

HOUSING, COMMUNITIES AND LOCAL GOVERNMENT COMMITTEE:

LONG-TERM DELIVERY OF SOCIAL AND AFFORDABLE RENTED HOUSING INQUIRY



WRITTEN SUBMISSION BY UNISON JULY 2019

EXECUTIVE SUMMARY

- The lack of social and truly affordable housing means that public service employees in England are spending more than a third of their wages on housing costs, pricing them out of the housing market.
- UNISON research shows that high housing costs and affordability are among the biggest issues facing the workforce (especially young workers) in England affecting where our members can live and work.
- The focus of Government policy and public expenditure has been directed primarily at promoting home ownership instead of addressing housing need.
- UNISON believes that there should be a shift in national Government policy to ensure that funding and resources are prioritised for the delivery of more and better social rented homes, provided by councils and housing associations, to address housing need; and to ensure that there are truly affordable decent homes for all.
- UNISON'S submission outlines a number of recommendations which we believe are needed to ensure the long-term delivery of social and truly affordable rented homes. This includes a call for more investment in social housing; measures to reform land in the planning system; re-build capacity in council housing departments; and measures to support social housing providers with greater financial flexibilities and freedoms to ensure that they are fully resourced and equipped to contribute at high capacity to increasing housing supply.

INTRODUCTION

1. UNISON is the largest trade union in the UK, with 1.3 million members. It is also the largest trade union in the UK that represents people that work in housing. Approximately 100,000 members are employed by councils and private registered providers (housing associations) delivering a range of services for people living in a variety of tenures, for people in housing need. We welcome the opportunity to submit evidence to the Housing, Communities and Local Government Select Committee's inquiry into the long-term delivery of social and affordable housing, as many of our members are affected either directly by policies on housing as tenants/residents or indirectly as workers delivering social housing.

BACKGROUND

2. UNISON is deeply concerned about the acute shortage of housing, particularly social and genuinely affordable housing provided by councils and housing associations. This has led to spiralling rents and house prices across the nation causing an affordability crisis, especially for young single adult men and women under 40; vulnerable people, including the elderly; workers and families on modest incomes; who struggle to afford a decent home to rent or buy.
3. UNISON research shows that **high housing costs and affordability are among the biggest issues facing the workforce in England**, affecting where our members can live and work, the services and

opportunities they can access and what they can afford. UNISON's 2018 report, [Nothing going on but the rent: the housing cost for public service workers in England](#), highlighted the high cost of renting for public sector workers in England. It looked at how much public sector workers spend on rent across five public sector jobs: a porter in NHS England, a special needs teaching assistant, a refuse driver, a nurse and a police community support officer (PCSO), and how much of their monthly salary they have to spend on rent, depending on where they live. The report found that average rents were unaffordable in many regions, especially for people working in low paid jobs such as hospital porters and teaching assistants. In six out of nine English regions, rental costs are more than a third of workers' monthly wage.

4. UNISON's 2018 report, [Priced Out: home ownership and public sector workers](#), shows that owning a home has become virtually impossible for many of our public sector workers - including NHS cleaners, teaching assistants, librarians, nurses and police and community support workers – living in the majority of local authority areas across England, Scotland and Wales. The report shows that saving the money for a deposit on a property would take decades or more than a century for public service workers in some parts of the country.
5. UNISON's [Online Housing Affordability Tool](#) (for England and Wales) also highlights that ordinary working people are getting a raw deal – they can't afford to buy, private renting is insecure and expensive and social housing has been slashed while wages have stagnated.
6. High housing costs combined with stagnating wages means that more of our members are spending 30% or more of their income on housing costs, leaving them with little to spend on food, transport and electricity and other living costs which have risen sharply since 2010. Others are spending a lot of time and money on long commutes simply because they can't afford a decent home near their places of work. With increasing numbers of public service workers priced out of the housing market, it is clear that the private sector alone cannot be relied upon to provide the homes the country desperately needs.
7. **UNISON believes that the priority must be to commit to a national house building programme which puts social and truly affordable housing at its heart, to increase the supply of all types of housing.** This is crucial in tackling overcrowding, rising private rents and house prices, and lowering the Housing Benefit Bill to ensure that there are decent homes for all. Sufficient volumes of high-quality social housing would also help address health, education and other inequalities, and strengthen local communities.

A WHOLLY INADEQUATE HOUSING SUPPLY

8. Wilcox and Williams (2018) found that private renting and homeownership are being funded and supported by almost £39 billion over the five years to 2020/21 and that of that, about 60% exclusively relates to homeownership. As a consequence, the level of funding and support for new social rented housing has been minimal reflecting the significant policy imbalance. According to latest Government statistics, Homes England programmes delivered 45,629 homes in 2018/19, but only 1,231 of these were for social rent. This falls far short of the 150,000 new social homes per year, that Shelter says are needed to tackle the housing shortage.
9. The UK Housing Review (2018) says that the current backlog of households with housing need is 4 million and that over a fifteen year timeframe the level of new house building required is 340,000 new homes a year. A critical policy shift took place during the 1980s when the government sought to effectively end the role of councils in building new homes for (social) rent and encouraged the depletion of council housing stock a) through the Right to Buy and b) through the large scale voluntary transfers of the local authority housing stock. The impact of this policy shift has led to a significant drop in the number of new council homes built.

10. It is worth noting that 31 July 2019 marks the 100th year anniversary of the 1919 Housing and Town Planning Act, formally known as the “Addison Act”. This heralded a dawn of new and rented housing, through the provision of Government subsidy, provided by councils for working people across the whole of Britain after World War I. Since 1939, the only times we have built sufficient homes to meet housing demand across the country has been due to major public sector building programmes.

11. ENSURING THE SUSTAINABLE DELIVERY OF SOCIAL AND AFFORDABLE RENTED HOUSING TO MEET LONG-TERM NEED

12. UNISON believes that councils – alongside housing associations – play a crucial role in providing low cost homes for people on modest incomes across the country and that this role must be retained. However, they face significant barriers to building more social rented and truly affordable homes, including the availability of appropriate government funding, the scarcity and high costs of land available for housing-building and the operation of the planning framework.

13. English councils, in particular, face restrictions on how much they can borrow and invest in housing, including restrictions on the use of Right to Buy receipts, which has prevented them from replacing homes sold through the policy and building additional new homes. While the recent lifting of the council Housing Revenue Account (HRA) borrowing cap is a step in the right direction, this is not sufficient. This is because lifting the cap means that only some councils will be able to borrow more under the ‘prudential framework’ that allows councils to borrow provided they can demonstrate they have the revenue streams to repay the debt.

14. Only 160 of the 326 local councils still have an HRA, the rest have sold off their housing stock to housing associations, encouraged by both Conservative and Labour Governments to pursue ‘stock transfer’. Therefore, the lifting of the cap will not lead to a single extra home in more than half of councils. Early estimates suggest that this might add an extra 10,000 a year – not much of a dent in the 340,000 new homes that are needed each year.

15. Further, the current Affordable Housing Programme (AHP), administered by Homes England, defines affordability too broadly and has led to the delivery of homes beyond the reach of ordinary citizens and public service workers on low to middle incomes. Currently, some housing associations, focus their building programmes on the development of different types of housing, including homes for outright sale, “(un)-affordable rent” homes at 80% of the market rate and shared ownership, and not exclusively on social rent homes, the cheapest type of housing which is so desperately needed. For example, [Network Homes has explained in a report](#) published this year that it is not “focusing its housing programmes exclusively on people with the greatest housing need”. The housing provider says this is due to a variety of reasons including “the Government’s funding regime for new house developments, the high costs of new housing such as the price of land, labour and materials, low grant rates, and the cost of borrowing to fund new homes”.

16. UNISON believes that a key component of any solution to ensure the sustainable delivery of social and affordable homes must be the return of major public sector house building programmes led by councils. If this is to be achieved then national Government policy needs to undergo a major policy shift to ensure that such programmes are supported with significant public subsidy.

RECOMMENDATIONS

17. UNISON is calling on the Government to take urgent action to:

- Rebalance and re-prioritise the Affordable Housing Programme (AHP) to ensure that there is significant public subsidy for the construction of new social rented housing and the addition of up to 150,000 new social rented homes per year
- Ensure that public subsidy does not only result in the creation of public assets but is also in the interest of taxpayers because it also results in a reduction of public expenditure in the long-term (30 plus years) as the support for housing costs provided to the enlarged social rented sector replaces expenditure that would otherwise be incurred in the private rented sector
- Provide long-term funding certainty for councils – alongside housing associations – to enable them to invest in new and existing homes
- Ensure new social housing meets high standards of sustainable construction, good space standards and high levels of energy efficiency to assist the Government in meeting its climate change objectives
- Re-establish the Housing Revenue Accounts (HRA) in all councils to enable them to play their part in contributing to a major public sector house building programme and that this long-term policy shift gives councils the confidence to re-establish in-house teams that will be essential to delivering it through investment in internal training and development of existing staff, funding and support of apprenticeships and recruitment
- Support the re-emergence of council housing departments with adequate resources to re-build capacity, which has been eroded due to austerity and government cuts, to enable them to re-create architectural, design and engineering teams and modern direct labour organisations – to ensure that they are well resourced to deliver a “new generation of quality social rented homes”
- Establish a Home-building Capacity Fund, similar to the one set by the London Mayor for the Capital, to help social landlords build more social rent/truly affordable homes, which meet the highest environmental and safety standards. Such a fund would contribute to raising quality standards, help build in-house capacity, develop skills and expertise
- Ensure that there is a national workforce strategy required to deliver the major public sector house building programme
- Give councils – and the public sector employees who work for them - full financial freedom and flexibility - to enable them to make decisions in the interests of their communities. Councils in England should have the flexibility to determine how to combine housing subsidy, prudential borrowing and capital receipts, including having the ability to invest 100% of capital receipts to build more homes and invest in their existing housing stock, as is the case in Scotland
- Reform land in the planning system, including land compensation rules that release land at lower prices for councils and housing associations on which to build new social rent homes. This should include measures which allow councils to purchase land at its existing use value (EUV) and then capture any uplift in the value of land if invested in new social homes and supporting infrastructure
- Strengthen the role of Homes England to fund and support the delivery of sufficient volumes of social rented homes built by councils and housing associations
- Establish a new definition of “affordable housing” linked to the incomes of people in the lowest income distribution, not market prices, to ensure that homes are truly affordable, as advocated by the [Affordable Housing Commission](#) and supported by UNISON
- End the continued depletion of the existing social housing stock with the Right to Buy continuing to be a barrier to housing investment, it should be scrapped in line with Scotland and Wales
- End the conversion of social rented homes to un-affordable rented homes to protect the social housing stock for current and future generations
- End the privatisation of housing stock, services and jobs, and support these being brought in-house

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