



The Housing Finance Corporation Limited

COST OF LIVING CRISIS: ENSURING NO ONE GETS LEFT BEHIND



Foreword from THFC's Chief Executive



As the cost of living crisis grips the UK, the role of social housing providers has never been more crucial - or more challenging. Amid a backdrop of sky-high inflation, soaring energy bills and a painful rise in the overall cost of living, millions of UK families are struggling to stay afloat, with social housing tenants often being the most affected.

Here at THFC, supporting the sector with its approach to crucial challenges is part of our core purpose. With the cost of living crisis in full swing, we felt compelled to act.

Over the course of several months, we took part in numerous discussions with housing associations all over the country, in addition to speaking with key partners, leaders and innovators in financial inclusion, energy, community support and macroeconomics. Our goal was to better understand the complexities of the cost of living crisis and its effects on the social housing sector.

Then, on the 21st of February, we brought together several dozen people working in and adjacent to the social housing sector, with several dozen more participating via Zoom. What ensued was an informative, engaging and insightful forum in which delegates and speakers alike openly discussed their challenges and reflected on how we can tackle them collectively as a sector.

Under Chatham House rules, we tackled many complex questions: What practical

steps can we take to support social housing tenants, as well as HA staff, through this difficult period? How can we fight needs-based stigma and harness the power of data to deliver better outcomes for tenants? And what can the sector anticipate as it prepares for the months ahead?

The prognosis from these sessions was not always an optimistic one - such is the scale of the challenge ahead. But what the event did demonstrate was the unwavering commitment of social housing providers and partner organisations to helping vulnerable households through the ongoing uncertainty.

For our part, we hope the event provided every attendee with at least one fresh, practical solution that can be applied to keep a tenant in their home through this crisis.

This short report aims to bring together some of the high-level thinking and innovation that went into the event. We hope it will be useful, practical and inspiring in equal measure.

If any of these themes strike you as particularly relevant and you would like to learn more, please contact me or one of our relationship managers. All contact details are located at the end of this report.

Piers Williamson
Chief Executive, THFC

Using data to identify problems and safeguard tenants

With the affordability crisis impacting social housing tenants across the country, HAs are tasked with keeping their income streams in check, while doing everything possible to help residents sustain their tenancies.

Through harnessing data in novel ways, housing providers have an excellent opportunity to optimise their efficiency and target support where it is most needed.

One consistent view from housing practitioners is the importance of automation – albeit caveated by the fact that this cannot entirely replace human intervention. Collecting and analysing reliable, accurate data is allowing many HAs to target customers who may be, for example, struggling to keep up with rent. In turn, the HA can intervene early to offer support and prevent an eviction.

Targeting support: the power of behavioural analysis - understanding complex needs

While the conversation on affordability tends to centre strictly around money, the truth is that tenants' needs are as layered as the cost of living crisis itself.

It is no secret that social housing tenants' living standards have worsened in recent years due to the pandemic, followed by the cost of living crisis. Housing providers have reported a significant increase in residents claiming Universal Credit, which comes with a myriad of challenges. Tenants are also struggling with issues around fuel poverty, damp and mould, transport costs, childcare and mental health.

As well as finding ways to support tenants financially, we need to be thinking about how to help tenants through the barrage of complex problems they face. The use of reliable data, in addition to effective analysis, are integral in solving these challenges.



Helping people manage their finances and benefits

At a time when millions of families are struggling to afford everyday essentials, financial management and inclusion has never been more important.

Amidst the affordability crisis, tenants are facing ongoing challenges with increasingly popular unsecured debt schemes. Concerns are rising over illegitimate doorstep lending at a time when many HA customers are struggling to afford bills. This is likely a result of renters being far less likely to be accepted for credit than mortgage holders.

We need to look at innovative ways for HAs and legitimate, low-cost credit unions to work together to support residents through this challenging economic period.

Supporting tenants through the energy price storm

A year after the beginning of the Ukraine war, UK citizens are still bearing the financial burden of sky-high energy bills, with social housing tenants often being the most affected. Energy caps have provided a temporary financial cushion, but these are not universally sufficient to address the stark rise in energy prices.

From 1st April 2023, 8 million people in the UK are expected to be living in fuel poverty. Sadly, we are hearing stories of millions of people in the UK disconnecting from their energy supply and others who are unable to access help.

There needs to be greater understanding around how energy suppliers have responded to the crisis, along with practical advice and better, more targeted support to help tenants with their energy bills throughout these challenging times



Foodbanks - their expanding role in the cost of living crisis

Foodbanks have entered the spotlight throughout this period of economic tumult, providing much-needed support for Brits up and down the country. However, the role of foodbanks within society, as well as within HAs, is often dimmed due to psychological stigma and operational challenges.

The increasing importance of foodbanks has been well documented over the last few years and reliance on them has not yet returned to pre-pandemic levels.

There is a shared purpose between HAs and foodbanks, as well as an opportunity for them to successfully work in tandem. While both want to offer support, HA tenants may feel apprehensive about approaching their landlord for help at a time when they may be struggling to pay their bills.

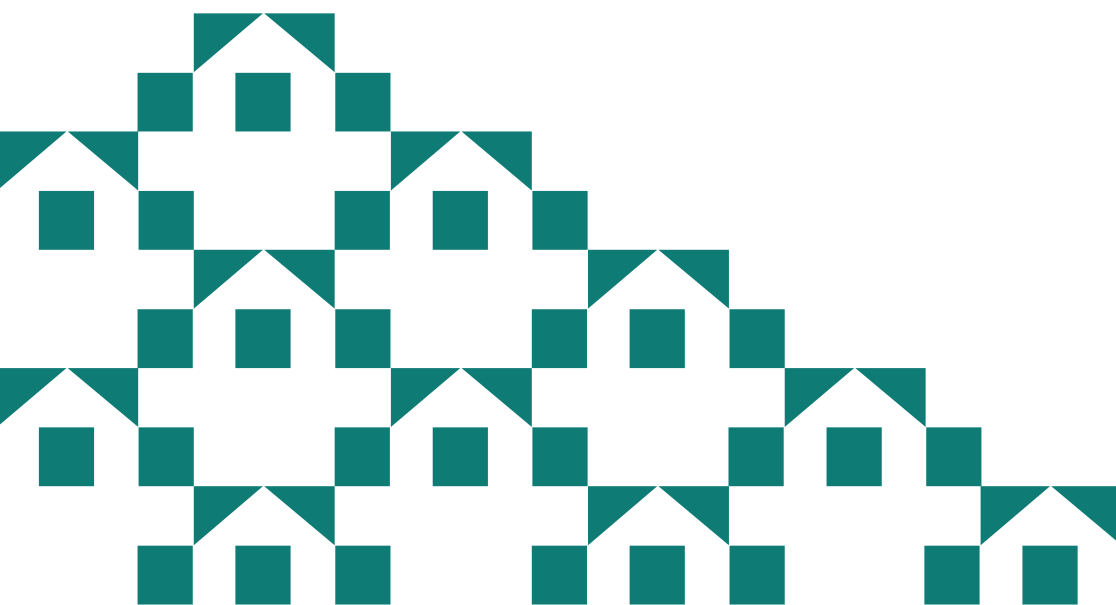
There is real potential for HAs to harness the power of foodbanks to support struggling tenants, in addition to fighting against the shame and stigma often associated with foodbank usage.

What the affordability crisis means for people working in housing

As the cost of living crisis bites, social housing tenants aren't the only ones struggling to make ends meet. HA staff are feeling the squeeze, too. Many HAs are taking practical steps to support their staff through the affordability crisis: from the tried and true, to the novel and innovative.

Some HAs have been helping their employees through the cost of living crisis with winter fuel payments, advances in pay, and pay increases for lower paid colleagues. Others are offering free lunches at work, giving greater flexibility with remote and hybrid working and focusing on mental health support.

Unfortunately, things are still likely to get worse for many employees before they get better, and we must continue to do everything we can to support them during these difficult times.



The changing policy landscape - what's coming for social landlords and their tenants

As the wider housing market adjusts to its 'new normal' of sky-high inflation, soaring interest rates and an overall rise in the cost of living, many questions remain about the next phase of the affordability crisis.

HAs will have to navigate a very complicated economic landscape in the coming months and years, which includes the highest inflation rate for 40 years and stagnation of real earnings. Gas prices are beginning to fall, but this won't translate to a meaningful difference to tenants' bills for some time.

Both Labour and Conservative are prioritising growth, but politicians need to ensure that *long-term* progress is considered when it comes to policymaking.



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