

# 'the scale of the challenge dwarfs the available resources' —

## (un)affordable housing in the south west of england

**Katie McClymont, Hannah Hickman, Stephen Hall, Cat Loveday and Danielle Sinnett** outline the results of qualitative research, conducted among practitioners and policy-makers, on housing affordability issues and innovations in the South West of England— with findings that, although sometimes specific to circumstances in the South West, will resonate widely beyond the region

In a recent issue of *Town & Country Planning*,<sup>1</sup> we outlined the quantitative picture of housing affordability in the South West of England. This article reports on qualitative research with the practitioners and policy-makers who work in this area to offer more specific and nuanced understandings of their own local situations and the challenges and innovations in this complex sector.

The research drew on a survey and interviews with stakeholders from local authorities, housing associations, and regionally active housebuilders. The survey was sent out via online software Qualtrics XM to all 32 local authorities in the South West region, including the two National Park authorities, targeting both housing and planning officers. It received 16 responses from a wide geographical spread of authorities. The interviews were with nine local authorities; specifically, with

three planning officers and eight housing officers (two interviews had two interviewees from the same local authority), six chief executives, development directors from equivalent of registered social landlords (RSLs), and five interviews with planning directors (or equivalent) from a range of housebuilders active in the region. They were all conducted via Microsoft Teams in June and July 2022.

The points raised here triangulate with much of the quantitative assessment of housing affordability in the region. The South West is substantively less affordable than England as whole, with median house prices 10 times higher than median earnings. The problem has got dramatically worse over the last 15 years and shows no signs of abating. The combination of low wages/seasonal work, protected land/limited land availability for development, second homes and tourism all come together to



**Affordable housing developed by Brighter Places and Bristol Community Land Trust at Merry Hill, in Lockleaze, Bristol**

make the development of genuinely affordable housing arguably more difficult in this region than in other English areas. Moreover, the project specifically asked about the impact of the Right to Buy policy on affordability in the area, and this article discusses the responses to questions on this topic too.

The discussion that follows brings out how these themes were considered by interviewees and survey respondents, and it explores some of the wider issues and solutions that local stakeholders saw as necessary if affordability was to be improved in the region.

**Affordable housing in the South West of England—a qualitative overview**

The main issue perceived as affecting affordability was the mismatch between low wages (and low wage growth) and high and increasing house prices. One local authority respondent commented that house price increases ran at double the level of wage increases over the last 10 years, indicating that affordability has worsened in recent years.

The local authority survey noted the increase in second homes/holiday lets/Airbnb lets as having an impact, but this factor is hard to quantify or gather robust data for, reflecting wider debates about the difficulty of defining and hence regulating what

counts as a second or holiday home.<sup>2</sup> Moreover, this phenomenon is concentrated in certain authority areas, and, in larger authorities, within specific sub-areas.

*‘... we’re looking at the percentage of the total stock that is lost to local people. [Authority x] have over 60% of housing that is either holiday or second homes... So, that’s three in every five, isn’t it, not available to them.’*

Local authority interviewee

Most local authorities stated that affordability varies in their areas. Those that did not largely qualified their position by saying that they are a small (often urban) area and therefore do not have the scope for large variations. Unsurprisingly, and backed up by the quantitative data, coastal areas, rural villages and areas with high tourism levels are perceived to be where affordability issues are the most marked. Several authorities saw their area as containing at least two distinct markets—for example inside and outside a protected landscape such as an Area of Outstanding Natural Beauty, or housing for a growing local population versus housing for incoming retirees and relocators working from home.

In their policies and regulations, local authorities try to account for this—for example by asking for

different levels of reduction on market rates to be considered affordable. But as housing markets do not necessarily overlap with local authority boundaries there can be challenges here.

Several comments in response to the survey were also made about transport connectivity and how it relates to affordability, with certain areas within local authority districts described as less accessible and therefore less desirable (and more affordable). However, this is complicated by issues of the supply chain and logistics for the provision of new affordable houses in such areas, as discussed below. RSL interviewees noted that the accessibility or peripherality of a site impacted on how easy it was to gain access for construction and therefore how affordable it could be. This relates to the issue of land: a major theme to come out of the interviews, which is discussed next.

Altogether, these issues emphasise the complexity of managing housing affordability on a local authority scale, with the question demanding higher levels of attention and resource than are readily available.

### Land—supply and constraints

Partially because of the constraints imposed by protected landscapes, the cost of land was raised by interviewees from all sectors as an issue impacting heavily on affordability. This has several dimensions, as illustrated well by the quote below:

*'From a development point of view, that's where the most development pressure is at the moment, but also where the highest environmental constraints are [...], especially Areas of Outstanding*

*Natural Beauty, and also the poorest transport links. So that's the dilemma that we're having to face. As planners, ... you know, how far should we breach [...] quite significant environmental limits in order to boost housing numbers?'*

Local authority interviewee

The limited amount of brownfield land which may be suitable for development in policy terms was often described as unviable, either because of high remediation costs or because of a combination of this and location-dictated low sale values. This stands in contrast to the very high cost of land elsewhere, a cost which is only increasing because of increased competition.

*'RSLs are competing with one another, and with housebuilders, the effect of which is to inflate the cost of land.'*

RSL interviewee

*'There's always been a shortage of land; it's just really acute these days.'*

Housebuilder interviewee

Both RSL and housebuilder interviewees commented that the buoyancy of the South West's housing market in national terms is encouraging more national developers to seek to buy land in the region. This in turn increases the sale price of land and therefore squeezes the margins for the provision of affordable housing, either because players who would want to provide this directly can no longer afford the land or because commercial developers will reduce their provision of affordable



Affordable housing in Southmead, Bristol

housing because of viability issues triggered by paying over the odds for the land in the first place.

Local authorities also commented that government requirements for them to demonstrate that they have a five-year housing land supply were inhibiting the delivery of affordable housing. The aim of these requirements may be to increase housing delivery. However, the specific impact of this in the South West largely played out negatively in terms of affordability, with permission being granted for market-only housing instead of affordable housing.

*'... stuff coming in and should be treated as exception sites where it's 100% affordable housing, with only small numbers of open market to help with the costs ... and people are getting away with it because of the five-year land supply.'*

Local authority interviewee

This supports wider arguments that the 'place neutral' approach of this policy has unintended (negative) consequences.<sup>3</sup>

Furthermore, development costs were seen as higher across the region than the national average because of the poor accessibility and transport links to some parts of the region, particularly Cornwall and some of the smaller rural sites. It is simply more expensive and difficult to get materials to the far ends of England, particularly to small sites which might be vital to villages but not viable on the scale of most development economics.

*'It's hugely expensive to deliver in some areas, and therefore there's a reason why certain geographies don't benefit from growth or investment because the economics just don't work.'*

RSL interviewee

This complex context of land markets, policy weaknesses and second-home demands means that delivery of genuinely affordable housing products for local residents is constrained more than headline figures may indicate. Across the interviewees, it was evident that shared ownership was a preferred type of affordable housing offered by developers — to meet the challenges described above in terms of land and markets, but not in terms of need.

### **Right to Buy**

The Right to Buy was considered by all local authority interviewees to have contributed to a substantial depletion—quantitatively and qualitatively—of the affordable housing stock, over time.

*'... it's the best homes that are sold, in the better locations, and they're just not being replaced at the rate that they're being sold at.'*

Local authority interviewee

The principle of the Right to Buy itself was not widely questioned, but the subsequent impact it had on stock was, as discussed above, and the

impact on rent levels in the private rented sector was also identified as a major problem.

*'What typically happens [...] is that for these homes, the council tenant buys them; great. That's in theory. That's a good thing. You know, that's not a bad thing. But the problem is the unintended consequences of that when they eventually decide to sell their home for whatever reason, and then eventually it will come into the hands of someone in the private renting market [who] will then look to put the price up as high as they can get it, which then in turn further heats up the market and pushes up rental prices [...] which means that people can't access rental homes easily.'*

Local authority interviewee

From the survey, most local authorities reported that the Right to Buy had an impact on housing affordability in their area—specifically in terms of its legacy, owing to the lack of one-to-one replacements for stock sold privately under the scheme.

But the issue was more complex and varied than just a quantitative loss of council homes. Some authorities stated that the Right to Buy has provided some of the more affordable private-sale stock in their area, hence widening choice in affordable provision, but more broadly across the region the loss of social rented accommodation *and* the lack of any mechanism to ensure adequate replacements for every lost social housing unit remains highly problematic, with one authority stating that 20,000 units were sold via the Right to Buy and that they have 16,000 applicants on their waiting list.

Some authorities stated in the survey that this has been particularly damaging in rural areas, where it is very expensive to build replacement social housing, with some councils saying that they are buying back former council houses to become part of their affordable stock. This is costly, and is compounded by the loss of revenue from the loss of rents from council properties that have been sold. These dwellings also prove particularly difficult to replace given the high unit costs of construction on small rural sites.

*'... we signed up for this one-for-one replacement, but you can't replace one for one ever; it's almost one to three, one to four ...'*

Local authority interviewee

In one case, an officer noted that, had properties in a particular village not been sold, the council would not be exploring new development on a rural exception site because the former council stock would have met the housing need in that location.

### **National solutions (definitions and policy bars)**

Although the picture across the South West region may seem bleak, and is definitely challenging, local actors are engaging in innovative actions to try

to increase the quality and quantity of affordable housing in their area, and they have clear insight on the sorts of changes which are needed but are beyond their current jurisdiction.

Among all interviewees, but particularly the local authority and RSL respondents, there was a wish for clearer definitions, reinforced by specific policies grounded in genuine affordability for those on the lower incomes seen across the region. Responses included:

*'Affordable housing' is just the wrong word. It's just not affordable any more and hasn't been for some time.'*

RSL interviewee

*'Social rents are the key. Everyone wants to pay a social rent and our policy over the years hasn't been specific enough, so it allows affordable rent. So, all the schemes coming forward are based on affordable rent, and we know that when we come to let the properties on affordable rent, they are not affordable... a lot of the RPs [registered providers] want to do social rent, but their business models haven't allowed it.'*

Local authority interviewee

## **'At the local level, innovation, creativity and leadership were evident... such initiatives were seen not as solving affordability issues, but, if operated with further resourcing, as other ways that locally sensitive and financially viable homes to meet communities' needs can be provided'**

The lack of clarity and consistency between local authorities, housebuilders, members of the public and government has led to inconsistencies and at times a weakening of genuinely useful provision. It was not that respondents were against a range of affordable housing 'products', with some respondents discussing the importance of affordable home ownership as an overlooked category. It is more that the use of multiple terms and definitions could lead to a watering down of aspiration and the lack of provision to meet genuine need.

Furthermore, respondents from all fields, but especially housebuilders, saw planning as a barrier. However, this was not about the planning system per se, but more about its operation in practice—and, in particular, the understaffing and underfunding of local authority planning departments, which has

both slowed down decision-making in terms of granting planning permissions and restricted the time available to negotiate on details which could be the difference between approval and rejection. There were strong calls from all respondents for central government to increase funding for local authorities so that they can speed up their service, but also so that there would be more scope for local innovation, as discussed below.

### **Proposed local solutions**

At the local level, innovation, creativity and leadership were evident, with housing and planning professionals across the region having an in-depth understanding of the workings of the housing market in their areas and of ways in which it could be improved for social and environmental benefit. As the title of this piece indicates, such initiatives were seen not as solving affordability issues, but, if operated with further resourcing, as other ways that locally sensitive and financially viable homes to meet communities' needs can be provided.

Many local authorities concurred that a more proactive approach is required. The practice of 'housing enabling' is reported in local authorities across the South West, with the job title of many of our interviewees being 'housing enabling officers'.

*'If we left it to the market to deliver the allocated brownfields sites, a lot of them just won't move forward because they're not profitable enough. Whereas, if we take our land to market, we can take a view about the land receipt that we get and enable the full policy to be met.'*

Local authority interviewee

Where resources and political priority allowed, local authorities can and do co-ordinate to bring sites forward for development. This can involve securing additional government funding for remediation, promoting small sites with SMEs (small and medium-sized enterprises), etc., and providing infrastructure and community consultation. Local authorities have, themselves, become more active housebuilders, and such efforts are typically pursued through a new local housing company or an existing arm's-length management organisation. These projects are often promoted as exemplars of affordable housing that meet broader policy objectives such as good urban design, sustainable development, and tackling fuel poverty.

*'We are trying to deliver a better product... homes that are well designed, well built, future proofed. We can do it. It's viable. So, other people could do it too. That's what we're trying to get to.'*

Local authority interviewee

Furthermore, all local authority participants were supportive of community-led housing projects. There was a broad consensus that such provision, while small in aggregate terms, costly, and time

consuming, was crucial in meeting very specific housing needs, important politically, in terms of local empowerment, and perhaps more acceptable locally due to its community-led credentials.

*'A small number of houses does make a massive difference to a community. Young people are struggling to find homes in the villages they've been brought up in and probably work in. There is a danger of communities becoming unsustainable and retirement villages where the cleaners, the gardeners and all the rest come in from a long way out of the village.'*

Local authority interviewee

Such local responses, and their positive value, were commented on by housebuilders and RSLs, too. Smaller, regional housebuilders were perceived as more committed to their local area, and more willing to develop higher-quality products which are more sensitive to local needs. Smaller-scale companies were seen as less likely to renegotiate on viability either pre- or post-consent. As they generally did not have a large pipeline of projects, negotiating on viability would create delay, and they needed to get on site quicker than some of the major players to maintain their cash flow.

*'We don't like going to do viability appraisals. There are [a] complete nuisance.'*

SME housing builder interview

A typical RSL interviewee comment was that sometimes:

*'... opportunities come up and we take them [...] we get quite a number of people just contacting us through our website saying 'I've got this bit of land. The village needs some housing. Are you able to help?''*

RSL interviewee

Local landowners were not seen as merely wanting to maximise profit on land for development; rather, there were at times feelings of duty and commitment to the local area and its ongoing future, reflecting justified fears that, without affordable housing, the viability of key community assets such as a school, shops and pubs is also under threat, especially in areas of high second-home ownership/holiday lets.

Understanding this diversity, distinctiveness and nuance in local or sub-local housing markets is key to the delivery of affordable housing. There is not a single 'silver bullet' to solve affordability problems, but more resourced local authorities with the time to engage actively with their place would be a good start.

## Conclusions

The issues that this research highlights go well beyond the geographical scope of the South West region. Questions of policy requirements and definitions of affordable housing have implications

across the whole of England (and beyond!), but this study has in several cases demonstrated the detailed implications of policy and definitional shortcomings. Questions of the cost of land and developer viability are also national issues,<sup>4</sup> but the intersection of such questions with specific issues of logistical costs and protected landscapes demonstrates how they do not impact sites or housing markets evenly.

Within the South West there is innovation in the provision of affordable housing, from communities, RSLs, and local authorities. Their stories of success are inspiring and need greater amplification in housing policy discussions, but they are small in scale, unlike the problems that the region faces. The problems in the South West are in some ways specific to the region, but the claim, eloquently put by one participant, that 'the scale of the challenge dwarfs the available resources' is likely to resonate much more widely.

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## Notes

- 1 D Sinnett, K McClymont, H Hickman, Z Fouad and S Hall: 'The challenge of delivering affordable housing in the South West'. *Town & Country Planning*, 2023, Vol. 92, Mar–Apr., 102–107
- 2 C Paris: 'Second homes, housing consumption and planning responses'. In M Scott, N Gallent and N Gkartzios (Eds): *The Routledge Companion to Rural Planning*. Taylor & Francis, 2019, Chap. 23
- 3 D McGuinness, P Greenhalgh and P Grainger: 'Does one size fit all? Place-neutral national planning policy in England and its impact on housing land supplies and local development plans in North East England'. *Local Economy*, 2018, Vol. 33(3), 329–46
- 4 A Layard: 'Planning by numbers: affordable housing and viability in England'. In M Raco and F Savini (Eds): *Planning and Knowledge: How New Forms of Technocracy are Shaping Contemporary Cities*. Policy Press, 2019, pp. 213–24