

## APPENDIX 6

### Focused Change 6: Replacement Section 5.8 and Policy C4: Affordable Housing

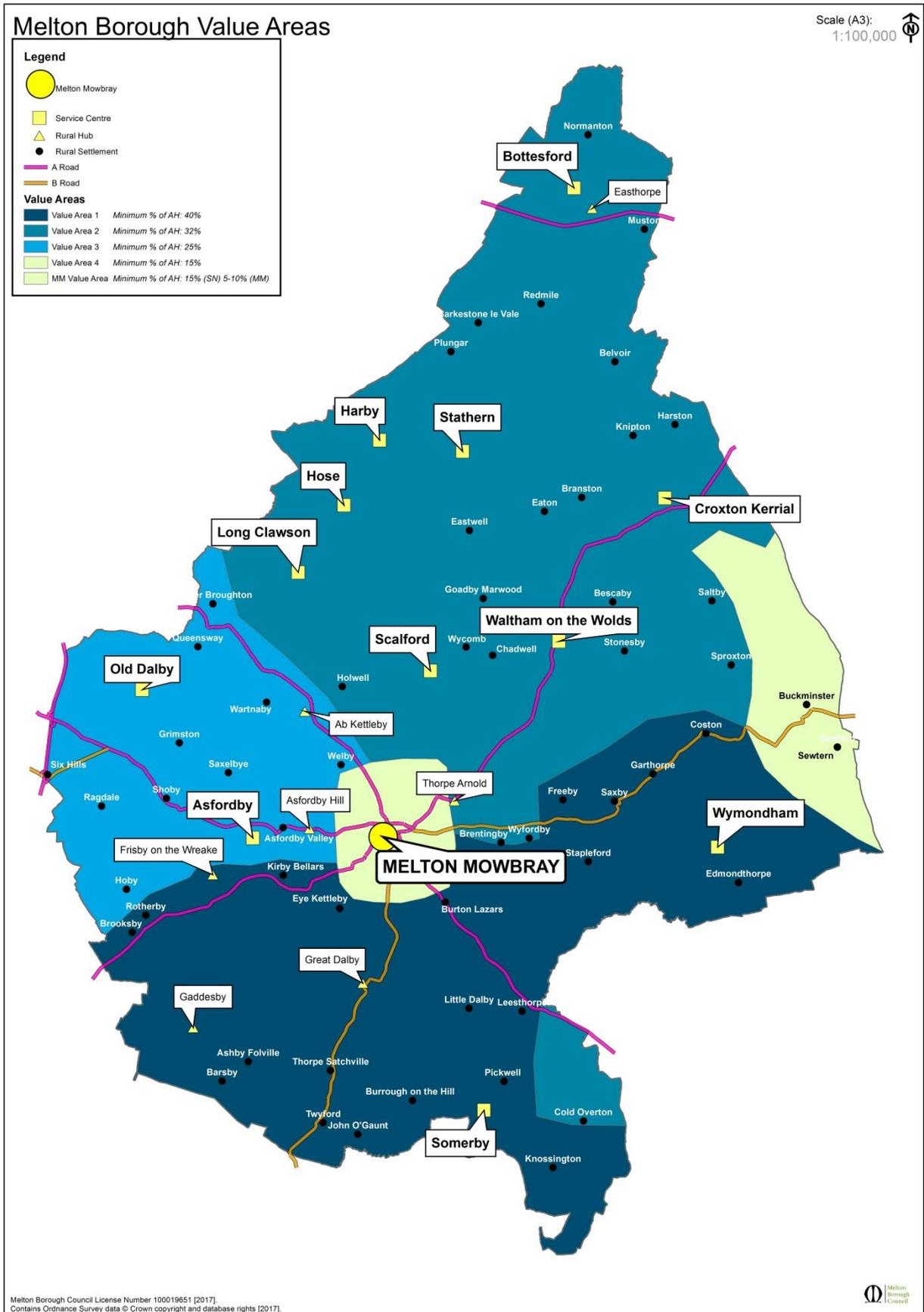
#### 5.8 Affordable Housing

- 5.8.1 Affordable Housing is defined as “social rented, affordable rented and intermediate housing provided to eligible households whose needs are not met by the market”. The Housing and Planning Act 2016 inserts a new Affordable Housing definition into the Town and Country Planning Act 1990 and includes Starter Homes (as defined by the Act).
- 5.8.2 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.
- 5.8.3 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).
- 5.8.4 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.
- 5.8.5 Melton’s housing situation reflects the national situation, with house prices outstretching average earnings, meaning many cannot afford to buy or even rent a home. The relationship between the cost of homes and wages is called affordability. Affordability is an issue for the Borough; to buy one of the cheapest 25% of homes sold in the Borough, residents need to earn more than the national average wage. The availability of smaller or ‘average’ priced homes is limited in comparison to the number of larger and more expensive homes in the Borough. This highlights the problem that many households within the Borough face with not being able to afford a home.
- 5.8.6 Affordable housing is mainly provided by the following sources:
1. Directly by local authorities and private registered providers, often relying on external grant investment.
  2. By developers on site.
  3. Rural exception sites, also reliant on external grant investment.
  4. Financial contributions. This is where affordable housing provision is not met on site, but instead a lump sum or commuted sum is provided to the Local Authority who takes the lead on converting it to new affordable homes in the Borough.
- 5.8.7 The types of affordable housing range from rented housing, usually rented from a private registered provider (PRP) or local authority, part-ownership part rental

properties through a PRP, to a low cost home ownership property, usually bought directly from house builders.

- 5.8.8 The Local Plan aims to address the needs of these people by seeking an element of affordable housing as part of new private housing development, alongside supporting appropriate grant or other funded PRP and Council led affordable housing schemes, which are expected to continue throughout the plan period.
- 5.8.9 The Leicester and Leicestershire Housing and Economic Development Needs Assessment (HEDNA), Jan 2017, indicates that some 1,750 affordable houses are required to satisfy need over the plan period (70pa), but this could increase or decrease over the lifetime of the plan in response to changing economic circumstances.
- 5.8.10 In order to meet the identified need, the Local Plan seeks to maximise the amount of affordable housing possible on qualifying private housing sites without undermining overall scheme viability. Smaller sites do not 'qualify' for affordable housing under National Planning Guidance so provision is sought from sites of 11 or more units and/or where the floorspace exceeds 1000 m<sup>2</sup>.
- 5.8.11 The Council's Local Plan and CIL Viability Study indicated that it is not viable to meet all the identified affordable housing needs for the Borough, and that there is significant variation in the percentage of affordable housing that would be viable in different parts of the Borough. The 'value areas' to which different required minimum percentages of affordable housing would apply are identified in Policy C4 and in Figure C4.1.
- 5.8.12 Based on an analysis of where new housing is planned and the minimum percentage of affordable housing that the viability study indicates can be sought in different parts of the Borough, the local plan includes a target of 1300 net additional affordable homes to be provided.
- 5.8.13 On individual planning applications, regard will be given to the housing need at that relevant time, along with the projected level and mix of affordable housing needed. A viability assessment may be requested in the exceptional circumstance where an applicant considers the level of affordable housing provision being sought to be unviable.
- 5.8.14 An affordable housing and housing mix supplementary planning document (SPD) will set out further guidance about delivery in this area of housing. It will include the following items:
- Mix, type, design and layout of affordable housing
  - Off site provision
  - Commuted sums
  - Financial contributions
  - Affordable housing in perpetuity
  - Allocation of affordable housing
  - Local connection
  - Starter Homes

Figure C4.1



5.8.15 With large scale, phased developments, it might be necessary to consider a varied approach to affordable housing delivery and/or contributions. For example, to ensure the delivery of the scheme and its associated infrastructure, the affordable housing contribution could be deferred until later phases of the development, or a reduced contribution rate could be agreed on the basis of securing other infrastructure provision in place of the total affordable housing requirement for the scheme. These approaches could be assessed via scheme-based viability assessments.

#### **Policy C4 – Affordable Housing Provision**

**Melton Borough Council will seek to manage the delivery of around 1300 new affordable homes between 2011 and 2036 in order to balance the housing stock and meet the community’s housing needs.**

**It will do this by applying a minimum target for affordable homes within housing developments on all sites of 11 or more units and/or where the floor space exceeds 1000 m<sup>2</sup>, having regard to market conditions, housing needs, housing mix (in regard to tenure, type and size), demonstrable economic viability and other infrastructure requirements based on the following percentages for different value areas:**

<b>Location</b>	<b>Minimum percentage of affordable housing</b>
<b>Value Area 1</b>	<b>40%</b>
<b>Value Area 2</b>	<b>32%</b>
<b>Value Area 3</b>	<b>25%</b>
<b>Value Area 4</b>	<b>15%</b>
<b>Melton Mowbray Northern SUE</b>	<b>15%</b>
<b>Melton Mowbray Southern SUE</b>	<b>15%</b>
<b>Melton Mowbray</b>	<b>5% -10%</b>

**The Council will also manage the delivery of schemes through private registered providers and our own delivery programme of affordable housing over the whole plan period.**

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