

Chartered Institute of Housing's response to Homes England's call for feedback on the delivery of Specialist and Supported homes

October 2024

Introduction

The [Chartered Institute of Housing](#) (CIH) is the independent voice for housing and home of professional standards. We represent 17,000 members across UK, whose roles span the breadth of those who deliver, provide and commission supported housing.

CIH welcomes the opportunity to contribute to this survey and inform the future design of the Affordable Homes Programme (AHP). To inform this response we consulted our members and broader sector colleagues. Our engagement has evidenced that Homes England can make a significant and positive impact on the specialist and supported housing sector, and to the people who rely on its services.

At CIH we have campaigned in our [Homes at the Heart strategy](#) and [Autumn Budget Submission](#) that consistent funding is needed for critical support services within specialist housing. 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 for new or existing supported housing. It is imperative that providers are supported to deliver increased value for money in addressing homelessness and the temporary accommodation crisis, take the pressure off emergency services and other forms of healthcare provision, prepare us for a rapidly aging population, and improve the outcomes and independence for the people who rely on it.

CIH and other sector bodies have highlighted the increased need for more social housing, a total of 90,000 social rented homes within an overall shortfall of 340,000 per year. At the same time, the need for supported housing across a range of different groups is also increasing, with the rise in older people and many working aged people living with long term and life limiting conditions requiring adapted housing and ongoing support. The government's own research from 2016 estimated the existing provision in Great Britain of 651,500 supported housing units of which 85 per cent (553,775) were in England, and 71 per cent were for older people. A recent report from the Public Accounts Committee (PAC) highlighted the lack of data at governmental level about the sector, and therefore the difficulties in addressing existing problems, including gaps in supply. The National Housing Federation recently estimated that a further 167,329 supported housing units would be needed by 2040, based on population change across all client groups, with around a fifth being for short term support. However, this is likely to be an underestimate,

if projections take account of the prevalence of support and levels of poverty within populations.

In respect of older people alone, it is projected that 3.1 million people in the UK will be 85+ by 2045, making up 4.3 per cent of the population. This increases the risk of ill health; by 2050, an estimated 1.6 million over 65s will be living with dementia. Older people are increasingly living alone; in 2021, 30.1 per cent of over 65 [did so](#). A growing number are ageing without children, estimated to be two million over 65 by 2030, and are [25 per cent](#) more likely to go into residential care, with lower care needs. There is growing awareness of the implications and costs of loneliness. Specialist housing can help to support and create connected communities, with clear [benefits](#) for older people as well as health and care services (resources from CIH and others on the importance of healthy homes and places for wellbeing, including savings and efficiencies for public services, can be found on the [Healthy Homes, Healthy Places](#) page of our website).

The PAC [report](#) recommended that government rapidly improve and maintain its data on demand, supply and costs, which would enable a better response both to the demand of specialist housing and value of its investment for wider public services. In terms of the AHP, we support the recommendation of [the National Audit Office \(NAO\)](#) that the cross-government benefits of supported and specialist housing on benefits, social care and emergency services need to be modelled to inform funding and the design of the programme to create value across public services. [Research](#) by Frontier Economics demonstrated the value of investment in supported housing may deliver £639 million savings across other areas of public spend (health, care, crime etc).

Summary

We have outlined CIH's positions on Homes England's questions below, focusing on the feedback from our members and our remit as the professional body for people working in housing. Our headline points are as follows:

- The high costs of construction, labour and materials are a core barrier to delivering social and affordable housing. When the additional adaptations and considerations related to the delivery of quality supported and specialist homes are taken into account, there are concerns surrounding viability.
- Supported housing providers have been operating in an increasingly challenging financial and regulatory environment. Without swift certainty from central government on funding, grant streams and the outcomes of the Supported Housing Regulatory Oversight Act (2023), the delivery of new units will not catch up with those that are lost.
- The planning system can present barriers to new schemes from providers in terms of the fabric of homes and timelines of delivery. We recommend that tailored approaches to proposed schemes are adopted to support the execution of these much-needed homes.

- We need a strategic, cross-sector plan for supported housing that facilitates continued joint working between local authorities, planning authorities, supported housing providers, healthcare and governmental departments. This process cannot begin until there is a data-led understanding of existing supply and levels of need.

Response

1-3) What barriers/ blockages/challenges do you feel there are to the delivery of supported or specialist housing?

Finances

Construction costs are a significant barrier to the delivery of any homes. The [Housing Forum](#) recently released estimates that the average cost of building a house in England is £251,700, with the cost of a flat being significantly more. In the report's conclusion, it lays out that, even when interventions such as building on council owned land and Compulsory Purchase Order reform are taken into account, the costs of a council delivering a home for social rent far **'exceed what could be borrowed against future rental income.'** These estimates relate to general needs homes and do not consider the extra cost of building supported and specialist homes or the financial constraints that apply to those providers which are not councils or registered providers. There are also wider concerns in the development of new homes around the skills gap in [construction](#) and [planning](#), and a [steady decline](#) of planning applications, due to financial difficulties and uncertainty in the sector. In conclusion, without specific and significant government intervention and funding in partnership with existing providers of supported and specialist homes, these homes simply will not get built and the need for them will continue to grow.

The supported housing sector is facing existential risk. A NHF survey cited that [six in 10](#) supported housing providers had to close services in 2024. Without certainty from the government about grant rates, rent and service charge levels, local authority commissioning and revenue funding that supported housing relies on, it is likely that any effort to increase the number of supported and specialist homes will be outweighed by those that are lost in the meantime. For many providers it is a struggle to deal with focusing on continuous upheaval and survival to maintain existing schemes, let alone put efforts into growth.

"The primary barrier is that from a business point of view, supported housing doesn't work. By this I mean that within the normal funding and risk parameters that housing associations and other providers are encouraged to apply to business proposals, hardly any supported housing proposition (new or existing) would meet the viability test." CIH member housing provider.

For registered providers and services funded via Exempt Housing Benefit, the cost of borrowing and initial capital necessary for construction, against the rental insecurity they

are experiencing, compound the delivery challenges. This does not factor in the continued financial jeopardy of identifying and securing ongoing revenue funding for the actual support required. To help combat these disincentives to “those of us who are investing on a 30-year timescale”, providers recommend higher grant rates from Homes England that recognise that these providers have a limited scope to support loan repayments.

Providers also asked for flexibility in the timescales set by funders, without unforeseen delays causing reputational damage or risking allocated grant. Respondents believed that Homes England could play a role in sustaining the support and patience of the multiple stakeholders throughout the planning and development of projects that have additional challenges to delivery than general needs homes.

Space standards and suitability

An area that needs attention and further consideration is that of minimum space standards. In some circumstances pertaining to projects providing supported homes to single homeless households these standards have stymied the delivery of self-contained units with quality care in terms of the decision making of planning departments and financial viability. This is particularly problematic, given that no such standards exist for self-contained units of temporary accommodation without support. Some guidance needs to be applied, taking account of the intended service users, with the design requirements of planners, building control, funders and regulators. These decisions are dependent on each planning department and the knowledge of the full breadth of supported housing provision it contains. We recommend that the quality of the homes and quality of the ongoing support provided be the leading factors in the choice of developments. We look forward to this being addressed with the introduction of proposed National Standards for supported housing, due to be brought in via the Supported Housing (Regulatory Oversight) Act.

“Feedback from Homes England on the suitability of schemes for supported housing is always welcomed but this sometimes blocks schemes coming forward if Homes England feel the home is not suitable for the proposed client group. For example, schemes have not been approved for funding because homes are considered too small, not the right layout or communal areas not considered to be appropriate for the client group. My personal view is that those *consortium members* providing supported/specialist housing are experts in their field, and some have been successfully managing supported homes for many years. If they consider a scheme to meet their client groups needs and will be managing that home more weight be given to their recommendations on the suitability of the scheme for supported housing.” *CIH member consortium.*

Respondents cited risks to new schemes caused by issues surrounding change of use, Section 106, and delays with decision making within local planning authorities. Respondents welcomed the canvassing of the sector on this topic and called for the delivery of supported and specialist homes to be publicly identified as a priority for Homes England. To facilitate meeting this need, providers would welcome clear guidance on priority groups and the ability to assess bids quickly to continue to build their pipeline of schemes.

Local authorities in England

Councils sit in the unenviable position of having mounting challenges to house residents with complex needs, homelessness, or both. These constraints are cited by supported housing providers as one of the biggest risks to their day-to-day operations. Councils who responded to this call for feedback reported that they were struggling to get enough specialist providers to fulfil their contracts, citing a lack of available properties for providers to increase their stock as one of the main barriers. Others recommend providers be encouraged to gain registered status, or build partnerships with a registered provider, so that local authorities can limit the subsidy loss due to the increased pressures and lack of funding [for local authorities](#). Local authorities building their strategic supported housing plans and supported housing providers both cited finding suitable, appropriately placed and affordable land for new schemes a barrier for delivery.

Beyond funding, whilst beyond the direct remit of Homes England, the sector would benefit from long term certainty over expectations of it arising from the Supported Housing (Regulatory Oversight) Act, most notably for consultation to progress quickly on National Standards and regulations to frame local authority licensing.

Lastly, community opposition and stigma towards supported housing schemes was frequently cited as a barrier that providers came up against in their efforts to grow their offering schemes. It is within Homes England's remit, working with local authorities, to demonstrate to communities the breadth and the value of supported and specialist housing and its place within the overall delivery of neighbourhoods that serve the entire population. This reinforces the earlier call to increase the data and evidence about the value of these services to shape Homes England's work and local plans.

4) What works well currently, and you feel should continue to be included regards the delivery of supported or specialist housing?

Some local authorities have the delivery of supported housing built into their local plan, but by no means all. For example, Sefton's local plan allows for 50 per cent of affordable delivery via [Section 106 contribution to be supported homes](#), on a 'bedspace for bedspace' basis and that the supported homes remain as such in perpetuity. This

approach not only serves to contribute to the supply of such homes, but to their retention, safeguarding against voids being transferred to general needs rent in circumstances where sustaining occupancy is subject to an unpredictable commissioning environment.

The Supported Housing (Regulatory Oversight) Act (2023) will require that each local authority develop strategic supported housing plans. However, it is [clear](#) that not all local authorities currently have an up-to-date local plan, which will limit the strategic planning for supported and specialist housing in an area. Without connecting these strategic supported housing plans with local plans and government strategy each approach risks running separately within local authorities, or worse working against one another. In CIH's response to the recent [consultation](#) on the National Planning Policy Framework (NPPF), we recommended that local authorities include specialist and supported housing needs within their local plans.

In the interim, or absence of such an amendment being implemented to the NPPF, it is within the remit of Homes England to influence the local authorities that they are working with to consider amending their Section 106 contribution policies and their local plans to expressly facilitate the delivery of specialist and supported homes and be aligned to their nascent supported housing strategies.

5) What opportunities or solutions do you feel we should consider regards the delivery of supported or specialist housing?

Many providers of supported and specialist homes are currently unable to access Homes England funding or have only done so via specialist programmes. Instead, these organisations rely on other funding streams to deliver homes, such as the Continuous Market Engagement (CME), Care and Support Specialised Housing Fund (CASSH), Rough Sleeping Accommodation Programme (RSAP), and Next Steps Accommodation Programme (NSAP). There is a need for certainty of the various funding streams to increase supply and stop the broader loss of homes. Managing multiple contract terms for multiple programmes of funding has a significant resource drain for small specialist providers and stymies those specialists offering quality support to deliver new homes. In the future, Homes England could have a pivotal role to play in the simplification of those funding streams.

Case Study: CIH member, 100 per cent social housing without profit Social impact organisation. Member works in partnership with local authorities to transform unused land into truly affordable homes. A current project is making use of a piece of land measuring 0.1 hectares. Planning has been achieved and work has been started on site to deliver 12 units (plus two ensuite units of worker accommodation), which will be retained by the local authority to commission services to a local homelessness support charity and registered provider. The grant capital has been provided by the Single Homeless Accommodation Programme (SHAP) with the balance provided by capital funding from the council. The average cost per unit is £152,000 including all costs (based on 14 units). SHAP funding was for 60 per cent of the total costs and, if the balance of the capital was funded by Public Works Loan Board, debt at current rates of local housing allowance could service the loan with nine per cent coverage over 25 years or 22 per cent coverage over 35 years.

Respondents cited that the new government represents an opportunity for collaboration and joint working between housing providers, local government, Homes England, health care and adult social care. We recommend consistent and improved communication between these organisations with the aim to understand local housing need, audit stock levels and types, and identify where larger providers may be able to partner with smaller organisations to protect existing homes.

6) Is there anything else you would like to add regards specialist and supported housing, that has not been captured in the previous questions.

Members have suggested that Homes England proactively seek proposals for capital assistance with the re-modelling of existing supported housing. This approach may not add to the total stock of new units but will ensure that supply meets local ongoing needs, and more homes are not lost. Re-configuration and modelling can make the difference between a moribund supported housing scheme, barely meeting any ongoing need at all, and one that is useful, relevant to strategic priorities and provides quality homes.

The recent [report](#) of the APPG on housing and care for older people recognised the value of sheltered housing and the impact it could still have to provide choice and support older people's independent living, if resources were available to regenerate some outdated schemes. It called on Homes England to set a 10 per cent target within its AHP and other funding streams specifically for sheltered and retirement housing. In addition to the target for supported housing, one third should be directed at regeneration and refurbishment of existing schemes, (without current 'additionality' requirements). To ensure delivery, the report proposes a specialist team within Homes England to be focused on supported and older people's housing.

This should go alongside a stream of revenue funding for support, and connect with housing, care and support needs identified in local joint strategic needs assessments, existing and future supported housing strategies and local plans. Such a local strategic approach will enable supported housing to be maximised in its impact for households requiring support, and wider public services. To this end, CIH echoes the APPG's recommendation that there should also be funding for local partners to develop such assessments and strategies to drive forward the identification of needs across local communities, with the development of new homes and the regeneration of existing schemes to meet these (a reinvigoration of the previous £300 million Housing Transformation Fund or equivalent).

A blockage in the pipeline of remodelling and new homes delivery is waiting on the government to confirm that supported housing and wider types of affordable housing will be exempt from the building safety levy. Given that supported housing meets specific needs and delivers benefits not just to individuals but to the wider system, the development of new supported housing should not be disincentivised by this additional levy. Additionally, the delay to the release of the technical consultation on accessibility standards, the so-called M4(2) building regulation, contributes to the hesitancy to build.

Specialist and supported housing also face challenges related to fuel poverty and net zero. Specialist and supported housing is typically built to meet the housing needs of older people and people with long-term illnesses or disabilities. These groups have [well-established](#) health-related needs for additional warmth, relative to the average household. This is often expressed in terms of a [satisfactory heating regime](#), which is defined as a "23°C in the living room and 18°C in other rooms achieved for 16 hours in a 24 hour period in households with older or disabled people", which is two degrees higher, for a longer time period, than general needs households. Ideally, specialist and supported housing therefore needs to be built with high levels of fabric efficiency to ensure energy-related needs of residents can be affordably met. These higher costs can impact viability.

In our transition to net zero, homes will also need to be built to higher levels of energy efficiency and with low-carbon heating. This will include supported and specialist housing. The previous government [estimated](#) earlier this year that to meet the Future Homes Standard, it will cost an additional £6,200 per home. However, CIH members have indicated this is an underestimate, with the true cost expected to be between £10,000 and £15,000. These higher estimates are supported by [industry](#) analysis.

Furthermore, there is evidence that building to net zero standards while meeting the needs of residents may cost more in supported and specialist housing. For example, CIH members have told us that specialist heating controls are often required to enable older and/or disabled people to adequately control low-temperature heating systems like heat

pumps. This is supported by reviews of smart heating controls, such as research carried out by [National Energy Action](#) and the [Research Institute for Disabled Consumers](#). Such controls will add additional costs for specialist and supported housing beyond the 'standard' costs of meeting net zero standards in new build homes. In summary, issues related to fuel poverty, affordable warmth, and net zero are more significant for supported and specialist housing than general needs new builds, and Homes England grant should reflect this.

Finally, we previously touched upon rising levels of need and the ballooning number of households in temporary accommodation. In 2023, over half (53.3 per cent) of the households owed a prevention or relief duty were known to have one or more support needs. It is known that extended placements in 'unsupported' temporary accommodation exacerbate mental and physical health issues and entrench social inequalities. This worsening homelessness crisis will invariably increase the need for more specialist, supported homes, even with the rapid delivery of more general needs homes at social rent.

We would be happy to discuss any of the themes that have arisen in this response further. Though detailed, the above does not capture the entirety of the issues brought to our attention but seeks to summarise the key themes.

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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