

# Closing the gaps: No more excuses, it's time to fix the social housing crisis



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**In 2018 only 6,000 social housing units were built for people to rent; a desperately low shortfall compared with demand. To get this number up to where it needs to be, we need to tackle issues of land availability and use, explore incentives and innovations, and act now to pave the way to start building the UK's much-needed homes.**

Over the past four decades, as vast numbers of council houses have been sold off, and demand has continued to grow, the huge number of new houses needed to replace them has consistently failed to materialise or make up any lost ground. We are now at crisis point: it's time we started thinking much more boldly, and act.

In a 2019 briefing, the National Housing Federation said we should be building 145,000 new homes for social housing every year. Within that figure, it says, 90,000 should be available for people to rent. But with only 6,000 homes for social housing actually built for rent in 2018, waiting lists have continued to grow. One million people in the UK are now on the waiting list for social housing.

## **Free-up land and overcome barriers**

How can we start to change direction? We do know that many local authorities retain parcels of under-utilised land – brownfield sites – right across the UK. So, isn't it time to start freeing up this type of land, to address the housing crisis head-on, and overcome any barriers in the way of making it happen? We need to start helping and encouraging local authorities to make that land available quickly and efficiently, without getting bogged down in procurement processes, so we can start using it to build quality, truly affordable homes for social housing.

It's highly encouraging that the 2019 RIBA Stirling Prize for Architecture was won by a social housing development in Norwich. Goldsmith Street not only met rigorous Passivhaus standards, it also exemplified how inner-city brownfield sites can hold huge potential to close the gaps in the housing shortage. And there's a lot of this land type available. According to the five-year Bristol Housing Festival initiative, some 26,000 hectares – 100 square miles – of brownfield land exists in England. And much of this includes gap or infill sites, such as disused garage space or land requiring decontamination and change of use. Overall, this area represents enough space to build an estimated one million new homes.

## Finding the right incentives

Problem solved? If only it were that easy. It is not, but we have to start. First, by battling with the complexities of land ownership and usage and start prepping brownfield sites for availability and redevelopment much more efficiently. And that means finding clever and innovative ways of overcoming present disincentives. An important prerequisite must be that local authorities retain land ownership, so that social housing, and the land it sits on, stays in public ownership throughout its lifetime.

A disincentive is the definition of 'affordable' housing, and how it has changed. Until recently, 'affordable' meant renting should cost no more than 80% of the average local market rent, and starter homes should be sold with at least a 20% discount on market value. The Trust for London asserts that the average monthly rent for a two-bedroom private house across England is £820, but in London it's £1,730. As such, this recent move now links 'affordability' not to market rent prices but to salaries. Now, 'affordable' means something nearer 40% of market rent: from a property developer's point of view, that's half of what the rent would have been beforehand.

## Increasing availability, increasing affordability

By changing the definition in this way to make homes more affordable there's also a trap: it reduces the income for the developer. Less rental income equals less money available to pay for the development – and the only way to make up that shortfall would be to make the cost of development lower. But how? Through non-existent subsidies? Or by removing others costs and hurdles in the planning process? No easy answers here, but this is precisely where we need some fresh thinking if we're going to incentivise developers to build at the quantities we need.

It is also highly concerning that many families in receipt of housing benefit are still struggling. The National Housing Federation, which analysed 75,000 private rental adverts across England, found that only 7.5% of them were affordable, even where rent was set at 'Local Housing Allowance' levels. Furthermore, family homes, with two or more bedrooms, were even less affordable, with only 6.5% falling within the budget of households in receipt of housing benefit. These figures show that it's essential that we find more ways to deliver quality homes at sustainable rent levels, and soon.

## Freeing-up land

However, one positive route that is primed for exploration is the way in which local authorities and other government bodies – for example, the NHS estate, can utilise their land that's otherwise difficult to sell, for social housing without the need to sell it to developers, this means that the state not only retains its land assets but gets value added to them. If local authorities can make the land available, and not sell it, then could we see the long view approach emerge? That is, over 30 to 40 years landowners such as local authorities or the NHS would encourage new investment models while guaranteeing them their future rent receipts, and also underwriting the rents. This would mean risk is kept low, the rent pipeline flows freely, and more homes become available. Could this be a three-way win?

Quite possibly, but there is a fourth benefit too. Local authorities are under pressure to increase the supply of modern, comfortable, local authority-owned homes which are close to good transport links for key workers: people on public sector salaries who need to live in our major towns and cities to keep our schools, hospitals and other public services running. But they're also under pressure to create safer and better communities. But in my view these two things go hand-in-hand, very well. By building more and better social housing, moving in key workers and their families, we will inevitably see a shift towards creating safer and better communities, too.

## Quality housing can transform lives

This is backed by a 2019 report by Waverley Borough Council in Surrey, in which tenants said what made them feel most proud about where they lived was location, friendly neighbours, nice gardens, outdoor areas and community spirit. This positive perception of one's neighbourhood, in turn, can help to create better and safer communities. It has an impact on lower poverty levels, better educational outcomes for children, greater personal safety and security, and wider economic benefits: SHOUT – the social housing pressure group says that every affordable home creates 2.3 jobs and contributes £108k to the economy.

Good social housing can become a community asset. The homelessness charity Shelter says that more than one million children in England live in poor housing, and one in four homes across the social and private sectors are not up to standard. In turn, we know from public health and life expectancy statistics that poor housing increases the risk of severe ill-health or disability by up to 25 per cent during childhood and early adulthood. Poor housing also indirectly effects aspiration, and educational outcomes – surely giving children a stable environment in which to live, play and do their homework will contribute to their lifelong wellbeing?

## Give section 106 a shot in the arm

As things stand, thousands of young families awaiting social housing are in unsuitable accommodation. Meanwhile, any section 106 commitments made are more commonly used for building new flats, not houses with gardens that are better suited to families. But we know that local authorities need to be able to provide affordable homes for three, four, or five people, with outdoor space like Goldsmith Street; safe places with the potential to transform lives and communities. While section 106 commitments have helped to deliver some affordable housing, this has proven to be insufficient. That's why we need to be innovative: it's time to bolster the existing section 106 provision to deliver genuinely affordable housing.

## Reinventing our public spaces

And when we do so, we need to be ambitious and aim higher. We need to look at new developments not just as housing, but as 'placemaking'. New schemes must inspire the reimagination and reinvention of public spaces as the heart of every community. They must breathe new life into brownfield sites and re-establish pride in council-provided homes and communities. We must start, therefore, looking into the financial models and new construction techniques that can allow that.

If and when parcels of brownfield land are made available, Homes England suggests in its five-year strategic plan to 2023 that the two main priorities will then need to be supporting modern construction methods, and ensuring that transport, utility and social and digital infrastructure needs are also aligned with any new housing. We also believe we will need to see a substantial shift in the supply model for affordable housing in the direction of modern construction methods.

## Expertise to understand the issues

One interesting concept now built, using the MetroHome off-site precision manufactured system, is the small pilot scheme at the Hillside development, in the southern London borough of Lambeth, a model that could easily be scaled up. As for close proximity to transport links and local services, if you consider that gap or infill spaces are located in towns and cities where main bus routes, gas, electricity and water mains, and superfast broadband are all already free-flowing, the primary school is around the corner and the GP surgery is just down the road, that box is also very much already ticked.

Atkins is committed to bringing in the required breadth of expertise to understand the issues involved – from expertise in land to housing, and redevelopment to public infrastructure. We are also starting to work up plans for delivery of practical, and cost-efficient solutions to address the UK’s housing crisis. Underlying our work is the reasonable assertion that everyone needs a roof over their head. We aim to play a significant role in helping local authorities make that happen.

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