

Housing Policy Briefing – July 2015

ABOUT UNISON

UNISON is a major union in the housing sector, representing hundreds of thousands of members working in local government and the community and voluntary sector, including private registered providers (housing associations) and industry bodies, such as the National Housing Federation. UNISON housing members provide a range of services including administering housing benefit, managing homes, housing-related social care, housing advice to private sector tenants, repair work and administrative support. That gives us a unique knowledge of the issues affecting tenants, potential tenants and people working in housing.

INTRODUCTION

This briefing outlines UNISON's concerns about the housing crisis the nation faces, in particular around the dramatic reduction in the supply of housing, particularly social housing, since 2010 as well as the lack of effective regulation in the private rented sector, and the effects of housing benefit reforms on thousands of people who struggle to meet their housing costs.

We believe that the under-availability of both social housing and affordable mortgages creates pressures on the private rented sector, which is growing significantly as a result. This has pushed up housing costs and choice is more limited. The private rented sector is where our members, particularly our younger members, are just starting out yet it has the least regulation.

UNISON is calling on the Government to address the housing crisis by taking urgent action to:

- Invest in a national house building programme, including the delivery of more social and affordable housing, which will create homes, jobs and boost the economy
- Reform welfare policy to reverse the widening disparity created by cuts in housing benefit between rents and the benefit received, enabling the transition from 'benefits to bricks' and reducing the soaring housing benefit bill
- Effectively regulate the private rented sector to drive up standards, strengthen tenants' rights and conditions by making private renting more accessible, affordable, stable, secure and decent

HOUSING POLICY

Since 2010 the Government has introduced significant changes, including cuts to welfare benefits and cuts to capital spending on housing which have resulted in fewer homes being built, leading to an acute shortage of housing supply, particularly social homes at social rents that are affordable to people on low incomes. These changes have deepened the housing crisis and contributed to rising house prices, rising rents and a soaring housing benefit bill – and in turn this has led to increases in rent arrears, evictions and homelessness. The housing crisis is worse in high value property areas, especially London and the South East.

UNISON's strategy has been to promote the need for more housing that is affordable for our members and their families, and to encourage politicians to make housing a key issue. This strategy has had some success in that there is a general consensus among political parties that the nation faces a housing crisis which requires a joined-up public sector response to ensure that current and future generations have access to available, decent and affordable housing. UNISON therefore welcomes the Government's plans to increase the supply of housing. However, we believe that there is an urgent need for more public funding to invest in new homes, which would improve access to housing and reduce the housing benefit bill.

DECLINE IN SOCIAL HOUSING SUPPLY

Social housing provides homes for low income to middle income families, which are more affordable, decent and secure than most homes available in the private rented sector. However, Government policies such as Right to Buy and the Affordable Housing Programme have led to the decline of the social housing sector as fewer social homes at social rents have been built and hundreds of thousands of homes have been lost to the sector through Right to Buy sales across the country. In England, there are over one million fewer social homes available to rent than in 1979.

Right to Buy for Housing Associations

UNISON is opposed to the government's plans to extend the Right to Buy policy to housing association tenants in England. This is not because we are against homeownership aspiration, but because of the way the revenues generated from the current policy have not been reinvested in new social homes for the next generation coming through. The scheme (revitalised in 2012) gives larger discounts to council tenants to buy their council homes and then use the money raised to reinvest in new homes and has failed to replace the homes lost on a one-by-one basis or boost the supply of housing, despite the Government's pledge to replace all council homes sold. According to housing charity [Shelter](#) the policy has seen just one new home built for every 10 sold in England. The consequence has been that the policy has led to a significant reduction in the number of council homes available. It has worsened the housing crisis by making those properties sold under the scheme more expensive, as a third of the properties sold end up as private rented homes, with tenants paying higher rents. In London, 36% of homes sold under the policy have ended up in the hands of private landlords.

The current proposals to extend the Right to Buy level discounts will likely put pressure on council and housing association waiting lists – with 4.5 million people waiting nationwide – and risk increased overcrowding and homelessness. The scheme will also likely put pressure on the public purse in terms of the high housing benefit bill. While the government has pledged to replace the homes sold under the extended policy on a one-to-one basis, UNISON does not believe that is possible. This is because councils will be forced to sell off high value council homes when they become vacant to fund the scheme, but the revenues that will be raised will also have to fund the replacement of council homes with cheaper properties as well as contribute to the government's brownfield regeneration grant, meaning that fewer homes would be built to replace stock. With 80% of councils struggling to replace homes under the current policy and demand for social housing far outstripping supply, extending the scheme would make the situation worse by further reducing the supply of available social and affordable housing to rent.

UNISON is concerned about the impact of the proposals on general housing provision, the future financial viability of many housing associations and the impact on staff. UNISON is also concerned that Government plans to lower the benefits cap – alongside the issues posed by the Right to Buy – threatens to reduce housing associations' asset bases and rental income, making it difficult for them to develop new homes for social and affordable rents in the future.

UNISON would like to see reforms to Right to Buy in England to safeguard social housing for current and future generations on par with policies in Scotland (where the Scottish Government has passed legislation to end Right to Buy in 2017) and Wales (where the Welsh Assembly has suspended the policy in Carmarthenshire to ease pressure on its housing stock and has started the development of legislation to end the policy).

Affordable Housing Programme

The Affordable Housing Programme – which aims to deliver social, affordable and shared ownership homes – was cut by 60% in the last Parliament. This has resulted in a significant reduction in the number of affordable social homes at social rents (which are typically charged at 50% of market rents and are less expensive) being built, leading to a steady decline of the social housing sector. In 2012-13 the total [supply of additional affordable homes fell by 26%](#) on the previous year and dropped by a third in the social rented sector. [Government figures](#) also show that

spending for affordable housing is at its lowest for 14 years, the figure stood at £965m last year, the same level as it was in 2000. The Affordable Housing Programme has been extended from 2015-2018, but UNISON is concerned that the stricter emphasis for housing associations to charge new and existing properties at 80% of market rents will, overtime, reduce further the number of available social homes at social rents. UNISON is particularly concerned that the affordable rent regime is contributing to the increased residualisation of social housing, due to its emphasis on promoting 'affordable rents' which are not actually affordable for many people on low and middle incomes. UNISON would like to see a move to a funding model that allows for greater investment in social homes at social rents to ensure that people on low incomes and young people have access to housing at rents that they can afford.

INCREASING HOUSING SUPPLY

The nation faces an acute shortage of housing as we are building less than half the homes we need. In 2013 just 109,660 new homes were built in England. The lack of housing has led to spiralling house prices and rents, which are unaffordable to many, particularly young people, families and those on low incomes. Research by [Savills](#) reveals that the total annual housing cost in England and Wales has reached almost £133bn a year – with private rents accounting for 36% whilst mortgage payments contribute 49% of total costs. In London, private renting makes up nearly 50% of the total cost of housing.

UNISON is calling on the Government to invest in new housing and to commit to a target for increasing the supply of housing to 250,000 new homes per year, with a significant proportion (80,000 new homes per year) being affordable and social homes at social rents provided by councils and housing associations. A mass house building programme would help to create jobs, boost the economy and tackle the housing crisis. We believe that building more homes will lower the costs of housing overall for everyone – especially the 10 million private renters – help to cut the soaring housing benefit bill, enable the transition from 'benefits to bricks' and ensure thousands of young people and families in desperate need of a home and living in unacceptable conditions are housed adequately.

UNISON also believes that councils should have a strong strategic and operational role in planning, delivering and managing housing services and housing investment for the local communities they serve. The Housing Voice campaign led by UNISON produced a [report](#) in 2012 which sets out in detail our policies for improving housing supply, following a year-long independent inquiry.

PRIVATE RENTED SECTOR REGULATION

The under-availability of both social housing and affordable mortgages has created a growing reliance on the private rented sector. As a result, increasing numbers of people on low incomes are being forced to rent their homes from private landlords where rents are much higher, requiring higher levels of housing benefit. [Rents have gone up 15%](#) since 2010 in England and Wales, making renting unaffordable to many people. The high costs of housing is putting a strain on the housing benefit bill which is currently £24.4bn and [experts warn](#) that it could rise further to £197bn in 2065-66.

The private rented sector is now the second largest housing sector. However, it is the sector which has the least regulation, the highest number of homes that do not meet the decent homes standards, where tenants face high rents, unpredictable rent rises, the most insecure tenancies, instability, extortionate letting agency fees and rogue landlords.

Since 2012 UNISON has been calling for a statutory system of private rented sector regulation, guaranteed minimum standards for tenants, landlord accreditation, increased security of tenure, alongside a system of "sustainable rents" or "rent caps" and safeguards against extortionate rents being charged – to drive up standards and strengthen tenants' rights and conditions, as set out in the [Housing Voice report](#). In particular, UNISON wants to see improved stability, security and conditions for tenants privately renting. We want to see new regulation put in place to make long-term tenancies the legal default for tenants with flexibility, for example to allow tenants to end their

rental contract if they have to move for work; and legislation to put an end to revenge evictions across the UK that protects renters and prevents landlords from evicting tenants who have complained about poor housing conditions.

WELFARE REFORM IMPACTS

Since 2010, people who need help with their housing costs have seen their housing benefit cut. Welfare reforms, including changes to the Local Housing Allowance (LHA), housing benefit in the private rented sector, and the introduction of the bedroom tax which applies to social housing tenants if they are deemed to have a spare room, have had the effect of reducing the amount of housing benefit that claimants can receive. At the same time rents have soared due to the under-availability of housing. The cuts have created a discrepancy between rents and the benefits received, and is causing hardship and financial problems to those affected. A growing body of evidence shows that welfare reforms have led to increased levels of rent arrears, evictions and homelessness:

A [DWP study](#) on the changes to LHA found that 47% of the landlords surveyed reported that they had experienced an increase in rent arrears since reforms were introduced, and that 37% of landlords had taken action to end tenancies of LHA tenants since April 2011. These findings are echoed by a UNISON [survey](#) of housing workers within the community and voluntary sector in 2013 which found that reforms had led to an increase in tenants struggling to keep up with rent, being evicted or forced out because of financial problems. The UNISON survey also revealed that reforms had resulted in reduced rental income of many housing associations, and as a result facilities that make life decent, such as play schemes and community centres, are being cut. With more tenants falling into debt, housing workers reported that more housing associations were employing more debt management advisors to deal with the problem.

A House of Commons Works and Pensions Select Committee Inquiry [report](#) in 2013 into the provision of support to meet housing costs made a series of recommendations on how the impacts of benefit changes might be mitigated on those affected. However, the Government has said it will keep welfare reforms and has recently announced further cuts to the welfare budget including a reduction in the benefit cap from £26,000 to £23,000 per year. UNISON believes the welfare reforms are not working and that the reforms threaten the financial viability of housing associations whose incomes are being reduced – and vulnerable tenants are facing the brunt of the reforms. A recent report by [Crisis and JRF](#) warns that homelessness in England increased by 9% last year; that welfare reforms have contributed to this rise; and also reduced access to the private rented sector for low income households in high property value areas. In London the reforms and rising rents have led to the [‘social cleansing’ of 50,000](#) families who have been forced out of their homes.

UNISON is calling for reforms to mitigate the effects of welfare reforms on those affected, particularly young and vulnerable people. UNISON’s report [‘A new housing benefit deal for young people’](#) published in 2014 makes a series of [recommendations](#) to reform welfare and improve the standards and supply of housing.

CONCLUSION

UNISON is calling for joined-up solutions to tackle the negative effects of housing and welfare reforms. We believe that greater investment in housing would help solve the housing crisis, increase housing supply and reduce the soaring housing benefit bill. This would help to reverse the widening disparity created by cuts in housing benefit between rents and the benefit received, thereby enabling the transition from ‘benefits to bricks’.

MORE INFORMATION

For more information, please contact Sylvia Jones, UNISON Assistant Policy Officer: s.jones@unison.co.uk