



Affordable Housing Development Programme

Annual Review 2024



'Compton Locks', Station Road, Fenny Compton

An example of a large-scale 'brownfield' regeneration scheme providing 100% affordable housing in a rural setting. Directly developed by one of the Council's partner Registered Providers – Orbit Group. 50% of the homes are built to a higher standard of accessibility. See Case Study on page 7 for further details.

**We enabled 354 new affordable
homes in 2023-24**

1 Introduction

1.1 Why we've published this Review

The provision of new affordable homes plays a vital role in ensuring the continued well-being of the District's residents, communities and businesses. It generates significant social value. Good quality long-term affordable homes enable people to settle and get on with their lives. The homes improve households' health, career and education prospects.

For the above reasons, one of the key priorities in the [Council Plan 2023 – 2027](#) is to 'deliver affordable well-built and maintained homes'. This is a long-standing corporate priority for the Council.

The District Council's [Sustainable Homes Sustainable Communities Stratford-on-Avon 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:

- ◆ **Outcomes for the year ending 31 March 2024** including the number of homes, their type, location and tenure, and who built and funded them.

Figures may not always sum to 100% due to rounding. As distortions can arise from year-to-year, we've included comparative data for either the past

- 13 years i.e. April 2011 to March 2024. April 2011 is the base date of the [Stratford-on-Avon District Core Strategy](#) for monitoring purposes *or*
- 5 years if more appropriate because of changing circumstances.

- ◆ **Comparative performance benchmarked against neighbouring and similar authorities.**

- ◆ **What to expect in the future** – the factors affecting the size, shape and direction of our development programme.

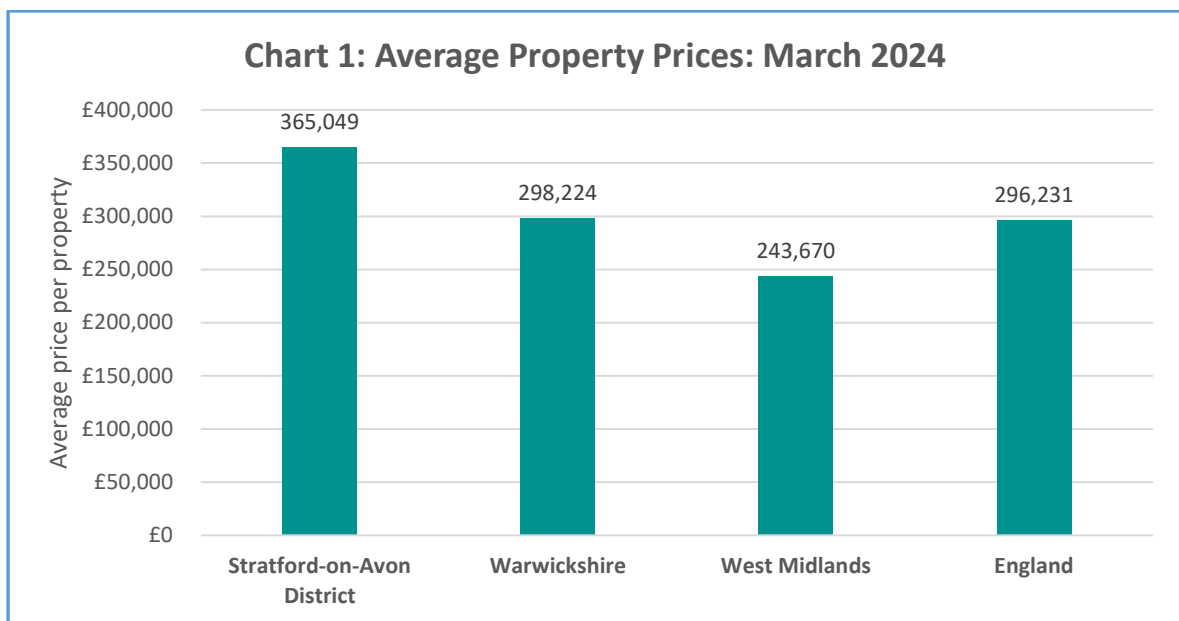
1.3 The context: house prices and private rents

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.

It is not just about the cost of market housing. If suitable market housing is unavailable, it puts additional pressure on our already limited affordable housing stock.

It isn't the purpose of this Annual Review to present research on local housing market conditions. There is a wealth of information available on this topic: for example [UK House Price Index \(GOV.UK\)](#). However, key statistics include:

- ◆ The average price for a residential property within the District was **£365,049** in March 2024. **Chart 1** presents information about how this figure compares to the equivalent figures for Warwickshire, the West Midlands region and England (HM Land Registry). The average cost of a property within our District is the highest of all the localities shown.
- ◆ Average property prices in Stratford-on-Avon have increased by 66% since April 2011.



- ◆ The average monthly private rent was **£1,017** in April 2024, up 4.6% on April 2023 (£972).

1.4 The District Council's response

To tackle these long-term issues:

- ◆ **The Core Strategy requires 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 on-site provision.

The above policy requirement does not translate to a 35% yield as a proportion of overall new-build housing supply. This is because some components of supply (for example, from smaller sites or self/custom-build schemes) are exempt from the policy requirement but still included in overall housing supply figures. **See section 2.4 for affordable tenures.**

- ◆ **We promote 'Local Need' schemes i.e. community-led housing, delivered with the support of the Rural Housing Enabler.** Her work is the subject of separate annual reports.

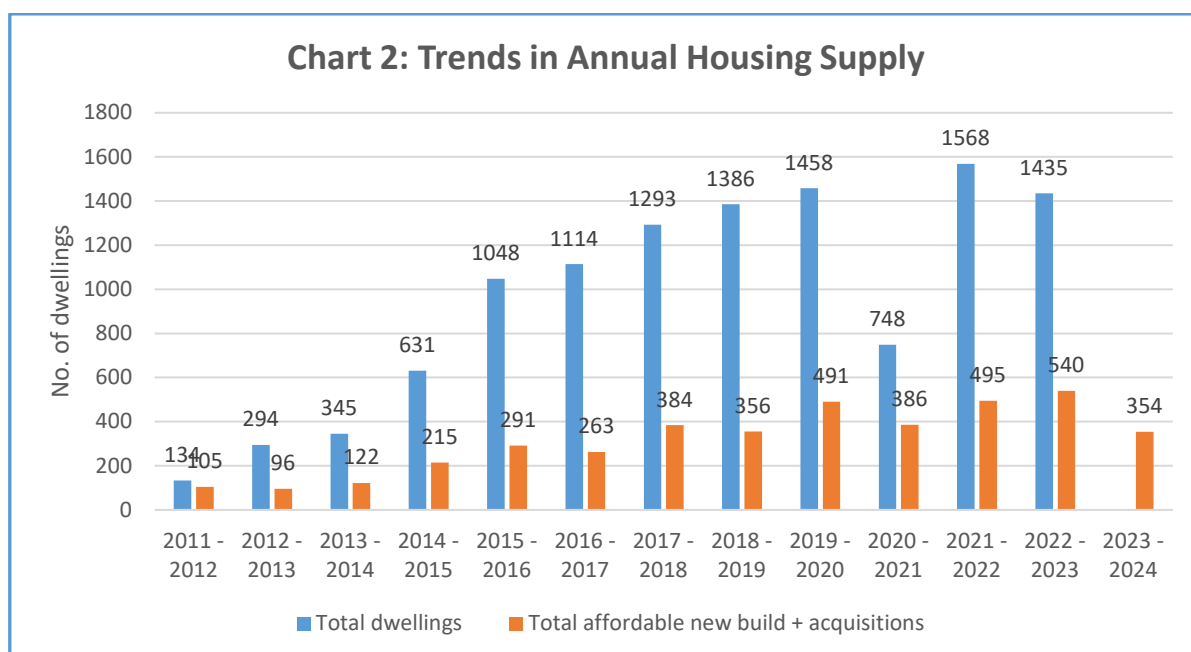
1.5 The role of the Housing Policy and Development Team

The Housing Policy and Development Team:

- ◆ Helps review and develop planning policies under which new affordable homes are negotiated and secured.
- ◆ Liaises extensively with new and existing external and internal partners, including briefing them about local markets and policies, to enable delivery.
- ◆ Negotiates and agrees delivery arrangements for most affordable homes months, and sometimes years, before planning permissions are granted.
- ◆ Engages at pre-application stage, via meetings and responses to consultations on planning applications.
- ◆ Spends considerable time:
 - Drafting model affordable housing s106 clauses in line with evolving housing, financial and planning policy (like painting the Forth Bridge).
 - Negotiating affordable housing clauses for new individual planning permissions and agreeing Affordable Housing Specifications.
 - Responding to numerous queries about how affordable housing clauses in existing s106 legal agreements should be interpreted.

1.6 Other things to be mindful of

Our supply of new-build affordable housing makes an important contribution towards meeting national planning policy requirements including a five-year supply of developable housing land. Chart 2 shows the number of affordable homes provided since 2011 and their contribution to overall housing supply (market and affordable).



Data for total housing supply during 2023-24 will be published later this year.

Registered Providers (RPs) are responsible for physical delivery. They comprise either traditional not for profit housing associations, and 'for profit' organisations known as FPRPs or For Profit Registered Providers.

Homes England is the government body responsible for distributing capital grant nationally and which funds some (but not the majority) of the affordable homes developed in our District.

Council's housing waiting list (Home Choice Plus). In June 2024 there were 6,000+ households on the list for new and existing **rented** affordable housing. This figure doesn't represent the entirety of affordable housing need in the District.

1.7 Timing of delivery

Nearly all new affordable homes are sourced through the planning system. The delivery of larger schemes is phased over several years. The 354 homes delivered last year resulted from planning permissions granted between 2012 and 2022.

- ◆ 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. Of the homes completed last year, **44%** were granted permission prior to adoption of the Core Strategy in 2016.
- ◆ Securing planning permission only represents one link in the delivery chain. There are often other regulatory requirements to be met which affect the timing of construction and/or occupation of homes, for example:
 - The discharge of conditions attached to a planning permission.
 - The completion of arrangements for on- or off-site highway works by or on behalf of the highway authority (Warwickshire County Council).
 - The completion of infrastructure works by utility companies.
- ◆ Two case studies of affordable homes completed in whole, or part, last year give a flavour of our programme.

<p>→ Case Study</p>	<p>'Compton Locks', Fenny Compton</p>
	<p>Scheme: A 100% affordable housing scheme, on a challenging rural 'brownfield' site, providing 100 homes.</p> <p>Stock mix: 4 x 1 bed maisonettes; 4 x 2 bed bungalows; 52 x 2 bed houses; 36 x 3 bed houses; 4 x 4 bed houses.</p> <p>Accessibility: 50% of the homes are built to enhanced accessibility standards. This means they're easier to adapt to changing household care or mobility needs.</p> <p>Tenures: Social Rent & Shared Ownership.</p> <p>Developer: Orbit Group.</p> <p>Completion: 2023-24 onwards.</p> <p>Funding: RP own funds with support from Homes England.</p>
<p>→ Case Study</p>	<p>'The Willows', Kineton</p>
	<p>Scheme: A mixed tenure, market-led ('S106') scheme of 78 dwellings, of which 27 (35%) are affordable, on an unallocated site on the edge of Kineton village (a Main Rural Centre).</p> <p>Stock mix: 2 x 1 bed maisonettes; 2 x 1 bed houses; 11 x 2 bed houses; 12 x 3 bed houses.</p> <p>Tenures: Social Rent, Affordable Rent and Shared Ownership.</p> <p>Developer: Bromford.</p> <p>Completion: June 2022 to April 2023</p> <p>Funding: RP own funds without public subsidy.</p>

Further [case studies](#) representing almost 800 affordable homes completed since 2017 can be viewed on the Council's website. This process assists in identifying any lessons to be learnt for the benefit of future schemes, their residents and host communities.

2 What we achieved last year

2.1 Programme highlights

A total of 354 new affordable homes were completed last year. Since April 2011, a total of 4,098 affordable homes have been provided. This equates to an annual average of 315 affordable dwellings since 2011.

Effectively meeting housing need is not just about 'numbers'. It is also about ensuring the right provider provides the most appropriate tenure, type and size of new homes in the right location.

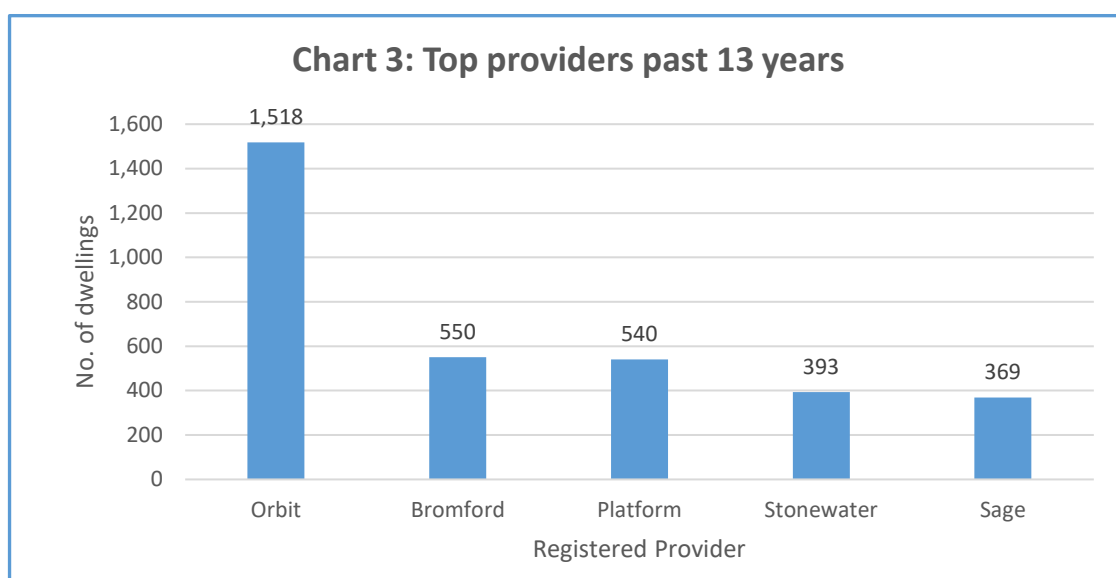
2.2 Who are the homes being provided for?

Most homes developed last year were **general needs** accommodation. The one exception was a developer-led scheme in Studley to provide 12 apartments for Older Persons Shared Ownership (OPSO).

Longer-term supply includes other purpose built **specialised housing** for people with specific needs. The supply of specialised housing tends to be "lumpy" from year to year as supply from a few large, individual, schemes can distort figures.

2.3 Who built the homes?

We are happy to work with any RP that can deliver what we need; 19 different RPs have delivered affordable homes in our District over the past 5 years. **Chart 3** illustrates the supply from our top five providers over the past 13 years. **The largest single provider by far remains Orbit.**



Last year the majority of supply was delivered by the Council's established partner Registered Providers. The largest provider was Sage: albeit two-thirds of its supply was accounted for by a single site (Gaydon Lighthorne Heath). A more detailed analysis of supply by top providers is set out in **Table 1**.

Table 1: Top providers		
Provider	2023-24	Past 13 years
Sage	99 (28%)	369 (9%)
Orbit	82 (23%)	1,518 (37%)
Stonewater (formerly Jephson)	81 (22%)	393 (10%)
Bromford	42 (12%)	550 (13%)
Platform (formerly Fortis & Waterloo)	18 (5%)	540 (13%)

→ Why the identity of Registered Providers (RPs) matters

All the new homes delivered last year were built by or for RPs.

- ◆ RPs involvement in the development and subsequent management of affordable homes is normally a specific requirement of planning obligations and/or a condition of grant funding by both Homes England and the Council.
- ◆ The Council cannot force a developer to work with a specific RP on a market-led ("S106") scheme. However, it *does* require that before development can commence a specific RP is named and approved; and a named RP is contracted to receive the required affordable housing once it is completed.

The involvement of an RP (preferably from the earliest stage of the development process) is essential because:

- ◆ All RPs are subject to the regulatory oversight and enforcement powers of the Regulator of Social Housing in relation to published economic and consumer standards. Therefore, RP involvement provides a vital quality assurance mechanism for new affordable homes now and in the future.
- ◆ Profits generated from schemes involving traditional non-profit RPs (as opposed to for-profit RPs) can be fully recycled to generate more affordable homes but cannot be ring-fenced to our District.
- ◆ Locally, RPs are subject to additional requirements contained in relevant planning obligations. Typically, these:
 - Specify the number and tenures of affordable homes.
 - Secure their permanent retention in most circumstances as part of the District's affordable housing stock.

- Secure permanent nomination rights for the Council for tenancies to all rented properties on first and all subsequent lettings.
- Provide for lettings to households with local connections and in accordance with an approved Local Lettings Plan.

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. An appropriate balance of different tenures maintains the effectiveness of the Council's development programme in meeting housing needs.

When the Core Strategy 35% affordable housing policy requirement applies 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 2 summarises the main local affordable housing tenure products.

Table 2: Summary of key affordable housing tenures	
Product	Features
Social rent	<ul style="list-style-type: none"> • Rents are set in accordance with a nationally determined formula reflecting local income levels. • Social rents 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, and rent charged in accordance with a set formula on the remaining unsold equity. • Owners can "staircase" to greater or outright ownership.
Fixed equity sale schemes	<ul style="list-style-type: none"> • Developers sell homes to eligible buyers 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	<ul style="list-style-type: none"> • Government pilot with grant 2022-23. Developers sold 18 homes at 70% of open market value directly to first time buyers. • Since the pilot ended, no developers have sought to deliver any additional First Homes in this District.
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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

Of the homes built last year:

- ◆ 60% were for rent (46% social rent and 14% affordable rent)
- ◆ 40% were shared ownership.

These percentages are similar to the previous year.

The high percentage of shared ownership, and corresponding percentage reduction in rented affordable housing, is attributable to natural fluctuations in stock delivered on large multi-year delivery sites, 'additionality' and tenure splits on 100% affordable housing schemes.

'Additionality' is the sale by developers to Registered Providers of open market sale homes over and above the Core Strategy 35% affordable housing policy requirement. Most such sales are for shared ownership but last year also included 12 affordable rent properties. Securing 'additionality' is 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.

To enable mixed sustainable communities, 100% affordable housing schemes on mainstream s106 sites usually include a high proportion of shared ownership i.e. a home ownership tenure. For example, the popular 100 home Fenny Compton scheme is 50% social rent and 50% shared ownership.

Table 3 sets out tenures in more detail.

Tenure	2023-24	Past 13 years
Social rent	163 (46%)	2,275 (56%)
Affordable rent	50 (14%)	481 (12%)
Shared ownership	141 (40%)	1181 (29%)
Fixed equity	0 (0%)	116 (3%)
Other	0 (0%)	27 (1%)
Total	354	4,098

2.5 Where were homes built?

The location of new homes is crucial to meeting housing need effectively.

Table 4 shows the location of new homes classified in accordance with the broad settlement hierarchy in the Core Strategy.

Core Strategy category	2023-24	Past 13 years
Stratford-upon-Avon town excluding Alveston & Tiddington	123 (35%)	972 (24%)
Main Rural Centres (x8)	78 (22%)	1,668 (41%)
Local Service Villages (x44)	61 (17%)	828 (20%)
New settlements: Long Marston Airfield & Gaydon Lighthorne Heath	83 (23%)	231 (6%)
All other locations including Meon Vale	9 (3%)	400 (10%)
Total	354	4,098

As location fluctuates significantly from year-to-year, it is best to focus on longer-term trends over the past 13 years:

- ◆ 94% of new affordable homes were delivered from developer-led ('S106') sites. **Planning permissions for market-led schemes are the main determinant of the location of affordable homes.**

- ◆ The supply of affordable homes broadly reflects the *overall* population balance of the settlement hierarchies in the Core Strategy (but not necessarily individual settlements).
- ◆ The distribution of homes in individual settlements does not always reflect need.
 - **Only Stratford-upon-Avon town has its “fair” share of homes relative to the size of its population.** Together with Tiddington it accounts for a quarter of all affordable homes.
 - There have been significant levels of growth in most Main Rural Centres (MRCs) such as Bidford-on-Avon, Shipston-on-Stour, Southam, and Wellesbourne. Settlements such as Alcester, Henley-in-Arden and Studley have experienced lower levels of growth.

In contrast, last year:

- ◆ Homes were provided in 10 different settlements in 2023-24. The proportion of supply from MRCs decreased significantly, whilst that in Stratford-upon-Avon increased. This was largely due to ongoing development on strategic allocations at Bishopston Lane and Shottery.
- ◆ Almost a quarter of all new homes were in the two new settlements of Gaydon Lighthorne Heath and Long Marston Airfield. Supply from those locations is now starting to come on stream at scale.
- ◆ Supply from Local Service Villages (LSVs) was wholly accounted for by a single site, at Fenny Compton.

Table 5 shows all settlements where affordable homes have been provided in the past 13 years.

Table 5: Number of new affordable homes by settlement			
Settlement shading = category	2023-24	Past 13 years	Past 13 years %
Alcester	41	132	3.2%
Aldermanster		9	0.2%
Bearley		7	0.2%
Bidford-on-Avon		355	8.7%
Bishops Itchington	4	156	3.8%
Brailes		22	0.5%
Broom (Bidford-on-Avon)		6	0.1%
Claverdon		3	0.1%
Ettington		11	0.3%
Fenny Compton	61	65	1.6%
Gaydon		10	0.2%

GLH new town	65	170	4.1%
Great Alne		7	0.2%
Hampton Lucy		9	0.2%
Harbury		36	0.9%
Henley-in-Arden		10	0.2%
Ilmington		10	0.2%
Kineton	4	78	1.9%
Long Compton		5	0.1%
Long Itchington		110	2.7%
Long Marston		24	0.6%
Long Marston Airfield	18	61	1.5%
Lower Quinton		33	0.8%
Luddington		7	0.2%
Meon Vale	5	314	7.7%
Napton		29	0.7%
Newbold-on-Stour		30	0.7%
Oxhill		2	0.0%
Salford Priors		48	1.2%
Shipston-on-Stour	21	312	7.6%
Snitterfield		10	0.2%
Southam		479	11.7%
Stockton		38	0.9%
Stratford-upon-Avon town	123	972	23.7%
Stretton-on-Fosse		5	0.1%
Studley	12	23	0.6%
Tanworth-in-Arden		6	0.1%
Temple Herdewycke		33	0.8%
Tiddington		61	1.5%
Tredington		10	0.2%
Welford-on-Avon		27	0.7%
Wellesbourne		349	8.5%
Wootton Wawen		14	0.3%
Total	354	4,098	100.0%

2.6 What were their sizes?

A balanced mix of property sizes promotes mixed and sustainable communities. See Table 6. Size data is recorded in terms of the number of bedrooms per home.

Table 6: Property size by number of bedrooms		
Property size	2023-24	Past 13 years
1 bedroom	39 (11%)	562 (13.7%)
2 bedrooms	150 (42%)	1,911 (46.6%)
3 bedrooms	146 (41%)	1,354 (33.0%)
4 bedrooms	19 (5%)	269 (6.6%)
Other/not known	0 (0%)	1 (0.0%)
Total	354	4,098

The most common sizes last year were **two and three bedroom** homes, which equally between them accounted for 83% of total supply. This size of home is versatile as it can accommodate a wide range of household types, especially in the form of houses which are better suited to family occupation.

→ The undersupply of larger *rented* houses

Last year's Annual Review highlighted the unsustainably high proportion of *rented* one and two bedroom affordable homes, and the lack of rented four bed homes developed in recent years. Two thirds of all *rented* homes delivered in 2023-24 were one and two bed homes. This matters because:

- ◆ The lack of accommodation better suited for families with children is harmful to the long-term sustainability of local communities.
- ◆ If flats are provided as part of an affordable stock mix, they tend to end up as rented units. RPs usually only want 2 and 3 bedroom houses for shared ownership because in our District houses sell and flats do not.
- ◆ Smaller affordable homes (especially flats/apartments) are cheaper for developers to provide than larger homes. However, RPs and their lenders are increasingly reluctant to take on large numbers of such properties because of management and maintenance risks and because they are a poor asset compared to larger homes.

- ◆ RPs will not invest in market led s106 sites if the affordable stock mix is inappropriate. This risks delivery of both affordable and market homes. It is a balancing act (for more information see part 3 of this Review).
- ◆ Although sites in or close to Stratford-upon-Avon town centre may be better suited to higher proportions of flats/apartments for urban design reasons, the sites do not necessarily deliver the affordable homes that are required.

Planning policy will need to be revised to address the above issues.

→ What about space standards?

Adequate space standards within homes are important. Space matters because there is an expectation that two children of the same sex up to age 16 years share a bedroom, and because many people with disabilities live in affordable homes and require space to move around in and for equipment etc.

At present, there is only one specific planning policy formal space requirement i.e. bedrooms in all one and two-bedroom affordable homes must support double or twin occupancy. A recent planning appeal decision on a site at Gaydon Lighthorne Heath new town, upheld the Council's current policy approach.

Limitations to the current approach are acknowledged. In the future, it would be preferable if *all* market and affordable homes were built to meet recognised minimum space standards e.g. the **Nationally Described Space Standard (NDSS)**. Indeed, current Homes England practice is generally to require NDSS to be met in new grant funded schemes. This issue will need to be addressed in the South Warwickshire Local Plan and/or other planning documents.

2.7 What type of properties were built?

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.

All of last year's 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.

As in previous years, most homes built last year were **houses**. Houses are the most versatile and popular form of accommodation. **Bungalows** are popular especially with older person households but in most parts of the District there is currently 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.

Table 7 shows the proportions of different property types developed. The figures reflect the distortion to supply from additional/off-the-shelf purchases.

Table 7: Property type		
Description	2023-24	Past 13 years
Bungalow	3 (1%)	111 (2.7%)
Flat/maisonette	54 (15%)	878 (21.4%)
House	297 (84%)	3,099 (75.6%)
Other/not known	0 (0%)	10 (0.2%)
Total	354	4,098

2.8 How were the homes funded?

Registered Providers fund all affordable homes from borrowing and reserves generated by rental and sales income. Occasionally additional funding is required to make schemes viable. **Table 8** identifies the lead funding stream used to enable delivery.

Table 8: Funding arrangements		
Lead funding stream	2023-24	Past 13 years
Nil grant/cross subsidy	236 (67%)	2,957 (72%)
Homes England	110 (31%)	936 (23%)
Mixed SDC/Homes England	0 (0%)	92 (2%)
Fixed equity sale schemes	0 (0%)	99 (2%)
Other*	8 (2%)	14 (0.3%)
Total	354	4,098

* Includes 8 homes funded via the Government's Local Authority Housing Fund (LAHF), with additional funding from Platform and the District Council.

Reflecting the long-term trend, two-thirds of homes were developed without public subsidy last year.

- ◆ There is a 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 and/or 'additionality'.

- ◆ That said, a considerable amount of Homes England grant has been used to help fund “off-the-shelf” purchases. Ironically, this includes one scheme in Studley where a reduced off-site financial contribution had previously been accepted on viability grounds.

Separate grant records show a total of **£4.8 million** investment into our District from Homes England for 88 homes completed last year (this figure excludes LAHF grant, which is administered separately).

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. Note methodological differences may cause Government figures to vary from our own records.

The District Council’s enabling of affordable homes in terms of numbers and tenure over 5 years ending March 2023 compares favourably with other local authorities. See **Table 9**.

The Table includes percentage affordable housing planning policy requirements, and the year those requirements were adopted. Where reviews of adopted plans have reached an advanced stage, a different percentage requirement to that quoted may be applied.

The correlation between affordable housing planning policy percentage requirements and actual numerical yields is loose. The number of affordable homes is never the sole issue – the quality, design and the right tenure of such homes are equally important.

Table 9: Approximate additional affordable homes by local authority and tenure in the five years 2018-19 to 2022-23

DLUHC live [table 1011c](#) published 27 June 2024 – the most recent national data available.

Local authority (Current % affordable housing policy requirement)	Social rent	Affordable rent	Intermediate rent	Shared ownership	Other affordable home ownership incl. First Homes	Total new affordable homes
Stratford-on-Avon (35% - 2016)	1,159	421	0	816	126	2,522
	46%	17%	0%	32%	5%	100%
Warwick (40% - 2017)	525	356	0	496	42	1,419
	37%	25%	0%	35%	3%	100%
Birmingham (35% - 2017)	866	790	0	616	211	2,483
	31%	44%	0%	21%	4%	100%
Bromsgrove (30-40% - 2017)	120	118	0	69	21	328
	37%	36%	0%	21%	6%	100%
Cherwell (30-35% - 2015)	12	929	0	395	33	1,369
	1%	68%	0%	29%	2%	100%
Cotswold (30-40% - 2018)	204	455	10	211	61	941
	10%	52%	1%	28%	9%	100%
Coventry (25% - 2017)	109	659	27	177	58	1,030
	11%	64%	3%	17%	6%	100%
Malvern Hills (20-40% - 2016)	484	262	0	281	111	1,138
	43%	23%	0%	25%	10%	100%
North Warwickshire (30-40% - 2021)	8	254	9	160	5	436
	2%	58%	2%	37%	1%	100%
Nuneaton & Bedworth (25% - 2019)	33	692	0	271	73	1,069
	3%	65%	0%	25%	7%	100%
Rugby (20-30% - 2019)	328	331	0	400	23	1,082
	30%	31%	0%	37%	2%	100%
Solihull (40% - 2013)	302	194	49	494	0	1,039
	29%	19%	5%	48%	0%	100%
West Oxfordshire (35-50% - 2018)	54	957	0	545	11	1,567
	3%	61%	0%	35%	1%	100%
Wychavon (30-40% - 2016)	940	389	0	429	46	1,804
	52%	22%	0%	24%	3%	100%

3 What can we expect in the future?

Maintaining a mainstream affordable homes programme in the current climate is more challenging and time consuming than it has been for a long time. But it is essential if we are to help local people, including promptly rehousing people who are homeless from temporary accommodation (and reducing costs to the Council). Issues affecting delivery and future supply are explored below.

3.1 What factors are affecting delivery?

The scale and form of the development programme is driven by a range of factors affecting the operational environment. Many are beyond the direct control of the District Council, but it is important for Members and other stakeholders to be generally aware of them.

→ Willingness of Registered Providers (RPs) to take on affordable homes

This is a newish issue and by far the most significant.

At a national level, developers are struggling to find RPs willing to take on affordable homes on s106 sites. RPs are scaling back their development programmes (and teams) and being much more discerning about the schemes in which they're prepared to invest. RPs, and lenders to RPs, are nervous about too many new build affordable homes in any one post code area or region.

This has major implications for the delivery of speculative market led 'S106' sites. An agreed delivery partner RP needs to be in place from the outset.

To date, this District has not been badly affected because the Housing Policy & Development Team continues to invest considerable effort in engaging and working with a wide range of RPs, Homes England and other partners. This work includes advocating for the highest practicable standards of design as well as seeking to deliver other mitigations as summarised below.

Risks and competing calls on RPs resources affecting their ability to develop new affordable homes are summarised in **Table 10**.

Issue	Comments
1. The need to prioritise improvements to existing affordable housing	<ul style="list-style-type: none">• Consequential major diversion of funds from new build to remediating/improving existing stock owing to:<ul style="list-style-type: none">• New regulatory standards about the safety and quality of homes, and landlord accountability.• Decarbonisation targets.

<p>2. Poor quality, design and type of some new affordable homes on offer</p>	<ul style="list-style-type: none"> • High quality and design matter more than ever if we want RPs to take on new affordable homes. • There is a heightened awareness of the risks involved in acquiring homes that require retrofitting and or will be difficult and costly to manage and maintain. • Too many flats, too many one bed homes and homes that do not meet Nationally Described Space Standards (NDSS) are unpopular. • Typically, this affects affordable housing offered by private housebuilders under planning obligations. • For the above reasons, RPs often prefer 'land-led' schemes, where they can control the quality and type of homes, and timing of delivery.
<p>3. Uncertainty about future rents and higher borrowing costs</p>	<ul style="list-style-type: none"> • 'Rent certainty' is about the regulatory framework within which rent levels are determined and the consequential risks to RPs. • Short term affordable housing rent caps benefit existing tenants but limit funding for improving existing homes and building new homes. • Uncertainty about long-term rent levels negatively affects RP and lender assumptions about future income streams i.e. the level of reserves available for investment. Development capacity is impaired by additional, riskier and more expensive borrowing. • The Government has recently announced that it will revert to long term rent certainty, but there are no details yet.
<p>4. Government grant funding</p>	<ul style="list-style-type: none"> • We are awaiting a successor to Homes England's Affordable Homes Programme 2021-26. Given the lead-in times involved, this uncertainty directly affects RPs business planning. • This is particularly relevant to delivery of 'non S106' sites; typically rural and specialised housing schemes, where grant support is normally essential. • A further potential complication is the possible devolution of funding decisions to the West Midlands Combined Authority; the District Council is a non-constituent member. • Investment can be direct (new affordable homes) or indirect (major infrastructure projects, remediation).
<p>5. Housing markets, the economy and cost of living</p>	<ul style="list-style-type: none"> • Mortgage markets, including corporate borrowing, remain volatile. • Declining disposable incomes and unease about the general economic outlook affects risk pricing.

	<ul style="list-style-type: none"> Locally shared ownership generally sells well despite high market values. However, the scale of commercial risk may cause RPs to become more cautious about developing this product. This will impair the scope for cross-subsidy of social rent homes.
6. Changes to national legislation and policy	<ul style="list-style-type: none"> Changes to housing, planning and other legislation and policy will affect the scale of development programmes e.g. proposed revisions to the National Planning Policy Framework, July 2024. Some centrally funded programmes (e.g. First Homes; Local Authority Housing Fund) have been unduly complex. This creates considerable pressures on staff time and compromises effective delivery of other affordable homes.
7. The increase in build costs	<ul style="list-style-type: none"> RPs face a 'double whammy' of build cost inflation and skilled labour shortages. The UK imports many building materials from the EU. There are uneven supply chains. The <i>need</i> to build new homes to higher standards is undisputed, but there is no dedicated Government funding for this purpose. Examples of additional costs include biodiversity net gain and achieving net zero carbon standards in new build.
8. Uncertainties around local development plans	<ul style="list-style-type: none"> These plans determine the future scale and nature of affordable housing delivery. It is important that they are optimised to give Registered Providers the confidence to invest locally. Quality is as important as quantity. The Housing Policy & Development Team continues to devote considerable resources to help draft local development plans such as Neighbourhood Plans and the South Warwickshire Local Plan.

→ Mitigating the risk to delivery

Many of the risk issues listed in **Table 10** can only be addressed effectively at a national level. However, mitigation measures that can be taken locally include (but are not limited to):

- ◆ **Ensuring greater scrutiny of and engagement with schemes at pre-application and planning application stage.** Such scrutiny/engagement already occurs. The issues identified reinforce the point that the affordable homes negotiated/secured must be appropriate and attractive to RPs because otherwise no affordable homes will be delivered.
- ◆ **Incentivising continued investment by established partners and attracting new RPs to invest in our District** (Homes England is very helpful in making referrals). The work includes briefing partners about local

market conditions, relevant housing and planning policies, sites, what to expect in terms of process, and local funding opportunities.

- ◆ **Ongoing dialogue with RPs and others to realise potential 'quick win' opportunities** where feasible. Examples include Dispersed Safe Accommodation and RP 'land-led' schemes (either 100% affordable or mixed affordable and market sale schemes).
- ◆ **Drafting local planning and housing policies that are RP friendly.**

3.2 How many new homes are forecast over the next two years?

We currently estimate:

- ◆ **Approximately 400 new affordable homes will be completed in the current (2024-25) financial year, across 19 or so schemes.**
- ◆ At least 200 new homes will be provided in 2025-26. This figure is likely to rise significantly in early 2025 as RPs finalise their programmes for 2025-2026.

In the next couple of years, supply is largely 'spoken for' on sites which are currently being built-out.

- ◆ These comprise mostly (but not exclusively) strategic sites at: **Alcester; Gaydon Lighthorne Heath new town; Long Marston Airfield (first phase only) and Bishopton and Shoterly, Stratford-upon-Avon.**
- ◆ Consequently, supply will continue at scale, but will be focussed on a more limited range of locations compared to historic patterns of delivery.
- ◆ This makes it even more important that efforts continue to deliver smaller-scale community-led Local Need schemes.

Due to the considerable uncertainties involved, it would be misleading to publish longer-term projections. However, we would highlight that the *majority* of identified potential development sites without permissions are accounted for by supply from a single site – **Long Marston Airfield Garden Village.**

For further information, contact the Housing Policy and Development Team at housing.policy@stratford-dc.gov.uk

or see:

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



'The Chancery', Shotton, Stratford-upon-Avon

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