

# 'This could bankrupt the housing association sector'

[Government plans to invest £8bn in affordable housing](#) have been broadly welcomed but with some serious concerns raised by charities and housing groups about how the plans will be implemented

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## National Housing Federation

The federation said attempts to meet targets for building social housing "could bankrupt the housing association sector within five years". The group, which represents England's housing associations, welcomed proposals to build many more social homes but warned the government's financial assumptions were seriously flawed. It said the investment of £8bn outlined in the green paper could fail to secure the 70,000 new social homes a year that are needed. The chief executive, David Orr said: "Ministers have to put their money where their mouth is and invest sufficiently for the building of these homes. They need to invest £11.6bn, not the £8bn proposed. Attempting to meet the government's house building targets with this flawed financial modelling ... could easily lead to us making the same mistakes of the 60s and 70s all over again."

He added: "Councils are welcome partners in the drive to build new homes. But the green paper rightly recognises that housing associations will make the biggest contribution to ending the nation's social housing shortage. It is deeply disappointing that there is no mention of building more supported housing, such as that for older people or people with learning difficulties. This only reinforces our belief that it's critical that government protects the value of the Supporting People programme."

## Defend Council Housing

The pressure group said the green paper fell a long way short of meeting the expectations of supporters of council housing. The group's chairman, Alan Walter said: "The government's core strategy for providing new homes relies on the private sector [which] has failed up to now to provide the homes we need and there is no indication they will do any better in the future. The fact is that direct investment in decent, affordable, secure and accountable council housing is the cheapest and quickest way to address housing need today. The private sector alternatives cost more, are less secure and are totally unaccountable. We need investment to provide first class council housing - not councils providing public land to subsidise home ownership to satisfy government's dogmatic obsessions. Improve existing and build new first class council homes and then local authorities would be able open up their allocation policies once again turning council estates back into the mixed communities they used to be"

## **Friends of the Earth**

The campaign group said the government target of making new homes carbon neutral by 2016 was too weak, and said the target should be met by 2010. The group's housing campaigner, Paul de Zylva said: "Our homes are responsible for over a quarter of UK carbon dioxide emissions. Carbon zero homes can already be built so there is no need to wait until 2016 for the government to act on this. Individual homes must meet the highest environmental standards, and new housing developments must be sustainable. This means ensuring that new developments have clear plans for water supply, waste disposal and protection from flooding caused by extreme weather events. And local communities must also have a say on how and where new houses are built."

## **Home Builders Federation**

Stewart Baseley, the executive chairman, said: "The private sector already makes a significant contribution to the delivery of affordable homes. What we need most of all is confidence that we can go further, faster in speeding up the planning process to deliver the ambitious housing growth targets and help make housing more affordable. Adequate land supply is critical if we are to get anywhere near meeting the government's ambitious housing targets."

## **Local Government Association**

The chairman, Simon Milton said new powers to allow councils to keep rent from social housing and profits from right-to-buy would represent an historic break with the past. He added: "Financial incentives for councils to identify potential building sites will help free up land, but it is important that densely populated areas are not penalised just because they have less land for development. It is also important not to overlook the standard of existing housing stock. Nine out of ten of the houses that we will have in 2017 have already been built. Of these, 1.2m social homes and 5m private homes are not in a decent condition. We hope the government will continue to show the commitment to improving these homes, through the decent homes standard, which has already made a huge impact."

## **Help the Aged**

The charity's senior policy adviser, Joe Oldman said the green paper was a missed opportunity to do more for older people. "Older people are not a marginal or special interest group - we are likely to see a dramatic increase in the number of older households over the next 20 years. With the rigorous introduction of lifetime homes standards, the government could ensure all new housing developments meet people's needs throughout their lives. Homes must be built to allow greater mobility and be easily adaptable to developments in new home technology, such as telecare and telemedicine. The government intends to publish an older people's housing strategy in September. This should be an integral part of its legislative programme to improve the delivery of decent affordable housing for older people."

## **Places for People**

The organisation is one of the UK's largest property groups. David Cowans, the chief executive, said that urgent action is necessary to find new ways of creating homes and funding packages such as shared equity to help the millions of people priced out of affording their own home. On the proposals for zero carbon homes, he said: "Zero carbon homes do not come at zero cost, and we need to be looking now at developing new technologies if we are to deliver. The new standard currently could add up to £33,000 on top of the average house price. We have to find the right balance between government assisting in creating the context and support to the industry to in turn innovate and produce on a large-scale the technologies required to deliver zero carbon housing. We also need to begin addressing the problem of existing homes, which account for 99% of the housing stock, yet in many cases are extremely inefficient."

## **Chartered Institute of Housing**

David Butler, the CIH chief executive, said: "The whole of the housing sector has worked together to argue the case for a significant increase in the amount of affordable housing - including of social housing to rent - and we are delighted that the government has accepted this case and backed it with a real increase in funding. The scale of the crisis is such that no one solution will be sufficient so I'm also pleased to see a role for local authorities and arms length management organisations (ALMOs) in providing the much-needed new homes - and a suggestion that the government will look further at the buy-to-let and particularly problematic buy-to-leave-empty markets."

## **New Local Government Network**

The thinktank's director, Chris Leslie said: "Finance has always been the key to the creation of more affordable housing, and so the suggestion that at long last local authorities will have some leeway to use their rental income and capital receipts to build new stock is a breath of fresh air. Allowing councils to establish local housing companies in joint venture with English Partnerships and the private sector is a clever way to use existing council assets and also spread the risk of new development. We urge the Government to make sure that the New Homes Agency proactively guides councils in how these new corporate vehicles can get up and running soon."

## **Shelter**

The charity's chief executive, Adam Sampson said: "Today's announcement is a significant step forward in tackling the immediate housing crisis which is engulfing Britain, and will contribute to achieving the government's target to abolish child poverty by 2020."

## **South-East England Development Agency(SEEDA)**

SEEDA's chief executive Pam Alexander said it was important to balance the provision of affordable and sustainable housing, which will support the economic growth ambitions for the region, with the necessity to ensure that all housing is built in areas that can sustain the extra development in a socially supportive and environmentally responsible way. "We welcome the announcement today of the identification of growth points throughout the region which will allow us to focus partnership resources in achieving the best outcomes for the economy, communities and the environment."

### **Royal Institute of Chartered Surveyors**

Jill Craig, RICS head of public policy, said: "Housebuilding targets will prove futile without changes to the planning system which address not only the release of land, but a whole new integrated infrastructure within the planned "growth areas" in order to support sustainable communities. As well as the schools, hospitals and transport systems that all settlements require, any decision to base many new homes on flood plains will necessitate large spending on flood defences.

"RICS welcomes the decision to build more affordable shared equity and shared ownership homes. The decline in government sponsored housing over the last 20 years is a hugely significant factor in the affordability crisis for those most in need. It is astonishing that the government hasn't moved before to tackle this crisis."