

RIBA Policy Note

Statement on Housing: Affordability

The Royal Institute of British Architects champions better buildings, stronger communities and higher environmental standards through the practice of architecture and our 40,000 members. We provide the standards, training, support and recognition that put our members – in the UK and overseas – at the peak of their profession. With government and our partners, we work to improve the design quality of public buildings, new homes and new communities.

While many of the measures we endorse or recommend in the third section on supply will also have a beneficial impact on affordability, they will not be enough to address the large and growing gap between average income and average house price that exists across most of the country. Allied to this, the term 'affordable housing' has been redefined so many times that it no longer has any sensible meaning. The example set by the London Mayor, which relates affordability to average local income, should be replicated nationally as a matter of urgency.

Grant funding for affordable housing should be substantially increased, particularly for social housing which is the only viable option for an increasing number of households. In physical terms, social housing is no different from housing for affordable rent; nor indeed, is it fundamentally different from housing for shared ownership or outright sale. The rent levels, the nature of the landlord and the allocation process are what distinguish it.

The government must accept, and act upon, the principle that the provision of good housing let at social rent is a public sector responsibility; one that should be embraced with urgency and pride and that is key to changing lives; capable of taking people out of poverty and eradicating stigma. To this end, we welcome the fact that steps to end the whittling down of Section 106 affordable housing requirements on viability grounds, are finally being considered.

Right to Buy (RTB) has contributed to a net loss of social housing and often adds significant cost and complexity to estate regeneration. Leaseholders frequently find themselves unable to buy their way back into the new development, and an increasing number of older residents are seeking to sell their homes back to the council in order to mitigate their maintenance liabilities.

Help to Buy has had similarly mixed results with mounting evidence that it has not been effectively targeted at the people who need it, and led to price rises and excess profits for developers. An urgent review is needed to establish whether this policy has genuinely helped make homes more affordable – or just increased margins, share prices and bonuses.

Notwithstanding recent announcements, we believe that bolder action is required. When addressing affordability, it makes sense to focus on where the greatest costs of new development are incurred, which parties reap the greatest financial benefits – and at what stages. We accept that this is complicated and sits outside of the architects' role and expertise – but it cannot continue to be ignored. Land is the common thread. Land acquisition is often the highest single outlay, typically accounting for at least one third of total development cost nationally; often two thirds in London and other sought-after cities. The parties who benefit most are the landowners who negotiate designation for residential use, and those who sell on land, particularly having gained outline or full approval for residential development.

The exponential increases in density in London have contributed to a surge in land prices and done nothing to curtail price or rent rises. We urge the government to consider how a proportion of the land value uplift that typically occurs at one or more stages before building even commences, can be captured and used for the public good; in particular to fund infrastructure and social housing.

RIBA recommendations:

- The term 'affordable' is redefined to relate to average local income and affordable housing regains its protected status by being retained in perpetuity or grant recycled.
- Grant funding for all affordable housing is substantially increased, with higher levels of subsidy for new social housing.
- Local authorities are encouraged to set ambitious but sensible, non-negotiable requirements for affordable housing through Section 106 obligations, and to fast-track the planning process by not requiring viability appraisals where targets are met. Where targets are not met, viability appraisals are required and made public.
- A review of the Right to Buy (RTB) is conducted and the trialling of the extension of RTB to Housing Associations is suspended pending the outcome.
- A review of Help to Buy is carried out to assess the effectiveness of the policy against its stated objectives.