

Affordable Housing

For planning purposes, Affordable Housing is currently defined by government through the National Planning Policy Framework (NPPF). Included in this document is an extract from the NPPF which specifically sets out those definitions. Local Planning Authorities can, through their own planning policies, also specify the types and amount of Affordable Housing they expect to be delivered in their areas, and with regards to relevant planning practice guidance. In 2011, the government at that time, introduced Affordable Rents (up to 80% market). These have largely, but not exclusively, replaced Social Rents, which are significantly lower, but most often require capital subsidy to make them deliverable. For further background information, this document provides a link to a House of Commons Library publication - What is Affordable Housing?

National Planning Policy Framework - February 2019

Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

- a) Affordable housing for rent: meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).
- b) Starter homes: is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.
- c) Discounted market sales housing is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.
- d) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible

households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.

House of Commons Library paper: What is Affordable Housing?

<https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7747#fullreport>