Policy Title:
LPS4 - Affordable Homes

Existing Policies Which adopted Core Strategy or Policies Sites and Places (PSP) policy would eventually be replaced	**Replaces - Core Strategy policy CS18 – Affordable Housing**
Non-Strategic / Strategic	**Strategic**

Purpose

The Council is committed to supporting people to ensure everyone has access to an affordable, decent, safe, secure and sustainable home. The affordability of housing and providing a range of housing types for the different stages of people's life journeys are key priorities to ensure the housing secured through the Local Plan policies and sites supports inclusive development and addresses inequalities in housing, income and standards of living. The Council wants to ensure local people are not priced out of their communities and everyone can put down sustainable roots and buy into the community they live in and call home.

Maximising the provision of Affordable Housing in South Gloucestershire to meet housing need and create sustainable, inclusive communities is a key way the Council will achieve these objectives. The greatest Affordable Housing need continues to be for family-sized homes and for this to be delivered as social rent. There is also a marked increase in the older population creating a demand particularly for suitable housing to downsize into to meet changing needs.

The main source of new Affordable Homes is on sites for market housing through planning policy. The Affordable Homes delivered are mainly for social rent and shared ownership at lower equity shares affordable to people on local incomes.

In addition, the Council will maximise opportunities to deliver Affordable Homes using grant funding or other forms of investment with preference for social rent. This will include 100% Affordable Housing schemes, additional Affordable Homes on market-led sites and Community-Led Housing.

Acceptable development for relevant residential schemes will be expected to deliver, as a minimum, policy-compliant levels of Affordable Housing to design and quality standards as defined in this Plan which may be above requirements of National Planning Policy Framework 2024 or any national policy that updates it.

The average need identified by the Local Housing Needs Assessment 2023 (LHNA) per year over the period 2025-2040 is 365 new Affordable Homes, equating to 27% of need for housing of all tenures (5,478 in total). This compares to the Local Housing Need for South Gloucestershire for the period 2026/27 to 2040/41 of 20,423 new homes, or 1,362 per annum.

In addition to meeting the identified level of Affordable Housing need in full, the Council's aspiration is to achieve a 25% reduction in the number of properties rented by Housing Benefit claimants in the private rented sector to return to the pre-pandemic level.

To meet the need (365 Affordable Homes pa) and this aspiration (81 Affordable Homes pa), the Affordable Housing target in the Plan is set at 6,686, or 446 Affordable Homes per year, which is 33% of the total housing need of 20,490 in the LHNA. To secure overall provision of Affordable Housing at 33% of the total, the policy will require a range of % requirements with a higher percentage of 40% on allocated and windfall greenfield sites and 50% on speculative Green Belt sites to allow for sites which have a lower percentage of 30% and where the policy does not apply or where there may be viability constraints.

Between 30% and 40% will be required on the Strategic Allocation and Village Extension sites (SUaVEs) in line with the Local Plan Viability Assessment & Community Infrastructure Levy (CIL) Scoping Report.

Sites on land which has previously been developed are required to achieve 30% Affordable Housing. 30% is the minimum level to create sustainable, inclusive communities which offer choice and broaden opportunities for current and future residents, with the exception of Build to Rent and Age-Friendly developments which are required to achieve a minimum of 20% Affordable Housing.

Local communities will be encouraged and supported to play a greater role in shaping the future of their own areas, including the provision of Affordable Homes, using opportunities presented by Neighbourhood Planning. The particular shortage of Affordable Housing in rural areas and the need to maintain and sustain rural communities is recognised by the Council. To support local communities to meet their Affordable Housing need, a local connection will be applied on homes for Affordable Housing for Rent on all new housing developments in rural areas of up to 30 homes.

New Local Plan policy sets out the Council's approach to rural exceptions and Community-Led Housing to address local assessed need for affordable homes. The Council will further explain its policy guidance on Affordable Housing by updating and replacing the current Affordable Housing Supplementary Planning Document and Technical Advice Notes.

Policy wording

1. **The policy target is 6,686 Affordable Homes (446 per year).**
2. **All new housing developments of 10 or more dwellings or 0.5 hectares (the lower of the two thresholds applies) and self and custom-build schemes of 10 or more plots are required to achieve without public subsidy an appropriate level of affordable housing provision. The appropriate level will be dependent on the type of site and type of development, with the following minimum thresholds applied:**

Site Type	Appropriate level of affordable housing
Greenfield Site (allocated and windfall)	40%
Green Belt (unallocated or windfall including previously developed Green Belt land)	50%
Previously developed land (allocated and windfall)	30%
Build to Rent	20%
Age Friendly	20%
Almondsbury Village Extension	40%
Easter Compton Village Extensions	40%
Carsons Green and Rockhouse Farm New Neighbourhoods	Site A 30%, Sites B&C 40%
North Lyde 'ecotech' Village	Site A 30% Site B 40%
North Warmley New Neighbourhood	Site A 30%, Site B,C & D 40%
New Woodlands	Site A 30%, Site B,C & D 40%

3. **In designated rural areas the threshold will be 5 or more dwellings**
4. **Where this results in a 'fraction' of a dwelling, this should be rounded up to a whole dwelling.**
5. **Affordable Housing will be maximised, and as well as meeting the overall quantum, it is expected that specific Affordable Housing tenure and unit types are provided to meet the housing need demonstrated in the latest version of the South Gloucestershire Local Housing Needs Assessment, and in rural areas, where appropriate, local housing needs surveys. The need is primarily for social rented homes, and shared ownership at lower equity shares that are affordable to people on local incomes.**
6. **To meet sustainability and community objectives, Affordable Housing should be provided on the application site. However, in exceptional circumstances and where it can be robustly justified, the Council may accept off-site provision, or a financial contribution of broadly equivalent value in lieu of on-site provision.**

7. **In exceptional circumstances a lower percentage may be agreed by the Council if the developer demonstrates that the planning obligations fundamentally impact the economic viability and prevent the site from coming forward. In such cases, other types of funding should be sought to make up the shortfall, with preference for delivery of social rent. There will be a requirement throughout the build-out period for the viability of the development and the availability of public subsidy or other forms of investment to be periodically reviewed to identify whether a figure closer to the policy requirement can be achieved from the site.**
8. **All Affordable Homes delivered under this policy must be let to eligible households and remain at an affordable price for future generations of eligible households. In the case of any sales of properties delivered under planning policy, the subsidy is to be recycled to provide alternative Affordable Housing in South Gloucestershire via a Section 106 Agreement.**
9. **All sites for 10 or more self-contained dwellings will be subject to this policy including where care and/or communal facilities are provided as part of the development (except Build to Rent where criterion 11 applies).**
10. **Where it is proposed to either phase development, sub-divide sites or there is a reasonable prospect of adjoining land being developed for residential purposes, including where there are existing buildings on the site, the Council will consider the whole land package and the total quantum of homes across that land package, to determine whether the scheme falls above the threshold set out in criterion 2 to require Affordable Housing. Applications will be refused if it is considered that the developer is artificially suppressing the quantum to avoid delivering Affordable Housing.**
11. **Developers of Build to Rent housing will be required to provide a minimum of 20% on-site Affordable Private Rented homes without public subsidy with rents (including service charges) set at up to 80% of the market rent for an equivalent property, but not exceeding the relevant Local Housing Allowance (including rent increases). The Council and the developer can agree to meet this requirement by other routes, preferably by providing other forms of Affordable Housing as defined in NPPF and/or a financial contribution.**
12. **Where a site of 100 dwellings or more is to deliver only Affordable Housing, policy PSP42 - Self Build and Custom Housebuilding will apply. Where the requirement for Self and Custom Housebuilding is triggered, 5% of the Affordable Homes must be provided as Self and Custom-build that meets the Affordable Housing definition in the NPPF and the definition of a Self-build or Custom build home in the NPPG. This should be delivered as Affordable Self and Custom Build homes. In exceptional circumstances, and where it can be robustly justified, the Council may agree that a requirement can be met by delivery of Affordable Homes built by a Registered Provider or an Affordable Housing financial contribution.**
13. **Housing developments of up to 30 units in rural areas will be subject to conditions or legal obligation to ensure that homes for Affordable Housing for Rent are reserved in perpetuity for those in local Affordable Housing need and the long-term occupancy restricted to those with a local connection. Where no applicants are identified in the parish of provision, a cascade approach to widen the area of local connection will operate on a housing need priority basis.**

Supporting text

Affordable Housing requirement

1. The Council's policy objective is to deliver sustainable and inclusive communities by meeting both the identified need for Affordable Homes in full and its target to achieve a 25% reduction in the number of properties rented by Housing Benefit claimants in the private rented sector to return to the pre-pandemic level. It is a robust target, capable of being achieved in the medium to longer term.
2. This policy requires a range of % Affordable Housing at nil public subsidy depending on site typology. Having regard to economic viability constraints, Green Belt sites will be required to achieve 50% Affordable Homes, allocated and windfall greenfield sites to achieve a minimum of 40% Affordable Homes and sites on previously developed land will be required to deliver a minimum of 30%. The Strategic Urban and Village Extension sites (SUaVEs) are required to achieve a minimum of 30% and up to 40% as set out in the relevant policy. These requirements are demonstrated to be viable in the Local Plan Viability Assessment & Community Infrastructure Levy (CIL) Scoping Report.
3. The requirement is justified because all sites do not deliver the full policy requirement; some sites are under-threshold or affected by viability or Vacant Building Credit.
4. Build to Rent schemes are required to achieve a minimum of 20% Affordable Housing in line with National Planning Policy Guidance paragraph 002.
5. Age-Friendly schemes are required to achieve a minimum of 20% Affordable Housing as this is the level demonstrated to be viable in the Local Plan Viability Assessment & Community Infrastructure Levy (CIL) Scoping Report.
6. It is reasonable to expect that where sites can deliver a higher level of Affordable Housing, 40% will be required, rising to 50% on speculative sites in the Green Belt in line with NPPF 24 paragraph 157. These sites are likely to be in greenfield and rural areas, where there is a more competitive market and fewer new homes are delivered, resulting in a wider gap between incomes and house prices making affordability issues more acute. It is acknowledged that some greenfield sites may carry significant abnormals such as remediation of contamination or relating to quarries, which will need to be fully demonstrated and costed.
7. Where the requirement results in a fraction of a dwelling, this should be rounded up to a whole dwelling to ensure that Affordable Housing provision is maximised and no less than the full policy requirement is delivered.
8. If it is agreed by the Council that the policy requirement is not viable at nil public subsidy, a combination of other financial support such as grant funding must be sought to achieve the full requirement.
9. The target reflects the Council's aspiration to reduce the number of people in the private rented sector who have to rely on benefits to afford their housing costs to the pre-pandemic level of just over 4,000 claimants. This equates to just over 1,200 additional dwellings for social rent over the course of the Local Plan period.

10. The target allows for any losses from Right-to-Buy, Right-to Acquire and small-scale demolitions to be absorbed while ensuring that the identified need is met in full.

Relevant housing sites

11. NPPF specifies that provision of Affordable Housing should be sought on major sites, defined as development where 10 or more homes will be provided or the site has an area of 0.5 hectares or more, and that a lower threshold of 5 units or fewer may be set in designated rural areas.
12. In South Gloucestershire, the only currently designated rural area is the Cotswold National Landscape and this will be updated in the Affordable Housing Supplementary Planning Document.
13. The Affordable Homes policy applies to:
    a. all self-contained dwellings, regardless of Use Class. This includes specialist residential developments that also provide care and support and communal facilities such as a residents' lounge or a restaurant, and non-campus-based student accommodation
    b. mixed-use schemes
    c. Build to Rent housing schemes
    d. Self and custom-build developments
14. Where scheme proposals fall directly below the threshold for Affordable Housing, the density and unit types will be assessed by the Council to identify whether the proposed quantum is being suppressed to avoid the Affordable Housing requirement. Any such applications will be refused.

Types of Affordable Housing required

15. Affordable Housing must be provided to meet the need identified in the LHNA (or as updated by future housing needs assessments and in rural areas, where appropriate, to local housing needs surveys). This includes tenure types, unit mix and accessibility standards as well as the overall quantum.
16. In applying the Affordable Housing policy to specialist or supported housing, particular considerations may apply because of the nature of this accommodation; the Council will advise if it is appropriate to provide the general size/ type mix of housing set out in the LHNA.
17. The definition of Affordable Housing is set out in the NPPF and includes:
    a. Affordable Housing for Rent (including Social Rent, Affordable Rent and Affordable Private Rent
        i. The greatest need in South Gloucestershire is for social rented housing. This is the Council's preferred rented tenure type.
        ii. If Affordable Rent is provided, the Council will expect to agree rent levels that are appropriate to local incomes (not exceeding the relevant Local Housing Allowance) while achieving a policy compliant percentage of Affordable Housing. Local Housing Allowance (LHA) rates are used to calculate Housing

Benefit for tenants renting from private landlords and are decided by the Department for Work and Pensions using information provided by the Valuation Office Agency.

iii. Build to Rent housing is defined in NPPF as 'purpose-built housing that is typically 100% rented out'. Affordable Private Rented homes are provided within Build to Rent schemes as Affordable Housing, distributed throughout the development and physically indistinguishable from the market rent homes in terms of quality and size.

b. Affordable routes to home ownership (including shared ownership)

i. Shared Ownership is the Council's preferred Affordable Home Ownership tenure, with equity shares of up to 40% and residual rent of 2.5% to meet local incomes.

ii. Discounted market sale (including First Homes)

A. Discounted market homes must be sold with a discount of at least 20% below market value and be affordable to people on local incomes and house prices and remain discounted in perpetuity.

B. All discounted market homes must comply with the Affordable Homes Policy and relevant Supplementary Planning Document.

C. First Homes are a form of discounted sale housing (sold at a maximum of 70% of open market value). Specific criteria and exemptions apply. The Council will monitor local house prices against incomes and may introduce a requirement for a larger % discount if the needs evidence supports it.

18. In 2025 the Council considers the tenure split should be 67% social rent and 33% shared ownership and this will be subject to review.

Site viability

19. Normally, the full policy requirement for Affordable Housing for each site category will be expected to be provided without public subsidy as it is broadly viable as demonstrated by the Local Plan Viability Assessment & Community Infrastructure Levy (CIL) Scoping Report. However, if the applicant demonstrates that exceptional circumstances justify the need for a viability assessment at the application stage, the Council will consider the economic viability of individual developments. All viability assessments must be carried out following RICS guidance and will be independently verified by the Council with the developer liable for reasonable costs incurred. All viability assessments must be made publicly available.

20. The Council will expect the maximum level of Affordable Housing on each site to be provided, taking into account the economic viability of the site, likely costs, market conditions, the availability of public subsidy and the aim of achieving sustainable, inclusive communities.

21. Where developers have clearly demonstrated that full provision of Affordable Housing is not viable, and the Council agrees, the applicant must actively seek and secure other forms of subsidy such as grant funding from Homes England and other government funding streams to demonstrate that every effort has been made to deliver the full policy requirement. The Council will support an application for grant funding or consider alternative financial support measures to increase the Affordable Housing to the full policy requirement, with preference for social rent delivery to meet the greatest need.

22. The Council will accept a lower amount of Affordable Housing only where it is demonstrated that other forms of subsidy are not available to deliver additional Affordable Housing to meet the full requirement. This is to ensure that Affordable Housing is maximised, and that sites that are not fully viable are not prevented from coming forward. On sites where the full requirement cannot be met, viability and the availability of public subsidy and other forms of investment must be reviewed throughout the build-out period via the Section 106 Agreement. This is to ensure that all opportunities to maximise Affordable Housing have been taken.

23. On sites allocated solely for Affordable Housing, or where only Affordable Homes are proposed, there will be no requirement to deliver a percentage without public subsidy where the threshold is exceeded, providing that the proposed Affordable Housing meets identified need and complies with the requirements of the Affordable Housing Supplementary Planning Document.

Financial contributions

24. Financial contributions for Affordable Housing secured through planning policy as a last resort and receipts from the sale of any properties secured through planning policy will be used to meet the housing objectives set out in the Housing Strategy, for example:

    a. To support unviable schemes

    b. To increase the amount of Affordable Housing above the policy requirement

    c. To increase the proportion of social rented homes

    d. To increase the proportion of family-sized Affordable homes

    e. To support specialist schemes for supported housing or older people.

Delivery

25. Affordable Housing will be delivered within the framework of this Local Plan and the Council's Housing Strategy and must reflect Government policy. Delivery is supported by more detailed guidance in the Affordable Housing Supplementary Planning Document. Delivery will support the wider objective of creating sustainable, inclusive communities, infrastructure and growth. Affordable Housing will normally form part of the overall development, well integrated with and indistinguishable from market housing.

26. The precise details of quantities, type and mix of Affordable Housing on specific sites will be a matter for negotiation with the Housing Enabling team and Planning Officers.

27. The “pepperpotting” of Affordable Housing in small clusters within mixed tenure developments will be sought in accordance with the design guidance in the Affordable Housing Supplementary Planning Document.

Local Connection

28. Affordable Housing for Rent on sites of up to 30 homes in rural areas with a population of 3,000 or less, will be subject to a condition or legal obligation, which limits occupancy to those with a local connection (definition of local connection to be provided in the Affordable Housing Supplementary Planning Document). Where no applicants are identified in the parish of provision, a cascade approach to widen the area of local connection will operate on a priority basis. The cascade approach will be defined in a legal agreement, together with details of how the dwellings will be reserved as affordable in perpetuity.

First Homes on exception sites

29. The Council will support proposals for First Homes Exception sites where it can be demonstrated that the need for such homes is not being met elsewhere in South Gloucestershire.

Self-build and custom housebuilding

30. The Council would welcome an early opportunity to discuss how Self and Custom Build plots can be delivered as Affordable Housing.

31. The precise details of quantities, type and mix of Self and Custom Build plots on relevant sites will be a matter for negotiation with the Self-Build Officer. Flexibility shall be allowed for plot sizes to reflect different tenure and house types that may be required to meet the need identified by the LHNA and the demand for Self-build reflected in the registrations on the South Gloucestershire Self and Custom build register and the evidence base; “South Gloucestershire: The Demand for Self-build and Custom Housebuilding”. The Self and Custom Build Supplementary Planning Document will apply. The initial self or custom-builder must have a primary input into the home’s final design and layout.

Additions	
Key evidence	Local Housing Needs Assessment 2023 LHNA Affordable Housing Addendum 2023 – Options for Establishing the Affordable Housing Requirement LHNA Shared Ownership Addendum 2024 Local Plan Viability Assessment and Community Infrastructure Levy (CIL) Scoping Report
Other relevant policies to cross-reference?	LP16 - Age-Friendly Housing and Care Homes LP17 - Rural Exception Sites and Community-Led Development LP 18 - Internal Space and Accessibility Standards Saved Policy PSP42 - Self and Custom Build