



Fact sheet 9: What is affordable housing?

This fact sheet provides an overview of the types of affordable housing in England, why these homes are needed and who might live in an affordable home. If you are reading this online, please click on the hyperlinks for further information. See the full New Homes Fact Sheets series [here](#).

What is affordable housing?

Affordable housing includes homes for sale or rent and is for people whose needs are not met by the private market. Affordable housing is a key element of the government's plan to end the housing crisis, tackle homelessness and provide aspiring homeowners with a step onto the housing ladder. The Government's [National Planning Policy Framework \(NPPF\)](#) defines the types of affordable housing as:

Affordable housing for rent:

- Affordable or Intermediate Rent

Homes let at least 20% below local market rents (affordable rental properties) or let at rates set between market rents and social rents (intermediate rental properties).

- Social Rent

Set through the National Rent Regime in England at around 50% of market rents, Social Rent homes are for people on low incomes.

What is market rent and market value?

The market rent or market value refers to the cost of housing either for rent or for sale in the private sector. Calculating market costs takes into account the property size, type and location.

The majority of affordable housing is owned and managed by [registered providers \(RP\)](#) that receive funding from Homes England or the Greater London Authority. There are three main types of RPs: not-for-profit RPs (known as Housing Associations), for-profit RPs and local authorities. The activities of RPs are overseen by the Regulator of Social Housing.

Affordable housing may also be targeted to address a specific need, such as specialist housing for vulnerable, older or disabled people, known as "supported housing".

How are affordable homes planned?

Affordable homes are planned for by local authorities and are built by local authorities, housing associations and private developers. Over the last five years, around half of all new affordable homes were delivered through developer contributions, according to [data published by the Department for Levelling Up, Housing and Communities](#), with the majority of the remainder delivered through the Government's Affordable Homes Programme. The current [Affordable Homes Programme 2021-2026](#) aims to deliver up to 180,000 affordable homes across the country.

The [NPPF](#) requires that at least 10% of new homes in [major](#) residential developments are for affordable home ownership. Some housing schemes are for 100% affordable housing, such as those led by local authorities. The actual proportion of affordable housing delivered in new residential developments can depend on a number of factors including local policy, viability and housing needs.

Affordable housing for sale:

- Homes provided with other affordable routes to home ownership

This can include [Shared Ownership](#), whereby homes are sold at a discounted rate (at least 20% below market value) and homes referred to as being '[Rent to Buy](#)'.

- Homes committed by developers to be sold at a discount

Developers can commit to selling homes at least 20% below local market value.

- Discounted homes for first-time buyers

For example, the '[First Homes Scheme](#)', in which homes are sold to people buying their first home for 30% to 50% below market value.

Affordable housing supply in 2021/22



does not sum to 100% due to rounding.



How has housing affordability changed over time?

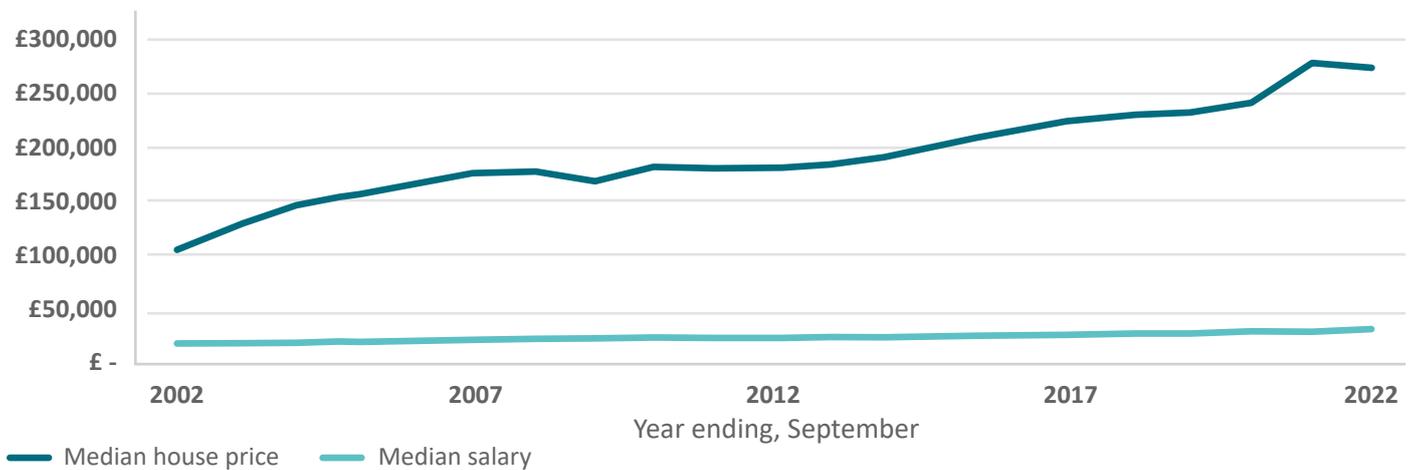
The affordability of housing has worsened significantly over the last 20 years, making it harder for people to get the housing they need.

[Data](#) published in March 2023 shows that in 2002, the median salary in England was £20,739 and the median house price was £102,000. This equated to an affordability ratio of 4.92.

In 2022, the median salary was £33,208 and the median house price was £275,000. This means that the affordability ratio in 2022 was 8.28. For further information, please refer to the [Fact sheet 1: The need for homes](#).

The Government publishes [data on house prices in local areas](#) which are updated regularly.

Median House Price compared to Median Salary in England, 2002 to 2022



Who might live in an affordable home?

Anyone whose housing needs are not met on the open market may live in an affordable home. This may include people with more specific needs, such as people on lower incomes, who are vital to providing services that local communities rely upon; people with disabilities or special needs; or people buying their first home.

How can people access affordable housing?

How people access affordable housing depends on the tenure and type. Generally, local authorities are responsible for allocating affordable housing for rent. In many instances, they will require that a local connection is demonstrated for someone to be eligible for a home. In some cases, applicants must have lived in the local area for a minimum of two years and these homes may be offered to applicants who can demonstrate family ties to the local area, or to people who previously lived in the area.

Other types of affordable housing, such as shared ownership, are generally open to anyone and can be applied for directly, subject to affordability checks.

Specific to rural areas, [Rural Exception Sites](#) are for affordable homes for people already living in the local area. For more details, refer to [Fact sheet 10: New homes in rural areas](#).

Did you know? As of March 2022, there were 1.21 million households on local authority waiting lists for affordable housing for rent. As this number does not include other types of affordable housing, the overall number of households in need of affordable homes is likely to be much higher.