



# Spatial Economics Research Centre

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## Rural Living Costs

The Commission for Rural Communities [report on rural living costs](#) has received wide coverage today. According to the report you need 10-20% more afford a minimum standard of living in the countryside.

It's interesting to see where those differences come from. The report assumes that people (non-pensioners) in rural areas have to have at least one car (two if both people are working age). Because the stock of housing is different in rural areas a couple with two children, get a three bedroom semi-detached house (rather than terraced); while a single working age adult gets a two bedroom house (their urban equivalent gets a one bedroom flat). However, the fact that you get a bigger house doesn't enter in to the cost calculation, while the fact that it costs more to heat bigger houses does. Because these places have gardens, rural people need more money to look after those gardens. They also need wellies.

So, if I understand the report correctly, it costs more to have a car, heat a bigger house and look after a garden (including the need for appropriate footwear). For rural people all these things are considered requirements for the minimum standard of living, while for the urban poor they are not.

Not only do I find it odd not to compare like with like, but these kind of calculations also seem to imply there are no amenity values to these things which compensate for the costs. A useful thought experiment - how many urban poor would be willing to give up 10% of their income (around £1,400) to have a car, and a house with a garden? Of course, in reality, they can't do this because it would cost much more to have these things in urban places (particularly the house and garden). Of course, all of this ignores the fact that (some) rural areas deliver other amenity benefits that make people willing to buy expensive houses to benefit from them.

For these reasons, I don't see how these minimum income standards provide an accurate picture about differences in the quality of life between urban and rural poor, even though I am sure they will be interpreted as such.

Posted by [Prof Henry G. Overman](#) on [Tuesday, November 23, 2010](#)

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