



Shropshire  
Council

**“BUILD YOUR OWN AFFORDABLE HOME”**

**INFORMATION PACK**

*(Updated April 2013)*



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# 1. Build your own affordable home:

## Single plot exceptions sites explained

### What are single plot exceptions sites?

Shropshire Council positively encourages qualifying local people to build their own affordable home to meet their own housing needs – so long as the site is in a recognisable named settlement and its future value is controlled so that it remains affordable to other local people in the future. Sites may be permitted outside of the main towns and villages as an exception to the normal planning policies that restrict housing development in such areas.

### Is it only affordable housing which is allowed?

Yes. We make an exception to normal planning policies only because there is a pressing need in Shropshire to help provide local people with affordable housing. Open Market housing development continues to be strictly controlled outside the towns and larger villages, as set out in the adopted Core Strategy and Supplementary Planning Document on the Type and Affordability of Housing which form part of the Local Development Framework.

### So what is the catch?

Single plot exceptions sites are only permitted with restrictions. These are:

- That the 'affordable' value of the property is normally restricted to 60% of open market value. A Section 106 legal agreement is used to ensure that future sale of the property is capped at this percentage of market value. The value of the affordable property will then rise (or fall) directly in proportion with the local housing market.
  
- That the property cannot normally be larger than 100 square metre gross internal floor area. This includes any attached garage. Normal permitted development rights will be removed so that express permission has to be sought for any future extensions – based upon changing housing needs.
  
- The house must be built to exacting quality and design standards, and also meet the energy and water efficiency aspects of level 3 of the Code for Sustainable Homes. It must be sympathetically designed in relation to its setting, particularly as it is being granted permission as an exception to normal planning policies.

## Can anyone apply?

To obtain planning permission, you must satisfy Shropshire Council that:

- The site is in a suitable location; **and**
- The initial occupier of the affordable home is a "Qualifying Person".

## How do I apply for planning permission?

A full planning application should be made by the prospective occupier of the proposed affordable dwelling. However, before proceeding you need to take the following steps in the order presented below:

**1** Contact the Development Management team at your local Shropshire Council office to make an informal enquiry to see if your proposed site is 'suitable' in terms of its size and location. The Planning Officer will require a site plan and will use the policy guidance given in Chapter 4 of this document to give a 'desk-top' determination of whether or not it is likely to be suitable a plot for the scheme.

In addition to the above, the Planning Officer is also likely to advise you to make a formal 'pre-application' enquiry regarding your proposal. This service is intended to help uncover any potential highways, flooding, land contamination, tree or ecological factors which may prevent planning permission being granted. There is a charge of £200 for this formal pre-application service.

**2** If the Planning Officer is able to confirm in writing that the location of the proposed site appears suitable, you should then contact the relevant Housing Enabling Officer at Shirehall who will arrange to meet with you to begin the process of establishing whether you are a Qualifying Person for the scheme. They will issue you with an application form and subsequently use the policy guidance given in Chapter 5 of this document to determine whether or not you are eligible for the scheme.

**3** After meeting with the Housing Enabling Officer, you will need to approach the Clerk of your Parish or Town Council for written confirmation of your Strong Local Connection to their area. At this stage, the Parish or Town Council should limit itself to confirming facts about your personal connection to the local area. When a planning application is made, the Parish or Town Council will be asked separately for its comments on the proposal.

**4** After this, you should then return the application form and all of your supporting information to the Housing Enabling Officer for them to determine your eligibility for the scheme. They will write to you to formally confirm the outcome of your application.

Once you have obtained a preliminary "green light" from the above four stages, you have some assurance that it is worthwhile employing an architect or technician to draw up your formal building plans. You will then be ready to make a full planning application.

## 2. The Application Process

### Who can apply?

Because planning permission is granted as an exception to normal policies, the Council must ensure that the affordable homes will genuinely meet local needs. To do so, the Council will assess the housing need, local connection and personal circumstances of the prospective occupiers. Consequently, applicants must normally be the prospective named occupiers of the proposed dwelling. This does not prevent the applicant from using an agent to help them to submit the planning application. Speculative applications from landowners and developers will **not** be successful, because they cannot identify with certainty the prospective occupants. The eligibility of occupants is critical to the planning decision as an exception to normal policies.

### Step 1: Contact the relevant Development Management Team

#### Northern Area

Wem office: 01939 237574

Oswestry office: 01691 677251

#### Central Area

Shrewsbury office: 01743 252656 / 252659

#### Southern Area

Bridgnorth office: 01746 713126

Ludlow office: 01584 838361

### Step 2: Contact the relevant Housing Enabling Officer

**For cases being dealt with by the Shrewsbury & Wem Development Management Teams please contact:**

Maria Howell 01743 252428

[Maria.howell@shropshire.gov.uk](mailto:Maria.howell@shropshire.gov.uk)

**For cases being dealt with by the Bridgnorth, Ludlow & Oswestry Development Management Teams please contact:**

Nick Wood 01743 252585

[Mick.wood@shropshire.gov.uk](mailto:Mick.wood@shropshire.gov.uk)

### Step 3: Contact the relevant Parish or Town Council

Contact details of all parish councils can be found at:

<http://www.2shrop.net/2shropnet/AToZOofMini-sites/A/Alc/LocalCouncilContactDetails>

**Step 4: Return all of your "Local Housing Needs" information back to the Housing Enabling Officer for them to determine your eligibility.**

### 3. General Scheme Overview

In overview, the 'build your own' scheme provides an innovative 'self-help' solution for those people in rural communities whose housing needs are not met by the market, and yet may also not be a priority for the more mainstream affordable housing tenures provided by the Council and Housing Associations.

The Council therefore enables qualifying local people with access to suitable exception site land to build their own affordable homes. Applicants provide both the land and development funding from their own resources. Whilst the planning permission and total project / construction costs for the scheme are similar to those of an equivalent open market property built by a developer, dwellings commissioned under this scheme are cheaper for applicants due to the avoidance of speculative land values and developer profit. Additionally, there is often a significant element of 'sweat-equity' provided directly by the applicant and their friends/family which further reduces the total cost.

Nevertheless, the total gross development cost (excluding land, but including planning, legal and other professional fees) is typically likely to be in the region of £110,000 to £120,000 for a 100 sqm property - depending upon specification and site specific factors.

However, a significant factor for applicants to appreciate is that they are building in an 'exceptions' location where 'normal' open market planning permission would not be granted. In return for this, the dwelling must be formally designated as an "affordable" home available in the Parish for the long term. When the first occupier no longer has need for the dwelling, they sell it at the appropriate affordable value (normally 60% of prevailing open market value) to another local person in need with minimum intervention from the Council. Thus, the 'community benefit' of providing the affordable dwelling in the first place is recycled over time.

The homes are developed as commissioned "self-build" projects led by the individual named planning applicants. They are owner-occupied on a 100% freehold basis with planning consent granted on the following basis and subject to Section 106 resale covenants:

- Suitable site location - within or adjoining an existing recognisable named settlement and not constituting isolated or sporadic development.
  
- Maximum size of 100 square metres gross internal floor area – E.g.: a comfortable 3-bedroom property (1076 square feet).
  
- Design and layout of the proposal must be appropriate to the character and appearance of the surrounding area with the property constructed to the energy and water efficiency requirements of Level 3 of the 'Code for Sustainable Homes' and encouraged to meet the 'Lifetime Homes' Standard.

- Applicants should normally be the prospective occupiers of the proposed affordable dwelling - speculative development is not permitted.
  
- Applicants must be "Qualifying People" – e.g.: in Housing Need with Strong Local Connections to the Parish, whose needs *should* be met in that Parish *and* they are unable to secure a suitable home on the open market either in that parish or within 5km of the proposed site (excluding from that radius settlements where the Council states that the is more than 3,000).
  
- Dwellings will remain affordable to subsequent occupiers in perpetuity wherever possible. This is achieved through a Section 106 Legal Agreement running with the land which restricts the future re-sale value to typically 60% of prevailing full open market value.
  
- Inheritance by family members is permitted. They may occupy the dwelling if they themselves "qualify" for the scheme or otherwise let or sell it to a Qualifying Person at an affordable value.
  
- The Section 106 Legal Agreement requires that future occupiers will also need to "qualify" for the scheme – this is extended over time during a sale period incorporating geographic and financial 'cascades' with the consent of the Council to ensure that the property does not lie empty.
  
- Registration of the Section 106 as a Restriction on the Title of the land at the Land Registry also ensures that the property cannot change hands without the written consent of Shropshire Council. This consent will only be forthcoming if the Council is satisfied that the new purchaser is paying the prevailing 'affordable' price and meets the local needs or cascade criteria. There are also additional protections and guarantees in the Agreement for mortgage lenders.

**Additional Information Notes:**

**VAT:** As commissioned "self-build" projects, certain cost elements of the construction may be exempt from / reclaimed against VAT. Applicants should discuss this with HMRC and use claim form "VAT 431NB" (VAT refunds for DIY housebuilders). Further information is available at: <http://www.hmrc.gov.uk/vat/sectors/consumers/new-home.htm>

**Council Tax:** The Council Tax banding for the completed dwelling should be based on the "affordable value" rather than full open market value – subject to the applicant providing a copy of their signed Section 106 Legal Agreement to the Valuation Office in Shrewsbury when the property is assessed: <http://www.voa.gov.uk/corporate/contact/Offices/shrewsburyOffice.html>

**Useful "Self-Build" Information & Discussion Websites:**

<http://www.homebuilding.co.uk> <http://www.selfbuildportal.org.uk>  
<http://www.ebuild.co.uk/community> <http://www.the-self-build-guide.co.uk>  
<http://www.buildstore.co.uk>

## 4. Site Eligibility and Design Considerations

### Suitability of Location

Single Plot exception sites must be demonstrably part of, or adjacent to, a recognizable named settlement. Larger settlements, such as market towns and villages, obviously qualify as recognizable named settlements.

Sites that do not lie in such a settlement, together with those constituting isolated or sporadic development, and those which would adversely affect the landscape, local historic or rural character of an area (for example due to an elevated, exposed or other prominent position) are not considered acceptable. Where an applicant owns land which could provide a number of possible sites, the most environmentally sustainable and appropriate site (assessed against the range of normal planning considerations) will be sought.

Each case is treated on its merits, but the following guidelines apply when assessing whether a small hamlet constitutes a "recognizable named settlement". A settlement always comprises a group of houses occupied by households from different families. The group becomes a settlement due to the *number and proximity* of the houses in the group. Although a matter of judgment in each case, particularly for settlements where the number is small or where the houses are dispersed, for example strung along a road, it is the *combination* of these two factors that determines whether the dwellings constitute a settlement.

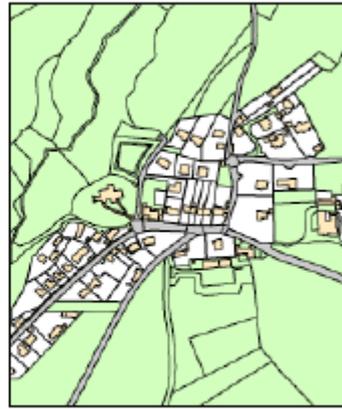
Recognizable settlements are also characterized by how local people refer to them – by a place name that is shared by a number of dwellings. This might not necessarily be reflected in the postal address. It will usually (but not always) be named on the Ordnance Survey map. Whether a site is in a recognizable settlement will be influenced by the nature and character of the settlement as set out in more detail below.

The views of the local Shropshire Council Member about whether the site is in or adjoining a recognizable named settlement will be canvassed by the Planning Officer at the pre-application stage to inform their professional judgment. The case officer may also seek the views of the Parish Council for additional assistance in cases where it is a finely balanced judgment. However, the identity of the applicant is kept anonymous at this stage.

Because a settlement is a *relationship* between different properties, the limits of the settlement are defined by where the relationship peters out. This varies from settlement to settlement, depending on a number of factors. For example, a site a short distance from a loose-knit settlement may be considered "adjoining" while a similar distance in a tightly clustered settlement would not be. Larger settlements also have a wider "pull" or "sphere of influence" than small settlements, influencing the relationship between a site and the settlement.



*Example of a loose-knit settlement*



*Example of a tight-knit settlement*

All sites will be assessed on an individual basis and be subject to the same considerations as other developments with regard to sustainable design, environmental networks and water management.

## Scale and Design

The Council is seeking a development that is in harmony with the character of the area, of a suitable design and construction materials and appropriate to its location. Given the exceptional nature of these developments, high quality design is essential and full, rather than outline, planning applications are required for single plot exception sites.

Normal planning criteria relating to highway safety, neighbour amenity, wildlife and heritage considerations, open space, etc. will apply. An early dialogue with Planning Officers is essential and account should be taken of any relevant duly adopted Village Design Statements, Parish Plans and Development Constraints such as landscape protection and village Conservation Areas. In the Shropshire Hills Area of Outstanding Natural Beauty (AONB), the AONB Management Plan should also be taken into account.

**The dwelling size will not normally be permitted to exceed 100 square metre gross internal floor space** (defined by the Royal Institute of Chartered Surveyors (RICS) as the area within external walls including internal partitions).

Attached garages will count against the 100sqm. Detached garages and other outbuildings for storage purposes will not count against the 100sqm and therefore may be permitted, where they are suitably designed and appropriate to their context.

Any additional permitted buildings or structures will be subject to restrictive conditions to ensure they are for not simply a means of circumventing the 100sqm maximum dwelling size and/or intended to inflate the potential resale value. The Section 106 Agreement contains a clear methodology for valuing the dwelling which specifically disregards the additional gain from any garaging or other incidental buildings constructed within the curtilage.

The overall plot size must be appropriate in terms of the general pattern of development in the surrounding area. However, **a plot size exceeding 0.1 hectare will not normally be permitted.**

Sites which form part of the curtilage of an existing property must provide an appropriately sized plot for the new dwelling. In this respect, it will be important to achieve a ratio of dwelling size to overall plot size which is in keeping and consistent with surrounding properties. Such sites must also respect the existing character and setting of the original property, so as not to adversely alter that character or create a cramped form of development.

The following requirements in terms of design of the proposed dwelling and the appearance of the curtilage around it must be met:

- Materials of construction and external finishes should be sympathetic to those in use locally.
- Standardised, "off the peg" designs of the type found on large estates will not be accepted. Design elements – chimneys, eaves, dormers, doors and windows for example – will be expected to reflect the site's unique context.
- Garages and outbuildings should reflect the local rural vernacular in layout, style and materials.
- Important features such as trees, hedgerows and boundary walls which contribute to the character of the site or the area in general, must not be lost or substantially altered as a result of the development without direct replacement resulting in demonstrable betterment over the altered features.
- Any new boundaries created must utilise locally native species of trees and hedgerow. Landscaping proposals which involve the introduction of any clearly non-native (e.g. leylandii) planting that is designed to "hide" the development will not be acceptable. This can quickly become unsightly and alien in its' own right.
- The Council will be looking to avoid the introduction of urban features such as brick walls defining visibility splays and entrances, and the use of suburban style close-boarded fencing to define boundaries.
- Driveways will need to be constructed in material that is appropriate to the area. Natural finishes will always be preferred to brick paviors and plain or coloured tarmacadam.

□ Additional care is needed in the Shropshire Hills Area of Outstanding Natural Beauty (AONB) and in designated Conservation Areas, where regard must be had to the AONB Management Plan and the relevant Conservation Area Appraisal respectively.

A Design and Access Statement must clearly justify the proposed design, and may include plans and photographs of the area and surrounding properties, which illustrate how the design has evolved. The approach to the elements discussed above will need to be fully explained within the Design and Access Statement submitted with the planning application.

## Land Ownership

Whilst the applicant does not have to actually own the land at the start of the planning process, by the end of it, the plot should normally have been transferred into their name(s) as the intended first occupier(s) of the affordable dwelling.

The Council strongly recommends that **no more than £10,000** should be paid for a 0.1 hectare "suitable" plot of land. The applicant's ownership of the plot needs to be registered at the Land Registry:

<http://www.landregistry.gov.uk/public/guides/public-guide-8>

Formal "*Proof of Title*" from the Land Registry needs to be provided by the applicant to the Council's Legal department before the Section 106 Legal Agreement can be completed and the Planning Permission Notice issued.

## 5. Personal Eligibility

### Local Housing Need and Strong Local Connection

To qualify for this scheme, all applicants must demonstrate the following points to the satisfaction of the Housing Enabling Officer:

**(1) That they are in housing need and are unable to identify or afford a suitable alternative home currently available for sale on the open market in the local area or within 5km of the proposed site.**

*Housing need* is demonstrated where the household unit has no independent home of its own, or is renting and would like to become an owner-occupier, or occupies accommodation deemed by the Council to be unsuitable for either their current or reasonably foreseeable future needs for some other reason.

For example, the current housing may be too large or too small for the household; be of an unsuitable type, size or design due to the impact of age, a medical condition or mobility issue; be in a poor state of repair; be available to the household on an insecure basis; or be too costly for them to maintain or sustain. It may be in a location that is considered to be too far from existing employment, schools or support networks and the cost or availability of transport may be prohibitive to the particular household.

These examples are not exhaustive and other relevant considerations may also be taken into account when determining whether or not a household is in housing need.

*Unable to identify or afford a suitable alternative home* is demonstrated where\*:

(i) At the date upon which the applicant applies to the Housing Enabling Officer for the scheme, they can demonstrate that there are no suitable properties available for sale within the local area and within 5km of the site, or up to the Shropshire Council border if this is closer (excluding from that radius settlements exceeding 3,000 population); or

(ii) In purchasing a suitable home that is potentially available, the monthly repayments on any mortgage required by the applicant (after allowing for a 10% deposit) would be greater than 25% of their household's gross monthly income.

***\*Refer to "Note A" below for additional guidance for "downsizers" seeking to use the scheme***

**(2) That they have a Strong Local Connection to the Parish or Town Council area – demonstrated if at least one adult member of the applicant's household meets a minimum of two of the following criteria to the satisfaction of the Town or Parish Council:**

- Their parents were permanently resident in the local area at the time of the applicant's birth;
  
- 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);
  
- They are currently lawfully resident in the local area and have lived there for at least the previous 5 years;
  
- They don't currently live in the local area but have previously lived there at some point for 15 continuous years as an adult;
  
- They are currently employed or routinely carry out self-employed work within either the local area or 5km of the site;
  
- They have a confirmed written offer of permanent work within either the local area or 5km of the site;
  
- 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.
  
- 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;
  
- If over 55, they have a close family member currently living in the local area

The Housing Enabling Officer will ask the applicant to obtain written confirmation from the relevant Town or Parish Council as to the validity of their claim to have a 'Strong Local Connection' with that specific area. Whilst Town and Parish Councils are of course free to ask applicants appropriate questions about other aspects of their application, their determination at this point in time should be based solely upon the issue of 'Strong Local Connection' as judged against the nine criteria listed above.

It is for applicants to demonstrate to the Town or Parish Council's reasonable satisfaction how they meet the criteria (e.g.: proof of address history, schooling, family connections, employment, other community connections etc.).

If the Town or Parish Council is satisfied by the facts of the local connection presented (or has no reason to disbelieve reasonable claims made by the applicant) then the "Strong Local Connection" should be confirmed in writing on headed-paper to the applicant.

**(3) That their needs *should* be met in the Parish. This is satisfied in situations where:**

- They need to live in the local area for employment reasons, or
  
- They need to live in the local area to receive or provide support to / from a close relative, including (but not limited to) childcare or supporting an elderly or disabled relative, or
  
- They can demonstrate with evidence active community involvement within the local area for a minimum period of 2 years.

Eligibility for the scheme is confirmed in writing by the Housing Enabling Officer following a personal interview with each household and consideration of all subsequently submitted information to support their case.

Confirmation of eligibility is also sent to the Town or Parish Council and the Shropshire Council Member(s) for the Ward where the site is.

**\*Note A: Additional Guidance Relating To "Downsizers" Only**

'Downsizers' are usually (but not always) older people seeking a more manageable property more suited to their long term needs. The new affordable property is likely to be significantly smaller than their current "family" home with its development typically financed through the release of equity or other capital.

**Additional "Affordability" Criteria for Downsizers:**

Additional to the general criteria given above, "downsizers" who need to move simply because their existing property is too big and/or costly to maintain in terms of repair and/or utility bills are expected to:

- 1) Purchase a suitable available open market property that exceeds 75 sq. m but is no greater than 100 sq. m (excluding any garaging). **or**
- 2) Purchase an available open market property that exceeds 75 sq. m but is no greater than 100 sq. m (excluding any garaging) that requires adaption or renovation (if necessary) to address their housing needs.

**Only in cases where the applicant is able to demonstrate (through an analysis of their financial circumstances) that they are unable to do either 1 or 2, will they satisfy the relevant test(s) and as such be able to proceed with the 'build your own' scheme.**

**Additional "Property Suitability" Criteria for Downsizers:**

Cases of potential "downsizing" often relate to medical or mobility conditions associated with age, illness or disability. In these circumstances it may be unreasonable to expect them to either remain in their current dwelling or purchase an available "unsuitable" property for adaptation. Where this is so, it is in fact the limited availability of suitable housing in a rural area (rather than 'affordability') which is the primary factor behind an application for the scheme.

In such cases, applicants who are seeking to 'downsize' are expected to:

- 1) Purchase a suitable available open market **single storey** property that exceeds 75m sq. m but is no greater than 100 sqm m/2 (excluding any garaging). **or**
- 2) Purchase and **renovate or adapt as necessary** an available open market **single storey** property that exceeds 75 sqm but is no greater than 100 sqm (excluding any garaging).

**Only in cases where the applicant is able to demonstrate (through an analysis of available properties) that they are unable to do either 1 or 2, will they satisfy the relevant test(s) and as such be able to proceed with the 'build your own' scheme.**

**NB.** *In all instances relating to "downsizing", the acquisition, renovation/adaption costs (as appropriate) will be subject to the existing financial appraisal to determine affordability. The location of any potential property available for sale must be in either the Parish or within a 5km of the site, or up to the Shropshire Council border if this is closer (excluding from that radius settlements exceeding 3,000 population).*

## 6. Affordability & Occupancy Restrictions

### Affordability and Local Occupancy Restrictions

Single Plot affordable dwellings are permitted in order to benefit the long term sustainability of the community, and as such it is important that the property remains accessible and affordable for successive occupiers, preferably for the lifetime of the building. Future occupancy of the property is also controlled through the Section 106 Agreement which stipulates that it can only be owned or occupied by a person with strong local connections, to the Parish in the first instance, widening to a 10km radius after a period of time, then to the whole of Shropshire after a further period of time, then eventually elsewhere ("cascade" mechanism).

To ensure the property remains affordable, its value is fixed at a percentage of open market value (normally 60%) as detailed in the Section 106 Legal Agreement which sits alongside the planning permission.

Any future sale of the property should be at this percentage of open market value. It cannot be sold at full market value except with the express permission of the Council, and only then if operation of the sales and "cascade" processes contained within the Section 106 Agreement have failed to attract a purchaser at the discounted price. Such an event is seen as extremely remote as the following circumstances would have to have occurred simultaneously:

- No person in Shropshire wishing to purchase the dwelling at the discounted price and subject to the other terms of the scheme; *and*
- No person from outside Shropshire wishing to purchase the dwelling at the discounted price and subject to the other terms of the scheme; *and*
- No housing association or community land trust operating in Shropshire wishing to purchase the dwelling at the discounted price; *and*
- Shropshire Council itself declining to purchase the dwelling at the affordable price.

After exhaustion of the sales and cascade processes, the dwelling may be sold at full open market price free from Section 106 / Land Registry restrictions, but with 50% of the difference between the affordable and market prices being paid to the Council and recycled into the provision of affordable dwellings elsewhere.

To achieve these requirements, the Section 106 Legal Agreement puts a Restriction on the Title of the property, to the effect that the property cannot change hands without the written consent of Shropshire Council. Thus, the Land Registry effectively enforces the affordable housing provisions on behalf of the Council, as it is not possible to register a new ownership of the land or dwelling with the Land Registry without the appropriate letter on consent from the Council.

An example of the Section 106 Agreement is provided to applicants by the Housing Enabling Officer after their personal eligibility for the scheme has been established.

## 7. Standard Planning Conditions

In order to provide a consistent and manageable approach to the 'build your own affordable home' scheme, Shropshire Council uses a number of standard planning conditions to ensure that:

- Energy and water efficiency are equivalent to level 3 of the 'Code for Sustainable Homes'**
  
- Restrictions on the initial size of the property (to not normally exceed 100 sq. m)**
  
- Removal of permitted development rights so that express permission has to be sought for any future extensions or conversions**

In the majority of cases, 100 square metres is adequate for a family of six persons. Larger properties are, by definition, more expensive and run counter to the primary aims of ensuring affordability.

Permitted Development rights of the affordable dwelling will be removed to ensure that properties are not extended without the express permission of the Local Planning Authority. Exceptions will only be made where clearly justified based upon a change to the household's needs. Therefore, the removal of permitted development rights will not prevent consideration of adaptations or extensions in certain circumstances, for instance, where required by an occupant with disabilities or to accommodate appropriate extensions for family growth.

Consequently it may be acceptable to enlarge an existing affordable house in order to accommodate the needs of the existing household, but applicants should be aware that **the value will remain restricted as if it were still a maximum of 100 square metres and therefore there will be no financial gain from enlargement.**

The Council recognises that some households will need more space, for example to cater for very large families. Where an application is received to amend or remove a standard condition, the applicant will be expected to demonstrate that the household's needs are genuine. The needs of disabled residents for additional physical space (e.g.: for wheelchairs, etc.) will be taken into account the initial design stage.

## 8. Housing need and strong local connection: do you meet the criteria?

All applicants must demonstrate:

- A. That they are in some form of Housing Need
- B. That they have Strong Local Connections to the parish where they propose to build *and* their needs should be met in that area
- C. That they are unable to secure a suitable alternative home currently available to purchase in the parish or within 5km of the site
- D. That they have a suitable plot of land (*Note: this factor is assessed separately by the Development Management Team*)

### A. Housing Need:

- No home of your own – for example, are you living with your parents;
- Is your current housing not suitable for existing or future needs – for example, are there issues with the Tenure, Size, Design, Location, Security or Cost;
- Are you renting from the Council or a housing association but would like to build your own affordable home.

### B. Strong Local Connections & Need to live in the Local Area:

- Their parents were permanently resident in the local area at the time of the applicant's birth;
- They were in permanent residence in the local area for any period of five years as a child attending a local school;
- They are currently lawfully resident in the local area and have lived there for at least the previous 5 years;
- They don't currently live in the local area but have previously lived there at some point for 15 continuous years as an adult;
- They are currently employed or routinely carry out self-employed work within either the local area or 5km of the site;
- They have a confirmed written offer of permanent work within either the local area or 5km of the site;
- 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;
- 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;
- If over 55, they have a close family member currently living in the local area.

### C. Affordability and/or Availability of suitable alternative housing in the Local Area:

- If buying, your mortgage payments should not be more than 25% of your gross household income;
- If renting, your rent payments should not be more than 25% of your gross household income;
- Your total household income is not large enough to buy a suitable house on the open market in the local area;
- There are no suitable properties currently available to purchase in the parish (or within 5km) that would meet the long term needs of the household.

Affordability and availability of housing in the area

- If buying, your mortgage should not be more than 25% of your gross Income**

## 9. The Lifetime Homes Standard

The Lifetime Home Standard is a **voluntary** part of Shropshire Council's 'build your own affordable home' scheme that we strongly encourage applicants to adopt and incorporate into the design of their property.

Lifetime Homes are ordinary homes incorporating 16 Design Criteria (see below) that can be universally applied to new homes at minimal cost. Each design feature adds to the comfort and convenience of the home and supports the changing needs of individuals and families at different stages of life.

Lifetime Homes are all about flexibility and adaptability; they are not 'special', but are thoughtfully designed to create and encourage better living environments for everyone. From raising small children to coping with illness or dealing with reduced mobility in later life, Lifetime Homes make the ups and downs of daily living easier to manage.

Homes built to this standard are "future-proofed" not only for the potential needs of their occupiers, but also for the needs of visiting friends and relatives.

The Lifetime Homes standard requires the following features to be incorporated into the design of the dwelling:

1. Where car parking is adjacent to the home it should be capable of enlargement to 3.3m in width.
2. The distance from the parking space to the home should be kept to a minimum and should be level or gently sloping.
3. The gradient of the route to all entrances should be level or gently sloping.
4. All entrances should be illuminated, have level access over the threshold and have a covered main entrance.
5. Communal stairs should provide easy access and where homes are reached by a lift it should be fully accessible.
6. The width of internal doorways and halls should conform with Part M of the Building regulations, except where approach is not head on and the hallway is less than 900mm clear width, in which case the door should be 900mm rather than 800mm wide. Entrance level doorways should have a 300mm nib or wall space adjacent to the leading edge of the door.

7. There should be turning space for a wheelchair in reception rooms and adequate circulation space for a wheelchair elsewhere.
8. The living room should be at entrance level.
9. In homes of two or more storeys, there should be a space at entrance level that can be used as a convenient bed space.
10. In houses with three bedrooms or more there should be a wheelchair accessible toilet at entrance level with drainage provision enabling a shower to be fitted in the future. In two bedroom houses the downstairs toilet should conform to at least Part M of the Building Regulations.
11. Bathroom and toilet walls should be capable of supporting adaptations such as handrails.
12. The design should include provision for a future stair lift and space identified for a through the floor lift from the ground floor to upper floor.
13. The design and specification should provide a reasonable route for a potential hoist installation between main bedroom and bathroom.
14. The bathroom should be designed to provide ease of access to bath, toilet and basin.
15. Living room window glazing should begin no higher than 800mm above the floor and windows should be easy to open and operate.
16. Switches, sockets, heating and ventilation controls should be at a height usable by all.

Full details and technical specifications of the Lifetime Homes Standard can be found at [www.lifetimehomes.org.uk](http://www.lifetimehomes.org.uk).

## 10. Calculating the affordable value (Formula Price)

Single Plot dwellings are granted as an exception to normal planning policies and must so far as is possible, remain within the affordable housing stock in perpetuity. This is achieved through a Section 106 Legal Agreement which is registered as a Local Land Charge and also places a restriction on the Title Deeds at the Land Registry.

The Section 106 Agreement defines the affordable "Formula Price" for the property. This is the resale value of the completed dwelling and is normally set at 60% of the prevailing full Open Market Value (rather than development cost). Because this is a percentage of market value, it will go up, or down, directly in line with local market prices.

At 60% of Open Market Value, the "Formula Price" equates to a potential target valuation of around £140,000 for a 100 square metre dwelling (*inclusive of an appropriate £10,000 for land value but disregarding any garaging or other incidental buildings constructed within the curtilage.*)

In exceptional cases, the initial percentage of Open Market Value for inclusion in the Section 106 Agreement will be assessed on an individual 'off-plan' basis using actual valuations provided by the applicant. This is to ensure that the property is both financially viable for them to develop and also that it remains affordable for potential future purchasers in the local area. It is envisaged that this provision will only be exercised in a limited number of circumstances and where the variation is greater than 10%. This may include the following scenarios : **1.** Where the local property market lags so far behind the normal position in Shropshire so as to make 60% Open Market Value an unviable proposition for the owner to develop – (increased % against lower than normal OMV to maintain the potential affordable sale value at around the target of £140k). **2.** Where through special circumstances (e.g. specialist wheelchair standard) a property larger than 100 sqm is permitted – (reduced % against higher than normal OMV to maintain the potential affordable sale value at around the target of £140k).

**3.** Where the permitted affordable dwelling is demonstrated to be unviable for the named individual to develop due to the discovery or imposition of abnormal costs beyond their reasonable control – (increased % to reflect late discovery of abnormal development costs to bring the project as a whole back into viability).

## 11. Mortgages to help you build

Many banks and building societies will not lend money for the development of privately-owned, single affordable homes. The Council is however aware of three mortgage lenders who currently each offer at least one type of mortgage product for this scheme.

**Please note that they each use different lending criteria to decide who they will (and will not) give mortgages to and their legal departments will require a signed and executed copy of the Section 106 Agreement and the full Planning Permission Notice before they can deal with any mortgage application.**

Your mortgage application will need to be determined **before** any building work occurs. The following information will also need to be provided to support your mortgage application:

1. A full set of plans and specifications will need to be in place.
2. A full set of quotations for builders' costs and professional fees will need to be in place.
3. If the builder is not NHBC registered, an architect **must** be instructed to monitor the build to ensure saleability if the property is subsequently repossessed and sold.
4. A projected cash flow position in relation to each stage (i.e. covering the build before further funds are released) will need to be provided.

All stages of the build process **must** be supported by the appropriate Architects Supervising Certificates or NHBC Certificates.

The mortgage lenders that the Council is aware of are:

- \* The Ecology Building Society
- \* The Bath Building Society

Whilst you are of course free to approach any of these lenders (after planning permission has been granted), the Council has agreed a specific referral form and process for use with the Bath Building Society to ensure that applications are processed more efficiently. If you would like further information about this referral process please contact your Housing Enabling Officer.

## 12. Extensions to Affordable Dwellings

Affordable 'Single Plot' dwellings have a normal maximum gross internal floor area of 100 sqm. This is considered by the Council to be sufficient for the vast majority of households. Permitted Development rights to extend or convert areas of affordable single plot dwellings are removed by use of a standard planning condition. This is to ensure that the Council retains control over the future scale, acceptability and affordability of each dwelling.

Where the gross internal floor area of the original dwelling is less than the normal maximum of 100 sqm, a planning application to extend the dwelling to the maximum will be dealt with solely by Development Management with each case being determined on its planning merits alone.

In exceptional cases (see below) dwellings in excess of 100 sqm (or extensions taking the size of the original dwelling beyond this) will be considered through the planning process. Applications will be considered on a case by case basis determined with reference to both planning considerations and the **individual household's specific Housing Need for a larger dwelling.**

Any request for an extension taking the gross internal floor area over 100 sqm must therefore be accompanied by a detailed justification clearly setting out how and why the household *needs* the additional floor area being proposed. The Housing Enabling Officer will issue a specific application form and assess the merits of the housing need case submitted and make a written recommendation regarding this to Development Management.

The Housing Enabling Officer's assessment of the case will include consideration of **relevant need factors such as disability adaptations, overcrowding, formal home working arrangements or other special requirements** to establish whether or not exceptional circumstances exist. A home visit may also be undertaken to confirm the household's circumstances.

**It should be noted that cases based on *want* rather than *need* are not sufficient to demonstrate the exceptional circumstances required.**

Applications relating to disability adaptations or other specialist requirements must also be accompanied by supporting evidence from medical and/or occupational therapy and/or other social care and health professionals. The specific content of this information will be treated in confidence.

Applications relating to a need for additional space to enable a formal home- working arrangement must also be accompanied by supporting evidence from the business with the 'office' space being notified (as appropriate) to HM Revenue & Customs, the Council Tax office and any mortgage lender.

Applications relating to overcrowding due to family growth will be assessed against the following criteria adapted from Shropshire Council's Affordable Housing Allocations Policy:

Overcrowding occurs when the applicant **needs one or more additional bedrooms**. The criteria for determining overcrowding will be based upon one bedroom being required for each of the following:

- A couple
  
- The parent in a lone parent family
  
- Any other adult close family member who usually forms part of the household and considers the dwelling to be their only or principle home – e.g. a resident grandparent
  
- Two children of either sex under the age of 10 years
  
- Two children of the same sex aged 10 years and over but under 16 years
  
- Each child of the opposite sex aged 10 years and over
  
- Each person over the age of 16 years should be entitled to a separate bedroom

An expected child is not included in the overcrowding calculation until born.

Applicants with lodgers do not have the lodgers taken into account in the overcrowding calculation where the lodgers are the cause of the overcrowding.

## **Extensions and Affordable Value**

It should be noted that even where the Council decides that it is acceptable for an owner to enlarge their affordable home, the potential sale value will remain restricted through the Section 106 Legal Agreement as if the property were still a maximum of 100 square metres and therefore **there will be no financial profit from an enlargement**.

## 13. If you need to sell in the future

The value of the property is set in the Section 106 Legal Agreement, as a fixed percentage of the prevailing open market value (*excluding any extensions, conversions detached garaging or outbuildings*).

The sales process needs to satisfy mortgage lenders that the mortgagee will not be trapped in a property he/she cannot sell. Current best practice recommendations are that the property must be free from local occupancy and housing need restrictions within 20 weeks of being put on the market by the owner.

The default process for the owner to market the property for sale to a potential qualifying purchaser through local Estate Agents is as follows:

1. For an initial period of twelve weeks, persons with a need of affordable housing having a strong local connection with either the parish or within a ten kilometre radius of the site, excluding from that radius settlements exceeding 3,000 persons;
2. After twelve weeks, persons with a need of affordable housing that arises within the Shropshire Council area including settlements exceeding 3,000 persons; or a sale to the Council or a body nominated by the Council;
3. After a cumulative period of sixteen weeks, the dwelling may be sold (for that particular sale only) without restriction as to the qualification of the purchaser. However, it must still be sold at the affordable price.

The above cascade allows for an additional two week period at the beginning of the sale process for the affordable price to be determined and a suitable marketing plan to be agreed between the Owner and the Council.

In the unlikely event of the property failing to sell after a cumulative period of twenty four weeks, the owner may apply to the Council for all of the affordable housing restrictions to be removed from the Land Registry title. The dwelling may then be sold at full value on the open market with 50% of the value of the difference between the affordable and market prices being paid to the Council and recycled into the provision of affordable dwellings elsewhere in Shropshire.

This arrangement is to balance trying to ensure that these properties remain affordable in perpetuity with minimising the financial risks for lenders in order to ensure that such properties are 'mortgageable'.

## 14. Insurances, Risks & Warranties

The following information is adapted from: [www.homebuilding.co.uk](http://www.homebuilding.co.uk)

It may not be the most exciting element of a self-build project, but it is one of the most crucial. Insurance, put simply, is protection from total financial disaster. Anything that puts stress on a self-build time frame or budget, an accident that incapacitates the self-builder, a serious injury on-site that requires investigation, theft, fire, flood, having to meet legal fees and so on can all potentially have a catastrophic effect upon the project. Insurance puts the self-build project back to the stage it was prior to the incident and provides that financial cushion. It should be in place from the start of a project through to completion. Recognising the financial and emotional strain a self-build project can put on a family, it is surprising the number of people who do not put mechanisms in place to reduce the risk of a financial or emotional breakdown.

### What insurance do you need?

1) As soon as the land/site is purchased, Public Liability insurance should be bought. A site owner needs to protect against potential claims from members of the public. Public Liability insurance covers your legal liability for injury or damage. However, don't rely purely on insurance - steps should be taken to prevent/discourage access, taking account of obvious hazards. Are there lakes or pits that should be signposted and fenced?

2) Any existing structure should be insured. As well as protecting the owner's interests, lenders require such insurance. As with land, protect the property against unauthorised access, for example from squatters or children, and drain/isolate any mains services.

3) Next comes the actual building work and associated materials. A Contractors All Risk policy (CAR) insures the structure from the first footings to final completion. As the name suggests, this is a comprehensive policy so don't accept exclusions such as storms as these are the very things a lender will want cover against. The CAR policy also provides cover for materials whilst on-site and in transit and can be extended to insure any owned plant and tools. Additionally, specialist self-build policies provide cover for existing structures and caravans/site huts.

When hiring plant, equipment or tools, check the contractual terms of hire. Hirers may be required to insure the item, as well as making provision for on-going hire charges, should it be lost or damaged. This can be added to the CAR policy at very little cost.

4) If you intend to directly employ sub-contractors, Employers Liability insurance is needed to dovetail with Public Liability cover. Where engaging a firm with its own people, management and equipment, Employers Liability may not be required. Injury to self-employed persons, friends or volunteers may well present an action against the site owner as an employer.

5) Liability insurances protect any legal liability for injury to third parties or employees but they do not insure accidents to the site owner(s). Incapacitation can affect budgets and timescales so protect against this with Personal Accident cover: it will provide some flexibility.

6) Contractor/supplier disputes. If work or materials are substandard and the site owner is in dispute with the contractor, Legal Expenses cover can help speed things up, protecting that all important budget. Many policies also provide cover for squatter evictions and other legal problems.

### Risk Management

Insurance and risk management go hand in hand. Any insurance provider worth its salt should be able to advise on how to reduce the risk of an incident occurring. Those who secure insurance should not sit back and believe that, because the cover is in place, the risks posed by a self-build site have been reduced. Building sites are dangerous and a duty of care is owed to all those on or around it. Children often see them as playgrounds, and adequate fencing, signs and security are essential.

Insurance only responds to an actual claim; preventing an accident is vital. Aside from the moral and human dimensions, a serious incident could threaten a project through the risk of prosecution, additional interest charges or other costs resulting from delayed completion. A self-builder must consider safe systems of working. These rules should encompass all hazardous operations, for example:

\* Frame erection \* Working at height roofing, cladding and painting \* Working with heat blowtorches, bitumen, welding equipment etc. \* Scaffolding \* The risk of asbestos \* Excavations Effective risk management is about identifying the hazard, assessing the risk, reducing this risk to an acceptable level and putting in place protective measures. Once this has been done, actions should be recorded, detailing: \* Who is in charge of operations \* The safe means of access to and from all work areas \* Any lifting appliances (including their on-site position and gear to be used) \* Storage of materials and methods of dealing with hazardous substances \* How the work is to be carried out \* Communications \* Equipment to be used \* Protective clothing and equipment to be worn

### **Warranties Latent Structural Defects Liability Insurance**

A warranty concentrates on the quality of the self-build work and covers the cost of complete or partial rebuilding, plus rectifying work to a self-build which has been affected by a defect in the design, workmanship or materials.

Warranty providers will scrutinise the work of builders to ensure they meet construction standards - essentially they cover the home against technical defects. A 10 year warranty is in force during, as well as after, the self-build process, with providers and their representatives i.e. surveyors inspecting the work at defined stages. If the building work and materials meet the pre-determined technical requirements, Stage Completion Certificates will be issued. These certificates enable a traditional self-build mortgage provider to sign off funds. Once the building work is finished and it meets all the providers technical and risk management standards, an Insurance Notice is issued which is valid for 10 years following completion. The necessity of a warranty is an issue for debate. If a person wants to sell within the first 10 years of the property's life and the prospective purchaser needs a mortgage, then warranty cover is necessary. Some believe that it isn't needed if the self-builder is going to stay in their home for life. Warranties will, however, reduce the risk of having to shell out more on a home once it is built and our advice is to reduce your risk wherever possible.

### ***Common Misconceptions on Insurances and Warranties***

#### **I'll sort out the insurance and warranty once it's finished.**

The longer you leave it, the higher the costs will be. Whilst some insurance and warranty providers cover a self-builder halfway through a project, others won't. If a self-builder is at the poured concrete stage before contacting a warranty provider, expect to pay an extra 25%. This rises to 50% if at first floor joist, 75% to wall plate (prior to roof), and 100% if structurally complete.

#### **Liability is the main contractors' responsibility.**

If you own the site, you are responsible. Unless you have it in writing and checked with a solicitor that the main contractor will take full responsibility for any insurance and warranty issues associated with the project, you will need cover.

#### **It'll never happen to me.**

Builders walking off site, digging up mains cables, damaging neighbours property, builder, supplier and material disputes, theft, vandalism, marital break-ups, accidents and injury are all common problems. No one is immune!