

# Village Housing Initiative

*Small scale development to provide  
Affordable Homes for Local People*



## Information Guide

**For Landlords, Agents  
& Parish Councils**



**South Hams  
District Council**



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## Contact Details

For further information on the Village Housing Initiative, please contact the Affordable Housing Team on 01803 861234 or email [affordable.housing@southhams.gov.uk](mailto:affordable.housing@southhams.gov.uk)



# Foreword

by Councillor Michael Saltern



Affordable homes are essential to the continued vitality of our towns and villages. This is why the Council's top corporate priority is to ensure a supply of affordable homes for local people.

South Hams District Council has enabled many new affordable homes across the district; but the current economic downturn has impacted on delivery at a time when affordable homes are needed more than ever. In response we are promoting a range of initiatives to maintain a supply of affordable homes for local people.

Our approach also aims to embrace the drive toward localism by providing an opportunity for communities to actively engage in the decisions affecting their community.

We hope that landowners, Parish Council's and local communities will engage with the Village Housing Initiative as a positive opportunity to meet local housing need and help maintain the lifeblood of our rural communities.

**Councillor Michael Saltern**  
**Executive Member for Housing**

# 1. Introduction

Most new affordable housing is provided on private developments through planning obligations. The downturn in housing and financial markets has led to a significant decline in developer activity which has directly affected the level of new affordable housing being built. In addition, grant funding for affordable housing is also in short supply and is likely to decrease further in future years. With demand for affordable homes increasing, priority must be given to new and alternative methods of delivery. The Council is therefore promoting a new approach to provide small scale affordable housing schemes in sustainable locations across the district. This approach is called ***The Village Housing Initiative***.

## 2. The Initiative

**The aim of the Village Housing Initiative (VHI) is to increase the supply of affordable housing sites and reduce the reliance on public funding for affordable housing.**

The initiative aims to achieve this by increasing the incentive for land owners to bring sites forward for affordable housing and also by introducing alternative funding options where grant funding is unavailable.

The VHI allows small scale developments of affordable housing in rural communities on sites which might not otherwise be allocated for housing.

This relaxation allows for up to two open market homes to be built to encourage sites to be offered for affordable housing and also provide a source of cross subsidy to enable the affordable homes to be built.

The initiative is part of the Councils response to the economic downturn and is therefore time limited. It does not seek to replace the Councils adopted Exception Sites Policy which remains in operation alongside this initiative.

### 3. Homes for Local People

The initiative is designed to meet the needs of our rural communities by providing affordable homes for **local people**. Homes built under the VHI will be prioritised for residents in need of affordable housing (this is known as 'Local Connection' and can include people employed in a village such as a primary school teacher etc). Whilst unlikely, If for any reason a property cannot be filled from within the parish, properties will be offered to residents with a local connection to surrounding parishes or elsewhere within the South Hams.

### 4. Community Role

The VHI is designed to help local communities meet their housing needs and maintain the sustainability and vitality of their community. Our approach is one which is based on an active partnership with local people. Typically this will be through the Parish Council but we welcome wider community engagement.

### 5. Preferred Locations

The initiative will focus on providing affordable homes in sustainable locations across the district. Traditional sustainability factors include access to schools, shops, services and facilities. It is recognised however that locations which do not necessarily meet the conventional definition of a sustainable community may still have a desire or need to provide affordable housing. The Council will continue to support these villages and will work with local communities to find the most appropriate housing solutions, which may include the VHI. It may however also include looking at ways to make the best use of the existing stock including existing affordable housing or empty private sector homes.

The South Hams district includes part of Dartmoor National Park which has its own planning policies. The VHI only applies to areas of the South Hams outside of the Dartmoor National Park.

## 6. Typical Site Size

Small scale rural schemes typically provide 10 to 15 affordable homes on sites of up to about an acre. This scale broadly reflects average levels of need and is generally appropriate to most of our villages. The Village Housing Initiative seeks to promote developments in line with this small scale approach. Actual numbers may be smaller or slightly larger but will be agreed on a site by site basis and in consultation with the Parish Council. In most cases sites will not exceed 15 affordable homes.

## 7. Tenure of the Affordable Homes

The tenure of the affordable homes will largely reflect the identified needs of the community. Affordable housing tenures are typically defined as either **social rented** (homes for those on low incomes) or **intermediate** which includes various forms of low cost home ownership and below market rented homes.

It should be noted that some forms of affordable housing are more expensive to provide than others. Typically these require public subsidy in the form of Social Housing Grant. The choice of tenure will therefore also need to reflect the availability of grant funding. If grant isn't available, it may still be possible to provide the affordable homes through the provision of more intermediate models. The Council will discuss these options with the local community. Regardless of which tenures are provided, all affordable homes will remain available and affordable in perpetuity.

## 8. General Criteria

There are a number of general criteria for the VHI. Landowners wishing to participate in the initiative should consider the following criteria as a guide but also contact the Council's Affordable Housing Team to discuss site suitability.

## Location and Sustainability

Sites should be well related to community services and facilities. In practice, sites should be located in or adjacent to a village. Sites located at a distance from a village are unlikely to be suitable. For example a greenfield site that may be two or three fields away from the main settlement is unlikely to be considered appropriate.

## Site Suitability

A range of factors affect site suitability, this can include topography i.e. sloping land, access, tree preservation orders and a number of other factors. The Council would encourage consideration of site suitability before contacting the Council but the Affordable Housing Team are happy to provide advice and guidance on this point.

## Need

There must be a clearly identified need for affordable housing in the local community. Schemes will only be promoted where there is a proven local housing need. The Affordable Housing Team is able to confirm the housing needs position.

## Design

The Council encourages good quality design. Site proposals will therefore need to be in scale and keeping with the form and character of the village.

## Availability

The initiative is time limited. Any site put forward under the VHI should therefore be available. Sites which have legal restrictions or complicated ownership arrangements may therefore not be suitable.

## 9. Developing and Managing the New Homes

The Council works with a number of preferred Housing Associations who have a proven track record of providing high quality development and ongoing housing management services. A number of factors will influence the choice of a Housing Association partner such as development capacity, site location etc. The Council will usually recommend a particular Housing Association based on the above but are also happy to discuss and agree the appointment with the local community. The Council also recognises that other organisations such as Community Land Trusts (CLT's) can act as a vehicle to deliver affordable homes. The Council supports this approach and is open to working with these organisations.

## 10. Land Owner Options

The principle of the Initiative is to provide a level of return sufficient to encourage landowners to bring sites forward. Typical small scale affordable housing developments provide the landowner with a receipt in the region of £5k to £10k per plot. On a typical scheme this usually amounts to a receipt in the region of £50k - £100k. Capital Gains Tax is however usually payable on this receipt and therefore the actual return is much less. The initiative seeks to increase the return to the landowners and provides the following three options, each of which provide a receipt in excess of that typically received for affordable housing sites. Each option provides an approximately equal value.

### Option A: One Completed House

This option provides the landowner with one completed dwelling which may be occupied or disposed of. The specification will be agreed between the landowner and developing association within agreed parameters.

## Option B: Development Plot and Build Cost Payment

This option provides the landowner with one development plot with detailed planning consent for a single dwelling together with a financial contribution towards the reasonable build cost. The landowner may construct a home on the plot or dispose of it on the open market.

## Option C: Financial Receipt

This option provides the landowner with a cash receipt. The receipt will be broadly equivalent to option A and B.

Each of the above options assumes that the land for the affordable housing is transferred to an affordable housing provider at a nominal sum. In value terms the landowner return is broadly equivalent under each option.

# 11. Market Housing Cap

The Initiative sets a cap of a maximum of 2 market dwellings on any one site, regardless of site size. These will be completed by the affordable housing provider in order to cross subsidise the affordable housing provision or one may be completed by the landowner should he or she choose to accept the development plot option (Option B). The terms of the initiative are set and are not a starting point for negotiation. ***Any proposal for additional market housing will be automatically rejected as falling outside the Initiative.***

# 12. Option and s.106 Agreements

An Option Agreement provides a Housing Association with an option to purchase a site and are commonly used for housing developments. The early arrangement of an option agreement provides a degree of certainty which is required before spending significant sums on design and planning fees.

A Section 106 agreement ensures that certain planning obligations and other requirements are secured and will ensure the homes remain affordable in perpetuity. Other key elements of the scheme will also be reflected in the s.106 including clauses which ensure that priority is given to people with a local connection to the Village/Parish.

# 13. Question and Answer

## Local Homes – Local People

**Q** Some affordable housing in our village has been let to people without a local connection. Will this be the same?

**A** No. New homes provided under the initiative will be for people with a local connection i.e. they live or work in the village or have close links such as relatives or are wishing to move back to the village. In the unlikely event that there are no local applicants, the properties are made available on a cascade basis to applicants from neighbouring parishes. (see Section 3 for more details)

## Site Suitability

**Q** I have a site but I'm not sure if it is suitable or whether it qualifies under the initiative.

**A** General site criteria are detailed at Section 8 but the Affordable Housing Team are happy to provide advice on site suitability. If you are unsure then please contact one of the team.

## Design

**Q** Will the affordable housing be of a lower standard than typical market housing?

**A** No. In fact, affordable housing regulations mean that affordable homes are often built to a higher standard than market homes. This is particularly true in respect of their environmental performance. They are also designed to fit into the local setting and are indistinguishable in appearance from market housing.

## Timescale

**Q** If I participate in the initiative when is the development likely to take place?

**A** It takes time to draw up plans and gain the necessary consent. The earliest start date would be around 1 year from site submission but typically around 18 months to 2 years.

# Site Submission Form

Site owners / Agents wishing to participate in the initiative are requested to provide as much detail as possible. The following form can be used or alternatively please email the relevant information to the Affordable Housing Team at [affordable.housing@southhams.gov.uk](mailto:affordable.housing@southhams.gov.uk)

The Affordable Housing Team are willing to have informal discussions in advance of submitting the form.

The form acts as an expression of interest and provides outline information in order to assess sites suitability. It does not constitute a contract or seek to bind any party.

## Contact / Ownership Details

Site Owner

Site Agent

Main Contact: Owner

Agent

Site Ownership (details of site ownership if additional owners, mortgagees etc)

## Site Location

Site Address and / or ordnance survey map reference

Location (plan)

Please attach a map or sketch indicating the location and extent of the site.



## Site Details

**Site Size** (if known)

**Existing Use** (i.e. grazing etc)

**Easements / Wayleave Agreements** (i.e. rights of way, sewer / electricity etc)

**Site topography** (i.e. flat or level, gently sloping or steep)

**Planning History**

**Further information**

Please provide any further information which may be relevant.



This document can be made available in large print, Braille, tape format or in other languages upon request. Please contact us on 01803 861234 or e-mail [customer.services@southhams.gov.uk](mailto:customer.services@southhams.gov.uk).

