

# Tackling the housing crisis: Policy priorities for the first 100 days

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With strong foundations laid in the last two years, the new government has a real opportunity to capitalise on consensus and take the steps necessary to turn around our housing crisis.

The challenge is clear enough: the long-term undersupply of new homes, particularly genuinely affordable homes, is leaving millions of working people facing soaring private rents, while high house prices bar more and more first time buyers from getting on the housing ladder. Meanwhile short term tenancies prevent families from putting down roots in their community, and inadequate funding means the housing safety is not always there to help people when they need it.

All of these factors mean homelessness is rising, more families are facing long periods in often unsuitable temporary accommodation and more people are

turning to Shelter for help. They also explain why housing has been a top 5 issue for voters in the last two general elections.

However, none of these challenges are so large that they cannot be addressed with clear direction and a cross party commitment. In the last eight months in particular the government has taken a series of positive steps that will make a genuine difference to the lives of the people Shelter helps. Effective change is possible in this Parliament and, done right, will reduce homelessness and enable more families to realise the dream of a secure, affordable place to call home.

## About us

Shelter helps millions of people every year struggling with bad housing and homelessness – and we campaign to prevent it in the first place. We're here so no one has to fight bad housing or homelessness on their own.

We give practical housing advice and support online, in person and by phone. Our expert advisers give free, confidential advice 365 days a year. We responded to over 5 million requests for help last year and we receive over 3,000 phone calls a week to our helpline. 93% of people who call our helpline are better able to deal with their situation after talking through their problem with one of our advisers.

## Unleashing a new generation of affordable housebuilding

There is now a consensus across the political spectrum that the housebuilding market is broken, and that the speculative model we rely on simply can't build the homes we need at the price ordinary people can afford. At its heart this is about land prices: high land prices are squeezing out affordability, quality and

infrastructure from development. New Civic Housebuilding sets out our vision for how to address this and how we can deliver a new generation of better, more affordable homes in England:

What to do	Why	How to do it
<b>Reform CPO to capture land value uplift for the public benefit</b>	<ul style="list-style-type: none"> <li>When land is compulsory purchased landowners win the lottery while the public lose out. Landowners aren't paid what the land is currently worth but a hopeful value of its potential worth. This means that any value that is created - such as through public investment used for the public benefit.</li> </ul>	<ul style="list-style-type: none"> <li>Utilise the political consensus on the need for CPO reform and develop a special CPO compensation code that allows the purchase of land at closer to its existing value allowing the capture uplift in land values for the public benefit. This can then be used to finance affordable homes, infrastructure and other benefits.</li> </ul>
<b>Make better use of public land</b>	<ul style="list-style-type: none"> <li>At the moment public land is sold to the highest bidder to deliver quick capital returns instead of being used to provide affordable housing and long term revenue.</li> </ul>	<ul style="list-style-type: none"> <li>Invest public land into partnerships to ensure delivery of high quality, locally affordable housing and to deliver long term revenue for the public purse.</li> </ul>
<b>Address continuing slow rates of build out in development</b>	<ul style="list-style-type: none"> <li>Developers are not incentivised to build homes quickly because of a need to maintain demand and maximise profit.</li> <li>Many developments with planning permission are taking too long to deliver – or are simply not being delivered at all. We need a system where planning permissions almost always turn into homes at a decent pace.</li> </ul>	<ul style="list-style-type: none"> <li>Allow councils to levy council tax on sites where planning permission has been granted but but homes haven't been built.</li> <li>Consider introducing planning contracts rather than permissions with penalties for undue delays.</li> </ul>

## Strengthening the housing safety net

Within the current housing market, housing benefit is one of the best short-term tools to improve affordability and prevent homelessness by allowing those on low incomes to house themselves without having to turn to their local authority, ultimately saving the government money.

the gap between the maximum rent that welfare benefits will cover and market rents. The gap is set to increase as rents will continue to rise. Our research shows that if the current freeze on LHA continues, by 2020 Local Housing Allowance won't cover rents for even the cheapest properties in over 80% of local authority areas.

The current four-year freeze on Local Housing Allowance rates has increased

What to do	Why	How to do it
<p><b>Improve affordability in the PRS by ensuring that Local Housing Allowance can function effectively</b></p>	<ul style="list-style-type: none"> <li>Changes to Local Housing Allowance since 2011 have worsened affordability and weakened its ability to function as a safety net. Homelessness has risen as a result</li> <li>25% of England LHA rates are now more than £100 below rents in the cheapest quartile of the market</li> <li>For LHA to work properly, it must reflect the real cost of renting in each area. Otherwise the shortfall between LHA and rents can put people at risk of homelessness.</li> </ul>	<ul style="list-style-type: none"> <li>End the freeze and review Local Housing Allowance levels to ensure they reflect local market rates, ensuring that housing benefit can function as an effective homelessness prevention tool</li> </ul>

## Providing private renters with more security

Over the last decade, private renting in England has changed beyond recognition. At one time seen as a stopgap for students and transient labour, today the private rented sector is home to millions of working people on low to middle incomes, older people and families raising children. 10 years ago, 1 in 10 families with children in the UK were privately renting. This is now 1 in 4.

England's private rented sector currently isn't fit for purpose. Our renting laws currently give tenants very little security from eviction or certainty to plan for the long-term. Not only can families not put down roots, but all renters can't act as empowered consumers, as doing so might put their tenancy at risk. The ending of an Assured Shorthold Tenancy is also now the leading cause of homelessness.

What to do	Why	How to do it
<b>Make renting fit for purpose and allow renters to act as empowered consumers, by giving them more stability and security</b>	<ul style="list-style-type: none"> <li>After the first six months of a tenancy and outside a fixed term contract, a private renting family can be evicted for any reason or none.</li> <li>This insecurity also prevents tenants acting as informed consumers and exercising their consumer rights, as the threat of eviction isn't worth the risk.</li> </ul>	<ul style="list-style-type: none"> <li>Legislate for 5 year minimum tenancies as standard, with a rolling break clause of 2 months to allow tenants flexibility and give landlords adequate time to find new tenants.</li> </ul>
<b>Legislate for the promised ban on letting agent fees to realign the interests of renters, landlords and agents</b>	<ul style="list-style-type: none"> <li>At the moment tenants pay on average more than £200 in fees. We found that 1/7 tenants have been charged more than £500</li> <li>The renewed commitment to this in the 2017 manifesto was welcomed across the sector and by the public.</li> </ul>	<ul style="list-style-type: none"> <li>Legislate for a total ban on letting agent fees to tenants.</li> </ul>

## Delivering a new generation of 'living rent' homes

Low-earning renters are being badly let down by the current broken housing market and are making their voices heard at the ballot box. At the moment, 1.3 million households on low incomes are struggling to pay their rent – borrowing money or dipping in to what little savings they do have, just to make ends meet. 800,000 low-earning private renters can't save even £10 a month.

These hard-pressed renters are getting by, but only just. They are the forgotten middle of our housing market: not earning enough to be able to afford home ownership, or government schemes like shared ownership or Help to Buy, but unlikely to qualify for social housing. They desperately need homes they can actually afford to rent and that can give them stability for the long-term.

What to do	Why	How to do it
<b>Provide renters on low incomes with homes they can actually afford to rent by committing to building 500,000 'living rent' homes</b>	<ul style="list-style-type: none"> <li>Over a million low-earning renters are struggling to pay their rent and the idea of saving for a home of their own is a pipe dream.</li> <li>As the 'forgotten middle' of our housing market, they are trapped: stuck paying ever higher costs in the private rented sector, with rents swallowing increasing amounts of their salary, making it impossible to save for a deposit.</li> <li>They cannot afford even shared ownership due to their incomes and lack of savings.</li> <li>'Living rent' homes would give them a chance to live a decent life, not just manage each month.</li> </ul>	<ul style="list-style-type: none"> <li>Commit to building 500,000 'living rent' homes.</li> <li>These could be funded through land value capture using strengthened CPO powers (as outlined above), strengthened Section 106 commitments, increased grant funding or lifting borrowing caps on local councils.</li> <li>Rents would be based on what local people on lower earnings could actually afford to pay and 10 year tenancies would provide stability and the chance to put down roots.</li> </ul>