



Brick by Brick

Annex: Methodology

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Key assumptions

The Brick by Brick report draws on different data and modelling sources to understand how the government could reach a target of delivering 90,000 social rented homes per year by the end of the current parliamentary term. The analysis in the report is underpinned by a few key assumptions:

- There is historical precedent for both the annual increases and the level of delivery estimated which shows that with the right policy and funding interventions, it's possible to reach a target of 90,000 social rented homes after five years.
- There will be a significant increase in grant funding for social rent – an estimated £11.8 billion is needed to fund the delivery of 60,000 social rented homes (two-thirds of the target).
- The government will implement changes to the planning system, including amending the NPPF to include a minimum proportion of social rent homes on larger sites.
- A series of measures need to be implemented to deal with the issues around capacity and skills shortages within both councils and housing associations.
- The increased grant funding and developer contributions needed to support councils, housing associations and developers to build more social rent homes will also help community groups to deliver more homes through Community Land Trusts.
- There will need to be a degree of tenure shifting within the Affordable Homes Programme (AHP) so that both grant funding and capacity is focused on delivering social rented homes rather than other tenures, such as 'affordable rent' which is 80% of market rent.
- Right to Buy will be paused to prevent the loss of social rent homes and to remove one of the key barriers for local authorities delivering more social homes.

Data sources

Shelter's trajectory to deliver 90,000 social rented homes in five years draws on several key data sources:

1. Cebr macroeconomic analysis

In February 2024 Shelter commissioned Cebr to calculate the macroeconomic benefits of building 90,000 social rented homes.¹ A key input to this analysis was that two-thirds of these homes (60,000) would be at least partially grant funded with the remaining being funded through cross subsidy. This was based on current levels of delivery by funding source. Cebr estimated that building 60,000 grant funded social rented homes would require an upfront cost of £11.8 billion in grant funding but return £51.2 billion to the economy after 30 years and pay for itself after three years.

2. Arup council delivery analysis

In March 2024 Shelter commissioned Arup to estimate the number of social rented homes that councils could deliver after five years.² Arup drew on a range of sources, including UCL's 2024 report on local authority direct delivery and DLUHC's affordable housing supply data. Although only 25% of councils are currently delivering social rented homes (DLUHC),

76% of councils have affordable housing as a council priority (UCL). They used these findings to estimate a baseline figure of 7,550 social rented homes delivered by councils. This baseline figure assumes that two barriers need to be addressed immediately: councils' ambition and resourcing.

They assumed that councils could make use of two cost saving measures on top of this: hope value and MMC. Arup assumed that hope value could reduce the cost of land acquisition by 15% which could be reinvested in delivery (4,000 homes). They similarly estimated that MMC could lead to a 15% cost saving which could be used to fund new delivery (4,000 homes). These numbers combine to reach a total baseline of 9,815 social rented homes. Arup assume that council direct delivery increases by 20-30% in the years up until year five to reach a total of 34,000 social rented homes.

Arup's report also looked at the number of social homes that could be saved due to reforms to Right to Buy, including suspending Right to Buy for all new and existing homes (10,100 homes p/a) and introducing restrictions to newly built homes (5,400 homes p/a). Arup also estimated the number of social rent homes that could be delivered if the NPPF was updated to stipulate a minimum percentage of homes for social rent on larger sites.

3. CLT Network analysis

The CLT Network carried out analysis to understand the role that Community Land Trusts could play in delivering 90,000 social rented homes.³ They drew on data from the CLT Network's national database of community-led housing projects in England and Wales to understand the number of homes delivered and in the pipeline. They analysed ONS data on settlement numbers by type and use to construct 'typical' developments for each settlement. This allowed the CLT Network to develop three scenarios for future CLT social rent delivery. This report draws on the ambitious estimate of 7,626 social rented homes per year based on the assumption that the key policy changes would be implemented.

4. Shelter's empty homes analysis

In April 2024 Shelter published a report looking at the number of long-term empty homes (LEH) that could be brought back into use as social rent homes.⁴ The report set out a 10-City Plan showing how councils, housing associations, and community organisations could deliver more than 10,500 permanent social rent homes over the first three years of a new government. The 10,500 new social rent homes modelled for delivery within the 10-City Plan assumes a 20% conversion rate of total LEH stock across each local authority district area included in the 10-City Plan over the first three years.

Shelter carried out additional analysis to understand how many LEH could be converted into social rent homes in years four and five. We estimated that an additional 12,100 social rent homes could be delivered due to an expansion of the programme in years four and five. We projected that this would break down into 5,000 homes in year four and 7,100 homes in year five. To calculate this expansion, we applied a 13% conversion rate in new local authorities to reflect the shorter time period (two rather than three years) and a lower 7% conversion rate in more expensive London boroughs. The latter was based on the assumption that a lower proportion of LEHs in these boroughs will present value for money for acquisition. In the ten original local authorities our modelling assumes that conversion

will continue at a lower rate than before (10%) due to the diminishing number of LEH available after three years of sustained acquisition efforts.

We assume that local authorities will convert the majority of the LEH into social rent homes (80%), with both housing associations and community groups delivering 10%. This is based on a few considerations, including councils being most likely to have access to information about LEH in their areas.

5. Savills analysis of section 106

In July 2023 Shelter commissioned Savills to carry out analysis to show what is needed to achieve a target of delivering 90,000 social rented homes per year.⁵ Savills estimated that after five years, 28,500 affordable homes could be delivered using section 106 per year. We have assumed that the majority of these homes (24,000) would be for social rent due to key policy and guidance changes, including to the NPPF.

6. DLUHC's housing supply data

Shelter's plan to deliver 90,000 social rented homes drew heavily on two key government sources: DLUHC's affordable housing supply data and DLUHC's historical data on housebuilding.⁶ This data allowed us to look at trends in delivery for councils, housing associations and private developers to understand the rate of increase and level of delivery that might be possible with the necessary policy and funding changes. We were also able to look at trends in social rent delivery by different measures (grant funding and section 106).

Full findings

The table below presents a more detailed version of Table 1 in the report. It includes the breakdown of the number of social rented homes delivered by different measures and providers. The number of social rented homes delivered through increased grant funding, developer contributions and empty homes sum to 91,100 social rented homes per year. Councils are estimated to deliver over a third of these homes (34,000).

To calculate the number of social rented homes delivered by councils we summed the number of social rented homes councils could deliver through grant funding, developer contributions and empty homes acquisition. This allowed us to estimate a figure of 34,600. Arup used a different methodology to estimate council delivery but reached a similar figure of 33,600 social rented homes per year after five years. These figures average at 34,100 so we refer to councils delivering 34,000 social rented homes per year in the report for simplicity.

Shelter's plan for delivering 90,000 social rented homes per year by the end of the parliamentary term is based on a series of assumptions and datasets that are subject to change as the government makes new announcements and new data becomes available.

Section of the report	Measure	Provider	Number of homes	Proportion of homes
Invest in a new, redesigned Affordable Homes Programme	Grant funding	Local authority	24,900	27%
		Housing association	30,000	33%
		Community groups (CLTs)	5,000	5%
		Subtotal: grant funding	60,000	66%
Unlock our Land System	Hope value	Local authority	4,000	4%
Revitalise and unblock our planning system	Developer contributions	Local authority	4,000	4%
		Housing association	4,800	5%
		Private developer	12,600	14%
		Community groups (CLTs)	2,500	3%
		Subtotal: developer contributions	24,000	26%
Unlock Other Delivery Vehicles	Empty homes	Local authorities	5,700	6%
		Housing association	700	1%
		Community groups	700	1%
		Subtotal: empty homes	7,100	8%
Boost council building to deliver social homes	Subtotal: local authority		34,600	38%
Total			91,100	100%

Table 1 The detailed breakdown of the number of social rented homes delivered per year by different measures and providers.

Source: Shelter analysis of data and analysis from Cebr, Arup, CLT Network, Savills and DLUHC, Note: the figures may not sum to the total due to rounding.

¹ Cebr, [The economic impact of building social housing](https://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/economic_impact_social_housing), February 2024, https://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/economic_impact_social_housing

² Arup, [Council Housing Social Rent Delivery](https://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/research_council_housing_social_rent_delivery), Shelter, June 2024, accessed July 2024, https://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/research_council_housing_social_rent_delivery

³ Chance, T., 'How much social housing could CLTs build?', Community Land Trust Network, May 2024, accessed July 2024, <https://www.communitylandtrusts.org.uk/news-and-events/how-much-social-housing-could-clts-build/>

⁴ Bloomer, S., Matthews, W., Galarza-Mullins, V. and Trew, C., [Home Again: A 10-City Plan to rapidly convert empty homes into social rent homes](https://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/empty_homes_10-city_plan), Shelter, April 2024, accessed July 2024, https://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/empty_homes_10-city_plan

⁵ Savills, Modelling a path to 90k social rented homes per year in England, July 2023, Unpublished.

⁶ DLUHC, [Live tables on housing supply: indicators of new supply](https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building), Table 244, accessed July 2024, <https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building> and ⁶ DLUHC 'Live tables on Affordable Housing Supply', accessed May 2024, <https://www.gov.uk/government/statistical-data-sets/live-tables-on-affordable-housing-supply>