

Affordable Housing Definition – Vicky Owen - CDC

At our recent meeting I was asked to circulate information clarifying the definition of affordable housing. I have confirmed with colleagues in housing that they use the same definitions.

The definition of affordable housing for planning purposes is set out in the National Planning Policy Framework as updated in February 2019. The definition is currently as set out below (note that the glossary to the Local Plan Review Preferred Approach needs to be updated to match this definition). Some of the text refers to definitions set out in other legislation so I have sought to summarise the relevant extracts below this NPPF extract.

National Planning Policy Framework 2018. Annex 2: Glossary

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.

Additional information:

- Definition of starter homes as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation:
- The Housing and Planning Act defines starter homes as new homes costing up to £250,000 (£450,000 in London), to be available at a minimum 20% discount on market value to eligible first-time buyers.

Vicky Owen, CDC, 29 March 2019