

ALTERATION TO THE MID SUFFOLK LOCAL PLAN -POLICIES FOR AFFORDABLE HOUSING

Introduction

- 1.1 Draft Supplementary Planning Guidance for Affordable Housing was published by the District Council for consultation in June 2003. In response to this consultation and advice from the Government Office for the Eastern Region, the District Council proposed to update the affordable housing policies in the current Local Plan through an alteration to the Local Plan, in advance of the full Local Plan review and new Local Development Framework. A First Deposit document was published for consultation in July 2004. In response to the comments and objections received, the District Council proposed a number of changes to the document. Changes were indicated by shading in the re-deposit document. However the entire Alteration was open to comment. It was placed on re-deposit, for consultation, under the transitional arrangements set by the Planning and Compulsory Purchase Act 2004 and the Town and Country Planning (Transitional Arrangements) Regulations 2004. The full re-deposit allowed for objections to be made on the basis that there would be no modification stage and the inspector's report, following an inquiry, is binding upon the local planning authority. The First Alteration to the Mid Suffolk Local Plan relating to affordable housing policies was adopted by the District Council on 13 July 2006.
- 1.2 Since the Mid Suffolk Local Plan was adopted in 1998 there have been major changes to the housing market and to the affordability of housing. For example, between 2000 and 2003 house prices in the District rose steeply, by between 58% for detached properties to 107% for flats. House price inflation has greatly increased the proportion of households in need of affordable housing, who previously would have been potential buyers. In 2003 incomes of £25,250 were needed to buy a two-bedroom terraced house in Stowmarket, which is the lowest cost location in Mid Suffolk.

The alteration to the Plan takes account of the results of the 2003 Mid Suffolk Housing Needs Survey (summary attached in Appendices 1 and 2), an update to the housing needs survey carried out in 2005, and changes to national and regional policy guidance relating to affordable housing.
- 1.3 The District Council's Community Strategy and Corporate Plan include provision of more affordable housing as a key priority. "Right to Buy" sales have reduced the Council's housing stock by an average of 70 homes per year over the last 5 years. The Council's Housing Strategy has a target for delivering a minimum of 70 new affordable homes per year, in partnership with registered social landlords. Of these, at least 20 per year are intended to be for shared ownership or other forms of intermediate tenure. In recent years funding from the Housing Corporation has provided for, on average, only about 25 new homes per year in Mid Suffolk. The Housing Corporation is keen to ensure effective use of Social Housing Grant to fund schemes and there is an expectation that District Councils will minimise the amount of public subsidy involved in funding affordable housing secured through planning obligations. It is therefore important to make full use of the planning system as a means of promoting affordable housing, as required by Government policy guidance.
- 1.4 In view of the extent of the identified housing needs, the District Council believes that it is necessary to review the thresholds and targets to be addressed by planning policies for affordable housing. The 2003 Housing Needs Survey recommends that the Local Plan target for the proportion of affordable housing to be negotiated with developers should be

increased from the 15% referred to in the 1998 Local Plan to up to 35%. Further details are set out below.

2. The Need for Affordable Housing

- 2.1 Affordable housing has been identified as a key priority by the District Council and by the public, in response to consultations on the Community Strategy, the Housing Strategy and the Local Plan Issues Report and through village appraisals and parish liaison meetings.
- 2.2 A Mid Suffolk Housing Needs Survey was completed by consultants in 2003. The survey identified the level of income needed to gain access to the housing market and found a considerable spread of incomes with a number of people living on relatively low incomes. Consequently, the two most important issues are the problem of affordability and the level of “concealed” households living within an existing household, the vast majority of whom are not recorded on a register of housing need.
- 2.3 The house price and income study shows that 84% of these “concealed” households are not able to afford even the cheapest available housing in the District. Most concealed household demand is for the smaller and affordable type of housing, particularly flats and terraced houses, to meet the needs of new forming households. There is a shortfall of flats in the existing stock which should be addressed to ensure there is a mix of house types and sizes available in line with the principles in the Government’s housing policy guidance.
- 2.4 The total affordable housing need annually is for 604 units. Re-lets of the existing social stock average 242 units and is the major means of addressing the scale of need identified. Even after allowing for this level of supply, there will still be an annual affordable housing shortfall of 362 units, which projected over the 8 year period 2003 to 2011 is a total of 2,896 units. The Housing Needs Survey gives a breakdown of the annual need for 362 homes as 262 for new affordable rented housing and 100 for shared ownership, shared equity or discounted market rental. Figures will be subject to annual monitoring and review.
- 2.5 This level of need significantly exceeds the number of units likely to be delivered from acquisitions, new delivery or conversions, resulting in growing levels of unmet need each year. The Council must therefore attempt to deliver as many units of affordable housing as possible and a target of up to 35% of new units from the total of all sites in the District should form the basis for negotiation. This target is recommended by the Housing Needs Survey, based on what is achievable and deliverable to create balanced communities in mixed developments. A summary of the Mid Suffolk Housing Needs Survey 2003 is set out in Appendix 1. An analysis of need by area is summarised in Appendix 2. An update of the housing needs survey was carried out in 2005 and issued after the Re-Deposit document was published. This was an update using a model with latest house price and income information for the District, but not a full re-survey. The definition of acceptable forms of affordable housing is set out in paragraph 3.4.
- 2.6 Encouraging provision of affordable housing through the planning system is one of a range of measures being used by the District Council, as set out in the Housing Strategy, including the following:
- use of the Council’s remaining land assets, where appropriate, for development of affordable housing.
 - partnership working with registered social landlords, parish councils and Rural Housing Enablers to assess local needs and opportunities (including exception sites).
 - providing sheltered accommodation for the elderly and other special needs

- empty homes strategy, to bring empty properties into use, encourage flats over shops etc.
- homelessness strategy.
- economic development strategy – to increase employment opportunities and incomes in the District.
- making existing housing more affordable, for example by energy conservation and improvement to Decent Homes standard.

3. **Policies for Affordable Housing**

- 3.1 The Government considers the planning system has an important role in creating communities with a better mix of housing, in terms of size, type and affordability, than is currently available. This includes providing more homes for the increasing number of smaller households. Where there is a demonstrable lack of affordable housing to meet local needs, as assessed by up to date surveys, plans should include a policy for seeking affordable housing in suitable housing development.

The Draft Regional Spatial Strategy for the East of England proposes a target that affordable housing must constitute at least 30% of the total annual housing supply in all local authority areas.

The Suffolk County Structure Plan, 2001 provides a framework for the Local Plan approach in policy CS 9 (as set out in Appendix 5).

There is a need to update policies from the 1998 Mid Suffolk Local Plan in order to take account of the 2003 Housing Needs Survey and latest national and regional policy guidance.

- 3.2 The 1998 Local Plan stated that affordable housing comprises:

- (a) Low-cost market housing which, because of its small size, design and layout (e.g. flats or tight knit housing which physically cannot be extended or for which rights to extend have been removed) will remain at the least expensive end of the housing market . The provision of this form of housing which will usually result from negotiations with the developer of an allocated housing site, or a large windfall site, will not necessarily need legal safeguards to ensure its continued availability. By its physical nature it will remain relatively affordable.
- (b) Subsidised housing, which may be provided as a result of negotiations with developers of allocated housing sites working in conjunction with a social landlord, or through the mechanism of the “rural exceptions” provision, on unallocated sites in or adjoining rural settlements. Such housing will require safeguards in the form of an agreement under Section 106 of the Town and Country Planning Act 1990, or a similar legal agreement, to ensure its availability to successive eligible occupiers.

- 3.3 The Government’s definition of affordable housing, as set out in Circular 6/98, includes both subsidised housing and low cost market housing. However, the 2003 Housing Needs Survey has shown that in Mid Suffolk even the cheapest housing available on the open market is beyond the means of many households, without some form of subsidy. Affordable Housing is defined in terms of the relationship between local income levels and house prices or rent, for example in 2003, based on a 95% mortgage availability and a 3-times gross income lending ratio, incomes of £18,250 were needed to buy a one bedroom flat in Needham Market and £25,250 for a two bedroom terrace in Stowmarket. However in other areas incomes of at least £23,500 were needed to buy a flat and £27,000 for a terraced house, depending upon location in the District. The Housing Needs Survey incorporates a

model of the relationship between local incomes, house prices and rents, which can be regularly monitored and reviewed, with housing market updates.

- 3.4 The majority of the affordable housing need in Mid Suffolk is for housing for rent or shared ownership and this will be the priority requirement sought by the District Council. However, other forms of affordable housing will be considered where the District Council is satisfied that the proposed housing will benefit those in housing need. These could include housing for key workers, who may be seeking to buy rather than to rent. Where affordable housing is provided, it should be available to successive occupiers or for an appropriate period to be set and secured by planning agreement.

The definition of affordable housing that will be applied to policies H4 and H5 is housing accessible to households who cannot afford to rent or buy homes generally available on the open market. It includes social rented housing and intermediate housing. Intermediate housing is housing at prices or rents above those of social rent but below market prices or rents (can include sub-market renting, low-cost home ownership and shared ownership).

- 3.5 The 1998 Local Plan policies relevant to affordable housing relate to the mix of house types and sizes (policy H14), negotiating with developers for an element of affordable housing in large housing schemes (policy H4) and for affordable housing in the countryside on “exception” sites (policy H5). They are set out in Appendix 3.

It is proposed to retain the existing Local Plan Policy H14 and to alter policies H4 and H5. Particular local needs can be identified through village appraisals, parish plans and local housing needs surveys, which will usually involve Parish Councils, Registered Social Landlords and Rural Housing Enablers. The altered policy H4 takes account of considerable changes in recent years to house prices, rents, affordability and housing needs.

- 3.6 Under Government Circular 6/98 “Planning and Affordable Housing” there has been a general threshold of 25 dwellings or 1 hectare for the size of sites on which the local planning authority may seek an element of affordable housing. Under subsequent Government proposals, in its draft amendment to PPG3 in 2003 and further consultation paper published in January 2005, this would be reduced to 15 dwellings or 0.5 hectare. Circular 6/98 already makes provision for lower thresholds in rural areas, with exceptional local constraints, to be justified by local planning authorities through the local plan process.

Sub-dividing large housing development sites with separate planning applications below the threshold level will not be a means of circumventing affordable housing policies. Applications for planning permission for development which forms part of a more substantial proposed development on the same land or adjoining land should be treated as an application for planning permission for the more substantial development.

- 3.7 The Government’s Rural White Paper published in 2000 and the proposed changes to Planning Policy Guidance on Housing (PPG3) issued in July 2003 and January 2005, advised that consideration should be given in the preparation of Local Plans for rural areas to the contribution to be made from smaller sites to meeting the need for affordable housing. The definition of rural areas as used by the Government in Circular 6/98 was settlements of less than 3,000 population. The update of PPG3 (“Planning for Sustainable Communities in Rural Areas”, January 2005) does not refer to the 3,000 population definition but, for the purposes of the rural exception site policy, uses the definition of small rural settlements as designated under the Housing Act 1996. In Mid Suffolk this applies to all parishes except Stowmarket and Needham Market.

- 3.8 In a rural area like Mid Suffolk much of the housing development takes place on smaller sites. Between 1991 and 2001 55% of development in small rural settlements in the District was on sites of less than 15 dwellings. Between 2001 and 2004 the proportion was 80%. Between 2001 and 2004 an average of about 100 dwellings per year have been given planning permission on sites of 5 to 14 dwellings, in places other than Stowmarket and Needham Market. Smaller sites in rural settlements in Mid Suffolk could provide a useful contribution to the supply of affordable housing and the District Council will seek to negotiate provision of affordable housing, taking account of site size, suitability, economics of provision and viability.
- In order to increase the potential for providing affordable housing throughout the District, the Council proposes that a threshold of sites of 5 dwellings or more, or a site area of 0.17 hectare or more, be introduced for rural settlements. The site area of 0.17 hectare is based on Government guidance in PPG 3 to avoid developments that make inefficient use of land, with a general requirement for developments not to be below a density of 30 dwellings per hectare. However PPG 3 also advises against compromising the quality of the environment and to have regard to the wider context of the character and identity of a development in its locality. Interpretation of policy H4 therefore also needs to take account of local environmental considerations in a rural situation, which may justify lower densities in some circumstances, with less than 5 dwellings on some sites of 0.17 hectare or more. On such sites that are subject to policy H4, where less than 5 dwellings are permitted, the objective is to secure one affordable dwelling, or possibly an equivalent commuted payment.
- 3.9 There will be a presumption that the agreed element of affordable housing will be provided on site. In circumstances where it is not desirable to incorporate affordable housing within a development site, the District Planning Authority and the developer may reach agreement to accept off-site provision in the form of completed homes on an alternative, suitable site in the District. If this is not practicable, "commuted payments" may be agreed whereby an agreed sum is paid by the developer towards the equivalent provision of affordable housing on another site.
- 3.10 Local housing need is defined for the purposes of the Local Plan as: -
The requirement of an individual or family to live within a particular part of Mid Suffolk who cannot afford to buy or rent housing appropriate for their needs in the prevailing free housing market. In particular they would include: -
- Existing residents needing separate accommodation in the area such as single people, newly married couples, disabled people and people leaving tied accommodation on retirement.
 - People with the offer of a job in the locality, or whose work provides important local services and who need to live close to a particular village.
 - People who are not necessarily resident locally but have long standing links with the local community such as elderly people wishing to move back to a village to be near relatives.
 - Persons or households on the District Council's housing needs register.

3.11 THE ALTERED LOCAL PLAN POLICY H4 IS AS FOLLOWS:-

ALTERED POLICY H4

A PROPORTION OF AFFORDABLE HOUSING IN NEW HOUSING DEVELOPMENTS

THE DISTRICT PLANNING AUTHORITY WILL SEEK TO NEGOTIATE AN ELEMENT OF AFFORDABLE HOUSING OF UP TO 35% OF THE TOTAL PROVISION OF HOUSING ON APPROPRIATE SITES. NEGOTIATIONS WITH DEVELOPERS WILL TAKE ACCOUNT OF THE IDENTIFIED LOCAL NEEDS, THE ECONOMICS AND VIABILITY OF DEVELOPMENT AND THE AVAILABILITY OF LOCAL SERVICES.

THE SITE SIZE THRESHOLDS FOR THIS POLICY ARE:

- SITES OF 15 DWELLINGS OR MORE OR SITES OF 0.5 HECTARE AND ABOVE, IN STOWMARKET AND NEEDHAM MARKET
- SITES OF 5 DWELLINGS OR MORE OR SITES OF 0.17 HECTARE AND ABOVE, IN THE REMAINDER OF MID SUFFOLK

TO PREVENT THE LOSS OF AFFORDABLE HOUSING TO THE GENERAL HOUSING MARKET, THE DISTRICT PLANNING AUTHORITY WILL, WHERE APPROPRIATE, EXPECT LONG TERM SAFEGUARDS TO BE IN PLACE TO ENSURE THE BENEFIT OF AFFORDABLE HOUSING WILL BE ENJOYED BY SUCCESSIVE OCCUPIERS. THIS WILL NORMALLY BE SECURED BY AN AGREEMENT UNDER SECTION 106 OF THE TOWN AND COUNTRY PLANNING ACT 1990.

Note: Where sites are sub-divided, the District Planning Authority will normally expect each subdivision or smaller development to contribute proportionally towards achieving the amount of affordable housing which would have been appropriate on the whole or larger sites.

3.12 Policy H5 sets out the terms by which an exceptional permission may be granted for affordable housing in the countryside on land abutting a settlement boundary where adequate facilities and services, such as a shop, school and public transport are available. The altered policy includes further guidance on the criteria for such development. The altered Local Plan policy H5 is as follows:

ALTERED POLICY H5

AFFORDABLE HOUSING ON RURAL EXCEPTION SITES

IN ORDER TO PROVIDE AFFORDABLE HOUSING FOR LOCAL PEOPLE WHO ARE UNABLE TO COMPETE FOR PROPERTY IN THE GENERAL HOUSING MARKET, THE DISTRICT PLANNING AUTHORITY MAY, AS AN EXCEPTION TO NORMAL PLANNING

POLICY, GRANT PLANNING PERMISSION FOR RESIDENTIAL DEVELOPMENT ABUTTING THE SETTLEMENT BOUNDARY OF A SMALL RURAL SETTLEMENT WHERE ADEQUATE FACILITIES ARE AVAILABLE. APPLICATIONS FOR SUCH DEVELOPMENT WILL BE CONSIDERED IN RELATION TO THE APPEARANCE AND CHARACTER OF THE SETTLEMENT, THE EFFECT ON NEARBY RESIDENTIAL AMENITY, HIGHWAY SAFETY AND THE AVAILABILITY OF SERVICES AND FACILITIES.

TO BE ACCEPTABLE, PROPOSALS SHOULD DEMONSTRATE THAT A LOCAL NEED EXISTS WHICH CANNOT BE MET BY APPLYING NORMAL PLANNING POLICY. ANY APPLICATION FOR AFFORDABLE HOUSING SHOULD BE ACCOMPANIED BY A DETAILED SURVEY OF LOCAL HOUSING NEED AND THE ACCOMMODATION PROPOSED SHOULD CONTRIBUTE TO MEETING THIS PROVEN NEED.

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Note: This policy allows for affordable housing on sites released as an exception to normal policies for housing provision. Schemes involving cross subsidy do not fall within the terms of this policy. Planning Policy Guidance Note 3 makes it clear that mixed developments, consisting partly of high value housing used to offset a lower return on low cost housing on the same site, would not be appropriate in rural area exception sites.

- 3.13 The Government's update to PPG3, "Planning for Sustainable Communities in Rural Areas", January 2005, states that rural exception sites should be small, solely for affordable housing and on land within or adjoining existing small rural communities. The definition of small rural communities or settlements is as given under the Housing Act 1996. In Mid Suffolk this definition applies to all parishes except the towns of Stowmarket and Needham Market. The update to PPG3 also enables local planning authorities to allocate rural exception sites in development plan documents. This matter will be addressed in the Local Development Framework for Mid Suffolk.
- 3.14 Sections 2 and 3 above supersede the text in the 1998 Mid Suffolk Local Plan in paragraphs 2.3.39 to 2.3.52, which is set out, for information, in Appendix 4.