The Chartered Institute of Housing's submission to the Comprehensive Spending Review 2021

Executive summary

1. The COVID-19 pandemic has highlighted, in the starkest terms, the importance of home, highlighting the extent of our housing crisis. Everyone deserves a safe, secure, comfortable, and affordable place to call home. A key part of a functioning housing market is a high-quality supply of genuinely affordable homes, both new and existing, that helps to meet housing need across the United Kingdom and drive positive outcomes for the people living in those homes.

2. Social housing providers have stepped up to face the challenge of the COVID-19 pandemic. They have worked hard to keep their tenants and residents safe and helped to house people who were homeless. They face competing, complex, and expensive demands including building urgently needed new homes, carrying out remedial works to make sure that buildings are safe, and ensuring homes meet the net zero carbon target. They are ready and willing to meet the challenge and, with the right financial support, can deliver on the government's priority to 'Build Back Better'; building the new homes the nation needs, modernising existing homes, and making a significant contribution to the government's 'levelling up' and transition to net zero commitments.

3. Investing in social housing will boost the economy, create jobs, and improve people's lives when our nation needs it most. Our submission includes a package of proposals designed to make sure that homes, and the people who live in them, are at the heart of the government's post-covid green economic recovery plans over the next three years: delivering better housing outcomes for people and supporting business and jobs. CIH is calling on government to:

   - Boost the post-COVID economy by investing in 90,000 new social rented homes per year for 10 years

   - Commit to long-term investment and support for modern methods of construction

   - Invest in retrofitting existing housing to achieve net zero carbon and align investment for retrofitting of homes with measures to improve wider housing conditions and adaptations

   - Increase support to enable social housing providers to carry out works to make buildings safe, including remediation works and the costs of complying with the new building safety requirements for higher-risk buildings

- Invest in existing and new supported housing to meet a range of needs and provide a national, ringfenced funding stream for housing related support to address this deficit and to support the sustainability of existing and new supported housing schemes

- Take further steps to end homelessness and rough sleeping including investment in high-fidelity Housing First services, floating support, good quality temporary accommodation and specialist services

- Help people with their housing costs so that they can find an affordable, decent place to call home and undertake a complete review of the relationship between housing and welfare policy, to properly consider the cumulative effects of various measures.

4. CIH would be happy to discuss any of our proposals, and the underpinning research, in greater detail.

1. Boost the post-COVID economy by investing in new homes at social rents

1.1. The economic impact of the COVID-19 pandemic poses a significant challenge to our country. CIH understand and support the government's focus on getting the country's fiscal position 'back on track' and ensuring every pound of taxpayer funding is well-spent, so that the highest-quality services can be delivered to the public at the best value. We welcome the certainty that the recently announced Affordable Homes Programme 2021-26 provides. It is also encouraging to see that government recognises the value of homes at social rent as part of the programme.

1.2. **A large-scale programme to build affordable homes, in particular homes at social rents, would deliver substantial national and local economic benefits including safeguarding and creating jobs in the construction and associated industries. This would support the government's commitment to 'Build Back Better', drive growth that is green and 'level up' by increasing and spreading opportunity.**

1.3. Alongside the current economic conditions, we also face the longstanding challenge of a chronic undersupply of housing, with an increasing number of households experiencing real stress and poverty because they don't have a decent and secure home. Many households find themselves stuck in housing that is not only unsuitable and poor quality, but also high cost. The measures introduced by government to control the spread of the COVID-19 virus brought this into sharp focus.

1.4. Over recent years there has been various attempts to gauge the extent and cost of the house building programme needed to meet housing need in the future. According to research from 2018 by Heriot Watt University commissioned by Crisis and the National Housing Federation (NHF) there is a housing backlog of 4.75 million households across Great Britain, 4 million of these in England alone. Of these, around 3.66 million households are in housing need, and currently concealed in overcrowded households, or have serious affordability or physical health problems, or live in unsuitable accommodation. 333,000 households are experiencing 'core homelessness'. Another 250,000 live in unsuitable accommodation and 510,000 live in poverty after paying their housing costs. These Problems are likely to have worsened post-pandemic. The English Housing Survey Resilience Study shows that overcrowding and rent areas have both increased.

1.5. The scale of investment required overall, taken together with the wider challenges that must now be faced, call for a comprehensive reappraisal of policy not just a new spending programme or one-off initiatives.

Building the homes we need and the resulting direct and indirect benefits

1.6. The Heriot Watt University research highlighted that we need to build over 100,000 homes for social rent every year for the next fifteen years across Great Britain (90,000 in England) to address need. The projections show that any programme has to be heavily skewed towards southern England (including London), which accounts for the majority of new need.

1.7. The total build cost for a programme of this size is an average of £46.2bn per year. The majority of this would be met from a combination of private borrowing, cross subsidy from sales, the implied cross subsidy from section 106 contributions by private developers, and discounted land values. **The remainder (£14.6bn per year on average, or £12.8bn in today's prices) must be met via capital grant from the government.** A higher grant rate might be needed in higher value areas. Such a level of investment in England would result in a sizeable consequential in terms of the money going into the block grants of the devolved nations – **around £1.2bn in Scotland, £709m in Wales, and £441m in Northern Ireland** – with the expectation that devolved governments would invest the money in social housing.

1.8. **Building this number of homes per year for 10 years could significantly reduce homelessness and rapidly reduce poverty amongst families currently living in the private rented sector. Given the pressures facing the housing market, it is also the only route to reaching the government's target of building 300,000 homes per year. It would deliver substantial economic benefits across the country and unlock productivity improvements across the homebuilding sector; adding £4.8bn to the national economy and support 86,000 jobs. Committing to this level of funding over a 10 year period would provide greater certainty to housing providers and so enable them to lever in significant additional private investment. This would support building at increased scale and, crucially, retain capacity within the construction industry.**

1.9. Research by Capital Economics has shown that public spending on housing has lagged behind expenditure on other public services in recent years. Moreover, the focus on spending has been on 'subject subsidy' e.g., housing benefits, rather than 'object subsidy' capital investment in social/affordable housebuilding. The amount of spending on housing benefit payments in England, has been on a long-term upwards trend. This is largely due to rents increasing in real terms across tenures, and especially due to an increased reliance on the private rented sector, where the increases have been largest.

1.10. Although a demand of £12.8bn annually in funding for new supply is considerable, it is not out of kilter with other government investment in the context of spending on Help to Buy, ISAs, the Home Building Fund, the Housing Infrastructure Fund and the other measures being used to support the private market. CIH believes that a fundamental restructuring of government incentives and programmes is required, to retarget them on those most needing support in the housing market and enable the required level of new investment to take place.

1.11. A ring-fenced fund, additional to the Affordable Housing Programme, such as that proposed by the Affordable Housing Commission in its latest report, and made available to social landlords and local authorities could be used to buy new build homes for sale on stalled sites at cost, for conversion to affordable homes. This would have the effect of continuing to inject liquidity into the housing market, keep developers building and deliver much needed affordable housing. This fund could be further targeted to enable housing providers to buy existing homes from homeowners for conversion to affordable housing.

1.12. A recent report by Savills has estimated the macro-economic benefits of investing in social housing along the lines suggested by Crisis and the NHF (discussed above). The report estimated that that the investment would generate around 340,000 construction job years (direct and supply chain) over the reference case planned affordable housing programme.

1.13. This graphic below is taken from the Savills' spotlight report on how to solve the housing crisis and shows the ways in which house building programmes saves costs in other areas.

	London	South	Midlands	North	Total
Number of households in need of submarket housing p/a	42,500	34,100	10,200	9,600	96,400
Scenario A	In Scenario A we assume the private rented sector (PRS) has suddenly acquired dramatically more capacity, enough to house the 100,000 households in need of submarket housing. Housing benefit is required to pay a large proportion of the rent.				
Benefit Bill	£510m	£225m	£52m	£62m	£849m
Scenario B	In Scenario B we assume that 100,000 social rented homes are built each year to accommodate households in need of submarket housing. This would cost £7bn in grant funding each year.				
Grant needed	£3.4bn	£2.4bn	£0.6bn	£0.5bn	£6.8bn
Benefit Bill	£199m	£132m	£40m	£47m	£418m
Outcomes	The advantage of Scenario B over Scenario A would be a long term hypothetical saving to the housing benefit bill, £431m per year across the country. The equivalent value of this saving in perpetuity is £24bn, at current long term interest rates.				
Hypothetical saving to Benefit Bill	£310m	£94m	£12m	£16m	£431m
Value of saving	£17.2bn	£5.2bn	£0.7bn	£0.9bn	£23.9bn

Source: EHS, CACI, Land Registry, Rightmove, HCA SDR, 2011 Census, CIH (note that totals may not sum due to rounding)

1.14. Poor housing already costs the NHS an estimated £1.4 billion a year in England, largely due to the impact of cold homes and risk for falls. The study by BRE in 2016 estimates that wider societal costs, including lost educational and employment opportunities, is £18.6bn. Investment in good quality social housing is likely to have significant benefits beyond the construction sector and meeting housing needs. A range of research suggests that there are significant social and economic benefits for tenants and local communities, including:

- Reduction in Housing Benefit costs
- Reduction in homelessness
- Construction apprenticeships
- Reduction in unemployment
- NHS savings
- A reduction in crime
- Enhanced education attainment.

1.15. It is not just about numbers. The quality and accessibility are extremely important. There are 13.9 million disabled people in the UK and an estimated 1.2 million wheelchair users. Yet, as demonstrated in Habinteg's Forecast for Accessible Homes, less than half of Local Plans set any requirement for a proportion of new homes to be developed to any accessible standard, and outside London, only 1 per cent of new homes will be suitable for someone in a wheelchair. Research by Habinteg and Papworth Trust in 2016 revealed that disabled people of working age with unmet housing needs are four times more likely to be unemployed. We welcome the recent announcement of a consultation in accessible standards, and hope that this will ensure a higher accessibility standard becomes mandatory for new homes of all tenures.

Modern methods of construction

1.16. The government should use the Comprehensive Spending Review (CSR) as an opportunity to strengthen innovation in the sector by supporting modern methods of construction (MMC). Given the scale of our housing shortfall, and the need to deliver more homes at speed MMC have huge potential. With the right support, benefits include:

- The opportunity to make a step-change in delivering energy-saving, climate-friendly homes
- Homes built to higher space and accessibility standards
- Consistency of production standards which potentially resolves the weaknesses in enforcing building regulations exposed by the Grenfell Tower fire
- New employment opportunities outside the traditional building trades which can help to solve building industry skill shortages.

1.17. MMC has improved in terms of the quality of the product but requires support to drive forward scale so that the industry could have confidence to continue to invest and deliver more homes. Long-term government investment and support in this area would help to significantly increase the scale and pace of delivery of homes. As the report Build Homes, Build Jobs, Build Innovation points out, **50,000 new jobs could be created if the government were to set a target of 75,000 modular homes being delivered per year by 2030. Investment in MCC would support the government's ambition to leading the transition to net zero across the country and more globally.**

Community led housing schemes

1.18. Government should also renew investment in community-led housing schemes, including community land trusts, as this will contribute to the ambition to drive economic recovery and deliver 300,000 homes a year. There are over 10,000 homes in the pipeline waiting for further investment in the Community Housing Fund, and an ambition to deliver 23,000 homes by 2025 with £180 million invested over five years. This will make a significant contribution to the government's overall targets, often in areas that would be left undeveloped, due to community resistance or sites that are unattractive or unavailable for development by mainstream providers. Research by Capital Economics for the National Community Land Trust Network revealed that in 10 per cent of cases community groups have developed housing on sites where previously opposition prevented any development. The report demonstrates these schemes deliver £1.80 benefit for every £1 over 10 years, rising to £3 when factoring in health and wellbeing over 30 years. Community-led schemes often involve innovative methods of construction built to high and locally agreed design codes.

2. Invest in retrofitting

2.1 UK homes are unfit for the challenges of climate change. According to research by the sustainable energy association residential housing is currently responsible for around 22 per cent UK carbon emissions, and social housing accounts for around 10 percent of this. If UK is to meet its net zero emissions ambitions by 2050 the government must invest in:

- building new homes that are 'net zero carbon' and if possible that generate energy, and
- retrofitting existing homes to raise their energy efficiency and make their power and heating sources renewable.

2.2 Too many people face heating bills that are too high for them and are forced to choose between 'eat or heat' – a choice no one should have to make. This situation will worsen as the global gas crisis begins to bite. Cold homes cause ill health, mentally and physically. **Poor housing, including cold homes, is estimated to cost the NHS £2.5 billion annually in extra treatment, similar to the costs caused by people smoking.** This CSR provides government with an opportunity to accelerate a retrofit revolution creating jobs and opportunities in every part of the country in line with the government's 'levelling up' agenda, whilst also making a real difference to people's health and wellbeing.

2.3 CIH welcomes that government's pledge in the new Energy White Paper (2020) to support the transformation of heating for homes from oil and gas to clean energy sources. The 2017 Clean Growth Strategy set an ambition for all homes to be rated 'EPC band C' by 2035, a steppingstone to the full 2050 target. **Currently 19 million UK homes fall below band C, so 1.2 million must be retrofitted each year to achieve it. The Energy Efficiency Infrastructure Group (EEIG) says this requires annual investment of £5.2 billion, with government funding of £1.7 billion leveraging £3.5 billion from owner-occupiers and landlords**

2.4 **A programme to decarbonise housing has the potential to create 325,000 UK jobs over the next 15 years.** A report by the Energy Efficiency Infrastructure Group in 2020 called for stimulus package based on retrofit to create 40,000 jobs within two years and 150,000 by 2030.

2.5 Responsibility for achieving the UK target is devolved, with the Westminster government setting the overall target with devolved administrations being responsible for detailed measures. **The government pledged £9.2 billion in its manifesto to improve energy efficiency, beginning in 2020/21, but so far has announced plans only for part of this – therefore plans should be brought forward for the remainder.**

2.6 The extended (21/22) £2bn Green Homes Grant had potential to vastly upscale energy-efficiency improvements but has since been scrapped with only 6.3 per cent of the £2bn spent, despite exceptionally high demand. A robust overhaul of the scheme could be extremely beneficial.

2.7 CIH welcomed the range of measures announced in the 2020 Spending Review which allocated £1.1 billion to continue to support the decarbonisation of buildings through improved energy efficiency. Government has made a significant start by putting backing in place and showing how energy efficiency can be at the heart of our economic recovery. However, it is now essential to build on this early investment and ensure that there is a drive to make the housing stock zero-carbon ready, with a full-scale programme of investment in retrofit work and ensuring that the skills and supply chain can deliver what is needed at the required pace and quality. **We are calling for Government to deliver on their manifesto promise of a £3.8bn 10-year Social Housing Decarbonisation Fund to help mitigate costs.** Alongside this a policy framework setting out the standards, targets and requirements is needed to enable housing associations to plan effectively and deliver to the 2050 targets with confidence.

3. Increase support to enable social housing providers to carry out works to make buildings safe

3.1 A key challenge facing government and social housing providers is the scale of works needed to make sure that tenants and leaseholders living in higher-risk buildings are safe. This relates both to the inspection and remediation works required to existing buildings to make them safe now, and preparing for the new regulatory regime for higher-risk buildings (as set out in the recent Building Safety Bill).

Remediation works

3.2 While we previously welcomed the £1.6 billion funding for the replacement of unsafe cladding on high-rise residential buildings in the social and private sectors and the additional £10 million of funding per year for tailored building checks and inspections, we know now that this will not be enough to address the level of work needed. Costs are estimated to be in the region of £16 billion across the social and private rented sector.

3.3 In addition, we do not believe it is fair and just to transfer the costs of any remedial work to leaseholders (including via a leaseholder loan scheme). Government should be looking at alternative measures to fund this work.

3.4 Our submission to the Building a Safer Future called on government to **create a building safety fund to support remediation works on existing buildings in scope to ensure that they are compliant ahead of the new regulatory regime. We believe that the government should now review this fund to reflect the true cost of the work required to make buildings safe as many of the current issues are the result of a systemic failure of the previous building safety regulations**.

Compliance with the new building safety requirements for higher-risk buildings - the Building Safety Bill

3.5 CIH supports the measures in the Building Safety Bill. In particular, the tighter regulatory regime for buildings over 18m high, a new building regulator with enforcement and prosecutorial powers, mandatory reporting of structural and fire safety occurrences, requirements for clients, principal designers and principal contractors to consider fire safety at all points of design and build and 'gateway points' at design construction and completion, the creation of new accountable person and building safety manager roles, and criminal liability for directors and companies with unlimited fines and up to two years' imprisonment.

3.6 However, the costs of meeting the new requirements are likely to be significant for some organisations, we would therefore like to see the government take steps to ensure that organisations facing high costs to meet these new requirements can access a fund to do so.

4. Invest in existing and new supported housing to meet a range of needs

4.1 Supported housing for working age and older people who have additional support needs is an important resource **to ensure that people can live well and safely in communities and also prevent or reduce reliance upon more costly public services, especially social care and health.** The need for decent, safe and accessible housing has been clearly demonstrated through the pandemic, and for many people, having a decent, accessible home, with the reassurance of timely support if needed, will have been an important factor in supporting physical and mental health at this time.

4.2 Many social housing providers have given additional help and support for residents, in particular those who might have additional need for help due to age and/ or health conditions. ONS data does not identify specialist housing schemes as a separate category in its data on COVID-19 infections and deaths but a study of a number of extracare and retirement village housing providers, into the impact of COVID-19 on their services, residents and staff, revealed that fewer residents died from COVID-19 than expected and in comparison the similar aged people in the wider community (0.97 per cent compared to 1.09 per cent between March and December 2020 (see RE-COV study summary report, April 2021). This was in spite of the operators reporting notable difficulties in accessing help and PPE especially at the start of the pandemic. Indeed, many operators report that the pandemic has led to significant additional operational costs, to provide PPE, and increased cleaning regimes etc and loss of income, through closure of communal facilities and services. The report highlighted above estimates an average loss to operators of £723 per resident.

4.3 The benefits for residents' wellbeing provided through the pandemic is in addition to the demonstrated benefits for individuals and for public services, notably health and social care, already evidenced through numerous studies. Research by Frontier Economics in 2010 demonstrated the value of investing in supported housing with £639 million savings delivered each year across other areas of public spend. In terms of client groups, the savings equated to £365 per person per year for offenders or people at risk of offending; £1,368 per person per year for disabled people; £4,671 per person per year for people with mental health problems and £6,764 per person per year for people with learning disabilities. Demos, in 2017, estimated the benefit from retirement housing for health and social care services at £486 million a year. An evaluation of high input service models (crisis and recovery, rehabilitation services and forensic step-down services) delivered by Look Ahead Housing produced £5 million a year in savings and efficiencies for health partners in comparison to hospital based mental health care.

4.4 CIH welcomes the focus of investment on supported housing within the Affordable Housing Programme (10 per cent of funding) but to sustain and grow this important sector we need to go further and ensure long term revenue investment in high quality housing related support. There is still a challenge for the ongoing provision of supported housing, due to the lack of funding available for the support services that are an integral part of these housing models. Funding for this has been cut drastically or removed entirely where local authorities, facing significant cuts to their budgets, have had to focus solely on statutory services. The National Audit Office identified cuts of 69 per cent to housing related support budgets (2010/11-2016/17).This has led to the loss of many vital supported housing services including provision for people fleeing domestic abuse.

4.5 The lack of funding for a core element of supported housing causes real difficulties for landlords and service providers and does not create an environment in which organisations are able or willing to invest in new supported housing, especially given that it can be more difficult and take longer to develop**. CIH calls on government to provide a national, ringfenced funding stream of £1.6 billion for housing related support to address this deficit and to support the sustainability of existing and new supported housing schemes.**

5. Take steps to end homelessness and rough sleeping

5.1 The human, social and financial costs of rough sleeping and homelessness are extensive, much of it borne by the health and criminal justice systems, and within communities.

5.2 **Preventing rough sleeping and homelessness is a 'spend to save' initiative**. Analysis by Crisis of public spending has shown that the average cost for quickly resolving an episode of rough sleeping is just £1,426 but would rise to £20,128 if rough sleeping were to persist for 12 months. CIH calls on government to:

- Ensure a clear, cross-government plan to end rough sleeping by building on the lessons of 'Everyone In', and implementing the recommendations of the Kerslake Commission on homelessness and rough sleeping
- Allocate funding to implement the learning from the 'Changing Futures' Programme at a national level, to deliver the systems change that is needed to embed partnership working and support people with complex needs
- Continue 'Everyone In' via the Rough Sleeping Initiative (RSI) incorporating the additional expenditure used by local authorities in providing people sleeping rough, or at immediate risk of doing so, with accommodation and support during the pandemic
- Ensure a requirement in the RSI that there is specific provision of rough sleeping emergency accommodation and services for women and young people
- Confirm that NHS and Integrated Care Systems (ICS) Operational Guidance should stipulate that Integrated Care Systems and their Integrated Care Partnerships have a dedicated focus on tackling healthcare inequalities, including people experiencing homelessness and rough sleeping
- Continue the Homelessness Prevention Taskforce funding for accommodation for prison leavers, but with support available for people with complex needs that comes from other departmental funding streams
- Establish a clear policy position that implementing No Recourse to Public Funds must stop short of causing destitution
- Continue the Rough Sleeping Accommodation Programme for the duration of the RSI

5.3 To do this, CIH supports the projected expenditure figure given by the Kerslake Commission of **£355.5 million between the financial years 2022-23 and 2024-25.**

Housing First

5.4 CIH supports high-fidelity Housing First as an effective response to housing people experiencing homelessness with multiple and/or complex needs. MHCLG's own evaluation of the three government funded pilot schemes and the Centre for Social Justice's (CSJ) 'Close to Home' report agree that Housing First is an effective intervention and value for money. To support Housing First, CIH is calling on the government to:

- Provide sustainable funding for a national Housing First programme – CIH supported the CSJ recommendation that government **commit an annual budget of £150.3 million to deliver 16,450 Housing First places in England** – CSJ estimate that for every £1 spent on Housing First there would be a saving of £1.56 across government (an estimated annual saving of c. £234 million based on this investment)
- **Bring forward its £12.2 billion affordable homes programme** and harness the low costs of borrowing to enable housing associations and councils to acquire and build additional social rented homes - this would contribute significantly to the need for 16,450 one-bedroom Housing First places. Commit to filling the gap in funding between the end of pilot funding (between April 2022 and August 2023), and the publication of the final evaluation and a decision on further funding (2024) **at a level that enables continued support and accommodation for the existing cohort of clients at least.**

6. Help people with their housing costs so that they can find an affordable, decent place to call home

6.1 The economic impact of the COVID-19 pandemic has led to many more people claiming benefits, including many who have never done so before. We welcome the steps taken by government to mitigate the immediate impact such as resetting local housing allowance rates at the 30th percentile in April 2020.

6.2 The pandemic has brought into sharp focus the issues inherent in the current welfare system and now is the time to consider how a fit for purpose approach might look. This should include thorough consideration of the relationship between housing and welfare policy to ensure that that there are no unintended consequences.

6.3 With the furlough system coming to an end, increasing energy bills, and the end of the extra £20 weekly allowance in universal credit and working tax credit across the UK, **many households now face a 'cliff edge' where their total income will no longer meet their basic household bills.** This confluence of interrelated factors will come together to make maintaining a home very difficult if not impossible for many people. The government should use this CSR to consider the following specific changes to avoid a sharp increase in homelessness and financial hardship.

Retain the extra £20 weekly allowance in universal credit and working tax credit

6.4 Prior to the first lockdown in March 2020, benefits had been uprated at less than the rate of inflation in six out of the previous seven years (including four in which they were frozen) over which time they had lost about 10 per cent of their real value.

6.5 Cutting the £20 uplift at the end of September as planned will be devastating for millions of families facing a financial cliff edge, especially with the furlough scheme also due to end. **We urge the government to retain the extra £20 weekly allowance in universal credit and working tax credit and to extend it to those on other, legacy benefits**.

Maintain local housing allowance (LHA) rates at rates that reflect local market rents and increase to the 50th percentile as a temporary measure so that the supply of homes at the LHA rate is at least equal to the number of private renters who require help

6.6 Prior to the coronavirus outbreak LHA rates had been frozen for four years and had failed to keep pace with local rents in the three years before that. Our research showed that as a result, immediately prior to their restoration, Universal Credit (UC)/Housing Benefit (HB) claimants only had access 30 per cent homes in around one in every 20 local housing markets. Our earlier research also showed how rapidly the real value of LHA rates can decline, and how difficult it becomes to later restore them once the uprating mechanism is decoupled from local rents. In 2013 in the first year after the link with local rents was broken, the real value of the LHA fell 30 per cent in around one in four local markets. We are concerned that LHA rates were not uprated in line with local rents in April 2021 and that this will continue in the following years so that a substantial gap between LHA rates and the most affordable local rents once again starts to open up. When judged against the metric of preventing homelessness, freezing LHA rates is a very poor strategic choice because it denies funding to precisely those housing markets that are under the most stress and therefore where the risk of homelessness is greatest. Although unsatisfactory (because it does not take account of local rents) a general index-related increase is preferable to a continued freeze. The Office of National Statistics (ONS) index of private rental prices is a better measure for uprating LHA rates because it at least reflects real changes in rents.

6.7 LHA rates were originally set at the 50th percentile rent. The Government reduced these to 30th percentile rent in April 2011 on the basis that at that time around 30 per cent of private tenants claimed HB. There was a huge surge in private rented claims during coronavirus outbreak with the result that in many local housing markets the number claimants now substantially exceed the number of homes at the LHA rate, and this disparity is even greater for some property sizes (notably shared rate). **In order to ensure that there is an adequate supply of affordable private rented homes in every local market for benefit claimants the LHA should be restored to 50th percentile at least until the time the number of private renters claiming help falls back to 30 per cent of tenants or less.**

Introduce 13 week protection for private renters on UC who could previously afford their rent (in line with the rules for HB)

6.8 During the pandemic there was a big surge in claims from people aged under 35. Many of these never expected to claim and entered into contracts for self-contained accommodation in good faith but find that their help with housing costs is restricted to rent for a room in a shared house. In London the gap between the one-bedroom LHA rate and the shared rate is £460 per month (more than the UC standard allowance for single person aged 25 or over). In other high-pressure markets outside London the gap is between £200 and £400 per month. **The shared rate should be suspended for anyone who has been forced to claim because of the pandemic and who could previously afford their rent. Under the HB rules new claimants receive at least 13 weeks protection from their rent being restricted to the LHA rate. This rule does not apply to UC claimants and should be reintroduced**.

Shortening the initial assessment period to 15 days for nil income claims under Universal Credit

6.9 We welcome the measures previously announced to shorten the period between the date of claim and the first payment of UC from six weeks to five weeks. Transitional HB payments help to reduce this further but only for claimants transferring from legacy benefits to UC and therefore are a once-only measure. Anyone who makes a new claim subsequently will still face a five week wait. But claimants who are entitled to both UC and new-style jobseeker's allowance (JSA) are entitled to payment of JSA after just two weeks and so are much less likely to get into debt. However, claimants who are not entitled to JSA will still have to wait over one month. **There is a strong case to shorten the first assessment period for claimants with no other income to 15 days. Our estimate is that it would cost about £125 million annually**.

Abolish the social sector size criteria

6.10 We consider that the social sector size criteria has not met its stated objectives and, indeed, is hindering government's work to reduce homelessness and end rough sleeping. Savings to the public purse have been smaller than government's original estimates, and are insignificant in the context of a £22 billion overall housing benefit bill, while a 2015 evaluation of the policy showed that 55 per cent of those affected were in rent arrears. Anecdotal feedback from our members suggests that, in most cases, smaller properties are simply not available for those affected to move to and that in some areas the policy has led to family-sized accommodation becoming hard-to-let.

Case study
During the pandemic, housing providers in the Liverpool City Region have joined together to ensure that people who have been sleeping rough are rehoused into settled homes. The outcomes have been impressive with providers offering up vacant homes, securing furniture and household effects and supporting people for up to six months while they settle in. This is delivering better outcomes for people and also providing good value for money compared to the cost of hotels and hostels.

They could help even more people but lack the one bedroomed homes needed. They are understandably reluctant to house single people in two bedroomed accommodation because, while they may qualify for up to 12 months of discretionary housing payments (DHP) to cover the gap between rent and housing benefit due to the size criteria, they will be left with a gap they cannot make up when the DHP ends and potentially at risk of homelessness again. This demonstrates the way in which welfare policy is at odds with MHCLG's objective of ending rough sleeping.

6.11 We consider that the policy is not working as intended, is pushing many households into hardship and rent arrears, runs counter to government's aims to end rough sleeping (as illustrated above) and runs counter to its public health objective to minimise contact between different households during the pandemic. Our preferred option is that **it should be abolished, or if not at least suspended during the pandemic. We estimate the annual cost of abolition to be approximately £300 million.**

Abolish the £20,000 (£23,000 in London) benefit cap

6.12 Although the overall benefit cap affects a relatively small number of households, we are concerned that many of these face extremely large losses. Government statistics show that 43 per cent of capped UC claimants are losing more than £50 per week, an amount which is very likely to jeopardise their ability to sustain a tenancy. In the worst cases, households who have their HB entitlement reduced all the way down to a notional 50p per week have no viable housing options at all, anywhere in the country. In practice they are likely to be completely dependent on discretionary housing payments to avoid homelessness.

6.13 We are alarmed at the very steep rise in households being capped between February 2020 and February 2021, up by 257 per cent for claimants on UC to 200,000 If nothing is done, we are concerned that the rapid expansion of capped households could become a major new driver of homelessness. We believe it is exceptionally harsh.

6.14 Although the stated aim of the cap is to encourage more households to move into work, government's own statistics clearly show that it mostly affects those who are unlikely to be able to work, due to either health problems or childcare commitments. Only 15 per cent of HB capped households are currently receiving job seekers allowance, with a majority receiving either income support or employment support allowance – households which, even under existing government policy, are not regarded as able to work.

6.15 We consider that this policy is also not achieving its objectives, is placing many households at risk of homelessness and should be abolished**. We estimate the annual cost of this to be approximately £485 million for each year the UC/HB capped caseload remains at its May 2020 levels – we would expect this to reduce in later years as the economy regains strength**. In the alternative, as a recognition of highly unusual economic conditions which cannot be said to the fault of any claimant we suggest that the length of the grace period should be doubled to eighteen months for anyone who made a new claim for UC during the first quarter of 2020/21. Urgent action is required to ensure that this is in place before the current grace periods start to expire in December.

Permanently restore access to public funds for those excluded because of their immigration status

6.16 We welcome the positive progress made since the start of this crisis to accommodate rough sleepers and those at risk of homelessness. However, we are aware of many concerns about the emerging challenges in creating move-on options for this group. We are aware that some local authorities are now denying accommodation to rough sleepers and those at risk of homelessness, if they have no access to public funds. Although the majority of rough sleepers will receive longer-term help, we are extremely concerned that a significant minority – at least one-fifth, or up to half in London, could fall through the net due to their immigration status or lack of documentation. This produces a continuing risk to the health of the individuals involved, as well as creating additional risk for the population at large. We believe that many rough sleepers – perhaps most –of those who are undocumented, including those from the European Economic Area (EEA) and who currently have no access to benefits could rectify their situation if given time and support, including legal help.

6.17 We acknowledge that those with a no recourse to public funds condition attached to their immigration status can apply to have this removed if their financial situation changes, but of course this is not straightforward and requires access to legal help. We also acknowledge that some people have no access to benefits because they are undocumented migrants, however we are also aware of evidence that many – perhaps most – of these could rectify their situation if given time and support. As a first step, **we urge that the government lift restrictions on access to public funds for a period, ideally at least for a year. This would enable interim help to be given to all those experiencing and at risk of homelessness and allow time for longer-term solutions to be developed.** To ensure that all councils will have the required resources we recommend access to universal credit as a much more effective way of ensuring that accommodation can be financed for those who need it.

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.

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