

Don't just back BTR big beasts if we're to build the homes we need

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More people than ever aspire to own a home but authorities are exacerbating the shortage



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It's widely acknowledged that there is nowhere near enough affordable housing being delivered in the UK.

A coalition of leading housing groups, including the National Housing Federation, Shelter and the Chartered Institute of Housing, has found that the government must invest £12.8bn per year for the next decade (£128bn) to end the housing crisis and meet its housebuilding target. The Affordable Homes Programme is just £11.5bn over 5 years and total government funding is far shorter than what the country needs.

This does very little to match the ever-growing demand of those aspiring to own their first home. With the average house price now over £260,000, even a 5% deposit under the 95% mortgage guarantee scheme would still require buyers to have saved £13,017 plus legal fees; an extortionate hurdle for those who struggle to save while renting.

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Lockdowns have laid bare the disparity between living standards of those with quality homes and gardens and those without. Yet, ironically, it is key workers, those that kept the nation going during the pandemic, who often struggle to own a home, given many are on lower or middle incomes and unable to save a deposit. This must be addressed.

It is now becoming increasingly clear that the only way to deliver the amount of new affordable homes needed is through a significant injection of private sector investment. This is why it is welcome news that the new Homes England chair, Peter Freeman, is starting to pave the way for institutional investors to engage with the Department for Levelling Up, Housing and Communities (formerly known as MHCLG).



Peter Freeman is paving the way for institutional investors to engage with the government

'Able and willing'

The reality is that there are many innovative private organisations able and willing to play their part and offer more homes to those that need it, and some have been doing this for a considerable time. Rentplus is one player in the market delivering affordable homes to people struggling to save while renting. Five years ago our first tenants, who had no savings, moved into a new home with no deposit. This month they'll own their home.

Rentplus has engaged with forward thinking councils across England but, unfortunately, like many other innovative providers, we are finding that some local authorities are reluctant to accept privately funded affordable housing, preferring instead the more familiar route of government grant. This is despite clear guidance in the National Planning Policy Framework that allows such investment.

The recalcitrance of local authorities is preventing local people becoming homeowners, trapping many in the spiralling of private rental which can severely limit their chance of

raising a deposit. They are choosing to prevent entrepreneurial players from entering and delivering the affordable housing so desperately needed. Time and time again we speak to housing officers who will only consider the 'traditional' methods for delivery of affordable housing, despite changes to planning law. They are then engaging in expensive planning appeals, and losing.

“The recalcitrance of local authorities is preventing local people from becoming homeowners”

To drive real change, government support for affordable housing tenures should be backed up by clear guidance that encourages local authorities to welcome institutional investment in their affordable housing provision and to consider innovative models. There needs to be a framework to which providers can refer to confirm that there is national level support for accepting institutional investment, instilling confidence to accept alternative provision outside of government grant. In turn, this enables local authorities to focus grant funding on the delivery of new homes for social rent.

It is imperative that we look at alternative ways to widen access to homeownership to those on lower incomes, ensure demand is met and reduce the funding gap. Otherwise, the affordable housing crisis will never be resolved. By welcoming and taking a clear position on privately funded schemes, the government can enable the scaled-up delivery of additional affordable homes to those that need it most at no extra cost to the taxpayer.

