

Affordable housing

Results from the public consultation held last Autumn showed that you, the parishioners, would be happy with a small increase in the number of houses in the parish over the next 10 to 15 years, with up to an average of 2 to 4 houses being built per year. This broadly reflects the scale of development there has been over the past 50 years.

The results also showed that you would like in the region of 50% of those houses to be affordable for local people who cannot afford 'open market' housing.

What is Affordable Housing?

There seems to be confusion over the term 'affordable housing', many people assuming it means only 'social housing' but this is not the case.

There are a number of different types of houses which come under the Government's definition of 'affordable housing'. These are:

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.

Social rented housing

Social rented housing is owned and let by local authorities and housing associations such as Magna, Sutton Hastoe and Yarlinton. These homes are offered at the lowest rents which are set by Government (sometimes called target rents) and are determined through the national rent regime. Even more importantly the development of this form of affordable housing is very costly and is no longer supported through government funding.

Affordable rented housing

This was introduced in 2011. This form of affordable housing is provided by local authorities and Registered Providers (Housing Associations). There are rent controls restricting rent, including services charges to be below 80% of the local market rents. Government grant funding is currently available for this form of affordable housing.

Because more rent is charged, the housing providers can generate income to help build more homes. Such rents are often charged on new build homes. Housing benefit can still be claimed to assist with paying the rent.

Intermediate housing

Intermediate housing is a general term used for affordable homes, both to rent and buy, which are aimed at those households who can't afford to meet their needs in the open market but can afford more than very low social rents.

Examples are:

Shared ownership

Shared ownership is designed for people who cannot afford to buy a house on the open market but still want to get on the property ladder. An initial share is bought (usually 25% to 75%) and then rent is paid on the remaining part. There are two monthly payments, one for the mortgage and one for the rent. However, these are still less than the mortgage would be on an open market property. The other share in the home is owned by a housing association or a developer. It may be possible for you to increase or decrease the share later.

Low cost housing for sale

These properties are built and sold at below market value by private developers. The initial sales price is typically anywhere between 40% and 75% of the open market value.

The property is bought at a discounted price and the buyer owns the freehold of the entire property. Unlike shared ownership, no additional rent is paid. The discount remains in place in perpetuity, generally through restrictive covenants placed on the title with the Land Registry.

When coming to sell the property, the owner has to sell the property at the same percentage of open market value as it was bought for so that the property remains affordable. For example, if the owner paid £140,000 for an affordable property worth £200,000 and it rises in value to £220,000 by the time of sale, the 30% discount would be passed on and it could be sold for £154,000.

Intermediate rented housing

These are homes developed, owned and managed by private sector companies or individuals. Through a legal agreement signed as part of their planning permission, they must rent homes at 80% of open market value, including any service charges. These are typically on a standard assured shorthold tenancy. The Council can nominate applicants from the housing needs register.

Low cost market housing for sale – this is where it all gets even more confusing. Low cost market housing for sale is not considered to be affordable housing; this is where a developer sells the property at a discounted value, but there is no mechanism for it to stay at that discounted value when sold.

Who is eligible for affordable housing?

Those people with a local connection who cannot afford open market housing.

Local connection has been defined by West Dorset District Council (WDDC) for previous schemes elsewhere as:

- Resident in the area for 6 months, or 3 years out of the last 5
- Having permanent employment for 6 of the last 12 months
- Close relatives in the area
- Other special circumstances agreed formally by WDDC

In our case 'the area' would be Buckland Newton Civil Parish. However if there is an affordable house vacant at any time and no local people to fill it, there could also be a 'cascade' provision where the area can be extended first to neighbouring parishes, and then to the whole district.

We, in our Neighbourhood plan, may be able to vary these requirements if we wish.