

AFFORDABLE HOUSING IN SHROPSHIRE

HOW SHROPSHIRE COUNCIL ARE
ADDRESSING LOCAL HOUSING NEED

INTRODUCTION

Shropshire is a wonderful place to live and work, but there's a widening gap between the average salary and the average house price, with many local employees and young professionals leaving the area for more affordable housing.

When people move away from our towns and villages, it has a knock-on effect on the services available; pubs and schools close, bus services are reduced, and local businesses can suffer. Shropshire Council is committed to meeting the growing need for affordable housing across the county, and we have implemented a number of policies over the past decade to ensure we achieve that.

As well as information on the types and tenures of affordable housing, this document outlines the key mechanisms we are using in order to meet local housing need, including:

- Section 106 Affordable Homes on Open Market Sites
- Community-Led Housing Schemes
- Standard Exception Site Schemes
- Cross Subsidised Affordable Housing for Rent on Exception Sites

Another key element in our delivery of affordable housing is identifying hidden housing need throughout the country's parishes. We achieve this through Right Home, Right Place, a council-led initiative set up in 2018 to build a clearer picture of the homes needed in Shropshire's towns and villages.

Right Home, Right Place distributes Housing Needs Surveys via postal and online questionnaires to parishes at different points of the year, working closely with parish councils to encourage residents to play a part in shaping their housing future.

Read on to find out more about the ways Shropshire Council is delivering affordable housing.

SECTION 106 HOUSING | AFFORDABLE HOME ON OPEN MARKET SITE

As part of Shropshire Council's Core Strategy, 9,000 affordable homes will be delivered over the plan period 2006-2026 (Policy CS1), which equates to around a third of all new homes in the county.

There are two main ways for Shropshire Council to achieve Section 106 housing; either through developer contributions to affordable housing from open market developments (see Chapter 4 of the SPD), or affordable housing 'exception sites' (see article below).

To help achieve more affordable homes, the threshold for developer contributions set in Policy CS11 is one dwelling. Effectively, this means that all new open market housing must make a contribution to meeting affordable housing needs in the county.

Part of this Core Strategy also requires "appropriate contributions to the provision of local needs affordable housing, having regard to the current prevailing target rate, set using the Shropshire Viability Index." The concept of all new open market housing includes any additional dwellings created by conversions and subdivisions, as well as the residential aspect of live-work units.

The number of new market dwellings is net of any demolitions of existing dwellings, providing that their use as dwellings has not been abandoned.

COMMUNITY-LED HOUSING SCHEMES

A Community-Led Scheme is a popular housing option for communities who wish to have extensive input into the look and location of any affordable housing built in their parish.

Community-Led Schemes must be for the development of affordable homes (such as affordable property for rent or Discounted Ownership schemes), rather than open-market properties. These schemes usually take place on Exception Sites, which are plots of land that are brought forward at a fraction of open market value to be used exclusively for affordable homes for local people.

The process begins with parish councils deciding whether they'd like to do a Community-Led Scheme. Once decided, they are then able to select which Registered Provider they would like to partner with in order to build their affordable homes. Registered Providers (RPs) are key to the delivery of affordable housing; they're independent housing organisations registered with the [Homes & Communities Agency](#).

Most are housing associations, but there are also trusts, co-operatives, charities and companies, and they're usually run by a board of management. RPs provide access to a range of home types to suit the needs of the individual, including houses, flats and bungalows. Some of the most active RPs currently working with Shropshire Council include [Connexus](#), [Housing Plus Group](#), [Shropshire Rural](#), [STAR Housing](#) and the [Wrekin Housing Trust](#).

Shropshire Council's Affordable Housing Team will provide guidance and support throughout this process, and once a Registered Provider has been selected and confirmed, they then take on all the risk – so there's no financial risk to the parish council.

A steering group is then created, which usually includes parish councillors, wider members of the local community, representatives from Shropshire Council and representatives from the chosen Registered Provider. The group explores potential sites and selects the most suitable location.

The chosen Registered Provider will then secure the land and handle the negotiations, while the parish council consider what they'd like their affordable homes to look like, and who may be living in them based on local need - subject to the advice of the Council's Planning Department.

Some Housing Associations may have a standard building model for their properties, but with a Community-Led Scheme, the parish and steering group are able to have far greater input into the types of properties provided. For example, it may be that smaller properties or bungalows are required for older people to downsize into, or that terraced properties are required to provide starter homes for young professionals from the area. The Steering Group will also work together to create a Local Lettings Plan which sets out how properties will be allocated in exceptional circumstances to meet area-specific issues.

Typically, Community-Led Schemes take around 18 months to complete. Ultimately, Community-Led Housing Schemes are closely aligned with local parish plans for sustainability, since providing additional and affordable housing will help to secure the future of local shops and services.

STANDARD EXCEPTION SITE SCHEMES

In the instance of a Standard Exception Site Scheme, the selected Registered Provider will find and acquire a plot of land based on evidence of need. While the parish council may have some input into the planning application, they do not have any further say once development begins.

Once a Registered Provider is confirmed, they handle everything; from site selection to planning permission to build. Registered Providers usually have a standard model for the type, size and aesthetics of their properties, so it's likely that this model would be applied to any new affordable homes built within a parish.

The benefits of choosing a Standard Exception Site Scheme over a Community-Led Scheme are that the parish council won't have to do any work, and Standard Schemes tend to be completed more quickly than Community-Led Schemes because while they meet the needs identified in a parish's Housing Survey, they don't need to take into consideration the parish council's preferences around site location and building design.

These schemes are also subject to the local connection restrictions noted in the Council's Allocation Policy.

CROSS SUBSIDISED AFFORDABLE HOUSING FOR RENT ON EXCEPTION SITES

This type of housing is enabled through the sale of housing at 90% of open market value. One of the big challenges facing rural affordable housing is how to bring forward local needs rented homes on exception sites with either no or limited public subsidy.

In the event of either no, or limited public subsidy being available - or at the particular request of the Council or a local community to proceed - an exception site (cross subsidised by a form of low-cost home ownership) can be considered under the following criteria:

- That a proportion (no more than 50%) of the housing on the exception site to be a form of low-cost home ownership of sufficient value to the developer to allow them to 'cross subsidise' and develop on that

same site, a proportion (no less than 50%) of local needs rented housing or other such affordable tenure as the Housing Enabling & Development Officer agrees in writing.

- That the properties for rental on the exception site will normally be owned and managed by a Registered Provider and be intended to meet local housing needs. They will be subject to occupancy restrictions and will be let in accordance with the Council's *Housing Allocations Policy and Scheme* using our preferred Choice Based Lettings system.
- That the sale value of the properties required to generate the necessary cross subsidy must not exceed 90% of their Open Market Value, as determined by an average of no less than two written 'off-plan' valuations calculated at the granting of full planning approval and carried out by independent qualified valuers accredited by the RCIS.
- These are therefore 'discounted' open market properties and should ideally initially be targeted for local needs. There will be a resale covenant (to ensure that the 90% Open Market Value limit is applied in perpetuity), but no specific housing need or local occupancy requirements.
- That the number of discounted open market properties required on the site must be agreed in the first instance by the Housing Enabling Officer.
- That the scheme proposal has support from the Parish Council and elected Shropshire Council Member(s) for the Ward.
- That the scheme shall be developed via an open book approach and will be reappraised at site completion by the Council. Any excess in profit above the original agreed scheme will be divided equally between the developer and the local community or Parish, with the community share to be used to aid future affordable housing schemes or other community projects highlighted in the relevant Place Plan.
- This scheme must hold no 'hope' value, or offer any enhancement to the landowner. The site value will be as a conventional exception site (max. £10,000 per plot). Should the developer exceed this value on site acquisition, the excess paid will not form part of the proposed negotiated calculations to determine the relevant scheme.

TYPES AND TENURES OF AFFORDABLE HOUSING

Below is an overview of the main types of affordable housing. For more detailed information, please visit our website. You can also read in-depth descriptions in the 2019 [National Policy Planning Framework](#) (NPPF) prepared by the [Department for Communities and Local Government](#).

- **Discounted Ownership** | Discounted Ownership allows you to buy 100% of a property, but with a substantial discount off the open market value. The buyer obtains a mortgage for the discounted price, but doesn't pay rent on the remainder.
- **Shared Ownership** | For those who can't afford to buy a property outright, Shared Ownership allows them to part-buy and part-rent their home. They can choose to buy a 25%, 50% or 75% share in your home, and pay rent on the share they don't buy - usually set at an affordable level of 2.75%.
- **Self-Build** | A Self Build generally covers either a DIY project, where the self-builder selects their chosen design and does much of the construction work themselves – or projects where the self-builder arranges for an architect and contractor to build the home for them. These can be for open market or affordable.
- **Intermediate Housing** | These are homes for sale and rent which are provided at a cost above Social Rent, but below market levels. They could include Shared Equity (shared ownership and equity loans) or other low-cost homes for sale and intermediate rent.
- **Entry-Level Housing to Buy** | This refers to first-time or starter homes. Entry level housing can be found on many new property developments throughout the county, and is soon to be replaced by First Homes.
- **Key Worker Housing to Buy** | Public Sector employees who are considered to provide an essential service may be eligible for Key Worker Housing to Buy.
- **Affordable Rented Housing** | These properties are owned and managed by a Registered Provider and let to people on Shropshire Council's [HomePoint Register](#) on a flexible type of tenancy, set at 80% of the open market rental value that a property could otherwise yield - or the local housing allowance; whichever is the lower.
- **Discounted Rented Housing** | This allows people from Shropshire Council's HomePoint Register to rent a property on an Assured Shorthold tenancy granted by the Landlord, also set at a maximum of 80% of the open market rental value. A minimum initial tenancy period of 12 months is granted by the Landlord.

- **Social Rented Housing** | This refers to affordable rental properties that are available to local people on the HomePoint register. This type of housing is let at a lower rent on a secure basis, usually by Registered providers.
- **Entry-Level Housing to Rent** | This refers to first-time rental homes. Entry level housing can be found on many new property developments throughout the county.
- **Key Worker Housing to Rent** | Public Sector employees who are considered to provide an essential service may be eligible for Key Worker Housing to Rent.

MORE INFORMATION

For more information about affordable housing or housing in general, please contact Right Home, Right Place on info@righthomerightplace.co.uk or call us on 01743 257785.