



## What next for the sector?



Transforming **lives**  
Revitalising **neighbourhoods**

# What we are going to cover

- Our changing world
- Key policy areas for the housing association sector - the specifics
- How should we respond?

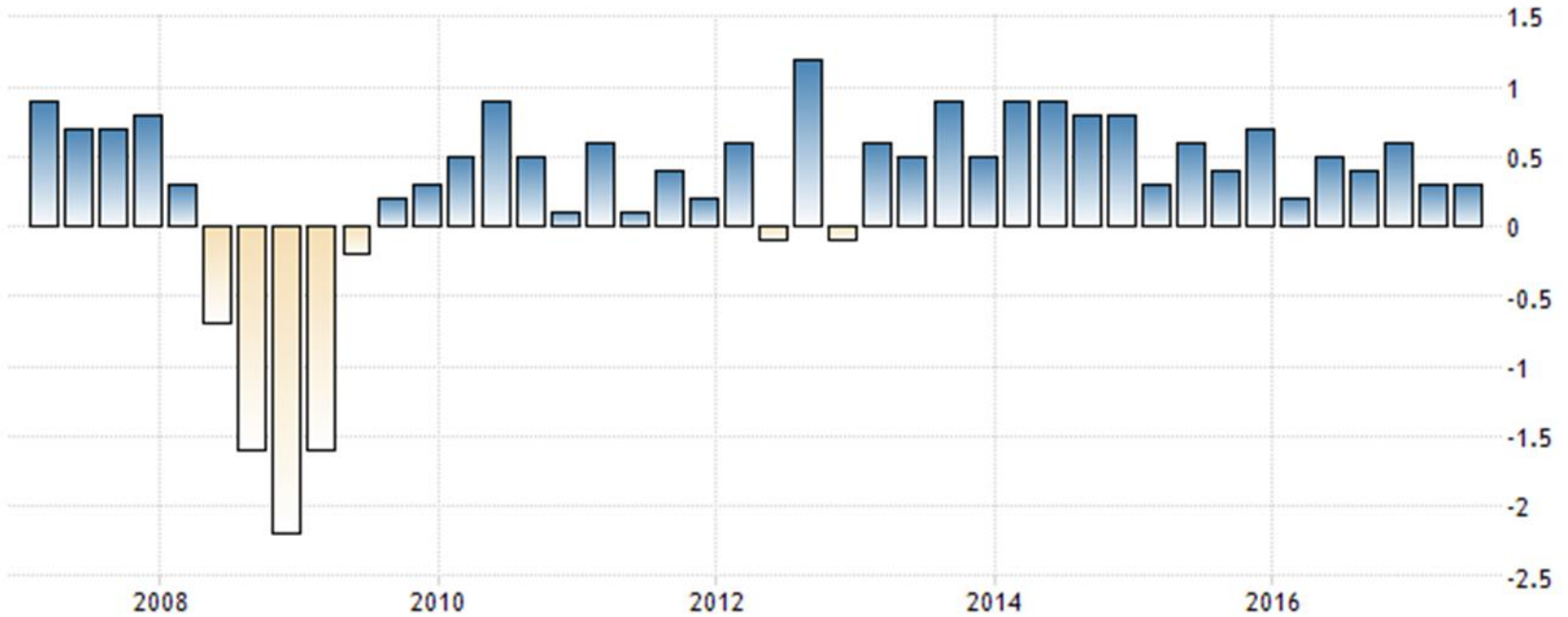
# “You are here”

- Living in time of huge uncertainty: shadow of Brexit
- Just as it felt it couldn't get any worse – it did!
- Likely to remain that way, possible for some time.
- So what are the big ticket issues for housing? (5 mins)



# Weakening economic growth

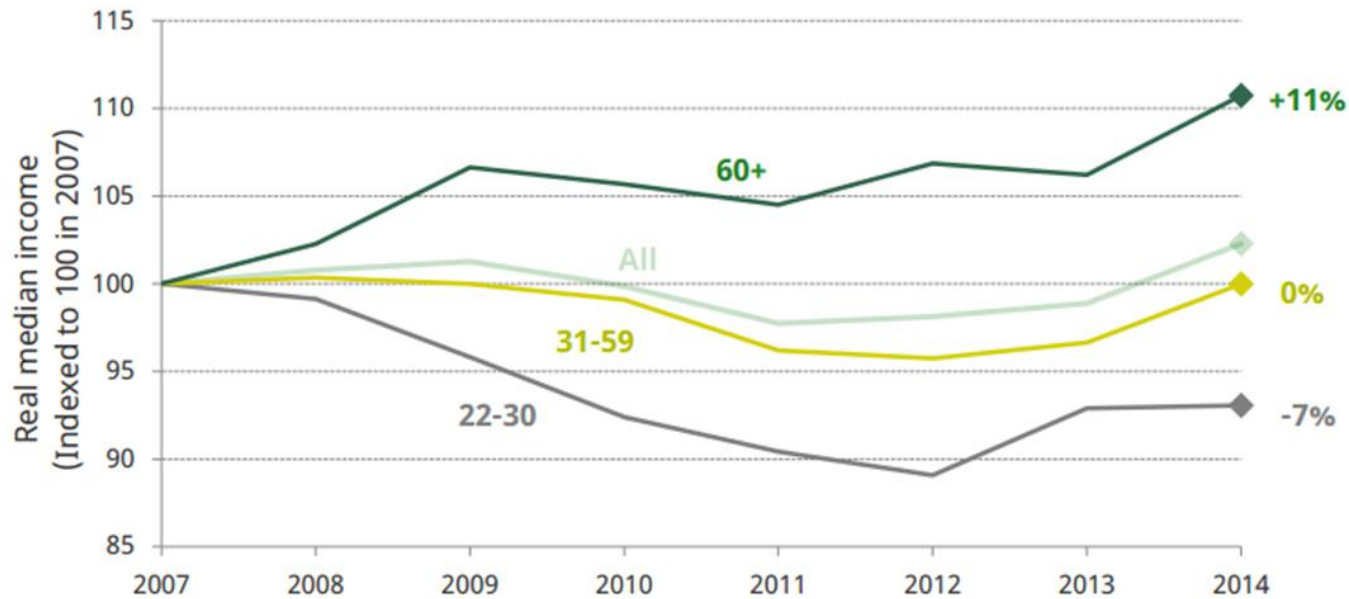
UK GDP GROWTH RATE



SOURCE: TRADINGECONOMICS.COM | OFFICE FOR NATIONAL STATISTICS

# Decline in Living Standards – especially for the young

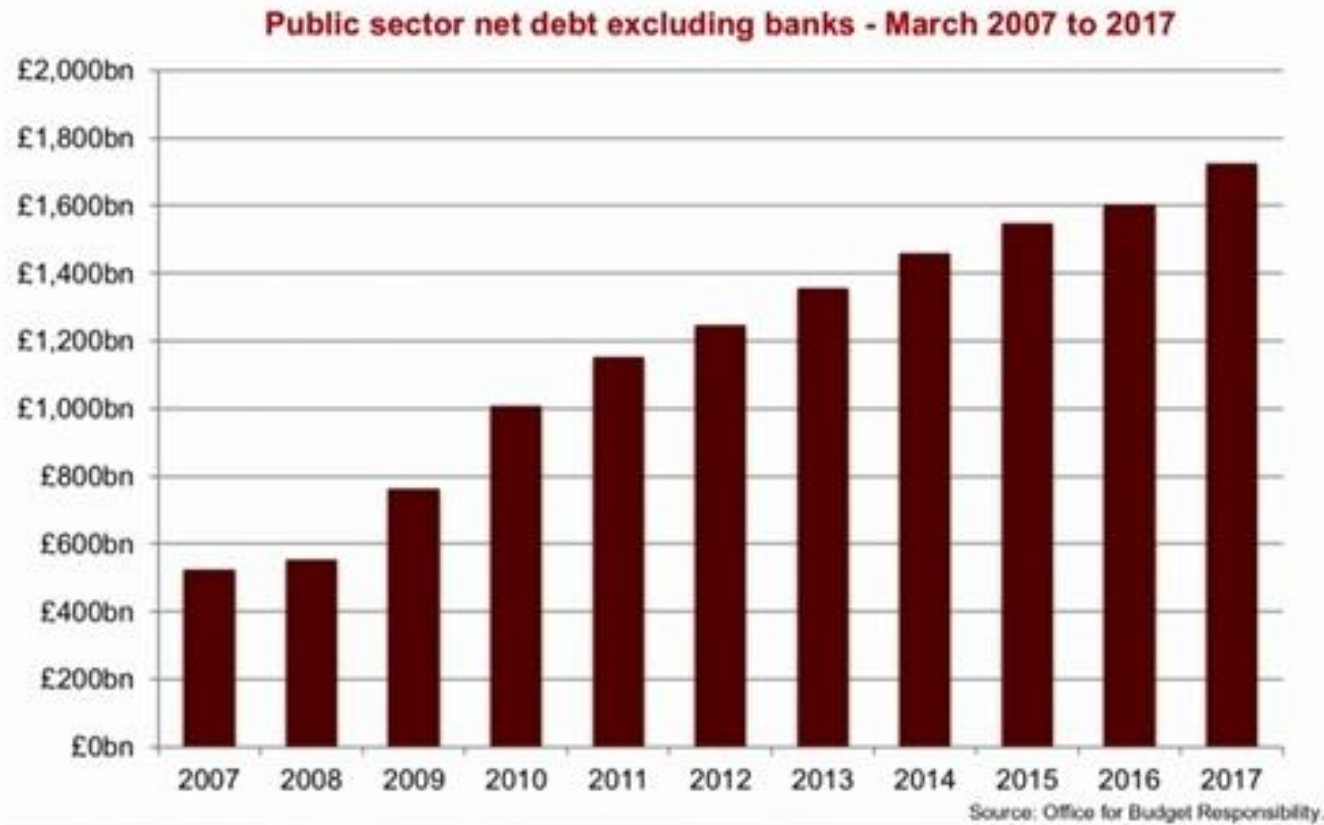
What has been happening to living standards?  
Real median income (2007-08=100)



Source: Figure 2.6 of *Living Standards, Poverty and Inequality: 2016*

# Increasing debt

## Debt is increasing

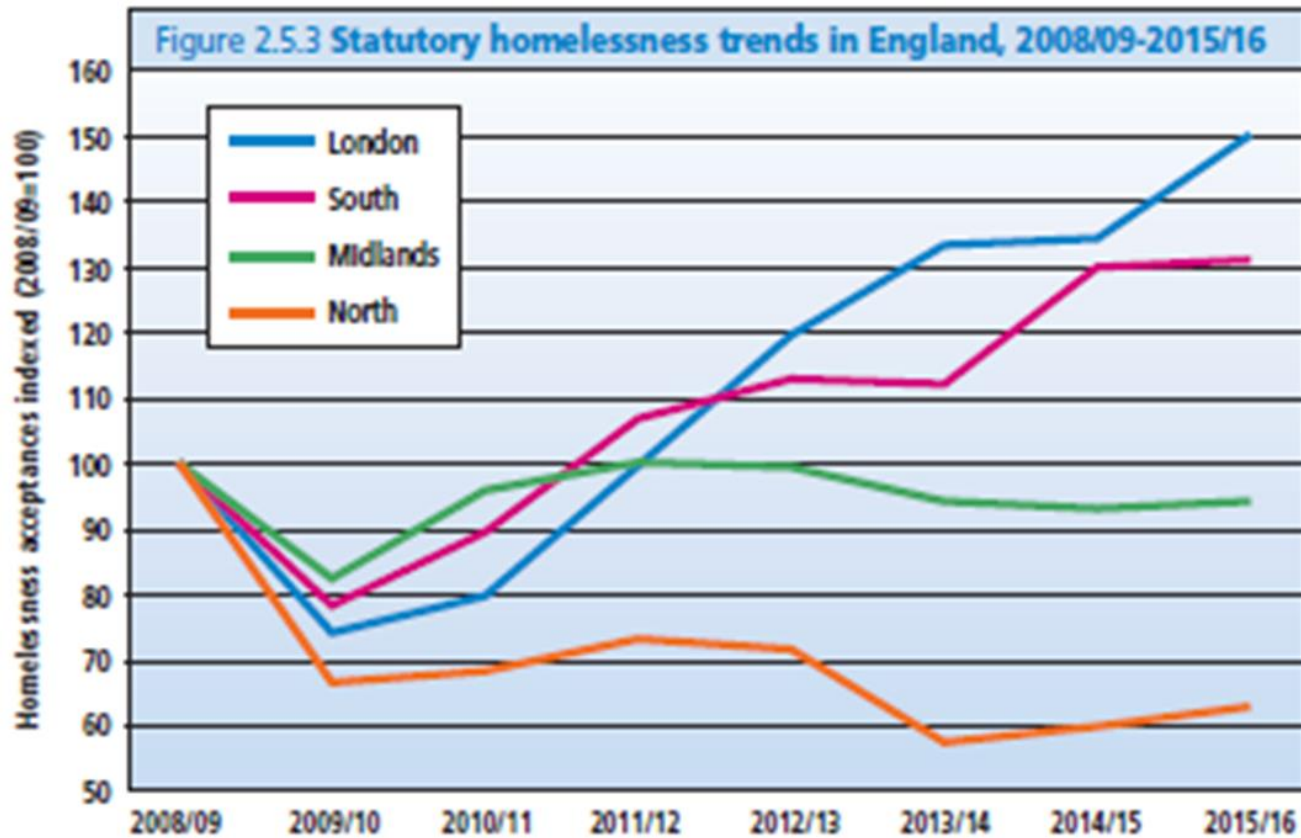


# HOME SECOND FLOOR

HOUSE OF FRASER  
TEMPTATION ON EVERY LEVEL



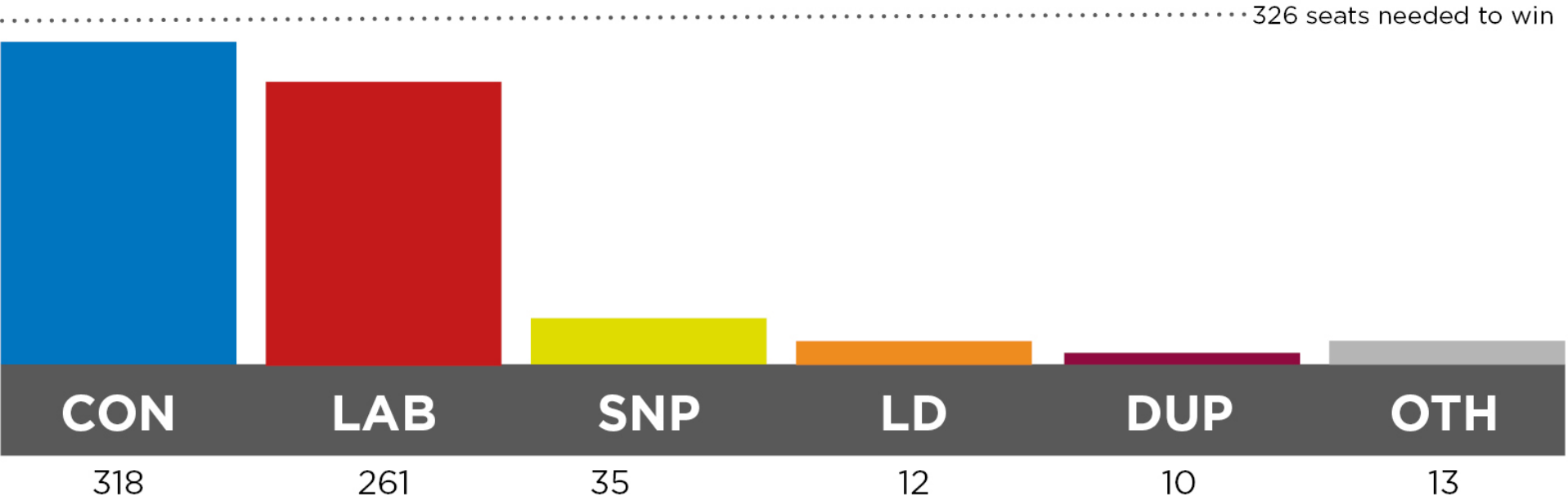
# Housing crisis



Source: Compendium Table 94a.



# Political paralysis



After 649 of 650 seats







DREW ANGERER/GETTY IMAGES



**And then this.....**



# What does this add up to?

- Poor economic outlook
- Huge uncertainty going forward
- Inequality – young vs old, north vs south
- Entrenched housing crisis
- Record levels of debt – little room for manoeuvre
  
- And a lack of stable Government to sort it out!

# A canter through a few key policies and their potential impact

- More homes, more home ownership
- Rents
- Paying the rent. Welfare reform 2.0



# More homes, more home ownership

**What?** Commitment to fix a 'broken housing market' – million homes by end of 2020, then half a million more by end of 2022

**Why?** Address affordability crisis, stop alarming decline in home ownership. Country builds 140k pa, need 250k.

**How?** Increased investment in housing, including some for social rent. £2bn vs £10 bn. Despite the talk, emphasis on home ownership, although housing associations now seen part of the solution.

**For HAs:** Being asked to step up to the plate and take much bigger risks. VfM critical. Brexit not helpful!

# Rent reduction: reduced financial capacity

**What?** 1% reduction in rents (real) over next 4 years (April 2016 – April 2019). Reversal of long-standing policy

**Why?** Cut to welfare bill (£1.45 bn pa), improved affordability for working tenants, drive efficiency in sector

**Impact:** Weakened HAs. Fewer new homes: OBR estimate 4k fewer pa (10% reduction), Savills 50% reduction. Deep cost reductions.

**Post 2020?:** Return to inflation linked rent increases announced on Wednesday (5 years). But do we trust them? - sector seeking more freedom in long-run.

And what about affordability?

# Paying the rent. Welfare Reform 2.0

**What?** Raft of changes

- Roll-out of Universal Credit
- Reductions in benefit cap (£20/23k)
- Cuts to tax credits (working and child)
- 4 year freeze to working age benefits
- Restrictions on housing benefit for social housing tenants: LHA cap
- National living wage, more generous childcare costs

**Why?** High wage, low welfare economy. £12bn savings

**Impact?** Depends who you are! Complex. But overall, huge amounts of money taken from our tenants' pockets.

# But more to come....

- Fundamental review of social housing in wake of Grenfell
- Beyond health and safety, looking at the role of landlords and their relationship with tenants
  - ✓ Are we safe?
  - ✓ Are we listening?
  - ✓ Are we engaged?



# How should we respond?

- Each table choose a theme from:
  - ✓ Building more homes
  - ✓ Rent reduction
  - ✓ Welfare reform
  - ✓ A new vision for social housing
- What are the 2 or 3 biggest implications for your organisation?
- How should you deal with them?
  - ✓ What does your organisation/team need to do differently?
  - ✓ Any positives? Can you turn this to your advantage?

10 mins

## In conclusion

- Tough, unpredictable times
- Impact of Brexit? Huge uncertainty – not helpful for economy or housing market (in short-term)
- Sometimes feels like the very future of sector is in the balance

BUT

- We work for resilient, long-term organisations
- Which are flexible and inventive
- And full of people like you!
- And Government needs us, more than they think!

**Thank you!**