

# Social housing to fight the lack of affordable housing

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Nowadays the lack of affordable housing is one of the chronic problems especially with the proposed changes to cut social rents by 1%.

Social housing has had a rough time of late especially with the extension of the Right to Buy scheme threatening to deplete social housing stock and the much-needed income to build new affordable homes.

The fall in rental income will mean that housing associations will have less money to spend on building new homes. According to Jenny Brown, Head of Social Housing at Grant Thornton this decrease will equate to as much as £4.28bn in lost income over the next 5 years. But not only that, the cuts will jeopardise the interest received from investors to help fund the building of new social homes. Previously, interest was generated based on a future rise in rental income, so with the proposed cut to rental income it will be more difficult for housing associations to access the bonds offered by investors. In fact, figures have already shown an increase in prices on housing association bonds following the announcement in the budget. This will pose a real threat to housing associations as this is the main source of funding for building new homes.

There is a possibility that councils could lose the ability to grant planning in their local areas if they take too long to process planning applications. If councils do not process over 50% of applications within the required time limit of 13 weeks for standard applications and 8 weeks for minor applications they could lose all planning powers and decisions would be made centrally by government inspectors.

The reduction in the cost of rent could be seen as a one of the good things for tenants, but with the other changes to benefits many people will see little or no benefit. The cuts to benefits and changes to the child tax credits could even mean that tenants are in a worse position where they are struggling to afford rents. The new minimum wage threshold for tenants in social housing could lead to an increase in uptake of the Right to Buy scheme or cause tenants to remain in lower paid jobs just to stay in their homes! Not to mention that if secure tenancies are no longer available tenants could face an unsecure future where they are forced to sign short term contracts with regular rent increases.