Affordable Housing by Private Developers

Report published May 2012   **Last update September 2014**

	Recommendation	Stage	Complete
3 (ii)	**That the Executive Board request the Directors of City Development and Environment and Neighbourhoods as appropriate to include in that review whether there are any benefits to Leeds adding affordable rents in the tenure split of intermediate and social housing, to determine whether there would be any benefit from the variation of transfer values in the calculations for the provision of affordable homes.**		
	January 2015 update The Core Strategy has now been adopted on the 12th November 2014. Policy H5 sets out affordable housing policy and this sets out that 40% of affordable housing is for households on lower quartile earnings and 60% of affordable housing is for households on lower decile earnings. This new terminology of lower decile and quartile earners ensures that affordable rent is accommodated and the distinction between "affordable" and "social" rent is no longer applicable. Following the adoption of the Core Strategy the implementation and monitoring of the Core Strategy policies will be progressed. This will include consideration of the transfer values mechanism (relating to the basis on which Registered Providers purchase properties from developers is set), to ensure it is effectively implemented through s106 agreements. *Formal Response (received November 2012)* *Affordable rent is a delivery model that is already possible using current affordable housing policy and practice. The City Council would need to be satisfied that rents charged (up-to-80% of local market rents) would be genuinely affordable to households in need. The review will examine how best to use "affordable rent" as a form of affordable housing and set out the circumstances where it would be best employed.* *The methodology for establishing "transfer values" used in Leeds was established around 10 years ago through consultation with Registered Providers and housebuilders. Although annual updates have taken place there has not been a full review. As Scrutiny Board has recommended, a review would be worthwhile now. It would need to consider best practice in other local authorities, local evidence of housing need and earnings and the HCA's rent/affordability models and policies. It would also consider the relationship between rents and transfer rates. This would need to evaluate whether any gains in the number of affordable dwellings delivered are not outweighed by reductions in their affordability to households in need. Consultation with registered providers and housebuilders would take place through preparation of the Supplementary Planning Document on affordable housing.* *November 2013 update* *Affordable Rent (defined as up to 80% market rent) is commonly used by Registered Providers (housing associations) and properties let at affordable rent are viewed by the Homes and Communities Agency as social housing. Planning policy currently differentiates between social and affordable rent and the latter is seen as an intermediate product with the policy. The benchmark prices or transfer values set within the policy enable RPs to acquire properties and service the borrowing associated with the acquisition, for affordable rents this is set at the higher intermediate product rate. As the Nov 12 update suggests, this could be usefully reviewed as part of the Supplementary Planning Document.*		

September 2014 update *The modifications in the Core Strategy accommodate affordable rent in line with the National Planning Policy Framework NPPF (March 2012). The Core Strategy is set out to allow affordability of affordable housing to be designed to meet identified need of households to ensure that 40% of affordable housing is for households on lower quartile earnings and 60% of affordable housing is for households on lower decile earnings. Transfer values will need to be recalculated to accord with these benchmarks.*		