Appendix 3: Affordable Housing delivery routes

Affordable Housing is delivered through public sector grant or planning gain as part of private sector housing developments.

As detailed in Appendix 2 affordable homes can be a variety of tenures and can either be owned by private individuals or by Local Authorities/ Registered Providers (RPs) (new name for Housing Associations)/ Private Rented Sector providers and rented out.

The following summarises the main delivery and funding routes in Leeds:

1) **Direct delivery by Registered Providers or Leeds City Council**

RPs and Leeds City Council can deliver affordable Homes directly on sites they own or acquire.

Delivery is through a combination of an organisation's own resources and grant funding. Grant funding could be in the form of any of the below:

- **Housing Revenue Account** (LCC only) – revenues received from Council tenants rent can be spent on the delivery of new affordable homes alongside maintaining the homes that the Local Authority already owns.
- **Right to Buy replacement programme** – funds received through the right to buy that are recycled to deliver affordable housing
- **Commuted sums** – Where affordable housing cannot be delivered on site (see below) a developer can pay a commuted sum. This is then used to deliver affordable housing elsewhere in the area.
- **LCC Loans** – LCC has provided a loan facility to organisations in the past to support the unlocking of affordable housing. Funding has been lent in line with subsidy control requirements and has only been offered as a last resort option to partners.
- **Homes England grant** – This is through the **Affordable Homes Programme** and **Strategic Partnerships** that Homes England have established.

Direct delivery can either be for 100% affordable housing schemes or a mix of market housing and affordable, with the market element of schemes cross subsidising the affordable element on a development.

2) **Affordable Housing as a Planning Policy requirement**

Planning policy H5 requires all residential developments over 10 home to deliver a proportion of affordable housing on site. The proportion of affordable housing required depends on the location of the development in the city (Outer areas being 15-35% and inner/ city centre 7%). This is a product of viability rather than housing needs. The developer will offer the Affordable Homes to a RP at a benchmark transfer price to allow for the homes to be affordable for residents. Policy also requires a tenure split of 60% Social Rent and 40% intermediate (which includes affordable home ownership products and Affordable Rent). Affordable Homes should be delivered on site, unless off site provision or a financial contribution can be robustly justified. The preference is always for on site provision unless justification can be provided.

Build- to-rent developments have a different operating model to standard housing developments and policy H5 recognises this and provides for some specific differences in line with national guidance. Build-to-rent development have an option to deliver 20% of homes in a development as Affordable Private Rent, which is set at 80% of market rent. Build- to-rent developments can also provide a commuted sum in lieu of Affordable Housing without needing to justify this as above.

Over the last 10 years 75% of new affordable homes have been delivered directly by Registered Providers and the Council, with 25% delivered via s106 agreements on market-led sites.