



# The post-election world

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# I'm going to cover



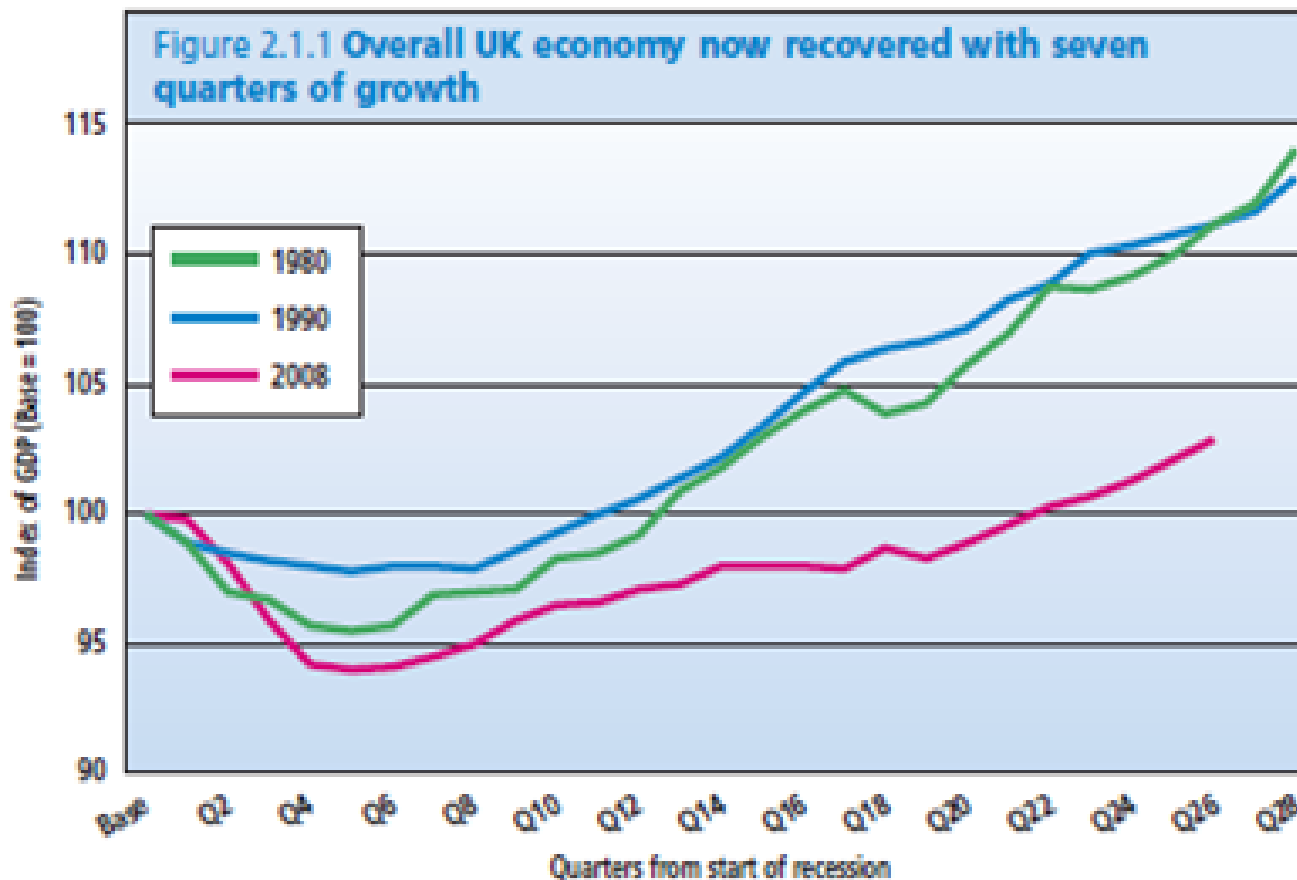
- The post-election political context and wider economic context
- Headlines from the Queen's Speech and the Summer Budget
- The combined implications of all of this
- Opportunities for ALMOs and councils
- What CIH is doing

# Political context



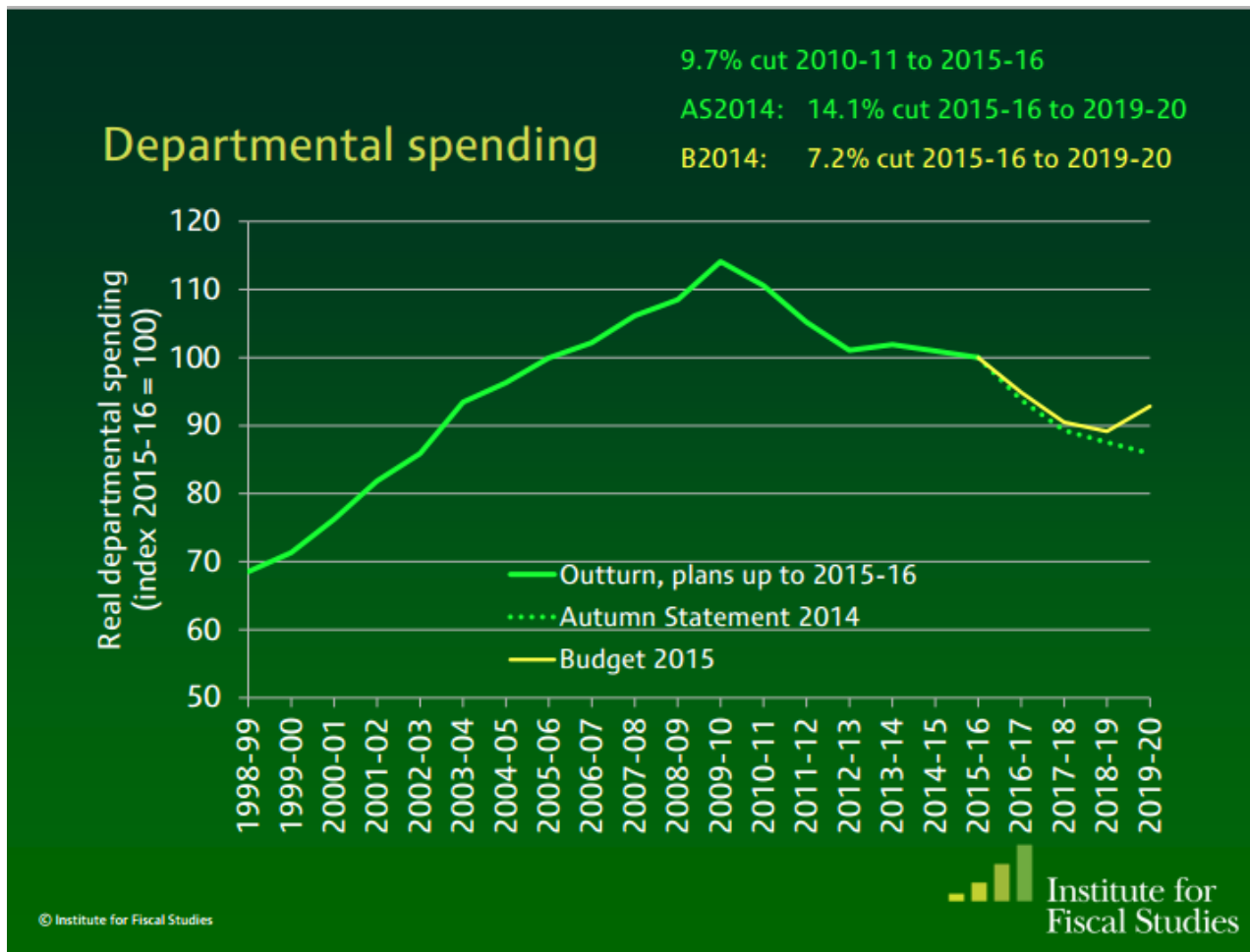
- An unexpected general election result
- A re-energised/confident government
  - In a hurry and ready to go
  - Strong belief in mandate
- Small majority – which increases haste?
- Increasing power of smaller parties during the life of the Parliament

# Economic recovery

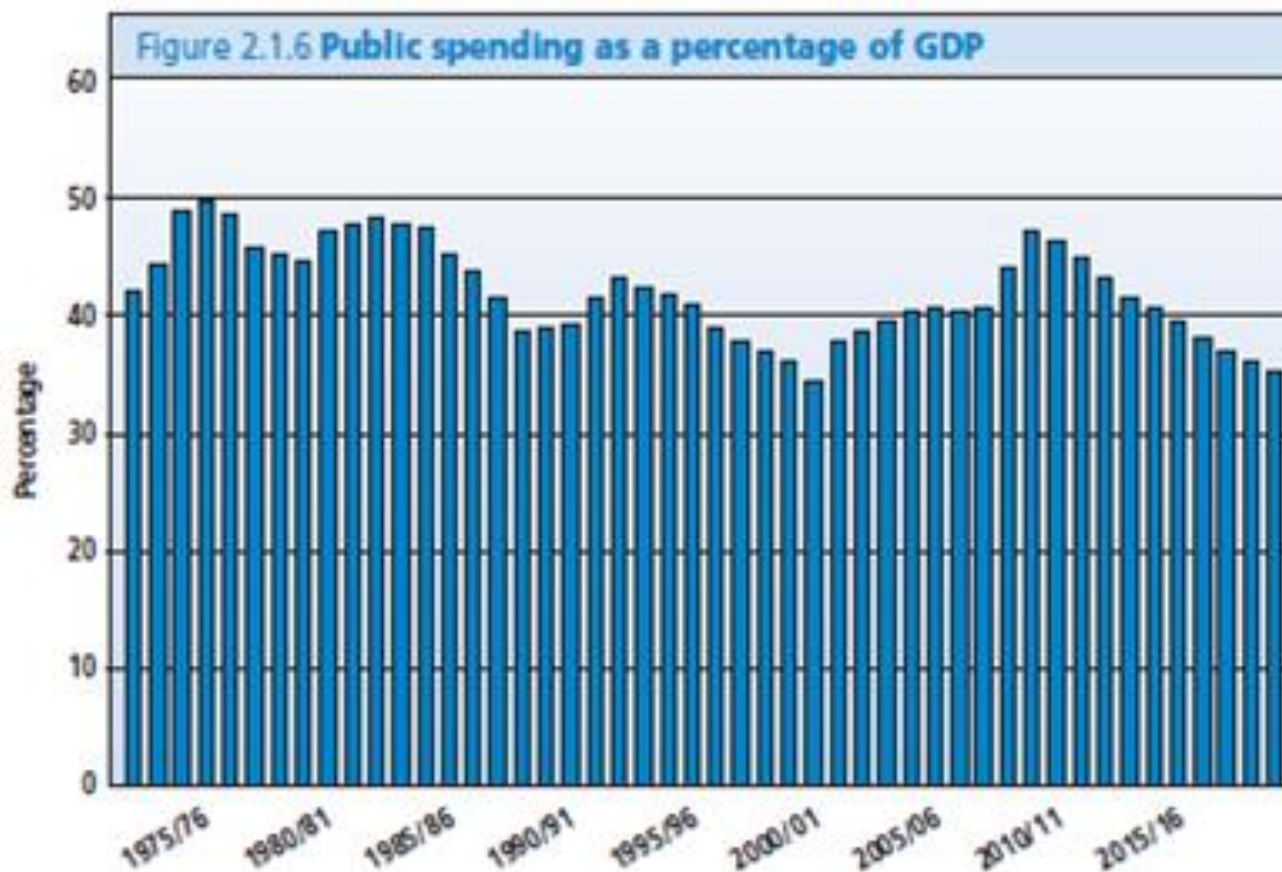


Source: Computed from ONS Quarterly GDP data (ABM).

# Future government spending

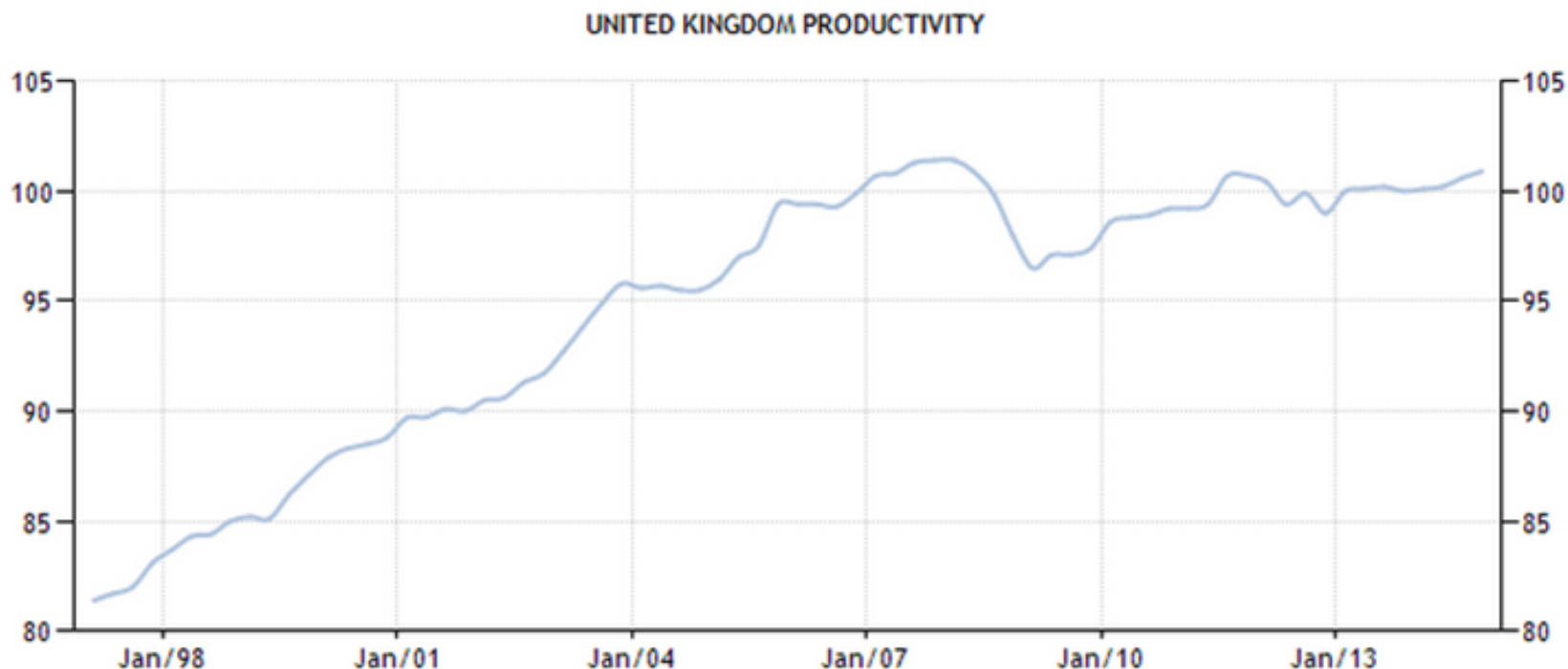


# A smaller state



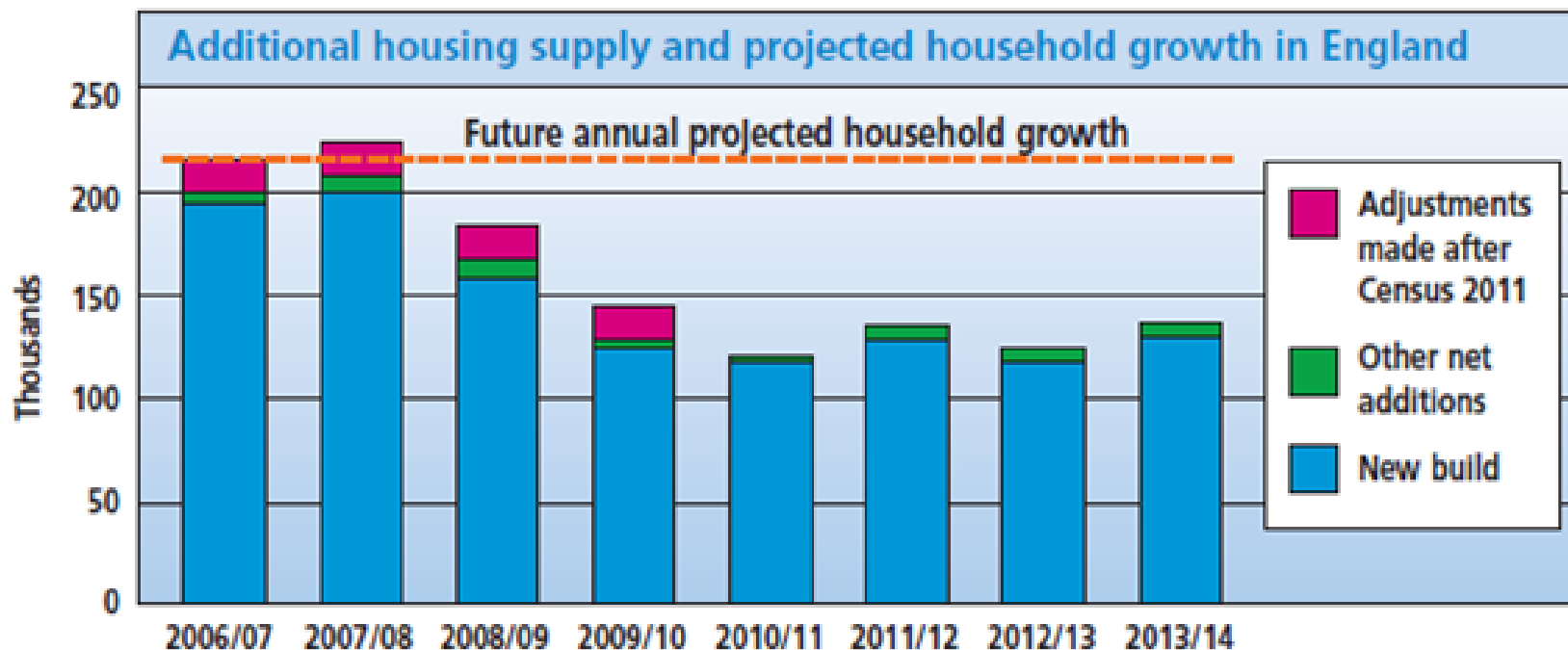
Sources: Public Expenditure Statistics Analyses 2014, Autumn Statement 2014.

# The productivity challenge



SOURCE: WWW.TRADINGECONOMICS.COM | OFFICE FOR NATIONAL STATISTICS

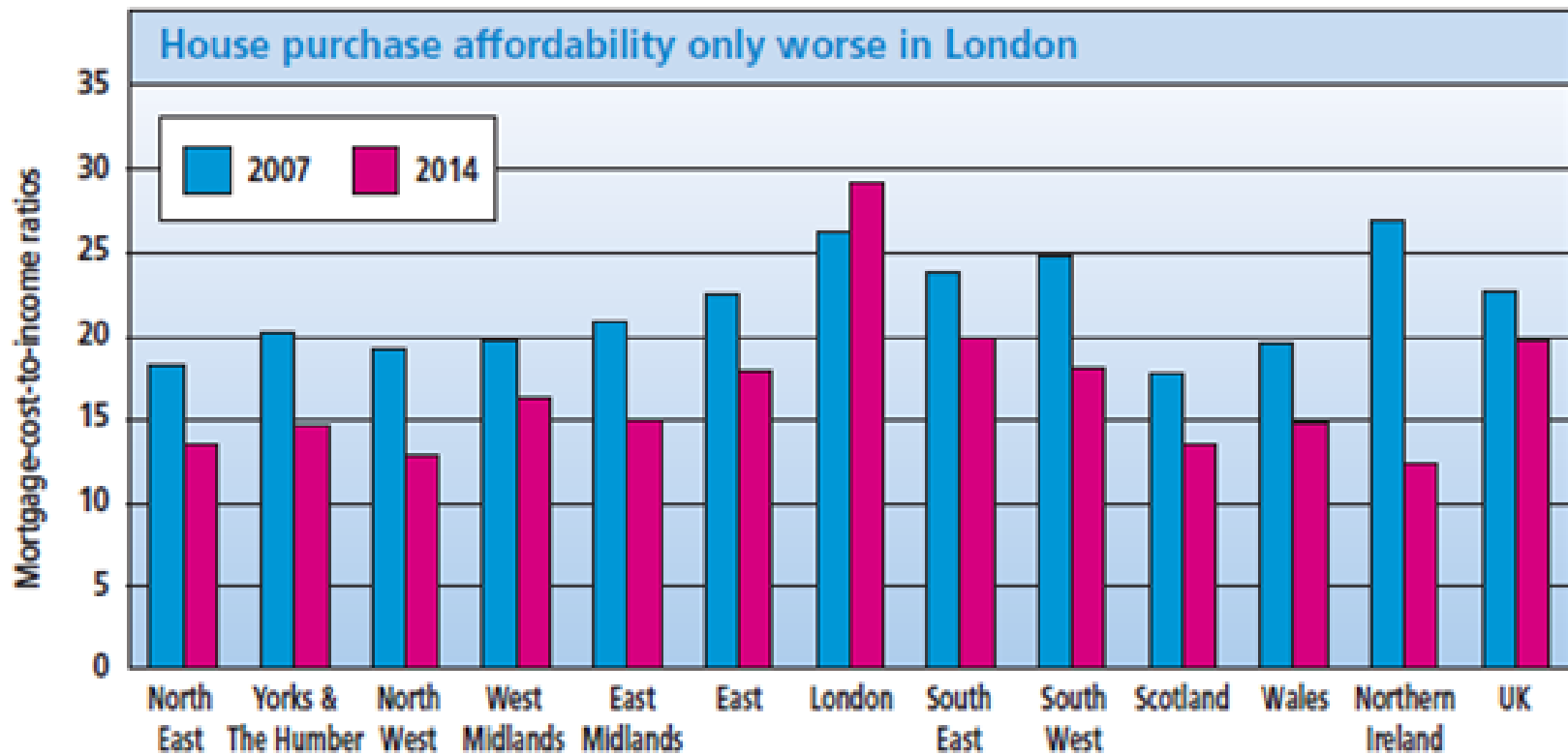
# Housing supply



Source: Net supply of housing 2013-14 England, DCLG.



# Affordability



Source: UK Housing Review Affordability Index.

# Conservative manifesto (1)



- Extend RTB to 1.3m HA tenants
- Benefit cap reduced from £26k to £23k
- Further £12bn welfare cuts
- Build 200k starter homes for first time buyers under 40
- Help to Buy ISA for first time buyers
- £1bn fund to unlock homes on brownfield land
- Build 275k affordable homes by 2020

# Conservative manifesto (2)



- Double self-built homes by 2020 through Right to Build
- Local brownfield land registers & ensure 90% of suitable brownfield land has planning permission by 2020
- London land commission to identify brownfield land
- Deliver 95,000 homes through new 'housing zones'

# Queen's Speech (1)



## Housing Bill

- RTB extended to HA tenants
- LAs to sell most valuable vacant homes
- Starter homes scheme
- LAs to help custom builders identify plots
- Statutory register for brownfield land
- Simplifying/speeding up planning system

# Queen's Speech (2)



## Full Employment & Welfare Benefits Bill

- Removes 'automatic entitlement' to HB for 18-21 year olds
- Benefit cap lowered to £23k (£20k outside London – in Summer Budget)
- Four year freeze on working age benefits from 2016/17

# Queen's Speech (3)



- **Immigration Bill:**

- Full roll-out of West Mids 'Right to Rent' pilot of PRS landlords checking immigration status of new tenants (also affects social tenants taking in lodgers)

- **Cities & Local Government Devolution Bill:**

- Legislative framework for Greater Manchester deal and similar agreements in other areas

# Summer budget (1)



- Rate of £12bn reduction in welfare spending 'slowed' over 3 years
- Reduced income threshold for UC and tax credits
- Tax credit/ UC support limited to 2 children for new claimants from April 2017
- New claimants in ESA work-related activity group will be paid same rate as those on JSA

# Summer budget (2)



- Social rents reduced by 1% for next 4 yrs:
  - Aiming for average 12% reduction by 2020/21
- Consultation on 'pay to stay':
  - Market rate rents for social housing tenants on £40k pa in London - £30k pa outside
- Use of lifetime social tenancies to be reviewed



# The combined implications (1)



## Sale of 'high value' vacant LA homes

- How will 'high value' be defined?
- Turnover rates – are assumptions right?
- Treatment of receipts – kept in 'area'?
- Replacement homes – achievable?
- Tactics & approach

# The combined implications (2)



- Huge challenge to the HRA self-financing settlement
- Even tougher times ahead for tenants, residents, and communities
  - 33% of people experienced poverty between 2010-2013 (ONS)
- Income collection challenges

# The combined implications (3)



- Prospective tenants on benefits increasingly unable to afford rents
  - Void rent loss issues
  - Professional and moral dilemmas?
  - Who will house the poor?
- Increased tensions for CBL schemes: welfare reform/ affordable rents/ nominations

# Potential opportunities (1)



ALMOs and councils can make a meaningful contribution to supply:

- Strong understanding of the homes communities need: type, tenure and location
- Much needed social rented homes
  - 2012-2014: 63,000 homes lost through LA RTB and HA affordable rent conversions
  - 2000 new homes completed by LAs/ALMOs in 2014
- Finance is an issue - we have pressed for raising/removing the borrowing cap

# Potential opportunities (2)



- Build on excellent work to support tenants, residents and communities
  - Wolverhampton Homes LEAP programme
  - Nottingham City Homes' tenant academy
- Devolution and the 'Northern Powerhouse'
  - Housing and construction have a key part to play in delivering long term economic growth

# Likely future policy environment?



Broad acceptance that state can/ must play a wider role:

- May not mean borrowing/grant - guarantees & “deals” as likely
- Will we see devolved policy?
- Increased focus on “making work pay” through welfare reform/cuts and living wage
- Strong focus on home ownership: RTB, Help to Buy & Starter Homes
- Prioritisation of funding

# What is CIH doing?



- Evidence-based responses e.g. Queen's Speech and Summer Budget
- Providing timely member updates e.g. 'what you need to know' briefings
- Gathering views via our member opinion panel e.g. on impact of Summer Budget
- Making sure events, training & education reflect the changing environment
- Increasing reach/impact by working with others e.g. 'Keeping Pace' RTB report with NFA & LGA



**Thank you for listening**

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