savills

SPOTLIGHT

FUTURE-PROOFING RURAL HOMES

RURAL – UK – SEPTEMBER 2026

RESEARCH

KEY STATS

2030
DEADLINE FOR MEES COMPLIANCE FOR ENGLAND AND WALES

77%
OF UK ESTATE MANAGERS IDENTIFY COST AS A BARRIER TO UPGRADES

4
HEADLINE EPC METRICS FROM 2027

57%
OF ESTATE MANAGERS IN SCOTLAND SAY POLICY IS A BARRIER TO UPGRADES

TOP TAKEAWAYS

01

Estates need clear portfolio strategies to avoid counter-productive, reactive decisions. Rising standards and higher rural upgrade costs mean housing can no longer be managed property by property.

02

Proactive stewardship reduces risk, protects value and widens future choices. Condition surveys, maintenance planning and early intervention help estates avoid costly surprises, phase investment and retain homes.

03

Reviewing older homes should also prompt consideration of new housing opportunities. Rural estates can use partnerships, rural exception sites and grant funding to deliver homes that support communities and estate objectives.

Policy pressure

Tightening standards across all areas of privately rented rural housing are accelerating changes

Rural estate decision-makers have faced prolonged uncertainty as governments reform the rules governing the letting and management of rural homes. That picture has sharpened in recent months, with the Renters' Rights Act receiving Royal Assent, greater clarity on energy efficiency requirements and confirmation that the Decent Homes Standard will apply to the private rented sector from 2035.

Greater clarity does not necessarily provide reassurance and, as our analysis overleaf shows, rural estates are changing how they view residential property. For some, growing regulatory and financial pressures are prompting a reassessment of housing portfolios, increasing the risk of short-term decisions that may not align with long-term estate objectives.

This Spotlight examines what these changes mean for rural homes and estates, and how owners can avoid high-regret decisions, ranging from hasty asset disposal to fragmented retrofit programmes. It shows how a clear, long-term portfolio strategy can strengthen resilience and enhance the contribution rural housing makes to communities and national heritage.

> A clear, long-term portfolio strategy can strengthen resilience and enhance the contribution rural housing makes to communities and national heritage

A timeline of policy changes

The private rented sector (PRS) faces lasting change across all devolved nations. Although the extended timeline allows landlords to prepare, it can make reform seem piecemeal rather than fundamental. Landlords therefore need a coherent, long-term strategy.

APR 2020

IN FORCE

EPC rating* of E for domestic PRS property

Domestic PRS homes cannot be let, or continue to be let, below EPC rating of E unless a valid exemption applies.

DEC 2022

IN FORCE

Renting Homes and Fitness for Human Habitation regime

Landlords must keep rented homes repaired, fit for habitation and compliant with alarm, electrical testing and housing hazard requirements.

NOV 2025

PHASED

Housing (Scotland) Act 2025

The Act creates the framework for rent controls, stronger tenant protections and housing standards reform.

APR 2026

IN FORCE

Rent control evidence powers

Local authorities began assessing local rent conditions, with powers to request information from landlords and tenants to inform decisions on rent control areas.

MAY 2026

IN FORCE

Renters' Rights Act tenancy reform

Section 21 was abolished and assured tenancies moved to a periodic model, with revised possession grounds and new rules on rent increases, bidding and tenant rights.

JUN 2026

IN FORCE

Updated HHSRS framework

HHSRS was updated, reducing hazards from 29 to 21 and introducing new guidance. HHSRS will underpin the future Decent Homes Standard.

OCT 2026

CONFIRMED

Awaab's Law to apply to the PRS

Scottish Awaab's Law duties require landlords to investigate damp and mould concerns and start repairs within set timescales, supported by guidance.

DEC 2026

CONFIRMED

PRS Database and Landlord Ombudsman

Later Renters' Rights Act phases introduce a landlord ombudsman and PRS database, increasing complaint routes, transparency and compliance duties.

MAY 2027

CONFIRMED

First rent condition assessments due

Local authorities must submit their first rent condition reports by 31 May 2027, helping determine whether rent control areas are designated.

H2 2027

DELAYED

New EPC metrics and HEM introduced

Domestic EPC reform is moving from a single headline rating to multiple metrics, supported by the HEM. Delivery has been delayed to the second half of 2027.

2028

PROPOSED

Proposed PRS energy standard

Scottish proposals require new PRS tenancies to meet HRR Band C from 2028, where possible. Implementation depends on HEM and EPC reform.

OCT 2029

CONFIRMED

Existing EPC recognition cut-off

PRS homes with a compliant EPC issued before 1 October 2029 can be treated as compliant with the future standard until that certificate expires.

OCT 2030

CONFIRMED

EPC rating of C for domestic property

Domestic PRS homes will need to meet the equivalent of an EPC C rating using a dual-metric approach, with fabric performance first, landlord choice on a second metric and a £10,000 cost cap.

UNCERTAIN

CONFIRMED

Awaab's Law extended to the PRS

Government has committed to extending Awaab's Law to private rented homes, the timing and specific requirements remain subject to consultation.

2033

PROPOSED

Proposed PRS backstop

Scottish proposals would extend HRR Band C to all PRS homes by 2033, where possible, with exemptions, cost caps and enforcement still to be finalised.

OCT 2035

CONFIRMED

Decent Homes Standard for PRS

The new standard will apply to private rented homes, setting an enforceable baseline for serious hazards, repair, core facilities, thermal comfort and damp and mould.

Acronyms defined

EPC	Energy Performance Certificate	**HEM**	Home Energy Model
EER	Energy Efficiency Rating	**HRR**	Heat Retention Rating
MEES	Minimum Energy Efficiency Standard	**HHSRS**	Housing Health and Safety Rating System

***The term 'EPC rating' is used throughout the document as it is more widely recognised, although the rating referred to is the EPC's Energy Efficiency Rating.**

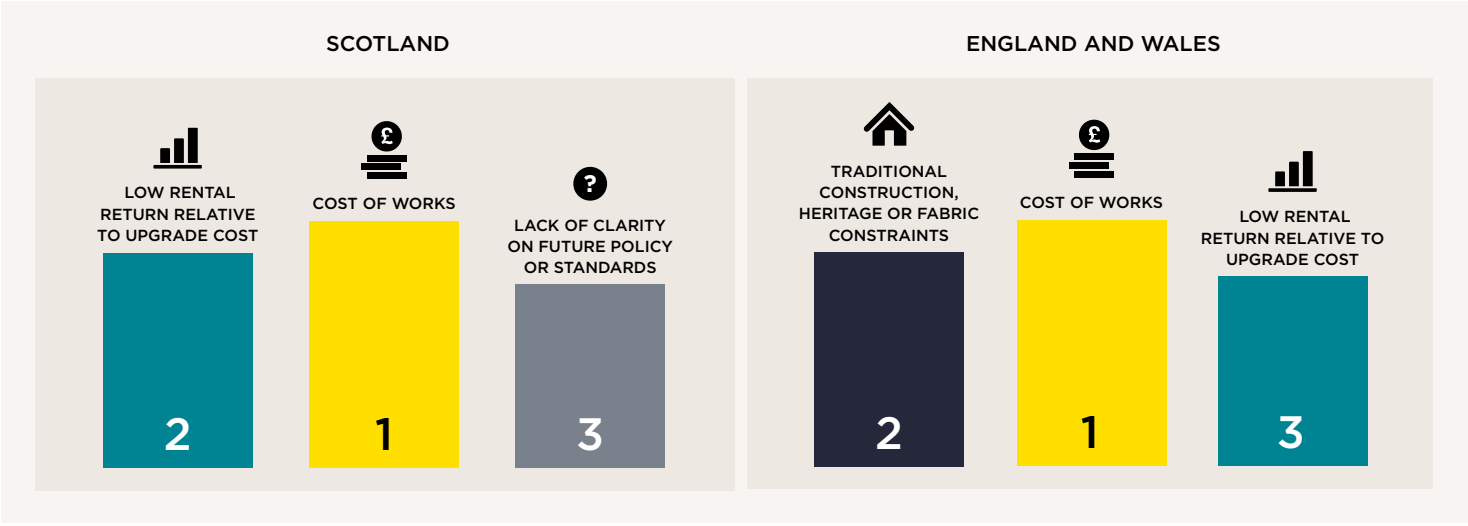
The cost of uncertainty

The Scottish Government has proposed a future standard based on reformed EPCs, requiring homes to reach HRR band C as far as is possible. The new HRR is intended to measure how well the property retains heat, rather than relying only on the current cost-based EER. The original proposal was for the standard to apply to new tenancies from 2028 and all PRS homes by 2033. However, EPC reform has been delayed because of UK-wide delays to the HEM, so the current Scottish EPC system remains in place until further notice and the future regulations, dates, exemptions and enforcement details remain unconfirmed.

This uncertainty is reflected in a Savills Research survey of estate managers (Figure 1). When asked, "what are the main barriers to improving the energy performance of these properties?", respondents most often cited financial viability: 77% identified the cost of works as a key barrier and 61% pointed to low rental returns relative to upgrade costs.

With no domestic PRS minimum standard currently in force, and future HRR-based standards still delayed, 57% of respondents in Scotland cited a lack of clarity on future policy or standards, compared with 30% in England and Wales (Figure 1). Survey comments reflected this, mentioning that MEES standards have been under review for several years and some respondents fear "the goalposts may be moved".

FIGURE 1: WHAT ESTATE MANAGERS IN ENGLAND, WALES AND SCOTLAND CONSIDER TO BE THE MAIN BARRIERS TO IMPROVING THE ENERGY PERFORMANCE OF DOMESTIC PROPERTIES**



****Each respondent could choose up to three options**
Source: Savills Research

KEY STATS

10%
OF RURAL PROPERTIES ARE GRADED F OR G

£24,200
THE AVERAGE RURAL HOME COMPLIANCE COST

67%
OF RURAL HOMES LACK A GAS CONNECTION

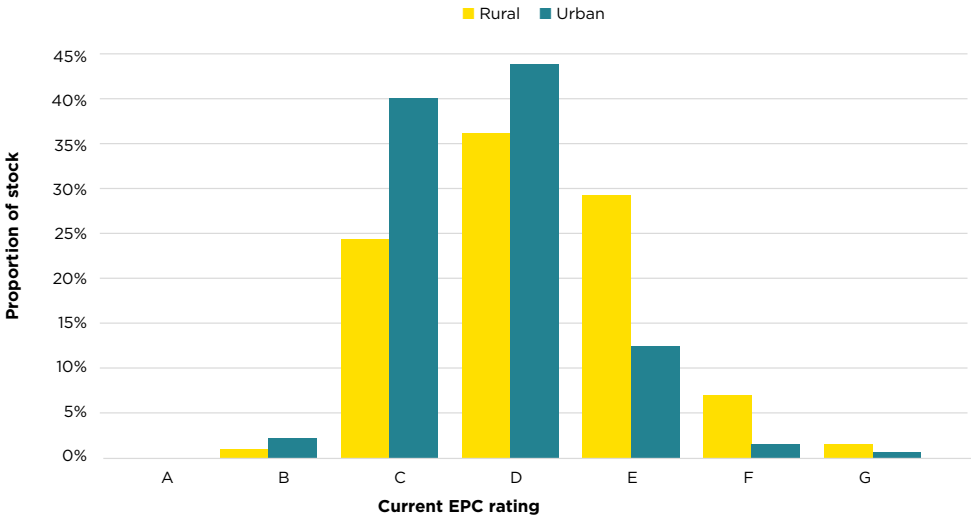
£10,000
SPEND REQUIRED TO REGISTER A COST CAP EXEMPTION

Why rural pays more

Savills analysis shows a tougher, costlier path to compliance for rural housing

60% of the EPC certificates analysed by Savills Research fell below an EPC rating of C under the current metrics with 75% of rural houses being below a C, compared with 58% of urban homes. Achieving compliance with the new standard will be no easy task for rural landlords, particularly as rural homes are also more likely to be further away from compliance (Figure 2). 10% of rural properties analysed are graded F or G, compared to 2% in urban areas.

FIGURE 2: COMPARING THE DISTRIBUTION OF EPC RATINGS BETWEEN RURAL AND URBAN AREAS



Source: Savills Research and MHCLG

> Rural landlords should act early to understand the scale of exposure across their portfolios

How the analysis was conducted

Savills Research analysed more than three million valid EPC certificates (2016 to present) from England and Wales*, which were specifically from PRS houses. Of those, 13% were from regions deemed rural under the Office for National Statistics Rural- Urban Classification.

Each of these certificates provides a current EER and a potential EER, with the potential EER being the grade that would likely be achieved after improvements suggested by the EPC are made. For each of these improvements, an estimated maximum and minimum cost to make the improvement is provided. Within the analysis, Savills Research took the mid-point of these two cost points when determining the investment necessary for each property to reach its potential EER.

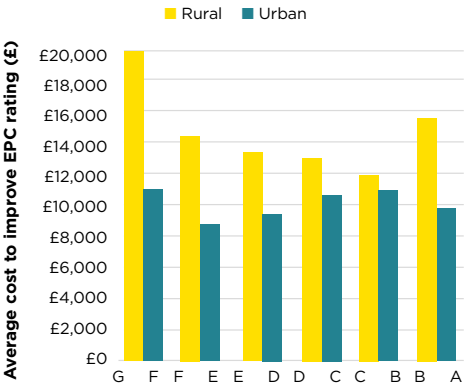
*Due to the formatting of Scottish EPC data, analysis of potential costs was not possible.

The cost of improving an EPC rating increases with the size of the rating gap. While moving from EPC D to C may require only a small number of upgrades, moving from G to C typically involves multiple measures, such as insulation, heating system improvements and renewable technologies. Across all properties analysed, the average cost of improving from D to C was £10,800, compared with £22,500 for improving from G to C.

Costs were consistently higher for rural properties. The average cost of improving from D to C was £13,000 in rural areas, compared with £10,600 in urban areas. For properties improving from G to C, the gap was more pronounced, with average costs of £33,600 in rural areas and £16,300 in urban areas.

Across all non-compliant properties, the average rural cost to achieve compliance is £24,200, compared with £15,300 for urban property. Part of this reflects the characteristics of rural stock, which is often older, more dispersed and harder to improve through simple, standardised measures (Figure 3). For example, our analysis of rural housing found 67% did not have mains gas.

FIGURE 3: COMPARING THE COST OF ACHIEVING HIGHER EPC RATINGS BETWEEN URBAN AND RURAL AREAS



Source: Savills Research and MHCLG

£5,400

THE UPGRADE COST PREMIUM FOR RURAL HOMES THAT CANNOT BE EXPLAINED BY POORER INITIAL RATINGS

If the distribution of EPC ratings within rural homes was adjusted to match that of urban properties, the average rural cost would fall to £20,700. This suggests that 39% of the gap, or £3,500, reflects rural homes being more concentrated in poorer EPC bands. The remaining £5,400, or 61%, is a cost effect, indicating that rural properties are more expensive to upgrade even when compared with homes starting from the same EPC rating.

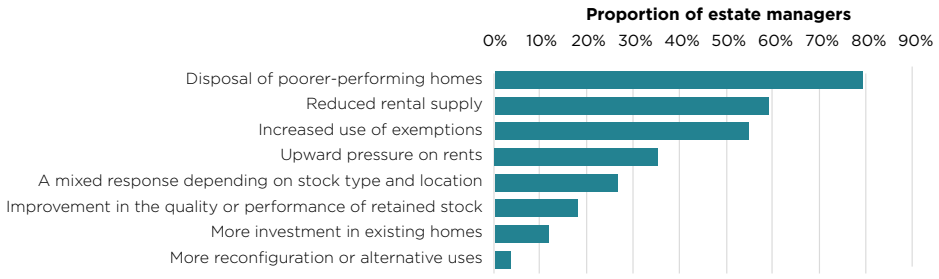
Scaled nationally, the rural premium becomes significant. Savills Research estimates that bringing all known non-compliant PRS houses in England and Wales up to standard could cost £27.8 billion in the likely scenario, rising to £37.3 billion in a worst case. The likely scenario uses the midpoint of estimated costs for each suggested improvement measure on an EPC, while the worst-case scenario uses the upper estimate for each measure. Rural homes account for 15.8% of the non-compliant PRS houses analysed, but 22.9% of the likely national bill. That equates to a rural upgrade bill of £6.4 billion in the likely scenario, rising to £8.2 billion in the worst case.

Rural landlords should therefore act early to understand the scale of exposure across their portfolios, identify where improvement is technically and financially viable, and secure available funding where possible, including through schemes such as the Boiler Upgrade Scheme.

The impact of changes

Changes to MEES, particularly the move towards a higher standard equivalent to EPC rating of C, will raise the compliance bar and disproportionately affect rural properties. In a Savills Research survey, estate managers were asked "what is the most likely overall effect of tighter MEES requirements on rural housing?", 79% predicted the disposal of poorer-performing homes. Only 12% foresaw more investment in existing homes (Figure 4).

FIGURE 4: WHAT ESTATE MANAGERS ACROSS THE UK BELIEVE WILL BE THE MOST LIKELY EFFECTS OF TIGHTER MEES REQUIREMENTS ON RURAL HOUSING**



****Each respondent could choose up to three options.**
Source: Savills Research

Other reforms will add to the compliance burden for rural estates, including the Renters' Rights Act, the expected extension of the Decent Homes Standard to the PRS, and wider pressure around property condition, safety and tenant standards. These changes mean rural housing is likely to become more demanding to manage, particularly where older, dispersed or lower-return homes already face higher upgrade costs.

But regulation is only part of the story. The introduction of HEM and multi-metric EPCs will fundamentally change how homes are assessed. Here, uncertainty remains. How will the introduction of HEM and the multi-metric EPC affect the rating of properties? Will there be broad equivalence, or a universal downgrade?

The answer is not yet clear, but some change is likely. Even now, a new-build home initially assessed under the Standard Assessment Procedure (SAP) can receive a different EPC when later assessed under the Reduced Data Standard Assessment Procedure (RdSAP), as assumptions replace some measured data despite no physical change to the property.

This will make evidence important. Homes with good records of upgrades, construction details and specification may be assessed more accurately, while homes with poorly evidenced historic works may remain vulnerable to default assumptions.

The new multi-metric EPC system, supported by HEM's more data-led approach, may expose weaknesses previously hidden by a single EER score, but it should also show whether the main issue is fabric, heating, energy flexibility or cost, giving landlords clearer choices and more flexibility in how they respond.

There are some crumbs of comfort in the new exemption regime. Although the cost-cap exemption rises from £3,500 to £10,000, it will last 10 years and qualifying spend since October 2025 will count towards the cap. The proposed regime also adds a clearer solid wall insulation exemption, allowing landlords to decline it in certain circumstances.

KEY STATS

79%
OF RESPONDENTS EXPECT THE SALE OF POORER-PERFORMING RURAL HOMES

38%
OF GROSS RURAL ESTATE INCOME FROM RESIDENTIAL IN 2024/25

29%
RISE IN REPOSSESSION TIMES SINCE COVID-19

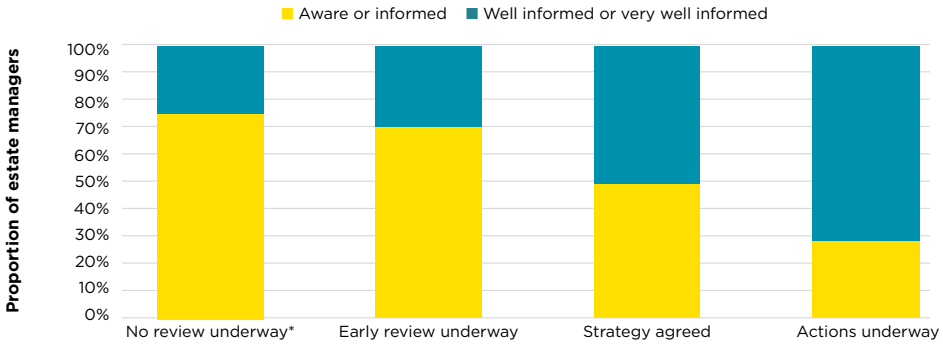
4
STEPS TO FORMING A RENTAL PORTFOLIO STRATEGY

Moving from policy pressure to portfolio strategy

Taking time to understand change can support long-term estate resilience

The Savills Research survey of rural estate managers suggests that estates engaging with incoming regulatory change are more likely to have begun strategic planning in response (Figure 5). Respondents reporting a stronger understanding of future requirements were less concentrated in the initial review stage and more likely to have developed a strategy or started implementation. While every estate faces different challenges, the findings reinforce the value of taking time to review options and develop a long-term approach rather than making reactive decisions in response to change.

FIGURE 5: UNDERSTANDING FUTURE CHANGE MAY SUPPORT MORE STRATEGIC RESPONSES TO ESTATE HOUSING CHALLENGES



*Small sample size
Source: Savills Research

Making an informed decision

Disposal will remain an option for some estates, with 79% of respondents expecting tighter requirements to drive sales of poorer-performing rural homes. However, on average residential accounted for 38% of gross rural estate income in 2024/25, according to Savills Rural Performance Reporting. Decisions driven by regulatory pressure rather than long-term strategy may result in value erosion through poorly timed or unstructured disposal.

> “Decisions driven by regulatory pressure rather than long-term strategy may result in value erosion through poorly timed or unstructured disposal

How to build a strategy

STEP 1

Set the estate's decision lens

Before assessing individual properties, estates should define their strategic priorities, whether financial, operational, social, environmental or heritage related. There are many factors influencing a rural estate's decision-making, for example, a low-return cottage may still be retained if it is essential staff housing, or a cottage near to the principal house may not be sold for privacy reasons.

STEP 2

Gather information

Each property should be assessed as both a building and an estate asset. Alongside EPC performance, this includes condition, repair liability, retrofit potential, tenancy, income, value and regulatory risk. Its wider contribution to staffing, operations, community needs, heritage objectives and long-term control should also be considered.

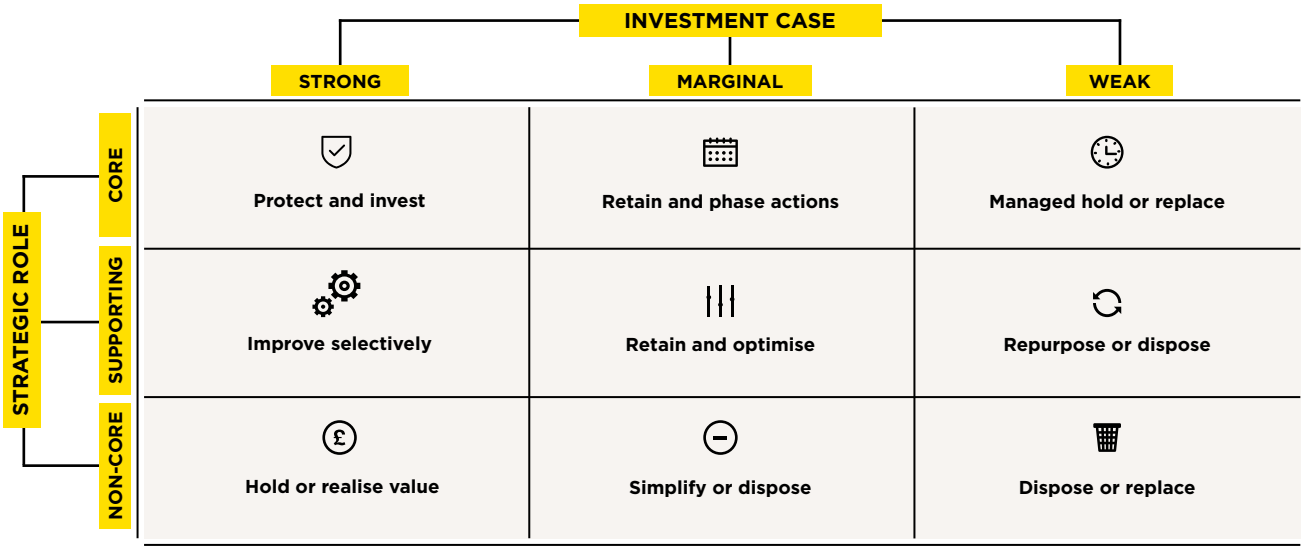
STEP 3

Use a strategic matrix

Properties can then be assessed against two factors: strategic role and investment case.

Strategic role:
Core: essential to the estate.
Supporting: beneficial, but not essential.
Non-core: peripheral to the estate's future direction.

Investment case: This should consider cost, returns, feasibility, repairs, capital value, funding, compliance risk and opportunity cost. While wider estate objectives may justify longer payback periods, the investment case must be credible. Together these assessments provide a clear strategic decision for each property.



STEP 4

Turn decisions into actions

The matrix should be translated into a phased portfolio plan, identifying priorities, intervention points and key triggers such as EPC expiry, tenancy changes, major repairs or grant opportunities.

The aim is to move from reactive compliance to proactive portfolio management, enabling estates to prioritise investment, repurpose or dispose of assets where appropriate, and strengthen both portfolio resilience and long-term value.

Managing rural tenancies proactively

The Renters' Rights Act places greater emphasis on evidence, process and communication

With Section 21 removed in England, landlords seeking possession must rely on the relevant statutory grounds and demonstrate that requirements have been met. For rural estates, this makes it increasingly important to identify issues early and manage them effectively.

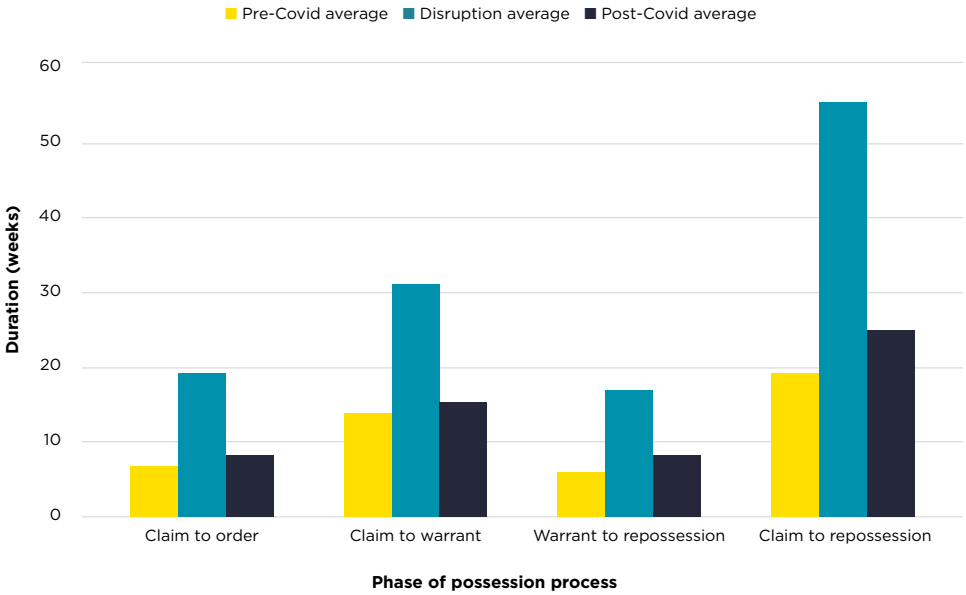
Act before issues escalate

Rent reviews, inspections, repairs and occupier communication are most effective when managed as part of a coordinated process. A single inspection can update property records, identify maintenance needs, support a rent review and provide an opportunity to discuss concerns.

The cost of escalation

Where possession is necessary, estates must follow the correct process and proceedings can be lengthy. Average quarterly median claim-to-repossession times were 29% longer in the post-Covid-19 period than before Covid-19. The greatest increase occurred between warrant and repossession, where the duration was 38% longer (Figure 6). Prolonged proceedings absorb management time and strain occupier relationships, reinforcing the case for addressing manageable issues earlier.

FIGURE 6: AVERAGE MEDIAN DURATION BETWEEN STAGES OF THE LANDLORD POSSESSION PROCESS IN ENGLAND AND WALES



Methodology: Pre-Covid-19 covers Q1 2015 to Q1 2020; the Covid-19 disruption period covers Q2 2020 to Q4 2021; and post-Covid-19 covers Q1 2022 to Q2 2026. Quarters recorded as zero have been excluded from the Covid-19 disruption-period averages.
Source: Ministry of Justice and Savills Research

Use information more effectively

Estates should maintain comprehensive and up-to-date records for each let property, including its size, condition, services, heating system, energy performance, external areas and repair history. Photographs, measurements and inspection notes should be updated regularly rather than collected only when issues arise. Viewed across a portfolio, these records can highlight recurring defects, identify homes requiring repeated intervention and show where planned investment could improve living conditions and reduce reactive expenditure.

Make decisions that can be explained

Sound decisions combine property knowledge, credible market evidence and professional judgement. For rent reviews, estates should prioritise agreed rather than advertised rents and record why each property is relevant. Rural homes are rarely uniform, and local evidence may be limited. It may be necessary to widen the search area or adjust for differences, but the reasoning should be clear. Evidence should inform the decision, not be assembled afterwards to justify it. Preparing well in advance of a proposed rent change allows time to inspect the property, gather market evidence, address repairs and engage with occupiers before the statutory process starts. This proactive approach preserves options and allows problems to be managed before they become more disruptive or expensive.

Communicate early and often

Formal notices should not be the first indication that action is being considered. Early conversation allows the estate to explain the process, understand concerns and correct misunderstandings.

Where an issue cannot be resolved immediately, occupiers should know what happens next, who is responsible and when to expect an update. Repairs should be acknowledged and actively managed. Even a well-supported decision may be difficult to communicate if earlier concerns appear overlooked.

Maintain a clear audit trail

Good records should clearly demonstrate the evidence considered, how decisions were reached, what was communicated and the actions taken. Standardised reporting and clearly defined responsibilities help ensure consistency and reduce the risk of issues remaining unresolved between owners, managers and advisers.

Proactive management is not simply about avoiding disputes. By integrating property information, maintenance planning, market evidence and occupier communication, estates can improve housing standards, allocate budgets more effectively and deliver an improved occupier experience. A stronger position in the event of a challenge is important, but the primary objective of good management should be that no challenge needs to be raised at all.

KEY STATS

1,462
NUMBER OF HERITAGE BUILDINGS AT RISK IN 2025

41
HERITAGE BUILDINGS PRESERVED IN 2025

92%
OF EXTERNAL WALL INSULATION DEEMED NON-COMPLIANT

670,000
HOMES COULD BE CREATED FROM HISTORIC BUILDINGS

Protecting what cannot be replaced

To survive, historic buildings need planned stewardship, careful intervention and a viable future use

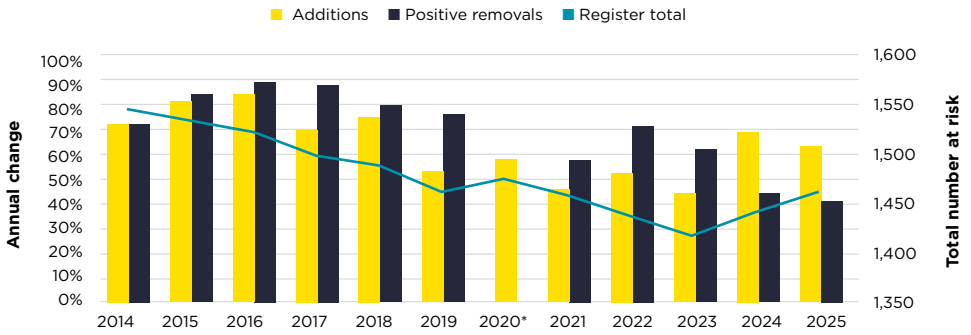
Many rural estates have existed for centuries and contain buildings that have stood for just as long. Their value is not only architectural or financial. They hold layers of craftsmanship, memory and local identity that cannot simply be rebuilt if lost. It is therefore essential that they be given special consideration within the wider strategy.

Historic England's Heritage at Risk Register shows that risk need not be permanent (Figure 7). Buildings are added each year, but others are removed following repair, reuse and proactive stewardship. Between 2014 and 2025, buildings and structures on the Register fell from 1,545 to 1,462, after reaching a low of 1,418 in 2023.

New standards will put more pressure on heritage buildings. Protected buildings will no longer be automatically exempt from EPC requirements, although the government has committed to tailoring EPC recommendations for heritage properties and retaining MEES exemptions where listed building consent is refused. In Scotland, listed and historic buildings are not automatically exempt from needing an EPC.

This makes a careful, building-specific approach essential. Ofgem audits of the Energy Company Obligation phase 4 and the Great British Insulation Scheme solid wall insulation installations found major technical non-compliance in 92% of external wall insulation cases and 27% of internal wall insulation cases, showing the risk of treating retrofit as a simple compliance exercise.

FIGURE 7: BUILDINGS AND STRUCTURES IN HISTORIC ENGLAND'S HERITAGE AT RISK REGISTER



*Data unavailable for 2020 positive removals.
Source: Historic England and Savills Research

Taking a considered approach: Gargunnock House

Stewardship needs to be integrated into estate strategy. Condition surveys, planned maintenance and conservation-led decisions help owners identify problems early, phase spending and protect significance, whilst at the same time complying with both UK legislation and best practice as published by statutory bodies. Gargunnock House began life as a 16th century tower house near Stirling, Scotland. Over the following two centuries, the house evolved through a series of additions and alterations, concluding with the grand Georgian frontage in 1794. Today, Gargunnock House is designated a Category A listed building by Historic Environment Scotland in recognition of its outstanding architectural and historic significance.

The last family member to own and reside at the estate was Miss Viola Stirling. On her death in 1989 she bequeathed Gargunnock House to trustees, expressing a wish that the house be "preserved and administered to exemplify and perpetuate the tradition of Scottish country life".

In April 2026, the Trustees commissioned the Savills Architecture and Building Surveying team, supported by Savills Heritage Consultancy, to undertake a building condition survey alongside a five-year planned preventive maintenance report.

The objective was to provide the Trustees with a robust understanding of their maintenance requirements and anticipated expenditure over the next five years. As the property is often let by the Landmark Trust to parties of up to 16 guests, proper maintenance and upkeep is essential to its ongoing function.

The survey identified active timber decay and beetle attack within the main roof structure, of which the Trustees had been unaware. Had this beetle attack continued, the potential consequences could include more widespread infestation, loss of structural strength, increased roof movement and more extensive and costly repairs.

The external lime render was also found to be approaching the end of its serviceable life. To help the client's planning and budgeting, as part of the commission, the anticipated cost of replacement within the next five-year period was forecast.

Savills carefully planned these and other external fabric repairs to make the most cost-effective use of scaffold access. Roof works, window repairs, render replacement, redecoration and rainwater goods repairs were all forecast within the same year, maximising value from a single scaffold installation and reducing the overall access costs. This coordinated approach also helped prioritise the five-year programme and reduce duplication of access costs.

Gargunnock House is unique in its history and development, and is representative of the wider value of historic country houses and the contribution they make to the cultural landscape. Buildings such as Gargunnock House hold generations of craftsmanship, local knowledge, and rural tradition that cannot be recreated once lost. Their preservation is therefore not only about conserving historic fabric, but also about safeguarding the cultural identity, history and sense of place for future generations.

Recognising this significance, Savills adopted a sensitive conservation-led approach throughout the survey process. Central to this approach was the principle of minimum intervention. Wherever repair or remedial work was required, recommendations encouraged the retention of historic fabric and sought to limit intervention to the minimum necessary to ensure the building's stability, usability and longevity.

SAVILLS INSIGHT

MICHAEL WRIGHT, DIRECTOR, HERITAGE BUILDING SURVEYOR, SAVILLS

This project demonstrates the value of proactive stewardship. By identifying issues early and establishing a clear maintenance strategy, the long-term future of heritage properties, which form an irreplaceable part of our national cultural identity, can be preserved through informed and sensitive intervention.

Protected by purpose

Protecting heritage is not about freezing buildings in time but ensuring they remain occupied, valued and economically active, an approach increasingly recognised in national heritage debate. Historic England's Heritage Works for Creative Businesses argues that reuse can give historic buildings space for cultural and creative industries, helping places "live on and be loved for longer". Housing is another route. The Culture, Media and Sport Committee has called for a "reuse first" approach, citing Historic England's estimate that up to 670,000 homes could come from vacant or under-used historic buildings. Scotland's new Guide to Conversion of Traditional Buildings also promotes the safe adaptation of historic properties for modern uses while addressing fire safety, accessibility and energy efficiency requirements.

KEY STATS

25
AUTHORITIES THAT USED RURAL EXCEPTION SITES IN 2021-22

546
AFFORDABLE HOMES BUILT IN 2021-2022 THROUGH RURAL EXCEPTION SITES

394
HOMES DELIVERED UNDER THE RURAL AND ISLANDS HOUSING FUND AS OF MARCH 2026

£37
MILLION BUDGET FOR THE RURAL AND ISLANDS HOUSING FUND

The next generation of rural homes

New homes are essential to the future of rural estates and local communities

Estates can help deliver new rural homes by combining land ownership with long-term stewardship, local knowledge and community relationships. Grants, community-led housing and partnerships can reduce risk, improve viability and support delivery.

Talking to... Laura Atkinson from the Rural Community Council of Essex
In this Q&A, Laura explains how Rural Housing Enablers help landowners turn local housing need into long-term affordable homes. Laura is a Senior Rural Housing Enabler at the Rural Community Council of Essex (RCCE), part of the wider Action with Communities in Rural England Rural Housing Enabler Network.

Mounsdon Lodges, High Easter parish in Uttlesford, Essex.
Delivered by Hastoe Housing Association with the support of RCCE.
Photographer: Paul Starr

Q **How does a Rural Housing Enabler help overcome barriers to delivering genuinely affordable housing in rural areas?**

A A Rural Housing Enabler provides a trusted point of contact between communities, landowners, housing associations and local authorities. We listen to local people, identify genuine housing need within a village, and help find suitable opportunities and delivery routes such as Rural Exception Sites. A Rural Exception Site is land released specifically to provide affordable homes for local people in rural communities.

Q **How is a rural affordable housing scheme different from bringing forward a conventional housing site?**

A Rural affordable housing schemes are driven by local need rather than market demand. Rural Exception Sites are designed to deliver affordable homes for local people who might otherwise be priced out of their communities, often through small-scale developments that integrate with existing villages and create lasting social impact.

These schemes need clear evidence of local housing need, local eligibility criteria and long-term affordability arrangements. That can make them more specialist, but helps deliver targeted outcomes, such as enabling younger families to stay in the village or older residents to downsize locally.

Q **Many landowners support the principle of affordable housing, but worry about viability. What would you say to them?**

A Those concerns are completely understandable, but affordable housing can offer financial as well as social value. It can bring forward sites that may not suit conventional development, while benefiting from a relatively straightforward delivery model through partnership with an experienced housing association, dedicated policy routes and funding opportunities that improve viability and reduce risk. Beyond the practical and financial considerations, supporting rural affordable housing is a natural extension of long-term stewardship. For many, the greatest benefit is knowing they have helped create a sustainable future for the community and leaving a positive legacy for generations to come.

Q **For a landowner interested in supporting affordable rural housing, what are the first steps?**

A The first step is simply to start the conversation. Landowners do not have to navigate the process alone; organisations such as RCCE can help assess local housing need and whether land could be suitable. An up-to-date housing needs survey is a useful starting point, providing evidence of the scale and type of homes required. From there, we can explore options, assess feasibility and shape proposals around local priorities.

Q **How do these schemes make sure the homes benefit local people now and in the future?**

A Homes are usually allocated through local connection criteria secured in the s106, meaning priority is given to people who live in the parish, work locally or have close family ties to the area. A Section 106 (s106) is a legal planning agreement between a developer and the local authority. They remain affordable in perpetuity, ensuring future generations can benefit in the same way as current residents. This long-term protection is one of the key strengths of the rural exception site model. When local people can continue to live where they have roots, communities retain their schools, businesses, services and social networks. At its heart, rural affordable housing helps communities remain vibrant, resilient and connected.

Scotland: The Rural and Islands Housing Fund

While Rural Exception Sites provide one route to new rural homes in England, similar challenges exist across the UK. In Scotland, the Rural and Islands Housing Fund (RIHF) helps bridge the viability gap through grant funding. The RIHF supports affordable rural housing through two funds: a main fund for new homes or refurbishing empty properties, and a smaller fund for feasibility studies.

Five things to know about Scotland's Rural and Islands Housing Fund

01 Feasibility study grants are up to £20,000 to help pay for initial study and planning costs; however, many projects proceed directly to the main capital fund without applying at this stage.

02 The housing grants range from around £102,000 to £117,000 per home, with "add-ons" for items such as electric vehicle charging points and energy efficiency measures.

03 The grants vary according to the geographical location, property size and whether it is for new-build or a refurbishment. They are higher in remote rural areas.

04 Grant-funded homes must remain affordable in perpetuity, although this restriction can be released if the grant is repaid. The repayment amount is not index-linked.

05 The Fund has a £37 million budget and has been extended to run until 2028.

SAVILLS INSIGHT

DEBBIE MACKAY, DIRECTOR, SAVILLS PLANNING

The Rural and Islands Housing Fund has been a game changer for communities and landowners. By providing grants to build or refurbish homes for affordable and mid-market rent, it reaches places where housing associations and local authorities can struggle to operate because of limited scale. Even a small group of homes in rural and remote areas can have a transformational impact on communities, families, businesses and local services.

SAVILLS INSIGHT

HUGH CAMPBELL ADAMSON, STRACATHRO ESTATE

At Stracathro Gate in Angus, six new affordable family homes were part-funded by the RIHF, helping to save the local primary school. Stracathro Estate's owner, Hugh Campbell Adamson said "I would really encourage people to apply for this grant. The Rural and Islands Housing Fund was incredibly helpful. Although it's quite a time-consuming process, providing much needed homes for local people and bringing new people to the area to enjoy rural life and sustain our communities has been immensely rewarding."

> At its heart, rural affordable housing helps communities remain vibrant, resilient and connected

What's next

Think beyond the next deadline. Long-term policy shifts mean rural housing faces ongoing, rising scrutiny.

Turn evidence into decisions. Use audits, condition surveys and financial appraisal to formulate a comprehensive strategy.

Use change to strengthen the estate. With strategy, rural estates can protect value, support communities and preserve important buildings for future generations.

Savills Research

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