Affordable Housing Position Statement

Guidance for the provision of affordable housing in Ipswich through Section 106 Agreements

August 2013

Ipswich Borough Council
Grafton House, Russell Road
Ipswich IP1 2DE

website: www.ipswich.gov.uk
1.0 Purpose and scope

1.1 The purpose of the Affordable Housing Position Statement is to set out the Council’s aspirations for new affordable housing based on evidenced housing need.

1.2 The Statement pulls together existing Council policies and practice concerning the provision of affordable housing through Planning Obligations under Section 106 of the Town and Country Planning Act 1990, commonly known as S106 Agreements. It does not create any new, or change existing Council policy on affordable housing. This Statement draws on the Core Strategy, adopted in December 2011 as part of the new Ipswich Local Plan (formerly Local Development Framework).

1.3 The statement is reviewed annually or when necessary to reflect affordable housing policies where changes occur under the Local Plan.

1.4 Useful links:

Ipswich Local Plan

Ipswich Core Strategy and Policies

Ipswich Housing Strategy

Ipswich Environmental Strategy

National Planning Policy Framework

2.0 Sustainable communities

2.1 The Council is seeking to develop sustainable communities both in terms of the impact of affordable housing on the environment and on community cohesion. Housing developments should be designed to encourage a sense of belonging and well-being among residents from a range of backgrounds, ages, physical abilities and incomes. Affordable housing should be of high quality, integrated into the overall development and truly affordable to those whose needs are not met by the market.

2.2 The key to this is early consultation with the Council and involvement of Registered Providers (RPs) at concept stage, as affordable housing requirements impact on the overall design and financial viability of any development.

2.3 We now require all affordable homes to be built to Code for Sustainable Homes (CSH) Level 4 for developments up to 249 dwellings and for developments of 250 dwellings or more to CSH Level 5, in accordance with policy DM1 of the adopted Core Strategy and Policies development plan document (December 2011).
2.4 We also strongly encourage the development of Lifetime Homes, and the Core Strategy and Policies development plan document expects developers to use the Building for Life 12, which superseded the previous Building for Life standard, which supports the implementation of policy DM5.

3.0 Housing needs in Ipswich

3.1 The Council’s Housing Needs Study 2005 and the updated Strategic Housing Market Assessments (SHMA), undertaken for the Ipswich housing market area and published in August 2012, evidenced a net affordable housing need for over 580 new homes per year.

Family housing

3.2 In the Ipswich housing market overall, there is a need for an increased supply of two and three bedroom family sized houses. Ipswich also needs a small supply of larger family homes of 4 or more bedrooms to meet the needs of larger families from all communities. The immediate need for affordable housing by size is identified in Section 5 of this report.

3.3 Developers are strongly recommended to bear in mind the reluctance of local families with children to consider apartment living as an option. Developers are also strongly advised to consider the needs of older people when designing smaller homes, for instance ground floor flats with small easy to maintain gardens, lifts, good security and concierge systems.

3.4 Monitoring demand for 1 or 2 bedroom dwellings due to changes following the introduction of the Welfare Reform Act 2012 will be necessary.

Housing with care and support

3.5 We are working with Suffolk County Council through the developing countywide Flexicare strategy to develop high quality housing for older people. The changes to public sector capital and revenue funding streams have increased the need to offer a variety of affordable solutions. We will provide accurate data to make sure such services are developed and are financially sustainable in the long term. It is accepted that there are short-term concerns that have resulted in a reduction in new developments for older people across the country. However, it is essential that all partners remain committed to supporting opportunities as they arise. In Ipswich the successful development of the Stoke Quays scheme remains a priority. Other VSH/Extra Care schemes may progress but they are likely to be leasehold free market led.

3.6 We will consider and develop other opportunities to support older people remaining in their own home such a lifetime home developments for one and two bedroom properties.
3.7 Useful links:

Ipswich Housing Needs Assessment 2005

Ipswich Stock Condition Survey 2005

Ipswich Housing Market Area Strategic Housing Market Assessment 2008 (SHMA)

Ipswich Housing Market Area Strategic Housing Market Assessment 2012 (SHMA)

Ipswich Housing Market Area Sites Viability Report June 2009
http://www.ipswich.gov.uk/downloads/Final_Ipswich_et_al_Viability_Study.pdf

Welfare Reform Act 2012
http://www.legislation.gov.uk/ukpga/2012/5/contents/enacted

4.0 Affordable housing policy requirements

4.1 The standard requirement for affordable housing provision as stated in policy CS12 of the Core Strategy and Policies development plan document is:-

- 20% affordable housing provision in schemes of between 10 and 14 dwellings or for residential development on sites of between 0.3ha to 0.49ha.
- 35% affordable housing provision in schemes of 15 or more dwellings or for residential development on sites of 0.5ha or more.

4.2 The policy states that a minimum of 80% of any required affordable housing provision should be in the form of social rented housing.

4.3 However, the above targets can be subject to viability testing where considered necessary on a site-by-site basis (see Section 8 of this statement). Furthermore, the Council recognises that the introduction of the affordable rent tenure may be a more viable form of development than social rent and as such is open to discussions on a tenure split to include this provision where this would secure more affordable homes.

4.4 The presumption is for on-site provision, with affordable homes not to be grouped in clusters of more than 12-15 in mixed developments, in line with Core Strategy Policy DM24. In situations where viability testing has shown on-site provision to be unviable, commuted sums will be accepted. The developer has to satisfactorily demonstrate that it was not possible to achieve direct provision.

4.5 Commuted sums will include an element for the costs of developing a scheme and will be calculated on a basis to ensure that the Council can use contributions towards the council house building programme, procure a scheme or so that an RP can acquire a site and build the required affordable housing.
4.6 Off-site provision will only be considered in exceptional circumstances if the situation provides better opportunities which on-site provision has proven to be unviable.

4.7 Our order of preference therefore is for:
   1. On-site provision
   2. A commuted sum
   3. Off-site provision

4.8 Within the waterfront area the requirement is for 15% on-site and 20% off-site by means of a commuted sum as outlined above. This arrangement recognises viability issues on the Waterfront and the need for affordable family houses.

5.0 Property Type

5.1 The Council endeavours to ensure that a range of property types and size is being provided to meet affordable housing needs. Whilst there will be variances between individual sites, the Council’s Housing Register at 2013 indicates that there is a need to provide for the following sized dwellings (with a range of 10%) as a proportion of those being provided:

<table>
<thead>
<tr>
<th>Dwelling type</th>
<th>Floor area m²</th>
<th>Bed-spaces</th>
<th>Habitable rooms¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bed Flat</td>
<td>51</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>2 Bed Flat</td>
<td>66</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>2 Bed House</td>
<td>77</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>3 Bed House</td>
<td>93</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>4 Bed House</td>
<td>106</td>
<td>6</td>
<td>5-6</td>
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</tbody>
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5.2 With regard to 1 and 2 Bed provision, the mix of flats, maisonettes, bungalows and houses will be determined on a site-by-site basis with consideration afforded to local need and other relevant circumstances. In addition, the provision of a greater number of 3 and 4+ Bed properties on an individual site will be considered where there is appropriate evidence of local need.

5.3 The amount of Affordable Housing to be provided within a development is calculated on the percentage of floor space, with minimum sizes indicated in the following table:-

Table 1

<table>
<thead>
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</table>

As shown in the supporting text to Policy DM30 of the Council’s Core Strategy

5.4 Developers may wish to present the Council with a range of options on how best to meet the affordable housing requirement (please refer to section 4 above).

¹ i.e. living rooms and bedrooms but not kitchens or bathrooms.
6.0 Tenure and Affordability

6.1 Affordable housing is only available to households where incomes are not adequate to be able to buy or rent a home on the open market. Affordable housing consists of three types of tenure; social rent, intermediate rent and affordable rent.

Social Rent

6.2 Social rented housing is where the rent charged is controlled by the national Rent regime to ensure that it is kept affordable to people on lower incomes.

Intermediate Rent

6.3 Intermediate rented housing is housing at prices and rents in between those of social rented and market housing which meet the criteria for affordable housing. This includes affordable housing for rent or sale such as shared ownership. Shared ownership allows a share of a property to be purchased with the owner paying rent on the un-purchased part (outstanding equity).

Affordable Rent

6.4 Affordable rent was introduced in 2011; it is rented housing where the rent is up to 80% of the local private rent. This is typically higher (and cannot be lower) than the social rents that social landlords charge. Affordable rent is re-based each time a tenancy is issued or renewed, so will fluctuate in line with local private rents. The 80% maximum must however be inclusive of all service charges and not exceed the Local Housing Allowance cap for housing benefit, so households on lower incomes are still able to afford to live in these homes.

6.5 Affordable rent was introduced because higher rents will increase rental incomes and allow more investment by RPs to deliver additional housing in a time of constrained grant budgets.

7.0 Quality

7.1 Affordable housing should be designed and built to the best standards. It should be integrated into developments and from external appearance should be indistinguishable from the market housing.

7.2 Affordable housing dwellings should not be grouped in clusters of more than 12-15 units in mixed developments.

7.3 Affordable housing should be designed to Homes and Community Agency (HCA) Scheme Development Standards including the appropriate Sustainability Code level.

7.4 Car Parking should be provided for the affordable housing in the same ratio as for the development as a whole.

7.5 The Council is keen to explore the possibility of incorporating full Wheelchair Standard homes (See Suffolk design requirements on Suffolk County Council web site) and Supported Housing Projects on section 106 sites.
8.0 Viability

8.1 The Council recognises that in certain circumstances a development will not be viable if the policy requirements for affordable housing are met in full. In such instances, the Council invites the applicant to submit a residual land value appraisal for the proposed development with cost and revenue inputs clearly defined.

8.2 Where practicable, this should be carried out at pre-application stage, and meetings between the applicant and Council officers can be arranged. The applicant’s viability assessment will be independently verified at full cost to the applicant.

8.3 If the scheme is deemed to be viable then it will be expected that the Council’s policy requirements for affordable housing be met in full. However, where a scheme would not be viable, further discussion will take place to agree how best the scheme can be delivered, which may include a commuted sum payment for affordable housing or off-site provision where practicable.

8.4 Useful link:

Financial viability in planning (RICS, August 2012)
http://www.pas.gov.uk/pas/aio/2784163

9.0 Role of Registered Providers (RPs)

9.1 Where there is a requirement for affordable housing, it is advisable that developers engage with the Council in the early stages. The Council will normally expect that in negotiations with developers any sites with affordable housing provision will initially be offered to the Council for consideration as part of the council house building programme. Otherwise, the Council will expect ownership of affordable housing whether for rent or shared ownership to be transferred to an RP.

10.0 Section 106 Agreements

10.1 The Council seeks to have the Heads of Terms of the section 106 agreement agreed prior to the submission of a planning application. It does have its own preferred standard clauses that it will generally want to see used.

11.0 Contacts

Ipswich Borough Council

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