

Offsite housing systems to meet the need for faster completions?

There have been many different situations over the past few years and even dating back to 2010 that have seen the social housing newbuild market both grow and shrink. AMA Research have pinned the causes of these and are noting a possible way to overcome many of the issues that are being faced.

With regards to social housing development there has been a trend among the British governments for reducing the level of grants available, with loans and revenue funding to be used instead by social housing landlords. However, getting loans depends on whether they can cover interest payments from a forecast of rental income which has been a key factor for hindering sufficient growth in the social housing newbuild market.

In 2010, the Coalition government introduced affordable rent – where tenants were paying more than social rent but less than private rent – this was to enable social housing landlords to borrow from private lenders. Since then, there has been a steady increase in new affordable rent housing in England, which has driven overall growth in total output.

Despite, growth in affordable housing output, total annual housing newbuild completions are still falling short of the government’s target of 300,000 new homes a year. As a measure to help increase output, in late 2018, the debt cap on local authorities housing revenue accounts (HRA) was lifted, enabling them to borrow, without limits, money to fund developments.

Since the lifting of the HRA debt cap, many stockholding councils have committed to increasing the size their development pipelines over the period 2019-2020 to 2023-2024, with the potential for an additional 70,000 homes.

Whether this is fully realised is in part dependent on the impact of the covid-19 pandemic. The March - May 2020 lockdown led to a large-scale, temporary closing down of building sites. There are indications that affordable housing output will decline during the 2020-2021 fiscal year. The factors to take into consideration are an increase in the level of unsold shared-ownership homes and lower levels of completions delivered under Section 106 agreements, whereby a proportion of private housing developments need to be affordable homes.

During the weeks following the introduction of the lockdown on March 23, around the first peak of the infection rate in mid-April, housebuilding was the most impacted of all construction sectors, accounting for 58% and 55% respectively of total numbers and total values of delayed projects. Approaching £40bn worth of residential projects were put on hold, with just around £2bn worth of projects ongoing.

Within the affordable housing sector, economic uncertainty brought about by the pandemic has led to PRPs revising downwards planned development expenditure. According to data in the Regulator of Social Housing's (RSH) quarterly survey for 1 January- 31 March 2020, spending on newbuild schemes drop from the forecast £4.2bn to £2.9bn.

However, there are other influences that may constrain growth including:- the availability of suitable land for housing development - for which there is a current shortage of supply; the chronic shortage of skilled site tradesmen; the impact of leaving the EU next year on the supply of materials.

To meet the need for increasing the volume of affordable housing delivered each year, it is anticipated that there will be increased use of offsite housing systems to meet the need for faster completions and to counter the chronic decline in skilled trades. Some of the larger housing associations have committed themselves to increasing their use of offsite housing systems. They are also looking to obtain more control of affordable housing delivering by moving away from the section 106 model towards self-delivery of home on their own land.

This information was taken from the [Social Housing New Build Market Report – UK 2020-2024](#) by AMA Research, which is available to purchase now at www.amaresearch.co.uk or by calling 01242 235724.

Editors Note:

Please include our web address on any press release or article published. If you would like to receive more information on the report, or would like to speak to the Editor, then please contact:

Roshni Patel
AMA Research
t: +44 (0) 1242 235724
e: roshnipatel@amaresearch.co.uk

About AMA Research

AMA Research is a leading provider of market research and consultancy services with over 30 years' experience within the construction and home improvement markets. For more information, go to www.amaresearch.co.uk or follow us on Twitter [@AMAResearch](https://twitter.com/AMAResearch) for all the latest building and construction market news.

Since 2017, AMA Research has been part of [Barbour ABI](#), a leading provider of construction intelligence services. Barbour ABI is part of UBM, which in June 2018 combined with Informa PLC to become a leading B2B information services group and the largest B2B Events organiser

in the world. To learn more and for the latest news and information, visit www.ubm.com and www.informa.com.