

## **UNISON BRIEFING: HOUSING AND PLANNING BILL 2015**

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### **ABOUT UNISON**

UNISON is a major union in the housing sector, representing 100,000 of our members working in local government and the community and voluntary sector, including private registered providers (housing associations), that provide a wide range of services including housing management, housing related social care, housing advice to private sector tenants, repair work and administrative support. This gives us a unique knowledge of the issues affecting tenants, quality service provision and people working in housing.

### **INTRODUCTION**

The Government's housing reforms continue the themes of 'creating a property owning democracy', reforming housing and rents and boosting housing supply to tackle the housing crisis. However, the reforms focus on promoting homeownership at the expense of delivering affordable social homes for rent that most people on low incomes need.

UNISON's housing campaign focuses on promoting the availability and supply of decent housing that is affordable to our members and citizens on low to middle incomes. The Government's reforms will result in fewer low cost homes that millions of people can afford to buy or rent. It will also lead to a further reduction of social homes at social rents, and worsen the housing crisis, which is about a crisis of supply and affordability across all housing markets. UNISON is calling on the Government to address the housing crisis by taking urgent action to:

- Invest in a public sector led house building programme to significantly increase all types of housing, across all tenures, to improve the availability, accessibility and affordability of housing
- Provide adequate funding for social housing to ensure the delivery of quality housing services provided by a committed and dedicated workforce
- 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
- Introduce stronger rent controls, alongside a range of regulatory measures, in the Private Rented Sector, to stop runaway rents

This briefing outlines UNISON's main concerns about the measures in the Housing and Planning Bill and its impacts on social landlords, tenants and general housing provision.

### **THE HOUSING AND PLANNING BILL – KEY MEASURES**

#### **1. Implementing the Right to Buy on a voluntary basis**

***UNISON believes that extending the Right to Buy will reduce further the social housing stock available and worsen the housing crisis.***

The Housing and Planning Bill 2015 contains measures that would allow the Government to deliver its manifesto commitment of extending the Right to Buy policy (RTB) to housing association tenants at equivalent discounts on a voluntary basis. This follows a voluntary RTB deal negotiated between Government and the National Housing Federation. The Bill makes provision for the Government to fund RTB discounts, which will be paid for through the forced sale of high value vacant council homes. Housing Associations (not local

authorities) will retain the sales receipts to enable them to reinvest in the replacement of homes sold on a one-to-one basis, though not on a like-to-like basis.

Associations will have the flexibility to build replacement homes of different housing tenures, including homes for sale, such as shared ownership, which will likely result in even fewer low cost social homes being built. The situation will be compounded by the Government's plans to cut social housing rents by 1% over 4 years from 2016 (a measure contained in the Welfare Reform Bill), as this will lead to a reduction in rental income. As a result of the rent reduction policy some landlords have already revised their development plans to deliver more homes for sale rather than for rent. If social landlords are given the option of replacing homes sold through RTB with other housing tenures then they could opt for homes for sale rather than for rent for financial reasons.

UNISON is opposed to the extension of RTB as the existing policy has led to the dramatic decline in the number of social housing units and is concerned that extending the policy will reduce this still further at a time when there is an acute shortage of affordable housing. The RTB policy will likely undermine the financial viability of some social housing landlords to manage and maintain existing stock and also their ability to develop genuinely affordable social housing. UNISON believes that councils should have the financial freedoms to manage their assets; they should be able to retain 100% of sales receipts to reinvest in the building of new homes.

UNISON is concerned that the forced sale of council homes to fund RTB will lead to an 'unprecedented' loss of council homes, if extra funding is not provided to replace them. Given that the Government's 2012 commitment to 1-1 replacement of stock sold under council RTB has not been met, UNISON is concerned that this may prove to be the case with the extension of the policy to housing association tenants. We are also concerned that with a reduced stock the jobs of housing staff and housing services are likely to be put at risk, as has already been demonstrated.

Rather than selling homes at large discounts to some tenants, which often ends up as costly private rentals with a high cost to the public purse in terms of the soaring Housing Benefit Bill, the Government should be supporting not just homeownership but other housing tenures.

***By investing in more low cost affordable homes, particularly social rented homes, the Government could ensure that young people, families and workers on low incomes have access to a decent and affordable home.***

## **2. Starter Homes**

***UNISON welcomes support for first-time buyers to get onto the property ladder, but we are concerned that the Starter Homes initiative will be beyond the reach of thousands of workers and lead to the decline of real affordable housing.***

The Housing and Planning Bill makes provisions to deliver 200,000 Starter Homes for first-time buyers under the age of 40. The homes will be sold at a discount of 20% of the market value cheaper, at or below the price cap of £450,000 in the Capital; £250,000 outside. According to the Treasury only 30% of the population earn more than £50,000, the estimated income needed to afford a Starter Home, pricing some of the Starter Homes way beyond the reach of most workers, including nurses, teaching assistants and school cleaners.

The Bill will give developers the option to provide Starter Homes instead of traditional affordable housing on private sites to satisfy Section 106 planning requirements; given this option, developers are likely to opt for homes for sale rather than for rent. The Bill will place a legal duty on councils to promote the supply of Starter Homes in their area. In effect this means that councils will no longer be able to insist on social or affordable rent in Section 106 planning agreements, meaning that developers will have fulfilled their obligations to a council if they build homes for purchase rather than for renting. Historically, housing associations' development programmes have drawn heavily from Section 106 agreements, last year around 40% of new homes built by housing associations resulted from such agreements. The Starter Homes initiative will therefore

make it harder for social landlords to bring forward the delivery of affordable homes at social rents, as it focuses on homeownership at the expense of social renting.

We are also concerned that Starter Homes will be counted as affordable housing even though the homes will be unaffordable for many working people – and it will likely lead to the replacement of other forms of affordable housing like shared ownership and social rent.

***The scheme should not be at the expense of building genuinely affordable homes at prices people on low to modest incomes can afford. It should be additional to affordable housing supply, not a replacement of it.***

### **3. Planning Reforms – Increasing Housing Supply**

***UNISON welcomes the Government's plans, including planning measures, to boost housing supply, especially as the nation faces an acute shortage of housing.***

The Housing and Planning Bill contains measures to speed up the planning process and help the Government to deliver its manifesto commitment of delivering a million homes by 2020, an average of 200,000 homes a year. In 2014, only 141,000 new homes were built, far short of the 250,000 new homes needed every year to meet demand. While UNISON welcomes plans to increase housing supply we are concerned that they focus on homeownership at the expense of low cost social rented homes. The planning measures in the Bill include the Starter Homes initiative which will be written into planning regulation, and measures that could end a local planning authority's ability to ensure a mix of housing for both affordable and market housing in line with their local plans to meet housing needs, as developers will be able to satisfy planning requirements if they build for sale rather than for affordable renting. The acute housing shortage across all housing markets has caused housing costs to rise to unsustainable levels, and it is important that there is a significant increase in all types of homes, across all housing tenures, at prices that ordinary families can afford. Increasing the supply of housing is one part of the solution to tackling the acute shortage of housing and bringing down housing costs.

***However, there also needs to be a package of measures to control private rents and effective regulation to drive up standards in the Private Rented Sector to make private renting more affordable, stable, secure and decent for the 11 million renters in the UK.***

### **4. Private Rented Sector – Tackling rogue landlords and letting agents in England**

***The Bill contains powers to enable councils to identify and tackle rogue landlords who let their tenants down by poorly managing their properties or treating tenants unfairly.***

Measures include: giving councils access to tenancy deposit data, empowering councils to blacklist rogue landlords and also issuing bans which would stop them from letting properties, the introduction of a database of rogue landlords and letting agents, and measures to make rogue landlords repay rent or housing benefit to local authorities.

The measures are a step in the right direction. However, more needs to be done to improve conditions in the PRS, at a time when the [average rent paid by private tenants in England and Wales](#) has reached a record high of £816 a month in September 2015, compared with £768 a year earlier.

**UNISON is calling for a regulated system of rent controls to stop runaway rents, as part of a wide range of regulatory measures, including a national register of landlords, borough-wide licensing schemes, more secure tenancy agreements, such as legislating for longer-term tenancies for tenants with the flexibility for them to end their rental contract if, for example, they have to move for work.** The Bill could have improved renters' rights by ending letting agents' fees to stop them from being able to charge a letting fee for renting out properties in addition to requiring a deposit and a month's rent upfront. UNISON has worked with the [Trade Union Congress \(TUC\)](#) to produce a [Young Workers' Housing Charter](#) which calls for a range of measures to strengthen tenants' rights and improve conditions in the Private Rented Sector.

## 5. Rent changes: 'Pay to Stay' – High Income social tenants: mandatory rents

***Pay to Stay which links rents to income will likely make social housing too expensive for some people, and may force 'higher earning' tenants into private renting which is costly and less secure.***

The Bill contains [measures](#) to make high income social tenants - defined as households with a total income of more than £40,000 in London or £30,000 elsewhere - to pay rents up to market rent or lose it. The policy could lead to the doubling of rents and could make accommodation for those affected unaffordable. It is also likely that the policy will lead to a reduction in the number of social homes at social rents as Pay to Stay rents will continue to rise with wages. Those affected may face financial hardship, homelessness, and need recourse to housing benefit to meet their housing costs, or be forced into the private rented sector. The policy could also prove costly to administer. The Bill empowers social landlords to require their tenants to declare their household incomes and it requires councils to return any additional rental income generated from the policy to the Treasury, despite housing associations being able to keep the income raised.

The Pay to Stay policy seems to suggest that social housing should exist only as a safety net for those on low incomes, with higher earners who have worked hard penalised for having a social home. The policy also runs counter to the Government's plans of 'getting people into better-paid work' and 'making work pay', because a higher paid job could now mean a higher rent or eviction; penalising people because of their higher earnings can generate a perverse incentive for tenants not to work or seek better-paid employment.

The Pay to Stay policy like the Affordable Housing Programme, which focuses on charging new and existing 'affordable' social homes at 80% of market rents, will likely shift funding for social homes at social rates to homeownership products or the delivery of homes at market rates, which will not actually be affordable. A majority of social tenants are on low incomes and there is a risk that bringing social rents on par with private rents will make their home too expensive, at a time when people are in desperate need of affordable housing. According to [KPMG](#), Pay to Stay will make social homes unaffordable, and that the higher earners that the Pay to Stay policy targets cannot be considered as such because those earning £40,000 in London and £30,000 outside are already priced out of homeownership.

***Rather than introducing piecemeal policies such as Pay to Stay, the Government should enable the provision of genuinely affordable homes which people need.***

## 6. Impact on the service delivery for supported housing

***Housing and welfare reforms, including the reduction in housing association stock that could be caused by this Bill, and the rent reduction policy contained in the Welfare Reform and Work Bill 2015 will place additional pressures and financial burdens on social landlords to manage supported housing services.***

Supported Housing caters for a wide range of tenants with specific needs that require varying degrees of support. This type of housing is already subject to very tight margins across the board; it relies on contracts for care or support services, and there are no alternative models for housing provision of this kind. Between 2011-2015 funding for housing related support was reduced by 45% on average according to the National Audit Office, at the same time as demographic changes have led to greater demand and more complex needs. It is a part of the sector that is particularly vulnerable to any reduction in its income. The provision of supported housing is specifically designed to help disadvantaged people to achieve or remain as independent as possible and live healthy lives. It is unclear what would happen to the people currently living in supported housing, run by Housing Associations, for those who are already waiting for supported homes, as well as the increased numbers of people needing supported housing in the future. The impact of the new reduced rents currently means that there could be a decrease in this service provision in local communities if Housing Associations no longer retain this unique service delivery.

As it stands, the new rent reduction measure proposal in the Welfare Reform and Work Bill 2015 would lead to a loss of existing supported housing schemes for disadvantaged people e.g. older people, people who are homeless, people with mental health problems, people fleeing domestic violence, people with learning

disabilities and others. There would also be a reduction in the number of schemes developed for this range of client groups, with housing associations already reporting that they are withdrawing from planned development.

Housing associations' financial modelling indicate the issue of viability applies to all types of housing association, large providers as well as small, when considering the feasibility of providing supported housing on a scheme-by-scheme basis. This means the question facing us is about the future of supported housing for disadvantaged and older people, not merely the future of individual organisations.

For example, St Mungo's Broadway, provides accommodation and support to 3,800 people each year across London and the south of England. They estimate that the 1% annual rent reduction requirement would result in the loss of £1.25 million in rental income to them by year four - between £250,000 and £300,000 each year. Taking into account the rental income they had anticipated over this period, the overall impact on the organisation's finances over the four year period is £4 million.

***UNISON is concerned that this loss of income would force some projects to close resulting in the loss of accommodation for homeless and disadvantaged people.***

## **7. Impact on the social housing workforce**

***The measures contained in the Housing and Planning Bill 2015, in particular the plans to extend the Right to Buy policy to housing association tenants, will have a negative impact on the social housing workforce.***

The reforms will result in additional administrative and cost pressures on council and housing association landlords. At a time when housing budgets and social rents are being cut, the workloads of staff could increase and will likely result in more difficult conditions for staff, as has been the case with previous housing and welfare reforms. With a reduced stock and reduced rental income the situation will worsen, as services could be affected and jobs are likely to be put at risk. A number of housing associations have already scaled back their development programmes and announced job cuts in response to housing and welfare reforms, meaning that there will be fewer homes and services for vulnerable people who are in desperate need of social housing.

## **CONCLUSION**

The measures contained in the Housing and Planning Bill and other welfare reforms will end the aspirations of a whole generation for decent and affordable housing. Thousands of families may end up being forced from their homes or displaced, leaving many vulnerable people unable to afford a decent place to live. The reforms do little to tackle the housing crisis, such as significantly improving the supply of social housing to meet demand.

Reforms such as the Right to Buy and Starter Homes focus on promoting homeownership. They pose a sustained attack on social housing, which is in dramatic decline and represents a poor housing deal for young people, workers, ordinary families and those on low incomes. UNISON is concerned that the reforms could end the existence of social housing. This will in turn lead to housing and social problems such as increased overcrowding, poverty and homelessness, which is already on the rise. The reforms will likely force more families to rent cheaper, sub-standard, insecure, unsafe housing in the private rented sector, which is largely unregulated.

Housing is a human right and the Government has a duty to take a pro-active approach to ensuring people living in the UK have decent homes to live in. This requires the Government to have a coherent and consistent policy on housing, which recognises the necessity for social housing and sets a positive framework in which this can develop.

***That is why UNISON wants to see the Government commit to a public-sector led national house-building programme to deliver the low rent, low cost social homes people need. This would lower housing costs, cut the housing benefit bill, and really make housing more available, accessible and affordable.***

**MORE INFORMATION**

UNISON is campaigning with the TUC for a significant increase in housing supply and for effective regulation in private rented sector. Our key priority is to campaign to defend and safeguard social housing stock for current and future generations and to protect the working conditions of the social housing workforce.

UNISON housing campaign: <https://www.unison.org.uk/at-work/community/key-issues/housing> .

For more information, please contact: Allison Roche, Policy Officer, [A.Roche@unison.co.uk](mailto:A.Roche@unison.co.uk); Sylvia Jones, Assistant Policy Officer: [s.jones@unison.co.uk](mailto:s.jones@unison.co.uk)