



Labour Party National Policy Forum Consultation 2023:

A future where families come first

G15 Response

March 2023



Contents

Contents	2
About the G15.....	2
Introduction.....	3
Building more genuinely affordable homes.....	4
Long-term rent settlement	5
Planning.....	5
Partnerships.....	6
Helping more people to own their own homes.....	6
Ensuring all homes are safe, warm and dry	7
Net Zero.....	8
Supporting residents to live well.....	8
Private Rented Sector Reforms.....	9
Conclusion	10

About the G15

The G15 is made up of London's leading housing associations. The G15's members provide more than 715,000 homes across the country, including around one in ten homes for Londoners. Delivering good quality safe homes for our residents is our number one priority. Every year our members invest around £1 billion in improvement works and repairs to people's homes, ensuring people can live well. Together, we are the largest providers of new affordable homes in London and build around 15% of all affordable homes across England. It's what we were set up to do and what we're committed to achieving. We are independent, charitable organisations and all the money we make is reinvested in building more affordable homes and delivering services for our residents.

Find out more and see our latest updates on our website: www.g15.london

The G15 members are:

- A2Dominion
- Catalyst
- Clarion Housing Group
- The Guinness Partnership
- Hyde
- L&Q
- MTVH
- Network Homes
- Notting Hill Genesis
- One Housing
- Peabody
- Southern Housing

For more information, please contact: G15@mtvh.co.uk



Introduction

The G15 shares the Labour Party's belief that housing is a fundamental human right and that everyone deserves a home that is safe, secure, and genuinely affordable. Alongside investing around £1 billion per year in maintaining and improving 715,000 homes across the country, G15 members are key contributors to the supply of new affordable homes that are desperately needed, and housing associations are crucial partners to national, regional, and local government.

Government can support both housing associations and local authorities to deliver more social rent homes through significant increases in grant funding to reflect rising costs. Action is also required to provide greater flexibility in funding requirements, and to deliver planning reforms that support affordable housing delivery and maintain ambitious housebuilding targets. Supporting fairer rents through long term rent setting policies, and the reintroduction of a rent convergence, will also give housing associations greater financial certainty and support the delivery of more new affordable homes, alongside investment to improve the energy efficiency and quality of existing homes.

As significant providers of affordable homeownership models, such as shared ownership, housing associations can also support Labour's aim of enabling many more people to own their own homes. Offering people low deposits and the ability to staircase to own more of their home, shared ownership can make homeownership a reality for lower earners who would typically be priced out of the open market.

Crucially, every G15 member is committed to ensuring that the homes we provide are safe, warm, and dry. We have welcomed the reforms in the Social Housing Regulation Bill and support outcome driven regulation that will drive up standards across the sector. However, honesty is also needed about the challenges not-for-profit providers are facing to meet the needs of residents, while continuing to deliver much needed affordable homes. A future Labour government can support us to deliver our commitment to continue providing good quality homes through a number of measures. We recommend a new fit for purpose Decent Homes Standard is brought forward, with funding and financing mechanisms made available to help deliver it. The removal of VAT from all housing association activity would further support investment in existing homes. Accelerating the awarding of the Social Housing Decarbonisation Fund (SHDF) will support providers to make further progress on improving the energy efficiency of social housing, and to reduce energy bills for residents.

Housing associations' activity goes far beyond just providing homes, with all G15 members delivering vital support services to residents and the communities they serve. The cost of living crisis has highlighted the importance of our members' community investment services more than ever. It has also made clear the need for significant welfare reform that supports those most in need, while also providing skills and employment training to give people the opportunities to succeed.

We welcome this opportunity to respond to Labour's National Policy Forum and to set out how social and affordable housing can be supported and delivered.



Building more genuinely affordable homes

Housing associations are a key contributor to the UK's supply of new affordable housing. Overall, housing associations delivered 22.6% of all new housing supply in England between 2016-2021, compared to the 4% provided by local councils and for-profit registered providers combined.¹ Collectively, G15 members are the largest providers of new affordable homes in London and build around 15% of all new affordable homes across England.² In the year 2021/22, G15 members started construction on 10,605 homes, 87% of which were affordable.

A new era of social housing delivery, on a national scale, will be required to end homelessness, rough sleeping, and temporary accommodation use. Every G15 member wishes to continue building more safe, secure, and genuinely affordable homes. Strong partnerships and support from government will help to achieve this shared ambition.

Recognising the challenges that are severely impacting affordable housing delivery is critical to establishing how local authorities and not-for profit providers can be supported to build more social homes. The rising costs of materials and the shortage of skilled labour mean that cost of delivering new homes has risen significantly in the last year alone. Alongside inflation, housing associations have a multitude of competing financial pressures that are severely stretching their budgets. For example, G15 members have estimated a £4 billion cost of dealing with the building safety crisis over the next decade, and an £11 billion cost of meeting net zero.

Due to the rising cost of building new homes, government funding is essential to build the most affordable tenure, social rent homes. The proportion of funding met by government to build an affordable home fell significantly from 2010 and has only recently increased. Over the last decade, affordable housing has been delivered through a reliance on cross-subsidy from market sale homes and other income generated by housing providers, as well as the significant contribution from the planning system through Section 106. Cross-subsidy is no longer sufficient to meet the cost of building new social housing given the wider pressures on providers and the focus on investment in existing homes. Government must recognise that public investment in affordable housing through a significant increase in grant funding is critical. Additional capital investment into the Affordable Homes Programme is therefore essential.

Greater flexibility around funding requirements would also support the delivery of more social homes. Measures to be considered include:

- Allowing Recycled Capital Grant Fund (RCGF) to be used to support meeting the costs of building safety works.
- Allowing RCGF to be 'rolled-over', and its use broadened.
- Awarding social housing grant free of any restrictions and obligation to repay, so we can use it flexibly to maximise new home delivery.
- Allowing greater flexibility around the use of Right to Buy receipts.

¹ <https://d39wcydd7c4iyq.cloudfront.net/Mind-the-Gap-not-for-profit-housing-associations-role-in-delivering-new-affordable-homes.pdf>

² <https://g15.london/what-we-do/our-progress-building-homes>



Regeneration must also be a central part of the government's strategy to build more affordable homes, with adequate funding in place to deliver it. Legislation should allow funding for regenerations that do not deliver an additional number of homes on a site.

Alongside building many more social rented homes, to achieve Labour's ambition of making social housing the second largest tenure again, will require more homes being brought back into the sector from the Private Rented Sector, including homes lost under Right to Buy. Acquisitions of existing homes to be returned to the social housing sector will require government funding, both for the purchase and for maintenance and improvement costs. With energy efficiency of homes in the PRS lower on average than the social sector, thought should be given to how existing owners looking to dispose of homes can contribute to improving the energy performance of a home or how the costs of doing so can be factored into the purchase price of a home.

Long-term rent settlement

Housing associations can also be supported to build more social homes through fairer rent policies. Rents make up the vast majority of housing associations budgets, therefore long-term certainty and fair rents, through the reintroduction of a rent convergence, will allow not-for-profit providers to better plan how they can balance the investment required to maintain existing homes alongside continuing to deliver more affordable homes. Long term certainty will also give our member's Boards and funders greater confidence, enabling them to use their capacity more effectively.

The current rent standard runs until 2025, but has already been varied due to the high level of inflation. A long term rent policy, and the certainty that this affords, is critical for housing association's ability to invest in new and existing homes. This will also maintain investor confidence and support affordable borrowing, which are critical to the delivery of housing associations' activity.

Furthermore, the G15 has calculated that 29% of members' homes covered by the rent standard are currently below target rent. This leads to an annual shortfall in rental income of £67.7m. Reintroducing the rent convergence mechanism would ensure residents pay similar rents for similar properties, while remaining well below market rent, and would off-set some of the impact of the rent cap applied in 2023/24, providing more resource for providers to deliver more new homes and invest in existing homes.

Planning

Reforming the planning system to encourage affordable housing delivery and streamline the planning process will be essential to achieving Labour's ambition of building more affordable homes.

We share concerns that the proposed Infrastructure Levy contained in the Levelling Up and Regeneration Bill may risk the supply of new affordable homes. The planning system must ensure that affordable housing contributions from private developers are captured. Planning reforms should support ambitious annual housebuilding targets and set minimum requirements of on-site affordable housing delivery for local authorities.



Unlocking small sites in urban locations is another critical way of delivering more affordable homes in areas that people want to live. Research has found that councils across England and Wales are in possession of more than 300,000 unused “small sites” that could be used to provide nearly 1.6 million new homes.³ Streamlining the planning process for small sites with high levels of affordability can both incentivise and accelerate affordable housing delivery.

Reforming outdated compulsory purchase regulations by amending the 1961 Land Compensation Act to clarify that local authorities should be able to compulsorily purchase land at fair market value that does not include prospective planning permission, rather than speculative “hope” value, would capture a much greater proportion of the land value to support social housing supply.

The recent G15-supported Centre for Social Justice report, *Levying Up: Ensuring planning reform delivers affordable homes*, provides further details on the issue of planning reforms and a series of recommendations.⁴

Partnerships

We strongly support the resurgence of council-led home building, which can be enhanced by strong partnerships between local authorities, housing associations and private developers. Joint-venture partnerships and other models of collaboration with the private sector also allow the sharing of development expertise and resources, while distributing risk more suitably to support development. We welcome collaboration with local councils and believe that by co-ordinating our efforts and collaborating on larger sites, we can achieve our shared ambition of building more many more social rent homes.

Helping more people to own their own homes

Low-cost homeownership models such as shared ownership will need to be an integral part of any plan to increase homeownership levels. During this particularly challenging economic climate, with rising costs and high interest rates, shared ownership offers an accessible route to homeownership for people priced out of the open market.

Most people buying shared ownership homes are in the 20-40 age bracket, and single-adult households make up 50% of buyers. To be eligible for shared ownership, a household has to be earning £80,000 or less (£90,000 in London). In 2018/19 the average market value of shared ownership properties was £265,000, with the average initial stake purchased being 42% and a deposit of £24,000.⁵ This is compared to the average first time buyer deposit of

³ <https://www.placenorthwest.co.uk/wp-content/uploads/LDS-Policy-paper-How-local-government-can-work-with-SMEs-to-help-unlock-small-sites-FINAL.pdf>

⁴ https://www.centreforsocialjustice.org.uk/wp-content/uploads/2022/12/CSJ-Housing_Paper.pdf

⁵ <https://soresi.co.uk/blog/shared-ownership-market-review-2020/>



£61,000 on the open market.⁶ Shared ownership, particularly thanks to the new model lease, offers a fantastic opportunity for renters to take the first step on the housing ladder.

As Help to Buy draws to a close, demand for shared ownership will increase and is already outstripping supply by 10 to 1 in some cases.⁷ We recommend the shared ownership model as a key part of Labour's homeownership strategy to support people on lower incomes to own their own homes. As significant providers of existing and new homes for shared ownership, G15 members will be key partners in this area.

Ensuring all homes are safe, warm, and dry

Whilst official figures show that social housing has better standards than other tenures,⁸ the shocking images and accounts of some residents living in unacceptable conditions make clear that there is more work and change for all social housing providers to deliver. The death of Awaab Ishak, due to the horrendous conditions he and his family endured, must never be repeated. Each of our members is committed to learning the lessons of this tragedy and making change happen.

We welcome the Social Housing Regulation Bill and are eager to engage with the proposals in 'Awaab's Law' to achieve the best outcomes for residents. We are also working with residents and the Regulator of Social Housing to support the introduction of the new consumer rights and Tenant Satisfaction Measures. Every G15 member welcomes an outcome focused approach to regulation that will drive up standards across the sector. We believe that strong resident engagement and truly listening to tenants, from policy making to service delivery, can not only improve services but also help to tackle stigma towards social housing residents.

G15 members are clear on our commitment that all the homes we provide must be safe, warm, and dry. To help achieve this, our members are investing almost £1 billion each year in existing homes. While the conditions of the homes we provide are our responsibility, there must be recognition of the challenges we and other social housing providers face. Action from a future labour government can be taken to support us to deliver our commitment to existing residents.

Last changed in 2006, the Decent Homes Standard (DHS) needs to be updated to meet new challenges. We welcome the review of the DHS and encourage final proposals to be brought forward soon for consultation with the sector. Crucially, the implementation of the DHS must be supported by appropriate funding mechanisms to support not-for-profit providers to bring their homes up to standard.

The removal of VAT from housing association activity would further support the sector to invest in existing homes. Our estimate of the costs of irrecoverable input VAT for the sector

⁶ [https://www.money.co.uk/mortgages/first-time-buyer-mortgages/statistics#:~:text=However%2C%20the%20majority%20of%20people,house%20price%20\(%C2%A3236%2C783\).](https://www.money.co.uk/mortgages/first-time-buyer-mortgages/statistics#:~:text=However%2C%20the%20majority%20of%20people,house%20price%20(%C2%A3236%2C783).)

⁷ <https://soresi.co.uk/blog/shared-ownership-market-review-2020/>

⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1123670/2020-21_EHS_Headline_Report_revised_v2.pdf



as a whole is £1bn-2bn per annum. Costs of £1bn-£2bn per annum severely restrict the extent to which the sector can borrow to fund development of additional affordable housing and invest in key areas, without breaching loan covenants.

Acknowledging that many social housing homes are no longer fit for purpose and require regeneration is critical to ensuring every social home is safe, warm, and dry. Adequate funding for regeneration, including allowing funding for regeneration schemes that do not deliver an additional number of homes, will support not for profit providers to make their stock fit for future generations.

Net Zero

Improving the sustainability of the homes we provide, and cutting costs for residents of heating and powering their homes, is a critical priority for all G15 members. It also supports Labour's mission of making Britain a 'clean energy superpower'. We strongly welcome the £6 billion Labour have pledged for the retrofit of England's homes and are keen to engage on how this can apply to social housing.

When gas and electricity bills are taken together, those living in the least energy efficient homes will pay almost £2,000 extra per year compared to EPC C rated homes. Combined with the impact of increased carbon emissions from less energy efficient homes, these figures demonstrate the importance of continued investment in improving the energy efficiency of existing homes.

G15 members are already making good progress in improving the energy efficiency of the homes we provide. Around 71% of G15 members' existing homes already meet EPC C, as we work towards all general needs homes meeting this level by 2030. However, to meet net zero across the homes we provide, significant further investment will be required, with G15 members currently estimating costs of between £10bn-£11bn.

Accelerating the awarding of the Social Housing Decarbonisation Fund will support providers to make further progress on improving the energy efficiency of social housing. This will also save residents money on their bills and reduce fuel poverty. We recommend that the full £3.8bn earmarked for the SHDF should be brought forward to support the sector and the supply chain to make faster progress on Net Zero targets and improve conditions.

Supporting residents to live well

As community anchor institutions, housing associations go far beyond just providing homes. We are uniquely placed to provide local, joined-up support, relieving pressures on other public services, and providing opportunities to tackle inequality. The cost of living crisis has highlighted how critical the G15 community investment services are to the communities they serve.

London and the North East have the highest rates of poverty in England, with just over half of all those living in social housing in the capital living in poverty. 70 percent of the people living in the affordable rent homes G15 members provide rely on Universal Credit and



Housing Benefit. In addition to this, almost a quarter of social housing residents were already in fuel poverty before the energy crisis took hold in 2022. The cost of living crisis affects those on the lowest incomes more sharply than others, with high inflation hitting key items, such as food, more severely, and which the least well off spend a greater proportion of their income on. Immediate and significant action must be taken to tackle the country's rising poverty rates.

Last year, our members invested over £25 million in community services, including setting up foodbanks and providing emergency fuel support. They also supported residents to secure £44m in budget boosting measures and provided 33,767 people with targeted advice support.⁹ G15 members have also committed not to evict anyone who is engaging with us and in arrears due to cost of living pressures, and are working closely with key partners in local government and the third sector to provide more support for people.

Significant reform of welfare policy is required to support those on the lowest incomes and defeat the scandal of rising poverty. Measures such as removing the two-child limit in income-related benefits, scrapping the five-week wait for the first Universal Credit payment, and bringing Local Housing Allowance rates back into line with the cost of homes, would provide vital support to those most in need.

Providing employment advice and skills training is another critical way our members assist residents out of poverty. Last year, G15 collectively supported 14,316 residents into employment and training, and secured 772 residents with apprenticeships. We recommend significant investment into skills and employment training to both boost economic growth and support young people from lower income families to improve their life outcomes.

Residents living in social housing are more likely to have a protected characteristic. Over half (55%) of households in the social rented sector had one or more household members with a long-term illness or disability.¹⁰ Therefore, investing in, and prioritising social housing is essential to improving the life outcomes of people with disabilities and from ethnic minority backgrounds.

Private Rented Sector Reforms

Reforming the Private Rented Sector (PRS) to ensure every resident lives in a safe and secure home must also be key focus of the Labour party. We recognise that the PRS is an essential part of the UK housing market. However, standards must be driven up across the sector through effective regulation. We welcome the proposed reforms to the PRS and support the banning of Section 21 'no fault' evictions, this legislation must be brought forward to afford more security to private renters.

⁹ <https://g15.london/news/support-when-it-matters-most-g15-community-impact-report-2022>

¹⁰ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/112367/0/2020-21_EHS_Headline_Report_revised_v2.pdf



Conclusion

G15 members are committed to their core purpose of providing good quality homes for those on the lowest incomes. Alongside investing around £1 billion per year in maintaining and improving 715,000 homes across the country, our members are key contributors to the supply of new affordable homes that are desperately needed.

Government can support housing associations and local authorities to deliver many more affordable homes through significant increases in funding, greater flexibility in funding requirements, fairer rents, and a reformed planning system that supports affordable housing delivery. Strong partnerships between local government, not-for-profit providers, and the private sector will also be essential to a new era of building social homes.

As significant providers of affordable homeownership models, like shared ownership, housing associations can also support Labour's aim of enabling many more people to own their own homes.

Every G15 member is committed to ensuring that the homes we provide are safe, warm and dry. However, honesty is also needed about the challenges not-for-profit providers are facing to meet the needs of residents, while continuing to deliver much needed affordable homes. A future Labour government can support us to deliver this commitment through a number of measures. We recommend a new fit for purpose Decent Homes Standard, with funding to deliver it. We would also welcome the removal of VAT from all housing association activity to further support investment in existing homes. Accelerating the awarding of the Social Housing Decarbonisation Fund (SHDF) will support providers to make further progress on improving the energy efficiency of social housing, and reduce energy bills for residents.

The cost of living crisis has highlighted the importance of our member's community investment services more than ever before. To tackle rising poverty and improve the life outcomes of those most in need, proper reform of the welfare system will be essential.

We welcome this opportunity to respond to Labour's National Policy Forum and to set out how social and affordable housing can be supported and delivered. We look forward to discussing these issues and proposals with the party further as it develops its policy platform for the next general election.