



Affordable Housing Statement for  
DEVELOPMENT OF UP TO 215 HOMES AT LAND OFF  
DUKE'S PARK, WOODBRIDGE

By Levvel Ltd  
On Behalf of  
Gladman Developments Ltd (Gladman)

November 2015

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## **1.0 Executive Summary**

- 1.1 Levvel has been instructed by Gladman Developments Ltd (Gladman) to produce an Affordable Housing Statement in respect of the proposed development of up to 215 homes on Land off Duke's Park, Woodbridge. This report will outline the approach taken to delivery of affordable housing; taking into account recently adopted policy and the evidence which underpins it.
- 1.2 Gladman Developments Ltd recognises the importance ascribed to affordable housing both nationally and locally. Its business model is based upon the delivery of policy compliant packages of affordable housing which make significant contributions towards meeting an important pre-existing local need and foster a mixed and sustainable community where households of different backgrounds and circumstances live alongside one another. The company has a large programme and a track record of delivering all the required affordable housing units. In the present case, the applicant proposes to deliver a policy compliant package of affordable homes, in the form of 1 in every 3 units of overall housing to be affordable housing (up to 72 units) and is based on the fact that affordable rented properties will be delivered over social rented.
- 1.3 On the basis of its experience, Gladman is confident that the package of affordable homes set out below is deliverable in the current market. The proffered package of affordable units is not, therefore, subject to viability (at this time).
- 1.4 Although it is not the role of this paper to consider housing land supply, the largest source of new affordable homes is the delivery arising from the imposition of planning obligations on residential development and since these policies can deliver only a proportion of what is built overall, we have considered both the overall housing policy as well as the Council's adopted and emerging policies on affordable housing itself.
- 1.5 The Council has recently adopted a new Suffolk Coastal District Local Plan (July 2013). In terms of overall housing targets, Strategic Policy SP2 – Housing Numbers and Distribution, states that; "the Core Strategy will make provision for at least 7,900 new homes across the district in the period 2010 to 2027", this translate to 465 units per annum.
- 1.6 The NPPF states that Local Authorities must maintain an up to date 5 year land supply for housing. In Suffolk Coastal the 2013 SHLAA (Strategic Housing Land Availability Assessment) shows there is a lack of 5 year land supply with only 3.7 years land supply identified. The most recent Housing Land Supply Assessment (2015) suggests that a 5.12 year supply is in place although only a minority of the sites which would deliver this supply benefitted from a current planning permission and anticipated supply for 2015/6 was 452 – below the annualised rate of 465 required to deliver the plan. Indeed, if supply does turn out to be at this level in 2015/16, the total deficit relative to the planned output will have risen to 886 since the start of the plan period. This would necessitate a substantial increase in the annual output in order to catch up the shortfall.
- 1.7 The Core Strategy (2013) Development Management Policy, DM2 (2013), states that; 'whether in total or in phases, the District Council will expect 1 in 3 units to be

affordable housing unless its provision is not required due to; a) Lack of identified local need in the area; b) Site conditions, suitability and economics of provision’.

- 1.8 The Core Strategy (2013) identifies<sup>1</sup> that a total of 1,896 Affordable homes are required between 2010 and 2027 (112 affordable units per annum). However, as recorded by both the 2008 SHMA and the 2012 SHMA, the level of need is much higher and is increasing. In the 2008 SHMA it was found that there was an annual need for 190 affordable homes per annum, by the time of the 2012 SHMA, the annual need had increased to 355 affordable units per annum. In terms of actual delivery against the plan period – in the first 2 years (2010/11 and 2011/12) only 72 affordable units were provided. Against a target of 224 units results in a shortfall of 149 affordable units for just two monitoring years. Furthermore, in terms of actual shortfall of affordable units, we know from a number of SHMA’s the actual shortfall should be far greater.
- 1.9 The number of households on the waiting list for Suffolk Coastal has drastically increased since 2009, the most recent statistics from 2013 show a total of 2,818 households on the waiting list. This is a 74.7% increase since 2010.
- 1.10 Findings in the SHMA (2012) shows there is a high proportion of second home ownership in Suffolk Coastal. On average 4.6% of the housing stock in Suffolk Coastal is taken up by second homes, however the Core Strategy (2013) states ‘in some parishes the level of second homes reaches as high as 30%’. The level of second home ownership in Suffolk Coastal is also steadily increasing (8% from 2005-11). This may be having an impact on affordability issues in the District.
- 1.11 Because the Council is able to resolve no more than a proportion of its identified need, it will be necessary to prioritise the element of that need which is to be fulfilled and there is no universally agreed means of doing so. However, the affordable homes should reflect not only a cross section of the identified needs but should also be consistent with the nature of the development within which they will be provided. We welcome discussion with the Council on the precise mix but consider the following indicative mix an appropriate starting point for negotiations (assuming 215 homes overall).

	Affordable Rent	Intermediate
1 Bed Apart	6	4
2 Bed Mews	27	12
3 Bed Mews	21	2
Total	54	19

- 1.12 It is assumed that all of the above units will be provided on-site and in kind in accordance with the presumption in the policy.
- 1.13 The rented element of the affordable housing will take the form of Affordable Rent, the new tenure of affordable housing announced by the Chancellor in 2010. The Government has been quite explicit in expressing its preference for this form of

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<sup>1</sup> Core Strategy 2013 – paragraph 3.57

tenure, as has the HCA. The introduction of this housing form represents a clear shift in the Government's housing philosophy and sets a new default approach.

- 1.14 In order to promote the formation of a single, cohesive community where distinctions of tenure are minimised, the affordable housing will be distributed across the site in small clusters. External standards of fit and finish will be similar to those of the private homes except where small variations are required in order to conform to the employers' requirements of the managing Registered Provider. Affordable homes will also conform to all other relevant standards where practicable – including those set by the HCA as conditions of funding.
- 1.15 Affordable housing will be secured by means of a suitable condition. Although this approach is less common than the use of a S106, it has repeatedly been shown to be acceptable to the planning Inspectorate – which has gone as far as to provide model conditions. The advantages of a condition to the applicant are the reduced complexity and delay associated with this more streamlined process but the principal advantage falls to the Council. Where a developer is unable to deliver the full burden of affordable housing secured by a S106 obligation, the Infrastructure and Growth Act provides him the scope to return to the negotiating table and to reduce the level of affordable housing offered with respect to viability. This process does not appear to permit any scope for a re-evaluation of the balance of planning merits. Where permission was granted in part because of the benefit that the affordable housing would bring, this benefit could be lost and there would be no re-evaluation of whether the overall balance remained favourable. Where affordable housing is secured by a condition, a failure to fulfil that condition would invalidate the permission and, where a variation was sought, it would be open to decision takers to re-assess the overall planning balance.
- 1.16 We conclude that there is a considerable need for affordable housing in Suffolk Coastal and that the council has an acute need for affordable housing in this area, a need which long pre-dates this application. In other words, unlike certain other forms of planning obligation, this scheme does not create the need for the affordable housing which policy requires it to provide. This means that any affordable housing provided is a benefit of development which should be weighed positively in the planning balance. A scheme such as that proposed at Suffolk Coastal, which meets the Council's affordable housing policy in full should therefore be given considerable positive weight particularly where the need is considered to be acute and where the Council's track record of delivery is lower than anticipated.
- 1.17 This view has been tested at a number of recent inquiries and successive decisions from Inspectors and the Secretary of State at Congleton, Tarporley and Bloxham have confirmed it.

## 2.0 The Need for Affordable Homes

- 2.1 The most recent SHMA released in 2012 and carried out by Babergh, Mid Suffolk and Suffolk Coastal District Councils is an update of the 2008 SHMA carried out by Fordham Research. The 2012 SHMA update provides a detailed review of housing in the Ipswich Housing Market Area including the Suffolk Coastal Housing Market Area. The SHMA 2012 however does not include some 2011 census data, as not all the data was available at the time of the study.

### Dwelling Stock

- 2.2 In terms of the profile of dwelling stock, it was found that Suffolk Coastal has the highest proportion of properties in high value bands (F-I), at 10.69%.<sup>2</sup> In addition, Suffolk Coastal has constantly maintained a lower household size than other areas<sup>3</sup>. Furthermore, the proportion of vacant dwellings is quite varied throughout the Ipswich HMA. The highest proportion of vacant dwellings was found in Suffolk Coastal, which has 3.4% vacant dwellings<sup>4</sup>.
- 2.3 The table below shows the tenure change between census years 2001 and 2011. It shows a decrease in owner occupation of 1.7% and an increase of over 2.6% within the Private Rented sector.

	2001	%	2011	%	% Change
Owned	36721	74.9%	39193	73.2%	-1.7%
Social	5831	11.9%	6066	11.3%	-0.6%
Private Rented	5372	11.0%	7267	13.6%	2.6%
Living Rent Free	1101	2.2%	798	1.5%	-0.8%
Total	49025		53324		

- 2.4 This decrease in owner occupation would indicate that the private rented sector may be accommodating a growing proportion of those in housing need.

### Affordability

- 2.5 In general, the SHMA found that on average, incomes in the Ipswich HMA remain below both regional and national levels. Earnings in Ipswich are well below those in

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<sup>2</sup> 2012 - Paragraph 6.1.2.

<sup>3</sup> 2012 - Paragraph 6.3.1

<sup>4</sup> 2012 - Paragraph 6.9.2

the rest of the Housing Market Area (HMA). This update estimated that 41% of newly forming households are not able to afford to rent or buy a home within the Ipswich HMA.

- 2.6 The SHMA (2012) recorded that between 2007 and 2011, the average median house price increased by 8% in Suffolk Coastal<sup>5</sup>. The average (median) house price in Suffolk Coastal recorded in 2011 was £208,950, 19% higher than the national average (£175,000) at this time, shown in the table below (SHMA 2012, Table 7.2.4). The current National Average House Price is £253,000<sup>6</sup>, with the average House Price in the East of England higher than the UK average at £264,000<sup>7</sup>. We can also see that the greatest increase (by a significant difference) was seen in Suffolk Coastal of 8% increase.

	2007	2009	2011	% Change 2007-2011
Babergh	£168,000 (96%)	£150,000 (92%)	£165,000 (94%)	-2%
Ipswich	£140,000 (80%)	£115,000 (71%)	£130,000 (74%)	-7%
Mid Suffolk	£183,450 (105%)	£167,750 (103%)	£180,000 (103%)	-2%
<b>Suffolk Coastal</b>	<b>£193,000 (110%)</b>	<b>£178,000 (110%)</b>	<b>£208,950 (119%)</b>	<b>8%</b>
Suffolk	£168,000 (96%)	£150,000 (92%)	£165,000 (94%)	-2%
East of England	£187,500 (107%)	£172,000 (106%)	£187,000 (107%)	0%
England and Wales	£175,000	£162,500	£175,000	0%

- 2.7 Entry level properties in the Suffolk Coastal area are also the highest in the study area, at £150,000 (122.9% of national average) compared with the lowest of £106,000 (86.8% of national average) in Ipswich<sup>8</sup>.
- 2.8 In Suffolk Coastal the house price to income ratio was calculated at 7.6, the highest in the study area. However even the lowest ratio in Ipswich (6.1) is well above the affordability threshold of 3.5 for the area. The detailed figures are set out below taken from the SHMA (2012) table 7.13.5.

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<sup>5</sup> SHMA (2012) Table 7.2.4

<sup>6</sup> National Statistics Feb 2014

<sup>7</sup> National Statistics Feb 2014

<sup>8</sup> SHMA (2012) Table 7.4.1



	Entry-Level Price Q2 2011	Lower Quartile Earnings 2011	Price to Income Ratio
Babergh	£145,000	£19,855	7.3
Ipswich	£106,000	£17,260	6.1
Mid Suffolk	£132,000	£19,423	6.8
<b>Suffolk Coastal</b>	<b>£150,000</b>	<b>£19,794</b>	<b>7.6</b>
Ipswich HMA	£133,078	£19,083	7.0
East of England	£140,000	£19,580	7.2
England and Wales	£122,000	£18,720	6.5

2.9 Identifying the cost of entry-level market housing is crucial for assessing the ability of households to afford to rent or purchase a home. Using 2011 data (Q2) the SHMA found that lower quartile prices were highest in Suffolk Coastal, 22.7% above the regional rate of Norfolk and Suffolk and 13.7% higher than the Ipswich HMA<sup>9</sup>.

2.10 In terms of the turnover of social rented stock, it was found that Suffolk Coastal has historically recorded the lowest rate of turnover in the social rented stock at 3.5%, the next highest is in Ipswich at 5.8% and the highest turnover in Babergh at 7.4%.<sup>10</sup>

#### Second Homes

2.11 In areas where second home ownership is high this can price local people out of the market and deny local people the opportunity to buy a home, especially smaller homes which are important for younger and older people.

2.12 The SHMA<sup>11</sup> shows that the number of second homes in Suffolk Coastal is much greater than the other areas and that, in these areas, the number of second homes has remained fairly consistent. The following table<sup>12</sup> provides a breakdown of numbers of second homes in the Housing Market Area.

	2005	2006	2007	2008	2009	2010	2011
Babergh	485	415	449	457	475	479	488
Ipswich	315	321	339	373	416	373	335
Mid Suffolk	394	433	360	378	393	411	398
<b>Suffolk Coastal</b>	<b>2,442</b>	<b>2,450</b>	<b>2,494</b>	<b>2,489</b>	<b>2,587</b>	<b>2,600</b>	<b>2,648</b>
Ipswich HMA	3,636	3,619	3,642	3,697	3,871	3,863	3,869

2.13 From the figures in the table above the numbers of second homes are steadily increasing in Suffolk Coastal (8% from 2005-11). Overall second homes take up

<sup>9</sup> SHMA - Table 74.1

<sup>10</sup> SHMA Table 7.22.3

<sup>11</sup> 2012 - Table 6.8.1

<sup>12</sup> 2012 - 6.8.1

4.6% of stock in the Suffolk Coastal area, a much greater proportion than other areas, however the Suffolk Coastal Core Strategy (2013) states in some parishes the level of second homes reaches as high as 30%’.

#### Housing Need

- 2.14 While the SHMA does not make a full recommendation on overall housing need, it does note how the East of England Forecasting Model, which uses a different methodology and is an economic based approach, is the most “robust approach”. This model found that the level of overall housing required was in fact much greater than what was included in the draft RSS, and that in Suffolk Coastal there would be an increase in 14,200 households between 2011 and 2031 (710 per annum). As we can see this level of growth is much greater than what has been incorporated into the Core Strategy 2013 (465 per annum).
- 2.15 The SHMA (2012) found that there was a backlog of 4,000 households in need of a suitable and affordable home in the Ipswich HMA. It went onto suggest that the supply of new affordable homes and the reuse of existing stock are not sufficient. In order to address this shortfall, it stated that 70% of all new homes in the Ipswich HMA currently being planned would need to be affordable.
- 2.16 The needs were found to be greatest in Ipswich with an annual need for at least 584 more homes to be affordable. Need within Suffolk Coastal is the next greatest at 355 new affordable homes per annum. Between 2008-11 a total of 310 Affordable homes were built (77.5 per annum) and when measured against the net annual need it shows an average annual shortfall of 277.5 affordable housing units per annum.
- 2.17 The size of affordable homes required is set out in the following table by using those households previously on the housing register, this is the most appropriate indication of the size of units required.<sup>13</sup>

Bedrooms Required	Babergh	Ipswich	Mid Suffolk	Suffolk Coastal	Ipswich HMA
1	41%	47%	46%	<b>44%</b>	45%
2	40%	33%	36%	<b>30%</b>	35%
3	16%	17%	16%	<b>20%</b>	17%
4+	3%	3%	2%	<b>5%</b>	3%

<sup>13</sup> Table 9.22.1 (from the HSSA 2004-2011).

### **3.0 The Viability of Affordable Housing Delivery**

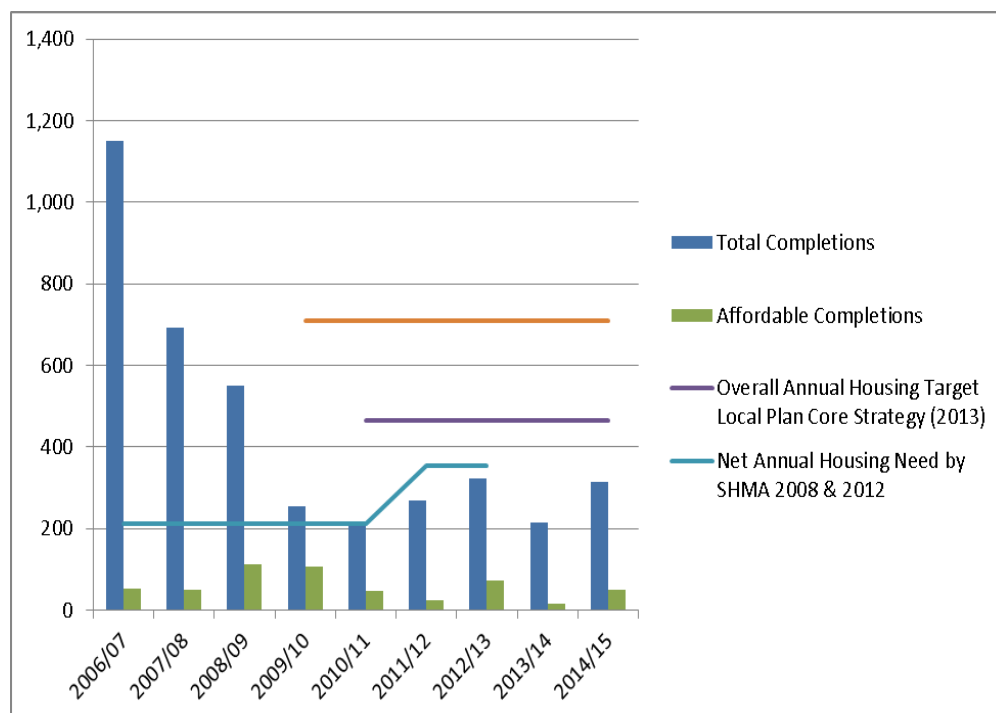
- 3.1 The NPPF defines the importance of carrying out a viability assessment in paragraph 173 of the Plan-Making Section 'Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking.' ..... 'To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.'
- 3.2 The Community Infrastructure Levy (CIL) was adopted in July 2015, as anticipated in the text of policy SP11, 'Where new services and facilities are to be provided by means of developer contributions in association with new developments their timely provision will be secured by means of conditions, legal agreements and/or through the Community Infrastructure Levy (CIL) (once a charging schedule has been adopted)'.
- 3.3 As part and parcel of the process of adopting the CIL, it was necessary to examine the viability of development in the area covered by the plan in order to conform with the requirements set out in paragraphs 173 and 174 of the NPPF. This viability testing represents the most recent information available on the overall viability of the Council's affordable housing requirements.
- 3.4 The study was carried out by Peter Brett Associates and published in May 2014 although, as with all such studies, the data upon which it is based is older. The base date of the information used in the modelling is actually October 2013.
- 3.5 According to the study, Woodbridge is a mid-level area. In such areas, the study concluded that, with 33% affordable housing in place, development would be viable for all development types except flats and there would still be considerable scope to collect CIL without compromise to overall scheme viability.
- 3.6 The study concluded that there was at least £171/m<sup>2</sup> of "headroom" in the land value over and above minimum land value required to bring development forward - even with 33% affordable housing in place. Since the study recommended a CIL of only £90/m<sup>2</sup> of qualifying development, it would appear that a development of the type proposed for the land off Duke's Park would be viable.
- 3.7 There are, however, two further points to note. First, the fact that the headroom identified by the study is less for larger sites than for smaller ones. PBA found that a five unit development might achieve a "surplus" of £236/m<sup>2</sup> whereas a 5 unit development might expect to achieve only £170/m<sup>2</sup>. Since no sites larger than 50 units were considered by the study and because larger sites typically experience greater "opening up costs" than smaller ones, we might expect a development on the scale of the applicant site to experience still less "headroom".
- 3.8 The second issue is the changes in the housing market since the base date of the study. It is in the nature of such reports that they can only ever constitute a snapshot of the information available at the time of their preparation but it is a

relatively simple matter to look up the changes in the two most important inputs to the modelling – build cost and residential value.

- 3.9 In respect of value, the news is good. According to the Land Registry House Price Index for Suffolk has risen from 279 in October 2013 to 313 in September 2015 – an increase of 12.5%.
- 3.10 Over the same period, the BCIS cost index rose from the £861/m<sup>2</sup> reported in the viability assessment to £1,013/m<sup>2</sup> today. In percentage terms then, costs have risen faster than values – by 17% compared to 12.5%. However, since the value per square metre in 2013 was over twice as high as the cost per square metre, the aggregate effect of both changes on scheme viability is likely to be positive.
- 3.11 Thus, there would appear few grounds to conclude that the scheme at Duke's park would be unable to deliver the full affordable housing requirement as well as the CIL.

## **4.0 Output and Secondary Data**

- 4.1 This AMR monitors progress over the period 01 April 2011 to 31 March 2012. However due to the changes on the NPPF Local Authorities are no longer obligated to produce an AMR and therefore we have been unable to retrieve latest data for 2012/13. However, we have referred to a number of other documents, including the more recent SHLAA, CLG Live Table 253 and the New Homes Bonus Allocations in order to bring the completion data for both market and affordable homes more up to date. In particular, the last year of affordable housing completions are estimated based on the New Home Bonus Allocations, which says that, over the last four years, there were a total of 169 affordable completions. By deducting the totals from the first three years of that four year period, we have arrived at an estimate of affordable housing output in 2014-5. This figure may not be exact, not least because NHB allocations are based on data six months out of phase with other sources of government data. However, the picture is clear. Both overall completions and affordable completions have been well below the target levels in Suffolk Coastal for some years.
- 4.2 In the following graph we can see the level of overall completions and affordable completions relative to various targets. The targets include those set out in the recently adopted Core Strategy and the net annual affordable housing requirements as per the SHMA.



4.3 In terms of overall housing completions we can see that since the high building rates of 2006/07 the Council has seen a steady decline in overall completions. Moreover since the Council has been unable to deliver its average annual target of 465 units per annum since the start of the plan period 2010 – 2027 is having a cumulative effect on overall delivery. In fact as we shall see in the following table, this is resulting in a significant cumulative deficit in terms of overall housing delivery to such an extent that there is a shortfall of -653 houses in the district against this new target.

Year	Completions	Target	Cumulative Surplus/Deficit
2009/10	256	465	-209
2010/11	216	465	-458
2011/12	270	465	-653
2012/13	324	465	-794
2013/14	215	465	-1,044
2014/15	315	465	-1,194

4.4 As highlighted earlier in this report, the SHMA (2012) records that a study by Oxford Economics 2010 based on economic needs which also took into account second homes and vacant properties, identified that there was a much higher level of need for overall housing of 710 units per annum (2011 -2031).

4.5 In relation to affordable completions, the adopted Core Strategy 2013, states that it should provide for on average, 112 units per annum. Even though this target is well below the identified level of need, it is evident that this target has not been met.

- 4.6 The SHMA (2012) found that, since the 2008 SHMA, the level of annual housing need has increased from 211 units per annum to 355 units per annum suggesting that the acute need for affordable housing need in Suffolk Coastal is increasing. It is for this reason that considerable weight should be given to this proposal which provides much needed market and affordable housing.
- 4.7 The NFFP (paragraph 47) highlights that Local Authorities need to allow a 5 year Land supply for new housing, the NPPF then goes on to state that 'Relevant policies for the supply of housing should not be considered up-to-date if the local planning authority cannot demonstrate a five-year supply of deliverable housing sites'. Using the Suffolk Coastal 2013 SHLAA (Strategic Housing Land Availability Assessment) there is a lack of short term land supply with only 3.7 years land supply identified.

### Funding

- 4.8 Although funding for new affordable homes has been severely cut back, since 2011, some funding is available from the HCA to support the provision of affordable housing where necessary.
- 4.9 Under the Affordable Homes Programme (2011-5) which replaced the NAHP, the presumption is that affordable homes delivered through the use of planning obligations will not ordinarily be funded.
- 4.10 According to Homes and Communities Agency (HCA) data, 599 affordable homes of all tenures received £10,102,231 in Suffolk during the period from April 2011 to December 2013. This represents a grant rate of £16,865/unit. In Suffolk Coastal, a total of £265,319 was committed, for 39 new units, representing a grant rate of £6,803.05/unit, as shown in the table below.

	Assigned	Committed	Units	Grant/ Unit
<b>Suffolk</b>	£14,557,859.00	*	893	£16,302
<b>Suffolk</b>	*	£10,102,231.00	599	£16,865
<b>Suffolk Coastal</b>	*	£265,319.00	39	£6,803

- 4.11 The intention behind the introduction of Affordable Homes Programme was that the reduction in grant funding will be off-set by the higher rents charged on the new tenure of affordable rented homes. We have therefore obtained the Local Housing Allowance rates for the High Weald BRMA (April 2014) – which will set the maximum rent generally payable for the properties. When these rents are compared to the actual rents charges on the small stock of Affordable rented homes in Suffolk Coastal according to data from the HCA's NROSH+ dataset, it is clear that real rents are only slightly below the weekly Local Housing Allowance rates in the area. This constrains the amount of money available for the delivery of affordable homes.

High Weald BRMA (April 2014)					
	Shared	1 Bed	2 Bed	3 Bed	4 Bed
<b>Weekly LHA</b>	<b>£56.77</b>	£89.74	£110.72	£128.19	£172.70
<b>Actual Rents</b>	-	£76.81	£96.83	£121.38	-

## Census Data

- 4.12 It is well understood, housing supply and household formation are, to some extent linked. If the number of new homes constructed is too low then it will be impossible for some of the younger population who might have expected to move out of home and form new households. In a free market, prices will rise in relation to wages on the basis of the ability to pay for housing – in effect, some people will be priced out and will be unable to form an independent household when, under different conditions, they might have expected to be able to do so.
- 4.13 Such households would include older children unable to leave the parental home because they cannot afford to do so and people sharing accommodation – either a group of people sharing a property or a home buyer renting out a spare room to help with the mortgage. Housing Needs Surveys would count such households as “concealed”. They have a need for an independent home and a reasonable expectation of being able to move into one but they are unable to do soon cost grounds. At an anecdotal level, much has been made in the press and elsewhere about “boomerang kids” returning to the parental home after university and the rising average age of home buyers but it has been difficult to quantify the scale of the issue.
- 4.14 Part of the reason that it has been difficult is the nature of the census which treats all of those living in a property with shared facilities as a single household – even if they would like to live independently. In effect, the census does not recognise concealed households and neither do the household projections based upon it.
- 4.15 With that in mind, census data on household composition has been compared in Suffolk Coastal in 2001 and 2011 and the categories of household which might contain one or more concealed households have been examined. That is to say, households in which all children are non-dependent and, the unhelpfully named “other, other” households – which would be largely composed of flat or house sharers. The increase in such households is nearly a fifth of all households.

Suffolk Coastal Household Increase		
Census Year	All Households	Increase in Potential Concealed Households
2001	49025	3944
2011	53558	4504
Overall Increase	4533	560
Annual Average Increase	453	56

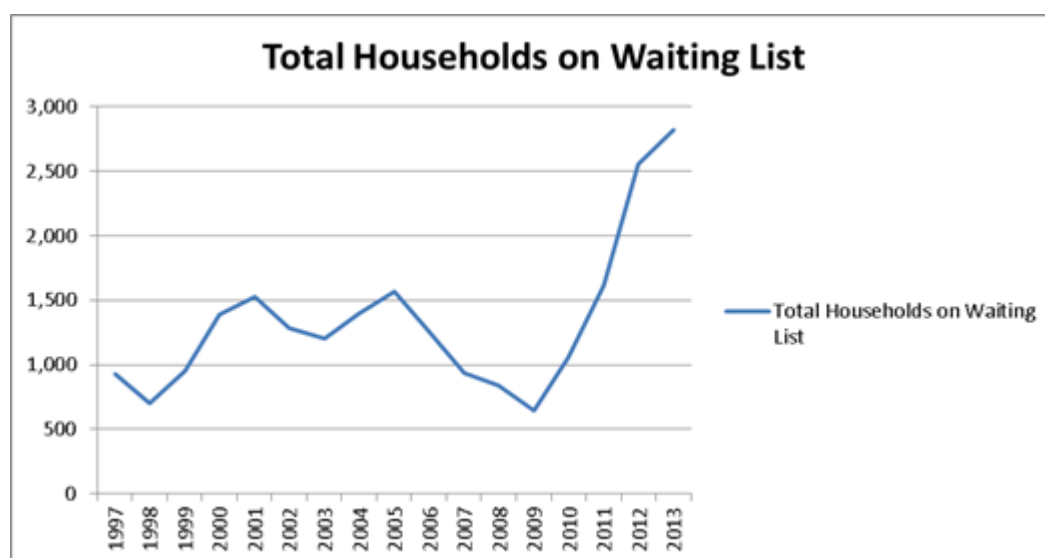
- 4.16 This is, of course, an inexact measure. Not all non-dependent children would move out if they had the means, not all flat sharers would live independently if they could. Both living with parents and sharing a flat are stages that many people go through and it would not be appropriate to treat all such individuals as concealed households priced out of the market – however, not all such households have been

counted, merely the increase in their number over this period. The likeliest reason for an increase in such households at a time of steeply rising housing costs must surely be concealment.

- 4.17 Moreover, the figure may just as well be an under-as an over-estimate. Only those households where all children are non-dependent are counted. Where there are both dependent and non-dependent children in a household, that household is classed as having dependent children – there is no way of knowing either the number of non-dependent children nor the rate of any increase in that number. The figure of 560, also assumes that each such household contains only one concealed household – in practice, it is not impossible for a home to house more than one grown up child or for a flat share to be shared among more than two tenants. In terms of annual growth in potentially concealed households, the rise in potentially concealed households represents over 12% of the increase in total households.
- 4.18 Furthermore, in addition to the level of potentially concealed households, the 2011 census also records concealed families as a definitive group. In Suffolk Coastal (2011) there were found to be a total of 349 concealed families.
- 4.19 A concealed family can be a couple (with or without children) or a lone parent; an adult child living without a partner or child is not a family. While ONS recognises that the occurrence of concealed households may be due to cultural traditions, including multi-generational households, it also occurs due to economic reasons including rising house prices in relation to earnings which would indicate affordability problems.

### Waiting List

- 4.20 The number of households on the waiting list for Suffolk Coastal went through fluctuations until 2009 and has since being sharply on the increase from then onwards; the most recent statistics from 2013 show a total of 2,818 households on the waiting list.





- 4.21 Further examination of the waiting list over the past 3 years, shown in the table below, shows the bedroom requirements from those households on the waiting list. It shows that the predominant need is for smaller units.

Waiting List as of 1st April over past 3 years showing required mix of housing and reasonable preference						
		1 Bed	2 Bed	3 Bed	3 + Bed	Total
2011		769	510	257	77	1613
	%	47.7%	31.6%	15.9%	4.8%	
2012		1221	821	401	110	2553
	%	47.8%	32.2%	15.7%	4.3%	
2013		1,401	980	371	66	2,818
	%	49.7%	34.8%	13.2%	2.3%	
2014		1,446	1,024	388	59	2,917
	%	49.6%	35.1%	13.3%	2.0%	

- 4.22 The most prominent findings from the table above is the drastic increase in the total number of households on the waiting list, between 2011 and 2014 there has been an overall increase of 1,304 households (326 per annum).
- 4.23 Over the same period, the number of households on the Waiting List in Suffolk Coastal has risen from 447 to 716 – an increase of 60% in just four years.
- 4.24 It is likely that this drastic increase in the number of people on waiting lists in Suffolk Coastal has been exacerbated by the high level of second home ownership, noted in the Core Strategy (2013).

## 5.0 Affordable Rent and Social Rent

- 5.1 In 2010, the Chancellor of the Exchequer announced the creation of a new affordable housing tenure – Affordable Rent in the statement which accompanied the Comprehensive Spending Review. Registered providers were given greater flexibility to set rents at levels up to 80% of the open market rent for the property and to issue shorter tenancies – originally as short as 2 years although 5 years was subsequently made the norm.
- 5.2 The introduction coincided with a shift in the government’s philosophical approach to affordable housing and a radical withdrawal of capital funding for new affordable homes.
- 5.3 With capital funding for new affordable housing (especially affordable housing delivered by means of planning obligations) cut back to a bare minimum, the intention behind the higher rents associated with affordable housing was to increase the price that Registered Providers could pay for affordable homes and

thus to maintain the output of much needed affordable homes at a time when output might otherwise have fallen sharply.

- 5.4 In its options appraisal for the introduction of the new tenure, the Government explicitly considered the question of whether it would be more beneficial to secure a larger number of less subsidised Affordable Rented homes or whether it would be better to continue to deliver a smaller number of more deeply subsidised Social Rented homes. It found in favour of the former. In doing so, it assumed that households moving into rented affordable housing came mostly from the private sector, where they needed to be supported by significantly higher levels of housing benefit. The higher rents associated with affordable housing would blunt the savings to the benefit bill in individual cases but, in aggregate, the higher capital values would deliver more affordable homes and thus spread the benefits further.
- 5.5 Nor did the Government see this as a short term solution limited to the provision of new homes, as its top priority of reducing the national deficit precluded significant capital funding for affordable homes. In fact, the Chancellor announced that Registered Providers would be permitted to transfer existing Social Rented homes to the new tenure as they fell vacant and became available for re-letting. This was to allow the RPs to use the higher rents to release capital to be reinvested in the delivery of new affordable homes.
- 5.6 This marks a philosophical shift. There are two ways to support people in need of affordable housing – either through subsidising the individuals concerned through housing benefit or by subsidising the homes themselves. The view of the present Government is that deep subsidies to the homes themselves (through the provision of social rented housing) are inefficient. The theory being that households might be allocated to the home at a uniquely vulnerable moment in their lives perhaps following a redundancy but, once provided with an affordable home, their circumstances should improve. If the household's circumstances subsequently change such that they no longer require the subsidy it is then impossible to make the subsidised home available to a household with a present need because social rented tenancies are granted for life.
- 5.7 The new tenure is intended to support households at their time of need rather than indefinitely. The intention is that, as households get back on their feet, they either move into the private sector or, alternatively buy a share in the equity of the home, thus releasing a subsidy which can be used to help others.
- 5.8 That Affordable Rent should be the primary form of affordable housing delivery across the country is built into the framework of the Affordable Homes Programme, the government's flagship programme for new affordable homes. The framework to the AHP makes it abundantly clear that the Homes and Communities Agency sees the provision of new social rented housing as making up only the most marginal element of the overall programme.

"Affordable Rent is expected to be the main element of the product offer from providers both for new supply and conversion of re-lets. But we want providers to respond appropriately to a range of local needs and development opportunities. We

will therefore consider the inclusion of affordable home ownership in proposals, where it is a local priority and offers value for money.

Funding for social rented housing may be considered in exceptional cases.”<sup>14</sup>

5.9 Just how exceptional those cases would be is set out later in the same document.

“Social rent provision will only be supported in limited circumstances. For example, social rent could be considered in regeneration schemes where decanting existing social tenants into new homes is necessary.

In all cases providers, supported by the relevant local authorities, will have to make a strong case to demonstrate why Affordable Rent would not be a viable alternative. All such cases will be considered on their individual merits.

Alternatively a local authority may wish to support the provision of social rent through the application of its own resources, for example, the provision of free land or its own funding. The HCA will consider such cases where this results in the level of HCA funding requested offering similar value for money to that achieved for Affordable Rent offers.”<sup>15</sup>

5.10 The published statistics on the output of new homes under the Affordable Homes Programme up to the end of June 2013 contains not a single instance of social rented housing<sup>16</sup>. This data contains the funding details of some 38,000 new homes, including those which did not receive any public funding.

5.11 However, we recognise that not all elements of the Government’s programme have been implemented. In particular, conversions of existing social rented homes to affordable rent have been relatively rare and, even if the absence of new social rented homes in the AHP turns out to be a reporting error (which is possible) – it is possible to deliver affordable homes outside the Affordable Homes Programme. Frustratingly, despite being the regulator for the entire affordable housing sector, the HCA has no statistics at all on delivery outside the AHP and was unable to confirm or deny whether such delivery was taking place or to what extent.

5.12 In summary then, the government is seeking to maximise the delivery of affordable housing. In order to ensure this, its view and that of the HCA is that all new rented affordable homes should take the form of Affordable Rent rather than Social Rent.

5.13 Moreover, whatever the Council’s stated policy, the evidence behind that policy is based upon the assumption that Rented Homes will be provided.


5.14 We conclude that there is room for a discussion with the Council’s registered Provider partners as to what the Affordable Rent should be and whether it should indeed be charged at the full 80% of the open market rent but, in order to give the

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<sup>14</sup> Affordable Homes Programme Framework Para 4.1-2 HCA 2010

<sup>15</sup> Affordable Homes Programme Framework Para 4.20-22 HCA 2010

<sup>16</sup> [http://www.homesandcommunities.co.uk/sites/default/files/our-work/2011-15\\_ahp\\_-\\_schemes\\_confirmed\\_by\\_the\\_hca\\_end\\_of\\_june\\_2013.xlsx](http://www.homesandcommunities.co.uk/sites/default/files/our-work/2011-15_ahp_-_schemes_confirmed_by_the_hca_end_of_june_2013.xlsx)



maximum level of certainty, the Council should accept that Affordable Rented housing is accessible to all and meets the identified housing need in the Borough. As such, provision of affordable rented units complies fully with adopted policy.