

The background of the slide is a photograph of a construction site. In the foreground, there is a tall, stepped wall made of grey concrete blocks. Behind this wall, several vertical metal rebar rods are visible, extending upwards. To the left, there is some scaffolding and a white plastic sheet. The sky is a pale, overcast blue.

Building for the future – 2005 update

Shelter Housing
Investment
Project Series

Shelter

Building for the future – 2005 update

Shelter Housing Investment Project Series

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Please note that the technical document, which provides more detail, is available to
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Foreword

Shelter commissioned this research from Cambridge Centre for Housing and Planning Research (CCHPR) to ensure that the debate about housing supply in the run-up to the next Comprehensive Spending Review and beyond is informed by an independent and authoritative assessment of housing need. The research provides updated estimates of how many homes are required to meet newly arising housing need in the period up to 2021. It updates previous housing need projections made in the Shelter Housing Investment Project Series.

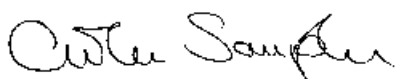
For the first time, in order to specifically identify social rented housing need, this includes a breakdown of intermediate housing and social rented housing need.

The research also provides an update to the number of social rented homes recommended in the *Barker Review of Housing Supply*, and estimates the additional social rented homes required to meet the Government's target of halving the number of people in temporary accommodation by 2010.

CCHPR's independent estimate is that 48,000 social rented homes are required each year to meet newly arising need.

Based on the recommendations for meeting newly arising urgent need outlined in the *Barker Review*, CCHPR concludes that an extra 40,000 social rented homes are required each year. And, to meet the Government's temporary accommodation target, which represents an element of the backlog of housing need, CCHPR estimates that an additional 10,000 social rented homes are needed each year. This leaves a shortfall of 20,000 a year over and above the 30,000 social rented homes expected to be delivered annually by 2007/08.

This research shows that we are in the depths of a housing crisis and that urgent investment is required. Shelter is calling for over £1 billion of extra Government investment each year between 2008 and 2011 to fund the 20,000 additional social rented homes needed each year, representing 60,000 extra needed over this period. This would ensure, at the very least, that the Barker recommendations and the Government's temporary accommodation target are met. The Comprehensive Spending Review must begin to map out how this investment will be delivered.



Adam Sampson

Summary

This report updates the estimate of housing need set out in *Building for the Future – 2004 update*.¹ It also provides an updated estimate of how many social rented homes are needed to meet the recommendations in the *Barker Review of Housing Supply*² and the Government's target to halve the number of people in temporary accommodation by 2010.³

The research includes the following:

- an updated estimate of newly arising need for social rented housing
- a new estimate of the need for intermediate housing
- an updated estimate of the backlog of unmet housing need
- an updated assessment of the number of homes required to meet the need identified by the *Barker Review*, based on similar assumptions to those used in the *Review's* final report⁴
- an estimate of the number of additional homes needed to meet the Government's target to halve the number of homeless households in temporary accommodation by 2010
- an assessment of the public expenditure implications of meeting these needs.

1. A Holmans et al, *Building for the future – 2004 update*, A Report of the Shelter Housing Investment Project, Shelter, March 2004
2. Barker K, *Review of Housing Supply*, Final Report, London: HM Treasury, HMSO, 2004
3. Sustainable Communities: Homes for all, A Five Year Plan from the ODPM, HM Government, January 2005
4. Barker K, *Review of Housing Supply*, Final Report, London: HM Treasury, HMSO, 2004

Key findings

The key findings distinguish between CCHPR's independent estimates and their *Barker Review*-based estimates.

CCHPR updated estimates

These estimates use a broader view of housing need than the methodology used in the *Barker Review* and are consistent with the *Shelter 2004 update*. They conclude the following:

- An overall total of 200,000 homes are needed each year during the period 2001 to 2021 to meet household growth. This includes market, intermediate and social housing.
- Of these homes, 48,000 should be social housing for rent⁵ (18,000 a year more than will be provided by 2007/08 under current spending plans). This would require an increase in public expenditure of £1.2 billion a year.
- New social rented housing is needed in every region of the country. However, 70 per cent of these new homes should be built in London and southern England.
- Of these homes, 28,000 should be intermediate housing (9,000 more a year than will be provided by 2007/08 under current spending plans). This would require an increase in public expenditure of £300 million a year.
- Overall, meeting the newly arising need for social rented and intermediate housing identified by CCHPR and providing enough homes to meet the Government's temporary accommodation target outlined below would require an increase in public expenditure of £2.2 billion a year.

Barker Review updated estimates

Based on the methodology used in the *Barker Review* to meet urgent housing need,⁶ adjusted slightly to take account of the availability of private rented accommodation to households on Housing Benefit, CCHPR reaches the following conclusions:

5. This provides a different level of need from the *Barker Review* update as it is based on different methodology – see page 8 for further details.
6. See page 8 for an explanation of the adjustments to the methodology used in this research.

■ **Newly arising need**

An estimated 40,000 units of social rented housing are needed each year to meet the level of need identified in the final report (10,000 a year more than will be provided under current spending plans). This would require an increase in public expenditure of £675 million a year.

■ **Temporary accommodation target**

Based on current spending plans, there is expected to be a shortfall of more than 30,000 social rented homes against the Government's target to halve the use of temporary accommodation by 2010. Meeting this shortfall would require a public expenditure increase of £675 million a year.

■ **A minimum requirement**

Thus, in addition to the Government's planned output of 30,000 homes a year by 2007/08,⁷ a total of 60,000 social rented homes, or 20,000 a year, are needed over the next Spending Review period from 2008/09 to 2010/11, simply to meet the level of need identified in the *Barker Review* and the temporary accommodation target. This would require an increase in public expenditure of over £1 billion a year.

Shelter believes that providing the additional 20,000 new social rented homes, required each year to meet the level of need identified in the *Barker Review* and the Government's temporary accommodation target, is the minimum acceptable over the next Spending Review period.

However, this will not be enough, either to meet all the newly arising housing need identified by CCHPR, or to make significant inroads into the backlog of unmet housing need. It therefore needs to be seen as a first step in a long-term, sustained increase in public investment in social rented housing.

7. *Housing Policy: an overview*, HM Treasury and ODPM, 2004

Methodology

Shelter commissioned CCHPR to provide an independent, up-to-date assessment of housing need, and to update the estimates of need in the *Barker Review of Housing Supply*.

CCHPR – independent estimate of housing need

The approach taken in establishing these estimates follows that of previous reports by CCHPR into the need for new social housing⁸ commissioned by Shelter. It divides the question ‘How many homes do we need to provide?’ into two parts: newly arising need and the backlog of unmet need.

Newly arising need

The research estimates newly arising housing need based on the projected growth in the number of households and anticipated changes in the existing housing stock over the period 2001 to 2021.⁹ The household growth forecasts are based on a new but provisional household projection.¹⁰ The research includes updated estimates of the number of re-lets that will be lost from the social sector as a result of past Right to Buy sales. The research also contains a revised estimate of the additional need created by a projected reduction in the amount of private rented accommodation accessible to households on Housing Benefit.¹¹

Backlog of unmet need

The research also assesses how many homes are needed to reduce the backlog of unmet housing need. For this research, Shelter asked CCHPR to look at one particular aspect of the backlog: the number of homes needed to meet the Government’s target to halve the use of temporary accommodation by 2010.

The backlog of housing need

The backlog of housing need includes groups such as homeless households in temporary accommodation, households living in overcrowded conditions and ‘concealed’ households (for example, a couple living with the parents of one of the partners). Over time, new households join the backlog (for example, by becoming homeless and being placed in temporary accommodation), and others leave it (by being offered a local authority or housing association tenancy, for example).

8. Holmans et al, *Building for the future – 2004 update*, A Report of the Shelter Housing Investment Project, Shelter, March 2004

Holmans et al, *Technical Report*, Shelter Housing Investment Project Series, Shelter, 2000

Holmans et al, *How many homes will we need?*, Shelter Housing Investment Project Series, 1998

9. This is a longer timescale than the one used in the previous report *Building for the future – 2004 update*, A Report of the Shelter Housing Investment Project, which covered the years 2001 to 2011.

10. A full post-2001 Census household projection is not expected to become available until late 2005.

11. The *Barker Review* argued that policy measures such as the introduction of Real Estate Investment Trusts (REITs) would lead the private rented sector to expand. Although Shelter welcomes the opportunity to increase the overall size of the sector offered by REITs, Shelter and CCHPR believe it is unlikely that they will significantly increase the supply of private rented accommodation available to households on Housing Benefit. Shelter and CCHPR also believe that other policies, including the introduction of licensing of houses in multiple occupation, may reduce the supply of private lettings available to households on Housing Benefit.

Intermediate housing need

In previous reports commissioned by Shelter from CCHPR, both homes and households have been divided into two sectors: the market sector and the social sector. This approach is followed here as a starting point. However, in order to specifically identify the need for social rented housing, this research also provides a separate estimate of the need for intermediate housing.¹²

Estimating this is difficult because different intermediate housing products have different impacts. Under the Homebuy scheme, for example, households purchase a share of a market home with the assistance of subsidy from a housing association. When the household moves, the home reverts to the market sector again. Other shared ownership schemes involve contracts enabling the housing association to buy the home when the household moves, thus making it available to meet the intermediate need of another household.

There is no generally accepted methodology for estimating intermediate housing need. This research develops a method based on that used in the *Greater London Housing Requirements Study*.¹³ This defines the need for intermediate housing in terms of an income range, the lower boundary being defined by ability to afford more than a housing association rent; and the upper boundary by the ability to afford a lower quartile house price. The ratio of rent or mortgage payments used here assumes 30 per cent of net income being used to meet housing costs.

Not all households within this income range will need intermediate housing; for example, many of them are likely to be living in homes bought some years ago at lower prices. The perception is that intermediate housing is needed mostly by households just starting out on their housing path, such as first-time buyers or young people renting privately. The methodology used here therefore incorporates tenure analysis and supporting information from the take-up of existing intermediate housing products.

It is important to note that if the overall balance between housing demand and supply improves, households who can currently only afford to access the intermediate market will increasingly be able to meet their housing requirements in the open market. By contrast, households on the lowest incomes will continue to need subsidised rented housing.

Housing need and demand

In this research, as with previous work commissioned by Shelter from CCHPR, housing demand is taken to mean effective demand in the market for housing of an adequate standard to buy or rent. In other words, it refers to demand by households with sufficient financial resources to buy or rent a home that meets their requirements at the going market price. In contrast, housing need is a normative concept derived from the housing policy aim of providing people with the opportunity to live in a decent home. The implication of this is that households who cannot afford the market price of adequate housing should be given access to it by assistance from public funds.

12. Intermediate housing is for people who are unable to afford to buy a home on the open market but who can afford significantly more than housing association rents. They can therefore be more lightly subsidised than those needing social housing for rent, for example shared ownership schemes.

13. *Greater London Housing Requirement Study*, Greater London Authority, December 2004

CCHPR's update of the estimate of housing need in the *Barker Review*

The *Barker Review* based its estimate on the previous work carried out for Shelter by CCHPR in *Building for the future – 2004 update*. However, the report questioned some of the assumptions used by CCHPR and therefore arrived at a different estimate of how many social rented homes are needed. For this report, CCHPR has updated the Barker estimates on the following basis.

- The *Barker Review* argued that, of the projected increase in the number of households identified by CCHPR, one third would not be a 'priority' for housing and should not therefore be included in the estimate of new homes needed. Neither Shelter nor CCHPR agree with this. However, for the purposes of updating the Barker analysis, this assumption has been retained.
- The *Barker Review* argued that there was no need to include an allowance for a reduction in supply in private rented accommodation accessible to households on Housing Benefit.¹⁴ Shelter and CCHPR do not accept this. However, Shelter and CCHPR do believe that the available evidence suggests that a contraction of 10,000 private rented units a year (as estimated in *Building for the future – 2004 update*) is too high. The estimate included in the new research is 5,000 a year and has been included in the updated Barker estimate.

14. See footnote 11.

Newly arising need

The research concludes that a total of 203,000 homes a year are needed to meet newly arising need and demand in England in the years up to 2021. As Table 1 sets out, 149,000 of these homes will be needed in the market sector and the remaining 54,000 in the social sector.¹⁵ (This figure includes an overlap of 6,000 homes with the estimate for intermediate housing; see below.)

Table 1: Newly arising housing need and demand

	Market	Social rented	Total
Net increase in households 2001–2021	3,039,000	490,000	3,529,000
Second homes	0	0	0
Vacant dwellings	89,000	17,000	106,000
Offset to 'loss' of re-lets due to past Right to Buy sales	- 369,000	+ 369,000	0
Offset to reduction in private rented sector lettings to households on Housing Benefit	- 100,000	+ 100,000	0
Replacement of losses from the housing stock	320,000	100,000	420,000
Total	2,979,000	1,076,000	4,055,000
Annual equivalent	149,000	54,000	203,000

Based on the methodology developed to assess the need for intermediate housing, CCHPR estimates that a total of 28,000 intermediate homes are needed each year. Of these, 18,000 homes would come from the market sector; 6,000 from the social rented sector; 1,000 would be from shared ownership schemes; and 3,000 would be accounted for by additional household formation. In geographical terms, 1,000 a year is estimated to be housing need in the North; 2,000 a year in the Midlands; and 25,000 in London and the South of England.

The 6,000 households from the social rented sector overlap with the estimate of 54,000 identified above for new social rented housing. It is difficult to say which sector these households would be housed in. For the purposes of this research, they are included in the estimate for intermediate housing. Thus, on this basis, the annual requirement for new social rented housing to meet newly arising need is 48,000 a year.

The breakdown of newly arising need between the market, intermediate and social rented sector is set out in Table 2.

Table 2: Newly arising need and demand for housing by sector (annual average 2001–2021)

	Number	Proportion
Social rented	48,000	23%
Intermediate	28,000	14%
Market	130,000	63%
Total	206,000¹⁶	100%

15. This figure is less than the 67,000 identified in *Building for the future – 2004 update*. This is due to the adjustments to the methodology (to account for the number of re-lets lost as a result of past Right to Buy sales and the projected reduction in the availability of private rented sector accommodation for households on Housing Benefit), and because a smaller proportion of the total increase in the number of households is likely to require social housing.

16. Differs from the total of 203,000 in Table 1 because 3,000 additional households have formed as a result of intermediate housing becoming available.

The regional distribution of newly arising housing need

Table 3 provides a regional breakdown of the requirement for new social rented housing. This is based on regional projections of household growth and assumptions about the number of re-lets likely to be lost in each region due to past Right to Buy sales. There are two issues to note here. The first is that the population samples available, particularly in the three northern regions, are small. The second is that the projected household growth for London is improbably high.¹⁷ Adjustments have therefore been made to balance this between the regions.

Table 3: The regional distribution of newly arising need for social rented housing

CCHPR independent estimates

Region	Number
North East	1,000
North West	3,000
Yorkshire and Humber	3,600
East Midlands	4,200
West Midland	3,100
East of England	6,900
London	15,200
South East	6,500
South West	4,500
England	48,000

CCHPR Barker-based estimates

Region	Number
North East	800
North West	2,900
Yorkshire and Humber	3,200
East Midlands	3,700
West Midland	2,700
East of England	6,600
London	9,700
South East	6,100
South West	4,200
England	40,000

17. This arises because the population projection on which the estimate of household growth is based assumed a continuation of past trends in migration both within and from outside the UK. The trend has been for a high proportion of migrants to live in London. This results in an improbable projected increase in the Capital's population in future years. A change in these trends, for instance an increase in the proportion of moves from overseas going to live in the North of England or a reversal of internal migration trends, would result in more of the total of newly arising need occurring in the North. For example, regeneration initiatives are already beginning to alter the picture in the North and the Midlands.

The backlog of housing need

For this research, the backlog of housing need is defined as in previous work commissioned by Shelter from CCHPR. Only a limited amount of new data is available to amend previous estimates. Updated information is included on the number of homeless households in temporary accommodation,¹⁸ private rented tenants in shared dwellings¹⁹ and concealed households.²⁰ However, no fresh information is available in the other categories identified in Table 4.

Table 4: The backlog of need for social housing

Unmet need	Number of households
Households in temporary accommodation	101,000
Concealed families wanting separate housing	110,000 ²¹
Households in shared dwellings wanting separate housing	63,000
Would-be couples living apart	74,000
Single homeless people, hostel residents, etc	110,000
Adjustment for those saving to buy	-23,000
Subtotal	435,000
Owner-occupiers and private sector tenants needing social rented sector homes	140,000
Local authority and RSL tenants in unsuitable housing	346,000
Total	921,000

18. ODPM Homelessness Statistics at June 2005, September 2005

19. From the 2002/03 Survey of English Housing, ODPM, October 2004.

20. From the 2001 Census.

21. This differs from the estimate in the *Barker Review* due to adjustments for concealed couples (such as those living with the parents of one of the partners) aged 45 and over.

Comparison with the *Barker Review of Housing Supply*

The *Barker Review* based its estimate on the previous work carried out for Shelter by CCHPR in *Building for the future – 2004 update*. However, as outlined in the Methodology section, the report questioned some of the assumptions used by CCHPR and therefore arrived at a different estimate of newly arising need. The Barker estimate was 48,000 units a year, compared with the 67,000 identified in the *2004 update*. On this basis, the number of new households requiring social housing was revised downwards from 25,000 to 19,000. Shelter and CCHPR do not agree with this. However, for the purposes of updating the Barker analysis, this assumption has been retained. This downward revision was based on two assumptions outlined in the Methodology section. The first was that only two thirds of newly arising provision was considered a 'priority' and the second was that no allowance should be made for a reduction in supply in the private rented sector – see page 10 for details.

Based on these assumptions, CCHPR's update of the estimate for newly arising need for social housing contained in the *Barker Review* is 46,000 a year. This compares with the estimate of 54,000 in CCHPR's new research for Shelter. After adjusting the 46,000 figure downwards by 6,000 units to allow for the overlap with the intermediate sector, the number of units of social rented housing needed under the updated Barker analysis is 40,000. As Table 5 shows, this compares to the estimate of 48,000 in CCHPR's new research for Shelter.

Table 5: New arising need for social housing; comparison with the Barker Report

	CCHPR 2004 estimate for new social housing²²	CCHPR 2005 estimate for new social housing	Barker Report estimate for new social housing²³	CCHPR Barker- based estimate for new social housing
Net increase in households	28,000	25,000	19,000	16,000
Increase in vacant dwellings	1,000	1,000	1,000	1,000
Offset to loss of re-lets due to Right to Buy Sales	22,000	18,000	22,000	18,000
Reduction in private sector lettings to tenants with Housing Benefit	10,000	5,000	0	5,000
Replacement of losses through demolition, etc	5,000	5,000	5,000	5,000
Total	67,000	54,000	48,000	46,000
Less overlap with intermediate	-	- 6,000	-	- 6,000
Adjusted total	-	48,000	-	40,000

Note: discrepancy in totals due to rounding

22. A Holmans et al, *Building for the future – 2004 update*, A Report of the Shelter Housing Investment Project, Shelter, March 2004, Table 4, page 5

23. Final report of *Barker's Review of Housing Supply*, HM Treasury, 2004

Meeting the temporary accommodation target

Shelter commissioned CCHPR to estimate how many homes are needed to meet the Government's target to halve the number of homeless households in temporary accommodation by 2010.

When the target was announced, in January 2005, the number of homeless households in temporary accommodation stood at 100,810. Since then, levels have remained the same. Broadly speaking, therefore, a reduction of 50,000 households is needed to meet the target, or 10,000 a year in the years to 2010.

Estimating how many new homes are needed to achieve this is very difficult. This depends on the number of people accepted as homeless by local authorities, a figure that may rise or fall depending on various factors, including changes in the economy and the success of measures aimed at preventing homelessness. In addition, the correlation between the number of people accepted as homeless, and the numbers moving in and out of temporary accommodation, is not exact.²⁴

Following the last Spending Review, the Office of the Deputy Prime Minister (ODPM) published an analysis based on projections for the number of homeless households expected to be in temporary accommodation in the period up to 2016.²⁵ These projections accounted for all the additional social housing and funding for homelessness prevention activities announced in the last Spending Review. They were also based on achieving a significant reduction in the number of homelessness acceptances over this period²⁶ and assumed that 50 per cent of all new social lettings would go to homeless households, more than is currently the case.

On this basis, the ODPM estimated that the number of homeless families with children in temporary accommodation could be reduced by approximately 30,000 by 2016. It should be emphasised that this estimate is based on families with children, whereas the Government's target also includes single people. A direct comparison between this analysis and how many new homes are needed to meet the target is therefore not possible. However, this does provide some indication of the scale of the challenge of achieving the much more significant reduction of 50,000 in the overall number of homeless households in temporary accommodation by 2010.

CCHPR's estimate for Shelter of the number of homes needed to meet the target is based on the Government reaching its target of delivering 30,000 social rented homes per year by 2007/08. It is also based on the ODPM's assessment that 50 per cent of these new lettings will go to homeless households (a higher level than is currently being achieved). Using these assumptions, as Table 6 shows, CCHPR estimates a shortfall of more than 30,000 units against the target.

²⁴ This depends, for example, on the number of lettings local authorities and housing associations make available to homeless households as opposed to, for example, those on the waiting list for transfers.

²⁵ PSA target 5 – Housing Supply and Demand, ODPM, 2004

²⁶ The analysis was based on projected reductions in homelessness acceptances of 7 per cent in 2005/06; 15 per cent in 2006/07; 26 per cent in 2007/08 and a further 1 per cent year on year thereafter.

Table 6: New homes needed to meet the temporary accommodation target

	2005/06	2006/07	2007/08	2008/09	2009/10
New homes needed	10,000	10,000	10,000	10,000	10,000
New lettings to homeless households	0	2,500	5,000	5,000	5,000
Shortfall	10,000	7,500	5,000	5,000	5,000

Unlike the ODPM's analysis, CCHPR's estimate does not factor in a reduction in the number of people being accepted as homeless by local authorities. The number of homelessness acceptances has begun to fall recently. However, it is too early to say whether this represents a long-term trend or how much of a reduction can be sustained over the long term. The indications are that the number of homelessness acceptances will continue to fall and that this may therefore have an impact on the number of homes needed to meet the target. However, Shelter and CCHPR believe that the ODPM's projections on how much can be achieved through this route are optimistic and that CCHPR's estimate is therefore a reasonable one based on the information currently available.

Future housing provision

Current provision and shortfalls

The variety of different funding sources for social rented housing makes it difficult to establish baseline estimates for output against which to compare estimates of future housing need. CCHPR's research is based on the following available information:

- data from the Housing Corporation's Approved Development Programme for 2004/06, which estimates an annual output of 17,400 units of social rented housing and 15,500 units of intermediate housing over this period
- ODPM estimates that additional funding provided through Transitional Local Authority Social Housing Grant will provide 4,800 and 2,200 social rented homes in 2004/05 and 2005/06 respectively; ie an average of 3,500 a year
- ODPM statistics showing that approximately 4,000 intermediate homes were provided through Section 106 agreements in 2003/04.

Section 106 agreements

In addition to homes funded fully through public subsidy, affordable housing can also be provided through the planning system. Section 106 agreements can require developers to subsidise the provision of affordable housing on sites above a certain threshold, as a condition of being granted planning permission. The number of homes provided through this route has risen significantly in recent years, increasing from 9,185 in 2001/02 to 16,380 in 2003/04.

However, research shows that the majority of homes provided through Section 106 agreements also received public subsidy. ODPM data suggests that only about 4,000 dwellings in 2003/04 provided through this route were built without additional public subsidy. Only a fraction of these were for social renting.

Little information is available about the number of additional homes that will be provided through English Partnerships programmes and Private Finance Initiative schemes. So estimates of the number of homes provided through these routes, which are likely to favour intermediate housing, have not been included.

This research therefore estimates social rented housing output at approximately 20,000 and intermediate housing output at 19,000 in the years up to 2005/06. The Government is committed to increasing the output of social rented housing by a further 10,000 by 2007/08, bringing it up to 30,000.

Public expenditure implications

The additional public expenditure required to finance the new homes needed can be estimated using the average grant rates identified in the Approved Development Programme for 2004–06. As Table 8 shows, on this basis and using national average grant rates with a London and South East weighting,²⁷ CCHPR estimates the following public expenditure increases would be required from 2007/08 to meet the levels of need identified in this research for Shelter:

- Providing the 48,000 social rented homes CCHPR estimates as being needed each year to meet newly arising housing need – 18,000 a year more than will be provided by 2007/08 under current spending plans – would require an increase in public expenditure of £1.22 billion a year.

²⁷ The average grants rates, which represent the proportion of public funding only for social rented housing and intermediate housing, are £67,500 and £34,100 respectively.

- Delivering the 28,000 units of intermediate housing CCHPR estimates as being needed each year to meet newly arising need – 9,000 more a year than will be provided by 2007/08 under current spending plans – would require an increase in public expenditure of £307 million a year.
- Meeting the overall need for social rented and intermediate housing identified by CCHPR and the Government's temporary accommodation target would therefore require an increase in public expenditure of £2.2 billion a year.

Based on the adjusted version of the methodology used in the *Barker Review*, CCHPR estimates the following public expenditure increases would be required from 2007/08:

- Building the 40,000 social rented homes identified using the modified methodology from the *Barker Review* – 10,000 a year more than will be provided under current spending plans – would require an increase in public expenditure of £675 million a year.
- Meeting the estimated shortfall against the Government's temporary accommodation target of about 30,000 social rented homes in total, or 10,000 homes each year, would require an increase in public expenditure of £675 million a year.
- Just to deliver the social rented homes identified, using the modified methodology from the *Barker Review*, and meet the Government's temporary accommodation target, would therefore require an increase in public expenditure of £1.35 billion a year.²⁸

In Shelter's view, building 20,000 additional new homes to meet the recommendations of the *Barker Review*, and the Government's temporary accommodation target, is the minimum acceptable target for the next Spending Review. But this level of provision still falls short of meeting the newly arising housing need identified by CCHPR. It also fails to substantially reduce the backlog of unmet housing need. It is therefore crucial to follow this initial commitment with a long-term, sustained increase in public investment in social housing.

Table 8: Public expenditure on building new homes from 2008/09 – CCHPR estimates and CCHPR Barker-based estimates (excluding expenditure to meet the Government's temporary accommodation target)

	CCHPR estimate for new social rented housing from newly arising need	CCHPR estimate for intermediate housing from newly arising need	CCHPR Barker-based estimate for new social rented housing from newly arising need
Annual need	48,000	28,000	40,000
Planned provision by (2007/08)	30,000	19,000	30,000
Annual average shortfall between 2008 and 2011	18,000	9,000	10,000
Average unit costs	£67,500	£34,100	£67,500
Additional annual public expenditure to meet shortfall	£1.22 billion	£307 million	£675 million

Note: As outlined above, an extra £675 million annual public expenditure a year would also be required to meet the Government's temporary accommodation target.

28. This figure is based on the number of social rented homes required and uses an average unit grant rate, weighted to express the predominance of housing need in the South of England. It is different from the extra expenditure required according to *Building hope* (Marc Francis, *Building hope: the case for more homes now*, Shelter, September 2005) because *Building hope* uses average regional grant rates for each region to provide a Shelter estimate and not a CCHPR estimate of regional housing need requirements for social rented housing.

Bad housing wrecks lives

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We are the fourth richest country in the world, and yet millions of people in Britain wake up every day in housing that is run-down, overcrowded or dangerous. Many others have lost their home altogether. Bad housing robs us of security, health, and a fair chance in life.

Shelter believes everyone should have a home.

We help 100,000 people a year fight for their rights, get back on their feet, and find and keep a home. We also tackle the root causes of bad housing by campaigning for new laws, policies, and solutions.

We can only do this with your help. Please support us.

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