Chapter 4

Affordable housing across the UK

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Introduction

Across the UK, government is focussed on delivering new housing, often with specific commitments or targets about the supply of new affordable housing. Yet despite being a big political issue, there are questions about what the statistics on affordable housing tell us: numbers differ between different statistical datasets, definitions of 'affordable' housing are not consistent over time, and there is contention about whether targets have been achieved and which government was better at achieving them. The need for good quality data that are readily understandable and are agreed to present an accurate picture is therefore crucial.

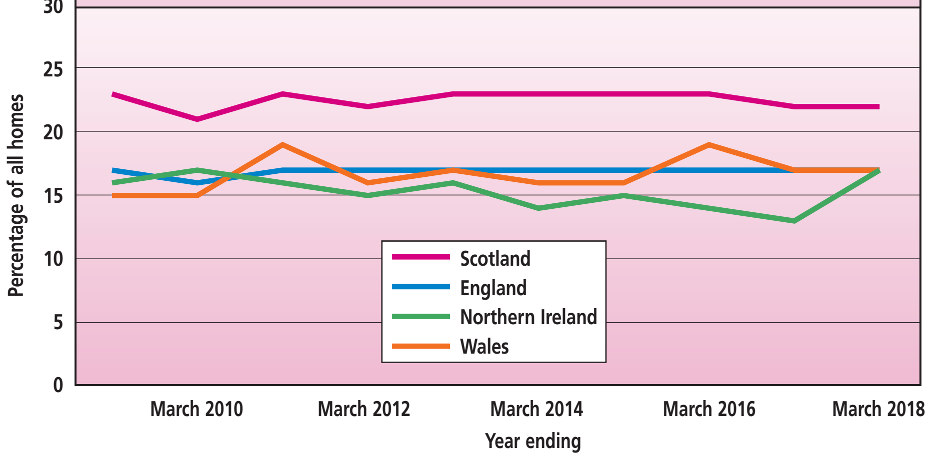
Over the last decade it has been particularly difficult to provide meaningful and comparable statistics on affordable housing across the four UK countries. One reason for this is devolution, and the progressive divergence of policies from those formed in Whitehall. Another is that what is 'affordable' is now decided in each country in different ways and encompasses a wider range of 'products'. The most notable example of this change has been the way that providing homes at Affordable Rent did, for a time, almost completely displace new provision for social rent in England, a path not followed in the other three administrations.

The Office for National Statistics (ONS) has recently brought together the available comparative statistics across the UK,[1] a task which is of course undertaken annually by the *Review*. This chapter looks at the evidence collated by the ONS and compares it with the *Review's* presentation of similar evidence, at the same time giving a snapshot 'picture' of UK affordable housing and some of the key differences that have emerged between the four countries.

How many homes are there in the social sector?

Defining the social sector conventionally as local authorities, housing associations or private registered providers and the Northern Ireland Housing Executive, the ONS says that the UK social stock in April 2018 was just over five million homes (5,087,000). This is very similar to the *Review's* figure in Compendium Table 17, of 5,038,000. The difference may partly be due to different ways of assessing the tenure split in Northern Ireland and to the ONS's inclusion in their figure of for-profit private providers. The 2018 figure is higher than that for a decade earlier, indicating a small growth in the sector of about 210,000 homes. Of the four UK countries, Scotland has the highest proportion of social sector stock (23 per cent) and Northern Ireland the lowest (15 per cent).

Figure 1.4.1 **Percentage of UK households in the social housing sector by country, 2008-2018**



Source: ONS Comparing affordable housing in the UK, based on DWP Family Resources Survey.

Data from a different source, the Family Resources Survey, give a slightly different picture (Figure 1.4.1) although they confirm that the percentage of households in the social sector has been relatively stable over recent years (note that because it is a household survey, not a count of stock, the results can fluctuate year-on-year in a rather implausible way). As the ONS points out, data for earlier years would show a marked decline: in the late 1970s the proportion of the stock formed by social housing was much higher (33 per cent in Great Britain according to the ONS, 31.5 per cent in the UK in 1976 according to early editions of the *Review*).

How many new affordable homes are being provided?

The *Review's* Compendium Table 19 shows delivery of new homes across the UK by type of landlord: in the year ending April 2018 there were 38,230 completions by social sector landlords. In contrast, the ONS data for affordable supply show

60,300 units delivered across the UK for the same year. The two sets of data illustrate the differences and deficiencies in measurement of affordable housing supply that have been discussed in previous editions of the *Review*. They are considered in detail in a separate investigation of government affordable housing statistics by the Government Statistical Service.[2]

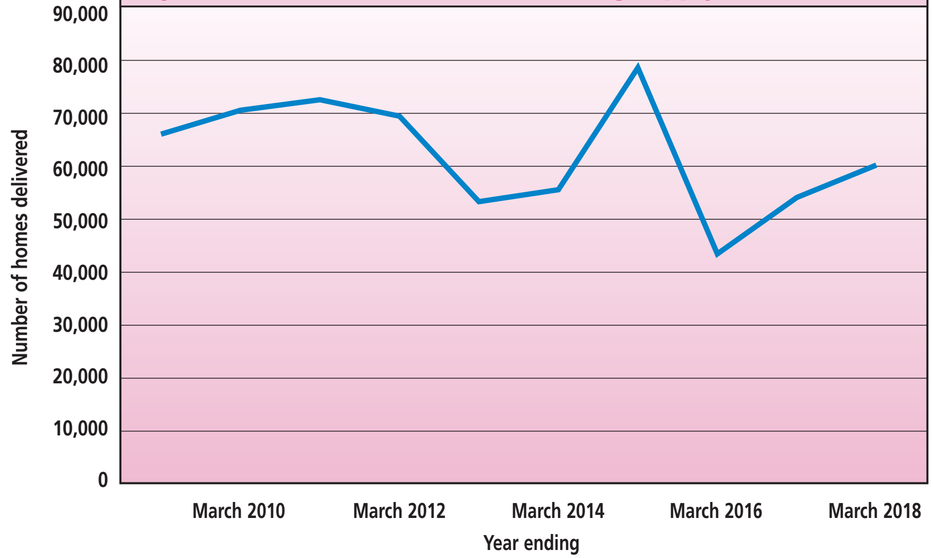
The biggest problem is the way that the MHCLG's quarterly housing starts and completions statistics for England significantly undercount output by local authorities and housing associations. The quarterly figures are based on who is building the houses (e.g. a private builder) rather than who takes ownership of them and lets them (e.g. a local authority via a planning gain agreement). Figures on affordable housing supply are based on the latter, which of course reflects how each completed unit will actually be used.

Another difference is that, across the UK, government agencies count as affordable housing 'completions' those units that have been acquired by the social sector or have been converted from non-social sector property, in addition to newly built homes. While the effect on supply is the same, acquisitions and conversions can be quite a significant proportion of the total: for example, in Northern Ireland in 2018/19, 23 per cent of social housing 'completions' were actually 'off-the-shelf' or other purchases, rather than new construction by the social sector itself.

The *Review* attempts to resolve this deficiency by providing detailed affordable supply figures for each of the four countries in Commentary Chapter 4 and now in the new Compendium Table 20. The ONS has collated the affordable supply figures from the four countries to show trends over a decade (Figure 1.4.2). As can be seen, there has been considerable variation, in which the strongest factor has been the changes in supply in England (especially after the peak of completions when the Affordable Homes Programme 2011-15 ended in March 2015).

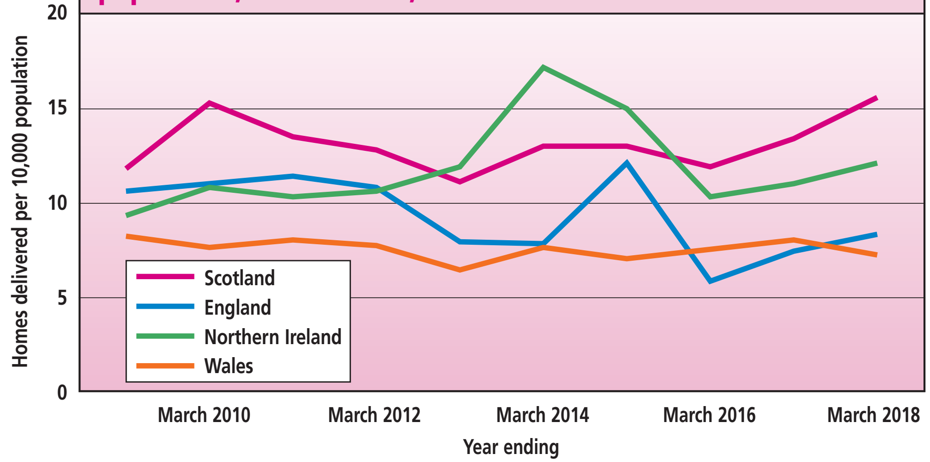
Performance in delivering new affordable homes is relatively stronger in Scotland than in the rest of the UK. As Figure 1.4.3 shows, Scotland is currently building at almost twice the rate per head of population as England, and Northern Ireland is also performing relatively well.

Figure 1.4.2 **Total UK affordable housing supply, 2008-2018**



Source: ONS Comparing affordable housing in the UK, based on affordable housing supply statistics from MHCLG, Scottish Government and Welsh Government; Northern Ireland Housing Statistics.

Figure 1.4.3 **Affordable homes completions per head of population, UK countries, 2008-2018**



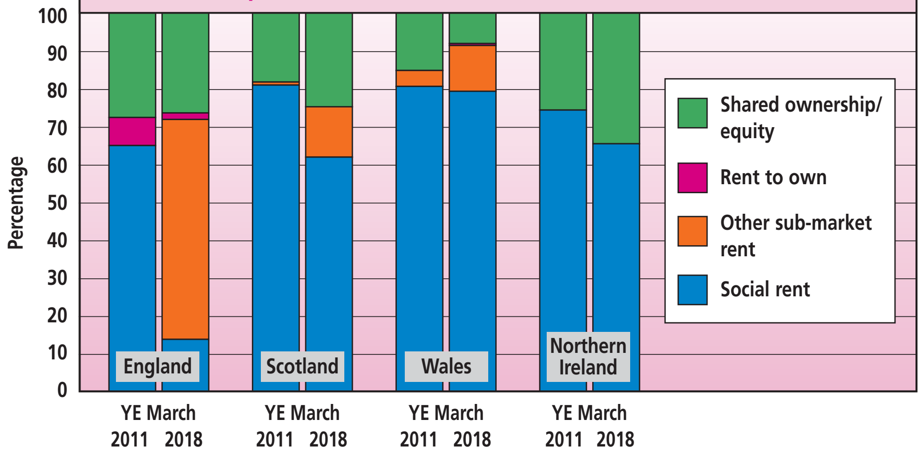
Source: see Figure 1.4.2.

Make-up of affordable homes programmes

Commentary Chapter 4 in the *Review* reports each year on the output of affordable housing across the UK and the detailed make-up of individual countries' programmes. Broadly speaking, the output of such programmes falls into three categories: traditional social rent, other sub-market rent (Affordable Rent in England, mid-market rent in Scotland, intermediate rent in Wales) and shared ownership. In addition, rent to buy or rent to own schemes have sometimes been promoted. Help to Buy, which exists in different forms in England, Scotland and Wales, is generally not considered to be affordable housing and is not included in the corresponding statistics.

As noted earlier, England has been unique in pursuing Affordable Rent as the *main* output from its housing investment programmes for much of the period since 2011. While Scotland and Wales have developed sub-market rental products, they have retained a strong commitment to social rent. Northern Ireland is unusual in having just two main outputs from its Social Housing Development Programme – social rent and co-ownership housing.

Figure 1.4.4 **Percentage make-up of affordable homes programmes, UK countries, 2011-2018**



Source: see Figure 1.4.2.
Note: Definitions of 'affordable housing' vary across the four countries; figures for Wales are based on housing association output only.

Figure 1.4.4 shows how the make-up of affordable homes programmes in the four administrations has changed over the last seven years. The change in England is most dramatic, with social rent playing a much smaller role, largely displaced by the growth of Affordable Rent. Scotland and Northern Ireland have seen much smaller declines in social rent output, while in Wales the proportion of the programme devoted to social rent remains almost the same.

While Figure 1.4.4 shows the *output* from affordable homes programmes, it says nothing about the *input* of government financial support for those programmes and how this has also changed. The *Review* does this in Commentary Chapter 4, and this year for the first time provides a breakdown of all government support for housing investment in each of the four administrations. Previously this has been done solely for England; the extension of the analysis to the whole of the UK is also unique to the *Review*.

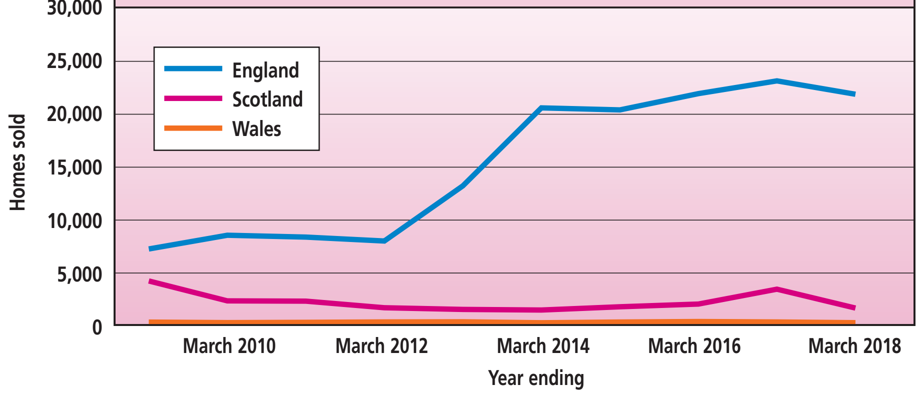
Loss of social sector homes through sales

The *Review* provides annual statistics on right to buy sales across Great Britain, now in Compendium Table 21. It shows that, since the RTB began, over 2.6 million homes have been sold. There is a gap in the available data as regular statistics on Northern Ireland's house sales scheme, their equivalent to RTB which was introduced in 1983, have not been published since 2013 (see below).

ONS puts total sales slightly lower at 'over 2.5 million', which might be due in part to the omission of sales by new town development corporations. It shows the trends in sales over the past decade for the three administrations, reproduced as Figure 1.4.5.

The chart shows dramatically the increase in RTB sales in England when the scheme was 'reinvigorated' in April 2012 and eligibility was widened and the available discounts raised substantially. In contrast, in both Scotland and Wales, where RTB has now ended, sales were already at low levels. The recent slight peak in Scotland was in anticipation of the scheme being reformed, but it should be noted that the older figures in Compendium Table 21 show that in the early 2000s sales in Scotland were often higher, pro rata to the size of stock, than in England.

Figure 1.4.5 **Social sector right to buy sales across Great Britain, 2008-2018**



Source: ONS Comparing affordable housing in the UK; see also sources for Compendium Table 21.
Note: Data for Wales between 2008 and 2013 include sales of non-social sector housing owned by local authorities and registered social landlords.

If it were possible to provide full data for Northern Ireland, they would show that the Housing Executive has lost a total of 119,000 units through sales since 1979, to which must be added about 3,000 sales by housing associations.[3] The total is lower than that for Wales and substantially below total sales in Scotland. Recent levels of sales in Northern Ireland have also been fairly modest: available data from the Housing Executive show that its sales under the scheme were running at around 4,000-6,000 annually in the period 1998-2003, but in the three years 2011-2013 averaged only 350 per annum.[4] However, in the absence of a complete time series of annual figures it is impossible to make a more accurate comment on trends.

As the ONS acknowledges, getting a fuller picture of the loss of social sector stock for all reasons, including RTB, is very difficult. The *Review* does this specifically for English *social rented* stock. Over the period since April 2012, a net loss of some 181,000 social rented units has taken place in England, through sales, conversions to Affordable Rent or demolitions (see Commentary Chapter 4). While for local authorities RTB is the biggest reason for loss of social rented stock, for associations it is conversion of properties to lettings at Affordable Rents. Such conversions are, however, now in sharp decline.

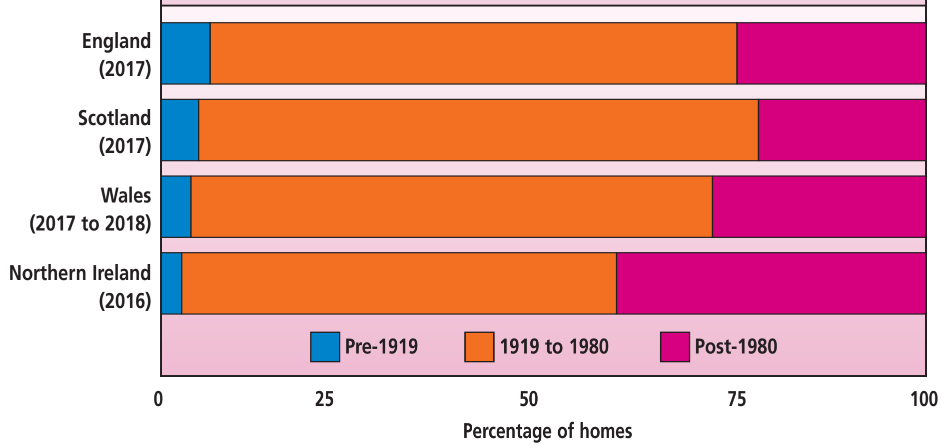
Characteristics of social sector housing

The ONS article collects data on some of the sector's characteristics that are not covered by the *Review*. Figure 1.4.6 shows the age of the social sector stock in the four countries. Apart from Northern Ireland, around three-quarters dates from before 1980.

Northern Ireland stands out as having a high proportion of relatively new stock. This was because in the decade after 1980, while per capita public expenditure on housing fell in the rest of the UK, it rose sharply in Northern Ireland, partly in recognition of poor housing conditions but also in response to 'The Troubles' and the perceived need for public investment.[5] The Housing Executive completed over 4,000 new homes in 1983, and although output then fell, it continued to produce upwards of 1,000 units annually until the mid-1990s, when housing associations became the preferred delivery vehicles.

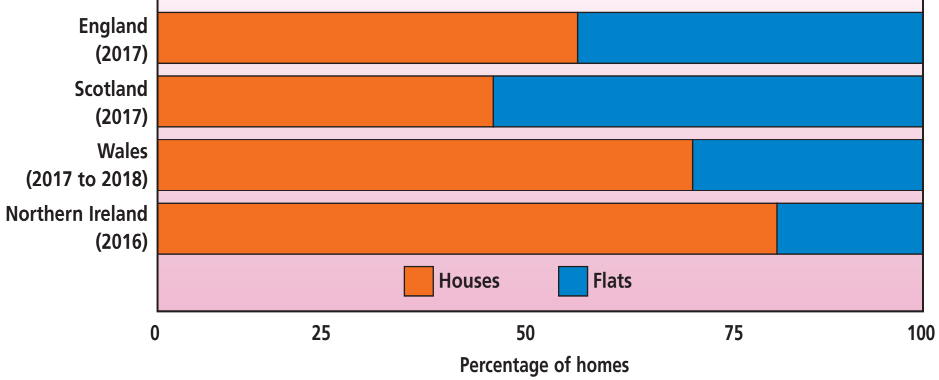
The *Review* includes data on property type by tenure but only at UK level. The ONS has broken the data down to show the variations within the social sector across the four countries (Figure 1.4.7).

Figure 1.4.6 **Age of UK social sector stock by country**



Source: House Condition Surveys for England, Scotland, Wales and Northern Ireland.

Figure 1.4.7 Proportions of houses and flats in the social sector, UK countries



Source: As for Figure 1.4.6.

Homes in the social sector in Wales and Northern Ireland are mostly houses: 69 per cent in Wales and 81 per cent in Northern Ireland. There is a more even mix between flats and houses in England and Scotland: 55 per cent of social sector homes in England are houses, 44 per cent in Scotland (where the traditional form of housing is the tenement, of course, in contrast to most of the rest of the UK).

The quest for better social sector housing data

There are inevitable problems of comparability between the datasets relating to the four administrations, in part because of different definitions and interpretations, and in part because of data being incomplete. One example cited in the ONS report and noted earlier is the lack of regular data on Northern Ireland's equivalent to RTB, the house sales scheme. Another is the absence of consistent data on the use of developer contributions to provide affordable housing, with only Wales now providing collated annual data (there are none for Northern Ireland as it does not yet have developer contributions).

The GSS review of the feasibility of harmonisation points to many of the differences in the available datasets, recognising that in many ways these are an inevitable result of devolution and of diverging policies. It concludes that creating harmonised data using consistent definitions 'does not currently appear feasible' and also that 'there is not a strong user need' for such consistency.[6]

Rather in contrast to this conclusion, the *Review* does of course attempt to provide UK-wide data on as comparable a basis as possible and will continue to do so. It already provides a range of other data on the social housing sector, in addition to those referenced by the ONS, which offer comparisons between the four administrations. For example, the Compendium Tables include data on rents, lettings, energy efficiency and compliance with housing quality standards.

While acknowledging the deficiencies and inconsistencies recorded by the GSS, the *Review's* concerns about the available data on affordable housing are not so much about comparability between countries, but more about the availability of data within countries on a consistent basis over a run of years. For example, there is the continuing gap (noted earlier) between the data on new build construction by English social landlords included in the quarterly construction statistics, and those which are published annually in the affordable housing supply figures. At the same time, MHCLG has improved the coverage and accessibility of its affordable supply data, with new datasets for 2018/19 issued in November 2019.[7]

The GSS promises further work on improving the clarity of the available information. It would be very useful indeed if the GSS's work were to continue to identify gaps and encourage the four administrations to provide complete datasets that comprehensively cover the same topics over a run of years, even if the precise definitions used continue to differ.

Notes and references

1 Office for National Statistics (2019) *Comparing affordable housing in the UK: April 2008 to March 2018*. London: ONS.

2 Government Statistical Service (2019) *Affordable Housing Statistics in the UK: Definitions, Terminology and Feasibility of Harmonisation*. London: GSS.

3 Department for Communities (2018) *Classification of Registered Housing Associations in Northern Ireland: Consultation Two – The Future of the House Sales Schemes*. Belfast: DfC.

4 From the NIHE dataset *Sales of Northern Ireland Housing Executive Dwellings (administrative geographies)*, which covers only 1998-2013.

5 Paris, C. (ed.) (2001) *Housing in Northern Ireland and comparisons with the Republic of Ireland*. Coventry: CIH, figure 3.5.

6 GSS (2019) *op.cit.*, p.31.

7 See www.gov.uk/government/statistics/affordable-housing-supply-in-england-2018-to-2019 and accompanying live tables 1000-1012.