

APPENDIX 1

The monitoring of affordable housing delivery against the current corporate target is for affordable housing as defined in the National Planning Policy Framework.

The National Planning Policy Framework currently defines affordable housing as:

“Social rented, affordable rented and intermediate housing provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing.

Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

Intermediate housing is homes for sale and rent provided at a cost above social rent but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (Shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

Homes that do not meet the above definition of affordable housing, such as “low cost market” housing, may not be considered as affordable housing for planning purposes.”

References to affordable housing in Policy SP3 of the Local Plan Strategy is based on the above definition.

On 5 March 2015, the Government published draft revisions to the NPPF for consultation. This includes a revised definition of affordable housing. The revised definition proposed is as follows:

“Affordable housing: housings of 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, 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 at the time of plan- preparation or decision-making. Income restrictions should be used to limit a household’s eligibility to purchase a starter*

home to those who have a maximum household incomes of £80,000 a year or less (or £90,000 a year or less in Greater London)

- 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 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.”*

The proposed definition excludes reference to social rented housing. The revised definition presents a challenge in terms of establishing /revising a corporate affordable housing target. A number of the affordable products (such as Help to Buy and Build to Rent) will not be negotiated and secured as part of planning schemes but will be paid directly to housebuilders).