

Property Week

FEEDBACK

Going Dutch on affordable housing

By Martin Bellinger Tue 5 June 2018

In response to a growing economy leading to more demand for homes, the Dutch have decided to increase the supply of affordable housing in their capital city.



With **Sadiq Khan recently announcing his own council housing push**, questions arise then around why London has not decided to do the same – build more affordable homes rather than just more homes.

The Dutch government plans to build 7,500 new homes per year, and it has confirmed affordable housing as a priority. As seen in

London in the decade after the great financial crisis, house price growth in the Netherlands has outstripped incomes. Average house price in Amsterdam is ten times the average income, a staggering ratio driven mainly by the Netherlands' growing economy and the housing market's inability to deliver at pace with demand.

Could Amsterdam's housing solution work for London?



We've seen the same in London, but not a similar political willingness to build more affordable homes. As Savills research has recently shown, housing associations in London would need to increase the number of homes they build fourfold to meet the sub-market rental demand. In order to deliver affordable homes like the Dutch plan to do, housing associations need to partner up with more private sector developers and add more capacity to what they're able to deliver.

The same research argues that inflation will make it even more difficult for housing associations to build homes, as staff and construction costs are likely to go up.

Partnerships with developers can pool the staffing and construction costs, allowing the housing associations to operate at higher margins. According to Savills, the housing associations with higher social housing letting margin are able to develop more sub-market rental homes.

Affordable housing targets must be a swift reaction to the dynamics of the housing market. But housing associations have to play their part in looking for strategic commercial goals and adding capacity to their ability to deliver sub-market rental homes.

On the other hand, political initiative and leadership for affordable housing is more reliable and convincing in the Netherlands than it has been in the UK.

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