

# Affordable homes are lost in legal loophole, claims Shelter

Tom Knowles, Property Correspondent

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Shelter found that about 2,500 affordable homes in nine cities that should have been built last year to keep in line with local councils' targets were "lost"

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Housebuilders are exploiting a legal loophole to get out of building thousands of affordable homes across the country every year, Shelter has claimed.

The housing charity found that about 2,500 affordable homes in nine cities that should have been built last year to keep in line with local councils' targets were "lost" owing to developers' use of "viability assessments".

The assessments allow developers to reduce the number of affordable houses they are required to build on a site if they can show that it will risk reducing their profits by a certain amount. The reports are kept confidential on commercial grounds, but

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Shelter said that the worst-affected areas were Manchester, Birmingham and parts of London, where viability assessments were used to reduce affordable housing to a “minuscule” amount of less than 1 per cent of homes being built.

The figures come despite profits at the three biggest builders having quadrupled since 2012 to £2.2 billion. Profits at Barratt Developments, Britain’s biggest developer, have increased more than sevenfold from £100 million in 2012 to £765 million this year. Yet the number of affordable Barratt homes fell from 22 per cent of the total built in 2012 to 19 per cent in 2017.

Georgina Butler, head of affordable housing at Barratt, said that the company was “absolutely committed to delivering the homes of all types that the country needs”.

Shelter said that local authorities had “little choice” but to approve planning applications from developers with fewer affordable homes. “If they refuse permission, the developer can appeal and will probably win,” it said.



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**Simon Shinerock** 8 hours ago

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influence without regard to logic or the greater good of society

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**Mrs Pauline Royston** 5 hours ago

Fully agree. Shelter are certainly partly to blame now for the forced change a to the landlords mortgage interest S24 issue. As a result hundreds of 1000s of LLs have left the HB market resulting in the LA housing bill rising by 50%. An utterly disgraceful cost to taxpayers. Way too risky for LLs to risk accepting HB and younger tenants who are more a risk of non rental payment.

Lls cannot risk

1. Non rental payment
2. No tax allowance for their business cost of mortgage interest.
3. M. interest still must be paid. So a double loss risk financially.

S24 was born out of greed and envy and very ill thought through by all policy makers involved.

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**Jacqueline Thompson** 14 hours ago

Perhaps the Government could legislate to ensure that where developers show annual profits above a certain margin and they have negotiated down affordable housing they pay a sum into a central fund that is equivalent to the 'lost' affordable housing.

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