

Housing Topic Paper: Affordable Housing

1. Introduction

Purpose of the Topic Paper

- 1.1 This Affordable Housing Topic Paper explains the evidence and reasoning that has informed the Council's approach to affordable housing through the emerging Local Plan. Its purpose is to draw together relevant national policy, local strategies, housing needs evidence, viability findings and recent delivery performance in order to demonstrate how the proposed policy approach has been developed.
- 1.2 The paper is intended to provide a clear audit trail showing how affordable housing needs have been considered, how policy options have been balanced against viability and deliverability, and how the Local Plan can help secure the right type, tenure and amount of affordable housing to support sustainable and mixed communities across Blaby District.

Scope and structure

- 1.3 This paper focuses on affordable housing as a specific element of the wider housing evidence base for the emerging Local Plan. It considers the policy context, local housing need evidence, the Council's existing and emerging policy approach, whole plan viability evidence and recent delivery performance. The paper does not seek to repeat all of the evidence contained in supporting studies; instead, it draws out the main findings that are relevant to the justification, effectiveness and deliverability of the proposed affordable housing policy approach.

The paper is structured as follows:

- **Introduction** (this Chapter)
- **Policy Background** - summarises national and local policy context for affordable housing
- **Evidence**
 - **Affordable housing need in Blaby District**, including the findings of the Leicester and Leicestershire Housing and Economic Needs Assessment
 - **Role of whole plan viability evidence** in setting a realistic and deliverable policy requirement;
 - **Recent performance in securing affordable housing** through the adopted Local Plan; and
- **Delivery and Implementation** – Local Plan Policy requirements and the rational underpinning our approach
- **Monitoring and Review** – explains how affordable housing delivery will be monitored over the plan period.

- **Next Steps and Conclusion**

2. Policy context

National Planning Policy Framework (NPPF)

- 2.1 Paragraph 63 of the National Planning Policy Framework (NPPF)¹ requires local plans to provide for the housing needs of different groups in the community, including those who require affordable housing. NPPF sets out that strategic policies should be informed by a local housing need assessment and should identify the size, type and tenure of housing required. Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required and expect it to be met on-site unless off-site provision or an appropriate financial contribution can be robustly justified (paragraph 64). The 2024/2025 version of the NPPF (the version which our plan will be assessed against) places renewed emphasis on securing genuinely affordable rented housing, including Social Rent, where evidence supports this need.
- 2.2 Other relevant national policy and guidance confirms that affordable housing should be planned positively through local plans, supported by proportionate evidence on need, viability and deliverability. Planning Practice Guidance (PPG)² advises that affordable housing requirements should be set having regard to overall housing need, local affordability pressures, tenure requirements, infrastructure costs and the cumulative impact of policies on development viability.
- 2.3 Annex 2 of the NPPF states that affordable housing includes housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers). It then provides definitions for the following housing types:
- Social Rent
 - Other affordable housing for rent
 - Discounted market sales housing:
 - Other affordable routes to home ownership (i.e. shared ownership).

The Blaby District Council Housing Strategy

- 2.4 The Strategy identifies increasing the supply of affordable homes as a key strategic priority, alongside providing specialist housing for vulnerable groups, preventing homelessness and rough sleeping, and minimising the environmental impact of existing and future housing stock. The strategy recognises that a good quality, secure and affordable home is fundamental to health, wellbeing, education and employment outcomes, and that delivery will require close partnership working with registered providers, developers and other stakeholders.

¹ [NPPF_December_2024.pdf](#)

²

The Homelessness Review 2020-2025 and Homelessness and Rough Sleeping Strategy 2025-2030

- 2.5 These strategies reinforce the importance of affordable housing supply in preventing homelessness and reducing reliance on temporary accommodation. Its priorities include preventing homelessness, reducing the use of temporary accommodation, increasing the supply of affordable housing for general needs households and vulnerable groups, strengthening partnership working, and supporting vulnerable households to live independently.

Blaby District Corporate Strategy

- 2.6 The Council's corporate objectives are supported by policies that seek to provide the right homes in the right places, support sustainable communities and ensure that growth is accompanied by appropriate infrastructure. Affordable housing contributes directly to these objectives by helping local households access suitable accommodation, supporting mixed and balanced communities, and reducing the social and financial impacts associated with unmet housing need.

Blaby District Local Plan

- 2.7 The current adopted Local Plan policy framework includes Core Strategy policies on housing mix and affordable housing, supported by the Housing Mix and Affordable Housing Supplementary Planning Document. The SPD provides guidance on the implementation of policies CS7 and CS8 and seeks to address imbalances in the housing stock, optimise affordable housing delivery and secure an appropriate mix, type and layout of affordable homes on qualifying sites.
- 2.8 Policy CS7 of the adopted Blaby Local Plan requires 25% affordable housing on residential developments of 15 dwellings or more, subject to viability considerations. Affordable housing is expected to be delivered on-site and integrated throughout developments, with flexibility available where robust evidence demonstrates that policy compliance would render a scheme unviable.

Housing Mix and Affordable Housing Supplementary Planning Document

- 2.9 The Housing Mix and Affordable Housing SPD (adopted July 2013) provides guidance on how Blaby District Council applies Core Strategy Policies CS7 (Affordable Housing) and CS8 (Mix of Housing) when determining planning applications and seeks to address imbalances in the District's housing stock and maximise the delivery of affordable housing to meet identified local needs.

3. Evidence

The Leicester and Leicestershire Housing and Economic Needs Assessment (HENA)

- 3.1 The HENA³ provides a sub-regional evidence base for housing and economic needs, including the mix of homes and affordable housing. It identifies continuing affordability pressures across the housing market area and supports the need for local plan policies to secure affordable housing contributions, informed by up-to-date evidence on tenure, size and specialist housing requirements, as well as household incomes and the distribution of incomes. The table below shows the estimated incomes required to both buy and rent (privately) in the Leicestershire Districts. This shows a notable 'income gap' in most areas.
- 3.2 Homes are relatively unaffordable in Blaby. A household income of £38,000 is required to buy a house in the District. This is higher than all other areas aside from Harborough. Similarly, a relatively high household income of £25,300 is needed to rent privately in Blaby. Again, the second highest requirement in the HMA after Harborough. The 'income gap' between those residents able to buy and rent in Blaby is £12,700. This is higher than all other authorities in the Leicestershire HMA with the exception of Harborough.

Table 1: Estimated Household Income Required to Buy and Privately Rent by local authority

	To buy	To rent (privately)	Income gap
Leicester	£29,600	£21,900	£7,700
Blaby	£38,000	£25,300	£12,700
Charnwood	£33,600	£22,500	£11,100
Harborough	£42,400	£25,900	£16,500
Hinckley & Bosworth	£32,800	£23,400	£9,400
Melton	£33,800	£23,300	£10,500
North West Leicestershire	£32,000	£23,500	£8,500
Oadby & Wigston	£35,000	£24,700	£10,300

Source: Based on Housing Market Cost Analysis and taken from the Leicester & Leicestershire Housing and Employment Needs Assessment 2022

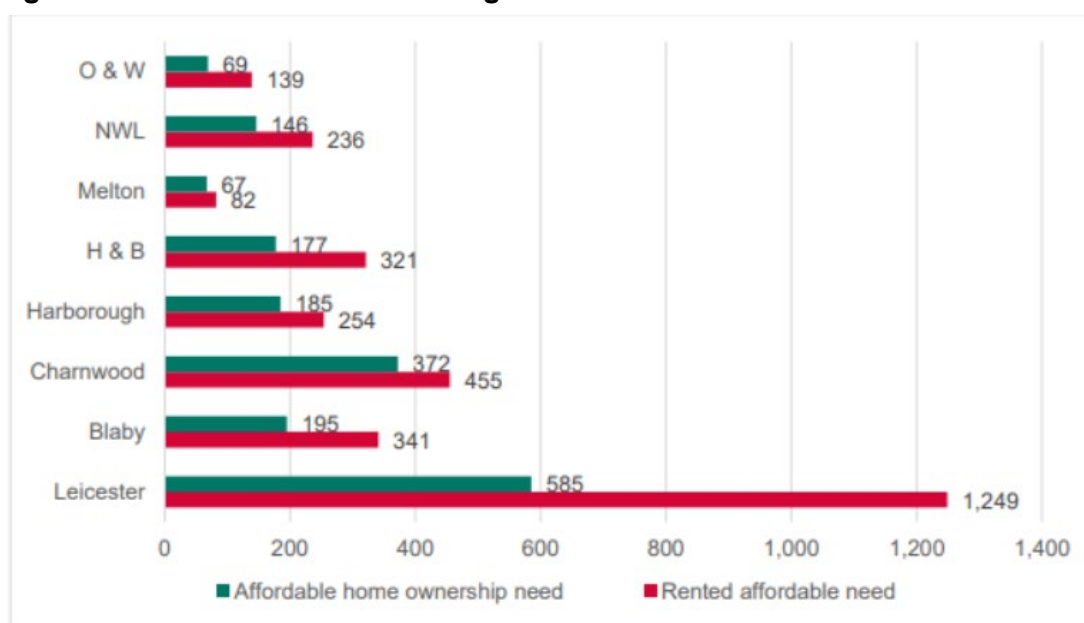
- 3.3 Data published by the ONS indicates that housing affordability has continued to deteriorate in Blaby in recent years. A review of the housing affordability ratio indicates that in 2002 median workplace earnings were £20,341 whilst the median house price was £90,000 giving an affordability ration of 4.4. By 2007 median workplace earning had increased to £24,156 and median house prices to £160,000 giving an affordability ratio of 6.6. Affordability actually improved by 2012 with properties costing 6.2 times median earnings but by 2017 affordability had deteriorated further with a median property costing 7.7 times median earnings. More recently published data for Blaby district indicates workplace earnings in 2022 were £35,955, whilst median house prices were £265,225 giving an affordability ratio of 7.4. Based on the ONS figures for 2022 Blaby has the lowest affordability ratio in the

³ [Appendix 2 - HENA.pdf](#)

County, followed by Leicester City (7.5). The districts with worse affordability are Oadby and Wigston (10.2) and Harbrough (10.6).

- 3.4 The HENA has assessed affordable housing need taking account of the NPPF definition of affordable housing and the latest information, including on housing costs. It finds a need for 3,076 rented affordable homes and an affordable home ownership need of 1,795. Annual housing needs are considered further below.

Figure1: Annual Affordable Housing Need



Source: Leicester & Leicestershire Housing and Employment Needs Assessment, 2022

- 3.5 For Blaby specifically rented affordable need is identified as 341 homes per year, whilst affordable home ownership need amounts to 195 properties per year. Cumulatively the HENA outlines a potential need for 536 affordable homes to be provided each year in Blaby District. The District's Standard Method Housing need is 539 homes per annum.
- 3.6 Blaby's identified affordable housing need is almost the same as its total annual housing requirement. However, this figure is not a policy target or delivery requirement. The amount of affordable housing that can realistically be secured through planning will be lower and will depend mainly on the Council's whole plan viability evidence.
- 3.7 As described in the HENA the relationship between affordable housing need and overall housing need is complex. This was recognised in the Planning Advisory Service (PAS) Technical Advice Note of July 2015. PAS conclude that there is no arithmetical way of combining the OAN (calculated through demographic projections) and the affordable need. There are a number of reasons why the two cannot be 'arithmetically' linked.

- 3.8 Firstly, the modelling contains a category in the projection of ‘existing households falling into need’; these households already have accommodation and hence if they were to move to alternative accommodation, they would release a dwelling for use by another household – there is no net need to provide additional homes. The modelling also contains ‘newly forming households’; these households are a direct output from the demographic modelling and are therefore already included in the overall housing need figures.
- 3.9 This just leaves the ‘current need’; much of this group will be similar to the existing households already described (in that they are already living in accommodation) although it is possible that a number will be households without housing (mainly concealed households) – these households are not included in the demographic modelling and so are arguably an additional need, although uplifts for market signals/affordability (as included in the Government’s Standard Method) would be expected to deal with such households.
- 3.10 For Blaby, as described above, annual rented affordable need is very high. However, as noted in the HENA caution should be exercised in trying to make a direct link between affordable need and planned delivery, with the key point being that many of those households picked up as having a need will already be living in housing and so providing an affordable option does not lead to an overall net increase in the need for housing (as they would vacate a home to be used by someone else).
- 3.11 The HENA then goes on to state at paragraph 9.45 that it *“is possible to investigate this in some more detail by re-running the model and excluding those already living in accommodation...meeting these needs would lead to an affordable need for 1,580 homes per annum across the study area – notionally around 28% of the Standard Method. This figure is theoretical and should not be seen to be minimising the need (which is clearly acute). It does however serve to show that there is a substantial difference in the figures when looking at overall housing shortages”*.

Affordable Home Ownership

- 3.12 Affordable home ownership refers to properties that are offered for sale below their market value. These initiatives are usually aimed at specific groups of people, such as local residents or those who earn below the national average wage. It is an option for people who can’t afford to buy a property on the open market.

Table 2: Estimated Gross Need for Affordable Home Ownership by Local Authority

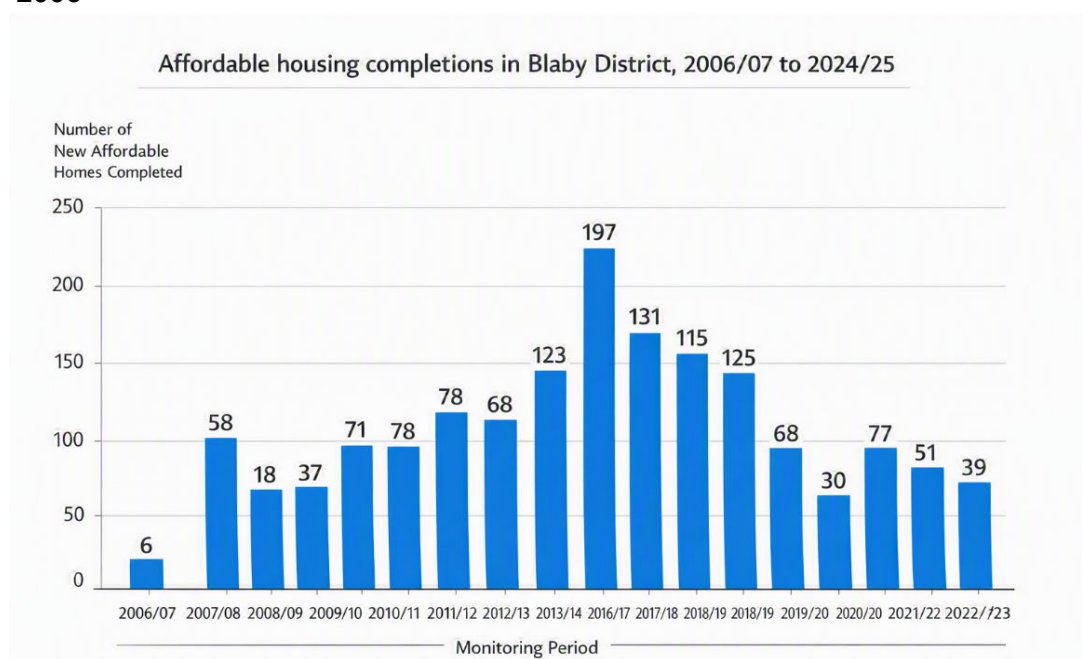
	Current need	Newly forming households	Existing households falling into need	Total Gross Need
Leicester	57	449	85	591
Blaby	10	172	15	198
Charnwood	24	317	37	378
Harborough	13	163	19	195
H & B	11	159	17	187
Melton	7	51	11	70
NWL	9	129	13	151
O & W	5	58	7	70
Leicestershire	79	1,049	119	1,248
L & L	136	1,498	204	1,839

Source: Leicester & Leicestershire Housing and Employment Needs Assessment, 2022

- 3.13 The HENA states that it would be reasonable to conclude that there is a need to provide housing under the definition of 'affordable home ownership' (AHO) and that there are many households who are being excluded from the owner-occupied sector. This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 103% from 2001 to 2011 across Leicestershire as a whole (with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped by 10%. That said, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).
- 3.14 As previously noted, it seems likely in Leicester & Leicestershire that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than just being due to the cost of housing to buy.
- 3.15 Whilst there are clearly many households in the gap between renting and buying, they will, in some cases be able to afford homes below lower quartile housing costs. That said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (particularly in terms of the ability to afford a deposit) and low-cost home ownership homes – and shared ownership homes in particular – will therefore continue to play a role in supporting some households in this respect.
- 3.16 In respect of recent Local Plan delivery, this is monitored in the Council's Authority Monitoring Report (AMR)⁴

⁴ [bdc-amr-2023-24.pdf](#)

Figure 2: Number of new affordable houses completed in the District since 2006



Blaby AMR2024-25.

- 3.17 The overall level of affordable housing built each year is substantially linked to overall housing delivery. Provision peaked between 2014/15 and 2018/19 but has fallen back in recent years. Notwithstanding this there has been a significant increase in delivery in recent monitoring periods due to two large affordable schemes in Whetstone being delivered.
- 3.18 Over the plan period to date around 20% of all homes delivered have been affordable. Whilst this is less than the target set in policy CS7 (a minimum of 25%) it reflects the fact that no provision is sought on smaller development sites and affordable housing requirements on the early stages of the New Lubbethorpe Strategic Site are set lower than 25%. Moreover, policy CS7 of the adopted Local Plan aims to balance this affordable housing need with viability considerations so that sites continue to come forward and overall housing completions are maintained.

Conclusion in respect of affordable housing needs

- 3.19 The HENA and housing delivery reinforces the fact that there is an acute need for affordable housing (especially rented affordable housing) in all parts of the County but this is particularly significant in Blaby. The evidence would support policy approaches which seek to significantly bolster affordable housing delivery and prioritise rented affordable housing delivery in particular. However, the HENA also highlights that there are viability considerations and policy priorities which individual authorities will need to balance. This issue is considered further in the next part of this topic paper.

The Role of Whole Plan Viability Assessment (WPVA)

- 3.20 As part of our Local Plan evidence, the Council has commissioned a whole plan viability Assessment (WPVA). This is available to view on the Council's website⁵.
- 3.21 The assessment tested the emerging Local Plan policies, infrastructure requirements and development costs to determine whether development across the district can remain financially viable.
- 3.22 Viability varies considerably by location, site type and development value. Higher-value areas and larger greenfield allocations are generally better able to support policy requirements, including affordable housing, than lower-value or more constrained sites.
- 3.23 The assessment concludes that affordable housing can continue to be delivered across much of the district, but there are viability pressures arising from:
- rising build costs;
 - infrastructure contributions;
 - biodiversity net gain requirements;
 - sustainability and carbon-reduction measures; and
 - wider development obligations.
- 3.24 The evidence supports a policy approach that seeks to maximise affordable housing delivery while recognising that some sites may require flexibility where site-specific viability issues can be robustly demonstrated.
- 3.25 The study tests viability on a range of development typologies and indicates that affordable housing targets need to be balanced against other Local Plan requirements to ensure development remains deliverable throughout the plan period.
- 3.26 In terms of assumptions regarding affordable housing the WPVA, it assumes that on all applicable sites (sites of 10 more dwellings where affordable homes are to be delivered) 40% will be for Social Rent, 40% for Affordable Rent and 20% Affordable Home Ownership. Having regard to this composition and having considered the results of the various appraisals reporting the impact of the range of policy aspirations and requirements the WPVA suggests that on sites of over 200 homes, 25% Affordable housing provision should be required, whilst on sites under 200 homes a policy requirement for 20% affordable housing be included in the emerging Plan.
- 3.27 Notwithstanding the conclusion regarding viability set out in the WPVA, it is clear that recent major planning applications, of all sizes are delivering 25% affordable housing provision. This issue is considered in the next part of this report.

⁵ <https://dns791hwfx5fu.cloudfront.net/media/gzuf1bf4/104-whole-plan-viability-assessment.pdf>

Recent performance in securing affordable housing through the adopted Local Plan

- 3.28 The current Local Plan includes a specific policy in respect of affordable housing (Policy CS7) states that, *‘the Council will seek to secure a minimum of 25% of the total number of dwellings as affordable housing on all developments of 15 or more dwellings’*.
- 3.29 Detailed information on affordable housing delivery on specific sites is set out in Table 3 below:

Table 3: Recent Planning Permissions and Proposals and Affordable Housing Delivery

SHELAA REF	Site Allocation Reference	Application reference	Affordable housing compliance Yes/No	Notes
Commitments				
N/A	24/0439/OUT	Land south of Little Glen Road	N/A	100% affordable scheme
GPA027	15/0176/OUT	Land to South West Of Cork Lane	Yes	
GPA027	24/0133/FUL	Cork Lane, Glen Parva	Yes	
N/A Adopted Plan Allocation	19/1610/OUT	Land north of A47 Hinckley Road (	Yes	
N/A Adopted Plan Allocation	24/1092/FUL	Land at Grange Farm (Wardens Walk)	N/A	100% affordable scheme
N/A	25/1077/FUL	117 Hinckley Road Leicester Forest East Leicestershire	N/A	retirement apartments
N/A Adopted Plan Allocation	11/0100/1/OX	Lubbesthorpe SUE	No	Reduced requirement of A/H (10%) in first phase of delivery
N/A	24/0760/OUT	Land North Of Sycamore Way Littlethorpe	Yes	Application for 14 no a/h required in plan for this size scheme
COS013	23/0182/OUT	Land west of Cosby	Yes	
N/A	22/0464/FUL	Land Rear Of 43 New Street Blaby	N/A	Application for 12 no a/h required in plan for this size scheme
CRO007	24/0559/OUT	Croft Lodge Farm	Yes	
COU038	23/1071/OUT	Land north of Foston Road	Yes	
N/A	23/0891/FUL	Former Smarties Day Nursery	Yes	
LIT023	24/0527/OUT	Land at Oak Road	Yes	

SHELAA REF	Site Allocation Reference	Application reference	Affordable housing compliance Yes/No	Notes
SAP024	24/0511/OUT	Land North Of Leicester Road Sapcote	Yes	
N/A	24/0105/FUL	Elms Farm, Whetstone	N/A	
Allocations				
BLA030	23/0968/OUT	Land off Lutterworth Road	Yes	
BLA033	25/0818/HYB	Land at Keepers Farm	Yes	Hybrid Application. Proposed First 77 homes in full with 20 A/Hs Proposed with remaining 268 homes proposing delivery of 67 affordable units
COS009	25/0489/OUT	Land west of Broughton Road	Yes	Proposed
COU042	24/0001/OUT	Land east of Willoughby Road (large site)	Yes	
COU46	25/0876/OUT	Peatling Road Sites	Yes	Proposed
COU047	24/0004/FUL	Land off Gillam Butts	Yes	
HUN013	24/0398/FUL	Land south of Narborough Road	Yes	
HUN019	24/0770/FUL	Springfield Farm, Forest Road	Yes	
LFE019	24/0615/OUT	Land at Kingstand Farm	Yes	
LIT022	25/0810/OUT	Land south of Warwick Road and east of Cosby Road	Yes	proposed
LUB002	26/0527/OUT	Land at Desford Road / Beggar's Lane	Yes	Proposed (25% A/H if elderly accommodation excluded)
SAP019/SAP025/SAP035	25/0927/FUL	Land south of Hinckley Road	Yes	Proposed (note based on initial proposal). Need to confirm percentage for updated scheme
SHA008	24/0957/FUL	Land west of Coventry Road	Yes	proposed
WHE026	24/0869/FUL	Land south of Whetstone	Yes	Proposed
WHE031	25/0532/FUL	Land south of Whetstone	Yes	

- 3.30 As can be seen in the above table, there have been a significant number of recent planning applications for all sizes of housing schemes to the Council, though most are for fewer than 200 dwellings.
- 3.31 Of the committed sites (17 in total), with the exception of the new Lubbesthorpe strategic site (a mixed-use development which includes 4,250 homes), all will deliver 25% affordable housing. Of the remaining sites two are too small to be caught by current policy requirements to deliver affordable homes (i.e. comprise fewer than 15 dwellings), whilst a further 2 sites are 100% affordable schemes. Of the 8 sites currently subject to a planning application (but have yet to be determined) all propose 25% affordable housing in line with existing policy requirements.

4 Delivery and Implementation

- 4.1 It is therefore clear that the 25% affordable housing requirement as included in the adopted local plan is viable for all scales of development including those schemes which are proposed for allocation in the emerging Local Plan. No recent schemes put forward for development have included less than 25% affordable homes. Clearly this is material because it provides strong evidence that the 25% affordable housing requirement remains viable.
- 4.2 Moreover, given the Council's lack of housing land and the imposition of the 'tilted balance', it is likely that a very significant proportion of sites allocated in the emerging plan will have been committed before the plan is submitted let alone adopted. In this context it is likely that sites of under 200 homes being proposed for allocation in the emerging Plan will have been determined under current local plan requirements and so will include 25% affordable housing as part of the scheme.
- 4.3 In this context the Council considers it unnecessary to reduce the affordable housing requirement to 20% on sites of less than 200 homes. However, reflecting that there may be potential for speculative schemes to come forward in the longer-term and delivery of 25% affordable housing could be unviable on some sites the Council does propose to include an appropriate viability clause to ensure that affordable housing requirements can be moderated where evidence exists that 25% affordable housing delivery is unachievable.

5 **Monitoring and Review**

- 5.1 Affordable housing delivery is monitored annually through our Authority Monitoring Report (AMR). We will continue to monitor affordable housing delivery within future AMRs including the total number of homes delivered, and the proportion of overall homes delivered each year which are affordable. We also propose to monitor the tenure mix and the number of rural exception sites granted permission and number of dwellings completed on exceptions sites each year as part of our local plan monitoring.
- 5.2 Further information on our monitoring proposals are set out in the monitoring framework appended to the emerging Local Plan (Appendix 5).

6 Next Steps and Conclusion

- 6.1 The Council will update this topic paper as we move towards submission, to reflect any more recent evidence regarding affordable housing need, delivery or viability.

Conclusion

- 6.2 Overall, the evidence demonstrates a clear and acute need for affordable housing in Blaby District, particularly rented affordable housing. The HENA identifies significant affordability pressures and a level of affordable housing need which is very high when compared with the District's overall housing requirement. While this need cannot be translated directly into a planning target, it provides strong justification for a positive and ambitious policy approach that seeks to maximise affordable housing delivery through the Local Plan.
- 6.3 Recent delivery evidence shows that the adopted 25% affordable housing requirement has continued to be achieved on most qualifying schemes, including many sites proposed for allocation in the emerging Local Plan. This provides local evidence that the requirement remains deliverable in practice. At the same time, the Council recognises the importance of whole plan viability evidence and the need for flexibility where site-specific circumstances demonstrate that full policy compliance would make development unviable. The proposed approach therefore strikes an appropriate balance between meeting acute affordable housing needs, supporting mixed and sustainable communities, and ensuring that housing sites remain deliverable over the plan period.