

Accelerating Housing Delivery and Affordable Homes Supply

By Pieter Zitman BSc MA arb

03 February 2025

Introduction

The government and mayors around the country are looking at ways to increase housing supply. This outline paper provides one solution to unlocking a significant number of stalled planning applications and also increase the supply of affordable housing.

Housing Associations are concentrating on their existing stock and registered providers are finding it difficult to afford to take on more homes. It is increasingly hard for developers to find an RSL to take on the affordable (social rented) homes on smaller development sites.

At the same time, over half (51%) of SME home builders report waiting over a year to obtain planning permission and 94% of SME home builders would like the Government to do more to support them. (1) The scale of the problem is immense - at least 17,432 Section 106 affordable housing units with detailed planning permission remain uncontracted. Across the country, 139 home building sites are currently delayed due to uncontracted Section 106 units. (2) Removing the barriers to obtaining planning permission and the funding support offered by city mayors will go some way to relieve the pressures, but they are only part of the solution. (3)

If the affordable homes cannot be taken up by a Registered Provider, then either the delivery is stalled until things change, or the developer negotiates a commuted sum and the affordable homes are not delivered.

What to do about it?

Acknowledge the problems and open the rungs of the affordable housing ladder.

The country does not have enough affordable housing and as the demand is so great, a significant portion of the population are no longer eligible for social rented housing. If the government is also going to suspend right-to-buy, tenants will not have any ways to move out of social rent into other forms of housing, thereby blocking existing stock to new residents.

The cost of open market housing has risen to a point that it is now way beyond the affordable means of most people. Of the housing options available to younger people leaving home, a significant proportion are paid too little to afford anything outside social rented level. What housing options are available to them tends to be overcrowded or very expensive.

Many remain in their parental home, delaying their life prospects, which has a significant impact on their, and the country's, economy. They need the stepping stones to move from social rent to the open market. This is where the affordable intermediate market can play a significant role.

Registered providers are facing a long-term dilemma and if not adequately funded, they will not be able to take up the numbers of new homes we need, and certainly not on smaller sites. This is in part creating the bottleneck blocking progress on smaller sites mentioned in the introduction.

So how can this dilemma be resolved?

Increase the types of affordable that developers can deliver to include affordable intermediate homes and remove the Registered Provider requirement - with the right level of safeguarding to

Accelerating Housing Delivery and Affordable Homes Supply

By Pieter Zitman BSc MA arb

03 February 2025

ensure other forms of affordable housing can be sustainably delivered and independently managed. This could be achieved through the following 4 steps;

1. Other forms of affordable housing need to be recognised and accepted as part of the kaleidoscope of solutions. Discounted market sales homes, fixed shared equity models, discounted rented homes and other similar forms of housing can be delivered within the affordable income multiples for working people on lower incomes. They do not need to be owned by registered providers or require onerous legislation to remain in place as their affordability can be ensured through their lease and rental agreements.
2. Provide developers affordable housing toolkits that can better suit their developments. Incorporating these homes into open market homes can be seamless and not adversely affect development appraisals. The marketing, sales or rental can be quite simple to agree to and enforce. They only require periodical review to ensure that the requirements are being upheld. This can be done by the Council or similar body for a moderate fee.
3. Provide pro-forma contracts (marketing plans, lease and rental agreements) that can be adopted by developers. Simply worded contracts or terms of agreement could be provided for each housing option. Housebuilders could adopt these at minimal cost and have them incorporated through their sales and legal teams.
4. Agree a costing method for the provision of the affordable housing options. This could be based on the current provisions or have new provisions drawn up as necessary.

If developers can be given options of what they can provide within agreed costing parameters, then it will speed up housing delivery and unblock many planning permissions and provide much needed affordable housing.

So how could this work?

Housing Developers, who have schemes where they need to provide affordable housing and it cannot be taken up by registered providers, would work with their local authority to choose from a range of affordable intermediate housing options. The options would be costed in a simplified affordability matrix to agree numbers and levels of discount. This agreement would be enshrined in the planning permission.

The developer would work with the council housing and planning officers to select the homes that will be allocated as affordable homes. The size, location, costs or discounts and provisions for the homes would then be included in the planning permission. They would then ensure that conditions for sale or rent (share of ownership, rental discount, share of service charges, etc.) are enshrined in the lease or rental contract and that document would then also point to the planning application.

Who would assess the planning S106 value?

This would be done between the developer and the council's planning officers working with their housing colleagues. Housing and S106 contributions are already enshrined in planning. How that value is met, would be a negotiation between the developer and the council, in the normal way.

Accelerating Housing Delivery and Affordable Homes Supply

By Pieter Zitman BSc MA arb

03 February 2025

Who is responsible for ensuring the housing goes to the right recipients and the rates at which the homes would be sold or rented out?

The criteria for selection of residents could be based on maximum income levels, affordability (housing costs as a percentage of net income) and whether they live or work in the relevant borough. They will then could to use a prescribed marketing methods plan (3-4 months prior to completion) and select potential residents from the council's housing waiting list or those who come forward and meet the requirements.

In the first round, and after the homes are marketed, most often through the council's affordable housing waiting list, for the agreed period, a resident could be selected. The developer's surveyors or solicitors undertaking the conveyancing or letting would ensure that the resident fulfils the affordability criteria and complete the agreement.

In the second-round sales or letting, it could be the responsibility of the purchaser's or renter's legal representatives to ensure the conditions are met as outlined above. The mortgage provider would also need to make sure that the conditions are adhered to as it would form part of their agreement. The council or an approved company could then monitor that the conditions are being adhered to.

For clarity, this is a proposal of how the process could work:

Housing model	Process managed by		Secured though	Monitored by
	First round	Second round		
Discounted Market Sale	Developer and council	Lawyers/surveyors and agreed with mortgage provider	Lease agreement and noted with Land Registry	Local Authority
Fixed Shared Equity	Developer and council	Lawyers/surveyors and agreed with mortgage provider	Lease agreement and noted with Land Registry	Local Authority
Shared Ownership	Developer and council	Lawyers/surveyors and agreed with mortgage provider	Lease agreement and noted with Land Registry	Local Authority
Discounted Rent	Developer and council	Developer/freeholder and registered with Council		Local Authority

Diagram of responsibility matrix

References

1. (HBF State of Play - Challenges and opportunities facing SME home builders 2/12/2024)
2. The HBF "Bid Farewell" review (Oct 2024) of the crisis in S106 Affordable Housing showed that
3. c.f. GLA - Accelerating Housing Delivery - Planning and Housing Practice Note, December 2024)

Links

1. <https://www.london.gov.uk/sites/default/files/2025-01/Accelerating-Housing-Delivery-Planning-and-Housing-Practice-Note-December-2024-2.pdf>
2. <https://www.jrf.org.uk/housing/rethinking-planning-obligations-balancing-housing-numbers-and-affordability>
3. https://www.hbf.co.uk/documents/14137/2024-25_SME_State_of_Play_report.pdf