

Shelter Briefing: Estimates Day Debate

Shelter is the UK's largest housing and homelessness charity. Last year we gave information, support and advice to over 4.7 million people experiencing issues with bad housing and homelessness.

In England, we are in the midst of a housing emergency. One created by decades of underinvestment in genuinely affordable social housing. The impacts of this are stark and have been exacerbated by the COVID-19 pandemic, with many people forced to shield and isolate in wholly inappropriate living conditions.

An unaccountable and expensive private rental sector has buckled under the pressure of coronavirus, putting millions more people at risk of homelessness, as the health crisis gives way to a difficult financial landscape. We have welcomed the government extending the evictions ban, but this is only prolonging the inevitable for those who have lost income and continue to rack up rent arrears.

The post-pandemic recession also brings severe risks for the English housebuilding industry, which we know will look to reduce output in an economic downturn. This means even fewer homes built and many jobs lost. New analysis from Savills – commissioned by Shelter – shows that as many as 244,000 jobs in the construction industry could be lost in 2020/21.

To prevent these outcomes the government must act now and:

1. Amend Sections 8 and 21 of the *Housing Act 1988*, to prevent judges from being forced to grant a possession order where it is unjust to do so, due to the impacts of coronavirus.
2. Accelerate the existing £12.2 billion Affordable Homes Programme, to make it a two-year rescue and recovery package.
3. Spend the bulk of the rescue and recovery package on building new social rented homes, with realistic and flexible grant rates.

The housing emergency during COVID-19

Last year, more than 4.7 million people came to Shelter for help with housing and homelessness problems across England and Scotland. In the last month, through just our helpline, we received a total of 24,134 calls, an increase of 18% compared to the previous month. 60% of calls and messages were directly related to the impact of coronavirus – 37% of people were currently homeless and 33% were at risk of homelessness.

Our recent polling suggested 1.7 million renters expect to lose their jobs by the end of July. Meanwhile, since 16 March, more than 3 million people have applied for Universal Credit (UC), many of whom have never previously claimed benefits. Those who pay an average local rent still face growing arrears and the fear of eviction.

But this emergency has not developed overnight. It is the result of four decades of failure to invest properly in the social homes that our country desperately needs. Even before the COVID-19 pandemic, we have lived with the reality that:

- Just over 280,000 people in England were homeless on any given night in 2019, including over 236,000 people living in temporary accommodation.
- Home ownership is in decline, with the English Housing Survey showing that 64% of households owned their own homes in 2018/19, down from 68% a decade ago. The average cost of a home in

England has increased to eight times the annual pay packet and the average share of income that a young family spends on housing has trebled over the past 50 years.

- Private renters now spend an average of 40% of their household income on rent. With such high costs, saving is unrealistic for many renters. In fact, almost two-thirds (63%) of private renters have no savings at all.

The pandemic has served to exacerbate many of these issues and rightly brought them to the forefront of the political agenda. However, how we work to resolve the housing emergency has not changed at all; the benefits of increasing protections for renters and investing in social housing have only become clearer.

Protecting renters

To prevent growing homelessness and rough sleeping after the evictions ban is lifted, **the government must amend Sections 8 and 21 of the *Housing Act 1988*, to prevent judges from being forced to grant a possession order where it is unjust to do so, due to coronavirus.**

The government introduced welcome emergency measures to protect renters at the start of the coronavirus pandemic. In a time where government advice was to stay home, it was essential that action be taken to prevent renters from losing their home and risk having nowhere else to go. The further extension to the suspension bought much needed time in which government could implement genuine protections for renters.

The suspension on possession proceedings is due to be lifted on August 23rd, 2020. From this date, cases that had been adjourned can be relisted and landlords can apply to court if their tenants have not left their property at the end of their notice period. At present, the government has taken insufficient action to protect private renters, and we are soon to be facing growing numbers of 'COVID-evictions'. Our polling shows that the number of people in arrears has doubled – with nearly a quarter of a million people falling behind on their rent since March. Furthermore, one in five renters expects to fall into more debt in the next three months.

The government must use the remaining sitting days before recess to introduce legislation to amend the Housing Act 1988 in the ways we set out above as a matter of urgency, so that when those being evicted due to the impact of coronavirus reach the point of a possession hearing they have genuine protections in the court. Without this action, local authorities will be unable to cope with the increased demand on homelessness services.

Ultimately, the private rented sector is not fit for purpose. The government committed to reforming the private rented sector and bringing forward the Renters' Reform Bill to scrap outdated Section 21 'no-fault' evictions for good and improve regulation of and access to the market. We now need government to bring forward this bill to give renters the protections they need once and for all.

Potential effect on housebuilding

Over the course of recent decades, the English housebuilding industry has increased its reliance on private developers. This means that a small number of large private construction firms currently control the lion's share of housebuilding output, preventing SMEs, local authorities and housing associations from delivering as many homes as they could or have done in the past.

At a time when we face a potentially severe recession across the whole economy, this is concerning. The growing lack of diversity in the housebuilding industry has worked to reduce the overall resilience of the housebuilding sector. Our focus on private developers has made us reliant on a volatile model of development. Consequently, an economic recession will likely see construction output drop dramatically, as SMEs go out of business, skilled traders lose their jobs, and fewer homes delivered.

Research from the consultancy Savills, commissioned by Shelter, shows the potential unless the government acts quickly:

- As many as 318,000 homes that would have been built over the course of this period will not materialise, as major developers reduce their output in the face of uncertainty.
- £29.6 billion could be lost from the UK economy.
- As many as 244,000 jobs could be lost in the construction sector and the extended supply chain.
- We are set for as few as 4,500 social rented homes to be built this year – the lowest number since the tenure's creation - at a time when at least 90,000 a year are needed.

For the bricklayers, plasterers and electricians, who build our homes, this is all extremely bad news, potentially putting their livelihoods at risk. Moreover, having learned from the experiences of 2008, we know that when skilled construction workers leave the sector, they don't rush back when the outlook improves. A loss of capacity in the construction sector will only entrench the challenges we face now, in building the homes we need, and risk extending the time before the sector can recover.

The role of Social housing in saving housebuilding

Social housing, unlike private market sale housebuilding, is counter cyclical and the demand for the product does not decrease when times are rough in the economy. In fact, as has been highlighted in many places – including the 2018 Letwin Review of Build Out – the demand for affordable housing and social housing is extremely high.

Already there are more than 1 million people on social housing waiting lists across the country, and this is just the tip of the iceberg, with millions more living in expensive, insecure, private rented accommodation.

However, the approach we currently take to social housing will mean that, instead of providing a route to help save jobs and stimulate the economy, we will see delivery dip even further over the coming years.

Savills's projects that in the 2020s, 64,300 new social rented homes will be built in England. This at a time when we need to be delivering at least 90,000 social homes per year, not the 4,300 being projected next year in Savills worst case scenario.

Already we are in a situation where last year, even after accounting for new delivery, we lost more than 17,000 social homes in England. At a time when we have hundreds of thousands of homeless families and millions trapped in expensive private rentals, this is simply not good enough.

The reasons for this are numerous but, at its heart, it comes down to a decision to prioritise other forms of housing over social rent. The reality is that those forms of housing are not the way we are going to save the housebuilding industry and they aren't the genuinely affordable homes that people desperately need.

Key recommendations

1. To prevent growing homelessness and rough sleeping, the government must amend Sections 8 and 21 of the *Housing Act 1988*, to prevent judges from being forced to grant a possession order where it is unjust to do so, due to the impacts of coronavirus.
2. The Chancellor must accelerate the existing £12.2 billion Affordable Homes Programme, to make it a two-year rescue and recovery package.
3. The bulk of the rescue and recovery package should be spent on building new social rented homes, with realistic and flexible grant rates.

If you have any questions, please contact [Shaan Bhangal@shelter.org.uk](mailto:Shaan_Bhangal@shelter.org.uk) or call 01302 221239.