

Appendix C

Additional Information for Self-Build Project at Ennor Farm, Old Town, St. Mary's, Isles of Scilly

Conditions of Sale

At the time of publication, it is anticipated that the following Conditions of Sale will form part of the Agreements between the Duchy and the Council of the Isles of Scilly, and the Council and Cornwall CLT, governing the disposal of the site at Ennor Farm as well as part of the Outline Planning Approval. They must be adhered to by purchasers of the self-build plots.

1. Onward Sale - Pre-emption Right and Discounted Sale Price

Cornwall CLT will set rules for self-builders over the ownership of the property designed to ensure that these homes are retained in perpetuity for use as a permanent residence by persons qualifying under the Islands' Site-Specific Allocations Policy and Specific Local Needs Policy

To keep the homes permanently affordable and ensure they benefit local people in the future, the homes are subject to two resale covenants.

- The first is a **right to pre-emption** that gives Cornwall CLT, or its successor, 'first refusal' to purchase a property or to nominate a purchaser at the point it is put up for sale.
- The second covenant is a **discounted resale price covenant** which caps any re-sale at a %age of open market value. This resale covenant transfers obligations to successive owners. A similar agreement will be in place with any mortgage lender.

In order to value the property and the sweat-equity element of the self-build, applicants will be required to retain all evidence of the build costs in their project i.e. costs of materials, transport etc. and to log the hours and skilled labour employed on the project, so that these, together with the plot cost, can be compared with the open market value of the property once completed. This will allow an appropriate discounted value %age to be calculated.

For example, in simple hypothetical terms, if the plot cost is £50,000, the build cost £200,000 in materials and the self-build sweat-equity in labour hours valued at £30,000, the final cost of the property will be assessed as £280,000. This will be compared with the Open Market Value provided by an appointed MRICS valuer. If the OMV is £350,000 then the relevant discounted sale price of the covenant will be 80% i.e. £280,000 as a %age of the OMV. Any future resales will be capped at this same percentage – so whilst the value of the property will increase in line with market forces, there will be "in perpetuity" a discounted cost to future purchasers. In this way, the benefits of the scheme are passed on to future residents and not only the first self-build owners.

Cornwall CLT will provide help with the assessment of build costs as outlined above once sales have been completed. There will be a liability for an annual management charge or covenant protection charge – unlikely to be more than £240 p.a. incl VAT at 2023 prices. Any annual increase in this charge will not be more than CPI+1%.

Review of these procedures will in time be transferred from Cornwall CLT to a local Island-based CLT, subject to it being established as intended. CCLT will invite island residents to set up a Steering Group and will then support the Group to form and register a CLT for the Islands. Please note: it is a requirement of all CLTs that its Board of Directors shall not permit a majority of its members to be drawn from 'beneficiaries' i.e. people who benefit from its CLT projects such as this one at Ennor Farm and any future schemes. There are other possibilities that could be explored, such as setting up a Housing Co-op specifically for residents at Ennor Farm, but at the current time the favoured route is an Island CLT which will take over overall management of the project from Cornwall CLT since a CLT structure incorporates the in-perpetuity asset-lock mechanisms that control future occupancy of homes provided with an element of public grant and subsidy.

For some interesting case studies of other Community-led Self-build projects see:

[St Minver Community Land Trust - The Self Build Guide \(the-self-build-guide.co.uk\)](http://the-self-build-guide.co.uk) and [FINAL St Minver CLT case study for PDF.pdf \(righttobuild.org.uk\)](http://righttobuild.org.uk)

[Policy Document: Roseland Community Land Trust \(idoit.co.uk\)](http://idoit.co.uk)

The plots will be transferred as freehold serviced plots with Full Title subject to the two restrictive covenants outlined above.

In addition, to ensure a smooth and swift development of the site within a limited time-scale please note the following further conditions:

2. Reserved Matters Approval

In order to comply with the requirements of the Outline Planning Approval, Buyers will need to complete their Reserved Matters Application **within six months** of completion of the purchase and to regularly keep CCLT informed of progress. See below for further information on planning.

3. Development – Start on Site and Completion

Buyers will need to make a start on site within six months of securing Reserved Matters Approval and to complete the build within two years of this start date.

4. Community self-build occupation requirement

Both to comply with planning requirements and based on valuable previous experience of self-build schemes, self-builders will be encouraged to occupy their homes within a timeframe that is convenient for all the residents.

5. Extensions/improvements

Occupants are entitled to extend or improve their homes, on the proviso that:

- a) the CLT is informed and approves the application (approval not to be unreasonably withheld unless, for example, the improvement risks disproportionate inflation in the property's value such that it becomes unaffordable to the eligible market it is intended for);
- b) all necessary planning, building regulation and other permissions are secured; and
- c) it is understood that the whole property, including any improvements, will be subject to the same discounted resale cap described above.



This condition is also In line with the Duchy Design Code

6. Section 106 Occupancy Restrictions

There is further information on these, including the Mortgagee in Possession clause (which should reassure mortgage lenders), on the IoS Council website, : <https://scilly.gov.uk/planning/planning-policy/local-plan-2015-2030/supplementary-planning-guidance/specific-local-need>

7. Other Conditions

There may be other conditions that potential Buyers, and their solicitor and any mortgage lender, will need to consider before a transfer is agreed. These are likely to include conditions over the use of the Property solely as a private residence i.e. no holiday lettings or AirBNB will be permitted, nor letting of whole or part of the Property; contributions towards the costs of maintenance and repair of some footpaths and common areas; and may also include reasonable conditions over the parking of vehicles, erection of sheds and buildings etc. However, these will only be imposed for the benefit of all residents and none will be such as to interfere with a mortgage lenders' requirements.

Further Guidance on Planning

Outline Planning permission P-21-002 includes details of the Conditions relating to this site. These can be split into four stages:

Stage 1 - before Reserved Matters i.e. responsibility of the Council and CCLT before any works commence on the site. Confirmation of discharge of these Conditions will be made available to successful applicants.

They are C5, C8, C12, C13 (A), C14, C16, C17, C19

Stage 2 – these form part of the Reserved Matters application to be made by each applicant once the plot is transferred into their ownership.

They are C7, C9, C15

C13 (B), C14, C16, C17 will also require a confirmation that your proposed works accord with the Stage 1 approvals of these conditions.

Stage 3 - before occupation and applies to C7 and C13 (C)

Stage 4 - post completion - only C14 re: site-wide clearing up as approved in Stage 1.

For simplicity, the most relevant of these Conditions (i.e. Stage 2 above), together with comments from the Planning Officer, are copied below but applicants are advised to look at the full Planning Approval and all the Conditions therein at an early stage.

Condition	Detail	Comments from Planning Officer
C7	The dwellings hereby approved shall not be occupied until space has been laid out within the site for the parking and turning of vehicles in accordance with approved drawing number: SC-KT-XX-XX-DR-A-2002-S0-SK100-P7. The area allocated for parking and turning on the approved plan shall be kept clear of obstruction and shall not be used other than for parking and turning of vehicles in connection with the development hereby permitted.	Stage 2 or 3. This can be done earlier than Stage 3 and is particularly required for construction parking etc. Has to be in place before any home is occupied.
C9	The dwelling houses [at plot numbers: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12 Inclusive], hereby approved, shall not be occupied otherwise than by persons as their only or principal homes and the occupants shall supply to the Local Planning Authority (within 14 days of the Local Planning Authority's request to do so) such information as the Local Planning Authority may reasonably require in order to determine compliance with this condition. For the avoidance of doubt the dwelling(s) shall not be occupied as second homes or as units of holiday letting accommodation and a Section 106 (S106) legal agreement shall be entered into by those with an interest in any of the plots, before the Reserved	Stage 2 as part of the RM application



Condition	Matters application can be granted. Detail	Comments from Planning Officer
C15	No development shall take place until details of the proposed finished floor levels of each building, relative to the topographical survey: Drawing Number: DOC1701A, have been submitted to and approved, in writing, by the Planning Authority, once approved the development shall be carried out in accordance with the approved levels.	Stage 2 as part of the RM application