

# Independent Review of Affordable Housing Supply



[#affordablehousingreview](#)

# Review purpose

To examine current arrangements supporting the development of affordable housing and to make recommendations for changes ***designed to increase supply and improve delivery from the resources available***

- scope for increasing matching sources of finance and stimulating competition
- partnership working and collaboration
- impact of moving to deliver zero carbon homes by 2020 including the role of off-site manufacture and modern methods of construction
- design and quality standards
- sustainable rent policy
- development capacity in LSVTs and stock-holding local authorities post WHQS 2020

# What we found

- How housing contributes to wider social and economic priorities
- How housing need can be better understood
- How annual planning and funding limits the capacity to maximise outputs
- Lots of funding programmes
- The potential to offer improved affordability to tenants
- The opportunities created by the lifting of the local authority borrowing cap
- The importance of public sector owned land in delivering more sites for affordable housing
- The potential to collaborate more effectively

## Some of what we recommended

- Better, more consistent and granular Local Housing Market Assessments
- New consistent housing quality standards
- Accelerate the decarbonisation agenda and keep trialling MMC
- A new five year rent policy focused on value for money and affordability
- A new arms length body acting as a hub for public sector land management and professional services
- Five year affordable housing supply partnerships encouraging collaboration and consolidating a number of existing funding programmes
- A review of dowry and MRA

# Rent policy – what we found

- No compelling argument for complete freedom for rent setting at this time
- Tenant affordability should be a key driver
- Balance between tenants and landlords interests needs to be rebalanced with a focus on value for money in running costs and service efficiency
- Evidence of concerns amongst tenants on affordability
- Current flexibilities not being exploited

# Rent policy – what we recommended

- WG five year rent policy from 2020-21 giving stability to tenants and landlords
- Rent formula regime to include further flexibilities
- Landlords to focus on value for money alongside affordability and issue an explicit annual assessment on cost efficiencies as part of rationale for rent increases
- Better more meaningful engagement with tenants on rents
- Develop new approaches (eg living rents) and provide case studies
- WG and Regulator to monitor on an annual basis and consider case for further changes before initial 5 year period concludes

# Rent policy – what next

- Ministerial announcement on 5 year policy pre summer recess
- More to follow in the autumn but annual assessments on affordability, cost efficiencies and value for money will be required
- Role of regulator will be given further consideration

# Financing affordable housing – what we found

- Lack of transparency over grant vfm
- Short term fragmented funding pots preventing long term investment in building a delivery pipeline and mitigating against procurement efficiencies
- Missed opportunities to share intelligence, skills, capacity and resources at a regional level
- Real potential to increase the output of affordable homes for the current level of grant funding



# Financing affordable housing – what we recommended

- A new 5 year Affordable Housing Supply Partnership approach based on the following principles:
  - Outcomes based delivery framework
  - Collaboration, co-design and delivery oversight
  - A regional dimension for housing need and affordability considerations
  - Evaluation, oversight and grant VFM
  - Consolidation of grant funding
  - Local authority access to funding
  - Quality, standards and criteria

# Financing affordable housing – what we recommended

- Quality, standards and criteria including:
  - Sustainable communities
  - Specialists and new entrants
  - Affordability
  - Diversity
  - Value for money
  - Skills, capacity and track record
  - Partnerships and collaboration
  - Innovation in the supply chain

# Financing affordable housing – what happens next?

- Acceptance that status quo is not appropriate and flexible system of gap funding is more appropriate
- Team looking at the new grant model to present options to the Minister by March 2020
- Consolidation of grant pots is being considered
- Grant and equity funding and private finance being considered
- Consideration of housing infrastructure and regeneration fund
- New grant framework to be operational from 2021/22

# Our vision for the future

- More effective needs assessments to underpin decision making
- Consolidated and simplified housing standards with an ambition for near zero carbon and an ambition for the same standards for ALL homes
- Rents focused on value for money and affordability
- Increased provision through local authorities as builders and enablers
- Increased provision through long term supply partnerships with housing associations and other providers
- Unlocking of larger and more complex sites for housing
- Acceleration of the decarbonisation agenda for existing housing stock