



Affordable Housing Development Programme Annual Review 2020-21

August 2021



Salford Priors

*The photograph shows some of the **386 affordable homes completed last year***

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1. Introduction

→ Why we've published this Review

The District Council's Housing Strategy commits us to report annually about the new affordable homes we provide. We collect data about these homes which helps in the efficient management of the Council's development programme, including informing the development of new and revised policies.

→ About this year's report

We've outlined:

- Key factors affecting the size, shape and direction of our development programme.
- Key achievements and outcomes of the programme during the financial year ending 31 March 2021, including the overall number of homes, their type, location and tenure, and who built and funded them.

As distortions can arise from year-to-year, we've also included comparative data for the past ten years (this period also reflects the base date of the Core Strategy). Figures may not always sum to 100% due to rounding. Further information on other topics is available including in the Council's **Authority Monitoring Reports**.

→ House prices, private rents and affordable housing

The context within which the development programme discussed in this Annual Review is delivered is continued high open market property prices and rents, as illustrated in **Table 1** below. The average price is nearly 28% above the average for the whole of Warwickshire. Over the past year, the average price of a home in the District increased by over 11%.

| Table 1: Average Property Prices | March 2021 | March 2020 |
|---|-------------------|-------------------|
| Stratford-on-Avon District | £353,840 (+11.4%) | £317,571 |
| Warwickshire | £276,842 (+9.6%) | £252,612 |

Source: HM Land Registry

Despite the pandemic, growth in average property prices has continued over the past year or so at a rate greater than the national average, and from a base which was already above the national average. The overall outcome is still one of a continued and accelerating deterioration in affordability from an already bad position.

To tackle these issues, the Core Strategy includes a requirement for 35% of homes on eligible market-led 'S106' sites to be affordable (this requirement has applied to homes granted permission since 2016) and we also promote community-led housing schemes. This and other activity by the Housing Policy and Development Team has achieved the outcomes outlined in this Review.

→ What factors are affecting delivery?

The scale and form of the development programme is driven by a range of factors affecting the operational environment including:

- National and local planning policies.
- Investment decisions of partners and third parties for example, lenders to associations and Homes England.

Actual delivery and development capacity remain very fluid. Some of the major considerations are summarised below.

- There remain significant **uncertainties** about housing, social and planning policy and delivery. Amongst other things, these will impair the capacity of housing associations (Registered Providers) to build new homes, due to the need to manage risks prudently e.g.
 - The **need to fund extensive improvements to existing affordable housing** (rather than new-build) i.e. the decarbonisation agenda and post Grenfell safety work.
 - The Government’s decision to proceed with their **First Homes** initiative which will top slice 25% of all negotiated affordable housing on s106s sites to be sold by developers at a discount of at least 30% of open market values.
 - Changes to **Shared Ownership** that might make it a more popular product but will also make it most costly for housing associations.
 - In future tenants of any rented affordable homes grant funded by Government will have the **Right to Buy** their homes. This will affect housing associations’ finances.
- The COVID-19 pandemic and Brexit continue to cause **disruption to supply chains and labour markets**. Some construction materials are difficult to obtain and there are significant increases in costs. There is also a shortage of skilled builders and tradespeople.
- **To avoid stalling sites**, some developers on market-led (“S106”) sites are offering unsold market homes to providers. Most such additional homes are for Shared Ownership.
 - Such opportunities are short-term. As these are market units already in the pipeline (and in some cases already built but not sold) there is little flexibility around the type and size of additional affordable homes that can be provided in this way. These additional homes skew the overall tenure and size profile of the negotiated and completed affordable homes
 - Purchases are dependent on the availability of Homes England grant and the financial models under which providers operate. Homes England only fund additional purchases over and above supply already secured as part of “S106” packages.
- There have also been some recent opportunities presented to develop **100% affordable (‘package deal’) schemes** and so-called land-led schemes (on sites acquired outright by Registered Providers). These schemes usually comprise a mixture of rent and Shared Ownership. This creates balanced communities and provides a means to access home ownership for those households willing and able to do so.
- At a local level, The District Council is containing work to prepare its **Site Allocations Plan**. This is intended to maintain continuity and stability in housing land supply especially in the medium term. The District Council is also working jointly with Warwick District Council to prepare the **South Warwickshire Local Plan**. Amongst other things, the Plan will determine the overall scale and distribution of new housing and the terms under which new affordable homes are secured in the period up to 2050.

2.1 What did we achieve last year (April 2020 to March 2021)?

A total of 386 affordable homes were completed last year. This is the Council's second largest ever annual development programme. A total of 2,709 affordable homes have been provided in the last 10 years.

All but one of the new homes provided last year were **new-build** properties. Over the past decade 99% of supply has taken the form of new-build. This is because generally new build properties (and the volume of such supply) provide far better value for money than the purchase of existing properties. Two of the schemes were built using modern methods of construction.

Reflecting the long-term trend, all but one of the homes built last year were to provide **general needs accommodation**. By its very nature, the supply of **specialised/ supported** forms of housing, including Extra Care housing for older people, tends to be very "lumpy" from year-to-year. Thus quoting proportions for individual years can be misleading, but taken as a whole, specialised/supported housing accounts for almost 10% of supply over the past ten years.

This supply has also made a valuable contribution to the maintenance of the Council's required Five Year Housing Land Supply: see **Authority Monitoring Reports** for further details.

Lead in times for the delivery of new affordable homes are lengthy. The homes delivered last year resulted from planning permissions granted between 2010 and 2019 (the substantial majority in the period 2015 to 2016). The policies and terms under which the homes were secured (including grant funding where applicable) will have been those prevailing at the time those projects were approved rather than completed.

It is worth empathising that the Housing Policy and Development Team would have negotiated and agreed the affordable homes many months (and sometimes years) before any permissions were granted. The Team is also heavily involved in agreeing variations to agreed affordable housing in S106 Agreements.

2.2 Who built the homes?

Fourteen different organisations delivered the 386 affordable homes in 2020-21. About 75% of total supply last year was accounted for by four partner housing associations (Orbit, Bromford, Platform and L&Q). Another 25% of supply came from ten other organisations.

The largest single developer by number of affordable homes last year was Orbit Group. They delivered 27% of overall supply, although measured over the past ten years this proportion increases to 47%.

| Table 2: Provider | 2020-21 | Past 10 years |
|-----------------------------|-----------|---------------|
| Orbit | 104 (27%) | 1,264 (47%) |
| Bromford | 72 (19%) | 364 (13%) |
| Platform | 63 (16%) | 482 (18%) |
| L & Q (London and Quadrant) | 49 (13%) | 49 (2%) |
| Other | 98 (25%) | 550 (20%) |

Some homes were delivered as “off the shelf” purchases of newly-built open market homes that were not selling and which were then converted to Shared Ownership.

The Council cannot force house-builders to work with particular providers. It can only require that affordable homes are developed and managed by an approved Registered Provider (RP). At a national level, RPs are subject to the regulatory oversight of the Regulator of Social Housing. Locally, RPs are subject to the relevant requirements of applicable S106 Agreements.

The Council is continually in discussion with providers new to this District who may be able and willing to take on and develop new affordable homes.

2.3 What tenures were provided?

→ Key local affordable housing tenures

Affordable housing comprises a range of different tenure products. We monitor the range of tenures provided. Ensuring an appropriate balance between different tenures is crucial to maintaining the effectiveness of the Council’s development programme in meeting housing needs.

In accordance with Core Strategy policy requirements, normally:

- A minimum of 60% of homes should be **Social Rent**.
- A maximum of 20% should be **Affordable Rent**.
- A maximum of 20% should be intermediate housing i.e. **Shared Ownership** (or in limited circumstances **Fixed Equity**).

Table 3 below summarises the main local affordable housing tenure products.

| Table 3: Tenure Features | Summary of key product features |
|--------------------------|--|
| Social Rent | <ul style="list-style-type: none"> • Tenancies are normally offered to households on the Council’s housing waiting list. • Homes are let at rents set in accordance with a nationally determined formula reflecting local income levels. • As such, are considered to provide the best proxy for genuine affordability. |
| Affordable Rent | <ul style="list-style-type: none"> • Tenancies are normally offered to eligible households on the Council’s housing waiting list. • Rents are based on a proportion (up to 80%) of prevailing local market values. • As such, they tend to be more expensive, although, locally, we normally limit rents to eligible benefit levels. |
| Shared Ownership | <ul style="list-style-type: none"> • Homes are normally sold on a long leasehold directly by housing associations to eligible purchasers. • A proportion of the initial equity (typically 10% to 75% of full market value) is sold, with rent being charged in accordance with a set formula on the remaining unsold equity. • Leaseholders normally have the right to “staircase” to outright ownership. |

| | |
|---------------------------|--|
| | <ul style="list-style-type: none"> The Government have recently announced reforms to some of the key product features. |
| Fixed Equity Sale schemes | <ul style="list-style-type: none"> Properties are sold directly by developers to eligible purchasers, but at a price normally limited to 60% of market value (i.e. at a 40% discount). There is no rent payable on the unsold equity, but re-sales must be at the same discount in perpetuity. |

→ What the data tells us

| Table 4: Tenure | 2020-21 | Past 10 years |
|---------------------------|-----------|---------------|
| Social Rent | 199 (52%) | 1,576 (58%) |
| Affordable Rent | 50 (13%) | 328 (12%) |
| Shared Ownership | 110 (29%) | 691 (26%) |
| Fixed Equity Sale schemes | 27 (7%) | 93 (3%) |
| Other | | 21 (1%) |

Almost two-thirds of the homes provided last year were for **rent**: broadly in line with longer-term trends. These homes comprise two distinct tenure products: Social Rent and Affordable Rent.

Affordable home ownership products accounted for the balance (36%) of supply. Again, there were two distinct products on offer: Shared Ownership housing and Fixed Equity Sale housing. The number of shared ownership properties has been inflated by the conversion of some market homes to shared ownership.

2.4 Where were they built?

Ensuring homes are built in the right places is crucial to meeting housing need effectively. As the location of new homes fluctuates significantly from year-to-year, it is best to focus on longer-term trends.

The location of new homes is classified in accordance with the settlement hierarchy in the Core Strategy.

| Table 5: Location category | 2020-21 | Past 10 years |
|------------------------------|-----------|---------------|
| Stratford-upon-Avon town* | 14 (4%) | 568 (12%) |
| Main Rural Centres (x8) | 152 (40%) | 1179 (44%) |
| Local Service Villages (x44) | 158 (41%) | 634 (23%) |
| New settlements (x2) | 9 (2%) | 9 (<1%) |
| All other locations | 53 (14%) | 319 (12%) |

*Excludes Tiddington where 36 homes were built in 2020-21.

The balance in supply between the 'Main Town' of Stratford-upon-Avon, the eight Main Rural Centres and a wide range of Local Service Villages continues to broadly reflect the population balance of those

settlements. An interesting feature of last year's programme is the first supply of homes from the Gaydon Lighthorne Heath new town.

More detailed information about where new affordable homes have been provided is set out in **Table 6** below. Only settlements where there has been some affordable housing development in the past decade are listed.

| Table 6: Location by settlement | 2020-21 | Past 10 years |
|--|----------------|----------------------|
| Alcester | - | 51 (1.9%) |
| Alderminster | - | 9 (1.3%) |
| Bidford-on-Avon | 45 | 262 (9.6%) |
| Bishops Itchington | 28 | 91 (3.4%) |
| Brailes | - | 14 (0.5%) |
| Broom (Bidford-on-Avon) | - | 6 (0.2%) |
| Claverdon | 3 | 3 (0.1%) |
| Ettington | - | 11 (0.4%) |
| Fenny Compton | - | 4 (0.1%) |
| Gaydon | - | 10 (0.4%) |
| GLH new town | 9 | 9 (0.4%) |
| Great Alne | - | 7 (0.3%) |
| Hampton Lucy | - | 9 (0.3%) |
| Harbury | - | 36 (1.3%) |
| Henley-in-Arden | - | 10 (0.4%) |
| Ilmington | - | 10 (0.4%) |
| Kineton | - | 51 (1.9%) |
| Long Compton | - | 5 (0.2%) |
| Long Itchington | 14 | 110 (4.1%) |
| Long Marston | - | 24 (0.9%) |
| Lower Quinton | 14 | 33 (1.2%) |
| Meon Vale | 27 | 259 (9.6%) |
| Napton | - | 29 (1.1%) |
| Newbold-on-Stour | 2 | 30 (1.1%) |
| Oxhill | 2 | 2 (0.1%) |
| Salford Priors | 10 | 34 (1.3%) |
| Shipston-on-Stour | 40 | 198 (7.3%) |
| Snitterfield | - | 10 (0.4%) |
| Southam | 102 | 397 (14.7%) |
| Stockton | - | 38 (1.4%) |

| | | |
|--------------------------|------------|-----------------------|
| Stratford-upon-Avon town | 14 | 569 (21.0%) |
| Stretton-on-Fosse | - | 5 (0.2%) |
| Studley | - | 5 (0.2%) |
| Tiddington | 36 | 42 (1.6%) |
| Tredington | - | 10 (0.4%) |
| Welford-on-Avon | 4 | 27 (1.0%) |
| Wellesbourne | 36 | 276 (10.2%) |
| Wootton Wawen | - | 14 (0.5%) |
| Total | 386 | 2,709 (100.4%) |

2.5 What were their sizes?

Ensuring a balanced mix of property sizes are provided is another aspect of ensuring housing needs are effectively met. Size data is recorded in terms of the number of bedrooms per home. The data is skewed by Shared Ownership properties, which are overwhelmingly two or three bed homes.

| Table 7: Property Sizes | 2020-21 | Past 10 years |
|-------------------------|-----------|---------------|
| 1 bedroom | 45 (12%) | 372 (14%) |
| 2 bedroom | 181 (47%) | 1266 (47%) |
| 3 bedroom | 123 (32%) | 856 (32%) |
| 4+ bedroom | 35 (9%) | 212 (8%) |
| Not known/other | 2 (<1%) | 3 (<1%) |

The most common property developed by size last year were **two bedroom** homes which accounted for almost half of total supply. This size of home is normally very versatile in terms of the range of household types it can accommodate, especially if provided in the form of houses.

The next most common house types by size comprised **three bedrooms** (32%) and **one bedroom** (12%). **Four bedroom** properties accounted for only 9% of homes provided. No properties larger than this were developed.

2.6 What type of properties were built?

Ensuring a balanced mix of house types over time is another critical factor in ensuring the housing needs of different types of households are met, and that new affordable homes are effectively integrated with surrounding development.

| Table 8: Property Type | 2020-21 | Past 10 years |
|------------------------|-----------|---------------|
| Bungalow | 7 (2%) | 77 (3%) |
| Flat/maisonette | 26 (7%) | 619 (23%) |
| House | 350 (91%) | 2001 (74%) |
| Not known/other | 3 (<1%) | 12 (<1%) |

In line with the longer-term trend, the vast majority of homes built last year were **houses**. They provide the most versatile and popular form of accommodation. Although **bungalows** are very popular with older person households, in most parts of the District, there is currently no requirement to provide a minimum specific proportion of new homes in the form of bungalows.

2.7 How were the homes funded?

The provision of all affordable homes is wholly or largely financed by Registered Providers and others on the basis of borrowing capacity and the use of reserves generated by rental and sales income. Occasionally other funding is required to make schemes viable. It is useful to identify the lead funding stream used to enable delivery.

| Table 9: Funding | 2020-21 | Past 10 years |
|---------------------------|-----------|---------------|
| Nil grant/cross subsidy | 325 (84%) | 2041 (75%) |
| Homes England* | 34 (8%) | 522 (19%) |
| Mixed SDC/Homes England | 0 (0%) | 70 (3%) |
| Fixed Equity Sale schemes | 27 (7%) | 76 (3%) |

* £8.7 million Homes England grant for affordable homes completed in 2020/21.

In common with previous years, the vast majority of homes (84%) were developed **without public subsidy**. As a matter of policy, Homes England grant is not available for affordable homes on market-led (“S106”) sites, although a considerable amount of grant has been used to fund “off the shelf” purchases of newly-built homes (decisions about this grant are taken nationally).

3 What affordable homes can we expect in the future?

In addition to data about completed schemes, we also maintain estimates of supply during the current and future years. This is to ensure efficient and effective programme management, and enables us to identify emerging trends. In the current circumstances, predictions about future years supply are fairly meaningless because the figures change daily.

However, we currently expect **400+** new affordable homes to be developed in the **2021-22 financial year**, across 23 or so schemes. The homes include properties supported with District Council grant funding (the **Fred Winter Centre, Stratford-upon-Avon and Bearley**), and a 75-unit Extra Care Housing scheme at **Lavender Fields, Bishopston, Stratford-upon-Avon**.

For further information, contact the Housing Policy and Development Team at:

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