



Affordable Housing Development Programme

Annual Review 2022-23

September 2023



Shipston-on-Stour: one of 14 communities to benefit from an increased supply of affordable housing during the past year.

A total of 540 new affordable homes for rent and ownership were completed between 1 April 2022 and 31 March 2023 in Stratford-on-Avon District. This represents the Council's largest ever annual development programme.

<https://www.stratford.gov.uk/homes-properties/housing-strategy-and-development.cfm>

1. Introduction

1.1 Why we've published this Review

The District Council's **Sustainable Homes Sustainable Communities Stratford-on-Avon District [Housing Strategy 2021-2026](#)** promotes new affordable housing and commits us to report annually about the affordable homes we provide. We collect data about these homes to help in the efficient management of the Council's development programme, including informing the development of new and revised policies.

1.2 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 year ending 31 March 2023, including the overall number of homes, their type, location, and tenure, and who built and funded them.**
- **Information about comparative performance benchmarked against neighbouring and similar authorities.**

As distortions can arise from year-to-year, we've also included comparative data for the past 12 years i.e. from April 2011 to March 2023. 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.

1.3 House prices and private rents

The long-standing context within which the Council's affordable housing development programme is delivered is high open market property prices and rents, making housing unaffordable and causing hardship for many. In addition, there is a long-standing problem with the right types and sizes of homes not always being available.

- The [median](#) house price in this District in the year ending December 2022 was £365,000. This compares to a median of £286,000 across England. *ONS 21 June 2023*
- Statistics published by ONS measure the ratio between house prices and earnings. The higher the ratio, the less affordable homes are. The 2022 [ratio](#) of lower quartile house prices to lower quartile residence based earnings affordability ratio for this district was 9.88 and for England 7.36. *ONS 22 March 2023.*
- In the year ending March 2023, the lower quartile [private rent](#) in Stratford-on-Avon District was £775 per calendar month (£9,300 per annum) and in

England £625 per calendar month (£7,500 per annum). Rents are 24% higher in the District than in England. *ONS 21 June 2023.*

- Lower quartile house prices and private rents i.e. the cheapest 25% of properties are not distributed evenly across all settlements in the District.
- There are 6,000+ households on the Council’s housing waiting list (Home Choice Plus) for rented affordable homes. However, the list does not in any way represent the entirety of affordable housing need in this District. The [Housing Strategy Evidence Log](#) explores this issue – see page 110.

1.4 The District Council’s response

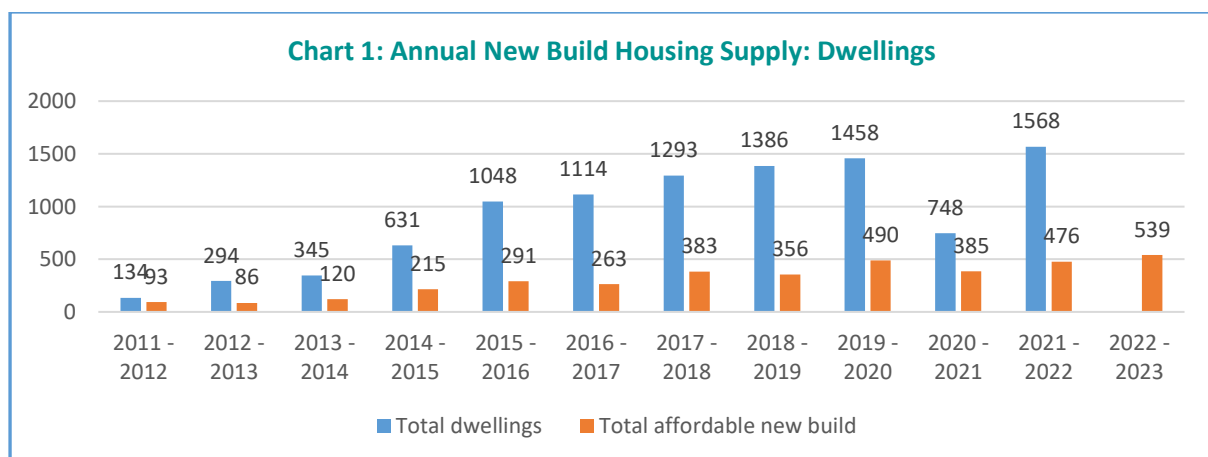
To tackle these long-term issues:

- 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. Preference is given to onsite provision.
- We promote ‘Local Need’ schemes i.e. community-led housing.
- 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 long. The Housing Policy and Development Team negotiates and agrees most affordable homes months (and sometimes years) before planning permissions are granted and homes built. The Team is also heavily involved in agreeing variations to agreed affordable housing in S106 planning legal agreements.

The homes delivered last year resulted from planning permissions granted between 2010 and 2021. 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. The delivery of many larger schemes has been phased over several years.

Affordable homes make a valuable contribution to the maintenance of the Council’s required Five Year Housing Land Supply - see **Chart 1** below.



1.5 What factors are affecting delivery?

The scale and form of the development programme is driven by a range of factors affecting the operational environment. Delivery, and longer-term development capacity, remains fluid.

Registered Providers (RPs) are either traditional not for profit housing associations, or for profit organisations that are not housing associations. **Homes England** is the government body responsible for distributing capital grant nationally via its **Affordable Homes Programme 2021-26**. The value of grant in real terms has been squeezed by cost pressures.

Table 1 below explores **national** risks and uncertainties.

Table 1: Issue	Impact
National policy changes	Significant changes to housing, planning and social care policies in the pipeline are affecting markets and slowing development.
The housing market and economy	Mortgage markets are volatile owing to consumer inflation including increased interest rates, declining disposable incomes and unease about the general economic outlook. This is causing developers, including Registered Providers, to reassess and slow their development programmes. This also provides opportunities for "additionality" e.g. 'package deals' of 100% affordable housing schemes and the sale of unsold market units for use as affordable housing to stop sites stalling; there is some government grant funding for such schemes.
Higher borrowing costs	Borrowing is now riskier and more expensive than previously and affects investment decisions of partners and third parties such as lenders to Registered Providers and Homes England. Added risk and added calls on reserves, heighten the need to make prudent investment decisions and, in turn, impair the development capacity of Registered Providers.
Disruption to supply chains and labour markets	There are substantial increases in energy costs and economic dislocation e.g. Brexit and the war in Ukraine. Registered Providers (RPs) face a 'double whammy' of build cost inflation and skilled labour shortages, whilst at the same time needing to prudently manage the risks to their rental and sales income streams. Spiralling costs and inflation mean that RPs are now entering into contracts for single phases on larger sites rather than for whole sites.


The cost of building new homes to higher standards	The <i>need</i> 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 and achieving net zero carbon standards in new build.
Funding improvements to existing affordable housing	There is a significant diversion of funds from new build to improving existing stock owing to: <ol style="list-style-type: none"> 1) New regulatory standards about the safety and quality of homes, and landlord accountability. 2) Meeting decarbonisation targets.
Cost of living crisis and pressures on rental income	Government imposed affordable housing rent caps benefit tenants but adversely affect the amount of investment available for improving existing homes and building new homes. Rent arrears are increasing.
Changes to shared ownership markets	Shared ownership sells well locally despite high market values. Nevertheless, added costs and the scale of commercial risk in high-value areas such as ours, mean that Registered Providers may become more cautious about developing this product. The scope for cross-subsidy of social rent homes may be impaired.

At a **local level**, work is underway to prepare local development plans such as the South Warwickshire Local Plan Part 1 and Neighbourhood Plans that will shape the future scale and nature of future affordable housing delivery.

2. What did we achieve last year (April 2022 to March 2023)?

2.1 Programme highlights

A total of 540 new affordable homes were completed last year, which is a record. A total of 3,744 affordable homes have been provided in the past twelve years. To get behind the figures we've included two case studies of schemes completed in whole or part last year and which deserve a special mention.

→ Case Study	Shepherd's Reach, Shipston-on-Stour
	<p>A 100% affordable housing scheme delivered in lieu of a partly failed 'market-led' scheme. The site forms part of a larger greenfield site on the western edge of the town. A mixed-tenure scheme providing a total of 65 homes for social rent and shared ownership. The elevated and sloping nature of the site presented significant design challenges.</p> <p>Developer: Orbit Group</p>

→ Case Study

Gwens Grove, Bearley



Scheme: Local needs housing scheme completed in August 2022.

7 social rent homes: 2 x 1 bed maisonettes; 2 x 2 bed bungalows; 2 x 2 bed houses; 1 x 3 bed house.

Developer: Warwickshire Rural Housing Association **working in partnership** with Stratford-on-Avon District Council; Bearley Parish Council; Orbit Group; New Meaning Training; Rural Housing Enabler; Beattie Passive; Morton Architectural Solutions; Harpers; Homes England. The development provided building/skills training for unemployed young people.

Funding: Housing Association own funds, with capital grant support from the District Council and Homes England. The District Council also made some land available.

Site: Green Belt site promoted in the Bearley Neighbourhood Plan. Involved the re-provision of a former play area on a new, larger, site nearby and re-development of a disused garage court.

High environmental and energy efficiency standards: Designed to *Passivhaus* standards, the homes are also Carbon Negative and have environmental awards and accreditations.

2.2 Who are the homes being provided for?

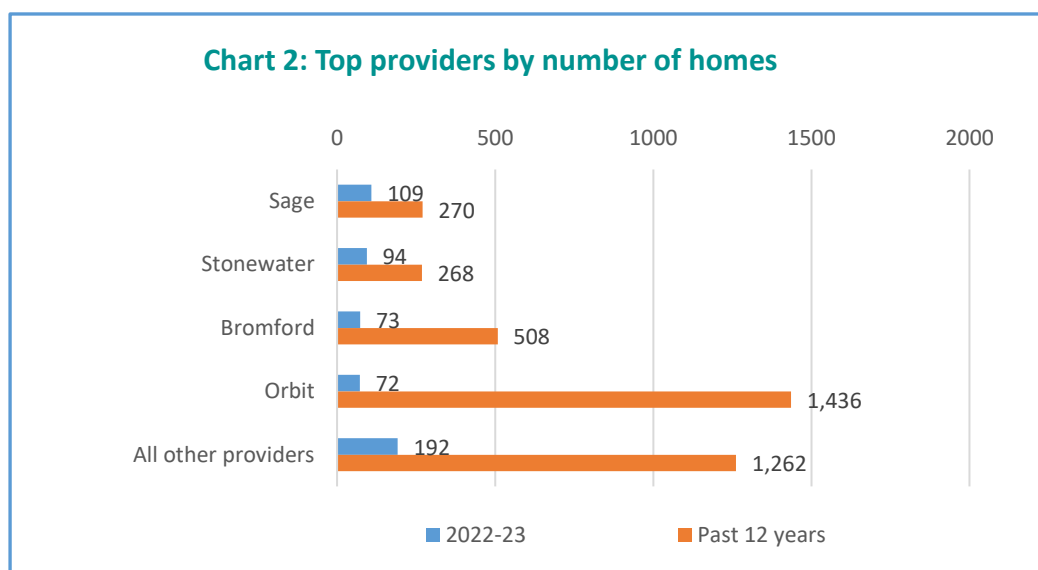
All the homes developed last year were **general needs** accommodation. Longer-term supply also includes **specialised housing** for customers with specific needs. By its very nature, the supply of specialised housing tends to be “lumpy” from year to year as supply from a few large, individual, schemes can distort figures. For this reason, we don’t quote figures for individual years.

2.3 Who built the homes?

Last year – as in the previous year – the proportion of homes delivered by new entrant or ‘non-regular’ partners exceeded half of overall supply. This represents a significant change compared to the past 12 years (see **Chart 2** below).

In part, it reflects wider volume of delivery by new entrants to the District (for example Sage, which became the largest single provider last year) but also

opportunities for “off the shelf” sales of unsold open market stock built by private housebuilders, resulting in switches to affordable tenures.



A more detailed analysis of supply by providers is set out in **Table 2** below.

Table 2: Top providers	2022-23	Past 12 years
1. Sage	109 (20%)	270 (7%)
2. Stonewater	94 (17%)	268 (7%)
3. Bromford	73 (14%)	508 (14%)
4. Orbit	72 (13%)	1,436 (38%)
5. All other providers	192 (36%)	1,262 (34%)

→ Why the identity of providers matters

The Council cannot force housebuilders to work with particular Registered Providers. However, in general, it requires all affordable homes to be developed and managed by a Registered Provider approved by the Council.

- **All Registered Providers are subject to the regulatory oversight of the Regulator of Social Housing which enforces compliance with set standards.**
- **Locally, Registered Providers are also subject to the relevant requirements of applicable S106 planning legal agreements. Amongst other things, these secure nomination rights for the Council of tenants to rented properties.**

2.4 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	Summary of key product features
Social rent	<ul style="list-style-type: none"> • 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"> • Rents are based on a proportion (up to 80%) of prevailing local market values. • As such they are expensive but, locally, we usually cap the rents to eligible benefit levels.
Shared ownership	<ul style="list-style-type: none"> • Registered Providers sell homes to eligible purchasers. • 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. • There is a right to “staircase” to greater ownership. • The Government is reviewing shared ownership.
Fixed equity sale schemes	<ul style="list-style-type: none"> • Developers sell homes to eligible purchasers at a price normally limited to 60% of market value (i.e. at a 40% discount). Re-sales must be at the same discount in perpetuity. • No rent is payable on the unsold equity. • Preference given to purchasers with a qualifying local connection in the first instance.
First Homes pilot	<ul style="list-style-type: none"> • Government pilot with grant. • Developers sold homes at 70% of open market value directly to first time buyers.

Shared ownership and fixed equity sale homes are available to all eligible purchasers, whereas First Homes are targeted exclusively at first-time buyers.

→ What the data tells us

60% of the homes provided last year were for rent. This headline proportion comprised the two distinct tenure products i.e. social rent and affordable rent.

Affordable home ownership products accounted for the remaining 40% of supply. The 40% figure has been inflated (and the rented figure correspondingly reduced) by **additionality** i.e. the provision of affordable homes on market sites over and above the 35% Core Strategy policy requirement. Most, but not all, additional homes are for shared ownership. To stop sites stalling in 2022/23, there was a larger than usual amount of additionality:

- A 100% affordable housing scheme. Such schemes have a different overall tenure profile to standard 35% affordable housing schemes. The “additional” homes i.e. above the 35% policy requirement usually include shared ownership homes to help people onto the housing ladder as well as some affordable rent properties and social rent properties.
- The conversion of 29 unsold / slowly selling newly built market homes to shared ownership homes and 18 market homes to pilot First Homes.

Negotiation and delivery of additionality is very resource intensive. Availability depends on market conditions and grant and so cannot be relied upon as a consistent source of supply in the long-term.

Tenure is set out in **Table 4** below.

Table 4: Tenure	2022-23	Past 12 years
Social rent	257 (48%)	2112 (56%)
Affordable rent	66 (12%)	431 (12%)
Shared ownership	187 (35%)	1040 (28%)
Fixed equity	12 (2%)	116 (3%)
Pilot First Homes	18 (3%)	17 (1%)

2.5 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 broad settlement hierarchy in the Core Strategy, as shown in **Table 5**. As the majority of new affordable homes are delivered from developer-led (‘S106’ planning agreement) sites, it follows that the main determinant of their location will be the planning permissions granted to housebuilders for market-led schemes. The supply of affordable homes broadly reflects the *overall* population balance of the settlement hierarchies in the Core Strategy (but not of individual settlements).

An interesting feature of last year's programme is the rapid scaling-up of supply from the District's two new settlements (Gaydon Lighthorne Heath and Long Marston Airfield).

Table 5: Location category	2022-23	Past 12 years
Stratford-upon-Avon town*	127 (24%)	849 (23%)
Main Rural Centres (x8)	214 (40%)	1660 (44%)
Local Service Villages (x44)	65 (12%)	760 (20%)
New settlements (x2)	111 (21%)	148 (4%)
All other locations	23 (4%)	327 (9%)
Total	540	3,744

*Excluding Alveston (LSV) and Tiddington (LSV)

Homes were provided in 14 different settlements in 2022/23. See **Table 6** below. Only settlements where there has been some affordable housing development in the past 12 years are listed in the table.

The distribution of homes in individual settlements does not always reflect need. Significant levels of growth have been concentrated in Bidford-on-Avon, Stratford-upon-Avon, Shipston-on-Stour, Southam, and Wellesbourne. Settlements such as Alcester, Henley-in-Arden and Studley have experienced lower levels of growth.

The only settlement that has had its "fair" share of affordable housing development (relative to the size of the population) is Stratford town, which together with Tiddington, accounts for a quarter of all affordable housing development (and 27%+ of all rented affordable housing) since 2011.

Table 6: Location by settlement	2022-23	Past 12 years
Alcester	23 (4%)	91 (2.4%)
Alderminster		9 (0.2%)
Bearley	7 (1%)	7 (0.2%)
Bidford-on-Avon	50 (9%)	355 (9.5%)
Bishops Itchington	19 (4%)	152 (4.1%)
Brailes		22 (0.6%)
Broom (Bidford-on-Avon)		6 (0.2%)
Claverdon		3 (0.1%)
Ettington		11 (0.3%)
Fenny Compton		4 (2.8%)
Gaydon		10 (0.3%)
GLH new town	68 (13%)	105 (2.8%)

Continued: Location by settlement	2022-23	Past 12 years
Great Alne		7 (0.2%)
Hampton Lucy		9 (0.2%)
Harbury		36 (1%)
Henley-in-Arden		10 (0.3%)
Ilmington		10 (0.3%)
Kineton	23 (4%)	74 (2.0%)
Long Compton		5 (0.1%)
Long Itchington		110 (2.9%)
Long Marston		24 (0.6%)
Long Marston Airfield	43 (8%)	43 (1.1%)
Lower Quinton		33 (0.9%)
Luddington		7 (0.2%)
Meon Vale	23 (4%)	309 (8.3%)
Napton		29 (0.8%)
Newbold-on-Stour		30 (0.8%)
Oxhill		2 (0.1%)
Salford Priors		48 (1.3%)
Shipston-on-Stour	72 (13%)	291 (7.8%)
Snitterfield		10 (0.3%)
Southam	16 (3%)	479 (12.8%)
Stockton		38 (1%)
Stratford-upon-Avon town	127 (24%)	849 (22.7%)
Stretton-on-Fosse		5 (0.1%)
Studley		11 (0.3%)
Tanworth-in-Arden	6 (1%)	6 (0.2%)
Temple Herdewycke	33 (6%)	33 (0.9%)
Tiddington		61 (1.6%)
Tredington		10 (0.3%)
Welford-on-Avon		27 (0.7%)
Wellesbourne	30 (6%)	349 (9.3%)
Wootton Wawen		14 (0.4%)

2.6 What were their sizes?

Ensuring a balanced mix of property sizes is another aspect of ensuring housing needs are effectively met. Size data is recorded in terms of the number of bedrooms per home. See **Table 7** below.

Table 7: Property sizes	2022-23	Past 12 years
1 bedroom	80 (15%)	523 (14%)
2 bedroom	218 (40%)	1761 (47%)
3 bedroom	223 (41%)	1208 (32%)
4 bedroom	19 (4%)*	250 (7%)
Not known/other	0 (0%)	2 (0%)

* Includes one purpose built 5 bed property for a family with special needs.

The most common sizes last year were **two and three bedroom** homes, which almost equally between them accounted for over 80% of total supply. This size of home (especially if in the form of houses) is versatile as it can accommodate a wide range of household types. However, the proportion is skewed by the higher than usual proportion of shared ownership properties delivered last year.

One specific issue that has come to our attention, but is not readily apparent from the above data, **is the unsustainably high proportion of rented one and two bedroom properties, and the lack of rented four bed properties** developed in recent years.

- One beds account for 25% of all new build rented affordable homes in 2022-23. Few four beds were built.
- In the five years April 2018 to March 2023, one and two beds accounted for 70% of all rented affordable housing, and three and four beds for only 30% of all such homes. See **Table 8** below.

Table 8	Total number of rented homes in five years ending March 2023	% of total
1 beds	339	23.1%
2 beds	670	45.6%
3 beds	372	25.3%
4 beds+	87	5.9%
Total	1,468	99.9%

There is a further issue in that if there are any flats on a site, they end up as rented homes. Registered Providers generally only want 2 and 3 bedroom houses as opposed to flats in this District for shared ownership because that is what sells. The remaining stock ends up as rented.

Small affordable homes are attractive to developers as they are cheaper to provide than larger homes. However, lenders to Registered Providers will not fund the provision of large numbers of small rented homes because such homes, often flats, are a poor asset compared to larger homes. There is a real risk that Registered Providers do not develop in our District because they think the stock mix is inappropriate, which in turn means fewer providers and fewer affordable homes. We already have instances of Registered Providers turning down sites because stock mixes are inappropriate. It is a balancing act.

This imbalance in provision is also bad news for the long term sustainability of local communities, which require both a mix of property types and household types. We don't want families with 2 or more children, or other larger families, to be excluded from communities.

This issue will need to be addressed as part of further work to prepare the **South Warwickshire Local Plan and/or other planning documents** (as will a separate issue about space standards within properties).

2.7 What type of properties were built?

Ensuring a balanced mix of house types ensures that the housing needs of different types of households are met, and that new affordable homes are effectively integrated with surrounding development.

Table 9 below shows the proportions of different property types developed. The type of properties built reflect a potential distortion caused by supply from additional/off-the-shelf purchase opportunities.

All but one of the homes were new build. This is a long-term trend because new build properties generally provide far better value for money than the purchase of existing properties.

Table 9: Property type	2022-23	Past 12 years
Bungalow	9 (2%)	108 (3%)
Flat/maisonette	87 (6%)	824 (22%)
House	444 (82%)	2802 (75%)
Not known/other	0 (0%)	10 (0%)

As in previous years, most homes built last year were **houses**. Houses are the most versatile and popular form of accommodation. **Bungalows** are popular with older person households but in most parts of the District there is no policy requirement to provide bungalows. This issue will be taken forward as part of further work to prepare the **South Warwickshire Local Plan** or other planning policy documents.

2.8 How were the homes funded?

Registered Providers fund **all** affordable homes by borrowing 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, as per **Table 10** below.

Table 10: Funding	2022-23	Past 12 years
Nil grant/cross subsidy	376 (70%)	2721 (73%)
Homes England	144 (27%) *	826 (22%)
Mixed SDC/Homes England	7 (1%)	92 (3%)
Fixed equity sale schemes	12 (2%)	99 (3%)

* £6.5 million grant funding for affordable homes completed in 2022/23: £4.7m direct grant and approximately £1.8m direct Gov. funding for pilot First Homes.

As in previous years, **over two-thirds of homes (70%) were developed without public subsidy**. This reflects the principle that supply from market-led ('S106') schemes should be enabled through reduced land values rather than subsidised from public funds unless there are abnormal costs or "additionality". That said, a considerable amount of Homes England grant has been used to help fund "off-the-shelf" purchases.

2.9 How do we compare with other local authorities?

It is useful to compare our performance with that of nearby and similar authorities. Comparisons are not straightforward, or necessarily on a like for like basis, because affordable housing delivery depends on myriad factors such as the relevant housing strategy and the local development plans in force. However, the Government's official affordable housing figures do provide an indication of performance.

Stratford-on-Avon District's affordable housing delivery in terms of numbers and tenure over 5 years ending March 2022 compares favourably with other local authorities – see **Table 11** below.

The correlation between affordable housing planning policy percentage requirements and actual numerical yields is loose.

The number of affordable homes is not the only important issue – high quality and the right tenure also matter. This affects the willingness of Registered Providers to take on affordable housing stock.

Table 11 Approximate additional affordable homes by local authority and tenure in the five years 2017-18 to 2021-22

DLUHC [live table](#) 1011c published June 2023. This is the most up to date data available.

Local authority (Existing % affordable housing planning policy requirement)	Social rent	Affordable rent	Intermediate Rent	Shared ownership	Affordable home ownership other than shared ownership	Total new affordable homes
Stratford-on-Avon (35%)	1,169	445	1	716	92	2,423
	48%	18%	0%	30%	4%	100%
Warwick (40%)	428	341	0	463	1	1,233
	35%	28%	0%	38%	0%	100%
North Warwickshire (30-40%)	68	254	9	178	5	514
	13%	49%	2%	35%	1%	100%
Nuneaton & Bedworth (25%)	33	665	0	292	43	1,033
	3%	64%	0%	28%	4%	100%
Rugby (20-30%)	225	345	0	340	6	916
	25%	38%	0%	37%	1%	100%
Birmingham (30%)	802	1,164	0	565	97	2,628
	31%	44%	0%	21%	4%	100%
Cherwell (30-35%)	7	1,119	0	453	50	1,629
	0%	69%	0%	28%	3%	100%
Cotswold (30-40%)	106	532	10	284	93	1,025
	10%	52%	1%	28%	9%	100%
Coventry (25%)	167	700	27	190	10	1,094
	15%	64%	2%	17%	1%	100%
Malvern Hills (20-40%)	477	312	0	240	122	1,151
	41%	27%	0%	21%	11%	100%
Solihull (40%)	346	261	49	424	0	1,080
	32%	24%	5%	39%	0%	100%
West Oxfordshire (35-50%)	5	936	0	469	18	1,428
	0%	66%	0%	33%	1%	100%
Wychavon (30-40%)	908	517	0	403	56	1,884
	48%	27%	0%	21%	3%	100%

3. What affordable homes can we expect in the future?

We maintain estimates of supply to enable effective programme management and allow us to identify and respond to emerging trends.

In the next couple of years, supply is largely 'spoken for' in terms of sites which are either currently being built-out, or with the necessary permissions in place. We currently estimate **approximately 350** new affordable homes to be developed in the 2023-24 financial year, across 17 or so schemes; with a similar number of homes in the following year (2024-25). Whilst these volumes are below the record level of supply achieved last year, they are in line with our expectations, and mainly attributable to a peak during 2022-23 of supply from 'market-led' sites.

Due to the uncertainties involved, it would be misleading to publish longer term projections.

For further information, contact the
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