Building for our future

A vision for social housing

The final report of Shelter's commission on the future of social housing

Shelter

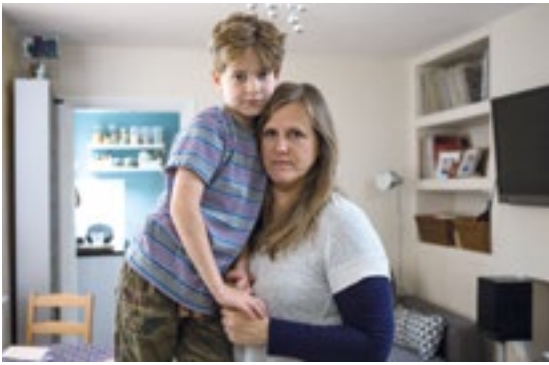Chapter 1 The housing crisis
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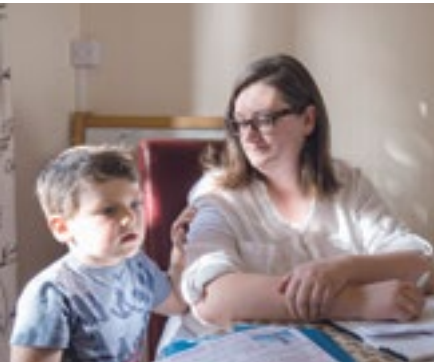Chapter 5 Principles for the future of social housing
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The final report of Shelter's commission on the future of social housing

For more information on the research that informs this report, see: Shelter.org.uk/socialhousing

Some names have been changed to protect the identity of individuals

Foreword
Reverend Dr Mike Long,
Chair of the commission

Reverend Dr Mike Long

In January 2018, the housing and homelessness charity Shelter brought together sixteen commissioners from across the political spectrum, different backgrounds and different perspectives, as a response to the call for a wider debate on the broader issues of housing policy raised by the Grenfell Tower fire.

We started this journey not as a group of housing experts, but as individuals with a diverse set of experiences and expertise. We came together to show government and wider society the state of social housing across the country, and to set out a vision for its future role in ending the housing crisis, with the conviction that the tragedy had to be a catalyst for positive change.

Over several months, we travelled the country, and listened to thousands of people living in local authority and housing association homes, to people struggling in the private rented sector, and to the public at large. We were overwhelmed by the public response and the tide of support for social housing. I believe this speaks volumes about the role it has played throughout our recent history, and could again play in giving many people the strong foundation of a stable, affordable, and safe home and community.

The steep decline in social housing and a fall in home ownership has led to a heavy reliance on the private rented sector, and the rationing of who gets to live in the social homes we do have. We found that social housing is scarce, with only 6,463 more social homes delivered last year.

We heard that despite the positive attributes of social housing, it is looked down upon, the people who live in it stereotyped and stigmatised. We also saw the bleak prospects for those trapped with the rising costs and insecurity of private renting, for whom a long-term social rented home is no longer an option.

And like those living in and around Grenfell Tower, renters across England told us that people in positions of power are indifferent to their concerns.

For social housing to work as it should, a broad political consensus is needed. For generations it played a vital role in meeting the housing needs of ordinary people, giving millions the quality and dignity of life that insecure and unaffordable private renting could not.

Social housing has driven up standards of housing across the board. It has been vital to the health and prosperity of our nation, equal only to that of our national health service and education systems, and continues to be so. Social housing is a crucial public asset to be proud of, to invest in, to protect and to maintain, and not something to be devalued or neglected.

We need nothing less than a visionary, transformational change to create a bigger and better social housing sector and strong communities we can all be proud of. We have agreed upon a clear and ambitious set of recommendations to ensure this happens. We are united in our conviction that everyone, no matter what their income, deserves a decent place to live. Despite starting in many different places we hope the consensus we have reached can foreshadow the consensus the country can reach on this vital subject.

I want to express my deepest thanks to the more than 31,000 people who took part in our Big Conversation; to the families and individuals who have shared their experiences and welcomed us into their homes. To the organisations and individuals who have supported the commission and responded to our call for evidence; and to all the renters and campaigning groups who took the time to speak to us.

You've all had a hand in shaping this report and its recommendations, uniting us in a common cause, and giving us the drive and urgency to develop a bold vision of a better future for us all. The time for the government to act is now.

Reverend Dr Mike Long
Chair of the commission and Minister
of Notting Hill Methodist Church

Our commissioners

A year ago, Shelter brought together sixteen commissioners from different backgrounds to investigate the housing crisis and the future of social housing.

Reverend Dr Mike Long

Commission chair and Minister of the Notting Hill Methodist Church

Baroness Doreen Lawrence

Founder, Stephen Lawrence Charitable Trust

Baroness Sayeeda Warsi

Former co-chair of the Conservative Party and author of The Enemy Within: A Tale of Muslim Britain

Samia Badani

Co-Chair of the Notting Dale Residents Advisory Board

Edward Daffarn

Grenfell United and co-author Grenfell Action Group blog

Rt. Hon Ed Miliband

Doncaster North MP and former leader, Labour Party

Lord Jim O'Neill

Vice chair, Northern Powerhouse Partnership, and former commercial secretary to HM Treasury.

George Clarke

Architect and Television Presenter

Raji Hunjan

Chief Executive of London anti-poverty charity Zacchaeus 2000 Trust

Gavin Kelly

Chief Executive, Resolution Trust, and chair, Living Wage Commission

David Tovey

Artist, educator and activist. Founder, One Festival of Homeless Arts

Dr Faiza Shaheen

Director, Centre for Labour and Social Studies (CLASS)

Jo Miller

Chief Executive Officer, Doncaster Council, and President, Society of Local Authority Chief Executives

Rob Gershon

Social housing tenant, activist, and Housing Quality Network's Residents' Network Lead Associate

Ryan Shorthouse

Director, Bright Blue and former adviser to the Conservative Party

Miatta Fahnbulleh

Chief Executive, New Economics Foundation

Executive summary

This commission came together in the aftermath of the Grenfell Tower fire to answer a question, neglected for too long by successive governments: what is the future of social housing?

Executive summary

What is the future of social housing?

Today, we live in a country that is feeling the effects of 40 years of failure in housing policy. The failure in that time to provide a clear answer to this question of the future of social housing has been at the heart of the problems in our housing system, and has had an impact on almost every other part of the system. The drop in the numbers of young families moving into ownership, the rise of pensioners in insecure unaffordable private rentals, and the homelessness that scars our society.

31,000
More than 31,000 people took part in our consultation.

We are a group of independent commissioners from across the political spectrum and from a diverse range of backgrounds. Over the last year, the process of the investigation we have undertaken has been wide as well as deep. More than 31,000 people took part in our Big Conversation. We spoke to many, surveyed thousands, and a wide variety of individuals and organisations submitted evidence, from the National Housing Federation to Mind, the mental health charity.

That investigation has shown in vivid detail the housing crisis as it exists in England today. As we set out in Chapter 1, it is a crisis principally of those who rent, not through choice, but because of the unaffordability of housing for would-be homeowners has left millions in insecure and expensive rented accommodation. Most private renters on low incomes struggle to afford their rent, so too many cut back on food or clothing, or go into a spiral of debt they have little hope of escaping. With private renters afforded little legal protection from eviction, families are forced to move home and school, with a devastating impact on their children's education. And private renting can be very unsafe: most private renters face problems with their homes that can include electrical hazards, damp, and pest infestation. One in seven private rented homes pose an immediate threat to health and safety. If private renters make a formal complaint, research suggests there's a 50:50 chance they'll be handed an eviction notice within six months.

Stigma and prejudice linked to housing are rife. When social renters have issues, their complaints can go nowhere and too many feel powerless to influence the decisions made about their homes. And in the private market, the practice of refusing to rent homes to those receiving benefits is widespread.

277,000
277,000 people are now homeless in England on a given night.

At the sharpest end of the crisis, more and more people are being left homeless. An alarming 277,000 people are now homeless in England, most commonly because they've lost their private rented home.

How have we got here? In Chapter 2, we examine the trends of rising prices, falling ownership and an expanding – but increasingly unfit – private rented sector, paid for by a rapidly rising housing benefit bill.

In Chapters 3 and 4 we set out how the roots of the current housing crisis are found in the decline of social housing over the last 40 years. From the Second World War and through to 1980, Conservative and Labour governments were building an average of around 126,000 social homes every year. Last year, only 6,463 new social homes were delivered. This decline in social housing has been a major factor in many of the problems we now face:

- the failure to build enough homes overall to meet demand and the additional impact on prices, as the private sector has never been able to plug the gap left by the decline in social housebuilding. Over the past five years, housebuilding has averaged 166,000 a year, yet government wants to deliver 300,000 homes a year

- huge waiting lists for social homes. The residualisation of social housing has turned it into a sector only for people in the most need, yet today, 277,000 people are still homeless

- the explosion in the numbers renting privately, unable to buy or access social housing

- the huge rises in welfare costs to government, driven by more people renting privately at higher costs

Executive summary

None of these are outcomes which any government has ever planned or sought, but all of them are the result of the choices of successive governments. No party has ever argued for the explosion in private renting or the rising cost accompanying it, yet without a radically different approach we face a future in which:

- a generation of young families will be trapped renting privately for their whole lives. More and more will face living in dangerous accommodation or going into debt, and only half of today's young people are likely to ever own their own home

- more and more people will grow old in private rentals. By 2040, as many as one-third of 60-year-olds could be renting privately, facing unaffordable rent increases or eviction at any point

- billions more in welfare costs will be paid to private landlords due to a lack of more affordable social housing

- over the next twenty years, hundreds of thousands more people will be forced into homelessness by insecure tenancies and sky-high housing costs

We cannot go on like this
This commission recommends a decisive and generational shift in housing policy. We need to move towards a programme of investment and reform, based on a new vision for social housing at the heart of a working housing system. In Chapter 5, we set out this modern vision of social housing; one which builds on the original principles espoused by both Harold Macmillan and Aneurin Bevan and also addresses the 21st Century social and economic challenges.

Our vision is of investment in social housing that meets both needs and aspirations. It extends the offer of a secure social home to many more families – and many more people reaching retirement, who would benefit from a lower-cost, secure tenancy. This is an opportunity to learn not just from our history, but also from the best of international experience (countries such as Singapore, Denmark, and Austria), to create a new generation of housing equipped to meet the new challenges of modern economies and ageing societies.

In Chapter 6 we describe the reforms we believe are needed to achieve this – to ensure the services that renters receive are up to standard, to bring the consumer regulation of housing in line with other sectors and to hold landlords to account. Residents must have a voice, both in key decisions and when things go wrong. We need a new regulator working across social and private renting to protect residents, and to set and properly enforce common standards. A new national tenants' organisation or union is needed, to give social housing residents a voice at a regional and national level.

In Chapter 7 we describe the urgent reforms that must take place in private renting to accompany a reformed social housing sector, with greater protection from eviction and improved standards overall.

And in Chapter 8, we recommend a historic renewal of social housing, with a 20-year programme to deliver 3.1 million more social homes. This will allow the benefits of social housing to be offered much more widely, providing both security for those in need, and also a step up for young families trying to get on and save for their future.

It is a vision which will provide new hope for those in greatest housing difficulty, such as people who are homeless and disabled people. It will also provide opportunities for young families trapped out of ownership, and for those reaching retirement and looking at the prospect of older age in insecure, unaffordable, unsuitable private renting.

Our vision for social housing

To fund this programme, we recommend that all political parties rediscover publicly built housing as a key pillar of our national infrastructure. A home is the foundation of individual success in life, and a programme of home building can be the foundation of similar national success.

Different governments will undoubtedly take different judgements about the balance of tax, spend and borrowing. In this report, Capital Economics set out in detail the costs and benefits of a 20-year social home building programme if it is funded in the early years through borrowing (as all infrastructure programmes tend to be) and then pays back through returns to government, savings in the welfare system and increased tax receipts.

Over twenty years, Capital Economics show the gross additional cost is on average £10.7 billion per year. However, this gross cost will be reduced, firstly by the direct benefits to government of increased infrastructure spending and savings in the welfare system, and secondly by the returns to government arising from the knock-on economic benefits across the economy.

If all these savings to government are considered, Capital Economics estimate the maximum net cost to government in the most expensive year could be much lower – £5.4 billion. And on this basis, Capital Economics assess that if funded in the early years through borrowing, the programme pays back in full over 39 years.

This would represent a substantial investment, but we believe it is essential to meet the needs of people across our country. In comparison, government currently spends £21 billion annually on housing benefit, and budgets £62 billion on capital expenditure annually.

3.1m households need a social home

1.27m
Those in greatest need

631,000   In hazardous conditions

240,000   In overcrowded accommodation

194,000   Living with ill health or disability

128,000   Rough sleeping and hidden

79,900   Homeless and in temporary accommodation

1.17m
Younger trapped renters

691,000
Older renters

Kirsty's story
Kirsty, 26, lives with her daughters aged five and two. She split from their dad a year ago, and is now struggling to afford her privately rented flat in Harlow.

'The first property we moved into was in terrible condition. We could never keep the place warm as it was single-glazed and the doors had holes in. Then the heating broke, and we spent a month over Christmas without any heating. My little girl had an operation during that time and she had to come home from hospital to a flat with no heating. The landlord just wasn't willing to fix anything.

In the end we had to move, which cost me so much money I've now only got £6 in my bank account. My rent is £900 a month and this was the cheapest flat on RightMove all summer. I get £640 a month in housing benefit and the rest I have to make up from my other benefits. The kids get the food they need and I eat the leftovers or whatever I can afford. We can't go on holidays or have days out – my rent is just too high for me to be able to do anything.

I'd love to work but I just can't afford the childcare. It feels like whatever avenue I take I lose at something – I chose to have kids but I didn't know I'd be doing it on my own. I'm on the waiting list for social housing but I'm so low down – I just don't know how I'm ever going to be better off.'

'I don't know how I'm ever going to be better off. I'd love to live in social housing but I don't stand a chance.'

Kirsty

To help deliver the social housing we need, government must also:

- reform the Land Compensation Act 1961 so that landowners are paid a fair price for their land rather than a price it might achieve with planning permission it does not have

- replace any social housing sold in future and continue to invest in repairs and maintenance, ensuring that these homes are a national asset for generations to come

- deliver social housing as part of mixed communities that do not visibly distinguish social homes from others in the same development, avoiding design which excludes or stigmatises, such as through different entrances for social renters

The time for the government to act is now. In the shadow of the Grenfell Tower fire and ten years on from the financial crash, with the nation divided by a worsening housing crisis affecting more and more people, the appetite for change has never been greater. With government about to undertake a five-year spending review, and current spending on housing shockingly inefficient, a new political consensus on social housing is needed.

As commissioners we started with many different perspectives, but we have reached a consensus in our findings which we hope foreshadows a new national consensus. We believe this vision is the only way the government can meet its 300,000 target for new homes each year. It will provide an affordable, stable home for 3.1 million households. It will save £60 billion in benefit costs over thirty years. It will command huge public support. It will, more than any other change, properly address the housing crisis and give people hope for the future. We have a historic opportunity to change the path we are on, and we urge all political parties to adopt these plans.

The Grenfell Tower fire:
the background to the commission

'What we were saying wasn't just wild propaganda, it was evidenced. This is what was happening to our community.'

Ed Daffarn, commissioner, former resident of Grenfell Tower and member of Grenfell United.

The Grenfell Tower fire of 14 June 2017, in which fire consumed a 24-storey block of predominately social housing flats, was one of the worst urban disasters in recent history. The horrific scenes and loss of life shocked the nation, raising major questions about how such a disaster could happen in the centre of the capital city of a country with the wealth and regulatory standards of 21st century Britain.

In the days and weeks after the disaster, the focus of government and many in the voluntary sector, who had relevant expertise and skills, was providing support to the immediate relief efforts, and to the survivors and those in the community immediately affected by the disaster. As well as helping those affected begin the process of rebuilding their lives, attention rightly then turned to answering the questions posed by this disaster. The government launched a public inquiry, led by Sir Martin Moore-Bick, to explore the cause of the fire, the state of the building and fire regulations, and the response and aftermath of the fire. This inquiry will seek to ensure that such a fire can never happen again.

The disaster also raised broader questions of social policy, particularly relating to housing policy, and shone a spotlight on profound social issues which have housing at their heart.

'There needs to be a separate focus on social housing and systemic failures and I don't know if that is coming out of this.'
Grenfell resident

'I am determined that the broader questions raised by this fire – including around social housing – are not left unanswered.'
Prime Minister, Theresa May

'The inclusion of such broad questions within the scope of the inquiry would raise questions of a social, economic and political nature which in my view are not suitable for a judge-led inquiry. They are questions which could more appropriately be examined by a different kind of process or body... It could operate in parallel with the inquiry and would be welcomed by many.'
Sir Martin Moore-Bick

It was in this context that this commission on the future of social housing was established. We have not considered events or circumstances unique to Grenfell and this is not a commission about that disaster. Instead it is a piece of work which was inspired by those in the Grenfell community and more widely who said that this disaster must mark a turning point in how we as a country think about the future. It is a piece of work that has sought to ensure a national debate about these wider issues does take place.

In early May, the commission was invited to meet with residents who lived in the block, and residents, community organisations, and services from the community surrounding Grenfell Tower. The problems faced by residents after the fire are extensive, but amidst the frustrations and anger, this is a community which has come together to face those problems. Local residents believe in their area and in social housing. At a time when there is much public debate about how to build strong, resilient and self-supporting communities, we saw how social housing has played a role in North Kensington in doing just that.

The commission also heard of the difficulties encountered by residents living in Grenfell Tower over many years in trying to get their voices heard, and how the many complaints and concerns raised about poor conditions were met with a lack of urgency. Residents talked about feeling unsafe, frustrated, angry, and disempowered prior to the fire.

The Grenfell Tower fire: the background to the commission

Grenfell Action Group founded a blog in 2012 documenting concerns, complaints and warnings spanning years, about the conditions in the block, and what they saw as the 'managed decline' of the Lancaster West Estate. The group chronicled the challenges met by residents of Grenfell Tower and other residents' groups when raising concerns about the safety and conditions of their homes with the landlord. Hundreds of blog posts document concerns raised, one of the most serious being a power surge in 2013, which resulted in electrical appliances catching fire in residents' homes in the tower.

It also captures the diverse and hardworking community that lived in the tower and makes it clear that these concerns were raised through the proper channels: the landlord, the Kensington and Chelsea Tenant Management Organisation (KCTMO), the local authority, and the Housing Ombudsman. Tragically, these efforts did not effect with urgency the change required when it came to the health and safety of their homes.

The commission has heard the community talk about concerns that they were seen as second-class. Residents view the problems of conditions and the institutional indifference of authorities as part of a broader society-wide view – that social renters are of a lesser status and less worthy of assistance or help. Rather than, for example, viewing these issues as bureaucratic problems associated with an ineffective public body, most saw them as rooted in negative attitudes towards their community; linked to their lower incomes, and even more so to their housing status as social housing residents.

'We need to change the culture around social housing… our community has been painted as work-shy… it could not be further away from the truth. We were eloquent, hardworking… we deserve to be respected not treated the way we were treated. Every community living in social housing needs to be treated that way.'

Ed Daffarn, commissioner

'North Kensington is not this Kensington. They should be in a place where they are happy, but not here. I don't want them here. In the circumstances, they can't all expect to be rehoused in these parts of London. Someone has to pay that money, if they can't afford to pay the rent there they should pay rent somewhere else.'

Local resident quote in The Independent, 21 June 2017

As will be seen later in the report, this view is by no means unique to the community in Grenfell and represents a deep challenge to the sense that everyone should be treated fairly in society wherever they are from. Even in the immediate aftermath of the fire, in discussions about rehousing, survivors were met with unsympathetic and stigmatising views. These were widely reported in the media – as well as the association of social housing with being a 'scrounger' or 'benefit cheat', and that social renters would lower house prices if they moved into the local area.

And we also heard about the difficulties in rehousing the residents since which have been a rolling source of concern month after month. A year after the fire, only 81 people had a new place to call home, and 129 were still in temporary accommodation or hotels.

There have been examples of people being moved into more insecure or unaffordable homes. One example from North Kensington Law Centre illustrates a household, previously having a secure tenure of 20 years, being rehoused in temporary accommodation within the private rented sector which does not meet the Decent Homes Standard. Subsequently, the landlord gave notice to the local authority after two months and the family were required to move again.

These problems were the result of a deep shortage of social homes in the area. Due to the scarcity of housing stock, those households who give up their homes are likely to face years of insecure temporary housing and high rent charges, as well as being moved away from their networks and community.

In this report we set out how these sorts of issues and challenges are experienced across the country – and across private and social renting. And taking inspiration from this community, we set out what has gone wrong and what needs to change. In debates about what a future vision should look like, it is worth remembering that despite the evident frustrations and failures of the system in Grenfell, residents remain, even now, believers in social housing.

Emma's story
Emma and her partner were residents of Grenfell Tower for five years, until they lost their home in the fire of June 2017.

'There were always problems with the building. One of the main complaints was about the two lifts – they often didn't work or would be commandeered by builders, so the whole building had to rely on one lift. We would complain, but nothing would get done. The tenant management organisation would pass the buck and say things like "could you write down every incident when it happens", but it was every day!

On the night of the fire, we were lucky to get out. The lift stopped at random floors on the way down, picking people up. After we got out at the ground floor, I don't think that lift ever went back up.

It was only when we got outside that I saw how bad it was. I wish I had known so I could have knocked on my neighbours' doors.

After seven months in temporary accommodation, we're now finally in social housing. Moving in was a struggle as the flat flooded almost as soon as we got here – trying to get the management to fix that was difficult. I know we're not wanted here. I feel like we get dirty looks from the other private residents who live in the luxury parts of the building.

I've been watching all the news coverage and enquiry in to the fire. It's hard to hear about it and it brings back a lot of memories, but I also can't stop myself from watching. I think I want to give evidence at the enquiry too. As social housing tenants, I just feel like we're not listened to. Someone should be held accountable. I want them to understand that it was our lives they were playing with.'

'Someone should be held accountable. I want them to understand that it was our lives they were playing with.'

Emma

Chapter 1
The housing crisis

1

Chapter 1
The housing crisis

Social housing was originally designed to support people who could not afford or could not access housing of an acceptable quality. To truly consider the future of social housing, we needed to look at how people across England experience the housing market today, and who it is failing.

31,000

31,000 people took part in our Big Conversation.

1.2m

1.2m households currently on the waiting list.

This report brings together a broad range of research considered as part of this commission, including surveys, government statistics, academic research, the experiences of people who use Shelter's services, and the work of other charities and think tanks. We also heard from 60 people via in-depth face-to-face interviews, dozens more through workshops, and more than 31,000 people took part in our mass consultation online.[1]

We are hugely grateful to those who gave their time for this project. We heard some very positive and some very negative stories. And we heard from many people who have felt ignored, powerless, and stigmatised. Our aim is to ensure these voices are listened to as a first step towards ensuring things change for the better.

The national picture of housing need

Most of us have been affected by the housing crisis at some point. For decades, not enough housing of any type has been built in England to keep up with the growing population. Along with other factors, more competition for the homes that are available has driven up house prices. It has made buying a home unachievable for more and more people. And it has made life very difficult for many on low incomes. Throughout the second half of the 20th century, many who could not afford to buy a home had access to social housing – renting a home at an affordable rate[2] from a local authority or housing association. From World War 2 and through to 1980, an average of around 126,000 social homes were built every year.[3] Yet since 1980, nearly two million social homes have been sold,[4] and fewer and fewer have been built. Only 6,463 social homes were delivered last year.[5]

Most social renters are happy in social housing – 85% say they are satisfied with their home,[6] but as the number of social homes has reduced, new social lettings have become restricted – meaning that only a small proportion of those who need a social home get one. Last year only 177,166 households moved into social housing.[7] Of whom 30% had been homeless.[8] The rest were either renting privately, living with family or in another housing set-up.[9]
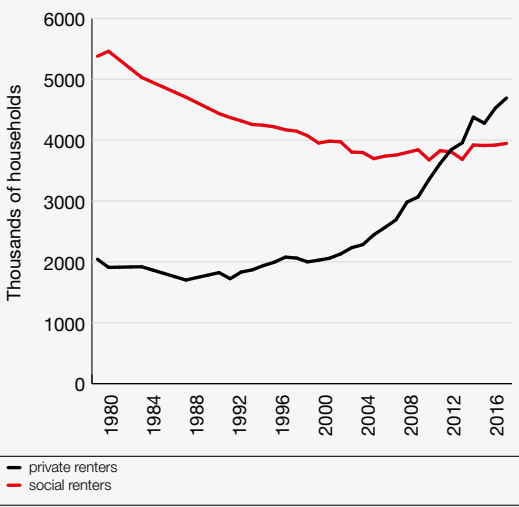
Because of a lack of social housing, there are 1,157,044 households currently on the waiting list.[10] A significant number of these are in chronic housing need, including 250,639 living in unsanitary or overcrowded conditions and 144,196 who are homeless.[11] Over a quarter of households who have been allocated a social home had to wait for more than a year, and 7% for more than five years.[12]

> ‘I just can't be doing with it any more. You bid and you just see that you're 'number 250' or whatever and you just think what's the point?'
>
> Private renter, Doncaster

With little chance of a social home, and high house prices meaning more cannot buy a home, there has been a dramatic increase in the numbers renting from private landlords, who are free to set rents based on what the property can achieve on the open market. This makes private rents unaffordable for many people.

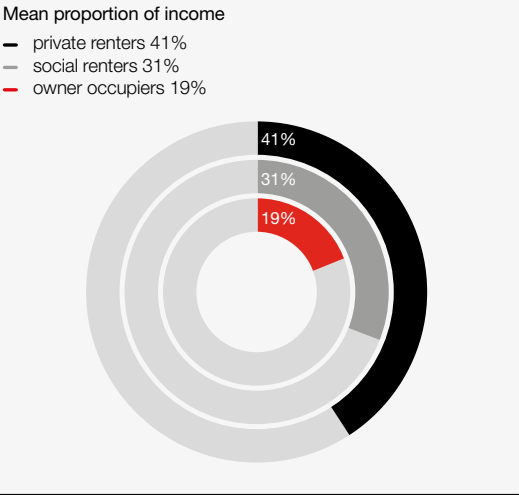**Figure 1: Number of households living in each type of housing since 1980 (,000s)[13]**

Y-axis: Thousands of households (0 to 6000)
X-axis: 1980, 1984, 1988, 1992, 1996, 2000, 2004, 2008, 2012, 2016
— private renters
— social renters

People are spending longer in the private rented sector, and many more people are forming families and getting older while renting privately.

Affordability

The cost of housing, which has risen faster than incomes, has put immense financial pressure on many people. The average share of income that young families spend on housing has trebled over the last 50 years.[14]

41%

Private renters spend 41% of their household income on rent.

30%

the maximum amount of income seen as affordable is usually 30%.

Figure 2: Private renters pay most: average proportion of joint income spent on housing costs by tenure (including housing benefit)[15]

Mean proportion of income
— private renters 41%
— social renters 31%
— owner occupiers 19%

When we look at different housing types, private renters pay by far the most – 41% of their household income goes on rent.[15] Spending 30% of income on housing costs is usually the maximum amount seen as affordable.[16]
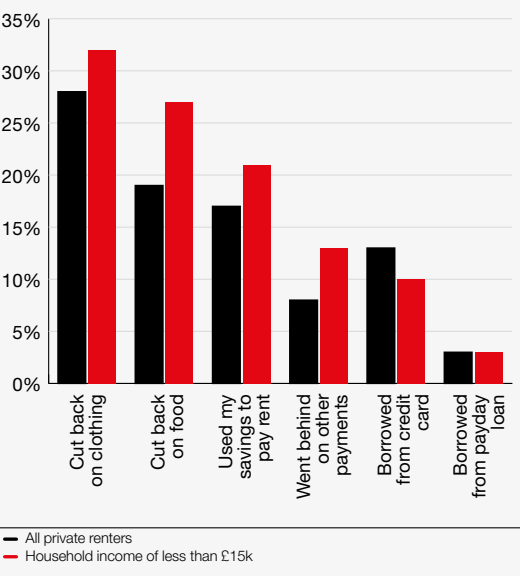
No wonder then that the majority (57%) of private renters say they struggle to cover housing costs. This compares to 40% of social renters and 42% of owner-occupiers.[17] Almost two-thirds of private renters have no savings at all, meaning they have no economic security and are unlikely to be able to afford unexpected rent increases.[18] Some cut back elsewhere – one in five private renters cut back on food to pay the rent.[19]

Figure 3: Cutting back and borrowing: various sacrifices made by private renters to afford the rent in the year to August 2017[20]

Y-axis: 0% to 35%
X-axis: Cut back on clothing, Cut back on food, Used my savings to pay rent, Went behind on other payments, Borrowed from credit card, Borrowed from payday loan
— All private renters
— Household income of less than £15k

If they cannot cut back, some private renters end up in a downward spiral of indebtedness – 13% have borrowed on credit cards to pay their rent in the last year, and 3% have borrowed from payday lenders.[21]

And these issues are hitting people on low incomes the hardest. Looking at the fifth of private renters with the lowest incomes, one in every six (17%) are in rent arrears or have been in rent arrears at some point in the last year.[22]

‘We're living on a cliff edge; the rug could be pulled from under our feet at any time.’

Nadine

Nadine's story
Nadine, 52, and her 16-year-old daughter live in a privately rented home in Wokingham. Despite working two jobs, Nadine struggles to keep up with the rent and is forced to cut back on other living expenses to avoid going into arrears.

'My rent is over half my monthly income, so that's where most of my money goes. It's hard to afford other things we need. I am cutting back and doing the best I can, but there are times we can't live on the money we've got.

We budget on our food and it's very rare that I buy anything full price. I shop around to take advantage of all the vouchers and deals I can get.

So much of what I spend goes on credit cards. Once a year, I use my credit card to pay for my winter fuel bill, the car MOT and any other major bills. I'd be able to afford these things if my rent wasn't taking up such a huge chunk of my income.

No one should have to spend more than a third of their income on rent. If they are going to set a minimum wage, then there should be places you can afford to rent on that income – how can it be a living wage if you can't find anywhere to live on it?'

Chapter 1

22%

22% of private renters receive housing benefit.

1 in 5

1 in 5 private renters cut back on food to pay the rent.

64%

64% of families say that they feel it is harder to find a decent genuinely affordable rented home now than it was five years ago.
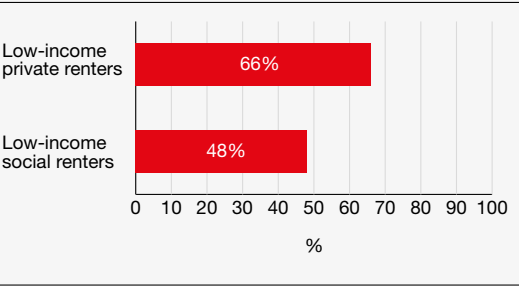
Housing benefit cuts

In much of the country, it's simply impossible for households on low incomes to afford a market rent without the help of housing benefit. 27% of private renters receive housing benefit or the housing element of Universal Credit; approximately 1,279,868 households. Over a third (37%) of private renters receiving housing benefit are in paid work.[23]

However, the amount people can claim in housing benefit, called Local Housing Allowance rates, has been significantly cut. Following large absolute cuts in 2011, rates increased slower than rents from 2013 and have been frozen since April 2016. Since this time, rents across the country have risen by a further 4%, and even faster in some parts of the country.[24] Delays and other problems have been caused by the move to Universal Credit. The result is that low-income private renters who rely on housing benefit have found it increasingly difficult to find housing where their housing benefit covers the rent. Local Housing Allowance rates are now lower than the cost of a modest home in over 90% of the country.[25] This leaves many private renters on housing benefit with a shortfall, causing devastating consequences. Many face not eating to pay the rent, being forced out of their community, or eviction and homelessness.

The increasing numbers of families and older people renting privately can be particularly affected by this lack of affordability. 64% of families say that they feel it is harder to find a decent genuinely affordable rented home now than it was five years ago.[26] As Age UK pointed out to us, retired private renters have no prospect of increasing their income, so the increasing lack of affordability and certainty over rents can cause major issues.[27] This is particularly hard for older private renters relying on housing benefit – in four in ten areas of the country, a retired private renter receiving the maximum housing benefit and living in just a one-bedroom home will now be left with less than £150 a week for all living expenses after paying housing costs.[28]

Figure 4: Proportion of households who say they struggle to pay or are falling behind with housing costs.[29]

Low-income private renters: 66%
Low-income social renters: 48%

Rents for social homes are significantly lower than private rents. Social housing is designed to be affordable for those who need it, including people on low incomes and those who rely on benefits – and many people we spoke to were positive about the affordability of social housing. Nonetheless, it is important to note that a substantial minority of social renters still find it hard to pay their rent. The extra costs associated with being in work make it difficult for some, and for others, restrictions in benefits make rents unaffordable.

Social renters we spoke to in Newcastle and Doncaster highlighted the impact that welfare cuts, such as the 'bedroom tax', are having.[30] This policy, also known as the 'removal of the spare room subsidy' by the government, is supposed to incentivise social renters who have a spare bedroom to move to a smaller home by reducing their housing benefit payments by 14%. With no smaller social homes available, many have no option but to see their benefit payments cut. An evaluation of the 'bedroom tax' found that more than half of affected renters were in rent arrears one year on from the introduction of the policy. Three out of every four households affected (76%) had to cut back on food.[31]

Submissions to our call for evidence from organisations including the Zacchaeus 2000 Trust, the Local Government Association, Taxpayers Against Poverty, and social landlords raised the 'bedroom tax' and the benefit cap as key issues for affordability of social housing.[32]

> 'Before I lived here, I was moved around a lot while I was waiting for a house. It just meant my life was on hold'
>
> Social renter, London

85%

85% of social renters say they feel their house is their home, compared to just 57% of private renters.

25%

25% of current private renters moved in the last year.

Stability

One of the things which makes home ownership so attractive is protection from instability – the feeling that since you own the home, you can expect to stay there and not be moved on. Social housing can also have such benefits, as social renters are more protected from eviction – and many social renters spoke to us about the benefits of being able to plan, make their house a home and put down roots, knowing they have a permanent tenancy and wouldn't have to move.

For older social renters, it is a great weight off their mind to know that they don't have to keep moving later in life. Similarly, those with children greatly value a settled home and not having to face disrupting their families – the stress of packing, decorating, moving costs and the risk of unsettling children if they have to move schools. For those who have previously experienced very insecure housing conditions – for example, living in temporary accommodation – the security of social housing is seen as life changing.[33]

> 'The best thing is that it's all mine, I have been in and out of B&Bs and hostels and I'm just so happy that I now have a place that is mine that I can stay in.'
>
> Social renter, Middlesbrough

This is contrasted with the instability that often comes with being a private renter. Private renters in the UK generally have very short fixed-term contracts of either six or 12 months. For some, private renting can be a desirable short-term option. 6% of private renters in England state that the main reason they are renting privately is because they like the freedom and flexibility that renting gives them.[34] Yet for the many who would like to stay in one place, particularly the increasing numbers of families and older people now renting privately, the threat of having to move can hang over their heads. A quarter (25%) of current private renters moved in the last year. Private renters are six times more likely than owner-occupiers and three times more likely than social renters to move.[35]

During the fixed term, landlords can only evict renters if they can prove certain grounds, such as rent arrears. After the fixed-term ends, landlords can issue an eviction notice (a section 21 'no fault' eviction) without having to provide any grounds of wrongdoing on the renter's part. As the private rented sector has grown, so has the number of evictions.[36]

We heard from private renters across England who feel stuck in insecure and short-term tenancies, where they face the prospect of being evicted for no-fault of their own; for example, for complaining, or simply because the landlord wants to sell. This is particularly difficult because of the current market, where private renters have a lack of bargaining power (as we set out in Chapter 4). The result is a feeling of powerlessness and often distress.

> 'You know you could take it forward, but it's a bit scary because you have no security, she could just [kick you out]… You feel trapped.'
>
> Private renter, Birmingham

For families, the insecurity of private tenancies can be a particular problem. One in four families with children are now living in a privately rented property.[37] Two-thirds of these parents (65%) say that they wish their children didn't have to live in a privately rented home, and 44% worry that they are going to lose their current home.[38] These worries are not unfounded. In the last five years, one in five of all families renting privately have moved at least three times,[39] and one in ten families say that a private landlord or letting agent has thrown their belongings out and changed the locks.[40]

Parents worry about their children's stability – an estimated 80,000 families say that they were forced to move their child's school the last time they moved their private rented home.[41] Research by the Royal Society of Arts showed that moving school multiple times 'has a devastating impact on pupils' grades'.[42]

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Tracy's story

Tracy, 49, and her two sons live in London. Since becoming a single parent in 2011, she has struggled with the lack of stability and high costs in the private rental market.

'We lived in Brighton, but when we lost our home and couldn't find a suitable place, as the boys' dad and I were not together, we had to move back to London. I have a support network and I can find work here.

I work part time as a teaching assistant, but I'm still £6,000 in debt and often have to buy groceries on a credit card. My mum gives me money every month – it feels awful to be borrowing from her. She's been helping me since I split with the boys' dad. She's retired, with chronic lung disease so this is coming out of her retirement fund. In my head, the credit card is so we can eat and my mum's money is so we can pay the rent.

Our place is fine for now, but we'll outgrow it. It's tiny, and as my boys get bigger, they won't both fit in their bedroom. I don't know how we'll be able to stay in the area with the rents going up, or how I will keep them in their school with their friends.

My older son is now nine, but he's already had six different addresses. It's so hard to explain to them that we have to keep moving and that our house is not ours – if they even spill something on the floor I go mental at them as I'm thinking about getting my deposit back.

We were given notice by the landlord at the last three addresses. If I could get a five-year tenancy it would make a massive difference because I could make plans, and I could properly make our place a home. I asked my last landlord for a five-year contract, but he refused.'

'My older son is now nine, but he's already had six different addresses.'

Tracy

Chapter 1

682,000

households live in overcrowded housing.

x3

Over the last 20 years, the number of households living in overcrowded conditions in the private rented sector has more than trebled.

For the increasing numbers of older people in the private rented sector, the prospect of being forced to move is highly worrying. Research by Age UK found that older private renters can face a precarious living situation, with concerns about insecurity and fears around eviction raised to their helpline.[43]

Over-crowding
According to the government, an estimated 682,000 households live in overcrowded housing – 5% in private rented homes and 7% in social housing.[44] Under this definition, households are overcrowded if they have fewer bedrooms available than the number of bedrooms needed to avoid undesirable sharing (given the number, ages and relationship of the household members).

As the private rented sector has expanded to accommodate more households, increasing numbers are living in houses that are too small for their needs. Over the last 20 years, the number of households living in overcrowded conditions has more than trebled in the private rented sector, rising from 62,000 in 1996/97 to over 230,000 in 2016/17.[45]

Overcrowding can cause particular issues for families, whether they rent privately or from a social landlord. Families in social housing can experience cramped conditions for years, with little hope of finding somewhere larger because the social housing is not available.

'It's just the lack of space we struggle with. It's a one bed flat and there are five people in it. We've been on the waiting list since my daughter was 10 to get somewhere bigger.'
Social renter, London

In the private rented sector, we heard about multiple children in small 'box' rooms and families having nowhere to gather or eat together. Where families live in flats rather than houses, overcrowding can be exacerbated by the lack of private outside space, both for children to play and for storage. Overcrowding can have a negative impact on family relations. It can cause arguments, and at worst it can cause relationship breakdowns and homelessness.

'You go stir crazy if you spend too much time in our home.'
Private renter, Harlow

Overcrowding also leads to an increased risk of accidents, infectious diseases, condensation and mould. Unsurprisingly, families living in overcrowded homes say their living conditions affect their mental health, stress, privacy, and sleep quality.[46]

Neighbourhoods
Most social renters and private renters are happy with their neighbourhood. But many that we spoke to said they feel their neighbourhoods are unclean, unattractive or at worst, unsafe. Private renters appear to be less embedded in their communities, only 39% say they feel part of their local community, less than half say they and their neighbours look out for each other.[47]

In comparison, two-thirds of social renters feel part of their community – with many reporting that the stability of social renting allows them to put down roots. Three-quarters of social renters (73%) feel that they and their neighbours look out for each other. Living close to green spaces, amenities, friends and family are seen as important.[48]

53%

In the past year alone, a majority (53%) of private renters have experienced at least one problem with the condition of their home.

However, one in four (26%) social renters think they would have a better neighbourhood if they lived in private housing.[49] In our discussions with social renters, some raised concerns about:

■ **physical signs of dereliction,** including poorly designed estates and fly tipping, which can make the neighbourhood feel like a place where they do not want to live

■ **crime,** with some renters reporting issues around mugging, and drug and alcohol abuse that never seem to be resolved either by the police or by the local authority or housing association

■ **problem neighbours,** and large groups of young people hanging around estates that can create an intimidating environment.[50]

These issues, which some commented are driven by a lack of investment in their communities, make social renters feel uncomfortable in their homes and worry about their own or their family's safety.

'I keep to myself. I wouldn't let my daughter play outside, not with the guys across the road standing outside their house drinking and swearing.'
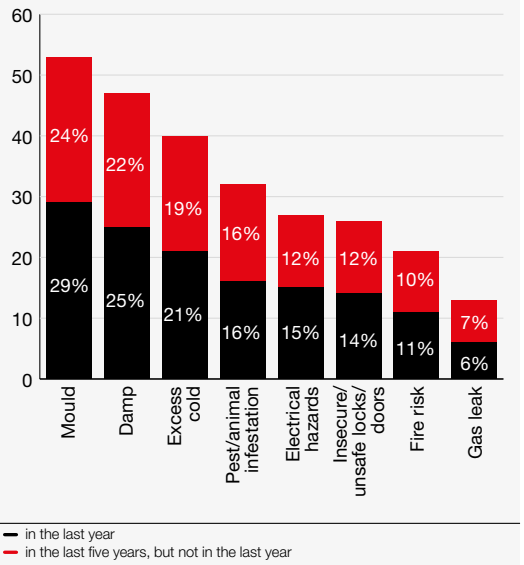Social renter, London

Safety and conditions
Our research suggests the majority of private renters and social renters are satisfied with their homes,[51] and generally, the condition of our housing has improved. For example, the proportion of 'non-decent' homes has reduced from 35% in 2006 to 20% in 2016.[52]

Yet private renters are considerably less satisfied with their homes, and evidence shows housing conditions are worst in the private rented sector. More than one in seven private rented homes (15.4%) contains a category 1 hazard, which means they pose an immediate threat to health or safety.[53] That's a shocking 722,344 homes. This compares with 221,744 social homes.[54]

However, the homes that don't meet the government's official standards are just the tip of the iceberg. Poor conditions are part of the everyday experience for today's private renters. In the past year alone, a majority (53%) have experienced at least one problem with the condition of their home, such as mould, damp, excess cold, electrical hazards, or pest infestations.[55]

Figure 5: Part of the everyday experience of renting: English private renters who have experienced poor housing conditions in the last five years[56]

Condition	in the last five years, but not in the last year	in the last year
Mould	24%	29%
Damp	22%	25%
Excess cold	19%	21%
Pest/animal infestation	16%	16%
Electrical hazards	12%	15%
Insecure/unsafe locks/doors	12%	14%
Fire risk	10%	11%
Gas leak	7%	6%

— in the last year
— in the last five years, but not in the last year

'It's depressing – all you can see is grot. We've all got asthma – I'm not sure if it's down to the damp or not.'
Private renter, Bristol

Poor conditions can be a particular issue for the increasing numbers of older people renting privately, who are more likely to need comfortable, warm accommodation – and face higher risk of injury or ill-health if there are hazards or poor conditions. Yet according to the Resolution Foundation, almost 45% of 65-74-year-olds living in the private rented sector live in non-decent conditions.[57]

Chapter 1

Social homes have significantly fewer issues, and most social renters we spoke to say their housing is of good quality and in good repair. Submissions to our call for evidence supported this, for example the Guinness Partnership pointed out that social homes are more decent, better insulated, more energy efficient, and are more likely to have working smoke alarms than other types of housing, and they have fewer hazards and have fewer issues with damp than private rented homes.[58] The stability of social housing can make it more feasible for social renters to spend their own time and money making improvements – many value being able to maintain and decorate their own home.[59]

However, works like major repairs or improvements to communal areas are the landlord's responsibility and social renters are unable to make these changes. This means some social renters still experience issues with poor housing conditions – for example 5% of social homes are affected by damp,[60] and as we saw above, though lower than other housing types, over 220,000 social homes pose an immediate threat to health and safety.[61]

£1.4bn

One estimate puts the cost of poor housing to the NHS at £1.4bn per year.

> 'When we first moved in it was rough – dated, dirty, gross. We had to put a lot of effort in to make it pleasant again.'
>
> Social renter, Harlow

Research shows that living in poor and unsafe conditions can have a serious effect on health and wellbeing.[62] One in ten private renters said that their health had been affected in the last year because their landlord had not dealt with repairs or poor conditions in their property, and 11% of private-renting parents said that their children's health had been affected.[63] The charity Mind told us that housing insecurity or substandard accommodation can worsen people's mental health and increase the likelihood of relapse.[64] One estimate puts the cost of poor housing to the NHS at £1.4bn per year.[65]

Complaints
Most social renters have a reasonable relationship with their landlord, and they tend to be confident that any issues will be fixed or repaired as they arise. 60% of social renters feel that their landlord listens to their concerns and 65% agree that their landlord resolves issues in their home in a timely way.[66] Yet people in social housing are more likely than those renting privately to feel they have issues left unresolved.[67] Many of the challenges faced by residents of Grenfell Tower and the surrounding area were not unique to their homes. Social renters across England told us about difficulties interacting with their landlord.

> 'They can be a bit slow at getting things done – it took them a week or two to fix the front door after it had been kicked in.'
>
> Social renter, Middlesbrough

People talked about daily frustrations with communication or long waits for essential work to be completed. Residents we spoke to described being told that repairs were being put off for budget reasons, leaving them feeling disempowered, and frustrated about where their rent payments had been going.[68]

> 'Influence only happens when something bad happens. I had a fire in my house. The housing association did not install a fire alarm before I moved in. After 8 months of exhausting complaints contacting the Housing Ombudsman and my local MP and local fire brigade I got changes made for the whole housing stock. That really is disgraceful.'
>
> Social renter

Despite the clear 'social' remit held by local authorities and housing associations, a large minority of social renters feel ignored by their landlord. A third (31%) of social renters feel that their landlord doesn't think about their interests when making decisions.[69] There is significant variation across England on this measure, with numbers ranging from 16% in the North East to 38% of social renters in London who feel their landlord doesn't consider their interests.[70]

> 'I just feel so overwhelmed by the lack of care from people who are supposed to have such an important job, finding people homes.'
>
> Venetia

Venetia's story
Venetia, 36, and her two children, aged eight and ten, live in social housing in London. She's endured a six-year battle with her social landlord over extensive mould and damp in two different properties.

'We noticed black liquid seeping down the wallpaper in the lounge. When I peeled off the wallpaper, the wall behind it was covered in black mould and damp patches. I called my landlord, who eventually sent someone out, but they just wiped the mould off the wall and did nothing to fix the damp. I kept asking them to fix it, but they did nothing.

The damp started to affect my health. I ended up spending four days in hospital after a severe asthma attack. After that, Environmental Health came out to inspect the property but still nothing was done. Eventually, I went to a solicitor who was prepared to take on my case on a no-win, no-fee basis. I won compensation, but that didn't make up for the way they had treated me.

At the end of 2015, my landlord offered us a new social home. It looked lovely but even as we walked in, I could see the damp patches on the wall. I asked the landlord to take pictures and document it. The property flooded when a washing machine was being installed, and after this the damp grew worse. The damp ruined so much of our stuff – my children's toys, books, clothes – we were forced to move into the front room to escape it. It was only when I involved a solicitor again, and they called out a surveyor to inspect the property, that my landlord started to take it seriously.

It's not just the impact of the damp and mould that gets to me, but the way I've been treated: like I'm dirt on the bottom of someone's shoe. It's been an absolute nightmare, I've hit rock bottom so many times. There is no help for people in social housing suffering from disrepair and this needs to change.'

Chapter 1

> '' 'They talk to you as if you're
> scum. To them, it's a business.
> The same as if you're renting
> from a private landlord.'
> Social renter, Colne

Our consultation showed that many social renters feel powerless. Just a fifth (19%) of social renters who responded reported they feel able to influence the decisions made by their landlord about their home, and only 11% of social renters who responded said they feel able to influence the decisions made by national or local government about their homes and communities.[79]

Significant drivers of this seem to be an absence of routes for renters to get involved in the decisions made about their homes, delays, and a lack of recourse when there are problems.[80]

Individual complaints about social housing are usually expected to be resolved through the landlord's own complaints procedure – and, if necessary, determination by the Housing Ombudsman. But social renters face delays – the average time taken for the Ombudsman to make a decision is eight months.[81]

Though proper regulation is essential, tenant involvement could help hold landlords to account. But there are decreasing numbers of residents on landlords' governing boards – and with a lack of funding to support tenant involvement, tenant engagement officers have been stretched. We heard from one who was covering 20,000 tenancies. Tenant panels can be a good means of scrutiny, but there are relatively few of them – for around 3.9 million households living in social housing, only 93 tenant panels are listed on the Housing Ombudsman's website.[81]

Though standards are set for the involvement of renters, they are vague, and are not proactively inspected or enforced.[83] The Regulator of Social

21%
In the last five years, one in five (21%) private renting parents said that their landlord or letting agency threatened them.

12%
12% of parents say they have been offered 'sex for rent' by a landlord in the last five years.

Housing has the power to intervene but sets a high bar for doing so – they must see 'serious detriment' resulting from 'systemic failures'.[84] As a result, only 14% of referrals were investigated last year, and a breach and serious detriment was found in only five cases (1%).[85] The number of referrals from individuals is in decline,[86] and when we asked social renters about the Regulator of Social Housing, no one had interacted with it – and virtually no one had even heard of it.

For most private renters, raising an issue with their landlord is enough to have that issue resolved. Unlike many in social housing, local authority environmental health teams inspect properties and enforce standards for private renters. However, those on low incomes who do not have a good relationship with their landlord face a precarious situation.

When trying to resolve issues or complain, the private renters on low incomes who we spoke to didn't feel they had any power to challenge or chase their landlords.[71] Relationships can deteriorate easily, with particular issues for families: in the last five years, one in five (21%) private renting parents with children in their household said that their landlord or letting agent threatened, harassed or assaulted them and/or another renter.[72] 12% of these parents say they have been offered 'sex for rent' by a landlord in the last five years.[73]

Other renters said they are concerned about high risk bad conditions, or poor maintenance, but because of the power imbalance, they worry it may not be worth rocking the boat. And these concerns are not unwarranted – environmental health teams are over-stretched and under-resourced.[74]

Evictions and homelessness
Social renters are usually protected from eviction. But for private renters, the threat of eviction can mean it is a high-risk strategy to raise a complaint. Research by Citizens Advice found that 46% of private renters who made a complaint about the condition of their home (such as damp and mould) were issued with an eviction notice within six months.[75]

23%
Over one in five (23%) families say that over the last five years, they have avoided asking for repairs or improvements for fear of eviction
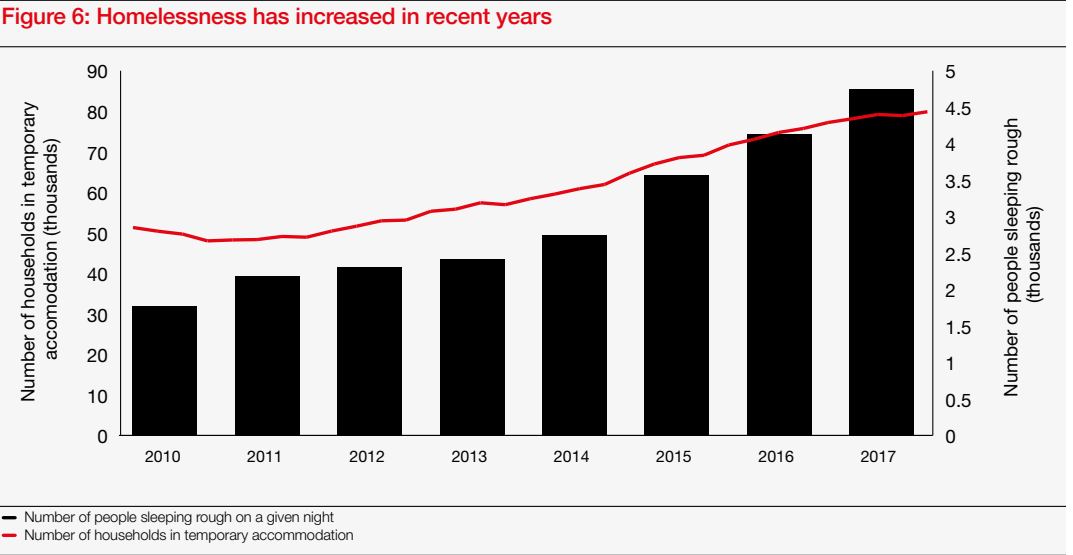
This can be particularly worrying for the increasing numbers of families and older people in the private rented sector, for whom moving home would be more difficult. Over one in five (23%) families say that over the last five years, they have avoided asking for repairs or improvements for fear of eviction. One in five (22%) families did not challenge a rent increase for the same reason.[76] Research by Age UK found that older renters can face delays getting repairs, difficulties getting essential home adaptations carried out, and experience feelings of insecurity and fears about eviction.[77]

Across all ages, private renters living in the worst conditions and with the fewest options are reluctant to make a complaint about their landlord, fearing eviction or a rent increase – and knowing they can ill-afford to find a new home if they are evicted. This concern is understandable. If they are evicted and can't find another suitable home, increasing numbers face homelessness.

Rough sleeper counts show that over 4,000 people sleep rough on a given night. Since 2010, the number of people sleeping rough has almost trebled.[78]

Yet homelessness is broader than rough sleeping. Overall, 277,000 people are homeless in England on a given night.[82] Most people who are homeless are not on the street but sofa surfing, or accommodated in emergency or temporary accommodation. This means hostels or shelters in the case of most single homeless people; local authority-provided emergency accommodation (such as bed and breakfast accommodation; or longer-term temporary flats or houses) in the case of children and families. The number of people who are homeless in temporary accommodation has risen by two-thirds since 2011.[83]

4,000
Rough sleeper counts show that over 4,000 people sleep rough on a given night.

Figure 6: Homelessness has increased in recent years

- Number of people sleeping rough on a given night
- Number of households in temporary accommodation

Sean's story
Sean, his wife, two children and his teenage step-daughter had lived in their privately rented home for nearly eight years. The property was in a state of extreme disrepair, with damp and cold that was so bad it was classed an immediate risk to their health and safety. An environmental health inspection found multiple deficiencies and hazards, which they ordered the landlord to resolve within two months. The landlord failed to act, and the family withheld rent. The landlord evicted them, and the local authority classed the family as 'intentionally homeless', even though the property they were in wasn't fit for occupation. They were placed in a bed and breakfast (B&B) twenty miles away from their former home.

'In the B&B it was very, very stressful. We had nowhere to sit down, it was just one single bed and one double bed. Me and the wife were on the double and the two kids had to top and tail in the single bed for about seven months. We were never given a reason for the length of time we were in that B&B. No answers, just silence.

We're now in temporary accommodation, which is more suitable, but my step-daughter still can't live with us. It's only a two-bed and you can't really expect a 17-year-old to share a room with a seven-year-old and a three-year-old boy in two double bunk beds. She's had to move to her dad's in her GCSE year. She's not done great because of the upheaval and changing schools.

Both my daughters have had their education disrupted and I lost my job because of our housing problems. I still don't know what's happening. Last time I spoke to the local authority, they said they have now judged that they owe us a duty of care and that we'd be informed in writing. That was three months ago and I'm still waiting for the letter confirming that.'
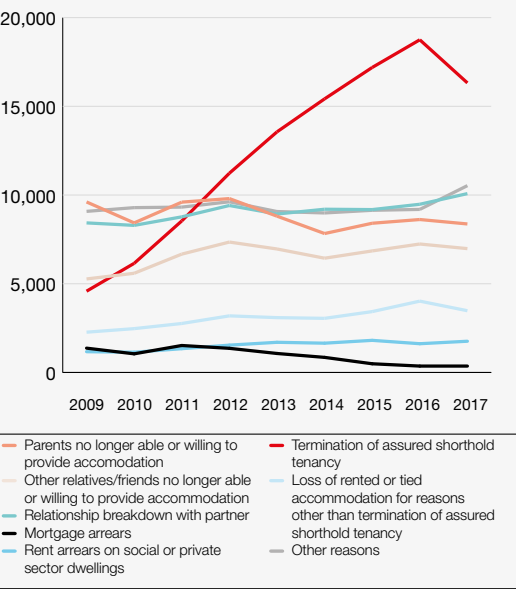
'My daughters have had their education disrupted and I lost my job because of our housing problems.'

Sean

78% of the recent rise is down to people being forced out of their private rented home; the loss of a private tenancy is now the number one cause of homelessness.[84] With more than half (55%) of homeless households now in work, employment provides neither protection from becoming homeless nor a route out.[85]

And the increase in homelessness is disproportionately affecting the increasing numbers of families and older people who had been living in the private rented sector. 77% more children are homeless now than in March 2011,[86] and the number of over-60s accepted as homeless by their local authority doubled between 2009-2017.[87]

Figure 7: Number of homeless households by reason for loss of their settled home

— Parents no longer able or willing to provide accomodation	— Termination of assured shorthold tenancy
— Other relatives/friends no longer able or willing to provide accommodation	— Loss of rented or tied accommodation for reasons other than termination of assured shorthold tenancy
— Relationship breakdown with partner	
— Mortgage arrears	
— Rent arrears on social or private sector dwellings	— Other reasons

Stigma and institutional indifference

'And while the public inquiry will look just at Grenfell, I don't believe that institutional indifference is limited to that community. It's the same indifference that too often sees dismissive landlords protected by a system that allows them to ignore social tenants' fears and concerns.'
Baroness Doreen Lawrence, Commissioner[85]

Despite widely accepted benefits around stability and affordability, there is a stigma associated with social housing. Over half (54%) of social renters say they are portrayed unfairly. One in six (18%) social renters feel that they are looked down on because they are a social renter, and one in eight social renters (13%) say they would go so far as to say they are embarrassed to tell people they are a social renter.[89]

Like those living in Grenfell Tower and the surrounding area, many social renters across England feel that the problems with conditions, complaints and indifference are part of a society-wide view that social renters are of a lesser status and less worthy of assistance or help.

Stigma can be related to particular housing designs – social renters living on estates are more than twice as likely to feel that people look down on them because of where they live than people in mixed-tenure areas.[90]

'Because we don't own bricks and mortar we are treated like trash.'
Social renter, Newcastle

Chapter 1

63%

Two out of three (63%) private renters feel that people would perceive them in a more negative light if they lived in social housing.

No DSS

Nearly one in three people receiving housing benefit say they haven't been able to rent a home due to a 'No DSS' policy in the last five years.

We can also see stigma at work in the negative public perceptions of life in social housing. Despite multiple measures showing there are better conditions in social housing, more private renters think they would get a better condition home in the private sector than in social housing.[91] Perhaps most worryingly, stigma affects whether people choose to try and access a social home, including low-income private renters. Two out of three (63%) private renters feel that people would perceive them in a more negative light if they lived in social housing. Some of the people we spoke to hadn't applied for social housing for this reason.[92] Previous research found that only a third of people who want to live in social housing put their name down.[93]

> 'I would feel embarrassed about it.'
> Private renter, London

Stigma even persists among some social renters. While most rejected the negative stereotypes, many felt they had had a 'lucky' experience – and that elsewhere, there would be a grain of truth within the stories.[94]

Evidence shows the stigma around social housing is misplaced. Social housing is not damaging to people, nor does it cause deprivation.[95] Rather than being a barrier to mobility and aspiration, social renters found that it could be a platform for getting on in life.[96]

Social renters we spoke to raised concerns that indifference and stigma could lead to vital investment being deprioritised and renters being ignored.[97]

> 'Reported repair issues need to be taken seriously. I gave up trying to get damaged, cracked and stained plaster repaired following a major roof leak, as I couldn't bear the persistent mansplaining, accusations of being untruthful and downright incompetence. The housing association simply doesn't want to spend money'
> Social renter

As we will see in Chapter 4, the shrinking of social housing stock has led to social housing becoming marginalised – and made it less likely that people will experience social housing themselves.

> 'It's like they think, you live in social, you won't work'.
> Social renter, Manchester

In the private rented sector, finding a safe and affordable home can be challenging enough, however some households face the additional hurdle of finding a landlord who is willing to rent to them. In particular, many households who receive housing benefit face discrimination. Bans on private renters claiming housing benefit are a common sight in property adverts. Nearly one in three private renters receiving housing benefit say they haven't been able to rent a home due to a 'No DSS'[98] policy in the last five years.[99] Four in ten private landlords surveyed (43%) say they operate an outright ban on renting to people in receipt of housing benefit, with a further 18% saying they prefer not to, but occasionally do.[100] Government figures show these discriminatory practices have a disproportionate impact on women and disabled people, who are more likely to be claiming housing benefit in the private rented sector.[101]

On top of this, almost one in five private landlords operate an outright ban on families with children and a further 13% prefer not to let to families.[102] Families on housing benefit are therefore particularly likely to be affected by discrimination.

Renters from outside the UK can also experience significant stigma, which has been exacerbated as a result of changes in government policy requiring landlords to check renters' immigration status. Since the Right to Rent legislation[103] came into force, almost one-third of private landlords (30%) surveyed say they are less likely to let to people who do not hold British passports or who do not appear to be British.[104]

Conclusion

> 'I've always thought of myself as incredibly lucky to be a social housing tenant... On the two occasions I've come to rely on social housing, it has been there to make sure my family has had somewhere to live.'
> Rob Gershon, Commissioner[105]

85%

Our research found that the vast majority (85%) of people in social housing are happy with their homes.

Despite some significant issues, our research found that the vast majority (85%) of people in social housing are happy with their homes. A large majority (77%) say they feel 'fortunate' to live in social housing. Our face-to face interviews revealed that this feeling derived in part from a perception that social housing is very scarce, and an awareness that many people are struggling in the private sector.[106]

> 'Moving into social housing has changed my life beyond all recognition, we've got security, we're comfortable financially, we've got a 24 hour helpline, caring community, great neighbours, a property that meets all of our needs and we've still got our own independence… I love it!'
> Social renter, Middlesbrough

As we saw earlier in the chapter, social renters particularly value the stability and affordability of social housing.[107] Time and again, we heard about the benefits of being able to settle in to a home you can afford, from finding work to planning for the future.

> 'If I hadn't got a council house, I don't think my daughter would be in university now. I don't know where we'd be. It was the first step up.'
> Peter, 44, Social renter, Bristol

For some, this means the ability to afford things such as treating their children, covering the cost of bills, or buying new clothes. For others, it means the security to save for the long term – putting money aside for a holiday or a car.

43% of social renters are in work but only 7% are unemployed – people in social housing are disproportionately from groups who are less likely to be in work, such as older people, disabled people or people with ill health, or those with no qualifications.[108] But social renters told us that their social housing has a positive impact on them finding employment – belying a commonly held view.[109]

Most people in social housing see it as giving them a strong foundation – but what about wider society? Through our Big Conversation, we asked 31,000 people this: what is the biggest issue with social housing? Though issues like affordability, conditions, anti-social behaviour, stigma, and the allocation system were raised, by a very long way most people thought the biggest issue facing social housing is that there is not enough of it.[110] Overwhelmingly people saw social housing as the answer to problems in the housing market – from rising homelessness to high private rents, and even the increasing inability to get on the housing ladder.[111]

Social housing is seen as the only option for those in the greatest need, providing them with affordable, secure housing that can help them get back on their feet. But people also went further – they want social housing to be for a much wider population, for working households on modest incomes, for those unable to afford to buy, and for families and older people worried about insecurity, cost and exploitation in the private rented sector. For everyone who needs it.

> 'Private landlords… they just exploit people… Social housing should be for everyone.'
> Social renter, Middlesbrough

Chapter 1

Shandor's story
Shandor, 48 became homeless when an accident at work caused him to fall behind on his rent payments. After six months in a homeless shelter, he and his son Billy, aged eight, have finally moved into a permanent social home.

'My accident left me disabled and suffering from post-traumatic stress disorder. I was on full sick pay at work then they cut me down to half pay. Eventually I lost my job, so I couldn't afford my rent.
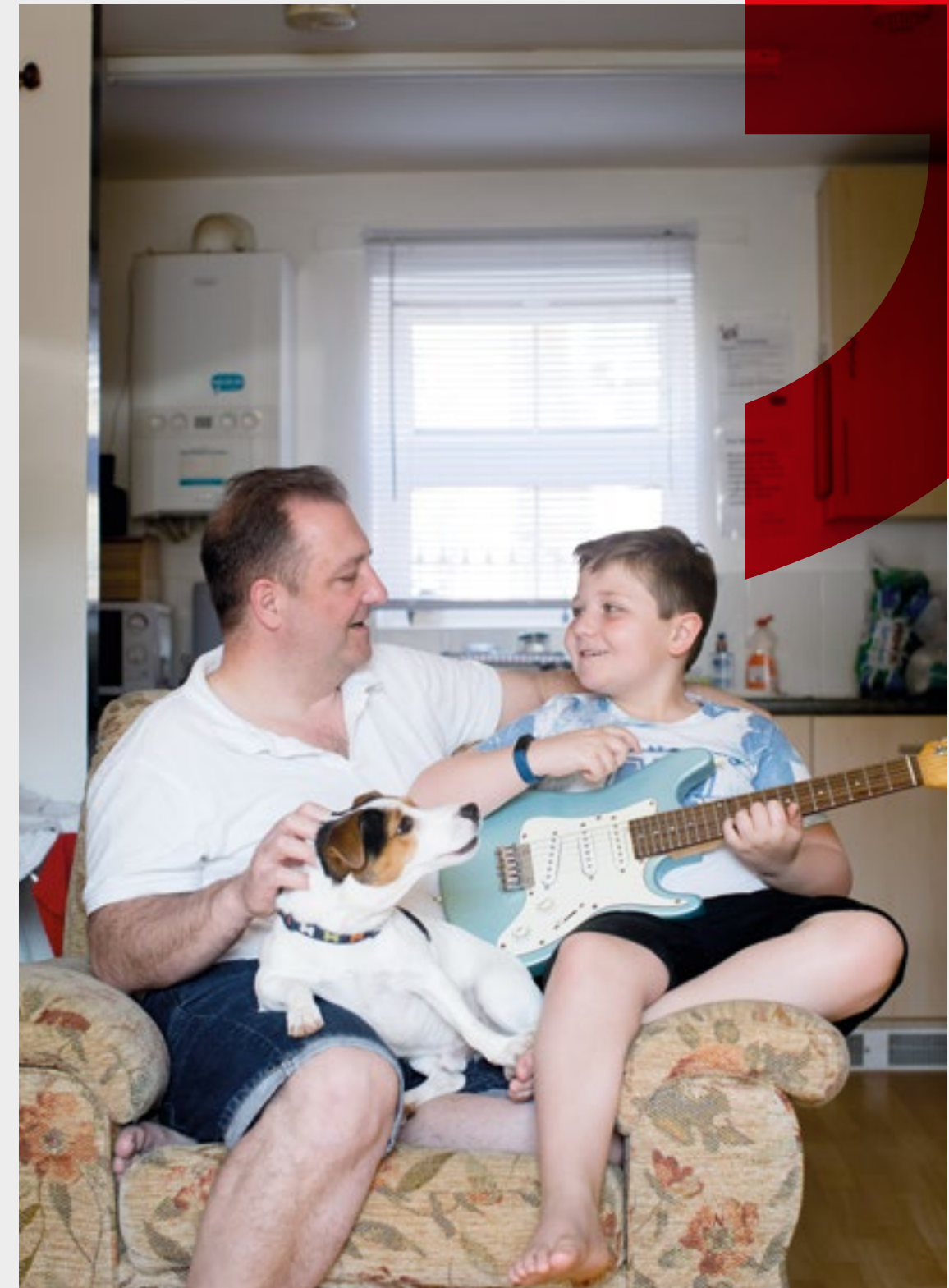
I moved to lodgings in Luton, living in one room with my son in a house we shared with a pensioner called Gerry. It wasn't a perfect situation, but it was a means to an end. Then Gerry died suddenly, and the executors served me notice. Not only did I lose a good friend, I was thinking "What happens now, where am I going to sleep? Where am I going to shower? Where's my son going to go? Am I still going to be able to see him?"

I went to the council and asked for help. The night before I was evicted, I was given a place in a homeless shelter. There were people there with serious mental health issues. I had my son every weekend and it was not a good place for him to be. I was told the council would decide on my case within 33 days, but it took nearly six months for me to hear anything.

We now have a wonderful little one-bedroom flat, which is our home. The sheer satisfaction of hanging pictures on the wall with picture hooks rather than Blu Tack is incredible. Billy is more settled and is starting to make new friends. He's come out of his shell too, which is great. The only downside is he's already asking me how he will be able to afford somewhere to live when he's 18… he's only eight.'

Footnotes

Chapter 1

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8. Of these general needs lettings, 16.1% of households were statutorily homeless. Of supported lettings 22.7% of households were statutorily homeless. This is a total of 52,566 households (52,566/ 177,166), or 30% of all new households entering the sector. MHCLG, Social housing lettings in England, 2016/17: Continuous Recording (CORE) data, Table 1a, Table 3f & Table 3g https://www.gov.uk/government/statistics/social-housing-lettings-in-england-april-2016-to-march-2017
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Chapter 2
How have we got here?

The housing system does not fail everybody, but as set out in Chapter 1, it is currently letting too many people down. This chapter examines the long-term trends that have led to England's current housing crisis, including the rise in costs and increase in private renting.

The high cost of housing
The purchase price of housing climbed steadily until the 1980s and has risen rapidly in recent decades.

House prices in England are higher than in most other countries and have risen quickly by international standards.
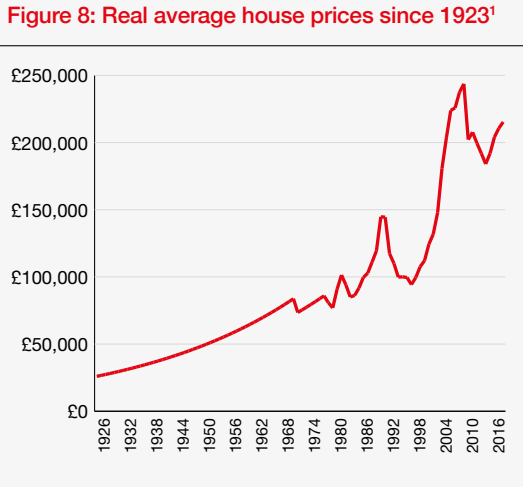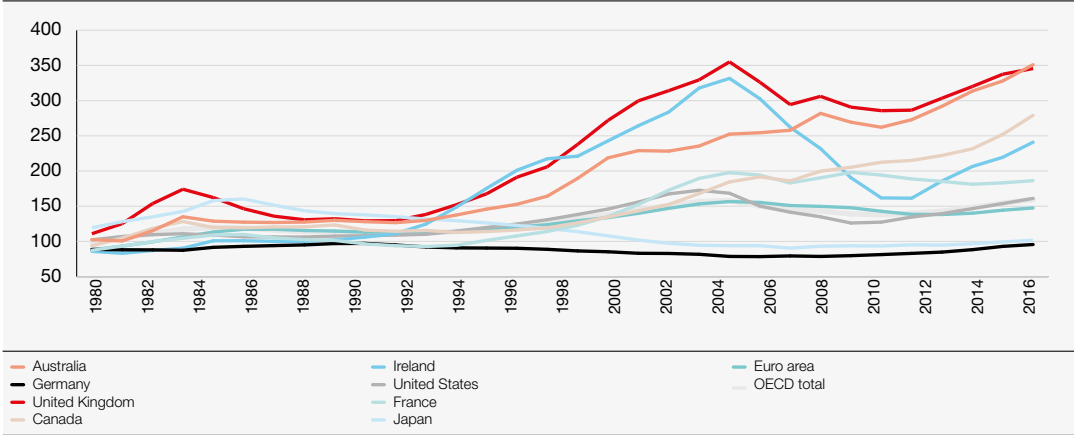
Figure 8: Real average house prices since 1923[1]

Figure 9: Change in real house prices across different countries, 1980-2017[2]

x8

The average home in England in 2017 cost almost eight times more to buy than the average annual pay packet.

63%

Home ownership rates have been falling since 2003 when they peaked at 71% of all households; by 2016/17 they had dropped to 63%

As prices have risen, incomes haven't kept up. The average home in England in 2017 cost almost eight times more to buy than the average annual pay packet. This is up from 3.5 times in 1997, and well above even the 2007 peak of just over seven times' earnings.[3] It is no easier for those on lower earnings – the ratio between their earnings and the lowest priced homes has increased in the same way.
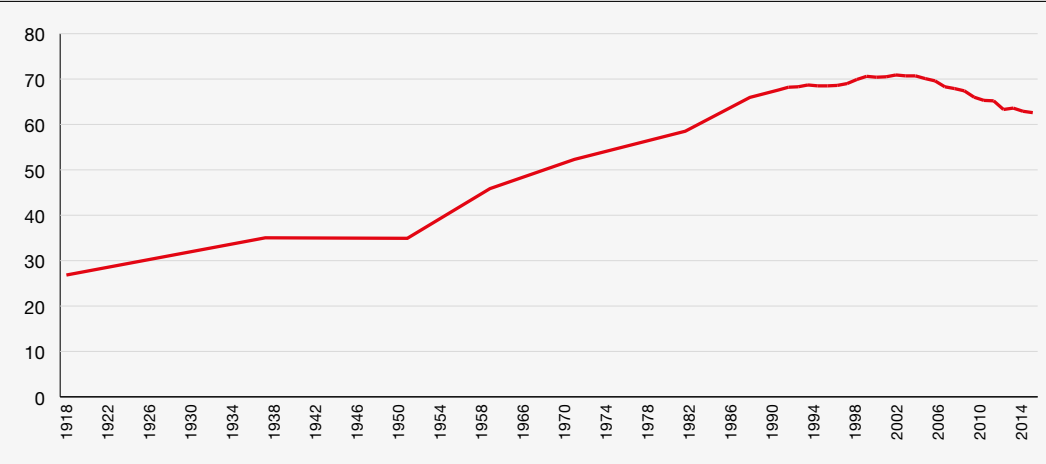
Declining home ownership
As a consequence of the most recent increases in prices, the number of households who own their own home has dropped. For decades over the twentieth century, rising ownership rates led people across the income spectrum to build up a legitimate expectation that one day they would be able to own. But the overall home ownership rate has been

falling since 2003, when it peaked at 71% of all households. By 2016/17 it had dropped to 63%, taking our level of home ownership below the EU average of 69%.[4,5]

However, in recent years, the situation for people on ordinary incomes, trying to buy a home has been even worse than the overall figure suggests (see figure 12). England's overall home ownership rate has masked a significant drop in the number of households who own their home with a mortgage – the only route to ownership for most people on ordinary incomes.

In only fifteen years, the number of mortgaged households has reduced by almost a third.[7] This equates to almost two million fewer households owning with a mortgage today than in 2001.

Figure 10: Proportion of households in owner occupation since 1918[6]

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Chapter 2

**The growth in private renting
households over twenty years[12]**

4.7 million
2016/17

2.1 million
1996/97

Figure 12: Number of households living in each tenure since 1980 (,000s)[8]

Thousands of households

own outright   private renters
buying with mortgage   social renters

Even these figures understate the number of people who have actually been priced out of home ownership. A growing number of people today live in what are called 'hidden' or 'suppressed' households. These include people who are living with their parents well into adulthood, or couples who are sharing with friends. If these hidden households are included in the total count, barely half of all households are now homeowners.[9] The result is that home ownership has now been pushed well beyond the reach of many, particularly those on lower incomes.
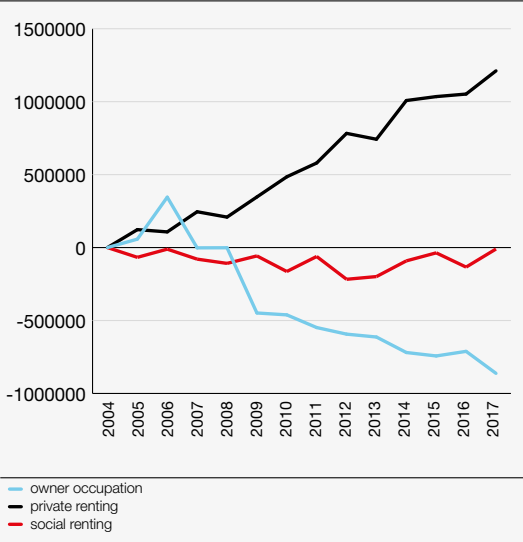
An explosion in private renters, including families and older people
With home ownership in significant decline and inadequate numbers of social homes, a growing number of people living on ordinary and low incomes have no other option but to rent from a private landlord. The number of households renting privately more than doubled over the twenty years from 1997 to 2016/17, rising from 2.1 million households to 4.7 million.[10] This has prompted a generational shift in the way people in England are housed. The Resolution Foundation found that going back as far as records allow, millennials (those born between 1981 and 2000) are more likely than any other generation to be renting privately by the time they are in their early 30s.[11]

As the number of private renters has grown, the type of household that rents privately has changed too. The stereotype of private renters being mostly students and twenty-somethings is now out of date. Less than 6% of private renters today are students, and a majority of private rented households are headed by someone who is over the age of 35.[13]

As fewer people are able to move into home ownership or social housing, households renting privately are increasingly older, and families with children. In just the time since 2003, the proportion of families living in a private rented home has trebled – a quarter of all families now rent privately.[14] Overwhelmingly, as we saw in Chapter 1, these households are looking for an affordable, stable home, not just a stop-gap.

**Figure 13: Change in households with children
in each tenure since 2003/04[15]**

owner occupation
private renting
social renting

79

Building for our future: a vision for social housing
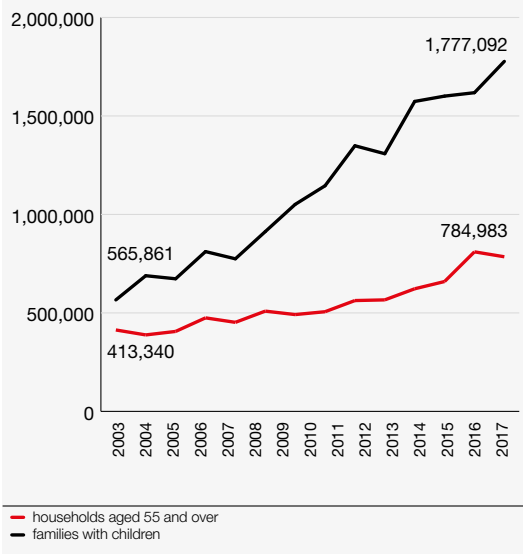Chapter 2   How have we got here?

Chapter 2

As the number of families renting has grown, so too has the number of older households. 784,983 households aged 55 and over rent from a private landlord. This number has nearly doubled since 2003.[17]

Figure 14: Number of families and older people living in privately rented accommodation[16]

- households aged 55 and over
- families with children

Figure 15: Real terms spending on housing benefit for private rented housing since 1980/81 (£ millions) March 2018 prices[18]
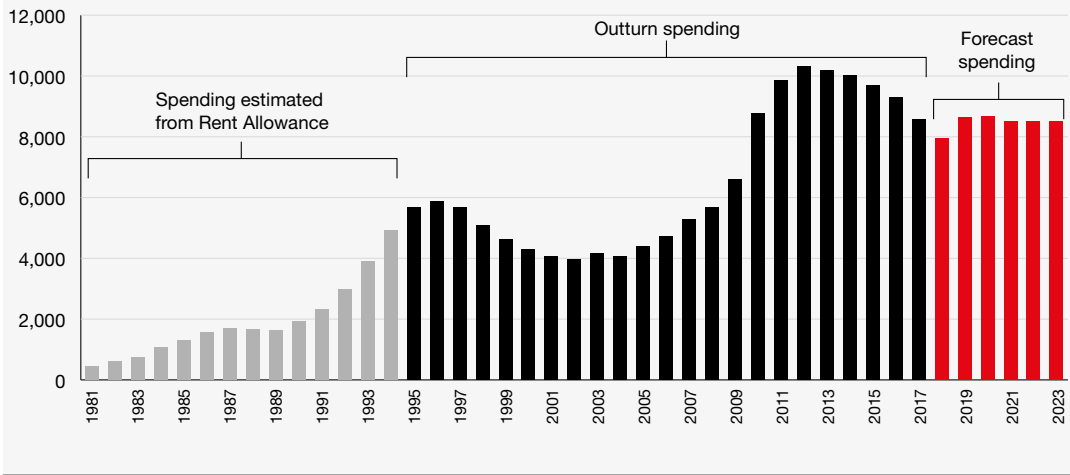

Rising costs to the state and to renters
England's dependence on the private rented sector to house a growing number of people has had implications for the housing benefit bill. The cost of helping growing numbers of low-income renters to afford high private rents has substantially increased the housing benefit bill.

Spending on private rent subsidies increased from a low of £4 billion to over £10 billion in the decade to 2011/12,[19] spending has fallen back since, but this is primarily due to cuts to the amount of benefits households can claim.

The government's preferred option for controlling the private rented housing bill has been to severely ration how much renters can claim.

The cost of this rationing has fallen back on the private renters themselves. Across much of the country, gaps have opened between the amount that private renters on low incomes are able to get in housing benefit and even the cheapest market rents. As we saw in Chapter 1, housing benefit rates have been cut and then frozen even while rents have increased, meaning that housing benefit does not cover the cost of a modest private rental in 9 out of 10 areas across England. While freezing rates has produced an immediate saving to the treasury, it is clearly not a sustainable long-term strategy to control expenditure.

Lucie's story
Lucie, 29, works for a charity in Luton. She has two children and has been on the social housing waiting list since she gave birth to her daughter at 18.

'I really feel that if I'd been in stable social housing for the last ten years, I'd be in a position to buy my own home now. But it didn't work out like that. Instead, all my money has gone on rent, moving costs and fees. It's not fair to expect people and their children to hop from home to home, paying deposits, moving costs, and agent fees each time. I've always tried to stay in the same area and keep my daughter in the same school, but it's been up and down for years. I think I've had seven addresses, and out of those, four landlords sold their property. The longest I've been in any home is two and a half years.

I didn't realise how long I would be waiting for social housing. I first went on it when my daughter was born, and we're even lower down on it now because I gave up and moved us into a three-bedroom house. My daughter is 11 years old now, and just too grown up to share a room with her brother.'

'It's not fair to expect people and their children to hop from home to home, paying deposits, moving costs, and agent fees each time.'

Lucie

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Building for our future: a vision for social housing
Chapter 2 How have we got here?

'We just couldn't afford the rent when our housing benefit was cut.'

Sarah

Sarah's story
Sarah, her husband – who has disabilities from a motorcycle accident – and four children have lived in private rented accommodation since 2010. They've had to move on numerous occasions.

'We started in Southampton. We lived in a few different houses there, then we went to Eastleigh, then Gosport, and now we are in Andover. We've had to move because we couldn't afford the rent when our housing benefit was cut – it's extremely difficult to find an affordable three-bedroom rental. We went to the council and they said they couldn't help us unless we would move up north, which would be so far from our family support. They told us to look for two-bedroom private rentals instead. But when we spoke to estate agents, they wouldn't rent us a two-bedroom property because at the time we had three children. Then, when the estate agents found out we received housing benefit, they wouldn't rent to us at all.

This needs to come to a stop. We do not feel safe in any property. My 12-year-old daughter has gone to eight different schools and has really struggled with constantly making friends and losing friends because of all our moves. All the upheaval makes her so unhappy.'

Footnotes

Chapter 2

1   Shelter Analysis, Nationwide Real House Prices, https://www.nationwide.co.uk/about/house-price-index/download-data#xtab:uk-series

2   OECD, Real House Price Index, 1980=100, https://stats.oecd.org/viewhtml.aspx?datasetcode=HOUSE_PRICES&lang=en#

3   In 2017 the median home in England was worth 7.8 times the median gross annual earnings of an individual worker, up from 3.5 times in 1997. Office for National Statistics, Housing affordability in England and Wales- Annual workplace-based earnings, April 2018, Table 1c https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/2017

4   MHCLG, English Housing Survey, 2016/17, Section 1 household tables: Annex Table 1.1 https://www.gov.uk/government/statistics/english-housing-survey-2016-to-2017-headline-report

5   The EU average was 69.2% in 2016. Statista, 'Home ownership rate in the European Union (28 countries) from 2010 to 2016' https://www.statista.com/statistics/503864/house-owners-among-european-union-eu-28-population/

6   MHCLG, English Housing Survey Tenure trends and cross tenure analysis tables: FT (S101): trends in tenure, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/724770/FT1101_Trends_in_tenure.xlsx

7   From 2001 to 2016/17 the number of households with a mortgage decreased by 32%. MHCLG, English Housing Survey, 2016/17, Annex Table 1.1, https://www.gov.uk/government/statistics/english-housing-survey-2016-to-2017-headline-report

8   MHCLG, English Housing Survey, 2016/17, Annex Table 1.1, https://www.gov.uk/government/statistics/english-housing-survey-2016-to-2017-headline-report

9   Resolution Foundation, Home ownership in the UK, 2017 https://www.resolutionfoundation.org/data/housing/

10 MHCLG, English Housing Survey, 2016/17 https://www.gov.uk/government/statistics/english-housing-survey-2016-to-2017-headline-report

11 Corlett, A. and Judge, L., Home Affront, Housing Across The Generations, Resolution Foundation, 2017 https://www.resolutionfoundation.org/app/uploads/2017/09/Home-Affront.pdf

12 MHCLG, English Housing Survey, 2016/17, Annex Table 1.1, https://www.gov.uk/government/statistics/english-housing-survey-2016-to-2017-headline-report

13 MHCLG, English Housing Survey; private rented sector, 2016/17, https://www.gov.uk/government/statistics/english-housing-survey-2016-to-2017-private-rented-sector

14 11% of Families with dependent children (including lone parents) lived in the PRS in 2006-07. 27% of families did so in 2016/17. MHCLG, English Housing Survey; private rented sector, /16/17, Chapter1: Figures and annex tables https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/723883/Private_Rented_Sector_Chapter_1_Figures_and_Annex_tables.xlsx

15 MHCLG, English Housing Survey, 2016/17, Annex Table 1.1, https://www.gov.uk/government/statistics/english-housing-survey-2016-to-2017-headline-report

16 English Housing Survey 2016/17 and Survey of English Housing 1993-2008

17 Ibid

18 DWP, Benefit expenditure and caseload tables, 2018 https://www.gov.uk/government/publications/benefit-expenditure-and-caseload-tables-2018

19 Ibid

1.

Chapter 3
The rise and decline
of social housing

3

Chapter 3
The rise and decline of social housing

4.4m

In the three and a half decades after the end of the Second World War, local authorities and housing associations built 4.4 million social homes.

With higher house prices forcing more and more people into the insecure and often unaffordable private rented sector, and the government spending more and more on benefits payments, what has happened to the solution that once existed: secure, low-cost social housing? This chapter looks at the rise and decline of social housing, before we look at the implications of this decline in Chapter 4.

In the three and a half decades after the end of the Second World War, local authorities and housing associations built 4.4 million social homes at an average rate of more than 126,000 a year.[1]

This level of building was kept up through post-war reconstruction, despite three recessions in the 1950s, 1960s and 1970s. While some significant errors were made along the way in terms of design and place making, in general this extended period was one of considerable state success. The homes that were built over this period still make up the bulk of our social housing stock today.

How was this incredible feat achieved? And how did this rising tide of social housing decline to the slow trickle of 6,000 homes a year we see today?[3]

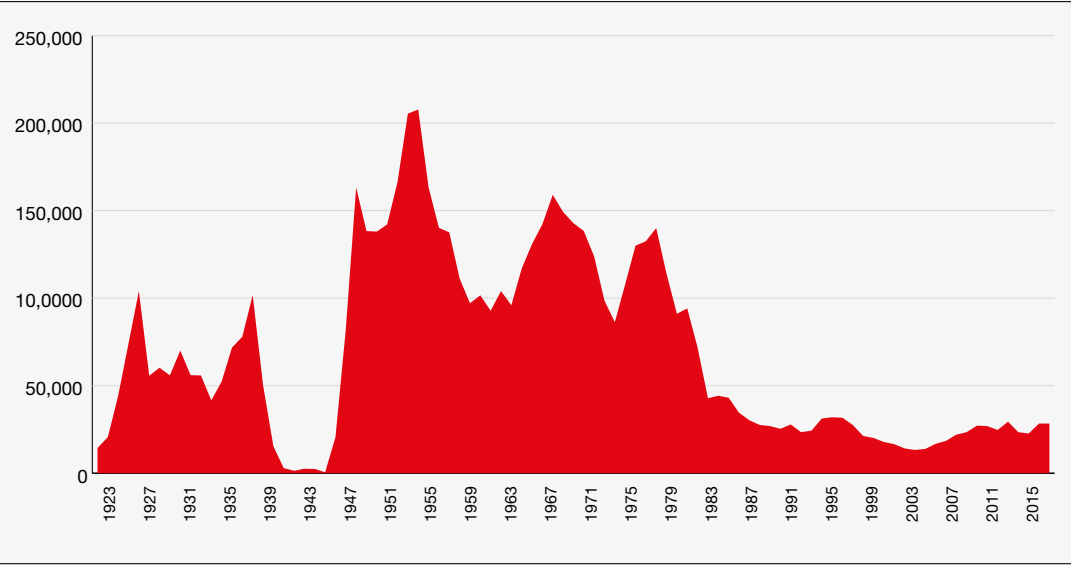Figure 16: New build annual social housing completions since 1923[2]

Figure 17:

Timeline of social housing

1866
Labouring Classes Dwellings Act allows for authorities to purchase sites and borrow at preferential rates to build and improve homes for low-income workers.

1869
The first known council housing in Europe is built by the Conservative-led local authority of Liverpool, in response to insanitary conditions.

1890
Housing of the Working Classes Act empowered local authorities to fund and build social housing at scale.

1900
London City Council builds one of the first major housing estates. The Boundary Estate in east London replaced the slum housing of the Old Nichol rookery.

1920-1940
Large-scale slum clearances coincide with a step up in local authority housebuilding to replace them with decent homes – though often at rents unaffordable to previous slum residents.

1945-1970
The 'golden age' of local authority housebuilding. In response to widespread housing need post-war, two landmark housing acts are passed, and large-scale local authority housebuilding (peaking at 300,000 a year) is delivered.

1973-1977
People with highest needs are prioritised in social housing through more needs-based allocation systems, including the 1977 Housing (Homeless Persons) Act.

1980
The Housing Act 1980 introduces 'the Right to Buy', giving renters the legal right to purchase their council house, aided by large discounts.

1981-1990
1981-1990 – Long-term funding for social housing was cut back and local authority borrowing for new build restricted. Secure, indefinite local authority tenancies were brought in to help those unable to exercise the Right to Buy.

1997-2008
Large-scale stock transfer of social housing from local authorities to Housing Associations takes place, leading to investment in improving the quality of existing social homes. New supply remains low and government support shifts away from social housing towards low-cost homeownership for would-be first-time buyers.

2008
Significant increase in investment in new social housebuilding, partly as an economic stimulus in response to the economic downturn.

2011
In the aftermath of the financial crash, all funding for new social housing is removed. Reduced funding is directed at less affordable and less secure tenures such as 'affordable rent'. The 2011 Localism Act allows for shorter-term tenancies to replace secure tenancies.

2016
The Housing and Planning Act introduces a raft of changes reducing social housing. 'Higher value' council homes are to be sold to fund a new Right to Buy for Housing Association tenants. 'Starter Homes' to buy are introduced and prioritised over social housing. Shorter-term tenancies are to be introduced as standard.

2016-2018
All major measures in the 2016 Housing and Planning Act scrapped, some funding is provided for social housing, and restrictions on local authority borrowing are lifted.

'Housing is the first of the social services. It is also one of the keys to increased productivity. Work, family life, health and education are all undermined by overcrowded homes. Therefore a Conservative and Unionist Government will give housing a priority second only to national defence. Our target remains 300,000 houses a year.'
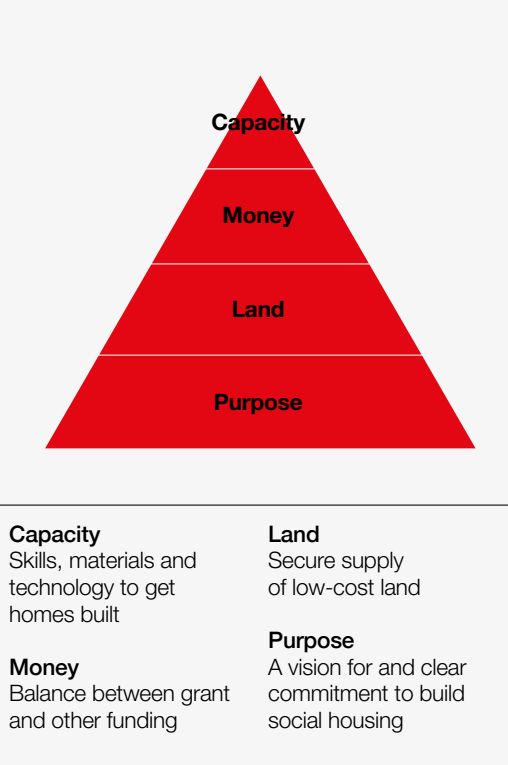
Conservative party manifesto, 1951

'Under Labour more than 1,300,000 new dwellings have been built since the war. We shall maintain the present rate of 200,000 new houses a year and increase it as soon as raw materials and manpower can be spared. Most of these houses will as now be built for rent and not for sale, and for the benefit of those whose housing need is greatest.'

Labour party manifesto, 1951

Chapter 3

There are four key ingredients needed to build social housing. In this chapter, we show how these were the foundations of every successful period of social housebuilding. Shortages of one or another ingredient have led to compromises along the way, and a lack of all four ingredients has led to the decline of social housing.

Figure 18: Four key ingredients needed to build social housing

Capacity
Skills, materials and technology to get homes built

Money
Balance between grant and other funding

Land
Secure supply of low-cost land

Purpose
A vision for and clear commitment to build social housing

94,140

In 1980, 94,140 social homes were built.

44,240

By 1983, supply halved to 44,240 new social homes.

Purpose
Private and third sector organisations have been important builders and providers of social housing from its earliest days, but all significant increases in the country's social housing stock have been driven decisively by governments.

From the late-nineteenth century, local authorities and housing associations responded to poor conditions in the private rented sector by building decent social homes for the 'respectable working classes', though these were often at rents unaffordable to the former residents of slums. Yet it was only after the First World War, when the government committed to getting hundreds of thousands of 'homes fit for heroes' built, that social housing was used to tackle squalor at scale. After the Second World War, governments – faced with the persistent problem of private rented slums, the destruction of war and returning soldiers – set out an even bigger vision for social housing. This programme of building meant that over the latter half of the 20th century, public housing provided a low-rent, long-term tenancy to millions of ordinary people.

Serious social housebuilding was curtailed after 1980, as local authorities' ability to build and manage social housing was restricted. In 1980, 94,140 social homes were built. By 1983, supply halved to 44,240 new social homes.[4] Although local authorities retain over 1.6 million homes,[5] much former local authority stock has been either transferred to housing associations or sold into private ownership through the Right to Buy.

The Housing Act 1988 was an attempt to pave the way for a return to social housebuilding, led by housing associations and backed up by private finance. Since then, housing associations have delivered most of the very low numbers of new social homes. However, they have lacked access to the ingredients needed to come close to meeting housing need.
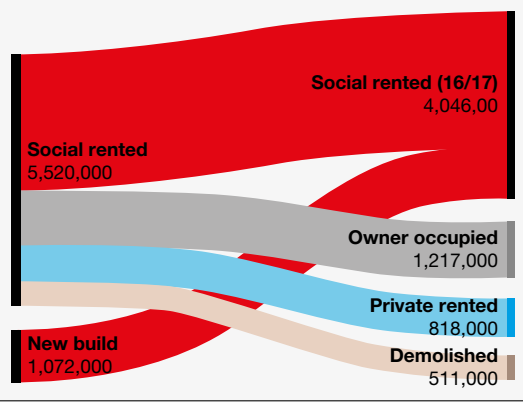
Chapter 3

In recent years, social housing has suffered from a lack of government vision and purpose. Recent governments have pursued policies to transfer existing social homes into private tenures, seeing social housing as only for those in the highest need. Governments have focused more on the supply of low-cost homeownership and 'intermediate' types of housing designed for would-be first-time buyers, diverting resources from genuinely affordable social homes.

Since 2011, rather than only funding social housing, the new definition of 'affordable housing' has broadened what government funds, so that it now includes less affordable tenures such as shared ownership and 'affordable rent' – as well as traditional social housing at social rents. These rents are not affordable. 'Affordable rents' for typical two-bed properties work out at 30% more expensive than social rents, amounting to £1,400 more per year on average.[7] As pointed out by organisations such as SHOUT, the London Tenants Federation, and Levitt Bernstein, these rent levels are completely out of reach for most people who are eligible for social housing.[8]

1.5m

There are around 1.5 million fewer social homes today than there were in 1980.

The combined effect of the loss of stock and failure to replace it has been a significant reduction in the absolute number of social homes. There are around 1.5 million fewer social homes today than there were in 1980.[9] Far from growing in-step with the country's changing need as the population and household numbers have increased, the size of the social stock has fallen, making up an ever-smaller part of England's housing mix.

Figure 19: Not even washing its face: estimated change in the social stock between 1980 and 2016/17[6]

Land

Land makes up over 70% of the cost of a new market home.[10] The cost of land is responsible for 74% of the increase in UK house prices between 1950–2012.[11] The cost of land for residential building has increased in value by 544% since 1995. Today, this high cost represents a major barrier to social housing delivery.[12]
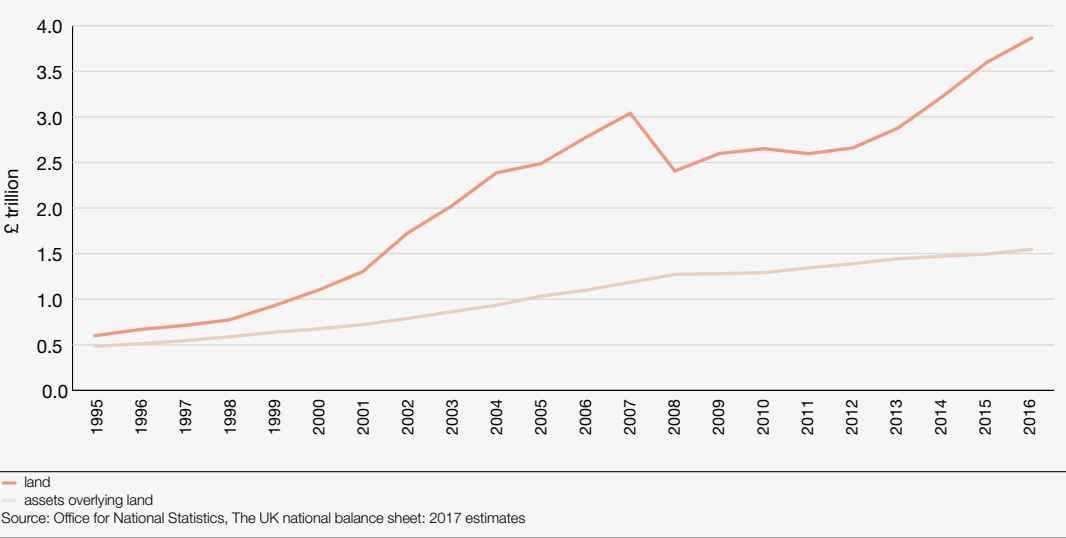
Both historical experience in the UK and the experiences of other countries with significant social housing programmes suggest that a revolution in social housebuilding should be underpinned by measures to allow public bodies to control the price of land:

- Vienna has kept housing affordable for a century through the city owning much of the land

- Singapore has been highly praised for the way it has promoted housing for all through state leadership in the land market

- Denmark has used Public Asset Corporations to pool public land, and has been effective at capturing the uplift in land values from development

Social housebuilding in the immediate post-war period benefited from legislation which decoupled the land costs for social housing from the costs of land for private housing. This stabilised costs, providing a secure supply of affordable land on which social housing could be built. As a result, high-quality, well-planned developments were built at record speeds. Many are still well-loved by their residents today. This was phased out from 1959, with the Land Compensation Act 1961 and case law adding significant 'hope value' into the price of land.[13] Compensation for landowners now includes the value of the land along with the value of any planning permissions for market housing it might get in future, making it far more expensive.

While public money has built many social homes over the years since the modern land market was defined by the 1961 act, local authorities have often been forced to compromise on quality, design, and density to cope with escalating land prices. Whenever governments have invested more public money in social housing, land prices have increased sharply because landowners have known they can charge as much as the government is willing to pay.[14] The system-built tower blocks of the 1960s were in part a way of coping with rising land prices by building as many homes as possible on the same amount of land. In 1963, Hackney local authority pleaded that the 'lack of building sites and the ever-increasing cost of site purchase left the council with no alternative but to build higher'.[15]

Figure 20: Value of land and its overlying assets in the UK, 1995-2016

land
assets overlying land
Source: Office for National Statistics, The UK national balance sheet: 2017 estimates

Compromises on conditions and quality – and, most tragically, on safety – were made to bridge the gap between land sold at market prices and the ambition to deliver homes at affordable prices. Truly aspirational social housebuilding programmes require rules to make sure land comes into development at a low cost.

Access to land is also a major constraint on social housebuilding in England today. A recent Savills survey of housing associations found that 'availability of land' was by far the biggest constraint on them building more homes.[16] Surveys of local authorities found that 'lack of land' was the leading reason for those not currently delivering housing. For those who were delivering housing, it was the biggest barrier to delivering more (just slightly behind the Housing Revenue Account borrowing cap, which the government recently scrapped).[17]

Social housing providers in 2019 either need an unusually affordable source of land – for example, land owned by a public body with an interest in seeing social housing built, such as a local authority – or they must find the money to compete with those buying land to build the most profitable kinds of homes for sale.
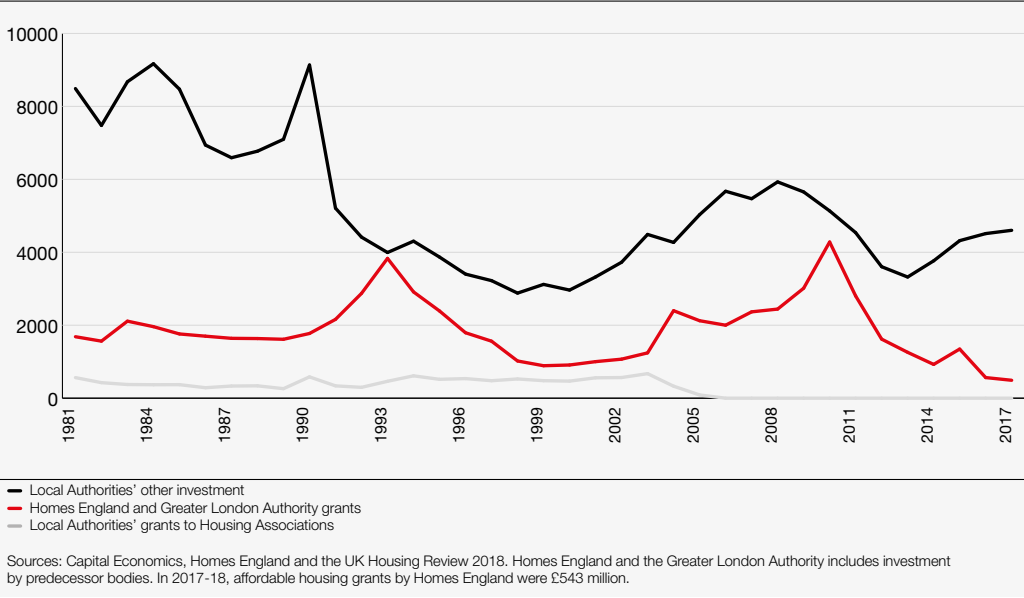
Money

To build social homes, the government uses money borrowed at favourable interest rates to provide grants to social housing providers. These grants cover some or all the costs of building the homes, so they can then be rented out at more affordable prices than the market would provide. Providers can also combine grant funding with other sources of finance and assets such as public land, public or private borrowing or surplus revenues. They can also subsidise social housing with the income from other housebuilding. Over time, the balance has shifted decisively away from grant and towards these other sources. This is partly because the costs of building homes – whether market or social – have escalated, driven by high land costs.

It is also because grant funding has declined over time. Real terms investment in social and affordable housing in the past five years has been less than half of that in the first half of the 1980s and one third lower than in the first half of the 1990s,[18] see figure 21.

Chapter 3

Figure 21: Publicly funded social housing gross capital investment in England
(£ billions, 2017-18 prices)[19]

- Local Authorities' other investment
- Homes England and Greater London Authority grants
- Local Authorities' grants to Housing Associations

Sources: Capital Economics, Homes England and the UK Housing Review 2018. Homes England and the Greater London Authority includes investment by predecessor bodies. In 2017-18, affordable housing grants by Homes England were £543 million.

As grant has shifted increasingly towards shared ownership and the unaffordable 'affordable rent' homes we discussed above (see figure 22) social housing has been displaced and the delivery of genuinely affordable homes has been compromised in favour of a thin spread of grant across more expensive homes.

The 2011-15 Affordable Homes Programme gave no grant at all to social housing, something that was strongly opposed by sector bodies such as the National Housing Federation.[20] The current Shared Ownership and Affordable Homes Programme for 2016-2021 was only expanded to provide some funding for social housing in June 2018.

£21bn

Annual spending on housing benefit has more than doubled from £9 billion in 1991-92 to £21 billion now.

As a result, while at the beginning of the 1990s grant covered around three-quarters of total sub-market development costs, this fell to 39% after the financial crash, and fell even lower during the Affordable Homes Programme 2011-15.[21] It is no coincidence that annual spending on housing benefit has more than doubled from £9 billion in 1991-92 to £21 billion now.[22] Declining investment in grant for social housing has pushed up housing benefit expenditure – not just because more households have been pushed into the private rented sector, but also because social rents themselves have become more expensive in response to lower grant rates.

The lack of a sustainable and adequate source of funding is at the heart of our current inability to deliver social homes to meet need. In the absence of grant funding, social housing providers struggle to combine finance in ways that meet government and investor conditions, whilst also delivering the social housing people need. They have relied more heavily on other sources of finance, above all on borrowing. During the evidence gathering phase, we heard how government caps on how much local authorities can borrow to build social homes under their Housing Revenue Accounts have acted as a financial straightjacket, preventing them from playing their part in meeting the country's social housing need. In 2018, the government lifted the borrowing cap, letting local authorities back on the playing field as providers of social housing.

While this is welcome, a bigger, better social housing offer cannot be built on borrowing alone. While grant does not generally need to be paid back, borrowing does, and that borrowing is generally secured against existing social homes and serviced by rents. When grants covered most or all development costs, rental income could be deployed on managing and maintaining homes, with rents tending to stay low over time. Particularly in recent years, social housing providers have struggled to service the competing priorities of maintaining and improving existing homes, building new ones – and providing the service residents deserve off the back of a pot of rental income that is, by design, supposed to be restrained to a low level.

'I've never been in arrears before, but now the rent is just so high.'

Ellie, who pays 'affordable rent'

Ellie's story
Ellie, 50, lives in Bath with her two sons aged eight and 18. Ellie has been renting from her housing association for 19 years and recently moved into a three-bedroom property, where the rent is at 'affordable rent' level.

'I've been waiting eight years for a three-bedroom property. We've had to share a bedroom since my youngest son was born, and I was desperate for a bigger place so we could each have our own room. When the opportunity to move into this house came up, I obviously jumped at the chance.

The new house is an 'affordable rent' tenancy. I was worried about whether I would be able to afford it, but the housing association did an expenditure form with me and they said it would be okay.

I now pay £189 per week, but there are other people living in very similar properties on our street paying just £110. Now my housing benefit has dropped because my eldest son has started an apprenticeship. When we filled out the expenditure form, no one explained that this would happen, even though I specifically asked if my benefits would change.

I've never been in arrears before, but now I just can't keep up with the rent so they're threatening me with eviction. I've asked if I can move back to my old place which is still empty. Being overcrowded is better than living with this stress.'
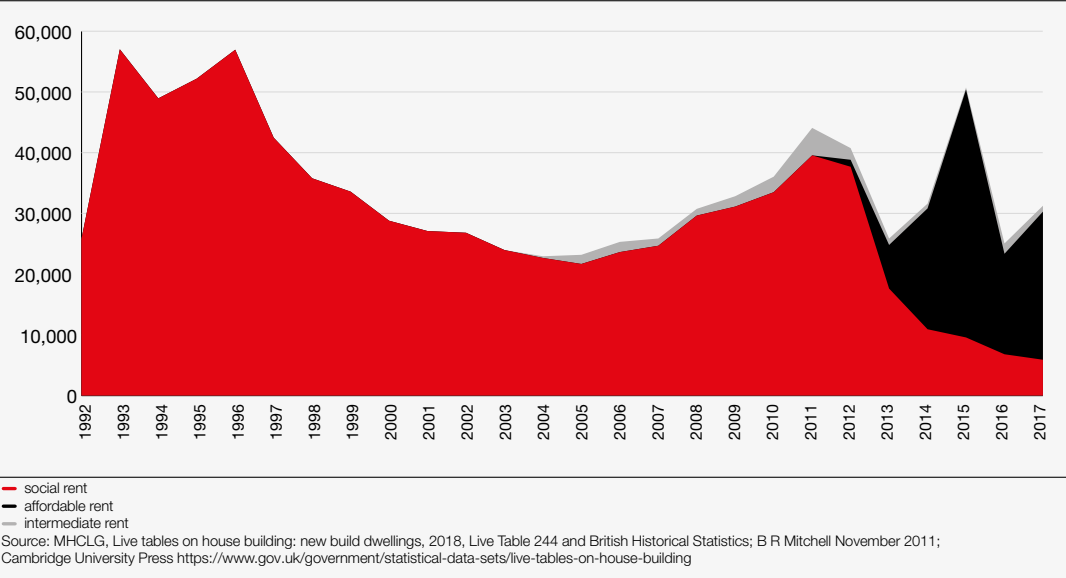
7,644 sub-market homes are estimated to have been lost due to permitted development rights over just two years.[25]

7,644

Chapter 3

Figure 22: Social housing and affordable housing delivery over time

- social rent
- affordable rent
- intermediate rent

Source: MHCLG, Live tables on house building: new build dwellings, 2018, Live Table 244 and British Historical Statistics; B R Mitchell November 2011; Cambridge University Press https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building

x275

Land awarded residential planning permission can suddenly jump in value by 275 times, at the stroke of a planner's pen.

To get social housing on a truly sustainable footing, it is essential that providers have a way to maintain and improve existing homes and provide a good service to residents while keeping rents affordable – as well as a secure source of funding for new supply. Sufficient grant is clearly part of the solution.

Section 106
Declining public investment and the long, slow retreat of legislative support for social housebuilding have choked off access to land and money for social housebuilding. A partial way out of this is provided by Section 106 of the Town and Country Planning Act 1990. As a condition of granting planning permission to build homes for sale or private rent, local authorities can require developers to also build a proportion of 'affordable housing', including social housing – on average around 30%.[23] Land awarded residential planning permission can suddenly jump in value by 275 times, at the stroke of a planner's pen.[24] The idea of Section 106 is to capture some of this enormous increase in land value and use it to secure community benefits.

The precise number and tenure mix of sub-market housing is negotiated separately for each individual scheme via a Section 106 agreement. This can be time-consuming, costly and frustrating for all involved, particularly as recent years have seen ambiguity added to the process through numerous exemptions and loopholes.

For example, the removal of Section 106 on developments under ten units has slashed sub-market housing delivery on small sites, hitting smaller rural communities particularly hard. Since 2013, Permitted Development Rights have also allowed offices and other buildings to be converted to housing with no affordable element, a measure which the Local Government Association estimates led to the loss of 7,644 sub-market homes over just two years.[25]

Section 106 is an imperfect mechanism, which on its own will never be the answer to delivering social homes, but it has played an important role in the absence of a bold plan for social housebuilding.

Capacity

Finally, social housebuilding needs development capacity to actually get the homes built; the people and materials to turn the government's visions into reality.

In the mixed housebuilding system which delivered the 'golden age' of social housebuilding from 1945 to 1970, the booms and busts of market supply were to some extent stabilised by social supply. This created a floor on the demand for labour, skills and materials, resulting in a less risky operating environment for housebuilders, developers and planners. In many instances, innovations and new technologies also thrived on this certainty, creating new opportunities to expand development capacity. It is no coincidence that the last time that modern methods of construction made a major contribution to overall housing supply was when local authorities were commissioning large numbers of social homes.

Many social housing providers today have responded to the decline of grant by building more market homes for sale or rent, the income from which can be channelled into social housing. The 'cross-subsidy model' has been part of social housing delivery from its earliest days in this country, but it has undergone rapid growth in recent years. This change has its downsides, leaving social housing providers – and social housing delivery – far more exposed to market risk.

Out of the storm?

After the 2008 financial crash, almost every tried and tested method for financing social housing either dried up or stopped functioning because another source on which it is dependent dried up. A long-term decline in grant levels has increased social housing providers' reliance on borrowing, which has been unable to make up the gap. Long-term upward trends in development costs – above all escalating land values – have intensified. At the same time, the planning system has become less effective at delivering social housing in the context of declining outcomes from mechanisms like Section 106. Above all, this has been driven by a lack of vision for social housing.

Given this situation, recent governments have been notable for taking small but not insignificant steps to open breathing room for social housebuilding. The cap on local authorities' borrowing under their Housing Revenue Accounts has now been lifted, some grant funding has been made available for social housing, and plans to sell off higher-value council homes have been shelved. Following on the heels of the bleak picture painted above, these measures are likely to amount to more than the sum of their parts, greasing the wheels of a clogged-up system.

However, while welcome, it is obvious that the combined impact of these measures will be nowhere near enough to confront a housing crisis that's been decades in the making. The supply of social housing remains low and fundamentally market-led because of its dependence on cross-subsidy from market housing. While the decision to lift the cap has removed an important barrier to social housebuilding, it has yet to be backed up by a sustainable source of grant funding.

This grant funding for social housing is crucial because it performs a unique function which requires a higher level of up-front investment to achieve. Grant allows rents to be set at a genuinely affordable level, and social landlords to provide long-term stability. As we saw in Chapter 1, this stability and affordability can be life-changing. But the decline in social housing has had wider impacts, as we set out in the next chapter.

Footnotes

Chapter 3

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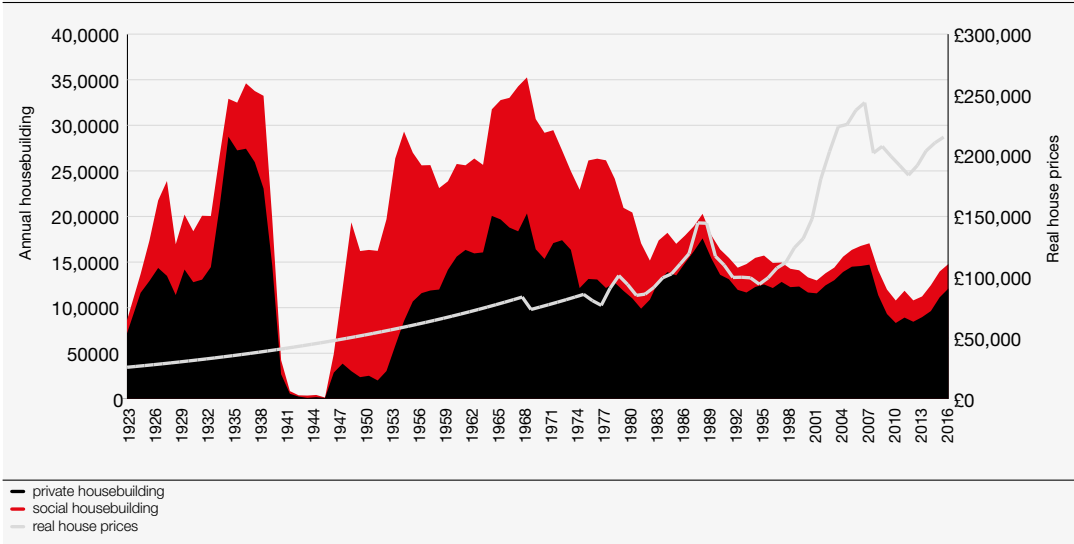
Chapter 4
The consequences
of the decline

4

Chapter 4
The consequences of the decline

Figure 23: House prices and housebuilding by tenure since 1923[1]
For a larger version of this graph, see the end of the report

- private housebuilding
- social housebuilding
- real house prices

The decline of social housing has had the most significant impact on the lives of the people it's left homeless or trapped in unfit private rental properties. It is felt daily by those on the ever-growing waiting lists. However, it has also had wider effects, including on people who would not think of themselves as needing social housing at all.

England's housing system is laced with interdependencies between the different types of housing, and social housing has historically played a key role within it. The consequences of not building enough social homes has therefore caused problems throughout the system:

- a failure to build enough homes overall

- sliding rates of home ownership

- a negative impact on the remaining social stock

- problems in private renting

If we don't turn around the current social housing shortage, these effects will continue and worsen. More families and older people will be forced into private renting – and homelessness will continue to spiral.

A failure to build enough homes overall
Over the decades, not enough housing has been built to meet Britain's needs. Increasing numbers of households who require social housing are left to compete for a limited number of available properties. At the same time, house prices have increased, fuelled by available credit, rising employment rates and higher household incomes.

Various estimates have been made about how many homes are needed. Kate Barker, who led an independent review into the planning system, states that:

'If the objective over the next five years is to keep the affordability of housing no worse than it is today, or even to lower it a little bit, we would probably need to be building around 300,000 houses a year or in excess of that.'[2]

Kate Barker, author independent review of housing supply

Figures of around 300,000 per year have now been endorsed by the cross-party House of Lords Economic Affairs Committee, whose members include former chancellors Alistair Darling and Norman Lamont.[3] In 2017, the government endorsed this figure and committed to deliver 300,000 more homes per year on average by the mid 2020s. Yet housing stock in England only increased by 222,190[4] in 2017/18, and yearly increases in the housing stock have averaged only 187,298 over the past five years.[5]
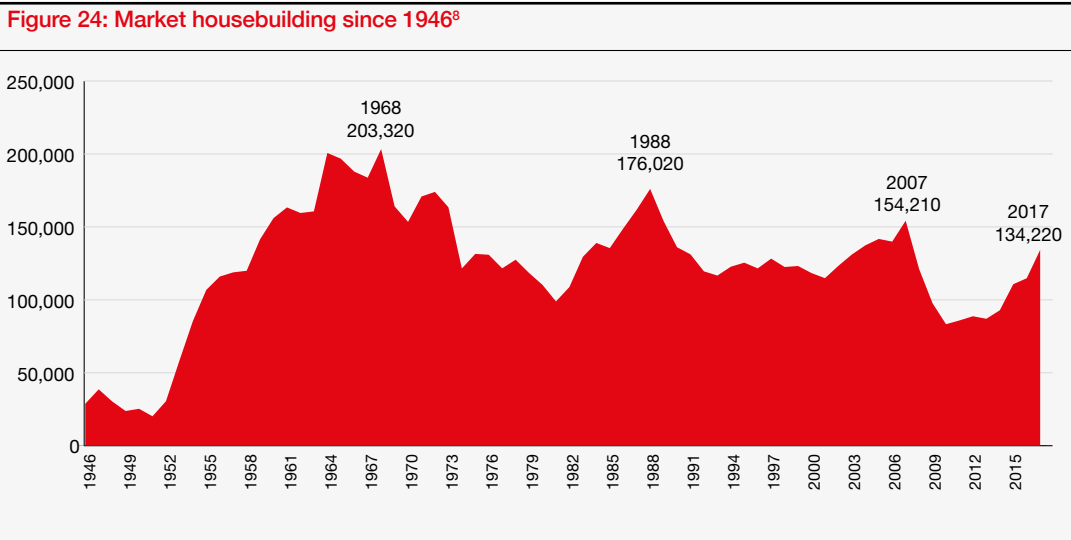
There was a time when new housing supply in England was higher than 300,000. During the interwar period and then from 1945 up until the early 1970s, the level of housebuilding was far higher than it is now, reaching a peak of 352,540 new homes built in 1968.[6]

The main difference between the past and now is the current absence of social housebuilding. All other things being equal, if social housebuilding had continued at similar rates after 1981 as it did in the 35 years before, the rate of average national housebuilding would have been sustained.

It may have been thought that speculative developers would have stepped in to fill the gap created by the drop in social housebuilding. However, no significant increase in private housebuilding occurred. Despite spiralling prices, volume housebuilders have not responded with anything like an equivalent increase in output. Since 1940, market housebuilding has never delivered more than around 200,000 homes in one year, and the pattern has been for market supply to respond sluggishly to growing prices and drop quickly when prices soften. The result is that each period of growth in market housing output has been shorter than the one before, and each peak has been lower (see figure 24).

The difference that a lack of social housebuilding has made to overall housebuilding[7]

Period	Average annual homes built by private enterprise	Average annual homes built by local authorities and housing associations	Total average annual homes built
1946-1980	121,239	125,861	247,100
1981-2017	123,698	27,209	150,907
Difference	**+2,459**	**-98,652**	**-96,193**

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Figure 24: Market housebuilding since 1946[8]

The market is unable to deliver on its own
There is now mounting evidence and a growing consensus across the political spectrum that the problems of unaffordable housing, slow build out rates, and lack of innovation are inherent in our market housebuilding system. Essentially, the speculative model of development that our market housebuilding system is based on is structurally incapable of building the quantity or type of homes that would bring down prices.[12] If they were to do so, they would undermine their own profitability.

This is, in part, why newly built homes in England cost on average £60,000 more than existing homes.[13] It is also why the luxury market in London has been oversupplied, with development started on 1.6 luxury properties for every sale between 2015-2016.[14] And, crucially, it is why the market for homes which are affordable to people on ordinary incomes is desperately undersupplied.[9 10 11]

Cost of land
The necessity to recoup the large cost of land not only forces developers to build for the top of the market, but also to build slowly. In 2018, in a draft independent report for government which reviewed England's slow rates of housebuilding, Sir Oliver Letwin recognised this relationship between the price that a developer pays for land and the speed at which they build housing:

'Once a house builder working on a large site has paid a price for the land… the housebuilding company is not inclined to build more homes of a given type in any given year on that site than can be sold by the company at that value…'[15]

If market housebuilders were to build homes any quicker than a slow rate, it would risk flooding the market and forcing them to drop the sale price. So, developers only build houses as quickly as they can sell them at high prices. The speed at which they can sell homes at these high prices is called the 'absorption rate'. Building to meet absorption rates is the only way they can maintain their profitability. If we want to achieve different results, we need a different model for building homes.

Social housebuilding is different
Social housebuilding does not suffer from the problem of low absorption rates. With 1.2 million households on the social housing waiting list, due to the pent-up demand for social housing, there is practically no equivalent limiting factor on buildout rates.[16] This was also recognised by the Letwin review when it described demand for social housing as 'virtually unlimited'. It concluded that the markets for private and social housing are separate, and so long as developers are not relying on cross-subsidies to deliver social housing, build out rates are faster for social housing.[17]

What's more, social housebuilding appears to have a positive influence on market housebuilding itself. During the post-war boom in public housebuilding, private housebuilding peaked at the same time as social housebuilding.[18] The apparent virtuous relationship between the two sectors is explainable, in part, by the role that social housebuilding may have played in maintaining the health of the private construction industry. Smaller, regional building firms were able to work on contract to the authorities while also taking on speculative developments themselves. This symbiotic relationship may have helped them survive downturns, preserving overall industry capacity and lessening the volatility of the business cycle itself.

Sliding rates of home ownership
In addition to maintaining overall housing supply and relieving pressure on house prices, social housing has also played a direct role in boosting rates of home ownership.

Even before the Right to Buy, social housing was a good platform to get into home ownership. With a low, predictable rent, a secure tenancy and decent living conditions, families in social housing have been in a far better position to build up savings for a deposit than those renting privately. But since its introduction in 1980, the Right to Buy scheme has provided an additional discounted route into home ownership for social renters.

20%

In the 1980s and early 1990s Right to Buy was responsible for an average of 20% of first time homeowners each year.

The Right to Buy
Yet the Right to Buy is no longer providing the route to home ownership that it once did. In addition to rising prices, the reduced numbers exercising their Right to Buy is another factor behind sliding rates of home ownership. Although other government schemes have been established to try to compensate, they have failed to fill the gap.

Right to Buy discounts were initially set at up to 50% of the market value of all council homes, but these rose first to 60% and then 70% over the course of the 1980s. The details of discount levels have changed considerably over the last four decades, but today discounts are up to whichever is lower of £80,900 (£108,000 in London) or 70% of market value.[19]

The policy has had a significant positive impact on home ownership rates. During the peak years of the 1980s and early 1990s, Right to Buy was responsible for between 10% and a third of those who became first time homeowners each year, with the average being approximately 20%.[20] However, the shrinking stock of social housing has contributed to the declining use of Right to Buy, so its influence on home ownership has declined. Last year it made up only 4% of national first-time home owners.[21]

There have been three distinct phases of declining Right to Buy sales, bookended by house price crashes:

- the first phase was in the decade from the launch of the policy to the 1990/91 crash. Average sales were more than 100,000 homes a year. As many homes were sold through Right to Buy in these first full 10 years as in the 28 years since

- the second phase ran from the beginning of the nineties through to just before the 2008 crash. Average sales for the second phase were almost exactly half the first phase, at just over 50,000 a year

- the third phase has been over the last ten years. Average rates of sales during this period fell to just above 11,000 a year[22]
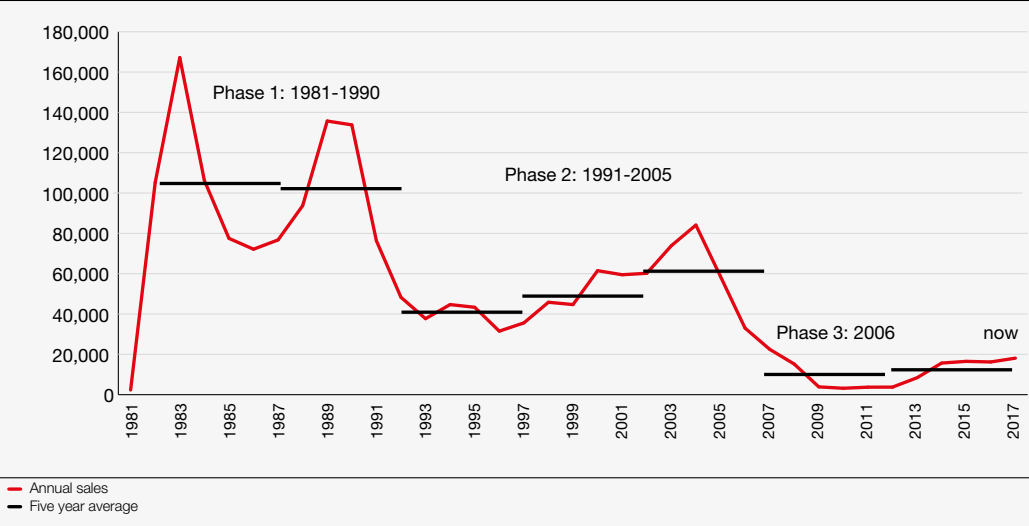
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Figure 25: Annual Right to Buy sales, 1980/81-2016/17[23]

Phase 1: 1981-1990
Phase 2: 1991-2005
Phase 3: 2006   now

- Annual sales
- Five year average

The declining effect of Right to Buy on home ownership rates is due to the shortage of social housing for people to buy. As the size of the stock has declined, there are fewer social renters and they are on lower incomes, meaning fewer and fewer are able to exercise their Right to Buy.

Other schemes have not made up for the Right to Buy
The response of successive governments to the diminishing effect of Right to Buy has been largely focused on developing new lower-cost measures into full home ownership. Chief among these new routes are several measures collectively called 'Help to Buy'.

What is Help to Buy?
In the Help to Buy equity loan scheme, the government lends households up to 20% of the cost of a newly built home (up to 40% in London). Borrowers pay an administration charge after five years, and the loan is repayable at 20% of the market price when they sell or after 25 years, or sooner if they wish. Households need a 5% deposit and a 75% mortgage to make up the rest.

A Help to Buy mortgage guarantee scheme was also previously in place to protect mortgage lenders' losses, and the new Help to Buy ISA pays first-time buyers a bonus on their savings – providing they are used towards a deposit.

£8.9bn
Since 2013, the government has spent £8.9 billion on Help to Buy. It has only spent £2.4 billion on its Affordable Homes Programme.

59%
59% of people who used Help to Buy said they could have afforded the same or a similar property, or a property they wanted, without using Help to Buy.

Help to Buy has been criticised as being expensive and untargeted, as well as causing an increase in house prices. Since it started in 2013, the Help to Buy equity loan has been used by 169,000 households at a cost of around £8.9 billion.[24] As an average, this means that 27,155 households a year used this scheme to get a home over the period, far short of the effect that the Right to Buy had on home ownership.

There are serious questions about who Help to Buy has helped and whether many of the sales may have happened without it. Almost 20% of those who have used it were not first-time buyers.[25] A significant number had relatively high incomes; over 40% have an income above 50,000.[26] Only 15% of households using the scheme earn less than £30,000.[27]

Furthermore, 59% of people who used Help to Buy said they could have afforded the same or a similar property, or a property they wanted, without it.[28] Analysis for this commission suggests that the number of additional home owners produced by the Help to Buy scheme could be even lower. Capital Economics estimate that only 14% of the total Help to Buy sales would not have happened without the scheme. That means that only 24,000 households have been able to get into home ownership because of Help to Buy.[29]

Finally, Help to Buy's impact on house prices may mean that it has helped a small number of people to buy while making housing less affordable for everyone else. Shelter research has previously found that in its first two years, by subsidising households buying properties, Help to Buy increased house prices by around £8,250.[30]

In comparison with social housing, the cost of Help to Buy since 2013 is not good value for money. It costs more for every household it gets into home ownership, and every additional home it delivers, than spending on social housing. Given the estimates of Help to Buy's impact, Capital Economics have projected that each additional home built because of Help to Buy has cost the government between £123,000 and £380,000 in equity loan. According to government estimates, social housing costs considerably less, at £72,600 in grant on average per home.[31]

On top of the other benefits of social housing, using government money to build social housing is cheaper per home. And with the Right to Buy, social housing has the potential to help more people access home ownership than Help to Buy. Yet in the time government has spent £8.9 billion on Help to Buy, it has only spent £2.4 billion on its Affordable Homes Programme, with a small and decreasing proportion of the programme being used to build social housing in recent years.[32]

A negative impact on the remaining social stock
Lower-income renters living in social housing have fewer housing problems than their private renting counterparts. However, while less common, Chapter 1 showed that some social renters are living with unacceptable housing problems, including:

- issues with overcrowding and poor conditions
- inability to get issues resolved, unresponsive landlords, and a feeling of being ignored
- stigma and a feeling of powerlessness.

We discuss in Chapter 6 how weaknesses in current regulations are responsible for some of these problems. However, the lack of social housing itself is also having a large negative impact on the remaining stock of social homes.

Overcrowding and poor conditions
There is a direct correlation between the shortage of social housing and the number of social renters facing overcrowding. A lack of larger homes has led to some social renting families getting stuck in homes that are too small for them, with no chance of transferring to somewhere bigger. Over 200,000 households currently on social housing waiting lists require a home of three bedrooms or more.[33] Many will already be social renters.

Similarly, the significant pressure that the shortage has placed on the ageing and limited stock of social homes is making an inevitable contribution to some poor conditions. For example, some problems – particularly damp and condensation – are caused or exacerbated by overcrowding itself.[34]

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Elsewhere, the lack of alternative social homes to move into means that some households are required to stay in homes that otherwise would not be in use. Increasing the supply of new social homes will significantly reduce the pressure on the existing stock and open-up the opportunity to move some households who are currently living in poor conditions to live in a new high-quality home.

Bilbao, Spain
Bilbao is a former ship building town in Northern Spain which has faced deindustrialisation, unemployment and a fall in the population. However, new housing is needed to cope with changing demographics and the demand for smaller units. Since 1994, a policy has been introduced to ensure that 75% of new housing is affordable, at a maximum of seven times incomes. Land for development is taken over by a state-owned land management company, which is a public-private partnership in which the city council owns 25%. The leading role played by the public sector has helped Bilbao avoid the over-supply of speculative housing which has afflicted other Spanish cities. [35]

30%
Last year, 30% of households moving into social housing were homeless.

Stigma
The shortage of social homes has also played a fundamental part in changing the perception of, and increasing the stigma around social housing and social renters.

There has been a shift from social housing providing homes for a broad cross-section of society to it increasingly only being available to relatively worse-off households. As the number of households in social housing has fallen, this shift, called residualisation, has been significant.

The Resolution Foundation examined this shift, and found a significant concentration of the number of social renting households on below-average incomes over the last fifty years. Between the beginning of the 1960s to 2015-17, the proportion of social renters on less than the average income increased from 62% to 80%.[36]

Research by the Chartered Institute of Housing also found that whereas in 1979 a substantial number of households in all but the highest income groups were in social housing, today the only substantial number is amongst households on the lowest 20% of incomes.[37]

Residualisation has also been given its own specific measure, with one study finding that social housing was three times more residualised in 2010 compared with 1970.[38]

The shortage of social housing has been at the centre of this residualisation. A lack of new social housebuilding, the selling of social homes, the investment instead in new types of government-funded 'affordable housing' (discussed in Chapter 3), and the movement of those who can afford it into home ownership, have all left a smaller number of social homes available for a smaller group of people. These changes have been compounded by:

- **The shortage of social housing has led to increased rationing.** This has meant pressure to prioritise social housing allocations for those in the greatest need, and most going to people on low incomes. Last year, 30% of households moving into social housing were homeless,[39] and 63% of social lettings in 2016/17 were to the 20% of households with the lowest incomes.[40]

- **De-industrialisation of parts of the country with high concentrations of social housing** has contributed to issues including empty properties and not enough social housing where there is the greatest need.[41]

- **A lack of new social house building and loss of more desirable stock** through Right to Buy has meant a reliance on ageing, less desirable social homes in areas with higher levels of deprivation.

We saw in Chapter 1 how just over half of social renters feel they are portrayed unfairly. The residualisation of social housing has had a profound impact on the way social housing and social renters are seen and spoken about. Although most people in social housing have a positive experience, social housing has shifted from being seen as something in which a wide range of people on different incomes are proud to live, to something that is marginalised. In turn, this stigma has likely led to some social renters wanting to leave social housing, and as we saw in Chapter 1 it has dissuaded other renters from applying for social housing, increasing the residualisation.

> '**I got in an argument with a neighbour, and the next day I got a note through the door calling me a scrounger. They assumed I didn't have a job because we were the council house on the street.**'
> Social renter, Birmingham

Residualisation, stigma, and decline have also reduced the political capital of those who live in social housing. As we saw in Chapter 1, only 1 in 10 social renters who took part in our consultation told us they feel able to influence the decisions made by national or local government about their home and local community, and many feel powerless. Even in purely numerical terms, the large drop in the proportion of voters who live in social housing across the country is likely to have made social renters a less politically important constituency. For example, if a greater number of people lived in social housing, there may have been greater public scrutiny and opposition to the barriers to complaint set out in Chapter 1.

Many of the socio-economic changes that have contributed to and reinforced residualisation – such as de-industrialisation – go well beyond the influence of housing policy. Increasing the supply of social housing will not reverse these trends. However, an increase in social housing would open up social housing to a broader range of renters and go some way to relieve the influence that residualisation has on social renters' lives.

Contribution to problems in private renting
The shortage of social housing has also had an impact on the private rented sector's failure to meet the needs of its growing population.

The overall shortage of homes has created overheated markets
Private renting is sometimes characterised as a more 'perfect market' than the home sales market because there are larger volumes of transactions (i.e. there are more new lets on average than sales). Last year there were nearly twice as many moves into a private rented home as there were into an owner occupied home, despite owner occupied homes accounting for over three times as many households.[42] In theory, this should mean renters have more options to shop around to find a place that meets their needs, with increased competition driving down prices and driving up standards.

But as well as contributing to higher house prices, the overall shortage of housing – resulting from the withdrawal of social housebuilding – has prompted much greater competition for privately rented homes. This has created the conditions for a landlords' market. In much of the country, there are too many renters chasing too few homes, leaving renters with weak bargaining power. Knowing that someone else will be willing to accept what is on offer can mean renters too often feel forced to accept high rents, poor conditions, and unfair terms in tenancy agreements.

This lack of bargaining power is particularly difficult for the increasing numbers of families and older people in the private rented sector who are more likely to need stability. As we saw in Chapter 1, it leads to private renters feeling powerless and unable to complain for fear of eviction and even homelessness.

The lack of a viable alternative and positive influence on practice
The influence that social housing exerts on private renting is not only felt through its contribution to overall housing supply, or lack thereof. As we saw in Chapter 1, overall conditions in social housing are better than private rented housing. An effective social housing sector, where renters could access low-rent homes, secure tenancies, and meaningful redress to resolve issues with their tenancy, could help to set a high standard for housing. If private landlords wanted to attract renters, they would be forced to compete on quality and price – not only with other private landlords, but also with the social sector run on a different business model. This competitive pressure could drive up standards across the board.

An expanded social sector may be able to help in other ways too. As large-scale, permanent institutions, social landlords could help professionalise the rental sector. For example, the housing association Your Housing Group has announced that it will go beyond the legal minimum by offering permanent tenancies to its private renters.[43] And as major purchasers of repairs, maintenance, and other services, it can have an influence throughout the supply chain.

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Paul and Ann's story

Paul and Ann are in their 60s and recently moved back to England. They had to move out of the first property they rented when their private landlord wanted to sell, and now they're battling their new landlord and letting agent over problems with their current home.

'When we viewed it, we knew that work needed to be done. The electrics were unsafe, there was water falling from the guttering like a waterfall and the toilet sounded like a train going through the flat every time it flushed. We'd been really struggling to find somewhere to rent and the letting agent promised us it would all be fixed before we moved in.

We couldn't move in for the first three weeks because there was no electricity. Eventually, we had to move in because we couldn't keep paying rent on two places, but nothing much had been done. The place was really dirty, and the garden was like a jungle. They only fixed the toilet on the morning we moved in after we begged and begged them.

We've battled our landlord and letting agent since May, and we're still battling. They've given us one week's rent back to make up for the three weeks when we couldn't live here, and they've finally offered us money to pay for some cleaning.

I know people live in worse conditions, but the stress it's caused is immense. My husband had serious heart problems earlier in the year, and this situation has given him severe depression. We'll move out as soon as we can in the New Year, and we're lucky to be in that position. Not everybody has that option.'

'It's just a constant battle and the stress it's caused is immense.'

Paul

Chapter 4

1.17m

Without action, our analysis suggests there will be 1.17m more younger trapped renters in the next 20 years.

Future effects if there is no change in direction

We cannot go on like this. As a commission we recognise that the situation that has arisen was neither planned, nor the result of any clear strategy. Instead it is the product of a series of interconnected trends and decisions. If we do not change course, we face a future of worse outcomes at higher cost. The far-reaching effects of the social housing shortage listed above will continue to be felt and worsen. More people will be stuck in unaffordable, overcrowded, insecure housing. Government funding will be spent on rising housing benefit rather than the bricks and mortar of new homes, and increasing numbers will become homeless.
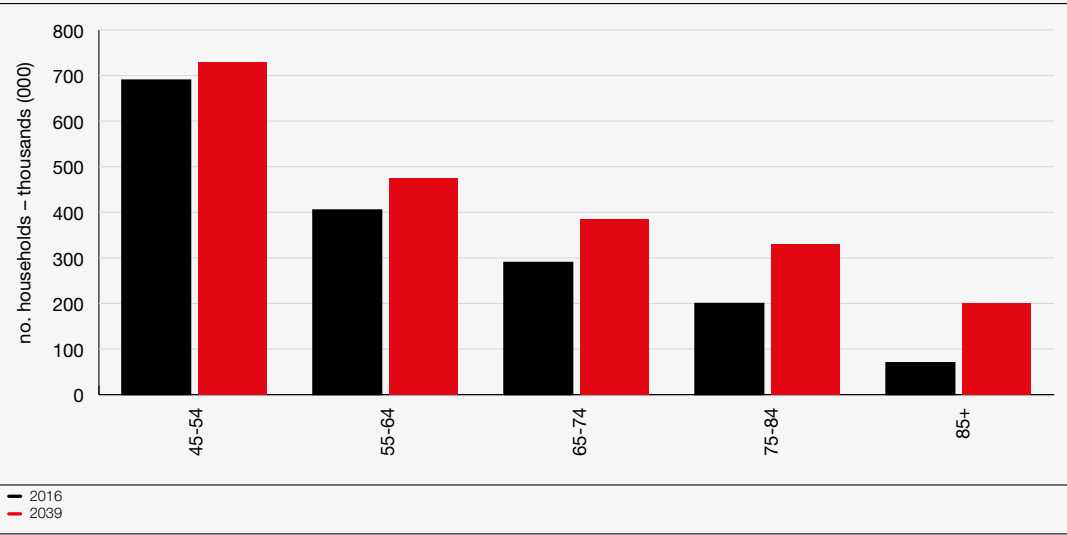
Rising numbers of families and older people stuck in private renting

The continuing upward trends in house prices and the land that houses are built on suggest that prices are likely to keep on rising. Home ownership will be increasingly out of reach.[44] This will make home ownership increasingly out of reach – the overall number renting privately will increase even further. We are already seeing the growth of a generation of young people who are unlikely to be able to afford to own their home at any point during their lives. This will only get worse for future generations.

With home ownership out of reach and tight access to social housing, the private rented sector will continue to grow among all groups. Without action, our analysis suggests there will be 1.17m more younger trapped renters in the next 20 years.

The general ageing of the population expected over the next two decades means the number of older renters will also increase. 10% of 55-64 year olds and 6% of over 65s are currently renting privately. Even if the proportion of each group stays the same, the number of households over 55 is projected to increase by 39% in the next 20 years, so we can expect to see another 400,000 older households renting privately by 2039.[45]

Figure 26: Projected increases in the numbers in the private rented sector because of increases in the population of older people[46]

no. households – thousands (000)

- 2016
- 2039

On top of this population increase, if the proportion of older people renting privately increases, the numbers will increase even further. With a generation of people now of working age unable to buy, this looks likely. Among current 45-54-year-olds, 16% are now renting privately, up from 9% ten years ago.[47] This group is likely to stay in the private rented sector, and the proportion of this age group renting privately, though small to start off with, is growing even faster than younger age groups. The Centre for Housing Policy at York University estimates that by 2040, up to one-third of 60-year-olds will be renting privately.[48]

And older people will be particularly hard-hit. Unlike their peers who own property, they will not have an asset to draw on or the disposable income to enjoy their retirement or pay for care costs. They will also have little chance of raising more income to cover increasing private rental costs. The majority of current private renters (57%) feel that if they were still renting privately when they retired they would be unable to afford to pay the rent on a suitable home themselves.[49] Ultimately, this means more and more older people living with insecurity and in poor accommodation, with increasing numbers relying on housing benefit.

277,000

people in England are homeless.

Rising homelessness

277,000 people in England are homeless,[50] with eviction from a private tenancy the most common cause.[51] Even more live in unsuitable accommodation, either because it doesn't meet their medical needs or because they are living in very poor, unsanitary or overcrowded conditions. Ultimately, if more social housing is not delivered, these groups will increase in number. More people will have no choice but to live in very poor or unsuitable private rented housing – or to sofa surf, live in temporary accommodation with no home of their own, or sleep rough.

Projections by Heriot Watt University for homelessness charity Crisis, submitted as evidence to this commission, suggest that around 133,000 more households will be 'core homeless' over the next 20 years if nothing changes. A lack of social housing, as well as a lack of housing supply overall, are cited as some of the main factors.[52]

This increase will contribute to spiralling costs for local and central government, due to higher benefit costs for those in private rentals, greater need for funding for homelessness support, and paying for more expensive temporary accommodation. Analysis by Capital Economics for this commission found that because of increasing numbers of housing benefit claimants in private renting rather than social housing, the government will have to pay out at least £24 billion more over the next 30 years.[53]

But the most profound effect will be the personal impact on the increasing numbers who are pushed into the tragedy of homelessness.

Throughout our work as a commission, we have sought to understand the personal impact of the housing crisis on people's lives. We are convinced that the lack of social housing is behind our current housing crisis. The devastating impacts on people's lives, and above all else, the tragedy of homelessness, means the continuing shortage of social housing cannot continue.

Footnotes

Chapter 4

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Chapter 5
Principles for the future
of social housing

5

Chapter 5
Principles for the future of social housing

We began this process already united in our conviction that everyone, no matter what their income, deserves a decent place to live. While few would disagree in theory with the importance of a home where people can thrive, in practice there are still too many who are denied this. This situation is the result of state and market failure over many years, and is particularly acute because of the failings in the growing private rented sector.

In the remainder of this report, we outline our recommendations for long-term, transformational change.

This won't be achieved overnight and will depend on cross-party consensus. This is a shared endeavour for the public, private, and non-profit sectors – and as part of this there is a clear role for government to make sure people are provided for, as it does with health and education.

We believe that by seizing the opportunity to develop a new generation of social housing, we have the chance to reverse the trend of decline and give people hope for a better future.

A new vision for social housing must embrace its potential to provide homes for people from all walks of life. It should provide both security for those in need, and also a step up for young families trying to get on and save for their future. We envisage a new generation of social housing providing desirable homes for nurses, mechanics, and others who are struggling in the private rented sector – as well as for those who are homeless, older, or unable to work.

Something that has struck us very forcefully as we have reviewed the evidence is that the sense of stigma associated with social housing pervades this debate. It's totally unacceptable that people should experience any judgement or discrimination based on where they live. We are determined to tackle this through promoting a better social housing sector, and celebrating the enormous benefits of social housing for society – as well as individuals.

Clearly social housing is not perfect, and needs reform as well as investment. It can be too difficult and take too long to get issues resolved, and many social renters feel powerless. Landlords should be transparent and accountable, and treat people with respect and decency. There must be clear recourse for renters when things go wrong, without fear of reprisal – as well as consequences when standards are breached.

Housing is a key national asset that deserves our investment. But we also recognise that our housing system must spend money more wisely. The way public money is used on housing now is shockingly inefficient, and with a change in priorities could be reallocated to far better effect.

Building high-quality homes in the right places is critical to our mission. We are not willing to accept a trade-off between high standards and supply, and we believe in the potential for social housing to provide a foundation for thriving, diverse neighbourhoods – as well as the needs and interests of the people living in them.

'People are having such a hard time in private renting, we desperately need more social housing.'

Marissa

Marissa's story
Marissa, 42, lives with her two children (aged eight and nine) in a two-bedroom flat in Harlow. Marissa has been living in her current place for nine years and it's changed her view of social housing.

'But now I think I'm very lucky to live in social housing. People are having such a hard time in private renting, particularly with the housing benefit cap. There's no security and it's unsettling having to move all the time, especially for families. People need to be able to build up relationships and a sense of community, but how can they do that when they have to move all the time?

Where I live isn't perfect. But living here means I can do a job that I love, even though it's not well paid, and my children can go to after-school clubs and do activities that otherwise I couldn't afford. There's also a great sense of community – I know all my neighbours and we've set up a cooperative community garden. More people should be able to access homes like this and not have to rely on private renting.'

Chapter 6
Reforming social renting

6

Chapter 6
Reforming social renting

While our research found that most social renters feel they can easily approach their landlords with any problems that arise with their homes (67%), they are more likely than those renting privately to have issues left unresolved.[2] Despite the clear 'social' remit of local authorities and housing associations, a large minority of social renters feel their landlord is indifferent to their needs, and there is a lack of tenant voice and agency. These renters wanted a more 'human' social housing system which treats residents as people, not numbers. As A Voice for Tenants has commented, 'there is a strong need to make social housing much more tenant focused'.[3]

'Social housing is not like choosing a doctor – you can't just up sticks and move if your housing association gets a low rating… Much more is needed to put power in residents' hands. We need a new regulation system that will be proactive and fight for residents, with real repercussions for housing associations or councils that fail in their duty.'

Ed Daffarn, Commissioner[4]

'Grenfell is the culmination of the disrespect, the neglect, and the way that we were never listened to and our voice was never important. Grenfell would've never happened if there was some respect, even just some respect for our voice.'

Jacqui Haynes, Head of Lancaster West Estate Residents' Association[1]

88%

Research suggests that renters of co-operative housing, which is managed (either entirely or mainly) by its residents, experience the highest levels of satisfaction (88%).

In this chapter, we make recommendations for the reforms which would help create this more humane social housing system; more responsive to the needs of social renters. In doing so, we draw on evidence from innovative countries and cities demonstrating the huge potential of public housing.

We all want to have as much control and autonomy in our homes as possible, which is part of the reason that owning our own home is so appealing. All social renters should have a strong voice in how their homes are managed and maintained.

A strong voice for social renters also matters because they cannot use consumer power to ensure they receive a good service. Tenants shouldn't have to move home because they're unhappy with their landlord's services – and, even if they wanted to, the chronic lack of supply, means they have few options to move elsewhere

There are good examples of residents of social housing having a strong voice, creating stronger communities and saving money.[5] And residents are happier when they are effectively involved in decisions about their homes. Research suggests that renters of co-operative housing,[6] which is managed (either entirely or mainly) by its residents, experience the highest levels of satisfaction (88%).[7] Our recommendations aim to build on the experience of what works.

We recommend five areas of reform to social renting:

- set clearer standards

- ensure speedier redress for individual complaints

- proactive enforcement of regulation to protect social renters

- give residents a voice in landlord governance and decision-making

- give residents a voice in decisions made by national, regional, and local government

The regulation of social housing operates on the principle of co-regulation, which was established in 2008.[8] Under this system, effective service delivery and the implementation of standards is seen as the responsibility of landlords' boards or local councillors, with the Regulator expected to 'minimise interference'.[9] Landlords are expected to support renters in shaping and scrutinising performance, and in holding boards and councillors to account.

8 months

The average time taken for a determination by the Housing Ombudsman was eight months.

Set clearer standards
Standards are set for tenant involvement and empowerment.[10] These fall under the consumer standards required of all social landlords.[11] The commission heard from national tenants' groups who argue these standards are not being implemented by most social landlords.

These standards set out the expectations of social landlords, but they are not specific. For example, on complaints, the standards set no minimum requirements (e.g. timescales) but state that landlords must 'have an approach… that ensures that complaints are resolved promptly, politely and fairly'. Standards should require landlords to adopt recommendations made by renters or justify why this isn't possible, rather than saying they need to be given 'opportunities to influence and be involved'.

Recommendation

If residents are to be protected and given a voice, there must be clearer standards for social housing providers. The government should direct the Regulator to make consumer standards more specific; setting clear, minimum expectations, such as timescales for dealing with complaints.

Ensure speedier redress for individual complaints
The Housing Ombudsman is the single, specialist ombudsman for all individual complaints about social landlords.

From 2010, the government wanted local councillors and MPs to use their influence to help resolve housing complaints at an earlier stage. They saw that tenant panels could act as an advocate for the complainant by giving advice, providing a review of the way the complaint has been handled, or being more proactive and suggesting a solution.

2011 legislation[12] introduced a 'democratic filter', requiring renters who have exhausted their landlord's own complaints procedure to ask for their complaints to be considered by a local MP, councillor, or designated tenant panel. If renters wish to refer their case directly to the Ombudsman, they must **wait eight weeks** to do so.[13]

Evidence suggests the democratic filter is ineffective – the Ombudsman itself has called for the democratic filter to be scrapped, after reporting that 93% of complainants simply wait the full eight weeks and then access their service.[14]

And even once a referral has been made, there can then be long delays. In 2017/18, the average time taken for a determination by the Ombudsman was eight months,[15] even though resident safety may be at risk. MHCLG's Social Housing Green Paper reports a perception that the process of seeking redress takes too long, with the 'democratic filter' adding an additional hurdle that does not apply to people complaining in other sectors.[16]

Recommendation

To make it easier for social renters to get redress on individual complaints, barriers to complaining must be removed. The government should remove the democratic filter for referral to the Housing Ombudsman.

Residents should also receive support in making referrals to the Ombudsman, including to commission independent experts (e.g. fire safety experts or surveyors) to substantiate their complaints.

Recommendation

Residents must be given support with their complaints. The government should extend the Legal Help scheme to cover detailed advice and support to make a referral to the Ombudsman or the Regulator.

Proactive enforcement of regulation to protect social renters
While renters are expected to take individual complaints to the Housing Ombudsman, they can alert the Regulator of Social Housing of serious failures in service delivery if the Regulator will be more able to solve the problem.

'Very few people in positions of power understand what this experience is like. I doubt they've ever had to live in poor housing or know what it is like to feel invisible, like no one cares.'[17]

Baroness Doreen Lawrence, Commissioner

Chapter 6

However, the Regulator's stated approach is 'reactive only and therefore we do not have a role in monitoring providers' performance on consumer standards… We do not have a role in resolving individual disputes between landlords and tenants'.[18] The operation of the 'serious detriment test' means that for the Regulator to intervene, tenants' bodies referring their landlords for breaching consumer standards must convince it that all of the following apply:

- there has been a **breach** of the rather ambiguous standards

- that this breach has, or will, result in **serious detriment** to tenants

- there is evidence this is a **systemic failure** rather than an individual landlord and tenant dispute

This places a very high burden of proof on residents' groups. As we saw in Chapter 1, it has led to the Regulator intervening in only very few cases.[19] According to Zacchaeus 2000 Trust (Z2K)[20], this reveals a deep-seated culture of taking what landlords say as read, while requiring renters to prove that 'serious detriment' has taken place.

When we spoke to social renters and other organisations, there was widespread appetite for a regulator with more 'teeth'. This is seen as a workable and effective solution to pressing problems in the social housing sector. People said they wanted to see a new regulator working to identify good, as well as inadequate practice by:

- conducting regular inspections of social landlords, resulting in a rating which could lead to intervention if they were found to be failing

- raising awareness of their regulatory role, so that tenant groups know how they can directly raise concerns about their home or community

- investigating complaints of systemic failures from tenant groups

- removing the 'serious detriment' test for intervention or at the very least lowering the conditions for intervention

- taking or recommending enforcement action against landlords who are found to be in breach of consumer standards

- ensuring complete transparency about how they work, the conclusions of their investigations, and the reasons behind these conclusions

3.9m

There are around 3.9m households living in social housing, yet the Housing Ombudsman currently lists only 93 tenant panels on its website.

Serious detriment test

The social housing green paper says[21] the government wishes 'to consider a number of possible regulatory changes to enable consumer standards to be enforced in a similar way to the economic standards. This would enable the Regulator to take a more rigorous and proactive approach to enforcement.' As part of this, it will consider removing the 'serious detriment' test if it is preventing such an approach. People attending our deliberative events felt the test wasn't fit for the purpose of enforcing standards that matter to residents, such as disrepair.

> **Recommendation**
>
> Residents should not have to prove they might be at risk of serious detriment for the Regulator to intervene. The government should remove the 'serious detriment' test for intervention, which is a barrier to proper enforcement of consumer standards.

Tenant panels

As part of a more localist approach to regulation, tenant panels have been seen as the main means to scrutinise performance and hold landlords to account.[22] In 2011, in response to a series of riots across England, the government announced[23] new training to allow social renters 'to take control of their area; putting them at the heart of proposing solutions, and no longer simply putting up with the problems'.

Social landlords should encourage tenants to establish and join tenant panels, but tenants' groups report this often doesn't happen, and there remains no statutory or regulatory requirement on landlords to establish a tenant panel. There are around 3.9m households living in social housing, yet the Housing Ombudsman currently lists only 93 tenant panels on its website.[24] And some tenants' groups we spoke to who had attempted to hold their landlords to account report that their landlord:

- won't recognise their groups

- brand them as trouble-makers, or

- send formal letters requesting they desist in asking difficult questions or approaching other residents for support

To be a 'designated' tenant panel dealing with complaints, the panel must be 'recognised' by the landlord. There is no guidance on what is required to achieve recognition. Grenfell Action Group could not gain landlord recognition because their landlord argued there was already a residents' group for the wider estate.

The powerlessness and lack of influence social renters feel, coupled with the lack of resources and barriers to effective involvement and resolution of issues, may be putting people off getting involved. Sharon Hayward, coordinator of the London Tenants Federation, believes the complaints system is currently so dysfunctional that 'I think people are giving up and getting frustrated'.[25] The Hackitt Review into building regulations following the Grenfell Tower fire[26] pointed out the need for a culture change, recommending that the good practice that already exists should become the norm across the whole sector.

> **Recommendation**
>
> Tenant panels should be encouraged and taken seriously. The government and Regulator should require landlords to actively support the formation of tenant panels and share good practice on how this should be done.

> **Recommendation**
>
> Any group of residents (whether recognised by their landlord or not) should be able to refer their concerns directly to the Regulator where they have common concerns they believe are caused by systemic failings.

Proactive inspection of consumer standards

Even where renters are very well-informed and volunteer lots of their time (and often money) to improve their housing and communities, they cannot be expected to be the main means of enforcing standards.

In his 2007 social housing review, Martin Cave[27] rightly identified that social housing needs strong regulation because it is 'a system in which tenants cannot switch and are put at risk of poor treatment by providers, which face limited pressures to offer good service and choice, or even to operate efficiently'.

The social housing green paper recognises 'there is a powerful case for strengthening the Regulator so it not only focuses on the governance and financial viability of housing providers, but also on how residents are treated and the level of services they should expect'. We agree, and so did many respondents to our consultation.

> **Recommendation**
>
> Social housing residents need better protection. Government should require standards of social housing to be proactively inspected, publicly reported and strongly enforced by an independent regulator, which can hold failing landlords to account in the same way as other public services, such as health (Care Quality Commission) and education (Ofsted).

There should be a review of enforcement powers and a focus on protection of consumers via effective inspection and enforcement of the consumer standards in the same way as other consumer regulatory bodies, such as the Financial Conduct Authority or Food Standards Agency.

Separate consumer regulator

Even with proactive inspection and regulation of consumer standards, there may be problems because this could lead to conflicting priorities for the regulator. A regulatory focus on the growth and sustainability of the sector may crowd out regulation to protect residents. We looked at what is used in other sectors with similar potential conflicts, like financial services.

Due to perceived regulatory failure during the 2007/8 financial crisis, government decided that the prudential regulation of banks should be separated from regulation of service standards and the protection of consumers. The Financial Services Authority was abolished, and its responsibilities split between two new agencies.
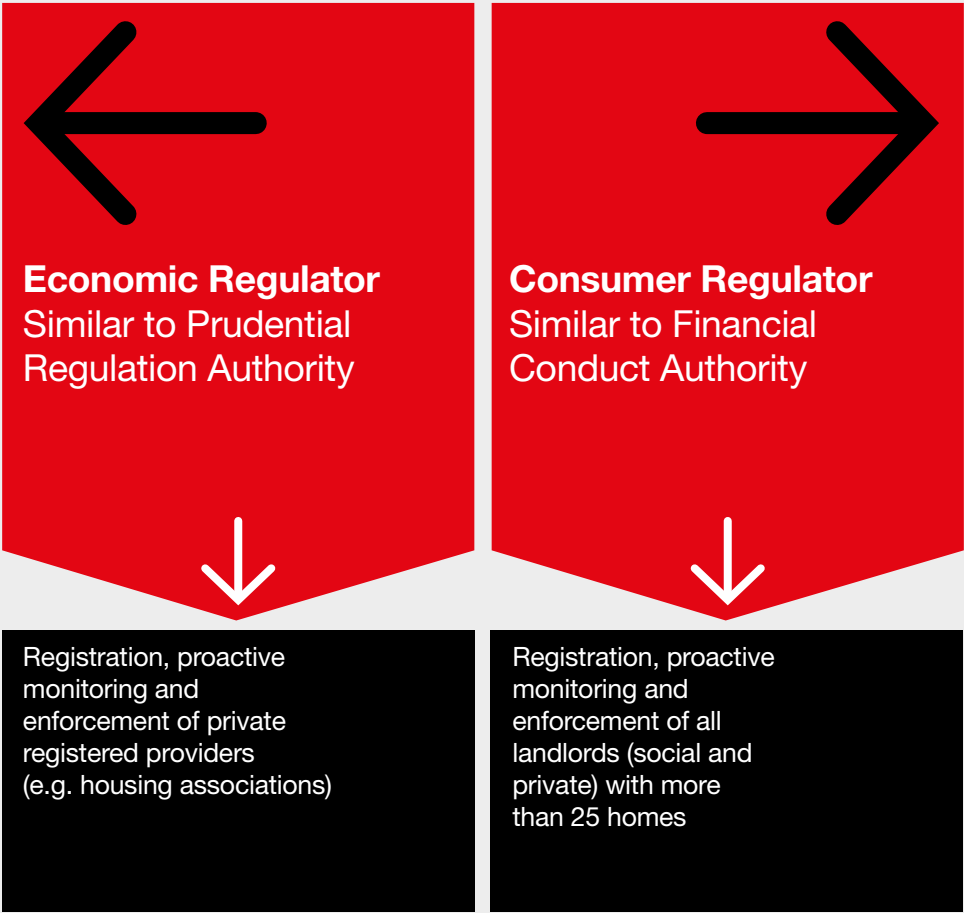
The Financial Conduct Authority became responsible for protecting consumers, enhancing integrity and promoting competition. The Prudential Regulation Authority of the Bank of England took on prudential regulation. At the heart of this regulatory reform was the insight that it is difficult for regulators to play a dual role, both overseeing the economic sustainability of a sector and its treatment of customers. One role will inevitably crowd out the other in terms of organisational priorities, knowledge, and skills. In social housing, consumer standards regulation has taken second place to financial regulation of social housing providers.

> **Recommendation**
>
> The government should create a new regulator to protect social renters and ensure their voices are heard. This separate consumer protection regulator (based on the model of the Financial Conduct Authority) should operate alongside a slimmed-down Regulator of Social Housing (operating on the model of the Prudential Regulation Authority), focused on its core economic brief, see figure 27 on the next page.

Chapter 6

Figure 27
Proposed system of regulation, with new consumer regulator

Economic Regulator
Similar to Prudential Regulation Authority

Consumer Regulator
Similar to Financial Conduct Authority

Registration, proactive monitoring and enforcement of private registered providers (e.g. housing associations)

Registration, proactive monitoring and enforcement of all landlords (social and private) with more than 25 homes

40%

Up to an estimated 40% of housing units in Copenhagen are co-operative.

Give residents a voice in landlord governance and decision making
As well as becoming less able to challenge their landlords, it is reported that fewer social renters are involved in governance and decision making. Zacchaeus 2000 Trust (Z2K) and TAROE Trust[27] told us that in their experience, many housing associations used to include a significant number of tenants and leaseholders amongst their boards, but many larger housing associations have ended this good practice, focusing less on attracting tenants and focusing instead on getting people with the right 'skills' to help them manage increasingly complex organisations.[29]

A reduction in involvement in governance contrasts with other European countries, such as Denmark and Austria, which have a large, co-operatively governed social housing sector.[30] The idea of co-operative housing was pioneered in Denmark to enable groups of people to own their homes but to share common facilities, such as eating together on a regular basis. This is helped by grants from the city councils. Up to an estimated 40% of housing units in Copenhagen are co-operative.[31] The tenant's participation statute in Vienna, Austria[32] sets the terms of cooperation between the City of Vienna and its tenants. The statute ensures tenant participation rights with regards to maintenance costs, common utilities, and housing management; allowing control and ownership for residents.

Research[33] shows the social and community benefits of co-operative and mutual housing models, and highlights how they can help with accountability. Such models are gaining recognition in England:

At the Community Gateway Association[34] in Preston, tenants can influence what happens to their homes and communities as well as the services provided. They are represented on the association's board, on the Gateway Tenants' Committee, in service action groups and through ongoing, direct contact with staff and other residents.

Rochdale Boroughwide Housing,[35] which operates more than 13,500 homes, is the UK's first tenant and employee co-owned mutual housing society. The representative body sets out the strategy and direction, and is responsible for appointing the board of directors.

Merthyr Valleys Homes,[36] which owns and manages over 4,200 homes across the borough, is a mutual housing association. It's the first in Wales to allow both tenants and employees to become members and own a share in the organisation.

The social housing green paper[37] says the government is 'considering a new stock transfer programme to promote the transfer of local authority housing particularly to community-based housing associations'. In our view, any such changes to the management of people's homes must be triggered by residents and voted on by residents.

Recommendation

The government should compile good practice on cooperative and mutual social housing models. However, local proposals to transfer existing homes to such models should only be triggered by residents and should only happen if the majority of residents vote for it.

Give residents a voice in decisions made by national, regional, and local government
The voice of social renters should not only be heard by their landlord but at all levels of government where decisions are made that affect them.

As the National Federation of ALMOS set out in its written submission, the purpose of 'tenant engagement is the transference of power from organisations to tenants and communities, and as a result, better outcomes for those tenants, communities and organisations'.[38]

The Cave review[39] recommended there was 'an overwhelming case for the establishment of a national voice for tenants of social housing providers because, while existing tenant representative groups did good work, there is the need for an expert advocate in the many strategic policy discussions that shape the professional housing agenda'. In response, after engagement with social renters and national tenants' organisations,[40] the National Tenant Voice (NTV) was launched in February 2010. However, only a few months later in July 2010, NTV was abolished by the new government. This means social renters do not have a nationally recognised route through which to influence government policy.

Nonetheless, good practice exists at a local level. Newcastle Independent Tenant Voice was established in 2016 as a way of involving residents in the policy-making process.[41] 26,000 residents and leaseholders are encouraged to share their views on policy changes (such as rent increases or allocation policy) through online surveys, social media, pop-up events, and focus groups in their local communities.

The four national tenants' organisations are now calling for the reintroduction of a national tenant voice organisation like the National Tenant Voice.[42] They recently conducted a survey of tenants, which found 93% of respondents said that there needs to be a national voice for tenants.[43] The Mayor of London has called for government to establish a Commissioner for Social Housing Residents modelled on the Children's Commissioner for England.[44] The social housing green paper has asked for views on whether there is a need for a stronger representation for residents at a national level.
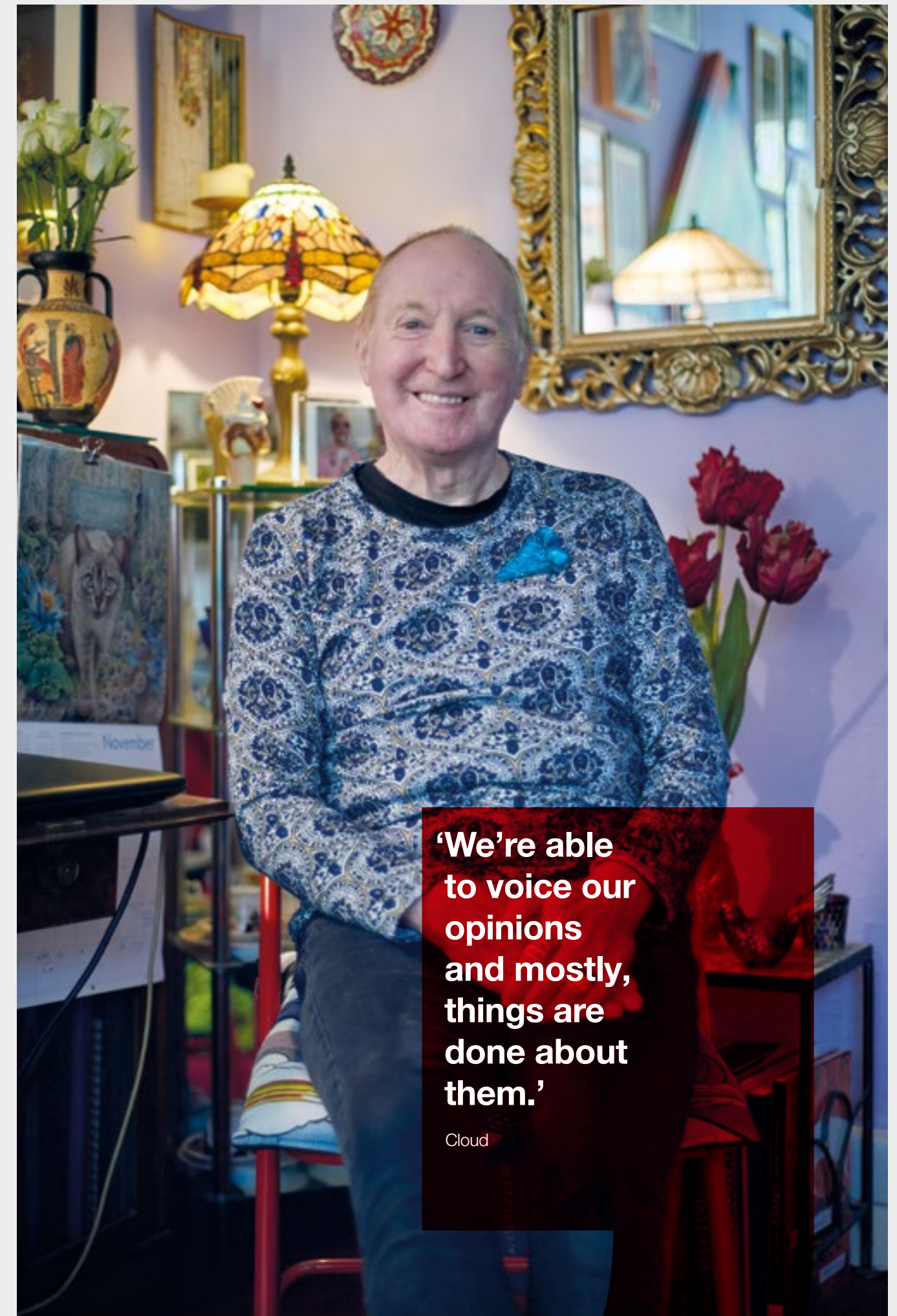
Chapter 6

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Cloud's story

Cloud, 76, lives in social housing in Hackney. The estate he lives in has a mixture of private and social renters and there's an active residents' association through which residents can share their views.

'I'm coming up to my 22nd year of living here now, and I very much enjoy it. It's a very pleasant place to live – it's well-maintained, regularly cleaned and I have lovely neighbours.

There's a residents' association and they hold regular meetings which we can all go to. Whenever there are problems on the estate, the residents' association helps us get them sorted. Someone from the council normally comes to the meetings so we're able to voice our opinions and mostly this leads to something being done.

We get regular updates from the residents' association on what's happening on the estate, which is good, and you can easily contact them if there's a problem. I haven't had to go to them often, but when I have, they were so helpful – like recently, when some scaffolding damaged my garden.

Housing estates have a bad reputation, but in the case of my estate, it's quite unfounded.'

'We're able to voice our opinions and mostly, things are done about them.'

Cloud

Chapter 6

> **Recommendation**
>
> Residents of social housing must have a voice with national, regional, and local government. Government should support the establishment of an independent tenants' voice organisation or tenants' union, to represent the views of tenants in social housing to national and local government. It should involve as wide a range of tenants as possible.

This new body could use a variety of involvement methods to:

- collect tenants' views on issues facing them

- carry out and publicise research into these issues

- raise matters with government and other bodies on issues affecting tenants

- inform tenants about services in their area and develop a two-way dialogue with them

- help to develop and strengthen the representative tenants' movement, e.g. grass roots groups

People attending our deliberative events welcomed this idea. However, they were only likely to get involved if they felt it made a real difference. So, the new body would need to be seen to be listened to by national, regional, and local government.

People identified two main barriers to overcome to make it work on the ground:

- **Funding**
  People cited budget cuts as limiting participation. But they questioned whether a new resident body could be truly independent if funded by government. So, it's important that the new body is independently funded

- **Inclusivity**
  People felt that it would need to be fully representative to avoid 'busy bodies' dominating the agenda. People we spoke to suggested publicity campaigns and tenant welcome packs to raise awareness. They wanted different ways to get involved: online to provide quick and easy access for busy people, but also by telephone or face-to-face for those excluded from online access

Resident voice in estate regeneration

It's also important that residents have a voice where major works are being considered for their homes and/or neighbourhoods, such as estate regeneration and neighbourhood redesign.

Current government guidance[45] recommends residents are engaged in projects, but this does not go far enough. For example, the London Mayor's Good Practice Guide to Estate Regeneration[46] recommends that when developing estate regeneration proposals, local authorities and housing associations should always engage openly and meaningfully with those affected by the project from the outset. Residents should be proactively supported to be involved in shaping any proposals that will affect their homes, and throughout the planning and design process.

Submissions of evidence we received from SHOUT and London Tenants Federation[47] recommend that this would require meaningful community involvement with 'much stronger independent tenant advice when regeneration schemes are proposed (such as independent tenant advisors)'.[48] Any such regeneration or neighbourhood redesign must have the approval and support of existing residents via a ballot to measure support for a scheme. Schemes involving demolition and redevelopment should maximise the numbers of social homes – and at least guarantee full replacement of all existing social homes on the same terms and conditions, and the right of return for existing residents.

Examples from elsewhere can give us some idea of what a community-led scheme could look like. The Central Govan Action Plan in Glasgow[49] was initiated by the residents of Govan, due to the frustration at what they saw as the decline and stagnation of Govan Town Centre. Residents persuaded Glasgow City Council to prepare the plan, shared their local knowledge, and helped to implement the plan.

> **Recommendation**
>
> Residents must have a leading voice in major works to existing homes or neighbourhoods. The government's good practice guidance on estate regeneration should be revised to reflect this.

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Chapter 7
Reforming private renting

7

Chapter 7
Reforming private renting

Our focus as a commission is on the future of social housing, and in Chapter 8 we set out recommendations for building more social housing. However, the depth of the problems faced by private renters we revealed in Chapter 1 necessitates urgent action. Improvements to the private rented sector now will make a major difference for the increasing numbers who rent privately, including more and more families and older people. In this chapter we make recommendations to improve standards in private renting through better regulation and enforcement, and to protect private renters from eviction and above-market rent increases.

2.15m

In 2015, HMRC estimated that there were 2.15 million private landlords in the country.[3]

Other countries have introduced regulation to make the market for private renting work better, but in England, the regulation governing private renting has not kept up with the breakneck expansion of the sector. Our current regulations are relics from a time when private renting was normally only a short-term option and for a small minority. They exacerbate the weak bargaining position that private renters are put in by the overheated market, and they put private renters at risk of exploitation. They need to be reformed.

One consumer regulator for all renters
If we are to expect some private renters to remain and thrive in the sector over the medium or even long term, it makes sense to have a national regulator to act as custodian. Private renters enjoy the protection of national regulators for their energy, water and telecommunications, but have no equivalent to regulate the standards of their homes.

In proposing new regulation for social renters, with responsibilities split between economic and consumer regulation, we have considered whether the consumer regulator could take on responsibility for all rented housing, rather than just social housing.

There are good reasons for such a tenure-neutral approach. Those who rent from private landlords should not expect different standards of service to those living in social housing. And the divisions between landlords operating in the social and private rented sectors are becoming increasingly blurred. Some private landlords are already registered with the existing Regulator of Social Housing, but this is not a requirement. Sometimes social landlords lease properties from private landlords. And several large social landlords now have large private sector renting portfolios and are significant private landlords in their own right.[1] Joint regulators also have international precedent, such as in the Republic of Ireland where responsibility for all private landlords and housing associations were brought under a single Residential Tenancies Board in 2016.[2]
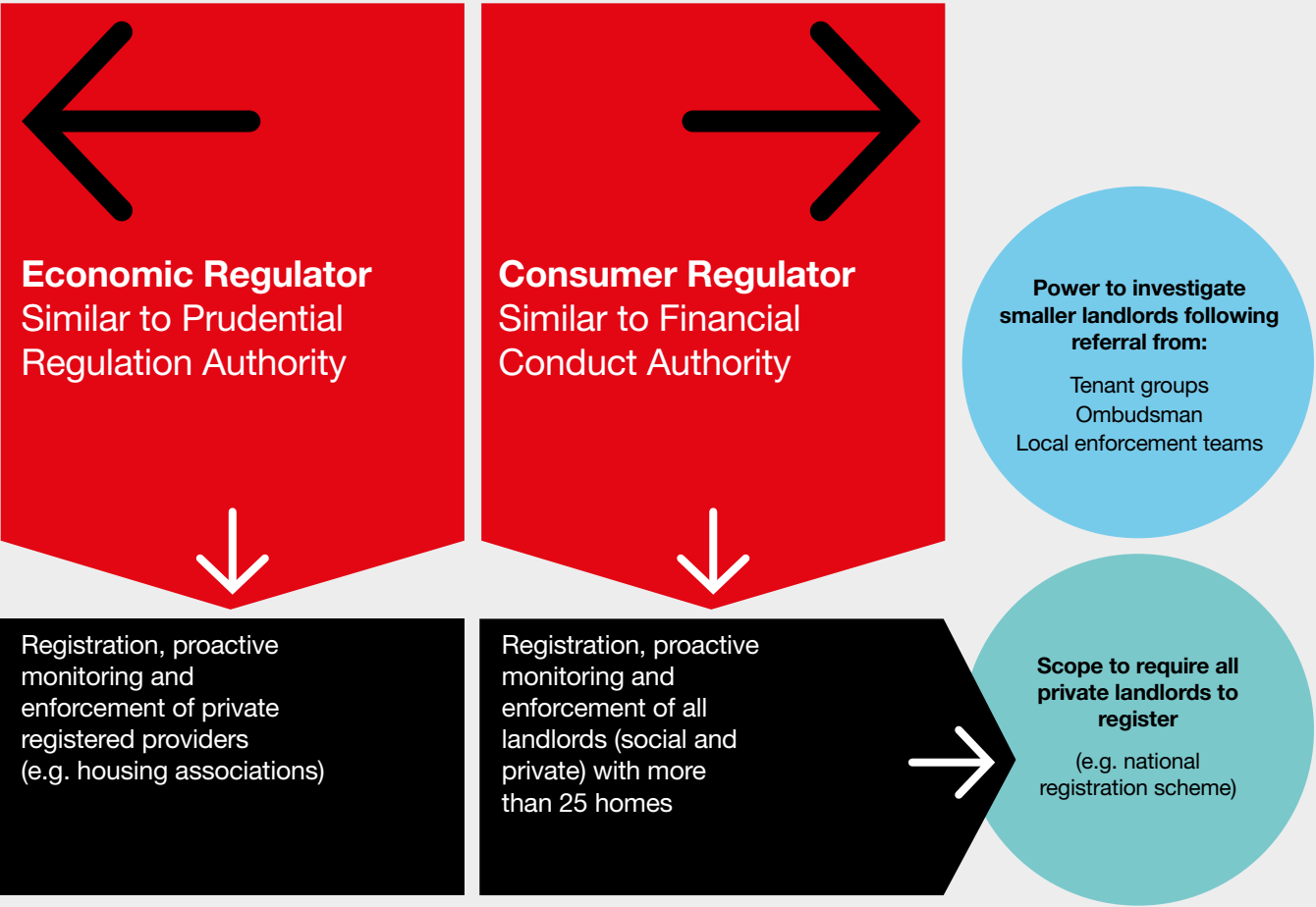
In 2015, HMRC estimated that there were 2.15 million private landlords in the country.[3] To limit the administrative burden on both small landlords and the regulator itself, it would be appropriate to initially set a threshold on the size that private landlords must be before becoming subject to the new regulator. For example, the most recent government figures available suggest that setting the threshold at a portfolio of more than 25 properties would mean that fewer than 1% of all private landlords would be subject to the regulator, but more than 20% of all properties would be covered by the regulator.[4]

Whether a landlord owned or managed many homes in single development (e.g. the Olympic Village) or across a geographically dispersed area (e.g. a large buy-to-let portfolio), they would be subject to the single consumer regulator of rented housing. Registered landlords could be subject to cyclical regulatory inspections – as well as quicker, short-notice inspections – and then receive a rating based on a published report.

> **Recommendation**
> Government should require all private landlords with over 25 homes to register with the new consumer regulator.

Proposed system of regulation, with new consumer regulator

Economic Regulator
Similar to Prudential Regulation Authority

Consumer Regulator
Similar to Financial Conduct Authority

Power to investigate smaller landlords following referral from:

Tenant groups
Ombudsman
Local enforcement teams

Registration, proactive monitoring and enforcement of private registered providers (e.g. housing associations)

Registration, proactive monitoring and enforcement of all landlords (social and private) with more than 25 homes

Scope to require all private landlords to register

(e.g. national registration scheme)

Revenge evictions

'**The damp and wet was so bad that the entire bottom floor was unliveable.** That was the kitchen, lounge and dining room. The cellar was flooded and the water from this went onto the bottom floor. Mould destroyed a whole brand new sofa downstairs, alongside several coats and other equipment. **The electric sockets then stopped working or fritzed in the middle of the water.** The letting agency still refused to do anything as they said it would cost too much. It was affecting next door too; the water was that bad. **We complained to the environmental health officer and the landlord evicted us.**'

Response to the question
'What's the worst thing that's ever happened to you as a private tenant?' from polling by YouGov[10]

Clearer standards for all rented housing

While initially, only larger landlords would be required to register with the single regulator, it could also play a broader role in the regulation of the sector. For example, it could set and publish standards for all landlords.

This would help residents of all types of housing understand the level of service they should receive. The regulator could also clearly set out their means of redress, such as referral to an enforcement agency (such as local housing enforcement and tenancy relations services), referral to the Housing Ombudsman or redress scheme (for compensatory redress), or tribunals or courts.

A useful comparison could be made with the model of the Food Standards Agency (FSA). As well as directly inspecting larger establishments, the FSA:

■ provides information on food safety and hygiene

■ commissions research

■ sets and monitors regulatory standards, which are used by local environmental health enforcement officers to inspect smaller establishments

> **Recommendation** ▶
> The new consumer regulator should set consumer standards for all private rented housing.

With only large landlords to be directly regulated by the new consumer regulator, local authorities will continue to enforce standards in the majority of private rented homes. Given this, it will be important to get the relationship between national and local enforcement right. For example, if local enforcement services found that a smaller landlord had breached the level of consumer standards required, in addition to taking enforcement action (including any local registration or licencing scheme), they could be required to submit their rating to the regulator. The regulator could then

analyse and review reported ratings to ascertain whether a particular small landlord was regularly subject to poor enforcement ratings, and have the power to inspect.

It will also be important to improve the effectiveness of direct local authority enforcement. In recent years, there have been many attempts to improve the regulation of standards and conditions in private renting. For example, as part of the Housing and Planning Act 2016, the government gave local authorities new enforcement powers to help tackle poor standards in private renting and impose tougher penalties on landlords who break the rules. This includes allowing local authorities to levy larger fixed penalties on private landlords, giving local authorities the power to apply for a banning order to ban landlords from letting out properties if they commit certain offences and the creation of a Rogue Landlord and Agent Database to help local authorities share information about those who commit offences.

While these have been positive steps, resources for enforcement have not grown at the same rate as the growth of the number of private rented homes. Indeed, significant reductions in local authority budgets have hit housing services harder than almost any other area.[5] This has limited the effect of these reforms and the extent to which any increase in powers could be exploited by local authorities to the benefit of private renters. Some authorities have made good use of new powers, but many have not. Freedom of information research in 2015 found that formal enforcement activity[6] was 'rare in many local authorities and non-existent in even more'.[7]

> **Recommendation** ▶
> The government should increase resources for local enforcement to tackle rogue landlords and poor conditions, in line with the growth in the number of private rented properties.

Chapter 7

Strengthening private renters' bargaining power

Private renters should not always have to rely on referring problems to a watchdog like a regulator or local authority to get a good deal in their home. They also need to be in a better position to negotiate a deal for themselves. The biggest opportunity for change is increasing renters' protection from no-fault or 'Section 21' eviction (so-called in reference to the section of the 1988 Housing Act that gives landlords the power to evict without a reason). As we saw in Chapter 1, research found that half of private renters who make a formal complaint about their property receive an eviction notice in revenge in the next six months, and many do not complain for fear of eviction.[8] Other private renters have been evicted for trying to get a good deal in other ways, like 'asking to freeze the rent'.[9]

In most of our neighbouring countries, stronger legal protection against eviction puts private renters in a much stronger position to push for a good deal.[11] There are legal protections against no-fault eviction across mainland Europe. And since December 2017, private renters in Scotland have been legally entitled to a permanent tenancy, where they can leave at any point with 28 days' notice, but they can only be evicted if landlords have a legitimate ground for doing so.[12] Giving private renters in England a similar legal protection would strengthen their bargaining power and make it easier for them to complain or challenge, without fear that it will result in them being asked to leave.

The government acknowledges that 'longer tenancies can provide a form of consumer protection, ensuring that tenants can confidently make a complaint'.[13] The consultation included new proposals for how to deliver longer tenancies to more private renters, and at the time of writing, we are awaiting the government response to the consultation.

The government's proposal for a model longer tenancy[14]

The terms of the model tenancy are that:

- it would be three years in length. During this time renters would be protected from no-fault eviction and landlords would only be able to regain possession where they are able to demonstrate grounds (like serious rent arrears)

- the tenant would be able to leave at any time by giving two months' notice

- it would be subject to a break clause after the initial six months when either party would be able to break the tenancy

- rent increases would be limited to one each year. How rent increases would be calculated would also need to be set out when the property was advertised

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In addition to improving renters' bargaining power, longer tenancies would make private renting more suitable for some households for the medium term, such as families with children. With a longer tenancy, families would have much greater certainty that they would be able to stay in their home for at least a while and reduce the risk of multiple moves impacting on their child's education.[15]

However, while three-year tenancies would clearly be an improvement on the existing rental framework, any fixed duration will create a cliff edge and limit the potential benefit it will have. In terms of consumer protection, a fixed end date will mean that there will

continue to be a period in the months leading up to the end of the tenancy when renters will fear recrimination if they raise a complaint. And for families and older people who want stability, a longer but fixed tenancy will only have a limited impact on the certainty that they will be able to stay in their home. For example, parents may still find themselves forced to move multiple times during their child's education. Following the change adopted in Scotland, permanent, open-ended tenancies are clearly preferable.

Alongside setting out a new model for a longer tenancy, the government's consultation included three options for how to implement the change:

- legal change, to make it a legal minimum for all private renters or a default with an option to opt out

- incentivisation through the tax system, while maintaining voluntary adoption

- promoting voluntary adoption with publicity and education

Anything less than legal change to give all renters protection from no-fault eviction as a legal minimum, with no opt-out, will significantly limit the number of private renters who benefit. Research by the Cambridge Centre for Housing and Planning Research has shown that even with a tax incentive – the strongest voluntary measure proposed – only 46% of landlords would voluntarily offer three-year tenancies.[16] The risk is that those who already face discrimination, such as those on low incomes, would struggle most to find a longer tenancy in such a divided market. It is therefore necessary to introduce a legal change to end Section 21.

To ensure that landlords have confidence in their capacity to legitimately regain possession (such as if their tenant goes into serious rent arrears), this legal change could coincide with a review of court processes and resourcing.

To make a legal change for permanent tenancies effective, private renters would also need additional protection against landlords who try to use excessive rent increases as a way of evicting through the back door. Unlike in many of our neighbouring countries, renters in England have no regulatory protection from above-inflation rent increases – and the process for appealing a market-busting rent is ineffective.[17]

> **Recommendation**
>
> The government should protect private renters from no-fault eviction. It should end Section 21 by changing the law so permanent tenancies are the legal minimum for all private renters. It should make sure they are protected from eviction by above-market rent increases.

Beyond permanent tenancies, there are additional reforms that would also put private renters in a stronger position, particularly when it comes to negotiating the rent. In other countries, like Ireland and Germany, private renters have access to reliable, detailed information about rents to help them understand the going rate.[18] Although the Valuation Office Agency publishes tables on local rents, these are only available at broad levels and do not differentiate by housing characteristics.

> **Recommendation**
>
> The government should explore how to introduce more detailed information about rent levels for different property types at a ward level.

Footnotes

Chapter 7

1   For example, major social landlord Clarion currently manages 800 PRS properties with plans to build 3,000 more. Clarion Housing Group, Clarion Housing Group to grow Build to Rent portfolio by 3,000 homes in five years, 20 March, 2018, http://www.clarionhg.com/news-research/2018/march/clarion-housing-group-to-grow-build-to-rent-portfolio-by-3-000-homes-in-five-years Notting Hill Genesis manages 962 market rent properties Notting Hill Housing Trust Report and Financial Statement 2018, 31 March, 2018, https://www.nhhg.org.uk/media/10708/nhhg-1718-signed-financial-statements.pdf and L&Q Group has £466 million invested in the private rented sector; London and Quadrant Housing Trust, Financial statements 2017, 2017, https://www.lqgroup.org.uk/_assets/files/view/84f4c87e-def3-4990-99c6-913cc4b26304/

2   Residential Tenancies Board, RTB annual report 2016, https://www.rtb.ie/docs/default-source/annual-reports/annual-report-2016.pdf?sfvrsn=2

3   Scanlon, K. and Whitehead, C., The profile of UK private landlords, Council of Mortgage Lenders, December 2016 https://www.cml.org.uk/documents/the-profile-of-uk-private-landlords/the-profile-of-uk-private-landlords-20170118.pdf

4   MHCLG. Private landlords survey, 2010, https://www.gov.uk/government/statistics/private-landlords-survey-2010 An update of this research is expected in 2019, and could be used to refresh the estimated level of impact

5   Amin Smith, N., Phillips, D., Simpson, P., Eiser, D. and Trickey, M., A time of revolution? British local government finance in the 2010s, Institute for Fiscal Studies, 2016 https://www.ifs.org.uk/uploads/publications/comms/R121.pdf

6   This includes hazard awareness notices, improvement and prohibition notices, as defined under the Housing Act 2004.

7   Battersby, S. The challenge of tackling unsafe and unhealthy housing, prepared for Karen Buck MP, December, 2015 http://sabattersby.co.uk/documents/KBReport2.pdf

8   Citizens Advice, Complain and you're out: Research confirms link between tenant complaints and revenge eviction, 2018, https://www.citizensadvice.org.uk/about-us/how-citizens-advice-works/media/press-releases/complain-and-youre-out-research-confirms-link-between-tenant-complaints-and-revenge-eviction/

9   Example of a response given to the question 'What's the worst thing that's ever happened to you as a private tenant?' YouGov, survey of 3,978 private renters, online, weighted, July-August 2017

10   YouGov, survey of 3,978 private renters, online, weighted, July-August 2017

11   Bibby, J., Time for reform: how our neighbours guarantee stability for private renters, Shelter, October, 2016 https://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/policy_library_folder/time_for_reform_how_our_neighbours_guarantee_stability_for_renters

12   Shelter, Grounds for eviction for private residential tenancy and tenants, 2018 https://scotland.shelter.org.uk/get_advice/advice_topics/eviction/eviction_of_private_tenants/grounds_for_eviction_for_private_residential_tenancy_tenants

13   MHCLG, Summarised from Overcoming the barriers to longer tenancies in the private rented sector, 2018 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/721556/PRS_Longer_Tenancies_Consultation.pdf

14   Ibid

15   Rodda, M., Hallgarten, J. and Freeman, J., Between the cracks, Royal Society of Arts, 2013 https://www.thersa.org/globalassets/pdfs/reports/education-between-the-cracks-report.pdf

16   Clarke, A., Morris, S., Oxley, M., Udagawa, C. and Williams P., The effects of rent controls on supply and markets, Cambridge Centre for Housing and Planning Research, May 2015 https://www.cchpr.landecon.cam.ac.uk/Projects/Start-Year/2015/The-effects-of-rent-controls-on-supply-and-markets/Project-Report/Report

17   Although it is possible for tenants on an Assured Shorthold Tenancy to appeal an excessive rent to the First-tier Tribunal (Property Chamber) in the first six months of a new tenancy, it is rarely used because tenants risk being evicted if they make such an appeal. Tenants with an Assured Tenancy are able to appeal an excessive rent increase mid-tenancy, but this type of tenancy is now rarely used.

18   In Ireland, all rents are registered with the Residential Tenancies Board. Detailed averages are available down to a small locality and by property type as well as size. In some German cities, the Mietpreisspiegel rent tables provide similarly detailed rent data on paid rents.

Lola's story

Lola and her two daughters, aged seven and nine, have been renting privately in Bristol. They recently received an eviction notice from their landlord asking them to leave.

'It's a very worrying time for all of us. I've tried to be positive because I don't want to upset the girls, but it's nerve-wracking knowing we'll have to leave. I suffer from depression and the eviction is making me very anxious.

Our current flat is in a terrible condition – there's lots of damp and it's freezing in winter because there's no insulation. In some ways, it's probably a good thing for us to leave, but I just know we won't be able to afford anywhere else nearby.

I've been bidding on social housing since I received the eviction notice in March, and I've also made a homeless application. I don't want to be forced to move a long way from where we are now. With my depression, I want to make sure we stay near my parents. I also don't want to have to move the girls to a new school – I know they would adapt, but I think being homeless is enough for them to deal with.'

'It makes me very anxious, I just worry all the time.'

Lola

Chapter 8
Building more social housing

8

Chapter 8
Building more social housing

The central message that has come through to us most strongly over the course of the commission is that the biggest problem with social housing is that there simply isn't enough of it.

Building many more social homes is the only way to address the current mismatch between demand and availability, which has left 1.2 million people stuck on waiting lists.[1] But the benefits of new social housing are felt much more widely. New social housing can play a vital role in supporting overall levels of housing supply and standards (and a healthy economy), while meeting a range of housing and social needs. It will:

- help to address the stigma that has been brought about through the residualisation of social housing

- improve the experiences of those living in social housing, who need more choice over where they live – and the ability to move on from unsuitable, overcrowded homes

- reduce the spiralling costs of housing benefit

It is the only credible hope that government has of reaching its target of 300,000 new homes a year.

In this chapter, we set out the full cost-benefit case for building much more social housing – and make recommendations on the reforms required to deliver it.

However, we also believe that we need to forge a new, expanded consensus on what and who social housing is for. We believe this is the only way to give hope to the ever-increasing numbers of people in need of social housing – from those who are homeless, to the younger families and older people with no other option than unaffordable, poor quality, and insecure private rented homes.

Our vision for expanding the supply of social housing
A fundamental shift is needed in how we think about social housing. In the post-war period, politicians of both parties – from Macmillan to Bevan – saw public housebuilding as an investment. They espoused the idea that it should help meet people's aspirations, as well as their needs. From this height, new social housing has slowed to a trickle of just 6,000 a year.

Our vision is for a return to this more ambitious understanding of social housing's purpose. This is an investment in the future of the nation – with challenges from changes in employment to the ageing society, we need a new cross-party consensus to invest in enough social housing for the next generation. The offer of a social home needs to be extended to groups that wouldn't currently expect to be able to access social housing. It should provide both security for those in need, and also a step up for young families trying to get on and save for their future. Our estimate of the number of new social homes the country needs reflects this. We believe we should be building not only for those who are worst affected by the housing emergency, but for a broader group who are being failed and would be better off in a social home.

This extended vision for social housing would see us building new social homes for:

- **those in the greatest need** – households who are most acutely failed by the current housing emergency. They include homeless households, those with a long-term impairment or health conditions, and those who are living in poor or overcrowded conditions. Without the security of social housing, they face long waits for a home that is affordable and meets their essential needs. Many are failed entirely. For them, social housing is essential

- **older private renters** – with no other option, a growing number of older people on lower-than-average incomes are now renting privately. Without more social homes, they face high housing costs and insecurity beyond retirement and risk facing ill health or impairment without being able to make necessary adaptations to their home. For these renters, social housing is the opportunity to have a decent old age; free from major money worries or being forced to move home

- **younger, trapped renters who will never afford to buy** – these are younger households who will never be able to buy a home. As things are, they will remain trapped in insecure and unaffordable private rentals, facing the prospect of raising a family without a stable home. For these renters, social housing is the opportunity to put down roots, save for the future, and build a good life

With no action, we expect to see 3.1 million households failed by the housing market over the next 20 years[2]. They deserve better – a social home is their only realistic chance to get secure, affordable housing. Our vision is for these households to have this chance.

300,000

Building more social homes is the only hope government has of reaching its target of 300,000 new homes a year[2].

3.1m households need a social home[3]

1.27m
Those in greatest need

631,000[8]   In hazardous conditions

240,000[7]   In overcrowded accommodation

194,000[9]   Living with ill health or disability

128,000[6]   Rough sleeping and hidden

79,900[5]   Homeless and in temporary accommodation

1.17m
Younger trapped renters

691,000
Older renters

Chapter 8

**Case studies:
The three groups who would receive
social housing.**

**Those in greatest need, such as homeless or
disabled people and those with a long-term
health condtion**

Anthony's story

Anthony, 62, lives with his partner Lisa, 11-year
old stepson and four-year old son, in a privately
rented property in Chesham. Anthony is disabled
as a result of having polio as a child, and his eldest
son has autism and Attention Deficit Hyperactivity
Disorder (ADHD).

**'I want a
better life,
that's all
I want.'**

Anthony

'I find it difficult to get in and out of the house
because there are steep steps up to the front door
which I've fallen down several times. We have a
two-bedroom house, but I have to sleep downstairs
because I can't get upstairs. My youngest son
sleeps downstairs too – it's difficult for the boys
to share a room as my stepson is autistic and he
needs his own space. So we both sleep downstairs
and have to use a portable toilet.

Our rent is £1,000 per month and we're in terrible
debt. My partner works full-time as a lorry driver
and because her income takes us over the earnings
threshold, we're not entitled to any housing benefit.
We can't move to a cheaper property because we
can't afford the moving costs. We're on the waiting
list for social housing but that's gone nowhere,
despite letters from our GP.

Why is it fair that some people have social housing,
and some don't? It's such a shame.'

**Younger trapped renters who
will never afford to buy**

Emma's story

Emma, 35, and her husband Rob, 36, have raised
their three children in rented properties. They've
been forced to move home 11 times in 16 years.

'We'd love to save a deposit to buy, but every time
we've started saving something has happened –
my husband's been made redundant, or we've
had to move because of a rent increase.

We feel lucky that our children haven't had to move
schools, but they do get anxious about when we will
have to move again. Her younger brother is on the
autism spectrum and he's very particular about his
belongings so moving is very hard for him too.

I just feel so let down. Sometimes I think "what's the
point of life?" We're not getting anywhere. Shared
ownership is a lot of money and Help to Buy isn't
targeted at us either. We could save a bit, but it
would probably take us 30 years to save the deposit
we'd need. We're both heading into our late 30s,
so that's going to affect the mortgage we can get
soon, too. The whole system is so wrong. Unless
you've got parents who can lend you the deposit
to get on the housing ladder, or are young enough
to live at home rent free, what hope have you got?
We need a rent to buy scheme suitable for families.
But until then I will just keep working hard and
hope that once I qualify as a teacher next summer,
that will help.'

**'The whole system is so wrong. Unless
you've got parents who can lend you
the deposit to get on the housing
ladder, what hope have you got?'**

Emma

Older renters with no other option

Vicky's story

Vicky is 73, but with no option other than private
renting, her retirement years have been anything
but restful.

'I had been renting a flat on the North Circular for
about four and a half years. The owners were rich,
but they kept putting the rent up. I was on housing
benefit, they knew what the council cap was
and that once they went over it, I couldn't afford
to stay. I couldn't challenge it. When the letting
agents refused to let them increase the rent again,
the owners said they were going to sell up and
evicted me.

I went to the council. I had to fill out a horrendous
amount of paperwork. The council kept getting
it wrong, the website kept crashing. It felt like
they just didn't care. I was moved into temporary
accommodation in Tottenham. But even then it took
nearly nine months for the council to accept I was
homeless and put me on the social housing list.
The temporary accommodation was a nightmare.
The drug dealers, the fighting every night, the
schizophrenic bloke in the room upstairs...
I nearly threw up just thinking about it.

I'm now back renting privately and have a one-bed
place. It's £880 a month and there are problems, but
I'm grateful to have it. Renting privately leaves you
feeling so vulnerable. It's not stable, and after what
I've been through, I'm never going to feel secure.
If the council came to me and said, "we've got a
place for you", at least I'd feel more in control of my
life because I know they aren't going to turn around
and put my rent up to £1,200 a month.'

Chapter 8

Recommendation

Government should deliver enough social homes over the next 20 years for the 3.1 million households who will be failed by the market, providing both for those in need, and also a step up for young families trying to get on and save for their future.

Who should we build social housing for?
Those in the greatest need
Those in the greatest need are losing the most from the housing crisis. Existing rules already prioritise them when deciding who gets social housing, but there still isn't enough. The rules require that social housing be allocated with consideration to 'reasonable preference'. In simplified terms the types of people that might be given reasonable preference are homeless, living in very poor or overcrowded conditions, or need to move on medical grounds.[10] To understand the number of social homes that we need just for those in greatest need, we have estimated the number of existing households with similar needs to those who should have 'reasonable preference' today yet do not have a social home. This comes to 1.27 million households. These people are being failed by the lack of social housing, despite a duty to give them reasonable preference. In estimating their number, we recognise that households move in and out of these categories – either because they are fortunate enough to secure a social tenancy, or because their circumstances change. However, though the figure may change slightly, the overall size of this group currently without a social home can be taken to represent the number of social homes required.

Other categories of reasonable or additional preference – such as people who are homeless due to domestic violence, and homeless ex-servicemen and women – are included within the numbers of homeless households.[11]

Older private renters
As we have seen, older households who rent privately face a range of challenges – including insecurity, increasing rents, and struggling to get necessary adaptations made to their homes.

10% of 55-64 year-olds and 6% of households with renters aged 65 and above are now renting privately. Assuming these proportions stay the same, we have estimated how many older households will be in private renting in 2039 using official projections of household[12] numbers.

3.1m
Enough social homes are needed for the 3.1 million households who will be failed by the housing market over the next 20 years.

This is likely to be a conservative estimate, given that these proportions are likely to increase due to worsening affordability.

We have only estimated need based on those on lower incomes (under the national median income), who are more likely to be trapped in private renting long-term as the only available option, rather than by choice. Two-thirds of older households (65%) in the private rented sector have an income below the national median. Assuming income distributions stay the same, by 2039 this will equate to 691,000 households. It is this group who we believe would benefit from the security, affordability, and support that can be offered through social housing.

Younger trapped renters
Young people today are less likely than previous generations to ever be able to buy a home of their own – these people are now trapped renting privately. Even with the reforms we set out in Chapter 7, without more social homes this expanding group will be forced to compete for increasingly unaffordable private rentals, with uncertainty over rent increases and security. Some will face very poor conditions, overcrowding, and the devastating consequences of a shortfall in housing benefit.

Core to this commission's vision is that the supply of social housing should be increased to such a level that it can provide a realistic option for these young households, many of whom will be working, and will have children.

'Politicians cannot look young people in the eyes and honestly tell them that everything will be OK if they just work hard. Our broken housing market has become a major barrier to social mobility.'

Baroness Sayeeda Warsi, Commissioner[13]

In Chapter 2, we described the growth of this cohort of private renters who might, in previous generations, have become homeowners or had access to social housing. The Resolution Foundation estimate that renters born in the 1950s and 60s had a 69% chance of becoming home owners by the age of 40. This proportion has fallen since the 1980s, with bigger financial hurdles to overcome.

Of those born in 1986,[14] now aged 32, between 43% and 56% may be able to buy their own home. This is in the region of a 19% drop compared with the baby boomer cohort. This range of projections builds on research which suggests that the age of 40 is a crunch point for would-be homeowners. If you have not been able to buy a home at this age, your chance of doing so in the future becomes substantially smaller because it's less likely that you will be able to pay off your mortgage before retirement.
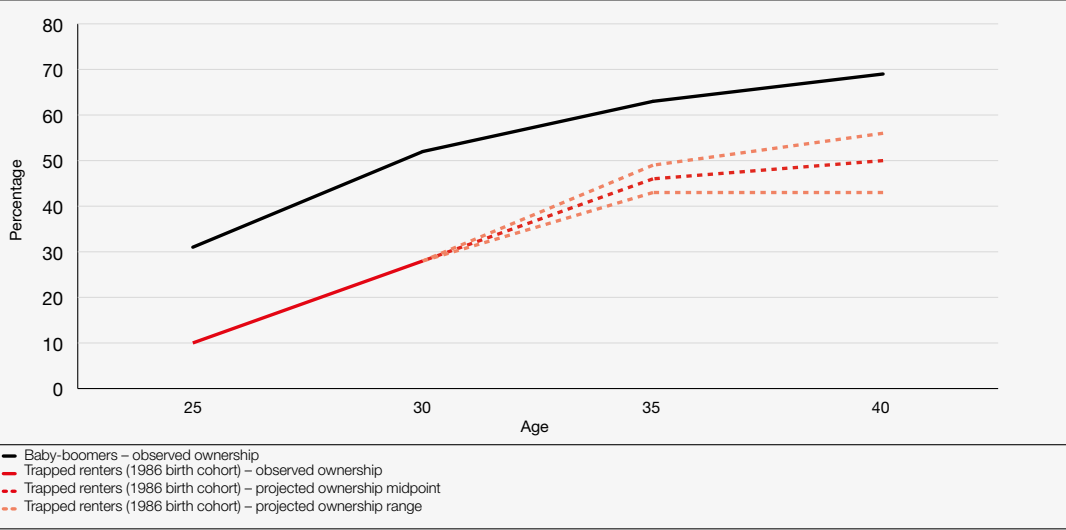
This research suggests even average earners will be priced out of ownership. The Resolution Foundation projections suggest that for trapped renters aged 30, the average pre-tax income is around £25,000 per year.[16] And a large proportion are expected to be families with children. These households need a realistic alternative to renting privately.

To determine how many social homes this group needs, we have identified the size of the gap between ownership rates achieved for baby boomers and projected for cohorts of trapped renters (19%). We have taken a mid-point projection of home ownership between the range of scenarios presented in the Resolution Foundation's research. We have made reasonable estimates of the flow of young people turning 30 who are likely to form households over the next 20 years, using population projections, and assumed an average household size consisting of two adults.[17]

To provide social housing for 19% of the households who will reach the age of 30 over the next 20 years – i.e. our younger trapped renters – will require 58,350 social homes each year, or nearly 1.17 million homes over 20 years.

Figure 30: Ownership rates for baby boomers (observed) and trapped renters (predicted)[15]

Legend:
- Baby-boomers – observed ownership
- Trapped renters (1986 birth cohort) – observed ownership
- Trapped renters (1986 birth cohort) – projected ownership midpoint
- Trapped renters (1986 birth cohort) – projected ownership range

Chapter 8

'We must make a profound and generational shift away from a belief that housing benefits alone can solve this problem, and back towards investment in bricks and mortar and a view that affordable housing is a national asset like other infrastructure.'
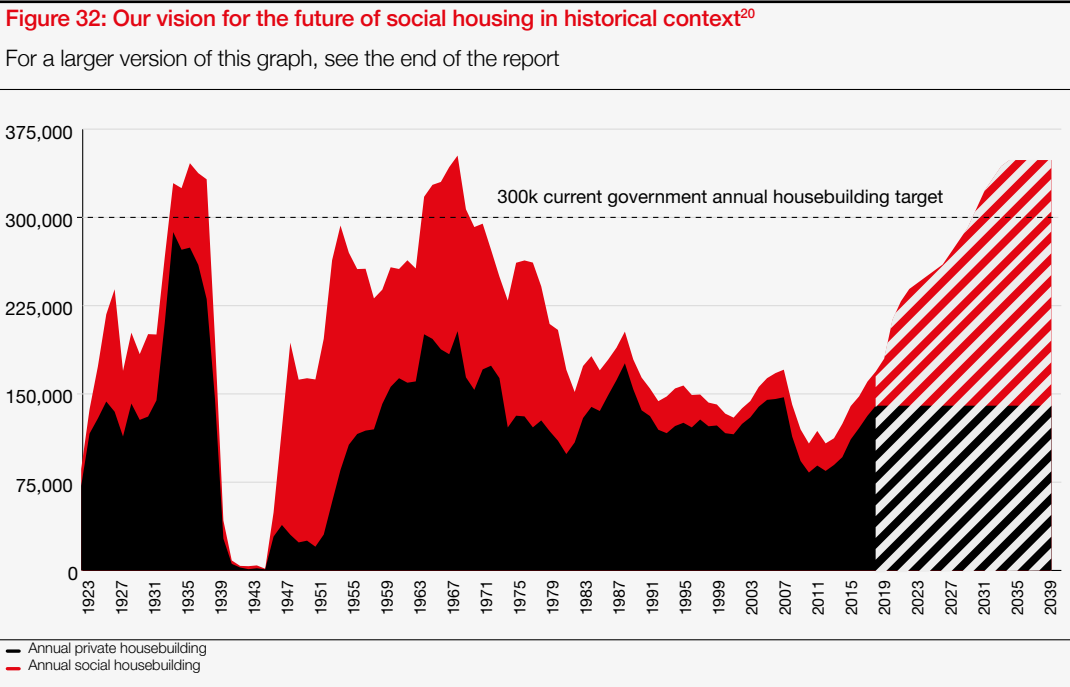
Lord Jim O'Neill, Commissioner[19]

Figure 31: Population projections and trapped renter estimates

	Single year average	Total over 20 years
Number of individuals reaching 30 between 2019-2039	614,000	12,287,000
Estimated number of Households (2 adults)	307,000	6,144,000
Estimated number of 'trapped renter' households (19%)	58,000	1,167,000

Investing in social housing as a national asset

In total these three groups – those in greatest need, older private renters and younger trapped renters – will add up to an estimated 3.1 million households needing a social home over twenty years. To provide homes for these households will demand ambition and cross-party consensus over the long term. But housing this number of households will require returning to the ambitious scale of building of the post-war period. It will mean a substantial increase on what we have achieved in recent decades, and more than any major political party is currently committed to.

In the past five years, housebuilding in England has achieved an average supply of around 166,000[18] new homes each year. Our vision for social housebuilding would provide an average of 155,000 more homes a year, doubling the overall housing supply in England, and allowing government to reach its target of 300,000 homes a year.

Figure 32: Our vision for the future of social housing in historical context[20]

For a larger version of this graph, see the end of the report

There is a clear case to build this housing to provide for the needs and aspirations of a generation of people failed by the market. There is also a clear economic case for investing in social housing as a key pillar of national infrastructure. To understand the long-term economic implications of such an investment, we commissioned Capital Economics to investigate the costs and benefits.[21]

The costs of social housebuilding are the actual construction and land costs, whether fully or partially funded by government grant, and the financial cost of any resulting debt. The benefits include the tax receipts and any rental income from the asset, a reduced welfare bill since the beneficiaries of the new social homes require less housing benefit, and the multiplier effect such an investment in construction would generate.

Chapter 8

The cost-benefit case

In modelling the costs, Capital Economics used a grant rate of £72,600 per home. This is based on the government's recent assumptions about its Affordable Homes programme, in which it has assumed that £1.67 billion of grant funding will help fund the building of 23,000 new affordable homes – of which 12,500 will be social rent.[22]

The average housing benefit claimant living in the private rented sector costs the government £982 a year more in housing benefit than a housing association tenant, and £1,242 more than a local authority tenant. With no other option, the proportion of housing benefit claimants living in the private rented sector has increased over the last 25 years. Capital Economics estimates that the increased reliance on the private rented sector has cost the taxpayer £6.2 billion over this period in higher housing benefit costs.[23]

With our 20-year programme of housebuilding, in areas of average social rents, providing a social home for a resident in receipt of housing benefit will generate a net saving to the government after 30 years of £5,600. This estimated saving is based on current low interest rates, in areas of high cost a social home will generate over double the saving (£10,840) over 30 years, even with normal interest rates[24]. In total, savings on housing benefit alone will reach £60 billion within 30 years of beginning building.[25]

Money injected into the construction industry will be reinvested by those firms further down the construction supply chain generating more jobs and consumption. This process – investment diffusing through the wider economy – is known as a multiplier effect. As residential construction is a firmly domestic industry the multiplier effect of construction investment is high relative to other forms of investment such as infrastructure, hospitality and life sciences. It is estimated at 184%. That means for every £1 spent on construction, the UK economy will benefit by £2.84.[26] The investment in social housing will go first to construction firms, who in turn will spend on materials and wages. The higher level of activity means workers have more money and spend more in their own local economies.

Another benefit to the investment is that it could help to grow the residential construction industry and so the economy as a whole; if this happens then tax benefits will go to the Treasury, as each home will generate tax receipts for the government: income tax, corporate tax and VAT.

£2.84

For every £1 spent on construction, the UK economy will benefit by £2.84.

This does not reflect the full extent of possible savings from a new programme of social housebuilding. Beyond housing benefit savings, social housing also delivers rent revenue for the local authority, housing association or other bodies managing it. To get a sense of the full costs and benefits of social housing, Capital Economics also modelled the rent levels and found that 3.1 million homes would generate £58 billion in rents (in today's prices).[27]

The economic implications of our 20-year programme

Capital Economics assessed the economic and fiscal impact of realising the vision to build 3.1 million new social homes over 20 years through grant funding, compared to the current position.
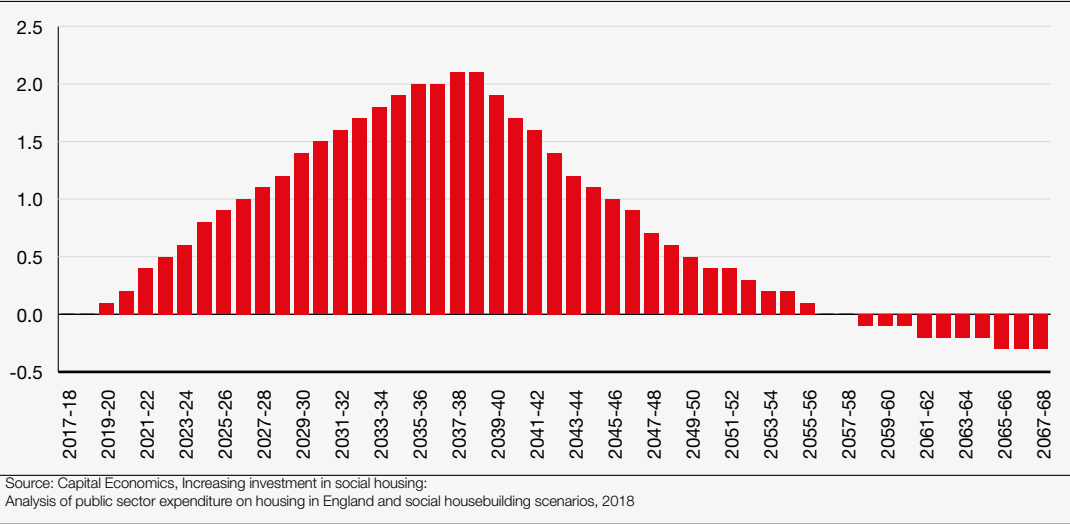
Figure 33: Comparison of current and modelled policies, and underlying assumptions

Current position	■ 6,463 new social homes delivered last year
	■ total of 145,000 private sector homes built last year
Modelled position	■ 3.1 million social homes built between 2019-2039 – an average of 155,000 per annum
	■ each home is partially funded by government grant
Underlying economic assumptions	Forecasts for public finances, inflation and gross domestic product taken from the Office for Budget Responsibility's July 2018 fiscal sustainability report

The modelled scenario assumes that the new supply of social homes ramps up over time. This is to account for the time required for the building industry to scale up supply and to mitigate the potential effects of price inflation in the sector created by a sudden increase in demand.

Different governments make different decisions about how to allocate funding. Capital Economics has assumed that, as with all infrastructure investment programmes in the short-run, this housebuilding programme would require additional government borrowing. This will be paid back through the benefits of investment; reduced benefit costs, and increased tax receipts from increased economic activity.

Capital Economics' research shows the net cost-benefit impact for the public finances. The gross additional cost is on average £10.7 billion per year. But the annual net cost comes to £3.8 billion on average per year, rising to a peak of £5.4 billion in today's prices. This represents an increase of just over 2% in public sector net debt and less than 1% of GDP.[28]

For comparison the annual cost of Housing Benefit alone is £21 billion, and the government currently budgets £62 billion on capital expenditure – land, buildings and equipment.[29] Investment in social housing on this scale is both achievable and necessary, and the benefits are worth the costs.

Moreover, after the 20-year programme, the returns on this investment will be achieved within just one generation. Capital Economics demonstrates that 39 years after beginning the 20-year building programme, it will have paid for itself – after which time it saves the government money in each year.

We believe this represents a compelling investment in our country's future.

Reforms to aid delivery

To return to this level of building will be a major national challenge. It will require significant reform, so that we can deliver more homes in the right places, along with the transport and community infrastructure required.

Clarity about the homes we need

Our recommendations focus on the actions central government should take, which represent the foundations of a successful programme of social housing. Local authorities, housing associations, community groups and housebuilders of every size will need to build on these foundations to scale up capacity and delivery. They will need to do this in a way that works for each area – for example in some communities, some run-down and empty homes may be able to be brought back into use. To fix a

housing crisis that is decades in the making, builders and providers must be confident that the fundamental building blocks of social housebuilding will be in place for years to come, whatever the political weather. And to galvanise this wider community behind the necessary action, the government should set clear objectives for the number of social homes it wishes to see built.

> **Recommendation**
> In future assessments of housing need, government should specify the need for social housing.

After the major social housebuilding efforts of the 1950s, 60s and 70s, government decisions to sell social housing through Right to Buy contributed hugely to increasing levels of home ownership. However, the failure to replace these homes has made a significant contribution to the shortage – only 4% of the 1.94 million homes sold through Right to Buy have been replaced.[30] If government is to invest in significant amounts of social housing, they should not be sold off without being replaced.

> **Recommendation**
> Government should ensure that any Right to Buy scheme(s) are sustainable, by replacing any social housing sold.

'Everyone knows each other by name here.'

Anna

Anna's story
Anna, 69, has been living in social housing in Bristol since 2001. Anna currently lives in a block for older people and values the sense of community.

'I really like my block. It's friendly and clean and there are lovely communal gardens where I can walk my dog. There's a community room for events where you can get to know each other. I'm quite active and I have a big family nearby, so I don't often use the communal facilities, but they are great for some of the older people who are more isolated.

There's a great sense of community in a social housing block. Everybody knows each other by name, and no one could drop dead in our block without someone knowing about it.

We've got to remove the stigma around social housing. We are always going to have a class system, but everyone needs a safe and affordable place to live. Why should we judge people because they can't afford what others can afford? We've got such a thing about owning our own house here, but in Europe, people rent all their lives – it's the done thing.'

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Land reform
The cost of land now represents a major barrier to social housing delivery, which did not exist in the heyday of social housebuilding. Countries that build large amounts of social housing successfully can share the proceeds of the increase in land value that comes from planning and development between the land owner and the public. Singapore is an example of a country that does this very effectively.

As we have seen, in England, the Land Compensation Act 1961 has played a role in inflating land values by giving landowners an entitlement to 'hope value'. The levels of direct investment which would be needed to purchase land at today's market prices and then use it to build social homes at affordable prices would be considerable. If government increased grant for social housing without also reforming the land market, this additional demand for land would be factored into its cost – making it even more expensive.

Because of this, the problems of financing social housing are bound up with the problems of accessing the land on which to build it. It is not enough to pour more money into a broken system. At the same time as we increase public investment in social housing, government must also act to reform the broken market for land.

38%
Civitas estimates land reforms could reduce the costs of social housebuilding by 38%.

The prize of reform is great. Work from Civitas estimates that such land reforms could slash 38% off the total development costs of a new scaled-up programme of social housebuilding.[31]

> **Recommendation**
> Government should reform the Land Compensation Act 1961 so that landowners are paid a fair market price for their land, rather than the price it might achieve with planning permission that it does not actually have. It could do this most simply by:
> - amending Section 14, so that no account is taken of any prospective planning permission in land designated by local authorities or city regions for infrastructure including housing
> - amending Section 17 so that Certificates of appropriate alternative development cease to apply in those areas designated by local authorities or city regions for development

Tightening the Section 106 rules
Section 106 remains an important way of delivering some social housing and will continue to play an important role in delivering new social homes, at least until land reforms have been made to provide an alternative supply of affordable land. While the government has taken steps to close the viability loophole which was reducing the effectiveness of Section 106, many gaps remain in the system. As a result, less social housing is being built through Section 106 than should be.

> **Recommendation**
> Government should remove the exemptions that mean Section 106 rules do not always apply to new developments and conversions.

Building new neighbourhoods and communities
By broadening out who will be able to access social housing, our ambitious programme will help to tackle the stigma we discussed in Chapter 4. However, to tackle stigma over the long term, we need to build high-quality, mixed communities, not just chalk up units in the annual statistics. The public sees creating high quality, mixed communities as central to delivering new high-quality social homes, not an optional extra or afterthought.

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There is a lot we can learn from the present and past. Some of the lessons of the last time the country built large numbers of local authority and housing association homes are mistakes that a future building programme must avoid. But there are also many positive lessons to be drawn, from home and internationally, about developing excellent neighbourhoods that people want to move to and stay in.

'This is a moment for boldness on social housing investment that we have not seen for a generation. It is the way to restore hope, build community, and help to fix the broken housing market so we meet the needs of people across our country.'

Rt Hon. Ed Miliband, Commissioner

Housing quality and design
Poor housing conditions can seriously harm social renters' health, safety, and quality of life. However, there also is an interplay between construction quality, design, housing conditions, and a neighbourhood's long-term sustainability. If homes are built poorly at the outset, it increases the potential for neighbourhood decline in the future. Poorly constructed homes are expensive to maintain and easily fall into disrepair. Poorly designed homes, for example with poor soundproofing, can contribute to tension between neighbours.

In the late 1960s and early 1970s, the pressure to deliver social housing with lower levels of investment led to poor construction methods. Some of the most infamous examples were the large panel system-built tower blocks, like Ronan Point in East London. Both design and construction faults contributed to the partial collapse of this 22-storey tower in a gas explosion in May 1968, only two months after it was completed, killing four people and injuring 17.[32]

In the wake of that tragedy, widespread problems were found in similar buildings across the country. These issues were the root cause of a range of complications and contributed to further risk of catastrophic failure. Mass remedial work was needed on many of these buildings and hundreds of homes were subsequently demolished. Recent serious concerns about the safety of the Ledbury Estate in Southwark and the Broadwater Farm Estate in Haringey show that we continue to live with the legacy of errors made in the construction of these large panel system blocks to this day.[33][34]

Given these problems with the country's last major venture into modern methods of construction, it would be all too easy to advocate for building exclusively using traditional methods. However, this would be completely unrealistic. Constraints on the capacity of the construction industry, like the long-term shortage of skilled construction workers, mean that we will need to embrace new methods as well as traditional ones.[35] Furthermore, modern methods have the potential to significantly reduce the total environmental impact of construction, e.g. by reducing site traffic and reliance on cement and concrete. Precision manufacturing can also help to deliver homes with a lower carbon footprint throughout their lifetime. Support for exploring modern manufacture was echoed by the G15 group of the country's largest housing associations.[36]

In embracing modern methods of construction, we must learn from the past by avoiding the widespread use of untested, unscrutinised, and poorly understood construction techniques. Many modern methods of construction are now tried and tested at home and overseas.[37] The emphasis should be on using what has been proven to work, and rigorously scrutinising new techniques that are adopted.

Recommendation
Government should embrace modern methods of construction in a way that reduces risk and builds public confidence, using methods that are proven to work over the long term.

Community engagement in development in Reiselfeld, Germany[38]

Reiselfeld is a new development built on the edge of a relatively poor housing area. The development was completed in about ten years and now has a population of 12,000 residents. Infrastructure such as a tram line extension, shops, and schools were built first. This made the new development more attractive to its new residents than moving away from the City. The 'soft' infrastructure of education and community facilities are seen as just as important as the hard infrastructure.

One-third of the housing in Reiselfeld is designated as affordable through a mix of municipal housing companies, cooperatives, and low-income classifications subject to subsidies. Homes are indistinguishable from each other and are designed to the same standards and quality. The communities were engaged from the start in the design and management of public spaces through the so-called 'Building Groups' (Baugruppen), working closely with the city's own architect-designers.

Picture courtesy of WMUD williemiller.com

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Case study:

Community cohesion through the Opzoomeren policy in Rotterdam

The Opzoomeren policy originated in Rotterdam as a way of encouraging residents to work together to improve their neighbourhood. It revolves around the principle that community-organised work not only improves physical surroundings, but also contributes to the strength of community cohesion and integration. Initiatives usually take the form of community street clean-ups, sports activities, and festivals. However, they can often be more specialised, such as community Dutch language lessons for new migrants. The initiatives are first started by the community. If successful, the Rotterdam Municipality will provide additional funding and support. This has proved a highly effective strategy in bridging cultural gaps between different ethnic communities, socio-economic classes and age groups, and the initiative now operates on over 1,600 streets in Rotterdam. It has now been adopted as a national policy.

Credit: Solstock

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Planning and investing in places

Throughout our Big Conversation, we heard from people how important the overall design of neighbourhoods, and provision of community infrastructure and green space will be as part of delivering a new social housebuilding programme.[39] Access to a good school can be decisive in whether families with children want to move to a new area or remain in one which they feel comfortable in.[40] Good transport links and access to employment are essential for a neighbourhood's residents to stay and succeed. And the public sees excellent green spaces as an essential part of a good neighbourhood.

The design of the public realm is also vitally important. The history of post-war social housing architecture holds lessons for neighbourhood design. For example, theoretically, the idea of 'streets in the sky' made sense as a way of separating pedestrians from the pollution and danger of traffic. But in practice, walkways could be intimidating, under-lit, and disorientating. It is highly unlikely that any architect would propose building new streets in the sky today. However, the broader principles of the relationship between poorly designed external spaces and crime have resulted in clearer guidelines for future proposals. the police are now able to give official advice on reducing the potential for crime in new buildings.[41] While these considerations can sometimes be seen to compete with other priorities in the public realm, like promoting walking and cycling (e.g. segregated paths), good design should accommodate both considerations. Prioritising enough green space, dedicated play space for children and facilities for young people, such as multi-use games areas, also helps to ensure that outdoor spaces do not become contested or the source of conflict.

Strong local leadership will be necessary to deliver the master planning and take advantage of the new land powers we recommend. Leadership will also be key in coordinating the new infrastructure needed for neighbourhoods.

Long-term stewardship

For neighbourhoods to succeed over the long term, investment and care must be sustained long after they are initially developed. Without repairs and maintenance, even the highest quality homes fall into disrepair. And without long-term stewardship, community amenities and public spaces decline.

Too often the history of investment in maintaining social housing has been feast followed by famine followed by life support. After being built, too many social homes saw years of underinvestment in repairs and maintenance and subsequently fell into poor conditions. Limited initiatives were then developed

to try and put things right. For example, when the Decent Homes Programme was embarked upon in 2000, the government estimated that there was a £19 billion backlog in social housing repairs.[42] Although this estimate helped to illustrate the scale of underinvestment across the country, it was itself subsequently seriously criticised for being far too modest.[43] By 2010 the cost of the scheme had more than doubled.[44]

The failure to invest in repairs and maintenance clearly forces individual tenants to live in poor-quality housing. But as with poor construction quality, if part of a broader pattern, it can also have a profound impact on a neighbourhood's reputation and residents' desire to stay in the area. To make neighbourhoods sustainable, a long-term commitment to maintaining and repairing homes is essential. This should include certainty about the financial environment that social landlords will be operating in. Government has given social landlords certainty through a five-year rent settlement from 2020 – albeit one that will require social renters to pay above-inflation rent increases.[45] However, to avoid the risk of deterioration, there must be a commitment to an agreed standard of new social housing and neighbourhoods covering the full lifetime of new homes, not just over the length of a parliamentary term. This should be funded in a way that does not undermine the low rents that are at the heart of the social housing offer.

> **Recommendation**
>
> Government should set a standard to ensure investment in maintaining and improving homes and neighbourhoods over their full lifetime.

The need to take a long-term view applies to more than maintaining the fabric of the homes themselves. In the past, too many developments have been built with too little thought given to how the quality of the public realm will be sustained or how communities will be engaged. Even well landscaped spaces have seen confusion arise over who is responsible for their upkeep or ongoing costs (e.g. to service charge payers). As with attempts to 'catch up' on underinvestment in repairs and maintenance, there have been several initiatives designed to rescue neighbourhoods that have fallen into bad condition. The key to making a new generation of social homes successful over the long term will be ensuring the public realm never falls so far that it needs rescuing.

Social landlords and developers should look to learn from the best examples of community engagement and stewardship on new developments.

63%

63% of social renters feel part of their communities, compared with 39% of private renters.

Mixed communities

The term 'mixed communities' has become controversial. Some academics have questioned the evidence for the 'neighbourhood benefits' that others claim mixed communities deliver.[46] For some, the language of mixed communities is now associated with a disruptive approach to estate regeneration, involving the net loss of social homes.[47]

However, we are unashamedly committed to the principle that, as part of increasing the size of the social housing stock, new social homes should be delivered in mixed communities. New developments should include different types of housing, and people of different incomes and ages.

Social housing is one of the key tools that we have to avoid the social segregation seen in different parts of the world, from the Chicago 'income donut' to Rio's 'favelas' and the low-income Parisian banlieues.[48] [49] Segregation is clearly undesirable. It can also have very serious additional effects. The Cantle report, which was commissioned by the Home Office after the Burnley, Bradford and Oldham riots in 2001, highlighted the role that segregation had played in breaking down a sense of common identity and stoking community tension.[50] It was seen as playing a similar contributory role towards the riots in Paris in 2005.[51] Our existing stock of social homes is one of the reasons that our great cities, where housing demand is particularly high, enjoy a significant amount of social mix – even during the current housing crisis. And they allow local families on lower incomes to find housing in rural areas where prices and rents have been pushed up by holiday makers and second home owners.

In addition to the contribution that having low-rent homes in expensive areas makes to increasing the community mix, the strong security of tenure in social housing also helps to build stronger communities. It does this by reducing population churn, common in areas with many private renters, and giving tenants the opportunity to build up good community ties. Social renters are much more likely to feel part of their community and look out for their neighbours than private renters.[52]

However, over recent years the role of social housing in building strong, mixed communities has been questioned. 'Mono-tenure social housing estates' have themselves stood accused of causing segregation, rather than helping to tackle it.[53] This accusation is outdated. Social housing sales through the Right to Buy have seen 38% of the 1980 stock of social housing sold to home owners, who now live alongside their social renting neighbours in large numbers.[54] A considerable proportion of these are also now rented out to private renters.[55] Today, former council housing developments – and the large post-war estates and blocks were overwhelmingly developed as council housing – are a diverse mix of home owners, private renters, and social renters.[56]

Despite this reality, the persistence of the stereotype indicates that there are lessons for a new programme of social homebuilding to learn. The first is about scale. There will be little public support for building new social housing in large single-tenure estates. Doing so risks cementing existing stigma. While completely interspersing different housing types throughout developments would be costly and difficult to manage, new social homes should be built-in developments with a mix of types of housing, and without large concentrations of any one.

It can also be desirable to have some similar homes for similar households located together on a small scale; for example, homes for older people. Residents in these small sub-communities can gain additional benefits from living with people at a similar life stage, with similar life experiences. The principle can be applied more broadly. We heard through our research that a balance is important. Some social renters feel that there can be benefits of living alongside others through a sense that 'we are all in the same boat'.[57] And research into mixed communities suggests that contact between neighbours can decrease when they are significantly different.[58]

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Innovative older people's Courtyard Housing in Barking, London[59]

This award-winning development contains east London bungalows that have been designed by architect Patel Taylor. The red-brick bungalows have been designed to house senior citizens in Barking in a traditional style modelled on almshouses. The bungalows were developed across six infill sites that were once used for industry. The first phase provides 39 homes over two sites, while the second phase delivers 34 homes over four sites. The scheme used innovative design to provide spacious homes which are wheelchair accessible for elderly residents. The development plays an important social function of bringing together a mix of senior social tenants whilst simultaneously freeing up larger local authority properties for families in need.

We're also designing Extra Care apartments at London's Southbank Place. They're currently under construction, but these assisted living facilities are usually pushed to the city fringes and hardly ever incorporated within prime residential urban developments. All new developments should serve the whole population, not just the young/able-bodied/wealthy.

Patel Taylor 'Courtyard Housing', 2015,
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Photograph: Peter Cook

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Tenure-blind development of the Packington Estate, Islington, London[62]

The redevelopment of the Packington Estate, Islington, provides an award-winning example of a regeneration project that is delivering mixed-tenure housing which fits into the existing context.[63] The regeneration is being carried out in a 50:50 joint venture between developer Rydon and housing association Hyde Housing. The architect is Pollard Thomas Edwards. The redevelopment saw 538 flats replaced with 791 mixed-tenure, but tenure-blind houses and flats across a nine-year (2010-2019), six-phase programme.

490 are social homes, enabling existing low-income households to remain in what is otherwise a high-value housing market. The scheme has been funded by a combination of MHCLG funding and cross-subsidy from the 301 private homes that are being developed. Plans for the redevelopment were finalised after substantial consultation with existing residents. These consultations have also led Rydon and Hyde Housing to include family housing, local shops, a new park, community centre, an adventure playground, and youth centre.

Photograph: Tim Crocker.
Architect: Pollard Thomas Edwards

The second lesson is about appearance. We support the principle that new developments should be 'tenure blind' so that the type of housing is not physically distinguishable, and new social homes do not stand out from the neighbourhoods in which they are built. In many cases, it will be possible to build new social housing to the same specification and finish as new homes for private sale. Indeed, historically, the specification of elements such as room sizes has been higher in social housing than in new private housing. However, rather than specifying that they must look the same, we set a principle that differences should not be identifiable on appearance alone. New social housing and private housing should fit into neighbourhoods seamlessly with one another. This means that new social housing – whether in rural or urban areas – should be designed and built with sensitivity to its local context; to existing housing as well as planned new homes. New homes' design, scale, and finishes should all bear in mind the context that a home is placed into.

There has been recent concern about the effect that excluding social renters from shared parts of new developments can have on community mix. These have included examples of so-called 'poor doors', where social renters are given a separate entrance within a joint block or are unable to access from other common spaces.[60] Attempts to minimise the service charges that social renters must pay are understandable.[61] But designs that create a sense that social renters are excluded from shared facilities within a single building risks undermining the principles of mixed communities at the outset, by creating divisions and animosity between new residents. Developments should be designed to avoid contributing to a sense of exclusion. While local authorities, social housing providers, and developers will have primary responsibility for making sure that these principles are adopted, government could also act to promote this approach – for example, through the planning system or conditions on grants.

Anyone involved in delivering social housing should ensure that new social homes are delivered as part of tenure-blind, mixed-community developments. This includes avoiding design that will contribute to a sense of exclusion, e.g. avoiding separate entrances to the same building, which divide households based on tenure.

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Recommendations

Recommendations

As a commission we were brought together by a sense of horror and injustice about what happened at Grenfell Tower. Though we came from different backgrounds, professions, and with different levels of knowledge about housing, through our exploration of the issues in the whole housing market today, we have agreed upon a clear and ambitious set of recommendations.

We need to stop ignoring social renters and to properly consider what the future of social housing should look like. Too many social renters feel powerless and without a voice, so we make recommendations to improve regulations and support tenant voice. Yet we also found that the whole housing market is broken. House prices are too high, so fewer and fewer will ever own their own home. The ballooning private rented sector provides insecure, lower quality, less affordable accommodation for renters on low incomes. Reforms are urgently needed to the private rented sector, but it is ultimately unfit to meet the needs of increasing numbers of people trapped renting privately. Only a good quality, reformed, and larger social housing sector can meet these needs. With high-quality design, proper investment over time, and good planning of mixed communities, social housing can be a key part of strong communities and improve standards across all housing.

We are currently wasting money on housing policies that don't help those in need. With challenges from changes in employment to the ageing society, in the shadow of the Grenfell Tower fire, ten years on from the financial crisis, and with the nation divided by a worsening housing crisis affecting more and more people, the time to act is now.

Throughout this report we have shown how the positive sentiment towards social housing, the residualisation, the lack of regulation, and the return on investment in social housing all point to one thing – a bigger and better social housing sector.

Reforming social renting

Complaints and regulation

- The government should create a **new consumer regulator to protect renters** and ensure their voices are heard. This should operate alongside the Regulator of Social Housing, focused on its core economic brief.

- Social housing residents need better protection. Government should require standards of social housing to be **proactively inspected, publicly reported, and strongly enforced** in order to hold failing landlords to account.

- If residents are to be protected and given a voice, there must be **clearer standards for social housing providers**. The government should direct the Regulator to make consumer standards more specific; setting clear, minimum expectations, like timescales for dealing with complaints.

- All groups of residents (whether recognised by their landlords or not) should be able to **refer their concerns directly to the new regulator** where they have common concerns they believe are caused by a systemic failing in the landlord's services.

- Residents should not have to prove they might be at risk of serious detriment for the Regulator to intervene. The government should **remove the 'serious detriment' test** for intervention in complaints about social housing, which is a barrier to proper enforcement of consumer standards.

- To make it easier for social renters to get redress on individual complaints, **barriers to complaining must be removed**. The government should remove the democratic filter for referral to the Housing Ombudsman.

Recommendations

- Residents must be given support to complain.
  The government should **extend the Legal Help scheme**
  to cover detailed advice and support to make a referral to
  the Ombudsman or the Regulator.

Tenant voice and involvement
- Tenant panels should be encouraged and taken seriously.
  The government and Regulator should urgently require
  landlords to **actively support the formation of tenant panels**
  and share good practice on how this should be done.

- Residents of social housing must have a voice with national,
  regional, and local government. Government should support
  establishment of an **independent tenants' voice organisation**
  or tenants' union, to represent the views of tenants in social
  housing within national and local government. It should involve
  as wide a range of tenants as possible.

- **Residents must have a leading voice in major works** to
  existing homes or neighbourhoods. The government's good
  practice guidance on estate regeneration should be revised
  to reflect this.

- The government should compile **good practice on
  cooperative and mutual social housing models**. Transfers of
  existing homes to such models should only happen if triggered
  by tenants, and if voted for by a majority of tenants.

Reforming private renting
- Government should **require all private landlords with over
  25 homes to register with the new consumer regulator.**

- The new consumer regulator should set **consumer
  standards for all private rented housing.**

- The government should **increase resources for local
  enforcement** to tackle rogue landlords and poor
  conditions, in line with the growth in the number of
  private rented properties.

- The government should **protect private renters from
  no-fault eviction**. It should end Section 21 by changing
  the law so permanent tenancies are the legal minimum
  for all private renters. It should make sure they are
  protected from eviction by above-market rent increases.
  The government should explore how to introduce more
  detailed information about rent levels for different property
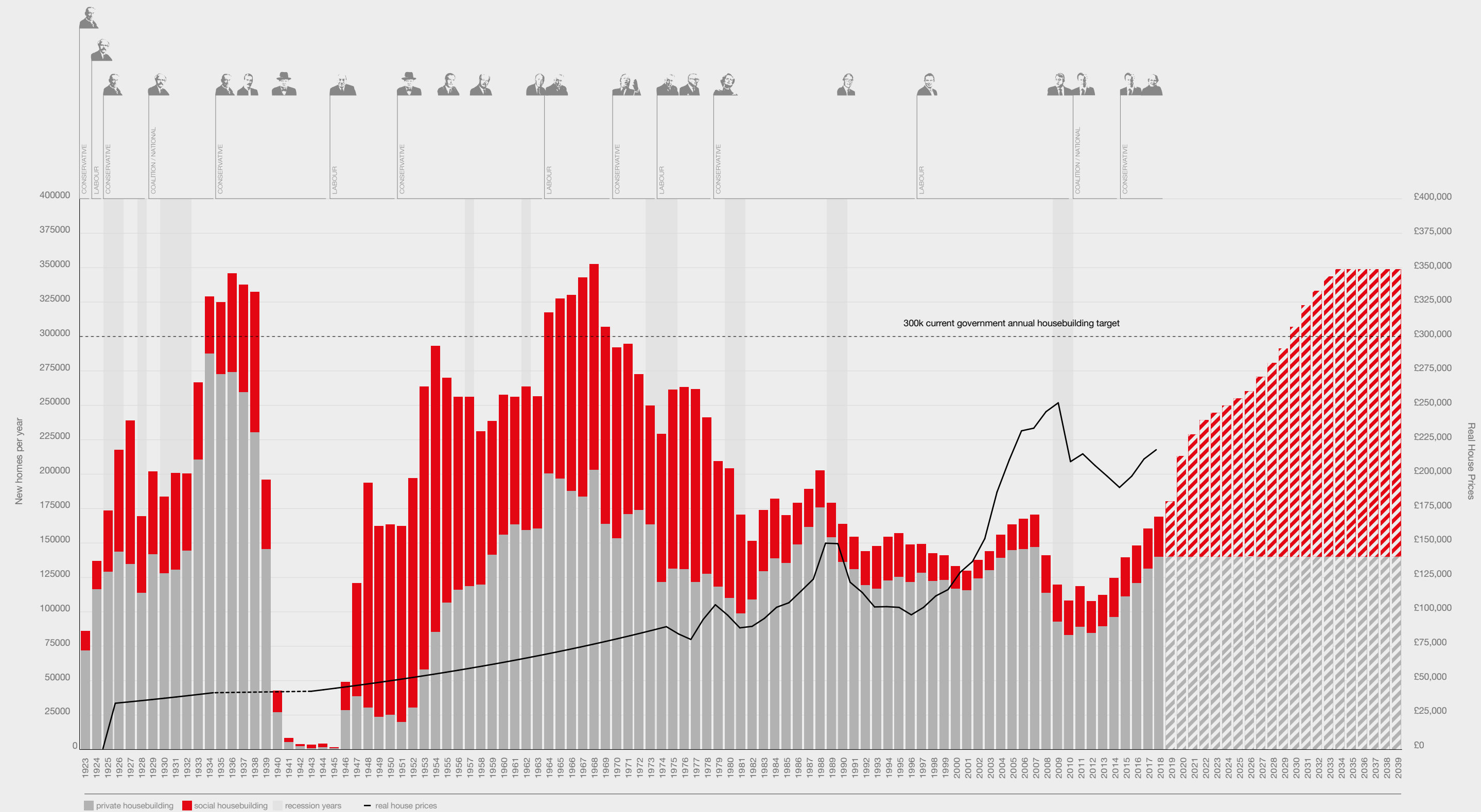 types at a ward level.

Building more social homes
- Government should deliver enough social homes over the
  next 20 years for the **3.1 million households who will be
  failed by the market**, providing both security for those in
  need, but also a step up for young families trying to get on
  and save for their future.

- Government should reform the Land Compensation Act 1961
  so that **landowners are paid a fair market price for their
  land, rather than the price it might achieve with planning
  permission that it does not actually have**. It could do this
  most simply by:

  - Amending Section 14 so that no account is taken of
    any prospective planning permission in land designated
    by local authorities or city regions for infrastructure
    including housing.

  - Amending Section 17 so that Certificates of appropriate
    alternative development cease to apply in those
    areas designated by local authorities or city regions
    for development.

Recommendations

- In future assessments of housing need, government should **specify the need for social housing.**

- Government should **remove the exemptions that mean Section 106 rules do not always apply to new developments and conversions.**

- Government should **ensure that any Right to Buy scheme(s) are sustainable**, by replacing any social housing sold.

- Government should embrace **modern methods of construction** in a way that reduces risk and builds public confidence, using methods that are proven to work over the long term.

- Government should set a standard to ensure **investment in maintaining and improving homes and neighbourhoods** over their full lifetime.

- Anyone involved in delivering social housing should ensure that new social homes are delivered as part of tenure-blind, **mixed-community developments**. This includes avoiding design that will contribute to a sense of exclusion, e.g. avoiding separate entrances to the same building that divide households based on tenure.

Annual house building in England 1923-2039, including our modelled 20-year vision for social housing

300k current government annual housebuilding target

private housebuilding · social housebuilding · recession years · real house prices

Shelter helps millions of people every year struggling with bad housing or homelessness through our advice, support and legal services. And we campaign to make sure that, one day, no one will have to turn to us for help.

We're here so no one has to fight bad housing or homelessness on their own.

Shelter