

Community Led Affordable Housing in Rannoch

What is it and how will it be run?

What is 'Affordable Housing'?

There are a number of types of affordable housing but the most common types are usually eligible for funding from the Scottish Government's Affordable Housing Supply Programme to help subsidise the cost of construction.

Social Rent – these are houses that are owned and managed local authorities and housing associations (**RSLs** - Registered Social Landlords). New build social rented properties usually receive higher levels of grant to help keep rents significantly lower than in the private rented sector.

Mid-Market Rent (MMR) – these properties are typically owned and managed by RSLs or a subsidiary company and rents are set at a mid-point somewhere between social rent and private rent levels. MMR properties are typically intended for working households who are unlikely to be able to access social rented properties but can't afford to rent privately. New build MMR properties are eligible to receive grant to help subsidise construction costs but at lower levels than social rented properties.

Low-cost home ownership (LCHO) – are properties that are sold at a reduced cost to people who wish to buy a home but cannot afford to buy one on the open market. There are several types of low-cost home ownership:

- Shared Equity - the owner purchases a majority share (usually at least 60%) in the property with an RSL or developer holding the remaining share. If and when the property is sold the RSL or developer will be entitled to a proportion of the proceeds from the sale according to their share of the ownership.
- Shared-ownership – The owner purchases a share of the property which can be as low as 25% and also pays rent to the RSL who owns the rest. After a year the owner can increase their share of ownership in the property.
- Discounted Sale – a property that is sold below what it would cost on the open market. The amount of discount applied depends on a number of factors but is usually between 20 – 40% below open market value. We are proposing that the LCHO properties in the affordable housing proposal for Rannoch will be for discounted sale.

What do we mean by 'Community Led Affordable Housing'?

Community led affordable housing is where local people play a key role in deciding how best to meet housing need in their community including who it is intended for and how it is owned and managed. RCT are proposing that new affordable housing should be owned by the community rather than the Council or a housing association because this will help ensure that it better meets local needs and priorities.

How many of the houses will be for rent and how many sale?

We haven't decided the exact mix of houses for rent and sale but we anticipate that it will be somewhere between 6 and 9 houses for rent and the rest for low-cost home ownership. We need to further investigate potential demand, consult further and assess the financial viability of the project as a whole. In addition to houses for rent and sale, we are proposing that one or two of the houses will be live/work properties, that is a home with an attached space that can be used as a workshop or for running a business.

Who will be the landlord of the rented properties?

It is proposed that RCT will own the rented properties on behalf of the wider community but that the day-to-day management will be through a managing agent such as a housing association, a property management company or an organisation like the Community Housing Trust who provide management services to other community led affordable housing developments.

How will the houses be allocated and who to?

The houses will be let or allocated using a locally agreed allocations policy. The allocations policy will seek to give priority to people who have a clearly established connection to the Rannoch and Tummel area either by virtue of residence, family or employment but who are finding it difficult to find suitable accommodation that they can afford. Other criteria such as housing need (e.g. homelessness, overcrowding,) and community benefits (e.g. essential/key worker, positive impact on the school roll) can also be developed. Additionally, in the case of low-cost home ownership properties, applicants will also need to demonstrate that they are able to finance the purchase. The details of the allocations policy and the criteria to be used in selecting potential tenants or owners (in the case of low-cost home ownership properties) will be the subject of further community consultation. An example of an allocations policy used by CHT for community owned affordable housing can be found on RCT's website.

Two of the affordable house will be fully accessible and will be allocated to people who have an established local connection who would benefit from living in a wheelchair accessible home because of a disability or other health needs

Once an allocations policy has been agreed, the actual allocation or letting of individual properties will be carried out by the managing agent. RCT will have oversight of allocations to make sure they are being carried out in line with the agreed policy but will not be involved in the process of assessing and selecting housing applicants.

What will the rent be for the affordable rented homes?

As well as the number of bedrooms a house has, rent levels will depend on how much it costs to build the houses, the level of grant from the Rural Housing Fund, the amount of loan finance used plus on-going management and maintenance costs. However, the aim is that rents will be comparable to social rents found in similar RSL properties.

What about low-cost home ownership properties?

The sale price of LCHO houses will be based the open market value of similar properties in the area as assessed by the District Valuer or an independent chartered surveyor, less a percentage discount. The percentage discount takes into account how much it cost to build the property plus the potential cost of buying the property back in the future to ensure ongoing affordability.

Will the low-cost home ownership houses remain as affordable houses once they have been sold?

Yes – LCHO houses will be subject to a [Rural Housing Burden](#) to ensure that LCHO properties remain available to local people who want to buy their own home but cannot afford open market prices. The Rural Housing Burden comprises the percentage discount on open market value plus a 'right of pre-emption'. A right of pre-emption gives RCT the option

to buy back the property at the discounted rate from the owner should they decide to sell. The property can then be sold again by RCT to another purchaser with the discounted market value being applied to this and any future sales.