



NO MORE EXCUSES

Affordable Rural Housing Works

Benchmarking evidence from 2024/25 that small rural housing associations match or outperform comparable providers on cost, service and satisfaction

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Foreword

Martin Collett, Chief Executive, English Rural

I have spent much of my career hearing the same claim: *that managing and maintaining homes in rural England is too expensive, too complicated, and too risky to justify investment.*

It is a view I have heard from funders, from civil servants, from developers, and at times even from colleagues within the housing association sector. Yet whenever I hear it, I think of the families I have met - the teaching assistant able to remain in her Surrey village, the retired couple in Kent finally secure in a warm and affordable home, the young family in Gloucestershire whose children now walk to a village school that might otherwise have closed.

These are not abstract examples. They are lived realities. People I have met, spoken with and whose lives have been transformed by the affordable rural homes that along with our partners, we have built. They illustrate what is gained when we invest in rural housing - and what is lost when we do not.

The truth is that the so-called ‘viability myth’ around managing affordable rural homes has done enormous damage. It has discouraged investment, constrained grant funding, and given policymakers an excuse to look the other way while rural communities are hollowed out. For decades, the assumption that ‘small means expensive to manage and maintain’ has

gone largely unchallenged - not because the evidence supported it, but because nobody had assembled the evidence to disprove it.

That is exactly why we undertook this research.

We wanted to move the debate from perception to proof: hard numbers, benchmarked data, and honest analysis that would stand up to scrutiny from any funder, any lender, any government department.

“The so-called ‘viability myth’ around managing affordable rural homes has done enormous damage.”

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English Rural**

What has been produced from our partnership with Acuity is a comprehensive body of evidence on the financial, operational, and social performance of small-scale affordable rural housing developments. And the findings are clear and consistent: affordable rural housing works. It is cost-effective to manage, it delivers outstanding outcomes for residents, and it generates social and economic value that far outweighs the barriers that have held rural delivery back.

Since 1991, English Rural has been building and managing affordable homes in villages across England.

We now look after over 1,600 homes in over 200 villages. We know from three decades of direct experience that small rural schemes are not a burden - they are some of the best-performing assets in the housing association sector's portfolio.

This report confirms what we have always known, and now the rest of the sector has the evidence to act on it too.

My ask to anyone reading this is simple: be open-minded, read the data, look at the case studies, consider the evidence - and then ask yourself what is really stopping us from building more homes in the places that need them most.



Martin Collett

The answer, I suspect, is not the viability of managing and maintaining them. It never was.



Executive Summary

There is a widespread belief in housing policy that managing affordable homes in rural areas is simply too expensive to be worthwhile. This research tests that belief against the facts.

We analysed performance data for 145 housing associations, using Acuity's dataset for 2024/25. Within that group, we identified 11 specialist rural housing associations and compared their costs, efficiency, and performance against the rest of the sector. We also drew on government data from the Regulator of Social Housing (RSH), academic research, and independent economic studies. The question we set out to answer was straightforward: ***is rural affordable housing really more expensive to manage?***

The evidence from this dataset does not support that claim.

Against the wider sector, the rural group matched or outperformed on every major measure; against closely matched small general-needs peers, the cost differences narrowed and were not statistically significant. The differences were not marginal. They were large and, in statistical terms, highly unlikely to have occurred by chance:

- ✓ **Running costs:** The average cost of managing a rural home was £469 per property, compared with £842 across the sector - 44% lower.
- ✓ **Overall cost per home:** The headline cost per unit (the RSH's main measure of what it costs to run a social home) was £4,291 for rural providers, compared with £7,858 for the sector - 45% lower.
- ✓ **Profit margins:** Rural providers generated an operating margin of 30.6% on their social housing lettings, almost double the sector average of 15.4%.
- ✓ **Complaints:** Rural providers received 70% fewer Stage 1 complaints and 88% fewer Stage 2 complaints per 1,000 homes.
- ✓ **Rent arrears:** Just 1.49% of rent was outstanding among rural tenants, compared with 3.65% across the sector - less than half.
- ✓ **Tenant satisfaction:** 87.6% of rural tenants were satisfied overall, compared with 79.6% across the sector.
- ✓ **Empty homes:** Rural providers re-let vacant homes in an average of 13.7 days, compared with 36.3 days across the sector - 62% faster.
- ✓ **Home quality:** Every rural provider that reported on the Decent Homes Standard achieved a 100% pass rate. Not a single rural home failed.

We tested 26 different measures formally. Twelve showed differences large enough to be statistically significant (meaning they are very unlikely to be the result of chance). In every single case, the rural group came out ahead. A further four supplementary measures tested during a comprehensive data audit reinforced the same pattern.

There is an important nuance. When we compared the rural providers against a **closely matched group** - other small housing associations of a similar size that also focus on general needs housing - the cost differences shrank and were no longer statistically significant. This tells us something important: rural homes are not cheaper to run *because they are rural*. But they are certainly not more expensive. The big cost gap against the wider sector exists because that sector average is pulled up by London providers, high-rise stock, and supported housing schemes - none of which have anything to do with rurality. Either way, the conclusion is the same: **being rural does not push up management costs.**

This matters because the opposite belief - that rural housing is expensive to run - has held back investment for decades. Only 7% of new affordable homes in 2024-25 were built in settlements with fewer than 3,000 people, even though 17% of England's population lives in rural areas. Over 300,000 people are on rural social housing waiting lists. At current building rates, it would take 89 years to house them all. The confusion between the cost of *building* rural homes (which genuinely can be higher) and the cost of *managing* them (which is not) has done enormous damage.

Research by Pragmatix Advisory shows that every 10 new affordable homes built in a rural area boosts the local economy by £1.4 million, supports 26 jobs, and generates £250,000 in government revenue. The economic case for investing in rural housing is overwhelming. The cost case against it does not stand up.

THE MYTH - AND THE REALITY

✗ *Myth:* Rural housing is expensive to manage

✓ *Reality:* Rural homes cost the same (or less) to run than comparable providers

Key insight:

Rural housing is not cheaper because it is rural - but it is **not more expensive either**. The perceived “rural cost penalty” does not exist in management terms.



RURAL HOUSING: THE HEADLINES

- ✓ £469 vs £842 → **44% lower management costs**
- ✓ £4,291 vs £7,858 → **45% lower total cost per home**
- ✓ 30.6% vs 15.4% → **Almost double operating margin**
- ✓ 70% fewer complaints
- ✓ 62% faster re-letting
- ✓ 87.6% tenant satisfaction

Bottom line:

Rural providers deliver **better outcomes at lower or comparable cost.**

WHY THIS MATTERS

This report challenges a long-standing assumption that has shaped funding decisions, policy design, and investment priorities for decades.

If rural housing is not more expensive to manage, then one of the main justifications for under-investment disappears. What remains is a clear mismatch between need and delivery - and a policy gap that can be addressed.

1. The Story Behind the Numbers

Picture a village of 800 people somewhere in rural England. There is a primary school, a pub, a small shop, and a scattering of farms and small businesses. Average house prices in rural England are around £419,000 - roughly 16 times typical rural earnings of £25,600. The school roll has been falling for years. Younger families cannot afford to stay. Older residents struggle to find suitable housing. Key workers - the care assistants, teaching assistants, farm workers, and bus drivers who keep the village running - cannot afford to live anywhere near the jobs they do. Bus services are being cut. The village is slowly shrinking.

WITHOUT AFFORDABLE HOUSING

- Schools lose pupils
- Shops close
- Key workers leave
- Communities shrink

👉 This is not just a housing issue - it is a **community survival issue**

Now imagine that ten new affordable homes are built on the edge of that village. Young families move in. The school roll stabilises. A local builder picks up steady work. The shop gains more customers. A retired couple finally live somewhere warm and affordable. The village begins to thrive again.

This is not hypothetical. It is what happens, time and again, when well-planned affordable housing reaches rural communities. And yet, for decades, the prevailing view in policy and funding circles has been that these schemes are not worth the investment - that 'rural' means expensive to run, small-scale means inefficient, and that the money would be better spent in towns and cities. This report is not an argument for privileging rural places over urban ones. It is an argument for a fair share of investment based on evidence and need.

The Scale of Under-delivery

In 2024-25, just 4,501 affordable homes - 7% of the national total - were delivered in settlements with fewer than 3,000 people, the second-lowest share since 2016-17 and 17% down on the previous year (MHCLG, November 2025).

Rural Exception Sites, a key planning tool designed specifically for small rural schemes, are dramatically under-used: only 25 of 145 eligible rural councils (17%) used them in 2021-22, delivering just 546 homes. UCL estimates that if all rural councils used this mechanism, around 3,000 additional affordable homes per year could be delivered.

CPRE estimates that 306,730 people are on rural social housing waiting lists. A new needs model developed by arc4, Rural Housing Solutions, and English Rural suggests rural areas need 16.8

affordable homes per 1,000 households each year - almost 50% more than urban England outside London. Yet social rented housing makes up only 9% of the housing stock in small rural parishes, compared with 17% in urban areas. At current building rates, it would take almost 90 years to clear the rural backlog.

The timing is important. The government's new Social and Affordable Homes Programme (SAHP) 2026-2036 - a £39 billion commitment - lists rural and community-led housing among its national priorities. Combined with an expanding devolution framework that will reshape how housing decisions are made across England, there is a real window of opportunity. The question is

whether rural communities will be given their fair share - or whether they will once again be overlooked.

WHY THIS MATTERS

This is not just about housing supply. It is about whether rural communities continue to function at all.

Without affordable homes, villages lose the people who sustain them - key workers, young families, and older residents. Housing is the foundation for schools, services, and local economies. Without it, decline is inevitable.



2. How We Did the Analysis

2.1 The Data

We used the Acuity Respondent Table for 2024/25 - a benchmarking dataset that covers 145 housing associations and around 180 separate performance measures. Acuity is one of the housing sector's main benchmarking organisation, and its data covers everything from what it costs to manage each home, to how satisfied tenants are, to how quickly repairs are completed and empty homes are re-let.

2.2 Which Organisations Count as 'Rural' in this Report?

We identified 11 specialist rural housing associations in the dataset. These are organisations whose primary purpose is to provide affordable homes in villages and rural settlements. Between them, they manage around 4,834 general needs (GN) homes across more than 300 villages in England. Their stock is almost entirely houses and bungalows for general needs tenants - they do not typically run supported housing schemes or housing for older people, which have different (and usually higher) cost profiles.

Organisation	GN Homes	Region
Cornwall Rural	354	South West
English Rural	1,164	South East
Falcon Rural	293	East Midlands
Leicester Rural	140	East Midlands
Lincolnshire Rural	408	East Midlands
Northamptonshire Rural	541	East Midlands
Peak District Rural	272	East Midlands
Shropshire Rural	294	West Midlands
Warwickshire Rural	493	West Midlands
White Horse	425	South West
Wyedean	450	South West

2.3 Who Did We Compare Them Against?

To make the comparison fair, we used three different benchmarks:

- **The full sector:** All 145 organisations in the dataset. This gives the broadest picture, but it includes London providers, supported housing specialists, and large-scale urban landlords whose cost profiles are very different from rural providers.
- **The sector excluding the rural group:** The remaining 134 organisations, to ensure we were not comparing the rural group against itself.
- **A matched peer group:** A carefully selected subset of other small housing associations (fewer than 1,000 homes) that focus on general needs housing and do not provide care or support services. This is the fairest comparison, because it strips out the factors - like supported housing, high-rise stock, and London wage costs - that inflate costs in the broader sector and have nothing to do with rurality.

2.4 How We Tested Whether Differences Are Real

When you compare two groups of organisations, you will always see some differences in their numbers. The question is whether those differences are meaningful or whether they could easily have arisen by chance. To answer this, we used standard statistical tests:

- **Welch's t-test** compares the average (mean) values of two groups. It is designed to work even when the groups are very different in size (as ours are: 11 rural providers versus 134 others) and does not assume both groups have the same spread of values. If the test produces a 'p-value' below 0.05 (that is, below 5%), it means there is less than a 1-in-20 chance that the difference occurred randomly. In research, this is the conventional threshold for calling a result 'statistically significant.'
- **Mann-Whitney U test** is a second, complementary test. Instead of comparing averages directly, it ranks all the values from both groups together and checks whether one group's values tend to sit higher or lower than the others. This is useful because it does not assume the data follows a neat bell-curve pattern, making it more reliable when sample sizes are small or data is unevenly spread.
- **Benjamini-Hochberg correction** is a safeguard against a common statistical trap. When you test many different measures at once (we tested 94), some will appear 'significant' purely by chance. This correction adjusts the significance threshold to account for the number of tests, reducing the risk of false positives. We applied it across all 94 usable metrics to ensure our findings are robust.

Where both the Welch's t-test and the Mann-Whitney U test agree that a difference is significant, we can be particularly confident the finding is real. Where they disagree, we flag it and interpret with caution.

2.5 What the Analysis Cannot Tell Us

No analysis is perfect, and it is important to be upfront about what this one can and cannot do:

- Not all 11 rural organisations provided data for every measure. For some metrics, we had as few as three rural providers to work with, which limits the precision of our estimates.
- The dataset covers 145 housing associations, predominantly smaller providers: 85% manage fewer than 1,000 homes, and the largest has 4,300. It does not include the sector's largest landlords (those with 10,000+ homes), so findings may not capture every dynamic in very large organisations.
- This is a single year of data (2024/25). It gives a rigorous snapshot but cannot by itself establish whether patterns hold over multiple years.
- The data does not include a direct measure of how 'rural' each organisation's stock actually is. We classified providers as rural based on their name and mission, but some non-rural providers in the dataset may also manage homes in rural areas.
- Finding that two things differ (or do not differ) does not prove one causes the other. The rural group's strong performance may reflect a combination of factors - stock type, community stability, organisational culture - that happen to be characteristic of rural providers.

WHY THIS MATTERS

Policy decisions are often based on assumptions that have never been properly tested.

This analysis replaces assumption with evidence. By comparing rural providers against both the full sector and genuinely similar organisations, it ensures the conclusions are fair, robust, and difficult to dismiss.



3. What the Data Shows: Cost, Efficiency, and Performance

3.1 Running Costs

If rural homes really did cost more to manage, it should show up clearly in the cost figures. It does not.

Metric	Rural Mean	Sector Mean	Matched Peers	Difference	p-value	Significant?
Housing Management Cost/Property	£469	£842	£712	-44.2%	0.002	Yes
Repairs & Voids Cost/Property	£1,024	£1,152	£1,000	-11.1%	0.404	No
Major Works Cost/Property	£1,319	£1,547	£1,592	-14.7%	0.378	No
Overhead Costs (% Turnover)	20.0%	21.2%	20.8%	-5.5%	0.569	No
RSH Headline Cost per Unit	£4,291	£7,858	£6,307	-45.4%	<0.001	Yes

The headline figures are striking. It costs rural housing associations **less than half** what it costs the average provider to manage each home (£469 versus £842). The RSH's broadest cost measure - headline social housing cost per unit, which captures everything from day-to-day management to major repairs - is 45% lower for rural providers (£4,291 versus £7,858). Both of these differences are statistically significant, meaning they are very unlikely to be the result of chance.

The matched peer group comparison adds an important layer. When we compare rural providers against other small, general-needs housing associations of a similar size, the cost gap narrows and is no longer statistically significant. This tells us that **it is the type and scale of housing that drives costs, not whether the homes are in the countryside**. Rural providers are not cheaper *because* they are rural - they are comparable to similar organisations *despite* being rural. The key conclusion holds: *rurality does not push up management costs*.

For context, the RSH's own 2025 report records a sector-wide median headline cost of £5,690. London providers average £8,720. Providers with significant amounts of high-rise stock average £9,680. The rural cohort's £4,291 sits well below all of these.

3.2 Financial Health

Metric	Rural Mean	Sector Mean	Difference	p-value	Significant?
Operating Margin (Overall)	26.6%	15.2%	+75.0%	<0.001	Yes
Operating Margin (Social Housing)	30.6%	15.4%	+99.2%	0.002	Yes

Operating margin is, in simple terms, the proportion of income left over after running costs have been paid. It is a key indicator of financial health. Rural providers generate a margin of 26.6% overall - nearly double the sector average. On social housing lettings specifically, the margin of 30.6% is almost exactly double the 15.4% sector figure. Individual providers tell the same story: Shropshire Rural posted around 32%, Falcon Rural 29%, White Horse 28%. These are not the financial profiles of organisations struggling with unmanageable costs.

3.3 What Tenants Think

Satisfaction Measure	Rural Mean	Sector Mean	Difference	p-value	Significant?
Overall Satisfaction	87.6%	79.6%	+10.1%	0.062	Borderline
Satisfied with Repairs	85.2%	78.4%	+8.7%	0.034	Yes
Home Well Maintained	84.2%	78.6%	+7.1%	0.172	No
Home Feels Safe	90.2%	81.7%	+10.4%	0.005	Yes
Landlord Listens and Acts	73.8%	70.1%	+5.3%	0.434	No
Treated Fairly	88.6%	83.1%	+6.6%	0.168	No

Rural tenants are more satisfied than the sector average on every single measure. The standout result is on home safety: 90.2% of rural tenants feel their home is safe, compared with 81.7% across the sector. This is particularly significant in the wake of the Grenfell Tower tragedy, which put building safety at the top of the regulatory agenda. Rural homes - predominantly houses and bungalows - are simpler buildings with fewer of the fire safety risks associated with high-rise blocks.

The consistency matters. Although not every individual measure reaches the threshold for statistical significance, the fact that rural providers score higher on all six measures is

itself telling. If rural management were genuinely worse, you would expect to see at least some measures where rural providers fell behind. There are none.

3.4 Complaints

Metric	Rural Mean	Sector Mean	Difference	p-value	Significant?
Stage 1 Complaints per 1,000 Homes	11.9	39.6	-70.0%	<0.001	Yes
Stage 2 Complaints per 1,000 Homes	0.68	5.57	-87.8%	<0.001	Yes

This is one of the strongest findings in the dataset. Rural housing associations receive 70% fewer initial complaints and 88% fewer escalated complaints per 1,000 homes. Both results are highly statistically significant. Even against the matched peer group, rural complaint rates (11.9 per 1,000) are roughly half the peer average (22.5). It is very difficult to argue that a provider receiving a fraction of the sector’s complaints is more expensive or less effective to run.

STANDOUT RESULT

- ✓ 70% fewer Stage 1 complaints
- ✓ 88% fewer escalated complaints

Interpretation:

Rural providers are delivering **high-quality services with fewer failures**

3.5 Rent Collection and Arrears

Metric	Rural Mean	Sector Mean	Difference	p-value	Significant?
Rent Collection Rate	100.8%	99.2%	+1.6%	0.024	Yes
Current Tenant Arrears	1.49%	3.65%	-59.1%	0.005	Yes
Rent Written Off	0.12%	0.30%	-61.7%	0.076	Borderline
Average Weekly Rent	£123.40	£123.24	+0.1%	0.984	No

Rural providers collect more of the rent they are owed and have less than half the arrears of the wider sector. A collection rate above 100% means providers are not only collecting all current rent but also recovering historic debts.

The amount of rent that rural providers have to write off as unrecoverable is also notably lower: 0.12% of the annual rent roll, compared with 0.30% across the sector. While this falls just short of conventional statistical significance, it directionally reinforces the picture of stronger income management. Less bad debt means less wasted resource. Crucially, actual rent levels are virtually identical (£123.40 versus £123.24 per week), confirming that these strong results are not being achieved by charging lower rents.

3.6 Empty Homes and Re-Letting Speed

Metric	Rural Mean	Sector Mean	Difference	p-value	Significant?
Average Re-let Time (days)	13.7	36.3	-62.4%	<0.001	Yes
Re-lets as % of Stock	3.4%	4.4%	-22.3%	0.377	No

Every day a home sits empty is a day of lost rent and wasted potential. If rural stock were hard to let or poorly managed, empty homes would sit vacant for longer. The opposite is the case. Rural providers fill vacant homes in an average of 13.7 days - 62% faster than the sector average of 36.3 days. This is one of the strongest statistical results in the entire analysis.

STRONG LOCAL DEMAND

- ✓ Homes re-let in **13.7 days** (vs 36.3)
- ✓ Lower turnover = **stable communities**

👉 Rural homes are **highly sought after**, not hard to let

These figures point to high local demand for affordable rural homes and efficient management when vacancies do arise.

3.7 Building Safety, Repairs and Home Quality

On building safety, both groups perform well. Gas safety compliance is 99.8% (rural) versus 99.7% (sector); fire risk assessments stand at 100% versus 99.8%; and asbestos management surveys are at 100% versus 97.6%. Repairs targets are met at broadly similar rates.

A particularly telling measure is the Decent Homes Standard - the government's baseline measure of whether a home is in acceptable condition. All six rural providers that reported on this measure in our benchmarking cohort achieved a 100% pass rate: not a single rural home failed to meet the standard, compared with a 0.3% failure rate across the wider sector (based on 75 providers reporting).

Government data paints a different picture at the national level: the DEFRA Statistical Digest of Rural England estimates that 18% of social rented homes in rural areas fail the Decent Homes Standard, compared with 10% in urban areas. However, that figure is a blended average combining housing association and local authority stock into a single category. Nationally, council housing performs significantly worse on stock condition - in some regions, the gap is vast - and in rural areas, residual council stock is often the oldest and hardest to treat. The DEFRA figure also uses a broad definition of 'rural' (settlements below 10,000 population), sweeping in market towns with very different housing profiles from the small villages where specialist rural providers operate.

Read together, the two datasets point to the same conclusion: there is a genuine Decent Homes challenge in rural social housing, but it is concentrated in older, inherited stock - much of it council-owned or legacy council stock now transferred to a housing association - not in the purpose-built homes managed by specialist rural housing associations. **Building more homes through specialist rural providers does not add to the Decent Homes challenge. It helps to address it.**

The data also shows that rural homes do not generate more repair work than homes elsewhere. The average number of responsive (reactive) repairs per home was 3.74 in the rural cohort, compared with 3.85 across the sector - virtually identical. It does not. What it may generate is slightly longer *repair times* - the rural cohort averaged 13.3 days per repair versus 10.3 days for the sector, though this was based on just three providers and was not statistically significant. This most likely reflects the practical reality that a plumber may need to travel further between jobs in a rural area, rather than any management inefficiency.

A more important forward-looking challenge is **energy efficiency**. The rural cohort has a lower share of homes rated EPC C or better (61.1% versus 73.9% sector-wide). Rural homes are often older, built with non-standard materials, and more likely to rely on oil or electric heating systems rather than mains gas. This does not affect current management costs, but it signals a medium-term investment challenge as the sector works to

decarbonise its stock. This needs targeted government support, but it is a future capital investment issue, not evidence that today's management is more expensive.

WHY THIS MATTERS

The data directly contradicts the idea that rural housing is inefficient or costly to run.

Across cost, performance, and tenant outcomes, rural providers are not underperforming - they are often outperforming. This removes one of the biggest perceived risks associated with rural investment.



4. What the Statistics Tell Us

4.1 The Overall Picture

Of the 26 measures we tested formally, 12 showed statistically significant differences between rural providers and the wider sector. In every single case, the rural group performed better: lower costs, higher margins, fewer complaints, less rent arrears, faster re-letting, and happier tenants. Not one measure showed rural providers performing significantly worse.

A further four supplementary measures examined during a comprehensive data audit reinforced the same direction of travel: 100% Decent Homes compliance, 100% asbestos survey compliance, lower rent write-offs, and identical repair volumes per home. Of the remaining metrics that were not statistically significant, the overwhelming majority still showed the rural cohort at or above the sector level.

4.2 Guarding Against False Positives

When you test many measures at once, some will appear significant purely by luck. To guard against this, we tested all 94 available measures using the Benjamini-Hochberg correction, which raises the bar for what counts as significant when many tests are run simultaneously:

- **Against the full sector:** 15 measures remained significant even after this stricter correction, all in the direction of rural providers performing better.

- **Against matched peers:** Zero measures were significant after correction. This confirms that the rural group is statistically indistinguishable from comparable small providers on cost.

This is the most important single finding for policymakers: **once you compare like with like, rural providers do not look like a higher-cost outlier group.**

4.3 How Large Are the Differences?

The differences are not marginal. Rural housing management costs are 44% lower (£469 versus £842). The headline cost per unit is 45% lower. Operating margins are 75-100% higher. Complaint rates are 70-88% lower. Re-let times are 62% faster. Decent Homes failure is zero. These are fundamentally different performance profiles, not minor variations at the edges of statistical noise.

4.4 What This Does and Does Not Prove

Statistics can tell us that a difference exists and that it is unlikely to be due to chance. They cannot tell us exactly why it exists. The notable performance of the rural cohort is likely attributable to several interconnected factors: the prevalence of simpler structures such as houses and bungalows instead of tower blocks, reduced local deprivation, specialized organizational cultures founded on community trust, stable tenancies, strong relationships with localized contractors, and dedicated

leadership. These factors are characteristic of rural housing associations as they actually operate. The relevant question is not whether rurality alone explains the results, but whether rural housing associations deliver effective, good-value management in practice. On this question, the evidence is unambiguous: they do.

WHY THIS MATTERS

It is not enough to show differences - we need to know whether they are real.

The statistical testing confirms that many of the observed advantages are unlikely to be due to chance. Just as importantly, it shows that when like is compared with like, rural providers are not a higher-cost outlier. This strengthens the credibility of the findings.



5. What Other Evidence Says

5.1 The Regulator's Own Analysis

The RSH's regression analysis² tested what drives differences in cost across the sector. It found that around 70% of cost variation is explained by structural factors: the height of buildings, the proportion of supported housing, regional wage levels, deprivation, and the amount of non-social income. **Rurality was not included in the model as a variable and is not identified as a cost driver.** The word 'rural' does not appear in the report. The cheapest stock type identified is houses and bungalows (expected cost around £2,850 per unit), which is precisely the profile of rural housing associations.

5.2 Does Being Small Make You Expensive?

A common assumption is that smaller organisations are inherently less efficient. The evidence does not support this. The National Housing Federation (NHF)/HouseMark efficiency report³ (covering 250+ associations from 2008/09 to 2014/15) found no clear straight-line relationship between stock size and cost per property. The largest organisations (10,000+ homes) actually had marginally higher costs than mid-sized ones. The CIH's 2012 study⁴ concluded that 'operational culture and leadership mattered more than organisational size'. The RSH's own regression found that cost falls by only about £13 for every additional 1,000

homes - a negligible saving. Small does not mean expensive.

5.3 The Crucial Distinction: Building Homes Versus Running Them

This is the single most important distinction in the entire rural housing debate. There is genuine evidence that **building** affordable homes in rural areas can cost more per unit than building in towns. Sites are smaller, more remote, harder to service, and subject to tighter environmental requirements. Homes England's Rural Housing Statement¹⁸ explicitly recognises this, as does the SAHP 2026-2036 programme guidance.

THE REAL ISSUE: BUILDING DOES NOT EQUAL MANAGING

✓ Rural homes can cost more to **build**

✗ They do NOT cost more to **manage**

Policy mistake:

Development costs have been wrongly used to justify under-investment in rural housing.

But **building costs and running costs are completely different things.** A home that costs more to build does not necessarily cost more to manage once people are living in it. The persistent confusion between these two categories - treating development costs as though they predict management costs - has created a false narrative that discourages investment in rural areas.

The data in this report shows clearly that the running costs of rural homes are at or below sector norms.

5.4 Real Challenges, Manageable Pressures

We do not pretend that managing homes in rural areas is without its challenges. Stock is more spread out, meaning repair teams travel further. Some areas have fewer local contractors to choose from. Older homes with off-grid heating can be harder to maintain. The APPG for Rural Business has estimated a general ‘rurality premium’ of 10-20% on goods and services.

But the data shows that specialist rural providers have developed ways of working that absorb these pressures: shared management services across multiple associations, partnerships with local contractors, clustered scheduling of repair visits, and lean staffing

structures. The pressures are real, but they are not large enough to make rural management more expensive overall. The RSH’s regression analysis also found no statistically significant link between stock age and unit cost once other factors were controlled, providing a further counterpoint to assumptions about old rural housing stock.

WHY THIS MATTERS

This report does not sit in isolation - it aligns with wider sector evidence.

Independent research, regulator analysis, and national studies all point in the same direction: costs are driven by stock type, location, and service model - not by whether homes are rural. This reinforces the conclusion that rurality itself is not a cost driver.



6. What Rural Homes Really Deliver

6.1 The Economic Impact

26 local jobs per 10 homes built

Every 10-home rural development sustains around 26 full-time equivalent jobs and generates approximately £1.4 million for the local economy, with £250,000 in government revenue (Pragmatix Advisory, 2020). Up to 60p of every pound spent stays in the local economy.

Pragmatix Advisory's research⁹, commissioned by The Campaign to Protect Rural England (CPRE), English Rural, and the Rural Services Network (RSN), found that each new rural affordable home 'pays for itself' in fiscal terms, returning an extra £54,000 to the Treasury over its lifetime and reducing the annual deficit by an average of £6,500. Wider national modelling by the Centre for Economics and Business Research (Cebr) for Shelter and the NHF estimated that building 90,000 social rented homes a year would add £51.2 billion net to the economy over 30 years and repay the government's investment within 11 years.

6.2 Keeping Villages Alive

Affordable housing keeps villages functioning. The people who live in these homes are typically local families, key workers, and older residents with deep community ties. Without them, schools lose pupils, shops lose customers, bus routes lose passengers, and pubs close. The CPRE/English Rural 'Homes for Heroes' report¹¹ found that private rents are unaffordable for care workers in 96% of rural areas, farmworkers in 86%, youth workers in 74%, and bus drivers in 67%.

ACRE's evaluation of the Rural Housing Enabler programme¹² calculated a social return of £3.30 for every £1 invested, with a pipeline of over 2,100 homes across 19 counties.

6.3 Health and Wellbeing

Good housing is directly linked to good health. An evaluation of English Rural schemes found 72% of residents reported reduced stress and anxiety after moving in, and 58% experienced lower fuel costs. BRE's tenure analysis found that excessively cold homes cost the NHS around £540 million each year. New affordable rural homes - built to modern energy standards - directly reduce these risks by replacing poor-quality accommodation with warmer, safer homes.

6.4 Quality and Sustainability

More than 80% of new rural completions in the Acuity benchmarking cohort achieve EPC Band B or above. For context, the English Housing Survey reports that 56% of all dwellings in England were in EPC bands A to C in 2024, while social rented dwellings were more energy efficient than other tenures, with 69% in band C and a further 5% in bands A or B. New rural homes are among the most energy-efficient being built anywhere in the country.

WHY THIS MATTERS

The value of rural housing goes far beyond balance sheets.

Affordable homes support local economies, improve health outcomes, and sustain communities. When these wider benefits are taken into account, rural housing is not just viable - it is a high-return public investment.



7. Proof on the Ground: Case Studies

Numbers make the case. But places and people bring it to life. Four developments - all in settlements of fewer than 3,000 people - show what happens when good design, community partnership, and local management come together.

Glebe Meadow, Roxwell, Essex – English Rural

Seven homes built on former church land in a village of 1,100 people, completed in 2021. Build cost: £1.35 million (including 20% Homes England grant). Rent arrears in the first two years: zero. Three local families who would otherwise have been priced out were able to stay. The school roll rose by four pupils, and a playgroup reopened.

- ✓ **Lesson:** *Early land donation and transparent community engagement can make small rural schemes both affordable and sustainable.*

Kinnerley, Shropshire – STAR Housing

Eight homes on a rural exception site using modular timber-frame construction, completed in 2020. Delivered within budget despite pandemic disruption. Tenancy turnover: 3%. Arrears: 1.9%. No evictions. Repair calls average just 0.7 per home per year - half the national norm.

- ✓ **Lesson:** *Modern construction methods can reduce costs and delivery times without compromising quality or local character.*

Carludon, Cornwall – Cornwall Rural Housing Association (CRHA)

Fully electric, carbon-positive, EPC A rated homes with renewable energy generation and smart technology. Originally earmarked for open market sale, the homes were converted to social rent with Homes England support. CRHA operates across 52 developments in 35 villages and on four islands (Isles of Scilly), housing over a thousand people. CRHA's scheme near Bude - Goldfinch Close - was named via a competition run by a local primary school and will provide new homes for local people entirely at social rent. CRHA has a long-standing lending relationship with Triodos Bank (three facilities since 2008, enabling 120 new homes) and installs renewable technologies on most of its developments.

- ✓ **Lesson:** *Even homes originally planned for the open market can be converted to social rent where there is a committed provider and flexible funder. Innovation in energy is driving down running costs for tenants in fuel-poor rural areas.*

Hockerton, Nottinghamshire – Community Cooperative

Five earth-sheltered eco-homes built by residents in 1998. Each home remains energy-neutral with rainwater harvesting and on-site renewables. No recorded vacancies in 25 years. Annual repairs spend: under £150 per home.

- ✓ **Lesson:** *Community-led models can deliver homes with extraordinarily low long-term running costs.*

WHY THIS MATTERS

Data shows patterns. Real places show what those patterns mean in practice.

These case studies demonstrate that the outcomes described in the data are not theoretical - they are already happening in villages across England. Rural housing works not just in principle, but in reality.



Glebe Meadow, Roxwell, Essex – English Rural

8. Key Considerations

1. Rural affordable housing is not more expensive to manage. On every cost measure, rural providers match or substantially outperform the sector average. When compared against genuinely similar organisations, cost differences disappear entirely. Rurality does not drive-up costs.

2. Rural providers deliver better outcomes at lower cost. Higher satisfaction, far fewer complaints, better rent collection, lower arrears, faster re-letting, and 100% Decent Homes compliance. Operating margins are almost double the sector average.

3. The belief that rural homes cost more to run is a myth - and it is holding back delivery. Rural areas receive just 7% of affordable housing completions for 17% of the population (MHCLG). The confusion between higher development costs and higher management costs has created a false narrative that discourages investment.

4. Being small does not mean being inefficient. Independent research consistently finds no clear link between organisational size and management cost. Culture, leadership, and community focus matter more than scale.

5. What genuinely costs more is building, not running. Rural development does face higher per-unit costs - smaller sites, remoter locations, tighter environmental standards. These are real barriers that need real solutions. But they are one-off capital costs, not ongoing management costs, and they should not be used as a reason to under-invest.

6. The economic and social returns are substantial. Every 10 homes generate £1.4 million in economic value, support 26 jobs, and return £250,000 to government. The social return through rural housing enablers is £3.30 per £1 invested. The cost of doing nothing is measured in closed schools, shuttered services, and 89-year waiting lists.

7. Energy performance is a future challenge, not a current cost problem. Rural stock has a lower share of homes meeting EPC C. This is a real issue that needs targeted investment, but it is a forward-looking capital challenge, not evidence that today's management is expensive.

WHY THIS MATTERS

The implications are clear: a widely held belief about rural housing costs is not supported by evidence.

Continuing to base policy on that belief risks misallocating funding, slowing delivery, and deepening inequality between rural and urban areas. The sector now has a stronger evidence base to inform better decisions.

9. What Needs to Happen

The policy environment is, for the first time in years, genuinely favourable. The SAHP 2026-2036 is a £39 billion programme that names rural and community-led housing as priorities. Devolution is reshaping how housing decisions are made. The question is whether rural communities will have a visible, accountable place in these new structures - or whether they will once again fall through the gaps.

For National Government and Homes

- **Create a clear route to funding for small rural schemes** within the SAHP, with criteria and processes designed for the realities of rural delivery - small sites, enabling costs, and longer lead times.
- **Build rural consideration into devolution from the start** through a Rural Duty or equivalent in the English Devolution and Community Empowerment Bill, ensuring rural needs are not sidelined as new strategic authorities take shape.
- **Simplify planning for Rural Exception Sites** through a two-stage 'permission in principle' or planning passport route, reducing risk and cost for communities and developers.
- **Continue funding the Rural Housing Enabler programme** beyond March 2027. The programme returns £3.30 for every £1 invested and has a pipeline of over 2,100 potential homes.
- **Benchmark rural schemes against the right comparators** - similar-sized, general needs providers, not a blended sector average inflated by London, high-rise, and supported housing costs.

For Local Authorities and Combined Authorities

- **Secure rural visibility within devolution arrangements from day one**, with measurable delivery targets for small settlements.
- **Include rural housing pipelines in spatial development strategies** so that investment in villages is planned and tracked, not treated as an afterthought.
- **Build the evidence base at parish level** and ensure local housing need data flows into plans, strategies, and funding bids.

For Housing Providers

- **Treat rural stock as what the data shows it to be: high performing.** Cheaper to manage, higher margins, fewer complaints, faster re-lets. The barrier is upfront development cost, not long-term operational return.
- **Invest in energy efficiency and retrofit strategies for rural stock**, accessing targeted funding to address the EPC gap in older, off-grid, dispersed homes.

For the Regulator

- **Publish rural-specific benchmarking within value for money analysis** so that the performance of rural providers is visible and comparable, not buried in sector-wide averages.

THE POLICY CHOICE

We can continue to:

- ⊗ Under-invest in rural communities
- ⊗ Rely on outdated assumptions

Or we can:

- ✓ Fund rural housing properly
- ✓ Use the evidence
- ✓ Build at scale

👉 The barrier is not cost.

👉 It is **policy choice**.

WHY THIS MATTERS

The barrier to rural housing delivery is not operational viability - it is policy design.

With funding programmes, devolution, and planning reform all in flux, there is a window to correct course. The choices made now will determine whether rural housing is scaled up - or continues to be overlooked.

The evidence is assembled. The case is made. There are no more excuses.

IT IS TIME TO BUILD.

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***All images used in the body of this report show English Rural developments.
Cover imagery created by Canva AI.***

Appendix: Sources

Source	Description
Acuity Benchmarking Dataset (2022–2025)	Performance data from 160+ housing associations, including 28 rural specialists
Acuity (2024/25)	145 housing associations, ~180 performance indicators
RSH VFM Reports and Global Accounts	Sector-wide cost, margin, and efficiency metrics
MHCLG Affordable Housing Supply 2024-25	Completions by settlement size and tenure
Pragmatix Advisory / CPRE / English Rural / RSN (2020)	Economic impact: £1.4m and 26 jobs per 10 homes
CPRE: Unravelling a Crisis (2023)	Rural affordability ratios and waiting list data
DEFRA Statistical Digest of Rural England	Population, age, housing, and economic data
CCRI/ACRE: Rural Housing Enabler Evaluation (2025)	£3.30 SROI per £1 invested
BRE: Cost of Poor Housing by Tenure (2023)	£540m annual NHS cost from cold homes
English Rural, STAR & CRHA Housing Associations and Nottinghamshire Community Cooperative	Operational case study data
arc4 / Rural Housing Solutions / English Rural: Mind the Gap (2025)	Rural Affordable Housing Needs Model
Homes England: SAHP 2026-2036 and Rural Housing Statement	Programme rules for small rural schemes
English Housing Survey 2024-25	National EPC and SAP benchmarks by tenure

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