An assessment of how many and what types of affordable homes will be delivered

Delivery

- Past delivery rates for affordable housing in Eden demonstrate that the delivery of affordable housing has fallen just short of the 30% target, averaging 28.5% over the past five years.
- It is anticipated that allocated sites will bring forward 535 affordable housing units, resulting in 28.75% affordable housing on these developments, which is close to the 30% target.
- However, if all deliverable and developable sites (over 4 units) are taken into account, this would produce around 25.5% affordable housing, although it is acknowledged that some of these sites will never come forward. It is also worth noting that, prior to Planning Practice Guidance changes introduced earlier this year (see below), these sites would have produced 27.4% affordable housing.
- Small numbers of affordable dwellings are likely to come forward on rural exception sites, as in previous years - committed supply being 47, averaging 9 per year over the next five years.
- The Council's Affordable Housing Innovation Fund (a mechanism for investing commuted sums and New Homes Bonus) will enable the delivery of several 100% affordable rented schemes in 2016/17 in partnership with Registered Providers (24 units delivered or planned to date); with this initiative likely to continue in future years in order to invest off-site contributions from large schemes and contributions from schemes of 6-10 units outside Penrith.
- The Council is currently aware of five potential developments in Penrith, to be delivered by Registered Providers, which will provide 100% affordable housing and result in 38 new affordable dwellings. The Council is hopeful that these kind of opportunities will continue in the future.

Recent changes

- There has been a shift in the balance of types of affordable housing delivered in Eden in recent years – whilst the majority of affordable housing provided has been affordable housing to rent, there has been an increase in affordable home ownership products such as shared ownership and discounted sale (whereby developers sell directly to customers approved by the Council, at a discount below market value). This has helped to meet a range of housing needs for people with different levels of income, and is line with the Government's agenda of increasing home ownership.
- Changes to Planning Practice Guidance in 2016 are likely to have a somewhat negative effect upon the delivery of affordable housing, as the

Council can no longer require affordable housing on sites of 6-10 dwellings (although in the 'designated rural area', the Council will require a commuted sum of 12% of the gross development value; and rural exceptions sites are still required to provide 100% affordable housing). Investment of commuted sums in new affordable housing (through the Innovation Fund, as mentioned previously) will help to mitigate these effects.

- The Homes and Communities Agency affordable rent programme is coming to an end, but there is a significant home ownership programme, including £4.1bn for shared ownership, which is a form of affordable housing.
- Registered Providers operating locally, are anticipating continued delivery of affordable rent through both loans and also potentially through right to buy receipts (under the extended right to buy, Registered Providers will be reimbursed the full value of properties sold and will be required to spend these receipts within three years), although the full implications of the right to buy are still uncertain and the delivery of affordable rent is likely to become more challenging.
- The cessation of the Homes and Communities Agency affordable rent programme will not affect Registered Providers' ability to purchase Section 106 properties from developers, for rent, as they already rely on loans to purchase these, rather than Homes and Communities Agency funding. Registered Providers report that they are actively seeking Section 106 opportunities with developers.
- The Council therefore expects the delivery of homes for affordable rent, shared ownership and discounted sale to continue, although the relative proportions of each product may change over time, for example in response to local need and demand, and also depending upon the ability of Registered Provider partners to invest in affordable housing.

Starter Homes

- It is understood that Starter homes will be included in an amended National Planning Policy Framework definition of affordable housing, so technically the development of starter homes will contribute to the provision of affordable housing (although clearly the starter homes initiative will impact on the Council's ability to provide traditional forms of affordable housing, as a 20% minimum requirement for starter homes – subject to threshold and exceptions – leaves only 10% for traditional affordable housing such as housing for rent).
- The development of starter homes is also likely to improve viability for developers as the dwellings will be sold at 20% discount from market value; whereas the Council's own discounted sale scheme requires developers to sell properties at 40% below market value (a lower discount is sometimes negotiated on viability grounds) and when developers currently sell

properties to Registered Providers (for affordable rent), these are generally sold at between 50% and 60% of market value.

- The lower cost to developers of providing starter homes, as opposed to traditional forms of affordable housing means that there could be a case for increasing the Council's affordable housing requirement from 30% to 35%. This would leave 15% (after the anticipated starter homes requirement) for traditional forms of affordable housing, such as rental, that would help to meet the housing needs of people who are unable to afford starter homes due to low and/or irregular incomes.