

Appendix A: The different types of Affordable Housing Tenure and Affordable Housing Definitions

What is “Affordable Housing?”

Affordable housing describes housing for sale or rent to those whose needs are not met by the market (generally households on low-to-middle incomes). There is, however, no all-encompassing statutory definition of affordable housing in England.

The National Planning Policy Framework (NPPF) definition of affordable housing is 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.

For the purposes of this report, the respective terms have the following meanings:

Affordable Rent Housing

- Is usually owned and managed by Housing Associations (Registered Providers) or Local Authorities and is offered to those on the local housing register. In the South Hams, this register is maintained by Devon Home Choice
- Affordable Rent is offered by Local Authorities and private registered providers of social housing
- It is let to those eligible for social housing
- Rents are limited to a maximum of 80% of local market rent and are usually kept within local housing allowance levels
- Affordable housing should include provisions to enable the affected properties to remain at an affordable price level for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

Social Rent Housing

- This is usually owned and managed by a Housing Association (Registered Provider) to those applicants that are on the housing register (Devon Home Choice in South Hams)
- Social rents offered by Local Authorities and private registered providers is generally between 40%-65% of market rent or lower. It is subject to regulation.
- It is important to note that this type of housing is not included on many new affordable housing developments due to the changes in government grant.
- There may be properties at this rent level on older/existing housing schemes.

Low Cost Home Ownership

Discounted Open Market Housing

- The resident purchases 100% of the property from a housing association or developer at a discounted price, typically 60 – 75% of the open market value.
- The property will stay affordable in perpetuity, so if the resident wants to sell the property in the future, they can only sell at the percentage at which they

bought (so bought originally at only 60% of market value, the sale price would be a maximum of 60% of the then market value).

Shared Equity / Ownership

- Residents share ownership of their home with a Housing Association (Registered Provider)
- They pay a mortgage on their ownership percentage
- They also pay rent to the Housing Association - this rent will be higher than social rents, but lower than market rents in the private-rented sector
- Sometimes they will be able to buy the property outright in due course (through staircasing)
- Sometimes the percentage they can buy will be restricted, to make sure some properties remain as affordable housing for the future

Equity Loan Schemes

- The resident owns the property, but gets financial help through another loan, which is secured on the property
- This loan is partly funded by the developer and partly by the Government

Community Land Trusts

A Community Land Trust is a corporate body which is established for the express purpose of furthering the social, economic and environmental interests of a local community by acquiring and managing land and other assets in order to:

- provide a benefit to the local community and
- to ensure that the assets are not sold or developed except in a manner which the trust's members think benefits the local community.

Community Land Trusts are established under arrangements which are expressly designed to ensure that any profits from its activities will be used to benefit the local community (otherwise than by being paid directly to members) individuals who live or work in the specified area have the opportunity to become members of the trust (whether or not others can also become members) the members of a trust control it.