

AN AFFORDABLE HOUSING EMERGENCY

THE NATIONAL FAILURE TO PROVIDE THE HOMES WE NEED

The LPDF has assembled this briefing paper, in partnership with Turley and Tetlow King Planning, to shine a spotlight on the 'National Affordable Housing Emergency' and the extent to which it has been perpetuated by a consistent failure to provide sufficient new affordable homes.

The Government's commitment to funding the delivery of new affordable housing will not solve the growing deficit on its own. **Almost half of new affordable homes delivered in the last five years have been funded through S106 agreements**, meaning that **the planning system plays an integral role in delivering these homes by supplying the viable land that allows them to be funded.**

This research draws on publicly available datasets and existing studies to draw attention to:

- The scale of the issue, with it being estimated that **only 35,500 net additional affordable homes have been delivered nationwide on average in each of the last ten years** – some 109,500 homes short of the annual need.
- The **significant cost to society and individual households** that results from the sustained failure to provide the homes needed.

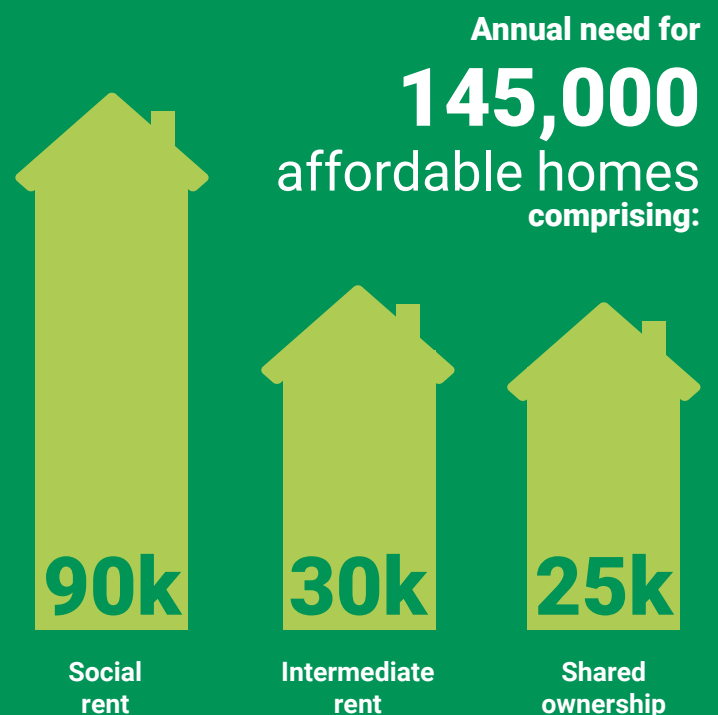
- The poor track record of England's largest urban centres, **the largest 19 – excluding London – having collectively added only around 1,200 affordable homes per annum over the last ten years.** This shows the flaws of increasingly relying on these areas to deliver ever more housing.
- **The authorities which have been more successful in delivering greater numbers of affordable homes.** This shows the importance of a plan-led system and of positively allocating a range of sites, including more viable non-brownfield sites that can make a much greater contribution towards providing affordable housing.

In the context of Government commitments to deliver planning reform in support of its Levelling Up agenda, **the Affordable Housing Emergency must not be ignored.** Policy changes must result in the identification and allocation of sites that can significantly boost affordable housing delivery. Local authorities must be held to account to identify a deliverable supply of affordable housing, with the current policy mechanisms clearly failing to ensure this is happening at anywhere near a sufficient scale.

It is widely agreed that there is a significant need for more affordable homes

Research commissioned by the National Housing Federation and Crisis from Professor Glen Bramley at Heriot-Watt University identified a need for 340,000 homes each year in England to 2031, including a need for **145,000 affordable homes** – comprising **90,000** homes for social rent, **30,000** for intermediate rent, and **25,000** for shared ownership.¹

This scale of need has only continued to rise, with the Local Government Association identifying a need for 100,000 social homes a year as part of the Covid-19 recovery.² Research by Shelter implies a need for 155,000 social homes per annum where it reported that: 'Government should deliver enough social homes over the next 20 years for the 3.1 million households who will be failed by the market.'³



There has been a well documented failure to boost the supply of affordable homes

The Levelling Up White Paper commits to: 'building more housing in England, **including more genuinely affordable social housing**'.⁴ Delivering against this commitment takes on ever greater significance where the full extent of the failure to deliver new affordable homes is understood and accepted.



51 Local authorities reported that **zero social rented homes were completed** between 2016 and 2021.⁵

In 10 years from 2011 England:

Built 500,418 affordable homes⁶ – average of circa 50,000 affordable homes every year



+50,000

But lost 145,098 homes through Right to Buy⁷ – average of circa 14,500 affordable homes per annum



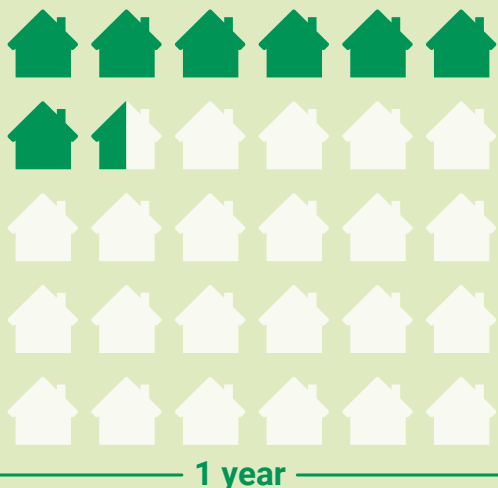
-14,500

The net effect was an average provision of only circa 35,500 affordable homes per annum (355,320 over the ten years)



35,500

net affordable homes per annum



Less than a quarter

of the estimated annual need for 145,000 affordable homes, creating a shortfall of **109,500 homes per annum** that will only grow year on year unless delivery rises to the level needed.

= 5,000 affordable homes

= affordable homes needed

There are significant consequences in failing to provide the affordable homes we need



90,000

Tonight, **over 90,000 families and more than 120,000 children** will go to sleep in 'temporary accommodation' (including bed and breakfasts), with serious implications for health and education.

Exposing the Hidden Housing Crisis: Public attitudes to 'affordable housing' and housing policy, Centre for Social Justice, November 2021



High housing costs affect people's ability to lead a healthy life, by reducing the income available for heating, food and other necessities that are essential for good health, and by causing high levels of stress.

Build Back Fairer: The Covid-19 Marmot Review: The Pandemic, Socioeconomic and Health Inequalities in England, December 2020



9%

In 2019-20, 9% of homes in the social rented sector were overcrowded, the highest level recorded since 1995-96.

English Housing Survey



60%

said they think the housing crisis has **worsened 'significantly'** due to the **pandemic**.

Exposing the Hidden Housing Crisis: Public attitudes to 'affordable housing' and housing policy – Centre for Social Justice, November 2021

“

...the fiscal consequences of this hidden crisis are just as stark, as housing benefit spending has risen dramatically to account for systemic changes in the way our nation is housed. **As governments of all stripes have become more reliant on the ballooning private rented sector to house lower earners, expenditure on housing benefits is forecast to be £30.3 billion by 2021-22** – more than double the total government grant allocated for new affordable housing until 2026, in just one year.

Building for our future: a vision for social housing, Shelter, 2019, page 178

Housing benefits expenditure £ million real terms, 2021/22 prices⁸

2018/19 Outturn

£22,491

2019/20 Outturn

£25,839

2020/21 Outturn

£28,718

2021/22 Forecast

£30,286

Where is the supply of new affordable homes coming from?

The ability to deliver affordable homes is in large part dependent on both the:

- availability and implementation of funding programmes i.e. Government investment / funding; and
- house building cycle and the availability of land which can viably deliver affordable housing.

The LPDF acknowledges and welcomes the commitment of this Government to provide funding to deliver affordable housing, but it is clear that this alone is not going to provide anywhere near the number of affordable homes that are needed. The £11.5bn Affordable Homes Programme, for example will deliver 180,000 affordable homes by 2028-29 but this equates to only 22,500 affordable homes per annum.⁹



Only **22,500 homes per annum** to be delivered through the Affordable Homes Programme.

The onus therefore remains on other means of delivery to bridge the significant gap.

The Department for Levelling Up, Housing and Communities confirms that just **under half (47%) of all affordable homes delivered in 2020-21 were funded through S106 (nil grant) agreements**. This remains broadly in line with the **average of 48% over the preceding five years**.¹⁰



Affordable homes delivered through S106 agreements

Analysis shows we cannot rely on cities and urban centres alone to deliver the boost in affordable housing supply that is needed

The Government is increasingly relying on 'cities and urban centres' to deliver a more significant share of the homes needed. This is implicit in the additional uplift applied when following the standard method of assessing housing need in London and the next 19 largest of these cities and urban centres, with this method informing Local Plans.¹¹ These areas are seen as the most sustainable places for development, with a perceived abundance of brownfield land.

Excluding London, however, the 19 largest cities and urban centres have delivered only 49,634 affordable homes over the last ten years (2011-21).¹² This is less than 10% of all of the affordable homes delivered nationally despite these areas accommodating some 14% of the country's population and dwelling stock as of 2020.¹³ **This means that they are punching below their weight.**

This gross figure misrepresents the actual number of additional affordable homes for households to occupy. When accounting for homes lost through Right to Buy over this same ten year period, these 19 cities and urban centres **have only delivered circa 1,200 affordable homes, net, per annum (12,040 in total).**

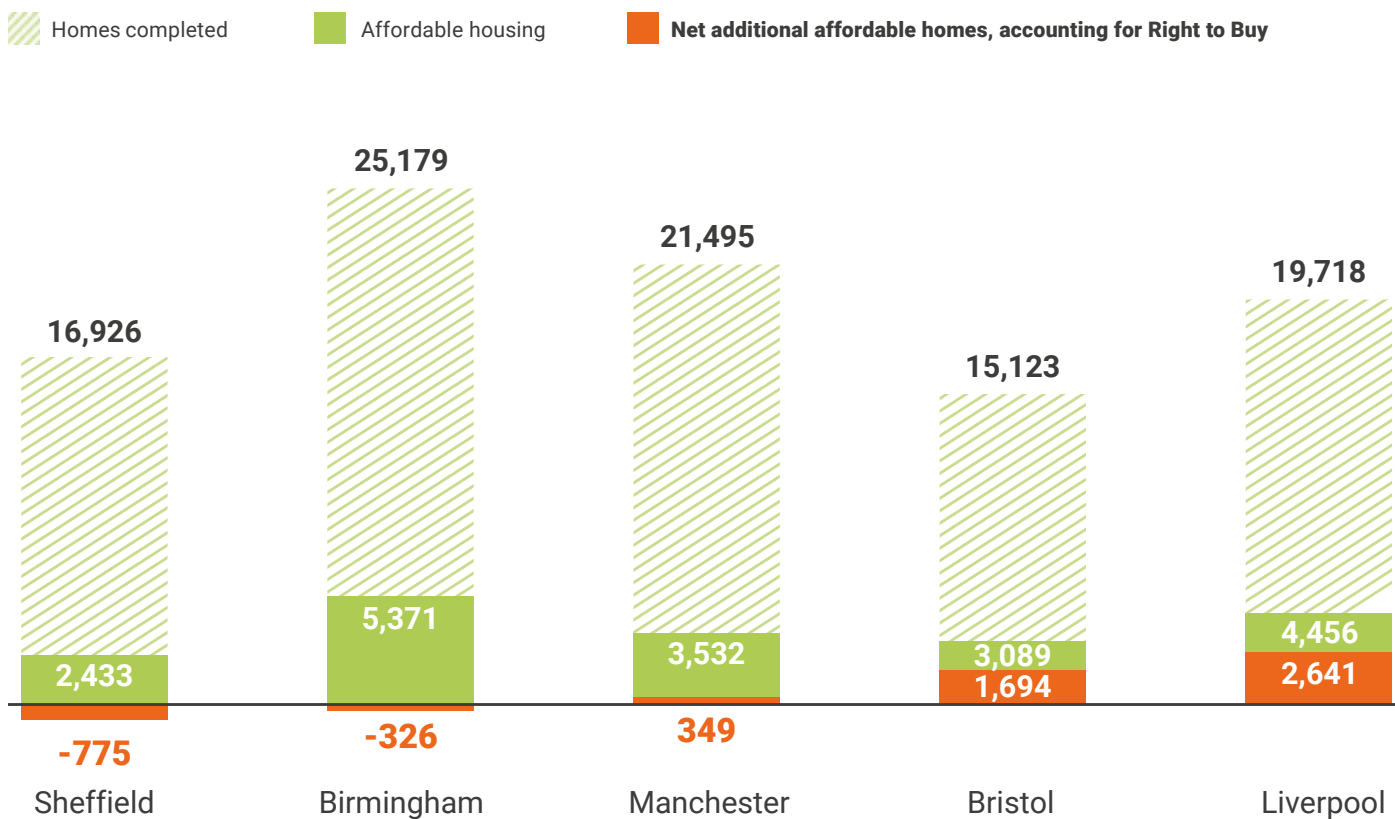
The **19 largest cities and urban centres** (excluding London) have **only delivered 1,200 net affordable homes per annum** over the last ten years.



Looking at five of the largest sub-regional cities – Birmingham, Liverpool, Bristol, Manchester and Sheffield – illustrates the scale of the issue. Whilst they have achieved stronger levels of overall delivery this has not translated into a similar boosting of affordable housing provision. The cities with the greatest numbers on the housing register, namely Sheffield and Birmingham, collectively

had 1,100 fewer affordable homes to offer those in need as of 2021 than they did a decade earlier. The others have delivered no more than 264 net additional affordable homes each year, this being achieved by Liverpool and equating to **13% of overall delivery, the highest of the five cities**. Roughly a third fewer affordable homes (169) were provided annually in Bristol and only 35 were added each year in Manchester.

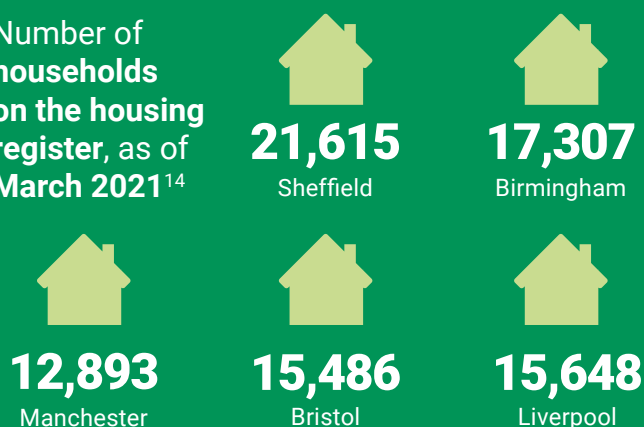
Affordable housing provision in the context of overall delivery in five of the largest cities outside of London (2011-21)



These five cities have collectively delivered **only 358 affordable homes, net, per annum** falling far short of the significant need that exists.

At the current rate of delivery, **it would take many years even for those authorities achieving a positive net increase in stock to accommodate households currently on their housing registers**. Those failing to positively increase their housing stock will simply see the number of households in most acute need grow ever larger.

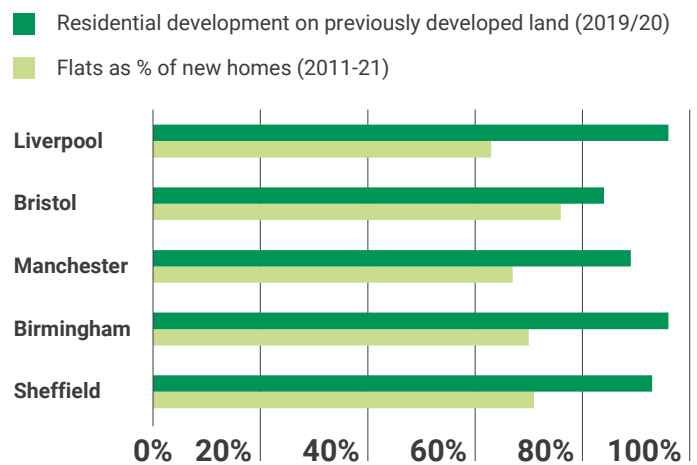
Number of households on the housing register, as of March 2021¹⁴



There are clearly limitations to relying on the provision of affordable housing through high density development, often on more challenging brownfield land

Most of the new homes recently provided in each of the five cities introduced above have been flats, reflecting the nature of the land available on which to deliver new homes in these urban areas.¹⁵ Brownfield land also dominates according to the Councils' published monitoring, and may be a critical factor hindering affordable housing delivery.¹⁶

Parallel research being undertaken by Lichfields for the LPDF indicates that apartment-led development will likely continue to dominate. Brownfield registers suggest that 81% of new homes delivered in the 19 uplifted authorities will be at apartment densities, rather than houses. The research also highlights the viability challenges in these areas, assigning 15 out of 19 uplifted authorities to higher viability risk profiles which will also undoubtedly contribute towards their limited delivery of affordable homes.



Case Study:

Birmingham

In the face of a city-wide shortfall, Birmingham City Council has publicly stated that it will need to develop 'ways to accelerate and increase the delivery of affordable housing' by working with the private sector 'to help unlock potential housing sites' that can meet the wide range of housing needs in the city.¹⁷ The ability to deliver, however, is curtailed where:

- The adopted Birmingham Development Plan makes clear that the urban area is the priority in terms of housing delivery, with delays in bringing forward key sites meaning that the city has a housing land supply of only 3.15 years as of January 2022;¹⁸
- Neighbouring authorities have made very little progress in addressing a shortfall of around 14,400 affordable homes, but were relied on to do so to ensure that calculated needs are met in full;¹⁹ and
- The slow progress of a new Local Plan means that it will be at least two years before new supply, capable of delivering affordable homes, is identified.

Case Study:

Manchester

Manchester's Residential Growth Strategy aims to deliver 6,400 new affordable homes between 2014 and 2025 but the Council has reported that only 1,519 had been completed in the first five years, barely half (52%) the number needed to that point for the target to be met.²⁰ This has only just maintained the number of affordable homes available to residents, when accounting for losses through Right to Buy.

The Council has reported a healthier pipeline, with 867 affordable homes under construction and a further 5,197 to be developed by 2025,²¹ but less than half have planning permission or have even been assigned to specific sites so considerable uncertainty remains as to whether these homes will be delivered. The Council has also notably conceded that most of these homes will be delivered through Homes England's Affordable Housing Programme so are reliant on continued public funding.²²

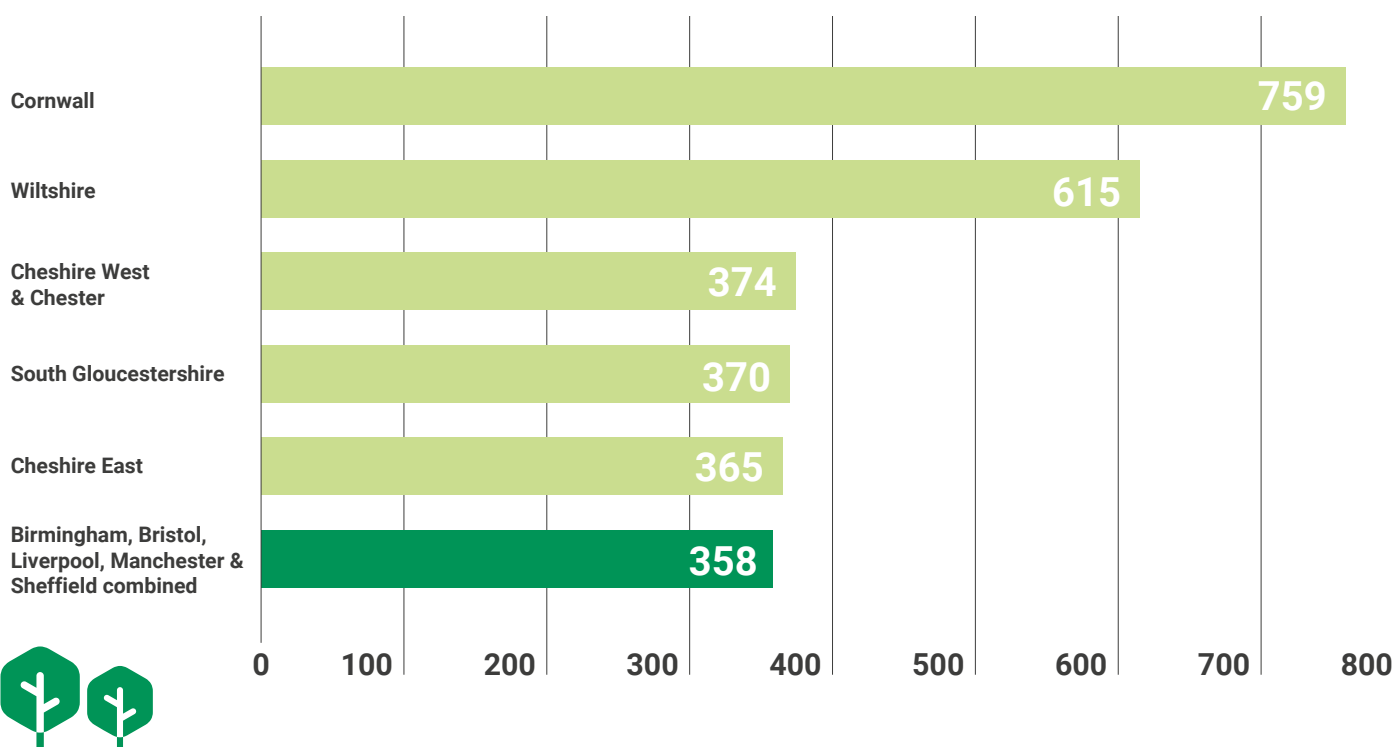
Viability is also expected to remain an issue with the evidence underpinning Places for Everyone – the emerging plan for nine of the ten Greater Manchester authorities, including Manchester itself – confirming that only 6% of the identified housing supply throughout even this wider area could be affordable homes.²³ This equates to only 10,200 such homes over the plan period and represents less than two years supply against an annual need for 5,850 affordable homes.²⁴ This low yield results from a reliance on sites within lower value areas, with the evidence having confirmed that the right types of sites in higher value areas can deliver proportionately greater numbers of affordable homes.²⁵



Experience shows that a broader supply of housing land must be provided to deliver more affordable housing

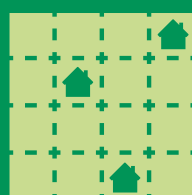
Five authorities outside London have individually delivered more affordable homes over the decade to 2021, when accounting for Right to Buy, than the aforementioned five cities combined.²⁶

Net additional affordable homes per annum (2011-21)



All five

adopted Local Plans between 2015 and 2017, identifying a deliverable supply of land



All five

rank amongst the 50% least densely developed authorities in England²⁷



Net affordable housing delivery equated to

21-28%

of overall provision, compared to no more than 13% in the five cities²⁸



22%

of all additional homes were flats, compared to 69% across the five cities²⁹



Both Cheshire East and South Gloucestershire have enabled the delivery of affordable homes by releasing land from the Green Belt. Their latest housing supply trajectories confirm that a number of the key sites released from the Green Belt have recently been granted planning permission, and are forecast to deliver a substantial amount of new housing - including affordable homes - from 2021/22.

Endnotes

1. Bramley, G for Crisis and the National Housing Federation (December 2018) Housing supply requirements across Great Britain: for low-income households and homeless people, p10. It is of note that this figure could arguably be viewed as an underestimate, given that it does not capture all of the products currently defined as affordable housing in the National Planning Policy Framework
2. Local Government Association (June 2020) Delivery of council housing: developing a stimulus package post-pandemic, p2
3. Shelter (January 2019) Building for our future: a vision for social housing – the final report of Shelter’s commission on the future of social housing, p178
4. HM Government (February 2022) Levelling Up the United Kingdom, p15 of executive summary
5. Department for Levelling Up, Housing and Communities, DLUHC (November 2021) Affordable housing supply in England: 2020 to 2021, affordable housing supply open data
6. DLUHC (November 2021) Live Table 1008C: Total additional affordable dwellings by local authority area – completions
7. DLUHC (July 2021) Live Table 691: quarterly Right to Buy sales, by local authority; Regulator of Social Housing (February 2021) Private Registered Provider Social Housing Stock in England: statistical data returns, 2012-21
8. Department for Work and Pensions (November 2021) Outturn and Forecast tables: Autumn Budget 2021
9. HM Treasury (October 2021) Autumn Budget and Spending Review 2021, paragraph 2.132. This assumes delivery over eight years, where the programme runs from 2021 and is believed to anticipate build out to 2028/29
10. DLUHC (November 2021) Live Table 1000C: Additional affordable homes provided by type of scheme, completions, England
11. Planning Practice Guidance section 2a, “Housing and economic needs assessment”
12. DLUHC (November 2021) Live Table 1008C: Total additional affordable dwellings by local authority area – completions
13. Office for National Statistics (June 2021) Population estimates, mid-2020; DLUHC (May 2021) Live Table 125: dwelling stock estimates by local authority district
14. DLUHC (December 2021) Live Table 600: numbers of households on local authorities’ housing waiting lists, by district, England, from 1987
15. Valuation Office Agency, VOA (September 2021) Council Tax: stock of properties, CTSOP3.0
16. Birmingham City Council (no date) Birmingham Local Plan Authority Monitoring Report 2019-2020, p78; Bristol City Council (no date) Bristol Residential Development Survey Report 2020, p12; Liverpool City Council (no date) Liverpool Monitoring Report: Housing; Manchester City Council (no date) Development in the City 2018-20: the 2020 Authority Monitoring Report of Manchester City Council, p25; Sheffield City Council (December 2020) Sheffield Housing Completions Monitoring Report, p5
17. Birmingham City Council (no date) Birmingham Local Plan Authority Monitoring Report 2019-2020, paragraph 5.179
18. Birmingham City Council (January 2017) Birmingham Development Plan, paragraph 3.24; Birmingham City Council (January 2022) Birmingham Development Plan: 5 Year Land Supply 2021-26, paragraph 1.1
19. Birmingham City Council (January 2017) Birmingham Development Plan, p28
20. Manchester City Council (January 2021) Report to Executive Scrutiny Committee: Affordable Housing Delivery Update
21. Ibid, Appendix 2
22. Manchester City Council (January 2021) Report to Executive Scrutiny Committee: Affordable Housing Delivery Update, paragraph 4.1
23. Three Dragons (September 2020) Greater Manchester Spatial Framework: Strategic Viability Report Stage 1, Table 8.2. While an addendum to this report was subsequently completed in 2021, this does not appear to update the table
24. Greater Manchester Combined Authority (April 2021) Greater Manchester Strategic Housing Market Assessment Update, Table 7.14
25. Three Dragons (September 2020) Greater Manchester Spatial Framework: Strategic Viability Report Stage 1, paragraph 5.1.8
26. DLUHC (November 2021) Live Table 1008C: Total additional affordable dwellings by local authority area – completions; DLUHC (July 2021) Live Table 691: quarterly Right to Buy sales, by local authority; Regulator of Social Housing (February 2021) Private Registered Provider Social Housing Stock in England: statistical data returns, 2012-21
27. DLUHC (May 2021) Live Table 126: dwelling stock density estimates by local authority district
28. DLUHC (November 2021) Live Table 122: housing supply; net additional dwellings, by local authority district, England
29. VOA (September 2021) Council Tax: stock of properties, CTSOP3.0