

Amgylchedd a Datblygu Cynaliadwy
Environment and Sustainable Development



Llywodraeth Cymru
Welsh Government

Mr Laurence Forse
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Eich Cyf/Your Ref:
Ein Cyf/Our Ref:

Date 25 January 2013

Dear Mr Forse

Thank you for your letter dated 17th December about affordable rural housing and the rural enterprise occupancy condition set out in TAN 6 Planning for Sustainable Rural Communities and the Rural Enterprise Dwelling Practice Guide. I apologise for the delay in replying to you.

It is accepted that there may be instances when new or existing rural enterprise dwellings are larger than normal, and may lead to issues about the affordability of rent. The issue of rent itself is not a planning matter, and this is why it is not referred to in planning guidance. Welsh Government Housing Division colleagues have offered advice on mechanisms to address rent shortfall below. The issue of rural enterprise dwelling size is a planning matter, and is the responsibility of the local planning authority to determine. Our national planning policy position on rural enterprise dwellings is very much based on limiting size to what is necessary, and the occupancy condition set out in the Practice Guide, in particular the affordable housing element, reinforces this approach.

The size of a rural enterprise dwelling, together with the other aspects of a development proposal, need to be fully justified. TAN 6 indicates that size should be based on the functional requirements of the enterprise and not the preferences of the owner or occupier. Furthermore, dwellings that are unusually large in relation to the needs of the enterprise or unusually expensive to build in relation to income should not normally be permitted. The local authority may also seek to apply maximum floor space requirements for such dwellings through guidance set out in their development plans, and impose a condition removing permitted development rights for extensions. With the occupancy condition in mind the future affordability of a dwelling may be a consideration for local planning authorities when determining planning applications, and applicants should have regard to this when submitting their proposals. Applicants should also be aware that planning conditions controlling the occupation of a rural enterprise dwelling will reduce its value relative to an open market valuation. Investments of this nature should not therefore be made on a speculative financial basis.

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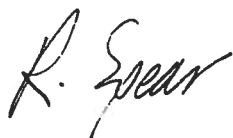
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In terms of rent, those who claim help through the housing benefit scheme (local housing allowances) are assessed on the basis of the size of their family and not the size of the property. In relation to the possibility of extra funding, if there is a shortfall between the contractual rent and the benefit payment the tenant can apply for additional help through the discretionary housing payment fund. This fund is allocated by Department for Work and Pensions to local authorities, and entitlement is based upon the discretion of the benefit officer dealing with the claim. Local authorities may on occasion have a need to house larger families, this may lead to more significant rent allowances and an increased demand for bigger dwellings. I cannot comment on the issue of reducing rents as this is a matter for the property owner to decide.

Rural Enterprise Dwelling owners may seek to remove an occupancy condition. They will normally be required to demonstrate, with supporting evidence, that there is no longer a rural enterprise need for the dwelling or a local affordable housing need. The normal mechanism for demonstrating the absence of need is market testing, typically over a 12 month period. The property would be advertised for sale or rent to those compliant with the occupancy agreement. The price or rent of the property would reflect the occupancy restrictions, generally around 75-80% of market value.

In any particular case advice on the matters above should be sought from the local authority.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R. Spear', written in a cursive style.

Richard Spear
Planning Policy