



AFFORDABILITY POLICY

This policy outlines the ways in which Gŵyr CLT ensures that all homes are kept genuinely affordable in perpetuity, and available for local people in housing need.

Gŵyr Community Land Trust was founded to find a solution to the housing crisis in the Gower and Gower Fringe areas of Swansea. The organisation's primary aim is to build sustainable and high quality housing which is genuinely affordable for local people, using a community-led and community-built approach. The ownership model has been designed to provide the strongest possible safeguard on the continued affordability of housing provided by Gŵyr CLT and ensuring that properties are allocated to families in need who are connected with the local area, whilst creating a strong and resilient environment for residents to thrive.

1. Context

Four principles have guided the creation of this policy:

Genuinely Affordable - All homes, whether shared-ownership or rental, are set at a level which is genuinely affordable for local people.

Affordable in Perpetuity - The affordability of every home is protected for every future resident and homes are not sold on the open market.

Available for Local People in Housing Need - All homes are occupied by households with a local connection who are unable to access suitable housing on the open market (detailed in our allocations policy)

Community-Led and Community-Built - To promote Gŵyr CLT's belief that housing which is initiated, designed, built and managed by residents and the local community will create resilient places which improve local areas for everyone.

2. Definitions

For the purposes of this document:

2.1 Local Community - community refers to people who are part of communities within the area defined in the allocations policy, who either live, work or have a strong family connection to the area. The area is defined as the

administrative ward of Bishopston and the neighbouring wards of: Mumbles, West Cross, Mayals, Fairwood, and Pennard.

2.2 Residents Co-operative Society - made up of the adult residents of Gŵyr CLT's housing and functions as a Tenant Management Organisation (TMO). It is responsible for the organisation and day to day running of the site and its activities. To become a resident, all adults must become members of the residents co-operative society, and only residents can become full voting members. The Residents Cooperative follows the 7 Cooperative principles (see Membership Policy), and acts in the best interest of all members.

2.3 Gŵyr Community Land Trust (Gŵyr CLT) - is the trading name of Gower Land Trust CIC, an asset locked community interest company, set up by local people with the intention of creating new affordable and sustainable homes through a community-led approach. Its membership is open to any person with a local connection who is supportive of the values of the organisation.

2.4 Local Person in Housing Need - The definition provided by Swansea Council is used throughout and is defined as someone with a local connection who is unable to afford market value housing and is currently not suitably housed. This is detailed in the Allocations Policy.

Local Person - Eligible persons who meet the local connection criteria outlined in our Allocations Policy, which is based on the Local Planning Authority's (Swansea Council) own eligibility criteria for local needs affordable housing on rural exception sites in the LDP 2010-2025 (Policy H6), which itself aligns with Planning Policy Wales and TAN 2.

Unable to Afford Market Value Housing - A family or household which does not currently own a home suitable to their needs and is unable to afford market value housing.

2.5 Strategic Housing Policy Zones (SHPZs) - areas into which the Swansea Council administrative area is divided for the purposes of identifying housing need and policy targets. Gower and Gower Fringe are examples of SHPZs.

3. Summary

- There is a significant need for more affordable housing in Gower Fringe which is not currently being met¹.
- Gŵyr CLT is proposing to develop 14 shared ownership 1-3 bed leasehold homes with the affordability guaranteed in perpetuity.
- Gŵyr CLT is a Community Interest Company with an open membership, made up of local people and residents with the primary aim of providing affordable housing in Gower and Gower Fringe for people with a local connection and currently in housing need.
- Gŵyr CLT has a responsible board of directors made up of members of the local community of Gower Fringe and residents.

¹ Swansea Strategic Housing Policy Areas with number of new homes needed between 2015-2025 (Source: Local Housing Strategy 2015-2020; 2015, City and County of Swansea)

- Gŵyr CLT will always retain 100% of the freehold of the site and houses in perpetuity, and is an asset locked organisation with legal restrictions in place to ensure Gŵyr CLT assets and land are used only for this purpose and are never allowed onto the open market.
- The residents co-operative owns a long-term lease for common areas minus all housing and private gardens, and is responsible for the day-to-day running and maintenance of the site.
- Shared ownership home owners are able to purchase between 15 - 65% of the leasehold of their home.
- To keep the homes affordable in perpetuity this is capped at 65%, which is calculated based on average local household incomes. The 65% cap is calculated to ensure that the homes are genuinely affordable in perpetuity, based on average local household income.
- Allocations are managed by the Residents Co-operative and residents are selected on the basis of:
 - Being in housing need and unable to afford market value housing
 - Having a local connection
 - Agreeing to become a member of, and abide by the principles of Gŵyr CLT.
- A section 106 agreement between Gŵyr CLT, the Residents Co-operative and Swansea Council ensures houses remain affordable to local people in housing need in perpetuity, and that the organisations continue to adhere to the above processes unless agreement is given by both Gŵyr CLT and Swansea Council.
- Rental incomes from rental or shared ownership properties paid by residents to Gŵyr CLT, must legally only be used for the benefit of the local community, to provide more affordable housing or services.

4. The Local Housing Need

Swansea Council's Local Housing Strategy 2015-2020 identified the need for 500 new affordable homes in Gower (300) and Gower Fringe (200) between 2015 and 2025². Of these only 93 have been built and 109 are proposed, so there is a shortfall of 298 affordable homes. There is no identified need for market value housing in Gower or Gower Fringe, as stated by the LA, and confirmed by Welsh Government.

In Bishopston only 7.4% of housing meets the definition of 'affordable' and there is an even greater need for social rental level housing, with only 0.8% of houses in Bishopston being at levels affordable for someone receiving local housing allowance³.

The greatest need identified within Bishopston is for 2-3 bedroom properties, with there being a high percentage of large 4+ bedroom detached homes¹.

² Source: Local Housing Strategy 2015-2020; 2015, City and County of Swansea

³ <https://www.swansea.gov.uk/wardprofiles> (Bishopston)

5. Genuine Affordability

Due to the very high open market value (OMV) of housing in rural areas, Intermediate Housing, as a subset of 'affordable housing' defined by TAN 2 as being capped to 80% OMV, is not affordable to people on low to medium incomes within those rural areas. As these people are integral to the local community and work in areas vital to the rural economy such as agriculture, hospitality and education, making housing affordable to them is a key objective for Gŵyr CLT.

5.1 Shared Ownership Units

- The percentage of the leasehold which can be purchased by residents from Gŵyr CLT is capped at 65% of the market value.
- The percentage is calculated using current average local household incomes. Monthly mortgage repayments, rent on unearned equity and 'ground rent' are to total no more than 33% of average household income on completion of construction.
- The percentage OMV equity could change up until the point of completion, if either market value or average household incomes change before that point, after which the percentage is fixed in perpetuity.
- Market value for a 3b5p house in Bishopston as of August 2022 is £295,000.
- Average household income at the time of writing (Oct 2023) is £31,187.⁴

5.2 Rental Units

Although rental units are not present in the initial proposal, there is an option for Gŵyr CLT to buy back equity when a property is sold in the future to create a rental unit, so this scenario is included within the policy.

- All rents are set using Local Housing Allowance levels for Bishopston.
- This is currently £4,243 p/a for a 2b3p house and £4,601 p/a for a 3b5p house payable to Gŵyr CLT monthly.
- This cost is inclusive of housing maintenance and ground rent, which is the responsibility of Gŵyr CLT as the landlord.

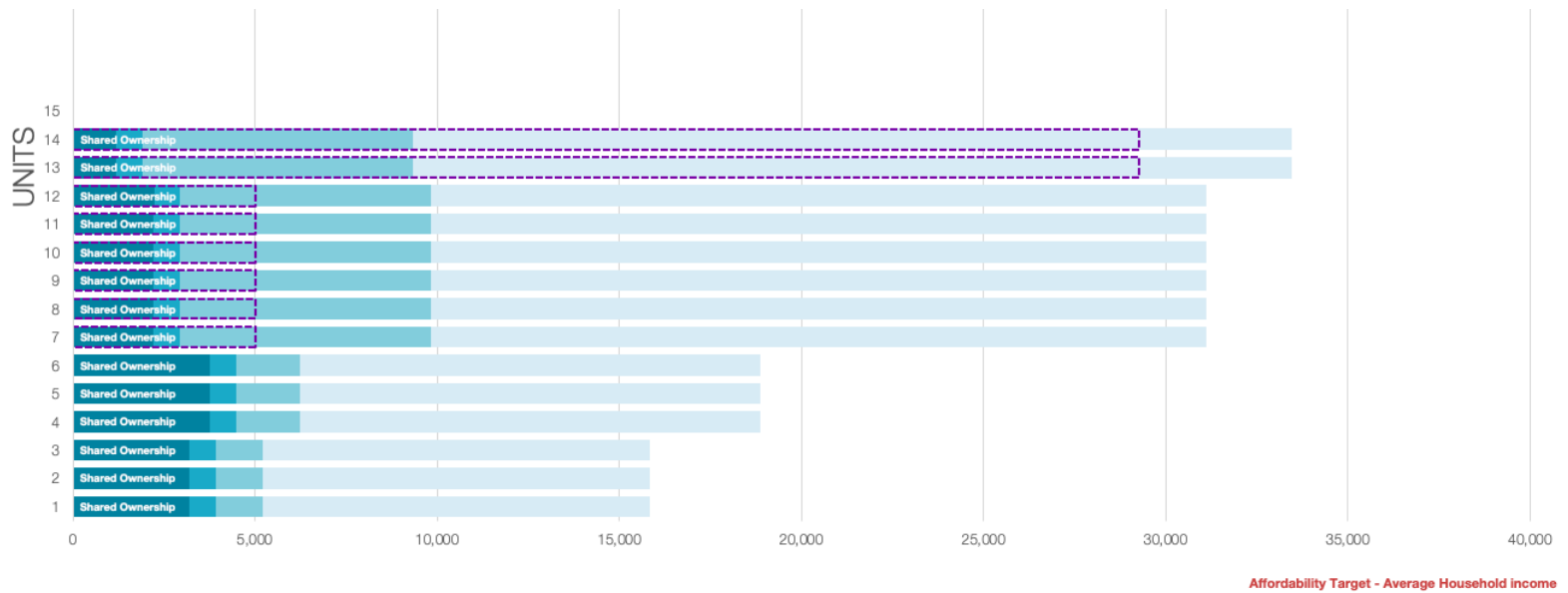
5.3 Staircasing - Acquiring Additional Equity

- Residents who initially purchased less than 65% of the leasehold may staircase up to 65% ownership of the leasehold.
- To retain affordability, staircasing to ownership of more than 65% of the leasehold is not possible. The Membership Policy and the Leasehold Agreement between residents and Gŵyr CLT contain clauses restricting 'staircasing' to a maximum of 65% leasehold ownership. If a resident member attempts to purchase a percentage of the leasehold above 65%, they would break the terms of their lease and face termination of their lease.
- For clarity, there is no opportunity for individual households to purchase the freehold title to their homes.

⁴ Bishopston Ward profile 2022, formation, Research & GIS (Strategic Delivery Unit), April 2022

5.4 Affordability calculations - based on average local household incomes

Unit	Tenure	Rent (Annual)	Service Charge (Annual)	Mortgage Payment (Annual)	Total Cost (Annual)	Estimated Deposit Required	Min Household Income	Min HH Income (After Housing Costs)	OMV	Equity Sold	Sweat Equity Earned	Mortgage Requirement	% Sold	Min household income for mortgage borrowing	Min household income for affordability target	Affordable to those on a local mean income?
1	Shared Ownership	3,188	724	1,310	5,222	-	15,824	10,602	250,000	20,688	16,813	20,688	15%	5,911	15,824	YES
2	Shared Ownership	3,188	724	1,310	5,222	-	15,824	10,602	250,000	20,688	16,813	20,688	15%	5,911	15,824	YES
3	Shared Ownership	3,188	724	1,310	5,222	-	15,824	10,602	250,000	20,688	16,813	20,688	15%	5,911	15,824	YES
4	Shared Ownership	3,761	724	1,738	6,223	-	18,859	12,635	295,000	27,438	16,813	27,438	15%	7,839	18,859	YES
5	Shared Ownership	3,761	724	1,738	6,223	-	18,859	12,635	295,000	27,438	16,813	27,438	15%	7,839	18,859	YES
6	Shared Ownership	3,761	724	1,738	6,223	-	18,859	12,635	295,000	27,438	16,813	27,438	15%	7,839	18,859	YES
7	Shared Ownership	2,213	724	6,896	9,833	5,000	31,107	21,275	295,000	113,875	33,625	108,875	50%	31,107	29,796	YES
8	Shared Ownership	2,213	724	6,896	9,833	5,000	31,107	21,275	295,000	113,875	33,625	108,875	50%	31,107	29,796	YES
9	Shared Ownership	2,213	724	6,896	9,833	5,000	31,107	21,275	295,000	113,875	33,625	108,875	50%	31,107	29,796	YES
10	Shared Ownership	2,213	724	6,896	9,833	5,000	31,107	21,275	295,000	113,875	33,625	108,875	50%	31,107	29,796	YES
11	Shared Ownership	2,213	724	6,896	9,833	5,000	31,107	21,275	295,000	113,875	33,625	108,875	50%	31,107	29,796	YES
12	Shared Ownership	2,213	724	6,896	9,833	5,000	31,107	21,275	295,000	113,875	33,625	108,875	50%	31,107	29,796	YES
13	Shared Ownership	1,181	724	7,410	9,316	29,250	33,429	24,113	225,000	146,250	-	117,000	65%	33,429	28,230	NO
14	Shared Ownership	1,181	724	7,410	9,316	29,250	33,429	24,113	225,000	146,250	-	117,000	65%	33,429	28,230	NO
15	Community Space	-	-	-	-	-	-	-	-	-	30,000	-	-	-	-	YES

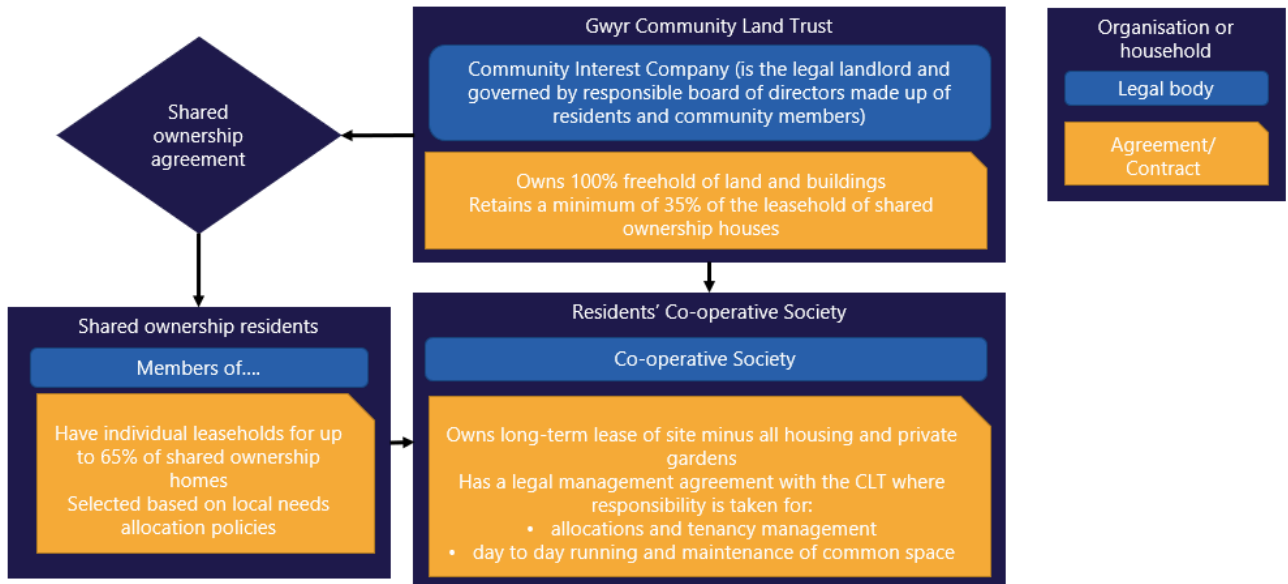


■ Unit
■ Rent (Annual)
■ Service Charge (Annual)
■ Mortgage Payment (Annual)
■ Min HH Income (After Housing Costs)
 Estimated Deposit Required

6. Affordable in Perpetuity

The ownership structure proposed by Gŵyr CLT is designed to safeguard the continued affordability of homes and to ensure that rental profits are used for the benefit of the whole community, whilst protecting the interests of individual resident members.

6.1 Legal and Ownership Structure



6.2 Gŵyr Community Land Trust

- Gŵyr CLT is a legally incorporated Community Interest Company, with an open membership and a responsible board of directors, which acts in the interest of the wider communities of Gower Fringe.
- Decisions are made by vote, with each adult member having one vote.
- Gŵyr CLT's primary aim is to provide affordable housing to local people in housing need, but this could extend to providing other community owned services or businesses, such as small business premises or retail spaces.
- Any assets of Gŵyr CLT, including land or housing, must only be used for the benefit of the community. In the event the CLT is liquidated, converted, or amalgamated with another legal entity, its assets must continue to be used for the benefit of the local community and must not be distributed to members. This process is detailed in the Exit Strategy Policy.
- In the case of housing or land assets, they would transfer to another nominated housing provider or to the Local Authority (Swansea County Council), solely for use as affordable housing for local people in housing need. This is detailed in our Exit Strategy Policy.

- Membership of the CLT is open to anyone from within the community and board members will be made up of: Gŵyr CLT residents, community councillors, ward councillors and members of the wider community.
- Members must agree to follow the Membership Policy which sets out the aims and objectives of the CLT, and the functioning of the organisation.
- The CLT will take a similar role to a Registered Social Landlord.

6.3 Residents Co-operative

- The residents co-operative is a legally incorporated co-operative society and acts in the interest of its members, using the 7 co-operative principles.
- In recognition of the benefits of residents having control over and being engaged in their living environment, residents are encouraged to take an active role in the Residents Co-operative.
- The residents co-operative, alongside Gŵyr CLT, are responsible for ensuring housing is allocated to those who meet the criteria laid out in the Allocations Policy.
- There is an appointed chair, treasurer and secretary who hold legal responsibility.
- All adult residents must become members, and membership is only open to residents of Gŵyr CLT housing.

7. Ownership and Responsibilities

7.1 Gŵyr CLT

- Gŵyr CLT retains in perpetuity 100% of the freehold of the wider site, including the housing plots and wider site.
- Gŵyr CLT will continue to own the freehold of the site, manage rental incomes for the benefit of the local community, and have strategic oversight of the development and allocations processes.
- Gŵyr CLT will recycle rental income paid to it by residents on rental and shared ownership properties to facilitate the provision of further affordable housing.
- Gŵyr CLT retains in perpetuity a 'golden share' of at least 35% of the leasehold of shared-ownership homes.
- Gŵyr CLT retains pre-emption rights, it has first refusal to buy back shared-ownership equity at its value at the time of sale, subject to independent valuation.
- Gŵyr CLT retains overall nomination rights to choose subsequent residents based on local needs criteria and the membership process, as set out by the Membership Policy and Allocation Policy through a transparent selection process set out in the membership policy.

7.2 Residents Co-operative

- The Residents Co-operative owns a long-term lease (999 years) of the wider site and shared infrastructure minus all housing and private gardens, for a nominal fee (£1).

- The Leasehold will contain restrictive covenants on the use of the land: protecting open space, ensuring maintenance of infrastructure and keeping areas for food growing.
- The Residents Co-operative is responsible for the day to day running and managing of the development including tenancy management, in the role of a Tenant Management Organisation (TMO). This is defined and regulated by a Management Agreement between Gŵyr CLT and the Residents Co-operative.

7.3 Shared Ownership (SO) Residents

- Resident households individually purchase a percentage share (15-65%) of the long-term leasehold of the property, which is set at an affordable level based on local household incomes (see Section 5).
- The upkeep and maintenance of shared-ownership homes and private gardens is the responsibility of individual residents.
- Resident households make a contribution of 'ground rent' towards maintenance and upkeep of the wider site.
- Rent is payable by resident households to Gŵyr CLT on the unearned equity held by the CLT, although this is kept low and is factored into affordability calculations (see Section 5).
- Surplus generated from rent must be used by Gŵyr CLT to further its aims for the benefit of the community.
- The practical management of this process will be undertaken by the Residents Cooperative, under terms defined in the management agreement.

8. Sweat Equity

- A key factor affecting people on lower incomes' ability to buy a property is the inability to save enough for a deposit. To remove this barrier, first residents will be able to acquire sweat equity in their homes by contributing their time to the construction process.
- There is the option to contribute 15-30 hours per household per week for the 1.5 year construction period.
- Based on a three bedroom home, 30 hours per week will earn a 13% share of OMV, and 15 hours a 6.5% share of OMV.
- The design of the houses will reflect this use of semi-skilled labour, using construction methods which are accessible and do not require extensive training.
- Sweat equity in shared-ownership homes will be paid in leasehold equity upon completion. This is recognised by multiple mortgage lenders as a deposit value.

9. Section 106 Agreement and Covenants

9.1 Section 106 agreement

- A section 106 agreement between Gŵyr CLT and Swansea Council will be in place which ensures the continued affordability of rental and shared-ownership properties. This agreement will be registered on the freehold title for the site, and can only be changed with written consent from both parties. Therefore Swansea Council would remain in control of the protections of affordability in perpetuity afforded by the section 106 agreement.
- The agreement will specify the percentage of OMV of which shared-ownership properties can be resold (currently 65%), subject to independent valuation at the point of completion.
- The section 106 agreement will bind Gŵyr CLT to adhere to the approved Allocations Policy which ensures homes are available primarily to households with a local connection for the first and each subsequent sale.

9.2 Covenants

- Gŵyr CLT covenants that the land will not be sold to any other organisation, other than in the case that Gŵyr CLT is liquidated, converted, or amalgamated with another legal entity, in which case the site would transfer to the local authority (Swansea County Council) or a suitable registered social landlord, solely for use as affordable housing for local people in housing need.
- Gŵyr CLT covenants that the land will be retained as a single, indivisible holding.

9.3 Mortgagee in Possession Clauses

- Mortgagee in possession clauses are not allowable on mortgage agreements entered into by either Gŵyr CLT as an organisation, or by individual residents.
- In the case of a default in mortgage payments by either an individual household or Gŵyr CLT, the local connection criteria outlined in the allocations policy would apply, along with the disposal cascade outlined therein. If a suitable qualifying purchaser able to purchase the relevant equity share borrowed against, at market value, cannot be found after a period totalling 16 weeks and all steps outlined in the allocations policy have been followed and evidenced, the mortgagee may dispose of the property to a non-qualifying person.
- For more details consult the Exit Strategy.