



## **Directors and Steering Group Meeting**

**6pm, Tuesday 12<sup>th</sup> November 2013**

### **Notes**

#### **Present:**

Roger Stokes, Tom Glastonbury, Denise Gatley, Susan Spencer, David Osbiston, Claire Ash-Wheeler, Sara Squire, Chris Park, Christine Burke, (all CCT), Alex Rehaag (WDBC), Sue Hitchcock (CCD), Steve Watson (Wessex CLT Project).

**Apologies:** Julia Darby, Alan Deacon, Rob White

#### **1. Progress against project plan**

Incorporation of the Trust is expected in December once minor remaining issues have been resolved. Regarding legal services, WCLT has put CCT in touch with a firm called DWF currently representing 9 trusts. Battens, another firm representing 2 trusts has CG Fry as a significant client and has therefore declined the opportunity to tender. CCT will require a firm quotation for resubmission of the bid for legal services grant to the National CLT Network.

*Action: RS*

#### **2. Partnership approach - proposed relationship between CCT, CGF and RP**

Regarding the choice of a partner HA, WCLTP has recommended Aster, Teign and Hastoe and copied the draft heads of terms to each. CG Fry is not quite ready to bring a HA on board yet and will be contacting these three and possibly others in due course.

#### **3. Rent levels - DNP/EDDC policy position**

There was an extensive discussion of this, the salient points being as follows:

- The maximum Housing Benefit payable for different house types in Chagford is: 1 bed house - £114.23 per week; 2 bed house - £138.46 per week; 3 bed house - £161.54 per week; and 4 bed house - £219.23 per week.

- Where governments grants are involved in developments (through the Homes and Communities Agency), the expectation is that an 'Affordable Rent'<sup>1</sup> should be charged. This is defined as '80% of the local market rent', as determined by a qualified valuer using methodology designed to overcome any anomalies. The Chagford development will not be grant-funded by the HCA because, for developer-led schemes such as this, the homes are required as a planning condition. However, the 'Affordable rent' is becoming the default position for developer-led schemes unless there is evidence that a lower rent should be set. The level of 'Affordable rents' in Chagford is unknown at the moment but, for a comparison (with no guarantee that such levels would apply to Chagford), 'Affordable rents' expected to be set in nearby Christow are thought to be in the order of £125/week for a 2-bed house and £143/week for a 3-bed house. It was agreed that a valuation of local market rents would be useful and WCLT will obtain a quotation.

*Action: SW*

- If a case is to be made for lower rents to be set in Chagford, this will need to be made by WDBC – as the strategic housing authority – to DNPA – as the planning authority - on the basis of evidence. DNPA is receptive to such cases being made.<sup>2</sup> WDBC and CCD will examine the responses to the housing needs survey conducted earlier this year and report back on their findings. It was noted that, if lower rents are required, there will be a financial impact on the scheme and this could result in other community benefits being reduced, including a potential reduction in the overall number of affordable homes – this would all be part of the Section 106 negotiation. However, there is a strong feeling that whatever affordable homes are produced should be demonstrably affordable to local people – even if they cannot be as low as Social rents have been in the past. CCD reported that the housing needs survey indicated that only 8 people could afford an 'Affordable rent' without support from housing benefit.

*Action: AR/SH*

- In theory, rents higher than Social rents would be offset by lower heating costs because the homes will be built to at least current building regulations standard. CG Fry had commented on this in response to a question at the last meeting<sup>3</sup>. However,

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<sup>1</sup> 'Affordable Rents' were introduced following the Comprehensive Spending Review of 2010 and represent part of the impact on the housing sector of the recession. They apply to almost all new homes – and for some existing homes on reletting – and sit alongside much reduced capital grant rates. An 'Affordable rent' is 80% of the local market rent, whereas a 'Social rent' – as set under the previous funding regime - is about 60% of the local market rent.

<sup>2</sup> "Under the new arrangements, government funding is generally directed towards providing only for the delivery of dwellings provided under affordable rent. It is envisaged that the housing benefit system will need to be used where necessary to ensure that the properties are affordable for local people in housing need by helping to meet the shortfall between social and affordable rents. **However, where opportunities allow, the Authority will continue to look at whether individual schemes can provide opportunities for delivering social rent.**" *DNPA Development Management and Delivery Development Plan Document Adopted Version July 2013, p53.*

<sup>3</sup> "Environmentally, the homes will be as well insulated and air-tight as reasonably possible, thereby providing very low running costs without the necessity for accessories such as photovoltaic cells or ground/air source heat pumps. CGF has found that forms of accreditation– such as the Code for Sustainable Homes or Passivhaus – require a range of targets to be met which can distort the aim of producing a sustainable home at a commercially realistic price. The Passivhaus scheme in Exeter – recently visited by members of the Chagford group – is a case in

it was acknowledged that, for some people, this would result in increased comfort levels rather than savings because they would already be economising on fuel costs.

#### **4. Allocations - to follow Christow precedent?**

There was an extensive discussion of this, the salient points being as follows:

- Allocations will be prioritised to local people. Although applicants will need to be registered with Devon Home Choice – the county-wide waiting list – in order to be eligible in terms of their housing need, having a local connection would give priority. This means that someone with a relatively low housing need and a local connection would be housed ahead of someone with a higher housing need but no local connection. This is very different from the way allocations to affordable housing normally work which is prioritised by the level of need.
- WDBC and WCLTP provided examples of the eligibility criteria for allocations – from Moor Park (1998) and Christow (this year). In due course, we will all meet – with DNPA - to discuss the eligibility criteria that we think should apply to Chagford. WCLTP reported that DNPA had been very receptive to this approach in Christow. The Allocations Plan for Chagford will cover more than the eligibility criteria: it will cover issues such a) what will happen if there are insufficient eligible applicants from Chagford; b) how we will work together to ensure that eligible people are registered on Devon Home Choice and apply for the homes when they are available; c) how CCT will have an opportunity to verify applicants' stated local connections; and so on.<sup>4</sup>

#### **5. Tenure and type - mix of rented, shared ownership and intermediate**

As part of the preceding discussions, there was an extensive discussion of this, the salient points being as follows:

- The indicative demand – according to the housing needs survey - is for 39 homes for rent and 4 for shared ownership. Apparently, following feedback from the masterplanning events, there is also some demand for intermediate homes<sup>5</sup> too, although this could be met by the use of the government's Help-to-Buy scheme.
- The so called 'bedroom tax' is having an impact elsewhere on the type of homes being built. This new legislation means that those dependent on benefits to meet their housing costs must now top-up their rents from their own resources if they are deemed to have one or more spare bedroom. Whereas two-bedroom homes were

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point. CGF has been contracted by the City Council to achieve full accreditation but could have achieved virtually the same performance far more economically and with fewer demands on the resident." Notes from meeting on the 7<sup>th</sup> October 2013

<sup>4</sup> A draft copy of the Christow allocations plan is attached to these notes.

<sup>5</sup> 'Intermediate homes' are defined by the DNPA as those sold at 80% of market value to people with a local connection who cannot afford to access the market without such a discount. The restriction to 80% of market value is enshrined in perpetuity by a restrictive price covenant. The homes must not be greater than 80m<sup>2</sup> in floor area. Potentially, Help-to-Buy is aimed at the same people by providing, as part of the buyer's deposit, a 15% low-cost equity mortgage. Help-to-Buy does not have any local connection requirements.

most commonly built in rural locations in the past – because they can meet the needs of single people or childless couples whilst allowing for possible family growth in the future – more one-bedroom homes are now being built to house single people or childless couples who can't afford to take the risk of topping-up their housing benefit. As legislation changes over time [Labour has already promised to repeal the 'bedroom tax] it would make sense to plan for some one bedroom flats but to balance these with a healthy supply of two-bedroom houses – plus of course some three- and a few four-bed houses. CCD will analyse the housing needs survey to determine the optimum mix and this will can be discussed with CG Fry in due course.

*Action: SH*

- The rate of supply of the affordable homes had been discussed with CG Fry at the previous meeting.<sup>6</sup> WDBC added that applications for registration on Devon Home Choice are already starting to increase as people become aware of the opportunity. It is felt likely that the demand for the homes will continue to grow and exceed that indicated by the housing needs survey.

## **6. AoB**

WDBC circulated a glossary of terms used in affordable housing developments together with other useful information such as a copy of the Section 106 Agreement for Lamb Park (1998) and examples of low local people are prioritised over others for allocations.

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<sup>6</sup> “The scheme will be phased in the sense that some properties will be complete and ready for occupation before others but there is no plan for a more formal phasing i.e. where there are two distinct periods of construction. A key role for CCT will be to ensure that, as affordable homes reach completion, as many eligible people as possible have registered with Devon Home Choice and are ready for bidding. This will ensure that, so far as possible, all the affordable homes are occupied by people with a connection to Chagford.” Notes from meeting on the 7<sup>th</sup> October 2013