

Chapter 4: Affordable Housing

Introduction

- 4.1 Ensuring the delivery of affordable housing is long established as an integral part of Government and Local Plan policy and is essential in meeting the housing needs of, and providing housing choice to, people with different income levels and facilitating sustainable local communities.
- 4.2 This section of the SPD explains the Councils' approach to the delivery of affordable housing through s106 planning obligations. It is supplementary to and expands upon the Local Plan policies for affordable housing, which are set out in the Cambridge City Local Plan (Policy 45) and the South Cambridgeshire Local Plan (Policy H/10 and H/11). It explains how the policies will be applied and provides additional information on what will be expected when dealing with planning applications for development for which an element of affordable housing should be provided.

The need for affordable housing

- 4.3 [The Greater Cambridge Housing Strategy 2024 – 2029](#) and the associated Annexes, provide a summary of some of the key evidence and data sources which help to inform the Housing Strategy and Local Plan policies. It sets out:
- that average house prices across Greater Cambridge are well above the regional and national average.
 - that the median house price to income ratio is high: 9.2 in Cambridge and 8.3 in South Cambridgeshire.
 - there are approximately 4,270 applicants across Cambridge City and South Cambridgeshire's council housing registers for social/affordable rent homes.
 - there is a need across Greater Cambridge for c.750 additional social/affordable rent homes to be provided per annum up to 2040.
 - This represents c.44% of the total strategic housing need for Greater Cambridge, although the Housing Needs Assessment ([GL Hearn, Housing Needs of Specific Groups in Cambridgeshire and West Suffolk, 2021](#)) emphasises that the scale of need suggests that the local authorities should continue to seek as much affordable housing delivery as viability allows.
 - there is need for both social rent homes, and affordable rent homes, in accordance with Annex 4 of the Greater Cambridge Housing Strategy 2024-2029 - Affordable Rents Policy.

- that the clear need for additional rented housing would arguably mean that providing affordable home ownership would ‘prejudice the ability’ to meet the acute need for rented affordable housing.
- the evidence suggests a significant shortfall of affordable housing of all sizes of accommodation, most notably one- and two-bedroom homes. However, the greatest need, relative to supply, is for family affordable housing, which also reflects the inability of market housing to cater for lower income larger households.

4.4 Overall, the demand for affordable housing is projected to continue to increase due to shortages in overall housing supply; high and increasing house prices relative to incomes; the requirement for larger deposits to access home ownership; increasing housing costs; and the impacts of benefit caps.

Policy context

Cambridge

4.5 Cambridge Local Plan 2018 Policy 45: Affordable Housing and Dwelling Mix requires 25% of homes on sites of 10-14 dwellings to be affordable, and 40% on sites of 15 or more dwellings, or if the proposed residential units exceed 1,000 sqm.

South Cambridgeshire

4.6 South Cambridgeshire Local Plan 2018 Policy H/10: Affordable Housing requires 40% affordable homes on all sites of 10 or more dwellings or if the proposed residential units exceed 1,000 sqm.

4.7 The policies in both adopted Local Plans refer to sites of 11 or more dwellings, however in November 2018 the planning committees of both Councils agreed to require affordable housing on sites of 10 or more dwellings in line with the National Planning Policy Framework (NPPF).

4.8 The South Cambridgeshire Local Plan also includes the provision of affordable housing for local people through Rural Exception Sites (Policy H/11).

Greater Cambridge (Cambridge and South Cambridgeshire)

- 4.9 Following public consultation, both Councils adopted a new joint housing strategy: [Homes for Our Future Greater Cambridge Housing Strategy 2024 – 2029](#). This will be considered as a material planning consideration when determining planning applications that include a component of residential development, including affordable housing and non-conventional housing.

Development types from which obligations will be sought

- 4.10 Affordable housing will be sought from all forms of residential developments, including mixed-use that trigger the above policy thresholds.
- 4.11 The best use must be made of development sites in accordance with planning policies on design and density, and the overall objectives for sustainable development. The Councils will look closely at proposals that fall short of the affordable housing thresholds to make sure the optimum use of land is achieved. This includes the situation where a planning application forms part of a larger site where development of the larger site would be within the above policy threshold.

Form in which obligations should be made

- 4.12 On-site provision is the Council's preference for how affordable housing will be provided by developers. Only where exceptional circumstances exist, and where the Council is satisfied that it would be appropriate, will off-site provision be accepted. Where exceptionally housing cannot be provided on or off-site, a commuted sum will be required in lieu of provision to secure delivery of affordable housing on sites elsewhere. The method for calculating the contribution in lieu of provision is set out at paragraphs 4.41 – 4.45 below.

Perpetuity

- 4.13 The Councils require all social and affordable rent housing to remain available as affordable housing for future eligible households. Where properties are sold, the Councils would expect as much as possible of the capital receipts to be re-invested into affordable housing in the Greater Cambridge area, to meet the high levels of need identified locally. To ensure that affordable housing continues to be affordable to those in housing need, and managed to acceptable standards, the Councils require the legal interest and management of the affordable housing secured through s106 obligations (with the exception

of certain types of non-conventional affordable housing) to be transferred to a Registered Provider (RP), including the Council or equivalent. If the housing is transferred to an RP or the Council these requirements will be deemed to have been met.

- 4.14 Shared ownership or other forms of low-cost home ownership will remain affordable in perpetuity but may be subject to occupiers 'stair-casing' to full ownership by purchasing additional equity in the property.

Nominations

- 4.15 For social/affordable rented properties, the Council will require nomination rights for 100% of initial lettings and 75% of relets. These will be required to be made available to those on the Home-Link Housing Register through the sub-regional choice-based lettings scheme (or its successor).
- 4.16 For Affordable Private Rent within a Build to Rent development, whilst the Councils will not seek nominations, there will be a requirement to agree the criteria for allocation.

Tenure mix

- 4.17 The Local Plan policies for affordable housing do not set out an expected tenure split. [Annex 2 of The Greater Cambridge Housing Strategy 2024 – 2029](#) – Affordable Housing Requirements - states that the Councils are seeking to provide consistency in the tenure mix to be delivered through affordable housing obligations across Greater Cambridge. The aim is to ensure affordable housing provision best meets local housing needs having regard to the form of the housing development (i.e. flats or houses), its location, and any other site-specific considerations.
- 4.18 The percentage of affordable housing and tenure split will be rounded up to the nearest whole number.

Affordable housing sizes

- 4.19 The Councils' expectations on the affordable housing mix by bedrooms, as a starting point, is set out in Tables 2 & 3 of [Annex 2 of the Greater Cambridge Housing Strategy 2024 – 2029](#) – Affordable Housing Requirements - for the City and South Cambridgeshire respectively.

- 4.20 In establishing the right mix of affordable housing sizes for a particular development, the Councils will consider matters such as the overall housing mix proposed for the scheme, the form of the development (flats or houses), changes to the profile of affordable housing applicants, and the turnover of existing affordable housing stock that becomes available. The Councils' expectations are that the affordable housing provision will mirror the housing mix being promoted across the development proposal, unless there is clear evidence that an alternative mix would better meet local affordable housing needs. As such, applicants for new developments are strongly encouraged to engage the Housing Strategy Team early in the scheme design stage to understand the latest position with respect to the sizes of social/affordable rent, shared ownership homes, and other affordable tenures needed.
- 4.21 The mix for rural exception sites will be decided separately based on a specific local needs assessment for the village in which the development is located.

Phased development

- 4.22 Where developments are to be phased, the Councils will work to ensure that affordable housing delivery is maximised across the build out, whilst also ensuring any required infrastructure is delivered concurrently. Due to the longer delivery time, likely changes in market conditions and associated costs will need to be forecast to ensure that a development is deliverable and maximises the amount of affordable housing that can be provided.
- 4.23 The Councils will generally accept the phasing of schemes where it can be demonstrated that this approach would result in a policy compliant level of affordable homes being delivered within each phase or would secure the maximum provision of affordable housing across the scheme as a whole.
- 4.24 The Councils may require phased developments to submit a viability assessment if during any phase of the development, the amount of affordable housing being delivered during that phase decreases. The Councils will also expect a revised viability assessment to be submitted where any phase of the scheme has unavoidably stalled for 12 months or more. For the avoidance of doubt, any reduction in the amount of housing being delivered by the development as a whole, would be subject to a Section 106A application to modify the applicable planning obligations of the original agreement. If the Councils do not consider a s106A application appropriate, due to the loss of affordable housing, a s73 application to amend the parent planning permission may be required.

- 4.25 If the Councils are minded to grant planning permission for phased development that proposes to deliver a below Local Plan policy compliant level of affordable housing, an obligation will be required to submit enhanced viability assessments at Early, Mid and Late stages. Applicants will need to justify any projected and abnormal development costs associated with the phasing in an Early-stage viability assessment. Any assumptions relating to projected changes in values and cost should be fully justified, based upon the local market conditions, and be reasonable and consistent with long-term new build trends, current market conditions and market expectations.

Negotiation of affordable housing

- 4.26 The Councils will seek all development sites of over 10 homes to be policy compliant. The affordable housing should be discussed with the Housing Strategy Team during the pre-application stage, to include property and tenure type, sizes, and location, in order to streamline the passage of the application through the planning process.
- 4.27 All relevant information regarding the affordable housing provision, including the tenure, type and size of all affordable housing units being provided, nomination rights and any other agreements, should be submitted as part of a planning application within a relevant application document (e.g. Affordable Housing Statements or Planning Statements). Plans of the proposed site layout should clarify the location of the affordable homes within the development, whilst planning application documents (e.g. Affordable Housing Statements, Design and Access Statements, or Planning Statements) should clarify how the proposed layout has been determined.
- 4.28 The Councils recognise that a number of factors can impact on the ability of a development to provide the expected proportion, tenure split and mix of affordable housing and comply with all other policy requirements. Where a deviation from the Councils' expected affordable housing requirements is proposed (e.g. an alternative tenure split), justification for why this is necessary should be set out in the Affordable Housing or Planning Statement accompanying the planning application. However, it should be noted that the Councils will not accept an inflated land value as justification for a departure from the requirements of this SPD and the Greater Cambridge Housing Strategy.
- 4.29 With respect to proposals for non-conventional and innovative housing models proposing non-policy compliant affordable housing offers, applicants will need

to explain how the proposed type of housing will contribute to meeting specific housing needs in Greater Cambridge.

- 4.30 Should the Council consider that the proportion of affordable housing or the proposed mix between social/affordable rent and shared ownership/ other housing tenures is not acceptable, permission for the development may be refused.
- 4.31 The Councils have established good relationships with a number of Registered Providers (RPs), as well as working through its own newbuild teams, that operate effectively in partnership with the Councils to provide affordable housing that meets local housing needs. The Housing Strategy Team encourages developers to meet their affordable housing obligations by forming a partnership with an RP. In the exceptional circumstance, where a developer is unable to contract with an RP, the developer is encouraged to engage with the Housing Strategy Team to see if they can assist with getting an RP on board or to agree an alternative approach.

Mortgagee in possession clause

- 4.32 The Councils support the inclusion of a Mortgagee in Possession clause within the s106 Agreement that allows a Registered Provider to maximise their borrowing power against their assets, so that they can invest in new affordable housing provision. [Annex 2](#) of the Greater Cambridge Housing Strategy includes a standard Mortgagee in Possession clause.

Calculation of payments in lieu of on-site provision

- 4.33 Although the preference is to negotiate on-site affordable housing, where it can be demonstrated that on-site provision is not possible or appropriate, a financial contribution towards the future provision of affordable housing may be acceptable and justified.
- 4.34 The terms for payments in lieu will be financially neutral in respect of the benefit to the applicant relative to onsite provision requirements. A valuation will be undertaken by an independent valuer commissioned by the Council, with any cost associated with the valuation met by the applicant. The independent valuer will be asked to provide their professional opinion on the following:

- The land value of the whole site without an on-site affordable housing contribution, and
 - The land value of the site with an on-site affordable housing contribution where the amount of free serviced land is based on the notional scheme for the site
- 4.35 The commuted sum will be calculated based upon the difference in the residual value of the scheme as a 100% private housing scheme verses an affordable housing policy compliant scheme.
- 4.36 Commuted sums in lieu of on-site affordable housing provision received by the Councils will be ring-fenced to secure efficient delivery of new affordable housing within Greater Cambridge, including through Councils own affordable housing programme.

Exemptions

- 4.37 Apart from the exemptions set out in the Local Plan policies, there are no exemptions from providing affordable housing on suitably sized schemes.

Further guidance

- 4.38 Further details about the overarching strategy for delivering affordable housing, the need for affordable housing, and the need to provide housing for specific groups can be found in the [Greater Cambridge's 2024- 2029 Housing Strategy and associated Annexes](#).