

# SHELTER

## Briefing: affordable housing and planning reform

Across the country, a lack of genuinely affordable housing is accelerating our housing emergency. Whether it's the tens of thousands of families living in temporary accommodation, or the renters in coastal towns priced out of their area by holiday lets and second homeowners: the affordability crisis at the heart of our housing emergency is pushing more and more people into housing insecurity.

In order to fix the housing emergency, the government must urgently start investing in and building social homes. That means:

1. **Making social housing the priority tenure within the Affordable Homes Programme.**
2. **Matching levelling up investment in infrastructure pound for pound with investment in social housing.**
3. **Reforming the land market and ensuring planning reforms maximise the delivery of social homes from new developments.**

### Levelling up with social housing

For decades, social housing has been in decline and has been disappearing at an alarming rate across the country. Every year, we lose more social homes than we build. **In the last year alone, there was a net loss of 22,152 social homes across England.** This loss is accelerating the housing emergency: since the early 2000s, **the private rented sector has more than doubled** as millions of families have been pushed into expensive and insecure private rents.

The numbers of homeless people living in **temporary accommodation has [doubled in the last decade](#)**. In 2020, over a quarter of a million people – half of them children – spent successive lockdowns in temporary accommodation.

At the same time, home ownership has become increasingly out of reach. In 2000, the average cost of a home was four times the average salary. In 2021, it is now eight times the average salary. For millions in the private rented sector, the high cost of renting makes it difficult to save for a deposit: **61% of renters have no savings whatsoever**, and [well over a third of private renters rely on housing benefit to help pay the rent](#).

**The country is uneven and unequal, and the housing emergency is at the root.** The disappearance of social housing is exacerbating this crisis in every corner of the country. In Burnley, people are forced to choose between cheap, poor quality flats in the centre or expensive homes in the suburbs. In St Ives, families are evicted by their landlords so that their homes can be converted into holiday homes or Airbnbs. And in cities like Sheffield, the gulf in housing quality and affordability creates a huge divide within communities.

**Delivering affordable, quality homes must be at the heart of the government's levelling up agenda.** Only social housing can anchor families on low incomes in their communities and ensure that everyone can share in the benefits of investment in their neighbourhoods. Social housing is affordable by design, because rents are linked to local incomes – not the local



housing market. [That's why we're calling for the government](#) to match any levelling up investment in infrastructure with investment in social housing.

**The government must also make social housing the priority tenure in the Affordable Homes Programme (AHP).** Currently, the vast majority of the AHP is allocated to homes that cannot be reasonably described as affordable and are accessible to households that earn well above the median income. The housing emergency has spiralled out of control and it is vital that AHP funding is spent on building genuinely affordable homes.

For many private renters struggling to save while paying extortionate rents, home ownership is an impossible pipe dream. Yet Government is spending billions to support affluent households get a foot on the housing ladder, at the expense of supporting low-income private renters and homeless families struggling at the sharp end of the housing emergency. In 2019-20, only 826 social homes were built using only AHP grant money – the majority of the tiny number of social homes built last year were instead delivered by the planning system. **The government must get the Affordable Homes Programme building social homes, by making social housing the priority tenure for grants.**

## Reforming the land market

The high price of land underpins the high cost of housing: **without land reform, it will always be difficult to build social and affordable housing on the scale we need.** An outdated piece of legislation enshrines something called '[hope value](#)' in law. This is the value that land *would* have with planning permission to build luxury private homes and is paid as compensation to landowners if their land is subject to a Compulsory Purchase Order. 'Hope value' pushes up the price of land, encourages landowners to hold on to their land speculatively, and makes it exorbitantly expensive for local authorities to purchase land at a fair value – which in turn makes it unviable to build social housing at scale. **Reforming the 1961 Land Compensation Act and removing reference to hope value will enable councils to pay a fair price for land and get many more social homes built.**

**We also need to ensure any reforms made to our planning system maximise the delivery of social housing.** In our current system, Section 106 agreements take place between developers and local authorities resulting in planning obligations on new developments. This includes providing affordable and social housing within new developments. With central investment for social housing all but dried up, [Section 106 is now the primary route](#) through which social homes in England are delivered.

The government has since proposed to replace this system with a consolidated Infrastructure Levy, a flat tax on the final value of developments. [Shelter has written](#) about why we're concerned this new system will impact social housing delivery, and that's why **we're calling for the government to "test and pilot" the new levy, to identify any unintended consequences before rolling it out nationally, and to ensure the system can deliver much needed social homes across the country.**

