About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals and their organisations with the advice, support and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world. Further information is available at: www.cih.org

CIH contact: Gavin Smart, deputy chief executive gavin.smart@cih.org
Introduction

The government’s 2017 housing white paper was welcome. However, it missed an opportunity to review fundamentally the government spending on housing. The lengthy list of government schemes supporting the housing market shows the urgent need for an overall strategy towards market intervention and improved clarity on the objectives of the different initiatives and investment programmes.

So CIH welcomes the government’s recent announcement of its intention to develop a social housing green paper. We call on government to work with the sector and professionals to use this opportunity to:

- Carry out a strategic reassessment of housing market interventions with robust objectives, targets and monitoring arrangements, providing clearer long-term policies and investment plans
- Develop a strategy that prioritises housing delivery directly, rather than one aimed at stimulating housing demand
- Implement a strategy that focuses intervention strongly on the delivery of affordable housing
- Develop a strategy that drives forward ongoing improvement of existing homes
- Ensure better coordination between housing investment and welfare spending

Our eight priorities for the Autumn Budget are set out below along with our recommendations to government.

1. Invest in existing homes

The tragedy of the fire at Grenfell Tower has brought to the fore a number of issues around the ongoing maintenance and refurbishment of existing homes, specifically in tower blocks. By extension, it highlights the challenges for landlords around continued investment in existing homes, balancing resources to achieve this and at the same time delivering the new homes we require.

CIH is calling on government to:
- Address the need for ongoing investment in existing housing (additional to funding focused on addressing our lack of affordable housing) in order to bring an additional 578,000 homes up to the decent homes standard and increase energy efficiency in existing homes, as this is critical to achieving statutory carbon emissions, and to address fuel poverty amongst tenants.
- Target additional and specific upfront funding for landlords to enable them to address any substantial remedial works to ensure buildings are safe post the Grenfell Towerfire. This investment might take a number of forms from direct government investment to revolving loans to assist landlords in managing the cash flow implications of large and
unexpected expenditure. The imperative here is to ensure that homes identified as in need of remedial action are made safe as quickly as possible. In some cases it may be most efficient to consider this remedial investment as part of wider programmes of area or estate regeneration.

2. **Deliver more homes at genuinely affordable rents**

More than three million UK households spend over a third of their income on housing. The last assessment of the demand for new homes for rent or sale at less than market price in England said that at least 80,000 (of the 250,000 total) are required annually. The government has a target of delivering 275,000 new affordable homes between 2015 and 2020, i.e. 55,000 per year; or two-thirds of estimated demand. Actual output falls well short of the target, with just over 32,000 affordable completions in 2015/16, and, according to NHF surveys, a similar number in 2016/17.

CIH is the only body which monitors all government housing investment in England, and has shown that it totals £51 billion over the period to 2020/21. Only 21 per cent is directed to affordable housing. Just two of the measures (the Help to Buy and Lifetime ISAs) have a projected annual cost rising to over £2 billion per year from 2020. Starter Homes, still largely untested, have a total budget of £2.3 billion. Redirecting a proportion of this funding towards affordable housing would boost the affordable homes programme from £8.5 billion to as much as £13 billion. This could provide an extra £1.5 billion per year from 2018/19 – 2020/21. This level of investment could provide an additional 28,000 new homes per year at social rents - a significant additional contribution to meeting our national affordability crisis. Affordable investment would still only be about 30 per cent of the total.

CIH is calling on government to:
- Rebalance housing investment towards affordable housing
- Allocate an additional £1.5 billion per year to affordable housing from 2018/19 – 2020/21
- Set a target to achieve output of 100,000 affordable homes per year within five years, with a high proportion being at social rents
- Invest in the development of new social rented homes through additional funding and grant levels.

3. **Develop a sustainable funding framework to increase supported housing**

There is an acknowledged shortfall of supported housing, estimated at 15,600 supported homes for people of working age at 2015/16 by the NHF, and at 240,000 homes with care for older people, by the Housing LIN. Supported housing makes a significant contribution to reducing demand on other public sector services, notably health and social care; Frontier Economics estimated in 2010 that the net benefit of investment in supported housing was £639 million a year. It also plays a crucial role in
tackling homelessness; in 2014/15 supported housing provided prevention/relief of 17,000 incidences of homelessness.

Therefore the proposal to cap rents at the LHA rate in the supported housing sector would have significant impact. Our recent research has demonstrated how wide the gap is becoming between LHA levels and actual rents in the private sector which is largely for general needs, whilst supported housing carries significant additional costs to general needs housing. Government has acknowledge this but its proposal to address this with a ‘top up’ fund devolved to local authorities has led to such uncertainty (in terms of adequacy and length of top up funding) that many organisations are not taking forward pipeline schemes.

We need a long-term model that enable funding to rise in line with costs over time and will provide long term certainty for providers. The new framework will also require a transitional period to ensure that changes do not destabilise existing and new schemes.

CIH is calling on government to:
• Reconsider proposals to cap rents at LHA levels. We need a long-term model that enable funding to rise in line with costs over time and will provide long term certainty for providers. Government should delay implementation while options/alternative models are tested. However, any new framework will also require a transitional period to ensure that changes do not destabilise existing and new schemes.

4. **Set a new rent settlement that supports more affordable housing**

Recent changes in rent policy, following rapidly on from what was intended as a long-term rent settlement have impacted on the number of new affordable homes built and as a consequence reduced our ability to address our national housing affordability challenge. We need a new rent policy to restore long term stability to social landlords’ finances to give confidence and certainty to government, landlords, investors and tenants alike, and enable long term planning for the delivery of more new housing and improvement in existing homes.

CIH is calling on government to:
• Introduce a framework which covers a rolling period (say between 5-7 years) which is reviewed and re-confirmed on a periodic basis, removing the ‘cliff edge’ problem associated with previous time limited frameworks.
• Ensure any framework allows landlords reasonable flexibility to respond to differing local circumstances and pressures across / within their areas of operation whilst ensuring a backstop provision to ensure the affordability of rents set.
• CIH’s recent joint report with VIVID homes made some detailed proposals for a
definition of affordability including that rents should not take more than 1/3 of net
earnings for those on below average incomes and should not ordinarily see working
households needing to claim housing benefit.

5. Provide resourcing for local authorities to build new homes

The last time we delivered the volume of new homes we now need, local authorities
played a significant part in that. We need to ensure that local authorities can again
contribute to the overall numbers needed.

We also need to review policies that are leading to a significant loss of the most
affordable homes without providing for adequate replacement. CIH has shown there
was a loss of 122,000 social rent units over the four years 2012-16, because of right to
buy (RTB), conversions to higher rents and demolitions. A similar loss is projected up to
2020.

CIH is calling on government to:
• Provide targeted resources to strengthen local authority planning and housing
  enabling teams to achieve faster delivery of local plans and bringing forward
  housing development sites
• Allow councils to retain 100 per cent of Right to Buy (RTB) receipts for reinvestment
  in social rented housing and rules about use of receipts within three years to be
  relaxed
• Introduce a framework to allow local authorities to bid for increased flexibility
  around rent levels, borrowing caps and use of RTB and other receipts in return for
  specific, concrete commitments to build new homes
• Ensure that any new rents settlement properly considers the impact on the capacity
  of the local authority sector as well as the housing association sector.

6. Address poor quality, insecurity and high costs in private renting

Losing a private sector tenancy is the biggest and fastest growing cause of
homelessness. Failing to address poor conditions and insecurity in the sector therefore
not only causes massive hardship for those affected but brings costs onto the public
purse.

CIH is calling on government to:
• Undertake a review of how to make better use of the tax system and other measures
to reward good landlords and penalise bad ones; e.g. tax incentives for landlords
who commit to standards over and above the legal minimum through better and
wider use of accreditation schemes
• Carry out a review with the aim of creating a single set of simple, consumer-focused minimum standards for the PRS, and ensuring that councils have the necessary resources to enforce them
• Apply higher fines when landlords are convicted of offences and magistrates’ courts to be given guidance on how to apply higher fines so that they are a more effective deterrent to rogue landlords.

7. Maintain effective help with housing costs for those on low incomes

The prime minister has said the government will prioritise help for the ‘just about managing’, which the Resolution Foundation estimates covers 5.8 million households. CIH has growing concern about the direction of travel and impacts of welfare policy and cuts, both on benefit recipients directly and on their ability to sustain tenancies. There are direct consequences in increased levels of homelessness and destitution. CIH research in 2014 showed that attempts to reduce the size of the housing benefit bill by cutting individuals’ entitlements will only reduce spending in the short term, because they fail to tackle the main drivers of increased costs.

Our research into the lower benefit cap has highlighted that this measure is significantly extending the reach of the cap beyond its original intention and increasing hardship for more families. It now impacts at least 116,000, compared to 20,000 originally, and significantly changed the profile of those affected – for example those with smaller families. Many of those affected will find that there are no housing options affordable to them at all, if they are not able to access discretionary housing payments (DHPs).

CIH is calling on government to:
• Slow down the rollout of UC so that DWP can continue to apply its “test and learn” approach to ensure that operational issues can be resolved and procedures can be developed
• Restore the overall benefits cap to its level prior to the further cuts made in November 2016
• Urgently review the effects of the benefits cap on the ability of non-working tenants to pay rents
• Do not proceed with the planned application of the LHA cap to social sector rents from April 2019
• For private sector rents, base the LHA on local rents (i.e. the level which represents the lowest 30% of today’s market rents).

8. Tackle homelessness and rough sleeping

Homelessness is running at levels that are a recent record, accompanied by high usage of temporary accommodation. Destitution and rough sleeping have also increased. JRF has estimated that some 668,000 households were destitute and in contact with relief
services during 2015. Aside from provision of social housing, resources to deal with homelessness come largely from local authority General Funds: net spending on housing from these funds has fallen by more than half in real terms since 2010. CIH supports the Homelessness Reduction Act 2017 but recognises that this is only one element of a policy approach to the crisis of homelessness. It will also be ineffective unless local authorities have more resources to implement it properly.

CIH is calling on government to:
- Apply realistic levels of ring-fenced funding to support local authorities to meet their duties under the Homelessness Reduction Act 2017 (beyond the ‘additional burdens’ funding provided over the next two years)
- Provide adequate funding for a wider ‘Housing First’ programme aimed at halving rough sleeping by 2022 and ending it by 2027
- End the use of benefit sanctions, specifically for people identified, at the point of claim, as being of increased risk of homelessness, for example; using the groups listed in the Homelessness Reduction Act section 179(2).