

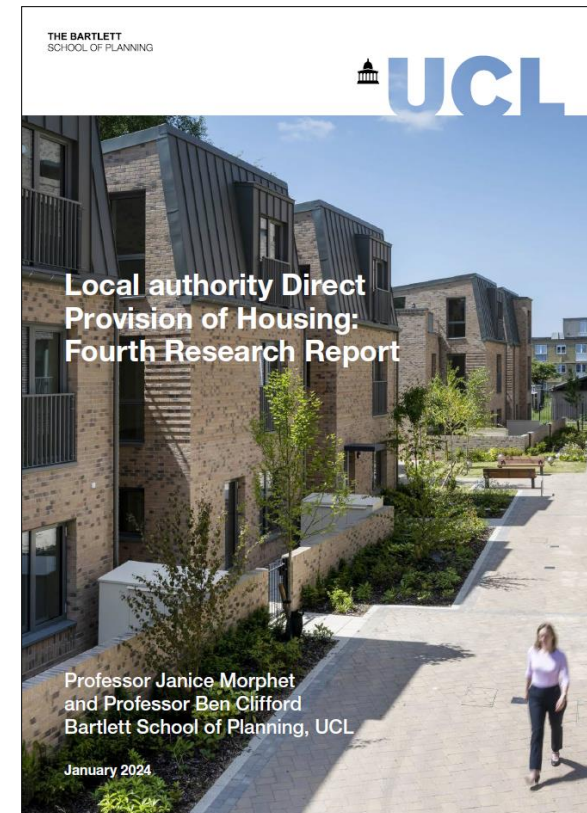
# Local authorities providing homes

APSE

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## What did we do?

The research follows the same approach we took in our 2017, 2019 and 2021 reports and comprises of:

1. Desk survey of public information on activity by each LA in England, undertaken spring 2023
2. Direct questionnaire survey to officers in each LA in England, undertaken summer 2023. 231 responses from 159 different authorities
3. 7 roundtable discussions held across England in spring and summer 2023
4. 6 case study interviews with officers volunteering via the direct survey

## Key desk survey findings

- Overall, there has been a steady increase in the level of housing activity across English local authorities in comparison with 2017
- 94% of local authorities are engaging with housing provision through at least one method and the range used by councils is gradually increasing
- 76% local authorities have affordable housing as a council corporate priority
- 14% of local authorities are Registered Providers

# Key desk survey findings

- Programmes of development are increasing in some areas but may be reduced or extended in others by inflationary costs in construction
- There is a growth in housing acquisition
- Councils are still active in the use of their own companies and joint ventures with housing associations, developers and, in some cases other councils, to provide a range of housing
- The number of joint ventures and companies have reduced as an absolute number since 2021 although for some activity has increased

## Key desk survey findings

- Despite higher costs and pressures on land availability, London Boroughs, supported by the Mayor of London's application of the Affordable Housing Programme are still delivering more homes than other parts of England
- In London, the Boroughs can apply for funding for five year programmes, whereas elsewhere in England affordable housing funding is made available on a scheme-by-scheme basis through Homes England (some mayors of Combined Authorities are now starting to provide housing programme support)

## Key direct survey findings

- 79% of local authorities self-reported that they were directly delivering housing, compared to 65% in our 2017 survey, 69% in 2019 and 80% in 2021
- Only 7% of local authorities responded that the recent S.114 notices had impacted their plans around direct delivery of housing
- 53% of authorities (81 answering – presumably all stock owning authorities) reported that increased costs of retrofitting existing housing (for example in relation to fire safety, damp and/or mould) were impacting plans to deliver new housing

## Key direct survey findings

- Meeting local housing requirements and tackling homelessness the top two motivations. Since 2017, quality of design seems to have become more important; income generation less so
- 54% of authorities buying back former Right to Buy (RTB) properties (this was 40% in 2019)
- 41% felt current policy allowing retention of 100% of RTB receipts for two years will help them directly deliver more housing
- 41% of authorities delivering at least some new housing to enhanced energy / environmental standards (c.f. 27% reporting this in 2021)

# Key direct survey findings

- 68% of authorities had a strategy beyond just relying on S.106 for affordable housing delivery:
  - having housing strategies with specific housing delivery action plans
  - actively supporting housing association or other registered provider partners, developments planned on council-owned sites (including small sites and garage sites)
  - buying back former RTB properties
  - taking on S.106 properties where Registered Providers are not interested
  - use of the council's housing company
  - having a housing company which is a RP (and can access Homes England grants)
  - use of council-owned sites in partnership (e.g. working with RPs on vacant land)
  - an empty homes purchase scheme and direct purchase of existing housing
  - building under the Housing Revenue Account (HRA)
  - using the Public Works Loans Board
  - building out rural exception sites
  - proactively targeting stalled sites
  - working directly as an authority on land purchase and assembly.

## Key direct survey findings

- The top three potential barriers to directly delivery
  - more housing were lack of land
  - lack of suitable sites
  - scheme viability concerns
- not sufficient, particularly given grant levels per unit compared to actual build when wanting to build to higher environmental standards

## Key direct survey findings

- For those authorities who are directly delivering housing, their own landholdings remain central to this activity:
- 95% are building on their own land
- 34% are purchasing sites to develop
- 36% are purchasing existing residential buildings
- 14% are using land from the One Public Estate initiative
- 10% are using other public land

## Key direct survey findings

- 50% of survey respondents were pessimistic about the future prospects of increasing (affordable) housing supply in their area compared to 23% who were pessimistic in 2021
- Those who remained optimistic highlighted factors such as strong support for housing delivery across the council and strong political will driving this, strategic vision guiding this, affordable housing development a real and high priority for many councils

# Key direct survey findings

Reasons for pessimism included

- the challenging economic context,
- increased borrowing costs,
- inflation of build costs,
- less income into the HRA through rent caps,
- that grant levels for affordable housing not sufficient to actually deliver
- impossible to cross-subsidise from market housing development to deliver sufficient affordable homes,
- that revenue budget pressures on councils continue to grow,
- retrofit costs for existing stock reducing capacity for new build, as were net zero costs

## Key direct survey findings

- Further concerns about labour shortages (particularly skilled construction workers) and supply shortages impacting the construction sector
- The continued existence of Right to Buy in England, including for new social housing built by councils, continues to cause widespread concern and a disincentive to reopen an HRA

# Key direct survey findings

- Top asks for government to help support local authorities directly delivering more housing:
  - More grant funding to actually cover costs of building affordable housing
  - Right to Buy reform (abolish, or restrict on new homes, and increased flexibility on use of receipts including longer retention to allow programming)
  - Additional targeted funding for retrofitting existing homes / meet net zero
  - Longer-term fixed rate PWLB borrowing to support affordable housing
  - Reforming Compulsory Purchase to allow local authorities to purchase land at existing use value for affordable housing
  - Tackling nutrient neutrality issues
  - Clarifying the new Infrastructure Levy proposals
  - Enhanced support to increase capacity in planning and develop further skills in-house to support housing development by local authorities

# Key case study and roundtable findings

- Key finding of congested priorities for local authorities, for example between new build and retrofit improvements to existing housing stock
- Discussion and evidence also of a growing range of collaborative and partnership arrangements and real political support locally for housing, particularly affordable housing delivery, which is seen as core part of local government activity again

# Conclusions

- Delivery of housing is now a mainstream local authority activity and seen as a core function again
- However, with congested priorities and a number of pressures around financing and build costs, activity has not significantly scaled-up since our 2021 report
- The extreme pressures of temporary accommodation funding are spurring more councils into action, and this along with short-term finance arrangements from central government may be behind the rapid rise in acquisitions
- Compared to 2017, more (most) councils now have some engagement (through a variety of means) with direct provision of housing and so a basis on which they could scale-up delivery in future; this must be a priority to actually meet (all) housing need across England

# Conclusions

- A range of recommendations could help support this:
  - Increasing grant through the Affordable Housing Programme and providing longer-term fixing of lower rates of PWLB borrowing for local authority housebuilding (which will reduce housing benefit costs)
  - Abolishing the Right to Buy in England, or at least restricting to not apply to newly built homes for 15 years
  - Continuing in the longer-term the 100% retention of Right to Buy receipts
  - Better data capture by central government of the direct housing delivery by local government through all means and across all types and tenures
  - Providing additional targeted funding to support retrofitting existing homes for safety, quality and energy efficiency (longer-term savings, e.g. for healthcare)
  - Councils need to be able to acquire land for housing delivery and need to be able acquire land at existing use value
  - Local plans need to be able to identify social, family, older people housing sites separately rather than treating all housing the same in allocations

# Reports

[https://www.ucl.ac.uk/bartlett/planning/sites/bartlett\\_planning/files/local\\_authority\\_direct\\_provision\\_of\\_housing\\_iv\\_report.pdf](https://www.ucl.ac.uk/bartlett/planning/sites/bartlett_planning/files/local_authority_direct_provision_of_housing_iv_report.pdf)

<https://www.ucl.ac.uk/bartlett/planning/news/2023/jul/new-report-local-authority-direct-provision-housing-england-2023>

