# Extract taken from the following document:

# Northumberland County Council, Affordable Housing - Implementation Protocol

**What is affordable housing?**

**a). The national context – PPS3**

The Government defines affordable housing as including social rented and intermediate affordable housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices,

- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

**Social rented housing** is rented housing owned and managed by local authorities and Registered Social Landlords (RSLs), which are also known as housing associations, and available to people on local authority or RSL housing waiting registers, for which guideline (or Target) rents are set. Target rents are set under a national rent regime and are well below market levels and so are more affordable. When a household ceases to occupy a social rented home, it is made available to other households eligible for social rented housing through nomination arrangements with the local authority.

**Intermediate affordable housing** is housing at prices and rents above those for social rent, but below market prices or rents and which meet certain specified criteria and can include:

* **Intermediate rented** homes, which are provided at rent levels above those of social rented but below those of private rented,
* **Discounted sale** homes have a simple discount for the purchaser on its market price, so the purchaser buys the whole home at a reduced rate and this percentage discount is available in perpetuity. This is successfully achieved in some councils by the low cost price based on local income being certified by the council and then translated into a percentage discount over the open market value which is then registered with the Land Registry,
* **Shared equity** homes where more than one party has an interest in the value of the home e.g. an equity loan arrangement or a shared ownership lease. There can be a charge on the loan, and restrictions on price, access and resale. Would include the HomeBuy product promoted by the Government.

**Low cost market housing**, such as ‘starter homes’, where the price is set in the open market, is specifically excluded from the definition and so can not be regarded, for planning purposes, as affordable housing. While low cost market housing will not be accepted as part of the affordable housing provision developers may include it as part of the market element, as it can play a useful role in meeting housing demand and achieving an appropriate housing mix.