

# Report of the Housing Review Group

## New Forest Housing and Enclosed Grazing Land managed by Forestry England



28 February 2020



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## 1. Executive Summary

This Report is the outcome of a Review Group set up, on instruction of the Minister, to consider how vacant Forestry England properties in the New Forest (residential house and enclosed grazing land) should be allocated to support commoning and business needs for Forestry England.

The aim was to provide affordable accommodation for commoners or Forestry England staff whilst balancing the needs for the full portfolio of properties to demonstrate appropriate financial management of public assets and remain legally compliant.

The Report defines new policies (Appendix 2 - Summary of Policy Statements) for how these properties will be used; who would be eligible to become a tenant; the selection process for new tenants and how rents will be calculated and reviewed.

An inventory of all 65 properties was compiled (Supplementary document - Inventory of Crown Properties in the New Forest - Feb 2020) which included a reassessment of their suitability for commoning and their current legal status. A requirement for some “core houses” to meet Forestry England’s operational needs was also redefined in the modern context. This assessment defined 43 properties as suitable for commoning; 9 as suitable for staff or commoning and 13 as suitable for letting on the open market - (Section 5)

Once a property becomes vacant, a decision flowchart (Figure 2, p.13) has been developed to determine how that property would be re-let. - (Section 6)

The Review Group determined a formula to calculate an affordable rent for a commoning tenant based on the national government guidance on social rents. The principle of reduced rents was made on the basis of public benefit delivered by commoning in the New Forest and, in particular, the critical value of having grazing animals to maintain the condition of the designated habitats and landscape - (Section 7).

A cross-organisational Selection Panel would assess potential candidates for a commoning tenancy and would select a preference based on their commitment to commoning and the degree to which they deliver wider public benefits from their activities - (Section 8)

The allocation of a property using these new principles would apply once a property becomes vacant, but it is also the aim to recalculate rent levels for existing tenants (unless restricted by current tenancy agreements) using the formula defined in this Report. How rents should be transitioned to any new level has also been defined (Section 7.3).

## 2. Background

Forestry England (FE) manages a portfolio of residential properties and parcels of enclosed grazing land for rent across the New Forest which are vested in the Secretary of State for Defra. All of these properties are located within the New Forest National Park, which a recent [report](#)<sup>1</sup> confirmed as the least affordable National Park in the country. Average house prices are more than double the average for Hampshire and about 15 times local earnings. Land values are similarly inflated on the open market. Consequently there is great demand for affordable rented accommodation and for enclosed fields as essential back-up land for livestock usually grazing the unenclosed landscape of the New Forest.

The majority of the FE properties have historically been let to staff employed in relatively lower paid roles connected with forest management. Traditionally many of these employees were also local commoners, turning out livestock to graze the Open Forest. Commoning itself is recognised as central to the special qualities for which the New Forest is designated. Finding sufficient affordable housing to sustain commoning has been a core concern of commoning reviews since the 1980s.

The Minister's Mandate for the New Forest (1999) set out priorities for management of the Crown Lands of the New Forest and states that conservation of the natural and cultural heritage is the principal objective. Forestry England has committed, in its last Management Plan to provide rented accommodation and provision of back-up grazing land to practicing commoners at discounted rents.

As the role of Forestry England has extended from forestry to wider management of a protected landscape its employment needs have evolved. Employees are now drawn from further afield and not always from the local commoning community. At the same time, affordable properties, which are well located and useful for commoning, have become increasingly scarce. The regulatory framework, and corresponding costs of compliance for landlords, has grown significantly.

These changes were already underway when the Illingworth Report was presented to Ministers in 1992 following its consideration of the serious concerns for the future of grazing in the New Forest. The Report established principles to offer Crown properties for commoners at low rents whenever a vacant house was not required for a Commission employee. The pressures on commoning and on Forestry England have continued to grow since then. The lack of affordable and suitably located properties is more acute than ever and the financial commitments to maintain the properties at modern standards are increasingly demanding for Forestry England.

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<sup>1</sup> Lloyds Bank Ltd: If you go down to the woods today, you're sure of a big surprise: premium to live in England and Wales national parks tops £127k (October 2019). Available online [here](#)

Following concerns expressed by the New Forest Commoners Defence Association (CDA) in June 2019, the then Forestry Minister, asked Forestry England to review its policies towards New Forest residential properties with key stakeholders to develop a shared approach fit for the future.

Forestry England convened a Review Group consisting of representatives (see Appendix 1 for participants) from the following organisations:

- New Forest National Park Authority
- Commoners Defence Association
- Verderers of the New Forest
- New Forest District Council
- Central Association of Agricultural Valuers
- Forestry England

This Report represents the outcome and agreed position of the Review Group, incorporating a series of local policy statements which are repeated for easy reference in Appendix 2.

The Review Group has concentrated on residential properties. It has not changed its approach to the recommendations for parcels of enclosed land set out in Part 3 of Appendix 10/4 of the Illingworth Report 1992.

## 3. Terms of Reference

The Review Group defined its terms of reference as follows:

1. To determine which Forestry England (FE) properties in the New Forest can be used to provide affordable accommodation for commoners and FE staff, whilst balancing the need for the full portfolio of properties to demonstrate appropriate financial management of public assets and remain legally compliant
2. To determine the principles and clear process by which vacant properties and tenant types are allocated and rents assessed
3. To determine how a transition is made from the current policy position to the agreed future position
4. To advise on how existing tenancy agreements will be managed through any period of adjustment to new policy arrangements
5. To consider opportunities to build new properties on Crown Land

6. To consider the establishment of a Liaison Group (terms of reference to be defined) for future collaboration over housing provision on the Crown Lands of the New Forest after this review

The Review Group recognised that opportunities for building new properties on the Crown Lands would be challenging, because of financial and regulatory process constraints. The Group agreed that, in principle, it would support an increase in the property portfolio suitable for commoners or staff as and when any opportunities arose in the future.

## 4. Summary Description of Houses

Forestry England manages 65 residential properties for let within the New Forest and 59 parcels of grazing land (totalling 159 ha - excluding the New Park Showground). These properties are mainly 2 or 3 bedroom Victorian cottages. A map showing their location and a schedule of each property's details is provided in a supplementary document to this report - Inventory of Crown Properties in the New Forest (Feb 2020).

Of these 65 properties, 30 are located within Statutory Inclosures. Many of these represent an ideal base for commoning, consisting of a cottage, 1-2 acres of enclosed grazing and a collection of modest agricultural outbuildings.

However, due to the complexities of the New Forest Acts these properties are subject to an occupancy restriction, limiting them to be let to "woodmen"<sup>2</sup>. Previous legal advice sought by the Forestry Commission in 1983 determined that these cottages are only permitted to remain "so long as the (Minister) thinks fit".

The balance of 35 properties is classed as one of the following:

- 'Crown Freehold' properties lying outside of an Inclosure
- Properties located within a 'Crown Freehold' Inclosure and not subject to any occupancy restriction

More detailed information on the occupancy restrictions is contained within Appendix 3.

A summary of the current types of occupant (as at 10<sup>th</sup> February 2020) is provided in Figure 1 below.

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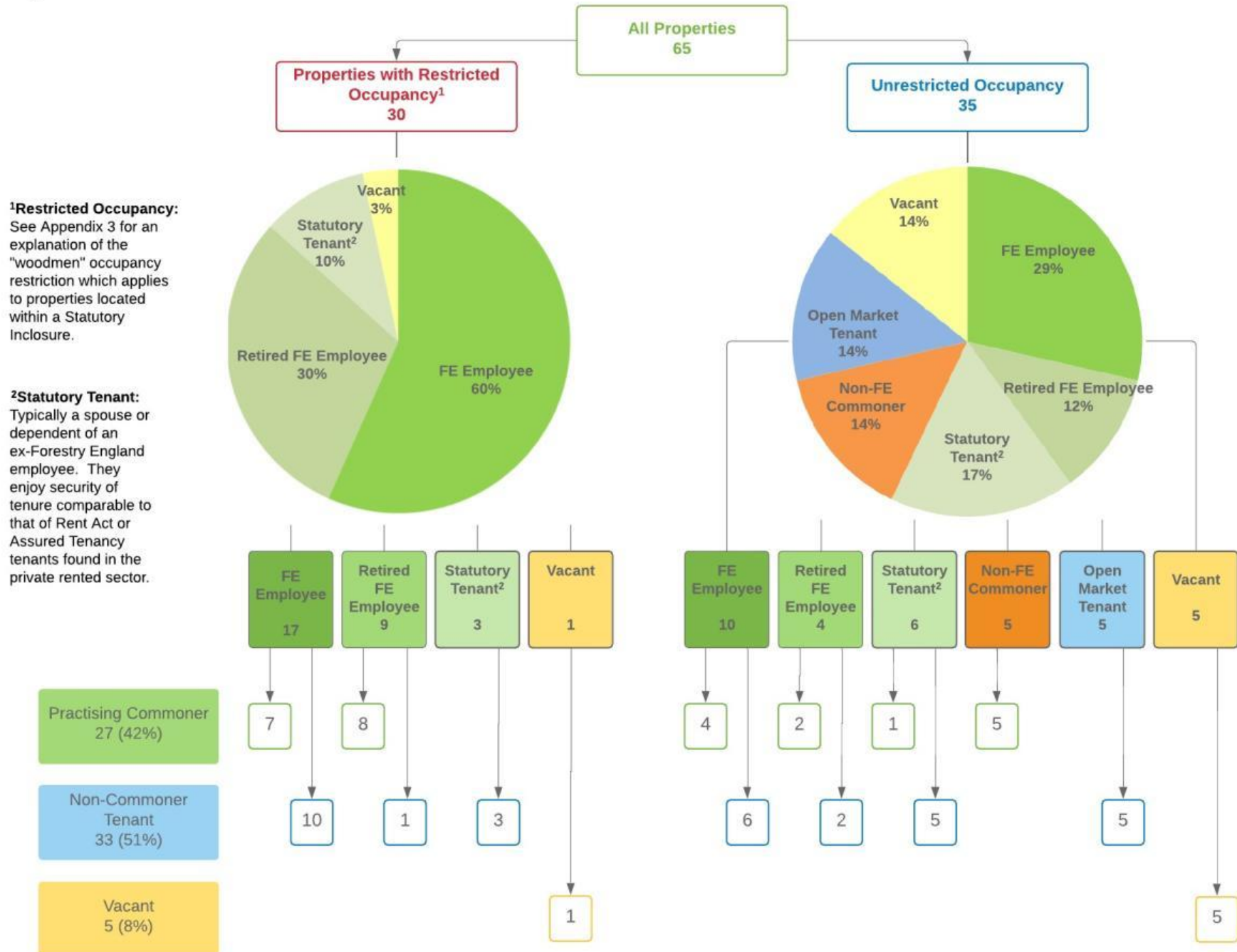
<sup>2</sup> See Appendix 3 for an explanation of the "woodmen" occupancy restriction.



Figure 1

## Current Occupancy of Forestry England's Properties in the New Forest

As at 10/02/2020



## 5. Assessment of Properties

The first objective of the Group's Terms of Reference was:

- To determine which Forestry England (FE) properties can be used to provide affordable accommodation for commoners and FE staff..."

The Review Group has assessed Forestry England's managed portfolio of residential properties with regard to their potential to be occupied by an active commoner or Forestry England employee filling key operational roles in the New Forest.

### 5.1 Defining Properties Suitable as a Commoning Base

A number of characteristics were considered when assessing whether a property is currently, or potentially, suitable as a base for an active commoner:

- Legal status/ownership type: i.e. the property's status as Statutory Inclosure, Crown Freehold Inclosure or Crown Freehold and if this restricts who is eligible to hold a tenancy.
- Provision of land and outbuildings attached to the property or available close by.
- Character, style and location of the property - the number of bedrooms, size and layout of the plot.
- Outgoings required: council tax banding, space heating requirements, maintenance, repair and decoration costs for tenant and landlord. These costs are particularly relevant if the property is made available at a reduced rent.

Details of these characteristics for each property are provided in a supplementary document to this report - Inventory of Crown Properties in the New Forest (Feb 2020)

### 5.2 Forestry England's Operational Need

Many of the properties were historically built or acquired in order to house those employed to manage the Crown Lands. Whilst the job roles have changed over the years Forestry England still holds a requirement to house a number staff in specific locations to enable them to fulfil Key Posts. The properties allocated for Key Posts are termed Core Houses.



Key Posts are of an operational nature, and efficient delivery of the role is dependent upon occupation of properties in appropriate locations by suitably trained and skilled staff. These locations are not necessarily fixed permanently and occasional reallocation of Core Houses could occur to meet the prevailing operational requirements. Ten properties are currently Core Houses. Forestry England anticipates, at this time, the number of Core Houses to remain within the order of 8 to 12.

Core Houses can be designated where:

- It is necessary for the proper performance of the employee's duties that he/she should live in that accommodation; or
- The accommodation is provided for the better performance of the employee's duties and the employment type is one which it is customary for employers to provide accommodation for the employee.

In addition to Key Posts, some Forestry England staff also deliver an incident response service out of hours in support of the emergency services and dealing with incidents that require our action. These incidents will include response to fire incidents, road traffic accidents involving deer, antisocial behaviour, windblown trees and flooding or pollution incidents. Having some houses available for staff who can respond to such incidents quickly and which have the required space to store and deploy appropriate equipment is an important part of maintaining the condition of the Forest environment.

## 5.3 Classification of Each Property

The results of the Review Group's assessment of the 65 properties is summarised in Table 1 below. This allocates properties into one of three Primary Use<sup>3</sup> categories.

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<sup>3</sup> A description of what is meant by a property's Primary Use is defined in Appendix 6.

**Table 1: Summary of the Classification of Forestry England Properties in New Forest**

	Primary Use of Property		
	Ideal Commoning Base	Operational or Commoning	Open Market
Number of properties	43	9	13
Percentage of Total	66%	14%	20%

The majority (66%) of properties are categorised as an **Ideal Commoning Base**. These properties are either currently, or potentially, able to fulfil the following characteristics:

- Enclosed grazing land linked to the property;
- Useable outbuildings and/or space to erect outbuildings of a suitable size and type;
- Parking and storage space for vehicles, trailers, implements, feed and materials associated with commoning.

Since the adoption of the Illingworth Report's recommendations in 1992 the percentage of properties let to commoners has grown to 42%. The policies laid out in this Report are intended to ensure that this level of commoner occupancy does not decline.

The second Primary Use category is **Operational or Commoning**. This small proportion of properties (14%) carries the 'woodmen' occupancy restriction. They do not meet the criteria of an ideal commoning base because they lack outside space to make the necessary improvements. Although active commoners shall not be excluded from occupying these properties, they are likely to best serve Forestry England's needs to house staff employed in operational roles related to the Crown Lands of the New Forest.

The final category of Primary Use is **Open Market**. The character, style or location of these properties makes it inappropriate to house a tenant in need of public subsidy at a reduced rent. The properties are attractive to tenants in the private rented sector and will be let at open market rents. Allowing some properties to be let at open market rents will serve a valuable revenue generation function, offsetting lower rents to tenants who are commoners or delivering operational roles for Forestry England. This does not preclude active commoners or Forestry England operational staff from renting such properties but it will be at open market rents. If all other factors are equal a commoning tenant would be prioritised. If no application is made from an active commoner, a Forestry England staff member is prioritised over any other applicant.

## 5.4 Policy Statements relating to a Property's Primary Use

### Policy Statement 1

The Primary Use category of each property (as identified in the supplementary document "Inventory of Crown Properties in the New Forest (Feb 2020)") will be used to determine:

- the process for re-letting when that property becomes vacant
- the formula for calculating rent

### Policy Statement 2

The Review Group has interpreted a "woodmen" - the term used in the occupancy restriction of some properties - as:

Any person who is actively contributing to the practical management of the land, vegetation or wildlife of the New Forest, or the management of commoning livestock that grazes upon it. Their contribution should be regarded as more than minimal and/or temporary.

This means in practice that all those properties within the Ideal Commoning Base category will be offered exclusively to active commoners and eligible operational Forestry England staff. The successful applicant will be determined by the eligibility and selection criteria outlined in Section 8.

### Policy Statement 3

Active commoners shall be prioritised over non-commoning applicants for Open Market properties when all other factors, such as an applicant's ability to be a good tenant and pay the rent, are equal. Forestry England shall inform the Selection Panel<sup>4</sup> if they receive applications from active commoners.

### Policy Statement 4

If in the future the social, political or organisational context changes then the assessment of each property's Primary Use can be reviewed through agreement with the Housing Liaison Group (see Appendix 7).

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<sup>4</sup> The membership of the Selection Panel is outlined in Policy Statement 5 below. More information is included in Section 6.1.

## 6. Re-letting Vacant Properties

Having allocated each property to a Primary Use category and acknowledging that any changes to the category may only happen when a property becomes vacant, the Review Group has agreed a process flowchart (Figure 2) for the re-letting process.

If the property is not required for a Forestry England key post then the Primary Use category will determine:

- how, where and when the property is advertised;
- the level of rent calculated;
- who reviews the applications; and
- who is responsible for making the final tenant selection.

### 6.1 Ideal Commoning Base Property

Forestry England shall advertise the property with an explicit occupancy restriction as detailed in Section 4 and Appendix 3. This may happen through a variety of methods such as online portals (e.g. Rightmove.co.uk; social media and local digital media), high street letting agents, printed media, direct communication/emails to interested parties or any eligible individuals who have recently<sup>5</sup> expressed an interest in renting property.

All enquiries, viewings and applications shall be logged and shared with the Selection Panel (whose formation is recommended below)<sup>6</sup>.

### 6.2 Operational or Commoning Property

Forestry England shall inform the Verderers and CDA of the vacant property and, in the first instance, advertise it to eligible local staff (outlined in Appendix 3). If an eligible and suitable tenant is found Forestry England shall inform the Verderers and CDA of the outcome. If an eligible and suitable tenant is not found then it will be offered to commoners and selection made through the Selection Panel process.

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<sup>5</sup> A list of all those enquiring to rent properties or land shall be kept up to date by Forestry England. Anyone enquiring within the last 12 months shall be informed when a property is available to let.

<sup>6</sup> Advertisements and application forms will have to make clear the GDPR requirements for Forestry England sharing data with the Selection Panel members.

Figure 2

## Vacant Property Allocation Flowchart

As at 10/02/2020

### Key Terms and Definitions

**1. Key Post:** A full definition is included at Section 8. The Forestry England roles are typically of an operational nature, and efficient delivery of the role is dependent upon occupation of properties in appropriate locations by suitably trained and skilled staff.

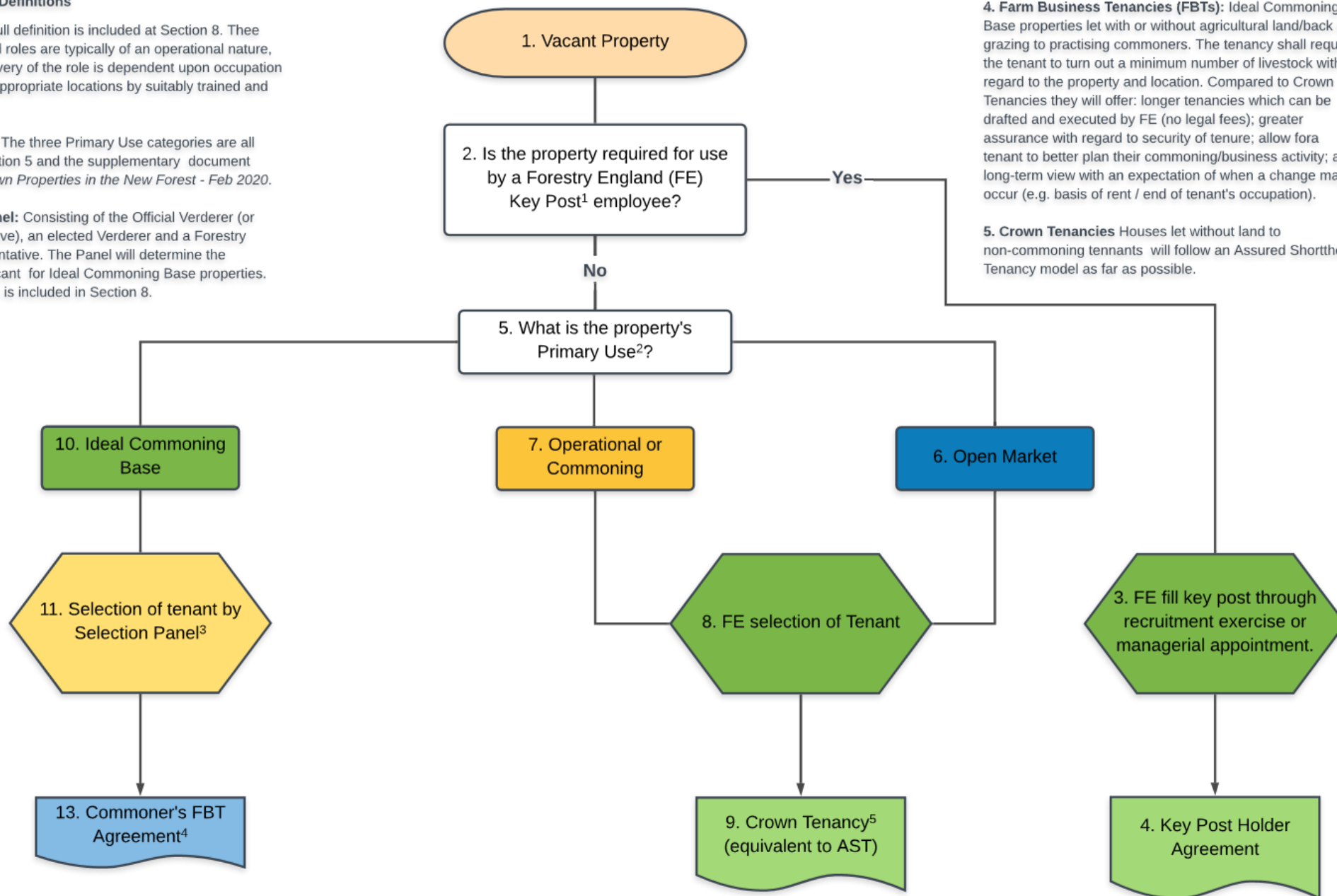
**2. Primary Use:** The three Primary Use categories are all explained in Section 5 and the supplementary document *Inventory of Crown Properties in the New Forest - Feb 2020*.

**3. Selection Panel:** Consisting of the Official Verderer (or their representative), an elected Verderer and a Forestry England representative. The Panel will determine the successful applicant for Ideal Commoning Base properties. More information is included in Section 8.

### Key Terms and Definitions

**4. Farm Business Tenancies (FBTs):** Ideal Commoning Base properties let with or without agricultural land/back up grazing to practising commoners. The tenancy shall require the tenant to turn out a minimum number of livestock with regard to the property and location. Compared to Crown Tenancies they will offer: longer tenancies which can be drafted and executed by FE (no legal fees); greater assurance with regard to security of tenure; allow for a tenant to better plan their commoning/business activity; a long-term view with an expectation of when a change may occur (e.g. basis of rent / end of tenant's occupation).

**5. Crown Tenancies** Houses let without land to non-commoning tenants will follow an Assured Shorthold Tenancy model as far as possible.



## 6.3 Open Market Properties

Forestry England shall advertise to the whole market, informing the commoning community and staff in parallel.

Forestry England shall then manage the viewings and applications process, selecting a tenant committed to paying an open market rent. Should an active commoner apply then they should be selected in preference to a non-commoning applicant provided they meet the other attributes of a good tenant. Forestry England shall inform the Selection Panel if they receive any application from an individual who states they are an active commoner.

## 6.4 The Selection Panel

### Policy Statement 5

A Selection Panel consisting of:

1. The Official Verderer (OV), or an Appointed Verderer nominated by the OV;
2. An elected Verderer;
3. A Forestry England representative as landlord - usually the New Forest Land Agent;

will be formed to review applications and select a tenant for each Ideal Commoning Base property. The selection will be made with reference to the eligibility and selection criteria outlined in Section 8.

The different members of the Selection Panel will work collaboratively to ensure the optimum balance is struck between:

- realising the greatest public benefit;
- the most appropriate management and use of the property concerned;
- supported rents are directed towards the greatest need; and
- demonstrating appropriate financial management of public assets.

The Official Verderer will primarily represent the wider forest context, ensuring that the proposed use of the property is appropriate. An Elected Verderer will be drawn from a commoning background and shall advise on an applicant's past and proposed commoning activity. The Forestry England member of the panel principally represents the landlord's interests and shall seek to ensure the property will be safeguarded for its appropriate use.



## 7. Setting Rent Levels

The Review Group agreed an objective to determine an affordable level of rent for commoners and staff for its portfolio of properties in the New Forest. The Illingworth Report of 1992 set rents for commoners at 15% of income, which is now well below the norm for affordable rents, straining Forestry England's resources and incentivising tenants to remain in their properties regardless of their level of income and other assets.

In addition Forestry England faces:

- rising costs of repair, maintenance and improvement to properties in the context of an expanded regulatory framework (e.g. minimum energy performance standards, changes to rules on small sewage discharge) and the age of properties;
- lower rents due to the statutory framework (e.g. protected tenancies).

The Review Group Terms of Reference seek to balance affordable rents with demonstrating appropriate financial management of public assets whilst ensuring legal compliance. The overall rental income should be increased to better service the maintenance and expenditure costs. There is also an ambition to improve the environmental standards of the properties and meet standards required by any prevailing statutory regulations. For example, Forestry England wishes to improve insulation and reduce heating costs for tenants.

It is clear that the transition to new rental agreements will delay achieving a more sustainable financial position for some years, but the rent policies set out in this Section should operate from the date of approval of this Report and, as and when, properties become vacant for a new tenant. Transition arrangements for existing tenants are described in Section 7.3.

A "[Housing Affordability](#)"<sup>7</sup> report, produced in August 2017 for New Forest District Council, provided data to inform management of their social housing stock. It concluded that "formula rents", not "affordable rents" (defined as up to 80% of open market rents), would be affordable in the circumstances of market rent levels in the New Forest National Park. This report has provided the Review Group with the most relevant and up to date assessment of the local housing rental market and affordability assessment using nationally agreed formula. It provided a useful benchmark against which the Review Group could test rent formula scenarios for Forestry England managed properties in the New Forest.

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<sup>7</sup> New Forest District Council and JG Consulting: Housing Affordability, Final Report (August 2017). Available online at: <http://www.nfdc.gov.uk/CHttpHandler.ashx?id=35605&p=0>

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The following tables, derived from this report, summarise the assessment of rent levels by property size and Table 3 suggests that social rents are in the order of 50%-60% of average open market rents for 2-3 bedroom properties.

**Table 3: Rent Levels (£ per calendar month) in New Forest District Council (NFDC) and New Forest National Park Authority (NPA) areas**

	Average Market Rent	Lower Quartile Market Rent (NFDC+NPA)	Lower Quartile Market Rent (NPA Only)	Affordable Rent @ 80% of Market	Social Rent	Social Rent as % of Market Rent
	£ pcm	£ pcm	£ pcm	£ pcm	£ pcm	
Room Only	455	442	No data	364	No data	-
1 Bedroom	625	585	640	500	400	64%
2 Bedrooms	795	725	750	636	461	58%
3 Bedrooms	975	875	940	780	498	51%
4 Bedrooms	1450	1250	1640	1160	554	38%

Source: Housing Affordability Report (August 2017)<sup>8</sup>

**Table 4: Affordability annual household income thresholds**

		Lower Quartile Market Rent	Affordable Rent @ 80% of Market	Social Rent
All NFDC and NPA Areas	1 Bedroom	£ 21,938	£ 18,720	£ 17,143
	2 Bedrooms	£ 27,188	£ 23,200	£ 19,757
	3 Bedrooms	£ 32,813	£ 28,000	£ 21,343
	4 Bedrooms	£ 46,875	£ 40,000	£ 23,743
NPA Area Only	1 Bedroom	£ 24,000	£ 20,480	£ 17,143
	2 Bedrooms	£ 28,125	£ 24,000	£ 19,757
	3 Bedrooms	£ 35,250	£ 30,080	£ 21,343
	4 Bedrooms	£ 61,500	£ 52,480	£ 23,743

Source: Housing Affordability Report (August 2017)<sup>8</sup>

Note: Affordability thresholds are based on 27-35% of gross household income spent on rent

For comparison, a Forest Craftsperson employed by Forestry England has a salary of £20,752 (2019/20). These affordability thresholds are based on household income defined as the two highest incomes in the household.

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A further report produced by the Ministry of Housing, Communities and Local Government (HCLG) in February 2019, “[Policy Statement on Rents for Social Housing](#)”<sup>8</sup> has also provided useful guidance for the Review Group. This report set out the Government’s policy for social housing nationally to be applied from 1 April 2020.

This report is relevant because it sets out a national formula (based on extensive research, data and consultation) to determine social rents adjusted at county level to reflect relative values and incomes. The policy statement is directed at registered providers of social housing. Forestry England is not a registered provider, but the Review Group agreed that the formula used in the HCLG document was relevant as a basis for its policy statements.

The Review Group is aware that Forestry England must be able to justify rents below open market levels. The special qualities of the New Forest National Park rely upon the continuation of a system of vocational commoning. It is clear that the quality and protection of the New Forest landscape requires people with practical skills in land and livestock management. Housing some workers within and close to the Forest has been identified by previous commoning reviews as critical to delivery of favourable condition of the designated landscape and the welfare of livestock which graze across it.

The justification for rents below the market level is two-fold. Firstly, the desirability of the National Park means that open market rents are unrelated to local incomes (as demonstrated in the NFDC’s Housing Affordability Report analysis) and highlighted in the report of the 2019 Landscapes Review of National Parks and AONBs.

Secondly, selected tenants would contribute an appropriate level of public benefit from the environmental and social outcomes they achieve through their activity. This approach is fully aligned with the Minister’s Mandate for the Management of the Crown Lands of the New Forest as it prioritises the conservation of the natural and cultural heritage, of which commoning is a critical component.

The public benefit is principally derived through improving the natural capital value of the New Forest and maintaining its cultural heritage. The Forest Farming Group recently commissioned an [assessment](#)<sup>9</sup> of the public goods that contribute to the Forest’s natural capital value.

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<sup>8</sup> Ministry of Housing, Communities and Local Government: Policy statement on rents for social housing (February 2019). Available online at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/781746/Policy\\_Statement.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/781746/Policy_Statement.pdf)

<sup>9</sup> Forest Farming Group: Understanding the New Forest’s Natural Capital And how its management provides public goods to the nation (September 2019). Available online at: <https://www.newforestnpa.gov.uk/app/uploads/2019/10/00995-NF-Natural-Capital-Report-web.pdf>

At a practical level this means people who are active in managing and maintaining the condition of the land, the vegetation upon it, the biodiversity occupying it, the livestock that graze it, and any facilities provided for public recreation or educational use may be able to claim their activities increase or prevent decline in the Forest's natural capital value or cultural heritage. The benefit is further increased if the activity is also directly contributing to delivery of the objectives of the Special Area of Conservation (SAC) Management Plan.

## 7.1 Rents for Active Commoners

Any tenant who is an active commoner and approved by the Selection Panel would be offered a tenancy with a rent based on the **National Rent formula** set out in HCLG's Policy Statement (February 2019).<sup>10</sup> Rents determined in this way are subsequently referred to as a "Formula Rent" throughout this document.

This would apply valuations calculated at the time the tenancy is agreed. Details and examples of how this rent formula is calculated for Forestry England properties is given in Appendix 4 and a summary of financial models developed by Forestry England to estimate what effect these new agreed rent levels would have over 15 years is provided at Appendix 5.

Any new tenancy would be in the form of a Farm Business Tenancy (FBT) which would allow:

- A high level of certainty for both parties and stronger security of tenure to the tenant; tenancies longer than three years could be offered to better allow the tenant to plan and invest in the future whilst minimising the legal fees for both parties.
- The landlord and tenant are free to agree how any necessary improvements or investments such as new barns or fencing works can be dealt with at the end of the tenancy and if applicable, how any compensation due will be calculated.
- The likely ability for the tenant to provide evidence within a new agricultural/rural grant scheme that they are delivering public goods.

Rent adjustments over the full FBT term could be agreed in advance or subject to review every 2 years as with all non-commoning tenants. The expectation however, would be that they will rise in line with inflation as set out in the Policy Statement. This equates to an annual increase of CPI + 1%<sup>11</sup>.

The proposal is to give any new tenant, who is an active commoner, an initial two-year FBT with an option to extend this out for a further term, ordinarily a minimum of 5 years,

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<sup>10</sup> Ministry of Housing, Communities and Local Government: Policy statement on rents for social housing (February 2019).

<sup>11</sup> CPI is the Consumer Price Index as published by the Office for National Statistics or, if that index is not published for any month, any substituted index or index figures published by that Office.

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dependent on individual circumstances. This would apply to cottages let with, or without, land located adjacent. If the tenant rents other land from Forestry England separately this should be transferred into the FBT at the earliest opportunity. During the initial two year period the tenant will have to demonstrate their commitment to commoning and any additional public benefits they have cited in their application. The FBT would carry specific conditions which commit the tenant to the delivery of these benefits.

After two years the Selection Panel would advise Forestry England of its view of the tenant's performance against the FBT conditions and their original application commitments. Sufficient positive demonstration of that initial commitment would allow the FBT to be extended, providing the tenant with security of tenure and encouraging their further investment in commoning activities and facilities for managing stock.

The government guidance on setting social rents sets out a 'high income' threshold whereby it believes local authorities should be able to charge those in social housing with high incomes a fairer level of rent to stay in their homes.<sup>12</sup> It goes on to explain that this policy would allow local authorities to make best use of social housing, stating:

*"It would give them additional income to invest in new social housing - helping more people in housing need - and would help ensure sub-market rents are being provided only to those tenants who clearly need them."*

The Review Group feel this reasoning holds true for houses let below market rates to commoners and Forestry England staff too and therefore proposes to introduce an earnings threshold above which the rent would be increased. The threshold will initially be set at £60,000 per annum as a household income, consisting of the highest two earners resident at the Forestry England property. If household income is above this level the rent to be charged shall be increased incrementally up to an upper threshold after which a full open market rent will be chargeable. More information is contained within Appendix 4.

## **Policy Statement 6**

Where a cottage is let to an active commoner with specific commoning related conditions forming part of their tenancy, the rent shall be determined by calculating a formula rent as set out in Appendix 4.

This shall apply to all new tenancies, whether the commoner is a Forestry England employee or not, and also to those existing tenancies that contain conditions requiring the tenant to depasture a minimum number of stock - known as a 'Commoners Agreement'. This minimum number of stock shall be determined by the Selection Panel with reference to each particular location and circumstance.

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<sup>12</sup> Department for Communities and Local Government: Guidance on Rents for Social Housing (May 2014). Available online at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/313355/14-05-07\\_Guidance\\_on\\_Rents\\_for\\_Social\\_Housing\\_Final\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/313355/14-05-07_Guidance_on_Rents_for_Social_Housing_Final_.pdf)

# Housing Review 2020

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## **Policy Statement 7**

Once the household income exceeds £60,000 per annum it shall trigger a stepped uplift in from the formula rent as set out in Appendix 4.

## **Policy Statement 8**

The rent formula and higher earnings thresholds shall be increased at the annual rate of CPI + 1%. Any member of the Review Group may request that the Housing Liaison Group convenes to discuss a requirement to rebase these values should the economic circumstances and wider context suggest a material change in these relative values.

## **Policy Statement 9**

Where a tenant is unable to, or chooses to cease providing the public benefit, they shall be expected to vacate the property within 12 months to allow for another commoning tenant to take occupation and ensure that additional public benefit is realised. In exceptional circumstances, they may remain in the property with the agreement of the Selection Panel for up to two years. The rent to be charged will be dependent upon the circumstances and the reason why the public benefit ceased.

## **7.2 Rents for Forestry England staff**

If Forestry England staff are required to occupy a core house then their rent will be determined by the prevailing national Forestry England agreements for such roles.

Where Forestry England staff occupy a property with an occupancy restriction a market rent will be charged. However, as the “market” is restricted the rent will be adjusted to reflect this. This currently results in a discount of approximately 20% off the open market rent value.

If staff are, or wish to commit to becoming a commoner, they will be eligible to apply for a vacant property suitable for a commoner. They will be judged alongside other applicants using the same selection criteria and will pay rent at the level defined in Section 7.1. If an employee has been occupying a property for 2 years or more and then wishes to take up commoning, their rent will be adjusted to match that as set out in Section 7.1. This adjustment shall take place on a date after the commencement of their commoning activity to be agreed with the Forestry England Land Agent. Future rent reviews will then take place on the anniversary of this date rather than the tenancy commencement date. The Land Agent must be satisfied that the commoning activity constitutes a material public benefit, comparable to other Active Commoner tenants and may take advice from the Selection Panel as required.



# Housing Review 2020

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## 7.3 Transition Arrangements for Existing Tenants

How existing tenants move to the new arrangements for their rent calculation will depend on the terms for rent review within their existing agreements. Rent review periods within existing agreements will remain unchanged.

If their rent is re-calculated using a fixed formula defined in their agreement then that formula will continue to be applied until that agreement expires.

If their rent, at review, is calculated by negotiation then the rent at the next review date will be re-calculated using the arrangements defined in Section 7.1. If this new rent level is greater than their current rent then rents would be increased through a series of staged payments up to that new level. It is envisaged that staged payments would be negotiated to complete the transition within a maximum of 5 years.

Where this transition arrangement would cause undue hardship (evidenced by household income information) then the tenant could appeal to the Selection Panel (for formula rent situations) or the New Forest Land Agent (for Forestry England employee occupancies) for consideration of an alternative transition period.

At the date of this Report there are no tenants who are paying more than the formula rent.

## 7.4 Ongoing Management Arrangements

As the landlord, Forestry England would normally undertake a property inspection and rent review at a frequency defined in their agreement. If the tenant is occupying a property to deliver commoning and associated public benefits, then the review meeting would require sharing evidence of their commoning related activity and a declaration of their household income.

**Rent Reviews:** The usual approach will be for these to be applied once every two years on the anniversary of the tenancy commencement date. If the rent set was a formula rent then it will be subject to an annual increase of CPI + 1%, but this will be applied every two years.

A Farm Business Tenancy does allow for the Landlord and Tenant to agree a different schedule and method if they so wish. For example, this may be agreed throughout the transition period to give certainty or in conjunction with investment by either party into the property.

# Housing Review 2020

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**Property Inspection:** Forestry England will inspect the property at least once every two years to inform and facilitate any planned repairs, maintenance and upgrades and to ensure the conditions of the tenancy are being met.

**Tenancy conditions specific to commoning:** There are a number of different factors which may influence who is selected for a new tenancy and how much rent is charged. The tenant will be required to confirm whether any of these factors have changed every two years. This information is likely to be confirmed in writing and cover:

- the numbers of **livestock turned out**;
- **who is resident** at the property;
- the **household income** defined as the two highest incomes in the household;
- any **business activity** taking place on the property or facilitated by the property;
- access to **alternative property**.

Forestry England shall consider whether any of these changes would necessitate an amendment to the existing tenancy (including rent levels) or the grant of a new tenancy at renewal. This would be particularly applicable should any of the changes have made a material impact on the application when the property was originally let. If any changes are deemed to be required, Forestry England shall consult the Selection Panel.

## 8. Tenant Qualification and Selection

It is proposed that tenants for every vacant Ideal Commoning Base property will be chosen by the Selection Panel proposed in Policy Statement 5 ([page 13](#)).

The Selection Panel would consider all applications for a tenancy against a range of criteria described in table below. Each applicant would provide written evidence of their contribution against each criterion. Generally the applicant who demonstrates the greatest commitment to these criteria would be offered the tenancy remembering that people offered properties on reduced rents should be able to demonstrate their delivery of public benefits.

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Selection Criteria	Possible Examples of Evidence
1. Commitment to Commoning	Evidence of vocational commitment to commoning. This could be, for example, work with the CDA, Pony Breeding Society, with Agisters at the Pony Sales, drifts or New Forest Show, participation in a commoners mentoring scheme. This could also be through evidence of a real willingness for vocational commitment to commoning enabled through a tenancy.
2. Commitment to high standards of commoning	Evidence of the pursuit of good standards in commoning. This could include animals kept in good condition, relevant formal training, results from livestock sales, pony gradings, livestock showing, New Forest Marque sales and good standards of care of existing back-up land.
3. Commitment to the New Forest	Evidence of active commitment to the landscape and its cultural heritage. This could include professional or voluntary work on the habitats or engagement with Forest users.
4. Work Commitments	Evidence that the necessary commitments to commoning are deliverable alongside other work and family life. E.g. work does not lead to regular or lengthy time away from livestock which require a 24/7 responsibility. Flexible and local working arrangements are therefore particularly valuable.
5. Need for Housing/Land	Evidence that alternative or current accommodation and land is limiting their potential contribution to commoning. E.g. the location or nature of existing accommodation and back-up land may be limiting the applicant's potential in commoning. This may be due to travel distance, distance from the Open Forest, land parcel size or lack of security of tenure.
6. Character	Evidence of good character from two or more references. Where the applicant has previously rented a property one of these references should be from that past landlord.
7. Income	Evidence of sufficient household income to meet the required rent, maintain the facilities in good condition and maintain high standards of welfare of their animals
The following criterion would only be assessed if the vacant property does not have appropriate and sufficient back-up land as part of the tenancy	
8. Access to Back-Up Land	Many properties will require that the applicant has sufficient back-up grazing available. Applicants in this situation will have to demonstrate that they do have access to additional land should it be required.

Forestry England will develop ways to make periodic checks on household income changes

## Appendix 1: Review Group Members & Advisors

### Chair:

Oliver Crosthwaite-Eyre	Chairman of New Forest National Park Authority
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### Commoners Defence Association:

Tony Hockley	Chair, Commoners Defence Association
Sam Dovey	Commoners Defence Association

### Verderers of the New Forest:

Lord Manners	Official Verderer
Edward Heron	Appointed Verderer

### Forestry England:

Mari Sibley	Director of Estates, Forestry England
Bruce Rothnie	Deputy Surveyor of the New Forest, Forestry England
Michael Graham	Assistant Land Agent, Forestry England

### Advisors:

Steve Avery	Executive Director (Strategy & Planning), New Forest National Park Authority
Kate Russell	Central Association of Agricultural Valuers
Tim Davis	Housing Development and Strategy Manager, New Forest District Council (first meeting only)

## Appendix 2: Summary List of Policy Statements

### Policy Statement 1

The Primary Use category of each property (as identified in the supplementary document “Inventory of Crown Properties in the New Forest (Feb 2020)”) will be used to determine:

- the process for re-letting when that property becomes vacant
- the formula for calculating rent

### Policy Statement 2

The Review Group has interpreted a “woodmen” - the term used in the occupancy restriction of some properties - as:

Any person who is actively contributing to the practical management of the land, vegetation or wildlife of the New Forest, or the management of commoning livestock that graze upon it. Their contribution should be regarded as more than minimal and/or temporary.

### Policy Statement 3

Active commoners shall be prioritised over non-commoning applicants for Open Market properties when all other factors, such as an applicant’s ability to be a good tenant and pay the rent, are equal. Forestry England shall inform the Selection Panel<sup>13</sup> if they receive applications from active commoners.

### Policy Statement 4

If in the future the social, political or organisational context changes then the assessment of each property’s Primary Use can be reviewed through agreement with the Housing Liaison Group (see Appendix 7).

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<sup>13</sup> The membership of the Selection Panel is outlined in Policy Statement 5 below. More information is included in Section 6.1.

## **Policy Statement 5**

A Selection Panel consisting of:

1. The Official Verderer (OV), or an Appointed Verderer nominated by the OV;
2. An elected Verderer;
3. A Forestry England representative as landlord - usually the New Forest Land Agent;

will be formed to review applications and select a tenant for each Ideal Commoning Base property. The selection will be made with reference to the eligibility and selection criteria outlined in Section 8.

## **Policy Statement 6**

Where a cottage is let to an active commoner with specific commoning related conditions forming part of their tenancy, the rent shall be determined by calculating a formula rent as set out in Appendix 4.

This shall apply to all new tenancies, whether the commoner is a Forestry England employee or not, and also to those existing tenancies that contain conditions requiring the tenant to depasture a minimum number of stock - known as a 'Commoners Agreement'. This minimum number of stock shall be determined by the Selection Panel with reference to each particular location and circumstance.

## **Policy Statement 7**

Once the household income exceeds £60,000 per annum it shall trigger a stepped uplift in from the formula rent as set out in Appendix 4.

## **Policy Statement 8**

The rent formula and higher earnings thresholds shall be increased at the annual rate of CPI + 1%. Any member of the Review Group may request that the Housing Liaison Group convenes to discuss a requirement to rebase these values should the economic circumstances and wider context suggest a material change in these relative values.

## **Policy Statement 9**

Where a tenant is unable to, or chooses to cease providing the public benefit, they shall be expected to vacate the property within 12 months to allow for another commoning tenant to take occupation and ensure that additional public benefit is realised. In exceptional circumstances, they may remain in the property with the agreement of the Selection Panel for up to two years. The rent to be charged will be dependent upon the circumstances and the reason why the public benefit ceased.



## Appendix 3: Occupation Restrictions and the “woodmen” clause

A long-standing occupation restriction has applied to cottages located within the Statutory Inclosures of the New Forest by way of the New Forest Act 1854. Whilst this Act is now repealed, legal advice sought by the Forestry Commission, when it was proposed to sell some properties in the 1980s, confirmed it still applies, acting in a similar way to a restrictive covenant.

### Section 38 of the New Forest Act 1854

The relevant wording can be found in Section 38 of the Act which states:

“And whereas in the Inclosures made or to be made in the said Forest under the Authority of the Act Forty-eighth of George the Third, Chapter Seventy-two, and of the Act Fourteenth and Fifteenth of Victoria, Chapter Seventy-six, small Portions of Land have been and may be appropriated by the Crown for Cottages and Buildings for **Woodmen**<sup>1</sup>, with Gardens attached thereto, and it **may not be expedient**<sup>2</sup> that such small Portions of Land should in all Cases be liable to be thrown open with the rest of the Inclosures in which they are situate: Be it enacted, That, notwithstanding anything in the said Acts or either of them contained, Cottages or Buildings erected or to be erected for Woodmen in any Inclosure within the said Forest, and the Sites thereof, with a Garden and Orchard attached to each of such Cottages, not exceeding in each Case Two Acres in Extent, may, if and so long as the Commissioners of Her Majesty's Woods, Forests, and Land Revenues shall think fit, remain, and be **held in Severalty in the actual Possession of the Crown, freed and discharged from all Rights of Common**<sup>3</sup> and other Rights, Titles, or Claims whatsoever: Provided always, that the total Quantity of Land within the said Forest which Her Majesty, Her Heirs and Successors, are by the said Acts or either of them authorized to hold and keep inclosed and in Severalty shall not be thereby increased, and that the **Cottage and Garden shall be situated within a Quarter of a Mile of some Inclosure**<sup>4</sup>.”

(In the margin) “Woodmen’s Cottages may remain after the Inclosures have been thrown out, but the total Quantity of inclosed Land not to be thereby increased.”

Forestry England considers the most important sections are highlighted in bold above and with the following notes:

1. The cottages were erected for the purpose of housing “woodmen”:

1.1. No definition of “woodmen” was provided within the Act;

- 1.2. The Collins English dictionary definition of “woodman” or “woodmen” states; “a person who looks after and fells trees used for timber” or, now obsolete, “a hunter who is knowledgeable about woods and the animals living in them”. It could be argued that an active commoner, being knowledgeable about the ‘woods’ including the open forest landscape of the New Forest and the animals living in it - including those which they are responsible for - fits this definition in its broadest sense.
2. The cottage and any attached land (up to a total of two acres) may remain enclosed, free from the rights of common even if the surrounding inclosure is thrown open.
3. The Crown must remain in possession of the cottages and attached land.
  - 3.1. The ‘Crown Lands’ of the New Forest are now vested in the Minister for Environment Food and Rural Affairs as opposed to the Office of Woods, hence it is as the Secretary of State for Defra ‘shall think fit’ that the cottages remain and be used.
  - 3.2. Legal advice sought by the Forestry Commission in the 1980s concluded that: “Section 38 did not say in so many words that in order to continue to enjoy the exemption conferred by the Section, the accommodation could never be occupied by anyone else. A cottage can remain “so long as the (Minister) thinks fit”, not, for example, “so long as he requires it for occupation by woodmen”.  
This could be seen to allow for a broadening of their use by others, no longer employed by the Crown (now Forestry England) in the management of the Inclosures. However, E W Wills, Assistant Treasury Solicitor for The Treasury Solicitor went on to advise that: “I do not think this apparent freedom could be pushed too far. No doubt the continued existence of the cottages was tolerated because when built they had a direct relationship to the purpose of the Inclosures, and even now I believe the Minister might have difficulty in justifying his decision if he “thought fit” to allow a cottage to be used for some quite unrelated purpose.”  
The Review Group feel it is reasonable and consistent with the spirit of the New Forest Acts that allowing such cottages to be occupied by those turning out stock onto the open forest, and therefore contributing in a real and tangible way to the management of the wider New Forest, not just the Inclosures, is not an “unrelated purpose”. This is especially so given land management priorities have since changed and the value (in its broadest sense, including the natural capital value) of these open habitats is now well recognised. The land the cottages occupy was carved out of the open forest and so it is reasonable for those contributing to its management and value to be allowed to occupy these cottages.
4. The cottage and garden/paddock land should be located within a quarter mile of an inclosure - so any plans to throw open Inclosures could have an impact on cottages.

## Agreed interpretation of the “woodmen” clause

Given all of the above, the Review Group has agreed the following interpretation of the phrase “woodmen”, as it is included within the New Forest Act 1854:

Any person who is actively contributing to the practical management of the Crown lands of the New Forest, the vegetation upon that land or the management of commoning livestock that grazes upon it. Their contribution should be regarded as being significant and permanent in nature rather than minimal and/or temporary.

An individual could therefore qualify for a tenancy of an Inclosure property through either;

- their employment with Forestry England;
- their employment as an Agister; or
- their commoning activity.

The following Forestry England staff shall therefore be deemed eligible to occupy a Statutory Inclosure cottage via their employment:

- **Operational** staff including Keepers, Foresters, Works Supervisors, and Forest Craftspeople (the closest to the old “woodmen” definition given Foresters and Keepers historically used to have their own accommodation including some of the Lodges around the forest (Wilverley, Bolderwood, Bramble Hill, Ironshill, etc.).
- **Recreation** staff responsible for Forest users including Forest Craftspeople and Recreation Rangers. These staff are typically heavily involved with the education and enforcement of the byelaws which help protect the Crown lands and stock grazing upon it.

In order to qualify via the ‘commoning’ condition a prospective tenant shall demonstrate a strong commitment to and/or good history of commoning through providing evidence against the Selection Criteria outlined in Section 8.

## Appendix 4: Worked Example of Calculating a Formula Rent for a Forestry England Property

1. The National Formula Rent for Social Housing is based on some national, regional and property specific data relating to rents, capital values and earnings. The Department for Housing, Communities and Local Government (HCLG) published the full guidance in 2014<sup>14</sup> and subsequently updated this in 2019<sup>15</sup> after the passing of the Housing and Planning Act 2016 which contained relevant provisions.
2. The basis for the calculation of formula rents is:
  - 30 percent of a property's rent should be based on relative property values;
  - 70 percent of a property's rent should be based on relative local earnings; and
  - a bedroom factor should be applied so that, other things being equal, smaller properties have lower rents.
3. This can be expressed as a formula, in which the formula rent for a property is calculated using the following approach:

70% of the national average rent,  
multiplied by relative county earnings,  
multiplied by bedroom weighting,

plus

30% of the national average rent,  
multiplied by relative property value,

equals the weekly formula rent.

The guidance defines the following terms as follows:

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<sup>14</sup> Department for Communities and Local Government: Guidance on Rents for Social Housing (May 2014). Available online at:  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/313355/14-05-07\\_Guidance\\_on\\_Rents\\_for\\_Social\\_Housing\\_Final\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/313355/14-05-07_Guidance_on_Rents_for_Social_Housing_Final_.pdf)

<sup>15</sup> Ministry of Housing, Communities and Local Government: Policy statement on rents for social housing (February 2019). Available online at:  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/781746/Policy\\_Statement.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/781746/Policy_Statement.pdf)

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- *National average rent* means the national (England) average rent in April 2000.
- *Relative county earnings* means the average manual earnings for the county in which the property is located divided by national average manual earnings, both at 1999 levels. Appendix A of the published guidance contains details of the earnings data to be used.
- *Relative property value* means an individual property's value divided by the national (England) average property value, as at January 1999 prices.

## 4. Example Calculation:

When considering a Forestry England property in the New Forest to be let to an active commoner, the Formula Rent can be calculated as follows.

4.1. The nationally and regionally based information derived from the guidance is:

Average weekly rent at April 2000	£54.62
Average weekly earnings in Hampshire	£328.70
National average weekly earnings	£316.40
Bedroom weight	2 bed = 1.0 3 bed = 1.10 4 bed = 1.20
National average property value in January 1999	£49,750

## 4.2. Lower Value Property:

The property is located in Hampshire and the capital value is estimated to be £108,048 in January 1999. This is based on a capital value reported as at March 2018 in Forestry Commission England's financial accounts of £395,000, index linked backwards to 1999 levels using Land Registry/Office of National Statistics House Price Index data. The property is a 3-bedroom semi-detached house built circa 1948. It is located on the edge of a village and is Crown Freehold, currently let with the benefit of adjacent back-up grazing land.

4.2.1. Putting these figures into the formula:

70% of the average rent	0.7	x	£54.62	=	£38.23
Multiplied by relative county earnings	(£328.70 ÷ £316.40)	x	£38.23	=	£39.72
Multiplied by bedroom weight	£39.72	x	1.10	=	£43.69
Gives a subtotal for Part 1 of:					£43.69
30% of the average rent	0.3	x	£54.62	=	£16.39
Multiplied by relative property value	(£108,048 ÷ £49,750)	x	£16.39	=	£35.59
Gives a subtotal for Part 2 of:					£35.59
Adding together the sub-totals	£43.69	+	£35.59	=	£79.28

4.2.2. In this example, this gives a formula rent of: £79.28 per week as of April 2000. This is then index linked upwards using the inflationary figures in the national guidance (Retail Prices Index 2001-15 and Consumer Prices Index 2016-2019) to give a 2019/20 figure of £142.52. This is then converted into a monthly rental figure as follows:

$$£142.52 \times 52 \text{ (weeks)} = £7,411.04$$

$$£7,411.04 / 12 \text{ (months)} = £617.58117$$

Say £618 PCM

4.3. Forestry England's properties vary significantly in their size and location. A mid-range and higher value property are also offered below as examples:

#### 4.3.1. Mid-Value Property

The property is located in Hampshire and the capital value is estimated to be £143,609 in January 1999. It's a 2-bedroom detached cottage built circa 1905. It is located on a large private plot surrounded by grazing paddocks, approximately 1.3 miles a railway station.

70% of the average rent	0.7	x	£54.62	=	£38.23
Multiplied by relative county earnings (£328.70 ÷ £316.40)		x	£38.23	=	£39.72
Multiplied by bedroom weight	£39.72	x	1.00	=	£39.72
Gives a subtotal for Part 1 of:					£39.72
30% of the average rent	0.3	x	£54.62	=	£16.39
Multiplied by relative property value (£108,048 ÷ £49,750)		x	£16.39	=	£47.30
Gives a subtotal for Part 2 of:					£47.30
Adding together the sub-totals	£39.72	+	£47.30	=	£87.02
Uprate to 2019 values					£156.43
Convert to a monthly figure	(156.43 x 52)/12			=	£677.87
		Say			£678 PCM

#### 4.4. Higher-Value Property



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The property is located in Hampshire and the capital value is estimated to be £166,313 in January 1999. It's a 3-bedroom detached cottage built circa 1959. It is located on a large private plot with a large lawned garden benefitting from a timber stable and store block and adjacent 1 acre paddock.

70% of the average rent	0.7	x	£54.62	=	£38.23
Multiplied by relative county earnings	(£328.70 ÷ £316.40)	x	£38.23	=	£39.72
Multiplied by bedroom weight	£39.72	x	1.10	=	£43.69
Gives a subtotal for Part 1 of:					£43.69
30% of the average rent	0.3	x	£54.62	=	£16.39
Multiplied by relative property value	(£166,313 ÷ £49,750)	x	£16.39	=	£54.78
Gives a subtotal for Part 2 of:					£54.78
Adding together the sub-totals	£43.69	+	£54.78	=	£98.47
Uprate to 2019 values					£177.01
Convert to a monthly figure	(177.01 x 52)/12			=	£767.04
		Say			£767 PCM

## Higher Earning Threshold

5. The Review Group agreed that a higher earnings threshold, similar to the Government's 'Pay to Stay' at market rents policy<sup>16</sup> would be appropriate where houses are let below market rates. This results in households earning over an initial £60,000 threshold paying higher rent, on a stepped scale, up to the full open market value. The Government's Policy Statement (2019) on Social Rent stated that:  
"We believe that, where a social tenant household has an annual income of at least £60,000, the landlord should be able to charge them the full market rent, rather than being expected to continue to provide them with a sub-market rent. This would allow landlords to make best use of social housing, and would mean a sub-market rent is provided only to those tenants who clearly need it."
6. However, whilst the Government's taper has been set at 15% (an extra 15p of weekly rent is charged for each additional £1 earned over the £60,000 annual household income, up to the open market value), the Review Group felt this would lead to too

<sup>16</sup> House of Commons Library. Briefing Paper Number 06804, 9 June 2017: Social housing: pay to stay at market rents (2017). Available online at: <https://researchbriefings.files.parliament.uk/documents/SN06804/SN06804.pdf>

sharp an increase in rent given the context and not reflect the public benefit being generated by the tenant.

7. As such, the taper to be applied to Forestry England properties let below market rates in return for the public benefit is defined in Policy Statement 7 and the table below:

**Table 1: Higher Earning Threshold**

Household Income	Adjustment to Formula Rent
Below £60,000	None
£60,001 to £65,000	Add 20% of formula rent
£65,001 to £70,000	Add 40% of formula rent
£70,001 to £75,000	Add 60% of formula rent
£75,001 to £80,000	Add 80% of formula rent
£80,001+	Apply Market Rent

8. Household Income for this purpose is defined as the two highest incomes earned by those adults residing at the Forestry England property. This should include any grant scheme payments made to the household, whether taxable or not and irrespective of whom the claimant is. If these payments are made in relation to commoning activity taking place or facilitated by the Forestry England property it would not be equitable for them to be discounted in any way.
9. The Threshold Values (with the lower value initially set at £60,000 per annum) will be increased by CPI + 1% annually.

## Appendix 5: Income and Expenditure Models

In the table and chart below Forestry England has attempted to model the expected income and expenditure related to the 65 residential properties over the next 15 years. In doing so a number of assumptions have been made:

- No **inflation** or **rent reviews** have been factored in. The expected expenditure figures are based on costs incurred in the 2019/20 financial year. If the basis of calculating the rent for any given property does not change as a result of this review then its rental value remains static within this model throughout the 15 years.
- The **expenditure** values do not include any overhead costs - for example: Forestry England staff time dedicated to managing the properties, liaising with tenants, administering and procuring repair and maintenance contracts; recruiting, training and managing these posts; or the buildings, vehicles and equipment used by these staff.
- An estimation of which properties may become **vacant** and when this might be has been made based on Forestry England's knowledge of the tenant, their age, situation and employment status.
- There are **no void periods** factored into this model - any re-letting is assumed to be immediate with no loss of income.
- Where a property does become vacant and therefore capable of being re-let it is assumed that it will be re-let in line with its identified Primary Use. This Primary Use category determines the **rental value**. It has been assumed that the number of properties used as Core Houses remains static within the 15 year period.
- Where a tenant is currently in receipt of 'notional' **Housing Benefit** this has been assumed to continue at the same rate until they vacate the property. No estimation has been made as to if or when any existing or new tenant(s) would start claiming Housing Benefit or the housing element of Universal Credit. In reality the inability of Forestry England to receive notional Housing Benefit is likely to have a negative impact on the total income received as tenants are likely to stay in properties for as long as possible on reducing incomes after retirement.

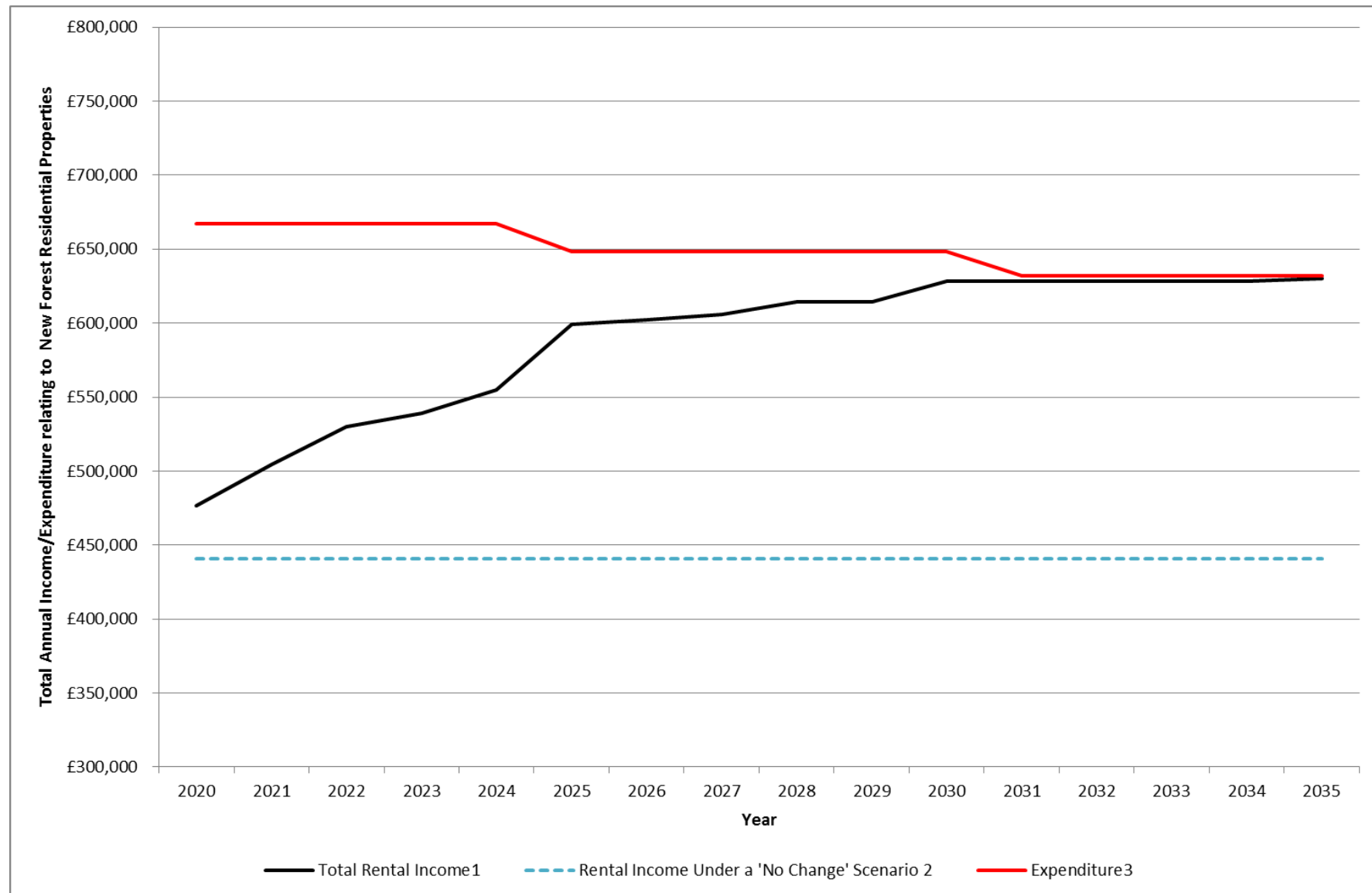
Table 1: Summary of Modelled Income and Expenditure over 15 Years by Primary Use Category

	Current Rent	Sum of Rent Received (less NHB) <sup>1</sup>	Immediate Implementation Scenario <sup>5</sup>	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Ideal Commoning Base Properties	£ 263,907	£ 247,054	£ 317,809	£ 275,052	£ 280,188	£ 305,412	£ 314,700	£ 318,288	£ 325,728	£ 327,696	£ 331,296	£ 331,716	£ 331,716	£ 331,740	£ 331,740	£ 331,740	£ 331,740	£ 331,740	£ 331,740
Open Market Properties	£ 128,920	£ 109,241	£ 223,800	£ 132,048	£ 154,836	£ 154,836	£ 154,836	£ 166,800	£ 202,980	£ 204,180	£ 204,180	£ 204,180	£ 204,180	£ 218,580	£ 218,580	£ 218,580	£ 218,580	£ 218,580	£ 218,580
Operational or Commoning Properties	£ 65,880	£ 59,425	£ 87,744	£ 69,504	£ 69,504	£ 69,504	£ 69,504	£ 69,504	£ 70,248	£ 70,248	£ 70,248	£ 78,300	£ 78,300	£ 78,300	£ 78,300	£ 78,300	£ 78,300	£ 78,300	£ 79,680
Total Rental Income <sup>1</sup>	£ 458,706	£ 415,720	£ 629,353	£ 476,604	£ 504,528	£ 529,752	£ 539,040	£ 554,592	£ 598,956	£ 602,124	£ 605,724	£ 614,196	£ 614,196	£ 628,620	£ 628,620	£ 628,620	£ 628,620	£ 628,620	£ 630,000
Rental Income Under a 'No Change' Scenario <sup>2</sup>	£ -	£ -	£ 440,700	£ 440,700	£ 440,700	£ 440,700	£ 440,700	£ 440,700	£ 440,700	£ 440,700	£ 440,700	£ 440,700	£ 440,700	£ 440,700	£ 440,700	£ 440,700	£ 440,700	£ 440,700	£ 440,700
Expenditure <sup>3</sup>	£ 600,000	£ 600,000	£ 667,108	£ 667,108	£ 667,108	£ 667,108	£ 667,108	£ 667,108	£ 648,108	£ 648,108	£ 648,108	£ 648,108	£ 648,108	£ 648,108	£ 632,108	£ 632,108	£ 632,108	£ 632,108	£ 632,108
Net Spend (excl. overheads) <sup>4</sup>	£ 141,294	£ 184,280	£ 37,756	£ 190,504	£ 162,580	£ 137,356	£ 128,068	£ 112,516	£ 49,152	£ 45,984	£ 42,384	£ 33,912	£ 33,912	£ 19,488	£ 3,488	£ 3,488	£ 3,488	£ 3,488	£ 2,108

Notes	
1 - Total Rental Income and Notional Housing Benefit (NHB)	This represents the sum of all three categories of property. As a government department, the Forestry Commission (acting as Forestry England) does not receive any income where Housing Benefit or Universal Credit would normally be paid. If a tenant is entitled to Housing Benefit or the housing element of Universal Credit the local authority will confirm the amount to Forestry England as a 'Notional Housing Benefit'. This amount is then deducted from the rent and left unpaid.
2 - Rental Income Under a 'No Change' Scenario	This total income figure has been calculated assuming any currently vacant properties are re-let to either staff or commoners at current rates. If re-let to an active commoner the rent would be set at approximately 15% of a Forestry England Craftperson's salary. All other rents remain the same.
3 - Expenditure	This represents the sum of Forestry England's expected recurrent and non-recurrent expenditure on 65 residential properties.
4 - Net Spend	This represents the difference between the total cash amount spent on Forestry England's residential properties and the total amount of rental income received. A positive number indicates Forestry England are spending more than they receive.
5 - Immediate Implementation Scenario	This figure represents a scenario where each property would immediately house a tenant in line with its identified Primary Use, paying the appropriate rent set by that category (Ideal Commoning Base , Open Market or Operational or Commoning )

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Figure 1: Modelled Total Income and Expenditure over 15 Years



## Appendix 6: Defined Terms

Active Commoner	An individual who is legitimately and responsibly turning out livestock onto the New Forest by virtue of occupying land or property to which one or more rights over the Forest - first laid out in the Charter of the Forest (1217) - are attached.
Core House	A house provided by Forestry England to one of its employees to reside in as their primary residence in order to efficiently and effectively perform the duties of their employment. The employee will be the holder of a Key Post. The location of the property is typically of primary importance but the provision of suitable space and/or outbuildings can also be important.
Farm Business Tenancy (FBT)	A tenancy agreement governed by the Agricultural Tenancies Act 1995. Typically leases of this nature would include more land than is available with most Forestry England properties but this form of agreement will be used in order to: <ul style="list-style-type: none"> <li>• provide greater certainty and longer lease terms;</li> <li>• legitimately allow an Active Commoner to carry on their agricultural business from the Forestry England property;</li> <li>• allow an Active Commoner to include land within the tenancy in environmental grant schemes.</li> </ul>
Formula Rent	A rent calculated using the formula set out in the Ministry of Housing, Communities and Local Government's "Policy statement on rents for social housing" (2019).  A Formula Rent represents the rent to be charged to an Active Commoner occupying a Forestry England property classified with a Primary Use of either an: <ul style="list-style-type: none"> <li>• Ideal Commoning Base; or</li> <li>• Operational or Commoning</li> </ul> by the Review Group, subject to the provisions of any existing tenancy.
Housing Liaison Group (HLG)	A group to be convened by Forestry England should the context surrounding its management of residential properties in the New Forest materially change. The group's membership shall mirror that of the Review Group, with representatives of Forestry England, New Forest National Park Authority, the Verderers and the Commoners Defence Association. More information is included in Appendix 8.
Key Post	A role within Forestry England that requires the post holder (employee) to live in a specific location for the proper or better performance of their duties. The post therefore benefits from a Core House.
NFDC  New Forest District Council.	The local authority covering the majority of the New Forest and all of Forestry England's residential properties in the New Forest.

NPA (NF NPA)  New Forest National Park Authority.	<p>The New Forest was designated a national park in 2005 and has statutory purposes and socio-economic responsibilities as specified in the Environment Act of 1995:</p> <ul style="list-style-type: none"> <li>• To conserve and enhance the natural beauty, wildlife and cultural heritage of the area</li> <li>• To promote opportunities for the understanding and enjoyment of the special qualities of the National Park by the public.</li> </ul> <p>Working in partnership with other organisations it is also the Authority's duty to seek to foster the economic and social well-being of the local communities within the National Park.</p>
Open Market Rent	<p>It is most commonly defined as the rent at which the premises might reasonably be expected to let at, in the open market, at the review date, on the terms of the hypothetical lease.</p> <p>The terms of a lease are key to determining a market rent. In the context of Forestry England's New Forest Properties an 'open market rent' would typically consider a cottage let without any occupancy restrictions on terms equal to that of an Assured Shorthold Tenancy.</p>
Primary Use	<p>The Review Group categorised the Forestry England properties dependent on:</p> <ul style="list-style-type: none"> <li>• how far they met the needs of a 'typical' commoning tenant;</li> <li>• their legal status;</li> <li>• their character, style and location;</li> <li>• their likely market rental value and the costs of outgoings to the tenant and landlord.</li> </ul> <p>These categories (Ideal Commoning Base, Operational or Commoning and Open Market) are then used to determine the re-letting process.</p>
Social Rent Formula	<p>The formula used to calculate a social rent - a level of rent for residential properties set below the 'market rate' and 'affordable' rate for social housing. Social housing is provided by a 'registered provider' (predominantly local authorities and housing associations) and regulated by the Regulator of Social Housing (an executive non-departmental public body, sponsored by the Ministry of Housing, Communities &amp; Local Government).</p> <p>Forestry England is not a provider of social housing and therefore not a registered provider.</p>



## Appendix 7: Housing Liaison Group

It is possible that, at any point in the future, the context within which Forestry England manages its housing stock may change. This might be Government policy changes or financial support for tenants and commoners. If Forestry England assess that any of these changes will have a significant impact on the agreement defined in this Report, then it will convene a Housing Liaison Group (HLG) to discuss and agree any appropriate changes to the agreement before implementing any revised approach.

It is proposed that members of the HLG mirror the organisations who participated in this Review Group, excluding NFDC and CAAV who provided an advisory role to this Review Group. So the HLG would include representatives of Forestry England, New Forest National Park Authority, the Verderers and the Commoners Defence Association. Other advisors can be co-opted to assist the HLG when required.

It is intended that the HLG only meet when required but should have a role in the first two years of this new agreement to review annually how implementation is working in practice and consider if any options for improvement or providing further clarity are necessary.