

Shelter briefing: General debate on housing and homes

Summary:

Shelter helps millions of people every year struggling with bad housing or homelessness and we campaign to prevent it in the first place.

At the heart of every problem we see is a lack of affordable homes. Because of this, everyday Shelter advisers talk to people struggling to pay rent, living in dangerous rented housing and living on the brink of homelessness.

Last year the Grenfell Tower tragedy threw some of these issues into the public eye, however, many months on from the disaster only a tiny proportion of blocks with unsafe cladding have seen it removed. Alongside addressing the other aspects of our housing crisis resolving this has to be a priority for the government.

Recommendations:

In the long term we simply have to build more affordable housing. That means closing loopholes in current planning legislation that give landowners and developers too much control over what gets built, and kick-starting a new era of largescale public sector housebuilding.

In the short-term, we also need to address some key issues immediately, including:

- Passing the Fitness for Human Habitation Bill to give private and social tenants new powers to hold landlords to account;
- Ensuring that unsafe cladding across the country is removed from buildings, with a plan to achieve this outlined by the one-year anniversary of the Grenfell tragedy.

Context

In England, we face an acute housing crisis, one driven by a long-term failure to build enough homes, and in particular enough affordable homes. The results of which are stark:

- 300,000 families homeless in England, including 127,000 children;
- 78,000 households living in temporary accommodation;
- Average house prices 8 times income for ordinary working families.

To resolve these challenges, we must dramatically increase the delivery of genuinely affordable homes to rent and buy. This needs to be achieved by a combination of increasing the number provided by private developers as part of Section 106 planning obligations and by unleashing a new wave of public sector housebuilding comparable to the post-war years, one based on the principles found in the Shelter's [New Civic Housebuilding report](#).

Building these homes is only one part of solving our housing crisis though. We must also keep working to make sure that the homes we do have are affordable and high quality – regardless of whether they are privately owned, or rented.

Closing planning loopholes

Last year, in England, 183,570 new homes were built, of which just 41,350 were affordable were affordable¹. While this is an increase on the previous year it remains well below the government's 300,000 homes per year target.

Part of the challenge that the government faces in reaching its target is an over-reliance on just one housebuilding model: speculative housebuilding. Under the speculative model developers compete to buy land without giving regard to important elements like affordable housing and community infrastructure. This ratchets up the price of land and means that the price they ultimately pay then makes it difficult or impossible to deliver necessary affordable homes or other benefits and still make the profit margin they want to.

Under our current system this is fine for the developer – they can argue down benefits like affordable housing to protect their margin. This means though that communities lose out while landowners make a windfall profit.

The update to the National Planning Policy Framework offers a chance to start addressing this and to close the 'viability loophole' that lets developers off the hook when they make poor decisions about what to pay for land.

In recent months the government rhetoric on this issue has shown good intent to close the loophole and ensure that we get the affordable homes that we need built. Unfortunately, the current draft NPPF fails to deliver on this intention and could in fact lead to fewer affordable homes being built rather than more.

This can be addressed though before the final new NPPF is published this Summer. To this end the government should:

1. Ensure that viability of development is tested when local plans are created and that it is the viability of the overall plan that is looked at – not viability on individual sites. This would mean:
 - a. Councils can set affordable housing policy that sends a clear signal to developers that they need to keep it in mind when buying land. Something Sadiq Khan has proved can work through his approach in London that has seen a large upturn in the number of planning permissions for affordable housing;
 - b. We see the use of viability assessments in general fall by limiting the occasions when developers can submit them to not deliver local policy to a few extraordinary circumstances that are set out in guidance;
2. Ensure that the way land is valued to establish how much affordable housing it can deliver is done right. This means using a process called Existing Use Value Plus (EUV+) – which takes the current value of the land based on what it is used for (agricultural, industrial etc.) and then adds an amount on top as the incentive for the landowner to sell. The key bit to get right – and where the government's proposals are currently undermined – is the 'premium'. This should be set out in the NPPF at a level between 20% and 100% of the land's Existing Use Value.

More information on how the NPPF update can deliver more affordable housing can be found on [Shelter's policy blog](#).

¹ [DCLG live tables on affordable housing](#).

Building a new generation of public homes

In the shorter term closing planning loopholes and preventing the abuse of viability will have a huge impact on the numbers of affordable homes being built in England. In the long-term this must also be supplemented by a new generation of public housebuilding that delivers large numbers of affordable homes to buy and rent.

To get the public homes we need built though we have to address the core issue of high land prices. If land could come into development at a reasonable cost then large scale public housebuilding could once again take place, with the uplift in the value of land post-planning permission used to finance and build affordable housing as well as community infrastructure.

This would supplement housing delivery from the private sector and would allow the government to meet its 300,000 homes per year target.

To do this the key reform that is needed is a revision to the 1961 Land Compensation Act. This outdated piece of legislation currently has a distorting impact on land prices and makes housebuilding programs focused on delivering for the public benefit difficult to deliver.

If you would like more information about the reforms needed, please see Shelter's report: [Financing the infrastructure and new homes of the future.](#)

Ensuring homes are 'Fit for Human Habitation'

In January, the 'Fitness for Human Habitation' Private Members Bill introduced by Karen Buck MP passed second reading with cross-party support. This Bill offers a real opportunity to help improve property conditions for renters in the both social housing and the private rented sector by giving tenants a meaningful route to improve conditions without relying on patchy local authority resolutions.

It does this by reviving a clause in the Landlord and Tenant Act 1985, requiring all rented homes to be 'fit for human habitation' at the start of a tenancy and throughout. The clause is currently defunct due to the application on antiquated rent levels (£80/year in London and £52/year elsewhere). The Bill then gives tenants the right to take their landlord to court where the property is not fit - they will be able to apply directly to the Court for an injunction to compel a landlord to carry out works, or for damages (compensation) for the landlord's failure to keep the property in good repair.

This will be invaluable for renters who currently often continue live in unsafe conditions. In total, over 1 million private and social tenancies have Category 1 hazards, home to about 2.5 to 3 million people, including children. These figures have been pretty much static for the last 3 years.

According to the 2015/2016 English Housing survey, the number of properties with a Category 1 hazard under the Housing Health and Safety Rating System (HHSRS), which is defined as a "serious and immediate risk to a person's health and safety" are:

- Social: 244,122
- Private: 794,600

Shelter continues to support this Bill, and believes that seeing it become law will be a vital step in making renting fit for purpose in England. We hope that in the near future the Bill will move to committee stage and continue its passage towards becoming a piece of much needed legal support for renters.

For more information on the Fitness for Human Habitation Bill please see Shelter's specific [briefing](#).

Tackling unsafe cladding

Many months on from the Grenfell Tower fire, only a tiny proportion of the unsafe cladding has been totally replaced on homes across the country. In fact, as of 27 April 2018, only 7 out of 158 affected social housing blocks have had the unsafe cladding totally replaced and there is currently no data available about progress with privately owned blocks.

Based on data from the Building Safety Programme and meeting with a number of housing sector organisations and councils, Shelter is aware of that progress of remediating affected blocks has been slow and there appear to be a number of reasons for this, which include:

- The complexity of the removal of the unsafe ACM cladding in some circumstances – some buildings have ACM in their structures, so the unsafe cladding can't be removed as easily as cosmetic cladding²;
- Uncertainty about what materials should be used to replace the unsafe cladding³;
- Uncertainty around the outcome of the Hackitt Review and whether the final report will make recommendations for additional works relating to fire safety – it might make more sense to complete works in one go⁴;
- Shortages of materials and labour capacity to undertake all remedial works⁵;
- Questions around liability for repair works – there is uncertainty about who should pay for the remedial works⁶, especially with building owners and leaseholders in private blocks⁷;
- Some building owners have been informed of other issues following updated fire risk assessments, which has meant works beyond replacing unsafe cladding are also being undertaken - for example, the installation of fire doors.⁸

Building and fire safety are crucial for public safety, and go to the heart of the purpose of government, but at present there is confusion and a lack of certainty amongst building owners about what steps they should be taking. For privately owned buildings in particular, there is also confusion over who is liable to pay for remedial works.

To help ensure remedial works are carried out as expediently as possible, it would be helpful for the government to give clearer guidance on which materials are safe to use in place of the unsafe cladding, what the appropriate timeframe is for making buildings safe, and offering crucial emergency funding.

If you require any further information, please get in touch with Robin White on 0344 515 2052 or robin.white@shelter.org.uk.

² [Building Safety Programme Monthly Data Release](#), Ministry of Housing, Communities & Local Government, 27 April 2018

³ Inside Housing, '[LGA calls for government clarity after 'shocking' fire test revelations](#)', February 2018

⁴ Inside Housing, 'The Hackitt review's findings suggest major changes are coming to building regulations', December 2018

⁵ Inside Housing, '[Cladding work 'putting pressure on supply chain'](#)', says NHF', January 2018

⁶ Inside Housing, '[Who foots the bill for fire safety](#)', February 2018

⁷ Inside Housing, '[Cladding may not be replaced on Croydon tower block until leaseholders pay](#)', February 2018

⁸ Ham & High, '[Cost of Chalcots Estate evacuation and cladding removal estimated at £31m](#)', November 2017