

Affordable Homes Programme  
Ministry of Housing, Communities and Local Government

Dear Sir,

**Request for the Designation of Southwold, Suffolk as a Protected Area for Shared Ownership**

This letter, along with the attached Supporting Evidence, constitutes a formal request to the Secretary of State for Housing, Communities and Local Government to designate Southwold, Suffolk as a Designated Protected Area (DPA) for Shared Ownership under the permitted exclusion sections of the Leasehold Reform Act 1967 and Section 302 of the Housing and Regeneration Act 2008. This legislation allows additional areas to be designated as Protected Areas. In view of the amount of time that has elapsed since the original DPA's were announced, and the substantial changes in housing tenure in Southwold since 2008, we wish to present the case to include Southwold as a Protected Area for shared ownership purposes.

The DPAs create a mechanism whereby the Government's policy of supporting home ownership for people on lower incomes can be reconciled with the need to ensure a continuing supply of affordable housing in rural areas where it is difficult to replenish affordable housing stock.

Southwold is a small rural market town located in a part of the Suffolk Coast that is characterised by extremes of advantage and disadvantage sitting side by side. The town, which is ringed by sea, rivers and marsh, has little land on which to build new housing. Only two brown field sites are allocated under the new Local Plan: the former hospital and the former police and fire stations.

In recent years, second home investment money has flooded into Southwold's housing market, and increasingly, because of tax incentives, second homes are being used for holiday letting. According to a 2014 ONS study of coastal communities, Southwold has the highest proportion (50%) of households with no principal residents in England and Wales. Moreover this has changed substantially in the period since 2001, when the equivalent figure was 38%. By contrast, the average rate of non-principal residents in small coastal communities in England and Wales is 10.4% and in England and Wales as a whole, it is 4.4%. Additional data collected for the Southwold Neighbourhood Plan in 2016 found that 57% of dwellings were occupied as second homes or holiday lets. Ninety-five percent of new development in the last 15 years has been sold to the second home/holiday let market. There is an acute shortage of private rental housing because landlords can make more money from holiday letting.

Besides having the highest percentage of second homes, Southwold has the oldest population in England and Wales. This population is steadily declining. As a popular tourism destination, Southwold makes an important contribution to Waveney District's economy but to support tourism services, the town requires a thriving local community. Therefore, for both Southwold Town Council and Waveney District Council, 'growing' the local population is a priority. This can only be achieved by building *and* retaining a reasonable amount of affordable housing, which is now being done in Southwold.

Currently, Hastoe Housing Association is working on two community led development schemes on the brownfield sites allocated by the new Local Plan that will generate 17 affordable residential units. The schemes are being partly financed by a Community Housing Fund grant. The purpose of this Fund is to mitigate the sustainability impact of second home ownership on rural communities. One of the Fund's stated objectives is to provide "housing that is affordable at local income levels and *remains so in perpetuity.*"(Ref <https://www.gov.uk/government/collections/community-housing-fund>). To be financially viable, and also to attract young families into the town, both community led schemes include a significant element of shared ownership tenure. However, the District Council, Hastoe, the Town Council, and SouthGen (the community benefit society that is partnering with Hastoe on the hospital site scheme) are deeply concerned that, without a cap, shared ownership will quickly revert to second home ownership. The last affordable scheme to be built in the town (2010) included 10 shared ownership houses. Today, nine of the ten houses are second homes.

Following a recent below market land acquisition by this council from a local benefactor, we are currently building new affordable council housing to rent. Benefactors with a social perspective will be difficult to engage if the dwellings can be lost as affordable homes. Likewise, Southwold Town Council would be unwilling to consider using its own land resource for development if there is a potential loss of dwellings through stair casing to outright ownership.

Although Southwold fits all of the policy objectives of the DPA cap, it does not quite fit the criteria used to designate an area as rural. These criteria are:

- Towns with less than 3,000 inhabitants; and
- Towns with a population density of two persons per hectare as a guideline.

Although Southwold's current population (780 based on the most recent Electoral Roll) easily meets the first criteria, its density of nearly 3 per hectare is slight more than the guideline. Density is an anomaly caused by Southwold's geography – the need to concentrate housing above the flood plain.

It is understood that there is some discretion in applying the second criterion on density. In view of the particular circumstances of Southwold, and in order to ensure that Community Housing Fund grant achieves its policy objectives, Waveney District Council requests that the Minister uses his statutory discretion to designate Southwold a Protected Area for shared ownership purposes.

If you require additional information please let me know. Both Waveney District Council and Southwold Town Council look forward to receiving your response in due course.

Yours faithfully,