

# **S106 Affordable Housing units: Market challenges**

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# The problems

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Tens of thousands S106 AH units with detailed planning permission are uncontracted



Developers receiving fewer bids or at a level below build cost



Market in all areas constrained, but London especially so

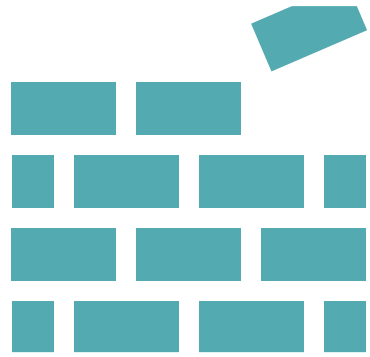


Higher density apartments schemes particularly challenging



# Impacts

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Construction  
stalling



Sites delayed



Access to  
finance



Delivery  
threatened



# The situation has emerged due to a perfect storm of issues...



Economic climate



Rising costs



Rent caps



Reliance on grant funding



Quality



Consolidation and capacity



# Potential resolutions

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- Renegotiating S106 agreements/ greater use of cascade agreements
- Additionality
- Early engagement with RPs
- Affordable Homes Programme & Long-Term Social Rent Settlement certainty
- Grant funding for use on S106 units for a limited period
- **BUT long-term solutions are needed too**



# Activity

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- Continuing to raise the issue with MHCLG, Homes England and other policy makers
- Written Ministerial Statement on use of cascades and general flexibility on AH mix
- Working with colleagues in local government and RP sectors
- Media coverage – more to come
- Data gathering



## In conclusion..

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- The situation continues to be challenging but we're working to find a solution
- Tackling this issue will be vital if the Government's housing targets are to be realised
- Please continue to share your data/case studies with HBF to help us build momentum





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