

Spring Budget 2020

NHF briefing for housing associations

26 March 2020

Summary

In the Spring Budget 2020, the Chancellor announced a package of important housing measures, including:

- An expanded Affordable Homes Programme committing £12bn over five years.
- A £1bn building safety fund for removing unsafe cladding.
- New funding to address rough sleeping and provide support.
- Permanent changes to the welfare system including an extra £12.5m for the new breathing space initiative for those with problem debt from early 2021.
- Temporary changes to the welfare system to help deal with the impact of coronavirus.

[We welcomed these commitments](#) from the government, which reflect the sector's calls for funding certainty, support to remediate unsafe buildings, action on homelessness and welfare reform.

Much of the detail is still to be confirmed, such as the types of tenure the Affordable Homes Programme will fund, the government's plans for First Homes and the Right to Shared Ownership, how building safety funding will be allocated and what form the support for rough sleepers will take. We will work closely with the government and housing associations on the detail of these proposals over the coming weeks.

This briefing summarises the key housing announcements by the government and our response in each area.

Coronavirus updates

Since the Spring Budget, the government has announced a series of significant policy changes to support the country's response to coronavirus. This briefing was drafted before the crisis took hold and we haven't included the details of these policies in this briefing or any analysis of the impact of the Coronavirus crisis on the measures announced. But we are working closely with members and the

government on responding to coronavirus, as well as the other issues covered in this document. Further information is [available on our website](#).

Summary of key housing announcements

- **The Affordable Homes Programme will receive an additional £9.5bn**, creating a new £12.2bn five-year programme from 2021/22. This gives housing associations the certainty we have called for to build much-needed new homes, though the government has not yet confirmed how the funding will be allocated or what tenures it will fund. We'll continue to make the case for funding homes for social rent as we work with the government to build enough homes for homeless families, as well as helping people into home ownership.
- **A new £1bn Building Safety Fund to remove all types of combustible cladding** from social and private high-rise buildings of 18m and above. This is additional to the £600m ACM Cladding Remediation Fund and will be targeted towards leaseholders and landlords who cannot afford to remediate buildings. We're seeking more detail on exactly how this will be allocated but we welcome the government's response to our calls for a Building Safety Fund for all types of unsafe cladding. This fund will help housing associations in their vital work to ensure everyone can feel safe in their home.
- **£643m for rough sleeping**, incorporating the £236m recently committed for accommodation for up to 6,000 rough sleepers. The new funding consists of £144m for support services and £262m for substance abuse services. We look forward to working with the government to shape and deliver this vital housing agenda and end all forms of homelessness through prevention.
- **New exemptions from the Shared Accommodation Rate** (set under Local Housing Allowance rules) for Universal Credit and Housing Benefit claimants, those at risk of homelessness, rough sleepers aged 16-24, care leavers up to the age of 25, and victims of domestic abuse and human trafficking. It will support people's recovery from homelessness through improving access to the private rented sector.
- **Permanent changes to the benefits system** to help people receiving Universal Credit. Deductions (including for rent arrears) will be reduced from 30% to 25%, and the repayment period for loans will be extended to 24 months. HMRC will receive an additional £12.5m to help it to prepare for the

new breathing space initiative. This will provide a period of up to 60 days where people in problem debt will be protected from enforcement action by their creditors, including debts owed to central and local government.

- **In response to the coronavirus outbreak**, a package of ‘temporary, timely and targeted’ welfare reforms to support those affected.
- In a statement on 12 March, the Secretary of State announced **revisions to the National Planning Policy Framework**, accompanied by a [paper](#). His statement encouraged good design and placemaking throughout the planning process and a review of the formula for calculating local housing need, with more encouragement for building in urban areas, a "national brownfield sites map" and new permitted development rights. Many of these announcements demonstrate that the government has taken on board NHF recommendations.

Detail and NHF response

Housing supply announcements

- An additional £9.5bn for affordable housing to make a total of £12.2bn as part of a five-year Affordable Housing Programme from 2021/22 to 2025/26.
- Further allocations of the existing Housing Infrastructure Fund (for high demand areas) and a new Single Housing Infrastructure Fund in the Spending Review.
- A £400m brownfield land fund for local authorities and mayoral combined authorities.
- Reduced interest rates on the Public Works Loan Board so local authorities can borrow more cheaply for housing.
- A reiteration of the commitment to build one million new homes by the end of the Parliament and an average of 300,000 new homes per year by the mid-2020s.

NHF response

At £12.2bn, the five-year Affordable Homes Programme is bigger than the current pot. This is positive, as is the announcement of the funding now, after pressure from the NHF and others for quick certainty over future funding. We will now be working closely with the government on the details of the funding, including the tenures and conditions attached, and geographic or other allocations.

The commitment to a brownfield land fund, to further housing infrastructure funding, and to support local authorities to build are all signs of government commitment to housing supply. Housing associations and affordable housing delivery will be vital in helping the government achieve their ambitions for new homes.

Planning announcements

- A comprehensive housing strategy later this year, building on the planning and social housing white papers.
- Revisions to the National Planning Policy Framework to encourage good design and placemaking (including a “fast track for beauty”).
- Up-to-date local plans in all areas by December 2023.
- A review of the formula for calculating local housing need, with more encouragement for building in urban areas.
- Greater transparency on land ownership and options.
- Reform of planning application fees and a clearer link to authority performance, including an automatic refund where rejected applications are successful at appeal.
- A "national brownfield sites map", to be launched in April 2020.
- New permitted development rights for building upwards (up to two storeys) on existing buildings, and consultation on permitted development rights for demolition of commercial and industrial buildings and replacement with new homes.
- Consultation on reform of the New Homes Bonus.
- A 2050 spatial framework for the Ox-Cam Arc, and up to four development corporations to deliver this. Plus another development corporation to deliver a ‘net zero’ new community at Toton (East Midlands).

NHF response

We are pleased that some announcements reflect NHF asks, such as greater transparency on land ownership and options. The brownfield sites map echoes [the NHF’s own resource](#).

An automatic fee refund where rejected applications are successful at appeal also reflects issues raised in the NHF’s planning white paper engagement, although the proposal is not hard-hitting (costs can already be refunded at appeal where justified).

It remains to be seen whether the new 2023 deadline for up-to-date local plans will lead to significant action, in contrast with past deadlines of this type. The further detail on the white paper included support for more use of

Local Development Orders in the context of “exploring zoning”, referring to the recent Policy Exchange and Building Better, Building Beautiful reports. These Local Development Orders are a little-used but potentially useful mechanism.

In January, the NHF [responded to a consultation](#) on development corporations, such as in the Ox-Cam Arc, that will accelerate new housing and infrastructure development. We are feeding into this process through the work of our [Homes for the Ox-Cam Arc group](#).

Building safety announcements

- £1bn for remediation of all types of combustible cladding products on buildings 18m and above this year.
- This is in addition to the £600m for ACM remediation.
- It is applicable to both private and social sectors, with grants available to leaseholders in the private sector.

NHF response

We welcome the government’s recognition that remediation work for all types of combustible materials requires funding and that the social sector has already been doing this work.

The £1bn Building Safety Fund will be made available to leaseholders in the private sector and to housing associations, for whom cost would be a barrier to remediation. It is understood that this funding will not be available to housing associations who have already started remediating high-rise buildings with non-ACM combustible cladding.

We have been calling for the government to fund remediation works and direct resources first at buildings that need it most. We will work to understand more detail around how the funding will be allocated, and we will make the case to the government on the different impacts on housing associations’ businesses where funding remediation works is already ongoing.

We are concerned that further funding will not be made available for the remediation of buildings below 18m. This may affect housing associations’ ability to meet expectations for removing cladding from buildings of all heights that may represent a risk to resident safety.

We also recognise that remediation work goes beyond combustible cladding. The costs of wider building safety works could stretch far beyond £1bn: the NHF has estimated that the cost could exceed £10bn. We know that housing associations have undertaken in-depth reviews of buildings which may be uncovering other issues beyond combustible cladding and we are working to understand how best to support housing associations dealing with this.

We also understand that additional funding for remediation is only one aspect that building owners need government support for. We will continue to call on the government to work with industry to consider how to increase capacity within the sectors we need to work with to remediate homes, and to coordinate these limited resources so they are directed to where there is greatest need.

Regeneration announcements

- £640bn of gross capital public investment for this Parliament, covering transport, housing, flood defences, digital connectivity and further education.
- Further commitment to review the [Green Book](#), which provides the means to assess and allocate public investment, to be published with the Spending Review.
- Specific commitments for mayoral combined authorities – all metro mayoral authorities will gain from a five-year funding settlement of up to £4.2bn.
- 22,000 civil service jobs will be moved out of London, including to “a significant new campus in the north of England focused on economic decision-making, which will include teams from HM Treasury, DIT, BEIS and MHCLG”.

NHF response

We called on the government to 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. We wanted to see housing as a central part of this transformational renewal alongside infrastructure, skills, health and the environment.

The promised review of the Green Book may support a clearer focus on regeneration but specific regeneration commitments for housing in the Budget are yet to be clarified. Details of the long-awaited UK Shared Prosperity Fund were again postponed, until the Comprehensive Spending Review (CSR) when the English devolution white paper is also promised.

The Chancellor used the phrases 'level up' and 'levelling up' seven times in his speech, and 'levelling up and getting Britain building' was one of the themes of HM Treasury's Red Book. 'Levelling up' is a specific priority of the CSR. Detail remains limited, however. An overall increase in public investment, including in affordable housing, is welcome but the extent to which this will balance need and opportunity – including in housing – is unclear, and the targeting of the proposed Single Housing Infrastructure Fund at 'high demand' areas is a concern.

Continued support for metro mayors is welcome, and seems set to be followed by further devolution. Joining up powers at a place-based level is a sensible way to manage housing and regeneration priorities, although local authorities remain under-resourced to pursue the shared vision mayors can help create.

We will continue to call on the government to adopt a holistic approach to regeneration. There have been some positive signs but a long-term, strategic approach is required.

Homelessness, rough sleeping and support funding announcements

- £643m of funding for rough sleeping to fund 6,000 new places to live and a 'step change in support services', to move people off the streets and support them to maintain a long-term tenancy.
- This includes a reiteration of the £236m announced in February for rough sleeper accommodation, £144m for associated support services and £262m for substance misuse treatment services.
- £46m from the Shared Outcomes Fund to improve support to people with multiple and complex needs, e.g. homelessness, reoffending and substance misuse.

NHF response

We welcome the government's commitment to ending rough sleeping in this Parliament. Although the accommodation fund was announced previously, it is positive that there is a recognition that support services, and help to stay in long-term accommodation, are needed to achieve this.

We look forward to hearing further details on the proposed support and substance misuse services and the timetable over which they will be deployed. We will continue to work with the department to ensure that this money is targeted as effectively as possible and that the design of the new system for distribution works for vulnerable people and housing associations.

We look forward to learning more about the multiple and complex needs funding, however we are concerned that using a Social Impact Bond format makes this funding available through payment by results, which may not provide the certainty needed to provide stable and sustainable support services.

Nevertheless, these are positive first steps in the government's commitment to end rough sleeping by the end of the Parliament. We will continue to make the case for wider investment in housing-related support services for other groups with complex needs, as well as older and disabled people, and the cost benefits these services provide for the public purse. We need measures to end all forms of homelessness with a focus on prevention.

Welfare announcements

- Universal Credit roll-out completed by 2024.
- An extra £12.5m for the new breathing space initiative from early 2021.
- Ensuring Universal Credit claimants can repay debts by reducing the maximum rate for deductions from 30% to 25% of the standard allowance from October 2021.
- Increasing the period for recovering Universal Credit advances from 12 to 24 months.
- Extending exemptions from the Shared Accommodation Rate to cover rough sleepers aged 16-24, care leavers up to age 25, and victims of domestic abuse and human trafficking, to take effect from October 2023.
- Introducing a minimum award length of 18 months for Personal Independence Payment claimants whose condition is unlikely to change, from June 2020.

NHF response

We welcome the reduced level of deductions from Universal Credit to pay back creditors (including landlords) and also the extension of the loan payback period. The additional exemptions from the Shared Accommodation Rate are very welcome and will make privately rented accommodation more accessible, including to groups who have experienced homelessness. However, the delay in the introduction of these changes is disappointing. We still need affordable social housing to meet the needs of those for whom private renting is unaffordable, especially in high value areas where PRS rents are now far above LHA rates.

In 'Economic and fiscal outlook – March 2020' the Office for Budget Responsibility predicted that the rollout of Universal Credit will take longer than the DWP estimates

and will not complete until September 2026, almost nine years behind the original schedule.