

Shelter briefing: General debate on Social Housing

Shelter is the UK's largest housing and homelessness charity. Last year we gave information, support and advice to millions of people experiencing bad housing and homelessness.

For generations, social housing 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. A steep decline in social housebuilding has contributed to an **increase in homelessness** and a **huge increase in private renting as more and more cannot afford to buy a home**. Government is currently spending billions of pounds a year on housing benefit, much of which goes to private landlords, and councils are spending hundreds of millions on temporary accommodation to house homeless households.

Shelter's independent commission into the future of social housing is calling for a new generation of social housing, with more building, and better conditions. The Commission report calls on the government to:

- Rediscover publicly built housing as a key pillar of our national infrastructure by building **3.1 million new social homes over the next 20 years**
- Protect tenants by **introducing a new, separate social housing regulator** responsible for proactively enforcing consumer housing standards

The need for social housing: housing affordability crisis

Successive governments have failed to build enough homes, which has resulted in the current housing crisis facing the country. The need to build more homes is now widely acknowledged and agreed upon by politicians across the political spectrum. These days, the prospect of saving for a deposit for a home isn't just a far-off dream; for many it is nigh on impossible. Not only are house prices prohibitive but soaring private rents can make it difficult to sustain a tenancy.

- Home ownership is declining - the English Housing Survey shows 63.5% of households owned their homes in 2017/18, **down from 68%** a decade ago.
- The average home in England in 2018 cost **eight times more** to buy than the average annual pay packet. The average share of income that young families spend on housing **has trebled over the last 50 years**.

The steep decline in social housing and a fall in home ownership has led to a heavy reliance on the private rented sector. The number of people living in the private rented sector has **doubled over the past 20 years**. The cost of housing, which has risen faster than incomes, has put immense financial pressure on many people:

- Private renters **on average spend 41%** of their household income on rent.. The majority (**57%**) of private renters **say they struggle** to cover housing costs
- **1 in 3 low-earning renters** are having to borrow money to pay their rent. **800,000 people** who are renting can't even afford to save **just £10 a month**

The explosion in the numbers renting privately, unable to buy or access social housing had led to huge rises in **welfare costs** to government, driven by more people renting privately at higher costs. 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**. The government **currently spends £21 billion annually on housing benefit**

The decline in social housebuilding

Yet despite this context, recent years have seen record low levels of social housing delivery. **Only 6,463 more social homes were delivered last year** (note that this does not include the government's 'affordable housing' which our commission agreed is unaffordable for people who need social housing). This stands in stark comparison with the three and a half decades after the end of the Second World War, when local authorities and housing associations built **4.4 million** social homes at an average rate of more than **126,000 a year**.

Recent governments have pursued policies to transfer existing social homes into private tenures, seeing social housing as only for those in the highest need. 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.

Consequences: Rising homelessness and spend on temporary accommodation

Despite various government initiatives, homelessness is rising. Without enough social housing, the number of households living in temporary accommodation and the number of people sleeping rough on any given night has risen for the last five years. Rough sleeper counts show that **over 4,500** people sleep rough on a given night. Since 2010, the number of people sleeping rough has **almost trebled**.

Homelessness is broader than rough sleeping. Overall, **277,000 people are homeless in England** on a given night. Most people who are homeless are not on the street but sofa surfing or accommodated in emergency or temporary accommodation. The number of people who are homeless in temporary accommodation **has risen by two-thirds** since 2011. The amount councils spend on TA for homeless households has **increased by 71%** in the last five years and cost more than **£996 million in 2017/18**

Solutions: Building more social homes

Shelter brought together a group of 16 independent commissioners from across the two main parties and from diverse backgrounds, to ensure that a national conversation about the future of social housing took place. The commissioners spent a year listening to the views of social tenants, 31,000 members of the public and a range of housing experts. The results of this commission recommend a decisive and generational shift in housing policy, providing millions of households an affordable and stable home. They are calling on the government to **invest in a major 20-year social housebuilding programme**.

All political parties must rediscover publicly built housing as a key pillar of our national infrastructure. The commission report recommends that we build **3.1 million new social homes**

The logo for Shelter, featuring the word "Shelter" in white, lowercase, sans-serif font on a red rectangular background.

over the next 20 years; an average of around **150,000** a year. Importantly, there is a precedent for such a figure: in the mid-1960s, we delivered 150,000 social homes a year. It's been done before, and it can be done again – if it is the major focus of government efforts.

Building at such a scale would allow us to **recapture the original purpose of social housing** that is aspirational and provides opportunity to a wide range of people currently priced out of the private market – including young families and elderly renters, as well as those hit by homelessness. Analysis from **Capital Economics** makes a compelling case for the economic benefits of such an investment, finding that most of the initial cost to government **is recouped through savings to housing benefit** and increased tax revenues.

How to deliver the homes: land and planning reform

The cost of land now represents a major barrier to social housing delivery, which did not exist in the heyday of social housebuilding. 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. 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.

We are therefore calling on government to **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. This change has widespread support across the housing sector and from all sides of the political spectrum, including from Onward, IPPR, Campaign for the Protection of Rural England, Create Streets, and the National Housing Federation.

Solutions: Improving regulation of social homes

Another key recommendation of the Commission was the creation of a **new, separate regulator of social housing**. This reflects the call of **Grenfell United**, who have argued for a radical shake-up in the way social housing is regulated. The millions of people who rent homes owned by a council or housing association need a strong regulator which is solely focused on protecting their health, safety, and well-being.

When the Commissioners spoke to social renters and other organisations, there was widespread appetite for a regulator with more 'teeth'. **Almost three-quarters (72%)** of social tenants in England have never heard of the current regulator, which shows that it is not an effective way of ensuring that all complaints are heard.

The commission 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.

- **Over half (56%) of social renters** in England – five million people – have experienced a problem with their home in the last three years, including electrical hazards, gas leaks and faulty lifts.
- Among those who had a problem, **one in 10 were forced to report it more than 10 times**.
- A survey carried out by YouGov in 2019 shows that over the same period **more than 400,000 people** encountered an issue with fire safety, which also affected their neighbours in over two-fifths of cases.

A strong voice for social renters 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.

This is not the first time that government has needed to step in to protect consumers after perceived regulatory failing led to deaths, scandals and a loss of faith:

- Following the **2007/08 financial crisis**, the government decided that the prudential regulation of banks must be separated from protection of consumers. The **Financial Conduct Authority** was designed to make sure people using banking and insurance products get a fair deal.
- Following a series of **high-profile food deaths**, the government separated the regulation of the food industry to set up the **Food Standards Agency**, ensuring people can trust that the food they buy is safe and decent. The Food Standards Agency works with local enforcement officers to ensure standards are met.

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.

It is therefore crucial that a new regulator for social housing be separate, if tenants are to have faith that their concerns and needs are being considered equally. **Over 123,000 people** have signed Grenfell United's petition to introduce this new regulator. Two years on from the Grenfell Tower fire the government must act urgently to protect social tenants and ensure their voices are heard.

If you would like more information, please contact Poppy_Terry@shelter.org.uk or 0344 515 2274.