

“Ringmer to 2030”

Appendix E

A new category of affordable housing for Ringmer

The concept

The original concept for this new category of affordable housing for local young families was developed from an idea put forward to the Parish Council by a local resident and landowner.

Background

Many hard-working local young families with good jobs are currently priced out of the Ringmer housing market. It has been challenging to develop a new type of housing that would be affordable for them.

The Ringmer Neighbourhood Plan consultations held in winter 2011-2 demonstrated substantial support for shared equity housing, aimed at much the same economic group, to be a more substantial proportion of total Ringmer affordable housing than is usual. However, the affordability of such shared equity housing to purchasers is uncertain, and stands to be affected further by recent changes to Housing Association rents.

The original concept proposed to us was that a landowner might make development land available at below market price to enable builders to develop new houses at a price young local families could afford. The obvious weakness of this attractive concept is that only the initial purchaser would benefit, and purchasers might choose to realise this benefit quite quickly, with the potential for abuse.

This proposal aims to develop the original concept so as to retain the benefit for subsequent occupiers of the new houses.

The new concept

The **landowner** makes land available for development at a proportion, say 25%, of normal development land value, and agrees not to realise their gain until the house is built and occupied.

The freehold of the land is vested in a not-for-profit organisation, the **Ringmer Community Land Trust (RCLT)**. The RCLT provides 75-year leases of houses built on the land to qualifying purchasers with a local connection. The RCLT sets the criteria for qualifying purchasers which might be (for example):

- families whose members have spent a total of 10 years at Ringmer schools; and/or
- families whose members have been employed in, or have run, Ringmer businesses for a total of 10 years.

Qualifying purchasers, accepted as such by the RCLT, would be local families able to raise the purchase cost, discounted from the market cost by the reduced land value, with the help of a mortgage provided by a finance company. If they wished to sell their interest in the property, they would do so to a new qualifying purchaser approved by the RCLT, at a price discounted from the market price to reflect the initial sale terms and the residual interest of the RCLT in the land. The sale price would reflect any

improvements made or any dilapidations. The RCLT would provide a new 75-year lease to the qualifying purchaser.

Qualifying purchasers will normally be expected to occupy the property themselves. If it becomes necessary for the property to be let, it will be let at an affordable rent, either to other qualifying purchasers or via a local authority or Housing Association.

The scale of demand for such affordable housing (to be included within the agreed Ringmer Neighbourhood Plan target) will be identified by the RCLT.

Successful development of this concept will require participation by three other partners.

A **builder** ready and willing to develop the houses on the identified land. The builder would participate on normal commercial terms, except that the land would not be paid for until the houses were built and sold.

A **finance company** prepared to provide mortgages to qualifying purchasers on realistic terms, and on the basis of the resale conditions. From the viewpoint of the organisation providing such finance, the terms of the arrangements would be similar to those of other forms of shared-equity housing.

A **local authority** prepared to include this category of affordable housing within the categories qualifying for Exception Site status. Advice from Lewes District Council has been that housing built under this scheme would qualify for affordable housing status and could be included on exception sites or as part of the affordable housing element in market housing developments. It is nevertheless proposed that affordable housing of this type would pay Community Infrastructure Levy on the standard basis.

Cost illustration

The affordable housing constructed under this scheme would be predominantly 2-bed and 3-bed semi-detached or terraced houses. These prices are for illustration only. Actual prices would be set by the RCLT after negotiation with the builder and landowner.

	Market housing	This scheme
Land value	£100K	£ 25K
Builder's costs	£120K	£120K
CIL	£ 10K	£ 10K
Purchase cost	£230K	£155K

Resale values would be set by the RCLT on the advice of a qualified surveyor, discounted from the market price to reflect the value of the freehold interest in the land retained by the RCLT. A new 75-year lease would be provided at each transfer.

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