



CECODHAS: Affordable housing wanted!

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Fundamental change...



- Context: Cuts! Cuts! Cuts!
- A fundamental...
- ...change in the balance between 'public and private' support
- ...change in the balance between 'bricks and mortar' and 'personal subsidy'
- ...change in the balance between tenures

Reduction in capital



- Massive, maybe permanent, reduction in capital investment
- All house building at lowest since 1920s
- Housing market sluggish but unaffordable to many
- Construction a key driver of double dip recession



Reliance on higher rent



- 'Affordable rent' programme: temporary made permanent?
- Is 'affordable' affordable: a mixed picture
 - North England/Scotland/Wales: 80% of market rents below council/Housing Associations
 - Midlands: 80% at limit of 'affordability'
 - South: 80% out of reach
 - London: 60-65% at limit of reach
- Debt leverage significant: £80k plus for most homes
 - Risk of 'maxed out' finances for housing associations

Reducing housing 'welfare'

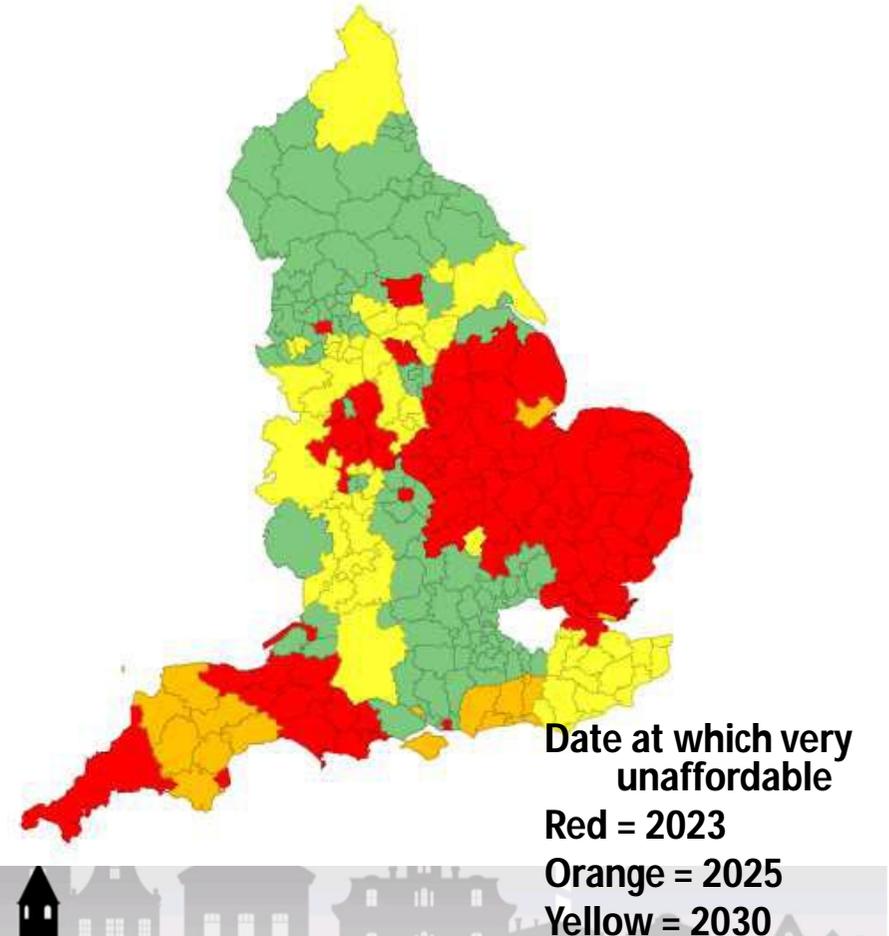


- Lower capital – higher rents but reductions in personal support and benefits
- Housing benefit reductions across all tenures
 - Caps affect London and 'high-end' markets
 - Reduction and lower indexation
 - Universal Credit: de-linking benefit from cost of housing for first time in decades
- Supported housing spending slashed
 - With an ageing and more vulnerable population

Impact of benefit reductions



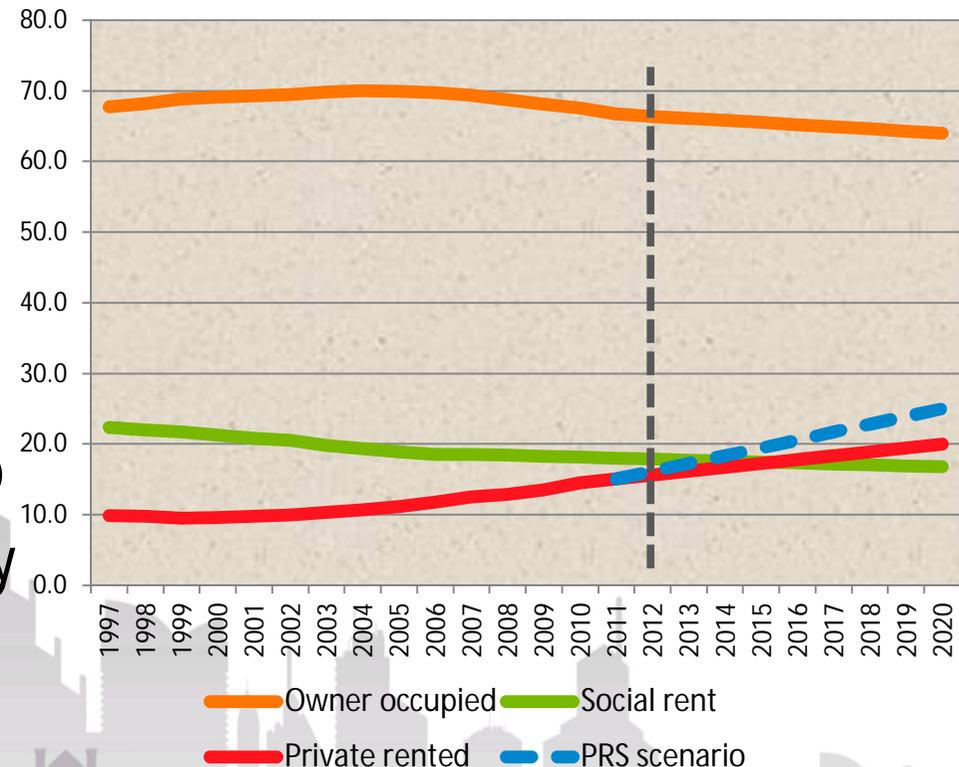
- Reducing benefits for private sector tenants
- When will it become unaffordable – and where (in England)?
- Example: rate for single people up to age 35 – loss of between £29-£87/week
- Rising homelessness



Private sector led recovery?



- UK Government mantra
 - Is the private rented sector the housing version?
 - Doubled in 8-10 years
 - Could rise to 25%
- Decline of home ownership
 - Policy response Right to Buy
- Standards and changing base for regulation
- Rents driving up (not down)



Consequences



- Supply and funding
 - Bank illiquidity and mortgage finance
 - Council housing: reforms have given some opportunities but continue to be 'public expenditure' constrained
 - Modest interventions to stimulate home ownership
- Localism and planning reform
- Welfare and support: social tension / social conditions
- Institutional investment: is there appetite now?



More housing, more support



- Housing recognised as a driver for growth – for the long term
- Secure investment – tackling the need for returns
- Is there a role for government guarantees?
- Fiscal levers, tax breaks and interventions
 - Could be regionally directed
- Role of housing in preventing other expenditure
 - are other services beginning to understand?