

**WRITTEN SUBMISSION BY UNISON
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LONG-TERM DELIVERY OF SOCIAL AND AFFORDABLE RENTED HOUSING INQUIRY

EXECUTIVE SUMMARY

UNISON welcomes the proposals announced in the 2020 Budget which includes extra funding to build more genuinely affordable homes and more money to end homelessness. This is crucial in tackling the housing crisis, which is blighting the lives of many. However, more reforms are needed to ensure that everyone has access to decent, secure, safe and affordable housing.

UNISON is calling on the Government to introduce bolder proposals - as argued for in the union's [housing manifesto](#) - to ensure that councils and housing associations receive the financial support they need to deliver significant numbers of new social and genuinely affordable rent homes at pace and at scale in the long-term to meet the needs of local communities.

Key measures UNISON is calling for:

- Commit to a national house-building programme to build 150,000 new social rent homes per year
- Restore direct investment in public housing through upfront capital grants from Government
- Require new social rent homes to meet the highest environmental, building safety, space, energy efficiency and accessibility standards
- Provide long-term funding certainty for councils and housing associations
- End the Right to Buy immediately so that councils can permanently house homeless households and the vulnerable, addressing acute housing need
- End programmes which result in social rent homes being converted to near market rents
- Support council housing departments, with adequate resources to re-build in-house capacity and develop skills and expertise in housing management and development workforces

1. INTRODUCTION

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 who work in the housing sector. 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.

Many of our members are affected directly by Government housing policy as tenants or residents. We welcome the opportunity to submit further evidence to the Housing, Communities and Local Government Committee's Inquiry into the long-term delivery of social and affordable rented housing, following the 2020 Budget.

2. BACKGROUND

The current public health emergency (the coronavirus pandemic) has brought into sharp focus the housing crisis that is blighting communities across the country. The housing crisis is one of the biggest issues facing the workforce and vulnerable people across the country, impacting where they can live and work and the opportunities they can access.

Not enough social rent homes are being built to house those on low to middle incomes who struggle to afford to buy or rent in the private sector. Further, the supply of new homes in the social rented sector is not enough to keep pace with the loss of homes through sales under Right to Buy and conversion to near market rents. As a result, social housing has become inaccessible and out of reach to all but those in the greatest housing need.

3. GOVERNMENT FUNDING FOR SOCIAL HOUSING DELIVERY

The coronavirus pandemic has highlighted the need for long-term funding of low-cost social rent homes to meet housing needs. There is already an increased demand for the social rent tenure with 1.15m people on the social housing waiting list and more people requiring permanent accommodation for a variety of reasons, for example, people fleeing domestic abuse or those moving on from temporary accommodation or from unsafe housing.

Demand is likely to grow as more people impacted by Covid-19 lose their jobs, see their incomes reduced, build up rent arrears and face eviction and homelessness after the current ban on evictions expires. Currently, there is a lack of available social homes for rent and social distancing rules, during the lock-down, have slowed down building work. There's an urgent need to increase the supply of social housing that can be allocated to people in housing need now and in the future.

UNISON therefore welcomes the Government's proposals announced in the 2020 Budget to commit to a £12.2bn five-year Affordable Homes Programme, including £9.5bn of new funding, aimed at boosting the supply of affordable housing. This expanded programme, which [UNISON](#) has consistently called for, will help to tackle the housing crisis.

The question is how much of this money will be allocated for social rent homes given that most Government funding is prioritised for homeownership schemes. Government [data](#) shows that only four in every 100 homes funded by the Government since 2016 have been for social rent - which is disappointingly low - with the majority of funding allocated for "affordable homeownership or shared homeownership". UNISON is concerned that the proposed First Homes scheme, offering new homes for sale at a 30% discount and funded by grant, will further reduce delivery of social and affordable rented housing in the long-term.

Grant funding is crucial for the development of social rent homes. Before grants were cut for social rented housing in 2011, almost 40% of development costs of councils and housing associations were covered. This needs to be restored if social housing providers are to contribute significantly to the Government's target of building 300,000 homes per year by the mid-2020s.

UNISON, alongside housing organisations including [Shelter](#) and the [Chartered Institute of Housing \(CIH\)](#), has consistently called for grants for new social rent homes to be significantly increased to help councils and housing associations in England to expand their development programmes, as argued for in [UNISON's housing manifesto](#). We also believe that restoring grant funding to pre-2011 levels will end the controversial policy of converting social rent homes to near market rents, which are beyond the reach of many.

With housing costs now the largest single demand on household incomes, a return to upfront capital subsidy will also enable councils and housing associations to build low cost social rent homes at scale and pace to meet housing need. This is important given that [Government data](#) sets show that the social rented sector continues to decline. Waiting lists are rising; overcrowding among tenants in social housing has increased; and 8% of social tenants now live in homes without sufficient bedrooms.

Building more social rent homes for working people is crucial if we are to help people on waiting lists access a home; tackle homelessness and overcrowding; reduce the Housing Benefit bill and make housing more affordable for people across a wider range of income levels.

4. EFFECTIVENESS OF EXISTING GOVERNMENT INCENTIVES AND PROGRAMMES

The Government admits the housing market is broken. But the unbridled emphasis on homeownership at the expense of other sections of the community is disproportionate and some aspects of Government policy have made the affordable home ownership crisis worse.

[Research by the Chartered Institute of Housing](#) shows that private renting and affordable home ownership will receive almost £39bn of public funding over the five years to 2020/21 and that about 60% of that figure exclusively relates to homeownership. The most high-profile home ownership scheme has been Help to Buy. The Government provided £12.46 billion in equity loans between 1 April 2013 and 31 March 2019 for the scheme. Consequently, the level of funding and support for new social rented homes has been minimal, reflecting the significant policy imbalance.

The focus on homeownership means there has been less focus on the housing needs of low-paid workers and the vulnerable, including the homeless and rough sleepers. That is why UNISON has welcomed extra investment for rough sleepers in the 2020 Budget and emergency funding of £3.2m for councils to house homeless people so that they can safely self-isolate during the coronavirus pandemic. Now, further action is needed to tackle the root causes of homelessness, such as the under-supply of truly affordable housing, high private rents, welfare reform and cuts to support services to ensure that rough sleepers and homeless households who have been helped during the pandemic do not end up back on the streets.

The pandemic has highlighted the negative impacts of the Right to Buy policy, which has depleted council's housing stock to the extent that people have had to be accommodated in hotels in order to self-isolate during the coronavirus pandemic, a financially and socially unsustainable measure. According to the [CIH](#), England has lost 181,000 social rented homes since 2012 through the Right to Buy policy and other programmes. UNISON calls on the Government to end the Right to Buy immediately so that councils can permanently house homeless households and the vulnerable, addressing acute housing need.

UNISON is concerned that at a time when the social rented sector is in decline – and more people than ever need access to secure, decent affordable housing due to the pandemic - the Government still plans to introduce the controversial Shared Ownership Right to Buy for housing association tenants as well as repurpose Section 106 funding to include First Homes, homes for discount sale rather than rent. This is not dissimilar to the failed Starter Homes policy of the previous Government. UNISON is opposed to these initiatives as they will further exacerbate the ability of councils and housing associations to deliver new social and affordable rented homes.

The Government needs to rethink its housing strategy to ensure that it is coherent and holistic and that it puts social rented housing at its heart. This calls for a reprioritisation and rebalancing of the Shared Ownership and Affordable Homes Programme (SOAHP) to enable significant numbers of low cost social rent and truly affordable homes to be built, which will contribute to economic recovery, post-lockdown and provide homes for thousands of low-paid workers and vulnerable people in housing need.

UNISON is calling on the Government to:

- Commit to a national house-building programme to build 150,000 new social rented homes per year, supported with grant funding
- Restore direct investment in public housing through upfront capital grants from government
- Require new social rented homes to meet the highest environmental, building and safety, space, energy efficiency and accessibility standards
- Provide long-term funding certainty for councils and housing associations
- End the Right to Buy immediately so that councils can permanently house homeless households and the vulnerable, addressing acute housing need.
- End programmes which have resulted in social rent homes being converted to near market rents, which are beyond the reach of people on low to middle incomes

5. ROLE OF SOCIAL HOUSING PROVIDERS IN LONG-TERM DELIVERY

Councils and housing associations play a crucial role in delivering social rent and affordable homes in the long-term. However, they face significant barriers, including the availability of long-term,

sustainable funding; scarcity and high costs of land available for housing development; the operation of the planning framework and the Government's focus on homeownership initiatives.

Councils also lack in-house capacity due to years of austerity and Government cuts, a significant barrier to long-term housing development. Consequently, many councils no longer have the architectural, engineering and modern direct labour organisation (DLO) expertise needed to deliver "a new generation of quality social rent homes". The lifting of the borrowing cap means that some councils can borrow further and create a proper housing development workforce. But they need more financial support from the Government if they are to return to their historic role of building more homes and supporting infrastructure development at pace and scale.

The pandemic has also highlighted the failures of the private rented sector in responding to those whose incomes and livelihoods have been impacted by Covid-19. Councils are best placed organisationally to respond to the needs of their local communities. They place shape communities, are not driven by profits and are able to respond directly to local housing need in the community as they have done by housing a significant number of rough sleepers and homeless households during the pandemic so that they are able to self-isolate safely.

In addition to calls for the restoration of direct investment in social housing and support to re-build council in-house capacity, UNISON also welcomes recent proposals in the 2020 Budget to reform the Public Works Loan Board (PWLB), including cutting the interest rate by 1% to pre-hike levels. These measures will maximise the opportunities for councils to invest in social housing, as well as develop the new skilled house-building workforce, providing long term employment that a sustained house building programme requires.

UNISON is calling on the Government to:

- Support the re-emergence of council housing departments with adequate resources to re-build in-house capacity and develop skills and expertise in housing management and development. This also provides opportunities for better deployment of apprenticeships to attract young workers and to better develop existing staff, both within housing services and across a variety of other council services.

6. GOVERNMENT APPROACH IN MEETING DIFFERENT NEEDS OF REGIONS/AREAS

There is an opportunity for the Government to reform the funding regime for long-term social housing delivery by addressing the inherent disparities in the funding formula, as highlighted in [UNISON's housing manifesto](#). Under the current Shared Ownership and Affordable Homes Programme, (SOAHP) eligibility for social rent funding is focused on areas of high housing demand, which means that some regions such as the North are locked out of funding.

Rural areas also face development challenges. Research by Shelter and the Campaign to Protect Rural England (CPRE) found that planning rules on viability assessments were being exploited by private developers to reduce their affordable housing commitments required by councils. The research found that over a 12-month period, 938 homes had been lost through this mechanism in just eight rural councils.

For more information:

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