire premise of rural exception site policy is that the price paid for land makes affordable housing delivery viable for RPs. But with other costs of development rising, this could make it harder for RPs to deliver high quality housing on RES. Building in rural areas is more expensive than in urban areas, where economies of scale and agglomeration keep building costs lower.

Decarbonisation also makes building and maintaining [homes] more expensive. As does the pressure to move to modern methods of construction - pressure from Homes England. As does the construction industry - we have fewer construction partners and young people are not moving into the industry, everyone is late 40 s and over (Interview 6)

Costs identified from interviews include general inflation, a shortage of labour and a lack of specialist skills. For example, Hastoe Housing Association has a tradition of delivering homes at close to *passivhaus* standard, but the association found that a lack of specialists has been a challenge. The cost of infrastructure is also an issue: RPs may look at less-well-located sites in order to reduce the land cost, but this can raise infrastructure costs. All this means that there is a specific cost challenge to developing affordable housing in rural areas, that are over and above the costs incurred by RPs delivering affordable housing in urban areas. This reality has caused RPs to question grant levels available for rural housing projects for at least the last 50 years, with rural local authorities noting the same funding shortfall when building council homes in rural communities after 1919 (Gallent et al., 2022).

4.1.12. Land values

It was noted earlier that the per plot cost of RES is often expected to be £ 10,000 (see CPRE, 2020). This 'rule of thumb' estimates the value of plots to be a low multiple of agricultural value (Lavis et al., 2017) and certainly much closer to agricultural value than full market development value. Interviews challenged the veracity of this rule of thumb, finding that land price is negotiated case-by-case between RPs and landowners, and the price agreed for land will reflect the particular aspirations and expectations of a landowner. Also, the figure does not reflect any additional costs incurred by the RP when incentivizing land release, which may include improvements to retained land, building homes for the use

of the landowner (see below), or agreeing a higher cost for plots on which market homes are to be built:

The rule of thumb is £ 10,000 a plot, and that's grown. Over the years, that's grown and grown and grown (interview 21)

There is a feeling that landowners' expectations are increasing well above any 'rule of thumb' while expectations of additional incentives are raising the cost of land acquisition for RPs. This means that RP staff need to have 'hard limits' when they enter into negotiations with landowners, but at the same time, they have to remain flexible and try to understand the landowners' aspirations for the site. It is a difficult balancing act:

We try to put a cap on land prices. Often you'll be dealing with a land agent, rather than the actual landowner, and the land agent is out to try and do the best deal they can for their client and they will just wind up the price as best as they can. So, if you go in and say, 'Look, it's a rural exception site, it's agricultural land. You're not going to get planning permission for it to do anything else. Therefore, the value of the land must remain at agricultural prices. We will pay you over and above agricultural prices because getting land is difficult for us. We appreciate it's a rare commodity, so we will pay over the odds,' but that comes with a ceiling (Interview 21)

4.2. Incentivising land release (theme 2)

While not strictly considered an incentive, cross-subsidy has become a mechanism whereby RPs are able to bear a higher land cost in the knowledge that profit from the sale of market homes will cover more of the total cost, sustaining overall viability. Cross-subsidy is therefore examined in this section, ahead of other incentives that RPs use to encourage landowners to bring forward their land. This includes additional development for landowners' personal use. It may also be possible to find another incentive that works for the landowner with whom an RP is negotiating potential land release. A distinction is drawn between local and structural incentives: local incentives are those that can be used by RPs to encourage landowners to work with them; these may be different in each case and may best be discovered by building good relationships over time; structural incentives are implemented at a higher level, and may include tax relief on charitable gifting in general or the building of affordable homes in particular.

4.2.1. Cross-subsidy

Traditionally (since the introduction of the policy in 1991) rural exception sites were for the provision of affordable housing only. However, since it was first issued in March 2012, the National Planning Policy Framework (DCLG, 2012) for England has made it possible for local authorities to allow some market housing on rural exception sites. The wording of this policy has altered in different versions of the NPPF, but essentially it allows authorities to consider whether building open market housing on rural exception sites will facilitate overall delivery by supporting viability. The 2012 version of the NPPF states that '[...] local planning authorities should support opportunities to bring forward rural exception sites that will provide affordable housing to meet identified local needs, and consider whether allowing some market housing on these sites would help to facilitate this' (DCLG, 2012). The policy was revised in 2018 to state that '[...] a proportion of market homes may be allowed on the site at the local planning authority's discretion, for example where essential to enable the delivery of affordable units without grant funding' (MHCLG, 2018). The updated grant reference suggests that this policy is now intended to substitute grant funding with an essential market mechanism, bringing it into line with government's broader preference for such mechanisms during a period of public spending austerity.

Registered providers are allowed to build more than the number of houses needed, and sell them – or offer them to the landowner – in order to cross-subsidise overall delivery. Interviewees suggested that for rural

exception sites to be successful at all, in the current spending environment and the context of landowner price expectation, some cross-subsidy is usually necessary. While the policy might be an effective tool for bringing forward more rural exception sites, it may amplify land price expectations (i.e. does cross-subsidy exist to overcome higher land prices or is it a driver of those prices?). The addition of the cross-subsidy mechanism to rural exception site policy since 2012 was strongly associated, by a number of interviewees, with the prospect of landowners being able to achieve a higher price for their land:

The new legislation (sic) is really important, because we weren't getting the schemes coming forward. Now landowners can have up to three open market units [according to local plan policy], it's a much more desirable thing for them. (Interview 15)

Formally, there is an important and clear distinction between market development for cross-subsidy (to support viability) and market development as a means of incentivising land release. Supporting viability means creating just enough additional value to enable delivery without grant funding. An incentive is a 'payment in kind' that goes beyond removing this need for grant funding, and is aimed solely at encouraging landowners to sell their land where they might not otherwise do so. This distinction should be made clear through viability testing, when the local authority assesses the amount of cross subsidy needed to support the viability of each project. Local plans frequently stipulate that cross subsidy should be 'kept to a minimum' and 'restricted to that needed to support a project'. Any additional development used to incentivise land sale is negotiated more informally, between the landowner and the RP (see below).

In reality, the local authority's viability tests may be undertaken by consultants. One challenge raised was the need to be completely clear about the level of grant funding available for each project, and the viability tolerances between rural exception sites (which target very particular needs and groups) and other social housing projects (which may target broader needs and contain a mix of tenures):

We haven't got the knowledge or the skills in-house to do viability testing. So it's all sent out to consultants. And I think some of the consultants haven't quite understood that rural exceptions housing is not based on our normal tenure split, which is 65% social housing, 35% intermediate. It [should] be whatever the housing need is, which in [this case] is 100% social housing. So, you know, there's been a bit of too-ing and fro-ing on that side of things. (Interview 19)

[The cross-subsidy] is agreed between the housing association and the landowners. The independent assessment is commissioned by the district council, but paid for by the owner, to test what it is they are putting forward [for cross-subsidy]. I mean, there was a bit of to-ing and fro-ing. Assumptions were made about there being Homes England grant funding becoming available, and my advice was, you cannot be assuming that, because we don't know if Homes England will fund. And quite frankly, with the austerity measures that we're all expecting, who knows what's going to happen to the Homes England pot? (Interview 19)

While the distinction between cross-subsidy and development to incentivise landowners may be clear in principle, and determined through viability testing, in practice these boundaries may be more blurred. Landowners often request additional development on top of that needed for cross-subsidy: it may simply be the case that the amount of cross-subsidy development determined and permitted by the local authority will not be enough to make the site available in practice. The distinction between these two forms of development may therefore be a kind of mental accounting, allowing 'cross-subsidy' development to be limited, while the actual amount of open market development taking place on rural exception sites continues to rise.

They can't have more than three [properties built for cross-subsidy]. But the difference between two and three makes quite a big

difference financially. If, to facilitate a scheme, it could be 2.5, then they can push for three, rather than two. (Interview 15)

I think it would be really, really helpful if the NPPF could make it crystal clear that it's not just about the financial viability of the site. Often landowners want a couple of open market properties for themselves or their family members, or for their own workers. That's sort of a financial viability issue, that [the landowner says] 'if you want this site, this is what I'm looking for'. It's not just the viability, it's the whole delivery of a site. If that could be clarified to give our planning colleagues the hook that they need in policy, I think there may be more sites coming forward. (Interview 19)

It was further suggested that there is a lack of clarity around the distinction between cross-subsidy and other forms of incentives, with the line between the two not always fully understood by planning officers and others involved in progressing RES development. Greater clarity may be needed, so that the incentives that are actually used by RPs, and how far these depart from cross-subsidy, can be fully acknowledged.

4.2.2. Development for personal use

In addition to building market homes to cross-subsidise rural exception sites, RPs are able to incentivise landowners by providing additional homes (or other buildings) for their personal use. This is particularly attractive to landowners, in part because it helps them to get around planning constraints to further development on their land. Interviewees noted that these homes or buildings can serve a range of purposes, from extra housing for employees or for 'generational renewal', to providing additional premises for farming and other enterprises.

These sorts of incentives were well-known to interviewees. One point raised was that such incentives needed to be 'proportionate' to the value of the land, and not set unrealistic precedents. This was also framed as important for RPs' reputations with local communities and amongst other housing providers. It was, for this reason, that some RPs have compared the kinds and levels of incentive used in order to maintain a common approach.

How RP staff determined whether the additional cost of development for landowners' personal use was 'proportionate' was not straightforward, however. This decision is usually made on a case-by-case basis, and will need to account for all other factors affecting a potential scheme. Because there is no explicit policy or guidance about the level of incentive that can be offered to landowners for rural exception sites, RPs are operating on an informal basis, and with a lack of clarity, doing what they can in each case to get a scheme over the line. There is therefore a degree of uncertainty around the potential effect on land values:

If they want a property for their children, there is no strict policy on this. What is the value of that house, proportional to the land? Does it set a precedent for other parishes? I would be open for whatever might incentivise a landowner, but [...] exception sites have already started to be watered down by open market properties (HA – interview number 9)

Although interviewees frequently referred to instances of entire homes or properties being built for the landowner, incentives can also take the form of general site improvements on retained land. These may include hard standings or foundations for additional development, the provision of improved drainage or fencing – incentives that are far less costly.

For the boundaries, we'll provide the fencing, we quite often provide two fences, one is a domestic fence, then you plant a hedge and you put in a stock fence, which would be topped with barbed wire. And you say, 'Right, we'll maintain the inner fence, you maintain the external fence because we don't have the expertise, a new barbed wire fence is all tensioned, it's a specialist system', and then it's not

our responsibility if his stock gets out. So, the fencing is an incentive. Services, quite often they may not have a water service on the site, so we could provide a water service for a trough, I've actually provided the trough as well on some occasions, you know, so we've done that (Interview 21)

Such improvements can sometimes help to make later development of these sites more straightforward for a landowner, so the potential to secure a future planning permission will act as further incentive for landowners:

Landowners are thinking, 'actually, if we sit on this just for 5 years, we'll probably get planning'. That is why we're in this situation now, and that's why we have to come up with these innovative ways to attract landowners. My main argument to a landowner is 'We only need a small piece. Maximum of one acre [0.4 ha]'. I'll quite openly say to them, 'You work with us on this, and it may be that a small local needs development will help you in the future to get planning on an adjacent piece of land.' (Interview 1)

However, planning officers prefer that rural exception site development does not open the door for additional development further down the line. RPs are therefore operating in a space between the hopes and aspirations of landowners and the insistence of planning officers that RES schemes are not the 'thin end of the wedge'. The next two quotes illustrate these positions:

Ideally, what a landowner would like is 'well, if you make some land available as a rural exception site, we'll look favourably upon a planning application you might put in on adjacent land', but not many planning authorities would agree to that! (Interview 1)

You're probably buying part of the landowner's holding, so he would want access to his retained land. Now, quite often, that flies in the face of planning officers' advice. The planning officers don't want their job made more difficult by the landowner suddenly sitting there with hope value for his retained land. So, the planners would like to see the site designed so there was no thin end of the wedge. So, you then look at, 'Well okay, we can provide you with an agricultural access,' you term it like that. The planners will probably try and get you to reduce the road width up the gateway, so it doesn't become too obvious what's going on. (Interview 21)

The potential for RES to help landowners secure further planning permission, in situations where such a permission would otherwise be unlikely, suggests that exception sites may occasionally be seen as 'loss-leaders' for subsequent open market development (see case 1, Chiddingstone). Where this happens, and further market permissions are secured, the rationale of *exceptional* land releases is undermined, as is the wider *plan-led* logic of site allocations. Successful instances of such 'loss-leading' generates hope value, further inflating the value of accessible agricultural land adjacent to villages.

4.3. Other local incentives

Interviews revealed some of the other ways in which landowners can be encouraged to participate in RES, where they retain a direct role in projects, where other partners work to address reputational fallout, where there is assistance with transaction costs, or where landowners retain rights of nomination, all of which may have an 'in-kind' financial benefit.

4.3.1. Supporting landowners to shape projects

Some landowners may retain an ongoing interest in the sites released for housing development, for example by delivering the houses themselves (see case 1, Chiddingstone), by agreeing conditions, or even by managing the housing themselves. The CLA (interview 3) noted that many of their members have experience with housing development and management. Some may be looking to grow their portfolios.

Alternatively, they may wish to retain nomination rights over lettings. Others may want to agree conditions to ensure quality control, given that they live and work in the community. The desire to directly shape or control outcomes will be particularly important for larger estates, which judge themselves to have a paternal stewardship role in the communities and may have employees who could benefit from any housing built on an exception site (see case 4, Leaveland near Throwley). Direct development by a landowner sidesteps the issue of land price, although homes built will need to be affordable and aligned to the need identified in a survey, supported by the parish and local councils. Our concern has been with instances of land sale, to an RP. There may be aspects of ongoing involvement, short of direct build, that are at odds with RES development, for example where the RP requires its own teams to manage the properties. If this is the case, RP staff may be able to offer landowners an ongoing involvement in the development process, in place of a formal interest in the resulting development. RP staff may therefore need to investigate what kinds of ongoing interest landowners want to maintain – and try to accommodate it where they can.

4.3.2. Engaging in ways that support landowners' reputations

Given the ferocity of some local opposition to housing development in villages, local landowners selling land to RPs can face personal criticism, which may be particularly difficult for smaller landowners who live within the community:

Yes, he was a local land owner: he had quite a lot of opposition directed at him as well. People were not very kind to him. (Interview 1)

The fact that landowners put their own personal reputations on the line, when selling land for contentious development, was noted by numerous interviewees. There is, however, a shortage of research, and little guidance, on how RPs and landowners might navigate village politics. *English Rural* have been able to help local landowners to manage the fallout from opposition by keeping them aware of the nature of all local opposition, and every response to every comment raised at public consultation. By including landowners in the steps they have taken to manage local opposition, *English Rural* suggest they empower landowners to be able to deal with negative feedback:

[We helped the landowner by] ensuring that we were covering everything. Again, it's having that strength of relationship. To say, 'this is what we're doing to mitigate that'. (Interview 22)

4.3.3. Support with transaction costs

Transaction costs could include, but are not limited to, time spent finding better information about the rural exception site process; building relationships and committing to an ongoing process that will be lengthy, unclear and uncertain; and navigating the planning process. Engaging in RES development takes time, and the process is not straightforward, and neither does it have a guaranteed outcome. Some landowners may be willing to put forward land but do not know how, or who, can help them. Some planning authorities can be inconsistent and unclear, for example, green-lighting pre-app proposals that subsequently fail at the planning stage. All these factors make releasing land a risk for landowners. Additional guidance, whether from RPs or from RHEs and other facilitators, may signal to landowners that they will be supported in the process.

Crucially, these transaction costs do not necessarily diminish with a larger financial return from releasing the land, or with other incentives offered on top. Landowners still require the incentive of active support through the RES process.

4.3.4. Nomination rights

Because of the local connection criteria for rural exception site housing, residents are chosen from a smaller pool than for general needs social housing, and landowners may be able to nominate certain

individuals for tenancies. The request for nomination rights can often come from larger estates, who have workers' cottages or employees living in other estate properties. The benefit of nomination rights to these landowners is the possibility of freeing up their own properties, either to sell or to rent out. There is therefore a clear financial gain from nomination rights. One approach to providing nomination rights is to build more units of affordable housing on the site (rather than additional development for the landowner's own use), thereby allowing the landowner to move their own employees into these homes, and liberating their own property for personal use.

4.4. Structural incentives

Structural incentives (or disincentives) are seeded above the site level. The obvious example is tax incentives that encourage particular behaviours – charitable gifting or supporting social infrastructure delivery in other ways. The CLA's views on the tax system were examined briefly Part 2 of this monograph, and they are noted again below. Less obvious incentives exist with the policy framework and generally centre on the stability and clarity of that framework – whether it supports delivery and reduces transaction costs, or whether it fosters uncertainty, potentially disrupts delivery, and adds to transaction costs.

4.4.1. Tax incentives

Interviews undertaken offered few insights into the kinds of tax incentives that are, or might be, available to landowners when considering releasing land for RES. In the cases investigated, this was not raised as an issue. Landowners were mainly interested in securing the right price for their land, gaining planning permission for additional development, or nomination rights for the housing built. However, the CLA has recently proposed that affordable homes built and retained by landowners should be exempt from inheritance tax, or that the tax liability should be reduced where homes are let at a locally-affordable rent, at least for a period. In the case of homes built on RES, these must remain affordable in perpetuity. But it is also the case that landowners might build homes on allocated sites and let these at a lower rent to gain a tax advantage. The proposal is to incentivise landowners to manage their homes in such a way as to benefit communities while benefiting landowners and their successors. But this type of incentive would not apply where land were sold. Also, whilst the charitable gifting of land might result in a tax benefit, the sale of land at a price that supports affordability (on a RES) would not. This is because land is being sold at a price that reflects the permissible use of the land – for affordable housing. Landowners are not selling land at a discount (against 'full market value'), but at a price that reflects intended use. There is therefore no 'loss' for the landowner that could be set against tax liability.

4.4.2. The policy framework

In terms of the broader national policy environment, a shifting and therefore uncertain policy landscape may act as a disincentive to landowners, who – as noted in Part 2 – are incurring a degree of risk. A more 'stable policy outlook' was flagged by our respondents as something they felt would provide greater clarity and a stronger foundation on which to progress RES. The idea of a stable policy context could mean one of a number of things. Since the national policy context for planning and housing development, set by the NPPF, is understood to be subject to periodic adjustment (or wholesale change) by different governments, this generates considerable uncertainty around how planning policies might change over time. Some of those changes, such as the introduction of the cross-subsidy mechanism in 2012 and the advent of first homes exceptions in 2021, speak to ideological predilection. In recent years, governments on the political right have raised the prospect of extending the right to buy. The long timeframe of rural exception site projects – often many years – leaves them potentially vulnerable to policy shift. Some interviews reflected on the lack of confidence that they, or their partners, had in fixing agreements or making promises (to landowners)

about the retention of homes for affordable letting for local need. The prospect of extending the right to buy to housing association tenants was a cause of considerable concern as it could lead to homes ultimately being sold on the open market despite the planning permission being 'exceptional' – for local needs housing only.

Whether such fears are reasonable or not, they signal the uncertainty, and anxiety, that some landowners feel when faced with the choice of whether or not to sell land for a planning exception. But whilst greater clarity might reduce that anxiety, it cannot eliminate it entirely. Politicians make electoral calculations which may lead them to promise and enact the hitherto unthinkable. Where a senior politician simply muses on the possibility of very radical change, the impact on the ground can be considerable, generating anxieties that work against core policy objectives.

In terms of the local policy framework, local authorities may be able to formulate policies that help bring forward more rural exception sites. For example, some authorities have pursued five-year rolling programmes of local housing needs surveys, rather than waiting for individual parish councils to request housing needs surveys on an ad hoc basis. This provides additional impetus to the rural exception site process. Systematic processes may create a context in which RES are regularised and normalised, although they of course remain irregular in the sense of being exceptional and not plan-led. Another very important incentive in the local framework is policy that welcomes RES rather than articulating a litany of impediments that stand in its way. More welcoming policy, setting out when exception schemes might be supported, rather than listing the many situations in which they will not, is often indicative of rural housing delivery being a rigorously pursued corporate priority within a local authority. Sixty-six of 144 rural authorities in England (those classed as mainly or largely rural, or urban with significant rural parts) reported delivering no affordable homes on RES between 2017 and 2022. There are likely to be a range of reasons for non-delivery, but also an expectation that policy-design is a significant factor in encouraging the pursuit of RES opportunities.

4.5. The changing policy environment (theme 3)

4.5.1. First Homes exception sites

The review of extant literature identified a concern that first homes exception sites could present a more lucrative development opportunity to landowners and therefore crowd out traditional rural exception sites, by reducing land brought forward for the latter. The overall impact, it has been suggested, could be to limit the number of sites coming forward for rural exceptions, or increase the price of land that does still come forward and therefore undermine project viability (e.g. CPRE, 2020; Baxter & Murphy, 2018; National Parks England, 2020; RSN 2020).

4.5.2. Will First Homes exceptions impact landowner incentives?

The potential impact of the first homes exception sites policy is often framed in this way – in terms of the landowner-developer relationship, and whether the policy will affect landowner orientation, drawing market developers into exception site development, and reducing RP provision of affordable rental homes on exception sites. If first homes give a better return to landowners, their delivery could replace affordable housing delivery on RES. But the actual effect will depend on the extent to which traditional RES are a source of affordable housing in a particular authority. It was noted above that no RES schemes were progressed in 66 of 144 rural local authorities between 2017 and 2022. In those areas where traditional exceptions have failed to gain a foothold, the first homes mechanism (potentially more attractive to landowner and private developer partnerships) may at least ensure that some sub-market homes are delivered. For now, this is a matter solely for conjecture. A full investigation would need to focus on areas of non-delivery, consider the factors impeding RES, and gauge the likelihood of land being brought forward for first homes exceptions and the prospect of local developers being attracted to these opportunities.

4.5.3. Could the policy affect RP coordination of incentives?

As noted above, RP interviewees reported that rural RPs sometimes compare the kinds and levels of incentive they use (e.g. amount or value of development for personal use) in order to encourage landowners to bring land forward. This allows them to maintain a common approach, and not set too high a precedent. There is a risk, reported in interviews, that the leadership of first homes exceptions by private developers (able to enter into flexible deals and secure profit through the sale of market homes) may result in less transparent negotiations, further raising the expectation of greater incentives, and returns, through increased marketisation of sites:

Rural HAs were always having conversations about how to incentivise landowners. Now you have developers in, you've lost that community. The developer might add bigger incentives, three houses for all their children, more than what a HA would provide or what would have been agreed between other HAs. We just don't know what everyone's doing. Then you add the land agents, telling landowners what they can get (HA – interview number 9)

This risk of escalation of incentives adds to the risk of rising development costs and therefore the crowding out of RPs. But again, the opportunity presented by first homes in RES 'black spots', where none have previously occurred, warrants further consideration.

4.5.4. Could the policy adversely affect the reputation of exception sites?

As noted above, interviewees observed that a RP's reputation - and therefore the success of small site developments - can depend on a longer term approach to ensuring good results (that go some way to meeting the aspirations of communities). It is important to maintain quality control, for a good local reputation, and to smooth the passage of RES development. This could change with the introduction of first homes exceptions, which introduces new actors and a range of new variables, and could 'muddy the waters' that RPs have, thus far, been so careful to keep clear. Respondents noted that Developers know less about the intricacies of exception site policy, for example, the need for housing needs surveys. As the following excerpt illustrates, with the potential for more private developer-led exceptions comes the concern that developers could see an opportunity (an alternative to development on allocated sites) without first properly considering the covenants and constraints attached to exception site development:

I think there's already been some reputational damage with the introduction of open market houses on exception sites. It's very clear that it says you can put market housing on exceptional sites if it helps deliver the affordable housing. Whereas developers see it a bit like a Section 106: we'll have 3 market houses so that you can have the six affordable. No, you don't get it, the money that you're getting from the market goes into the affordable like grant or you don't get to do them! And I think the reputation of exceptions has been damaged a little bit by that. First homes could damage it even more because again, parishes have some knowledge, but sometimes it's very little and that little knowledge can be quite dangerous because then something that actually isn't entirely true gets blown out of proportion. They want to know, how do we know this is going to go to local people, etc. (HA – interview number 9)

There is a risk of disruption to the carefully constructed relationships that rural RPs have developed with local parishes, creating a more bumpy passage for development, and poorer outcomes, worsening the reputation of exception site development across local communities.

4.5.5. Lack of clarity around perpetuity restrictions and local need

The policy may be clear, but amongst interviewees there was a lack of clarity around perpetuity arrangements for first homes. This potential for confusion could also affect the reputation of exception sites, and act to muddy the waters with local communities. Some of those interviewed understood first homes to be available to first time buyers in perpetuity,

Table 5

Selected case studies of rural exception site developments by English Rural housing association.

Name of Parish	Local Authority Area	Number of affordable homes	Number of market homes	Date completed
Chiddingstone	Sevenoaks District Council	8 affordable homes	3 open market homes	Not yet completed
East Boldre	New Forest National Park Authority	Unsuccessful	Unsuccessful	Unsuccessful
Hernhill	Swale Borough Council	6 affordable homes	2 open market homes (bungalows)	2022
Leaveland near Throwley	Swale Borough Council	6 affordable homes	2 open market homes (bungalows)	2019

with their discount also to be passed on in perpetuity. But others expressed a concern that these homes would ultimately find their way onto the open market, even where there had previously been a perpetuity agreement in place. In this sense, the first homes policy was seen to have 'shifted the ground' under the RES policy, creating greater uncertainty amongst local parishes, and undermining confidence in the broader exception concept.

More broadly, it was argued that that concept of a planning exception has already been severely tarnished. The plan-led system – a system of testing the potential of prospective housing sites and ultimately allocating those sites within a local plan – provides the means of advancing market development in appropriate locations. The exception system was never intended to 'run alongside' the plan-led approach, but was to be reserved for affordable housing. Some authorities seek to 'hold the line', refusing anything but affordable housing on RES. But government has worked to undermine those authorities and the entire principle of exceptional permission. Whilst there has been no discernible impact yet from first homes exceptions (largely because the post-pandemic market is currently hostile to all forms of speculative development), the policy shift has added to the sense that the sharpness of RES has been blunted by creeping marketisation and government's neo-liberal logic, which eschews the idea that non-market actors can drive rural housing solutions.

5. Case studies – Project-level interviews

The analysis presented in the last section draws on a mix of higher-level and project-level interviews conducted for a total of 8 rural exception site cases. Half of those cases were focused vignettes on single issues, for example controversies around nomination rights over new affordable homes. Four were broader and looked across a number of challenges and solutions. These are presented here and their basic features are noted in Table 5. Three of the projects led to successful outcomes: affordable homes being built. A fourth – East Boldre in the New Forest – offers insights into the obstacles to affordable housing development in small communities, particularly centered on tenacious and deep-pocketed community resistance. The successful cases on the other hand, illustrate the importance of building early partnerships and being cognisant of commercial realities (Chiddingstone); the benefits of less ad hoc and more systematic approaches to evidence gathering and site search (Hernhill); and the impacts that landowner type may have on the prospect of a scheme being successful (Leaveland near Throwley). These four cases are presented here in narrative form, drawing on the project-level interviews listed above. Together with the broader analysis presented in Part 4, they inform the conclusions reached in Part 6.

5.1. Chiddingstone, Sevenoaks District – early relationships and commercial realities

Chiddingstone is a village and civil parish in Kent. It had a resident population of 1250 at the 2011 Census. With the exception of the church and a castle, the entire village is owned by the National Trust. The Chiddingstone case underscores the importance of *building early critical relationships*. Here, both the parish council and the landowner were instrumental in kick-starting the rural exception site process. From the parish council perspective, this started with an internal discussion about local housing need, after which they consulted local residents ‘to say we were considering starting a scheme of affordable housing - is this something you would support?’ (interview 15). There has been relatively little public outcry or opposition in this case. An early consultation with local residents may have been instrumental in this regard, at least avoiding surprises and accusations of secrecy, which have regularly blighted other projects.

After this initial consultation, the parish council contacted *English Rural* directly, as well as the housing officers at Sevenoaks District Council. As is often the case, the district housing officers were in touch with the planning officers, to make sure that they were supportive ‘as much as they possibly can [be] at that early stage’ (interview 15). The local authority also asked an independent enabling body, Action with Communities in Rural Kent (ACRK) to be involved, to help coordinate the housing needs survey and site search, and writing to the landowners of each potential site. ACRK provided the rural housing enabler in this case. As the parish clerk observed, ‘Sevenoaks District Council, ACRK and the housing association, which in our case is *English Rural* - all three worked really closely together’ (interview 15). This joined-up approach appears to have facilitated the kind of open environment that is essential for RES projects.

At the same time, a local landowner (who was not the National Trust) was looking for a commercial solution for an unused site:

We own an office building – or, I should say - our pension fund owns an office building. And next to the office building there is a field, which sits there doing nothing. I am a pension trustee and we obviously, with my pension trustee hat on, need to make sure that we’re maximising our assets to benefit our pension fund. It’s always been a case of, ‘what are we going to do with this field?’ It’s in the Green Belt you know, it’s not worth very much in its current state, we need to find a use for it, to generate value. And because of planning legislation we can’t apply for permission to build houses or extend our commercial activities. But we discovered that it could be viewed as a rural exception site, and under the circumstances there may be the possibility of combining some of these with affordable housing. (interview 17)

5.1.1. Hence the landowner recognised the value that affordable housing use would confer on the land

The landowner had already sought advice on building 11 open market homes through a pre-app, but had been advised that this would not be acceptable to the planning authority. The Sevenoaks District Council planning team had argued that this would only qualify as a rural exception site, and had to be used for affordable housing for local people. After hearing about the potential of rural exception sites, the landowner contacted the parish council to discuss the site:

The parish council said ‘we’re already talking to this outfit called *English Rural* Housing Association, you should contact them’. I did contact them, and they said, ‘we’re just about to do a housing needs study, hold hard, because we need to do that first before we do anything else, to establish whether there is a need or there isn’t a need’. (interview 17)

This was the initial contact between the housing association and landowner, occurring at a stage in which all the relevant parties were, in

effect, on board with the idea of building affordable housing in the village. The scheme had not seen serious opposition at the time of writing, and the parish council have been completely supportive, making the journey to planning stage relatively smooth. The development comprises eight affordable houses and three market houses, the latter built on land retained by the landowner.

In this case, it seems clear that the landowner was prepared to bring the land forward for affordable housing, because of the planning permission that could be gained through the process:

I think initially he was looking at getting some value from the land, but we demonstrated that actually the project would not be viable for us unless he was able to gift that land. But he was getting planning for three open-market properties on land that he wouldn’t otherwise get any planning on [...] without our involvement [...]. He gifted the land in exchange for that planning permission. (interview 22)

5.1.2. The three market homes provided the incentive that unlocked the site

The landowner had previously been made a cash offer for the field, from an organisation hoping to secure the site for amenity use. In terms of maximising the value of the field, as the pension fund was compelled to do, selling for amenity use was a more lucrative proposition than simply building affordable homes with no market element. As the landowner noted:

It didn’t work commercially [affordable housing alone]. We would have been better off just selling the field to the local community than selling it to the rural RP to build affordable housing on it. So *English Rural* said, ‘how about we put forward a case, in addition to the affordable housing, there being a small amount of open market housing which effectively would raise the value of it?’ We thought, ‘that’s a good idea’. (interview 17)

As an additional incentive, *English Rural* included the landowner’s son, who owns a building company, within the tender process to build the homes. They were also able to help the landowner with the transaction costs associated with bringing the land forward, helping them to manage the process and the relationships involved. As the landowner put it:

I approached the parish council and I have met with them on a number of occasions, but the way in which they worked with me was through *English Rural*. Once I was alerted that *English Rural* were their partners, my contact was really with *English Rural* and not so much with the parish council. They were talking to the parish council on a regular basis. And it was good actually to be able to step back from it because it’s a political hot potato because I think generally people would like affordable housing, but they’re scared of it and there’s this envy that somebody might be making a load of money. And so it’s tricky and we work in the community, we employ people in the community, and we don’t really want to be on a collision course with the community. So it was very useful that *English Rural* were running with this, and all we were really doing was saying, ‘yes, we probably have got a site that could be considered.’ (interview 17)

In terms of key lessons, the open and joined up nature of the relationships in this case seems to have smoothed its progression. As the parish clerk observed: ‘The most important thing is to keep the parishioners involved and feeling like they’re fully informed and involved in the whole process. So every meeting for the last goodness knows how many years, it’s been on the agenda. And it’s open and public. It’s all there and transparent so everybody knows what’s going on’ (Interview 15).

This was also a case about ‘embracing the commercial realities of life’, as the landowner phrased it: ‘the way to get affordable housing sites brought forward is to make sure that the landowner can actually make *some kind of return* from it, otherwise they just won’t do it’ (interview 17). But this also raises the issue of RES development as a kind of loss-

leader for additional development, whereby landowners may view engaging in rural exception sites as a way of getting planning permission on otherwise protected land: 'we are only using part of the field, and I'm quite sure his ambition is to develop the rest of the field at some stage. So, in a way, often landowners look on our schemes as a bit of a loss-leader as it were, because in the future there might be something more coming forward' (interview 22).

5.2. East Boldre, New Forest National Park – critical lessons from failure

East Boldre, with a resident population just short of 850, is located near Lymington in the New Forest National Park, and falls under both the New Forest National Park Authority (NFNPA) and New Forest District Council (as Housing Authority). In this case, the project was kick-started when *English Rural* was contacted by a local landowner about a pocket of land at Sherfield Cottage, situated between two existing properties, that was currently used as a pony paddock. The main relationship driving this project was therefore between *English Rural* and the landowner. A key task, as described by the *English Rural* officer responsible for this project, was drawing out the expectations of the landowner at this point, and then managing those expectations.

Some landowners are very upfront about what they expect, beyond financial return, in exchange for bringing forward their land. Others, however, may not be so clear, preferring instead to negotiate these later, when plans are more progressed (and other partners are locked in). Others may not even have clear ideas about what they expect from the process, beyond financial return. RP staff may therefore have to draw out landowners' feelings about the different approaches and incentives available.

It was observed that in-person meetings are the best means of doing this: 'it's difficult to do that on the phone, it's a little easier on the internet, but there's nothing better than face to face. So I drove down to the New Forest (interview 21). This also allows the RP to view the site for themselves, to establish that the offer is legally possible (for example by asking for a copy of the title plan), and evaluate the challenges that might lie ahead. In this case, 'I saw that it was between two other properties [...] so you knew there would be resistance from the neighbours' (interview 21).

As well as identifying the potential for local opposition, an in-person visit was also useful for understanding the landowner's position. As a past parish councillor, the landowner was interested in providing affordable housing for the village. In addition, he had previously applied for planning permission to build a storage facility and workshop for his local flag pole manufacturing business, and been refused permission on the grounds that the site provided a strategic gap in development: 'he felt that affordable housing could be a lever with the planning authority for this additional development' (interview 21).

A pre-planning-application was drawn up proposing two affordable dwellings and a workshop with storage for the landowner's local business. The NFNPA responded in June 2018 stating that since the local plan policy SP28 supported small scale affordable housing, the application was not refused, but a request was made for further detail to support the proposal.

In August 2018, *English Rural* chose to work with an enabling body: the Hampshire Alliance for Rural Affordable Housing (HARAH) [now defunct due to loss of funding]. This was a partnership between the Hampshire Rural Enablers, Homes England, Hampshire County Council, and seven local authorities (East Hampshire, Hart, New Forest, Test Valley, Winchester, New Forest National Park Authority and South Downs National Park Authority). There was a benefit to working with a separate enabler in this case, since the parish council had not been involved from the project's inception. When the parish council is driving a project, there may be less need to include other official partners and institutions. In this case, *English Rural* commissioned HARAH to drive the initial stages of the project, looking into housing need, and liaising with East Boldre Parish Council to establish their level of support. At the

time, 17 local households were listed on the housing authority's needs register. HARAH also confirmed that the average house price in the village was £ 575,000: 18 times average in-area household earnings within the New Forest and 21 times the lower quartile earnings, of £ 21,911.

HARAH had their first meeting with the parish council in December 2018 to discuss affordable housing and the proposed site. The parish council had several reservations. While the council were supportive in principle, they were not keen on this particular site. Firstly, they could see that immediate neighbours would object to any development. They also feared that this would lead others to follow suit and develop similar sites elsewhere. Wishing to be sure there were no other available sites before supporting the project, they therefore requested a search for alternative sites.

Site searches have been listed as one of the greatest challenges confronting rural exception site projects, partly because it takes time to bottom-out all the options, all while a proposed site waits on the backburner. In December 2018, a call for sites was circulated by HARAH; they received no offers from landowners, although a number of people including the parish council proposed a site off Strawberry Fields owned by the Beaulieu Estate. *English Rural* approached the Beaulieu Estate asking if they would sell any sites for affordable housing. But they had already provided land for 12 units of affordable housing to another housing association, and were now looking to build for the open market. While their land had not been allocated for housing after a call for sites for the NFNPA local plan review, they were happy to wait: 'as a dynastic type estate, they can roll with the blows [...] they can say 'fine, we'll wait for the next local plan and we'll stick it in again' (interview 21). Having ruled out the Strawberry Field site, the parish council agreed to consider development on the Sherfield Cottage site. In December 2019, the NFNPA also agreed, in principle, to look at development on this particular site. In February 2019, HARAH and *English Rural* were therefore able to move forward with plans for a public consultation, and made a preparatory presentation to a working group of the parish council to fully consider the proposals.

Meanwhile however, the project was delayed by various factors. The November 2019 general election and effects of Purdah meant, for example, that the parish council could not make further decisions, stalling the scheme. It therefore wasn't until January 2020 that the project finally went to public consultation.

The public consultation was attended by over 70 people and garnered 57 written responses (46 expressing concerns, 22 supporting the need for affordable housing) - a great deal from a parish with fewer than 900 residents. Objectors became rowdy and offensive when speaking to officers. Tensions ran so high that the NFNPA and district council officers 'nearly walked out' (interview 21).

Part of the strategy for dealing with opposition at public consultations is separating the 'planning objections' from the 'emotional objections':

You get people who say, 'You can't build there, there's a mineshaft under that', or, 'That site floods'. Or you'll have somebody who lives adjacent, saying 'They're going to look into my back garden'. You can actually get some useful information from these objectors. We've checked the flood maps, [but they'll tell us] 'this is local flooding, it's not recorded'. We can look at design, we can make sure there are no windows on that elevation of the property [...] We can deal with this (interview 21).

The 'emotional objections', however, are harder to deal with: 'I've seen homeowners in tears at these events, saying 'I've worked all my life. You are going to devalue my property. I'm going to get drug addicts and all the rest of it living next door to my children. You can try and talk to these people and you can calm things down but they're the ones that will then go outside and lobby people as they leave' (interview 21). In this case, the main objection was that this site was felt to be 'breathing space' in development, with a strong preference for developing the Strawberry

Field site instead.

But since the Sherfield Cottage site was the only site available, with the landowner still looking to sell, *English Rural* decided to continue with the project, submit a planning application, and seek an Option Agreement with the landowner to purchase the site subject to planning.

Establishing the cost of the land and any additional incentives for the landowner was 'a negotiating process'. While the 'rule of thumb' for rural exception sites is recognised to be £ 10,000 per plot, the officer responsible for this project recognised that 'that's grown over the years'. The landowner requested £ 50,000 for two plots, and for *English Rural* to build the storage facility for his own use, for which he had previously been denied planning permission. Negotiations began with the spelling out of exactly what *English Rural* could afford: 'we can't do that, not if you want that much money. What we can do is we can provide you an access road to it, [and] leave you the piece of land at the back' (interview 21). Features like an access road, or a concrete foundation for a building, can benefit the landowner if they are retaining some land or development for personal use, and therefore can be offered as incentives. Features like these are cost effective incentives: small RES often require access roads in any case; contractors may build foundations for their own on-site offices during the development phase; meaning they don't add to the cost of the scheme. In terms of the land cost, in this case this required raising the issue with *English Rural* directors: 'where is my ceiling?'. £ 20,000 per plot was decided, with £ 39,000 agreed for the whole site in the Heads of Terms in June 2019: 'that was as low as I could get it'.

This illustrates the role of RP staff as mediating between the landowner's interests, and the limits of what RPs can do, both in terms of what they can afford, and the degree of risk they can take on. In this case, this was further complicated by the landowner becoming ill and passing away in July 2019, leaving the land to his family. While negotiations continued on a draft, the family were reluctant to sign the Option Agreement. There are various reasons why landowners may be reluctant to sign an Option Agreement. They may, quite simply, wish to keep their options open:

The heads of terms is a gentleman's agreement, [but] an Option Agreement is a legally binding document [so] the landowners will dodge that for as long as they can [...] they want to see where you're going with it, and they want to see if any more doors open from their side (interview 21).

In this case, the family may simply not have been prepared to enter into the complexity of RES development, preferring to sell the land as quickly as possible: 'they said no [to the Option Agreement], you need to buy it now, we want done of this, we don't want it hanging around our heads'. This put the ball squarely in the court of *English Rural*, meaning progression of the site would depend on the degree of risk they could afford to take on. It is possible to purchase land at this stage, but without an Option Agreement, this does involve shouldering a degree of risk:

If you've got a willing landowner, pre-app support from the local planning authority and a supportive parish council, that goes a long way. [But] I've got two properties either side, I've got a planning officer coming up with 101 questions and clarifications, [and] we don't have a lot of cash to throw around [...] worst case scenario is I end up owning a paddock in the New Forest (interview 21).

However, once *English Rural* had made the decision to pursue an Option Agreement, they received news that the landowners no longer wanted to proceed: a separate cash offer had been received and accepted: 'I don't know who bought it, whether it was one of the properties either side, or whether there was some sort of consortium'. This experience highlights another role for RP staff working with landowners to secure their land for affordable housing. Part of this role is to manage the landowners' feelings about the value being extracted from what is currently still their property, for others' benefit: 'when it comes to making plans and things, they start to see the added value that you're

putting on their land'. The best way of managing this aspect, according to the officer responsible for this case, is to keep the landowner informed of where you are going at every stage, outlining everything explicitly in the Heads of Terms, and moving steadily towards the Option Agreement.

A further complicating factor in this case is additional restrictions to development under the National Park Authority's local plan. The NFNPA have adopted policy SP28, stating that rural exception sites must comprise 100% affordable homes, with no option for cross-subsidy from open market housing. This has caused frustration for RP staff, placing a clear limit on negotiations with landowners:

The NPPF says 'right, we know it's very difficult for you to develop rural exception sites and we know it's difficult for you to negotiate with landowners, therefore we are giving you this facility of cross-subsidy [But] the National Park Authority will not acknowledge NPPF policy (interview 21).

Like other National Park Authorities, the New Forest has chosen to 'hold the line' and while this was not the decisive factor in the East Boldre case, it may still prevent development of another rural exception site on the Strawberry Fields site owned by the Beaulieu Estate. In November 2021, discussions were aided when a local councillor who understood the value of affordable rural housing brokered a meeting between *English Rural* and the Beaulieu Estate to discuss the potential for building affordable housing at the site. The estate has sold land for over 30 affordable houses in the past and now wants to see a better return by building open market housing on their land. However, the NFNPA confirms that since this land would be a rural exception site, no market housing - even as cross-subsidy for affordable housing - will be permitted. The potential for development is therefore at a stalemate. The Beaulieu Estate continues to submit the site under the NFNPA's call for sites to be included in the local plan, and as a dynastic estate are prepared to wait for the Local Plan review in 2036.

In terms of key lessons, the failure to develop on this site speaks to the tensions between local landowners' preferences and aspirations on the one hand, and community preferences and aspirations on the other. On the community side, the case reveals that public consultation can be difficult when the parish council are not totally behind a project. On the side of the landowner, this case is an example of a rural exception sites being pursued as an alternative to plan-led market development. There may have been an interest in providing affordable housing for the village, but in the end the landowner's family's preference for a swift resolution made it simpler to sell the land as a paddock without any development permission.

5.3. Hernhill, Swale Borough – systematic facilitation

Rural exception site projects can start in many ways. In the case of Hernhill (a village with just under 700 residents in Kent), Swale Borough Council took the initiative to invite all parish councils locally to have a housing needs survey done, catalyzing a broader discussion about affordable housing across the borough. The goal was to be systematic and survey all local housing need in the area, rather than taking the piecemeal approach more usually applied, in which parish councils initiate housing needs surveys as-and-when they decide to. The council organised for ACRK to do the surveys for each parish. The process required several meetings between ACRK and each parish, and involved an Affordable Housing Manager at Swale Borough Council acting as the link between parish councils, ACRK, and the Swale planning team.

Hernhill parish had their first housing needs survey undertaken in 2015. This led the parish to undertake a site search in 2017, in order to meet need identified two years earlier. ACRK also helped at this stage, facilitating 'walkabouts' to review the local area on the ground. *English Rural* had already been identified by the parish council as the preferred RP. Not all parishes in Swale were so proactive: 'lots of parish councils took that offer up and then did nothing with it - we had lots of surveys done and then it doesn't get taken any further' (interview 16). For such a

policy to work, it therefore requires the joint efforts of the local authority and the parish.

The site search revealed several sites, and these were whittled down by the local planning department to two potentially appropriate sites. As both landowners were prepared to sell, this created an unusual situation in which the parish council could be presented with a choice. The Hernhill site was ultimately chosen because it was thought to be easier to develop, extending the existing linear form of the village. The other site was sloped and had overhead cables, and also backed onto open countryside, making it more likely to attract local opposition.

But site searches take time. In this case, it took until 2018 to complete the back-and-forth between *English Rural* (putting forward the sites that had been identified on the ground), Swale Borough Council planning team, and the Affordable Housing Manager who was assisting with liaison. By the time two appropriate sites had been identified, Hernhill had elected new members to their parish council. New parties to the process can take time to get on board, and since the local needs survey was already several years old, it was decided the best route to cementing the case for a rural exception site was to undertake a second local needs survey. This was proposed by the parish council, but the borough council were also fully supportive: ‘the only reason a [planning] application on an exception site is going to go forward is because affordable housing is needed in the area - what’s needed has got to match up’ (interview 16). The newer survey confirmed the need for affordable housing in the area, but also served the additional function of bringing all new parties on board: ‘there was a willingness to do it, but they needed to understand what it was all about’ (interview 16). Plans were then drawn up, the consultation process started, and a planning application was submitted in February 2020.

The process was not straightforward, however, since there was significant local opposition to the scheme. A local action group was formed, named the Hernhill Village Conservation Society, and proposed an alternative site be found. After local elections, three of its members were voted onto the parish council (with seven councillors in total), giving them a significant voice in the parish. *English Rural* decided to face this opposition by really listening to the objectors, and addressing each of their concerns. First, they revisited the work done for the site search, in order to demonstrate why this site had been selected, and why the others were not suitable. Secondly, since many of their concerns centered on the design of the scheme, *English Rural* invited the action group to become part of the project’s design group.

They put forward things like timber windows. They wanted air-source heat pumps. They wanted the development to be as green as possible. They wanted a bungalow on it. We worked with them really closely. It extended the length of the project, and they weren’t supporting it, but then when we submitted the planning application, they withdrew their opposition. (interview 1)

The *English Rural* officer responsible for this scheme described working with objectors in this way as ‘very time consuming’. Nevertheless, bringing the action group on board meant they were really listened to. It may also have given them a clearer sense of the project’s goals, and the constraints it was working with.

Another challenge for RES, encountered in this case, is the timing of public consultation. It has been observed that the public can feel the parish council have been ‘operating behind closed doors’ if it takes a while to get to public consultation. In this case, there were several houses along the same stretch of road as the proposed development, the residents of which were upset to hear the council had been considering a site without their knowledge. ‘Everybody says, “This is the first we’ve heard of it. We didn’t know and now, it’s a done deal”. Well, it isn’t a done deal, because this is the first consultation. In Hernhill, that was particularly true’ (interview 1). If local residents feel they have somehow been left in the dark, this can galvanise a level of opposition to a scheme that would be less significant if they felt more in the loop. This requires clear communication, and being up front:

One thing I say to parish councils now, and a lot of them struggle with this, but right from the very beginning you need to be transparent about what you’re doing, and the sites you’re looking at [...] you know, nobody reads parish council minutes. (interview 22)

English Rural paid £ 10,000 per plot for six affordable houses, and £ 20,000 per plot for two bungalows built for cross-subsidy. Working with the landowner, their main challenge was helping him to manage local opposition directed towards him. This involved keeping the landowner in the loop about all details, and letting him know everything that was being done to address opposition to the scheme. Planning permission was granted for six homes in October 2020, which were completed in the late summer of 2022. Ultimately, all homes in the scheme were let through the borough council’s housing register to local people with a connection to Hernhill.

In terms of lessons, the scheme at Hernhill highlights several key points raised by this research. The first is the role of the local authority, which in this case was responsible for starting the conversation about affordable housing in the village. All affordable homes in Swale Borough are provided through registered providers (the Council has no council housing stock). This means that work within the council is focused more on linking up other housing actors in the area, working closely with parish councils, RPs, and other external bodies like ACRK. This structure will vary from authority to authority, but in this case mediation is a large part of the work. As the Affordable Housing Manager noted: ‘I do an awful lot of that intermediary work with the housing association and with our planning team, basically enabling, and partnership, and linking’ (interview 16). This kind of mediating role within a local authority can be helpful in progressing RES projects. But as local authorities are increasingly under-resourced, these positions could become more scarce:

When you start bringing in parish councils, community action groups, town councils, local councillors, things can quite quickly become quite complicated and take a lot of time and a lot of resource. And I think that’s probably one of the big issues is - I’m the only person that does this. Now back in 2010 when we were looking at the rural housing needs programme here, I had a manager. There were another three people in my team. My manager sat underneath the head of housing service. Now the head of housing service has gone (interview 16).

This case illustrates another particular challenge of RES: the fact that these schemes take time. Both support for, and opposition to, any scheme can wax and wane. It is therefore necessary to maintain almost constant contact between all parties, whether this is the parish council, the local residents, or the landowner, keeping everyone in the loop as much as possible.

5.4. Leaveland near Throwley, Swale Borough – working with a big landowner

Providing affordable housing in villages can be more of a challenge than providing in towns, where developers can build at scale, and deliver affordable housing contributions as part of new market-led developments. Particularly in small villages, building the right housing can be even more of a challenge. Leaveland (100 residents in 2011) and Throwley (300 residents in 2011) are very small parishes situated close to one another. As the Chairman of Throwley parish council put it: ‘three churches, two parishes, only about 500 people’ (interview 18). Each parish had a need for affordable housing, but only one, two or maybe three houses were required in each parish, meaning delivery would be expensive and economies of scale impossible to achieve. The two parish councils therefore decided to cooperate on ‘a joint housing plan’, led by Throwley.

The parish council were completely behind the scheme and residents agreed that affordable housing was needed in order to house families

who had lived in these villages 'forever':

The village has got a lot of young people who were born here, but not many can afford the prices that we are seeing now in villages in Kent. It's very hard for some of the local families who have been in the villages for years to get a house. Families who have lived here forever, and unfortunately, they got to the point now that they can't afford to live here forever anymore. And the majority of farm cottages, when farms have, you know, nowadays farm labour is very thin on the ground, so all the farm cottages are gone. All the barns are being converted and they've not gone to locals, they go for mega-bucks. (Interview 18)

It all started when 'one or two parishioners asked us [Throwley parish council] about affordable housing' (interview 18). This led the parish council to approach ACRK for their help undertaking a local needs survey. At this point however, the local housing need identified in Throwley was 'only one or two people'. Leaveland had also carried out a housing needs survey, and the numbers were similarly small. It was ACRK that got *English Rural* on board, and *English Rural* then suggested the parishes could work together, finding one site on which to meet their housing need. It was the informal connections between the parishes that made this possible: 'the neighbouring parish, they're not on a bus route, they're quite an isolated parish, [but] we all know each other and it worked very well'.

The scheme near Leaveland and Throwley was characterised by a particular dynamic between a small parish and a big landowner, and also by a site located between the two parishes, which seemed to serve both well. After ACRK and *English Rural* helped the parish council to identify the site, *English Rural* approached the landowner, which was the Duchy of Cornwall:

Obviously I never met the landowner [...] But the estate manager was someone who's worked in rural areas, and understands the absolute need. They had thousands of acres, they had a farm, they were very familiar with affordable housing, in relation to tied cottages, that sort of thing (interview 1).

With support from the parish council and a landowner that was open to sell, the scheme was taken forward to public consultation where it met with very little opposition. One person commented but this was 'very petty': 'bringing the neighbourhood down, ruins your view, that sort of thing'. The fact that only one person had objected meant this could be countered through the process and evidence. A greater challenge to the project was the local planning team declining to approve the site that had been identified. 'The planning team did not like the site, which was in an area of outstanding natural beauty. The planners thought there was a better site near the older people's bungalows, [but] the community disagreed' (interview 22). It then fell to *English Rural*, working with ACRK, to demonstrate why the parish's preferred site should come forward: 'we had to really debate with the planners. It was over 18 months of negotiations, and discussions, we had to go back and look at lots of other sites, and demonstrate why they weren't suitable' (interview 22).

The Chairman of Throwley parish council agreed that this was a 'great debate'. One other site was available in principle, and preferred by the local planning team. But the landowner of this site was only willing to sell if the scheme could be used to secure planning permission for additional development:

They wanted us to agree planning on another site within the village on land they owned - they wanted to do a deal - you help us, we'll help you. But we had a better deal where we were. It's on a main road; it's on a bus route; and it's closer to the other parish, so it suited everybody. But we did have a problem [...] it was really down to this one particular man who thought it ought to be somewhere else. That's the way things are, unfortunately. (Interview 18)

What this case highlights is that planning decisions on RES can come down to the views of a few individuals, whether these are one or two

parish councillors, or one local planning officer. Even with support from most of the parties, reluctance on one side will stall a project. In the end, securing planning permission on the site originally chosen by the parish came down to persistence. As the *English Rural* officer responsible for this project said: 'reluctantly, the planner said, 'okay fine, I accept it'. But it was hard work' (interview 22). The view from the parish council had been less optimistic: '[We thought] 'Oh God, it's never going to happen, we'll never get this done'. [But] we kept fighting, and it took two years to get it through planning, I think' (interview 18).

Another factor that may have influenced the site selection was the landowner itself. In the words of the Council Chairman, 'We found the other landowner far more cooperative' (interview 18). As a large rural estate, the Duchy of Cornwall has been involved in the rural economy and providing rural housing for many years. This estate is therefore interested in rural affordable housing for its own sake. As our interviewee at the Duchy of Cornwall put it:

If you're a big estate, you will look at the overall holistic view of housing, commercial agriculture, all of these wheels that turn on a rural estate. Housing is a key component to that, and you know it isn't all about just four-bed luxury detached housing. We have to make sure we've got the full spectrum of housing offer, particularly on an agricultural estate, because you will find that people want to downsize as well as upsize and [you need to make] the houses suitable for all age levels [since] we've got an aging demographic. So for me it comes back to good estate management. (Interview 20)

Larger landowners may therefore be interested in RES housing for the benefit they see to their own industry. Two houses were required to cross-subsidise the project, but the land on offer from a smaller local landowner may have come at the expense of additional development, making the Duchy of Cornwall's site more attractive. The agreed price was £ 10,000 per plot for six affordable homes, and £ 20,000 for two open market bungalows for cross-subsidy. In addition, the estate asked for the right to nominate a tenant farmer for housing who had been living in a tied cottage on the estate, thereby allowing them to free up one of their own properties. This was facilitated given that 'he had a local connection and he had a housing need'.

This case highlights the benefit of scaling up: of different parishes working together if they are particularly small, or have identified only a modest local housing need. While this adds complexity to an already complex process, and will require additional relationship management, this may be the best way to bring land forward in more sparsely populated areas. The case also demonstrates some of the benefits to be gained from working with large estates. While the big estates can afford to hold on to land if they prefer to wait for planning permission under emerging local plans, they may also be able to afford to sell land at near agricultural value, if they recognise the benefit to the local economy in which they are embedded, and can support their own employees in the process.

6. Discussion and conclusions

Development by RPs on unallocated 'exception sites' is an important means of developing affordable homes in rural England. Land price, or private rent extraction (aka 'commercial reality'), is a key barrier to affordability on the supply-side. On the demand side, low rural wages leave local households at considerable competitive disadvantage in the housing market, relative to more affluent housing classes, in amenity areas. RES have a critical role to play in providing a local answer to the land question, in the absence of a structural response. Therefore, gaining a better understanding of the operational barriers confronting exception schemes is mission critical for rural housing providers and their community partners. Key amongst these barriers are the following:

6.1. The extended timeframes of RES

Developing affordable housing on rural exception sites can take a

long time. The research presented in this monograph revealed that between five and eight years from inception to completion is not uncommon. One reason for these timescales is that rural exception site development requires intensive local governance. Parish councillors and individuals from the local community have far greater capacity to influence the progression of exception site schemes than open market housing development, or general needs affordable housing developed on allocated sites - where site potential has already been tested through the plan-making process. No two rural exception site schemes are the same. Each project must be considered carefully on its own terms, which places greater pressure on local planners and makes progressing schemes more time consuming and harder to navigate for the local community.

There are some potential planning process changes that could shorten RES development timelines. For example, a compliance-based system of permissioning, in which exception sites were afforded the status of 'permitted development' or consented 'in principle', might help local planners reduce the time required for the current case-by-case reviewing of schemes. Such a system could be standardized at the national level, for example through national development control policies, providing planners with more straightforward templates for the treatment of small affordable housing schemes. However, the gains secured by simplifying the planning process would need to be carefully weighed against the benefits of a genuinely case-by-case (and 'exceptional') approach that works with place specificity and assigns agency to rural communities in the development process.

6.2. Securing sites for RES development is complicated and time consuming

The standard planning process in England involves evaluating the potential of housing sites during local plan review, in order to secure a five-year land supply that is sufficient to satisfy objectively assessed need. RES are outside of this system, negotiated as one-off 'exceptional' sites where a potential to build homes was not previously identified. Communities need to support the exception (and understand the special nature of homes that are delivered on RES, which are for local rather than general need); land owners need to be willing to release a site at a price that supports affordability; and planners need to see the potential in an unplanned, unallocated piece of land. RPs play a pivotal role in this dynamic, managing the expectations of the other partners, but there is significant risk of failure. Community opposition may be significant, with examples - including in East Boldre - of residents buying sites to block development. This can happen with exception sites in a way that it cannot with allocated sites, unless the blockers have very deep pockets and are able to outbid commercial developers. Local planners may also be unpersuaded of the feasibility of development on sites, either because of clear constraints or because of anti-development sentiment. But the really huge challenge in relation to site availability is the price expectation of the landowner, who is motivated - in many cases - by the hope of achieving full market value. We turn to this issue below.

Exception schemes represent a manipulation of the private land market in the absence of simpler pathways to delivering affordable homes that were available in the past, when local councils were active builders and when rural land values were unaffected by counter-urbanisation pressures. The success of RES today depends on:

6.3. Registered housing providers building durable local relationships

Successful RES projects tend to be those with the most transparent and open dynamics between partners. RPs must work very closely with partners, to build trust and enable clear negotiation. It usually falls to the RP to build and maintain a good relationship with the local landowner, which can be crucial to the success of projects. Private monopoly over land requires that RPs work with commercial reality, understanding the further incentives that might be needed to encourage landowners to sell their land at a price that supports the central objective of RES: to provide

affordable homes in the absence of other mechanisms.

6.4. Effective community governance

Because local planning in England is discretionary and highly politicized, the support of parish councils for RES projects is vital. Upstream, local authority planning committees, comprising elected representatives, will struggle to approve planning applications that the parish council, or local residents, oppose. Parish councils also have a critical role to play in building local understanding and support for small rural housing schemes, contributing to a smoother and less combative consultation process. The RP also has a role in this, ensuring that engagements are open and transparent and objectors' concerns are honestly heard and addressed.

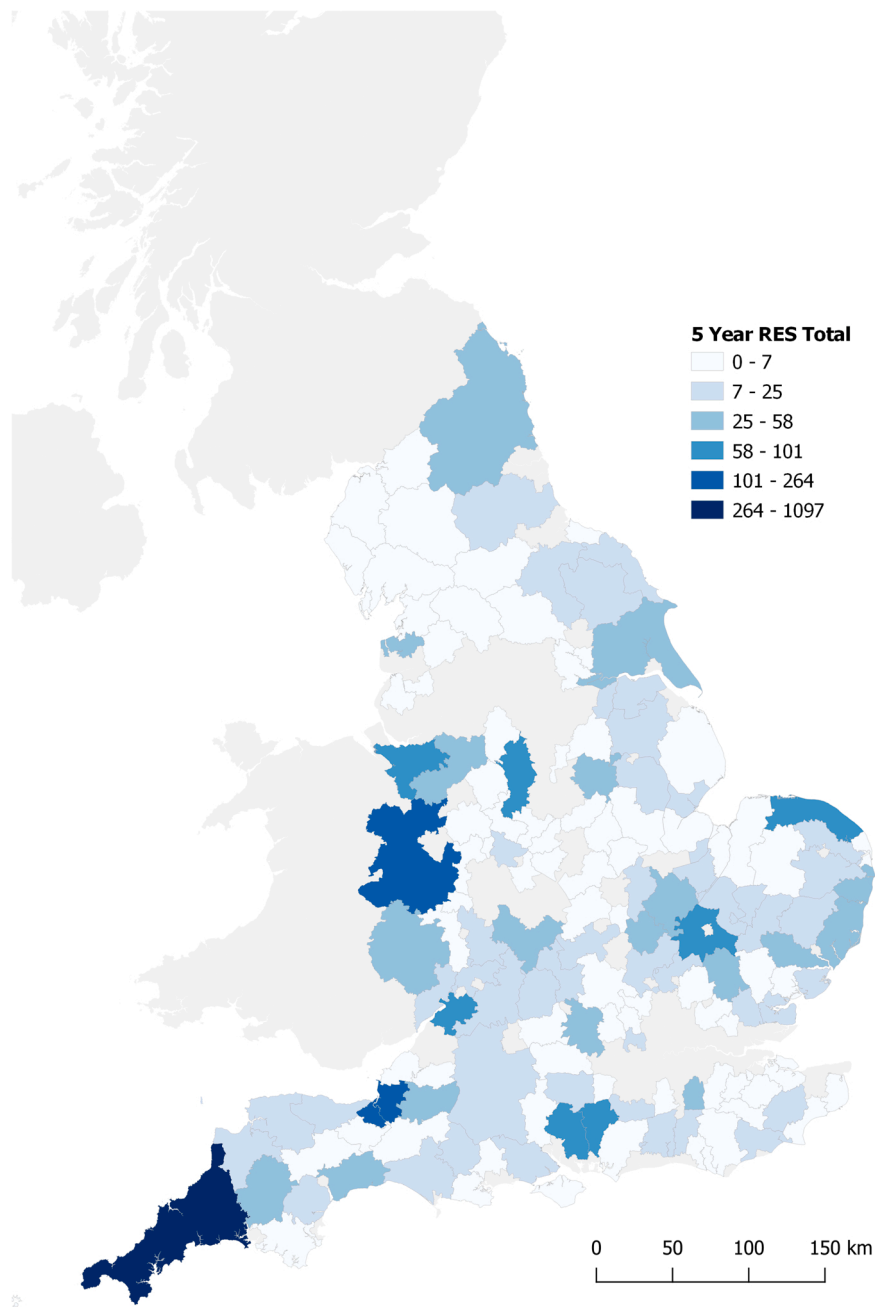
6.5. Independent enabling

A very consistent message in 30 years of research on RES, starting with Williams and colleagues' early assessment in 1991, is that someone needs to play an enabling role in the delivery of affordable homes on RES. Exception sites lay bare the fundamentals of the property development process, involving all the usual stakeholders - landowner, community, (non-profit) developer, and public regulator - but at a micro-scale. The land deal is the foundation on which a project is built, but it is a highly unusual foundation in the case of RES. Standard practice - of allocating a site for development and therefore 'assigning' it a market value by virtue of its clearly intended use (or 'releasing' the value through planning (McAllister, 2017)) - is jettisoned in favour of open negotiation, with the social interest of the community, RP, and planning authority pitted, in a sense, against the private interest of the landowner. Land price is not set by an allocated use, but by various underlying *responsibilities* and *perceptions*: responsibilities felt by the landowner towards the community and perceptions of the current and future value of land, given the urgent need for development signalled by the RP in the present (what value is extractable now, especially if public grant will partly meet the development cost?) and given changes that might occur in the national and local planning framework in the future. Enabling, in this context, may need to be provided by an *honest broker*, who gives the appearance of sitting between these social and private interests and who merely wishes the project to proceed, but is flexible on the deal to be brokered. Rural Housing Enablers have proven to be indispensable for many projects, but there is also trust in 'reputable' RPs, many of which lead and enable projects, working with the responsibilities and perceptions of landowners to achieve land sales at a price that supports affordability.

Land and landowners have been the principal focus of this monograph. It was argued in the introduction that land is the critical consideration, and hence landowners the critical stakeholder, in the progression of rural exception sites. Irrespective of softer responsibilities and perceptions, many landowners have high expectation of, and a clear sense of entitlement to, land value, seeking what *they* consider to be 'a fair market value', but *others* might consider a completely skewed and un-earned benefit. Some clear commercial realities emerged from the research.

The cross-subsidy mechanism, in place since 2012, often needs to give landowners a greater share of 'market value' than that required to make schemes simply 'viable'. Interviews revealed that providing additional housing units for cross-subsidy, and additional development for the landowners' personal use, has become very common in 'successful' RES projects. Recent studies have addressed the issue of cross-subsidy, both advocating for its use and warning against too much market development on rural exception sites - lest it inflate land prices and undermine affordability. However, far fewer insights have been provided into the additional development required to *incentivize* landowners to bring forward land for rural exception site development.

The research presented in this monograph has shown that



Map 1. Affordable homes on RES sites, 2017 to 2022, by local authority area.

landowners frequently bring an expectation to discussions with RPs that additional development for their own use will be forthcoming, as deal ‘sweeteners’ on top of the cash consideration. Providing additional development as an incentive was well known to interviewees, and to the landowners they worked with, who went into negotiations with a ‘hope-value’ (to be realized by a combination of cash and benefits in kind) far exceeding the agricultural / unallocated value of their land. Commercial sensitivity prevented RPs from discussing the full details of land deals, but interviewees explained that the value of additional development needed to be ‘proportionate’ to the value of the land, so as not to set unrealistic precedents. It is clear, however, that plot prices now regularly exceed the ‘rule of thumb’ figure that RPs were working with a decade ago, not only because the cash consideration for land is growing but also because the value and scale of incentives is rising.

When the land question is set within its broader political economy, the prospect of further incentivizing landowners to release land at a price that supports community use becomes contentious, raising issues of social equity. Putting aside the notion that it is society rather than the private owner that generates land value (because of the resolution of surplus value into land as rent), the price of land is always calibrated to best permissible use. Where that permissible use on a RES is affordable housing, a price that supports that specific type of housing, to the exclusion of other types, is logically the fair market value. Where other ‘incentives’ are demanded, the conclusion must be that a land value set to support affordable housing is not considered a fair market value, either by those demanding the incentive or those offering it. The case studies of course show that RPs prioritize their social purpose and accept existing ‘commercial realities’. Their engagements with landowners

reflect those realities, of a game stacked in favour of private monopoly interest. Advancing the theory of land price supporting affordable housing being, in fact, a fair market price, or of land rent rightfully belonging to the communities that produced it over successive generations and decades of economic activity and growth will not alter current realities. Landowners need an incentive to release land if they believe that, over the longer term, that land might be allocated within a local plan for market development, either when the plan is next reviewed, or in 10 or 20 years' time.

But incentives encouraging land release for social purpose, in support of affordable housing delivery, need not automatically favour landowners. Whilst the challenges around compulsory purchase have been briefly discussed in this monograph, the broader imbalance in the tax system – where deductions on wages are set at a higher rate than capital gains on the sale of unimproved ('bare') land, and where there is no regular taxation on land value that is equivalent to the regular taxation of earnings – has featured only briefly in this analysis. That imbalance goes a significant way to explaining the rapid rise in land prices in England over the last 30 years relative to the stagnation in earnings: it also explains why housing has become unaffordable relative to earnings in many places, including those rural areas where RES have become an important source of affordable homes.

A very significant incentive for landowners to release land at a price that supports affordability could take the form of a regular land value tax from which registered providers of social housing could be exempted. The incentive to release sites to RPs, and hence avoid any liability on sites granted a provisional exception, at pre-planning, would not run the risk of further inflating land values, which is the tendency of the current palette of incentives. That type of tax would represent a socialization or recovery of land rent, bringing a radical rebalancing of power in the land market and paving the way for very different rural housing outcomes.

But in the absence of a radical reset of this kind, the research reported in this monograph at least identifies factors limited delivery on RES and how the current contribution of these sites to affordable rural housing supply in England might be optimised. Such optimization will require government to clarify the distinction between the cross-subsidy needed to support viability, and that which constitutes an unreasonable incentive. It will also require government to look again at the funding regime of rural projects, acknowledging their inability to achieve the sorts of economies of scale that benefit urban projects and the generally higher costs incurred by rural schemes. Local providers and partners, for their parts, need to be more proactive in sharing good practice and transparent about land deals and agreed land prices. This could help create a level playing field for RPs and suppress the price expectations of landowners, which now regularly threaten the viability of schemes. These interim measures and good practices might help address some rural housing needs, although it is now widely acknowledged that the scale of the housing crisis, in urban and rural areas, in England and elsewhere, requires a structural response which will inevitably extend to the land question.

Statement of ethical approval

This project is fully compliant with the research ethics policies of University College London.

Statement of funding

This work was supported by the UKRI Higher Education Innovation Fund. No role was played by the funder in the design, execution, analysis or interpretation of data, or writing the study. The views expressed in this publication are those of the authors and not necessarily those of the sponsor.

Declaration of Competing Interest

The authors declare no conflicts of interest.

Acknowledgements

This monograph draws on a collaboration with English Rural Housing Association and was funded by the Higher Education Innovation Fund, managed by colleagues at UCL. We are grateful to Martin Collett, CEO at English Rural, for participation in this work, and also for the support of David Barrowcliff, Richard DeVillie, and other members of English Rural staff. The participation of all those interviewed is also gratefully acknowledged.

Map 1 was produced by Duncan Smith at the Centre for Advanced Spatial Analysis, UCL.

References

- Anacker, K. B. (2019). *Introduction: Housing Affordability and Affordable Housing*. In *International Journal of Housing Policy*, 19(1), 1–16.
- Barlow, J., & Chambers, D. (1992). *Planning agreements and affordable housing provision*. Centre for Urban Regional Research: University of Sussex.
- Baxter, D., & Murphy, L. (2018). *A New Rural Settlement Fixing the Affordable Housing Crisis in Rural England*. IPPR (Accessed 12 July 2023) at https://www.ippr.org/files/2018-06/1530194000_a-new-rural-settlement-june18.pdf.
- Best, R., & Shucksmith, M. (2006). *Homes for rural communities - Report of the Joseph Rowntree Foundation Rural Housing Policy Forum*. York: Joseph Rowntree Foundation (Accessed 12 July 2023) at <https://www.jrf.org.uk/report/homes-rural-communities-report-joseph-rowntree-foundation-rural-housing-policy-forum>.
- Beswick, J., McCann, D., & Wheatley, H. (2019). *Building the Social Homes We Need*. London: New Economics Foundation.
- Beauregard, R. A. (1994). Capital switching and the built environment: United States, 1970–89. *Environment and Planning A*, 26(5), 715–732.
- Bhakta. (2020). *Consultation response: First Homes*. London: Shelter, (Accessed 12 July 2023) at https://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/consultation_response_first_homes.
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77–101.
- Brown, T., & Bright, J. (2018). *Innovation in Council House Building* (Accessed 12 July 2023) at <https://www.local.gov.uk/sites/default/files/documents/Innovation%20in%20council%20housebuilding%20-%20full%20document.pdf>.
- CLA. (2017). *Strong Foundations: Meeting Rural Housing Needs*. Country Land and Business Association (Accessed 11 July 2023) at <https://www.cla.org.uk/policy/strong-foundations-report/>.
- CLA. (2022). *Sustainable communities: the role of housing in strengthening the rural economy*. Country Land and Business Association (Accessed 11 July 2023) at <https://www.cla.org.uk/library/sustainable-communities/>.
- Coelho, M., Dellepiane-Avellaneda, S., & Ratnoo, V. (2017). The political economy of housing in England. *New Political Economy*, 22(1), 31–60.
- CPRE. (2020). *How to improve the supply of rural affordable housing: A guide for members of CPRE*. the Countryside Charity (Accessed 12 July 2023) at <https://www.cpre.org.uk/wp-content/uploads/2020/08/Aug-2020-CPRE-Affordable-Housing-guide.pdf>.
- Crook, T., Henneberry, J., & Whitehead, C. (Eds.). (2016). *Planning Gain: Providing Infrastructure and Affordable Housing*. London: John Wiley & Sons.
- Davidson, B. R. (1975). The effects of land speculation on the supply of housing in England and Wales. *Urban Studies*, 12(1), 91–99.
- DEFRA (2022) *Statistical Digest of Rural England*, August 2022 edition, (Accessed 13 July 2023) at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1100175/07_Statistical_Digest_of_Rural_England_2022_August_edition.pdf.
- DoE. (1991). *Circular 7/91: Planning and Affordable Housing*. London: Department of the Environment.
- Fernandez, R., & Aalbers, M. B. (2016). Financialization and housing: Between globalization and varieties of capitalism. *Competition & Change*, 20(2), 71–88.
- Gallent, N. (1997). The alternative route to affordable housing provision: Experiences in rural Wales. *Journal of Rural Studies*, 13(1), 43–56.
- Gallent, N. (2014). The social value of second homes in rural communities. *Housing Theory and Society*, 31(2), 174–191.
- Gallent, N., & Bell, P. (2000). Planning exceptions in rural England: Past, present and future. *Planning Practice and Research*, 15(4), 375–384.
- Gallent, N., Hamiduddin, I., Stirling, P., & Kelsey, J. (2019). Prioritising local housing needs through land-use planning in rural areas: Political theatre or amenity protection? *Journal of Rural Studies*, 66, 11–20.
- Gallent, N., Hamiduddin, I., Kelsey, J., & Stirling, P. (2020). Housing access and affordability in Rural England: Tackling inequalities through upstream reform or downstream intervention? *Planning Theory & Practice*, 21(4), 531–551.
- Gallent, N., Hamiduddin, I., Stirling, P., & Wu, M. (2022). *Village Housing: Constraints and opportunities in rural England*. UCL Press: London.
- Gallent, N., Purves, A., and Hamiduddin, I. (forthcoming) Factors in the Effective Delivery of Rural Exception Sites (RES) in England. Report for the Rural Housing Network.

- Gallent, N. (2019). *Whose Housing Crisis? Assets and Homes in a Changing Economy*. Bristol: Policy Press.
- Galster, G., & Lee, K. O. (2021). Housing affordability: A framing, synthesis of research and policy, and future directions. *International Journal of Urban Sciences*, 25 (supplement 1), 7–58.
- George, H. (1879). *Progress and Poverty: An Inquiry into the Cause of Industrial Depressions and of Increase of Want with Increase of Wealth: The Remedy* (1935 edition,.). New York City: Robert Schalkenbach Foundation.
- Gkartzios, M., Gallent, N., & Scott, M. (2022). *Rural Places and Planning: Stories from the Global Countryside*. Policy Press: Bristol.
- Grayston, R. (2018). *Exception sites are a lifeline for communities in need of affordable homes*. Shelter Blog (Accessed 11 July 2023) at <https://blog.shelter.org.uk/2018/04/exception-sites/>.
- Grayston, R., & Pullinger, R. (2018). *Viable villages: closing the planning loophole that undercuts affordable housing in the countryside*. London: CPRE and Shelter.
- Harris, N. (2021). The exception to the rule: Exploring the exception and the exceptional in planning policy. *Town Planning Review*, 92(5), 517–536.
- Henderson, K. (2023). *The shortage of affordable housing in rural areas is hurting communities and the economy*. National Housing Federation Blog, 4 July 2023, (Accessed 11 July 2023) at <https://www.housing.org.uk/news-and-blogs/blogs/kate-henderson/the-shortage-of-affordable-housing-in-rural-areas-is-hurting-communities-and-the-economy-rural-housing-week-2023/>.
- Hilbert Smith Freehills (2020) Changes to the current planning system – First Homes, (Accessed 13 July 2023) at <https://hsfnotes.com/realestatedevelopment/2020/09/11/changes-to-the-current-planning-system-first-homes/>.
- HM Government. (2023). *Unleashing Rural Potential*. London: DEFRA.
- Hoggart, K., & Henderson, S. (2005). Excluding exceptions: Housing non-affordability and the oppression of environmental sustainability? *Journal of Rural Studies*, 21(2), 181–196.
- Hutchinson, G. (2021) First Homes and Exception Sites. Blog, (Accessed 13 July 2023) at <https://www.planninginsight.co.uk/blogs/first-homes-and-exception-sites/>.
- Lavis, J., McLarty, J., & Beedel, J. (2017). *Rural Affordable Housing on Rural Exception Sites A hands-on guide for landowners*. Rural Housing Solutions and Strutt & Parker (Accessed 11 July 2023) at https://lrha.co.uk/wp-content/uploads/2017/11/land-owner_guide-final.pdf.
- Lyons Housing Review. (2014). *Mobilising Across the Nation to Build the Homes our Children Need*. London: Labour Party.
- McAllister, P. (2017). The calculative turn in land value capture: Lessons from the English planning system. *Land Use Policy*, 63, 122–129.
- MHCLG (2018a) Local authority housing statistics data returns for 2016 to 2017, (Accessed 11 July 2023) at: <https://www.gov.uk/government/collections/local-authority-housing-data>.
- MHCLG. (2018b). *National Planning Policy Framework, Ministry of Housing*. London: Communities and Local Government.
- MHCLG. (2021). *National Planning Policy Framework, Ministry of Housing*. London: Communities and Local Government.
- MHCLG. (2021b). *Guidance: First Homes* (Accessed 12 July 2023) at <https://www.gov.uk/guidance/first-homes>.
- Mian, A., & Sufi, A. (2022). Credit supply and housing speculation. *The Review of Financial Studies*, 35(2), 680–719.
- Moore, T. (2018). Replication through partnership: The evolution of partnerships between community land trusts and housing associations in England. *International Journal of Housing Policy*, 18(1), 82–102.
- National Housing Federation (2023) Blog: Demand for social homes in rural areas is growing at over 10 times the rate of that in towns and cities, (Accessed 11 July 2023) at: <https://www.housing.org.uk/news-and-blogs/news/demand-for-social-homes-in-rural-areas-is-growing-at-over-10-times-the-rate-of-that-in-towns-and-cities/>.
- National Parks England. (2020). *MHCLG Consultation – Changes to the current planning system*. Response by National Parks England, September 2020, (Accessed 12 July 2023) at https://www.nationalparksengland.org.uk/_data/assets/pdf_file/0032/351995/National-Parks-England-response-to-MHCLG-consultation-Changes-to-the-current-planning-system-Sept-2020.pdf.
- DCLG. (2012). *National Planning Policy Framework*. London: Department for Communities and Local Government.
- Ordnance Survey. (2017). *Defining Rural areas* (Accessed 12 July 2023) at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/597751/Defining_rural_areas_Mar_2017_.pdf.
- Pincher, C. (2021) Affordable Homes Update: Statement made on 24 May 2021, (Accessed 12 July 2023) at: <https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hcws50>.
- Regulator of Social Housing (2023) Website: <https://www.gov.uk/government/organisations/regulator-of-social-housing>.
- RHA. (2021). Parish Councillors' Guide to Rural Affordable Housing. *Rural Housing Alliance* (Accessed 11 July 2023) at <https://ruralhousingalliance.net/wp-content/uploads/2021/07/parish-councillors-guide-to-rural-affordable-housing.pdf>.
- RTPi. (2019). *Resourcing Public Planning – RTPi Research Paper*. London: Royal Town Planning Institute.
- Ryan-Collins, J. (2018). *Why can't you afford a home?* London: John Wiley & Sons.
- Ryan-Collins, J. (2021). Breaking the housing–finance cycle: Macroeconomic policy reforms for more affordable homes. *Environment and Planning A: Economy and Space*, 53(3), 480–502.
- Satsangi, M., & Dunmore, K. (2003). The planning system and the provision of affordable housing in Rural Britain: A comparison of the scottish and english experience. *Housing Studies*, 18(2), 201–217.
- Satsangi, M., Gallent, N., & Bevan, M. (2010). *The Rural Housing Question: Community and Planning in Britain's Countrysides*. Bristol: Policy Press.
- Sinnett, D., Fouad, Z., McClymont, K., Hickman, H., Loveday, C., Hall, S., Windemer, R., & Lamond, J. (2023). *Housing affordability in the South West of England*. Bristol: University of the West of England.
- Taylor, M. (2008). *Living Working Countryside: The Taylor Review of Rural Economy and Affordable Housing* (Url) http://www.wensumalliance.org.uk/publications/Taylor_Review_Livingworkingcountryside.pdf.
- Valuation Office Agency (2019) Land Value Estimates for Policy Appraisal, 2019, (Accessed 13 July 2023) at <https://www.gov.uk/government/publications/land-value-estimates-for-policy-appraisal-2019>.
- Webb, B., Harris, N., & Smith, R. (2019). *Rural housing delivery in Wales: How effective is rural exception site policy?* (Report for). Royal Town Planning Institute Cymru (Report for) <https://www.rtpi.org.uk/media/2002/ruralhousingdeliveryinwalesexceptionnsitepolicy2019.pdf>.
- Welsh Government. (2014). *An Evaluation of the Rural Housing Enablers in Wales: A Literature Review*. Cardiff: Welsh Government.
- Wetzstein, S. (2017). The global urban housing affordability crisis. *Urban Studies*, 54(14), 3159–3177.
- Yarwood, R. (2002). Parish councils, partnership and governance: The development of 'exceptions' housing in the Malvern Hills District, Engalnd. *Journal of Rural Studies*, 18(3), 275–291.
- Phoebe Stirling is a research fellow at the UCL Bartlett School of Planning. She completed her doctoral research on housing market mediation in London. Her interests are currently focused on the assetisation of housing and its impacts in a variety of contexts.
- Nick Gallent is professor of housing and planning at UCL Bartlett School of Planning. His research is mainly focused on housing and the planning system, but often links across to community engagement with planning, and regularly looks at rural communities and places.
- Iqbal Hamiduddin is an associate professor at the UCL Bartlett School of Planning, who works at the interface between transport systems and housing outcomes. He has a particular interest in rural restructuring and its impacts on rural places and landscapes.