

<p>Institution: The University of Edinburgh & Heriot-Watt University (the Alliance)</p>
<p>Unit of Assessment: 16 Architecture, Built Environment and Planning</p>
<p>Title of case study: 2: Equitable and cost-effective investment in affordable housing</p>
<p>1. Summary of the impact</p> <p>Alliance research has been used by the UK and Scottish governments to direct more of the £10bn p.a. public investment in affordable and social housing towards higher demand growth regions. It has produced a range of affordability-based housing needs models which have been commended as exemplars of good practice guidance for local authorities and adopted by industry consultancies. One tool, used to assess policy options in the context of HM Treasury's 2010 Spending Review, has been described by the Department for Communities and Local Government as "invaluable" and stimulated the development of an equivalent model for New Zealand, influencing investment by the state housing agency, Housing New Zealand, in assets worth \$15bn. The research has also led to the cost-effective targeting of low cost and shared home ownership programmes and stronger use of planning powers to deliver affordable housing across the UK and Ireland.</p>
<p>2. Underpinning research</p> <p>In the UK, methods for forecasting and monitoring affordable and social housing needs have traditionally been based on demographics and/or administrative data, such as waiting lists. However, problems of oversupply in low demand areas suggest that these approaches are inadequate for providing a realistic picture of need. As reported in a number of leading academic journals, including Urban Studies, housing researchers at Heriot-Watt University have developed a range of affordability-based models for more consistently analysing the demand and need for different kinds of housing in different geographical areas. Through using improved secondary data, this negates the need for separate surveys, which tend to be less robust and more expensive.</p> <p>The research programme has been ongoing since 1998. The team includes Prof Glen Bramley (1994-present), Prof Chris Leishman (1999-2006; 2012-present) and Prof Hal Pawson (1995-2012). Innovations include the development of synthetic modelling of local income distributions, which has enabled the researchers to estimate affordability rates governing access to the housing market at the most relevant geographical scale. It has also allowed them to determine the need for additional affordable provision, by linking income distribution to demographic and re-let supply flows, and, in more recent work, to housing market forecasting models.</p> <p>The modelling has proved to be an effective predictor of the incidence of problems of low demand for social housing. It has also demonstrated that it is possible to obtain reasonable, consistent measures of need for new provision across a large number of areas using secondary data sources. Repeated studies in Scotland have proven the reliability of synthetic income estimates, the relationship between modelled needs and needs generated from local surveys, the sensitivity of results to geographical market area boundaries, the relationship with homelessness and the factors driving other elements of assessment, including household formation and social housing re-lets. Studies in the West of England and Highlands have demonstrated the feasibility of more localised applications of the core tool.</p> <p>The research has also involved evaluating the cost-effectiveness of publicly-subsidised, low cost home ownership schemes. Studies have been commissioned by the UK Department of the Environment, Transport and the Regions and by the Irish Affordable Homes Partnership, among others. Further tools for using secondary data have been developed for a component indicator in the UK Indices of Multiple Deprivation and in research for the National Housing and Planning Advice Unit. In 2008, Leishman led the development for the Scottish Government of an economic model to predict incomes, prices and affordability across sub-regions of Scotland, outputs of which</p>

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are currently being used to assess local authority need assessments.

In 2008-10, Bramley led a major study for the Department for Communities and Local Government (DCLG). This was to develop a new national / regional model to predict housing need outcomes in England conditional on forecast demographic, economic and housing market conditions and policies for housing supply and allocation. The model shows how, and to what extent, affordability affects other housing needs. International interest in the work has led to Bramley and Leishman developing a Demand and Supply Forecasting model for New Zealand.

3. References to the research Publications

Bramley, G. & Pawson, H. (2002) 'Low demand for housing: extent, causes and UK policy implications', *Urban Studies* 39:3, 393-422. <http://dx.doi.org/10.1080/00420980220112757>

Bramley, G. & Karley, N.K. (2005) 'How much affordable housing is needed in England?', *Housing Studies* 20:5, 685-716. <http://dx.doi.org/10.1080/02673030500213938>

Bramley, G., Pawson, H., Pleace, N., Watkins, D. & White, M. (2010) Estimating Housing Need. Research Report. London: Department for Communities and Local Government. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

Bramley, G., Karley, N.K., & Watkins, D., (2006) Local Housing Need and Affordability Model for Scotland: Update to 2005 Research Report 72. Edinburgh: Communities Scotland. <http://www.scotland.gov.uk/Resource/Doc/1035/0085202.pdf>

Leishman, C., Gibb, K., Meen, G., O'Sullivan, T., Young, G., Chen, Y., Orr, A. and Wright, R. (2008) Scottish model of housing supply and affordability: final report, Edinburgh: Scottish Government Url: <http://www.scotland.gov.uk/Publications/2008/12/17094317/0>

Funding

Funding for relevant research projects since 1998 totals £1.42M. This includes £915k from a range of UK Government Departments (the Department of the Environment, Transport and the Regions, the former Department for Transport, Local Government and the Regions, the former Office of the Deputy Prime Minister and the Department for Communities and Local Government), including five projects of over £100k. It also includes £150k from Scottish Government/Communities Scotland, £127k from local authorities (South East Counties, West of England, Gloucestershire, Highland, Newcastle-Gateshead), £125k from Housing New Zealand and £83k from the former National Housing and Planning Advice Unit.

4. Details of the impact

The UK Government spends substantial public funds on new affordable and social housing each year (£10bn in 2008-10; 70,000 new affordable housing units). Depending on where and how this money is invested, it can benefit the c.1.6m households in need, including the c.90,000 households accepted as homeless annually (Bramley et al, 2010). If misdirected, however, it may be wasted in oversupplied markets. Alliance research by Bramley and his group has significantly influenced the allocation of resources for affordable housing in England and Scotland between geographical areas, types of provision and client, and over time in relation to the market.

Impact over the period 2008-2013 builds on Bramley's participation in a Policy Action Team on Unpopular Housing (1998-2000), led by the (then) Department of the Environment, Transport and the Regions. This alerted authorities to the dangers of oversupply in low demand areas and the need to modify housing allocation therein. The [text removed for publication] Department for Communities and Local Government has said "the complex research delivered important and robust evidence on the scale, causes and consequences of unpopular/low demand housing. It informed policy development at the time, and it is encouraging to see how it continues to play an

important role in the ongoing evidence base around housing supply and need."

Another crucial milestone on the pathway to current impact was the citation of the team's work, multiple times, in [text removed for publication] (2004) Review of Housing Supply (see 5.1, below). This raised awareness of the scale of affordable housing need in pressured regions, particularly the south of England and Southeast Scotland. Since then, the team's published outputs and modelling tools have assisted the Housing Corporation (now the Homes and Communities Agency) in England and the Scottish Government in reviewing their regional allocation processes, and have been used by the Department for Communities and Local Government (DCLG) to assess policy options in the context of the 2010 Government Spending Review. Overall, the research has significantly contributed to a shift of emphasis in public investment and planning from declining urban regions to higher demand growth regions, from a 46% / 54% split in 1995 to a 20% / 80% in 2007 and a 32% / 68% split in 2009/10 (English regions).

Writing about Bramley's work (see 5.2), [text removed for publication] the DCLG has said... "Glen was our first choice to lead work on the development of a Housing Needs model. This was invaluable to the Department in making the case for affordable housing in a tough Spending Review process (2010). [The] work also helped to influence the development of our innovative Affordable Rents model and supported the accompanying Impact Assessment. We are once again drawing on [it] for the current Spending Round to inform modelling assumptions, including evidence on additionality of affordable housing."

The Model used by DCLG in the 2010 Government Spending Review was highly admired by the Housing New Zealand Corporation. This led to Bramley and Leishman, with Research Assistant David Watkins, developing a Demand and Supply Forecasting model for New Zealand. The results are now in active use informing the 10-year re-investment programme of the state housing agency in assets valued at \$15bn. The Agency [text removed for publication] has described how the work "represents a quantum leap forward in our ability to forecast demand for state housing". (See 5.3).

In a consultancy-led review for a regional body, the team's West of England SHMA (Strategic Housing Market Assessment) of 2009 was the most commended of its kind in the South West region. [text removed for publication] Bristol City Council has confirmed that... "Professor Glen Bramley's work has been judged to be sound and rigorous and has been very significant in ensuring that Bristol has an adopted Core Strategy, as well as solid guidance for agreeing affordable housing contributions by developers". (See 5.4). In Scotland, the Highland Council SHNDA (Housing Need and Demand Assessment) was the first to be certified as Robust and Credible by the Scottish Government. At local level, the affordability-based approach to needs assessment has been promoted in official guidance by the UK national and devolved governments. Much of this guidance, including the SHMA Guidance in England (2007) and the Housing Need and Demand Assessment Guidance for Local Authorities in Scotland (2008), has been based, in part, on advice given, and publications authored by, the Alliance team.

Most recently, the [text removed for publication] Scottish Government's Centre for Housing Market Analysis has confirmed that "The Bramley-Watkins study for The Highland Council (THC) was the basis for the development of our Housing Need and Demand Toolkit. This provides a robust but straightforward platform for planning authorities to conduct required housing analysis". (See 5.5). The toolkit embodies economic forecasts for prices and other variables derived from Leishman et al's 2008 model of housing supply and affordability. He goes on to say that our work, in particular for THC, was "crucial to the development of the mechanism for the allocation of social housing funding in Scotland that was agreed between local and central government in late 2012".

Consultants providing analytical services to local authorities in England now provide assessment tools based on 'Bramley' model-types as a commercial service. One example is B. Line Housing Information Ltd. This consultancy undertakes Strategic Housing Market Assessments for groups of local authorities. On its website, B. Line promotes the fact that "The affordability model featured in our work on Strategic Housing Market Assessments is derived from the Bramley Model" (see 5.6).

More rigorous local assessments are critical to the effective use of planning powers to facilitate affordable housing provision. For example, in public spending terms, Section 106/75 agreements are more cost-effective delivery mechanisms than traditional public procurement and funding streams. The Alliance research has enhanced the ability of national government to underpin the stronger use of planning powers to deliver affordable housing, worth £2.6bn in subsidy from land value in 2007-08, up from £1.2bn in 2003 and negligible ten years earlier, as shown in DCLG evaluation research. In a report for Scottish Government in 2010, the team demonstrated the extent of enhanced capacity for housebuilding achievable with effective use of planning agreements in areas of high need and high residual land values.

Although Bramley's contribution to the Government's Low Cost Home Ownership Task Force concluded in 2003, its impact has extended into the period 2008-2013. Along with subsequent research for a range of bodies into the scale of need and demand for 'intermediate housing' - such as shared ownership - and ways of financing it, it has led to an expansion and better targeting of this sector. In England, the share of 'intermediate' in all affordable housing rose for 13% in 1991 and 19% in 2001 to 43% in 2008-10. Evidence of the international impact of this strand of research is provided by the [text removed for publication] Housing Agency, Ireland, who has said "The outcome of the work [was] inclusion in the Housing (Miscellaneous Provisions) Act 2009 of Part V - Affordable Dwellings Purchase Arrangements, Sections 78 to 96. This allows for equity loan arrangements which were the final outcome of the studies. Due [to] the economic situation this part of the Act has not been commenced... However, the principles of the equity loan have been used in a different way as part of the main approach to the current methods of delivery of social housing... and also in a mortgage-to-rent scheme... What we have learned from you has had a significant impact and has helped in dealing with our current economic circumstances." (See 5.7).

5. Sources to corroborate the impact

Copies of these web page sources are available at
<https://www.wiki.ed.ac.uk/display/REF2014REF3B/UoA+16>

5.1 Review of Housing Supply, [text removed for publication], March 2004. See pp 14, 21, 94-97, 146, 151... <http://image.guardian.co.uk/sys-files/Guardian/documents/2004/03/17/Barker.pdf>

5.2 A factual statement from the [text removed for publication] Department for Communities and Local Government (DCLG) has been made available in support of this case study.

5.3 A factual statement from an Executive Board Member of the Housing New Zealand Corporation [text removed for publication] has been made available in support of this case study.

5.4 A factual statement from the [text removed for publication] Strategic Housing Service at Bristol City Council has been made available in support of this case study.

5.5 A factual statement from the [text removed for publication] Centre for Housing Market Analysis at the Scottish Government has been made available in support of this case study. See also Housing Need and Demand Assessment Guidance for Local Authorities, Scottish Government, March 2008 (p 18)... <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/supply-demand/guidance/guidance-info>

5.6 Evidence from B. Line Housing on their use of the 'Bramley model' is available at:
<http://www.blinehousing.info/housingmodels.htm> (downloaded 4/03/13)

5.7 A factual statement from the [text removed for publication] Housing Agency, Ireland [text removed for publication] has been made available in support of this case study.