

## AFFORDABLE HOUSING AND RURAL EXCEPTION SITES FREQUENTLY ASKED QUESTIONS

Cambridgeshire ACRE facilitates the Cambridgeshire Rural Affordable Housing Partnership. **The sole focus of the partnership is to deliver affordable homes for local people in rural communities.** This FAQ sheet addresses the most common questions we encounter when working with local communities.

### 1. What is affordable housing?

The National Planning Policy Framework (NPPF) defines affordable housing as '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)'. It must also meet one of a number of more specific definitions related to a range of tenures including rented and low cost home ownership.<sup>1</sup>

### 2. Is affordable housing really affordable?

Affordable housing offers a range of options. For example, 'Social rent' typically works out at about 50-60% of market rent in Cambridgeshire. 'Affordable rent' is a more recent tenure and charges a maximum of 80% of local market rents. However, Housing Associations will often cap these rents at the Local Housing Allowance level (the cap on Housing Benefit for private rented sector tenants) and offer other benefits in comparison with the private rented sector. Shared ownership offers the chance to buy a home in stages whilst paying a subsidised rent on the outstanding share. All affordable housing types offer some form of subsidy.

### 3. What is a rural exception site?

Rural exception site policy allows local planning authorities to grant planning permission for affordable housing on land that would not normally be used for housing because, for example, it is subject to policies of restraint. Hence, an exception is made to normal planning policy to address proven local housing need. However, other planning issues such as site suitability, scale, design etc must still be addressed.

### 4. What is the difference between a rural exception site and an entry level exception site?

The NPPF introduced the concept of an entry level exception site as a means of delivering Starter Homes, a new affordable housing tenure. This initiative was unsuccessful and the government is consulting on a new affordable housing tenure called First Homes. The intention is to revise entry level exception site policy to support this tenure. Therefore, they are likely to remain focused on specific affordable housing tenures and the needs of the District rather than the local community. Entry level exception sites should be located on the edge of a settlement using a similar 'exception' process to rural exception sites. They are likely to be most suitable for larger settlements.

### 5. Why do we need to build more affordable housing when existing affordable housing is being sold or allocated to people from outside our community?

Affordable housing accounts for 19% of homes in urban England but only 12% of homes in rural England.<sup>2</sup> The situation is getting worse. Rural communities are particularly vulnerable to losses from Right To Buy (they are seldom replaced in the same village) whilst changes to national planning policy have removed the obligation to provide any affordable housing in schemes of 10 or less dwellings – the majority of schemes in rural communities.

Most affordable housing was never intended to be prioritised for people in the settlement where it was built. Affordable housing is a scarce resource and is allocated according to need. When people join the Housing Register their level of need is assessed and they are allocated to a Band on a scale of

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<sup>1</sup> <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

<sup>2</sup> 'Affordable housing: A fair deal for rural communities', Report of the Rural Housing Policy Review, Feb 2015

A to D with A being the highest level of need. Priority is then given to applicants on the highest band. Applicants usually only require a local connection to the relevant Local Authority District.

**6. Why might we need affordable housing in our village?**

House prices have outgrown incomes in recent years, especially in rural communities. This means that young people in particular are moving away which can be detrimental to both themselves and their community. Social and family networks are breaking down whilst local services such as schools, public transport, shops and pubs become less viable. Many rural communities are losing their vibrancy.

**7. How do rural exception schemes ensure homes are allocated to local people?**

The allocation rules change for a rural exception scheme. The highest priority is given to someone with a local connection to the parish. Therefore, even a household on Band D with a local connection would take priority over a household on Band A with no local connection to the parish. If there is no suitable applicant with a local connection a cascade policy operates whereby applicants are considered from neighbouring parishes. Only if there is no suitable applicant from a neighbouring parish would applicants from elsewhere in the local authority be considered. Regardless of this outcome each time the property becomes available the lettings priority reverts back to people with a local connection to the parish.

**8. What do you mean by local and local connection?**

For most affordable housing local means the Local Authority District. For a rural exception scheme local means the parish. Occasionally a scheme will be built to meet the needs of a cluster of parishes. Prospective households can qualify as local through a residential, employment or family connection. The exact criteria, such as length of residence, are determined by the Local Authority.

**9. Can we ensure any new houses are retained as affordable homes for the local community?**

Tenants of Housing Association properties have a Right To Acquire, which is similar to the Right To Buy but with much smaller discounts. However, the Right to Acquire provisions are specifically excluded in Designated Protected Areas (parishes with a population of less than 3,000). A list of DPAs is set out in a Statutory Instrument.<sup>3</sup> On shared ownership properties the share that can be purchased is capped at 80% (or the Housing Association must undertake to buy back the property when a tenant who has stair-cased to 100% wants to sell). These measures ensure that the affordable housing is secured for future generations.

The government is piloting a voluntary Right To Buy for Housing Association properties. However, as the guidance currently stands, Housing Associations will have the option of excluding their rural stock due to the lack of affordable homes in rural communities. It is far from certain when, or if, the pilot will be rolled out.

**10. Why can't we have a local lettings policy on other affordable housing?**

Local Authorities can apply a local lettings policy to other affordable housing developments in special circumstances. However, local authorities have a statutory duty to support people in housing need and their approach generally prioritises those considered to be in the greatest need.

**11. Who builds and owns affordable housing?**

Most affordable housing is built and managed by Housing Associations. Housing Associations are independent, not-for-profit social businesses set up to provide affordable homes for people in housing need. They vary in size from less than 10 houses to more than 100,000 and offer a range of affordable housing tenures. They often provide a range of related and supporting services such as

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<sup>3</sup> <https://www.gov.uk/government/publications/designated-protected-areas> and [http://www.legislation.gov.uk/ukxi/2009/2098/pdfs/ukxi\\_20092098\\_en.pdf](http://www.legislation.gov.uk/ukxi/2009/2098/pdfs/ukxi_20092098_en.pdf)

training, child care and community centres. Many Local Authorities transferred their council housing stock to a housing association.

There has been a recent growth in 'for-profit' providers of affordable housing. We do not currently work with any of these providers.

There has also been growing interest in Community-led housing initiatives such as Community Land Trusts and co-housing. You can find out more at <https://www.communityledhomes.org.uk/>. Community Land Trusts often work in partnership with Housing Associations. Cambridgeshire ACRE is working with other ACRE Network members to deliver community led housing through Eastern Community Homes (<https://easterncommunityhomes.com/>).

**12. Who is involved in developing rural exception schemes?**

Developing rural exception schemes requires a partnership approach. As a minimum, the local community (usually represented by the Parish Council), Housing Association, Local Authority and Rural Housing Enabler should work together on an ongoing basis. However, other partners – landowners, architects, contractors, Homes England – will all play key roles at some stage in the process.

**13. Where can you build rural exception sites?**

Rural exception sites normally abut a village boundary. They are an exception to planning policy and do not set a precedent for other amendments to village boundaries. Planners prefer sites to abut the village boundary to ensure they don't create an in-fill opportunity between the site and the boundary. Rural exception sites can be located in the Green Belt. However, a sequential test may be required to demonstrate that the site chosen is the most suitable site available and other planning policies will also remain in force.

**14. What do you mean by small?**

The largest rural exception site in Cambridgeshire is 39 properties (Heslerton Way, Barrington). However, 10 to 15 properties is much more typical. Even smaller schemes - 2 to 6 properties - are likely in small parishes. The scale should always be commensurate with the scale of the village and local housing need.

**15. Why are market houses now included in rural exception schemes?**

Traditionally rural exception sites could only contain affordable housing. However, the NPPF allows Local Authorities to be more flexible and allow some market housing where this would facilitate the delivery of affordable housing. Local Authorities in Cambridgeshire all have their own individual approach to this. Affordable housing will always comprise the majority of housing on a rural exception site.

The building costs of a rural exception scheme are typically higher than a market housing scheme. Rural exception sites often include higher space and design standards and face higher infrastructure costs due to their edge of village location. Yet, by definition, they will generate a lower return to the Housing Association. In the past the resulting funding gap was addressed by lower land values for exception sites and government grant. However, grant levels have reduced and market housing can be used to compensate by providing a cross-subsidy.

**16. How do you identify a need for a rural exception site?**

The purpose of a rural exception site is to address local housing need and to sustain rural communities. Therefore, evidence of need is required to ensure that any resulting scheme is appropriate in terms of scale, tenure and other characteristics. Some of this information can be gleaned from the Housing Register. However, this does not identify latent need where people have not applied because they are unaware of the system or do not believe they have a realistic chance of getting an affordable home. Therefore, a Housing Needs Survey (HNS) is often undertaken to

achieve a more comprehensive picture of need. The survey also allows local residents to have their say on the value of an exception site to their community.

HNSs are considered to be valid for up to five years. It is accepted that many people's situation will change over this period. However, the survey provides a snapshot and this general picture, rather than individual circumstances, is likely to remain robust over this period of time. Cambridgeshire ACRE complies with national best practice guidance on undertaking HNSs.<sup>4</sup>

**17. How long does it take to build a rural exception site?**

It can take several years to develop a rural exception site. Finding an appropriate site is often the biggest stumbling block. With a suitable site lined up and a positive approach from all partners it is possible to commence development on site within two years of initial contact with the Parish Council.

**18. How do I get a house on a rural exception site?**

Applicants for rented homes must apply through Home-Link, the Choice Based Lettings scheme for Cambridgeshire & West Suffolk to access rented properties. For shared ownership properties applicants apply through Radian, the government appointed Help to Buy Agent for Cambridgeshire. Although the HNS can identify additional potential applicants they must still register through these systems to be considered. Once accepted, applicants will be eligible to apply for any housing for which they qualify.

**19. Are rural exception sites a new idea?**

The idea originally developed in the 1980s. There are about 100 rural exception sites in Cambridgeshire.

**20. Are there any costs to my Parish Council?**

No. All costs are met by the Cambridgeshire Rural Affordable Housing Partnership.

**More questions?**

If you have any more questions please contact Jenna Brame, our Rural and Community Led Housing Development Officer, via [jenna.brame@camsacre.org.uk](mailto:jenna.brame@camsacre.org.uk) or 01353 865022. Alternatively you can find more information at <https://www.camsacre.org.uk>. The Rural and Community Led Housing Development Officer is employed on behalf of the Partnership to facilitate its work, enable rural affordable housing schemes and provide independent advice and support to rural communities.

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<sup>4</sup> <https://cambsruralhousing.wordpress.com/2017/01/25/producing-robust-and-influential-rural-housing-needs-surveys/>