



# Loss of social homes for rent.

## Key issue

The current focus of government policy is to promote the construction, completion and ownership of homes. Projections by the Chartered Institute of Housing (CIH), highlight that the mechanisms in place to support these aims are impacting significantly on the number of social rented homes.

## 1. Introduction

In May 2016, APSE in conjunction with the Town and Country Planning Association (TCPA) published, "[Homes for all - ensuring councils can deliver the homes we need](#)". The document sets out a call for action and clear recommendations regarding gaining a renewed commitment to enable councils to build affordable housing for the nation.

Homes for all provided a snapshot of the key changes to housing and planning policy and 6 months on the impacts from the changes are becoming clearer and forecasts future projections in relation to housing are being developed. In line with APSE and TCPA findings in a recent report by the CIH puts the decline in social rented housing in focus.

## 2. Background

Since the 1980s there has been a decline in public sector house building, which has placed a reliance on the private sector to deliver housing to meet the **nation's housing requirement**. However, 2012 / 13 saw the lowest number of completions since 1947, whilst the housing need continued to increase with the Department for Communities and Local Government projecting an average increase of 210,000 households per year from 2014.

In response to the growing backlog for new homes, a strong political focus has been placed on accelerating the rate of construction, completion and placing a strong emphasis on the promotion of home ownership. To enable the growth in development a raft of measures has been introduced including key initiatives such as: -

- Changes to the planning system
- Making land available for housing
- Providing financial support for developers and self-build schemes
- Shared ownership
- Affordable homes programme
- Help to buy
- Equity loans
- The Home Building Fund

- The Housing Infrastructure Fund
- Reinvigoration of Right to Buy
- Affordable rented properties.

The initiatives and mechanisms that have been introduced largely since 2012 are consistent with the aim to promote home ownership. These mechanisms are increasing home ownership but have very little impact on the construction of homes for the social rented sector.

### 3. The current situation

The National Audit Office report "Housing in England: Overview," reported that the position for existing homeowners continues to improve. Since 2008, the proportion of owner occupiers spending more than a quarter of their disposable income on housing has halved, falling from 40% to 19%. However, first time buyers are finding it less affordable, paying an average deposit of 21% and having to borrow 3.2 times their income in 2014 compared to an average deposit of 13% and 2.3 times their income in 2000.

The cost of private rented accommodation has remained broadly in line with earnings except in London where the average rent has risen by double the cost of earnings and the cost of housing in London and the Southeast continues to show a substantial variation in comparison to other regions in England.

Since the change in Government policy in 2011, which permitted English local authorities and housing associations to set rents for new tenants at affordable rents, up to 80% of market rate, the evidence shows that rents in the social housing sector are increasing faster than earnings and this has been the trend for the past 15 years.

The National Audit Office has also reported that at the end of March 2016, there were 71,500 households categorised as homeless and living in temporary accommodation which is a significant increase from the 2010-11 figures of 48,000 households. The most common cause for homelessness is reported as being the ending of a private rented tenancy and this figure has doubled since 2010-11.

Four million homes in England are rented through local authorities and housing associations, which has decreased from 5.5 million in 1981 and there are currently 1.2 million households registered on waiting lists for social housing.

### 4. Impact on Social Housing

The CIH reported that despite 44,600 new homes being constructed for social rent between 2012 and 2016, the projections from government figures show that the number of homes available at social rents has declined by 120,000 over the same period.

The Chartered Institute has attributed the decline to changes in government policy, which has seen the bulk of funding being made available for affordable rented properties and the shared ownership initiative. The reinvigoration of the Right to Buy scheme has also impacted on the social rented sector and following the extension of the Right to Buy scheme to housing association tenants, there will be a further impact as affordable rented properties are converted into home ownership at a rate faster than they can be replaced. The CIH has projected that 244,000 of the cheapest homes will be taken out of the social rented sector from 2012 to 2020, highlighting the desperate need for measures to support the construction of social rented homes for a significant number of the population.

APSE comment

The Government ambition to build one million homes by 2020 has been re-iterated in the autumn statement. However, the current situation and projections outlined by the CIH bring into sharp focus and demonstrate the need for genuinely affordable homes in the rented sector. The 15 recommendations set out in the APSE report, “Homes for All – Ensuring councils can deliver the homes we need,” **are more relevant than ever.**

These are: -

### Leadership

1. The Government needs to put in place a housing strategy for the nation that provides decent homes for everyone in society, including those most in need in the current housing crisis who depend on social and genuinely affordable housing for rent. The Government should ensure that local authorities are at the heart of this new housing strategy, providing clear leadership to encourage councillors and their authorities to think boldly and in the long term.

2. The Government should recognise its achievement in introducing the Housing Revenue Account (HRA) self-financing reforms and the renaissance in council house building it ushered in. By respecting the principles of self-financing, the Government should give back control to local authorities over their investment plans, rents and assets.

### Funding social and affordable housing

3. The Government should reverse its decision to reduce social rents by 1% a year for the next four years to ensure councils are able to build more social and affordable housing.

4. Councils should not be forced to sell off their social housing to fund the extension of the Right to Buy to housing association tenants.

5. Low cost homeownership, such as Starter Homes, may help some people get a first step on the housing ladder, but as the survey of councils highlights this will not address the need for genuinely affordable homes. The Government should retain the current National Planning Policy Framework (NPPF) definition of affordable homes and return to a framework where affordability is locally determined based on incomes and prices. Lower cost market homes should not be included in the definition of affordable housing.

### New models of housing delivery

6. Councils can play a stronger role in driving the delivery of new homes by establishing local housing companies (on their own or in partnership through joint ventures). Council land and assets can help drive investment in the most sustainable locations and housing tenures such as Private Rented Sector (PRS) can help meet local housing needs and generate long-term income streams.

7. Councils can invest in PRS and through partnerships can also encourage others to invest in PRS in their local areas. Investing in PRS can provide a number of positive benefits, including providing greater choice and better quality accommodation for those reliant on the private rented sector. Tenures such as PRS can also help increase build out rates on sites. However, PRS will not replace the need for social rented homes.

### Planning

8. Local plans are the key opportunity for the coordinated delivery of high quality social and affordable housing in inclusive communities. However, with 41% of respondents not having a plan in place with an adopted 5-year land supply, Government should continue to prioritise support for plan preparation.

9. To ensure councils can meet the housing needs identified in their local authority areas the Government should revise the viability test, as set out in the NPPF. This supports the House of Lords Built Environment Committee recommendation that the viability test needs revision **to ensure that it is not** ‘used to compromise the ability of local authorities to meet housing need, including affordable housing need, as determined through development plans.

10. To ensure councils can meet the needs of older people the Government should include a new policy priority in the NPPF which ensures social justice and outcomes for people are just as important as the needs of land-owners and developers.

11. The Government needs to clarify whether the developer-contribution model of funding social and affordable housing, via planning obligations, remains a policy objective, and if not, where the replacement investment is going to come from.

#### Housing standards

12. The Government should restore a comprehensive framework of place-making standards. This needs to include new national minimum space standards for housing and standards on access and inclusion. Again, this study supports the recommendation of the House of Lords Built Environment Committee which is calling for a return to the Lifetime Homes standard to ensure that high quality accessible homes are built to provide for the **nation's ageing population and those with disabilities**.

#### Skills and capacity

13. Urgent action is needed to direct sufficient resources into the planning service in order to maintain an adequate, minimum standard of delivery. Local flexibility of fee recovery should be considered by Government.

14. The Government should issue national guidance and provide support and training to local authority planning officers on negotiating affordable housing with developers.

15. Councils can play an important role in expanding the construction skills sector through apprenticeships. The Government also needs to support the expansion of the construction industry, recognising the current capacity constraints on delivery due to factors such as the availability of skilled and unskilled workers, equipment and raw materials.

#### About the Housing White Paper

In light of the publication of the Housing White Paper ( February 2017 ) and the announcement of measures to address issues in the rented sector, APSE will be conducting analysis of the details in the White Paper and will be producing further briefings.

APSE is currently working with the TCPA on new housing research and comments from APSE members on housing issues are always welcome. In addition, APSE members can attend the APSE Housing and Building Maintenance Advisory Group. For further information contact Vickie Hacking on [vhacking@apse.org.uk](mailto:vhacking@apse.org.uk)

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