

# Regeneration & Housing

Chris Stratford – Head of Regeneration & Housing



DISTRICT COUNCIL  
NORTH OXFORDSHIRE

Cherwell Parish Councillors

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Our Ref:

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Dear Parish Councillors

## **Rural Exception developments, Affordable Housing and Allocations of Social Housing**

I am writing to all parish councils as we have received a number of enquiries relating to the allocation of affordable housing developments built in their villages. I hope this letter can help clarify matters. I have also attached to this letter a glossary of terms and some frequently asked questions, which expand on some of the items relating to information in this letter.

There are a number of terms used in relation to the types of products that come under the umbrella term 'Affordable Housing'.

### **Affordable Housing**

Affordable Housing is built to provide accommodation that is 'affordable' to people on low incomes. There are a number of different types of product which come under the Government's definition of 'affordable housing' including social rented, affordable rent and intermediate housing (both for rent and sale). It also includes homes built for sale as shared ownership or other sale products which are included under the heading 'Help to Buy' This housing is built to provide housing to eligible households whose needs are not met by the open market. Eligibility is determined with regard to local incomes and local house prices.

The local planning authority uses planning conditions and legal agreements (known as section 106 agreements) to ensure affordable homes remain at an affordable price for future eligible households. There are different types of affordable housing as different households may have very different housing needs. For example, someone seeking work might need to rent a home at a very low price. But a young couple earning an average wage may need help to buy their first home. Because households are in different

circumstances with varying incomes, affordable housing schemes are usually designed to offer a range of choices to meet local needs.

Affordable housing is owned and managed by registered providers (RPs) also often known as social landlords. RPs are the bodies that generally own and manage social housing. They tend to be non-commercial organisations housing associations. They are independent, not-for-profit organisations that can use any profit they make to maintain existing homes and help finance new ones. Local Authorities can also be registered providers, as is Cherwell District Council. It is also now possible for commercial organisations to build and manage social housing, although this is not yet common practice.

Shared ownership is also designed for people who cannot afford to buy a house on the open market but still want to get on the property ladder. An initial share is bought (usually 25% to 75%) and then rent is paid on the remaining part. There are two monthly payments, one for the mortgage and one for the rent. However, these are still less than the mortgage would be on an open market property. The other share is owned by a housing association or a developer. A local connection will help prioritise applicants to be successful for these schemes subject to all other considerations for house purchase being met. Help to Buy options, including shared ownership in Cherwell, can be found at [www.helptobuysouth.co.uk](http://www.helptobuysouth.co.uk) NB it is possible to purchase a property one bedroom larger than their family size may qualify to rent via Cherwell's Allocations Scheme.

All social housing is regulated and RP's are financially regulated and part funded by the Government through the Homes and Communities Agency (HCA), which is responsible for the construction of new social homes. The Government department currently responsible for overseeing the social housing sector is the Department for Communities and Local Government (DCLG). It is because it is subsidised that all allocations of social housing tenancies are required to be let according to the Council's Allocations Scheme as determined by the Council's Executive, this document is required to be drawn up in accordance with the legal requirements set out in law and other government guidance.

Social housing built on a rural exception sites is given planning for housing on land which would not usually have gained planning permission for housing to be built. It is often sold at agricultural land rates. The permission for homes to be built on it is granted following the demonstration that there are local needs that cannot be met in the locality, often due to issues of affordability in the local area. Government subsidy enables the development and in doing so properties for rent are subject to the rules pertaining to the allocation of social housing as contained in the council's Allocations Scheme.

To ensure local people can benefit from the development, social housing units on rural exception developments are also subject to a nominations agreement. The nominations agreement gives additional priority to applicants living in the village where the properties are built. It also contains a cascade of nearby villages (which is determined at the time that planning permission is granted) to ensure local applicants in housing need in the nearby villages will also gain additional priority from the Scheme, if there if there are not applicants in housing need from the village where the properties are located. This additional priority as set down in the nominations agreement remains in perpetuity, and is always considered if re let vacancies arise on a rural exception scheme.

All social rented housing is allocated on the basis of need, and unlike in the private rented sector, where tenancies are offered by the landlord and letting agent to whomever they choose, social housing is distributed according to the local council's Allocation Scheme

which prioritises applicants on the basis of their housing needs. Although since the Localism Act 2011 councils have more individual powers to determine who is eligible to join their Housing Register for social housing, legislation still requires certain groups be given reasonable preference.

## **Changes to the Cherwell District Council Allocations Scheme**

In reviewing its Scheme the Council has taken the opportunity to introduce new measures which accord with the new freedoms offered to Local Authorities by the Localism Act 2011. It has introduced new rules for applicants in order to qualify to be on Cherwell's Housing Register. All applicants are now required to prove their local connection to Cherwell as a minimum. The Scheme also no longer automatically allows existing homeowners or applicants with assets, savings or income levels over £60,000 to join the register. The rules defining local connections and procedures for allocating properties on rural exception sites remain the same. Please note that £60,000 is also the threshold to be eligible for shared ownership purchase. Applicants are prioritised for shared ownership properties according to local connection criteria once all financial criteria requirements are met.

In introducing the new Scheme, all applications have been reassessed under the new rules. The new Scheme still operates a Banding system to prioritise applicants housing needs. The new Scheme has 3 new bands with new reasons for the Banding to be applied; the new bands do not link to Banding reasons in the old Scheme. This means that applicants previously assessed as in Bands 4 and 5 may still join the new Scheme if they gain a new banding made in accord with the new Scheme rules as assessed and according to their housing needs.

Any applicants assessed under the new Scheme rules as 'not in housing need' or having 'adequate resources' as defined under the rules, no longer qualify to be accepted onto the Register. These changes give more focus to those that are in high housing need and also those cases the Council has a statutory duty to accommodate. In the past many people were given false expectations by the Council accepting their application when there was little or no chance of ever being housed. Please note that anyone is still eligible to make an application. All applicants can be offered a housing options interview to discuss their personal housing situation and opportunities.

More information and a copy of Cherwell's full Allocation Scheme can be found on Cherwell District Council's website ([www.cherwell.gov.uk](http://www.cherwell.gov.uk))

In introducing the new Allocation Scheme the Council has carefully considered its position on how to approach the allocation of rented units of rural housing and those built on rural exception sites. We have concluded we need to ensure both consistency and transparency on how all rented social housing vacancies are allocated in the District. This means that new lets or any re-lets of affordable rented housing on rural exception sites and s106 sites, will continue to be allocated according to Cherwell's Allocation Scheme rules.

The Allocation Scheme rules determine who can qualify to be accepted onto the Housing Register and the Nominations Agreement determines who gains an extra priority on local connection for a particular scheme. When a nomination is made to a property it must accord with the Council's Allocation Scheme rules as well as the applicable nominations agreement. The Allocation Scheme is the overarching legal document governing the allocation of all social housing rented in the district.

This means that when new or re let social housing vacancies for rent become available on rural exception sites, the council will advertise them on its Choice Based Lettings websites. Only people who have been accepted on to the Council's Housing Register can apply for the homes. The Allocations Scheme rules will determine the size of homes they can apply for depending on their family needs. However, applicants accepted onto the Register who also have a particular local connection to a particular village or cascade village as contained in the s106 requirement or nominations agreement for the Scheme will have first priority for the vacancies if eligible for the size.

When new or re let homes become available on other rural developments (s106 schemes) which are not built on rural exception sites, they will also be advertised through Choice based lettings and the same eligibility rules apply. The difference is that on first let, the council's policy is to give preference to people with qualifying local connection on 50% of the homes, and on re let, to offer one third of the vacancies to people with local connection.

### **The future of rural housing development**

At present Cherwell District Council remains committed to continue to support the delivery of rural affordable housing through S106 negotiations and Rural Exception Sites. There is currently a healthy rural housing pipeline which will continue to be supported by the Council and its partners. However, in future we will not proceed to develop rural exceptions sites until a parish council expresses its desire to see affordable housing delivered in their parish and indicates its willingness and understanding around the potential delivery of a rural exception site in their village.

The Council will continue to encourage and support discussions to deliver affordable housing. The Council will also continue to work with Oxfordshire Rural Community Council and Housing Association partners in order to inform parish councils on rural housing issues, though we will be reviewing our external partnerships over the coming months. This will ensure there is an understanding of housing needs in the village, the implications of the tenures offered and the requirements of Cherwell's Allocations Scheme for rented homes.

The Council is also exploring new ways to deliver rural housing which includes the formation of the Cherwell Community Land Trust (CCLT). The Council has supported the formation of this organisation in order to create interest and opportunities for self-build, and for local communities to be able to secure community assets that can be held in perpetuity and benefit the local residents. This can include housing but also other assets such as green spaces and community buildings. The CCLT are in the process of becoming registered with the Homes and Communities Agency which would mean, if successful, that they too would become a Registered Provider, enabling them to bid for funding in the same manner as Housing Associations.

**Next Steps – Parish Councils**

Parish Councils who have further questions or an interest in developing rural affordable housing in their community should contact Gary Owens ([gary.owens@cherwell-dc.gov.uk](mailto:gary.owens@cherwell-dc.gov.uk), 01295 221663) to discuss the opportunities and options.

**Next Steps – Cherwell District Council**

Cherwell District Council will produce a user friendly customer pack about rural affordable housing which will be made available on the website and sent to Parish Councils on request. We will do this by September 2014.

I hope this letter clarifies matters which have caused some Parishes confusion and concern, and that the rural housing pack will prove to be of use to you in due course.

Yours sincerely

A handwritten signature in black ink, appearing to be 'CS', written over a horizontal line.

Chris Stratford  
**Head of Regeneration and Housing**

## Affordable Housing Glossary

Affordable Housing	Affordable housing includes social rented, affordable rent and intermediate housing (both for rent and sale), provided to eligible households whose needs are not met by the open market. Eligibility is determined with regard to local incomes and local house prices.
Affordable Rents	Rented housing let by registered providers of social housing to households who are eligible for social rented housing under the Council's Allocation Scheme. Affordable Rent is not subject to the national rent regime but is subject to other rent controls and can be a maximum of 80% of market rent values.
Allocations Policy	The policy by which Cherwell District Council assesses the eligibility of applicants for social housing
Cascade	the timeframe and process detailed in the Nomination Agreement by which a property can be advertised and allocated outside of the parish boundary to surrounding communities
Community Land Trust	A non-profit corporation which acquires and manages land on behalf of the residents of a place based community which preserving affordability. <a href="http://www.communitylandtrusts.org.uk">www.communitylandtrusts.org.uk</a>
Communities and Local Government (CLG)	The government department responsible for housing amongst other functions
Housing Register	The housing register allows CDC to register applications for social housing and assess housing need. It is maintained in accordance with the policies set out in the Allocation Scheme
Oxfordshire Rural Community Council (ORCC)	A registered charity that works to improve the quality of life for those who live or work in rural Oxfordshire. <a href="http://www.oxonrcc.org.uk">www.oxonrcc.org.uk</a>
Oxfordshire Rural Housing Partnership	Established to maximise the opportunities for rural communities across Oxfordshire to benefit from new affordable housing and to assist people who cannot afford to rent or buy from the open market
Nominations Agreement	Details the arrangements between a Local Authority and Registered Provider on the procedures and processes involved in nomination to an affordable

	property, including specific eligibility criteria. This follows the initial eligibility assessment done using the Council's Allocations Scheme.
Registered Provider (RP)	Independent housing organisations registered with the Homes and Communities Agency (HCA) under the Housing Act 1996. Most are housing associations but there are also trusts, co-operatives and companies. CDC is one of a handful of local authorities with an RP status. RP replaces the terms RSL (registered social landlord) and HA (housing association)
Rural exception sites	Developments adjoining the settlement boundary or within villages with no settlement boundaries where affordable housing development is permitted as an exception to normal planning policy. Such a piece of land will only receive planning permission for affordable local needs housing. It is an 'exception' to the development sites detailed in the local plan.

#### FAQs

1. Why can't young couples move into family accommodation on rural exception sites? It's likely that their family will grow, and then they'll need to move again	When framing the rules which determine the size of property to allocate to different households and in different circumstances, housing authorities are free to set their own criteria, provided they do not result in a household being statutorily overcrowded. However, in setting these criteria, authorities will want to take account of the provision in the Welfare Reform Act 2012 which reduces Housing Benefit to under-occupiers. Cherwell District Council size criteria match the Housing Benefit Rules, which protects tenants from the effect of the spare room subsidy (bedroom tax). We apply the rule fairly and equally to all applications. If we didn't apply it equally to all applications and start to make exceptions this would create many challenges and issues.
2. Does the landowner make a huge profit?	The land is acquired at values close to agricultural land values – much lower

	<p>than land with planning permission for residential development. This is because the only way the land can be developed is as a rural exception site, with housing to meet local needs.</p>
<p>3. Who checks the local connection</p>	<p>It is important that the actual allocation decisions are made by a body outside of the village. In this way, the decisions are impartial, the confidentiality of applicants' details is maintained and the position of the parish council isn't compromised. The local authority will always ask for written evidence to support an applicant's claim.</p> <p>If they claim to work in the village, they will need a supporting letter from their employer or if they live in the village, examples of utility and council tax bills.</p>
<p>4. What do you mean by local?</p>	<p>'Local' generally means a person who is:</p> <ul style="list-style-type: none"> <li>• Currently resident in the parish</li> <li>• Was previously resident in the parish</li> <li>• Is permanently employed in the parish</li> <li>• Is connected by close family still living in the parish.</li> </ul> <p>The full description of local connection can be found in the Allocations policy document</p>
<p>5. How affordable will the rent be and for how long?</p>	<p>Housing association rents are regulated and will always be at below open market value and affordable. If occupants are unable to pay the rent in full, it is likely that they will be entitled to claim housing benefits to assist them with this payment</p>
<p>6. How do you prevent tenants exercising the right to buy on exception sites?</p>	<p>There is no longer the right to buy on new houses built by housing associations. There is a modified form of the right to buy called 'right to acquire' but this does not apply to homes built in 'protected' rural areas, which are typically settlements with populations below 3,000, although some larger settlements are included</p>
<p>7. What is a s106 agreement?</p>	<p>A Section 106 agreement is a legal agreement entered into in order to secure planning contributions from the developer. For example, a scheme of 10</p>

	houses in a town may require a contribution to local roads so that increased traffic flow can be supported, or towards nearby open space or play facilities. It also secures affordable housing to remain in the future.
8. What do you mean by “new lets” and “relets”?	New lets are essentially the first tenancy allocated to a property which has been either built or refurbished as affordable rented housing. Relets are any subsequent tenancy associated to that property following the first tenancy.