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Dear Mr Green

30th October 2019

RE: Rural Exception Scheme - Land Adjoining Millstones, Oxspring – Affordable Housing Overview

Further to our recent discussions, we understand you are proposing a scheme of 3No affordable homes and 2No market sale, via exception policy at the above site. You are keen to deliver the 3No affordable properties as Starter Homes, which form part of the Affordable Housing definition in the NPPF and are included as one of the tenures of affordable housing permitted by BMBC in its adopted Affordable Housing Supplementary Planning Document.

As you are aware, we work with a large number of Registered Provider Housing Associations (RP's) to deliver both Homes England grant funded and S106 affordable housing within Yorkshire, including Barnsley. We are able to provide you with an overview of the tenures currently being provided within these schemes.

In the past 5 years, the vast majority of affordable housing delivery has been for rent, consisting of predominantly affordable rent, as per national policy. In recent years, intermediate products have increased in popularity, supported by increased funding from Homes England. New products such as Rent to Buy have been introduced in the latest Homes England SOAP grant funding round, which give the ability for an initial rent, followed by an option to purchase. The most recent affordable housing funding development is the grant support for social rent, which further widening the scope of tenures provided.

Whilst the majority of affordable homes delivered have been for affordable rent, rent to buy and shared ownership, we have seen limited delivery of starter homes by housing associations. In our experience, starter homes are not provided by housing associations as part of their intermediate tenure products, as they do not fit within their business models.

Housing associations are run on the basis of long-term business plans, relying upon incomes from rents modelled over 30 years, or shared ownership accommodation, where the RP receives a rent on their retained proportion of the property. A short-term sales income through the starter homes model does not fit with this strategy.

The consequence of this, is limited delivery of starter homes, as they are not being delivered at any scale via Homes England grant, whilst RP's will shy away from this tenure if made available through S106 affordable homes. As a result, there is an unmet housing need for those that are seeking an affordable home ownership product, but have sufficient capital to take a greater initial share than if offered via shared ownership. Starter Homes or a Discount for Market Sale product would help to meet this unmet need.

We appreciate the LPA will wish to ensure these homes remain affordable. In response to this, we would suggest the S106 agreement restricts future re-sales to 80% of open market value, therefore providing a 20% discount in perpetuity. This could be further reinforced by a restriction on the Title, effectively ensuring the same 20% discount in maintained in the future.

We trust this summary provides a useful overview of the current position and would be happy to provide additional information, as required.

Yours Sincerely,

Kester Horn

Development Consultant