

# Social rent council housing should be the Government's first housing priority

The first tranche of funding for the Government's Social & Affordable Homes Programme (SAHP) has been announced. Of 73,617 “affordable homes” to be built by “Strategic Partners”, funded by the programme, **only 3.8% are to be built by councils**. On X, the Labour Party said that “Labour is funding more than 70,000 new homes across England, putting councils at the heart of house building”. Another post said, “This is the biggest council house building revival in decades.” In his first speech in Parliament Andy Burnham referred to “the biggest council house building programme since the post-war period”. What seems clear to us is that his aspiration on council housing cannot possibly be achieved by the SAHP as currently constituted.

The stark reality is this:

- £9.58 billion (outside of London) is being given to 33 “Strategic Partners” for multi-year programmes up to 2039;
- Just three of them are councils (Cambridge, Eastleigh and Newcastle), with a combined funding of £392.2 million, supporting **2,811 homes**;
- The other 30 “Strategic Partners” are Housing Associations, save for two ‘for profit registered providers’, Sage and Park Properties Housing Association, and the large volume builder Vistry;
- Sage and Vistry will receive almost as much as the councils combined; £350 million each.

**Given that only 2,811 of the 73,617 homes will be built by councils, this cannot possibly represent “putting councils at the heart of house building”. Nor can it be described as “the biggest council house building revival in decades”.**

The Government has said that “future stages of the programme will be tilted more towards councils”. Yet there is, currently, no funding ring-fenced for councils. They have to bid in the “Continuous Market Engagement” process, competing for grant with Housing Associations, ‘for profit providers’, developers and builders.

In London the funding is under the control of the Mayor rather than Homes England. Tom Copley, Deputy Mayor for Housing and Residential Development, announced that “60% of the funding from the first round of the mayor’s new SAHP will go to London boroughs to deliver even more new council homes.” Even so, if 60% was applied nationally, it would still only equate to 10,800 council homes a year. Demolitions and Right to Buy sales will reduce the net number. *(Red Brick editor note: The Government is currently progressing reforms to restrict the Right to Buy through the Social Housing Bill ).*

## SAHP “a flawed programme”

For us at the Labour Campaign for Council Housing, it was clear when it was first announced, that the SAHP was [“a flawed programme which would not solve the housing crisis”](#). The £39 billion over a decade, was never going to be sufficient. The 300,000 “affordable homes” equates to an average of 30,000 a year. Of those, 18,000 social rent homes **comprise just 6% of the Government’s annual target**. In no sense can this be described as ‘historic’. There have only been six years in England when 300,000 or more homes have been built. In those, council housing comprised an average of 41%; 135,000 a year.

On the previous two occasions when Labour conferences have discussed housing, in 2019 and

2021, overwhelmingly the delegates voted for a Labour government to fund 150,000 social rent homes a year, including 100,000 council homes. Shelter, and other organisations, have said that as an absolute minimum, 90,000 social rent homes are necessary. This would require far more funding than £39 billion. The SAHP average grant is around £130,000 per unit (£39 billion for 300,000 homes). In its [recent report for Shelter](#), Savills estimated an average grant per social rent unit of £177,000. That would add up to £15.9 billion a year; £159 billion for a decade. The Centre for Cities [estimated that £16.6 billion a year would be needed to replicate the level of council house building from 1956 to 1979](#).

Is this unrealistic? No. We should remember that the Attlee Government, despite facing far worse economic circumstances than we do today (the debt to GDP ratio was 250%, compared to under 100% today), funded around 800,000 council homes. It is a question of priorities.

Investment today saves money in the future. Investment in social rent council homes will save money on the housing benefit bill by taking households out of the expensive private rental sector. It will save money for the NHS by taking households out of homes which will ruin their health. It will save councils the exorbitant cost of Temporary Accommodation.

### **“Affordable housing”**

The scale of funding isn't the only issue, though. The Government has kept the Tory definition of “Affordable Housing”. For instance, “Affordable Rent”, an austerity measure, was introduced by the Coalition Government to facilitate a 60% cut in grant funding. At up to 80% of market rents, it is unaffordable for many. It is £60 a week more than social rent in England, £90 a week in London. As well as impoverishing tenants it simply drives up the housing benefit bill. Why does the Government propose to continue funding it?

If the record numbers of 135,580 households in Temporary Accommodation and 1.3 million households on the social housing waiting lists are to be driven down, the Government needs to make social rent council housing its first priority, on at least the scale that Shelter has called for. If the gulf between the Government's rhetoric and the actual content of its housing programme is not closed, there will be a political price to be paid.

Andy Burnham, whilst Mayor of Manchester, was right when he said, “The Government should make building hundreds of thousands of council homes its defining purpose. No other policy achievable within a Parliament, would have greater social and economic benefits.”

That requires significantly more funding and the abandonment of the Tory definition of “Affordable Housing” (see our [Letter to Angela Rayner](#)). All the funding should go to social rent homes, the only genuinely affordable tenure for tenants. The Government cannot fend off the threat of a very right wing government, whatever its composition, without beginning to resolve the housing crisis. Council housing remains the key to that.

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Details of membership and affiliation to the campaign can be found [here](#).

### **Postscript**

The recent Labour conference has voted through a UNITE resolution, as part of a composite motion. The conference voted for

- 90,000 social rent homes a year;
- Ending Right to Buy;

- Cancelling council housing debt;
- A publicly funded retrofit programme.