

# Let's end the housing crisis

The next Spending Review is our chance to make a transformational investment in people, in homes and in our communities.



**What would it take for us to build enough homes in England? For communities to be supported to grow? For everyone to have the support they need to live and thrive? These are not just academic questions. They're questions we need to answer if we're going to end the housing crisis for good and bring growth and unity to our nation.**

The next Spending Review is an opportunity to do just that. We need to be building 145,000 social and affordable homes a year to meet housing need<sup>1</sup>. Now, for the first time, we know what investment is required to make that happen. There are also communities around the country in need of regeneration and new opportunity, and people who need proper support to thrive, through an improved welfare system and secure supported housing. The time is right for a long-term deal for housing that achieves all this. Here's how we can do it.

**Kate Henderson**  
Chief Executive  
National Housing Federation

# In the next Spending Review, the Government should:



## Invest in building the homes our country needs

The only way to build the 145,000 social homes England needs, and to meet the Government's 300,000 homes a year target, is with large scale, long-term government funding. Our new modelling shows that the Government must invest £12.8bn a year in real terms, for 10 years, to kick-start this countrywide housebuilding programme.



## Invest in places to bring the country together

Communities in parts of England that have been left behind face reduced opportunities and poorer social outcomes, holding people and our economy back. Housing associations are key community anchors and we're calling for a new, £10bn national regeneration fund over 10 years so they can work with local partners to give these great places the boost they need.



## Invest in the support people need to thrive

A fair and effective welfare system and long-term funding for supported housing gives people the support they need to thrive. The Government should invest in improving Universal Credit, create a fairer welfare system so people can genuinely afford to pay their rent, and create a national support budget to fund the support costs of supported housing.



## Invest in safety

Everyone has the right to feel safe in their home. The tragic fire at Grenfell Tower showed that we need systemic change in building and fire safety, which we must invest in as a nation. We're calling for the Government to broaden the scope of the existing £400m Cladding Remediation Fund and create a Building Safety Fund to cover the one-off vital costs of making homes safe and secure.



## Invest in building the social homes our country needs

**Building new social housing is essential to solving the housing crisis. 1.3 million children are living in poverty in expensive private rented homes<sup>2</sup>. Homelessness is rising and temporary accommodation figures are at a 10 year high<sup>3</sup>, while many young people are stuck living with their parents, unable to build an independent life.**

We need to build 145,000 social homes each year, including 90,000 for social rent, to meet this housing need. New modelling shows, for the first time, what we need to deliver these homes:



### Invest £12.8bn a year in real terms to build the homes we need

This capital grant funding must be long-term, flexible and available in all parts of the country to guarantee highest levels of housebuilding.

The funding would include a higher level of grant per home, an average of 44%. Housing associations would raise the remaining funds themselves, but this level of government investment would allow them to build truly affordable social homes. Full detail on the modelling, incorporating figures from the Greater London Authority in conjunction with the G15, can be found in our **technical report**.

In recent years, housing associations have made up for reduced government investment by using cross-subsidy to keep building – in particular by developing homes for sale and investing the proceeds into building affordable homes. But this cannot deliver anywhere near the number of new social homes needed. Only real investment at a higher grant rate can kick-start the social housebuilding boom England needs.

Investing in new homes could add £120bn<sup>4</sup> to the economy each year, through the creation of local jobs in construction and other industries across the country. It would also allow housing associations to invest in new technologies like Modern Methods of Construction. Effectively, every pound spent by the Government would generate up to £8.22<sup>5</sup>, boosting the economy in a balanced and sustainable way.

It would also significantly reduce the Government's benefit bill. Last year, the Government paid £22.3bn in housing-related benefits<sup>6</sup>, putting millions of pounds into the pockets of private landlords to help cover rent for millions of low-income tenants. By moving many of these tenants into social housing, the Government would need to spend less on benefit and so potentially save taxpayers tens of millions of pounds every year. This would also allow more people to build a solid foundation for their lives in social housing, aiding social mobility.



## Invest in places to bring the country together

**Communities in parts of England face reduced opportunities and poorer social outcomes, holding people and our economy back.**

In parts of the North, the Midlands, deprived inner city areas and more isolated communities around the country, we've failed to invest in the people and places that need it most, holding back aspiration. These areas often have worse educational outcomes for children and weak labour markets with a greater share of low-skilled and low-paid employment.

As anchor organisations in their communities, housing associations can work with local partners to give these great places the opportunities they need. We're calling for a new, national approach to regeneration.



**Create a Great Places Fund, investing £10bn over ten years in economic growth and social renewal in parts of England that have been left behind.**

The national fund would be used by local partnerships, including housing associations, local people and other stakeholders, to deliver on the most important issues for communities – from training and skills services, regeneration of empty or poor quality homes, or new local infrastructure to connect people to jobs.

The Government should also commit to the promised Shared Prosperity Fund, at least matching existing levels of EU structural funding.

A transformational new approach to regeneration would enable housing associations and local partners to help communities thrive and help tackle inequalities in society. It would bring together the Government's economic objectives with other major domestic priorities including housing, transport, employment, health and community safety.

This new fund would also deliver savings for the public purse: an annual public investment of £1bn has the potential to generate nearly £3.5bn in societal benefits<sup>7</sup>.



## Invest in the support people need to thrive

**A fair and effective welfare system and long-term funding for supported housing gives people the support they need to thrive. But our current welfare system and supported housing funding are not providing the help and security they should be.**

The overall benefit cap pushes children into poverty, leaves families struggling to pay rent, and means that so-called Affordable Rents are not affordable for larger families. The freeze on Local Housing Allowance is causing an affordability crisis in the private rented sector and increasing demand for social housing even further.

Problems with accessing Universal Credit are also pushing people on low incomes into poverty, with evidence from housing associations showing that people who receive Universal Credit are almost twice as likely to be in rent arrears than other tenants.

And the vital support services provided by supported housing, like homeless hostels, sheltered housing and domestic violence services, are being squeezed due to local authority cuts. Spending by councils on housing-related support services has reduced by 69% between 2010 and 2017.<sup>8</sup> Despite this, supported housing saves the public purse around £940 per resident per year.<sup>9</sup> To address these challenges, the Government should:



### Invest in supported housing and a fairer welfare system

Ringfence housing-related support and restore funding to 2010 levels, when £1.4bn was allocated to local authorities in England.

Create a fairer welfare system that is joined up with housing policy so people can genuinely afford to pay their rent, including reforming the household benefit cap and Local Housing Allowance rates.

Invest in improving the Universal Credit system and ensure people get support to successfully make and manage claims.



## Invest in safety

**Everyone has the right to feel safe in their home. Safety is always the primary concern of housing associations and the tragic fire at Grenfell Tower showed that systemic change is needed to the Government's building and fire safety regulations.**

Over the last year, housing associations have been doing everything in their power to remove dangerous cladding from buildings and carry out other remedial works as quickly as possible. While vital, this work is often expensive, and the unexpected cost means money has been directed away from other key projects.

Housing associations are also contributing to the development of new, fit for purpose building regulations and piloting new ways to ensure residents' safety. Implementing a new system will require substantial investment, and the one-off costs of this vital work must be covered by the Government so that housing associations' other important work can also continue. To support safe, secure homes for everyone, the Government should:



**Make the existing £400m Cladding Remediation Fund available for replacing or remediating fire doors that can no longer count on third party safety accreditation.**

**Create a Building Safety Fund to cover the extensive cost of implementing new building and fire safety regulations.**

## References

- <sup>1</sup> Heriot Watt University analysis for Crisis and National Housing Federation, [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)
- <sup>2</sup> National Housing Federation analysis of English Housing Survey, <https://www.housing.org.uk/press/press-releases/half-a-million-more-children-in-poverty-in-private-rented-homes-than-ten-ye/>
- <sup>3</sup> Ministry of Housing, Communities and Local Government figures on Temporary Accommodation, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/808318/TemporaryAccommodation1.xlsx](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/808318/TemporaryAccommodation1.xlsx)
- <sup>4</sup> Based on a multiplier of 2.6 identified by CRESR in a forthcoming report for the National Housing Federation. A total programme of £46.2bn would thus generate a total output of £120bn.
- <sup>5</sup> As the total output generated is estimated at £120bn and the government's share of this £46.2bn investment is an inflation-adjusted average of £14.6bn per year this works out to a total of £8.22 unlocked by each £1 of government investment (120 divided by 14.6)
- <sup>6</sup> Figure taken from Department for Work and Pensions, Outturn and forecast: Autumn Budget 2018. Available from [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/757201/outturn-and-forecast-autumn-budget-2018.ods](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/757201/outturn-and-forecast-autumn-budget-2018.ods)
- <sup>7</sup> Based on a Benefit-Cost Ratio of 3.5, as identified in CLG, Valuing the benefits of regeneration, 2010: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/6382/1795633.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/6382/1795633.pdf)
- <sup>8</sup> The National Audit Office (2018) Financial sustainability of local authorities 2018 <https://www.nao.org.uk/wp-content/uploads/2018/03/Financial-sustainability-of-local-authorities-2018.pdf>
- <sup>9</sup> Frontier Economics, Financial benefits of investment in specialist housing for vulnerable and older people, 2010, available at: [https://www.housinglin.org.uk/\\_assets/Resources/Housing/Support\\_materials/Other\\_reports\\_and\\_guidance/Financial\\_benefits\\_of\\_investment\\_in\\_specialist\\_housing\\_FINAL.pdf](https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Other_reports_and_guidance/Financial_benefits_of_investment_in_specialist_housing_FINAL.pdf)

The National Housing Federation is the voice of affordable housing in England. We believe that everyone should have the home they need at a price they can afford. That is why we represent the work of housing associations and campaign for better housing. Our members provide 2.6 million homes for more than six million people. And each year they invest in a diverse range of neighbourhood projects that help create strong, vibrant communities.

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