

Spring Budget 2021: National Housing Federation submission

Building back safer, better and stronger

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Introduction

The National Housing Federation is the voice of housing associations in England. Our members own over 99% of housing association homes in England, providing 2.7m homes to around six million people.

The coronavirus crisis has reminded us all how important our homes are. For some people, home has been a sanctuary. For others, it has been a prison. We believe that everyone deserves a safe, secure, comfortable place to call home. Not just now, in the middle of a crisis, but always.

The Spring Budget provides an opportunity for the government to create jobs, boost the economy and improve people’s lives by building back safer, better and stronger. We can do this by making our homes safe and secure, ensuring the sector can build the new affordable homes our key workers need, meeting the UK’s sustainability and climate challenges, spreading opportunity across the country and supporting those who have been hardest hit by the virus.

In this budget, the government should:

- Make sure everyone can feel safe in their home by providing further funding for remedial works.
- Deliver a fast-acting economic and social stimulus by giving housing associations the confidence and certainty to deliver ambitious house-building plans.
- Create thousands of jobs and tackle the climate crisis by delivering a retrofit revolution in the social housing sector.
- Spread prosperity and level up the country through the renewal of cities, towns and communities, with housing at the centre.
- Provide the support and opportunities people deserve, through a fair and effective support and welfare system, long-term funding for supported housing and funding for rough sleeping. This will help people into better homes that

meet their needs, alleviate homelessness and deliver savings to the NHS and social care budgets.

Building back safer

Prioritising the safety of residents

A priority for housing associations and the government

Nothing is more important to housing associations than the safety of their residents. Wherever they live, everyone deserves to feel safe and secure in their home.

The tragic fire at Grenfell Tower in 2017 showed that the current building and fire safety system is not fit for purpose. We welcome the changes to this system recommended by Dame Judith Hackitt. Housing associations are already implementing widespread reforms to how they work so that such a tragedy can never happen again.

The most urgent priority for housing associations is making sure that existing homes are safe. Since the fire at Grenfell Tower, safety issues have been uncovered in the private and public sector, in residential properties and beyond. Having drawn on government funding, remediation is now in progress or complete on more than 95% of buildings in the social housing sector where aluminium composite material (ACM) cladding needs to be removed.

However, ACM cladding replacement is only a small part of the total remediation work needed, which the government has acknowledged by establishing the Building Safety Fund. In light of the various building safety issues that have been uncovered, housing associations are conducting inspections and carrying out any subsequent remedial works to their properties, irrespective of height, to ensure the safety and integrity of external wall systems, compartmentation measures and fire doors. The scale of potential building safety issues suggests that the programme of remedial works already underway will be long and complex, taking up to a decade to complete.

The economic benefits of funding safety works

The impact on the residential housing market, as a result of the uncertainty in the safety of multi-storey buildings, is substantial. Lenders are now routinely requiring an External Wall System (EWS1) form as part of mortgage applications for flats in such buildings. The forms are costly and difficult to provide due a lack of professional advisors required to complete them. Where it cannot be clearly demonstrated that a building has no need for remedial works, mortgages for flats in these properties will

not be approved. This has resulted in this part of the housing market effectively stalling, with sales on hold and shared owners unable to buy additional shares in their home. Remortgaging requests may also not be approved, which can increase household monthly outgoings where fixed interest rate deals come to an end.

For those whose incomes have been affected by the pandemic, the inability to sell can trap them in homes they can no longer afford. There is also an impact on the wider economy, created by the loss of new capital into the housing market from first time buyers who would otherwise purchase these homes, as well as through the reduction of the productivity potential of people who may have moved to take up new opportunities. At a time of huge economic uncertainty, the economic gains that could be achieved by government intervention is substantial. By providing upfront funding for remedial works, as well as speeding up the pace of remediation to ensure people's safety, the government would satisfy lenders' concerns that leaseholders may be about to receive large bills for remediation, enabling this part of the housing market to function as before.

This can also be illustrated by the potential economic cost of widespread bankruptcy among leaseholders, many of whom will be unable to pay bills for remedial works, which could be up to six-figure sums per household. While we welcome the government's efforts to find a solution to the funding challenge that will be affordable to the leaseholder, we would argue that such deliberations must consider the longer-term personal and economic costs of large numbers of leaseholders having to take on considerable debt. We do not believe that leaseholders should have to pay towards the cost of remedial works to buildings that they bought in good faith. To do so would be both unfair and costly to the economy by indebting a large group of people and potentially forcing them out of secure homes and into unstable housing.

We do not believe that charitable housing associations should have to pay to remediate their properties, which have mainly been purchased from developers who are responsible for the original build. Housing associations are doing what they can to fund for remedial works so they can happen as quickly as possible. They are also pursuing those responsible for liabilities. If we are not successful, however, there will be further economic impacts. For example, housing associations that need to remediate their buildings are likely to cut back on their plans for developing new homes, in order to finance urgent remedial works. As a sector, we provided more than a fifth of all new homes in England last year and have plans to spend nearly £17bn on new homes in the next twelve months. By providing funding for remedial works, the government can also retain the wider economic and social benefits which arise from building more affordable homes, while meeting its housing building target.

What the government can do

We welcome the measures the government is taking to ensure that non-ACM cladding can be removed and replaced as quickly as possible. In particular, we welcome the social sector grants available as part of the £1bn Building Safety Fund,

to cover what would otherwise be leaseholders' share of the costs of remedial works needed for housing association-owned buildings effected. However, as the government has recognised, this funding will not cover the extent of building safety issues that need urgent attention. Remedial works that are not funded by the government will very likely have significant financial consequences for leaseholders and housing associations that are currently expected to pay for them.

The government must provide further funding for remedial works. We estimate that vital work to ensure resident safety in housing association-owned high-rise buildings alone will exceed £10bn. The cost of carrying out remedial works in lower-rise buildings will exceed this. Housing associations are doing what they can to recover the costs of remedial works through developers, insurers, and warranties, to reduce the financial burden to the taxpayer where government funding has been awarded, or to leaseholders, who may have to be charged for remedial works if these efforts are not successful.

However, this creates a barrier to remedial works taking place which the government could remove by providing upfront funding for all remedial works. This would prioritise resident safety above all and, once the important work to remediate homes has been completed, liabilities could be established through the courts, and any resulting compensation would be returned to the public purse. As explained above, upfront funding for remedial works would also ensure the housing market could continue to function, with all of its economic benefits retained, as well as prevent widespread bankruptcy among leaseholders who are facing large remediation bills.

One way that the government could quickly enable housing associations access to further funding for remedial works is by providing greater flexibility on the use of Recycled Capital Grant Funding (RCGF). The sector has over £600m of RCGF which could be used as a source of funding, removing one of the financial barriers to conducting remedial works quickly. This may, of course, impact on the supply of new homes.

The government should also work with the sector to deliver an effective and urgent remediation plan that will ensure residents feel safe in their homes.

To achieve this, the plan should prioritise the allocation of resources in the first instance to buildings that need them most. While government commitment of public resources for remedial works is welcome, these must be directed on the basis of risk and not on the basis of housing tenure, nor on a first come, first served basis.

While we recognise that the government is making funding available to speed up the pace of remediation, we would argue that by coordinating resource and expertise across the multiple sectors needed to remediate homes, the government can achieve its aim while also making best use of collective resources. The government is the only agency with the necessary powers and resources to coordinate this work and further intervention on this basis would ensure more people are, and feel, safe more quickly.

Building back better

A new generation of affordable homes

The economic case for homebuilding

The coronavirus crisis has highlighted, again, the need for high quality, affordable homes to rent and buy. This effects many people most affected by the crisis: low-paid key workers living in the private rented sector, rough sleepers helped off the streets, homeless families in temporary accommodation, older people in unsuitable and unsupported homes, and families stuck in overcrowded conditions.

But affordable housebuilding can also deliver a fast-acting, broad-based economic and social stimulus and is the perfect candidate for counter-cyclical investment in an economic downturn. Research¹ suggests that for every pound spent on construction, the economy benefits by £2.84 because of the work generated in supply chains and increased workers' spending power. Housebuilding can also be "shovel ready" more quickly than other forms of construction and more quickly add to GDP. This is why governments often increase funding on affordable home building as a deliberate stimulus to the economy.

Public investment in affordable housing also delivers high additionality in weak market conditions. Housing associations use public investment to leverage in private investment – last year the sector secured £13.5bn of new private finance and contributes £6 for every £1 of public funding.

Housing associations are committed to working with the government and other partners to keep building. They were planning to invest £16.6bn to develop new homes to rent or buy, from September 2020 – September 2021.² The coronavirus crisis has impacted this. But working with the government, much of this can still be delivered, and more with the right support.

Challenges facing the sector

There are ongoing practical challenges facing the sector when it comes to maintaining output. In particular, the impact on productivity from maintaining social distancing on site as well as skills and supply challenges. However, uncertainty is probably the most significant challenge.

1

https://england.shelter.org.uk/_data/assets/pdf_file/0005/1642613/Shelter_UK_A_vision_for_social_housing_full_interactive_report.pdf

² Regulator of Social Housing, Quarterly Survey for Q2, June to September 2020

Housing associations are exposed to uncertainty via the market sale homes they build to cross-subsidise affordable delivery, and via shared ownership homes which support people on to the housing ladder.

Despite recent high levels of interest, uncertainty over future sales is very real and impacts on the sector's appetite and ability to build new homes. Without the sector's contribution, the government will not meet its target of building 300,000 homes a year. In the 18 months from September 2020 the sector is planning to deliver 35,000 homes for affordable home ownership and 11,500 for market sale. In the year from September 2020 the sector was forecasting £4.6bn of current asset sales.³

Short-term policy uncertainty also impacts on boards' appetite to build. In particular, the new model of shared ownership, the new Right to Shared Ownership and proposed reforms to the planning system have introduced more uncertainty into the system which undermines confidence and calls into question the viability of certain products.

What the government can do

Housing associations have already revisited their business plans in light of the coronavirus crisis. They are ambitious to play their part in the economic recovery, creating jobs and boosting local economies, but cautious given current uncertainty, and mindful of their first duty to safeguard services for existing residents.

The government should continue to work with the sector to provide certainty and stability, to give boards the confidence to sign off on ambitious plans, maintain delivery and create jobs. Specific actions that the government should take in the event of a downturn in the market are set out in [our submission to the 2020 Spending Review](#). **These includes providing flexibility in current grant funding, so homes for market sale and shared ownership can be converted to rent, and supporting housing associations to bulk-buy homes from developers at discount to convert to rent.** To give additional certainty around the wider business planning process, the existing 2020-2025 policy statement on rent setting in social housing must remain unaltered.

We welcome the new £12.2bn Affordable Homes Programme for 2021-26, and the specific funding for social and affordable rent and for supported housing. The proposed new model of shared ownership and the new Right to Shared Ownership, however, have created uncertainty and risk. They call into question the viability of building shared ownership homes in the future, without significant additional subsidy. These proposals may also be detrimental to the financing of the sector in a number of ways, for example, causing difficulties in borrowing. They risk limiting the sector's appetite for development at a time when its contribution is most needed.

³ Regulator of Social Housing, Quarterly Survey for Q2, June to September 2020

Our position on the new model of shared ownership is set out in [our response to the recent government technical consultation](#). **The government should delay the introduction of the new model of shared ownership and work with the sector and other stakeholders to agree an approach which meets Ministers' priorities around increasing home ownership, works for housing associations and delivers a better experience for shared owners.**

This would come at no additional cost to the government and would ensure the investment provides the economic boost the country needs right now.

In the longer-term, we would like to see the government be more ambitious in its plans for affordable housing. We have previously called for a once-in-a-generation investment in affordable homes, through the creation of a ten-year £32bn Affordable Homes Programme. A commitment of this scale would provide a huge economic boost and stimulate long-term investment in MMC and new skills, transforming productivity across the sector and addressing long-standing productivity concerns.

On MMC specifically, the government should use the budget as an opportunity to support innovation in the sector, create new jobs and promote MMC. We welcome the recent announcement in the new AHP that strategic partners will in future need to deliver 25% of their programme using MMC but **government should take action to bring housing associations and local authorities together to aggregate demand for modern methods of construction (MMC) products and to build the evidence base for MMC products on the market**. This could be through revenue support, or support for data management and collection systems that allow an evidence base to be developed.

Kick-starting a retrofit revolution

The economic case

Housing accounts for around one fifth of all UK carbon emissions, and social housing is responsible for around 10% of this.⁴ If we are to meet the government's ambition to become net zero in terms of greenhouse gas emissions by 2050, then decarbonising homes – including social homes – is a priority.

Tackling climate change is both good for the environment and delivers huge economic benefits. Decarbonising housing and retrofitting homes to make them more energy efficient will provide a real economic boost and create thousands of

⁴ <https://www.sustainableenergyassociation.com/wp-content/uploads/2019/09/SEA-social-housing-digitalcompressed-1.pdf>

new jobs across the UK⁵, including in sectors hardest hit by the recession.⁶ For example, research from the Energy Efficiency Group suggests that investing in energy efficiency measures alone could create 34,000 full-time jobs within the next two years.⁷ Longer-term, Cambridge Economics estimates that raising the energy performance of every home in the UK to Energy Performance Certificate (EPC) Band C would sustain around 100,000 new jobs annually over the next 10 years.⁸ The Institute for Public Policy Research claims that, by 2035, over 325,000 jobs could be created across the UK in the low-carbon heating sector.⁹

The economic benefits extend beyond creating jobs. Improving the energy efficiency of homes would help tackle fuel poverty and save the NHS money, as well as save lives. It has been estimated that for every £1 spent on retrofitting fuel-poor homes, £0.42 is saved in NHS spending.¹⁰

The government should kick-start a retrofit revolution to stimulate the economy and create jobs in all regions and nations of the UK, including in sectors hardest hit by the recession.

Social housing leading the way

Delivering a retrofit programme across all tenures will take time, and existing supply chains and installation services will need to be significantly expanded before retrofitting can be achieved at scale and pace. We should therefore start the retrofit revolution in the social housing sector.

The social housing sector has the experience, the systems and the leadership needed to support retrofit at scale. The regulatory framework, and the social purpose that drives housing associations, means that social landlords take a longer-term view of housing quality and performance than other landlords and care about resident health and wellbeing. The sector also has a good track record in delivering energy efficient homes and has more homes that meet high energy efficiency standards compared to other tenures. A higher percentage of social housing is rated at EPC Band C or above than private rented or privately owned homes.¹¹

The size of the sector means that it is a sufficiently large market to develop and deploy scalable retrofit solutions which can later spread to the rest of the stock.

⁵ <https://www.ippr.org/files/2020-07/all-hands-to-the-pump-july20.pdf>

⁶ https://neweconomics.org/uploads/files/Green-stimulus-for-housing_NEF.pdf

⁷ https://www.theeig.co.uk/media/1096/eig_report_rebuilding_for_resilience_pages_01.pdf

⁸ <https://www.e3g.org/docs/Building-the-Future-The-Economic-and-Fiscal-impacts-of-making-homes-energy-efficient.pdf>

⁹ <https://www.ippr.org/files/2020-07/all-hands-to-the-pump-july20.pdf>

¹⁰ https://neweconomics.org/uploads/files/Green-stimulus-for-housing_NEF.pdf

¹¹ <https://www.ippr.org/files/2020-07/all-hands-to-the-pump-july20.pdf>

The government should support the social housing sector and encourage housing associations and local authorities to lead this retrofit revolution. This will help build supply chains and make the nationwide roll-out of a retrofit programme across all tenures in the medium term more achievable.

The challenges facing the sector

The social housing sector has already started to decarbonise. Housing associations are investing heavily and driving innovation in both new homes by way of different materials and MMC and in existing homes by retrofitting new heating systems and insulation. However, there are significant challenges to overcome if the social housing sector is to lead the way for the rest of the housing sector and become net zero by 2050.

Separate research from the Institute of Engineering and Technology and from the government, highlighted a number of common barriers to retrofitting homes: a lack of finance, a lack of clear and consistent government policy, a lack of skills, and a lack of consumer demand.^{12,13,14} This is mirrored in our own research.

In August 2020 we surveyed our members to explore the barriers and obstacles that housing associations face when seeking to retrofit homes. Nearly three quarters of respondents told us that concerns around funding were a key barrier to retrofitting at scale and pace. Over half said that the lack of policy clarity made it difficult to plan effectively or with any degree of confidence.

[You can find the full list of barriers highlighted in our survey.](#)

What the government can do

The Committee on Climate Change estimates that £15bn will be required each year to reduce emissions from all buildings by 2050 (including domestic and non-domestic).¹⁵

Estimates for the social housing sector alone vary widely, although one housing association has estimated that it will cost in excess of £100m to retrofit around 6,000 homes to meet the government's 2050 net zero target.¹⁶

¹² <https://www.theiet.org/impact-society/sectors/built-environment/built-environment-news/scaling-up-retrofit->

¹³ [-why-the-uk-needs-a-national-housing-upgrade-programme/](#)

¹⁴

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/787361/Barrier_to_Retrofit_in_Social_Housing.pdf

¹⁵ <https://www.theccc.org.uk/wp-content/uploads/2019/05/Net-Zero-The-UKs-contribution-to-stopping-globalwarming.pdf>

¹⁶ <https://www.housing.org.uk/news-and-blogs/blogs/jo-hills/launching-ambitious-decarbonisation-plan/>

Over the last 12 months we have seen a series of policy announcements and new funding schemes to support decarbonisation and encourage energy efficiency measures. This includes £60m announced in the 2020 Spending Review to support retrofit in social housing in 2021/22.

We welcome these, but if the sector is to have the confidence to invest in skills and innovation, and the ability to plan for the next 30 years, then we need a sustainable long-term funding commitment from government. Without this we are unlikely to see retrofit at the scale and pace required to meet our net zero commitments.

The government should use this budget to deliver on its manifesto commitment to set up a 10-year £3.8bn Social Housing Decarbonisation Fund. As the major provider of social housing in England, housing associations must be able to bid directly into the Fund.

Housing associations plan for the long term but, as our research shows, the sector needs greater policy clarity and direction from the government to be able to plan effectively for a net zero future. The absence of this is cited as a major barrier to rolling out large-scale retrofit programmes.

The Prime Minister's Ten Point Plan for a Green Industrial Revolution, and the recent Energy White Paper set out a broad direction of travel for the sector, and we hope that the forthcoming Heat and Building Strategy will provide additional detail.

However, this is unlikely to be sufficient. The sector needs long-term clarity and certainty on policy, regulation, reporting and funding regimes in order to be able to develop and deliver a retrofit programme on the scale required. The Committee on Climate Change have made a similar call.¹⁷

The government needs to work with the sector to deliver a “road-map” to 2050, setting out the policy, standards, regulations and requirements that housing associations will need to work towards to become net zero by the middle of the century.

Levelling up economic opportunity across the country

The role of housing associations in supporting communities

Slow and uneven recovery since the 2008 financial crisis, coupled with wider economic and social change, has exacerbated divisions among people and places. Some have prospered while others feel increasingly overlooked and left behind.

¹⁷ <https://www.theccc.org.uk/wp-content/uploads/2019/05/Net-Zero-The-UKs-contribution-to-stopping-globalwarming.pdf>

The government's stated ambitions and levelling up agenda provide an opportunity to address this. The overwhelming priority of responding to the pandemic has understandably diverted attention – but the economic effects of the virus have exacerbated the need for solutions to support those people and places who may be left even further behind.

In March 2020, the NHF completed a large qualitative research exercise through Public First, looking at the attitudes of residents in the north and midlands towards social housing. We understand that addressing regional imbalances in these areas are crucial to the government's levelling up agenda. Our research found that these communities were broadly staunch defenders of the need for well-built social housing. Many of the people we spoke to had either spent time in social housing or knew people that currently lived there. To these voters, social housing is an integral part of local community life. Furthermore, they were extremely enthusiastic about the building of new, high quality social housing that could help foster new communities.

Housing associations are committed to working with the government to deliver for all communities. As [anchor organisations](#), housing associations are valuable partners in levelling up. They exist to serve people and places above profit. They often operate at a scale which makes them a significant part of a local economy, and they are tied to it. The NHF's [Great Places programme](#) explored the sector's anchor role, sought out good practice and made recommendations on how housing associations could do better still. Public investment is a critical part in enabling that.

The case for investment in regeneration

With the loss of dedicated funding for housing-led regeneration in the past decade, and the exclusion of regeneration from the new Affordable Homes Programme, there is a missing element in joined-up regeneration. This is particularly the case given the increased recognition of the role of housing in regenerating towns and their centres.

In many areas most in need of regeneration, development viability is marginal at best. Support for mixed tenure housing led by local anchor organisations can bring the investment and confidence needed to drive the reinvigoration of places that have fallen on hard times.

We agree with the [UK2070 Commission's recommendation](#) that the government must “think big, plan big and act at scale”. The pandemic has shown that the government can step up when faced with an immediate crisis. As we move into a ‘new normal’, it must now show it has the capacity – as with governments in times of previous national crises – to think beyond the immediate to create a vision of a different, brighter future.

What the government can do

We welcome the £4bn Levelling Up Fund, which was announced in the 2020 Spending Review, together with the ongoing commitment to a new UK Shared Prosperity Fund (to replace EU structural and investment funding). These present a real opportunity for much-needed investment and regeneration in communities around the country.

This funding should be available for economic, social and physical investment, including housing renewal.

Research has shown that housing-led regeneration can deliver benefits worth almost four times those made by public investment.¹⁸ This funding also offers an opportunity to shape and support local programmes to help close skills and earning gaps, in partnership with the social housing sector.

Alongside this funding, we need a compelling national strategy for regeneration, which targets the people and places in most need.

This should ensure that mainstream funding – always many times greater than bespoke regeneration funding – considers national levelling up priorities. The review of the Treasury Green Book announced in the Spending Review is a good first step.

The government also needs to find a solution to calculating housing need which does not undermine efforts to boost weaker economies through housebuilding.¹⁹ In rural areas, the government must avoid measures which undermine the provision of affordable homes through the planning system – rural poverty may often be less explicit, but affordability pressures are often greater than in urban areas.

Any national strategy needs to empower local areas to deliver joined-up regeneration suited to their own circumstances while contributing to national objectives.

The promised devolution white paper provides an opportunity to create the institutional capacity to manage comprehensive regeneration investment at appropriate geographic scales, with democratic accountability.

More generally, local authorities need to be adequately resourced to lead on their own local priorities. In the past, austerity seems to have been focused on local

¹⁸ <https://www4.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/regeneration-revival.pdf>

¹⁹ The current 'standard method' for assessing need has been [unhelpful to regeneration ambitions](#) in northern England, and the proposed revisions seem set to tilt the balance still further southwards. With the Homes for the North partnership, we argue for a more ambitious approach. There is an important role for new homes in regeneration and re-purposing local economies and places.

government, and particularly on those areas most in need of strong local leadership and delivery capacity.²⁰

Building back stronger

Delivering a fair and effective welfare system and helping people into work

The role of housing associations

Housing associations spend £70m per year of their own resources on employment support and are significant employers both directly and through their supply chain.²¹

Social landlords are often de facto community anchors in lower income neighbourhoods.²² Their long-term commitment and wide local reach often makes them well placed to work with statutory and other partners to deliver local employment and skills programmes.

Before coronavirus, while more people than ever before were in work, there were still too many people locked out of employment or trapped in low-paid work. Residents of social housing are far less likely to be in work than people living in other tenures, mainly due to ill health, caring responsibilities or disabilities. We also know that social housing residents and communities are most likely to be adversely affected by the immediate impact on jobs in lockdown, and the longer-term economic impact created through the recession.²³

As we enter 2021, this challenge will be even greater. It is estimated that 30% of single parents will lose their jobs, along with 30% of people under 35 years old, 28% of BAME workers and 24% of women. 14% of housing association households are lone parents with dependent children.²⁴

²⁰ See, for example, <https://housingevidence.ac.uk/time-to-level-up-on-housing-and-planning-capacity-in-the-north-of-england/>, www.ippr.org/files/2020-06/10-years-of-austerity.pdf

²¹ Dromey, J, Snelling, C and Baxter, D (2018) Building Communities that Work: The Role of Housing Associations in Supporting Work. IPPR Briefing: London.

²² Wilson, T, Bivand, P, Rahman, A and Hoya, C (2015) Worklessness, Welfare and Social Housing – Report to the National Housing Federation. Centre for Economic and Social Inclusion: London.

²³ <https://www.resolutionfoundation.org/app/uploads/2019/10/Risky-business.pdf>

²⁴ <https://www.ceci.org.uk/employment-and-covid-19-briefing/>

What the government can do to support people on low incomes

At the start of this pandemic the government targeted support for people on the lowest incomes by raising Universal Credit and Working Tax Credit by £20 per week. They helped the lowest earning self-employed by suspending the Universal Credit minimum income floor and increased Local Housing Allowance rates.

Universal Credit claims have increased by more than two million, and these changes helped support families who saw extra costs and reduced income. They helped reduce rent arrears and give people stability in being able to afford the home they live in.

Given the predicted ongoing economic impact of the pandemic, the government should use this budget to retain all these changes and give the lowest paid and poorest people across the country some degree of economic security.

Modelling by the Joseph Rowntree Foundation (JRF) indicates that if the Universal Credit and Working Tax Credit payment increase ends in April, then around 16m households will face an overnight income loss equivalent to £1,040 a year. Those on the lowest incomes and families with children will be hardest hit. They also estimate that 700,000 more people will be pulled into poverty, including 300,000 children.

The benefits system should provide the first line of mainstream support for people experiencing financial hardship – it is a swift, efficient, and targeted way of giving security.

Housing associations have worked alongside local authorities and community organisations to help people throughout the coronavirus crisis. For example, through hardship funds, food deliveries and resources for children not able to go to school. This type of local help will still be needed across 2021, and the government should assess the need and fund local authorities to lead on this work. But this type of help is needed alongside a comprehensive and adequate benefits system.

What the government can do to create jobs and opportunities

At the start of this crisis, we joined with Communities that Work, employment and youth organisations to call for the government to provide an #OpportunityGuarantee. This call was backed by [more than 250 leaders](#) from the public, charitable and private sectors and by Mayors and parliamentarians.

The Chancellor's Plan for Jobs is a major support package and we now need to work together to deliver the opportunities and support to local communities. Housing associations have already shown their commitment to tackling youth unemployment by embracing the Kickstart scheme and establishing the Kickstart in Housing network of over 100 housing associations to collaborate on opportunities.

To boost this work and create more jobs, the government should use this budget to bring together national departments and local housing partners to design and mobilise a response to the Chancellor's Plan for Jobs.

The government should also ensure that employment support meets needs across communities and enables social housing to deliver in partnership for recovery.

Many housing associations relied on the European Social Fund (ESF) to deliver vital programmes and services. Millions of pounds in ESF reserve funds are still going unused because it needs to be match-funded. The housing sector's significant financial contributions to tenants and communities through employment support services and community investment give it the ability to match fund.

Working with the Department for Work and Pensions (DWP) to leverage ESF reserve funds would provide additional funding for the sector to deliver critical employment support services. It would also provide much needed funding certainty as the sector navigates transitioning from ESF reliance to utilising the UK Shared Prosperity Fund.

The government should use this budget announcement to ensure funding certainty, leverage ESF reserves and place housing at the heart of the UK Shared Prosperity Fund pilots.

Digital access and skills are imperative for tenants to get the services they need, secure employment and progress in work. As we shift to more remote working and learning, addressing digital exclusion across all communities is critical.

A recent report to the APPG on Housing and Social Mobility, examining the barriers to employment faced by working age people in social housing, calls for access to quality, affordable broadband for all and targeted support for people to develop digital skills.²⁵ **The government should set an ambition to eradicate digital exclusion to improve employment outcomes.**

Supporting the most vulnerable: supported housing

²⁵ Improving Opportunities: How to support social housing tenants into sustainable employment. Report to the APPG on Housing and Social Mobility, (CaCHE, 2020).

The role of supported housing

Housing associations deliver over 70% of England's supported housing. This includes sheltered and extra care housing, homeless hostels, mental health step-down units and domestic abuse refuges.²⁶

Supported housing provides vital support for some of the most vulnerable people in society. The combination of secure housing and high-quality support can transform lives, helping people settle into a new home, maintain tenancies and improve life chances. For many in these groups, the only viable alternative to supported housing would be residential care, hospital or another secure institution. This is a poor use of limited hospital resources and can have a profoundly negative effect on people who could live independently with the right support.

Providing decent housing for older people, with appropriate care and support is a cost-effective way of reducing the burden that chronic health conditions place on the NHS. It is widely accepted that poor quality housing exacerbates chronic conditions and widens health inequalities.

Research from the Centre for Ageing Better calculated that the NHS spends £513m annually on first-year treatment costs for over-55s living in the poorest quality housing.²⁷ Meanwhile, Anchor Hanover recently modelled the value of a supported housing tenancy in one their schemes for older people and found that every Extra Care housing place can generate up to £6,700 in savings to the local authority.²⁸

The impact of coronavirus on supported housing

Supported housing providers have been extremely successful in managing the impact of the pandemic, keeping vital services running and infection rates in schemes down. Providers have worked with local authorities, the care sector and the NHS to allow people to be discharged from hospital safely or moved on from temporary hotel accommodation. They have also linked residents in with local volunteer networks, charities and community organisations to support them through the crisis.

Our housing association members have taken a range of exceptional measures to support and safeguard residents and service users through the crisis. To help keep

²⁶ DWP and DCLG, Supported accommodation review: The scale, scope and cost of the supported housing sector, November 2016,

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/572454/rr927supported-accommodation-review.pdf.

²⁷ Centre for Ageing Better, Home and Dry: the need for decent homes in later life, March 2020, <https://www.ageing-better.org.uk/sites/default/files/2020-03/Home-and-dry-report.pdf>.

²⁸ Anchor Hanover, Understanding the social value of an Anchor Hanover tenancy, June 2020,

<https://anchorv3dev.s3.eu-west-2.amazonaws.com/documentspdfs/Sonnet%20Social%20Impact%20Report%20June%202020%20Final%20.pdf>

infection rates down, they have delivered support outdoors or in locations where it is easier to social distance, trained staff in the proper use of PPE and prepared meals for residents to enable them to safely self-isolate. Many members have also increased the frequency of virtual welfare checks to address growing mental health concerns and provided residents with mobile phones and other IT equipment to reduce loneliness and isolation.

However, many providers have faced significant challenges during the pandemic, including substantial extra costs. In August 2020, the NHF conducted a survey of members about the financial impact of the coronavirus crisis on supported housing.²⁹

Key findings from the survey were that:

- The coronavirus outbreak led to increased staffing costs for more than half of providers surveyed, as well as additional cleaning, purchasing PPE, higher security costs and other costs for many.
- Lost income from vacant properties increased for almost all providers surveyed, including all of the respondents who provide housing for older people.
- Demand for some support services has increased, with an especially sharp (57%) rise in demand for short-term support services.

The economic case

Supported housing helps save public money, avoiding lengthy and costly hospital stays.³⁰ It also helps avoid rent arrears and tenancy breakdown, promotes employment and allows vulnerable people to live healthier, more independent lives.

However, the supply of supported housing is reducing at a time when demographic trends show demand increasing. Research in 2015 calculated that by 2024/25, we will be facing a national shortfall of 46,771 supported, sheltered and extra care housing places.³¹

A recent report by the NHF and Housing Learning and Improvement Network (LIN) found that long-term uncertainty over capital investment, revenue funding for support, and funding for housing costs through the Housing Benefit system have all

²⁹ National Housing Federation, Briefing on the financial impact of the coronavirus crisis on supported housing providers, August 2020, <https://www.housing.org.uk/resources/briefing-on-the-financial-impact-of-the-coronavirus-crisis-on-supported-housing-providers/>.

³⁰ Frontier Economics, Financial benefits of investment in specialist housing for vulnerable and older people, September 2010, https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Other_reports_and_guidance/Financial_benefits_of_investment_in_specialist_housing_FINAL.pdf.

³¹ Sitra, Estimating the Need for Supported Housing, October 2015, http://s3-eu-west-1.amazonaws.com/pub.housing.org.uk/Sitra_Supported_Housing_Needs_Assessment_Report.pdf.

been barriers to housing associations developing new supported housing schemes.³²

With funding for housing costs now secured and with a positive announcement in the AHP on funding for new buildings, the government can further promote the development of new schemes for people with long-term care and support needs by investing in revenue funding for support.

What the government can do

The recent crisis has demonstrated the critical need for housing-related support services, particularly services aimed at supporting groups such as domestic abuse survivors, rough sleepers and people experiencing acute mental health crises.

However, as the NHF survey results show, supported housing providers are facing greater financial pressures due to extra costs and void losses associated with coronavirus. Even after the first lockdown, homelessness services and supported and sheltered housing providers experienced an ongoing inability to let properties, given a lack of referrals and personal reluctance to move in because of the perceived risk. Long-term investment in housing-related support services would ensure that these services can continue to support as many people as possible to stay safe and contribute fully to the social and economic recovery from the pandemic.

The government should use this budget to ring-fence housing-related support and allocate £1.6bn per year to local authorities in England.³³

Furthermore, given the increasing pressures of winter and the emergence of a highly transmissible new coronavirus variant that has resulted in new stay-at-home and shielding instructions, supported housing services now need help to maintain workable staffing levels and to keep vulnerable residents and staff safe.

It is extremely positive that supported housing staff will be included in the priority groups for receiving the coronavirus vaccine. Targeted funding can facilitate supported housing providers' joint working with local authorities to roll out vaccines on-site. **The government should target spending to facilitate joint working between local authorities and supported housing providers to roll out the coronavirus vaccine to supported housing staff and residents.**

³² National Housing Federation and Housing LIN, report, Supported housing for people with long-term care and support needs, August 2020, <https://www.housing.org.uk/globalassets/files/long-term-delivery-of-supportedhousing.pdf>. Based on qualitative interviews and roundtables with supported housing providers, local authority commissioners, Housing Benefit teams, and service users.

³³ Department for Communities and Local Government, Spending Review 2010: Equality Impact Assessment – Funding for the Supporting People Programme, December 2010, p.5 and 7.

Supporting the most vulnerable: homelessness

The impact of coronavirus on homelessness

The crisis has put more people at risk of homelessness and rough sleeping, many for the first time. Statistics for April to June 2020 show 33% more rough sleeping in London than last year, with 77% more new rough sleepers.³⁴ Youth homelessness charity Centrepoin reported 36% more young people seeking support since lockdown.³⁵ The pandemic has also driven a surge in domestic abuse incidences,³⁶ which has now become the second cause of homelessness.³⁷

Figures show that 18,911 people have moved into settled or supported accommodation since the 'Everyone In' response began.³⁸ This is positive, however the impact on the economy means a further spike in homelessness is a real risk.³⁹

It is clear that the Job Retention Scheme and Self Employment Income Support Scheme have protected millions of people from the full economic impact of the crisis, and the Kickstart Scheme will help young people. Over 100 social landlords have responded and are keen to offer young people high-quality employment. However, housing associations have raised concerns that they are unable to refer and select their residents for the scheme.

Groups already vulnerable to homelessness, including people with mental health needs, single parents and disabled people⁴⁰, are likely to see their finances hit

³⁴ Rough sleeping in London (CHAIN reports), Greater London Authority (GLA), August 2020

<https://data.london.gov.uk/dataset/chain-reports>

³⁵ Centrepoin, Locked Out: Youth Homelessness During and Beyond the Covid-19 Pandemic, July 2020

<https://centrepoin.org.uk/about-us/blog/locked-out-youth-homelessness-during-and-beyond-the-covid-19pandemic/>

³⁶ SCIE, Domestic violence and abuse: Safeguarding during the COVID-19 crisis, June 2020

<https://www.scie.org.uk/care-providers/coronavirus-covid-19/safeguarding/domestic-violence-abuse>

³⁷ MHCLG, Statutory Homelessness, April to June (Q2) 2020: England, 29 October 2020

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/930534/Statutory_homelessness_release_Apr-Jun_2020.pdf

³⁸ MHCLG, Covid-19 Emergency Accommodation Survey: September, October 2020

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/926060/Covid_19_Emergency_Accommodation_Survey_September.xlsx

³⁹ House of Commons Library, Coronavirus: Economic impact, 22 October 2020

<https://commonslibrary.parliament.uk/research-briefings/cbp-8866>

⁴⁰ MHCLG, Statutory Homelessness, January to March (Q1) 2020: England, August 2020

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/910409/Statutory_homelessness_release_Jan-Mar_2020.pdf

hardest⁴¹ and are facing redundancy at higher levels than other groups.⁴² They may risk homelessness unless safeguards are put in place and their income is secured.

Other causes of homelessness are still prevalent, including relationship breakdown, family and friends no longer able to accommodate, and leaving institutions without housing.⁴³ To prevent these situations from leading to homelessness, the government should invest in support services like tenancy sustainment, floating support, legal and benefits advice, opportunities to access or retain employment, family mediation and prison and hospital resettlement work. These will be critical to preventing homelessness in the wake of the pandemic.

We welcome the homelessness prevention funding announced in the 2020 Spending Review targeted at local authorities with high numbers of homeless people, those at risk of homelessness, or those living in temporary accommodation.⁴⁴ It would be useful to target funding at the causes of homelessness and rough sleeping explored above.

The economic and social impact

New research for the NHF shows that around 3.8m people – including more than 400,000 homeless people – have some form of housing need which would be best addressed by social rented housing.⁴⁵ As well as the impact homelessness has on individuals and families, it generates a financial, social and economic burden for society and puts pressure on public services. Significantly higher rates of service use – medical, mental health or criminal justice – are associated with long-term and repeat homelessness.⁴⁶

The majority of spending on homelessness is on temporary accommodation, which represents a high and increasing cost to the public purse. An MHCLG report showed that English councils spent £1.58bn on homelessness in 2018/19, almost £1.1bn of

⁴¹ Child Poverty Action Group/Church of England, Poverty in the Pandemic: The impact of coronavirus on low income families and children, August 2020 <https://cpag.org.uk/sites/default/files/files/policypost/Poverty-in-the-pandemic.pdf>

⁴² Citizens' Advice, An unequal crisis: Why workers need better enforcement of their rights, August 2020 [https://www.citizensadvice.org.uk/Global/CitizensAdvice/Work%20Publications/An%20unequal%20crisis%20%20final%20\(1\).pdf](https://www.citizensadvice.org.uk/Global/CitizensAdvice/Work%20Publications/An%20unequal%20crisis%20%20final%20(1).pdf)

⁴³ Nacro, A Justice System Fit for the Future: Lessons from the Coronavirus Pandemic to Build a Fairer and Effective Path to Resettlement, August 2020 <https://3bx16p38bchl32s0e12di03h-wpengine.netdna-ssl.com/wpcontent/uploads/2020/08/Briefing-JusticePostCovid-FINAL.pdf>

⁴⁴ MHCLG, Press release: Government pledges further £310m to tackle homelessness December 2020 <https://www.gov.uk/government/news/government-pledges-further-310-million-to-tackle-homelessness>

⁴⁵ NHF, People in housing need, A comprehensive analysis of the scale and shape of housing need in England today, 15 September 2020 <https://www.housing.org.uk/resources/people-in-housing-need/>

⁴⁶ Crisis, Everybody In: How to end homelessness in Great Britain, 2018 https://www.crisis.org.uk/media/239951/everybody_in_how_to_end_homelessness_in_great_britain_2018.pdf

which was on temporary accommodation.⁴⁷ Reducing temporary accommodation use reduces pressure on the taxpayer,⁴⁸ but costs are increasing because temporary accommodation numbers are increasing. There remain around 1.16m households on the social housing waiting list⁴⁹ and there were 98,300 households in temporary accommodation in June 2020, including 127,240 children.⁵⁰ Length of stay is also increasing.⁵¹ These realities point to a need for homelessness prevention and for more move-on options for people in temporary accommodation.

Investment in housing-related, homelessness prevention support achieves positive outcomes for individuals and families and contributes to stronger communities. It also delivers savings for the public purse, including reduced use of temporary accommodation and public services such as hospitals,⁵² and increased tax from people entering employment.⁵³ Other research concluded that public spending would fall by £370m if 40,000 people were prevented from experiencing one year of homelessness.⁵⁴

What the government can do

We acknowledge the announcement of funding for self-contained accommodation provision for rough sleepers during winter,⁵⁵ guidance for safe night shelter opening,⁵⁶ the extra funding from the Protect Programme,⁵⁷ and the welcomed

⁴⁷ MHCLG, Local authority revenue expenditure and financing England: 2018 to 2019 individual local authority data - outturn, August 2019 <https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2018-to-2019-individual-local-authority-data-outturn>

⁴⁸ Crisis, The plan to end homelessness, 2018 <https://crisis.org.uk/ending-homelessness/the-plan-to-end-homelessness-full-version/solutions/chapter-11-housing-solutions/>

⁴⁹ NHF, People in housing need, A comprehensive analysis of the scale and shape of housing need in England today, 15 September 2020 <https://www.housing.org.uk/resources/people-in-housing-need/>

⁵⁰ MHCLG, Statutory Homelessness April to June (Q2) 2020: England, 29 October 2020

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/930534/Statutory_homelessness_release_Apr-Jun_2020.pdf

⁵¹ Trust for London, Temporary accommodation types in London (2002-2019), April 2020

<https://www.trustforlondon.org.uk/data/temporary-accommodation-over-time/>; Williams, W. and C. Barton, Households in temporary accommodation (England), House of Commons Library Briefing Paper Number 02110, May 2020 <https://researchbriefings.files.parliament.uk/documents/SN02110/SN02110.pdf>

⁵² LGA, The impact of homelessness on health: A guide for local authorities, September 2017

https://www.local.gov.uk/sites/default/files/documents/22.7%20HEALTH%20AND%20HOMELESSNESS_v08_WEB_0.PDF

⁵³ Crisis, The plan to end homelessness, 2018 <https://www.crisis.org.uk/ending-homelessness/the-plan-to-end-homelessness-full-version/targets-costs/chapter-15-cost-of-ending-homelessness/>; St Mungo's, Ending rough sleeping: the role of supported housing, September 2017

https://www.housinglin.org.uk/assets/Resources/Housing/OtherOrganisation/Ending_Rough_Sleeping_SH_Report_0917.pdf

⁵⁴ Pleace, N. and Culhane, D. P. (2016) Better than cure? Testing the case for Enhancing Prevention of Single Homelessness in England. London: Crisis.

⁵⁵ MHCLG, Press release: Rough sleepers to be helped to keep safe this winter, 13 October 2020

<https://www.gov.uk/government/news/rough-sleepers-to-be-helped-to-keep-safe-this-winter>

⁵⁶ MHCLG, Guidance: COVID-19: provision of night shelters, 13 October 2020

<https://www.gov.uk/guidance/covid-19-provision-of-night-shelters>

⁵⁷ MHCLG, Press release: Jenrick launches 'Protect Programme': the next step in winter rough sleeping plan, 5 November 2020 <https://www.gov.uk/government/news/jenrick-launches-protect-programme-the-next-step-in-winter-rough-sleeping-plan>

renewed instruction to local authorities to bring rough sleepers into accommodation under the third lockdown.⁵⁸ It is important that local authorities have adequate funding to ensure this accommodation is available throughout the pandemic and into the long term.

The Everyone In scheme has shown what can be achieved with resources, coordination and commitment. This same energy must now be brought to preventing homelessness. It is positive that the Rough Sleeper Accommodation Programme (RSAP) includes more revenue funding over a longer period than previous funds. The government has acknowledged the need for appropriate support to help people sustain their tenancy. This commitment should continue, to ensure people can stay in their homes, help improve their health and life chances, and reduce their reliance on acute services.

The government should open the next round of RSAP funding quickly, as further delays will make completion increasingly difficult. Housing associations will require funding unspent by March 2021 to roll over, to avoid lost projects.

The government's highest single funding commitment to affordable housing in a decade is welcome.⁵⁹ However, more investment is needed if we are to build the 145,000 affordable homes per year, including 90,000 for social rent, needed to meet real housing need⁶⁰ and stop people risking homelessness or being stuck in temporary accommodation. The availability of affordable housing as a key element in preventing homelessness was also highlighted in the government's review of the Homelessness Reduction Act – prepared before the crisis but all the more relevant now.⁶¹

In the longer term, we need to see investment to build the social housing the country needs, alongside properly funded support services for homelessness prevention and tenancy sustainment.

The government should invest in homes for social rent to ensure that rough sleepers and people at risk of homelessness are supported into sustainable and affordable housing beyond the Rough Sleeper Accommodation Programme. This means that homes for social rent should be prioritised in future Affordable Homes Programmes (AHP). Investment in homelessness

⁵⁸ MHCLG, Press release: Extra covid protections for rough sleepers and renters, January 2021
<https://www.gov.uk/government/news/extra-covid-protections-for-rough-sleepers-and-renters>

⁵⁹ MHCLG, Press release: Jenrick unveils huge £12bn boost for affordable homes
<https://www.gov.uk/government/news/jenrick-unveils-huge-12-billion-boost-for-affordable-homes>

⁶⁰ Bramley, G. (2018) Housing supply requirements across Great Britain: for low-income households and homeless people
https://www.crisis.org.uk/media/239700/crisis_housing_supply_requirements_across_great_britain_2018.pdf

⁶¹ MHCLG, Homelessness Reduction Act 2017: government response to the call for evidence, 25 September 2020
<https://www.gov.uk/government/consultations/homelessness-reduction-act-2017-call-for-evidence/outcome/homelessness-reduction-act-2017-government-response-to-the-call-for-evidence>

prevention such as employment and skills programmes will also give people the financial resilience they need to avoid homelessness.