

## **Affordable Housing Commission – PlaceShapers Response**

### **Introduction and overview**

PlaceShapers is the national network of community-based housing associations formed in 2008. Currently comprising 119 members of varying types and sizes, between us we own or manage nearly 900,000 homes, with over 70,000 more in the pipeline to 2022.

PlaceShapers warmly welcomes the Affordable Housing Commission and the opportunity to submit evidence to it. The challenges and trade-offs of providing high quality homes that people can afford in communities they want to live in are those that our members grapple with every day. We firmly believe the issue of affordability has to go hand in hand with quality – both of peoples’ homes and their neighbourhoods – if we are to ensure everyone in the country has a decent, secure home to live in.

### **The four key groups**

We have responded to the questions you have set out in turn below. We have also considered the key groups that the Commission seeks to focus on and proposed some policy suggestions or areas for further consideration that we think are especially relevant to each group.

Arguably, the policy that would make the biggest difference to all groups, with the possible exception of people who want to buy, is a landmark change in providing high quality social rented housing. Research for the National Housing Federation and Crisis<sup>1</sup> shows we need to build 340,000 new homes in England each year, including 90,000 for social rent, to meet the country’s long-term housing need. To achieve this, Government should act to make land available more cheaply and easily to build social housing and make an ambitious commitment in this year’s spending review for social housing investment over the next decade.

It is also key that our housing policy aligns more with environmental policies. This will make our collective housing stock far more energy efficient and will reduce energy bills for all.

### **Struggling private renters**

- There have been welcome moves in recent years to offer some greater security for private renters with longer tenancy options, but these need to go much further. Policies that encourage the use of assured tenancies in the Private Rented Sector (PRS) should be introduced as standard
- The Commission should consider the best policies for incentivising or requiring private landlords to improve the quality of their housing stock. Ultimately, we believe all safety and decency measures should be tenure blind, including the Decent Homes Standard. Private landlords could be offered incentives, for example allowing them to offset capital expenditure against profits from rents, to raise properties to the Decent Homes Standard
- The Commission should give serious consideration to how Housing Associations can be considered the preferred provider of new private rented sector properties
- While we believe the Affordable Rent model has failed as a substitute for social rented housing in many areas, the Commission should consider if a version of Affordable Rent could be offered to

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<sup>1</sup> [https://www.crisis.org.uk/media/239700/crisis\\_housing\\_supply\\_requirements\\_across\\_great\\_britain\\_2018.pdf](https://www.crisis.org.uk/media/239700/crisis_housing_supply_requirements_across_great_britain_2018.pdf)

people struggling to afford private rents. Local allocation policies would need to be adapted to offer accommodate such a change.

- Wandle Housing Association in London is developing a scheme to support staff by lending them deposits for PRS housing – a policy encouraging other employers to do the same should be considered
- The Commission should explore models of rent control in areas where rents levels in the PRS are highest

#### **Those who want to buy but are struggling to save and remain in the PRS**

- Communication around Shared Ownership must be significantly simplified and options must be marketed better.
- There should be more Government support to make Shared Ownership more affordable as opposed to continuing to fund Help to Buy
- JRF Housing Trust offers the option for shared ownership tenants to staircase their share down as well as up. The Commission should explore this model and look at what funding would need to be available to Housing Associations to make this offer more widely available
- The Commission should explore options for Rent to Buy schemes with Housing Associations as landlords

#### **Those reliant on state support who remain below the poverty line**

- There should be a refocus of central Government policy on providing more investment to deliver Social Rented homes
- The Affordable Rent tenure should be phased out as a housing offer for people reliant on state support
- The Housing Benefit/ LHA freeze should be ended, or when the freeze ends in 2020 these benefits should be uprated by inflation again
- The Household Benefit Cap should be scrapped, or households who are unable to work should be exempt from it, reflecting its original policy aims of incentivising work seeking behaviour.
- Universal Credit should be further reformed, in particular focusing on reducing or ending the five week wait for payments and increasing use of direct payments
- The Commission should make a series of recommendations on adult education and skills, with greater investment for struggling economies and better incentives for apprenticeships.

#### **Older people**

- We are increasingly seeing a new group of people deeply affected by affordability – older people stuck in the PRS who are saddled with high housing costs into retirement. People are forced to work longer or are living in homes that they can't afford to heat, or are unable to afford food. We desperately need a new Social Housing offer for these households
- Funding must be brought forward to replace Supporting People funding to provide purpose build older persons and extra care schemes. There are many examples of excellent, innovative homes and services offered by Housing Associations and others<sup>2</sup> which can be replicated if funding is available

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<sup>2</sup> <https://www.housinglin.org.uk/Topics/browse/Design-building/HAPPI/>

- Fuel poverty is an acute issue among older people. The Government should support a comprehensive retrofit programme to bring all new build homes up to EPC as quickly as possible – cutting energy demand, fuel bills and carbon emissions
- The Commission should consider how technology can be best used to tackle social isolation and health issues and propose pilots to be tested.

## **1. Understanding the affordability challenge**

### **What does affordability mean for different people in different places?**

In our experience, whether housing is affordable means the same to different people in different places. At the most extreme it is ‘can I afford somewhere to live’ or even ‘can I afford somewhere to stay tonight.’ Beyond that, how affordable someone’s housing is to them relates to the proportion of their income they need to spend on their housing costs, and how much this leaves them for other bills, essential living costs and having enough money to be able to deal with an unexpected crisis.

People also, rightly, consider housing affordability hand in hand with housing quality. For some, being unable to afford housing means having to live in terrible conditions with hugely detrimental impacts on their physical and mental health. For many households, especially families, renting in the private rented sector the insecurity of their tenancy means they can be very worried about how long they will live in their home, even if they can afford the monthly rent.

Whilst people understand what housing affordability means to them, the Government definition of ‘affordable housing’ is increasingly complex and often doesn’t relate to a person’s ability to afford to pay their housing costs. Housing need and demand can be microlocal and immobile, and truly ‘affordable’ rent levels vary enormously dependent on location. Truly affordable housing should reflect local market conditions and local salaries at the same time. It should include care and supported housing to address the needs of people when they are the most vulnerable.

The various definitions of affordable and different names given to different ‘rent tenures’ is confusing and has been driven by varying forms of subsidy and rent setting policies over the years rather than specific forms of housing need. When defining affordable housing in policy terms there should be two categories:

1. Rented housing provided to those people unable to afford to rent a home in the private sector, including homeless people. Government policy should especially refocus on investing in Social Rented housing, let at guideline target rents under the now long-established national rent framework.
2. Intermediate housing for qualifying groups, including shared ownership and “rent to buy”.

We recognise that even social rents are unaffordable for a growing number of households – a fact we should be deeply worried about. Therefore, a refocus on Social Rented housing terms should come alongside a review of the funding formula, ensuring up to date local property values are used and a strong link is made to average earnings.

## Q: Why is housing unaffordable?

**A sustained lack of investment:** Housing has not been enough of a priority for successive governments; the social housing sector has not been invested in and, as a result, we have a significant housing shortage and, in particular, a shortage of both social rented homes and homes that people can afford to buy or rent. From World War Two through to 1980, an average of around 126,000 social homes were built every year. Yet since 1980, nearly two million social homes have been sold, and fewer and fewer have been built. Only 6,463 social homes were delivered last year.<sup>3</sup> In recent years, significant cuts to the affordable housing budget have made delivering affordable and especially social rented homes more challenging.

A recent report by Network Homes showed that the average cost to build each home has increased 42% or by £85,000 to £285,000 per home in less than ten years. Yet Network Homes and other Housing Associations are receiving on average a third of the grant per home today (taken across all projects and affordable tenures) that they received in 2008-2011: £33,600 per home compared to £102,641 per home<sup>4</sup>

**Supply to Demand Side Subsidies:** In the 1970s, over 80% of housing subsidy was focused on new supply<sup>5</sup>. Recent work by the Chartered Institute of Housing has shown that state support is now primarily directed at supporting market housing and not direct housing investment. Primarily, investment has gone into Help to Buy or Housing Benefit. This was coupled with a shift to lower grant levels and higher rents (such as the 80% of market rent Affordable Rent). This has increased the debt levels required to build more social housing and placed the emphasis on receiving a higher rate of return in rent to service this debt. Whilst Housing Associations have adapted to this model as far as they can there is clear evidence that it is unsustainable in the long term. We believe this policy needs to be reversed, and we need to return to subsidising properties which will return a saving over the medium and long term.

The Committee should also consider undertaking a macro level study that looks at who the ultimate “beneficiaries” of the benefits system are. Households subject to the benefit cap are left with tiny amounts to live on, whilst Housing Benefit pays high rental charges to private landlords who are making huge profits.

**Affordable Rent:** The introduction of Affordable Rent set at 80% of market rent has resulted in increased rents and unaffordable homes in many parts of the country, especially London and the South East. Social landlords are pricing new Affordable Rent development to break even over 40 years while residents struggle to meet the high rent costs. The “winners” in the short-term are landowners who are getting huge sums for their land when it is allocated in local plans for housing

**The Household Benefit Cap:** Where Affordable Rent levels interact with the household benefit cap families eligible for benefits find that they cannot afford to rent Housing Association properties. Our member SoHa’s example is: ‘We cap all rents at local LHA levels, so people who are eligible for housing benefit should be able to afford to rent any of our properties. However, because of the household benefit cap this is no longer

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<sup>3</sup> Cited from Shelter Social Housing Commission report  
[https://england.shelter.org.uk/support\\_us/campaigns/a\\_vision\\_for\\_social\\_housing](https://england.shelter.org.uk/support_us/campaigns/a_vision_for_social_housing)

<sup>4</sup>  
[https://www.networkhomes.org.uk/media/5904/20190111\\_whyhasarentbuildingmoresocialrentedhomes\\_final\\_v20doc.pdf](https://www.networkhomes.org.uk/media/5904/20190111_whyhasarentbuildingmoresocialrentedhomes_final_v20doc.pdf)

<sup>5</sup> [http://www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/Spending\\_on\\_new\\_homes\\_plummets\\_while\\_housing\\_benefit\\_soars\\_new\\_analysis](http://www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/Spending_on_new_homes_plummets_while_housing_benefit_soars_new_analysis)

the case for family homes, as the amount left over from £20,000 per year total benefits is too little for a family to live on if over £1000 a month is being paid to us to cover the “Affordable” Rent.’

**Social Housing stock being lost through the Right to Buy and not replaced:** The Right to Buy (RTB) has been the major cause of reduction in the numbers of social housing properties. Approximately 1.5million homes have been lost to RTB since its introduction in 1979. It has devastated local housing management and contributed to the residualisation of the remaining stock: over 38% of these homes are now part of the private rented sector owned by a range of former council tenants, buy-to-let investors and letting companies. The properties are often let at high rents and subsidised by housing benefit at higher levels than if they had remained within the social housing sector. In 2016/17, there were c.13,400 local authority RTB sales, against only c.4,600 corresponding replacement starts on site and acquisitions.

**Poverty:** Housing costs represent a proportion of any households’ income. We can’t make housing affordable for all by just focusing on housing policies without consideration of household income and other expenditure. The average real wage is now lower than it was 10 years ago. A record 2.9 million children from working families in the UK are living in poverty after housing costs have been paid<sup>6</sup>

Our member InCommunities conducted a survey of 761 households of their residents in 2017. They found that the average household income of Incommunities customers is £17k – much lower than Bradford average at £31.7k, and even lower than the national average. 73% of people had debt – most debts were to mainstream statutory agencies, with 65% of the sample having council tax debt. 47% of households have work, these households were marginally better off than those out of work, but with more debts. 66% cent of those in work had a weekly shortfall in income.

Many households are still living in fuel poverty, meaning poor households are paying hundreds of pounds per year to heat their homes. This problem is particularly acute in rural areas, where the fuel poverty is higher than the national average. For example, rural areas have a much greater proportion of F or G rated households; 19.1% compared to just 2.4% for urban areas. This is also a problem in the PRS, which has the lowest SAP score of any tenure at SAP 61<sup>7</sup>.

### **Q: Costs and consequences of unaffordable housing – what’s at stake and who are the priority groups that most need support?**

The personal impacts of experiencing poor housing and homelessness are well documented and exceptionally moving. The groups most affected are:

- People who are homeless and people living temporary accommodation. We have seen an increase over recent years in homelessness; more joined up working is required between Local Authorities, Housing Associations and other agencies to find long term solutions and prevent increased use and costs of bed and breakfast.
- People living in poor quality private stock (be those older owner-occupiers or private renters) whose properties are more likely to be in poor condition and, for renters, don’t have any security of tenure

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<sup>6</sup> <https://www.gov.uk/government/statistics/households-below-average-income-199495-to-201718>

<sup>7</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/724339/Energy\\_efficiency\\_2016.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/724339/Energy_efficiency_2016.pdf)

- Those in need of supported housing especially in areas where increased provision will ease hospital discharge.

In terms of future needs and demands, care costs, and costs for supported housing and floating support are a huge concern.

But the impact of unaffordable housing is impacting on more and more people, including keyworkers, older people wishing to downsize into good quality homes (who can then free up family homes), millennials and younger people.

When looking at future needs and demands it is crucial that we recognise that there is not one housing crisis that affects all areas and households in the same way. In London, the South East and South West of England, the cost of land coupled with a severe housing shortage makes housing unaffordable for many. In other areas, often post-industrial towns and cities and areas in the north of England and Wales, land is cheaper and more available; these areas need education, access to advice services, training and transport infrastructure, it is not just about supply. In some areas, there is a surplus housing supply in areas where there are no/limited jobs.

#### **Q: What's being done and is it working, and what are the implications and policy trade-offs?**

The last ten years have been very challenging for those working in housing. The affordable housing budget was cut by more than 60% in the 2010 emergency spending review. But there are welcome signs that this is beginning to change. We first of all address the policies that we do not believe are working and should be amended:

**Reduced capital investment for new social homes:** There has been a huge drop in capital investment for new housing. This has shifted the burden onto welfare budgets, as well as leading to a focus on Affordable Rent which is unaffordable in some high value housing markets. The policy of housing benefit taking the strain of increasing rents started in the 1980s, and has accelerated in recent years. The combination of the reduction in capital investment with rent reduction policies and curbs on benefits has put pressure on the ability of social housing providers to increase their supply. The current slump in the market has emphasised that Housing Associations using sales to fund development of social homes is not sustainable. Investment in social housing is required to enable Housing Associations and Councils to develop genuinely affordable housing.

**Estate Regeneration:** The reduction in grant and the need for cross-subsidisation on estate regeneration has led to claims of social cleansing and contributed to negative perceptions of Housing Associations. Whilst mixed tenure developments are positive, additional government funding would enable the prioritisation of existing resident needs, thus ensuring that established communities can flourish.

**Affordable Rent:** The Affordable Rent model has resulted in increased rents and unaffordable homes in many parts of the country, especially London and the South East. Where Affordable Rent levels interact with the household benefit cap families eligible for benefits find that they cannot afford to rent Housing Association properties. Moreover, in low value areas, Housing Associations cannot benefit from Affordable Rent (in terms of strengthening their business plan position and facilitating more new build and/or improved

services) as they do in high value areas. Regional issues and differences have to be taken into account, which the blanket application of Affordable Rent across the country fails to do.

There may still be a market for Affordable Rent – but in place of private rented accommodation, not social rent. In high value areas, there are lots of families who would still want to rent an Affordable Rent property – often families stuck in private rentals with even higher rents and no security. The Commission should consider this, and how these properties would be let as households who may want to rent an Affordable Rent home wouldn't be prioritised on current waiting lists. To provide housing to low income households and those reliant on state support we should phase out Affordable Rent model in favour of Social Rent.

**The Benefit Cap:** In 2013 the Total Benefit Cap was introduced with three aims: increasing incentives to work; introducing greater fairness between those on out-of-work benefits and taxpayers in employment; making financial savings and incentivising behaviours that reduce long-term dependency on benefits. However, a recent report for the DWP Select Committee<sup>8</sup> found that over 80% of households affected by the cap have been assessed by the DWP as being unable to work, mainly due to childcare responsibilities or health problems. The cap should be scrapped, or at the least, households who are unable to work should be exempt from it.

**Focus on home ownership:** There is a relentless focus on home ownership programmes, which have ignored the needs of the poorest and weaker housing markets. There have been too many demand led programmes rather than addressing long term structural issues of supply and affordability. Despite the Social Housing Green Paper being far more positive about socially rented housing, it still described the tenure as a 'springboard to home ownership'.

**Stigmatisation:** Tenants in social housing have been stigmatised as social housing has become residualised in the past 30 years. A number of our members reported that their residents have experienced stigmatisation. 95% of the 125 people who responded to a survey from Coastline Housing said they had. One woman said "I'm a single parent and work bloody hard to provide for my daughter..... yet being in social housing I often get the surprised look of 'OH! You have a job.' Yes I work! Just because I'm in social housing does not mean I live off benefits."

Despite these policy challenges, there are also welcome signs of shifts in policy landscape which can begin to make a real difference. They are:

**Funding settlements and certainty:** Homes England's strategic partnership model offers key partners significant flexibility in how they spend grant. Crucially, they can change the planned tenure of properties to respond to changing needs and market conditions. This model should be widely rolled out, and more work done to support smaller Housing Associations, working in partnership, to enjoy the same benefits as strategic partners. In addition, the Prime Minister announcement in July 2018 of £2bn in grant for 2021/22 – 2028/29 sets an important and welcome precedent for longer term funding beyond the spending review period.

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<sup>8</sup> <https://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/news-parliament-2017/benefit-cap-report-published-17-19/>

**Devolution and partnerships:** There are growing numbers of partnerships in the sector which are starting to have real impact. The Greater Manchester housing providers have been working for years together in what is now a very mature collaboration. Their Memorandum of Understanding covers: working with the GM health and social care partnership to reduce pressure on health spend through early intervention and preparing for the ageing population explosion; providing 1,000 new apprentices and routes into employment and skills; building 16,000 new homes over the next five years; a joint venture of 10 of the providers to build for outright sale in a market facing venture (500 homes a year) – the return on investment will be invested in local communities; tackling homelessness and rough sleeping with initiatives such as a bed for every night, the social impact bond and a new housing first programme. Models such as this should be piloted in other areas of the country

## **2. Towards a new affordable housing offer – increasing supply**

**Q: What role should housing providers play and what products old and new should be backed by government and how?**

**Supporting Housing Associations as Community Anchors:** Housing providers have a huge role to play in delivering new homes, and in working with the communities they serve to improve lives and outcomes for people who live there. This is a role that so many already play and are always seeking to do more. We firmly believe that there is a greater role for Housing Associations to play the community anchor role in their local areas, providing homes, buildings, community spaces and continuing to engage as key players in debates about placeshaping. This involves building homes but also delivering care and support, employment support and debt and welfare advice.

Housing providers also have a key role to play in supporting residents in to work. PlaceShaper members have helped more than 60,000 people gain the skills, qualifications and confidence to find work since 2010.<sup>9</sup> PM Training is the social enterprise arm of the Aspire Housing Group and every year provides training and employment opportunities to around 2,500 people. It focuses on working with young people aged 16-18 with limited academic qualifications and supports them to become work ready and enter into employment within a network of 1,600 local businesses. Each year around 75% of young people who progress from the initial work readiness programme move onto a full time apprenticeship. At the end of the apprenticeship 98% remain in sustainable employment.

Housing Associations should also be supported to manage homes in the private rented sector. Many of our members are recognising this and want to become the landlord of choice in their communities for private renters and social renters

**Building Social Rented Homes:** The key product the Government should back is social rented homes. We need to build 340,000 new homes in England each year, including 90,000 for social rent, to meet the country's long term housing need. We need a broad, long term housing investment strategy including funding for social rented housing and access to affordable land to help in tackling the housing crisis facing this country.

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<sup>9</sup> <https://www.placeshapers.org/we-work/>

**Improving Shared Ownership:** Government should also support the sector to improve its offer on Shared Ownership, including options for households to staircase their stake down as well as up. Improved marketing of Shared Ownership is also crucial. The Commission should also consider how forms of social housing should vary according to the local market and economic conditions. In London and the South East, Shared Ownership and other forms of low-cost home ownership are essential. Households on incomes of up to £90k cannot afford to buy on the open market and would not be eligible for Affordable Rent products. Shared Ownership products are less relevant in other areas of the country, especially in the Midlands and North of England, where the quality of homes especially in the private sector is a more pressing issue. In South West England, Rent to Buy products have been popular with people who were struggling to find anywhere decent to live. Therefore, the Commission should consider if the Shared Ownership offer needs to be different in the northern parts of the country where there is less uptake, or whether it is better to target delivery of Shared Ownership in the South.

JRF Housing Trust offers the option for Shared Ownership tenants to staircase their share down as well as up. Their model only operates on a small scale and breaks even – those who scale up cancel out those who scale down. Other providers have tried to make this model work financially but haven't been able to. Some modest support or investment to Housing Associations to allow them to support households to staircase down would provide more flexibility for people in Shared Ownership and reduce both the risk and the costs for new Shared Ownership tenants.

**Supporting partnerships:** PlaceShaper members have always prioritised building strong relationships with their Local Authority partners. There has arguably never been a time when this is more important. The lifting of the HRA cap and encouragement for Councils to build needs to usher in a new era of partnerships with key players in communities to deliver the homes and services we need. Government should support the devolution agenda and help support partnerships such as the Greater Manchester Housing Partnership, which is showing real impact.

**Regeneration:** Government focus should include regeneration, particularly in areas of the North and the Midlands. Many towns and cities are desperate for inward investment; but we must recognise that this may not yield immediate return. Housing Associations in poorer communities invest a significant amount of patient capital in these areas and additional, long term investment needs to follow. Government should re-introduce funding for regeneration and amend its policy so that regeneration funding doesn't have to be fully recoverable.

#### **Q: What planning reforms would deliver more affordable housing?**

**Different definition of affordable** New, increasingly complex definitions of affordable housing do not relate to a household's ability to afford their housing nor to meeting expressed housing needs like homelessness. The definition must be amended in National Planning Policy because it carries through into investment decisions, local plans, and the many decisions being made about new developments each month. We should bring back a definition of Social Rented homes in Planning Policy.

**Viability Assessments:** Full publication of all viability assessments to increase scrutiny on developers who do not meet their affordable housing obligations. Transparency is fundamental to demonstrating the viability of

schemes. If Government reforms to the NPPF introduced in 2018 do not work as expected, the policy on viability assessments should be revisited.

**Compulsory Purchase:** Local authorities should have the power to purchase land at existing use value, rather than at value with market homes. This would require changes to the Land Compensation Act. The Commission should take note of the recent Private Members Bill on this issue which was introduced by Helen Hayes MP in February 2019 to reform the Land Compensation Act.

**Greater Diversity of Tenure:** It is promising the Government has agreed with conclusions in the Letwin Review that there should be a greater diversity of tenure on large sites to increase build out rates and reduce land values. However, the Government's plan for increased guidance might not be strong enough to ensure better tenure mix. New rules should be written into the NPPF, apply to the majority of sites and come with CPO powers for local authorities to allow enforcement of tenure requirements.

**Selling Land at Best Consideration:** Treasury rules and public spending pressures mean that public bodies seek to maximise the receipt they obtain for their land. A new measure of social impact value, especially for new housing development, would enable the bodies disposing of land to set a reasonable price and ask bidders what they can deliver for that. Alternatively, the land could be disposed at zero land value in exchange for truly affordable homes or disposed of on the basis of a fixed valuation reflecting a percentage of affordable housing and the bidders could compete on how much additional affordable housing or quality factors they could provide.

**Land Commissions:** Regional strategic land commissions should be established, working in tandem with strategic economic plans to support prioritisation of land use and add value to existing development and delivery activities. For example, West Midlands Land Commission has agreed principles including: a single agreed vision; designated action zones; brownfield transformation; and a strategic review of the green belt.

**Section 106:** Current Government policy is that an affordable housing contribution shouldn't be taken from sites under 10 homes. This is particularly damaging in rural areas, where housing sites are more likely to be small. The Government should give local authorities the discretion to require affordable homes on sites of less than 10 homes. This would help provide more affordable home and decrease land values on small residential sites.

**Green Belt:** The Government should be more ambitious on Green Belt. Much of the so-called "Green Belt" is not countryside and is given too much credence in the context of a housing crisis that requires more radical action. Local Authorities should be required to undertake strategic reviews of their Green Belts and justify why they should be retained. More discretion should be given to LAs to build on Green Belt Land when needed. Where land is removed from the Green Belt it is reasonable to require compensatory improvements to the environmental quality or accessibility of the remaining Green Belt where necessary.

In addition, we should **invest in local authority planning departments** to allow them to recruit necessary skills and invest in people to avoid unnecessary delays on minor issues which prevent developments progressing (this is a significant issue in our members' experience). Training should also be provided to new Councillors on the planning system, to ensure they can make informed decisions on planning and housing development.

**Q: How can government support the funding and financing of affordable housing and what needs to change with the current system?**

**Funding Certainty:** All of our members agree that they could develop significantly more affordable housing if they had long term certainty over rents and funding. The Government's recent announcement of £2bn in grant for 2021/22 – 2028/29 sets an important and welcome precedent for longer term funding beyond the spending review period. We would like the Government to even more ambitious and set out a broader housing investment strategy for this period which would enable Housing Associations and Local Authorities to plan long-term development programmes which would help enormously in tackling the housing crisis facing this county.

**Significantly increase investment in genuinely affordable housing:** As outlined above, the Affordable Rent model isn't working in many areas. Some Housing Associations are now converting planned Affordable Rent properties into Social Rent. The Commission should consider the future for the Affordable Rent model and if it should be phased out as a viable offer to households in priority need. This should be achieved by a significantly increased investment in social housing.

**Move to land led development:** Ensuring longer term certainty and flexibility on investment via grant funding would give Housing Associations the confidence to assemble land supply that could take five years to develop out. This will reduce the over reliance on S106 funding which can mean Associations competing for funding and undercutting one another as they seek to win contracts

**Promote and support partnerships:** Homes England should support more partnerships between land-owning public bodies, housing associations and developers and offer more opportunities for smaller Associations to work together on sites to secure significant funding.

**Land Taxation:** A land tax should be levied on developers who repeatedly do not build on land with planning permission and distort the market and prices as a result of tactically delaying. For example, Local Authorities could be allowed to charge council tax on planning permissions that are not completed after a certain number of years. In addition, housing must be regarded as infrastructure, and land values and sales, where most of uplift is retained by the landowner, need to be addressed via CPO land tax.

**Right to Buy:** The Right to Buy must be reformed if it is to continue. If it is to continue, it is imperative that the level of discount is reduced and that Local Authorities keep the receipts from the purchases and the funding is used to provide new social housing.

**Regeneration :** Government should provide regeneration funding for the areas of highest deprivation and our struggling towns and cities so there is an appropriate housing offer for every UK citizen. Poor quality affordable housing in areas with no jobs or transport links should not be considered an appropriate offer.

**Q: What needs to change to ensure the skills and capabilities are in place to deliver more affordable housing?**

The UK social housing industry as a whole needs policy stability and less short-term fixes.

**SME Builders:** The SME building sector was decimated in the last recession and has never properly recovered. It leaves the home-building sector as an oligopoly, with a small number of large housebuilders responsible for a large percentage of new supply. The Government and Local Authorities should promote the SME trade through loan guarantees, the allocation of small sites and clever public procurement to support these businesses and increase the mix of builders in the housing market.

**Community-led Housing:** Supporting local communities to be more proactive is an excellent way to deliver more affordable homes. Community-led housing comes in many forms – not just CLTs but also through Housing Associations which have been working with communities for decades to deliver affordable housing. These partnerships should be recognised and supported wherever possible.

**Reform the apprenticeship agenda:** There needs to be a revolution in adult education and skills, with greater investment for struggling economies and better incentives for apprenticeships. The current apprenticeship levy should be repurposed so that it can be used to pay for full salaries rather than just the training element of the apprenticeship to encourage far wider take up. There should be more work across organisations to pool their collective needs and levy funding to provide apprenticeship opportunities. There must also be guaranteed funding of apprenticeships and in particular those at levels 2 and 3 - there has recently been a removal of a guarantee for 16-18 year olds and many organisations are using their levy to fund degree apprenticeships

**Promoting housing careers:** Housing isn't necessarily a career that young people aspire to get into and more awareness of the opportunities available would help. There should be more work with schools and colleges to outline the various housing career options and greater availability of housing related development courses within colleges and training centres

## **2. Towards a new affordable housing offer: managing demand**

**Q: What tax and macro-economic policies and changes in mortgage lending would help ensure housing is more affordable?**

**Land Taxes:** Taxes should be considered to ensure developers build-out the planning permissions they have been granted. This could be in the form of a land value tax or a tax that applies a certain amount of time after a planning permission has been granted.

**Capital Gains Tax:** The Government should exempt sales of land from Capital Gains tax when it is sold for affordable housing, or a development where the affordable housing contribution is 20% above the requirement set in the local Plan. This would help decrease land prices and help more land come forward for affordable housing.

**End Help to Buy:** This policy has served its purpose and helped the house-building sector recover after the recession. It should be formally ended, as promised, in 2022, with future funding dedicated to investment in Social Rented homes.

**Falling real wages and household income:** The Lyons report concluded that income – not supply – was the main issue with affordability. Therefore, the Committee must look at how income and wages interact with housing costs as well as focusing on housing policy if they are to really address affordability

**Q: What regulatory reforms and new products/schemes are needed to make both social and private housing more affordable?**

**Better Energy Efficiency:** Public Health England attribute around 10,000 excess winter deaths to cold homes, and the cost to the NHS of poor quality housing is £1.4bn a year. Energy efficiency in the private rented sector is often poor costing private tenants in higher fuel bills. Private rented has the lowest average SAP rating of any tenure at 61. There should be a target of EPC C for all private rented properties by 2030, with few exemptions. It would reduce fuel bills and make homes in the PRS far more affordable to live in and reduce fuel poverty. The Government should maintain the same regulatory standard for the social rented sector of EPC C by 2030. This target should come with funding to facilitate retrofits and additions like ground source heat pumps.

**Rent control:** Soaring rents in the PRS are a huge issue. The Committee should explore different models of rent control and how they might work in the UK housing markets. It should consider where pilots may be introduced, with a focus on London and the South East, where private rental costs are highest

**Q: How can we ensure the better use of existing stock?**

**Right to Buy:** If Right To Buy is to continue, it is imperative that that the level of discount is reviewed and that Local Authorities keep the receipts from the purchases and the funding used to provide new social housing. In line with the Government's devolution agenda, local authorities must also be given more discretion on which properties they sell and what discount they provide. They are in the best position to judge how to use their affordable housing stock. The Committee should also consider reforms to the Right to Buy so that prospective tenants are able to access properties on the open market. Previous schemes such as Tenants Cash Incentive were incredibly popular and often cheaper than the RTB discounts. With some tweaking could these be brought back for current times and extended to people on council waiting lists and those in the PRS with no hope of unassisted buying. If homes were purchased from the open market there would not be the need for the one for one replacement of social housing as the stock wouldn't be reduced.

**Phase out Affordable Rent in favour of social housing:** The priority tenure for Local Authority and Housing Association homes should be Social Rent. Affordable Rent, linked to a broken housing market, does not provide a genuinely affordable rent in large parts of the country.

**Second Homes:** Some areas have a high prevalence of second homes. The Government should allow Councils to charge a council tax premium on second homes. In Wales, Councils can charge a 100% council tax premium on second homes. This has already been taken up by six of 22 Welsh Local Authorities. Money should be reinvested into affordable housing in those areas affected. The Commission should also consider a model being explored in Cornwall where using a property as a second home requires a specific planning consent, allowing for control over the volume of second homes, and that this is only valid for the current ownership of the property, which would help reduce the inflationary impact on values.

**Energy Efficiency:** There should also be a renewed focus to align housing policy decisions with the Green agenda. As the Committee on Climate Change confirmed in its Progress Report in 2018, insulation rates are 90% lower than they were in 2012. Too much of our housing stock is still below EPC C, causing higher fuel bills and carbon emissions. Carbon emissions from the buildings sector have actually risen in the past two years. The Government should support a comprehensive retrofit programme to bring all new build homes up to EPC as quickly as possible – cutting energy demand, fuel bills and carbon emissions. Housing Associations are ready to invest in energy improvements, but we need to explore funding options for this work – for example, if a programme of upgrades paid for by landlords leads to a reduction in residents fuel bills is it fair to charge residents a small rent increase to meet these costs?

**Decent Homes Standard:** The review of the Decent Homes Standard also offers a chance to review other issues related to affordability, such as Energy Efficiency Rating of Appliances, Average Water Usage per person, Access to EV charging points, Access to good broadband (especially fibre to the premises broadband)

**Future Homes Standard:** We strongly welcome the Chancellor’s proposals for a Future Homes Standard (Spring Statement [2019](#)) to future-proof new build homes with low carbon heating and world-leading levels of energy efficiency by 2025. The Commission should provide concrete proposals on designing this new standard to ensure all new homes are as affordable to run as possible. This means looking issues such as at utility bills, transport options, accessibility standards and ease of repair.

A greater focus **on regeneration** will ensure the remodelling and upgrading of older stock, extending its effective life time and making it more affordable to live in. For regeneration activities, there must a focus on grants, with removed liability for VAT from regeneration activities.

**Q: How can the welfare system ensure that those on low incomes, with particular needs or those experiencing financial shocks have the right level of support in a timely way to reduce housing stress?**

For many people, the welfare system does not feel like it is set up to provide support and reduce housing stress – indeed for many, their interactions with the benefits system is a cause of stress. The Commission should seek to speak directly to advisers at CAB, Shelter and independent debt and welfare charities as well as claimants themselves as they seek to devise policy in this area. Social security policy is not shaped by its end user nearly as much as it should be. From our members work with their residents, key areas to explore are:

- Ending Housing Benefit/LHA Freeze: Once the freeze ends in 2020, these benefits should be updated by inflation again. The four-year freeze from 2016 is predicted to increase poverty by more than any other policy by 2021
- The Household Benefit Cap should be scrapped, or households who are unable to work should be exempt from it, reflecting its original policy aims of incentivising work seeking behaviour.
- Reform Universal Credit, in particular looking at reducing or ending the 5 week wait and increasing direct payments
- Increase advice and assistance for people who are not able to access resources digitally
- Carry out a full poverty impact assessment of the benefit processes, including rural proofing.

#### **4. What else needs to change?**

##### **Q: What other areas of policy need to change, such as reforms to the machinery of government, governance of housing providers, place-making and public realm?**

There should be a fundamental rethink of how housing and infrastructure is planned and funded. Funding for affordable housing and other public spaces funded via S106 is added to infrastructure plans; it should go in upfront and be funded differently. This would create better quality places, and help secure support from local communities for new housing

At PlaceShapers, we care deeply about creating excellent places for people to live – not just large quantities of housing with no infrastructure, facilities or design quality. New social housing should be synonymous with quality. So new social homes should be built to the highest standards, such as Nationally Defined Space Standards and ultra high energy efficiency standards, such as Passivhaus. This would help make new social housing a tenure of choice.

Housing Associations, especially community-focused Housing Associations, should be central to discussions about placemaking in communities. Housing Associations invest millions of pounds in vital, innovative schemes in their communities each year as PlaceShapers We Care campaign showed<sup>10</sup>

Funding and support for skills and employment programmes should be supported. Unintended barriers for employment need to be recognised and removed, for example ensuring the required levels of English and maths are proportionate to the employment opportunities. Funding must also be consistently applied to all providers (pre-apprenticeship programmes have had no inflationary increase for six years) and that the additional needs of learners is recognised and funded.

The different pace of devolution in different areas is widening gaps – although positive for areas that are moving quickly, others that are ‘stuck’ will quickly fall behind – we need a more joined up approach and for devolved areas to work better together.

##### **Q: How can an agenda for change get backing from the public and what should others (beyond government and the housing world) be doing to help?**

Housing has rarely been as high on the public and political agenda, with more and more people affected by the housing crisis. This is an opportunity that has to be seized.

It is vital that we begin to link up better across sectors – with progress on housing and health partnerships in particular requiring focus.

We strongly recommend that tackling stigma needs to reach the general public as well as those in positions of power and influence who shape our culture, society and politics. Residents have told us “this is for the Government and the media to do, not you as landlords.” We recommend the Government establishes a cross party commission, also including tenants and housing association representatives, to explore the main drivers of stigmatisation and make recommendations to Parliament and other sectors to stop it.

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<sup>10</sup> <http://placeshaperswecare.max-mediagroup.co.uk/we-carereport/we-care-cover-option/>

There also remains a role in challenging those who don't support housing developments in their local area, especially social housing development. We need to offer support and guidance to new Councillors and those making important planning decisions so they can hear from a wide variety of views and make the best possible decisions for all of the people and communities they represent. We need to find new ways to give a voice to those who would benefit from new housing in these debates. This group of people are inherently at a disadvantage to those already housed in an area, who are likely to be able to mobilise together more easily and effectively, which means the 'no' voice is much louder than the 'yes' voice.

**Q: Do you have any other thoughts about what could help ensure housing is more affordable, including examples of best practice from UK (devolved nations) and overseas?**

The Commission should ensure that as part of this research existing data and academic study are applied, as well as consultation with forums and the wider sector.

This research is an opportunity to produce a meta-analysis of what has gone before – there has been a plethora of reports and studies in recent months. Alignment with these recommendations and, crucially, commitments from the Commissioners and their networks on how recommendations in the final report will be taken forward would be very welcome.