

The Housing Report

Edition 1, October 2011



SUMMARY



**NATIONAL
HOUSING
FEDERATION**

Shelter

Introduction

Since coming to power in May 2010, the coalition Government has taken a big bang approach to reform, announcing significant changes to the planning system, welfare, investment, and social tenure, with the overall aim being to 'meet people's housing aspirations'.¹

It has its work cut out. House building is at its lowest level for decades, households across all tenures report that they struggle to afford their housing, and the average age of a first-time buyer has been forecast to rise to 43.² Meanwhile our population is both growing and ageing, millions of people are waiting for social housing, vulnerable people face huge cuts in support and homelessness is rising.

This is the background to *The Housing Report*, which by collating and presenting the facts, seeks to establish whether the Government's approach to housing is helping, and to ensure housing policy remains at the heart of political debate over the course of the Parliament.

Governments make many pledges about what they aim to achieve in office but too often they escape being held to account. In *The Housing Report*, we have studied the objectives set out by ministers and their departments in each major policy area affecting the sector, and used the most relevant data for England to establish what has been achieved and where more attention and greater effort is required.

Wherever possible, we have used official data and statistics, or sources of information that Government itself has relied upon in the past, using the 2010/11 financial year as a baseline and providing historical data for context. In doing so, we have tried to build an objective account of what has changed since the current administration came to power. We have also added our own assessment of the extent to which such changes may be considered progress.

Ministers may argue that 18 months is not long enough for many of their planned measures to have taken effect. We acknowledge the time lag inherent in any policy, funding and legislative changes. But plenty of reforms, from the suspension of regional spatial strategies to cuts to housing benefit, have already been enacted, and are already effecting real change to people's lives. We therefore believe enough time has passed to begin plotting the Government's record.

We hope the results of our work will be useful to anyone with an interest in the future of housing, whether they be politicians, academics, journalists or those working within the sector, which recognises its own role in providing sufficient homes for the millions of people who will need them in the coming years.

We will return with further editions of *The Housing Report* over the duration of the Parliament, and with each report we will be able to draw on additional data, providing a fuller assessment. Where there is evidence of progress, we will acknowledge and applaud it, and where we see failure and evidence of ineffective policy we will highlight it. Shining a light on the Government's record is only the first step in addressing the housing crisis, but it is a vital one.

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1 DCLG Business Plan 2011-2015. Page 2, November 2010: www.communities.gov.uk/publications/corporate/businessplan2010

2 Home Truths 2010, National Housing Federation report: www.housing.org.uk/publications/find_a_publication/general/home_truths_2010_-_england.aspx

Summary of findings

Is the Government delivering on its stated objectives? We assessed its performance under ten main headings. For simplicity, we chose to illustrate the Government's direction of travel with a traffic light system: GREEN for going forward, AMBER for no progress and RED where things are getting worse. An empty light indicates that insufficient data is available to inform a judgement.

The headline findings are reproduced below:

1. Housing supply

Total new housing starts and completions remain at historically low levels, and public investment in new affordable housing has been severely reduced.



2. Planning

The scrapping of Regional Spatial Strategies has reduced the amount of homes in the planning pipeline, and it remains to be seen whether the new National Planning Policy Framework will improve matters.



3. Overcrowding

The data on overcrowding does not yet cover the period since the election, and it is too early to judge whether Government policies on tenure, allocations and homelessness will have the desired effect.



4. Homelessness

The numbers of households accepted as homeless and in priority need has increased, as has the use of Temporary Accommodation. A welcome change to the way data is collected means no assessment of rough sleeping is possible at this time.



5. Evictions, repossessions and arrears

Repossessions are up, though the number of homeowners in arrears has fallen.



6. Help with housing costs

Cuts to housing benefit are already impacting on many lower income households, and may have further unintended consequences.



7. Empty homes

The number of empty homes is falling, and the New Homes Bonus should incentivise councils to do more to bring empties back into use.



8. Mobility

The number and proportion of social lets that go to existing tenants has risen, suggesting that mobility within the social sector is improving.



9. Affordability of the private rented sector

Increased demand means private rents are high and rising, and it is not yet clear that reductions in Local Housing Allowance rates will reduce rent levels.



10. Home ownership

House prices are still quite volatile, the number of buyers is still falling, and affordability shows little sign of improving.



Conclusion

It is early days, but already we can see the Government needs to do more if it wants to meet its own commitments on housing. To have achieved four red lights, on housing supply, homelessness, help with housing costs and the affordability of the private rented sector, almost one third of the way through this Parliament, suggests that a rethink may be required to correct the direction of policy before things drift off course. It is to be hoped that the recent Government announcements on housing supply and the Right to Buy, and the commitment to publish a housing strategy, are a signal that such a rethink is already underway.

Granted, indicators like housing supply do have a long time lag, and we wait to see what impact the Government's new investment framework will have on the development of affordable homes. But what is particularly concerning is that in a couple of areas where we have highlighted serious concerns, on homelessness and help with housing costs, we anticipate that many of the policies and spending cuts already announced could exacerbate existing problems.

Not all of the data we are tracking can be attributed directly to Government actions. For example, many of the factors which contribute to the affordability of the private rented sector, or the rate of home ownership, will be determined by market forces that may be difficult to influence in the short term. But that does not mean ministers can escape overall responsibility. Government sets the fiscal and regulatory framework in which the market operates, and the very existence of social housing as an antidote to market failure shows that intervention has long been a natural part of providing and sustaining essential social goods.

Some of the amber lights we have allocated, for evictions, repossessions and arrears, and for home ownership, for example, are in recognition of the fact that, on the basis of the available data, the jury is still out. We have placed our concerns on record and will be watching closely as new figures are produced over the coming months. The inevitable data lag means that a comprehensive assessment of the Government's record will take time to compile, but the process should get easier with each statistical release.

We have given two green lights, for progress on reducing the number of empty homes and mobility in the social sector. For overcrowding, the data is not sufficient to make a considered judgement and we hope to fill in that particular gap next time.

The backdrop to this report is the continuing challenges facing the economy. It is not yet clear what lasting effects the recession will have on the housing sector. But the cuts to public spending announced by Government, alongside the private sector's reluctance to invest amid low business and consumer confidence, and sluggish growth, are likely to take their toll. The impact will surely become clearer in the months ahead. This is why, more than ever, there is a need for a reliable assessment of where we are, and where we are heading, when it comes to the nation's housing. And this is what we intend *The Housing Report* to provide.

To read the full report go to:

www.housing.org.uk/housingreport

www.cih.org/housingreport

www.shelter.org.uk/housingreport

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