



with David Griffiths

# Horsham Society

## Affordable housing need resolved?

**O**n the 19th September the Government announced that £2 billion of funding would be made available to aid the social and affordable housing programme.

However, availability of these monies will not be until 2021/2022.

What is to happen between now and 2021/2022? Local authorities and housing associations will be able to apply between 2021/2022 and 2028/2029 for a portion of these monies to finance affordable housing construction programmes.

Whilst this is all very commendable, making funds available will not overcome either the land or build costs. Similarly, the reduction in Stamp Duty that was proposed by the Government to 'kick start' housing, in particular the low-cost sector, has had very little effect.

Government legislation advises that developers are required to provide a proportion of affordable housing on developments in excess of ten houses, at a rate of 35 to 50 per cent, the exact figure being dependent on the Local Authority.

In the case of Horsham District Council, the exact figure is 35 per cent, which is set



out in their HDPF Policy 16 of May 2016.

However, this percentage is rarely met by developers, who provide various reasons in their quest for agreeing a reduced percentage, such as current market conditions have changed and as a result the original Viability Appraisal is no longer viable. How can Horsham District Council

enforce the percentage of 35 per cent?

In an endeavour to make housing truly affordable, there is a great need to reduce costs, which can be divided into three main elements - land purchase, build cost and profit.

Land prices in the South East are still very much at a premium and account for probably 50 per cent of the cost of a house. For instance, could land cost be reduced by introducing compulsory purchase? For many years the construction industry has not advanced its approach to residential building, which is still very traditional, although methods such as timber framed construction have been introduced to accelerate the build programme.

To reduce construction costs, the possibility of prefabrication should be investigated, where units such as bathroom or kitchen modules could be fabricated under factory conditions. These would be delivered to site and assembled to make a house. This system is used for hotels, why not introduce it in housing?

Profit is always an emotive subject. Whilst one should not begrudge a developer a profit, it must be reasonable. To overcome this problem an 'open book'

procedure can be used where the developer is required to demonstrate and justify costs, to which an agreed percentage can be added for profit.

We have a long way to go in our quest to meet our social and affordable housing needs in England. Whilst reductions in Stamp Duty or the availability of additional funding are welcomed, they will not resolve the problem.

There is an overbearing need to reduce construction costs, firstly by reducing or possibly subsidising land prices. Secondly construction methods need a radical overhaul in an endeavour to streamline the construction process. Possibly a look at the techniques used in Europe and Scandinavia would be beneficial. Finally, profit can be dealt with very easily by using an 'open book' system of accounting.

*The Horsham Society is concerned about the past, present and future of the town. It seeks to promote good planning and design for the built environment and open spaces. Membership of the Horsham Society is open to anyone who shares these concerns. For more information, visit the website [www.horshamsociety.org](http://www.horshamsociety.org) or phone 01403 259038.*