

# Build better, build greener, build more

Can MMC bridge the gap in housing supply?

How modern methods of construction can transform the delivery of urgent, high-quality, social and affordable housing, at scale.

Article by  
**Mark Powell**

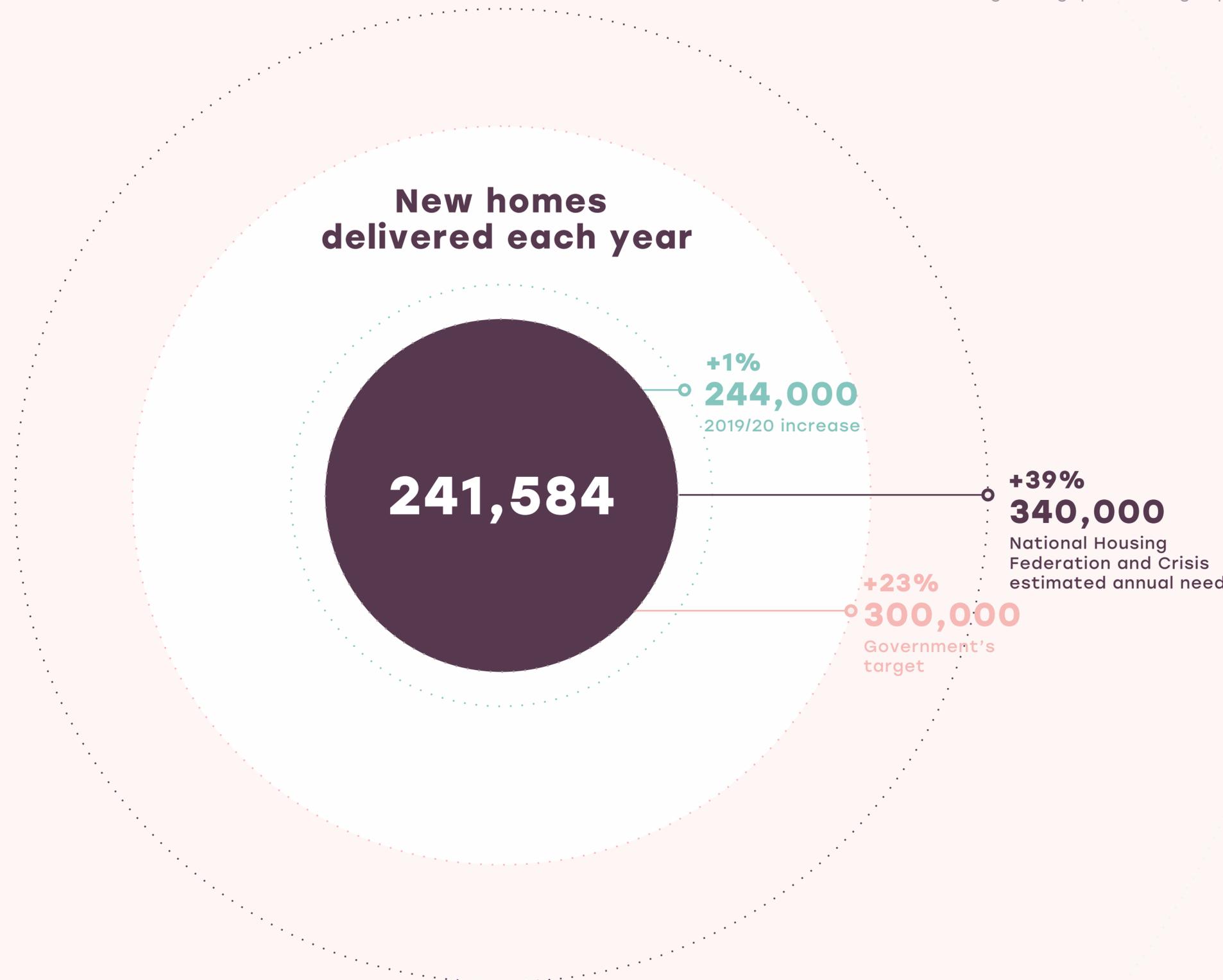
As I write this article, there's little doubt as to the impact and disruption Covid-19 has had on our lives in recent times. As we grapple with the social and economic consequences of the pandemic, and leaving the EU, **I believe we are also presented with the opportunity to innovate.** To build better homes that are designed to meet our changing needs. **Homes that achieve net zero targets while providing new jobs in a new and growing part of the UK housing sector.**

Before I delve into the positive impact that adopting modern methods of construction (MMC) can have, **we need first to ask ourselves, are we building enough homes to meet the needs of the UK population?** When considering the known facts, there will be no surprise to anyone reading this that the simple answer is no! This is despite successive governments over the last 30 years pledging to build more homes and make them more affordable. **This is particularly evident when we consider the shortfall in social housing, which last year witnessed an increase of just 5,716 new homes.**



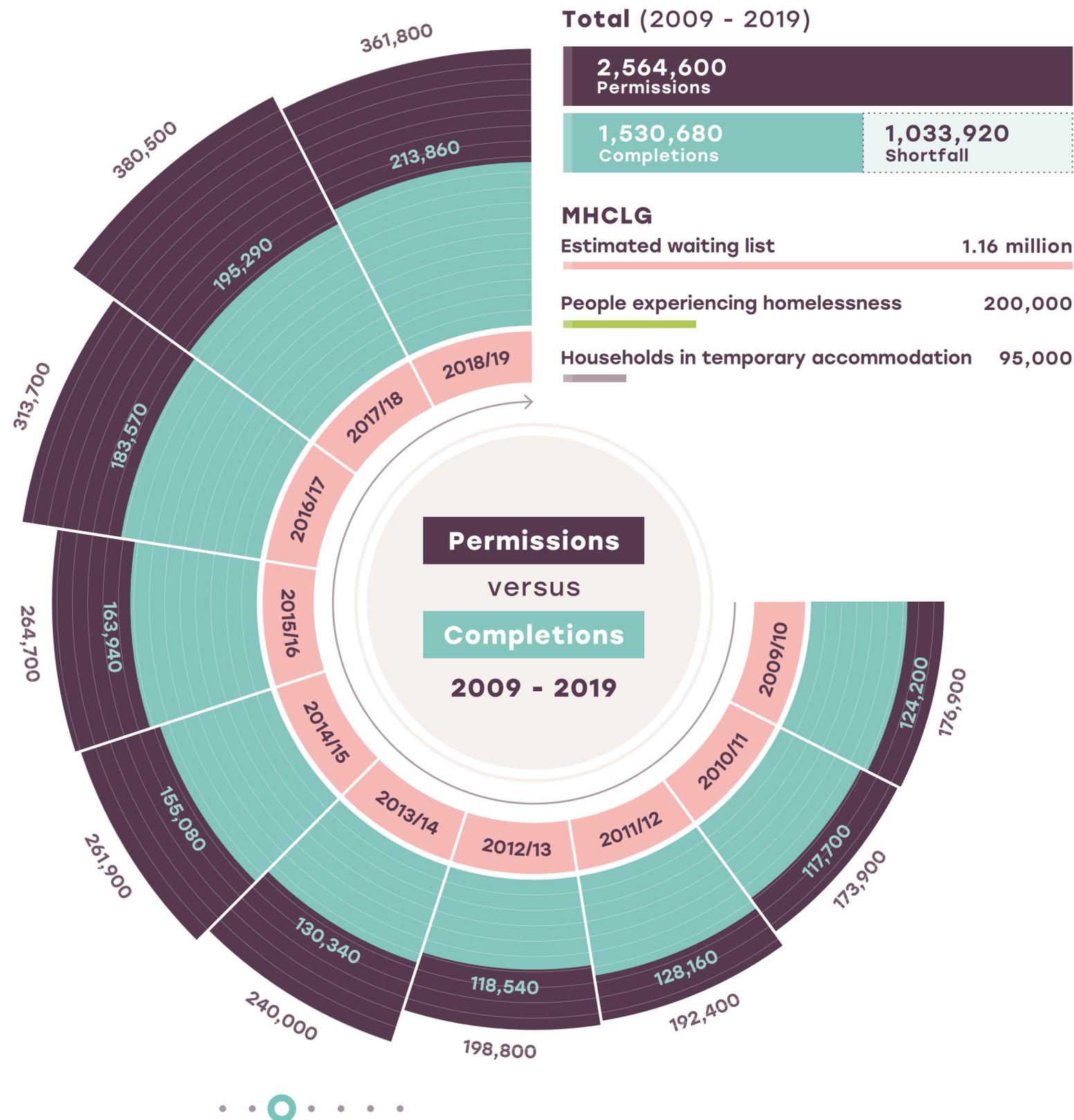
In 2019/20 we witnessed **a 1% increase in the delivery of new homes**, with the total housing stock in England **increasing by 244,000 units** in that year. To reach the Government's target of **300,000 new homes per annum by the mid 2020s, supply will need to increase by at least 23%**. There is, however, a growing consensus that this doesn't go far enough. The National Housing Federation and Crisis, the homelessness charity, have estimated a need to **increase supply by 39%, to deliver 340,000 new homes each year until 2031**, of which **145,000 need to be affordable**. This equates to an additional 101,000 new homes per annum, above that achieved in 2019/20.

**Is planning permission an obstacle to getting things moving?** Not according to analysis published February 2021 by the Local Government Association, which reported that more than a million units granted planning permission since 2009/10 have not been built. This is despite councils' approving 9 in 10 applications since 2012/13. **The actual figures published by the LGA show that in the last decade, 2,564,600 units were granted planning permission while only 1,530,680 were completed.** This clearly highlights the fact that planning is not 'the' barrier to new homes being built.



Recent Government data estimates that there are **1.16 million households on housing waiting lists**, that **200,000 people are experiencing homelessness**, and **more than 95,000 households** are living in temporary accommodation. In addition, due to housing market conditions and government policies primarily focused on home ownership, **the number of new homes being delivered for social and affordable rent has remained low** and fairly static.

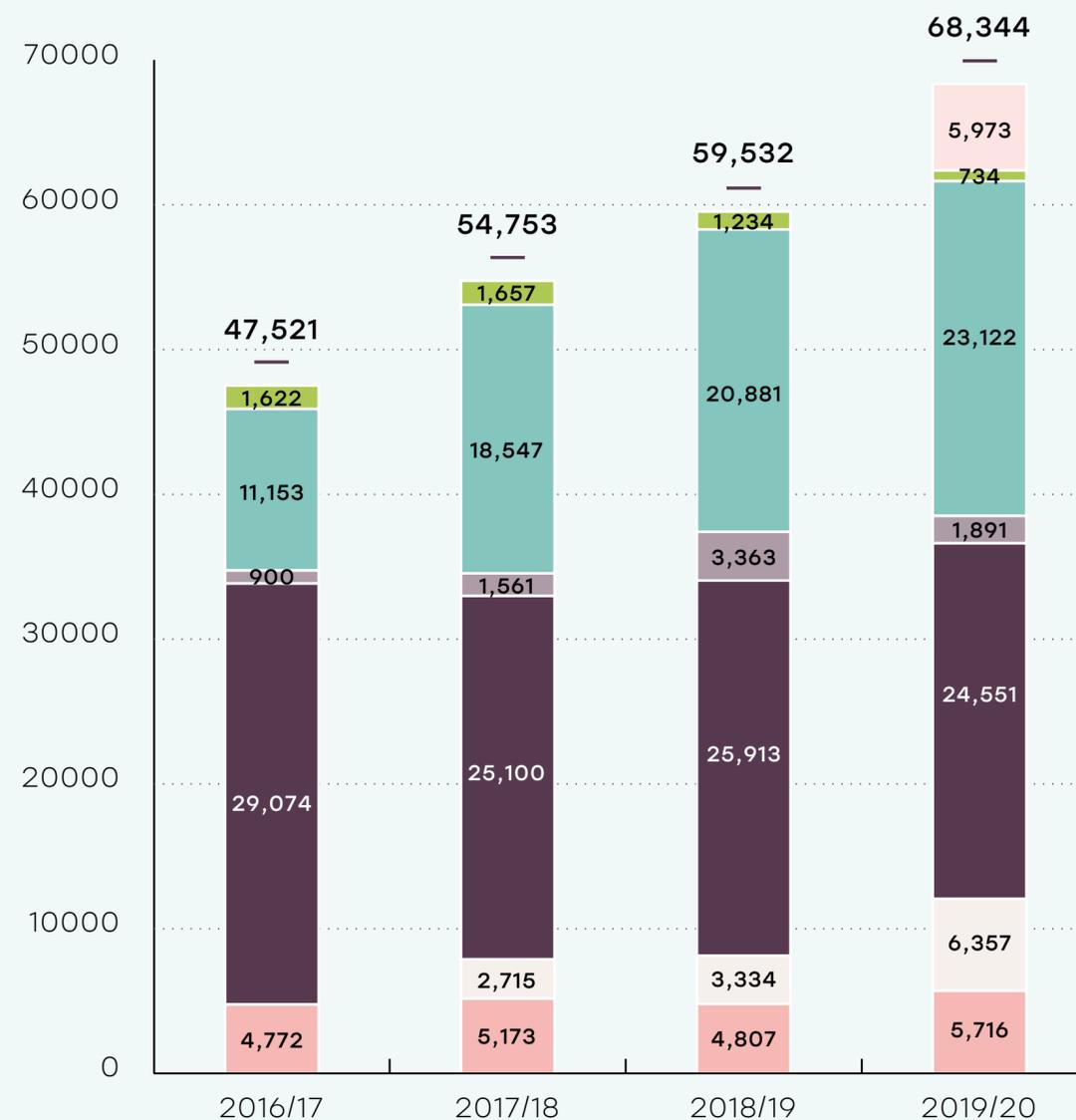
We must ask, therefore, where are the social and affordable homes we need going to come from, and what's stopping us from building them?



Over the last 50 years not much has changed in the way we build homes across the UK. Coupled with a growing shortage of skills in the traditional construction industry, the housing sector has been unable to meet the obvious growing and urgent demand for new housing.

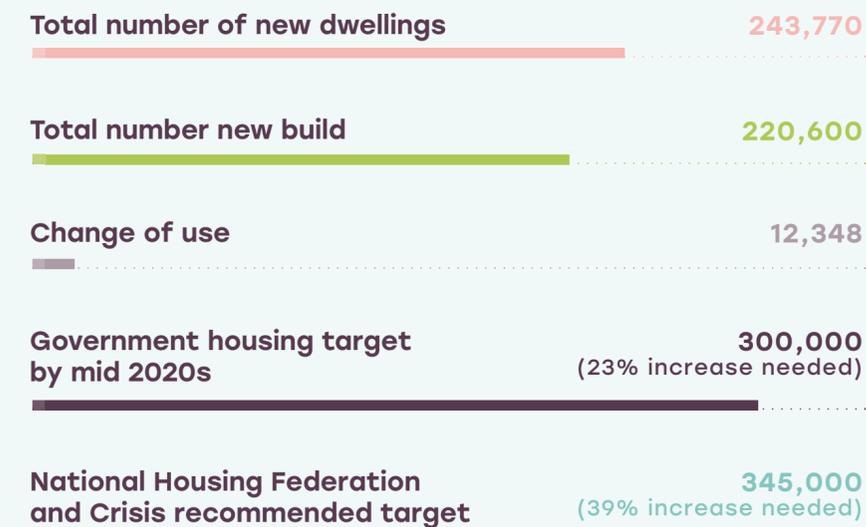
**Can modern methods of construction help to bridge the gap to deliver the social and affordable homes** that people need?

While it's important that we do not see this as a silver bullet, the short answer to that question is yes. However, **it will take collaboration, commitment and surety** across the public and private sector, coupled with cross-party political will and consensus to make it a reality.



- Unknown
- Affordable Home Ownership
- Shared Ownership
- Intermediate Rent
- Affordable Rent
- London Affordable Rent
- Social Rent

### 2019/20 Housing





By adopting MMC and off-site manufacturing, **we have the opportunity to transform how we deliver high quality, social and affordable housing.** Over the last few years, the Government has increased its commitment to modern methods of construction. This has included **a requirement to deliver a minimum of 25% of homes** by using MMC as a condition of the Homes England strategic partnership grants programme. The Government's announcement earlier this year, to launch a MMC taskforce, to work with local authorities, mayoral and combined authorities, is also another welcome step in the right direction.

As the Government's 'levelling up' agenda seeks to improve productivity and economic performance across the UK, the introduction of modern methods of construction as a mainstay to delivering new homes represents a real **opportunity to improve output in poorer areas, and boost employment.** By utilising factories and pre-construction methods

off-site, companies can bring investment and much-needed sustainable jobs to deprived communities across the UK. However, **we face an ongoing and growing housing crisis** which is set to be further exacerbated by the economic impacts of Covid-19. A lack of growth in the delivery of social and truly affordable housing for rent can only serve to increase homelessness and the number of households living in substandard conditions and temporary accommodation.

In a previous white paper we published in January 2020 '**Unlocking brownfield land: a social housing first policy**' we highlighted how **unlocking the value of brownfield land through the adoption of off-site manufacturing could help tackle the housing crisis.** Often linked to existing infrastructure within existing communities, **this land can provide better than average access to education, healthcare, economic centres, and opportunity.**

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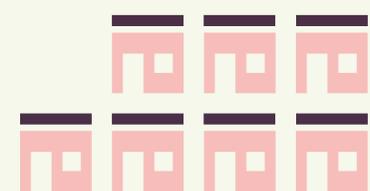


**By utilising brownfield, and under-utilised land** normally ignored by traditional developers, we also have the **opportunity to increase the delivery of high quality truly affordable homes**, in the communities where people want to live, work, and prosper.

A recent report published by the countryside charity, CPRE, 'Recycling our land: the state of brownfield 2020' analysed the government's most recent data from the 2020 brownfield register. They estimated a **capacity to deliver more than 1 million homes across 20,750 sites** in England. The social, economic and environmental impact that this represents can not and should not be ignored. By utilising this land for housing, we have the **opportunity to deliver off-site manufactured, net zero homes** in addition to current measures. **Homes that improve communities.** Homes that reduce the financial burden on local authorities, and homes that convert land assets into delivering an ongoing income stream. The high cost of land has often been cited as a major barrier to getting social and affordable homes built where it's most needed.

**Utilising land where local authorities retain ownership of the asset, increases the viability of social and affordable housing development by removing land as a cost.** This provides an uplift in gross development value (GDV), increases local authority balance sheets and reduces housing waiting lists.

Modern methods of construction and off-site manufacturing techniques can **deliver high quality, net zero homes quicker**, and at reduced cost when delivered at scale, compared with traditional construction. We have clearly demonstrated that historically, planning has not been a barrier to building the number of homes we need. We have also identified that by **unlocking the value of brownfield and under-utilised land** we can deliver homes in addition to traditional developers, **improving the social and economic output of the land asset.** The industry also has support from both Homes England and the Government. So the question is: why are we not already building off-site manufactured homes at pace and scale to meet the urgent need for new housing?



Minimum capacity to deliver more than  
**1 million homes**  
across **20,750 sites** in England





As an emerging part of the housing sector that's rooted in the principles of manufacturing, modern methods of construction only become cost effective when they're delivered at scale. In a housing market with fragmented demand for off-site manufactured homes, **the lack of consistent demand drives up the unit costs, reducing competitiveness.** To deliver the volume of homes that are needed, crucially, **there needs to be increased commitment and demand to drive investment into growing the capacity.** This in turn drives efficiencies and reduces the unit costs below that of traditional construction.

At the centre of the slow adoption is a lack of knowledge, trust and routes to market that fully embrace modern methods of construction at scale. Post-war emergency homes often referred to as 'prefab' are at times negatively associated with 21st Century off-site manufactured homes. **Procurement models must adapt and change,** while as an industry we must work to overcome a lack of trust and misconception of the off-site construction industry. To build confidence in the financing and procurement of MMC, **the assurance market now boasts NHBC Accepts and the Buildoffsite Property Assurance Scheme, BOPAS.** By creating robust assessment criteria covering method and technical standards, this provides

assurance that the off-site product has been held up to scrutiny to attain high standards of delivery. **In relation to EDAROTH, we are one of the first to achieve a 100-year BOPAS accreditation for our off-site manufactured homes.**

Procurement has also presented itself as a major challenge. This is particularly the case where there is no direct competition or past experience to compare with. To overcome that hurdle, **we've witnessed an increase in dynamic purchasing systems (DPS)** along with MMC frameworks, launched by organisations such as **LHC** and **PAGABO**, which allow for mini competitions and direct awards. I think it's fair to say that the channels to procure modern methods of construction are now well and truly open.

I'm not asking you to take a leap of faith when considering MMC and off-site manufactured housing. But **I am asking you to look at the facts: as an emerging part of the sector, we're able to deliver homes of the future that are of guaranteed quality.** We have removed all the hurdles. Modern methods of construction and off-site manufacturing can help to bridge the gap to provide the quality housing that society so desperately wants and needs.

**So, work with us, and let's get building!**

This article is the first in a trilogy designed to highlight the social, economic and environmental opportunities of MMC. We will also address the barriers we must overcome to deliver quality, affordable and sustainable homes at scale.



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