

The unanswerable economic case for building 100,000 new social rent homes each year

(Embargoed Report available here from 3pm <http://ow.ly/OqDqX>)

Investing in 100,000 new social homes a year would save the country billions, according to a major firm of City economics researchers. Capital Economics say that it would be “fiscal myopia” not to start building large numbers of new social homes now and “the economic and fiscal case for building new social rent housing is unanswerable.”

In a new report for housing campaign SHOUT and the National Federation of Arm’s Length Management Organisations, the economic researchers warn that current housing policies will see the cost to the taxpayer of housing benefit soar to nearly £200 billion over the next few years - nearly as much as the annual cost of the NHS and adding billions to national debt.

Currently hardly any social rent homes are being built. This means more and more low income households are living in expensive privately rented housing or “Affordable Rent” housing association properties (where rents are up to 80% of market rents). Despite cuts in entitlement, the cost of housing benefit has doubled in real terms over the last 10 years.

The report, to be published in full on Wednesday 17th June, shows:

- Unless more homes at a social rent are built the housing benefit bill, currently at £24.4 billion a year, will soar to £197.3 billion by 2065/66
- Although more investment would be needed in the short term, spending on building genuinely affordable homes would achieve a net surplus for government by 2034/35
- Borrowing in the short term to invest in assets that will reduce future public expenditure is not only efficient fiscally, it is likely to be welcomed by financial markets
- By 2065/66 savings of £0.9 trillion could be achieved through lower welfare payments and higher tax receipts from the building industry, lowering the deficit. Public sector debt would be over 5% lower as a proportion of gross domestic product
- The average housing benefit for people living in private tenancies is £110 per week, £21 a week more than in social rented housing
- More than 8 out of 10 households in England currently receiving housing benefit in private rented housing would be better off in social rent housing and the cost to the state of benefits would be lower

- For every £1 invested in building new social housing, £2.84 of economic output would be stimulated - of which 56p would go straight to the exchequer

Commenting on the report, SHOUT founder member Martin Wheatley said, “This unimpeachable independent analysis tells us that starting to build social rent housing in high volumes again is a policy for our times. It will bring down public spending and the deficit, cut benefit bills and dependency on welfare, and make a huge contribution to tackling the massive shortfall in new housing development which is universally acknowledged to be a major economic weakness of the UK.”

National Federation of ALMOs Policy Director, Chloe Fletcher said, “Our member organisations manage over 600,000 properties providing secure long term homes for families at rents they and the taxpayer can afford. They have the capability and appetite to build very many more, meeting the needs of the large numbers of households which cannot currently afford home ownership, and boost growth and jobs in the local economy in the process. We urge the Government to consider carefully this unanswerable economic analysis.”

The full report will be made available online on Wednesday 17th June at www.4socialhousing.co.uk and www.almos.org.uk you can keep up to date with the latest news on the report by following @4socialhousing on Twitter.

ENDS

If you require any further information, interviews or images please contact:

Martin Wheatley – campaign co-ordinator, SHOUT

07722 997246

martinwheatley10@virginmedia.com

Notes to editors:

The report will be launched at a public event on Wednesday 17th June at 3pm in Westminster, at which Capital Economics will present their findings, and a distinguished panel including Kate Allen of the Financial Times will give their reactions. Please email [Josh Aulak](mailto:Josh.Aulak) to register attendance or call him on 0113 278 0211.

Capital Economics is one of the leading independent macro-economic research companies in the world, providing research on the US, Canada, Europe, Africa, Asia and Australasia, Latin America, the Middle East and the UK, as well as analysis of financial markets, commodities and the consumer and property sectors.

SHOUT (www.4socialhousing.co.uk) is a volunteer campaign, launched in 2014 with the support of politicians from across the political spectrum, making the case for building many more social rent homes.

The National Federation of ALMOs is the trade body representing the interests of 42 arm's length management organisations (ALMOs) at national level.

SHOUT - The Campaign For Social Housing

<http://www.4socialhousing.co.uk/>