

CIH Submission to Labour Party NPF Consultation - 1 March 2023

Summary

Housing should provide a foundation for life, but the level of housing need is increasing, and many are facing huge challenges accessing and maintaining affordable, decent homes that meet their needs.

Housebuilding has remained well below target for decades. As a result, home ownership and social renting has fallen, while private renting (overall lower quality, less secure and more expensive) has increased. Private rents last year increased at the [fastest rate](#) since the ONS data series began (in turn increasing public spending on housing benefit) and evictions have [escalated](#). Latest forecasts show the number of people homeless in England is predicted to jump by a third by 2024. One in five children are living in overcrowded, unaffordable or unsuitable homes.

Added to pressures of supply, with an ageing housing stock the need to decarbonise and tackle energy inefficiency of the residential sector is more urgent than ever; the [cost of inaction](#) is considerable. The cost of living crisis, exacerbated by the tragic conflict in Ukraine, means that nearly [7 million](#) UK households are in fuel poverty this winter even after the government's unit price cap. The cost of living crisis is not just about whether people can heat their homes or put food on the table. It's also about being able to access and maintain an affordable home as a basic human right. For people on low incomes, their ability to do this is fast diminishing. We need to create a more sustainable housing system, with urgent action to support those on the lowest incomes, to decarbonise the residential sector and to finance new social and affordable housing.

CIH welcomes the opportunity to submit evidence to the NPF's policy consultation. We are calling on the next government to:

- 1. Invest in new social house building and regeneration to meet current and future need.**
- 2. Invest in existing and new supported housing to meet a range of needs.**
- 3. Introduce a national, cross-tenure decarbonisation strategy which tackles homes with poor energy efficiency.**
- 4. Reform welfare provision so those on the lowest incomes have the support they need and commit to ending homelessness.**

Our proposals to address the critical housing issues facing our country are set out below and are based on the following principles: (i) the right homes should be built in the right places that people can afford; (ii) people on low incomes should be able to get and maintain a decent home; (iii) everyone should have access to a decent, safe and warm place to call home, (iv) renters should receive a fair, good quality service from their landlord. These principles support Labour's commitment to housing as a fundamental human right, which CIH has been involved in discussions on.

NB. We will provide more detail in our housing manifesto which will be published on our website in the coming months. As part of our membership of [Domestic Abuse Housing Alliance](#) (DAHA) we have inputted separately on domestic abuse policy asks.

1. Invest in new social house building and regeneration to meet current and future need

Since 2010 the supply of new social homes has fallen by 85 per cent. Analysis by Heriot Watt University in 2018 identified a need for 145,000 affordable homes per annum over the ten years 2021-31, of which 90,000 would be for social rent and the remainder for low-cost homeownership or intermediate renting. Yet current plans are to deliver just 33,500 social rented homes over the five years to 2026, and this target is now under threat.

Even if the government's 'target' is matched by developer contributions delivering similar numbers, output will still be well short of what is required. A programme to meet the full scale of need would have an (updated) cost of about £52 billion, of which £14 billion would be capital grant and the rest raised by social landlords ([Legal & General](#)). Grant for social rented homes would have to rise to £175,000 per unit. This is far above current investment levels but there are ways to make progress towards this level of investment.

The [UK Housing Review 2023](#) shows that, of some £43 billion being invested by the government in housing in the current four-year period, 59 per cent is spent on support for the private market. The Review shows that government spending on housing is far lower in England than in the rest of the UK. Furthermore, in Scotland and Wales over 87 per cent of support goes towards affordable housing. A major shift of subsidy away from private market support would enable funding to be directed where it would meet the greatest housing needs. Work by [CIH with the Centre for Homelessness Impact](#) showed that a modest increase in output of social rented housing of 10,000 homes annually could largely be financed by direct savings in temporary accommodation costs and in housing benefit/universal credit that would otherwise be paid for higher-cost private rented properties. Since then, use of temporary accommodation has grown still further making the need for more social rented homes even more urgent, on cost grounds alone. Investment in social housing is the most cost-effective way to tackle homelessness and reduce housing benefit, providing a safety net to those who need it. Finally, a series of studies have shown that much of the cost of extra investment comes back to the government in savings elsewhere (e.g., in benefits and health service costs), in higher tax revenue and in wider economic stimulus.

CIH calls on the next government to increase investment immediately so that 10,000 extra social rented homes can be provided each year. Our early estimates put the cost in grant at £70,000 per unit over the period to 2026. On this assumption, the total grant cost for the additional homes would be £700 million annually, increasing the current Affordable Homes Programme to £2.44bn each year, or by 28 per cent. (Grant costs would need to be reassessed given recent inflation and interest-rate rises.)

As the work by CIH with the Centre for Homelessness Impact showed, the extra costs would be substantially offset by direct savings:

- The annualised cost of such grants over 30 years is approximately £40 million per annum, or £4,010 per unit built.
- Moving each benefit claimant out of a private letting and into a social rented unit saves about £1,100 per year in benefit payments.
- Moving each family in temporary accommodation out of an expensive private letting into social rented accommodation saves about £7,760 per year.
- If 10,000 new social rent units were used 50:50 to house private tenants and families in temporary accommodation, revenue savings would amount to approximately £6 million and £38 million respectively, or £44 million in total.

Alongside investment in supply, we need greater flexibility of grant programmes to enable funding in regeneration (plus retrofit which is covered later), removing net additionality requirements in places with low demand housing markets. It should also be possible to grant-aid social rented housing across the country, not just in regions with the worst affordability issues. Any investment programme must be backed by a strategy that takes account of wider factors such as controlling the loss of existing affordable stock, setting rents at genuinely affordable levels, ensuring that changes brought about through welfare reform do not undermine housing objectives, addressing the challenges faced by low-income households in the private rented sector, and substantially increasing investment in the existing social housing stock in order to meet the updated Decent Homes Standard, Future Homes Standard and address fire safety requirements. The scale of investment required, taken together with the wider challenges that must now be faced, call for a comprehensive reappraisal of policy leading to a much larger long-term investment programme. The Joseph Rowntree Foundation's recent report, [Building a housing market that works for all](#) (pp38-50), includes a series of practical policy recommendations on sustaining the supply pipeline and construction activity to address this.

CIH has in the past raised the issue of the status of council housing investment in the national accounts, because of the limitations this places on councils' ability to borrow to invest in their stock and in new homes. Although this issue was partly resolved by the Conservative government's decision to lift the caps on such borrowing, it remains the case that the extra debt counts towards public sector net debt. This is not the case in other countries where councils invest in housing, and Labour should reconsider earlier proposals to review the rules about borrowing for local housing investment, which (as CIH has argued) could be changed while staying within the parameters that apply under international accounting systems.

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

Specialist and supported housing for working age and older people with additional support needs is an important resource to ensure they can live well and safely in communities. It also helps prevent or reduce reliance on more costly public services, especially social care and health. [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 (such as health, care and crime) - £938 per person pa. Supported housing can also be a critical route back into independent living for people who have experienced a crisis such as homelessness or escaping domestic abuse. In the light of increasing homelessness, appropriate and affordable supported housing supports those with shorter as well as longer term needs for support and help.

The investment of £300 million over three years to drive greater integration of housing, health and care at the local strategic level provides an opportunity to deliver the right accessible, supported homes in the right places to meet current and future needs, and to support services for the benefit of communities. But this and the other funding commitments outlined should be brought forward asap. CIH also calls for the [emergency funding](#) identified, to support effective and speedier transfer of care from hospital, to be extended to housing based solutions, where providers and partners identify opportunities. These settings can help people recover to move back home or provide alternative housing and support solutions that would reduce the ongoing and increasing need for hospital and social care services. Greater investment in good quality housing and support to increase options for people in places where they want to live can play a

significant role in supporting people's health and wellbeing more broadly, and help to avoid crisis, short term responses.

Whilst CIH welcomes commitments given, the challenge remains for a stable and consistent investment nationally and locally in the critical support services within specialist housing that provide invaluable help and support to maintain independent living. The lack of funding for a core element of supported housing causes real difficulties for landlords and service providers and does not create a conducive environment in which to invest in new supported housing. CIH calls on the next government to 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. This should be at least equivalent to the last such investment programme of £1.4 billion (we note that figures of £1.58 billion for England and £2.05 billion for Great Britain were estimated in the most recent [evidence review](#) for government in 2016).

3. Introduce a national, cross-tenure decarbonisation strategy which tackles homes with poor energy efficiency

Decarbonising the residential sector is key to meeting our net zero targets: home heating account for around 14 per cent of the UK's total carbon emissions. The housing sector is committed to working towards net zero, but sector-wide assessments of the costs summarise the scale of the task. [Research by Savills](#) (2021) estimates that up to £330 billion could be needed (seven times the current spend) for the UK residential sector to meet targets, including a desire for all homes to reach EPC level C by 2035 and by 2030 for fuel poor homes.

Whilst there is various funding support available the scale of the task to remediate building safety risks and retrofit homes is huge, and social housing providers face a large shortfall which cannot simply be passed on through higher rents. There are substantial benefits to government investment in energy efficiency measures, beyond working to meet net zero targets. In England alone, nine million poor people live in energy-inefficient homes, making them particularly vulnerable to inflated energy prices. Increasing fuel poverty puts pressure on government programmes and cold, damp homes create conditions in which mould can develop, with significant health risks; data shows that [over 1,000 people](#) died in England as a result of living in cold damp homes in December 2022. Research by the [Institute for Public Policy Research](#) shows that a government retrofitting programme could sustain over 400,000 direct jobs and 500,000 indirect jobs by 2030.

CIH calls on the next government to:

- Implement a national, cross-tenure retrofit strategy, with the focus on skills needed to develop supply chains and boost local initiatives - including investment in local retrofit skills academies - and proactive communication from government to encourage uptake. This should prioritise a fabric first approach (to get to a level where heat pumps are cost-efficient to run) and worst first approach (targeting fuel poor areas/homes).
- Invest in long-term funding (at least £7bn a year) for decarbonisation projects, to give housing providers and the wider supply chain the certainty needed to invest. This should include better-structured funding schemes: longer terms to complete works; no more competitive bidding, with awarding of funds to all local authority areas.

- Develop a social tariff to ensure that energy costs are affordable for vulnerable households.
- Set legislative targets to drive progress: a target for gas free homes and appliances by 2033, to contribute to a gas free grid in future and for all homes sold by 2033 to have an EPC rating of C or with exclusions around certain properties (e.g. listed properties, on grounds of affordability). Government should also mandate landlords to include 'average bill cost' alongside the EPC rating, when letting a property out. This will help renters understand what costs to expect, while also helping to put a premium on energy efficient homes.

4. Reform welfare provision so those on lowest incomes have the support they need and commit to ending homelessness in all its forms

The best way to support people on low incomes is through the benefits system. Around two thirds of social housing tenants and one third of private tenants receive help with their rent and/or service charges through housing benefit/universal credit. Many of these people are working but on low incomes that need topping up, or unable to work because of disabilities or caring responsibilities. Research from [Shelter](#) (November 2022) shows that a quarter of private renters - equivalent to 2.8 million people - are constantly struggling to pay their rent, an increase of 24% compared to the same period in 2021; and that more than two thirds (69%) - equivalent to 7.7 million people - would struggle to find a suitable home if they were evicted. Further [research](#) from Shelter, published in December, found that 120,710 children in England are homeless and living in temporary accommodation, the equivalent of one in every 100 children in the country. Latest [data](#) from government (for July-September 2022) shows that the number of households placed in temporary accommodation is also increasing, with 99,270 households staying in temporary accommodation at the end of September 2022.

Even before the recent spike in inflation, basic benefits were worth 11 per cent less than a decade ago - equivalent to a benefit cut of £1,800 for a family with two children. We welcome government support with energy bills and confirmation that benefits will be uprated in line with September CPI in April, along with an increase to the household benefit cap. However, those on the lowest incomes still face considerable pressures this winter and beyond. The Joseph Rowntree Foundation's report, [Going under and without](#) (December 2022), makes clear that the government support provided so far has not been sufficient to address the hardship felt by millions of families on the lowest incomes.

We call on the next government to:

- **Restore local housing allowance (LHA) rates to at least the 30th percentile and return to annual uprating.** LHA rates were restored to the 30th percentile rent in April 2020 in response to the pandemic, after eight years of failing to fully uprate in line with local rents (they were originally set at the 50th percentile). Prior to their restoration LHA rates fully covered 30 per cent of local rents in only around one in every twenty local markets, whilst the proportion of private renters claiming housing benefits had risen above 30 per cent. Across Great Britain, 58 per cent of private renters on universal credit have a shortfall between their actual rent and the LHA. We urge government to restore LHA rates to the full 30th percentile rent and ensure this is maintained in future years. The Valuation Office Agency list of rents shows that at the start of 2022/23 the LHA shared rate covered just ten percent of rents or less in seven out of every ten local markets (BRMAs) in

England and in one in every ten markets there were no shared properties available at the LHA rate.

- **Remove the shared accommodation rate of LHA** which puts young people who could afford the rent for a one bedroomed flat before losing work at greater risk of homelessness. There are also many areas (often rural) that little or no supply of shared housing. Without its removal we will see increasing numbers of private renters becoming homeless as costs rise. Alternatively, young people who could afford the rent on one bedroomed self-contained flats when they entered the contract should be protected for at least three months as they were previously under housing benefit.
- **Remove the benefit cap and two-child limit.** We welcome the government's announcement in the 2022 Autumn Statement to increase the benefit cap by CPI after having been frozen for over six years. However, this is unlikely to reduce the numbers of those most severely impacted as in most cases the rise in the cap will be almost completely offset by a rise in their benefits due to the uprating. As of May 2022, around 127,000 households are capped, 87 per cent of which are households with children and 46 per cent with a child aged under five. The average loss for capped households is £52 each week which puts in jeopardy tenants' ability to sustain their tenancy (and worsens their employment prospects). In the worst cases, households who have their housing costs award reduced to nil (or 50p per week for HB) have no viable housing options at all. In practice they are likely to be completely dependent on discretionary housing payments to avoid homelessness. Around 375,000 rented households on UC have three or more children – the vast majority of which will be affected by the two-child limit losing £72 per week for each child and around 65,000 of these households will also be capped. Further to this, the benefit cap disproportionately affects women. Contrary to the caps' stated objectives, the Oxford University [larger families research project](#) has found that the cap has only a very small work incentive effect which is more than offset by the number of households who become economically inactive once capped. This appears to be closely related to the decline in health arising from the stress created by the cap itself.
- **Remove the bedroom tax.** Most claimants affected live in the devolved nations, the north of England and the English midlands where housing demand is low or modest which makes it unlikely that it will achieve its stated objectives. This policy is pushing many households into hardship and rent arrears.
- **Make sure the basic rate of benefits cover life's essentials, and support is never pulled below that level.** Universal credit (UC) and legacy benefit headline rates are not based on any objective rationale or assessment of need. This has left UC's basic standard allowance at the lowest level it, or its equivalents, have been in 40 years. Meanwhile, various policies (e.g. debt repayments or the benefit cap) can reduce income below these low headline rates. Collectively, these issues mean UC doesn't cover essential needs for many people and are significant drivers of deep poverty. As the foundation of the UC system, a standard allowance that does not cover the cost of essentials severely impacts households with disabilities or children, forcing them to spend money meant for children or for supporting health needs on covering the basic core needs of the adults in the household. The '[Essentials Guarantee](#)' would ensure that the core rate of universal credit (the standard allowance) at least covers people's essentials, such as food and utility bills, and guarantee that reductions, such as the benefit cap or debt repayments to Government, can never pull support below that level.

- **Commit to end rough sleeping and tackle homelessness in all its forms.** The government has committed to preventing homelessness and ending rough sleeping by 2024. However, success of this relies on ensuring that the wider issues that cause homelessness are tackled (see above). 'Everyone In' and the provisions made to protect the street homeless demonstrated what can be achieved with political will and funding. However, the latest government figures for England ([rough sleeping snapshot for 2022](#)) show that the number of people sleeping rough has increased for the first time since 2017, up 26% on the previous year.

Without the above and a strong commitment to ensuring that local authorities, charities and community organisations are adequately resourced we will continue to see homelessness rise, placing greater social and financial pressures on the system. For further details please see our [submission](#) to the APPG on Poverty.

Devolved Nations

CIH works across the UK and draws around 25% of its membership from the devolved nations. It's therefore important that we are conscious of the state of housing and the housing market across the whole of the UK. Many of the pressures on the housing market, and barriers to supply and affordability, are mirrored across all four nations. Our policy asks are made in the knowledge that many of them will result in consequential funding that devolved administrations will be able to focus on similar issues and gaps in their jurisdictions and support our members in delivering sustainable and affordable homes for all.

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. CIH is a registered charity and not-for-profit organisation so 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 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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