

Blueprint for truly affordable homes could slash 1.2 million council waiting lists

Monday 20 February, 2023

Press release

Embargo date: from 00.01 a.m., Monday, 20 February 2023

Blueprint for truly affordable homes could slash 1.2 million council waiting lists

- New generation of Public Rental Homes (PRH) needed to match the needs and pockets of 1.2 million households on waiting lists.
- New Public/Private partnership model for half-market rent homes designed for local needs, built by private developers.
- Site-by-site appraisals rather than top-down planning targets form the bedrock of local PRH programmes.

The **Housing Finance Institute (HFI)** and **Localis** today publish a 30-page blueprint designed to stimulate a new generation of council homes.

'Public Rental Homes – fresh perspectives' provides a solution to the challenge that just 6,000 of the 52,000 new homes listed as 'affordable' in 2020/21 by local councils were truly affordable by 1.2 million households on waiting lists.

Local authorities would have the opportunity to develop plans to slash council waiting lists and galvanise local housebuilding by partnering with private developers to build homes by adopting this new-generation PRH model, that flips the traditional approach to negotiations on 'affordable' provision.

Currently councils negotiate with developers to determine the percentage of affordable homes a scheme can provide, based on the total private unit sales. 'Affordable' rents can vary from 50% of local market rents up to 90%. Subsidised sales are included in the percentages. The PRH model flips the question to 'what percentage of private homes are needed to produce sufficient PRH homes?'

Under the PRH model – which deals in 'bottom up' plans, not top-down targets - local authorities would be responsible for identifying sites that might meet PRH criteria and initiate discussion with developers. For their part, developers would assume 100% of the risk and a 20% margin on both the PRH homes as well as their own private units.

Report author, Peter Bill, said: "Families on council waiting lists are squeezed to the bottom of pile by financial pressures on councils and developers trying to agree the percentage of affordable homes. A new perspective is needed to ensure the needs of these families become the top priority on sites where PRH is viable.

"The PRH approach addresses that need and provides fresh impetus to councils looking to house those on their waiting list and to developers looking for better, simpler, ways to build. Site by site viability is the key. Developers take 100% of the risk and therefore deserve a 20% profit margin."

Co-author, Jackie Sadek, said: "We need to get on and deliver. Stop arguing about the whys and the wherefores. Delivery only happens on the ground, not from Whitehall. Let's try to crack this massive crisis, not top down, but bottom up. Every council should be supported in drawing up a 10 year Plan to deliver Public Rental Homes."

Chair of The Housing and Finance Institute Board, Sir Steve Bullock, said: "Thousands of families and individuals, both young and old, are caught in the trap of being unable to afford to buy or rent privately but finding no alternative that they can possibly afford either. More people are falling into this trap each month yet the supply of new affordable homes is actually diminishing.

"The impact of the cost-of-living crisis makes finding a response ever more urgent and the HFI has commissioned this research to offer a way forward that can attract support on a cross party basis.

Media:

Related
Sectors:

Business & Finance :: Charities & non-profits :: Construction & Property :: Government :: Public Sector & Legal ::

Related
Keywords:

Housing :: Local Government :: Developers :: Tenants :: Renting :: Social Housing ::

Scan Me:



“Putting the emphasis on building new social homes has the potential to be a win-win with homeless people having a better chance of moving to decent properties that they can afford and make into homes while the economic impact of the construction will have wider benefits.

“Doing this at pace will need a different mindset at all levels of government and the HFI will press for that and work with councils, government and developers in the coming weeks to make this happen.”

ENDS

Press enquiries:

Jonathan Werran, chief executive, Localis

(Telephone) 0870 448 1530 / (Mobile) 07967 100328 / (Email) jonathan.werran@localis.org.uk

Notes to Editors:

1. **The policy paper ‘Public Rental Homes – fresh perspectives_ is being launched In the Council Room, One Great George Street at 10.30 a.m. on Monday 20 February.**

Press places are available upon request [or sign up here:](#)

1. **A full copy of the embargoed policy paper “Public rental homes – fresh perspectives” can be downloaded here:**
- 2.

https://www.localis.org.uk/wp-content/uploads/2023/02/052_PRH_PRF5.pdf

Public Rental Homes– fresh perspectives

1. Background

- The number of new homes built to suit the needs and the pockets of the 1.2 million households on council waiting lists has withered to 6,000 a year today, from close to 60,000 thirty years ago.
- There are 6.2 million households in the lowest household income quintile who cannot afford to pay above what is defined as ‘social rent’ - circa 50 percent of the free market rent in the locality.
- The Public Rental Homes (PRH) concept is more a new way of thinking about old challenges, rather than a new construct.
- Conceptualising fresh ways to add to, rather than supplant, the existing affordable homes programme, without the requirement for legislation or changes to the planning system. Constructing ways of boosting ‘social rent’ home numbers viably, without grinding into political or planning battles
- The PRH model is done in a way that would:
 - appeal to both main parties.
 - match the needs of local families waiting for homes.
 - Is not done in response to theoretical targets.
- Built by the private sector who take 20% profit on both the private and PRH model homes in return for taking 100% of the development risk. Done in partnership with the council acting as a prime promoter, perhaps supplier of land, giver of permissions and recipient of freehold homes.
- Achieved by flipping the viability model, working out how many PRH can be built from the set number of homes allowed on the site. Done on a site-by-site basis.
- The principle being this:
 - if the viability study shows a positive land value agreed by all, then fine.

- If negotiations on the number of PRH units drives the land value into the red, then that red figure forms the basis for negotiations on land input figures, government loans, or grants.

1. Report authors and co-sponsors

Peter Bill:

Peter is a

surveyor-turned-journalist who edited Building magazine for six years, before editing Estates Gazette for 11 years as well as writing for the Evening Standard. Peter spent 20 years prior to becoming a journalist working for construction companies, including a decade with housebuilder George Wimpey. Peter's latest book is Broken Homes, Britain's Housing Crisis Faults, Factoids and Fixes, was published in 2020 and co-written with Jackie Sadek.

Jackie Sadek

Jackie Sadek has over 30 years' experience in property, specializing in public-private sector partnership and was full time Specialist Adviser to government on urban regeneration. Jackie now runs Urban Strategy, a bespoke urban regeneration consultancy. She was member of Grimsey Review team on the future of the high street and is an honorary Fellow of ACES, the Association of Chief Estates Surveyors. Jackie, who writes regularly for EG, is co-author with Peter Bill of Broken Homes; Britain's Housing Crisis, Faults Factoids and Fixes.

About The Housing and Finance Institute

Who we are

In January 2014, Natalie Elphicke and Councillor Keith House were appointed to lead a review into the role that councils can play in supporting housing supply.

When they reported in 2015 the Government welcomed the report, and accepted the core recommendations that, whilst much had been achieved, local authorities could do more to play a central role in supporting the provision of new homes, across all housing tenures. The report included recommendations for both central and local government.

As part of its response to the report the government worked with Keith House and Natalie Elphicke to implement a Housing Finance Institute (HFI), as recommended by their review.

Funded privately, it addressed the skills and knowledge gap in delivering local authority housing identified as one of the key recommendations of the report and worked with a range of partners to facilitate dedicated support in areas such as setting up and managing public private sector joint ventures or developing capacity and skills in areas such as land assembly or developing investment vehicles.

The HFI is independent and has a board which is cross party and cross sector. Its Chief Executive was Natalie Elphicke until her election to Parliament. It developed programmes to help create the necessary capacity to build new homes through its Housing Business Ready programme and also published a series of thought-provoking reports looking at critical housing issues.

A key aspect of HFI's approach was bringing together those involved from a range of backgrounds to share expertise and learning which was difficult to replicate during the COVID restriction and together with the departure of the founding Chief Executive led to a reduction in activity by HFI.

The continued growth in demand for housing that families on a range of income can afford and make their homes coupled with a slowdown of delivery of new affordable homes has led the HFI's board to relaunch it as a critical voice in addressing this urgent challenge.

On 20 February it will publish a new study looking at a potential radical model for securing more social housing while Natalie Elphicke is developing a proposal to create a Housing Accelerator Taskforce to bring forward 100,000 extra homes over the next 18 months which the HFI will lead as a hub to support housing delivery and partnership working, skills and training across the public and private sectors.

About Localis

Localis is an independent think-tank dedicated to issues related to politics, public service reform and localism. We carry out innovative research, hold events and facilitate an ever growing network of members to stimulate and challenge the current orthodoxy of the governance of the UK.

Company Contact:

—

Localis

T. 0870 448 1530

E. jonathan.werran@localis.org.uk

W. <https://www.localis.org.uk>

Additional Contact(s):

07967 100328

[View Online](#)

Additional Assets:

Newsroom: Visit our Newsroom for all the latest stories:

<https://www.localis.pressat.co.uk>