



## Shelter submission: Public Accounts Committee inquiry Department for Levelling Up, Housing and Communities recall (homelessness and housing).

We welcome the opportunity to respond to this inquiry. Shelter is the UK's biggest housing and homelessness charity. We exist to defend the right to a safe home and fight the devastating impact the housing emergency has on families and communities across the country.

The Government was elected on a manifesto which included ambitious commitments on homelessness and housebuilding; commitments that if enacted in the right way would have a transformative impact on society. The COVID-19 pandemic has laid bare the devastating urgency of the housing emergency: many private renters have fallen into rent arrears, homeless families have spent lockdowns in unsuitable, overcrowded temporary accommodation, and the Everyone In programme exposed that many more people are street homeless than the Government previously acknowledged. Urgent action to build genuinely affordable social homes at scale and end rough sleeping for good is more pressing than ever.

In order to meet its ambitious manifesto commitments to end rough sleeping and build more homes, Shelter recommends that Government:

- **Set out how it intends to keep people at risk of the streets safe this winter.** Low COVID vaccination rates amongst people who are homeless and difficulties in self-isolating in emergency night shelters will put people at risk this winter.
- **Publish a strategy that sets out a roadmap of how it intends to end rough sleeping by 2024.** The strategy needs to learn lessons from Everyone In, and set out how it will build suitable, settled homes.
- **Substantially increase investment in genuinely affordable social homes.** The government must make homes for social rent the priority tenure in the Affordable Homes Programme. Not only will this speed up build out rates and support the Government in meeting its housebuilding target, building social homes will also meet the urgent demand for more genuinely affordable homes across the country.
- **Ensure that any reforms to the planning system can significantly increase the supply of social homes.** The Government's planned replacement to Section 106 (a new consolidated Infrastructure Levy) should be piloted in certain parts of the country to understand its impact on affordable housing delivery and to identify any perverse incentives. The Government should provide legal certainty that its new system will increase the supply of social and affordable housing before proceeding.



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## 1: Progress towards the Government's manifesto commitment to end rough sleeping

### **Keeping people safe this winter**

As we head into winter, we are concerned by the low uptake of vaccinations among people who are sleeping rough, and the impact that social distancing will have on the capacity of emergency shelters. Even though the self-isolation rules have changed for those double vaccinated, there will still be requirements to self-isolate if you test positive. This is already an issue within hostels and shared accommodation spaces where it will prove difficult for people to self-isolate and is already resulting in people being asked to leave.

Consequently, people at risk of the streets are still at serious risk of becoming infected and infecting others, falling seriously ill, developing 'long COVID' or dying. UCL predicted that 'Everyone In' saved more than 250 lives, so without a similar provision continuing lives will be lost, especially when there are more cases come the winter. When people are accommodated, partner agencies report it is much easier to help people with GP registration and vaccination, especially if vaccinations are offered in hotels and hostels.

**Recommendation: Government must provide local authorities with adequate, dedicated funding to continue to procure emergency accommodation and adequate support for people at risk of the streets.**

### **Learning the lessons from Everyone In**

The Government's ambition to get 'everyone in' during the pandemic showed us just how much can be achieved with the right political will and funding. Though not perfect, 'Everyone In' represented a watershed moment in this country's history.

As the latest round of COVID-19 restrictions lift and Government withdraws emergency protections, it is crucial that everyone supported under the emergency measures for people at risk of the streets are helped into suitable permanent accommodation and not pushed back onto the streets ahead of the winter.

Through Freedom of Information (FOI) requests made to local authorities<sup>1</sup>, we found that:

- More than three-quarters (77%) of those initially accommodated had not moved into settled accommodation, equating to an estimated 29,000 people.
- 23% of the total - and almost 1 in 3 (30%) of those not moved into settled accommodation - were no longer accommodated. This equates to an estimated 8,800 people.

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<sup>1</sup>'Everyone In: Where Are They Now?' Shelter, August 2021



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- Over a fifth (22%) of people supported by Everyone In were still in emergency accommodation, including hostels and B&Bs.

**Recommendation: To protect lives, both during the ongoing pandemic and beyond, Government should collate, publish and analyse more robust and detailed statistics on the outcomes of those helped under 'Everyone In' so that the effectiveness of the emergency funding can be properly assessed.**

## **Building suitable, settled homes**

Homelessness can only be ended if people have access to suitable, settled homes, which they can sustain. Without a settled, self-contained home it is very difficult for people to start to address physical and mental health problems, including addictions.

In May 2020, the Government promised £160m in funding for 2020/21 to make 3,300 homes available within 12 months for former rough sleepers to move on to. This later became known as the Rough Sleeping Accommodation Programme (RSAP).

While most (£150m) of the funding was allocated in October 2020, MHCLG recently reported schemes were delayed or withdrawn. It remains unclear how many of the 3,300 homes have been delivered.

We welcome RSAP, but it will only provide transitional two-year tenancies, which leave people with a sense of continued insecurity. The ambition should be to deliver new permanent and affordable homes, rather than short term tenancies.

For people with ongoing support needs, the new homes delivered must be designed to meet these. In some cases, permanent, sheltered housing schemes with communal areas can help to alleviate the isolation people can experience when they leave the streets, can be part of the solution.

Sheltered housing schemes can offer the support of fellow residents and resident managers, while providing people with the independence and autonomy of their own self-contained flat. It can be easier to provide health and social outreach to people in sheltered housing schemes than those living in the community. A lot can be learnt from successful sheltered housing schemes for older people.

A report produced for the Home & Communities Agency in 2010 found that the total benefit of specialist housing was about £1.6bn.<sup>2</sup> With a £990m incremental cost of providing that housing, over-and-above the alternative, they found the net benefit of HCA investment to be £640m.

**Recommendation: Government should set out as soon as possible how many of the 3,300 homes announced in May 2020 have been delivered.**

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<sup>2</sup> ['Financial benefits of investment in specialist housing for vulnerable and older people: A report for the Home and Communities Agency'](#), Frontier Economics, (September 2010).



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**Recommendation: Government should continue to fund Housing First pilots, with a view to the roll-out of capital funding for new-build Housing First schemes.**

**Recommendation: Government should invest in a new generation of social housing aimed at preventing homelessness. Many street homeless people don't have high or long-term support needs, but still need a secure home as a foundation to recovering from the trauma of street homelessness and rebuilding their lives. So, they need rapid access to suitable, permanent general needs social housing.**

## 2: Progress towards the Government's manifesto commitments on housebuilding

The Government has pledged to build 300,000 homes a year by the mid-2020s, with an aim of building at least a million more homes of all tenures by the end of this Parliament. However, our current housing system, which is dominated by private development, makes the Government's target of building 300,000 homes a year unrealistic: the last time we achieved this was over half a century ago in 1969 when 47% of the homes delivered were social homes.<sup>3</sup> To reach the 300,000 homes target, the Government must step in and start building social housing. This section will focus on why direct investment in social housing will support the Government in reaching its housebuilding target, while delivering the much needed homes that low-income families across the country can afford.

### Slow build out rates

Reliance on the market has done little to increase the overall supply of new homes. There is little incentive for private developers to increase build out rates, and with exorbitant land prices, private developers have a financial interest in keeping house prices high. Any innovations in housing construction have also only served to shift gains towards landowners. This interpretation is shared by Sir Oliver Letwin, in his independent review of build out rates.<sup>4</sup> Simply put, developers will only build what they expect to be sold. Letwin concluded that a greater level of diversity of tenure on site would be needed to ensure faster build out.<sup>5</sup> This diversity previously existed when more homes were built by public bodies for the purpose of building homes for households on low incomes. The chart below (Fig. 2.1.) shows the decline in social housing delivery since the 1970s, and the steep increase in house prices that has occurred at the same time.

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<sup>3</sup> [Live tables on housing supply: indicators of new supply](#), Table 209, and Nationwide Real House Prices.

<sup>4</sup> Letwin, O., [Independent review of build out: final report](#), MHCLG, (October 2018).

<sup>5</sup> Ibid



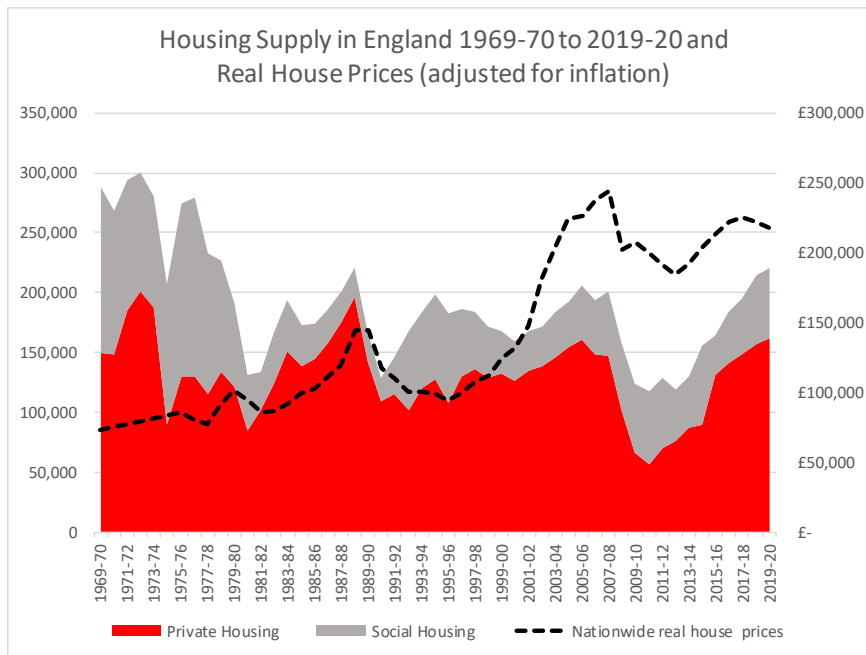


Figure 2.1: Housebuilding in England 1969-2020. MCHLG; Private Supply table 208 & live table 118; Social Housing table 208 & live table 1000

**Recommendation: The Government is not likely to meet its commitment of building 300,000 new homes by the mid-2020s without speeding up build out rates. The Government can achieve its pledge by substantially increasing investment in social housing, which is insulated from changes in demand in the housing market.**

## Tackling the affordability crisis

Direct investment in social housing will not only support the Government to meet its housebuilding target, but it will also ensure that the Government is building homes that tackle the affordability crisis at the heart of the housing emergency. The Government's 300,000 target currently ignores the most important factor: tenure. 300,000 homes built for sale on the private market will, at most, merely slow the rate at which homes become increasingly unaffordable. At worst, it could fuel unaffordability by making land increasingly scarce. Only by building genuinely affordable, good quality homes can the Government ensure that its housebuilding target is actively tackling the housing emergency, and not making it worse.

Our own analysis of the housing emergency notes that we need at least 90,000 social homes built a year to break the back of the housing emergency.<sup>6</sup> Sales and demolitions of social housing has accelerated the crisis, and we are now in a situation where over one million households are on social housing waiting lists across England.<sup>7</sup> Many more struggle to get by in an increasingly expensive private rented sector – which has more

<sup>6</sup> Bibby, J. and Bhakta, T., [Building our way out: Investing in social housing to boost the economy and level up the country](#), Shelter, (October 2020).

<sup>7</sup> [The social housing deficit](#), Shelter, (October 2021).



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than doubled in size since the early 2000s.<sup>8</sup> The number of homeless people living in insecure temporary accommodation has doubled in the last decade. In 2020, over a quarter of a million people – half of them children – were stuck living in temporary accommodation.<sup>9</sup>

## Investment in the wrong product

There is a clear demand for many more genuinely affordable homes across the country, to lift hundreds of thousands out of temporary accommodation and to provide secure, affordable homes to the many low-income renters struggling in the expensive private rented sector. However, the vast majority of the Government's Affordable Homes Programme (AHP) funding is not allocated to homes that can be reasonably described as affordable and are accessible to households that earn well above the median income.<sup>10</sup> For example, shared ownership properties can be open to households earning as much as £90,000 in London, and £80,000 in the rest of England – well above the average income in every part of the country. The median income for a privately renting household in England, for instance, is just £23,410.<sup>11</sup>

First Homes, the Government's preferred discounted market tenure, gives first-time buyers a 30% discount on the market price. But Shelter analysis shows that across the whole of England, only 28% of private renting households earn enough money to be able to access a First Home. The overwhelming majority of private renters – 3.3 million households – will miss out.<sup>12</sup>

Accessing so-called "affordable" home ownership products also requires a sizeable deposit, which is impossibly out of reach to most private renters. 61% of private renters have no savings whatsoever, and 36% of private renters rely on housing support to help pay the rent.<sup>13</sup> This rises to half of all private renters in 20% of England.<sup>14</sup> For many private renters struggling to save while paying extortionate rents, home ownership is an impossible pipe dream. Yet Government is spending billions to support affluent households get a foot on the housing ladder, at the expense of supporting low-income private renters and homeless families struggling at the sharp end of the housing market.

**Recommendation: The Government must significantly increase the proportion of the Affordable Homes Programme funding which is allocated to genuinely affordable social homes; homes that will anchor low-income households in their communities and that will address the affordability crisis at the heart of the housing emergency.**

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<sup>8</sup> [English Housing Survey](#), 2019-20.

<sup>9</sup> [The social housing deficit](#), Shelter, (October 2021).

<sup>10</sup> Only 30,000 of the 119,000 new homes announced so far for the next AHP period (2021-26) are for social rent, and 57,000 announced so far are for ownership. Approximately half of the homes delivered over the AHP period will be for affordable home ownership, as part of the Government's 'Own Your Home' campaign. Press release: <https://www.gov.uk/Government/news/86-billion-for-affordable-homes-to-give-boost-onto-housing-ladder>

<sup>11</sup> Shelter analysis and [English Housing Survey](#), 2018-19.

<sup>12</sup> Bhakta, T., [First Homes: the new government policy which could make the housing emergency worse](#), Shelter blog, (March 2020).

<sup>13</sup> Berry, C., [Universal Credit Alert Briefing](#), Shelter, (September 2021).

<sup>14</sup> Ibid



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## The planning system

Ensuring that a good balance of homes is delivered across the country is crucial in tackling our nationwide housing emergency. This means pulling on all levers available to deliver the types of homes most urgently needed, where they are needed. In England, current Government policies – chiefly in the planning system and its investment programmes – impact the ability of local authorities to meet the need for social rent homes that they have identified.

The requirements for local affordable housing policies to reserve the first 10% of homes in a new housing development for ‘Affordable Homeownership’, and for 25% of Affordable Housing contributions to be First Homes are inflexible. These policies prevent local authorities from prioritising the shortfall of social rented housing, especially in locations where there is not significant demand for First Homes or overall affordable housing contributions are constrained.

In addition, the ‘small sites exemption’ prevents social housing being delivered on most developments of less than 10 homes. This prevents many areas – especially where developments are often smaller – from getting vital social housing contributions.

In many areas, the £50 rule – which excludes areas with a smaller than £50 gap between private and social rents from accessing the size of grant needed to deliver social rent housing – has prevented areas from building social housing with grant altogether.<sup>15</sup>

In spite of these restrictions and because central grant investment has dropped so low, the planning system has delivered more social homes over the last decade than any other route. Section 106 agreements between developers and local authorities are now responsible for the majority (57%) of the tiny number of social homes built every year in England (see Fig 2.2). Five times as many social homes were delivered through Section 106 agreements in 2019-20, compared to homes delivered by central grants.

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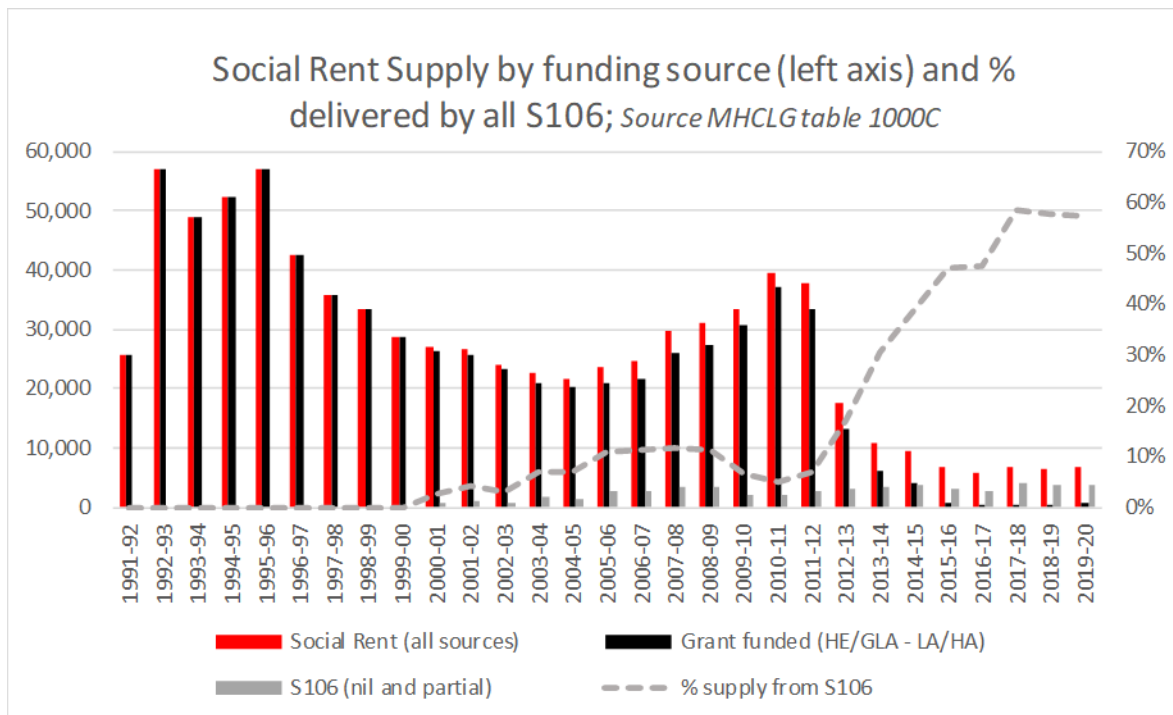
<sup>15</sup> Bids for social rent housing will only be accepted in these areas where the grant funding per home requested in the bid is ‘no more than it would be for Affordable Rent’ housing. MHCLG, [Apply for affordable housing funding](#), September 2020. Affordable Rent typically requires a lower grant to build than social rents, because the rental income is higher. In practice, this often means getting enough funding to make building genuinely low rent social housing not possible, and building social housing becomes unviable.





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Figure 2.2: Social rent supply by funding source and % delivered by S106. Source – [MHCLG table 1000C](#)



Section 106 is far from a perfect system and there are certainly measures the Government could take to improve it. Shelter believes that Section 106 negotiations should be improved to be more transparent, consistent and certain – and to deliver a greater share for social housing.

There are some approaches already being taken at a local level which could be developed, rolled out more widely and supported by national policy to improve Section 106. For example, tightening loopholes that allow developers to avoid affordable housing contributions, increasing incentives to develop schemes with higher proportions of affordable homes, or taking a tougher line with developers who propose schemes with affordable housing short of policy.

Instead of improving Section 106, the Government has proposed to replace the system with a new consolidated Infrastructure Levy. Shelter has previously written about our concerns about replacing Section 106 with an untested levy.<sup>16</sup> Shelter is an unashamedly pro-development charity. We want many more social homes built and would support most measures that get social housing built at scale. However, we have not had assurance from Government yet that the changes will result in a massive increase in social (or even affordable) housing. While Shelter agrees with the Government that the system of development contributions should be as transparent,

<sup>16</sup> Bibby, J. and Bhakta, T., [Consultation response: Planning for the Future](#), Shelter, (November 2020).





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consistent, speedy and certain as possible, the Government must present a clear plan for how the new system will deliver the social housing we need.

**Recommendation: Shelter recommends that the Government adopt a 'test and learn' approach, piloting the Infrastructure Levy in certain parts of the country to understand the impact on affordable housing delivery and to identify any perverse incentives. The Government should provide legal certainty that the new system will increase the supply of social housing.**

