

Definition and types of Affordable Housing

Northumberland County Council aims to support the delivery of affordable homes. It is important to allow the need for affordable homes to be met through the Planning Process.

Definition of Affordable Housing

National Planning Policy Framework (NPPF) defines affordable housing to be: ***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 provision.

NPPF requires local planning authorities to identify the size, type, tenure and range of housing that is required in particular locations reflecting local demand to create mixed and balanced communities.

Affordable housing is split into two types:

1. **Affordable (social) rent** – rented property set up to 80% of the market rent value provided by Local Authorities or Private Registered Providers
2. **Intermediate housing** - these products would include **Discount Market Sale Units (DMSU)** with their value set at ideally 70% of the open market value or **Shared Ownership** where the tenant buys a percentage of the property and rents the remaining percentage from a registered Provider (for example a Housing Association)

Products such as 'Low cost market' housing do not meet the above definition of affordable housing and cannot be considered as affordable housing for planning purposes. Also other product or initiatives such as 'Help to Buy' cannot be classed as affordable housing as it does not offer an overall reduction the property price, it just offers assistance to buy at full open market value by allowing a 5% deposit, an equity loan up to 20% resulting in the need for only a 75% mortgage .