

How churches can support and create affordable housing at a time of crisis



St Paul's Church, Efford Lane, Plymouth

This is a picture of the new St. Paul's church building following an innovative redevelopment scheme.

The previous church and hall site was demolished to enable the creation of a 40-flat Extra Care scheme suitable for older people, at affordable rent. A new community church was built on the site of the old local library, with a smaller dedicated worship space and a community building.

Housing is becoming unaffordable to an increasing number of people in the UK. This has reached crisis levels and is driving the hardest hit into poverty and homelessness. Many others are faced by rocketing rents and unobtainable mortgages. Churches have a long history of providing housing for those in need. They have responded at times of crisis and emergency. Now is such a time. There are three important things Churches can do:

- seek every opportunity to provide affordable housing or support its creation
- maintain support for homeless people and others those hit by the cost of housing
- campaign for policies that will make housing in the UK genuinely affordable and fair.

The Scale of the housing crisis

Unaffordable rents

Due to the shortage of social housing, those on lower incomes are more reliant on the private rented sector. But rents are rising at twice the annual rate of wages. This is particularly serious in urban centres where employment opportunities are concentrated, like London where up to 59% of an average family's income is typically spent on rent. Over all, spiralling rents are increasing inequality and decreasing opportunity¹.

Deep benefit cuts

The council tax cuts, the 'bedroom tax' and changes to the way benefits are calculated add up to a serious burden for those on low incomes. Almost 1 million working people require housing benefit to help pay their rent and over 90% of new housing benefit claimants are in work.

Chronic shortage of homes

The UK requires around 250,000 new homes every year just to keep up with increasing demand but only 107,000 were built in 2012/13. Meanwhile there are 1.8 million people on housing waiting lists in England alone. This shortage means more people living in homes that are cramped, unhealthy or far from work.

Poverty and Homelessness

Tragically, this combination of low wages, high rents, benefit cuts and shortage of properties is leading to increased poverty and even homelessness. It is hard to measure homelessness, but current figures suggest there are:

- 56,930 households in temporary accommodation (these are statutory homeless households, which means that local authorities have a duty to house them)
- 2,414 people sleeping rough on a given night in the UK

- Many more 'hidden' homeless people, perhaps up to 400,000, not entitled to be housed by local authorities, whether 'sofa surfing', squatting or in an overcrowded household.²

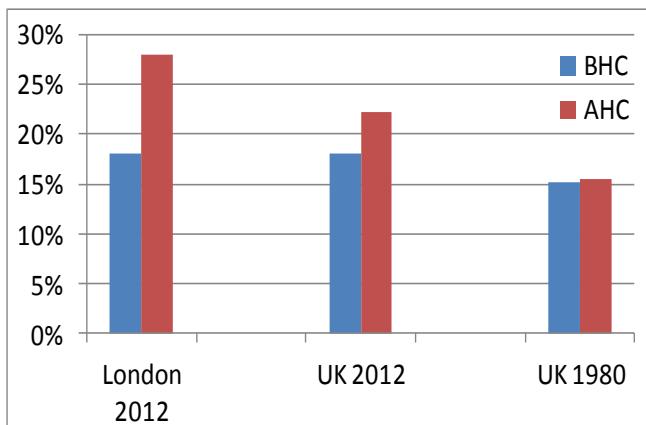
These increases have come at a time when funding for Local Government services has been seriously cut.

How the cost of housing is adding to poverty and inequality

There are three main drivers of increasing poverty in the UK: low earnings, housing costs and benefit changes. There was already a chronic housing crisis before the recession which began in 2008, and inequality was increasing even during the boom years of 1997-2007. The recession and austerity measures are now increasing inequality and making the housing crisis acute.

Recent figures show that 13.5 million live in poverty, 3.5 million of them children. This figure is set to rise to between 4.5 and 5 million by 2020.

Poverty in the UK Before and After Housing Costs



As the chart above shows, the number of people in poverty dramatically increases when housing costs are taken into account, particularly in London where high rents and shortage of affordable homes combine to place nearly 30% of residents in poverty.

What is affordable housing and why is it important

Everyone should have access to an affordable, decent home. Numerous studies show that without decent housing, people's physical and mental health, educational prospects and life chances are seriously impacted. There is no agreed, quantified definition of 'affordable housing', but typical criteria include these:

- Not for profit, often charitable status
- Low rents below private market and regulated governance
- Allocated on basis of need to low income families and individuals
- High design standards
- Secure tenure and ethical aims and values

Due to the shortage of social housing and high rents, it is becoming increasingly difficult for tenants in need to obtain affordable housing. To add to the confusion, under the current Government's 'affordable rent' scheme, housing associations are encouraged to charge up to 80% of the local market rent. Clearly, such rents will be far from affordable for many tenants on low incomes.

Churches can provide affordable housing

A local church may become aware of an acute need for affordable housing in its local community and seek a way to help. Or it may have to make a decision about whether to sell an old church building and what to do with the building or funds. This is an important opportunity to consider the value of providing housing. There are various ways this can be done, depending on local circumstances:

- convert a redundant building into affordable housing
- sell a property and use the money to provide affordable homes
- rent a property to let out
- make land available for homes to be built by a housing association
- get involved with local partners to support the creation of affordable homes

Housing Justice through its *Faith in Affordable Housing* (FIAH) project has extensive experience in helping Churches identify the best option.

When should churches think urgently about funding affordable housing

Three common reasons for churches to consider prioritising affordable housing are linked and may often be considered together when setting strategies:

- the need to decide how best to use existing buildings and property
- the desire to fund another Church building or other local mission
- the challenge posed by inequality and the housing crisis in the community

It is not uncommon for churches to discuss making use of land, a building or funds to create affordable housing, but there can be legal and practical issues to meet. Help is at hand from experts including FIAH. In general, Housing Justice will be able to point

interested churches to the appropriate agency. As the story of St Michael & All Angels Cardiff shows, it may be possible to accomplish several of these goals at once through good planning.

The Church of St Michael & All Angels, Cardiff

The Church of St Michael & All Angels is situated near the centre of Cardiff. The original church building was a wooden structure built in the 1920's and was no longer suitable for the needs of the church or modern day worship. However the church did not have the finance to fund a new building. The church had land adjacent to its place of worship and partnered with a local housing association (Wales and West). The whole site was sold to W&W which built a new modern place of worship and a number of flats on the same site.



The church worships right next to residents of the housing association. The scheme was featured on BBC Wales in 2013 where a resident was interviewed and spoke of the difference living in an affordable home had made to his life. He commented on how good it was that the church had sold its land for homes.

Does charity law mean churches can't do this? Common misconceptions

Sometimes churches may wish to sell a building at less than market value to fund affordable housing but believe they cannot do so because of charity law. In many cases this is untrue.

FIAH have obtained confirmation from the Charity Commission that, as providing affordable housing for those in need springs from our core purpose as Christian churches, they can sell properties below market rate as part of their mission.

The Methodist Church's policy is confirmed in its Standing Orders and the Methodist Church Act 1976. Under Model Trust 20 the Methodist Council can authorise the sale of Methodist property at an undervalue to a wholly charitable housing association which fulfils certain criteria. This has to be considered on a case by case basis and would not include leases at an undervalue. Other churches, including the United Reformed Church and the Baptist Union of Great Britain, follow different rules which may allow greater flexibility to fund the provision of affordable housing.

Working together to provide housing and advance the Church's mission

Many churches already work together to share and target resources, eg through local ecumenical partnerships. Ecumenical work can make this process much more effective: this makes thinking strategically about housing and buildings a local priority. Some recent examples of relevant work:

- In 2010, The Methodist Church and United Reformed Church created a Joint Property Strategy Group.
- A paper entitled *The Releasing of Buildings for God's Mission* went to the April 2014 Methodist Council meeting containing further principles with the potential to integrate the provision of affordable housing with the Church's wider mission.
- Since 2011, a group of Churches in London have been working ecumenically to highlight the housing crisis and the need to engage politically and respond with practical aid for those in housing need
- In 2014 this led to the creation of the London Churches Property Forum. It is hoped that similar ecumenical work will follow across the UK.

There is still room for greater coordination and sharing of information and resources among churches in the UK. The Joint Public Issues Team is actively seeking details of churches either doing this work or interested in doing so. If your church falls into this category, please get in touch at the address below.

What else can churches do to answer the challenge of the housing crisis?

Churches are already doing vital things, such as providing shelters and day centres, running foodbanks and challenging policies that increase inequality and rhetoric that unjustly stigmatises the poor. The causes of the housing crisis are very complex, and there is no one answer. As churches we have the opportunity to:

- Understand our local context
- Work ecumenically
- Provide and champion affordable housing
- Promote policies which will help make housing more affordable

The Joint Public Issues Team has identified three key areas in which the Government should act:

far too few homes are being built

Churches have the opportunity to call for Government to invest in more homes: without Government action, the construction industry simply won't build enough homes, especially the affordable homes we need

wages and benefits are not keeping pace with rents

Churches will continue to call for a living wage and to oppose cuts targeted at those who are already on low incomes

the housing market is increasing inequality

Churches can highlight the way that land values, mortgage lending, the property market and taxes have the effect of enriching property owners while keeping prices high for others in society.

A Christian response to the housing crisis should be both political and practical. While churches play their part in providing some of the affordable homes that are needed in the UK, they are also well placed to highlight the causes of the housing crisis and its role in increasing inequality are understood and to seek for solutions that promote the common good.

Further Information

To help churches aiming to provide affordable housing

Housing Justice

www.housingjustice.org.uk

Faith in Affordable Housing

www.housingjustice.org.uk/pages/fiah.html

Campaigning for more homes

The National Housing Federation's campaign Yes to Homes

www.yestohomes.co.uk

Housing policy and poverty

Joint Public Issues Team

www.jointpublicissues.org.uk/issues/social-justice/housing

www.jointpublicissues.org.uk/issues/social-justice/poverty-and-inequality/

Joseph Rowntree Foundation

www.jrf.org.uk/uk-housing-briefing

Shelter

<http://england.shelter.org.uk>

<http://scotland.shelter.org.uk>

National Housing Federation

www.housing.org

Endnotes

1. <http://www.telegraph.co.uk/finance/personalfinance/houseprices/10529725/Rents-rise-twice-as-fast-as-wages.html>
2. <http://www.crisis.org.uk/pages/homeless-default-numbers.html> & <http://www.thamesreach.org.uk/news-and-views/homelessness-facts-and-figures/>

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