

G<sup>15</sup>



## Homes for Heroes

Safe, secure and genuinely affordable homes to rent and buy, starting to repay society's debt to heroic essential workers





**One hundred years ago there was a 'Homes Fit for Heroes' programme that welcomed soldiers back from the Western Front. This paper proposes a way to recapture that spirit with a Homes for Heroes programme for our times. For our heroes.**

The coronavirus crisis has made clear who we depend on as a society and who the essential workers truly are. Clapping them on our doorsteps is a sign of appreciation. But we need to do much more to address the debt society owes to them. They have risked their lives to keep the country safe and functioning.

The G15 wants to use our resources, skills and experiences to thank these heroes properly. We will be able to do so much more working in partnership across the public, private and charitable sectors. This paper sets out the broad outline of how 100,000 really affordable homes for these heroes could be delivered in the next five years. These proposals are a contribution to a national programme of work

being developed by the National Housing Federation setting out how housing associations can support the country's economic and social recovery. The National Housing Federation is working with its members and partners across the country to make sure the people and communities most affected by the crisis have the homes and support they deserve.

Our essential workers deserve homes which are energy efficient, beautifully designed, and digitally connected. Homes with private outside areas and access to high quality green spaces. And they need to be affordable to people on a range of incomes, from the lowest paid to those on median NHS incomes. None of these workers should struggle to afford a home in their community.

The G15 already provide homes to many thousands of these essential workers. Social housing is home to one third of London's police officers and ambulance staff, and one third of workers in care-related jobs.<sup>1</sup>

As we are predominantly London-based housing associations, the ideas in this paper are rooted in London. Any programme would need to work differently in different places but we believe the

idea could be applied nationally. To effectively show our thanks, heroes will need more than homes and we are ready to see what a wider package of measures could look like. With an initial burst of government support and funding, matched by housing associations, thousands of homes could be ready for heroes within months.

A longer-term and more ambitious programme should follow closely behind, to properly thank heroes with tens of thousands of homes. It should have a lower cost to the public purse, supported through innovative use of public land, easing the planning system and the development of precision manufactured homes in factories. Such support would have the added bonus of moving housing manufacturing to factories where new jobs are needed most.

1. Centre for Economics and Business Research, (Centre for Economics and Business Research, Peabody, CBI, 2016).

# Building blocks to delivery...

1



Create a national programme of 100,000 low-cost homes prioritised for the heroes who have put themselves at risk to keep us alive and healthy throughout this crisis.

Deliver an initial burst of thousands of homes within months, by matching government funding with housing association resources to make completed homes and those under construction available on a low-cost basis for essential workers.

2



Support a high-tech manufacturing base to create jobs across the country - powering a long-term ambitious programme to deliver the low-cost homes our heroes need, starting to repay society's debt.

3



Spread the costs across society by part-funding the homes through public giving, public land, government funding and housing associations' resources, to lever in private funding.

4



## Homes for Heroes

**At the eleventh hour of the eleventh day of the eleventh month of 1918, the Armistice signed by Allied Forces and Germany brought an end to the horrors of the First World War. Humanity was to emerge from one of the darkest periods in our history.**

A day later, then Prime Minister David Lloyd George gave a speech promising homes "fit for the heroes who have won the war." Slums would be cleared, homes would be rebuilt, and people from all walks of life, returning to work in all kinds of jobs, would be given decent housing they could afford, providing a stable and secure base from which they could rebuild our society.

Although it may be too soon to foresee when our present crisis will subside, we too have heroes to whom we owe an immeasurable debt of gratitude. In many cases, heroes to whom we owe our lives.

**Heroes to whom we owe our lives.**

National and local government, businesses around the country, and the general public will not want to wait until the eleventh hour to express their appreciation for the essential workers who brought us through these unprecedented times. The public

across the United Kingdom come together every week to applaud the NHS for their service, but none of those clapping their hands or banging their pots and pans will want that recognition to be the end of our appreciation.

### Identifying our heroes

Using the new government definition of key workers<sup>2</sup> there are 1.05m such heroes in London - 18% of its working age population.<sup>3</sup> While many of these will already have a suitable home, this huge section of our population shows the scale of the debt of gratitude we owe.

2. <https://www.gov.uk/government/publications/coronavirus-covid-19-maintaining-educational-provision/guidance-for-schools-colleges-and-local-authorities-on-maintaining-educational-provision>.

3. Farquharson et al, 2020.



A range of tenures and sizes

## Building the homes they need

**Because our essential workers have a broad range of circumstances and incomes, a housing offer to meet their needs should be made available at a range of rents and prices. We believe that three types of affordable homes are needed.**

### 1 - Social rent homes

For essential workers who earn low wages, we need to build homes available at the lowest levels of rent. Many essential workers already live in social rented homes, but many more are trapped in an unaffordable and insecure private rented sector, often in shared or overcrowded homes. They may not be on councils' housing lists or, if they are, they may be unlikely to be allocated social housing in areas of high demand.

Social homes would be affordable to essential workers on the lowest incomes. The homes could be maintained to a high standard with excellent customer service offered by housing associations.

### 2 - Discounted rent homes

For essential workers who earn a little more, there needs to be a new discounted rent option, significantly below market rents. Many essential workers on middle-incomes in London would never qualify for social housing, but would still find renting a flat for themselves very unaffordable – especially if they have children.

For an essential worker earning a median London NHS salary, a discounted rent would be around 40% of their take home pay. As part of a Homes for Heroes programme it could come with the option to own, outright or on a part buy, part low rent basis.

### 3 - Part buy, part low rent homes

For essential workers who earn a higher wage, or where they are on a moderate wage and their partner also works, shared ownership (part buy, part low rent) would be an affordable option. This is true even in places where buying a market value home would be a long way out of reach.

For essential workers with a household income of around £40,000 a year, shared ownership offers a chance to buy an initial 25 per cent share – with a deposit from as little as 5 per cent of that. Essential workers would be able to buy a greater share of their home over time, if they wanted and could afford to do so.



Paying for these homes

## Supporting social and economic recovery



**The initial burst of Homes for Heroes, converted from homes intended to be sold at market prices, would likely require higher levels of government investment to match housing association borrowing.**

A longer-term programme would come with lower costs to the public purse but even with substantial contributions from housing association borrowing, additional investment, public giving and sales receipts – there would be a need for significant levels of government investment.

The costs of a longer-term programme could be reduced through innovative use of land and precision manufacturing of high-quality homes.

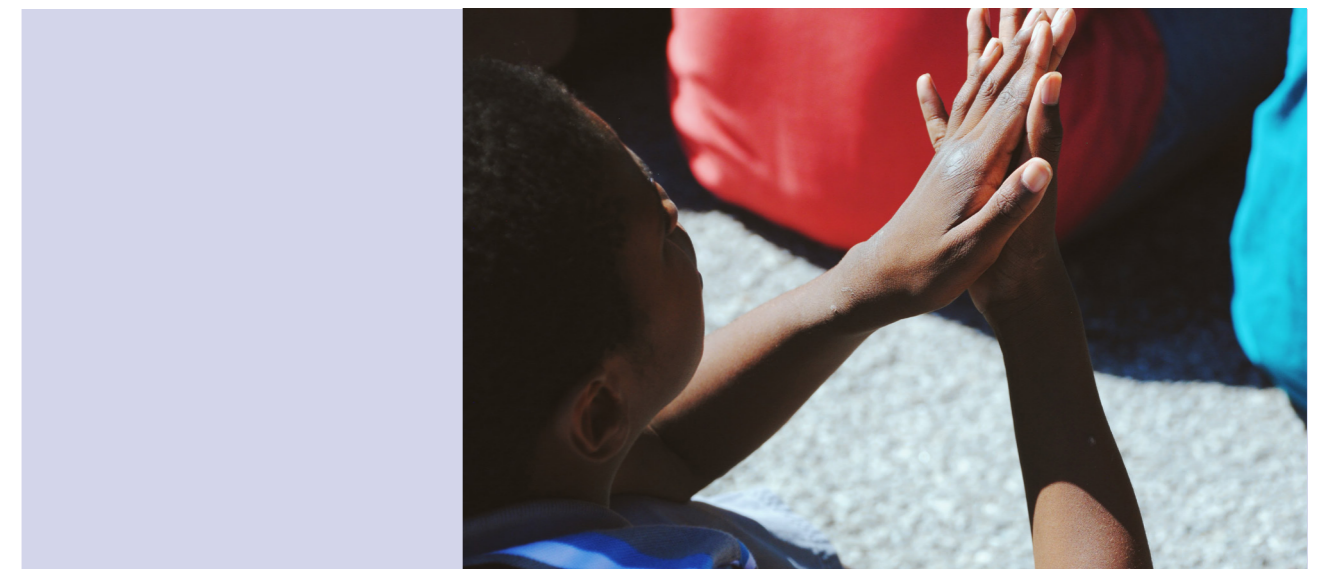
### Bringing about a boost

Building homes for our heroes in this way will not just benefit heroes and their families. A significant programme could help to stimulate wider construction activity to help towards the

300,000 homes a year that the country needs.

Construction activity has a strong positive effect on the wider economy, with every pound spent having a multiplier effect. This may be especially important in recovering from the potential economic crisis caused by the current pandemic.

Precision-manufacturing these homes would reduce waste, increase quality and create jobs where they are needed most. These low-cost homes need to be built in the areas that essential workers need them but precision-manufacturing offers an opportunity to create most of the economic activity of home-building in other areas. Through a targeted industrial policy government, perhaps supported by the Advanced Research Projects Agency, could create hubs for manufacturing of homes to expand the capacity for housing supply and stimulate economic activity – both in the areas that need them most.





**Homes for key workers shouldn't come at the expense of the affordable homes that have already been planned. Ensuring that, in a time of economic uncertainty, will require a great deal of support through the government's Affordable Homes Programme and potentially other measures.**

We propose three key actions necessary to deliver 100,000 Homes for Heroes over the next five years.

### **1 - Make available additional funding to immediately create Homes for Heroes**

It will take time to scale-up to deliver the number of homes that will be needed but there are many essential workers who need an affordable home now. There should be an immediate response to make available completed or nearly completed homes.

There are currently 3,800 completed unsold homes in London<sup>4</sup> and another 28,700 unsold homes under construction,<sup>5</sup> some of which will be nearly completed. The economic uncertainty caused by the coronavirus is likely to mean

many of these could be left unsold and empty for some time. Instead, if government and housing associations provide funding to convert these into affordable Homes for Heroes, they could be immediately occupied and homebuilders would be able to use the proceeds to keep building the homes we need.

### **2 - Scale-up a partnership to deliver a five-year programme of Homes for Heroes**

While the initial phases of this proposal could be funded through government matching housing association funding, there are a range of options that should be used to reduce the burden on the public purse, which has already committed an unprecedented level of funding combatting the coronavirus crisis.

Firstly, we anticipate that businesses and people around the country will want to say thank you to our essential workers directly. The incredible efforts of Colonel Tom Moore<sup>6</sup> show the depth of society's commitment to supporting our heroes. Homes for Heroes should be supported by a major fund-raising effort. The fund should be open to donations from corporate and public sponsors. Civil society should lead a national campaign for donations, offering us all the chance to directly contribute to this collective effort to house our heroes in safe, secure and affordable homes.

The crisis has impacted people in different ways. Affluent white collar workers who have endured this crisis with the benefit of spacious homes and gardens and reduced expenditure and time on commuting will want to give something back to benefit the workers earning less money and living in less adequate housing, who have put their lives on the line.

Similarly, businesses that have survived this crisis due to government's unprecedented economic intervention will doubtless want to step up and donate as soon as they are able to do so. We are optimistic that many hundreds of millions of pounds in additional funding could be found this way.

We believe there is a strong case to take this opportunity to invest in precision manufactured homes on a scale not seen since the original Homes Fit for Heroes programme. A commitment to manufacturing many tens of thousands of new homes nationally would ensure the highest quality in design and manufacturing, and reduce the construction costs significantly. These higher quality homes would come with reduced maintenance costs, which could increase the contribution that housing associations could make.

A longer-term programme would align with the ethos of housing associations as long-term investors in place. This would support high quality buildings, environments and services – supporting the success of the heroes living in the homes.

4. Molior London, 2020.

5. *ibid.*

6. <https://www.justgiving.com/fundraising/tomswalkforthenhs>, 2020.



### 3 - Take radical steps to make sufficient land available for the delivery of Homes for Heroes in the long-run

Adequate funding makes homes theoretically deliverable but to actually build them there will also need to be sufficient land, in the right places at the right prices.

More homes could be delivered faster if public landowners played a significant part in the programme. London North West University Healthcare NHS Trust has taken a proactive approach to identifying surplus land for development which has unlocked land for almost 1,800 new homes in the London Borough of Brent over the last few years. The prospect of delivering Homes for Heroes

would hopefully incentivise other Trusts to bring forward their own surplus car parks or surrounding land at similar pace. This could allow for many thousands of additional homes near to existing NHS hospitals and other places of work.

Public land in London has been estimated to have the capacity to build 130,000 new homes.<sup>7</sup> Currently, councils and government departments need to get "best value" when disposing of assets, but best value should not mean best price. If this value recognised the importance of building homes for our heroes then it could be made available to support a large-scale programme, delivered by housing associations.

If the Treasury removed the restriction on public bodies to get best market value on land sold, and government went even further by giving guidelines to public bodies to prioritise land for sale to housing associations planning to build Homes for Heroes, we could unleash huge untapped capacity to give our key workers the homes they deserved. In particular, there will be huge benefits to NHS Trusts, TfL, and government departments who release land in this way, because their own staff could benefit.

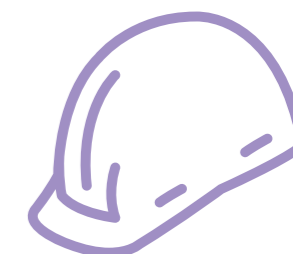
When selling land in this way, it could be sold with a covenant to ensure that the homes are

forever available for heroes, and this in turn would reduce the cost of the land.

There is not enough publicly owned land to deliver all of the homes that heroes need. The release of additional land will require flexibility in the planning system.

Using land near transport links in London will be of enormous help to emergency services workers and healthcare workers who might currently be priced out of owning or renting a suitable home in London. The current crisis has shown the importance of key workers being able to live near their place of work.

7. Mayor of London, 2016.





## Conclusion

We believe the time is right to have a national conversation on how to repay the debt society owes our heroes. As well as standing ready to play our part in delivering these homes, the G15 are also keen to engage with other organisations with proposals to repay that debt in other ways.

The National Housing Federation is exploring with its members and national partners – including the relevant parts of government – how we harness the power of the original Homes for Heroes campaign for a new era.

A hundred years ago we promised returning heroes the homes they deserve. Safe, secure and affordable homes as a base from which our society could begin to rebuild, and eventually again thrive. Today's heroes deserve this too.



## References

Centre for Economics and Business Research, Peabody, & CBI (2016); The Business Case for Affordable Housing; Centre for Economics and Business Research.

Department of Education, UK Government (2020); Guidance for schools, childcare providers, colleges and local authorities in England on maintaining educational provision; Department of Education.

Farquharson, Cristine et al (2020); Key workers – key facts and questions; Institute for Fiscal Studies.

GLA & G15 (2019); The 2022-2032 Affordable Housing Funding Requirement for London; Greater London Authority.

JustGiving (2020); Captain Tom Moore's 100th Birthday Walk for the NHS; JustGiving.

Mayor of London (2016); City Hall produces first register of public land in London; Greater London Authority.

Molior London (2020); Build to Rent and Build to Sell.

Office for National Statistics (2019); Annual net additional dwellings and components; ONS.

Urwin, Peter et al (2016); Estimating the Value of Discounted Rental Accommodation for London's 'Squeezed' Key Workers; Dolphin Square Foundation.





## Affordability modelling



## Social rent

In London, social rented homes are likely to be the only housing option affordable on incomes up to £31,600 per annum (an average London nurse's salary). People earning more than that should be able to comfortably afford the below discounted rent option. The monthly rent levels and how this would be affordable to people on lower incomes are set out below.

Bedrooms	Monthly rent	Proportion of net income for employee on the London Living Wage <sup>10</sup>
1	£634	42%
2	£671	45%
3	£709	47%

## Discounted rent

The proposed discounted rent option has been calculated on the basis of 40% of the post-tax income of an average London nurse. For one-bedroom homes this has been reduced by 10% and for three-bedroom homes increased by 10%. Although we've used nurses' take-home pay to calculate affordable rents, these homes should be available to any key worker who earns a similar professional wage. The monthly rent levels and how this would be affordable to people on median incomes are set out below.

Bedrooms	Monthly rent	Proportion of net income for employee on the mean Outer London nurse's salary
1	£743	36%
2	£826	40%
3	£908	43%

## Part buy, part low rent

As is normal for shared ownership, the household would decide what share of the home to buy initially and pay a deposit and mortgage on that amount, and would pay a subsidised rent of 2.75% per year of the unsold equity. This option would be affordable to heroes with a household income of around £40,000 a year but in London heroes with household incomes of up to £80,000 a year (equivalent to two Band 6 Nurses) could struggle to own a home of their own and therefore need the shared ownership option.

Having this type of home in the Homes for Heroes programme would help to meet even more housing need in the long run, because when households staircase (buy additional shares in their home), the receipts could be reinvested to build even more homes for heroes. The monthly costs and how this would be affordable to people on dual median NHS incomes are set out below.

Bedrooms	Assumed house price <sup>11</sup>	Deposit requirement <sup>12</sup>	Monthly rent plus mortgage <sup>13</sup>	Proportion of net income for household on two Outer London nurses' salaries
1	£328,000	£8,200	£932	22%
2	£409,000	£10,225	£1,162	28%
3	£475,000	£11,875	£1,349	32%

10. Assuming 37.5 hours a week. NB - depending on the household, workers may receive other benefits which would make these proportions fall significantly.

11. Assumed sales values are taken from GLA & G15, 2019.

12. Taken from the GLA's shared ownership affordability calculator.

13. Assuming a 25% initial share, a 25 year mortgage, and an interest rate of 2.5%.

# About the G15



**The G15 is the group of London's largest housing associations. We're the collective voice of some of the leading organisations in the housing sector.**

Our members house one in ten Londoners and are the largest providers of affordable homes in

the capital. We build a quarter of all London's new homes and own or manage more than 600,000 homes.

Housing associations were set up to support people in housing need and this remains at the heart of everything we do today.

We're independent, charitable organisations and all the money

we make is reinvested in building more affordable homes and delivering services for our residents.

Each G15 member is different, but we're all striving towards the same goal – to solve the capital's housing crisis and improve the lives of Londoners.

a2dominion

catalyst

CLARION  
HOUSING GROUP

Hyde L&Q

Metropolitan  
Thames Valley

Network  
Homes

Notting Hill  
Genesis

One Housing

OPTIVO

Peabody

Southern  
Housing  
Group  
shgroup.org.uk

**G<sup>15</sup>**

Reuben Young,  
Rosa Payne and  
Antrim Ross

Designed by  
Charlotte Blackburn and  
Justin Pearce Neudorf



[www.G15.london](http://www.G15.london)  
[G15@networkhomes.org.uk](mailto:G15@networkhomes.org.uk)  
[@G15London](https://twitter.com/G15London)