

# HOMES FOR THE SOUTH WEST

## **Social housing rents consultation**

### Response from Homes for the South West

Homes for the South West (H4SW) is a group of Chief Executives from some of the largest Housing Associations in the South West.

We work together collectively to identify and tackle the barriers to new houses in our region and to act as a voice making the case for new housing at a local, regional and national level.

Our organisations own and manage 250,000 social rent and affordable homes, almost all of which may be affected by the proposed direction to the regulator in relation to rents.

We are making this submission to draw attention to the potential effects of a rent cap on the delivery of new housing. The National Housing Federation is submitting a response on behalf of the sector, to which most of us have contributed individually, and we support that submission.

Separately, we wish to emphasise the potential impact of the possible scenarios on the provision of new homes, and new affordable homes specifically, in the South West (Question 2).

Recent research, carried out for us by the University of the West of England, finds that 17,000 new affordable homes are needed annually in the South West. This finding is consistent with a 2018 study by Professor Glen Bramley for Crisis and the National Housing Federation, which suggested a need for 14,000 such homes annually. However, less than half that figure has been achieved, which is the reason why the number has increased.

This need will continue to increase for as long as we fail to meet it. And we are still failing: in 2020-21 only 4,159 new affordable homes were completed in the region, of which H4SW members contributed more than 2,500.

Our current planned development pipeline anticipates that we will deliver 25,000 new homes over the next 5 years, of which 22,000 will be affordable homes. However, a capping of our rental income will affect our ability to fund our development programmes.

Any modelling of the impact of the proposed caps is of course subject to the (currently unknown) differential between the cap and the actual level of inflation

next year. Our modelling for the scenarios proposed in this consultation tells us that collectively our pipeline will reduce as follows:

- in the event of rents being capped at 7%: by 12%
- in the event of rents being capped at 5%: by 21%
- in the event of rents being capped at 3%: by 31%

This translates into real, new homes as follows:

- if rents are capped at 7% we will deliver 2,621 fewer affordable homes in the South West over the coming 5 years.
- if rents are capped at 5% we will deliver 4,708 fewer affordable homes in the South West over the coming 5 years.
- if rents are capped at 3% we will deliver 6,939 fewer affordable homes in the South West over the coming 5 years.

We know (DLUHC guidance) that building new housing has wider economic benefits, supporting employment and skills training. We estimate that reductions at the scale above will reduce the number of jobs and training opportunities we support by between 7,000 and 20,000.

These figures assume that any cap will apply for one year (April 2023) only.

We recognise the pressures on both individual and public finances at the moment, and the difficulty of finding the right balance. However, we suggest that the real impact on what is already a crisis of affordable housing provision should be considered as part of that decision, and how that impact could be ameliorated in the event that a rent cap at the above levels is imposed on registered providers of affordable housing.

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**Chair: Homes for the South West**

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