



Affordable Housing Development Programme Annual Review 2021-22

November 2022



The Fred Winter Centre, Arden Street, Stratford-upon-Avon

*This flagship scheme, providing housing and a community hub, was one of **33** affordable housing schemes successfully delivered during 2021-22*

A total of 495 affordable homes were provided in 2021-22 – this is a record.

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1. Introduction

→ Why we've published this Review

The *Sustainable Homes Sustainable Communities Stratford-on-Avon District [Housing Strategy 2021 - 2026](#)* promotes affordable housing and commits us to report annually about the new affordable homes that 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 2022, 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 eleven years i.e. from April 2011 to 31 March 2022. April 2011 is the base date of the Stratford-on-Avon District Core Strategy for monitoring purposes. Figures may not always sum to 100% due to rounding.

Further information is available in the Council's [Authority Monitoring Reports](#), including details of annual affordable housing yields (as a proportion of overall new housing) from 2001-02 onwards.

→ House prices, private rents and affordable housing

The context within which the development programme discussed in this Annual Review is delivered is continuing high open market property prices and rents.

- [HM Land Registry](#) data shows that the average house price in the district for the year ending 14 November 2022 was £433,000; this is the highest local authority price in the West Midlands.
- Statistics published by ONS measure the ratio between average house prices and average earnings. Essentially the higher the ratio the less affordable homes are. The lower quartile house prices to lower quartile residence based income affordability ratio for this district in 2021 was 10.74; this was the highest local authority ratio in the West Midlands ([ONS](#) March 2022).
- The lower quartile private rent for Stratford-on-Avon District for the year ending 31 March 2022 was £725 per calendar month or £8,700 per annum (ONS [Private Rental Market Statistics](#) June 2022).
- There were 5,800 households on the Council's housing waiting list (Home Choice Plus) for rented affordable homes at the end of August 2022.

In summary, despite the lingering effects of the pandemic and significant inflationary pressures in the wider economy, the long-term trend of local high house prices and private rents make the provision of affordable housing all the more important to the district’s sustainability.

To tackle these long-term issues, the Core Strategy 2011-2031 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.**

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 2020. 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 emphasizing that the Housing Policy and Development Team would have negotiated and agreed most of 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.

→ **What factors are affecting delivery?**

The scale and form of the development programme is driven by a range of factors affecting the operational environment. Actual delivery as well as longer-term development capacity remain very fluid. Investment decisions of partners and third parties such as lenders to associations and Homes England keep changing.

In addition, significant uncertainties about housing, social and planning policy impair the capacity of Registered Providers to manage risks prudently and build new homes. **Registered Providers (RPs)** delivering affordable homes in this district are mostly not for profit housing associations, but some are for profit organisations.

- At a local level, work is underway to prepare development plans that will shape the future scale and nature of future affordable housing delivery.
- At a national level, the issues include, but are by no means limited to:

Table 1: Issue	Potential impacts
The general housing market and economic turbulence	Uncertainty in the mortgage market owing to increased interest rates and unease about the general economic outlook is affecting developers’ and RPs’ confidence and ability to develop. Developers, including RPs, are pausing and re-assessing their delivery programmes. However, this also provides opportunities for ‘package deals’ of 100% affordable housing schemes as RPs’ are seen as a good financial risk and in some circumstances can obtain government grant funding for such schemes.
Ongoing disruption and increased costs to materials, supply chains and labour markets	This pre-existing issue (discussed in previous Annual Reviews) has more recently been exacerbated by substantial increases in energy costs and economic dislocation. Financial appraisals are challenging with costs

	changing so fluidly. Spiralling costs and inflation mean that RPs now often enter into contracts for single phases on larger sites rather than for whole sites.
Issue continued	Potential impacts
Additional costs and uncertainties about building new homes to higher standards	The need to build new homes to higher standards is undisputed but there is no core Government funding for this purpose. Examples of additional costs include meeting requirements for biodiversity net gain, achieving nitrate neutrality and achieving net zero carbon standards in new build.
The need for RPs to fund extensive improvements to their existing stock	The improvements arise from the decarbonisation agenda (e.g. meeting EPC level C by 2028), climate change mitigation and post Grenfell safety work. There is a significant diversion of funds from new build to stock improvement.
Cost of living crisis and the rent cap for social and affordable rent homes	In its Autumn Statement the government introduced a 7% rent cap (on existing tenancies) for 2023-24. While higher than expected, the cap will directly benefit tenants by limiting rents below inflation. However, it will adversely affect the amount of investment available for existing stock improvements and new build affordable housing. Rent arrears are likely to increase even with the cap.
Changes to Shared Ownership	Whilst the intention is to make it a more attainable and affordable home-ownership product, prudent allowance for additional costs has to be made in RPs' cash-flow forecasts due to the increased costs.
The Government's First Homes initiative	Announced in May 2021, this will potentially disrupt RP's cash flow forecasts due to reduced opportunities to develop shared ownership. Shared ownership helps to cross subsidise the provision of rented homes. Currently, there are two sites in the district that are taking part in the Homes England/DLUHC First Homes 'Early Delivery Programme'. This pilot is testing key features of the First Homes policy.
Proposed changes to the planning system	Detail is still awaited following the Government White Paper 'Planning for the Future' consultation in 2020, but changes could include replacement of S106 contributions with a national levy, an overhaul of the planning system with a rules based system. There have been rumours of an increase of the threshold for affordable housing from 10 homes to 40 or 50 homes

2. What did we achieve last year i.e. April 2021 to March 2022?

→ Programme highlights

A total of 495 new affordable homes were completed last year. This is the Council's largest ever annual development programme. A total of 3,204 affordable homes have been provided in the past 11 years; April 2011 is the base date of the Core Strategy.

This supply has helped many households and has made a valuable contribution to the maintenance of the Council's required [Five Year Housing Supply](#): see **Authority Monitoring Reports** for further details.

→ Scheme showcase

The overall profile of last year's programme is discussed in **Sections 2.1 to 2.6** below, but there are two specialised housing schemes that deserve special mention:



The Fred Winter Centre, Stratford-upon-Avon

This pioneering scheme, delivered with capital grant support from the District Council, co-locates a community hub and 'move-on' residential accommodation in an easily-accessible town centre location.

Developer: Spring Housing Association



Lavender Meadows, Stratford-upon-Avon

This purpose-built Extra Care Housing scheme provides a mixture of 75 no. one and two-bedroom apartments for rent and sale, together with an on-site care provider and a range of communal facilities.

Developer: Housing 21

Further details and **Case Studies** of other completed schemes may be found on the Council's website.

→ Who are the homes being provided for?

In a slight departure from the long-term trend, the proportion of homes provided last year to provide **General Needs** accommodation (that is to say, mainly for households on the Council's housing waiting list) was just under 80%. This is accounted for by the fact that **three specialised housing schemes** i.e. purpose built housing for households with support and care needs were also completed (see also Case Studies above). By its very nature, the supply of **specialised housing** tends to be very "lumpy" from year-to-year, so quoting proportions for individual years can be misleading.

2.1 Who built the homes?

Last year, the proportion of homes delivered by what might be termed 'regular' partners accounted for three quarters of overall supply (76%).

Whilst there has been a degree of tailing-off of the share of homes developed by the Council's established partners, this has been matched by an increase in the volume of delivery by new entrants

to the district, for example Sage and London & Quadrant (L&Q), who are now delivering a substantial proportion of new homes.

- Nevertheless, the largest single provider was Orbit (100 homes). This proportion rises to 43% over the past eleven years.
- It also reflects completion by Housing 21 of 75-unit Extra Care Housing scheme featured in the Case Studies above. This one scheme alone accounted for 15% of the year’s supply.

A more detailed analysis of supply by the main providers in **2021-22** is set out in **Table 2** below.

Table 2: Provider	2021-22	Past 11 years
Orbit	100 (20%)	1,364 (43%)
Sage	98 (20%)	161 (5%)
Housing 21	75 (15%)	75 (2%)
Bromford	71 (14%)	435 (14%)
Other	151 (31%)	1,169 (37%)

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

The Council cannot force house-builders to work with particular named providers. It can only require that affordable homes are developed and managed by a Registered Provider approved by the Council. At a national level Registered Providers are subject to the regulatory oversight of the Regulator of Social Housing. Locally, Registered Providers 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.

2.2 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, social rent homes provide the best proxy for genuine affordability.
Affordable Rent	<ul style="list-style-type: none"> • Tenancies are normally offered to households on the Council's housing waiting list. • Rents are based on a proportion (up to 80%) of prevailing local market values. • As such, Affordable Rent homes 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. • The Government announced a revised model of Shared Ownership that has been operational since April 2021. The new model has introduced changes 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	2021-22	Past 11 years
Social Rent	279 (56%)	1,855 (58%)
Affordable Rent	37 (8%)	365 (11%)
Shared Ownership	162 (33%)	853 (27%)
Fixed Equity Sale schemes	11 (2%)	104 (3%)
Other	6 (1%)	27 (1%)

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

Affordable home ownership products accounted for the majority of the balance of supply (36%). 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, but it is important to note that these properties meet a need for low cost home ownership as well as providing valuable cross subsidy for rented properties.

2.2.1 Where were homes 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, as shown in **Table 5**.

Table 5: Location category	2021-22	Past 11 years
Stratford-upon-Avon town*	153 (31%)	721 (23%)
Main Rural Centres (x 8)	197 (40%)	1,376 (43%)
Local Service Villages (x 44)	68 (14%)	702 (22%)
New settlements (x 2)	28 (6%)	37 (1%)
All other locations	49 (10%)	368 (12%)

*Excludes Tiddington where 19 homes were built in 2021-22.

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 increased delivery of homes in Stratford-upon-Avon town (31%).

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

Table 6: Location by settlement	2021-22	Past 11 years
Alcester	17 (3.2%)	68 (2.1%)
Alderminster	-	9 (0.3%)
Bidford-on-Avon	44 (8.9%)	305 (9.5%)
Bishops Itchington	42 (8.5%)	133 (4.2%)
Brailes	8 (1.6%)	22 (0.7%)
Broom (Bidford-on-Avon)	-	6 (0.2%)
Claverdon	-	3 (0.1%)
Ettington	-	11 (0.3%)
Fenny Compton	-	4 (0.1%)
Gaydon	-	10 (0.3%)

Table 6: Location by settlement <i>continued</i>	2021-22	Past 11 years
GLH new town	28 (5.7%)	37 (1.2%)
Great Alne	-	7 (0.2%)
Hampton Lucy	-	9 (0.3%)
Harbury	-	36 (1.1%)
Henley-in-Arden	-	10 (0.3%)
Ilmington	-	10 (0.3%)
Kineton	-	51 (1.6%)
Long Compton	-	5 (0.2%)
Long Itchington	-	110 (3.4%)
Long Marston	-	24 (0.7%)
Lower Quinton	-	33 (1%)
Luddington	7 (1.4%)	7 (0.2%)
Meon Vale	27 (5.5%)	286 (8.9%)
Napton	-	29 (0.9%)
Newbold-on-Stour	-	30 (0.9%)
Oxhill	-	2 (0.1%)
Salford Priors	14 (2.8%)	48 (1.5%)
Shipston-on-Stour	21 (4.2%)	219 (6.8%)
Snitterfield	-	10 (0.3%)
Southam	66 (13.3%)	463 (14.5%)
Stockton	-	38 (1.2%)
Stratford-upon-Avon town	153 (30.9%)	722 (22.5%)
Stretton-on-Fosse	-	5 (0.2%)
Studley	6 (1.2%)	11 (0.3%)
Tiddington	19 (3.8%)	61 (1.9%)
Tredington	-	10 (0.3%)
Welford-on-Avon	-	27 (0.8%)
Wellesbourne	43 (8.7%)	319 (10%)
Wootton Wawen	-	14 (0.4%)
Total	495	3,204

2.3 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	2021-22	Past 11 years
1 bedroom	71 (14%)	443 (14%)
2 bedroom	276 (56%)	1543 (48%)
3 bedroom	128 (26%)	985 (31%)
4+ bedroom	20 (4%)	232 (7%)
Not known/other	0 (0%)	1 (0%)

The most common property developed by size last year were **two bedroom** homes which accounted for over half of total supply (56%). 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** (26%) and **one bedroom** (14%). **Four bedroom** properties accounted for only 4% of homes provided. No properties larger than this were developed.

2.4 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	2021-22	Past 11 years
Bungalow	22 (4%)	99 (3%)
Flat/maisonette	118 (24%)	737 (23%)
House	355 (72%)	2358 (74%)
Not known/other	0 (0%)	10 (<1%)

In line with the longer-term trend, the substantial majority of homes built last year were **houses**. They provide the most versatile and popular form of accommodation. **Bungalows** are very popular with older person households and are an important housing option in the wider context of an aging population. However, 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.

All but nineteen of the new homes provided last year were **new-build** properties. Over the past eleven years 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 schemes were built using modern methods of construction.

2.5 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	2021-22	Past 11 years
Nil grant/cross subsidy	314 (63%)	2,345 (73%)
Homes England*	151 (31%)	682 (21%)
Mixed SDC/Homes England	15 (3%)	85 (3%)
Fixed Equity Sale schemes/	11 (3%)	87 (3%)
Other	4 (8%)	5 (<1%)

***Registered Providers and the Council worked together to successfully bid for and get at least £6.4 million Homes England grant to help pay for the homes completed in 2021/22.**

In common with previous years, almost two-thirds of homes (63%) were developed **without public subsidy**. This proportion is slightly lower than in previous years, owing mainly to ‘one-off’ supply of 75 homes from the Lavender Meadows Extra Care Housing Scheme which was partly grant funded.

→ Some additional certainty has been provided by Homes England’s **Affordable Homes Programme 2021-26**. At a national level, this is the main source of capital grant for new affordable homes. But its value in real terms is being squeezed by the above-mentioned cost pressures.

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, as well as additional affordable homes e.g. 100% affordable schemes. Decisions about 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. Due to the uncertainties involved, it would be misleading to publish these projections.

In the **short-term** (1 – 2 years), supply is largely ‘spoken for’ in terms of sites which are either currently being built-out, or with the necessary permissions in place, and to which we can therefore attach greater confidence. This includes Strategic Sites identified in the Core Strategy Accordingly, we currently expect **400+** new affordable homes to be developed in the **2022-23 financial year**, across approximately 25 schemes.

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

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