

Step up the pressure for 90,000+ social rent homes a year

“The new investment pales by comparison with the scale of housing need...”

Kate Henderson of the National Housing Federation, and others, have described the housing package announced in the Spring Spending Review as “transformational”. This is hyperbole. Jules Birch is closer to the mark when he wrote in Inside Housing that “The new investment pales by comparison with the scale of housing need...” Whilst the headline £39 billion sounds like a great deal of money, the fact that it is over 10 years severely dilutes its impact. Indeed, with the electoral prospects of the government looking somewhat bleak, financial projections of spending after the next general election are just that, projections rather than real money. The likely alternative governments will not be sympathetic to council and social housing.

According to the Financial Times, after the current financial year, the funding for the following three years until the next general election, would comprise £3 billion a year. Take into account inflation and that is not a great deal more than the £2.3 billion originally in the 2021-26 Affordable Homes Programme.

How does the funding compare to what the various campaigns were calling for? [Shelter has said](#) that the government needed to provide £30 billion over *the first five years* in government to fund 90,000 social rent homes. [The CIH estimated](#) that £39 billion was required *over five years*. The [National Housing Federation](#) called for £7.8 billion a year. We can argue about whether the estimates are sufficient but the ostensible funding of the SSR, is way below these.

Surely the key question that should be asked of the government's funding, is what will it provide? If we don't know for certain at the moment we have some clear indications. The £2 billion funding provided for the first year of the new AHP, in 2026, was said to support 18,000 homes. That would mean an average grant of £111,111 per property. What would £3.9 billion fund? If the average grant was the same it would support 35,100 “affordable homes”. £3 billion would fund 27,000.

However, the government is maintaining the Tory definition of “affordable housing”, which includes “affordable rent” (introduced by the coalition to enable grant to be cut by 60%), various forms of “affordable ownership”, and even “affordable private rent”. In a letter to landlords, Minister of State Matthew Pennycook recently wrote that “The programme will prioritise homes for social rent but will also fund a mix of tenures including affordable rent and shared ownership.”

What does “prioritise” mean? According to the interim chief executive of Homes England 60% of the 'top-up' funding of £800 million for this year's programme (the last year of the Tories Affordable Homes Programme) is supporting social rent homes. If the same ratio applied to £3.9 billion, then 21,060 homes of the 35,100 would be social rent. Then you have to take into account the loss of homes from Right to Buy and demolitions, and there would almost certainly be less than 20,000.

Shelter has suggested that if “enough of the money” goes to social rent homes, then by the fifth year of this Parliament 40,000 a year could be built (including developer contributions). However, it has been reported that more than half of the top 30 housing associations have either [cut back or completely stopped buying homes built with section 106 money](#). This is partly because of financial pressure but also because of their often poor quality and they are not necessarily the type wanted, e.g. family homes. Moreover, in 2023/24, of 27,658 “affordable homes” built via section 106 agreements, with nil grant, only 3,830 were social rent.

What seems clear is that the funding will produce nowhere near the 90,000 which a range of organisations were calling for. Less than a quarter of the 90,000 social rent homes is certainly not transformational. And even 40,000, which is uncertain, would mark a missed opportunity to

begin to resolve the housing crisis.

Without building/acquisitions on the scale of 90,000 or more (we have campaigned for 100,000 council homes a year), the numbers in temporary accommodation and on the waiting lists are unlikely to decline significantly. Flo Eshalomi, chair of the All Party Parliamentary Group on Temporary Accommodation, expressed disappointment in the government's response to its report [***England's Homeless Children: the crisis in temporary accommodation***](#). She said of the inter-Ministerial Group on Homelessness and Rough Sleeping, "the government's response on the issue does little to inspire confidence that the Group is making the progress needed to ensure the homeless strategy is truly effective".

The 127,890 households in TA (at the end of 2024) and more than 1.3 million households on council waiting lists will not be buying homes. They need social rent homes as a matter of urgency.

Whilst the government says that they have broken with austerity, Rachel Reeves has decided to continue with major austerity measures. She has maintained the freeze of local housing allowance. Councils still only receive 90% of the 2011 LHA rate. That's why a rising gap between the actual costs of providing TA and what councils receive, is driving some local authorities to the financial precipice.

Neither is there any sign of the £12 billion over 5 years which the more than 100 councils supporting 'Securing the future of council housing', have called for. They are warning that the finances of Housing Revenue Accounts are unsustainable. The Chartered Institute of Housing has [***called for HRAs to be relieved of £17 billion debt***](#) in order to set them on a sustainable footing.

How much would be needed to support 90,000 a year? At least the average grant of £111,111 per property which was suggested by £2 billion funding 18,000 homes. For 90,000 that would come to £9,999,990,000 a year. In reality, taking into account a decade of inflation, more than £100 billion would be required over a decade. It is only 'unaffordable' if the straitjacket of the 'fiscal rules' is maintained and there are no moves to return to a progressive taxation system.

With the 80th anniversary of the election of the Atlee government this July, it's worth reminding ourselves that in far worse economic conditions than today – 250% debt to GDP ratio as compared to 100% - the government founded the NHS, launched the welfare state, and tripled the grant for a large scale council house building programme. With political will the funding was found.

In conclusion the government's programme is insufficient to resolve the housing crisis. Shelter has said "We'll continue to campaign for more investment to build 90,000 social rent homes a year for ten years." That is what is necessary. We need to step up the pressure for that in the run up to November's budget.

Martin Wicks
Secretary, Labour Campaign for Council Housing