

# Exmoor National Park

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## Local Need Affordable Housing Assessment Final Report

April 2023



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# PART A: PROVISION OF DATA FOR LOCAL NEED AFFORDABLE HOUSING ASSESSMENT

## 1. Introduction and background

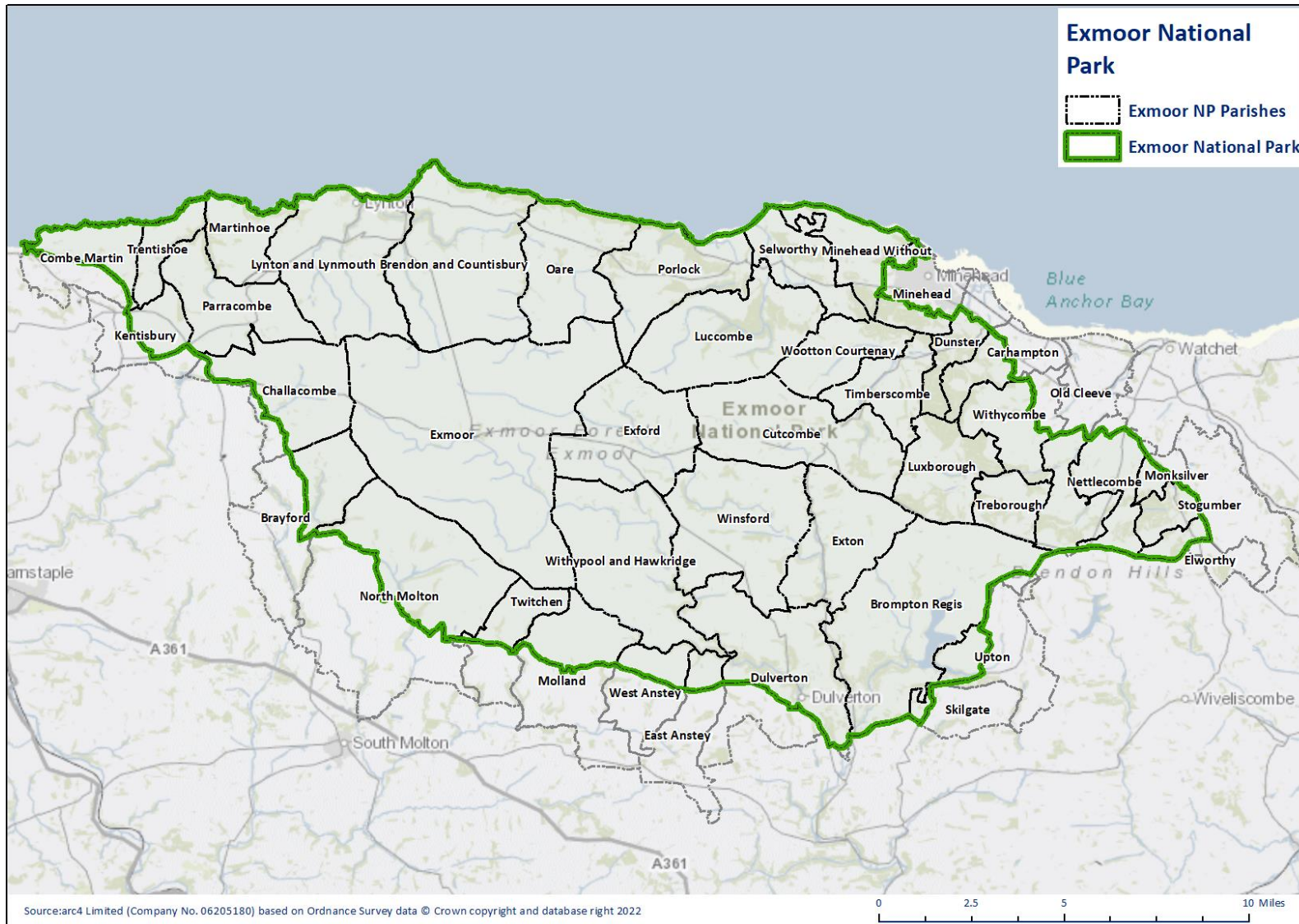
### Introduction

- 1.1 Faced with a lack of affordable housing and limited opportunities for development in Exmoor National Park, the Exmoor National Park Authority (ENPA) has used its role as Local Planning Authority to ensure that any new housing meets local need in terms of its affordability to those on local incomes and people with a local connection have the opportunity to live in these properties. To support the implementation of its approach it has sought evidence and advice on setting affordable rent and sale values for local needs housing and assessment of household's eligibility to meet local need occupancy requirements.
- 1.2 The first part of this report, Part A provides an update of data on local incomes and house price and rents in Exmoor National Park. Drawing on this data, it provides analysis and advice on the scope and limitations of particular data sources, including whether data exists or can be 'cut' to the National Park boundary or to whole local authority areas.
- 1.3 This informs the first part of Part B report which advises on a methodology and approach for assessing the affordability of sales and rents of housing proposals to meet local affordable housing needs.

### The study area

- 1.4 The focus of this analysis is Exmoor National Park which covers the Somerset West and Taunton (SWT) and North Devon local authority areas. Please note that from April 2023 Somerset West and Taunton is now part of Somerset Council.
- 1.5 Map 1.1 presents a summary of constituent parishes in the ENP area.

Map 1.1 Parishes within or partly within Exmoor National Park





## 2. Policy context

### National Park context: The status of Exmoor as a National Park

- 2.1 Exmoor is a National Park. Primary legislation underpinning National Park designation defines two National Park statutory purposes:
1. To conserve and enhance the natural beauty, wildlife and cultural heritage of the National Park; and to
  2. Promote opportunities for the understanding and enjoyment of its special qualities by the public (The [Environment Act 1995 \(legislation.gov.uk\)](https://www.legislation.gov.uk))
- 2.2 In pursuing these purposes, the Act places a duty on National Park Authorities to seek to foster the economic and social well-being of local communities within the National Park. They should co-operate with local authorities and public bodies whose functions include economic or social development within the area (Section 62 of the Environment Act 1995. Section 62 also places a general duty on all relevant authorities, including other public bodies, to have regard to these purposes).

### National planning policy framework

- 2.3 The National Planning Policy Framework (NPPF) recognises the need to deliver housing to meet the needs of different groups. This includes those who require affordable housing, including affordable housing in rural areas. Paragraphs 78 to 80 of the NPPF set out the government's policy position on rural housing:
- "In rural areas, planning policies and decisions should be responsive to local circumstances and support housing developments that reflect local needs. Local planning authorities should support opportunities to bring forward rural exception sites that will provide affordable housing to meet identified local needs and consider whether allowing some market housing on these sites would help to facilitate this." NPPF Para 78
- "To promote sustainable development in rural areas, housing should be located where it will enhance or maintain the vitality of rural communities. Planning policies should identify opportunities for villages to grow and thrive, especially where this will support local services. Where there are groups of smaller settlements, development in one village may support services in a village nearby." NPPF Para 79
- "Planning policies and decisions should avoid the development of isolated homes in the countryside" (NPPF Para 80).
- 2.4 The NPPF then sets out several certain specific circumstances such as for an essential need for rural workers in the countryside, related to heritage assets, redundant buildings, subdivisions or for outstanding design.
- 2.5 The National Planning Policy Framework (NPPF Para 176) makes clear that "great weight should be given to conserving and enhancing landscape and scenic beauty in National Parks ..., which have the

highest status of protection in relation to these issues. The conservation and enhancement of wildlife and cultural heritage should also be given great weight. The scale and extent of development within these designated areas should be limited.

- 2.6 Annex 2 of the NPPF sets out a national planning policy definition of affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:
- a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).
  - b) **Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.
  - c) **Discounted market sales housing:** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.
  - d) **Other affordable routes to home ownership:** is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low-cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision or refunded to Government or the relevant authority specified in the funding agreement.
- 2.7 Regarding Annex 2 definitions, the following points should be recognised when considering affordable housing in the National Park context:
- The discounts applied to some products may not meet the criteria set out in the NPPF. This is covered in Part B

- It should be noted that the NPPF applies across all areas including urban areas. However, not all the kinds of housing defined as affordable in the NPPF would be consistent with the ENP local plan because they do not have the necessary perpetuity arrangements. The NPPF is currently being revised and the affordable housing definition may change to recognise housing providers other than registered providers, for instance Community Land Trusts, although this has not yet been confirmed.

## National Park Circular

- 2.8 The National Park Circular provides policy guidance specifically for the English National Parks. It identifies priorities including supporting the delivery of affordable housing ([English national parks and the broads: UK government vision and circular 2010 - GOV.UK www.gov.uk](https://www.gov.uk/government/consultations/english-national-parks-and-the-broads-uk-government-vision-and-circular-2010)). Also cited in footnote 59 of the NPPF). It says National Park Authorities have an important role as planning authorities in the delivery of affordable housing though they are neither housing authorities nor housing providers. Plans should include policies that pro-actively respond to local housing needs. The expectation is that new housing will be focused on meeting affordable housing requirements, supporting local employment opportunities and key services. The government expects National Park Authorities to maintain a focus on affordable housing and to work with local authorities and other agencies to ensure that the needs of local communities in the Parks are met and that affordable housing remains so in the longer term.

## Defining what is affordable

- 2.9 Shelter ([click here for link to blog](#)) provide a helpful approach to describing affordable housing by focusing on two concepts: a focus on the person and a focus on the property.

### **Focus on the person:**

A home is affordable if you can afford to live in it: if you can pay the rent or mortgage without being forced to cut back on the essentials or falling into debt. Shelter then suggests that 35% of net household income (income after tax and benefits) is a cut-off for what is affordable.

### **Focus on the property:**

This considers tenure of a property and defines Affordable Housing as any home that is not private market housing, that is it is not a home bought privately or a home that is rented from a private landlord.

- 2.10 National Planning Practice Guidance (NPPG), which supports the NPPF, states that 'all households whose needs are not met by the market can be considered in affordable housing need (PPG Paragraph: 018 Reference ID: 2a-018-20190220). It does not specify what household income should be spent for a property to be affordable although it does state the 'need to identify the minimum household income required to access lower quartile (entry level) market housing' (PPG 2019 Paragraph 021 Reference ID 2a-021-20190220).

The last guidance to consider affordable prices/rents was published in the 2007 DCLG Strategic Housing Market Assessments Practice Guidance Version 2 August 2007, which stated that gross household incomes should be used to assess affordability and:

- a household can be considered able to afford to buy a home if it costs 3.5x the gross income of a single earner or 2.9x the gross income for dual-income households; and
  - a household can be considered able to afford market renting where the rent payable was up to 25% of gross household income.
- 2.11 The former guidance did note that local circumstances could justify higher figures being used for affordable renting and that allowances should be made for access to capital that could be used towards the cost of home ownership.
- 2.12 A review of mortgage lending websites would suggest that a mortgage of up to 4.75x a single or joint gross income is possible (for example First Direct September 2022), subject to personal circumstances and stress testing. The amount lent is subject to a personal/household appraisal which will also consider the impact of deposit available and interest rate changes.
- 2.13 Based on this data, the principal assumption considered by arc4 with reference to affordability is:
- for buying up to 3.5x gross household income; and
  - for renting up to 25% gross household income.
- 2.14 This assumption has been regularly tested at Planning Inquiries and provides a reasonable basis for assessing affordability. Note that 25% gross income equates to around 35% of net income which is a figure used by Shelter to assess affordability. This is based on ONS income data which suggests a 32.3% difference between gross and net income. This is based on the effects of taxes and benefits on household income, UK 2020/21, Table 1. (Source: <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/datasets/theeffectsoftaxesandbenefitsonhouseholdincomefinancialyearending2014>).

## Data sources for house prices, rents and income

- 2.15 Appendix A sets out a range of data that can be readily used to assess affordability based on house prices, rents and incomes. The two key sources for prices and rents are Land Registry and Zoopla data. For incomes, a key source is the ONS Annual Survey of Hours and Earnings which is generally available at local authority level. Other sources are available but tend to relate to larger geographies. A useful 'reality check' for affordability can also be derived from an analysis of key worker incomes based on national pay scales for selected occupations, along with a consideration of minimum/living wages.

### 3. House prices, rents and incomes in Exmoor National Park

#### House prices

- 3.1 Over the period 2017 to 2022, a total 830 property sales were reported across the National Park (Table 3.1) Table 3.2 provides a further breakdown of prices by dwelling type. Table 3.3 shows sales by property type.

**Table 3.1 Property sales recorded 2017 to 2022**

| Price           | Exmoor National Park |
|-----------------|----------------------|
| Lower quartile  | £215,000             |
| Median          | £297,250             |
| Upper quartile  | £435,000             |
| Number of sales | 830                  |

Source: Land Registry Price Paid

Data to 9 Sep 2022

**Table 3.2 Property sales – prices by type of property 2017 to 2022**

| Dwelling Type | Exmoor National Park Lower Quartile | Exmoor National Park Median | Exmoor National Park Upper Quartile | Exmoor National Park Count |
|---------------|-------------------------------------|-----------------------------|-------------------------------------|----------------------------|
| Detached      | £323,500                            | £420,000                    | £547,500                            | 368                        |
| Semi-detached | £215,000                            | £275,000                    | £336,000                            | 163                        |
| Terraced      | £184,500                            | £225,000                    | £275,000                            | 196                        |
| Flat          | £115,000                            | £154,500                    | £230,000                            | 78                         |
| Other         | £275,000                            | £595,000                    | £795,000                            | 25                         |
| Total         | £215,000                            | £297,250                    | £435,000                            | 830                        |

Source: Land Registry Price Paid

Data to 9 Sep 2022

**Table 3.3 Property sales by type of property 2017 to 2022 (number)**

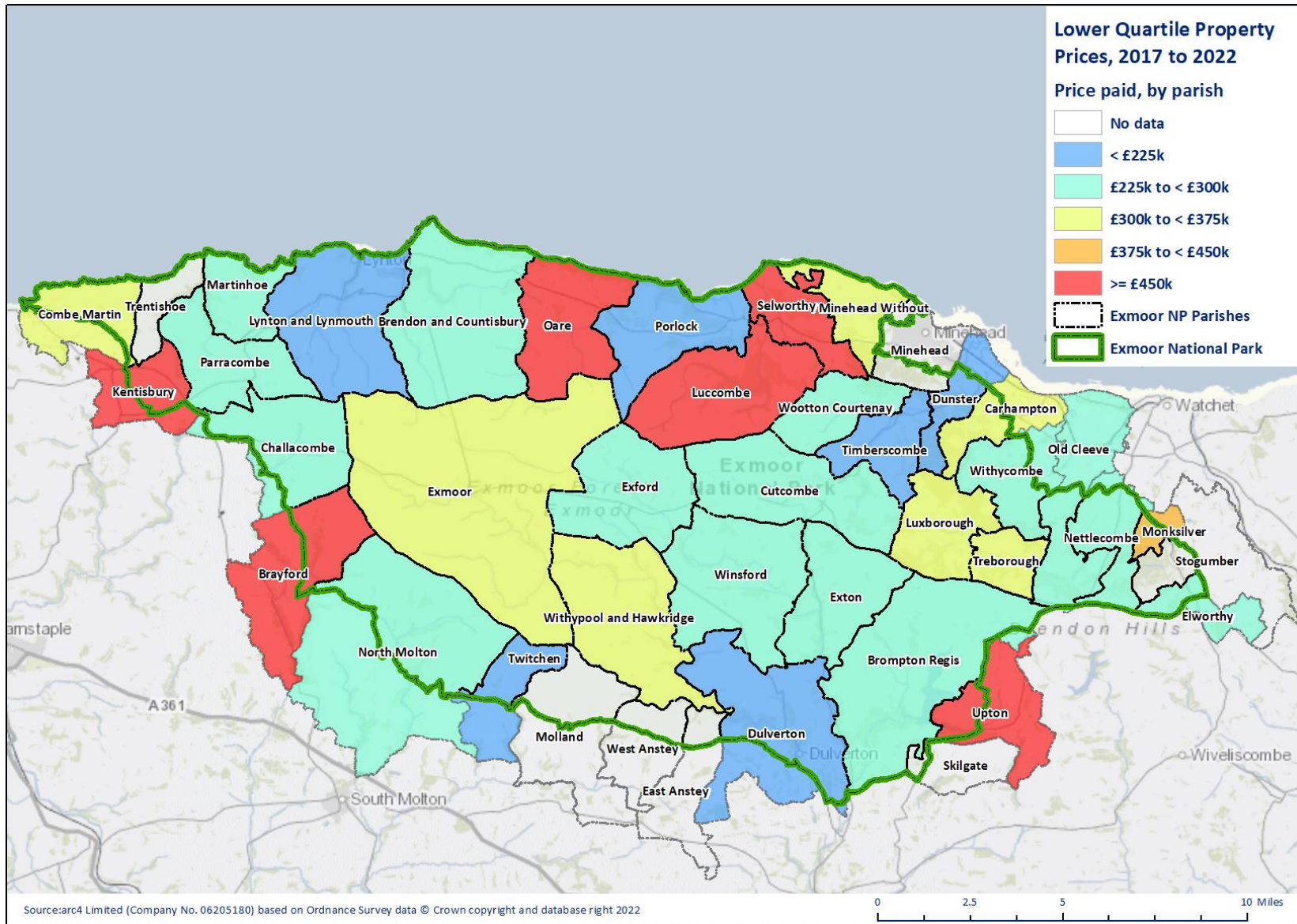
| Property type | Exmoor National Park (number) | Exmoor National Park (%) |
|---------------|-------------------------------|--------------------------|
| Detached      | 368                           | 44.3%                    |
| Semi-detached | 163                           | 19.6%                    |
| Terraced      | 196                           | 23.6%                    |
| Flat          | 78                            | 9.4%                     |
| Other         | 25                            | 3.0%                     |
| Total         | 830                           | 100.0%                   |

Source: Land Registry Price Paid

Data to 9 Sep 2022

- 3.2 Map 3.1 provides a summary of house prices by parish.

**Map 3.1 Lower quartile property prices by parish**



- 3.3 Data on property prices by type and size (number of bedrooms) are available from Zoopla. These data relate to all market activity and include sales as well as the prices of properties put on the market but not selling. The data provides a further insight into property prices across the National Park. Table 3.4 sets out price, dwelling type and dwelling size (number of bedrooms) for the National Park. Table 3.5 sets out dwelling size (number of bedrooms) for the National Park. Note that the sales data by bedroom size is more complete than for size and type.

**Table 3.4 Property sales by size and type of property 2017 to 2022**

| Dwelling Type           | Exmoor National Park Lower Quartile | Exmoor National Park Median | Exmoor National Park Count |
|-------------------------|-------------------------------------|-----------------------------|----------------------------|
| 1-bedroom flat          | £105,000                            | £125,000                    | 41                         |
| 1-bedroom house         | £139,975                            | £160,500                    | 24                         |
| 1-bedroom other         | £189,000                            | £189,000                    | 1                          |
| 2-bedroom flat          | £146,000                            | £232,000                    | 92                         |
| 2-bedroom house         | £179,000                            | £215,000                    | 146                        |
| 2-bedroom other         | £179,000                            | £182,000                    | 9                          |
| 3-bedroom flat          | £210,000                            | £260,000                    | 22                         |
| 3-bedroom house         | £235,000                            | £300,000                    | 349                        |
| 3-bedroom other         | £565,000                            | £565,000                    | 1                          |
| 4-or more bedroom house | £215,000                            | £215,000                    | 3                          |
| 4-or more bedroom flat  | £375,000                            | £500,000                    | 320                        |
| Total                   | £215,000                            | £300,000                    | 1,008                      |

Source: Zoopla sales data

**Table 3.5 Property sales by size of property 2017 to 2022**

| Number of bedrooms | Exmoor National Park Lower Quartile | Exmoor National Park Median | Exmoor National Park Count |
|--------------------|-------------------------------------|-----------------------------|----------------------------|
| 0                  | £35,000                             | £45,000                     | 7                          |
| 1                  | £109,500                            | £137,000                    | 70                         |
| 2                  | £175,000                            | £219,950                    | 292                        |
| 3                  | £230,000                            | £300,000                    | 439                        |
| 4+                 | £365,000                            | £500,000                    | 407                        |
| Total              | £219,000                            | £315,000                    | 1,215                      |

Source: Zoopla sales data

Note : not all zoopla sales data include both type and number of bedrooms. A higher number of Zoopla sales show only the number of bedrooms, hence the difference in the totals in Table 3.4 and 3.5

- 3.4 It is recommended that Land Registry house prices are used in affordability modelling as this is the data source used by ONS to calculate affordability ratios.
- 3.5 By comparing Land Registry and Zoopla prices, it is possible to provide a broad indication of how Land Registry data can be used to infer property prices by

type and size. Table 3.6 reconciles the two data sets to establish broad prices based on Land Registry data linked to dwelling size and type across the National Park.

**Table 3.6 Reconciling Land Registry prices to dwelling type and size (Exmoor National Park)**

| Land Registry dwelling type | Count | Lower Quartile | Median   | Broadly equates to:   |
|-----------------------------|-------|----------------|----------|---|
| Detached                    | 368   | £323,500       | £420,000 | 4-bedroom house   |
| Semi-detached               | 163   | £215,000       | £275,000 | 3-bedroom house   |
| Terraced                    | 196   | £184,500       | £225,000 | 2-bedroom house   |
| Flat                        | 78    | £115,000       | £154,500 | 2-bedroom flat  |
| Other                       | 25    | £275,000       | £595,000 | n/a   |
| Total                       | 830   | n/a            | n/a      | n/a   |
| Flat (1Bed)                 | n/a   | £92,000        | £123,600 | 1 bedroom Flat (80% of flat price based on analysis of Zoopla data) |

## Private Rents

- 3.6 Over the period 2017 to 2022, a total 177 private rental transactions were reported across the National Park.

**Table 3.7 Private rents in Exmoor National Park 2017-2022**

| Monthly Rent   | Exmoor National Park |
|----------------|----------------------|
| Lower Quartile | £524                 |
| Median         | £650                 |
| Upper Quartile | £776                 |
| No. rentals    | 177                  |

Source: Zoopla rents

- 3.7 Table 3.8 shows the range of dwellings available for letting. The most frequently rented property was a 2-bedroom house and accounted for 34.9% of rentals. This was followed by 1-bedroom flats (23.5%), 3-bedroom houses (21.7%) of rentals, 2-bedroom flats (11.4%), 4 or-more bedroom houses (3.6%) and 1-bedroom houses (4.8%)



**Table 3.8 Percentage of private rents by dwelling type and size in Exmoor National Park 2017-2022**

| Dwelling size and type           | Exmoor National Park (%) | Exmoor National Park (Number) |
|----------------------------------|--------------------------|-------------------------------|
| 1-bedroom flat                   | 23.5                     | 39                            |
| 1-bedroom house                  | 4.8                      | 8                             |
| 2-bedroom flat                   | 11.4                     | 19                            |
| 2-bedroom house                  | 34.9                     | 58                            |
| 3-bedroom house                  | 21.7                     | 36                            |
| 4-bedroom house                  | 3.6                      | 6                             |
| Total                            | 100.0                    | 166                           |
| Missing data on type and/or size |                          | 11                            |
| Grand total of rentals           |                          | 177                           |

Source: Zoopla rents

Note: not all Zoopla sales include data on dwelling type and size. Therefore the base of 166 is lower than the overall number of 177 rentals in Table 3.7.

3.8 Table 3.9 shows the variation of private rental prices by dwelling type and size 2017 to 2022 across the National Park.

**Table 3.9 Private rents (£ per calendar month) by dwelling type and size in Exmoor National Park 2017-2022**

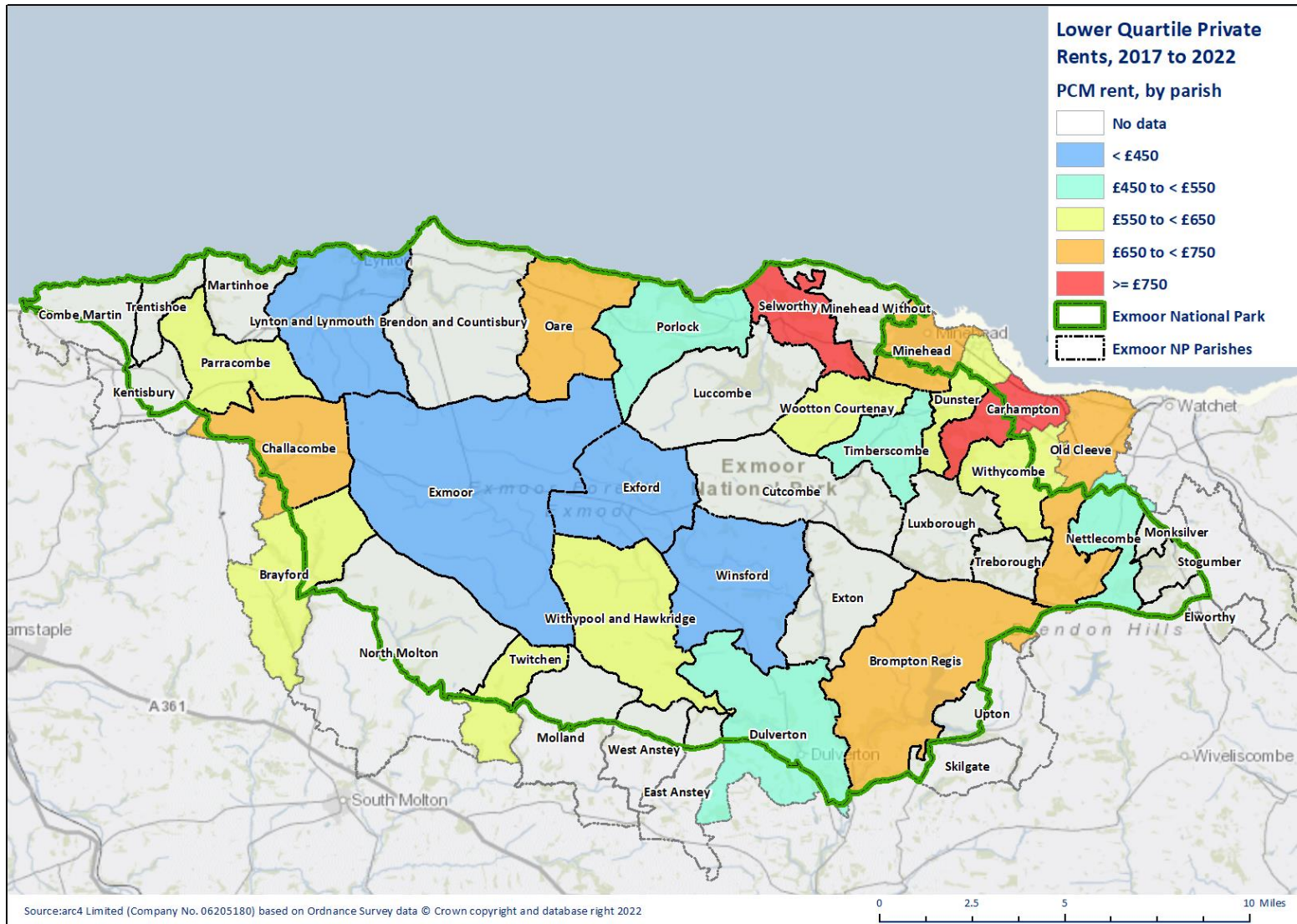
| Dwelling type and size  | Exmoor National Park Lower Quartile | Exmoor National Park Median | Exmoor National Park Upper Quartile | Exmoor National Park Count |
|-------------------------|-------------------------------------|-----------------------------|-------------------------------------|----------------------------|
| 1-bedroom flat          | £433                                | £477                        | £498                                | 39                         |
| 1 bedroom house         | £412                                | £501                        | £561                                | 8                          |
| 2-bedroom flat          | £550                                | £594                        | £650                                | 19                         |
| 2-bedroom house         | £598                                | £676                        | £750                                | 58                         |
| 3-bedroom house         | £750                                | £802                        | £910                                | 36                         |
| 4 or more-bedroom house | £1001                               | £1001                       | £1,300                              | 6                          |
| Total                   | £498                                | £624                        | £750                                | 166                        |

Source: Zoopla rents

Note: not all Zoopla sales include data on dwelling type and size. Therefore the base of 166 is lower than the overall number of 177 rentals in Table 3.7

3.9 Map 3.2 provides a summary of private rents and shows the variations between parishes across the National Park.

**Map 3.2 Lower quartile private rents by parish**



## Incomes in the National Park

- 3.10 There are a range of income datasets available at national and regional level, but it is more challenging to obtain data for smaller geographies. Additionally, different datasets provide individual salary/earnings or household incomes.
- 3.11 Two of the more frequently used datasets are the ONS Annual Survey of Hours and Earnings (ASHE) which is used to calculate ONS affordability ratios; and CAMEO UK household income data. CAMEO UK is the only dataset to provide data at postcode level which is used to establish the likely number of households in different income groups. CAMEO also takes into account all households so will include households where people are not working or retired. Table 3.10 shows household income data of the National Park based on CAMEO UK data along with comparative ASHE earnings data for Somerset West and Taunton and North Devon local authorities. As ASHE data are used in the ONS calculation of affordability ratios, it is recommended ASHE data are used in affordability calculations for the National Park. However, ASHE data is not produced for the National Park and it is therefore not possible to conclude whether ASHE data over/understates wages within the National Park.

**Table 3.10a Household incomes and individual earnings 2021 - CAMEO household income 2021**

|                      | Lower quartile | Median  | Average |
|----------------------|----------------|---------|---------|
| Exmoor National Park | £26,154        | £34,199 | £35,119 |

**Table 3.10b Household incomes and individual earnings 2021 – ASHE Earnings data 2021**

|                              | Lower quartile | Median         | Average        |
|------------------------------|----------------|----------------|----------------|
| <b>Full-time earnings</b>    |                |                |                |
| Somerset West and Taunton    | £22,243        | £28,578        | £32,448        |
| North Devon                  | £20,841        | £26,118        | £30,113        |
| <b>Average for the 2 LAs</b> | <b>£21,542</b> | <b>£27,348</b> | <b>£31,281</b> |
| <b>Part-time earnings</b>    |                |                |                |
| Somerset West and Taunton    | £7,038         | £9,832         | £12,864        |
| North Devon                  | £6,490         | £10,306        | £11,793        |
| <b>Average for the 2 LAs</b> | <b>£6,764</b>  | <b>£10,069</b> | <b>£12,329</b> |

Source: CAMEO UK, ONS ASHE

Note to ENPA: ASHE data for 2021 have been updated during the drafting of the report and the latest figures are shown

## Cost of alternative tenures

- 3.12 The relative cost of alternative housing options across the National Park has been considered from two perspectives. Firstly, analysis considers prevailing prices across a range of market and affordable tenures and the incomes required to afford these properties. Secondly, analysis considers what is genuinely affordable to households based on local incomes and assumptions around the proportion of income that should be spent on renting and the multiples of income for buying. The analysis of what is genuinely affordable also

considers the incomes of selected key workers and those on minimum and living wages.

- 3.13 Table 3.11 sets out the range of market and affordable tenures considered in analysis and any assumptions relating to the cost of properties. The cost of alternative affordable and market tenure options and gross household incomes required to be affordable is set out in Table 3.12.

**Table 3.11 Summary of tenure (including affordable options), price assumptions and data sources**

| Tenure                       | Tenure price assumptions  | Affordability assumptions  | Data Source  |
|------------------------------|---|--|--|
| Social rent                  | 2021 rents  | 25% of income  | Regulator of Social Housing Statistical Data Return 2021 |
| Affordable Rent              | 2021 average prices which are based on Local Housing Allowance rates  | 25% of income  | Regulator of Social Housing Statistical Data Return 2021 |
| Market Rent – lower quartile | Based on 2017- September 2022 prices  | 25% of income  | Zoopla   |
| Market Rent – median         | Based on 2017- September 2022 prices  | 25% of income  | Zoopla   |
| Market Sale – lower quartile | Based on 2017- September 2022 prices  | 90% LTV, 3.5x income   | Land Registry Price Paid                                 |
| Market Sale – median         | Based on 2017- September 2022 prices  | 90% LTV, 3.5x income   | Land Registry Price Paid                                 |
| Shared ownership (50%)       | Total price based on median price and 50% ownership. Mortgage based on 40%. 10% deposit required; annual service charge £395, Annual rent based on 2.75% of remaining equity – for instance if the outstanding equity is £50,000, the annual rent would be $£50,000 \times 2.75\% = £1,375$ or £114.58 each month | 90% LTV, 3.5x income for equity and 25% of income for rental element | Assumptions applied to Land Registry Price Paid data     |
| Shared ownership (25%)       | Total price based on median price and 25% ownership. Mortgage based on 20%, 5% deposit required, annual service charge £395. Annual rent based on 2.75% of remaining equity– for instance if the outstanding equity is £50,000, the annual rent would be $£50,000 \times 2.75\% = £1,375$ or £114.58 each month   | 90% LTV, 3.5x income for equity and 25% of income for rental element | Assumptions applied to Land Registry Price Paid data     |

| Tenure                        | Tenure price assumptions   | Affordability assumptions                            | Data Source  |
|-------------------------------|--|--|--|
| Discounted home ownership 30% | 70% of median price (note this is comparable to the proposed government <u>First Home</u> tenure option). Mortgage based on discounted price, minus 10% deposit on discounted price. | Discounted home ownership 30% of median market price | Assumptions applied to Land Registry Price Paid data |
| Discounted home ownership 25% | 75% of median price mortgage based on discounted price, minus 10% deposit on discounted price.   | Discounted home ownership 25% of median market price | Assumptions applied to Land Registry Price Paid data |
| Discounted home ownership 20% | 80% of median price mortgage based on discounted price, minus 10% deposit on discounted price.   | Discounted home ownership 20% of median market price | Assumptions applied to Land Registry Price Paid data |

**Table 3.12 Cost of alternative tenures based on 2021 prices and household incomes required to be affordable 2021**

| Tenure option                      | Property price Exmoor NP | Household income required Exmoor NP | Source   |
|------------------------------------|--------------------------|-------------------------------------|--|
| Social Rent (average monthly cost) | £396                     | £19,009                             | Regulator of Social Housing Statistical Data Return 2021 |
| Affordable Rent (monthly cost)     | £520                     | £24,960                             | 80% of median market rent                                |
| Market Rent - Lower Quartile       | £524                     | £25,152                             | Table 3.7  |
| Market Rent - Median               | £650                     | £31,200                             | Table 3.7  |
| Market Sale - Lower Quartile       | £215,000                 | £55,286                             | Table 3.1  |
| Market Sale - Median               | £297,250                 | £76,436                             | Table 3.1  |
| Shared ownership (50%)             | £148,625                 | £56,007                             | Based on median market price                             |
| Shared ownership (25%)             | £74,313                  | £46,134                             | Based on median market price                             |
| Discounted Home Ownership (30%)    | £208,075                 | £56,478                             | Based on median market price                             |
| Discounted Home Ownership (25%)    | £222,938                 | £60,512                             | Based on median market price                             |
| Discounted Home Ownership (20%)    | £237,800                 | £64,546                             | Based on median market price                             |

**Note** : Discounted Home Ownership prices provide a useful indicator as to the affordability of self/custom build.

3.14 Having set out prevailing house prices and rents across a range of market and affordable tenures, the extent to which different tenures are affordable is now explored.

## Affordability of market rents

- 3.15 Table 3.13 compares private sector rents with incomes based on the latest rental data for 2021 to September 2022. This shows that across the National Park rents are reasonably affordable, with households on lower quartile incomes spending 29.1% income on lower quartile rents and those in median incomes are spending 28.5% of income on median rents. Private rents are therefore reasonably affordable, but above the 25% recommended affordability threshold, additionally availability of properties is generally limited.

**Table 3.13 Private rents compared with incomes – Lower Quartile**

| Exmoor National Park                  | Actual rent 2021-2022 | ASHE LQ income 2021 (Monthly £) | % income required to be spent on LQ rent |
|---------------------------------------|-----------------------|---------------------------------|--|
| Lower Quartile rent, income and ratio | £524                  | £1,795                          | 29.1                                     |
| Median rent, income and ratio         | £650                  | £2,279                          | 28.5                                     |

### Key: Rent as percentage of monthly gross income

|   |    |
|---|----|
| Up to and including 25% (affordable)  | 24 |
| Between 25% and 35% (reasonably affordable but above 25% recommended threshold) | 32 |
| 35% or more (not affordable)  | 40 |

## Impact of Local Housing Allowance rates on private rents

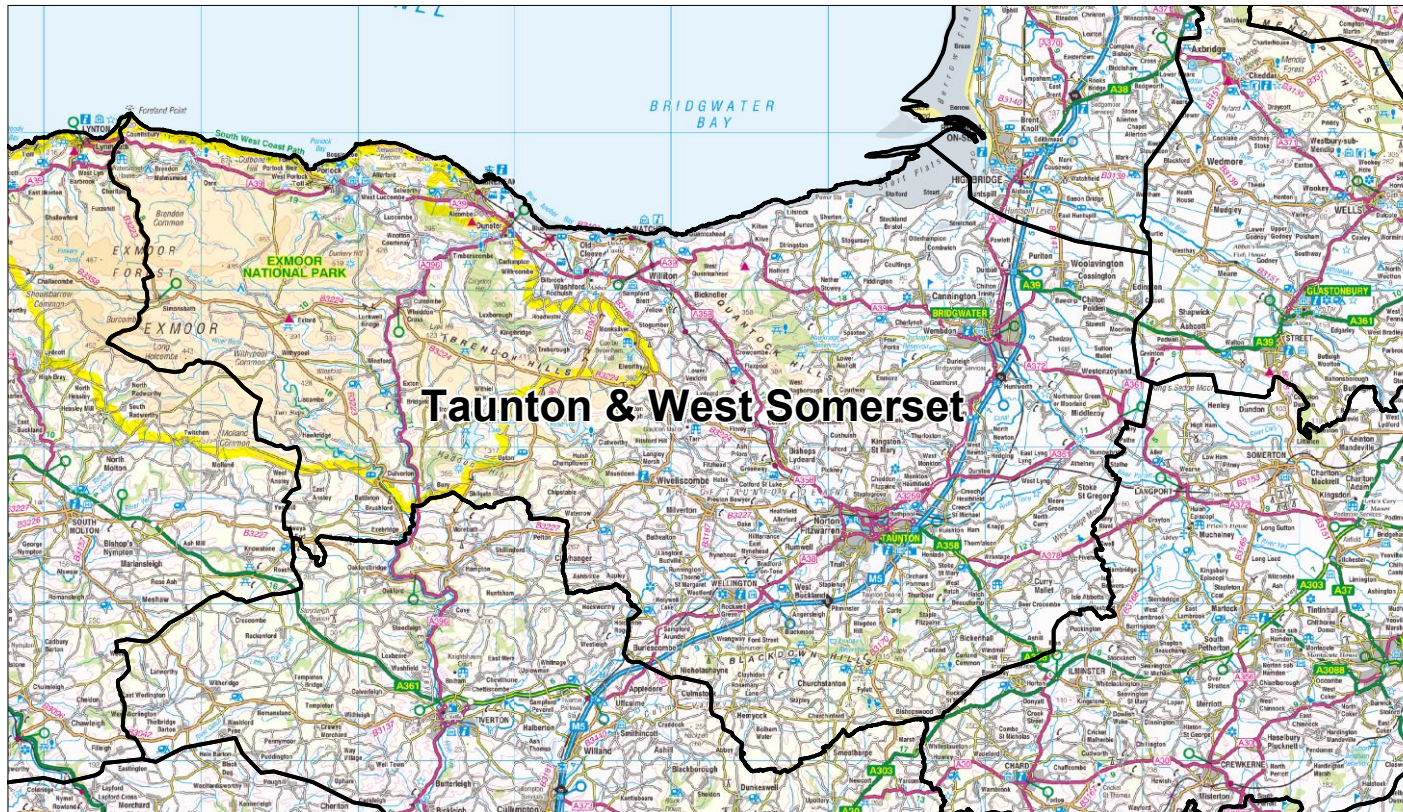
- 3.16 The private rented sector generally accommodates a proportion of low-income households that are eligible for assistance with rental costs. The amount that can be claimed for assistance with rental costs is capped to a local allowance that varies by area. The cap is estimated by the Valuation Office Agency (VOA) and published in the form of a Local Housing Allowance (LHA) rate for a broad market area (BRMA). Two BRMAs cover Exmoor National Park: Taunton and West Somerset and North Devon. Maps 3.3 and 3.4 show the extent of the BRMAs which include the National Park. These are the official maps produced by the VOA and show how the BRMAs relate to the ENPA boundary. The VOA do not produce specific data for the ENPA as it is not designated as a BRMA.



Map 3.3 Taunton and West Somerset BRMA

Taunton & West Somerset

Valuation Office Agency  
Incorporating Rent Officer functions



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Valid from: 1 Mar 2010

Source: Valuation Office Agency website <https://ha-direct.voa.gov.uk>

### Map 3.4 North Devon BRMA

## North Devon

Valuation Office Agency  
Incorporating Rent Officer functions



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Valid from: 1 Oct 2011

Source: Valuation Office Agency website <https://lha-direct.voa.gov.uk>

- 3.17 Table 3.14 summaries the LHAs for National Park and the variance between lower quartile rents and the LHA. This shows that within the National Park, LHA is unlikely to cover the cost of private sector rents.

**Table 3.14a Private rents compared with incomes -Taunton and West Somerset BRMA**

| Local Housing Allowance Rate:<br>Taunton and West Somerset<br>BRMA<br>Property size | LHA<br>Weekly | LHA<br>Monthly | Actual<br>private rents<br>2021-22<br>Lower<br>quartile | LQ 2021-<br>22 private<br>rent minus<br>LHA rate |
|---|---------------|----------------|---|--|
| Shared room   | £84.50        | £366           | £451  | (£85)  |
| One bedroom   | £103.56       | £449           | £470  | (£21)  |
| Two Bedroom   | £136.93       | £593           | £676  | (£83)  |
| Three bedroom   | £164.55       | £713           | £849  | (£136)   |
| Four bedroom  | £207.12       | £898           | £1,001  | (£103)   |

**Note: Actual rents based on properties let in the National Park located in the Taunton and West Somerset BRMA**

**Table 3.14b Private rents compared with incomes - North Devon BRMA**

| Local Housing Allowance Rate:<br>North Devon BRMA<br>Property size | LHA<br>Weekly | LHA<br>Monthly | Actual<br>private rent<br>2021-22<br>Lower<br>quartile | LQ 2021-<br>22 private<br>rent minus<br>LHA rate |
|--|---------------|----------------|--|--|
| Shared room  | £69.04        | £299           | No rentals   | No rentals                                       |
| One bedroom  | £97.81        | £424           | £702   | (£278)   |
| Two Bedroom  | £126.58       | £549           | £676   | (£127)   |
| Three bedroom  | £149.59       | £648           | £1,200   | (£552)   |
| Four bedroom   | £182.96       | £793           | £849   | (£56)  |

**Note: Actual rents based on properties let in the National Park located in the North Devon BRMA**

## Affordability of open market prices

- 3.18 Table 3.15 compares market prices with local household incomes. The analysis assumes a 10% deposit and the income multiple needed to buy a property is then reported. Comparing lower quartile property prices to lower quartile incomes, the ratio is 9.0x across the National Park; for median prices to incomes the ratio is 9.7x.
- 3.19 Without substantial deposits, the ability to buy open market properties is challenging across the National Park, even to those households on median incomes.

**Table 3.15 Property prices compared with incomes**

| Exmoor National Park   | Property price 2021-22 | ASHE income 2021 (Annual £) | Income multiple required for LQ property (includes 10% deposit) |
|--|------------------------|-----------------------------|---|
| Lower Quartile price, household income and income multiple (including 10% deposit) | £215,000               | £21,542                     | 9.0   |
| Median price, household income and income multiple (including 10% deposit)         | £297,250               | £27,348                     | 9.7   |

**Key: Income multiples and property prices**

|   |     |
|---|-----|
| Up to and including 3.5x (affordable)   | 2.4 |
| Between 3.5x and up to 5x (reasonably affordable but above 3.5 recommended threshold) | 4.2 |
| 5x or more (not affordable)   | 8.6 |

## Affordability of prices and rents to selected key workers and households on minimum/living wages

- 3.20 The ENP Local Plan refers to employment needed for the National Park/communities rather than specifically to 'key workers' However table 3.16 explores the extent to which open market rents are affordable to selected 'key workers', that is certain public sector roles and those households on minimum and living wages.
- 3.21 Key workers on entry-level grades are generally having to spend more than 25% of their income on rent although for several occupations and grades properties are affordable. For example, a Band 5 Nurse would have to spend 24.2% of their salary on a lower quartile rent across the National Park. For households where there are multiple earners on minimum/living wage (that means 1x full-time and 1x part-time; or 2x full-time), lower quartile rents are generally affordable but median rents are unaffordable. However, a key issue is supply, with only 40 rentals coming available January 2021 to September 2022 across the National Park.

**Table 3.16 Affordability of private rents (2021-22) for different key workers and households on minimum/living wage**

| Income/<br>Occupation/ Wage | Gross earnings 2021<br>(Annual £) | Gross earnings 2021<br>(Monthly £) | Exmoor NP<br>LQ Rent | Exmoor NP<br>Median Rent |
|-----------------------------|-----------------------------------|------------------------------------|----------------------|--------------------------|
| <b>Monthly Rent&gt;&gt;</b> |                                   |                                    | <b>£524</b>          | <b>£650</b>              |
| <b>Police officer</b>       | -                                 | -                                  | -                    | -                        |
| Pay Point 0                 | £21,402                           | £1,784                             | 29.4                 | 36.4                     |
| Pay Point 2                 | £25,902                           | £2,159                             | 24.3                 | 30.1                     |
| Pay Point 4                 | £28,158                           | £2,347                             | 22.3                 | 27.7                     |
| <b>Nurse</b>                |                                   |                                    |                      |                          |
| Band 1                      | £18,546                           | £1,546                             | 33.9                 | 42.0                     |
| Band 3                      | £20,330                           | £1,694                             | 30.9                 | 38.4                     |
| Band 5                      | £25,655                           | £2,138                             | 24.5                 | 30.4                     |
| <b>Fire officer</b>         |                                   |                                    |                      |                          |
| Trainee                     | £24,191                           | £2,016                             | 26.0                 | 32.2                     |
| Competent                   | £32,244                           | £2,687                             | 19.5                 | 24.2                     |
| <b>Teacher</b>              |                                   |                                    |                      |                          |
| Unqualified (min)           | £18,169                           | £1,514                             | 34.6                 | 42.9                     |
| Main pay range (min)        | £25,714                           | £2,143                             | 24.5                 | 30.3                     |
| <b>Minimum/Living Wage</b>  | -                                 | -                                  | -                    | -                        |
| <b>Age 23 and over</b>      | -                                 | -                                  | -                    | -                        |
| Single household            | £16,038                           | £1,337                             | 39.2                 | 48.6                     |
| 1xFull-time, 1xPart-time    | £24,057                           | £2,005                             | 26.1                 | 32.4                     |
| 2x Full-time                | £32,076                           | £2,673                             | 19.6                 | 24.3                     |
| <b>Age 21 and 22</b>        | -                                 | -                                  | -                    | -                        |
| Single household            | £15,048                           | £1,254                             | 41.8                 | 51.7                     |
| 1xFull-time, 1xPart-time    | £22,572                           | £1,881                             | 27.9                 | 34.6                     |
| 2x Full-time                | £30,096                           | £2,508                             | 20.9                 | 25.9                     |

**Note: total of 40 rentals reported Jan 2021 to September 2022**

**Key: Rent as percentage of earnings/income**

|   |    |
|---|----|
| Up to and including 25% (affordable)  | 24 |
| Between 25% and 35% (reasonably affordable but above 25% recommended threshold) | 32 |
| 35% or more (not affordable)  | 40 |

- 3.22 Table 3.17 considers the income multiples needed to buy a property based on the incomes of selected key workers and households on minimum/living wages. Analysis assumed that a 10% deposit was available (5% for some affordable home ownership products).
- 3.23 This analysis shows that:
- Multiples in excess of 3.5x are needed to pay for lower quartile and median priced properties across the National Park which are therefore unaffordable.
  - 50% shared ownership equity is unaffordable on key worker income bands based on a 3.5 x income and for single earner households on a minimum/living wage. It is reasonably affordable (i.e. between 3.5 and 5 x income multiple) for key workers on the higher income bands and some dual income households on living / minimum wage.
  - 25% shared ownership equity is most likely to be affordable for a range of key workers except those on the lowest income bands.
  - Other affordable home ownership products are not affordable.
  - This analysis clearly shows that multiples in excess of 3.5x were needed across all market and most affordable tenures. The exception was 25% shared ownership.

**Table 3.17 Affordability of open market prices (2017-2022) for different key workers and households on minimum/living wage: Exmoor National Park**

|  |         | Property Prices                |          |                        |                        |                                 |                                 |                                 |     |
|--|---------|--------------------------------|----------|------------------------|------------------------|---------------------------------|---------------------------------|---------------------------------|-----|
|  |         | LQ                             | Median   | Shared ownership (50%) | Shared ownership (25%) | Discounted Home Ownership (30%) | Discounted Home Ownership (25%) | Discounted Home Ownership (20%) |     |
| Price>>                                |         | £215,000                       | £297,250 | £148,625               | £74,313                | £208,075                        | £222,938                        | £237,800                        |     |
| Price after deposit/loan>>             |         | £193,500                       | £267,525 | £134,876               | £71,185                | £209,808                        | £199,317                        | £213,554                        |     |
| Earnings data 2021 (Annual £)          |         | Ratio of house price to income |          |                        |                        |                                 |                                 |                                 |     |
| ASHE earnings data                     | LQ      | £21,542                        | 9.0      | 12.4                   | 6.3                    | 3.3                             | 9.7                             | 9.3                             | 9.9 |
|  | Median  | £27,348                        | 7.1      | 9.7                    | 4.9                    | 2.6                             | 7.7                             | 7.3                             | 7.8 |
| Occupation                             | Wage    | Ratio of house price to income |          |                        |                        |                                 |                                 |                                 |     |
| <b>Police officer</b>                  |         |                                |          |                        |                        |                                 |                                 |                                 |     |
| Pay Point 0                            | £21,402 | 9.0                            | 12.5     | 6.3                    | 3.3                    | 9.8                             | 9.3                             | 10.0                            |     |
| Pay Point 2                            | £25,902 | 7.5                            | 10.3     | 5.2                    | 2.7                    | 8.1                             | 7.7                             | 8.2                             |     |
| Pay Point 4                            | £28,158 | 6.9                            | 9.5      | 4.8                    | 2.5                    | 7.5                             | 7.1                             | 7.6                             |     |
| <b>Nurse</b>                           |         |                                |          |                        |                        |                                 |                                 |                                 |     |
| Band 1                                 | £20,270 | 9.5                            | 13.2     | 6.7                    | 3.5                    | 10.4                            | 9.8                             | 10.5                            |     |
| Band 3                                 | £21,730 | 8.9                            | 12.3     | 6.2                    | 3.3                    | 9.7                             | 9.2                             | 9.8                             |     |
| Band 5                                 | £27,055 | 7.2                            | 9.9      | 5.0                    | 2.6                    | 7.8                             | 7.4                             | 7.9                             |     |
| <b>Fire officer</b>                    |         |                                |          |                        |                        |                                 |                                 |                                 |     |
| Trainee                                | £23,366 | 8.3                            | 11.4     | 5.8                    | 3.0                    | 9.0                             | 8.5                             | 9.1                             |     |
| Competent                              | £31,144 | 6.2                            | 8.6      | 4.3                    | 2.3                    | 6.7                             | 6.4                             | 6.9                             |     |
| <b>Teacher</b>                         |         |                                |          |                        |                        |                                 |                                 |                                 |     |
| Unqualified (min)                      | £18,419 | 10.5                           | 14.5     | 7.3                    | 3.9                    | 11.4                            | 10.8                            | 11.6                            |     |
| Main pay range (min)                   | £25,714 | 7.5                            | 10.4     | 5.2                    | 2.8                    | 8.2                             | 7.8                             | 8.3                             |     |
| <b>Minimum/Living Wage 23 and over</b> |         |                                |          |                        |                        |                                 |                                 |                                 |     |
| Single household                       | £18,525 | 10.4                           | 14.4     | 7.3                    | 3.8                    | 11.3                            | 10.8                            | 11.5                            |     |
| 1xFull-time, 1xPart-time               | £27,788 | 7.0                            | 9.6      | 4.9                    | 2.6                    | 7.6                             | 7.2                             | 7.7                             |     |
| Two working adults                     | £37,050 | 5.2                            | 7.2      | 3.6                    | 1.9                    | 5.7                             | 5.4                             | 5.8                             |     |
| <b>21 and 22</b>                       |         |                                |          |                        |                        |                                 |                                 |                                 |     |
| Single household                       | £17,901 | 10.8                           | 14.9     | 7.5                    | 4.0                    | 11.7                            | 11.1                            | 11.9                            |     |
| 1xFull-time, 1xPart-time               | £26,852 | 7.2                            | 10.0     | 5.0                    | 2.7                    | 7.8                             | 7.4                             | 8.0                             |     |
| Two working adults                     | £35,802 | 5.4                            | 7.5      | 3.8                    | 2.0                    | 5.9                             | 5.6                             | 6.0                             |     |

**Key:**

|   |     |
|---|-----|
| Up to and including 3.5x (affordable)   | 2.4 |
| Between 3.5x and up to 5x (reasonably affordable but above 3.5 recommended threshold) | 4.2 |
| 5x or more (not affordable)   | 8.6 |

## Affordability of renting in Exmoor National Park

- 3.24 Using the evidence presented in this chapter, it is possible to establish what would be a genuinely affordable rent (Table 3.18). This is based on local earnings and assumes that no more than 25% of lower quartile earnings are spent on rent. Analysis also considers affordability by property type and size with reasonable earnings assumptions applied.
- 3.25 These figures can help determine the extent to which renting is affordable. Table 3.18 shows that in general smaller dwellings are affordable relative to income measures and larger 3- and 4-bedroom dwellings are not affordable.

**Table 3.18 Affordability of renting in Exmoor National Park**

| Dwelling type and size | Earnings assumption | LQ earnings | Maximum monthly rent based on 25% income | Actual rent 2017-22 | Variance  |
|------------------------|---------------------|-------------|--|---------------------|-----------|
| 1 Bed Flat             | 1xFTE               | £21,542     | <b>£448.79</b>                           | £433                | £15.79    |
| 2 Bed Flat             | 1xFTE               | £21,542     | <b>£448.79</b>                           | £433                | £15.79    |
| 2 Bed Flat             | 1xFTE plus 1xPTE    | £28,306     | <b>£589.71</b>                           | £550                | £39.71    |
| 2 Bed House            | 1xFTE               | £21,542     | <b>£448.79</b>                           | £598                | (£149.21) |
| 2 Bed House            | 1xFTE plus 1xPTE    | £28,306     | <b>£589.71</b>                           | £598                | (£8.29)   |
| 3 Bed House            | 1xFTE plus 1xPTE    | £28,306     | <b>£589.71</b>                           | £750                | (£160.29) |
| 4 Bed House            | 2xFTE               | £43,084     | <b>£897.58</b>                           | £1,001              | (£103.42) |

Source: Zoopla rental data; ONS ASHE data

## Affordability of home ownership across Exmoor National Park

- 3.26 Table 3.19 considers the affordability of median open market prices by dwelling type and size based on Land Registry data approximated to dwelling type and size. Median rather than lower quartile prices are used as this is a better indicator of open market affordability.
- 3.27 What households can afford is based on a 3.5x earnings multiple plus a 10% deposit based on this earnings multiple. What is affordable is then compared with indicative median prices 2017-2022 and the variance between what can be afforded and prices is shown. In all cases, prices exceed what can be afforded and this variance is most acute for single median earners compared with the cost of a 2-bedroom house and 2x full-time median earners and the cost of a 3- and 4-bedroom house. Two-bedroom houses are also unaffordable based on median earning measures.



**Table 3.19 Affordability of open market prices in Exmoor National Park**

| Dwelling type and size | Earnings assumption | Median earnings | Indicative affordable price based on 3.5x earnings plus 10% deposit | Indicative median price 2017-22 | Variance |
|------------------------|---------------------|-----------------|---|---------------------------------|----------|
| 1 Bed Flat             | 1xFTE               | £27,348         | £105,290  | £123,600                        | -17.4%   |
| 2 Bed Flat             | 1xFTE               | £27,348         | £105,290  | £154,500                        | -46.7%   |
| 2 Bed Flat             | 1xFTE plus 1xPTE    | £37,417         | £144,055  | £154,500                        | -7.3%    |
| 2 Bed House            | 1xFTE               | £27,348         | £105,290  | £225,000                        | -113.7%  |
| 2 Bed House            | 1xFTE plus 1xPTE    | £37,417         | £144,055  | £225,000                        | -56.2%   |
| 3 Bed House            | 1xFTE plus 1xPTE    | £37,417         | £144,055  | £275,000                        | -90.9%   |
| 4 Bed House            | 2xFTE               | £54,696         | £210,580  | £420,000                        | -99.4%   |

Source: Zoopla rental data; ONS ASHE data

## PART B: ASSESSING AFFORDABILITY AND ELIGIBILITY FOR AFFORDABLE HOUSING IN EXMOOR NATIONAL PARK

### 4. Assessing the affordability of Discounted Market housing and rented housing

- 4.1 This section of the report provides the background to calculating an appropriate discount to ensure that discounted home ownership properties, which includes Local Needs affordable sale housing, are affordable to local residents.

#### Introduction

- 4.2 The acute affordability challenges facing those living and working in Exmoor National Park are well understood and further evidenced by the findings of the research that forms the Part A of this report.
- 4.3 To address these challenges the Exmoor National Park Local Plan has prioritised the delivery of affordable housing to meet local housing needs. Its policies span a range of tenures from social rent to Discounted Market Sale and extend to affordable Self and Custom Build Housing. To implement these policies and secure these homes as affordable in perpetuity the National Park Authority needs to be able to assess the affordability of proposed developments using a robust methodology informed by up-to-date evidence of local house prices and rents and incomes of those seeking affordable housing in the National Park.
- 4.4 Drawing on the same sources of evidence as used in Part A of this report, together with examining practice elsewhere, this section of the report provides a methodology and excel spreadsheet that will allow officers to assess and arrive at sale and rent values that are affordable to those in local housing need.
- 4.5 Income data is sourced from the ONS Annual Survey of Hours and Earnings. This provides resident -based data on full-time and part-time lower quartile and median earnings. As Exmoor National Park covers two local authorities, an average of incomes is calculated. When testing rental affordability, lower quartile earnings are used. When testing affordable home ownership product affordability, median earnings are used. This is based on reasonable assumptions regarding the ability of different income groups to access different affordable housing products.

## Assessing the affordability of affordable sale housing through a Discounted Market Sales housing approach

- 4.6 The detailed calculations to provide guideline discounts required on median priced open market properties to ensure that they are affordable based on local incomes is set out below. Table 4.1 summarises guideline discounts by property type. How these figures are derived is set out in this section of the document.

**Table 4.1** Guideline discounted market values by property type, size and earning potential

| Property type and number of bedrooms | Earnings Assumption (Table 4.3 column B) | Exmoor National Park |
|--------------------------------------|--|----------------------|
| 1 Bed Flat                           | 1xFTE                                    | <b>25%</b>           |
| 2 Bed Flat                           | 1xFTE                                    | <b>40%</b>           |
| 2 Bed Flat                           | 1xFTE plus 1xPTE                         | <b>20%</b>           |
| 2 Bed House                          | 1xFTE                                    | <b>50%</b>           |
| 2 Bed House                          | 1xFTE plus 1xPTE                         | <b>40%</b>           |
| 3 Bed House                          | 1xFTE plus 1xPTE                         | <b>50%</b>           |
| 4 Bed House                          | 2xFTE                                    | <b>50%</b>           |

**Note: Minimum discount is 20% in line with NPPF Annex 2**

- 4.7 Table 4.2 sets out the process for calculating guideline discounted market sale values (DMV). A separate excel workbook has been provided to assist with deriving DMV figures.
- 4.8 As explained in Table 4.2, there are links to associated tables within this section and there is further descriptions of each stage of the DMV modelling at paragraphs 4.12 to 4.18.

**Table 4.2 Discounted market sale price guideline calculation process**

| Step   | Data source   | Calculation/comment   | Associated tables |
|--|---|---|-------------------|
| Step 1 – Income indicator  | ONS Annual Survey of Hours and Earnings   | Median earnings for National Park based on average of figures for constituent districts   | Table 4.3         |
| Step 2 – Mortgage multiplier   | Good practice based on former CLG SHMA guidance   | 3.5x earnings applied to figures in Step 1.   | Table 4.3         |
| Step 3 - Deposit   | Industry standard 10%   | Based on 10% of the amount calculated in Step 2   | Table 4.3         |
| Step 4 – Property prices   | Land Registry price paid data and Zoopla sales data   | Based on 2017 to 2022 Land Registry prices. Using Zoopla, Land Registry prices can be approximated to reflect different types and sizes of property. Data for next 3 years being provided by arc4 | Table 4.3b        |
| Step 5 – Discounted Market Sale price calculation                      | Data from previous steps  |   |                   |
| Step 5.1 – Calculation of 'affordability threshold'                    | Step 2 and Step 3 combined to derive the total amount a household could afford based on property type | Affordability threshold = 3.5x earnings plus 10% deposit based on the 3.5x earnings figure  | Table 4.3c        |
| Step 5.2 – Comparison of 'affordability threshold' with property types | Data from step 5.1 and Step 4   | Affordability threshold compared with median price. Analysis calculates % of price that could be affordable and % that could not be afforded – this is the recommended discount required          | Table 4.3c        |
| Step 6 Final guideline DMV   | Data from Step 5.2  | Final guideline discount figure rounded to nearest 5%   | Table 4.3e        |

### How affordability of DMS is calculated in the excel spreadsheet

- 4.9 Using the steps outlined in Table 4.2, an 'affordability threshold' for different types and sizes of properties is calculated. The table below shows dwelling type and size and an 'affordability threshold' which is the earnings multiplier plus 10% deposit. The 10% deposit is based on 10% of the earnings multiplier.

## Steps 1 to 3

**Table 4.3 Affordability thresholds**

| Property type and number of bedrooms | Earnings assumption | Earnings Multiplier (3.5x earnings) | 10% deposit (based on 10% of earnings multiple) | Affordability threshold (earnings multiplier + 10% deposit) |
|--------------------------------------|---------------------|-------------------------------------|---|---|
| A                                    | B                   | C                                   | D=C*0.1   | E=C+D   |
| 1 Bed Flat                           | 1xFTE               | £95,718                             | £9,572  | £105,290  |
| 2 Bed Flat                           | 1xFTE               | £95,718                             | £9,572  | £105,290  |
| 2 Bed Flat                           | 1xFTE plus 1xPTE    | £130,360                            | £13,096   | £144,055  |
| 2 Bed House                          | 1xFTE               | £95,718                             | £9,572  | £105,290  |
| 2 Bed House                          | 1xFTE plus 1xPTE    | £130,360                            | £13,096   | £144,055  |
| 3 Bed House                          | 1xFTE plus 1xPTE    | £130,360                            | £13,096   | £144,055  |
| 4 Bed House                          | 2xFTE               | £191,436                            | £19,144   | £210,580  |

**FTE = Full Time earnings; PTE = Part Time earnings**

- 4.10 To calculate the guideline DMV price, median prices are compared with affordability thresholds (Table 4.3). The following tables 4.3a to 4.3c compares affordability threshold (E) with property price (F) to establish the percentage of a property price that could be afforded (G). Modelling also factors in different earnings assumptions based on single earner households in 2-bedroom flats and 2-bedroom houses.
- 4.11 When considering affordability, it should be recognised that the Authority will need to consider an achievable approach based on the data together with its practical application.

**Table 4.3a Discounted Market Value calculation – affordability threshold (E)**

| Property type and number of bedrooms | Earnings Assumption (Table 4.3 column B) | Exmoor National Park |
|--------------------------------------|--|----------------------|
| 1 Bed Flat                           | 1xFTE                                    | £105,290             |
| 2 Bed Flat                           | 1xFTE                                    | £105,290             |
| 2 Bed Flat                           | 1xFTE plus 1xPTE                         | £144,055             |
| 2 Bed House                          | 1xFTE                                    | £105,290             |
| 2 Bed House                          | 1xFTE plus 1xPTE                         | £144,055             |
| 3 Bed House                          | 1xFTE plus 1xPTE                         | £144,055             |
| 4 Bed House                          | 2xFTE                                    | £210,580             |

**Step 4****Table 4.3b Discounted Market Value calculation – property price 2017-22 (F)**

| Property type and number of bedrooms | Exmoor National Park |
|--------------------------------------|----------------------|
| 1 Bed Flat                           | £123,600             |
| 2 Bed Flat                           | £154,500             |
| 2 Bed House                          | £225,000             |
| 3 Bed House                          | £275,000             |
| 4 Bed House                          | £420,000             |

**Step 5****Table 4.3c Discounted Market Value calculation – % of price that can be afforded (G)**

| Property type and number of bedrooms | Earnings Assumption (Table 4.3 column B) | Exmoor National Park |
|--------------------------------------|--|----------------------|
| 1 Bed Flat                           | 1xFTE                                    | 74.1%                |
| 2 Bed Flat                           | 1xFTE                                    | 59.5%                |
| 2 Bed Flat                           | 1xFTE plus 1xPTE                         | 81.4%                |
| 2 Bed House                          | 1xFTE                                    | 45.8%                |
| 2 Bed House                          | 1xFTE plus 1xPTE                         | 62.6%                |
| 3 Bed House                          | 1xFTE plus 1xPTE                         | 50.5%                |
| 4 Bed House                          | 2xFTE                                    | 47.3%                |

**Step 6****Table 4.3d Discounted Market Value calculation – guideline discount required (H)**

| Property type and number of bedrooms | Earnings Assumption (Table 4.3 column B) | Exmoor National Park |
|--------------------------------------|--|----------------------|
| 1 Bed Flat                           | 1xFTE                                    | 25.9%                |
| 2 Bed Flat                           | 1xFTE                                    | 40.5%                |
| 2 Bed Flat                           | 1xFTE plus 1xPTE                         | 18.6%                |
| 2 Bed House                          | 1xFTE                                    | 54.2%                |
| 2 Bed House                          | 1xFTE plus 1xPTE                         | 37.4%                |
| 3 Bed House                          | 1xFTE plus 1xPTE                         | 49.5%                |
| 4 Bed House                          | 2xFTE                                    | 52.7%                |

**Table 4.3e Discounted Market Value calculation – rounding of guideline discount to nearest 5% (I)**

| Property type and number of bedrooms | Earnings Assumption (Table 4.3 column B) | Exmoor National Park |
|--------------------------------------|--|----------------------|
| 1 Bed Flat                           | 1xFTE                                    | <b>25%</b>           |
| 2 Bed Flat                           | 1xFTE                                    | <b>40%</b>           |
| 2 Bed Flat                           | 1xFTE plus 1xPTE                         | <b>20%</b>           |
| 2 Bed House                          | 1xFTE                                    | <b>50%</b>           |
| 2 Bed House                          | 1xFTE plus 1xPTE                         | <b>40%</b>           |
| 3 Bed House                          | 1xFTE plus 1xPTE                         | <b>50%</b>           |
| 4 Bed House                          | 2xFTE                                    | <b>50%</b>           |

**Note: Minimum discount is 20% in line with NPPF Annex 2**

## Assumptions and sources of evidence for assessing affordability of Discounted Market Sale

### Step 1 Income assumptions

- 4.12 The ONS Annual Survey of Hours and Earnings provides data on full-time and part-time earnings (Table 4.4). As Exmoor National Park covers two local authorities, an average of incomes is calculated.
- 4.13 For affordable home ownership, median earnings are used. The standard method for calculating housing need uses median affordability ratios and calculation of DMV tends to consider median prices and incomes.

**Table 4.4 Income assumptions**

| District                  | Annual median earnings Full-Time | Annual median earnings Part-Time |
|---------------------------|----------------------------------|----------------------------------|
| North Devon               | £26,118                          | £10,306                          |
| Somerset West and Taunton | £28,578                          | £ 9,832                          |
| Average                   | <b>£27,348</b>                   | <b>£10,069</b>                   |

Source: ONS Annual Survey of Hours and Earnings resident-based data 2021

- 4.14 These data can be updated annually (see Appendix A)

### Step 2 Income multipliers

- 4.15 A standard and pragmatic response is to consider a 3.5x income multiple. This was a multiple recognised in former DCLG Strategic Housing Market Assessment Guidance (2007). Higher multiples can be considered but interest rates and domestic cost of living issues need to be reflected in the multiplier used. The model therefore errs on the side of caution to ensure the product will be affordable.

### Step 3 Deposit

- 4.16 An industry standard 10% deposit is considered. For modelling, it is assumed that any deposit available is based on 10% of earnings. Smaller deposits can be made but this is likely to result in higher monthly mortgage payments and higher interest rates.

### Step 4 Indicative market prices

- 4.17 Land Registry house prices are widely used to assess local house prices and calculate affordability ratios by ONS (Table 4.5). Address-level price paid data are available which includes an indication of dwelling type. Data on the number of bedrooms is not available however Zoopla market prices are also available by property type and size. By comparing Zoopla sales and Land Registry data, it is possible to broadly relate land registry data to property size. Further updates of this information will be provided by arc4 for the next 3 years.

**Table 4.5 Indicative market prices**

| Land Registry Dwelling type | Median price <u>broadly</u> equates to: |
|-----------------------------|---|
| Detached                    | 4 Bedroom House                         |
| Flat                        | 2 Bedroom Flat                          |
| Flat                        | 1 Bedroom 80% of Flat median            |
| Semi-detached               | 3 Bedroom house                         |
| Terraced                    | 2 Bedroom House                         |

Note: the ENP Local Plan limits floorspace (gross internal area) to a maximum of 93 sqm. This equates to the nationally described space standard for a 5-person, 3-bedroom house. There is more flexibility on size for RP housing which can be larger where needed.



## Assessing the Affordability of Rented Housing

- 4.18 Assessing the affordability of rented housing is a two-step process as set out in Table 4.6.

**Table 4.6 Calculating the affordability of renting**

| Step                                | Data source                                  | Calculation/comment  |
|-------------------------------------|--|--|
| Step 1<br>Income indicator          | ONS Annual Survey of Hours and Earnings      | Lower quartile earnings for National Park based on average of figures for constituent districts                        |
| Step 2.1<br>25% of earnings annual  | ONS Annual Survey of Hours and Earnings      | Analysis reasonably assumes that to be affordable no more than 25% of gross income should be spent on rent             |
| Step 2.2<br>25% of earnings monthly | ONS Annual Survey of Hours and Earnings      | Step 2 figure divided by 12  |
| Step 2.3<br>Lower quartile rents    | Zoopla rental data by property type and size | Monthly lower quartile rent  |
| Step 3                              | Comparison between Step 2.2 and 2.3          | Affordable if monthly rent less than 25% of monthly earnings; not affordable if monthly rent more than 25% of earnings |

## Assumptions and sources of evidence for assessing affordability of renting

### Step 1 Income assumptions

- 4.19 The ONS Annual Survey of Hours and Earnings provides data on full-time and part-time earnings. As Exmoor National Park covers two local authorities, an average of incomes is calculated.
- 4.20 For affordable renting, lower quartile earnings are used as this better reflects the lower income of households needing affordable rented housing.

**Table 4.7 Income assumptions**

| District                  | Annual lower quartile earnings Full-Time | Annual lower quartile earnings Part-Time |
|---------------------------|--|--|
| North Devon               | £20,841                                  | £6,490                                   |
| Somerset West and Taunton | £22,243                                  | £7,038                                   |
| Average                   | <b>£21,542</b>                           | <b>£6,764</b>                            |

Source: ONS Annual Survey of Hours and Earnings resident-based data 2021

## Step 2 Earnings data

- 4.21 Total lower quartile earnings are calculated (step 2.1) and then divided by 12 to establish a monthly figure (step 2.2).

## Step 2.3 Rental data

- 4.22 Lower quartile rents by property size and type sourced from Zoopla. Further updates of this information will be provided by arc4 for the next 3 years.

## Step 3 Comparison of lower quartile earnings and lower quartile rental data

- 4.23 Lower quartile rents are compared with lower quartile earnings to determine if they are above or below 25% of earnings:
- If 25% of earnings are greater than the lower quartile rent, properties are affordable; and
  - If 25% of earnings are less than the lower quartile rent, properties are not affordable.

## Conclusions on local need private rented housing

- 4.24 Table 4.8 sets out the affordable rent for local need private rented market housing by dwelling type and household earnings. This also takes into account average local housing allowance rates across the National Park.
- 4.25 An affordable local need private rent is the lower of either the lower quartile rent (if this is lower than the 25% affordability threshold) or the local housing allowance rate.

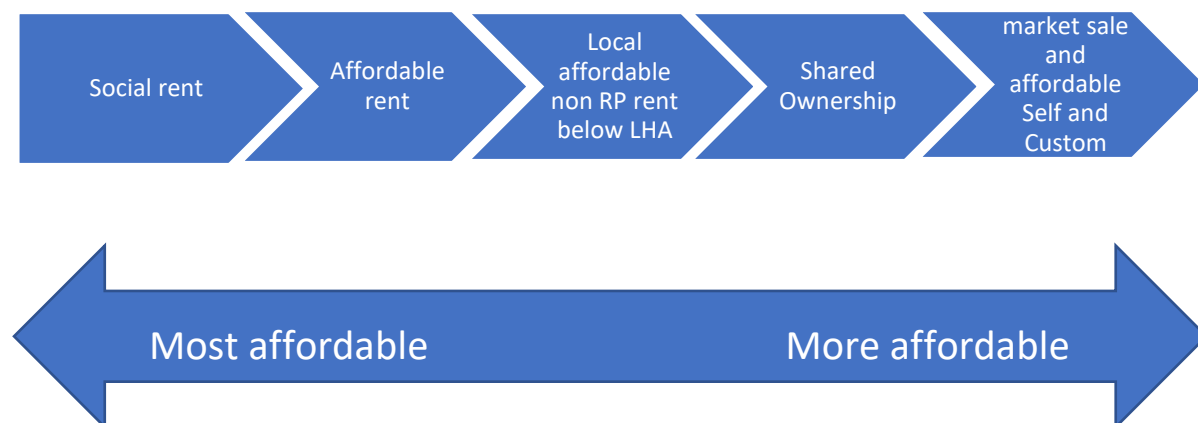
**Table 4.8 Affordable local need private rent**

| Property type and number of bedrooms | Earnings Assumption (Table 4.3 column B) | Exmoor National Park lower quartile monthly rental | Annual earnings | Monthly earnings | % income spent on rent | Average LHA | Maximum private affordable rent (the lower of % income spent on rent and average LHA) |
|--------------------------------------|--|--|-----------------|------------------|------------------------|-------------|---|
|                                      |  | <b>A</b>   | <b>B</b>        | <b>C=B/12</b>    | <b>D=A*100/C</b>       | <b>E</b>    | <b>Lower of A and E</b>   |
| 1 Bed Flat                           | 1xFTE                                    | <b>£433</b>  | £21,542         | £1,795           | 24.1%                  | £437        | £433  |
| 2 Bed Flat                           | 1xFTE                                    | <b>£550</b>  | £21,542         | £1,795           | 30.6%                  | £437        | £437  |
| 2 Bed Flat                           | 1xFTE plus 1xPTE                         | <b>£550</b>  | £28,306         | £2,359           | 23.3%                  | £571        | £550  |
| 2 Bed House                          | 1xFTE                                    | <b>£598</b>  | £21,542         | £1,795           | 33.3%                  | £571        | £571  |
| 2 Bed House                          | 1xFTE plus 1xPTE                         | <b>£598</b>  | £28,306         | £2,359           | 25.4%                  | £571        | £571  |
| 3 Bed House                          | 1xFTE plus 1xPTE                         | <b>£750</b>  | £28,306         | £2,359           | 31.8%                  | £681        | £681  |
| 4 Bed House                          | 2xFTE                                    | <b>£1,001</b>                                      | £43,084         | £3,590           | 27.9%                  | £846        | £846  |

## 5. Assessing eligibility for affordable housing

### Introduction

- 5.1 At the point of sale or letting the focus widens from assessment of the affordability of the housing 'product' to the eligibility of the applicant. This involves a number of different processes and players with the lead generally taken by housing staff within a council. For National Parks this is a more complex process because unlike a local authority they are the planning but not the housing authority.
- 5.2 This division poses three principal challenges for Exmoor National Park Authority (ENPA):
- How can they be assured that eligibility criteria, including local connection to the National Park, which are central policy requirements of any affordable housing provision, are implemented through the allocation or sales process.
  - Do they have internal capacity and resource to undertake the necessary assessments and checks.
  - In such a limited area, both geographically, number of applicants and affordable housing opportunities, how do they maintain a fair and transparent process and protect staff from inappropriate pressure in their decision making.
- 5.3 To address these challenges, Exmoor National Park Authority sought advice on a methodology to assess individual household local affordable need to ensure compliance with local need occupancy ties, taking account of different tenures of affordable housing. It was required that this should:
- a) draw on good practice from elsewhere that could be applicable to Exmoor's circumstances; and
  - b) consider both the approach to assessment itself, who does the assessment of affordability as well as other considerations such as a review process and whether an appeals process might be considered.
- 5.4 As Figure 5.1 shows there are broadly five different forms of affordable housing that are supported through the Exmoor National Park Local Plan, social and affordable rented housing, Local Needs Affordable sale housing which includes Discounted Market Sale housing, affordable Self and Custom build and Shared ownership tenures. In effect these offer a continuum that extends from the most affordable, in the form of social rent, to Discounted Market Sales and affordable Self and Custom Build for those whose incomes exclude them from affordable rented homes, but whose incomes are insufficient for them to buy in the market. As Part One of this report demonstrates each of these tenures has a role to play in meeting Local Housing Needs in Exmoor National Park.

**Figure 5.1** Continuum of affordable housing supported by Exmoor Local Plan

- 5.5 The Local Plan specifies two principal occupancy requirements for each of these tenures. Firstly, residents must be unable to buy or rent in the open market. Secondly, they must have a local connection to Exmoor National Park, as defined in policy.
- 5.6 These policy requirements are common to many Local Plans covering rural areas and require assessment of the eligibility of applicants. Drawing on the experience of five different local authorities and two National Parks this report looks at their approaches to eligibility assessment for each of the affordable housing tenures supported by Exmoor National Park's Local Plan. The findings and lessons from this experience then inform its recommendations on how ENPA could approach the assessment process in the future.
- 5.7 Table 5.1 sets out the local authorities whose practice has informed this report.
- 5.8 The first two are the local housing authorities for Exmoor National Park. Understanding their assessment practices, particularly for the allocation of affordable and social rent, provides an insight into the degree to which they implement Exmoor National Park's affordable housing eligibility criteria and the challenges that arise. It also provides a baseline for exploring future options for outsourcing eligibility assessment to the respective local housing authorities.
- 5.9 The remaining three local authorities were selected in consultation with Exmoor National Park Authority and were chosen on the basis that their planning and housing market circumstances have resonance with those of Exmoor and that they are considered 'leaders' in the provision of one or more of the affordable tenures.

**Table 5.1 Characteristics of the Mainly or Largely Rural local authorities and National Park Authorities that contributed to this study**

| LA Area  | National Park | Pressurised housing market | Leader in provision of DMS | Leader in provision of affordable Self & Custom Build |
|--|---------------|----------------------------|----------------------------|---|
| Somerset West and Taunton District Council (they are one of the local housing authorities for ENP) | No            | Yes                        | Yes                        | No  |
| North Devon Council ( they are one of the local housing authorities for ENP)                       | No            | Yes                        | No                         | No  |
| Dartmoor National Park   | Yes           | Yes                        | No                         | No  |
| Lake District National Park  | Yes           | Yes                        | Yes                        | No  |
| Cornwall Council   | No            | Yes                        | Yes                        | Yes   |
| Teignbridge District Council   | No            | Yes                        | Yes                        | Yes   |
| Shropshire Council   | No            | Yes                        | No                         | Yes   |

## 6. Assessing eligibility for Social and Affordable Rented Homes provided by local authorities Registered Providers and non-Registered Providers

### Registered Provider and Local Authority housing

- 6.1 The process for allocating properties, including assessing eligibility for affordable and social rented homes, is set out in national guidance which local authorities are required to have regard to under Part 6 of the Housing Act 1996 and the Localism Act 2011. It ensures consistency of practice and that the process adopted by councils is fair and transparent. The responsibility for making these assessments is vested in local housing authorities, working with Registered Providers who will have their own specific allocation policies. These too are required to meet the standards of fairness and transparency which are a condition of registration with Homes England and enforcement through the Social Housing Regulator.
- 6.2 Affordable and social rented properties in Exmoor National Park are allocated through the two respective local housing authorities, North Devon District Council (NDC) and Somerset West and Taunton District Council (SWT) and the Registered Providers with housing stock in Exmoor National Park. For both councils' areas the process is managed through the local authorities' Choice Based Lettings (CBL) systems, Devon Home Choice and HomeFinder Somerset.
- 6.3 Assessing applicants' eligibility to register and assessing their level of housing need is a complex and sometimes requires multi-agency input. Apart from some small details of practice the councils adopt the same process. Full details of these can be viewed in [Home Finder Somerset Policy](#) and [Devon Home Choice Policy Document](#)
- 6.4 For social and affordable rented properties in Exmoor National Park the principal requirements, as set out in the ENP Local Plan are that the properties are let to people with a housing need, insufficient income to buy or rent in the market and who meet the local connection criteria set out in the Local Plan and S106 Agreements. In effect the assessment of whether an applicant for an affordable rented property meets these criteria occurs at three points in the process. Housing need and income is assessed when someone applies to register with the Choice Based Lettings system; at the point at which 'bids' are submitted and shortlisted and a final assessment and verification is undertaken by the RP, with a final check once the eventual tenant has been identified. Local connection to the local authority area is assessed at CBL registration. Whether an applicant meets the Exmoor National Park Authority's S106 local connection criteria occurs when the bids are shortlisted and again before the house is allocated to an identified tenant.

6.5 Table 6.1 summarises the process that ensures: applicants are eligible; the evidence required to demonstrate eligibility; and that the properties are correctly advertised, flagging whether there are any S106 local connection requirements. It also notes who takes the lead role at each stage.

**Table 6.1 Summary of the processes used to ensure social rent and Affordable Rent homes in Exmoor National Park are occupied by people meeting the National Park's local occupancy criteria**

| Assessor                                    | Step   | Evidence and Documentation  |
|---|--|---|
| SWT<br>NDC<br>Homefinder/ Home Choice staff | <b>Step 1</b><br>Applicant applies to register with Choice Based Lettings  | -   |
| SWT<br>NDC<br>Homefinder/ Home Choice staff | <b>Assessment of housing need</b><br>This will also include an assessment of the size of accommodation needed.   | <ul style="list-style-type: none"> <li>• For homeless cases it is the assessment made by the homelessness team</li> <li>• For disrepair it will be the assessment made by an Environmental Health team</li> <li>• For people moving on from supported accommodation the provider will need to complete a form to confirm that the person is ready to live independently</li> <li>• For overcrowding evidence would be required of the number of bedrooms in their current home and the number of household members</li> </ul> |
| SWT<br>NDC<br>Homefinder/ Home Choice staff | <b>Assessment of income</b><br>To ensure the homes go to those people who do not have sufficient resources to meet their housing needs. Income must not exceed<br>HFS = 5Xthe Local Housing Allowance rate<br>DHC= 6 x the Local Housing Allowance rate. | Applicant provides details of income on application form. This will be checked with the applicant where the applicant is near the income/savings threshold or if there is something suspicious about a case.<br>If proof is required, this will be in the form of payslips and bank statements.   |



| Assessor                                      | Step  | Evidence and Documentation  |
|---|---|---|
| SWT<br>NDC<br>Homefinder/ Home Choice staff   | <p><b>Assessment of local connection</b></p> <p>At this stage it is connection to Somerset by virtue of living in Somerset for at least the last 2 years or 3 years of the last five years. (In SW&amp;T applicant can state parish they have a connection with and nature of connection). Local connection can be by residency, employment, local family member resident in the area, need to give or receive essential medical care or support.</p> | A full list of acceptable evidence from formal sources is listed on the <a href="#">Homefinder Somerset</a> website |
| SWT<br>NDC<br>Homefinder/ Home Choice staff   | <p><b>Step 2</b></p> <p>Applicant put into Home Choice priority Band (A to E) or Homefinder gold, silver, bronze (or emergency) bands according to housing need and income</p>  | -   |
| Registered Provider                           | <p><b>Step 3</b></p> <p>Registered Provider/Council provides, or uploads advert for property for let.</p> <p>Advert includes labelling to show:</p> <ul style="list-style-type: none"> <li>• S106 Local connection requirements -</li> <li>• Additional flexibilities, e.g., opening up 2 bed properties to 1 bed applicants</li> <li>• Local letting plan (if applicable)</li> </ul>   | -   |
| WS&T<br>ND&T<br>Homefinder/ Home Choice staff | <p><b>Step 4</b></p> <p>Advert checked to ensure:<br/>being offered as the right tenure<br/>S106 Local connection requirements are correct</p>  | -   |
| Resident                                      | <p><b>Step 5</b></p> <p>Those on register bid for property, confirming that they meet the local connection criteria</p>   | -   |

| Assessor   | Step  | Evidence and Documentation   |
|--|---|--|
| WS&T<br>ND&T<br>Home Choice staff<br>or RP using filters in<br>Home Finder | <b>Step 6</b><br>Bidders are shortlisted and prioritised<br>Local connection takes priority over Banding. Followed<br>by those with highest banding, then length of time in<br>band.  | -  |
| Registered Provider  | <b>Step 7</b><br>Eligibility assessment checks of shortlisted bidders.<br>Income first followed by local connection.<br>Magna also check that applicant is a Charitable<br>beneficiary (insufficient financial resources to buy/rent in<br>the open market; rough age or disability, mental or<br>physical ill-health, needs specialist accommodation,<br>unintentionally homeless) | Income<br>Gross annual income of the household<br>Savings Accounts<br>Premium Bonds<br>Valuation of any investments<br>Value of any equity in land or property |
| ENPA   | For properties with a S106 local connection requirement<br>the application and evidence is sent to ENPA for<br>verification   | -  |
| Registered Provider  | <b>Step 8</b><br>Registered Provider informs top bidder they are minded<br>to allocate the property to them   | -  |
| Registered Provider  | <b>Step 9</b><br>Final detailed verification of eligibility   | -  |
| Registered Provider  | <b>Step 10</b><br>Home allocated  | -  |

- 6.6 There is, however, an important caveat. Most affordable rented properties in Exmoor National Park do not have a S106 agreement restricting their occupation to people with a local connection to the parish. These are properties that were part of Large-Scale Voluntary Transfer of local authority housing to housing associations and a number of affordable homes given planning permission before 2005 which are also owned by housing associations. For example, Magna Housing Association, owns and manages 379 affordable rented homes in the National Park. The majority was transferred to the housing association from the respective local authorities and these are not covered by local connection S106 agreements. The allocation of these properties follows the same process as those with a S106, except that the applicant has only to meet the local authority local connection requirements. Only 9% (36) of its homes in Exmoor National Park are subject to S106 requirements.

### Experience elsewhere

- 6.7 The interviews with the other local authorities who contributed to this study confirmed that the process for allocating affordable rented properties and assessing eligibility is standard, mirroring that of SWT and NDC. Encouragingly, all had processes that ensured the occupiers met any S106 requirements and that this had precedence over level of housing need in prioritising applicants for these properties. Generally, at local discretion, usually by the housing association, there is some flexibility that allows an applicant to bid for a property that is larger than that they had been prescribed through the Choice Based Lettings process. Table 6.2 provides a headline comparison of practice across the local authorities interviewed for this study.

**Table 6.2 Comparison of policy and practice for assessing eligibility for Affordable and Social Rent**

| Local Authority         | Assessment of affordability of housing product | Application of Local Connection requirements                 | Assessment of Local connection   | Assessment of eligibility – housing need | Assessment of eligibility – income  | Flexibility on level of occupancy   | Precedence of local connection over housing need banding |
|-------------------------|--|--|--|--|---|---|--|
| Somerset West & Taunton | -  | Yes (LHA)<br>Advert labelling – checked and 'linked' to S106 | Yes (LHA & RP)<br>Registration for HFS*<br>Applicant can indicate parishes have connection and nature of connection<br>Shortlisting of bidders for properties<br>RP assessment of bids | Yes (LHA)<br>Registration for HFS        | Yes (LHA & RP)<br>Registration to HFS. currently income must not be more than 5xLocal Housing Allowance.<br>Checked and verified by RP at point of shortlisting and allocating decision | Yes (RP)<br>The RP can tick a box which is visible to bidders so they can apply for a property with more bedrooms than prescribed through HFS registration. | Yes  |
| North Devon District    | -  | Yes (LHA)<br>Advert labelling – checked and 'linked' to S106 | Yes (LHA & RP)<br>Registration for DHC<br>Checked and verified by RP at shortlisting and allocation decision   | Yes (LHA)<br>Registration for DHC        | Yes (LHA 7 RP)<br>Registration to DHC. currently income must not be more than 6xLocal Housing Allowance<br>Checked and verified by RP at point of shortlisting and allocating decision  | Yes (RP)<br>The RP can include in the advert any additional flexibilities which can open up 2 bed properties to 1 bed applicants.                           | Yes  |

| Local Authority  | Assessment of affordability of housing product  | Application of Local Connection requirements   | Assessment of Local connection  | Assessment of eligibility – housing need  | Assessment of eligibility – income  | Flexibility on level of occupancy   | Precedence of local connection over housing need banding  |
|------------------|---|--|---|---|---|---|---|
| Cornwall Council | (LPA & LHA) Local Plan Policy initial rent level of affordable rented homes (inclusive of any relevant service charges) should not exceed the local housing allowance | Yes (LPA & LHA) Application of LC/S106 requirements noted in Allocations scheme Label attached to advert | Yes   | Yes (LHA & RP) Registration with CHC  | Yes (LHA & RP) Registration with CHC includes assessment of income, capital and savings, also taking account of any significant changes in the housing market   | Yes (LHA & RP) Allow bedroom need +1 Through Local Lettings Plans   | Yes   |
| Dartmoor NPA     | (LPA) Local Plan states Affordable rents should not exceed the Local Housing Allowance (LHA) for the area, including any additional charges on the property           | (LPA) Through S106 requirement   | No – they are not the housing authority. The registration, advertising and assessment process is the responsibility of the respective local housing authorities | No – they are not the housing authority. The registration, advertising and assessment process is the responsibility of the respective | No – they are not the housing authority. The registration, advertising and assessment process is the responsibility of the respective local housing authorities | No – they are not the housing authority. The registration, advertising and assessment process is the responsibility of the respective | No – they are not the housing authority. The registration, advertising and assessment process is the responsibility of the respective |

| Local Authority   | Assessment of affordability of housing product                              | Application of Local Connection requirements | Assessment of Local connection  | Assessment of eligibility – housing need  | Assessment of eligibility – income  | Flexibility on level of occupancy   | Precedence of local connection over housing need banding  |
|-------------------|---|--|---|---|---|---|---|
|                   |   |  |   | local housing authorities   |   | local housing authorities   | local housing authorities   |
| Lake District NPA | (LPA) Local Plan cross references to NPPF definitions of affordable housing | (LPA)Through S106 requirement                | No – they are not the housing authority. The registration, advertising and assessment process is the responsibility of the respective local housing authorities | No – they are not the housing authority. The registration, advertising and assessment process is the responsibility of the respective local housing authorities | No – they are not the housing authority. The registration, advertising and assessment process is the responsibility of the respective local housing authorities | No – they are not the housing authority. The registration, advertising and assessment process is the responsibility of the respective local housing authorities | No – they are not the housing authority. The registration, advertising and assessment process is the responsibility of the respective local housing authorities |

CHC – Cornwall Home Choice

DHC = Devon Home Choice

HFS = Homefinder Somerset

- 6.8 There were however two divergences from general practice for allocating properties in Exmoor. Firstly, unlike Exmoor National Park Authority, the two other National Park Authorities interviewed were very clear that they do not have a role in the eligibility assessment process for affordable rented homes owned by Registered Providers on the basis that that they are the planning not the housing authority. Secondly, the two housing associations interviewed for this study, who operate in Exmoor National Park, reported that it is only here that their eligibility assessments for S106 local connection properties are subject to a further verification either by the local authority, or where relevant a National Park.

### Learning points for assessing eligibility for Registered Provider affordable rented homes

- Devon Home Choice and Homefinder Somerset provide a clear and well-resourced process for assessing the eligibility of applicants for affordable rented housing.
- The mechanisms for advertising the properties and assessing the eligibility of those bidding for properties advertised through Devon Home Choice and Homefinder Somerset ensure those occupying homes subject to the Exmoor National Park Authority's S106 Agreements meet the qualifying criteria.
- The process for assessing eligibility requires specialist housing expertise and knowledge, which is why it is undertaken by housing, not planning officers.
- ENPA's local occupancy connection cascade time frames add complexity to the assessment process and can slow the ability of Registered Providers to house those in housing need.

### Non-Registered Provider affordable rented housing

- 6.9 Another difference between ENPA policy and that in other areas is the acceptance of affordable rented housing, not provided by Registered Providers. Policy HC-S3 requires that residents of this tenure also have a proven housing need and cannot afford to rent or buy in the locality and meet the local connection criteria. Currently, assessment of eligibility for these non-RP owned properties is not done through the Choice Based Lettings process although non RPs can now advertise through Somerset Homefinder. However, the ENPA application form ask applicants to state if they are registered on the respective CBL systems for Exmoor National Park. For those who are registered there can be confidence that they have a proven housing need where they fall into Bands A- D or Gold -Silver. Information on income will also be provided and where necessary checked.

## Learning Point for Non- Registered Provider affordable rented housing

There is scope for the constituent local housing authorities to take on this assessment for non-RP rented properties, but it will need to include final verification. If the local housing authorities were unable to undertake the latter verification stage, ENPA could in the S106 set out the allocations process and require through the S106 that the non-RP provider undertakes the final verification and signs a declaration that this has been done and the tenant meets the eligibility criteria.



## 7. Assessing eligibility for affordable sale Discounted Market Sale housing

- 7.1 ENPA's Local Plan includes a raft of policies (source: Exmoor Local Plan 2011 – 2031 Policies HC-S1, HC-S2 HC-D2 HC-D3, HC-D6 Hc-D7 [click here for link](#)) that restrict new housing to that which meets proven local housing need; is affordable, with arrangements to ensure that it remains so in perpetuity; is limited to a maximum internal gross area of 93m<sup>2</sup>; and is always occupied by those that meet the local connection criteria. These provisions apply to ENPA's Local Need Affordable Housing, which includes an affordable sale product that largely mirrors the definition of Discounted Market Sale in the NPPF. It is seen as a potential option for those who are unable to buy in the open market, but whose income means they do not qualify for affordable rented housing. Like other housing provision in Exmoor National Park these developments are subject to S106 Agreements. Existing ENPA S106 agreements require that the resident meets the eligibility criteria of being in housing need, has insufficient income to buy in the open market and meets the local connection criteria. They also provide a mechanism to ensure a maximum asking and selling price for initial and future sales that is affordable to local households. Some more recent S106 agreements use a discounted market sale approach: they set the valuation approach, the required discount from market value at initial sale and resale.
- 7.2 Unlike affordable rented housing owned by Registered Providers, currently, the eligibility assessments for Local Needs affordable sale housing are undertaken by staff at Exmoor National Park Authority with advice sought from the relevant housing authority when needed. Table 7.1 shows the process, who is involved and the evidence requirements.

**Table 7.1 Exmoor National Park Authority's Process for assessing eligibility of applicants for local need housing for sale including Discounted Market Sale**

| Who is involved              | Task   | Evidence   |
|------------------------------|--|--|
| Applicant                    | Completes the ENPA standard <a href="#">Application Form</a>   |  |
| ENPA<br>LA electoral offices | Assessment of local connection <ul style="list-style-type: none"> <li>Lived in parish /adjoining parish for 10+ continuous years/10 in the last 30 years</li> </ul>  | Electoral roll search with consent from applicant<br>If applicant 27 years or younger and living in the family home, consent may be requested for parental electoral roll check.<br>If 10 years residency is for period older than 10 years archived electoral roll search or alternative/ evidence may be required – see below.   |
| ENPA<br>Applicant            | Assessment of local connection <ul style="list-style-type: none"> <li>Lived anywhere in the Park for 10= years and have a strong connection/link with the parish or adjoining parish</li> </ul>  | To gain an overall picture of 10 years residency, as above and/or<br>Utility/bank statements, or<br>Other official correspondence<br>If above not available<br>Letter from a professional / person in role subject to public standards principles confirming they have known the applicant for 10+ years and they have lived in the parish/adjoining parish during this time |
| ENPA<br>Applicant            | Assessment of local connection <ul style="list-style-type: none"> <li>Need to live in the parish/adjoining parish for permanent paid employment that requires the applicant to live close to their work and their work is of value to the National Park/community</li> </ul> | Proof of employment – contract/payslip/letter from employer job description, can include employer's letter setting out nature of work. For self-employment, contracts / evidence of work relating to services provided.  |
| ENPA<br>Applicant            | Assessment of local connection <ul style="list-style-type: none"> <li>Need to live in the parish/adjoining parish for medical/age reasons</li> </ul>   | Letter from Doctor. social services or other appropriate professional sources.<br>If providing support/care evidence from the individual recipient. Requires appropriate consents  |

| Who is involved  | Task   | Evidence  |
|--|--|---|
| ENPA<br>Local housing authority<br>Housing Association | Assessment of Affordable Housing Need <ul style="list-style-type: none"> <li>• Check if registered on local authority Housing Register Choice Based Letting system (CBL) Devon Home Choice or Homefinder Somerset</li> <li>• Confirmation of housing need Banding</li> </ul>   | Confirmation of registration and banding provides information to inform affordable housing need assessment  |
| ENPA<br>Applicant<br>Local housing authority           | Assessment of Affordable Need <ul style="list-style-type: none"> <li>• Household incomes and savings</li> </ul>  | One or more of the following:<br>P60<br>Tax Return<br>Payslips/bank statements (including for savings)<br>Investment portfolio statements   |
| ENPA<br>Local housing authority                        | Assessment of Affordable Need <ul style="list-style-type: none"> <li>• - inability to afford to buy or rent in open market</li> </ul> This process is not applied to applicants received from a housing association for Housing Association properties as it is assumed housing need has been confirmed by the local housing authority through Devon Home Choice (bands A-D) or Homefinder Somerset (Priority, Gold or Silver banding) and is assessed by the Housing Association –only evidence relating to local connection required | Apply formula to income<br>To buy<br>$\text{Household income} \times 3.5 \text{ deposit/savings} = \text{Total available}$<br>To rent<br>$\text{Annual income} / 12 / 4 = \text{Total Available}$<br>(affordability benchmark = no more than 25% of income spent on rent)<br>Compared with Rightmove/Zoopla sale prices /rents within 5-mile radius |
| ENPA<br>Applicant<br>Local housing authority           | Assessment of housing need <ul style="list-style-type: none"> <li>• Check if registered on local authority Housing Register Choice Based Letting system (CBL) Devon Home Choice or Somerset Home Finder</li> <li>• Confirmation of housing need Banding</li> </ul>   | Confirmation that applicant is registered on either Devon Home Choice or Homefinder Somerset – verified with CBL and Only evidence relating to local connection is required.<br><br>The ENPA application form asks whether the applicant is registered on either Devon Home Choice or Somerset Homefinder. If Devon Home Choice banding A-D or      |

| Who is involved | Task  | Evidence   |
|-----------------|---|--|
|                 |   | Homefinder Somerset banding (Priority, Gold or Silver) is confirmed the assessment and banding undertaken by the LHA is considered enough proof of income and housing need and ENPA would only undertake the local connection assessment. However, as applicants in Bronze/Band E are not considered by CBL to be in housing need. In these cases further evidence and assessment by ENPA is necessary in those cases. |
| ENPA            | Formal confirmation of assessment decision by letter (PDF) to applicant |  |

- 7.3 Interviews with Exmoor National Park Authority officers revealed that the process can work well for straightforward cases where the applicant is able to provide the necessary evidence. However, there can be complications that can give rise to a number of challenges.
- 7.4 Overall, it can be a complex and time-consuming process. The assessment of local connection and income can be intrusive. Many of the applicants for Local Needs Affordable (DMS) housing would not qualify for registration In Bands A-D or Gold and Silver bands on the respective Choice Based Lettings systems. However, the policy requires there to be some assessment of housing need. In such cases there is often a need to seek advice from the local housing authority. The result is that these investigations sometimes put the planning officer in an awkward position, for example when their decision is challenged.
- 7.5 As planning officers, staff expressed the view that they do not have the complete set of skills or expertise required to assess housing need and consider this would be more appropriately carried out by a housing professional. Questions were also raised about whether there is the potential to reduce duplication of evidence whilst ensuring that evidence on housing need collected by ENPA is consistent with that used by the local housing authorities and RPs for this element of the eligibility assessment.
- 7.6 It was recognised that the evidence can be difficult to assemble for the applicant and can result in a considerable amount of paperwork or chasing by officers. Three aspects were highlighted as causing particular challenges. Establishing a local connection if more than 10 years ago and or where parental records and consent are required. Determining income and savings can be problematic for those who are self-employed and for multi-person households. It can also require difficult judgements to be made about what is an appropriate level of savings and pensions that provide income rather than capital asset.
- 7.7 Finally, local connection criteria relating to connection through employment are imprecise making it difficult to evidence or verify. For example, the requirement to live in the parish/adjointing parish, close to work, is hard to assess for homeworkers and those whose employment is both within and outside of the National Park. Similarly, the lack of specificity about what and how many hours work would qualify as work that is of value to the National Park and its communities can be difficult to define. Without clarity there is a danger that the transparency of the process is undermined.

## Experience elsewhere

- 7.8 Given the overlap between Local Needs affordable sale housing and Discounted Market Sale, the research for this study examined the eligibility assessment practice of other local authorities and National Parks. These are summarised in Table 7.2.
- 7.9 Three features stand out that distinguish the practice of these authorities from that of Exmoor National Park Authority.
- 7.10 For local authorities that have planning and housing functions there are distinct roles for these departments. Planning officers are concerned with the

assessment of the affordability of the 'product' and checking that it meets the requirements of policy and any S106 agreement. The assessment of the eligibility of the applicant is vested with the housing department.

- 7.11 Even where the local housing authority takes on the assessment of eligibility this is a process that is often shared with estate agents and involving the purchasers and vendor's solicitors.
- 7.12 None of the interviewed local authorities or National Park Authorities required an assessment or evidence of housing need. This reflects that Discounted Market Sale is seen as an intermediate tenure for those who cannot afford to buy in the open market, but whose incomes make them ineligible to register for affordable rented housing. In consequence they will not be registered on any Choice Based Lettings system.
- 7.13 Particularly noteworthy is the very low-key process adopted by the Lake District National Park Authority. Rather than setting their own open market discount they adopt those used by the constituent local housing authorities to ensure consistency of approach. Furthermore, they do not carry out any assessments of eligibility. Instead, they rely on self-regulation by estate agents to ensure property sales conform with any planning conditions or S106 Agreement requirements. They also operate an on-line reporting system whereby parish councils and others can notify the National Park Authority of any breaches of these requirements, which are then followed up by their compliance team. This approach has been adopted by the Lake District National Park Authority in response to the limited staff resource within the Authority and is supported by the close relationships they have forged with the Local Housing Authorities through a variety of Cumbria wide and Council specific working groups. This has included the Lake District National Park Partnership.
- 7.14 Whilst Dartmoor National Park Authority are more involved in the assessment of income and local connection eligibility, they adopt a pragmatic approach with a degree of flexibility. This is acknowledgement that a household with income to buy in the market is unlikely to want to purchase a Discounted Market Sale with all the attendant perpetuity requirements. It is also in recognition that whilst the National Park Authority can confirm eligibility of someone to purchase occupancy, and secure long-term affordability of the property, they cannot control who buys the dwelling.

**Table 7.2 Comparison of policy and practice for assessing eligibility for Discounted Market Sale**

| Local Authority         | Assessment of affordability of housing product  | Application of Local Connection requirements                          | Assessment of Local connection   | Assessment of eligibility – housing need  | Assessment of eligibility – income   | Confirmation  |
|-------------------------|---|---|--|---|--|---|
| Somerset West & Taunton | Yes (LPA) -on case-by-case basis using parameter set out in Local Plan and SPD                          | S106 (LPA)  | Yes (LHA)  | Not specifically – but requirement that purchasers are registered with Homefinder Somerset or the Help to Buy Agent | Yes (LHA) – formula set out in S106 Agreement and through requirement that purchasers are registered with Homefinder Somerset or the Help to Buy Agent | Certificate of compliance issued to seller's solicitor                                |
| North Devon District    | Yes – (LPA) formula set out in SPD. Benchmark prices set out in Annual Affordable Housing Update report | Yes (LHA) through sale advert, S106 and MoU sent from LA to solicitor | Not by LA Expected estate agent will do checks, but ultimately responsibility of purchaser. Purchaser signs statutory declaration. | No  | Not currently but plan to do so  |   |
| Cornwall Council        | Yes (LPA) Formula and guideline prices and discounts set out in SPD                                     | Yes (LPA) set out in Local Plan/SPD and S106 template                 | Yes (LHA) part of LA application form  | No  | Yes (LHA + Estate Agent) Part of LA application form   | Formal declaration of eligibility evidence Memorandum of sale created by Estate Agent |

| Local Authority   | Assessment of affordability of housing product                                   | Application of Local Connection requirements | Assessment of Local connection  | Assessment of eligibility – housing need   | Assessment of eligibility – income   | Confirmation  |
|-------------------|--|--|---|--|--|---|
|                   |  |  |   |  |  | LA issues authority to proceed.<br>LA check mortgage offer & lender aware of S106 price requirements<br>Final authority issued by LA<br>After completion buyer's solicitor asks for Certificate of completion |
| Dartmoor NPA      | Yes (LPA)<br>Formula set out in LP and SPD.<br>Benchmark prices updated annually | S106 (LPA)                                   | Yes (LPA)   | No   | Yes (LPA)<br>Application questionnaire.<br>DNPA check evidence and letter sent to purchaser to prove eligibility to vendor   | letter sent to purchaser to prove eligibility to vendor   |
| Lake District NPA | Yes (LPA)<br>Through S106<br>But use respective LHAs % discount                  | Yes<br>Through planning condition not S106   | No<br>Properties are sold through Estate Agents and self-regulated through solicitors.<br>LDNPA operate online system so parish councils and communities can report | No<br>Properties are sold through Estate Agents and self-regulated through solicitors.<br>LDNPA operate online system so parish councils and communities can | No<br>Properties are sold through Estate Agents and self-regulated through solicitors.<br>LDNPA operate online system so parish councils and communities can report non-conformity |   |



| Local Authority | Assessment of affordability of housing product | Application of Local Connection requirements | Assessment of Local connection                                 | Assessment of eligibility – housing need                              | Assessment of eligibility – income              | Confirmation |
|-----------------|--|--|--|---|---|--------------|
|                 |  |  | non-conformity which are investigated by LDNPA compliance team | report non-conformity which are investigated by LDNPA compliance team | which are investigated by LDNPA compliance team |              |

## Learning Points for assessing Local Needs Affordable Sale (Discounted Market Sales) housing

- Planning and housing officers have distinct roles in the process of ensuring Local Needs Affordable Sale (Discounted Market Sales) housing is affordable and occupied by those that meet any S106 occupancy criteria. Planners set the policy framework; housing officers are responsible for assessment of the applicant's eligibility.
- It is critical that there is clarity about the planning policy requirements which are set out in SPD, including the formula and process for setting initial sales price and discount from open market values required for future sales and that definitions are clear and specific. Equally that S106 Agreements set out in detail precise definitions of terms, level of percentage discount, eligibility requirements and acceptable evidence.
- Estate agents can provide an effective triage stage in the assessment process, but formal documentation and authorisation is needed to ensure compliance with the S106 requirements.
- Estate Agent valuations of properties can be over positive, so using RICS surveyors is preferable with a requirement to use the latest RICS standards.
- A suite of templates and on-line application forms and resources eases and speeds up the process.

### Recommendation

#### Proposed approach to assessing eligibility for Local Needs Affordable Sale Housing (Discounted Market Sales)

- The fundamental requirement of the Exmoor National Park Local Plan is that Local Needs affordable sale housing should be affordable at first and subsequent sales and occupied by people meeting the housing need and local connection eligibility criteria. However, it faces challenges in securing these objectives through its current processes. It is also evident that other local authorities have adopted practices that overcome some of these difficulties.
- As Discounted Market Sale has increasingly become one of the mainstream affordable housing tenures, local authority assessment practice has evolved. Local to Exmoor National Park, Somerset and Taunton District Council now has a well-established process in place. Another leader in this area is Cornwall Council who have supported the development of this tenure over many years, adapting their approach to their experience and in response to some of the challenges which are also currently being experienced by ENPA. Appendix C sets out the process used by Cornwall Council, identifying the steps taken, who takes responsibility at each stage and the evidence that is required.
- Drawing on the experience of Cornwall, Somerset West and Taunton and other local authorities, including, and the National Park Authorities

interviewed for this study, Table 7.3 offers an approach that could be adopted by ENPA. Many of the steps will require agreement and liaison with the local housing authorities, but it provides a consistent starting point for those discussions.

- Core to this proposed approach is a working arrangement between ENPA and its respective local housing authorities that reflects their respective statutory responsibilities, in-house skills and capacity. As planning authority ENPA would be responsible for setting the initial sale price and the required discount for future sales. The formula used to calculate these is provided in Section Four of this report and the accompanying spread sheet. It uses the standard mortgage multipliers and deposits considered to be affordable. ENPA would also be responsible for setting out in the S106 the advertising and marketing requirements and then carrying out the checks to ensure compliance.
- The assessment of the eligibility of the applicant in terms of needing affordable housing and local connection would be the responsibility of the local housing authority, with a triaging role carried out by the purchasers' Estate Agents. Again, the standard accepted mortgage multipliers and deposit that are considered to be affordable would be used as part of the assessment. Drawing on the experience of Dartmoor National Park Authority and Cornwall, whilst savings and assets would be considered to ensure the applicant could not afford to buy in the open market, this is a light touch assessment reflecting the complexity of people's overall household finances. This is a pragmatic approach, based on confidence that anyone who can buy outright in the market is unlikely to seek to purchase a home with the restrictions that apply to discounted market sale housing.
- This approach would negate the need for ENPA to have its own application form. However, it would be important that the S106 set out the eligibility criteria and, in concert with the local housing authority, it provided a list of the evidence that would be required to demonstrate eligibility. This would include evidence of income, savings and assets and the information to demonstrate the individual meets the local occupancy criteria. Much of the evidence ENPA already requires as part of its eligibility assessment process mirrors that sought by other local authorities, but Appendix D sets out the sources of evidence set out in Cornwall Council's S106 template.

**Table 7.3 Proposed Process for Assessing Eligibility for Local Needs Affordable Sale (Discounted market Sale) housing in Exmoor National Park**

| Responsible body   | Step  | Evidence   |
|--|---|--|
| Exmoor National Park Authority – planning team   | <p><b>Step One: Setting and implementing the planning policy.</b></p> <p>ENPA publish the formula and sources of data for setting initial sales price and on-going required discount in SPD, or new equivalent.</p> <p>On an annual basis they publish required prices and on-going sales discount, calculated using this formula. This provides developers and buyers with the information they need when considering building or purchasing DMS properties.</p> <p>For each scheme ENPA include within the S106 the initial sales price and the required discount from open market values for future sales, together with the process by which an open market value will be derived. The sales price and discount are based on the calculation using the formula with the values current for the year of planning permission.</p> | Section Four of this report, with an accompanying Excel Spreadsheet provides the methodology for calculating the discount and initial sales prices.  |
| Developer and Exmoor National Park Authority (informing the Local Housing Authority – affordable housing team) | <p><b>Step Two: On initial sale</b></p> <p>The S106 will have set out the sales price for these homes in line with discounts set out in SPD</p> <p>Developer notifies ENPA and relevant Local Housing Authority as soon as they are ready to sell and submits:</p> <ul style="list-style-type: none"> <li>• an advertising scheme (ENPA provides guidance on methods and sets out marketing requirements in S106)</li> <li>• Sales Notice – providing details of location, type and size, heating type, service, management charges, contact details for selling agents.</li> <li>• Sales Notice includes proposed sales price.</li> </ul> <p>Once above agreed by ENPA and relevant housing local authority date, ENPA agrees date with developer for formal start of advertising properties.</p>                                  | A formal open market valuation of the affordable homes, undertaken by a RICS registered valuer, using the latest RICS valuation standards will be required to support this and must be submitted at the same time as the sales notice. |

| Responsible body  | Step  | Evidence   |
|---|---|--|
|   | ENPA formally notifies relevant Local Housing Authority of start of advertising period.   |  |
| <p>Seller &amp; Local Housing Authority - affordable housing Team</p> <p>Exmoor National Park Authority – planning team</p> | <p><b>Step One: On re-sale</b></p> <p>Seller submits to Local Housing Authority affordable housing team:</p> <ul style="list-style-type: none"> <li>• Sales Notice (using an on-line template) providing details of the location, size, tenure of the property.</li> <li>• Open market value of home</li> <li>• Evidence of the discount percentage.</li> <li>• Advertising scheme in accordance with S106 Agreement, at a minimum should include an advert with premium property website and local estate agent</li> </ul> <p>Sale can proceed once these have been received and sales price agreed with the Local Housing Authority and Exmoor National Park Authority.</p> | <p>Open market valuation undertaken by RICS surveyor in accordance with latest RICS valuation standards, dated no earlier than 3 months before submission of sales notice.</p> <p>Resale percentage – stated in S106 Agreement or TP1 transfer document from Land Registry</p> <p>Advertising proposal agreed between affordable housing team and local estate agent(s)</p>  |
| Potential purchaser Estate Agent  | <p><b>Step 2 – Sales and Resales</b></p> <p>Estate Agent acts as point of triage - sends potential purchaser link to application form.</p> <p>After the potential purchaser has viewed and made an offer, they complete an on-line application form that is submitted through a secure mailbox. This includes submission of evidence showing housing need (broad definition), income, local connection.</p> <p>Application form includes <b>a formal declaration</b> that the information provided is correct.</p>  | <p>A full list of the evidence requirements and approved sources are set out in the S106 template. These include:</p> <ul style="list-style-type: none"> <li>• Proof of identity</li> <li>• Local connection, sufficient to cover local connection residency period or through local employment</li> <li>• Earnings and savings</li> </ul> <p>(see Cornwall's <a href="#">S106 Agreement</a>. Appendix D)</p> <p>In addition, the Local Housing Authority asks for a full credit report, evidence of deposit funds and mortgage agreement in principle</p> |

| Responsible body                                | Step  | Evidence               |
|---|---|------------------------|
| Local Housing Authority Affordable Housing Team | <p><b>Step 3 (5 working days)</b></p> <p>Eligibility assessed:</p> <p>Income – using Homes England Equity Loan Affordability Calculator to establish they cannot afford to buy in the open market using 3.5x income multiplier.</p> <p>Local connection – meets S106 local connection criteria.</p> <p>Has housing need (in unsuitable accommodation and unable to buy in the open market)</p> <p>If eligible LA authorises Estate Agent to proceed to next stage</p> |                        |
| Estate Agent                                    | <p><b>Step 4</b></p> <p>On receipt of authorisation, Estate Agent creates a Memorandum of Sale which includes names of purchasers, sellers, sales price and the vendors and purchasers' solicitors.</p>   |                        |
| Local Housing Authority Affordable Housing Team | <p><b>Step 5</b></p> <p>LA receives Memorandum of Sale and issues Authorisation to Proceed (ATP).</p> <p>ATP is sent to the Purchasers solicitors and triggers sale to proceed with confidence that the purchasers are eligible buyers.</p>   |                        |
| Local Housing Authority Affordable Housing Team | <p><b>Step 6</b></p> <p>Once ATP issued, Council asks for mortgage offer to check that price is as stated and the lender knows of any S106 requirements, including the perpetuity discount arrangements.</p>  | Copy of mortgage offer |
| Local Housing Authority Affordable Housing Team | <p><b>Step 7</b></p> <p>Council issues Authority to Exchange and a Certificate of Compliance is required under the terms of the transfer to enable registration.</p>  |                        |

## 8. Assessing eligibility for Affordable Self and Custom Build

- 8.1 Since 2015 Local Planning Authorities have been required by statute to support the delivery of Self and Custom Build Housing. Initially, this entailed a duty to keep a register of individuals and associations who have expressed an interest in acquiring serviced plots for self and custom build. In 2016 this was extended to a duty to grant suitable development permissions in respect of enough serviced plots of land to match demand on their self-build and custom build register. ENPA was amongst the early adopters of Local Plan support for self and custom build, including a policy (Policy HC-D6) which supports the use of this route to provide affordable housing to meet proven local housing needs, with the same perpetuity and local connection requirements as other forms of Local Needs Housing
- 8.2 These provisions are common to those affordable Self and Custom Build policies adopted by other rural local authorities who have been at the forefront of promoting this form of development. Most notably Shropshire Council, primarily through its Single Plot Rural Exception Site policy, and Teignbridge District Council. A foundation block for both is that the homes should be affordable to local people and are retained as such in perpetuity by locking in a price discount for future sales. In this respect policies and eligibility assessments for this tenure are very similar to those for Discounted Market Sale. Where these developments occur on rural exception sites, they also include many of the same eligibility requirements in terms of inability to buy in the open market and local connection. There are, however, some important differences that make assessment of eligibility for affordable Self and Custom Build considerably more complicated and time consuming than assessments for Discounted Market Sales housing.
- 8.3 Table 8.1 shows the approaches taken by the local authorities interviewed for this study in respect of this tenure.

**Table 8.1 Comparison of policy and practice: Affordable Self and Custom Build**

| Local Authority | Initial guidance provided  | Assessment of affordability of the product          | Assessment of eligibility - income   | Assessment of eligibility – local connection  | Treatment of sweat equity  | Assessment of suitability/size of property  |
|-----------------|--|---|--|---|--|---|
| Teignbridge     | Yes (LPA & LHA)  | Yes (but outsourced to a HA)                        | Yes (LHA)  | Yes (LPA & LHA)<br>Part of S106   | Do not factor it in – assume this is already factored into build costs   | No – but do limit size of property. LPAs do check design to ensure no opportunities for expansion (e.g., loft conversions)  |
| Shropshire      | Yes (LPA/DM) to check proposal would be policy compliant.<br>LHA expect applicant to have planning's agreement in principle support.<br>LA no longer has the resources for the intensive first interview and support | Yes (LPA & LHA)<br>As set out in SPD                | Yes (LPA & LHA)<br>Through application form.<br>Need to check income, build costs, specification                                 | Yes (LPA & parish council)<br>Local connection includes connection with the community.<br>Evidence needed to support this is set out in SPD.<br>Parish council has to verify using factual evidence | Do not include as difficult to quantify and most single RES plot builders do not build themselves. In effect these are single plot not Self Builds | No - but do try to limit size of plot and are tightening up on design requirements to prevent building of homes that if sold would be unaffordable to local resident. |
| Cornwall        | Yes (LPA)<br>Applicants encouraged to do Pre-app   | Yes (LHA)<br>Product must have minimum 20% discount | Yes (LHA)<br>Income must be less than £80k pa<br>Different process to DMS to include checks on whether can cover build costs and | Yes (LHA)   | Yes<br>10% of OMV allowance when the property is first sold – as long as discount not less than 20%  | No but SPD sets out requirement that property is no more than relevant NDSS +10% and typically not larger than 3 bed  |



| Local Authority        | Initial guidance provided      | Assessment of affordability of the product   | Assessment of eligibility - income   | Assessment of eligibility – local connection | Treatment of sweat equity   | Assessment of suitability/size of property  |
|------------------------|--------------------------------|--|--|--|---|---|
|                        |                                |  | costs are not greater than value<br>Further assessment at full planning app stage + lighter touch once built but before occupation |  |   |   |
| Dartmoor National Park | No but thinking of introducing | Yes (LPA)<br>If brought forward as part of affordable housing contribution – use the same process as DMS | Yes (LPA)<br>The application for the S&CB register include questions on financial capacity   | Yes (LPA)<br>As DMS                          | It is not considered because it has negative impact on income available but does not add to income available. | Limit the size of the property, but also recognise that self-builders will want to build for future not just current needs. |

- 8.4 During the interviews with these authorities five additional features specific to the assessment of the affordability of the dwelling(s) and applicants' eligibility for affordable Self and Custom Build emerged.
- 8.5 Undertaking an affordable self-build is complex. It requires the builder to have a full understanding of the costs and risks involved in a self-build project. Equally, they need to be fully aware of the impact on value of S106 restrictions and requirements on access to mortgage, design and future saleability. Providing this information requires early engagement of the applicant with planners, in tandem with input of housing enabling staff and the latter's early one-to-one support and guidance to the applicant.
- 8.6 Careful consideration needs to be given by the local authority's planning and housing officers and the applicant to the percentage discount on open market value. It needs to be high enough to make the property affordable to those on low local incomes, whilst equally achieving a value that is not below the cost of build, which in effect would put the builder into a position of negative equity.
- 8.7 Unlike conventional Rural Exception Site development, any policy benchmarking plot price, and its assessment when testing viability, should include actual servicing costs on top of the price paid purely for the land. If only land value is considered the cost of the development will be lower, reducing the amount of discount required to make the home affordable. Whilst this may not be a problem at first occupation, the lower discount could make the property unaffordable to future purchasers.
- 8.8 Along with the S106 Agreement requirements on the level of future discount, most of the featured Self and Custom Build policies, like that adopted by ENPA, seek to exert control over future affordability by restricting the size of the property that can be built. These often incorporate some flexibility that allows for a small degree of under-occupation. However, it is also apparent that in some cases future affordability is being compromised by building to very high specifications, which increases the property's value. In other instances, the size of the plot, or external buildings, while potentially justified in terms of the occupier being able to run a business from home, may in the future raise the value to a point that even with a discount the property is unaffordable. Shropshire Council is currently issuing an interim SPD in part to address these challenges with tighter stipulations on design, including clamping down on building large garages that in the viability appraisal are included at nil cost by only allowing single garages.
- 8.9 A final challenge in assessing eligibility of Self and Custom Build applicants seeking to develop an affordable home is whether to take into consideration their assets and investments. Commonly there will be an assessment of whether the applicant's income and savings would enable them to buy in the local market. In addition, Self and Custom Builders may have recourse to other assets, but these may be providing their pension, supporting their business or providing capital for the build.
- 8.10 Recognising that these other financial requirements do not affect ability to afford to buy a home in the open market, the usual practice in Teignbridge is not to take these into account, but this practice is currently under review. Other local authorities relied on the income tests carried out as part of the

eligibility assessments and the declarations made on the Self and Custom Build register to determine whether the applicant qualified for an affordable home.

## Learning Points for assessing affordable Self and Custom Build Applications

- Although there are similarities with assessing the affordability and eligibility for Discounted Market Sale (Local Need affordable sale) there are additional features of affordable self and custom build that require tailored policies and approaches. These make it a more complicated and time-consuming process.
- The local authority plays not only a gatekeeping role through the eligibility assessment, but they also need to provide guidance and support to affordable self and custom builders. Perhaps even more than for other forms of affordable housing, this requires a multi team approach across the local authority involving policy and Development Management planners, housing officers with eligibility assessment skills and housing enabling staff with expertise in the construction and funding of self and custom build properties. Self-Builders developing affordable homes need considerable advice and guidance from housing enabling staff.
- Time and resources of the applicant and local authority can be saved by requiring early engagement of applicants with Development Management planners and not proceeding with further support or formal application until the planners have given in principle support to the site and proposal. Ideally, this pre-app advice is free.
- It is critical that the underpinning planning policy set out in the Local Plan and/or SPD is clear and definitions are specific. Equally, that S106 Agreements set out in precise detail the definitions of terms, level of percentage discount, eligibility requirements and acceptable evidence.
- Viability and financial eligibility assessment before submission of a planning application can reduce risks of excessively high design specifications that can make a dwelling unaffordable to future purchasers, give assurance that the applicant cannot meet their housing needs in the open market and ensure the applicant is fully aware of the costs and implications of affordability restrictions on value.
- A degree of pragmatism is required in assessing the financial resources of the applicant and the extent to which these can reasonably be expected to be used to purchase a home in the open market. The income caps in policy, the assessments of income and savings, together with the information provided on the Self and Custom Build register are commonly considered sufficient to warrant other assets, pensions and investments not being taken into account. The pragmatic view taken is that the S106 Agreement restrictions on occupation and future sales values make it unlikely that someone with sufficient assets to build an open market self-build dwelling would choose to construct an affordable self-build home.

## Recommendation

### **Proposed approach for ENPA to assess eligibility for affordable Self and Custom build homes.**

- Drawing on the experience of the local authorities interviewed for this research, Table 8.2 sets out an approach that could be adopted by ENPA to assess eligibility for affordable Self and Custom Build. In particular it draws on the process adopted by Teignbridge District Council who have been at the forefront in terms of policy and support of affordable Self and Custom Build. Their adopted approach is provided in Appendix E.
- As with the other forms of affordable housing featured in this report, the proposed process requires close working between ENPA as the planning authority and the two respective local housing authorities. In this case this extends beyond the allocation teams to include the local authority housing enabler, or specialist Self and Custom Build support officer, which may be the Rural Housing Enabler.
- A further option that could be pursued is to work with Teignbridge DC to develop ENPA's process and draw on their specialist expertise in supporting affordable Self and Custom Builders. Potentially, this could be in concert with Dartmoor National Park.
- In this context, the proposed approach set out in Table 8.2 provides a basis for further discussion with local housing authorities, ensuring the most effective use of skills and resources available, provides a consistent process for local residents, whilst ensuring the very specific requirements of ENPA are secured.

**Table 8.2 Proposed Process and evidence for ENPA to assessing a Rural Exception Site Affordable Self and Custom Build application**

| Responsible body   | Step  | Evidence |
|--|---|----------|
| ENPA Planning team   | <p><b>Step 1</b></p> <p>In SPD (or new equivalent) set out:</p> <p>Definition of affordable Self and Custom Build</p> <p>The formula for calculating initial sale price and % discount for affordable Self and Custom Build</p> <p>Eligibility criteria including:</p> <ul style="list-style-type: none"> <li>• income caps</li> <li>• local connection criteria</li> </ul> <p>Definition of serviced plot</p> <p>Benchmark affordable S&amp;CB plot prices – to include servicing costs</p> <p>Limitations on size and design</p> <p>Advertising and marketing requirements for sale of plots/ onward sale of any affordable S&amp;CB properties</p> |          |
| ENPA -planning team with local authority housing enabler/RHE | <p><b>Step 2</b></p> <p>Produce guidance note for affordable Self and Custom Builders hoping to build a home in ENP.</p> <p>This should include a step-by-step flow chart of the process for the eligibility assessment process and gaining planning permission.</p> <p>A useful starting point would be the guidance produced by Teignbridge DC</p> <p><a href="https://www.teignbridge.gov.uk/media/9752/guide-to-delivering-custom-and-self-build-housing.pdf">https://www.teignbridge.gov.uk/media/9752/guide-to-delivering-custom-and-self-build-housing.pdf</a></p>   |          |

| Responsible body   | Step   | Evidence |
|--|--|----------|
| <p>Self-Builder<br/>ENPA DM Planning and<br/>Local Authority Housing<br/>Enabler</p> | <p><b>Step 1</b><br/>Early engagement of potential self-builder with Development Management planners as 'red line' exercise and establish planning support in principle to the development.<br/>LA housing enabler/RHE input to discussions through providing planners with questions to be explored and responding to pre-app consultation request that sets out enabling requirements including number of dwellings on development and tenure mix (C&amp;SB may be part of larger RES scheme)</p>  | -        |
| <p>Self-Builder &amp; Housing<br/>Enabler</p>  | <p><b>Step 2</b><br/>Either before or in parallel the local authority housing enabler or RHE provides guidance to self-builder on:</p> <ul style="list-style-type: none"> <li>• Restrictions that will apply re: discounted price, eligibility in terms of income and local connection</li> <li>• Restrictions on plot and property size</li> <li>• Likely content of S106 Agreement including definitions. including the usual affordable housing definitions and additional definitions on valuations, marketing, what we mean by a serviced plot.</li> <li>• Process and evidence needed to assess scheme and eligibility of self-builder including that if their circumstances change within 18 months of the first assessment, or there is a further delay a second may be needed before the development can commence.</li> <li>• Flag up need for Build Warranties How to structure a full planning application for a single plot affordable Self and Custom build proposal</li> </ul> | -        |

| Responsible body  | Step   | Evidence  |
|---|--|---|
| <p>Self-Builder<br/>Local Housing Authority</p>             | <p><b>Step 3</b></p> <p>Local Housing Authority carries out an assessment of the eligibility of applicants. This includes:</p> <ul style="list-style-type: none"> <li>• Income and savings</li> <li>• Whether they already own a home and the level of existing equity,</li> <li>• House prices in the community where the individual has a connection to assess ability to meet their needs in the open market,</li> <li>• local connection criteria are met</li> <li>• ability to afford to build</li> </ul> <p>ENPA is informed by letter of the assessment outcome, but not the detail of the financial assessment. The letter confirming eligibility is valid for 18 months with a requirement that the applicant notifies ENPA of any change in circumstances.</p> | <ul style="list-style-type: none"> <li>• Income – Evidence that gross is less than income cap set out in policy/SPD</li> <li>• Inability to buy in the open market</li> <li>• Local connection</li> <li>• Afford to build</li> </ul> <p>Using the formula set out in ENPAs SPD and the S106 Agreement that takes account of build and service costs, a 10% deposit and the applicants income x 3.5 mortgage multiplier.</p> <p>Evidence of the value of the proposed affordable S&amp;CB property requires valuation by a RICS registered surveyor of off-plan design the latest RICS standards (currently in Red Book)</p> |
| <p>Self-Builder and local authority Housing Enabler/RHE</p> | <p><b>Step 4</b></p> <p>Scheme/dwelling is designed, submitted for planning. For a single plot this is likely to be for full planning permission. For multiple plots on RES site it may be outline or a hybrid application, full for the affordable, outline for the S&amp;CB.</p> <p>Eligibility will have been confirmed at Stage 3 with a letter confirming that position holds for 18 months by which the development should have commenced. If there are any changes in circumstances during the 18 months the applicant informs ENPA and a further assessment is undertaken.</p>   | <p>Size of the property to be built (must be within limits prescribed in policy – currently 93m2)</p> <p>Design of dwelling, including internal specifications and external buildings such as garages (to ensure specification or design would not result in home being unaffordable to future purchasers)</p>  |

| Responsible body  | Step  | Evidence |
|---|---|----------|
| ENPA DM Planners in consultation with the local authority housing enabler | <p><b>Step 5</b></p> <p>Based on requirements set out in the Custom and Self Build SPD the S106 drafted that include requisite elements of Self &amp; Custom Build policy requirements. These will include:</p> <ul style="list-style-type: none"> <li>• Plot price does not exceed 10k a plot + reasonable service charges.</li> <li>• Resale value as a % of the open market value</li> <li>• Limits to the size of property that can be built.</li> <li>• Limits to the overall plot size</li> <li>• Local connection criteria</li> <li>• Valuation, re-sale of partially built property,</li> <li>• Advertising and marketing requirements</li> </ul> | -        |
| ENPA  | <p><b>Step 6</b></p> <p>Planning permission granted</p>   | -        |



## 9. Local employment Criterion and Cascade

- 9.1 During the research for this study, it has become apparent that the detail of the local employment criteria and timescales for the 'cascade' adopted by Exmoor National Park add a complication to the process of assessing eligibility for affordable housing, a challenge that warrants further exploration.
- 9.2 The Exmoor National Park Local Plan places specific local connection eligibility criteria on any affordable housing provision. These are in response to the fact that the overriding objective of any housing provision should be to provide affordable housing to meet local housing need. In consequence, there are no allocated housing sites within the National Park. Instead, provision is solely through rural exception sites with the requirement that the homes are occupied by people who have a defined connection to the parish/adjoining parish or National Park.
- 9.3 The adoption of these criteria and their incorporation into Section 106 planning Agreements is a universal feature of rural exception site developments across rural England. The detail of the criteria varies, as do the timescales for cascading the properties to a wider geography in the event of there being no qualifying applicant.
- 9.4 The presence of local connection criteria in the adopted Exmoor Local Plan, reflected in the respective S106 Agreements, is integral to maintaining the integrity of the rural exception site approach.
- 9.5 Currently, the employment criteria are relatively imprecise requiring that a person's work is of value to the National Park and its communities; and they need to live in the parish or adjoining parish to carry out that work effectively.
- 9.6 The policy also makes provision for a cascade that widens the 'pool' of potential applicants. Firstly, it shortens the qualifying residency period in the parish or adjoining parish from ten to five years. Secondly, if there are still no applicants that meet the criteria, the cascade broadens to a wider geographic area to include people with strong local ties living in the relevant parts of the district authorities of the National Park, then the whole National Park. For housing owned by Registered Providers the final cascade extends to parishes outside the National Park. The policy does not set any timescales for triggering widening the cascade, but these are generally set out in the scheme specific S106 Agreement.
- 9.7 The interviews with Registered Providers highlighted that the timescales in the S106 cascades can result in affordable homes standing empty as they struggle to find people eligible to rent or buy in the National Park, even though there are acute housing needs in the area. Potentially, this means a property may stand empty for 24 weeks (6 months). In turn this can impact on Registered Provider and developer willingness to develop in the National Park.
- 9.8 Turning to the employment criteria. Table 9.1 shows the local connection employment criteria adopted by three other National Parks and the rural local authorities who contributed to this study. In comparison ENPAs relatively

imprecise. Unlike others they do not set working hours or the length of time in which the applicant is expected to have been in employment. Neither does it exclude those who are seasonal or casual workers.

- 9.9 An interesting feature of the North York Moors National Park Authority and Shropshire Council's local connection policies are the provision they make for flexibility to allow those contributing to the community to apply. Feedback from Shropshire included that they were considering specifying more precisely the type of activity that supports the sustainability of rural communities. For example, given the rural demographic they would like to encourage applications from those employed in domiciliary care in the rural areas of the county.

**Table 9.1 Summary of local employment connection requirements of Local Planning Authorities featured in this study**

| Criteria                          | Exmoor NPA   | Dartmoor NPA   | Lake District NPA  | North York Moors NPA | Somerset West & Taunton DC   | North Devon & Torrington DC                                       | Teignbridge DC                                 | Cornwall Council   | Shropshire Council   |
|-----------------------------------|--|--|--|----------------------|--|---|--|--|--|
| Connection through employment     | Carries out paid work of value to the NP and its communities | Employed within the NP, working 16 hours per week & having done so for at least 26 weeks in the preceding year | Been in employment in the defined locality for 6 months and for a minimum of 16 hrs pw                         | -                    | Have strong local connections with the Parish ... and/or such persons who have permanent employment in the Parish of xxx - | Continuous employment for at least 16 hrs pw for at least 5 years | at least 16 hours pw (excluding seasonal work) | At least 16 hrs pw for the last 3 years (excluding seasonal/casual work) | Currently employed /self-employed or have written offer of permanent employment within the local area or 5km of the site                     |
| Other employment related criteria | -  | -  | Flexibility to consider on case by case where different local connection or community benefit can be justified | -                    | -  | -   | -  | -  | Demonstration of active community involvement in the local area sustained for at least the previous 2 years; supported by the Parish Council |

## Learning Points: local employment and cascades

- 9.10 The three other National Park Authorities that contributed to this study have adopted significantly more flexible economic activity local occupancy criteria. These changes were made in recognition of the need to be able to attract young and economically active residents to live in their areas, supporting the sustainability of the National Park itself and its communities.
- 9.11 Clarity and specificity enhance transparency and communities' confidence in the process, make the application and eligibility assessment process easier.
- 9.12 Agreeing and formally setting out priorities and timescales for the cascade process, speeds up the assessment stage, ensures the efficient use of scarce affordable housing stock and meets the objective of providing homes for those in housing need.

### Recommendations

#### **Proposals for clarifying and strengthening the implementation of the employment criteria and cascade of the Local Connection policy**

- It is acknowledged that ENPA has decided not to review its Local Plan at this stage. Therefore, for its successful implementation it is vital that policies remain in place and their application is enhanced by providing further guidance and specificity on how these policies should be interpreted. This could be achieved through a new SPD (or new equivalent), revised S106 Agreement template, which in turn shapes S106 Agreements.

#### **Providing greater clarity and specification to the local connection employment criteria**

- Following the practice of other National Parks, it is recommended that greater specification is given to the employment criteria through SPD and/or S106 Template by adopting a measure that stipulates hours worked over a given time period. It is suggested that the criterion is that the person has worked consistently at least 16 hours a week, or have a permanent job offer for employment for at least 16 hours a week.
- This clarification would retain the employment connection to those in the National Park whilst also responding to the challenges arising from the demographic structure of the National Park, the need for people to live in the National Park who carry out work that contribute to meeting both its statutory Purposes and changes in the nature of employment.

**Proposal to change process and timescales for transition of all forms of affordable housing through the local connection criteria cascade**

- In SPD (or new equivalent) and S106 Template and Agreements state that for RP and Non- RP affordable rented housing, Local Needs affordable sale housing and affordable self and custom build those assessing and allocating housing use the following prioritisation and cascade approach. A flow chart showing this process for each tenure is provided in Appendix G
  - Tier one: applicants who meet Policy HC-S3 criteria, either 1 a, c or d. These are the criteria that require 10 years residency in the parish or adjoining parish or 1b 10 years in parishes with a strong connection to the parish OR meet the clarified economic activity local connection criteria that they have consistently at least 16 hours a week, or have a permanent job offer for employment for at least 16 hours a week.
  - Tier two: those who meet Policy HC-S3 criterion 3 a, . This requires 5 years residency in the parish or adjoining parish / parishes rather than 10 years residency applied to criteria 1 a) to d) above and continue to include 1e) the clarified economic activity local connection criteria that they have consistently at least 16 hours a week, or have a permanent job offer for employment for at least 16 hours a week.
  - Tier three: Those who meet Policy HC-S3 criteria 3b)– district council area of the National Park
  - Tier four: Those who meet Policy HC-S3 criteria 3c - National Park as a whole
- For RPs only. If after this prioritisation there are still no eligible applicants, the property must be re-advertised and the RP must advertise and market the property as required in the S106. If having done so and gone through the above priority listing there are still no eligible applicants, the properties can be occupied by other local persons with strong ties to the remaining district council areas outside the National Park.
- For Local Needs affordable sale (including discounted market sale housing), sale of affordable self and custom build plots, and non-RP provided affordable rented housing, if after 12 weeks there are still no qualifying applicants after applying Tier 4 of the prioritisation process, the properties or plots must be re-advertised and marketed. There must be three cycles of this process if no eligible applicants are identified. This means that, if necessary, the properties would be advertised for a minimum period of 9 months.

### **Advertising and Marketing**

- To support and ensure the successful implementation of the proposed clarifications to the local connection it is essential that the properties are effectively advertised, whatever the tenure. An SPD (or new equivalent) and S106 Template/Agreements could set out the required process for advertising and marketing these properties, for example stipulating how, where and for how long they should be marketed. Compliance with these requirements could become part of the assessment process.
- Equally it is essential that those with a local connection know when and how to apply for them when they become available for let, re-let and sale. The RHE operating in Exmoor National Park currently reviews the adverts placed on respective Choice Based Lettings sites to identify properties that are available in the National Park and posts vacancies on Exmoor Rural Housing Network social media. ENPA S106 agreements require that Parish Councils and the housing authority are notified by affordable housing providers in the expectation that they will help publicise the adverts and encourage residents to apply.
- It is recommended that the RHE produces a leaflet/guide that sets out what Parish Councils should do with this information, together with information they can relay to prospective applicants, including on how they can register on Somerset Home Finder and Devon Home Choice. Guidance on Somerset Homefinder and Devon Home Choice is being drafted and this could be included / cross referred to in this advice.

## 10. Overall findings and recommendations

- 10.1 The research for this study has shed light on the quandary that faces Exmoor National Park Authority and indeed all National Park Authorities in respect of affordable housing. They are under a legal duty that in meeting their statutory purposes they should foster the social and economic well-being of their communities. Across the English National Parks, securing a supply of affordable housing to meet local housing needs is seen as key to meeting this duty. However, their role and capacity to achieve its delivery is limited because whilst National Parks are the planning authority for their geography, they are not the housing authority. In effect this largely restricts the support they can give to the policies they adopt in their Local Plans and SPDs and the enabling activity it can carry out as part of its Development Management and community engagement work.
- 10.2 This is a significantly more limited role than that played by local authorities that are vested with planning and housing responsibilities, which include the fair and transparent allocation of affordable homes. Reflecting these requirements, the capacity and skills of a local authority are in consequence wider and greater than those available to National Parks.
- 10.3 The research for this study amply illustrates this point both in terms of the type and split of activities between planning and housing departments. Put simply, like the National Park Authorities' responsibility for setting the policy framework and putting in place the agreements to secure affordability and any occupancy is led by planners. But unlike them, responsibility for implementing these policies and specifically assessing whether applicants meet planning policy's eligibility criteria is vested in their housing staff. These are complex processes requiring particular skills and expertise, building relationships with a different set of stakeholders such as housing associations and Homes England, surveyors, health professionals and surveyors, putting in place formal systems so people can apply for affordable homes, and fair and transparent processes for assessing and prioritising people according to their housing need. Whilst these directly govern the allocation of affordable rented homes, it also provides a pool of skills and expertise for assessing eligibility for other forms of affordable housing.
- 10.4 Given this background it is not surprising that the two National Park Authorities interviewed for this study take a very hands-off role in the allocation of affordable rented housing, seeing this as a housing authority not a National Park Authority role. It also explains their lighter touch engagement with the assessment of applicant's eligibility for Discounted Market Sale (equivalent to ENPA's Local Needs Affordable Sale housing) and affordable Self-Build. Rather than deep involvement themselves they work with and seek the support and input of their constituent local housing authorities, weigh the balance towards pragmatism over control; and in one case look to Estate Agents to carry out eligibility assessments and ensure compliance.
- 10.5 This contrasts with the practice of Exmoor National Park Authority who have taken on a more intense role in assessing applicant's eligibility for affordable housing, particularly in respect of affordable sale, including Discounted Market

- Sale and affordable Self-Build. Interviews with staff revealed that this is often time intensive, complex and can put them in an awkward position if their decisions are questioned.
- 10.6 Exmoor National Park Authority in part commissioned this work to help them address these challenges by seeking guidance on assessment methodologies. The research findings lead to the conclusion and advice that that Exmoor National Park Authority focus on supporting delivery of affordable housing through their planning function and commission the local housing authorities take on the assessment of eligibility of applicants, for all forms of affordable housing. This reflects and responds to the respective statutory responsibilities, staff skills and time capacity in the National Park and constituent local housing authorities.
- 10.7 There are four overarching recommendations that flow from the findings of this research which are set out below. The detailed recommendations that flow from these is provided for each tenure in the body of the text.

## Overarching Recommendation 1

**Exmoor National Park Authority formalise and develop existing joint working arrangements with the constituent local housing authorities on assessing the eligibility of applicants for affordable rented and affordable sale housing through Service Level Agreements.**

- 10.8 For North Devon Council this should be straightforward. Consideration could also be given to working with Dartmoor National Park to align the assessment processes for both National Parks enabling a joint agreement, with shared costs, to be made with the relevant local housing authorities.
- 10.9 Implementing this recommendation with Somerset West and Taunton is more complex due to the creation of the new unitary authority. It may be possible to put in place an agreement for the short/interim period. However, this time of change is also an opportunity to ensure the assessment needs of Exmoor National Park Authority are taken into consideration when the affordable housing assessment arrangements for the new Somerset Council are being designed and agreed.
- 10.10 Part of any agreement should include monitoring and reporting requirements. These should be designed to provide Exmoor National Park Authority with the evidence and reassurance that affordable homes subject to S106 agreements are being let/sold to residents who meet the Local Plan/S106 eligibility requirements.
- 10.11 It is acknowledged that in the interim period ENPA will still receive applications for affordable housing that will require the National Park to set values and undertake eligibility assessments. It is recommended that as a short-term measure it continues to use current approaches, accepting that as a planning authority it does not have the full range of skills and expertise that a housing authority brings to the process.



## Overarching Recommendation 2

**Exmoor National Park Authority explores setting up an arrangement with either one of their constituent Local Housing Authorities or Teignbridge Council in respect of eligibility assessments for Self and Custom Build. This could usefully extend to sharing experience and developing guidance and support for Self and Custom Builders in the National Park. Potentially, this arrangement could be in concert with Dartmoor National Park**

- 10.12 Given the complexity of Self and Custom Build, it is recommended that Exmoor National Park Authority work with Teignbridge District Council who already have a Service Level Agreement with a housing association for assessing eligibility of applicants for affordable Self and Custom Build. Teignbridge has developed considerable expertise in supporting and drafting policy for this tenure. Alternatively, ENPA could explore the option of reaching a similar arrangement with one of Local Housing Authorities covering ENP.
- 10.13 Given that Dartmoor National Park Authority faces similar challenges as ENPA in terms of limited resources available to implement its affordable Self and Custom Build, this is an arrangement that could be jointly pursued.
- 10.14 It is however, recognised that the two National Parks do not share a Local Housing Authority.

## Overarching Recommendation 3

**Exmoor National Park Authority produces guidance (SPD or new equivalent) that supports the effective interpretation and implementation of its local occupancy connection criteria by:**

**Requiring that those assessing and allocating housing use the following prioritisation of applicants.**

**Tier one:** applicants who meet Policy HC-S3 criteria, either 1 a, c, d, or 1 b for parishes with a clear or strong connection to a specific parish/adjoining parish. These are the criteria that require 10 years residency in the parish or adjoining parish.

OR meet the clarified economic activity local connection criterion 1 e and they have worked consistently for at least 16 hours a week, or have a permanent job offer for employment for at least 16 hours a week.

**Tier two:** those who meet Policy HC-S3 criteria, 3 a, requiring 5 years residency in the parish or adjoining parish for applicants otherwise meeting 1, a, c, or d OR meet the clarified economic activity local connection criteria that they have worked consistently at least 16 hours a week, or have a permanent job offer for employment for at least 16 hours a week.

**Tier three:** Those who meet Policy HC-S3 criteria 3b)– district council area of the National Park

**Tier four:** Those who meet Policy HC-S3 criteria 3c - National Park as a whole

**For RPs only** If after this prioritisation there are still no eligible applicants, the property must be re-advertised and the RP must advertise and market the property as required in the S106. If having done so and gone through the above priority listing there are still no eligible applicants, the properties can be occupied by other local persons with strong ties to the remaining district council areas outside the National Park.

**Local Needs sale (including DMS), Non- RP affordable rented housing and affordable Self and Custom Build**, if after 12 weeks there are still no qualifying applicants after applying Tier 4 of the prioritisation process, the properties or plots must be re-advertised and marketed. There must be three cycles of this process if no eligible applicants are identified. This means that, if necessary, the properties will have been advertised for a period of 9 months.

10.15 The effect of specifying a priority order for considering applications in SPD and/or S106 template and Agreements would bring four benefits:

- ease the assessment process and potentially encourage more people to apply.
- speed up the assessment process and avoid, particularly affordable rented RP homes being left empty for potentially six months in an area of acute housing need.

- It would go some way to align ENPAs requirements with those of its constituent local authorities, introducing greater consistency and fairness into the system for those seeking an affordable home in Exmoor National Park.
  - It may encourage more RPs to develop in ENP
- 10.16 Such a change would be in step with the practice of other National Parks.
- 10.17 Clarifying and providing a simple explanation and interpretation of the economic activity criterion would:
- Ease and speed up the assessment process by introducing a criterion that is easily evidenced.
  - Assist that Exmoor National Park retain and attract those people who through their work and living in the National Park contribute to it meeting both its statutory purposes and duty, addressing the demographic challenge facing the National Park.
- 10.18 This change would align the cascade to that adopted by other National Park Authorities.

## Overarching Recommendation 4

**Exmoor National Park Authority revise its Affordable Housing S106 Agreement Template to include additional elements to ensure all forms of affordable housing meet its Local Plan requirements in terms of price/rent and eligibility. These should include in the definitions and schedules, but this is not an exhaustive list:**

- **The formula used to calculate the affordable rent/and or sales price and discount**
- **The % discount of open market value that will be required on initial and future sales**
- **For non-RP provided affordable rented homes, the initial rent and the formula for future rent setting, with a requirement for this to be agreed with the National Park Authority.**
  - **As part of this include definition of Local Housing Allowance and any income caps**
- **The requirement for an advertising and marketing scheme to be agreed with the National Park Authority for all forms of affordable tenure, including where relevant affordable Self and Custom Build homes**
- **Open Market Values should be assessed by a RICS registered surveyor using the latest RICS Valuation Standards**
- **Any additional perpetuity requirements, for example inclusion of the % discount for Discounted Market Sales housing as a covenant in the Deed of Sale.**
- **Specify the local connection criteria as proposed in Recommendation 3**
- **Requirement that owners will verify to the National Park Authority, or its agent, that the prospective purchaser or tenant meets the terms of the S106 Agreement by obtaining appropriate evidence/documentation and providing the National Park Authority, or its agent, with copies of that evidence/documentation.**

10.19 These provisions would go a long way to providing the assurances required by Exmoor National Park Authority that the homes being provided were affordable and occupied by people who met their eligibility criteria.

10.20 They would provide clear guidance for those undertaking the assessments, such as the local housing authorities (see Recommendation 1) and contribute to making the assessment a transparent process.

## Overarching Recommendation 5

**Exmoor National Park Authority provides through SPD (or new equivalent), its S106 Template and thence individual S106 Agreements, clear definitions of all the different acceptable affordable housing tenures.**

- 10.21 One of the challenges in writing this report and encountered in the assessment process is a degree of confusion of what constitutes affordable housing. For example, private rent will not be affordable housing, but affordable rented homes provided by either an RP or Non-RP organisation could be. Similarly, Local Needs Housing is commonly defined in Local Plans as a tenure meeting a need for people who have a local connection with an area, it does not extend to those who are unable to buy in the market. By default, it may result in a price below open market values, but this is not a requirement or set in policy.
- 10.22 Exmoor's Local Plan refers to Local Needs Housing and in the detail of the policy sets out that this should be affordable housing to meet proven local needs. In effect this product is Discounted Market Sale housing. Once interpreted as such opens the door for ENPA to exert much greater control over to ensure it is affordable to local people. From this flows greater clarity and certainty for both the developer, the applicant and those assessing eligibility.

## 11. Conclusion

- 11.1 Exmoor National Park Authority has often been at the forefront of finding ways to meet local housing need, particularly for affordable housing. It has developed policies and enabling practices to secure this objective but has also had to acknowledge the limitations on what it can achieve by solely being a Local Planning Authority, not a housing authority.
- 11.2 In commissioning this study Exmoor National Park Authority has once again demonstrated its commitment to providing affordable homes for its residents. It has shown its openness to find a way forward to achieve this objective in the context of the constraints placed on it by its legal responsibilities, limited staff resources and that their lack of housing expertise. This report is written to support them in that endeavour.
- 11.3 As a final note, we would like to thank the officers from those Local Authorities and National Parks who generously gave their time to answer our questions, share their insights and provided us with their documentation. Without their contributions we would not have been able to provide ENPA with the guidance in this report.

## Appendix A: Relevant Part A data sources

**Table A.1 Data sources and outputs - House prices and rents**

| Theme         | Source                   | Lowest Output geography | Smallest geography | Comments and data outputs   |
|---------------|--------------------------|-------------------------|--------------------|---|
| House prices  | Land Registry price paid | Address level           | Postcode           | 5.5 years data 2017- June 2022 has been extracted. 830 sales. For the National Park: Data available for dwelling type (not number of bedrooms), leasehold/freehold and newbuild/second hand   |
|               | Zoopla price paid data   | Address level           | Postcode           | 5.5 years data 2017- June 2022 which can distinguish between property type and size   |
| Private Rents | Zoopla price paid data   | Address level           | Postcode           | 5.5 years data 2017- June 2022 has been extracted (166 rents) for the National Park:<br>But number of lettings is very low<br>Rents by property size can be compared with applicable LHA rates to determine any shortfall in rental costs to be met. Rents can also be compared with local earnings |

**Table A.2 Data sources and outputs – Household income**

| Theme             | Source  | Lowest Output geography                | Smallest geography                             | Comments and data outputs   |
|-------------------|---|--|--|---|
| Key worker income | Published pay scales and living/minimum wage                            | National Park                          | National Park (applied to smaller geographies) | Range of key worker salaries for different grades assembled. Focus on Police Officer, Nurses, Fire Officer, Teacher but list can be extended<br>Helps to bring realism into what key workers and those on minimum/living wage can realistically afford  |
| Earnings          | Office for National Statistics Annual Survey of Hours and Earnings data | Local authorities within National Park | Local authorities within National Park         | These data are used to compile affordability ratios. Data based on individual earnings for employees in all sectors of the economy. It does not include people who are economically inactive including the retired, students and people who are wholly reliant on benefits for their income.<br>Available from <a href="http://www.nomisweb.co.uk">www.nomisweb.co.uk</a> |
| Household income  | CAMEO UK  | Postcode                               | Parish   | Arc4 has a licence to reproduce CAMEO UK data as part of commissions  |

**Table A.3 Data sources and outputs - Social/affordable price and Affordable Home Ownership prices**

| Theme                   | Source                                 | Lowest Output geography | Smallest geography              | Comments and data outputs  |
|-------------------------|--|-------------------------|---------------------------------|--|
| Social/affordable rents | Local Authorities/Housing Associations | Address level           | <b>Parish</b> or MSOA/LSOA/Ward | 2022 social and affordable rents by property type/size and location are potentially available. This will help determine current rents and test their affordability against LHA rates |



| Theme                   | Source                  | Lowest Output geography                | Smallest geography                     | Comments and data outputs  |
|-------------------------|-------------------------|--|--|--|
| Social/affordable rents | Statistical data return | Local authorities within National Park | Local authorities within National Park | Annual data return which sets out rents and service charges by number of bedrooms, rented tenures and designation (general needs/older person) |

### Note on geography

Postcode-level data can be aggregated to larger geographies including MSOA, LSOA, ward, parish and sub-area.

## Appendix B: Affordable home ownership product prices across the National Park

**Table B.1 Shared ownership 50%**

| Stage of calculation                                   | Exmoor NP      |
|--|----------------|
| Full price (based on median)                           | £297,250       |
| Equity 50%   | £148,625       |
| 10% deposit on equity share                            | £14,863        |
| Mortgaged amount                                       | £133,763       |
| Service Charge (monthly)                               | £30            |
| Rent (per month based on 2.75% on remaining equity pa) | £341           |
| Income required for mortgage                           | £38,218        |
| Income required for rent/service charge                | £17,789        |
| <b>TOTAL income required</b>                           | <b>£56,007</b> |

**Table B.2 Shared ownership 25%**

| Stage of calculation                                   | Exmoor NP      |
|--|----------------|
| Full price (based on median)                           | £297,250       |
| Equity 25%   | £74,313        |
| 5% deposit on equity share                             | £3,716         |
| Mortgaged amount                                       | £70,597        |
| Service Charge (monthly)                               | £30            |
| Rent (per month based on 2.75% on remaining equity pa) | £511           |
| Income required for mortgage                           | £20,171        |
| Income required for rent/service charge                | £25,963        |
| <b>TOTAL income required</b>                           | <b>£46,134</b> |

**Table B.3 Discounted home ownership (30%)**

| Stage of calculation                     | Exmoor NP      |
|--|----------------|
| Full price (based on median)             | £297,250       |
| Discounted price (30% lower than median) | £208,075       |
| Deposit 5%                               | £10,404        |
| Mortgaged amount                         | £197,671       |
| <b>TOTAL income required</b>             | <b>£56,478</b> |

**Table B.4 Discounted home ownership (25%)**

| Stage of calculation                     | Exmoor NP      |
|--|----------------|
| Full price (based on median)             | £297,250       |
| Discounted price (25% lower than median) | £222,938       |
| Deposit 5%                               | £11,147        |
| Mortgaged amount                         | £211,791       |
| <b>TOTAL income required</b>             | <b>£60,512</b> |

**Table B.5 Discounted home ownership (20%)**

| Stage of calculation                     | Exmoor NP      |
|--|----------------|
| Full price (based on median)             | £297,250       |
| Discounted price (25% lower than median) | £237,800       |
| Deposit 5%                               | £11,890        |
| Mortgaged amount                         | £225,910       |
| <b>TOTAL income required</b>             | <b>£64,546</b> |

## Appendix C: Cornwall Council – Summary of process and evidence used to assess eligibility for discounted market sale homes

| Responsible body                                       | Step   | Evidence  |
|--|--|---|
| Developer and Cornwall Council Affordable Housing Team | <p><b>Step One : On initial sale</b></p> <p>The S106 will have set out the sales price for these homes in line with discounts set out in SPD</p> <p>Developer notifies LA as soon as they are ready sell and submits:</p> <ul style="list-style-type: none"> <li>• an advertising scheme (Council provides guidance on methods)</li> <li>• Sales Notice – providing details of location, type and size, heating type, service, management charges, contact details for selling agents</li> <li>• Sales Notice includes proposed sales price</li> </ul> <p>Once above agreed by LA, its affordable housing team agrees date with developer for formal start of advertising properties</p> | <p>A formal open market valuation of the affordable homes, undertaken by a RICS (or equivalent) valuer, will be required to support this and must be submitted at the same time as the sales notice.</p>  |
| Seller & Cornwall Council Affordable Housing Team      | <p><b>Step One: On re-sale</b></p> <p>Seller submits to LA:</p> <ul style="list-style-type: none"> <li>• Sales Notice (on-line template) providing details of the location, size, tenure of the property.</li> <li>• Open market value of home</li> <li>• Evidence of the discount percentage.</li> <li>• Advertising scheme in accordance with S106 Agreement, at a minimum should include an advert with premium property website and local estate agent</li> </ul> <p>Sale can proceed once these have been received and sales price agreed with the Council.</p>   | <p>Open market valuation undertaken by RICS surveyor in accordance with latest RICS valuation standards, dated no earlier than 3 months before submission of sales notice.</p> <p>Resale percentage – stated in S106 Agreement or TP1 transfer document from Land Registry</p> <p>Advertising proposal agreed between affordable housing team and local estate agent(s)</p> |

| Responsible body                               | Step  | Evidence  |
|--|---|---|
| Potential purchaser<br>Estate Agent            | <p><b>Step 2 – Sales and Resales</b></p> <p>Estate Agent acts as point of triage - sends potential purchaser link to application form</p> <p>After the potential purchaser has viewed and made an offer one, they complete an on-line application form that is submitted through a secure mailbox. This includes submission of evidence showing housing need (broad definition), income, local connection</p> <p>Application form includes a formal declaration that the information provided is correct.</p> | <p>A full list of the evidence requirements and approved sources are set out in the <a href="#">S106 Agreement</a> template. These include:</p> <ul style="list-style-type: none"> <li>• Proof of identity</li> <li>• Local connection employment sufficient to cover local connection period</li> <li>• Earnings and savings</li> </ul> <p>(see Appendix E)</p> <p>In addition, the Council asks for a full credit report, evidence of deposit funds and mortgage agreement in principle</p> |
| Cornwall Council<br>Affordable Housing<br>Team | <p><b>Step 3 (5 working days)</b></p> <p>Eligibility assessed:</p> <p>Income – using Homes England Equity Loan Affordability Calculator to establish they cannot afford to buy in the open market using 4.5x income multiplier</p> <p>Local connection – meets S106 local connection criteria</p> <p>Has housing need (in unsuitable accommodation and unable to but in the open market)</p> <p>If eligible LA authorises Estate Agent to proceed to next stage</p>   |   |
| Estate Agent                                   | <p><b>Step 4</b></p> <p>On receipt of authorisation, Estate Agent creates a Memorandum of Sale which includes names of purchasers, sellers, sales price and the vendors and purchaser's solicitors.</p>   |   |
| Cornwall Council<br>Affordable Housing<br>Team | <p><b>Step 5</b></p> <p>LA receives Memorandum of Sale and issues Authorisation to Proceed (ATP).</p>   |   |

| Responsible body                         | Step  | Evidence               |
|--|---|------------------------|
|  | ATP is sent to the Purchasers solicitors and triggers sale to proceed with confidence that the purchasers are eligible buyers.  |                        |
| Cornwall Council Affordable Housing Team | <b>Step 6</b><br>Once ATP issued, Council asks for mortgage offer to check that price is as stated and the lender knows of any S106 requirements, including the perpetuity discount arrangements. | Copy of mortgage offer |
| Cornwall Council Affordable Housing Team | <b>Step 7</b><br>Council issues Authority to Exchange<br>Occasionally, a Certificate of Compliance is required under the terms of the transfer to enable registration.                            |                        |

## Appendix D: Cornwall Council's standard S106 clauses for Discounted Market Sale Housing

### Cornwall Council precedent 106 21/03/2022

#### Standard clauses for affordable housing

**RP Products - affordable rented, social rented dwellings, RP shared ownership, rent to buy non-RP products - Intermediate homes for sale, intermediate rented, first homes**

<https://www.cornwall.gov.uk/media/zzaipdxj/4335739-s106-template-with-intermediate-and-social-and-first-home-draft-v5-210322-final.pdf>

#### **(Evidence of Qualifying Persons and First Homes Qualifying Persons Criteria (National) and First Home Eligibility Criteria (Local))**

The Owner shall verify to the Council or its agent that the prospective purchaser or tenant meets the terms of this Deed by obtaining appropriate documentation from section A and B and C below or such other evidence or confirmation as the Council or its agent shall deem necessary or sufficient and if required by the Council or its agent provide copies of such evidence to the Council or its agent

#### **SECTION A:**

##### **Proof of identity (of prospective purchaser or tenant and where applicable close family member)**

- A current and valid passport
- UK residence permit 87 Information
- A valid UK driving licence
- National Insurance number card
- Marriage certificate Medical card
- Letters about asylum from the Home Office

#### **Section B:**

##### **Local connection Residency – sufficient evidence to cover the relevant local connection period for prospective purchaser/tenant/close family member as appropriate Utility bills (gas electric phone etc)**

- Council tax bills
- Bank/Building Society account/credit card statements
- State benefit books or receipts showing rent paid
- Payslips showing home address

Written certification from either a Solicitor / Social Worker / Probation Officer / Inland Revenue Officer / Police Officer / Teacher or Doctor

Employment – sufficient evidence to cover the relevant local connection period

Payslips showing employer's address

Employer's letter confirming length and terms of employment (including hours worked if applicable)

### **Section C:**

#### **Eligibility Criteria**

Tenancy or licence agreement

Rent book showing name and address of applicant

Where applicable letter from friend or family member confirming residence at their address P60 annual statement of earnings for the most recent complete tax year

Payslips covering last 3 months

For self- employed persons a set of accounts no older than 12 months

Bank/Building Society account or other statements showing savings/capital

Evidence of any other income including state benefits



## Appendix E: Teignbridge District Council: Process and evidence for assessing a Rural Exception Site Affordable Self and Custom Build application

| Responsible body                                 | Step  | Evidence |
|--|---|----------|
| Self-Builder<br>DM Planning & Housing<br>Enabler | <p><b>Step 1</b></p> <p>Early engagement of potential self-builder with Development Management planners as 'red line' exercise and establish planning support in principle to the development.</p> <p>Housing department input to discussions through providing planners with questions to be explored and responding to pre-app consultation request that sets out enabling requirements including number of dwellings on development and tenure mix (C&amp;SB may be part of larger RES scheme)</p>   | -        |
| Self-Builder & Housing<br>Enabler                | <p><b>Step 2</b></p> <p>Either before or in parallel Housing Enabler provides guidance to self-builder on:</p> <ul style="list-style-type: none"> <li>• Restrictions that will apply re: discounted price, eligibility in terms of income and local connection.</li> <li>• Restrictions on plot and property size</li> <li>• Likely content of S106 Agreement including definitions. The Council has invested a lot of time getting this right. They include the usual affordable housing definitions and additional definitions on valuations, marketing, what we mean by a serviced plot.</li> <li>• Process and evidence needed to assess scheme and eligibility of self-builder including that if their circumstances change within 18 months of the first assessment, or there is a further delay a second may be needed before the development can commence.</li> </ul> | -        |

| Responsible body                             | Step  | Evidence  |
|--|---|---|
|  | <ul style="list-style-type: none"> <li>Flag up need for Build Warranties How to structure a full planning application for a single plot affordable Self and Custom build proposal</li> </ul>  |   |
| Self-Builder<br>Westward Housing Association | <p><b>Step 3</b></p> <p>Under a Service Level Agreement with Westward Housing Association an assessment is made of the eligibility of applicants. This includes:</p> <ul style="list-style-type: none"> <li>Income and savings</li> <li>Whether they already own a home,</li> <li>House prices in the community where the individual has a connection to assess ability to meet their needs in the open market,</li> <li>local connection (RES criteria) and</li> <li>ability to afford to build</li> </ul> <p>TDC informed by letter of the assessment outcome, but not the detail of the financial assessment. This is valid for 18 months with a requirement that the applicant notifies TDC of any change in circumstances.</p> | <ul style="list-style-type: none"> <li>Income – Evidence that gross household income is less than £80k per annum (TDC working on how best to assess savings and assets – particularly relevant for tenant farmers)</li> <li>Inability to Buy -</li> <li>Local connection</li> <li>Afford to build</li> </ul> <p>Using formula that takes account of build and service costs, a 10% deposit and the applicants income x 3.5 mortgage multiplier</p> <p>Evidence of value of property requires RICS valuation of off-plan design using Red Book</p> |
| Self-Builder and Housing Enabler,            | <p><b>Step 4</b></p> <p>Scheme/dwelling is designed, submitted for planning. For a single plot this is likely to be for full planning permission. For multiple plots on RES site it may be outline or a hybrid application, full for the affordable, outline for the S&amp;CB.</p> <p>Eligibility will have been confirmed at Stage 3 with a letter confirming that position holds for 18 months by which the development should have commenced. If there are any changes in circumstances during the 18 months the applicant informs ENPA and a further assessment is undertaken.</p>  | <p>Size of the property to be built (must be within limits prescribed in policy – 100 m2 or 25m2 per resident, whichever is higher)</p>   |

| Responsible body              | Step   | Evidence |
|-------------------------------|--|----------|
| Housing Enabler & DM Planners | <p><b>Step 5</b></p> <p>Based on requirements set out in the Custom and Self Build SPD the S106 drafted that include requisite elements of Self &amp; Custom Build policy requirements. These will include:</p> <ul style="list-style-type: none"> <li>• Plot price does not exceed 10k a plot + reasonable service charges</li> <li>• Resale value as a % of the open market value</li> <li>• Limits to the size of property that can be built</li> <li>• Limits to the overall plot size</li> <li>• Valuation, re-sale of partially built property, marketing requirements etc.</li> </ul> | -        |
| Local Planning Authority      | <p><b>Step 6</b></p> <p>Planning permission granted</p>  | -        |

## Appendix F: Comparison of Local Occupancy Connection Criteria

### Exmoor National Park

#### Local Plan Policy HC-S3 Local Occupancy Criteria for Affordable Housing

[https://www.exmoor-nationalpark.gov.uk/data/assets/pdf\\_file/0027/257751/Part-6-Achieving-a-Thriving-Community.pdf](https://www.exmoor-nationalpark.gov.uk/data/assets/pdf_file/0027/257751/Part-6-Achieving-a-Thriving-Community.pdf)

1 New local need affordable housing will be occupied by a person(s) (and their dependents) with a proven housing need who cannot afford (to rent or buy) accommodation in the locality and who meets one or more of the following definitions:

- a) has a minimum period of 10 years' permanent residence in the parish or an adjoining parish and who is forming an independent household or is currently homeless or living in otherwise unsatisfactory accommodation;
- b) has a minimum period of a total of 10 years' permanent residence within parishes within the National Park and who can demonstrate a clear link with a parish or its adjoining parish and is forming an independent household or is currently homeless or living in otherwise unsatisfactory accommodation;
- c) is not now resident in the parish or an adjoining parish but with a local connection with the parish including a period of permanent residence of 10 years or more within the last 30 years;
- d) has an essential need to live close to another person who has a minimum of 10 years permanent and continuous residence in the parish or an adjoining parish, the essential need arising from proven age or medical reasons; or
- e) (i) carries out paid work which is of value to the National Park and its communities; and (ii) needs to live in the parish or adjoining parish in order to carry out that work effectively

2. A planning obligation will be secured to ensure that occupancy of the dwelling(s) is by persons in local affordable housing need in perpetuity.

3. The definition of local affordable need shall initially be based on criterion 1 above. Where there are no local people meeting this criterion and properties are vacant, a cascade approach applies that allows occupation by:

- a) other local persons with a minimum period of 5 years permanent and continuous residence in the parish or an adjoining parish;
- b) where there is no-one meeting the 5-year residency qualification, other local persons with strong local ties living in the relevant district council area of the National Park; and
- c) where there is no-one living in the relevant district council area of the National Park, other local persons with strong local ties living in the National Park as a whole.

4. For privately owned dwellings, the planning obligation will ensure that the occupancy cascade will not go wider than the National Park area unless for those subsequent occupants who qualify under clauses 1(c), 1(d) or 1(e) above; or

5. For dwelling(s) owned or controlled by a registered provider (including housing associations) the planning obligation will ensure that the dwelling may be occupied by other local persons with strong local ties to the remaining District Council area outside the National Park.

**Table F.1 Local Connection Criteria used by featured National Parks and local authorities**

| LPA                         | Source                  | Local Connection Criteria   |
|-----------------------------|-------------------------|---|
| Dartmoor National Park      | Dartmoor Local Plan     | <p>'Local' is defined as a household containing at least one permanent resident who:</p> <ul style="list-style-type: none"> <li>• currently lives in the National Park or a rural parish which lies substantially within the National Park and having done so for at least 5 years; or</li> <li>• has lived in the National Park or a rural parish which lies substantially within the National Park for at least 5 years, but moved away within the last 5 years; or</li> <li>• is currently employed within the National Park, working for not less than 16 hours per week, and having done so for at least 26 weeks out of the preceding year; or</li> <li>• has a strong connection to the National Park or a rural parish which lies substantially within the National Park by virtue of, for example: upbringing, employment, or having a requirement to provide substantial care for a close relative who currently lives in the National Park and has done so for at least 5 years.</li> </ul> <p>These criteria are not in priority order. A level of priority will be applied in s106 legal agreements to the geographical area of housing need used to justify the development, in accordance with Strategic Policy 3.1. Priority may also be applied to other criteria where this is sought by the community and is consistent with the Local Plan.</p> |
| Lake District National Park | S106 Template Agreement | <p>"Person(s) with a Local Connection" means a person having local connections and proven or identified need which shall be conclusively presumed in the case of an individual who before taking up occupation of the dwelling satisfies one of the following criteria:</p> <ul style="list-style-type: none"> <li>• The person is continuously resident in the Locality Defined for 3 years immediately prior to occupation; or</li> <li>• The person has been in continuous employment in the Locality Defined for at least the last 6 months and for a minimum of 16 hours per week immediately prior to occupation; or</li> <li>• The person is a former resident who wishes to return to the Locality Defined having completed a post-secondary (tertiary) education course within 12 months</li> </ul>  |

| LPA                            | Source          | Local Connection Criteria   |
|--------------------------------|-----------------|---|
|                                |                 | <p>prior to occupation and who immediately prior to attending the course lived in the Locality Defined for at least 3 years; or</p> <ul style="list-style-type: none"> <li>• The person is currently in prison, in hospital or similar accommodation whose location is beyond their control, and immediately before moving to this type of accommodation lived in the Locality Defined for at least 3 years; or</li> <li>• The person needs to live in the Locality Defined because they need substantial care from a relative who lives in the Locality Defined, or because they need to provide substantial care to a relative who lives in the Locality Defined. Substantial care means that identified as required by a medical doctor or relevant statutory support agency; or</li> <li>• The person is a former resident who lived in the Locality Defined for 3 years and then lived outside the Locality Defined for social and/or economic reasons and is returning to live in the Locality Defined within three years of the date of their departure</li> <li>• The person is a person who – <ul style="list-style-type: none"> <li>(a) Is serving in the regular forces or who has served in the regular forces within five years of the date of their application for an allocation of housing under Part 6 of the 1996 Act;</li> <li>(b) Has recently ceased, or will cease to be entitled, to reside in accommodation provided by the Ministry of Defence following the death of that person’s spouse or civil partner where – <ul style="list-style-type: none"> <li>(i) The spouse or civil partner has served in the regular forces; and</li> <li>(ii) Their death was attributable (wholly or partly) to that service; or</li> </ul> </li> <li>(c) Is serving or has served in the reserve forces and who is suffering from a serious injury, illness or disability which is attributable (wholly or partly) to that service</li> </ul> </li> </ul> |
| North York Moors National Park | Local Plan 2020 | <p>The occupancy of local needs dwellings will be restricted to those:</p> <ol style="list-style-type: none"> <li>1. Currently resident in the National Park, having been resident in the Park for at least the previous 3 years; or</li> <li>2. Currently in employment in the National Park; or</li> </ol>  |

| LPA                        | Source                                | Local Connection Criteria   |
|----------------------------|---------------------------------------|---|
|                            |                                       | <ol style="list-style-type: none"> <li>3. Having an essential need to live close to relative(s) who are currently living in the National Park; or</li> <li>4. Having an essential requirement for substantial support from relatives who are currently living in the National Park; or</li> <li>5. Former residents whose case for needing to return to the National Park is accepted by the Authority.</li> </ol> <p>Applications to remove a local connection condition will only be permitted if it is clearly demonstrated that the property has been adequately marketed at a suitable price and for an appropriate period of 12-18 months. In such circumstances the Authority will apply a principal residence condition.</p>  |
| West Somerset              | Planning Obligations SPD              | <p>Affordable housing for rent secured through planning obligations will be allocated in accordance with the Homefinder Somerset Choice Based Lettings Scheme. In advertising and allocating such affordable housing, priority will be given to people with a local connection in the following order:</p> <ol style="list-style-type: none"> <li>1. Residents in the parish in which the development is located</li> <li>2. Residents in the ward in which the development is located</li> <li>3. Residents in an adjacent ward to the ward in which the development is located</li> <li>4. Residents elsewhere in the district</li> </ol>   |
| North Devon and Torrington | North Devon and Torrington Local Plan | <p>The occupation of affordable housing will be restricted to households in need of affordable housing. ....a household with a local connection to the parish, adjoining rural parish(es), or other relevant grouping of parishes, as the case may be, is defined as those where:</p> <ol style="list-style-type: none"> <li>(a) at least one adult in the household was resident continuously in the qualifying area for a minimum of 5 years immediately prior to occupation; or</li> <li>(b) at least one adult of the household was resident in the qualifying area for 5 years within the previous ten years immediately prior to occupation; or</li> <li>(c) at least one parent, guardian, child or sibling of at least one adult in the household, has been resident in the qualifying area for a minimum of 5 years immediately prior to occupation; or</li> </ol> |

| LPA              | Source        | Local Connection Criteria  |
|------------------|---------------|--|
|                  |               | (d) at least one adult in the household has been in continuous employment for at least 16 hours a week in the qualifying area for at least five years immediately prior to occupation.   |
| Teignbridge DC   |               | <p>Local connection means a connection with the Primary Area, the secondary Area, the Council Area or the County as appropriate and demonstrated by that person or a member of their household to the reasonable satisfaction of the Council:</p> <ul style="list-style-type: none"> <li>a) Being permanently resident for 6 months of the preceding 12 months prior to advertising and that the residence is of their choice</li> <li>b) Being formerly permanently resident for a continuous period of 5 years</li> <li>c) His or her permanent work (normally 16 hours or more a week and not including seasonal employment prior to advertising</li> <li>d) Having connection through a close family member (normally mother, father, brother, sister, son or daughter) where the family member has been resident for a continuous period of at least 5 years prior to advertising</li> <li>e) Being in such other special circumstances that the Council considers requires the applicant to reside therein as appropriate and is consistent with Devon Home Choice policy as amended from time to time</li> </ul>  |
| Cornwall Council | S106 Template | <p>For Parishes - Area Local Connection means a connection with the Primary Area or the Secondary Area as appropriate and demonstrated by that person or a member of their Household to the reasonable satisfaction of the Council:</p> <ul style="list-style-type: none"> <li>(a) being permanently resident therein for a continuous period of at least three (3) years immediately prior to the date of a Housing Application; or</li> <li>(b) being formerly permanently resident therein for a continuous period of at least five (5) years; or</li> <li>(c) having his or her place of permanent work (normally regarded as 16 hours or more a week and not including seasonal or casual employment) therein for a continuous period of at least three (3) years immediately prior to the date of a Housing Application; or</li> <li>(d) having a connection through a close family member (normally mother, father, brother, sister, son or daughter) where the family member is currently resident therein and has been so for a continuous period of at least five (5) years immediately prior to the date of a Housing Application and where there is</li> </ul> |



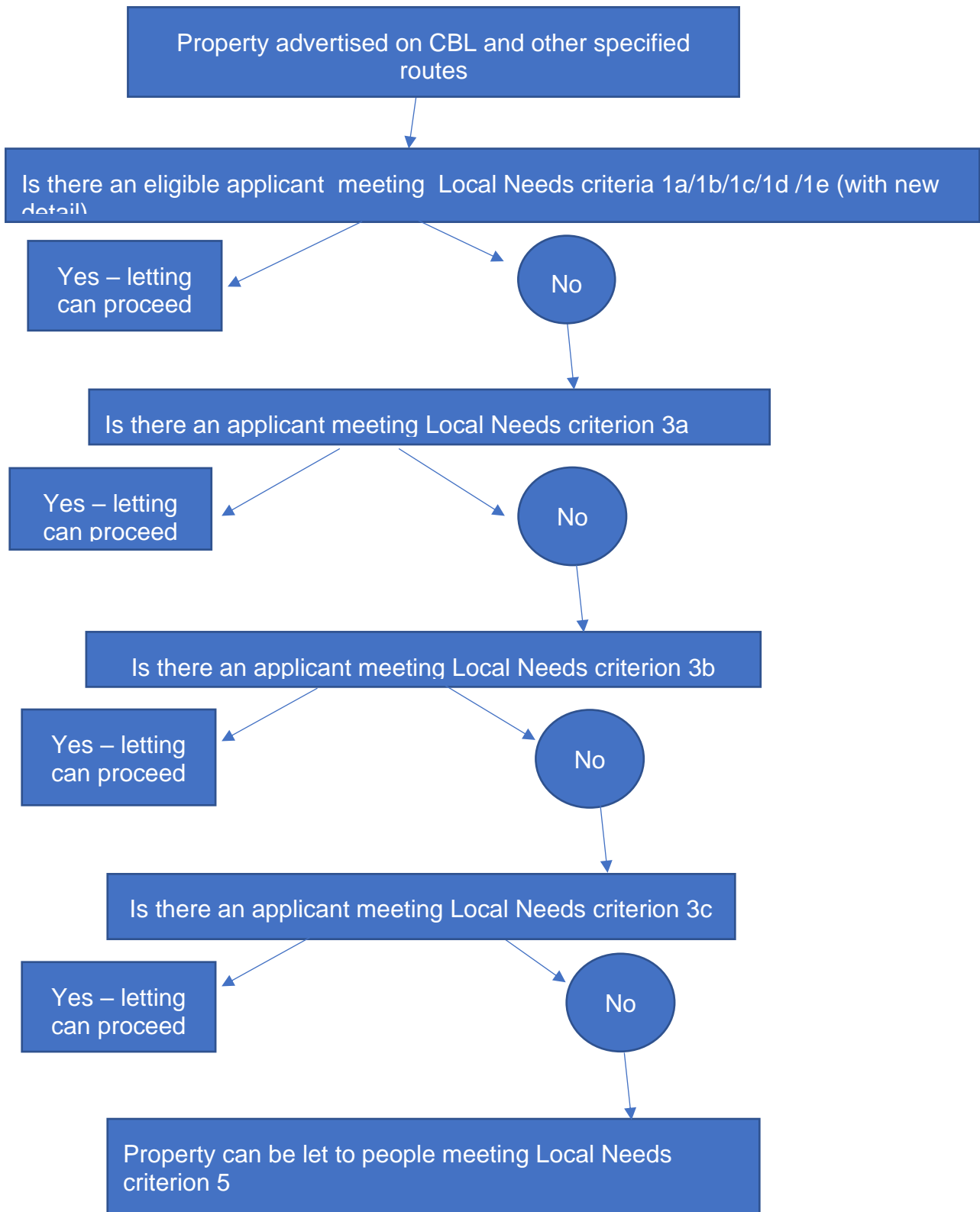
| LPA                | Source | Local Connection Criteria  |
|--------------------|--------|--|
|                    |        | independent evidence that the family member is in need of or can give support for the foreseeable future or on an ongoing basis  |
| Shropshire Council |        | <p>Prospective occupiers of the Affordable Housing Dwellings must demonstrate their strong local connections to the Local Area. This requires them to satisfy the Registered Provider that at least one adult member of the household meets <b>at least two</b> of the following criteria:</p> <ul style="list-style-type: none"> <li>• Their parents were permanently resident in the local area at the time of the applicant's birth</li> <li>• They were in permanent residence in the local area for any period of five years as a child attending a local school (or who for special reasons attended a school outside of the local area but would have been expected to attend a local school but for those special reasons);</li> <li>• They are currently lawfully resident in the local area and have lived there for at least the last 3 years</li> <li>• They don't currently live in the local area but have previously lived there at some point for 15 continuous years as an adult</li> <li>• They are currently employed or routinely carry out self-employed work within either the local area or five kilometres of the site They have a confirmed written offer of permanent work within either the local area or five kilometres of the site</li> <li>• They can demonstrate active community involvement in the local area sustained for at least the previous 2 years; or are determined by the Parish Council as having some other form of strong connection with the local community and/or its hinterland.</li> <li>• Their parents currently live in the local area; or another close family member who provides or requires a substantial degree of support currently lives in the local area</li> <li>• If over fifty-five years of age, they have a close family member currently living in the local area</li> </ul> |

## Local Plan website links

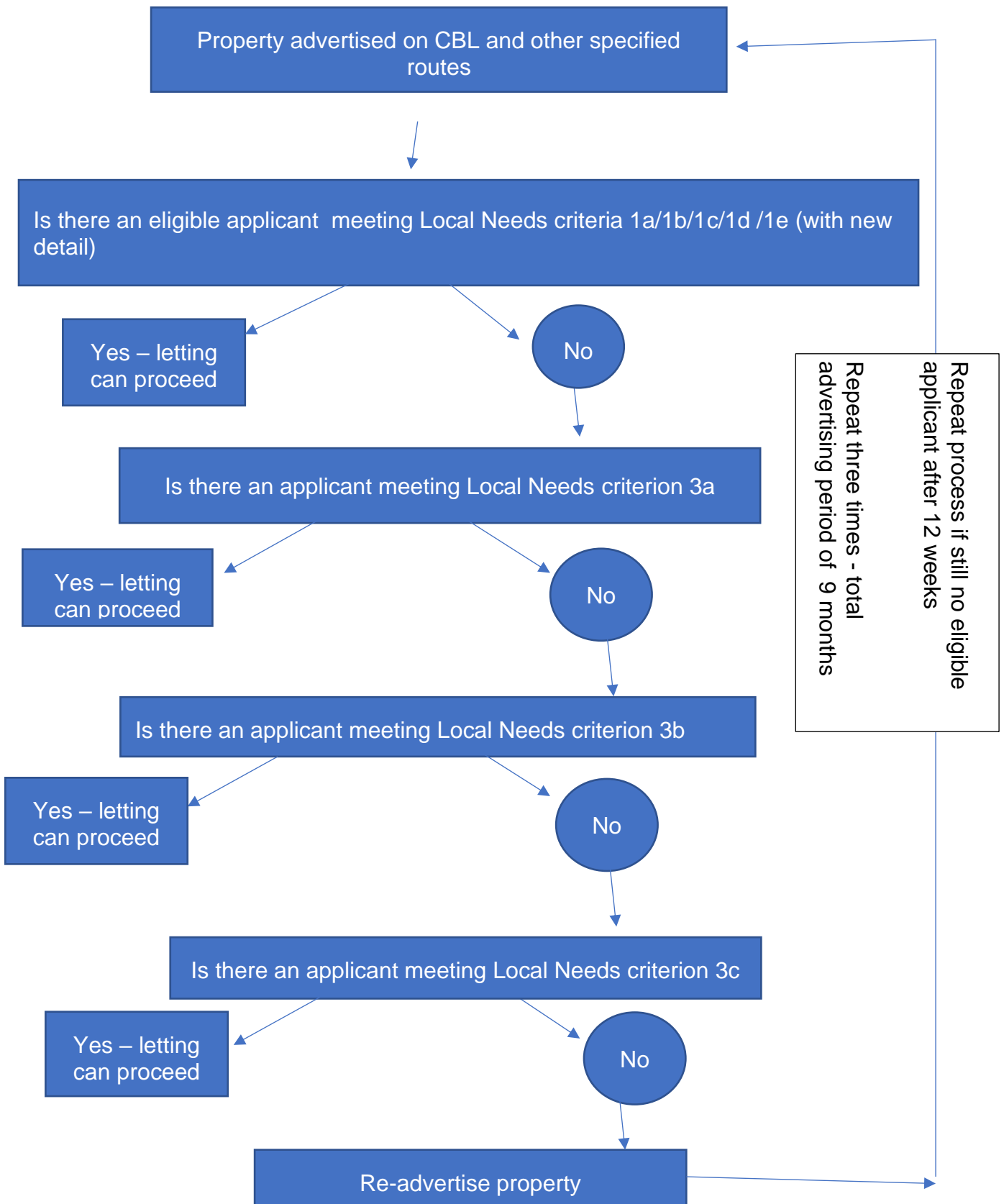
- Dartmoor Local Plan 2018 - 2033  
[https://www.dartmoor.gov.uk/\\_data/assets/pdf\\_file/0015/410127/LP\\_Adopted.pdf](https://www.dartmoor.gov.uk/_data/assets/pdf_file/0015/410127/LP_Adopted.pdf)
- Lake District National Park – S106 Template Agreement – housing  
<https://www.lakedistrict.gov.uk/planning/planningpolicies/affordablehousing>
- North York Moors Local Plan – July 2020  
<https://www.northyorkmoors.org.uk/planning/framework/local-plan/Local-Plan-NO-CROPS.pdf>
- West Somerset Planning Obligations SPD 2009  
<https://www.somersetwestandtaunton.gov.uk/media/1162/west-somerset-planning-obligations-2009.pdf>
- North Devon and Torrington Local Plan 2011 – 2031  
<https://consult.torrington.gov.uk/kse/event/33615/section/1535709191562#1535709191562>
- Cornwall Council – S106 Template 2022  
<https://www.cornwall.gov.uk/media/zzajpdxj/4335739-s106-template-with-intermediate-and-social-and-first-home-draft-v5-210322-final.pdf>
- Shropshire Council – Type and affordability of housing SPD 2013 – Appendix D2 Model S106 for RP exception sites  
<https://www.shropshire.gov.uk/media/8597/appendix-d2-model-s106-for-rp-exception-sites-2012-review.pdf>

## Appendix G: Flow charts

### Flow chart showing prioritisation and cascade for Registered Provider Affordable Rented and Shared Ownership properties



**Flow chart showing prioritisation and cascade for Non-Registered Provider Affordable Rented properties**



**Flow chart showing prioritisation and cascade for Local Needs affordable sale housing (including Discounted Market Sale) and affordable Self and Custom Build properties**

