



Chelmsford Local Plan

**Housing Additionality:
Affordable Housing for
Rent**

Planning Advice Note

January 2022

Housing Additionality: Affordable Housing for Rent

Planning Advice Note

Purpose

The purpose of this advice note is to provide guidance on:

- a) A different proportion of affordable housing for rent required on sites allocated for housing in the Local Plan when the quantum of residential accommodation sought is above the level identified in the Local Plan, to help address the shortfall in the supply of new four-bedroom affordable homes for rent delivered in the last five years.
- b) To enable consideration of a different affordable housing for rent contribution on all planning gain sites, when it can be demonstrated that a higher number of persons can be accommodated through a larger proportion of four-bedroom homes for rent being secured.

Background

The Council requires the provision of 35% of the total number of residential units to be provided and maintained as affordable housing within all new residential development sites which comprise of 11 or more residential units.

To ensure new affordable housing provision is weighted to make a proportionate contribution to the assessed need, the Council requires affordable housing on developments of 11 or more dwellings to include 22% of the total number of dwellings within the development as either social or affordable rented accommodation. The remaining 13% of the total number of dwellings should be delivered as First Homes (9%) and the balance as Shared Ownership housing (4%).

The affordable housing profile in Table 1 shows the overall net annual requirement for affordable housing for rent once the likely supply of the affordable accommodation has been deducted from the gross need.

Table 1: Size of additional units required to meet housing need in Chelmsford

	Gross annual need	Gross annual supply	Net annual need	As a % of total net annual need	Supply as a % of gross need
One bedroom	339	300	39	22.5%	88.4%
Two bedrooms	283	190	94	53.6%	67.0%
Three bedrooms	113	88	25	14.2%	78.0%
Four or more bedrooms	29	12	17	9.7%	41.9%
Total	764	589	175	100.0%	77.1%

Source: 5.13b Appendix 5 of the SHMA Update (December 2015)

This shows the largest net need is for two-bedroom affordable accommodation for rent, followed by one-bedroom affordable homes for rent. The final column shows that the need relative to supply is greatest for four-bedroom affordable homes for rent followed by two-bedroom affordable accommodation for rent. Households in need requiring one-bedroom affordable accommodation for rent are most likely to have their need met from the existing affordable housing rented stock.

The net need for new affordable homes for rent in Figure 7.2 of the Strategic Housing Market Assessment (SHMA) Update (December 2015) and replicated in the Planning Obligations Supplementary Planning Document (SPD), sets out the overall dwelling mix for the Council to pursue within the 22% affordable housing for rent component of the overall affordable housing contribution on developments of 11 dwellings or more.

Table 2: Bedroom size of affordable housing for rent size of additional units required to meet housing need in Chelmsford

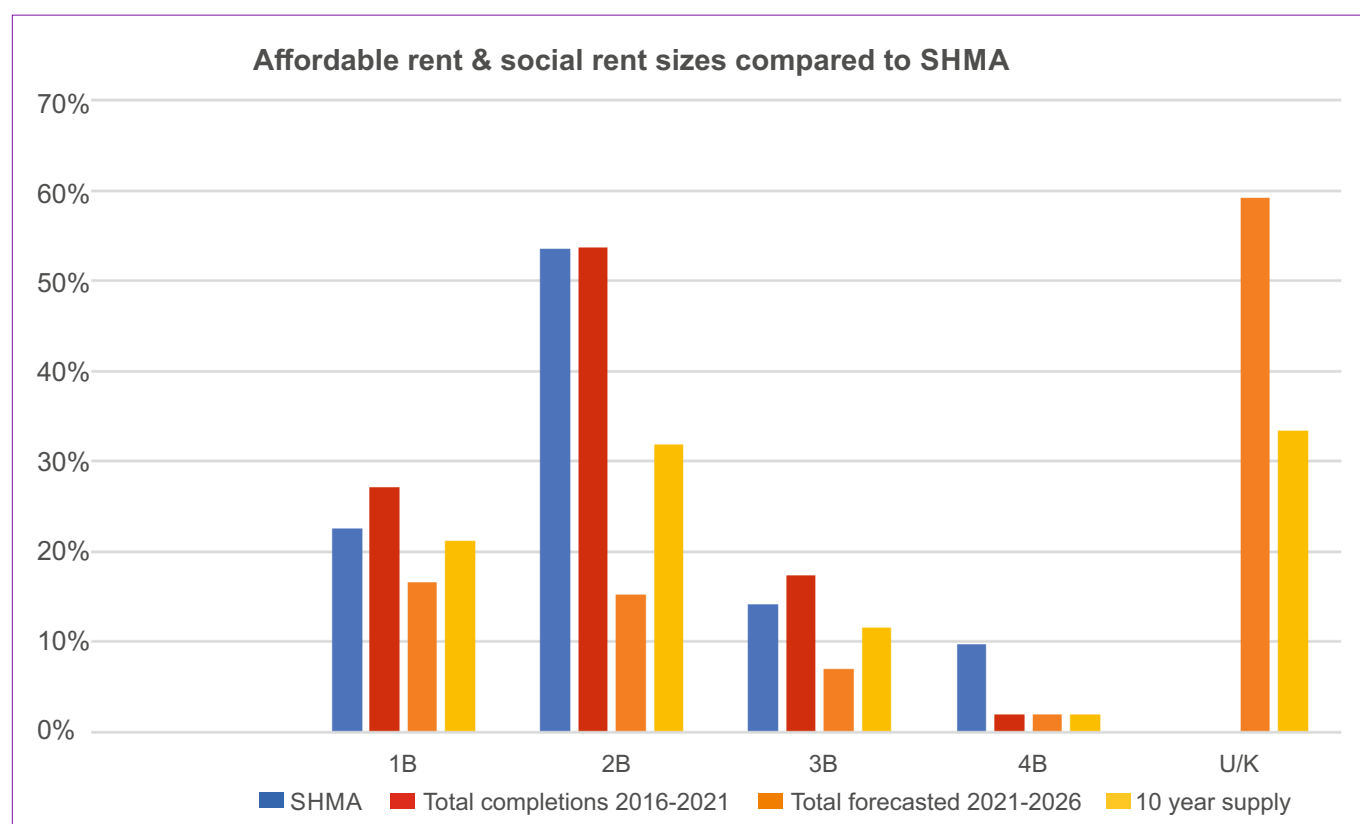
Size of home	Need requirement as a percentage of net annual total
One Bedroom	22.5%
Two Bedrooms	53.6%
Three Bedrooms	14.2%
Four or more Bedrooms	9.7%
Total	100.0%

Source: Figure 7.2 SHMA Update (December 2015)

The affordable housing for rent mix set out in Table 2 above, was used to calculate the viability of planning contributions in the viability assessment of the Local Plan.

Issues

The supply of new affordable housing for rent compared to the SHMA requirement for the last five years is shown below in Figure 1:



Source: Chelmsford City Council Monitoring Statistics (September 2021)

The most notable difference is in the supply of four-bedroom affordable homes for rent, which is currently forecast to remain well below the required level. The low level of larger affordable family homes has significantly impacted on the churn of larger family homes within the existing affordable housing stock, which already had the highest need relative to supply recorded in the SHMA, leading to a decline in the number of existing affordable homes being relet overall.

Most of the supply of affordable homes for rent comes from the existing stock, as existing tenants move on and homes become available to re-let to someone from the Council's Housing Register. Between 2018 and 2020 only three four-bedroom affordable homes for rent became available for re-letting from the existing affordable housing stock.

The SHMA identified an average annual supply from the existing affordable housing stock of 469 homes, this may have included age-restricted homes which make very little contribution to meeting the Council's statutory duties. In 2020/21 the actual supply from the existing affordable housing stock was 197 homes, supplemented by an additional 168 new-build homes, still short of the anticipated supply in the SHMA.

The impact of this reduction in supply, particularly the disparity between larger and smaller homes, is reflected in waiting times for those accepted as homeless, which contributes to the number and cost of households in temporary accommodation.

A - Revised Affordable Housing for Rent Mix

The revised affordable housing for rent mix set out in Table 3 below seeks to address the shortfall in supply of new four-bedroom affordable homes for rent by reducing the proportion of one-bedroom dwellings, in favour of an increase in the proportion of four-bedroom homes, as households in need requiring one bedroom accommodation are most likely to have their need met from the current supply.

The revised requirement set out in Table 3 only applies to the quantum of residential housing above the total number identified in the Local Plan, so as not to affect the viability of the residential housing mix tested in the Local Plan, with the additional housing being a windfall to the developer/landowner.

Table 3: Revised bedroom size of affordable housing for rent size of additional units required to meet housing need in Chelmsford

Size of home	Need requirement as a percentage of net annual total
One Bedroom	0%
Two Bedrooms	53.6%
Three Bedrooms	14.2%
Four or more Bedrooms	32.2%
Total	100.0%

Worked Example

A notional site with a residential 'allocation' of 100 dwellings in the Local Plan that when master-planned can demonstrate that it can sustainably accommodate 135 dwellings; would be required to provide the following affordable rented housing:

	22%	1 Bed	2 Bed	3 Bed	4 Bed
SHMA Mix on 100 Dwellings	22	5	12	3	2
Revised Mix on 35 Dwellings	8	0	4	1	3
Total	30	5	16	4	5

B – Revised Affordable Housing for Rent Contribution

If it can be demonstrated to the satisfaction of the Council that an increased number of persons would be accommodated overall on a threshold site through a higher proportion of four-bedroom homes than that set out in Table 2, the Council may agree to a lower percentage of affordable housing for rent on a site. The Council will need to be satisfied that the affordable housing for rent will meet the minimum occupation levels set out in Table 4 of the Planning Obligations SPD.

An increase in the proportion of four-bedroom affordable homes for rent and an increased overall occupancy within the overall affordable for housing for rent contribution compared to a provision at 22% with an affordable housing mix that accords with Table 2 on a threshold site, is likely to be achieved through a reduction in the proportion of one-bedroom homes.

Key Documents

Chelmsford Local Plan (2020)

Local Plan Policy DM2 seeks to secure a mix, size, type, and cost of affordable homes that will meet the identified housing need, established by housing needs assessments, which is proportionate to the categories of greatest need.

The mix of the affordable housing for rent required to meet priority housing need will be reviewed as part of the review of the Local Plan due to commence in 2022.

Planning Obligations SPD (2021)

Paragraphs 5.23 to 5.30 of the Planning Obligations SPD provides advice on the mix of affordable housing requirement on developments of 11 or more dwellings.

Emerging Chelmsford Housing Strategy (2021)

The draft emerging Housing Strategy 2022-2027 highlights how the Council is at a critical stage of being at risk of being unable to meet its statutory duties to some of those in most urgent need, particularly larger families with children.