



Campaign to Protect
Rural England
Standing up for your countryside



ON SOLID GROUND

Encouraging landowners to invest in rural affordable housing

Foresight Paper No.7

Campaign to Protect Rural England: Housing Foresight Series

The objective of the Campaign to Protect Rural England's Housing Foresight Series is to provide evidence-based research papers that support innovative policy solutions to critical housing issues.

The purpose of the series is not to set out the Campaign to Protect Rural England's official policy position on the future delivery of housing. Rather, it explores a number of 'blue-sky' policy solutions with the aim of inciting and provoking wide ranging discussion over the future shape of housing policy. With this in mind, we welcome comment on the policy solutions identified within the Housing Foresight Series.

Our research papers are designed to examine different areas that are impacting upon the delivery of housing in England. We welcome any recommendations on subject matters for these papers. Please email trinleyw@cpre.org.uk

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7. **On Solid Ground: Encouraging landowners to invest in rural affordable housing (Published: November 2016)**

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Executive Summary

The rural housing crisis is acute. There is less affordable housing in rural areas than in urban settings; the impact exacerbated by average salaries in rural areas being lower than in urban ones. The shortage of rural affordable housing means many people are forced to move out of their community, to the detriment of local services and the rural communities themselves.

Landowners have a crucial role in helping to fix the rural affordable housing crisis. Through their involvement with the communities in which they are based, landowners often want to support people from within their communities. At the same time, they will be looking for a return on their assets, and that includes their land. This paper argues that, through investing in rural affordable housing, landowners can be enabled to satisfy both of these wishes.

Landowners can either work with a housing association to bring forward rural housing developments or, alternatively, develop and manage the housing themselves. Yet there are barriers that are preventing landowners from making development happen. This paper outlines policy changes to address these challenges.

For example, assurances will be sought by landowners that housing developed on land they provide will be reserved for people with connections to the local community. Yet the choice-based lettings system that has become increasingly popular among local authorities as a mechanism through which social housing can be allocated can deter landowners from providing sites. In order to unlock the latent potential for more rural affordable housing that landowners hold, it is important that policy encourages them to put forward sites for development. The following recommendations, discussed in this paper, would help achieve this through the lettings system and changes in tax provisions. The paper recommends that:

- nomination rights on rural exception sites rest solely with landowners so they would have greater assurance that the housing would be guaranteed to remain with local people;
- income tax relief is granted on expenditure over income gained, to allow landowners to offset losses incurred from letting properties at below market rates;
- landowners are allowed to benefit from capital gains tax roll-over provisions for affordable housing.

1.0 Background

Landowners who release land at less than market value to provide sites for affordable housing have been a feature of thriving rural communities for generations. However, financial, economic, policy and legal changes in recent years have made this practice increasingly difficult. A lack of affordable housing in rural areas is severely limiting the opportunities for people to work and live in their communities – with a negative impact on the diversity and vibrancy of those communities.

This paper examines some of the barriers preventing rural landowners from contributing to the delivery of affordable housing, and identifies models of investment that would enable the provision and management of high-quality, affordable housing – and provide a long-term, low-risk return to the landowner. There are a number of factors that discourage landowners from putting sites forward. This paper recommends policy changes that could help overcome identified barriers and incentivise landowners to provide affordable housing.



2.0 What is affordable housing and why would a rural landowner want to provide it?

¹ Department for Communities and Local Government. *National Planning Policy Framework*, 2012. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf

Affordable housing is that which is provided to eligible households whose needs cannot be met by the open market. Eligibility is determined by local incomes and local house prices. Tenants renting accommodation from a housing association, local authority or landowner can expect to pay between 40% and 80% of the open market price.¹

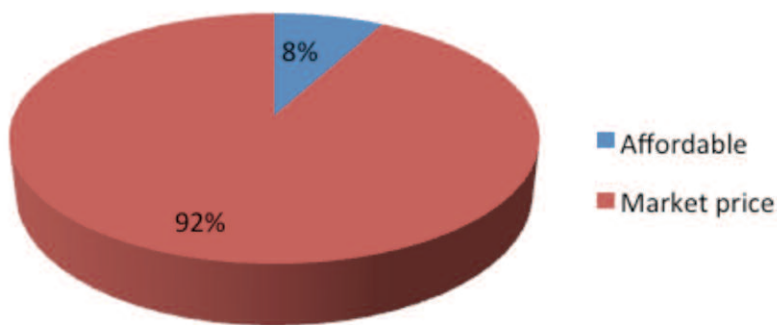
The need for affordable housing is more acute in rural areas than in many urban areas due to the lower average wages of rural dwellers, as well as the reduced affordable housing stock, as the following charts demonstrate (numbers are the most recent available).



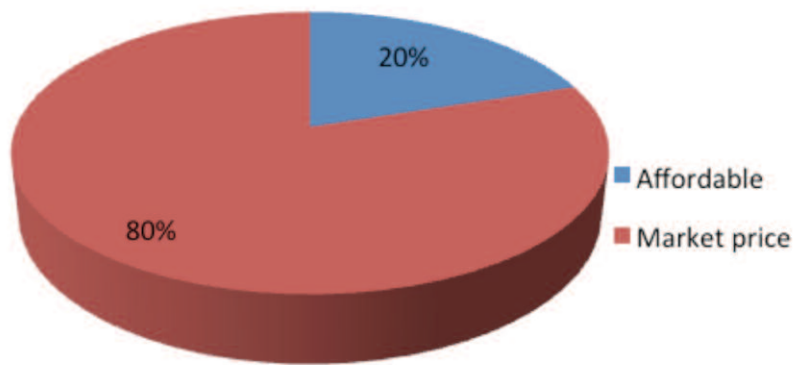
Source: Department for Environment, Food & Rural Affairs, *Statistical Digest of Rural England*, May 2016. Available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/539305/Statistical_Digest_of_Rural_England_2016_May_edition.pdf

Rural affordable housing stock



Urban affordable housing stock



Source: Department for Communities and Local Government, *English housing survey*, 2011.

The lack of affordable housing in rural towns and villages has led to an increase in the average age of residents as such communities become the preserve of wealthy commuters and retirees. Between the 2001 and 2011 censuses, the median age of the rural population of England and Wales rose from 42 to 45, while the equivalent in urban areas rose from 36 to 37.²

² Office for National Statistics, *2011 Census Analysis – Comparing Rural and Urban Areas of England and Wales*, 2013. (Most recent figures.) Available at: http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/dcp171776_337939.pdf

Further statistics on the shifting demographic profiles of rural and urban areas bear out this pattern. In rural areas, between the 2001 and 2011 censuses, there was a 3.6% fall in the number of people aged 30-44, compared with a 1.7% fall in urban areas.³ As a consequence, local services such as pubs and post offices, as well as small schools and libraries,⁴ become less patronised and risk closure, further diminishing the attractiveness of the community to families and younger people.

³ *ibid.*

⁴ Commission for Rural Communities, *Tackling rural disadvantage through how public services are reformed*. Commission for Rural Communities, 2008. Available at: <http://webarchive.nationalarchives.gov.uk/20110303145243/http://ruralcommunities.gov.uk/files/CRC%20WEB%2037.pdf>

⁵ Smiths Gore, *Incentivising landowners to release sites for affordable housing: A report to Lincolnshire Rural Affordable Housing Partnership*, August 2011. Available at: https://issuu.com/smiths_gore/docs/incentivising_landowners_to_release_sites_for_affo

Rural landowners often provide employment and services and are thus well placed to understand the pressures on rural housing, employment and transport. Research has shown that there is a demonstrable appetite among landowners to retain influence over the land they provide for rural affordable housing. In a 2011 study commissioned by the Lincolnshire Rural Affordable Housing Partnership on incentivising landowners to release sites for affordable housing, Smiths Gore interviewed 26 estates and farmer landowners. Asked which model of land provision would be most attractive, farmers were more willing than estates to sell the land – to ‘keep things simple’ and ‘not have ongoing issues’.⁵ Conversely, estates were more likely to want to retain ownership and more interested in long leaseholds or delivering the housing themselves. However, it must be recognised that farms and estates are very different entities and often have different resources at their disposal.

When asked about the main reason for putting forward a site for housing, farmers were more likely to want to realise capital value above agricultural value, while estates were more likely to ‘act to benefit the community’.⁶ While these results should be treated with caution due to the small sample surveyed, there is a clear distinction between the motivations of estate and farmer landowners when providing land for housing.

⁶ *ibid.*

2.1 How is rural affordable housing provided?

Affordable housing is usually provided in three forms (that is, affordable rented housing – the focus of this paper – rather than discounted market sale homes such as starter homes):

- Social rent
- Affordable rent
- Shared ownership⁷

⁷ Department for Communities and Local Government. *National Planning Policy Framework*, 2012. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf

In rural areas, land for affordable housing can be provided through rural exception sites. These sites would not normally receive planning permission for housing development because national and local planning policies restrict development in the countryside, so there is little or no 'hope value' attached to the land as a result of potential development. Rural exception sites arise where a specific local housing need has been demonstrated, and a landowner is willing to provide some land at significantly less cost than on the open housing market, on condition that the homes built will remain affordable and available to local people in need, in perpetuity.⁸ A section 106 agreement⁹ provides a legal guarantee for this arrangement.

Rural exception sites are increasingly including some market housing to help subsidise the provision of affordable housing. This approach is known as cross-subsidisation and was set out in the National Planning Policy Framework in 2012.¹⁰

2.2 Who is involved?

At local level, **Parish and Town Councils** identify the need for affordable housing among local populations.

Working independently, **Rural Housing Enablers (RHEs)** liaise with local authorities and other statutory bodies and housing associations.¹¹ The role of the RHE has been described as that of a broker. RHEs also liaise with planning authorities and landowners in the identification of suitable sites, and are active throughout the entire process. Affordable housing is owned and managed by local councils or registered providers – most often **housing associations**. However, government grants to housing associations have been cut considerably over the past few years, and funding from the **Homes and Communities Agency (HCA)** has been halved.¹²

Landowners are crucial to the provision of rural affordable housing by making sites available for development. The landowner may be an estate, a family, farmer, council or utility body,¹³ and some will be more predisposed to the provision of rural affordable housing than others.

⁸ Hastoe Group, *Innovation in Practice: Delivering Rural Housing*, 2013.

⁹ Section 106 agreements are legal mechanisms which make a development proposal acceptable in planning terms that would not otherwise be acceptable.

¹⁰ Hampshire Alliance for Rural Affordable Housing, *Market Housing to subsidise affordable homes on Rural Exception Sites*, 2014. Available at: <http://www.harrah.org.uk/GetAsset.aspx?id=fAAzADMAMQA1AHwAfABUAHIAdQBIAHwAfAAyADYAfAA1>

¹¹ The Rural Housing Alliance. *Affordable Rural Housing: A practical guide for parish councils*. The Rural Housing Alliance & The Rural Services Network, 2014.

¹² Burroughs, L, *A Living Countryside*, CPRE, 2015.

¹³ The Rural Housing Alliance. *Affordable Rural Housing: A practical guide for parish councils*, 2014.

2.3 How it is done

¹⁴ Hastoe Group. *Innovation in Practice: Delivering Rural Housing*, 2013.

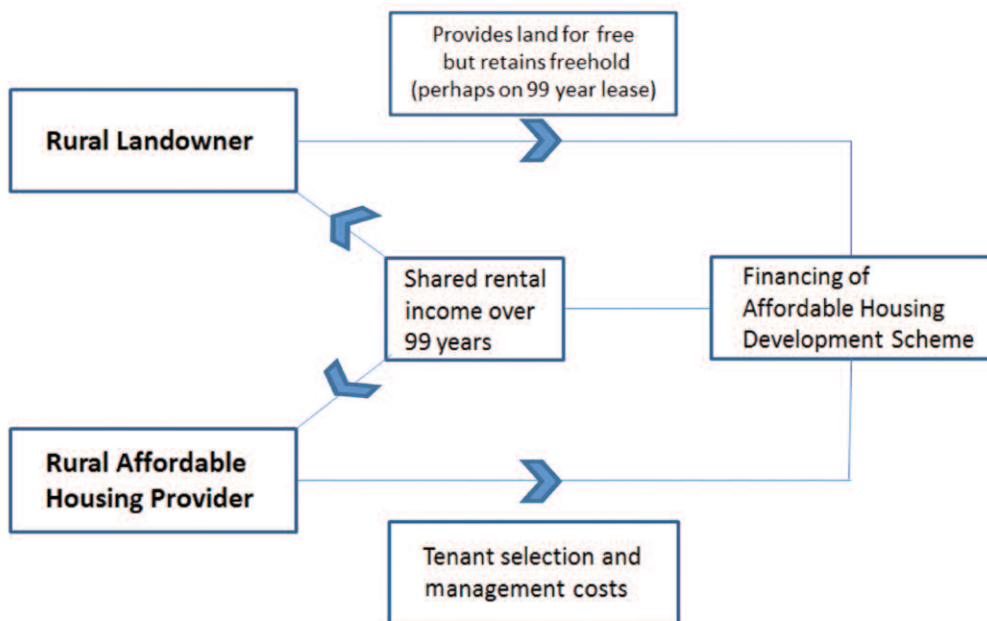
Hastoe Housing Association has identified the following process for the typical delivery of a rural exception site:¹⁴



3.0 Models of social investment in affordable housing for rural landowners

An objective of many rural landowners is to provide affordable housing to meet local need and to retain a freehold interest in the land that will provide them with a long-term return. This paper identifies two development models through which a rural landowner can provide affordable housing, retain a freehold and gain a long-term income stream through rent.

Model 1: Involving a rural affordable housing provider



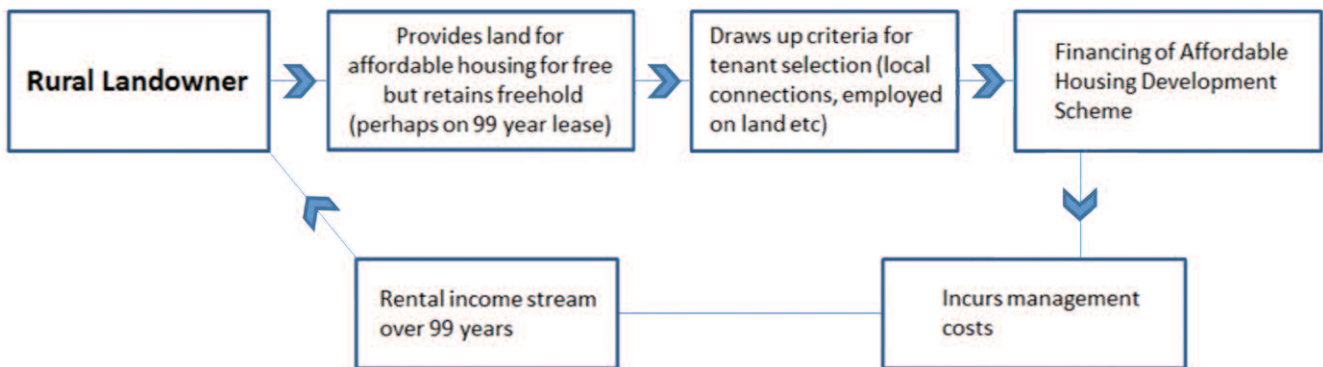
Model 1 illustrates an affordable housing development in which a rural landowner retains a freehold interest in the land, but engages a rural affordable housing provider to manage and let the properties. Typically, landowners grant a tenancy or lease of the land to the housing provider (usually a housing association). The landowner would undertake the development, and could utilise the expertise of a rural housing association or local RHE, especially to facilitate the planning process. If a housing association is involved, it would make a one-off upfront payment for the lease, or an annual ground rent charge. A lease term of at least 60 years would ensure the required level of return.¹⁵

¹⁵ Country Land & Business Association. *Response to DCLG consultation on guidance for local authorities on incentivising land owners to bring forward additional land for rural affordable housing on rural exception sites*, 2009. Available at: https://www.cla.org.uk/sites/default/files/A2424024%20LA%20guidance%20cons.resp_.pdf

It is important that rural landowners ensure that affordable housing is let to households with a strong local connection. The charitable objectives of a housing association generally include housing those on local housing waiting lists with the greatest need, so there would need to be negotiations between the landowner and housing association over the lettings criteria for the affordable housing provided.¹⁶

¹⁶ ibid.

Model 2: Rural landowner provision of affordable housing



In Model 2, a rural landowner would construct a development scheme and lease the property directly to the occupier. The landowner would take responsibility for the development process, letting the properties and all maintenance costs, and would keep all affordable rental receipts over the long term.

This is often more attractive to larger landowners such as estate owners or large-scale farmers because they are likely to have a property portfolio and expertise in property management. They are also likely to be important employers in the local area, and keen to provide accommodation for their workforce to prevent them from being priced out of the area. With local authorities trying to ensure that affordable housing is provided to all those on waiting lists, it is crucial that a strong case is made to ensure that those with a local connection benefit from the housing provided.

4.0 Overcoming barriers to the delivery of affordable housing by landowners

There are several barriers to landowners providing affordable housing. This section analyses each one and suggests possible solutions.

4.1 Securing community support for a development

A prerequisite to successful affordable housing development in rural areas is strong community support. Rural communities are often tight-knit, and if the community is unhappy with the principle, design or location of a development, it can act as a significant barrier. So it is important to engage with the community from the beginning.

Approaching organised groups such as the parish council or taking account of neighbourhood plans will indicate whether a community is supportive of affordable housing and, if so, what sort of locations are deemed acceptable for development. It is important to engage with members of the community, such as parish councillors, to demonstrate a development's benefits and foster support for it. Local RHEs can be essential in liaising with community members and gaining support for the scheme.

Where no neighbourhood plan is in place, landowners might consider working with the local community to promote a plan that balances the needs and aspirations of both parties.

4.2 Choice-based lettings and local eligibility for housing

Rural landowners and the local community are often keen to ensure that prospective tenants have strong parish and/or employment connections to the community. Prioritising housing for this group can be an important element in securing community support.

¹⁷ UK Parliament, *Homelessness Act 2002*. Available at: http://www.legislation.gov.uk/ukpga/2002/7/pdfs/ukpga_20020007_en.pdf

¹⁸ Department for Communities and Local Government. *Local Authority Housing Statistics, England, 2010-2011*, 2011: Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6910/2039199.pdf

¹⁹ Best, R, et al. *Affordable Housing: A Fair Deal for Rural Communities*. Rural Housing Policy Review, 2015. Available at: <http://www.acre.org.uk/cms/resources/afairdealforruralcommunitiesmainreport3-1.pdf>

²⁰ *ibid.*

Most local authorities use a system of choice-based lettings (essentially a bidding system for people on the statutory housing waiting list) in which social housing is advertised to eligible people near the top of the list. Individuals then 'bid' for a property and, where there are multiple bidders, the property will generally be granted to the person deemed to have the greatest need. This system was introduced through the Homeless Act 2002¹⁷ and, since its inception, take-up among local authorities has risen exponentially. Local authority housing statistics produced by the Department for Communities and Local Government in 2011 show that 87% of local authorities participated in choice-based lettings schemes across England that year, rising steadily from 2002, when less than 20% of local authorities operated such a system.¹⁸

This system means that rural affordable housing can be allocated to households on the local authority waiting list even if they have no parish or employment connection. For a scheme to be attractive to a landowner and acceptable to the local community, an alternative lettings system prioritising local tenants may be sought, but there is serious concern that local planning authorities have the power to refuse planning permission on the grounds that a development is not compliant with local lettings policy.

Under the choice-based system, local authorities may insist that some of those on the local statutory housing waiting list are housed in any new rural affordable development, which discourages landowners from investing. Lettings processes can therefore be a significant barrier to the delivery of rural affordable housing.

The Rural Housing Policy Review, chaired by Lord Best, was set up to measure progress on policy recommendations in relation to affordable rural housing. It identified the adverse impact of the choice-based lettings system on landowners' willingness to put forward sites for affordable housing. Its survey of local authorities identified that many were planning to remove the lowest qualifying band for social housing, under which rural residents in chronic rather than acute housing need could register, meaning that those residents would no longer fall into the classification system for housing allocation.¹⁹ The review said it had been alerted by landowner representatives, communities and the Rural Housing Alliance to the negative impact that a weakening of local connection criteria would have on landowners' willingness to provide sites.²⁰

The review report recommended that the Chartered Institute of Housing should promote existing good practice and provide practical guidance to local authorities on how to include rural connections in their eligibility criteria.²¹

To facilitate the prioritisation of local housing need, there is a case for government to consider adapting policy on rural exception sites to allow all nomination rights to rest with landowners, as long as applicants meet eligibility criteria set out in statutory housing waiting lists.

4.3 Taxation reform

Under current taxation rules, if a rural landowner lets properties, any excess of expenditure over income earned is ineligible for income tax relief in the year the loss is incurred. Therefore, any loss made on letting properties at sub-market rates, including affordable housing, cannot be offset against other taxable income, such as profits from another business or from personal income. Instead, losses have to be carried forward to set against future profits from the rental portfolio, delaying tax relief.

This arrangement does not encourage rural landowners to invest in affordable housing and may force them to base decisions on financial security.²²

Additionally, taxation arrangements do not currently incentivise landowners to provide land for rural exception sites. Research carried out for the Rural Housing Policy Review found that landowners releasing land for rural exceptions do not qualify for capital gains tax (CGT) rollover provisions.²³ Rollover relief allows CGT on taxable gains to be deferred when the proceeds gained from the sale of an asset are reinvested into a new, qualifying asset.²⁴

Two key amendments should be made to the taxation system to create incentives for landowners to invest in rural affordable housing: income tax relief for excess of expenditure over income earned and CGT rollover relief.

4.4 Income tax relief for excess of expenditure over income earned

Legislation could be amended so that this loss can be offset against other taxable income. Providing income tax relief for any excess of expenditure over income earned on properties let at below market rent in rural areas would better incentivise rural landowners.

²² Forum for the Future. *Rural estate sustainability: Leading by example*, 2006. Available at: https://www.forumforthefuture.org/sites/default/files/images/Forum/Projects/Rural_Estates/ruralestates.pdf

²³ Best, R, et al. *Affordable Housing: A Fair Deal for Rural Communities*. Rural Housing Policy Review, 2015.

²⁴ Her Majesty's Revenue and Customs. *Business Asset Rollover Relief*, 2014 Available at: <https://www.gov.uk/business-asset-rollover-relief>

4.5 Capital gains tax rollover relief

Allowing landowners to benefit from CGT rollover provisions for rural exception sites could increase the amount of affordable housing delivered in rural communities. Such a scheme would work by allowing landowners to benefit from rollover provision on the sale of land for rural exception site development, 100% affordable housing or for a cross-subsidy scheme where the level of affordable housing provided is 20% above expected levels identified in local planning documents. This policy solution was identified by the Rural Housing Policy Review.²⁵

²⁵ Best, R, et al. *Affordable Housing: A Fair Deal for Rural Communities*. Rural Housing Policy Review, 2015.

Properties that are subject to compulsory purchase are eligible for CGT rollover provisions, but land sold for rural exception sites is not eligible. Such a provision would incentivise landowners because they would receive a higher financial return than currently. It would not result in a total loss of tax collected by the Treasury but merely extends the class of assets into which gains can be rolled over.²⁶ While Entrepreneurs' Relief has unlocked some land,²⁷ it does not target landowners.

²⁶ *ibid.*

²⁷ Royal Institution of Chartered Surveyors. *Residential Policy*, 2015

4.6 Other taxation

A further taxation measure recommended by the review is for affordable housing to be added to the assets that can be exempted from inheritance tax.²⁸ Changes to the taxation of trusts introduced in 2008 have led to increased inheritance tax charges for most large landowners, and there is clearly a case for a degree of inheritance tax relief for landowners with affordable housing. However, the concern of this paper is how landowners can be incentivised to provide land for rural affordable housing, which the two previous tax recommendations discussed would facilitate.

²⁸ Best, R, et al. *Affordable Housing: A Fair Deal for Rural Communities*. Rural Housing Policy Review, 2015. Available at: <http://www.acre.org.uk/cms/resources/afairdealforruralcommunitiesmainreport3-1.pdf>

5.0 Conclusion

There is a pressing need to provide additional rural affordable housing, and rural landowners have a key role to play in helping to meet this need. As providers of a range of services to local rural communities throughout the country, rural landowners will have a strong affinity with the local area, and are often deeply embedded in a range of activities affecting the local population. This grassroots engagement means that rural landowners often have philanthropic intentions – and the provision of affordable rural housing that would help maintain the fabric of their local communities can represent an appealing investment.

The two models presented in this paper demonstrate how landowners can provide land for affordable rental housing and secure a long-term, low-risk, albeit relatively modest, return on investment while retaining freehold rights over the land.

This paper also outlines several incentives that would help facilitate investment in rural affordable housing. Ensuring that new housing units are reserved for those with strong bonds to the local community is crucial to securing investment. The statutory choice-based lettings system acts as a disincentive as there is the potential for housing to be allocated to individuals from outside of the respective community. Were government to allow nomination rights on rural exception sites to rest solely with the landowner – as put forward in this paper – they would be reassured that their investment would benefit local residents. The nomination process would correspond with eligibility criteria set out in statutory housing waiting lists.

Tax adjustments can also provide incentives. This paper calls for income tax relief on expenditure over income earned as well as rollover provisions on CGT for land provided as rural exception sites for affordable rental housing. Two of the incentives outlined in this paper were also recently put forward by the Country Land and Business Association (CLA) as mechanisms through which landowners could be encouraged to provide land and develop rural affordable housing.²⁹ The focus of CLA's recent comments pertain to landowners building and managing housing themselves, as this paper's second model illustrates. Yet there will be many instances in which landowners lack the knowledge and resources to develop affordable housing, and will need the assistance of housing associations to bring forward development; this form of development, with landowners and housing associations working together, is set out in the first model of delivery.

²⁹ CLA. Affordable homes by landowners can help solve housing crisis in the countryside, 2016. Available at: <https://www.cla.org.uk/rural-policy-advice/legal-and-professional/rural-housing/news/affordable-homes-landowners-can-help-solve-housing-crisis-countryside>

Government needs to address the severe shortage of affordable housing in many rural areas so it is important that the motivations of rural landowners are understood. There is scope for public agencies to work more closely with landowners. Research has shown that landowners have a generally negative view of working with local authorities³⁰ and find the development of housing to be complex and unsatisfactory due to the range of actors involved. It is important that the altruistic aspirations of landowners are harnessed and they are not deterred from engaging with the relevant authorities. To this end, local planning authorities should proceed with tact when approaching landowners.

³⁰ Smiths Gore, *Incentivising landowners to release sites for affordable housing: A report to Lincolnshire Rural Affordable Housing Partnership*, August 2011. Available at: https://issuu.com/smiths_gore/docs/incentivising_landowners_to_release_sites_for_affo

There is a dearth of research on UK landowners and their aspirations. Considering their influence over social capital within rural communities throughout England, this gap in knowledge is unwarranted. Further research to better understand landowners' motivations and attitudes is required – and it is important that relevant organisations undertake this work.

While the land market is primarily driven by capital reward, this will not be the overriding motivation of all rural landowners. Gaining a secure investment yield through the provision of housing units will be appealing to landowners, but many will also want local people to be able to access affordable housing within their communities. The two models proposed in this paper can help facilitate landowners to provide land for affordable rent, providing much-needed support to rural communities.



Case study: Burwell, Cambridgeshire

Who was involved?

Patrick Faircliffe (landowner)
Hastoe Housing Association
Burwell Parish Council
East Cambridgeshire District Council

Homes

Hastoe has 39 properties in Burwell; 35 are assured tenancies and four are shared ownership.

Letting agreement

Mr Faircliffe had no involvement in the selection of potential occupants, but was satisfied with the terms agreed that residency would be for people with family connections to Burwell or for people working in the village. The district council drafted the nomination criteria for the initial scheme, with the parish council agreeing to the proposals.

Funding

The entire site was approximately eight acres and, as a single exception site in each phase, the land was sold for a nominal value per plot.

Sources

Interview with the landowner, Mr Faircliffe
Hastoe Community Strategy for Burwell: <http://www.hastoe.com/download/2098/Burwell-Community-Strategy-Action-Plan.aspx>

Outline

Hastoe's development of affordable housing units in Burwell has taken place over several phases. Landowner Patrick Faircliffe initially sold land to Hastoe as a rural exception site on which 11 dwellings were granted outline planning permission in 1994. Hastoe had made contact with Mr Faircliffe through a local magazine article that called for local landowners who would consider releasing land for social housing.

After this development phase, Hastoe requested further land from Mr Faircliffe. In June 1996, a planning application was made for a second phase of eight dwellings. This was approved (the original 11 houses were under construction at this stage).

The parish council acknowledged a need for further local housing and, in 2005, after several alternatives were discussed, approval was given for a further 20 dwellings (phase three). The scheme was completed in March 2008.

The parish council did not support further development on this site, and Hastoe found an alternative site in the village. However, after a public exhibition of the proposal, and opposition from neighbours, the proposal was withdrawn.

In autumn 2015, planning permission was granted for a further 14 dwellings at the original site to be built by Hastoe (phase four). Following meetings between Hastoe and the parish council, it was agreed that some of these units would be made available on the open market to subsidise those being built for affordable rent. Since it was decided that a policy of cross-subsidisation would be pursued, there have been ongoing discussions between Hastoe and the parish council on the terms/options for the units that will be available on the open market.

Case study: Kinlet, Shropshire

Who was involved?

Shropshire Rural Housing Association
Shropshire Council
Kinlet Parish Council
Homes and Communities Agency
Kinlet Primary School
Landowning estate

Outline

Shropshire Rural Housing Association's development in Kinlet was the second phase on the site, following a traditionally built first phase which was finished in 2000. The land for both phases was purchased from the local landed estate – freehold in the first phase and on a 99-year leasehold interest, with modest ground rent, in the second phase.

Homes

Six semi-detached houses and two detached bungalows, all provided for affordable rent in a small village.

The family that owns the landed estate has ties to the village that go back to the 17th century. While wanting to maintain a viable estate, the family also wanted to 'do the right thing' for the village.



Letting agreement

The second phase of the development was based on strong community engagement. The housing association worked with the parish council to determine what would be built and how the homes would be allocated.

The agreement reached provides priority allocation to those with strong local connections. The housing association, Shropshire Council and the parish council worked together in drawing up the nomination criteria for the second phase. A Shropshire Council template served as the basis from which the specific nomination criteria for the Kinlet scheme was developed. The completed development is occupied by households with local connections to the village and parish of Kinlet. Residents are of varying ages, from young children to retired adults, and demonstrate the range of need for affordable rural housing in the village.

Funding

Funding for the development was met by: borrowing by the housing association, an £80,000 community-led development grant from Shropshire Council and £132,000 from the Homes and Communities Agency. The total cost of the scheme was a little over £900,000.

The second phase of development was possible due to the successful working relationship between the landowner and the housing association that began with the first phase. The housing association had approached the landowner and achieved agreement in principle to a second phase, and a rural housing enabler from Shropshire Council and the parish council joined with the housing association to form a project board to oversee the project. Shropshire Council operates a policy in which it will provide a proportion of funding for community-led developments that are exclusively for affordable housing, and provided a subsidy to the parish council and the housing association. This funding was £10,000 per plot from Shropshire Council to Shropshire Rural Housing Association, and £3,000 per plot from the council to the Parish Council. The housing association and parish council jointly used a proportion of these funds to meet the costs of improved land drainage for Kinlet's primary school, enabling greater use to be made of the playing fields and adding further value to this community-led development. While the first-phase houses were traditionally built and, in effect, an organic extension of the village, the second phase used off-site manufacture. The Accord Group – a West Midlands-based housing association group – manufactured the homes at its LoCal Homes factory. LoCal is a social enterprise that builds low-carbon, closed-panel, timber-frame systems that can be externally finished in a variety of materials. The Kinlet homes are on the edge of open countryside, and a combination of weatherboard-effect panels and render sits well with the local architecture of agricultural buildings.

Sources

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Case study: Holkham Estate, north Norfolk

Funding

To be funded entirely by Holkham Estate.

Sources

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Outline

The Holkham Estate is a privately owned 25,000-acre estate with activities in agriculture, leisure and tourism, and property.

Housing on the Holkham Estate has been developed by the estate itself, and illustrates the second model outlined in this paper, whereby the rural landowner oversees the construction of affordable housing units and subsequently leases them.

The estate manages more than 300 residential and commercial properties. Some of them are listed buildings which are centuries old, and many were built to house agricultural workers and estate staff. Estate policy is to let houses to people who live and work locally.

However, the estate has also built new homes for local people. In 2000, the estate built six almshouses in the nearby village of Burnham Market which have occupancy restrictions. The Holkham Estate says that, as well as providing homes for people with local connections and local workers, it also helps maintain the social fabric of the community.





The estate is looking to review the provision of local housing and hopes to build 20-30 new properties for those working locally and in need of housing. While there is a shortage of rural housing, there is also a lack of smaller properties for younger people. The estate recognises the acute shortage of housing available for the local community and has a keen interest in supporting local residents through the provision of rented housing.

The Holkham Estate is an important driver of local economic growth, and recognises the value of its role as a local employer and housing provider. The estate is aware of the planning challenges ahead but will be discussing these with local communities, the planning authority and Historic England. As part of the proposed development, the estate is keen to agree nomination rights, for which they will hold responsibility. Rents will be affordable and in line with local salaries.





CPRE is an environmental charity campaigning for a beautiful and living countryside that everyone can value and enjoy.

We aim to defend the countryside from damaging development by:

- influencing national and local planning policy relating to housing
- promoting appropriate brownfield development
- promoting examples of sustainable urban and rural development and good practice
- influencing the approach of the Government towards the countryside and planning

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