

Summary of our key points

The level of housing need is increasing. Many households face huge challenges in accessing affordable, decent homes. The latest annual forecasts by the housing charity Crisis and Heriot-Watt University show the number of people homeless in England is predicted to jump by a third by 2024 unless action is taken to reverse this. The need to decarbonise our housing stock is more urgent than ever - we have the oldest and least energy efficient housing stock in Europe. As the country emerges from a pandemic and heads into a cost-of-living crisis, exacerbated by the tragic conflict in Ukraine, rising energy prices mean one in three households are at risk of fuel poverty.

We need urgent action to decarbonise the residential sector, invest in support for those who need it and finance new social and affordable housing. Without this, the ambition to 'level up' risks being undermined.

CIH is calling on government to:

- 1. Provide enough help with housing costs so people can access an affordable, decent place to call home and restore the £20 uplift for people on universal credit to ease the pressures of fuel poverty**
- 2. Bring forward investment with clear, long-term plans to tackle homes with poor energy efficiency**
- 3. Invest in a long-term strategy to end homelessness in all its forms and provide good quality temporary accommodation**
- 4. Invest in existing and new supported housing to meet a range of support needs.**
- 5. Increase grant levels to provide the number of homes at social rents we need each year**

Our proposals to address some of the critical housing issues facing our country are set out below. We would be happy to discuss any of these measures, and the underpinning research, in greater detail.

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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1. Provide enough help with housing costs so that people can access an affordable, decent place to call home and restore the £20 uplift for people on universal credit to ease the pressures of fuel poverty

A succession of different welfare policies and cuts introduced since 2010 have undermined many low-income households' ability to access a decent, affordable place they can call home. This is an obstacle which could prevent government from achieving many of its wider policy aims, including reducing homelessness and improving work incentives for low earners. We call on government to carry out a review of the relationship between housing and welfare policy, to properly consider the cumulative effect of these cuts. However, more immediately, government should use the Budget statement to consider the following specific changes:

- **Address the cost-of-living crisis for people on benefits** – basic allowances are set to rise by 3.1 per cent in April based on the consumer prices index for September 2021. In January, CPI reached 5.4 per cent – its highest for 30 years – and is expected to increase further. Since benefit increases were capped at 1 per cent in 2014/15 and 2015/16 and thereafter frozen for four years, basic benefit levels have fallen in real terms and are now at their lowest value since 1991. Some three per cent of social rented, 19 per cent of private rented and 22 per cent of owner-occupied homes have an E grade energy performance rating. The energy price cap is to rise by 54 per cent next month, and experts have warned it might rise by a further 40 per cent in October. Altogether, in England alone, nine million poor people live in energy-inefficient homes, making them particularly vulnerable to inflated energy prices. We need to increase the pace on retrofit and tackling low energy-efficient housing – we cannot afford to waste fuel by having a leaky housing stock. However, this will not help those households living in fuel poverty now, whose only income is basic benefits. We urge the government to think again and restore the £20 per week uplift in universal credit.
- **Restore local housing allowance (LHA) rates to at least the 30th percentile and return to annual uprating. Remove the shared accommodation rate of LHA** - 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. We welcomed the decision to restore LHA rates to the full 30th percentile but we are concerned that, in the two years since, the process of slowly eroding their real value has returned. This represents poor targeting of resources as the steepest decline occurs in housing markets under the most pressure. Across Great Britain, 56 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. We also urge government to remove the shared accommodation rate for LHA which only covers the full cost

of the cheapest privately rented shared accommodation in select areas, putting people at greater risk of homelessness.

- **Shorten the waiting time for the first payment to 14 days for all universal credit claimants with no income** - We welcome the previous measures that shortened the universal credit waiting period from six to five weeks and the introduction of transitional housing benefit (HB) payments help reduce this further for claimants transferring from legacy benefits to UC. However, claimants who aren't transferring from a legacy benefit still face a five week wait for their first payment if they have no other income, whereas claimants entitled to new-style jobseeker's allowance (JSA) receive a payment after 14 days. There is a strong case to make a one-off two-week payment of JSA to all UC claimants with no other income. This would require no changes to the UC software and would avoid the possibility of overpayments (as JSA payments are deducted from the UC entitlement).
- **Abolish the 'bedroom tax'** – we consider that the 'bedroom tax' has not met its stated objectives. Savings to the public purse have been smaller than government's original estimates, and are insignificant in the context of a £22 billion overall housing benefit bill, while a [2015 evaluation of the policy](#) showed that 55 per cent of those affected were in rent arrears. 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 ever achieve its stated objectives. We consider that the policy is not working as intended, is pushing many households into hardship and rent arrears, and should be abolished.
- **Abolish the £20,000 (£23,000 in London) benefit cap** – the numbers affected rose sharply during the pandemic from around 75,000 immediately before the outbreak to a peak of 194,000 in March 2021. This shows that its basic premise – that it only affects people who should be working – is flawed. As of August 2021, around 45,000 people are losing £75 or more 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 – and government has just cut the fund by £40m. Further to this, the benefit cap disproportionately affects women. In February 2020, of those households capped, 83 per cent were headed by a single person, of which 93 per cent were women. Of those single person households with children, 98 per cent were women. It is not known how many of those were affected by domestic abuse but given that two out of three people affected by domestic abuse are women, the proportion of domestic abuse survivors affected by the cap who are women is likely to be close to 100 per cent. Whilst there is protection for domestic abuse survivors who live in a hostel or refuge there is none if they are a renter living in the family home or other general needs housing. We consider this policy is not achieving its objectives and is placing many households at risk of homelessness.

2. Invest in clear, long-term plans to tackle homes with poor energy efficiency

Decarbonising the residential sector is key to meeting our net zero targets: it accounts for 20% 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. [Latest research by Savills](#) estimates that up to £330 billion could be needed (seven times the current spend) for the UK residential sector to meet government targets, including a desire for all homes to reach EPC level C by 2035.

Analysis for the council housing sector puts the extra cost of achieving net zero carbon in 1.5m existing homes at almost £1 billion per year over a 30-year period, a considerable call on resources given that councils' annual capital housing investment averages £5-6 billion per year in total. Parallel analysis for the NHF showed that housing associations need to invest almost £36 billion to achieve EPC Band C by 2030 and replacement of all fossil-fuel boilers by 2050. Up to 2030, this implies spending of about £2.2 billion annually on top of associations' current budget of about £1.5 billion on major repairs and planned maintenance.

CIH acknowledges the various funding support available (Social Housing Decarbonisation Fund, Home Upgrade Grant, Local Authority Delivery scheme and (from April 2022) Energy Company Obligation) but 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. The Regulator of Social Housing's latest risk profile shows that landlords are planning a 12% increase in investment in existing homes (latest 5-year forecasts) but inflationary pressures will arguably undermine much of the additional outputs secured by this increased investment.

We welcome government's commitment to updating the Decent Homes Standard to include energy efficiency and to apply this to the private rented sector. However, as set out in the recent [Decarbonising heat in homes](#) report from BEIS Committee, we need government to produce a roadmap with detailed implementation plans to deliver net zero.

CIH is calling on government to:

- make good the commitment to **provide the full £3.8bn Social Housing Decarbonisation Fund** (promised in the 2019 Conservative Party manifesto), with more being available in next spending review. We need a longer-term programme so landlords can do proper asset management and bid when they are ready rather than because funding is available for a limited time.
- **explore other means of funding**, including government backed loan guarantee funding to reduce interest costs.

- **further develop the Heat and Buildings Strategy**, setting clear standards and targets for new and existing stock, with effective measures in place for achieving them, including investment to support innovation and the scaling up of production.
- **reduce or remove VAT on decarbonisation work.**
- **invest in market development** to support cost effective retrofit technology (e.g heat pumps) and workforce upskilling.

Without further support, difficult trade-offs will need to be made which will inevitably lead to reduced development (as highlighted in Moody's latest assessment) and/or accelerated stock disposals/rationalisation of 'hard to treat' stock – which will not help achieve net zero. Urgent action is needed to tackle low energy-efficient housing – escalating oil and gas prices mean that we cannot afford to wait.

3. Invest in a long-term strategy to end homelessness in all its forms and provide good quality temporary accommodation

We welcome the government's commitment to ending rough sleeping by 2024 and recent funding announcements in relation to homelessness, including the Homelessness Prevention Grant. Long term investment in prevention is the way to end homelessness for good; ensuring everyone has a place to call home and the support they need to keep it. The fallout of the pandemic combined with the rising cost of living emergency will see yet more people at risk of homelessness unless safeguards are put in place. 'Everyone In' demonstrated what could be achieved with sufficient resources collaboration and will.

CIH is calling on government to:

- Develop and resource a **cross-departmental strategy to end homelessness in all its forms** focusing on prevention and implementing the recommendations from the [Kerslake Commission](#), learning the lessons from 'Everyone In'
- Provide **sustained investment in good quality temporary accommodation, floating support, and services** (such as benefits advice, opportunities to access or retain employment, family mediation and prison and hospital resettlement work) and provide sustained investment in good quality temporary accommodation and specialist services for those who are likely to not be well served by more generic provision (for example people experiencing domestic abuse, young people and people who are LGBTQ+)
- Provide long **term funding commitments to a national roll out of Housing First** for people with complex support needs.
- Support a **whole housing approach** to ensure access to a range of tailored housing options and initiatives giving choice and appropriate support **for people experiencing domestic abuse.**
- Provide **greater support for non-UK nationals** who are homeless or at risk of homelessness, including an end to the rules about 'no recourse to public funds' and similar restrictions which can cause destitution.

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

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 per year.

The importance of supported housing for independent living received a welcome focus in the recent Adult Social Care Reform White Paper, [People at the heart of care](#), which indicated the ambition to 'make every decision about care a decision about housing'. The investment of £300 million over three years to drive forward greater integration of housing, health and care at the local strategic level will provide a real 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. Whilst CIH welcomes this and the ongoing commitment of funding via the Care and Support Specialist housing Fund (CASSH), the **challenge remains for a stable and consistent investment national and locally into the critical support services within specialist housing, that provide invaluable help and support to maintain independent living. The £30 million for innovative new models of care may help to develop new ways to deliver such support but ongoing, long-term investment is still needed.**

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 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).

5. Increase investment and grant levels to provide the number of homes at social rents we need each year

Evidence produced for the National Housing Federation and Crisis 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 aim to start just 36,000 homes annually. While these should be matched by developer contributions delivering similar numbers, output will still be well short of what is required, especially as social rented homes will only form a small proportion.

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. However, there are ways to make progress towards this level of investment.

First, the [UK Housing Review 2022](#) will show that, of some £40 billion being invested by the government in housing in the current four-year period, 56% is spent on support for the private market. A major shift of subsidy away from private market support would enable funding to be directed where it would meet the greatest housing needs. It is worth noting that in Scotland and Wales 89% of support goes towards affordable housing.

Second, work by [CIH with the Centre for Homelessness Impact](#) showed last year 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.

Third, 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.

Given that the pandemic has highlighted housing pressures and current needs are likely to be even higher than assessed in 2018, there is a pressing case for more investment, even though the government's current plans represented a step change in delivery compared with recent programmes.

Investment should be increased immediately so that 10,000 extra social rented homes can be provided each year at a cost in grant of £70,000 per unit (because the unit cost would be lower for a modest programme) over the period to 2026. 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%.

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.



However, investment is not enough on its own. Any 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 so as to meet the updated Decent Homes Standard and address fire safety and decarbonisation 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.

Devolved Nations

CIH draws around 25% of its membership from the Devolved Nations so as a membership body, we are duty bound to speak on behalf of the thousands of housing professionals across the UK. Many of the pressures on the housing market, and barriers to supply and affordability, are mirrored across all four nations of the UK. Therefore, our policy calls ahead of the Chancellor's Spring Statement 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.

15 March 2022