

Submission: Budget 2020

A Home for Everyone Submission to HM Government/Treasury

Introduction

Millions of people across England are in need of a safe, secure, affordable home.

This government is rightly ambitious for Britain. We welcome the government's commitment to build new affordable homes, level up the country, end homelessness and ensure homes are safe and secure. In housing associations, the government has a partner that can help it deliver on its priorities.

Housing associations share the government's ambition for better homes and communities for everyone. As the recent Living with Beauty report says, housing associations have 'a long-term stake in places and a commitment to the people living there, to offer the best quality of life they can.'¹

In this Budget, the government has an opportunity to commit to the investment needed to end the housing crisis for good. Housing associations stand ready to raise and invest the funding needed to meet the big housing challenges: building the new affordable homes we need, making homes safe and secure, meeting Britain's sustainability and climate challenges. These are big, long-term challenges, and housing associations cannot meet them alone. To secure the housing we need for the next chapter in our country's history, the government must invest.

In this Budget, the government has the opportunity to:

- Help tackle homelessness and boost social and economic opportunities for millions by signalling their commitment to a ten-year Affordable Housing

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/861832/Living_with_beauty_BBBBC_report.pdf

Programme. This would deliver over one million new low carbon, high quality homes for social rent and shared ownership across the country.

- Make sure everyone can feel safe in their home by committing to a Building Safety Fund to ensure all unsafe cladding is removed from all buildings and that all fire doors which do not meet requirements are replaced without delay.
- Spread prosperity and level up the country through a place-based approach to renewal in cities, towns and communities across the country, committing at least £1bn of new funding each year. Housing should be a central part of this transformational renewal alongside infrastructure, skills, health and the environment.
- Provide the support and opportunities people deserve through a fair and effective support and welfare system, coupled with long-term funding for supported housing and joined-up, secure funding for rough sleeping. Together, this can help people into better homes that meet their needs, alleviate homelessness and deliver savings to the NHS and social care budgets.

In calling upon the government to prioritise these key areas of domestic policy, housing associations commit to work with the government towards a future in which there is a home for everyone.

Delivering the new homes the country needs

Build homes for social rent and shared ownership

For the country to unleash its potential, people need the security of a home they can truly afford. The Conservative Party manifesto committed to deliver this, with a renewed Affordable Homes Programme to build hundreds of thousands of new affordable homes.

We share the government's vision of an ambitious Affordable Homes Programme that addresses the nation's housing needs – bringing an end to homelessness, giving families greater stability, and offering lower income families a route to home ownership.

Last year, housing associations delivered more than 45,000 great quality, affordable homes and this year look set to build even more. But this is not nearly as many homes as the country needs. Housing associations want to work with the government to go further, investing their own funds and expertise in building high quality, energy efficient, beautiful homes for social rent and shared ownership.

Immediate priority: funding certainty beyond 2021

The most urgent priority for this budget is certainty on affordable housing funding beyond 2021. The Affordable Homes Programme is set to end in March 2021 and this uncertainty over funding beyond 2021 has forced many housing associations to take the difficult decision to slow their development plans.

As a priority in this Budget, we ask the government to confirm additional funding in the existing Affordable Homes Programme beyond 2021. This would provide stability to housing associations and give their boards the confidence to continue with their ambitious development plans, avoiding a cliff-edge where development would stop.

Long-term ambition: a housebuilding programme for a new decade

To change people's experience of the housing market for the better requires an ambitious housebuilding programme for the new decade. This programme should aim to meet the nation's actual housing need by building the homes people want – homes to help people put down roots, homes to end homelessness, homes to rent and buy.

In recent years, housing associations have made up for reduced government investment by using cross-subsidy to keep building – in particular by developing homes for sale and investing the proceeds into building affordable homes. But this cannot deliver anywhere near the number of new social homes needed to meet the demand that exists. To do that, we need to build 145,000 affordable homes each year, including 90,000 for social rent and 25,000 for shared ownership.²

To deliver the homes we need requires £12.8bn of government investment per year, in real terms, for the first ten years. This funding should be long term, flexible, available around the country, and should offer a higher level of grant per home, an average of 44%.

This ambitious kind of funding programme would unlock further borrowing from housing associations. They could then more than match government funding to build the truly affordable homes we need to tackle homelessness and reduce the cost of living for many hardworking families. No part of England would be left behind, with communities around the country seeing beautiful, great quality homes to rent and own.

Investing in new homes could also add £120bn³ to the economy each year, distributed across the country. As Britain negotiates a new deal with the EU, a social housing development programme can quickly create new jobs in construction and other industries; bringing investment to our local economies. It would also allow housing associations to invest in new technologies, Modern Methods of Construction and more. Effectively, every pound spent by the government would generate up to £8.22⁴, boosting the economy in a balanced and sustainable way.

In this Budget, we call on the government to support our ambition for a housebuilding programme for the new decade, building over a million new social rent and shared ownership homes over the next ten years.

Investing in safety

² Heriot Watt University, *Housing supply requirements across Great Britain*, https://www.crisis.org.uk/media/239700/crisis_housing_supply_requirements_across_great_britain_2018.pdf

³ Based on a multiplier of 2.6 identified by CRESR in a forthcoming report for the National Housing Federation. A total programme of £46.2bn would thus generate a total output of £120bn.

⁴ As the total output generated is estimated at £120bn and the government's share of this £46.2bn investment is an inflation-adjusted average of £14.6bn per year this works out to a total of £8.22 unlocked by each £1 of government investment (120 divided by 14.6)

Nothing is more important to housing associations than the safety of their residents. Everyone in our country, wherever they live, deserves to feel safe in their home, and housing associations share the government's focus on this priority.

The tragic fire at Grenfell Tower in 2017 showed that the current building and fire safety system is not fit for purpose. The government has committed to bringing about the wholesale change to this system recommended by Dame Judith Hackitt, and housing associations welcome – and will be at the forefront of – this change.

The most urgent priority for housing associations is ensuring existing homes are safe. Since the fire at Grenfell Tower, safety issues have been uncovered in both private and social housing around the country. These range from the Aluminium Composite Material (ACM) cladding used on Grenfell Tower, to new and emerging problems with other cladding and fire doors. Housing associations are working to identify affected buildings and remediate problems as fast as possible. They have drawn on government funding for removing ACM cladding from buildings over 18m, and remediation is now in progress or complete on 90% of these buildings in the housing association sector.

However, this is likely to be only a small part of the total remediation work needed. The breakdown in the country's building safety system has led to widespread safety issues, and the extent of the problems are not yet known. What is clear is that a long-term, complex programme of remediation work will be needed to keep people safe now and in the future.

Funding to ensure everyone feels safe in their home

Housing associations want to work with the government to deliver an effective and urgent remediation plan. The plan should prioritise residents and make efficient and fair use of resources across the various sectors responsible for remediating homes. One crucial role for the government is clarifying the priorities and scope of the work needed. By coordinating the input from multiple sectors, the government can make best use of collective resources and speed up remediation. The government is the only agency with the necessary powers and resources to coordinate this work.

The government was right to act quickly to identify ACM cladding as high risk and fund the remediation of buildings with this cladding. This funding has allowed remediation work to progress more quickly. We want to see this approach extended – the government should bring clarity on the risks posed by other types of cladding and make funding available for the remediation of cladding and fire doors which are shown to be unsafe.

In this Budget, the government should establish a Building Safety Fund to cover these essential cladding and fire door costs to make homes safe and secure.

This commitment to fund all remedial works upfront would mean that building owners of all types can carry them out quickly. The fund would increase the speed of these works and would provide assurance to people whose homes are affected. Once the important work to remediate homes has been completed, liabilities will be established through the courts, and any resulting compensation could be returned to the government.

Regeneration to level up the country

Levelling up

The government has been elected on a powerful pledge to unite and level up the country. On the eve of Brexit, the Prime Minister promised to ‘no longer accept that your life chances – your family’s life chances – should depend on which part of the country you grow up in’.

A new vision for cities, towns and communities around the country can boost aspiration and productivity, spreading opportunity and improving social mobility across all regions. The right investment can help reverse poor educational outcomes and weak labour markets, attracting and retaining businesses and talent.

With their long-term stake in places and people, housing associations can offer knowledge and connections to communities, partners and businesses which can help make the government’s levelling up agenda a reality.

Invest in our communities

The government can kick start its commitment to levelling up the country by investing at least £1bn each year in new funding to renew towns, cities and communities.

Sustainable economic and social change takes time, so funding should be long-term, operating over an initial period of at least ten years.

Levelling up also means targeting funding where needs are greatest, as well as where short-term returns are highest. The government should revise national appraisal techniques to maximize the impact for communities.

Holistic thinking must also be applied to housing decarbonization. The government's plans for a Social Housing Decarbonisation Fund are a welcome recognition of this increasing challenge. The coming decade will see substantial investment in our existing homes, but this investment can be considered an economic opportunity as well as simply a compliance cost.

Recognising the uniqueness of place

Our approach to renewal must reflect each community's uniqueness.

While investment itself is key, achieving real change means adopting a holistic approach to renewal. This must respond to the complex challenges and opportunities which each place experiences and avoid a narrow definition of the type of support government will provide. Research shows that a place-based approach makes taxpayers' money go further⁵ and can attract further investment.

For many places, housing will be a vital part of the picture. Housing has often been treated separately in renewal – but it is a vital part of the fabric of a place. Beautiful, well-planned, sustainable housing that works with the needs of a community attracts people and businesses. It can revitalize a place, improve resident wellbeing, and connect infrastructure and urban renewal projects. The process of building or regenerating homes provides jobs and investment, and long-term stakeholders like housing associations go on to offer training, support services and community engagement.

Renewal through a properly place-based approach, led by local communities and anchor organisations, can also help protect precious greenfield land. Urban and brownfield regeneration can be more expensive and complex than simply building on greenfield sites on the edges of hollowed-out towns – but it is the right long-term choice for communities and the nation.

In this Budget, the government can leverage the power of housing in renewal by make housing investment eligible for the Shared Prosperity Fund and Towns Fund.

⁵ [Dobson et al., CRESR, 2019](#)

Developing a fair and effective support and welfare system

Investing in supported housing

Supported housing provides vital support for some of the most vulnerable people in society. The combination of secure housing and high quality support can transform lives – they can help people settle into a new home, maintain tenancies and improve life chances. Housing associations deliver over 70% of the country’s supported housing including sheltered and extra care housing, homeless hostels, mental health step-down units and domestic abuse refuges.⁶

In 2018 the government⁷ showed strong commitment to supported housing by securing the money that pays for housing costs. But this is only one side. The other vital component of funding – the support costs – are facing a huge gap. Since the removal of the ring-fence around this funding in 2009, it has seen drastic cuts. A 2018 National Audit Office report⁸ found that funding for housing-related support had reduced by 69% between 2010/11 and 2016/17. Supply of supported housing is also reducing at a time when demographic trends show demand increasing. Research in 2015 calculated that by 2024/25, we will be facing a national shortfall of 46,771 supported, sheltered and extra care housing places.⁹

Housing-related support helps save public money¹⁰, avoiding lengthy and costly hospital stays. It helps avoid rent arrears and tenancy breakdown, promotes employment and allows vulnerable people to live healthier, more independent lives.

The government can support independence and save the taxpayer money by ring-fencing housing-related support and allocating £1.4bn per year to local authorities in England.

⁶ DWP and DCLG, Supported accommodation review: The scale, scope and cost of the supported housing sector, November 2016, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/572454/rr927-supported-accommodation-review.pdf

⁷ <https://www.gov.uk/government/news/all-supported-housing-funding-to-be-retained-in-welfare-system>

⁸ The National Audit Office, Financial sustainability of local authorities 2018, March 2018

⁹ Sitra, Estimating the Need for Supported Housing, October 2015, http://s3-eu-west-1.amazonaws.com/pub.housing.org.uk/Sitra_Supported_Housing_Needs_Assessment_Report.pdf

¹⁰ Frontier Economics, Financial benefits of investment in specialist housing for vulnerable and older people, September 2010, https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Other_reports_and_guidance/Financial_benefits_of_investment_in_specialist_housing_FINAL.pdf

Rough sleeping and homelessness

The Prime Minister has committed to putting homelessness at the heart of the government's agenda, calling it a 'scourge of our society'. The current homelessness crisis has reached breaking point: rough sleeping has increased by 165% over the last 10 years¹¹ and the number of households assessed as homeless or threatened with homelessness has increased 11.4% in the past year alone¹². The need to address this is urgent, and we welcome the government's commitment to tackling homelessness and rough sleeping, as well as its continued investment in the Rough Sleeping Initiative and Rapid Rehousing Pathways.

However, this investment is only one part of the action needed. As the Prime Minister has said, people become homeless for a 'multitude' of reasons, and we must take a holistic approach that tackles the root causes of homelessness.

The government should accompany its funding commitments with **a revised Rough Sleeping Strategy, with a focus on ensuring funding is joined-up and secure.**

Supported housing and quality support services are also vital to achieving a cost effective and sustained reduction in rough sleeping by preventing people spiralling into crisis. Finally, building new homes for social rent to make housing more affordable is another essential part of the solution.

Welfare

A fair and effective welfare system gives everyone the support and security they need to succeed. Right now, our welfare system is not working as effectively as it could because it is not joined up with housing policy. Not enough truly affordable social homes are being built, which increases demand in private housing – and the cost of benefits to help people pay their rents.

Better integration of housing and welfare policy could achieve better value for money and tackle homelessness. The unfreezing of Local Housing Allowance (LHA) rates is a welcome step, but will have only a very limited impact on the affordability of homes

¹¹ https://www.crisis.org.uk/media/238700/homelessness_monitor_england_2018.pdf

¹² MHCLG Live Table A1 – Number of households assessed and owed a prevention or relief duty.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/852920/StatHomeless_201906.xlsx

in the private rented sector. Investment up front in building homes for social rent would give families in housing need access to secure housing that they can afford whether in or out of work, saving money on benefits in the long term.

Universal Credit is another key area that could work better for those who need it. Housing associations support the aims of Universal Credit and are delivery partners with the Department for Work and Pensions (DWP) in ensuring that the new system works for tenants and landlords.

The government should continue to invest in improvements to the system including making appropriate advice and support available to help people make and manage a claim.

Housing association tenants report falling into real hardship before the first Universal Credit payment. We support the measured approach to the managed migration of existing claims being taken by DWP and welcomed the recent announcement on moving the end date back to 2024. At the same time, we need to make sure that people transferring to Universal Credit because of a change of circumstances do not experience hardship.

The government can end this hardship by making an earlier payment for new claims to Universal Credit and bringing forward the run-on of existing benefits for people moving from the legacy system.

Conclusion

The housing crisis remains the key domestic challenge facing the country today. By working with housing associations, the government can deliver the affordable, energy efficient, high quality homes the country needs. Together we can level up communities, tackle homelessness, ensure everyone feels safe in their home, and give people the support they need to thrive.

We believe the measures outlined in this submission provide a coherent, complementary plan to achieve our shared ambitions for the coming decade.

Housing associations stand ready to work with government to deliver on these shared ambitions and work towards providing a home for everyone.