

Explanatory note on FirstBuy

Affordable housing statistics

The Department for Communities and Local Government (DCLG) publishes annual statistics on Affordable Housing Supply in England. New affordable homes are additional housing units (or bed spaces) provided to specified eligible households whose needs are not met by the market. The figures in the DCLG release show the gross supply of affordable homes, which includes new build and acquisitions from the private sector but does not take account of losses through demolitions or sales. These statistics can be found here:

<https://www.gov.uk/government/collections/affordable-housing-supply>

The majority of affordable homes are delivered under affordable housing programmes managed by the Homes and Communities Agency (HCA) and, from 1 April 2012, the Greater London Authority (GLA). The HCA publishes statistics on delivery of housing under programmes it manages twice a year. The objective of the HCA statistics is to report on all housing delivered through its programmes, while the DCLG's statistics aim to provide a complete picture on affordable housing delivered, irrespective of funding mechanism. Thus, the scope of the statistics reported is wider than the HCA figures. The Department combines data from the HCA and the GLA to publish 6-monthly affordable housing starts and completions delivered nationally under the affordable housing programmes of both the HCA and GLA. The statistics published by the HCA can be found here:

<http://www.homesandcommunities.co.uk/housing-statistics>

Monthly monitoring data published by the GLA can be found here:

<http://www.london.gov.uk/priorities/housing-land/increasing-housing-supply/gla-affordable-housing-statistics>

The affordable housing statistics are used for monitoring annual amounts and changes in the supply of affordable housing nationally and to inform government policy on affordable housing. The data from 2010-11 onward are used to calculate the enhancement for affordable housing under the New Homes Bonus, a grant for local authorities to incentivise new housing supply.

Definitions of Affordable Housing

For the Department's statistical publications, we use the National Planning Policy Framework (NPPF), which defines affordable housing as:

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.

The NPPF can be found here:

www.gov.uk/government/policies/making-the-planning-system-work-more-efficiently-and-effectively/supporting-pages/national-planning-policy-framework

A more detailed definition of affordable housing can be found in the Definitions section of each Affordable Housing Supply statistical release.

Prior to the NPPF, the equivalent definition in Planning Policy Statement 3 was used.

This note describes the change to the treatment of receipts arising from the FirstBuy equity loan scheme and considers whether they could have any impact on our definition of affordable housing.

The FirstBuy equity loan scheme

FirstBuy was a shared equity scheme announced in the Budget 2011 to support first time buyers onto the property ladder. The programme was expanded in September 2012 and ended 31 March 2013. FirstBuy was originally recorded in the public sector finances as a grant-funded scheme, where the grant funding released when the equity loan was repaid was recycled to deliver more affordable housing.

Subsequently, the reporting of FirstBuy was reclassified as a financial transaction, without any requirements relating to the use of the loan repayments.

Because this was a retrospective change, delivery of housing under the FirstBuy programme had already been included in the Affordable Housing Supply statistics for 2011-12, and delivery of FirstBuy completions for the 2012-13 year was already underway. Following due consideration, the Department decided that FirstBuy completions should continue to be included in Affordable Housing Supply statistics for 2010-11 and 2012-13. There were also a small number of FirstBuy completions recorded in early 2013-14, where sales had been agreed prior to 31 March 2013 but had not completed until after this date, and these have also been included in Affordable Housing Supply statistics for 2013-14.

Since 1 April 2013, FirstBuy has been replaced by the Help to Buy: Equity Loan programme. The Help to Buy Equity Loan programme does not have a maximum household income cap and as such is not classified as affordable housing under the current NPPF definition. An explanation of the difference between these two schemes was included in the Affordable Housing Supply statistics for 2012-13 and 2013-14.