

# rural housing guide

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## ENABLING RURAL HOUSING DEVELOPMENT

This guide is a series of factsheets that sets out the pathway to enable affordable rural housing development, it offers guidance about the finance, who can and should be involved and who is allocated affordable rural homes.



Woodhouse Eaves

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## Factsheet 1: Introduction

The focus of the Rural Housing Guide is to provide clear concise information for those who believe there is a need for affordable rural housing development within their Local Community.

The Guide has been developed to ensure that there is development of affordable rural housing within the Borough.

Charnwood has 34 Parishes in the Borough. Property within Village and Parishes in the Borough can be expensive. This often means that young couples and families may be forced to move away elsewhere in search of more affordable housing. This can have a detrimental effect on the balance and sustainability of the Local Community. Through the provision of affordable housing in rural locations the Council can help local people to remain in the Village or Parish where they have strong family or employment ties.

Providing affordable housing is a high priority for the Council. The Council are encouraging the increase of affordable housing in rural communities by commissioning 12 Housing Needs Surveys in the past 5 years, although to date no sites have been identified or taken forward.

The process of developing affordable housing can seem daunting from identifying an appropriate site, to seeking planning permission, agreeing on the appropriate mix of tenure, establishing a legal agreement and securing finance.

The Guide aims to:

Motivate and encourage Parish Councils, Landowners and Local Communities who want to get involved in affordable housing by setting out some of the options available and the steps that need to be taken in order to deliver a successful local needs affordable rural housing scheme.

The overall aim of the Guide is to:

- Ensure delivery of high quality affordable rural housing.
- Support and enable Charnwood's rural economy through growth in rural areas.
- Raise awareness and understanding amongst Rural Communities about how to enable housing for local people in rural areas.
- Develop consistent, proportional and efficient approaches to the delivery of affordable rural housing.
- Share good practice and develop innovative ways to enable continued development.

## Factsheet 2: What is Affordable Housing

The term affordable housing is widely used to refer to different housing tenures that are available to people who could not afford market housing, whether to rent or to buy.

Eligibility is determined with regard to local incomes and local housing prices. Affordable Housing should include provisions to remain at an affordable price for future eligible households.

### The National Planning Policy Framework (NPPF) defines Affordable Housing as:

Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and or is for essential local workers); and which complies with one or more of the following definitions:

#### Affordable Housing for Rent

Meets all of the following conditions: (a) the rent is set in accordance with the Government's Rent Policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including Service Charges where applicable); (b) the Landlord is a Registered Provider (formerly known as Housing Associations), except where it is included as part of a Build to Rent scheme (in which case the Landlord need not be a Registered Provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).

#### Starter Homes

As specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a Starter Home should reflect the meaning set out in statute and any such secondary legislation at the time of plan preparation or decision making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a Starter Home to those with a particular maximum level of household income, those restrictions should be used.

## Discounted Market Sales Housing

That sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.

## Other Affordable routes to Home Ownership

Housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes Shared Ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and Rent to Buy (which includes a period of intermediate rent).

Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households. Any receipts are to be recycled for alternative affordable housing provision or refunded to Government or the relevant authority specified in the funding agreement.



Affordable Housing Shepshed



## Factsheet 3: Who can help enable delivery

### The Council

The Council is keen to respond positively to the needs of Local Communities.

Where, as a result of up to date and well supported Housing Needs Survey, it is considered that action is required to remedy a particular shortfall of housing provision, the Council, in close liaison with the Parish Council concerned, and Registered Providers (formerly known as Housing Associations) will help to identify suitable sites and to secure funding.

- Independent Housing Needs Survey for the Parish or Parishes carried out by Midlands Rural Housing to identify a need.
- Provide local housing need information to the Parish Council from the Housing Register, and Housing Needs Survey.
- Help identify sites for development.
- Give planning advice on the proposed site layout and design of the scheme, where formal pre-application enquiries are made to the Local Planning Authority.
- Help with the selection of an appropriate affordable housing provider (Registered Provider), and give advice on their relative performance, development expertise, experience, approach to partnership working and ability to provide ongoing management and maintenance services.
- Set up legal documentation such as Section 106 Agreements, to ensure the way new homes are allocated meets local requirements.
- Advise on possible sources of funding and support the Registered Provider's bid to Homes England.

### Charnwood Planning Service

The Planning Service offers a pre-application advice service which means that a proposal can be discussed before a planning application is submitted. This does not guarantee that an application will be successful but provides experienced opinion and advice on the chances of the application being successful.

Once an application has been submitted to the Local Planning Authority, it will either be determined by the Head of Planning and Regeneration under Delegated Powers or by the Council's Plans Committee.

## The Rural Housing Enabler

A Rural Housing Enabler will work with and on behalf of rural communities to address the shortage of affordable homes within the Village or Parish. The work undertaken involves identifying the local need for housing, usually via a Housing Needs Survey of every home in the Village or Parish, and searching for development opportunities within rural communities. The Rural Housing Enabler will work in partnership with the Local Community as well as other stakeholders who have an interest in affordable rural housing development.

## The County Council

In areas such as Charnwood with both a Borough Council and a County Council, the County Council is primarily involved with new housing through its Highways Department, where it will ensure that any road access to a development meets all the necessary requirements.

## The Landowner

A crucial contributor to any project, the Landowner could be a local individual or family, a farmer, the Parish, Borough or County Council, a utility company or large estate.

## Registered Providers

Most Registered Providers (formerly known as Housing Associations) are not for profit organisations dedicated to providing affordable housing to people in need. If a Registered Provider is in receipt of a public subsidy, which the vast majority are, then legislation requires them to be registered with a Government Body, currently the Regulator of Social Housing so that service standards and the use of public money for housing can be monitored.

Regulatory requirements are in place to ensure that all Registered Providers perform to set national standards including customer service and empowerment, financial viability and value for money.

Some Registered Providers specialise in rural housing development and will have experience of providing new affordable homes in consultation with Local Communities.

## Homes England

Homes England is a Government body responsible for increasing the number of new homes that are built in England including affordable homes and homes for market sale and rent. Homes England provides public funding to Registered Providers (formerly known as Housing Associations) to deliver affordable housing, increase the supply of public land, and helps to stimulate local economic growth by using land and investment.

## The Parish Council

A Parish Council can initiate a Housing Needs Survey and have a critical role of engagement with local residents to ensure that the Local Community is involved and informed about how affordable rural housing developments are delivered. Parish Councils may be aware of potential sites for affordable rural housing developments and work closely with the Council Housing and Planning services to enable delivery where possible.

The Parish Council can apply to be designated as a Neighbourhood Area by the Council and prepare a Neighbourhood Plan in consultation with the local community. The plan can include a number of Policies which are a priority for the local area including for example affordable rural housing and it is possible to allocate sites for affordable housing as long as this is underpinned by evidence.

## Local Ward Elected Members – Ward Councillors

Local Ward Councillors who represent their local Constituents will have a key role, providing local leadership on housing, advocating the benefits of affordable rural housing and working with the Parish Council to engage with the Local Community, not just those who have an identified housing need.





View across Charnwood

## Factsheet 4: Where can Affordable Housing be built

Affordable Housing can be delivered via the following methods:

### Exception Sites

An Exception Site is an area of land where no other development except local needs housing is permissible. Due to these restrictions the value of the exception site land is normally lower than land where market housing development is permitted, helping to retain low cost viable housing development.

Usually Rural Exception Sites are small sites, solely for the provision of affordable housing and on land within or adjoining existing rural communities. Sites are identified through a sequential approach, whereby potential sites are noted and then assessed in terms of meeting the Exception Site Policy criteria and if the owner is willing to make the land available for local need housing. Affordable housing delivered through this process should meet local needs in perpetuity and count towards the overall level of housing provision.

Shared Ownership properties may be developed on an exception site, subject to a cap regarding the percentage of ownership and it will be the responsibility of the Registered Provider (formerly known as Housing Associations) to market and sell these Shared Ownership properties

Land value on restricted sites such as these does not compare to commercial sites where open market homes can be built. The land value is lower and acquiring land at a more affordable rate helps Registered Providers deliver an affordable scheme to local people.

### The Rural Exception Site Policy

Provision for the Rural Exception Sites in the Borough is provided for in the Core Strategy. The Policy allows for development of 'Rural Exception Sites' where development would not normally be acceptable outside the settlement limits to development.

Development will only be allowed where a Village or Parish or group of has identified local need for affordable housing by undertaking a Housing Needs Survey. Some market housing may be allowed to subsidise the delivery of Rural Exception Sites.

## How are the Planning Obligations Enforced

Planning obligations are enforced through a legal agreement under Section 106 of the Town and County Planning Act 1990. A Section 106 agreement is signed by the Registered Provider and the Council and ensures that the homes are kept affordable for local people in the Community. The Section 106 agreement could define the specific Local Connection criteria

A Section 106 agreement is the mechanism which makes a development proposal acceptable in planning terms. The common uses of planning obligations are to secure affordable housing, and to specify the type and timing of this housing, and to secure financial contributions to provide infrastructure or affordable housing. The planning obligation is a formal document, a deed, which states that it is an obligation for planning purposes, identifies the relevant land, the person entering the obligation and their interest and the relevant Council that would enforce the obligation.

## Housing Mix

New housing developments in rural areas may be required to provide a proportion of affordable housing in line with the Core Strategy Policy on Strategic Housing Needs. The amount of affordable housing needed in rural areas will be based on identified local need.

## Cross Subsidy

Increasingly, affordable housing providers are looking for innovative ways to fund homes and one route to emerge from national planning reform is cross subsidy. In essence this means developing both market and affordable homes at the same time, using development surpluses generated from the market homes to subsidise affordable ones to ensure that policies can be maintained to an affordable level.

If a cross subsidy model can be developed there is the opportunity to provide some market homes that can meet local demand from households within the Community who would not be considered for affordable housing. For example, elderly households who want to sell their home and downsize or young families who cannot find a smaller starter home for sale in the Village or Parish.

## Community Land Trusts

Community Land Trusts (CLT) are non-profit Community based organisations run by volunteers that develop housing, work spaces, Community facilities and other assets that help meet the needs of rural communities. The assets developed by a Community

Land Trust are owned and controlled by the Community and are made available at permanently affordable levels.

There are a number of benefits to setting up and running a CLT. Usually, the incentive is a wish to create affordable homes that are available to local people who cannot afford open market housing.

CLTs usually retain an equity share in each property, providing housing that is permanently affordable, benefitting future generations of local people. CLTs provide opportunities for self builders, mutual home ownership and co-housing schemes.

CLTs can access Government Grants and Loans to finance projects. The National Community Land Trust Network ([www.Communitylandtrusts.org.uk](http://www.Communitylandtrusts.org.uk)) provides details of the financial help currently available along with other helpful resources on setting up a CLT.

## Cooperative and Mutual Housing Schemes

A Cooperative and Mutual Housing Scheme has a Community membership where those who live in the homes developed are required to be members. That Community membership is able to democratically control the way the housing organisation operates.

No 2 Cooperative and Mutual Housing Schemes are the same. Part of what makes them successful is their ability to enable local people to develop housing in the way that is right for them.

## Factsheet 5: How is Affordable Housing Financed

To enable development of rural affordable housing, funding will usually be sought via the Government's Affordable Homes Programme. This funding will subsidise the overall housing costs and ensure that when completed the housing is affordable to those eligible to occupy them.

The lower land value which applies to Rural Exceptions Sites helps to ensure the homes are affordable to both the Registered Provider to develop the homes and to the resident to rent or own the home.

For a funding application to be successful a site must be deliverable, suitable and the Planning application needs to have been submitted. Once funding is agreed for a site the scheme must be delivered within the agreed timescales, as failure to meet deadlines may result in the loss of funding.



Woodhouse Eaves

## Factsheet 6: Eligibility and Allocation

The allocation of affordable housing in rural areas will be dependent on the Council's Allocation Policy.

### Affordable Homes on Allocated Sites

The Council may put in place a Local Lettings Policy which could give preference to those in need of affordable housing with a Local Connection to the Village or Parish.

### Affordable Homes on Exception Sites

As these homes have only been developed to meet an identified local need, priority will be given to people in need of affordable housing with a Local Connection to the Village or Parish. The actual Local Connection will be set out in the Section 106 agreement for the site.

The Council's Allocation Policy acknowledges that a number of Village or Parish housing schemes have planning restrictions in place which, in the first instance, require vacant properties to go to those home seekers with a connection to the Village or Parish.

The factors used to determine a Village or Parish connection will normally be circumstances in which the main home seeker or joint home seeker can satisfy one of the following criteria:

- Have lived in the Village or Parish for the last 5 years
- Work permanently in the Village or Parish for at least 15 hours a week
- Were born in the Village or Parish or previously lived in the Village or Parish for 10 years or more
- Have close relative who have lived in the Village or Parish for at least 5 years. Close relatives are defined as parents, children, siblings, grandparents or grandchildren
- Need to move to the Village or Parish to be close to a relative or other person in order to provide or receive significant amount of care and support.

With regard to Shared Ownership applicants are sign posted to the Help to Buy website ([www.helptobuy.org.uk](http://www.helptobuy.org.uk)) and or locally in the Village or Parish.

The Registered Provider will provide more information about criteria and eligibility.



## Factsheet 7: What can you do

Local Communities can take responsibility for instigating the delivery of Affordable Housing in rural areas, being members of an existing Community they can appreciate how a lack of affordable housing options can prevent family networks remaining and suppress the desire for local economic enterprise.

Local residents can contact the Council's Strategic and Private Sector Housing Service and ask for advice and support about how to address the housing need, to confirm that there is indeed a shortage of housing to meet the local need and how to use this information effectively.

Alternatively residents can contact their Parish Council and ask them to do this on behalf of the Community. If a Housing Needs Survey is undertaken to establish need locally, it is important for local people to take part and encourage others to do so as the level of response can greatly impact on the likelihood of development of future schemes.

Local Communities may look to Good Practice examples of how other Community Groups have worked together to enable rural housing delivery.

Parish Councils, via the Localism Act have the ability to develop Neighbourhood Plans, a plan that sets out agreed local development priorities, in consultation with local residents. These plans can identify provision of affordable rural housing and can assist with the instigation of local Housing Needs Survey work.



Wymeswold

## Factsheet 8: Frequently Asked Questions

### **Q How is affordable housing need assessed?**

*A local Housing Needs Survey will be undertaken to identify the number, size and tenure of homes that are needed in a rural Community for those people who cannot afford to rent or buy on the open market.*

### **Q Who decides who homes are let to?**

*All rented affordable housing in Charnwood is advertised on the Charnwood Choice Based Lettings website. This is a Choice Based Lettings system whereby people who are registered on the Council's Housing Register can bid (express an interest in) for a home. Bids are first assessed and the Local Connection is verified.*

*With regard to Shared Ownership applicants are sign posted to the Help to Buy website ([www.helptobuy.org.uk](http://www.helptobuy.org.uk)) and or locally in the Village or Parish.*

*The Registered Provider will provide more information about criteria and eligibility.*

### **Q What does Local Connection mean?**

*On a Rural Exception Site a Section 106 agreement will set out the Local Connection criteria. For example length of residency in the Village or Parish, employment in the Village or Parish, family connection to the Village or Parish.*

### **Q Who is responsible for looking after the homes?**

*If a property is rented the Landlord (Registered Provider) will have a Policy about repairs and maintenance, however this does not absolve a resident from taking responsibility for the upkeep of their home. Repairs for Shared Ownership properties will generally be the responsibility of the resident, with some areas such as shared and communal spaces the responsibility of the Landlord.*

### **Q What happens if there is not enough truly local people eligible to occupy all the homes built?**

*The purpose of a rural Housing Needs Survey is to understand and determine the need locally for rural housing, it is often the case that fewer homes are built than required to meet the overall housing need.*

**Q Can people end up buying these homes?**

*This is highly unlikely. Although in many Village and Parishes there are Council owned homes which are available for tenants to purchase under the original Right to Buy Scheme, it is anticipated Registered Providers will exempt rural exception housing from the Voluntary Right to Buy.*

*Tenants will instead be offered an alternative property to purchase by their Registered Provider.*

*Shared Ownership homes cannot be bought outright (the maximum share to be purchased is capped at 80% and the Registered Provider has right of refusal to buy back the home at point of sale.*

**Q How long do the schemes take to build?**

*If bringing forward an exception site the time can be variable depending on a number of factors, often finding a suitable site can take time. Schemes can be developed in 2 to 5 years on average but can take much longer.*

*With an allocated site, if there is an affordable housing quota this will be built as part of the overall development once planning permission is granted.*

**Q Who decides what the new housing will look like?**

*The scheme will be designed by the Registered Provider. There will be a consultation event, where examples of developments already built out will be available to enable local people to input into the design process prior to submitting a planning application.*

*Neighbouring properties to the site and the Parish Council will be consulted as part of the formal planning process once the planning application is submitted.*

## Factsheet 9: Glossary

Affordable Homes Programme	Homes England funded housing delivery programme
Affordable Housing	Housing which is either for sale or for rent or a combination of both at below current market values provided to specified eligible households whose needs are not met by the market. Typically, it takes the form of low cost home ownership or below market rent
Affordable Rent	A new more flexible form of tenure which enables Landlords to grant tenancies charges up to 80% of market rent (inclusive of Service Charges)
Charnwood Choice Based Lettings Scheme	The Choice Based Lettings Scheme for the allocations and letting of Council and Registered Providers housing stock in Charnwood
Exception Site	Sites used for housing delivered in perpetuity, sites that would not otherwise be permitted for development, for example they are in the Green Belt
Help to Buy	The Government's range of Shared Ownership housing schemes including part rent, part buy and shared equity schemes.
Housing Needs Survey	A survey sent to all households in order to identify and assess housing needs of people with a Local Connection
Local Connection	In the context of this Guide 'Local Connection' is the connection to the Parish and not to the Borough as a whole
Local Lettings Policy	Local Lettings Policy for the allocation and letting of homes within an agreed location.
National Network of Rural Housing Enablers	The National Network of Rural Housing Enablers is a voluntary membership group comprised of rural housing professionals in England, specifically Rural Housing Enablers and other professionals directly involved in working with rural communities to identify local housing needs and enable development of affordable housing to meet local needs.
Open Market Housing	Homes that can be purchased on the open market at full price
Registered Providers (formerly known as	All providers of social and affordable housing,

Housing Associations)	including rent and low cost home ownership options, this includes Housing Associations and Local Authorities
Right to Buy	Introduced by Act of Parliament in 1980, a statutory scheme that enables Council tenants to purchase their homes with a discount
Rural Housing Enabler	Works independently with Local Communities, Parish Councils, Local Authorities and Housing Associations. Undertakes Housing Need Survey assessments, liaises with partners throughout the process, and assists in identification of suitable sites
Section 106 Agreement	A legal agreement under Section 106 of the 1990 Town and Country Planning Act between the Council as the Planning Authority and a Developer, which ensure that certain extra works related to development are undertaken. They tend to be used to support the provision of services and infrastructure, such as highways, recreational facilities, education, health and affordable housing
Shared Equity	Scheme whereby a person buys a property using a low cost loan provided by the Government, which buys the Government a stake in the equity of the property
Shared Ownership	Form of low cost home ownership where a person buys a share of their home and pays rent on the remaining share
Social Rent	Social housing is let at low rents on a secure basis to those who are most in need or struggling with their housing costs. Normally Councils and not for profit organisations (such as Housing Associations) are the ones to provide Social housing
Voluntary Right to Buy	A voluntary scheme agreed between the Government and the National Housing Federation in 2015. Certain, eligible tenants of Housing Associations have the right to buy their home at a discount. The scheme allows for some categories of home to be exempted. It is for each Housing Association to decide which homes will be exempted. Tenants of these homes will be instead offered an alternative home to purchase by their Landlord



# appendix 1

## Village and Parishes in Charnwood Wards

Ward	Village and Parishes
Forest Bradgate	<ul style="list-style-type: none"> <li>• Newton Linford</li> <li>• Ulverscroft</li> <li>• Woodhouse Eaves</li> </ul>
The Wolds	<ul style="list-style-type: none"> <li>• Burton on the Wolds</li> <li>• Cotes</li> <li>• Hoton</li> <li>• Prestwold</li> <li>• Walton on the Wolds</li> <li>• Wymeswold</li> </ul>
Wreake Village and Parishes	<ul style="list-style-type: none"> <li>• Cossington</li> <li>• Ratcliffe on the Wreake</li> <li>• Rearsby</li> <li>• Seagrave</li> <li>• Thrussington</li> </ul>
Quorn and Mountsorrel	<ul style="list-style-type: none"> <li>• Quorn</li> <li>• Mountsorrel</li> </ul>
Rothley and Thurcaston	<ul style="list-style-type: none"> <li>• Rothley</li> <li>• Swithland</li> <li>• Thurcaston</li> </ul>
Queniborough	<ul style="list-style-type: none"> <li>• Barkby</li> <li>• Barkby Thorpe</li> <li>• Beeby</li> <li>• Queniborough</li> <li>• South Croxton</li> </ul>
Sileby	<ul style="list-style-type: none"> <li>• Sileby</li> </ul>
Barrow and Sileby West	<ul style="list-style-type: none"> <li>• Barrow upon Soar</li> <li>• Sileby West</li> </ul>





# appendix 2

## Delivery Process Map

