

## Social and affordable housing in England - a guide for local councillors

### What is social housing?

Social housing is rented accommodation provided by a social landlord, usually a housing association or a local authority. Social housing is for people on low incomes or with particular needs, and the rent is lower than open market rates. It provides the most affordable and secure long-term housing tenure for residents.

### What is affordable home ownership?

Over the years different governments have had different low-cost or affordable home ownership offers. The main and enduring one is shared ownership, sometimes known as part rent, part own.

Shared ownership is a product that allows people to buy between 10 and 75 per cent of the home whilst renting the remainder from a social landlord, usually a housing association. Shared ownership properties are always leasehold, and owners usually have to pay ground rent and service charges to cover the costs of communal areas.

Shared ownership is an option for people whose household incomes are below a certain threshold and cannot afford all the deposit and mortgage payments for a home that meets their needs. There may be other eligibility criteria for some homes in some areas such as that you live in, work in, or have a connection to the area where you want to buy the home.

### How many people live in social and affordable housing?

Around 17 per cent of households or 4.2 million people in England live in social housing.<sup>i</sup>

Only an estimated 202,000 people lived in shared ownership properties in 2020<sup>ii</sup>, less than one per cent of all households. However, the tenure is growing, and issues have recently been raised by shared owners about its affordability in the long term and difficulties in achieving 100 per cent homeownership.

### How many are on waiting lists?

There are about 1.33 million households waiting for social housing on local authority waiting lists (also known as housing registers)<sup>iii</sup>.

### How is social housing allocated?

Social housing allocations in England involve a multi-stage process, including eligibility, qualification, and priority determination. Eligibility is generally determined by national criteria, while local authorities set their own qualification tests, like residency

requirements. Local authorities are also required to create allocation schemes that prioritise certain applicant categories.

Applications for shared ownership and other affordable homeownership options are also available via local councils or directly to housing associations.

## What's the difference between social and affordable rent?

There are two main types of social housing: social rent and affordable rent depending on the level of grant provided for the building of the home. Social rent is set at about 50 per cent of the average local market rent, according to a formula set by government. Formula rents currently increase by the Consumer Price Index (CPI) plus one percentage point each year<sup>iv</sup>. Affordable rent is no more than 80 per cent of market rent<sup>v</sup>.

## Housing associations, council housing, ALMOs - what's the difference?

- Council housing is owned and managed directly by local authorities. 221 councils across England provide about 1.5 million social and affordable homes<sup>vi</sup>.
- ALMO stands for Arms-Length Management Organisation. An ALMO is a company that is set up and owned by the council to manage and improve all or part of its housing stock. ALMOs are led by a board typically consisting of a third councillors, a third tenants and a third independent experts. There are 15 ALMOs across England.
- Housing associations (also known as Registered Providers and Registered Social Landlords) are not-for-profit organisations providing subsidised housing for people on low incomes. There are around 1,300 housing associations in England providing 2.9 million homes<sup>vii</sup>. They may have their own allocation criteria to decide who lives in their homes, or they may use a local authority allocation process.

## How are housing associations funded?

Housing associations' income comes from the rent they get for their properties. They use government funding when it is available, for example to build new housing or invest in their current homes to make sure they are safe and warm. They also arrange loans from banks and building societies, borrowing against their homes so they can invest in current and new ones.

## How are councils funded to deliver housing?

Councils fund housing via a Housing Revenue Account (HRA). Councils' main income also comes from rents from their properties. They are also able to bid for government funding when it is available to build new housing or invest in their current homes to make sure they are safe and warm. They can borrow against that future income from the government

through the Public Works Loans Board but that borrowing counts as government debt for national accounting purposes.

A self-financing settlement agreed in 2012 was aimed at making Housing Revenue Accounts sustainable, allowing for growth and investment. But the assumptions made then no longer fit with the financial and policy environment we have today. The impacts of previous rent controls, high inflation, loss of homes through Right to Buy and new regulation have undermined the original settlement. The result is that many councils do not have enough money to run council housing properly.

N.B. Not all councils have an HRA – those that do not own housing stock, such as some district councils, do not operate one and instead deliver housing functions through their General Fund, typically focusing on homelessness, housing advice, and enabling new housing development rather than direct landlord responsibilities.

### **Do housing associations have lots of surplus funds?**

Any surplus made by a housing association is reinvested in building new homes or making improvements to local communities. Because housing associations are partly funded by banks and building societies, they must make sure they always have a set amount of cash on hand so they don't breach their loan covenants. This can make it look like landlords have more money to invest than they really do. There are also strict regulatory rules to stop housing associations getting into financial difficulties.

For every £1 of government investment, housing associations invest £6 of their own money into the development of new affordable homes<sup>viii</sup>.

### **Who regulates social housing?**

The Regulator of Social Housing (RSH) regulates all registered providers of social housing in England, covering both councils and housing associations. The RSH defines the outcomes that landlords must deliver using powers under the Housing and Regeneration Act 2008.

It sets standards in the social housing sector which providers must meet and assesses their compliance through on going monitoring and inspections. For housing associations, the regulator regulates governance, financial viability and value for money and for all social housing landlords including councils, it regulates the rent and consumer standards.

The consumer standards cover the safety and quality of homes including the Decent Homes Standard, transparency, accountability and influence, tenancy issues and neighbourhood and community standards.

### **Who can tenants complain to?**

Complaints resolution is provided by the Housing Ombudsman Service for landlord-tenant disputes and by the Local Government Ombudsman Service for complaints about homelessness services, waiting lists, allocation schemes.

## Where does Homes England fit in?

Homes England is the government's housing and regeneration agency. It allocates grant funding through the social and affordable housing programme (SAHP) and oversees the building of homes in England, liaising with stakeholders to ensure the quality and sustainability of developments and communities.

## Where does the private rented market fit in?

There are about 11 million private renters and 2.3 million landlords in England. Because we've not built enough social and affordable housing as a country, and because house prices have risen so much, more people are being pushed into the private rented sector to live. However, homes can be in a poor condition and up until recently there was little people could do to make sure they live in a safe home that meets their needs.

To provide more security and rights to redress to private tenants, the Renters' Rights Act is being implemented from 1 May 2026 when fixed-term tenancies and section 21 'no-fault' evictions are abolished for both new and existing tenancies. From late 2026, a database of PRS properties will be created to bring together key information for landlords, tenants, and councils and a Landlord Ombudsman for private renters will be established to improve dispute resolution, settling issues between tenants and landlords without costly court proceedings. The final phase of the legislation is subject to further consultation on timescales and will focus on raising standards through the extension of Awaab's Law and a modernised Decent Homes Standard to the private rented sector. The timescales for implementing these changes will be subject to consultation.

## What are the key housing issues?

- **Homelessness:** Over 134,000 households including over 81,000 households with children<sup>ix</sup> are stuck in so-called 'temporary' accommodation. The foundations of lifelong physical and mental health are established in the first 1,001 days of life<sup>x</sup> yet there are 20,000 babies without a place to call home<sup>xi</sup>. One in five children are living in overcrowded, unaffordable or unsuitable homes<sup>xii</sup>.
- **Cost of housing:** House prices in England are now nearly eight times the average annual wage<sup>xiii</sup> and the affordability of private rent has got worse over recent years, with renters in England spending an average of 36 percent of their household income on rent in 2024, exceeding the 30 per cent "affordable" threshold. Costs are highest in London at 42 per cent of household income. The benefit system has failed to keep pace with rising rents leaving many low-income families with no choice in their areas and having to apply to the council as homeless. It is more

expensive to support someone made homeless due to housing costs than it is to help them with their rent in the first place.

- **Health:** Poor quality housing costs the NHS £1.4 billion each year<sup>xiv</sup>. Discharging people to unsuitable housing increases the risk of readmission to hospital, yet supported housing is facing a loss in services.
- **Fuel poverty:** Social housing is becoming more energy efficient and cheaper for residents to keep warm, but high energy prices mean housing providers cannot completely eliminate fuel poverty on their own. We need to upgrade our homes to block out extreme heat and cold.

If you have any questions about this briefing or would like to talk to a member of the team, email us on [policy@cih.org](mailto:policy@cih.org).

## About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple - to provide housing professionals and their organisations with the advice, support and knowledge they need. CIH is a registered charity and not-for-profit organisation so the money we make is put back into the organisation and funds the activities we carry out to support the housing sector:

<https://www.cih.org/>

---

<sup>ii</sup> Estimate 2019/20 <https://www.gov.uk/government/collections/english-housing-survey>

<sup>iii</sup> At 31 March 2024, [Social housing lettings in England, tenants: April 2023 to March 2024 - GOV.UK](#)

<sup>iv</sup> [Policy statement on rents for social housing - GOV.UK Chapter 2](#)

<sup>v</sup> [Policy statement on rents for social housing - GOV.UK 3.4](#)

<sup>vi</sup> [https://assets.publishing.service.gov.uk/media/653264cb26b9b1000daf1cb1/2023\\_LARP-briefing-note\\_FINAL\\_V1.0\\_.pdf](https://assets.publishing.service.gov.uk/media/653264cb26b9b1000daf1cb1/2023_LARP-briefing-note_FINAL_V1.0_.pdf)

<sup>vii</sup> [National Housing Federation - Impact of housing associations](#)

<sup>viii</sup> [National Housing Federation - What we do](#)

<sup>ix</sup> <https://www.gov.uk/government/statistics/statutory-homelessness-in-england-july-to-september-2025/statutory-homelessness-in-england-july-to-september-2025>

<sup>x</sup> [The best start for life: A vision for the 1,001 critical days](#)

<sup>xi</sup> [Age breakdowns of children under 10 in temporary accommodation, 30 June 2023](#)

<sup>xii</sup> [National Housing Federation, 2011](#)

<sup>xiii</sup> [Housing affordability in England and Wales: 2024](#)

<sup>xiv</sup> [BRE report, 2021](#)