

07 - Affordable Housing

Policy background and explanation

- 07.01 The Strategic Housing Market Assessment (SHMA) – Part 1 and Part 2 (May 2017) and subsequent SHMA (2014-based Local Housing Need) evidence update (January 2019) were jointly commissioned by Babergh and Mid Suffolk District Councils, Suffolk Coastal and Waveney District Councils (now East Suffolk Council) and Ipswich Borough Council. The SHMA documents provides the evidence to justify the need and requirement for affordable housing. This planning policy reflects the size, type and tenure of housing needed for different people in the community and affordable housing is an identified need within Babergh and Mid Suffolk Districts as required by Paragraph 62 of the NPPF.
- 07.02 Affordable housing is housing for sale or rent, for those whose needs are not met by the market, which includes housing that provides a subsidised route to home ownership and/or is for essential local workers. Annex 2 of the NPPF (2021) sets out the definition of affordable housing and is split into the following four main categories: affordable housing for rent, starter homes, discounted market sales housing and other affordable routes to home ownership. An additional form of affordable housing introduced in 2021 are First Homes⁹, which, post the transitional arrangements, should equate to 25% of the affordable housing provision. However, under the transitional arrangements, this Plan does not address First Homes.
- 07.03 The LPAs will use planning obligations or legal agreements to secure and deliver affordable housing, to ensure units are kept within the definition of affordable housing and will be available to successive occupiers. There are a number of reasons why affordable housing dwellings may be lost, for example: a tenant's statutory acquisition of a rented dwelling, shared ownership staircasing to 100% or discharge of the charge on a shared-equity dwelling. In all cases the Councils expect the dwelling to be replaced within the respective District, or any receipts arising from the disposal of the dwelling to be recycled to provide further affordable housing in the respective District, whenever possible.
- 07.04 As set out in the First Homes Written Ministerial Statement of 24 May 2021, Local Plans and Neighbourhood Plans that have reached advanced stages of preparation will benefit from transitional arrangements. Local Plans and Neighbourhood Plans submitted for examination before 28 June 2021, or that have reached publication stage by 28 June 2021 and subsequently submitted for examination by 28 December 2021, will not be required to reflect the First Homes policy requirement. The Plan (Part 1) qualified under the national transitional requirements and so does not reflect the First Homes policy requirement. However, the Councils will address the requirements to reflect the First Homes policy under the future Part 2 Plan.
- 07.05 For Babergh, the overall profile of affordable housing appropriate to meet the population over the Plan period derived from Local Housing Need is: 26.8%¹⁰. Not every development will deliver affordable housing, therefore the policy requirement will need to exceed this in order to deliver this need.

⁹ <https://www.gov.uk/guidance/first-homes>

¹⁰ The Local Housing Need is derived from the SHMA.

Table 4a Babergh Affordable Housing Mix (tenure & size) 2018 – 2036

Tenure & size	1 bed	2 bed	3 bed	4 or more bed	Total by tenure
Shared ownership	134 (26.4%)	165 (32.6%)	156 (30.9%)	51 (10.1%)	506 (25.4%)
Social rent & Affordable rent	271 (27.6%)	228 (23.2%)	225 (22.9%)	259 (26.4%)	984 (49.5%)
Discount home ownership & starter homes (demand)	106 (21.3%)	173 (34.8%)	145 (29.2%)	72 (14.5%)	496 (24.9%)
Total by size	511	566	526	382	1,986
Total per annum	28	32	29	21	110

Percentages calculated as the number of bedrooms required for each tenure. Please note percentages may not add up to 100% and total numbers may differ due to rounding.

07.06 For Mid Suffolk, the overall profile of affordable housing appropriate to meet the population over the Plan period derived from Local Housing Need is: 22.7%¹¹. Not every development will deliver affordable housing, therefore the policy requirement will need to exceed this in order to deliver this need.

Table 4b Mid Suffolk Affordable Housing Mix (tenure & size) 2018 – 2036

Tenure & size	1 bed	2 bed	3 bed	4 or more bed	Total by tenure
Shared ownership	147 (25.2%)	187 (32.1%)	148 (25.4%)	100 (17.2%)	583 (25.3%)
Social rent & Affordable rent	289 (22.4%)	361 (28.0%)	303 (23.5%)	335 (26.0%)	1,288 (55.9%)
Discount home ownership & starter homes (demand)	97 (22.5%)	143 (33.2%)	131 (30.4%)	59 (13.7%)	430 (18.6%)
Total by size	533	691	582	494	2,301
Total per annum	30	38	32	27	127

Percentages calculated as the number of bedrooms required for each tenure. Please note percentages may not add up to 100% and total numbers may differ due to rounding.

¹¹ The Local Housing Need is derived from the SHMA.

- 07.07 Where viability assessments are submitted, the Councils will expect applicants to clearly set out all of the assumptions and evidence that go into the appraisal. The supply of information must be presented on an open book basis using the Development Appraisal Tool (DAT model)¹² produced by Homes England, including the calculation of residual land value and any cash-flow analysis. There must be no hidden calculations or assumptions in any model or appraisal. Viability assessments will be made publicly available.
- 07.08 Development appraisals must include details of the proposed scheme including site area, residential unit numbers, number of habitable rooms, unit size, density and the split between the proposed tenures. Floorspace figures must also be provided for residential uses (gross internal area) by tenure, and non-residential uses in gross internal area (GIA) and net internal area (NIA). Information should be provided relating to the target market of the development and proposed specification, which should be consistent with assumed costs and values. Details of the assumed development programme and the timing of costs and income inputs should be provided.
- 07.09 The Councils acknowledge the role that discount home ownership including First Homes and starter homes can play in meeting housing needs, however the Councils' will seek shared ownership and social / affordable rent provision in the first instance.
- 07.10 Currently the SHMA provides the most up to date evidence on the District-wide needs for mix of tenure and size of housing over the Plan period. In addition, communities may also produce their own up to date robust local housing needs surveys which may give a more localised view on the tenure, size and type (eg. house, bungalow, flat) of new housing required. Adopted Neighbourhood Plans may also set out an approach to help influence the mix of housing tenure, size and type specific to the local area, so long as it is in general conformity with policies SP01 and SP02 of this Plan. Regard will also be had to evidence supporting specific planning applications which convincingly demonstrates the required mix of tenure, size and/or type of housing required in the area.
- 07.11 In exceptional circumstances¹³, the Councils may agree to alter the requirements for affordable housing for viability reasons to ensure that development can be brought forward, and overall housing delivery is not compromised. This would need to be convincingly demonstrated to the relevant Council through a comprehensive viability assessment. However, the tenure of affordable housing should be first adjusted to secure viability and best meet the housing needs before any adjustments to the size and/or type, or as a final step, a reduction of overall affordable housing provision is considered.

¹² Homes England – Development Appraisal Tool: <https://www.gov.uk/government/publications/development-appraisal-tool> or any successor appraisal model.

¹³ For example, proposals on brownfield sites/rural exception sites, although this is not an exhaustive list of circumstances and does not mean exceptional circumstances are always acceptable in all other planning terms when assessed as a comprehensive balanced proposal.

SP02 – Affordable Housing

- 1. The Joint Local Plan (Parts 1 and 2) will seek to deliver a minimum of 2,096 affordable homes in Babergh and 2,428 affordable homes in Mid Suffolk up to 2037.**
- 2. On sites of ten or more dwellings or 0.5ha or more, a contribution of 35% affordable housing will be required on greenfield sites. For brownfield sites a contribution of 25% affordable housing will be required.**
- 3. Proposals which provide a greater amount of affordable housing than that set out above will also be permitted, subject to the relevant Plan and Neighbourhood Plan policies.**
- 4. The mix of tenure, size and type of new affordable housing development should be informed by the relevant district needs assessment, any local housing needs survey and other relevant supporting evidence. In exceptional circumstances, where it is convincingly demonstrated, that the required provision of affordable housing is not viable, the relevant Council may agree to vary the requirement. An agreed viability assessment format will be required to demonstrate this.**
- 5. The Councils will expect affordable housing provision to be met on-site unless:**
 - a. Off-site provision or an appropriate financial contribution in lieu can be robustly justified; and**
 - b. the agreed approach contributes to the objective of creating mixed and balanced communities.**
- 6. Affordable housing must be well-designed and where other types of housing are delivered it must be integrated within the development.**
- 7. Development proposals must avoid artificial or contrived subdivision of a landholding in related ownership to circumvent requirements.**