

The Housing Report

Edition 3, November 2012



The Coalition's mid-term review



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Chartered Institute of Housing
 Octavia House, Westwood Way, Coventry CV4 8JP
 Tel: 024 7685 1777
 Email: policyandpractice@cih.org
 Website: www.cih.org

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National Housing Federation
 Lion Court, 25 Procter Street, London WC1V 6NY
 Tel: 020 7067 1010
 Email: info@housing.org.uk
 Website: www.housing.org.uk

Shelter

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Shelter
 88 Old Street, London EC1V 9HU
 Tel: 0344 515 2003
 Email: info@shelter.org.uk
 Website: <http://england.shelter.org.uk/>

Contributors: Andy Tate, Toby Lloyd, Sian Sankey, Tristan Carlyon, George Marshall, Peter Jefferys, Kevin Williamson and Sheila Chung

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Introduction

The Government has reached its half-way point – two-and-a-half years in, and two-and-a-half to go until the next election – an appropriate moment to step back and assess the Coalition’s record so far.

The housing challenge facing the new administration when it came to office in May 2010 was always going to be huge: the severe shortage of homes in Britain is a crisis decades in the making, while housing costs have been rising for many years.

The Government responded with action across the policy agenda – the Localism Act, the Welfare Reform Act, and the National Planning Policy Framework, plus myriad other initiatives, reviews and consultations. The Housing Strategy, *Laying the Foundations*, published in November 2011, summarised this activity and set out the Government’s plans to address the housing challenge.

In the Strategy, the Prime Minister and the Deputy Prime Minister asserted that ‘for decades in Britain we have under-built’, and that ‘the economic and social consequences of this failure have affected millions’.¹ This acknowledgement of the scale of the challenge, and the commitment to addressing it, is very welcome. So is the increased attention that housing is receiving, politically and in the media, as demonstrated by the prominence of housing as a key issue at each of the recent party conferences.

It is welcome too that the Government recognises the wider role that housing delivery can play. Every £1 spent on housing construction puts almost £3 back in the economy² and, because the bulk of building materials are made in the UK, the positive impact on jobs is clear and direct.

The Housing Strategy reinforced these arguments,³ and the string of announcements in September 2012, including £10bn of guarantees for new homes and a further £300m for affordable housing, are designed as much to spur the nation out of recession as they are to increase housing stock.

The new Housing Minister, Mark Prisk, affirmed the link between housing and economic recovery in September 2012, when he said: ‘Increasing the housing supply, especially of affordable homes, also has an important economic purpose... Building affordable homes, when you look at the bare statistics, is a great economic multiplier.’⁴

Nevertheless, policy announcements and pledges of future funding do not by themselves provide proof of progress. For that, once again, we need to study the statistics and determine whether the Government’s actions have made a difference, for better or for worse.

The Housing Report, in its previous two editions,⁵ was careful to recognise the inherent time lag involved in much policy work. We cautioned that, in several areas, it was too early to jump to judgement about the Government’s success, or otherwise, in achieving its objectives for housing.

With each successive edition of the report, however, we are able to draw on additional data, providing a fuller assessment of the Coalition’s record in office.

In this edition of *The Housing Report*, as in the previous two, we have assessed the latest data for England under ten main headings, using official sources and a 2010-11 baseline wherever possible, and rated the Government’s progress using a traffic light system.

1 *Laying the Foundations: A Housing Strategy for England*, DCLG, November 2011, p.v:

www.communities.gov.uk/documents/housing/pdf/2033676.pdf

2 *Construction in the UK Economy – The Benefits of Investment*, UK Contractors’ Group LEK Consulting, May 2012 update, p.6:

www.ukcg.org.uk/fileadmin/documents/UKCG/LEK/LEK_May_2012_final.pdf

3 *Laying the Foundations: A Housing Strategy for England*, DCLG, November 2011, p.viii:

www.communities.gov.uk/documents/housing/pdf/2033676.pdf

4 Mark Prisk, speech to National Housing Federation annual conference, 17 September 2012:

www.communities.gov.uk/speeches/corporate/2219984

5 Editions 1 and 2 of *The Housing Report* available here: www.housing.org.uk/housingreport

Under this system, green represents going forward, amber means no progress and red has been allocated where things are getting worse, against the data available for the period in which the Government came to office in May 2010, and for the subsequent period.

In the first edition of the Report, in October 2011, we allocated four red lights, three ambers, two greens and a wait-and-see. In the second, in May 2012, we gave five reds, three ambers and two greens. In this edition there are four red lights, four ambers and two greens.

Most worryingly, a year after the Housing Strategy there is still no sign that the Government will meet its key aim of providing enough homes by getting Britain building again.⁶ And the costs of failure are being felt by more and more people – since May 2010 homelessness has risen, and the problem of homeless families stuck in unsuitable B&Bs for more than six weeks has returned, while private rents and the number of Housing Benefit claimants are up, putting a strain on hard pressed families' budgets and the welfare bill alike.

At best, the numbers suggest that housing in England is bumping along the bottom: the Government should concentrate its efforts on maximising the provision of new homes and make the second half of Parliament a period of real delivery.

Grainia Long, Chartered Institute of Housing

David Orr, National Housing Federation

Campbell Robb, Shelter

6 The foreword to the Housing Strategy, signed by the Prime Minister and Deputy Prime Minister, stated: 'For decades in Britain we have under-built', adding that with the Strategy the Government planned to 'get Britain building again'. *Laying the Foundations: A Housing Strategy for England*, November 2011, p.v: www.communities.gov.uk/documents/housing/pdf/2033676.pdf

Summary of findings

We have assessed the Government's performance on delivering its stated objectives under ten main headings, illustrating its direction of travel with a traffic light system:



GREEN for going forward



AMBER for no progress



RED where things are getting worse

The headline findings are reproduced below:

1. **Housing supply – *Britain isn't building***

The recent stimulus package, reflecting the importance the Government is placing on increasing supply, has the potential to help improve the housing market. The increase in new affordable homes completed is a welcome sign that the Affordable Homes Programme, led by housing associations, may be beginning to bear fruit. However, the disappointing overall starts and completions figures suggest that significant progress on boosting supply is still some way off. With the number of households projected to grow by almost five million in the next two decades the Government will have to do much more even to come close to meeting demand. After two-and-a-half-years, it is extremely worrying that house building remains so low and that the Government's record warrants no better verdict than 'no progress' towards improving the dire state of housing supply.



2. **Planning – *More reform generating more uncertainty***

The recent rash of activity to oil the cogs of the planning system exposes concerns within Government that its major reforms, including the introduction of the National Planning Policy Framework (NPPF), have yet to show real signs of reviving house building. The 24% fall in units granted planning consent since the Coalition came to power demonstrates the challenge facing Government. However, it is too early to judge the long-term impact of the NPPF, which more than anything needs time to bed down. By rushing to respond to poor new build figures by re-opening Section 106 agreements, there is a risk that Government will increase uncertainty in the planning system, and undermine the delivery of affordable housing.



3. **Overcrowding – *Pressure continues to build***







The first release of data covering the period of the Coalition Government showed that overcrowding worsened between 2009-10 and 2010-11, earning it a red light. We await a further release early next year to see whether its policies to tackle the problem have yet made an impact.



4. **Homelessness – *Vulnerable at higher risk***

Families in temporary accommodation, and in B&Bs for more than six weeks, are increasing, and worrying figures suggest rough sleeping is rising in London. We wait to see whether the additional funding for rough sleeping services will be sufficient to prevent further rises. Homelessness acceptances have fallen slightly over the last quarter, having risen the previous five. But changes to the legal duty owed to those accepted as homeless from November may move these numbers in unpredictable ways, and may reduce the relevance of this indicator as a proxy of housing need in future.



-
- 5. Evictions, repossessions and arrears – *Preventative approach yields results*** 
- Repossessions, court actions and significant mortgage arrears are all down, which is good news for home owners and tenants. Maintaining the proactive approach of the previous administration to support home owners experiencing difficulty with mortgage payments has been a positive influence. It is important to caution, however, that as Government forecasters have recognised, this positive trend is tied to low interest rates, which are expected to start rising before the end of this Parliament.
-
- 6. Help with housing costs – *More claimants claiming more*** 
- There are signs that the Government's cuts to Local Housing Allowance are exerting a downward pressure on benefit costs in the private rented sector (PRS). Nevertheless, the number of Housing Benefit recipients, payments per recipient, and overall expenditure are all rising. The Government's attempts to reduce the Benefit bill are in tension with rising rents in the private sector. More people – including those in low paid work – are seeking support for housing costs from the state. We await further statistics to indicate whether the discharge of homelessness duties into the PRS may also have an impact on help with housing costs. It will be some time before we see the full impact of efforts to help people into work through the Universal Credit.
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- 7. Empty homes – *Solid progress*** 
- No new annual data have been released since the last edition of *The Housing Report*, when a green light was allocated. The Government has announced it will provide funding to bring another 5,000 empty homes back into use.
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- 8. Mobility – *Still waiting to move*** 
- A variety of policy initiatives have been introduced to boost the mobility of tenants in council and housing association homes. However, the data show no appreciable change in mobility rates.
-
- 9. Affordability of the private rented sector – *Rents rising*** 
- New annual data are not yet available to assess average private rents for 2011-12, which means the light stays red, following the rent increases documented in the last edition of *The Housing Report*. It is clear that in the long term Government will try to bring down rents in the PRS partly through changes to Local Housing Allowance, but also by increasing the supply of large scale private rented sector properties, as set out by the Montague recommendations and September 2012 housing announcements. Until more details emerge, and new developments begin on the ground, progress on widespread affordability remains a distant prospect.
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- 10. Home ownership – *Dreams unrealised*** 
- Little has changed on home ownership since the publication of the previous edition of *The Housing Report*, despite policy initiatives to increase lending to home purchasers and lenders. Where new data are available they show that house sales may have increased slightly and that house prices are relatively stable, which is encouraging.
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1 Housing supply – Britain isn't building

New Housing Minister Mark Prisk has explicitly acknowledged the scale of the country's housing shortage, saying: 'For at least fifteen years we have been building roughly half the homes we need.'⁷ In an article written shortly after his appointment to the post, he stated: 'It's causing real problems for millions of people – overcrowding, 30-year-olds still living with mum and dad, and workers not able to take a job because they can't get somewhere to live.'⁸

Pointing to the UK's rising household numbers, attributed to natural population growth, smaller households, net migration and longer life expectancy, he added: 'The problem is going to get worse.'

Indeed, figures from the Department for Communities and Local Government (DCLG) suggest the number of households in England is set to rise by almost five million, from 22.8m to 27.5m over the next two decades,⁹ signifying a need for at least 233,000 new homes per year.

Planning Minister Nick Boles is also reported to have conceded that the Government is not building enough housing, saying he wants to 'get back to building 220,000, 250,000 or 290,000 homes a year'.¹⁰

The Housing Strategy, *Laying the Foundations*, published in November 2011, could not have been clearer about the Government's commitment to ensure more homes are built. The foreword, signed by the Prime Minister and Deputy Prime Minister, stated: 'One of the most important things each generation can do for the next is to build high quality homes that will stand the test of time. But for decades in Britain we have under-built.' It added, for the avoidance of any doubt, that with this Strategy the Government plans to 'get Britain building again'.¹¹

In September 2012 the Prime Minister launched what he described as 'a comprehensive plan to unleash one of the biggest homebuilding programmes this country has seen in a generation'.¹²

The set of housing-related announcements, rolled together under the heading Housing and Growth,¹³ included plans to help housing associations and private sector developers build new homes by guaranteeing debt up to £10bn. The debt guarantee, 'to give institutional investors the assurance they need to invest', was introduced via a new Infrastructure (Financial Assistance) Act 2012, which was passed into law on 31 October 2012.¹⁴

Mr Prisk, the housing minister, urged housing associations to bid for a share of the £10bn Government guarantee and turn their expertise in providing social homes to building new homes for private rent.¹⁵

7 Mark Prisk speech to Council of Mortgage Lenders conference, 7 November 2012:

www.communities.gov.uk/speeches/corporate/cml2012

8 Hertford and Stortford's Tory MP Mark Prisk writes about his new job as housing minister, Hertfordshire Mercury, 14 September 2012:

www.hertfordshiremercury.co.uk/Hertfordshire/Hertford-and-Stortfords-Tory-MP-Mark-Prisk-writes-about-his-new-job-as-housing-minister-14092012.htm

9 Table 401: Household projections, United Kingdom, 1961-2033, DCLG:

www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/householdestimates/livatables-households/

10 Planning Minister to raise direct payment concerns, *Inside Housing*, 8 October 2012:

www.insidehousing.co.uk/tenancies/planning-minister-to-raise-direct-payment-concerns/6524090.article

11 *Laying the Foundations: A Housing Strategy for England*, DCLG, November 2011, p.v:

www.communities.gov.uk/documents/housing/pdf/2033676.pdf

12 Plans to boost UK housebuilding, jobs and the economy, Number 10, 6 September 2012:

www.number10.gov.uk/news/plans-to-boost-uk-housebuilding-jobs-and-the-economy/

13 Housing and Growth, DCLG, 6 September 2012: www.communities.gov.uk/statements/corporate/housingandgrowth

14 Infrastructure (Financial Assistance) Act 2012: www.legislation.gov.uk/ukpga/2012/16/contents/enacted

15 Mark Prisk: Social landlords can branch out to meet demand for private rent, DCLG, 17 September 2012:

www.communities.gov.uk/news/housing/2218356

He said: ‘Housing associations already provide excellent services to their tenants, but have the potential to offer homes to a much wider group of people. By making the most of the new and positive measures we’re taking, social landlords can branch out and provide the spark to get Britain building.’

The debt guarantee will be supported by new capital funding of £300m to provide up to 15,000 affordable homes and to bring 5,000 empty homes back into use.¹⁶ The funding has been drawn from under-spending in other Government departments. A further £200m¹⁷ as a rolling fund will be made available for an additional 5,000 homes,¹⁸ to be built for rent at market rates to encourage institutional investment in ‘high-quality rented homes’.¹⁹ This is in line with proposals outlined in Sir Adrian Montague’s report²⁰ to Government on boosting investment in the private rented sector.

Coupled with this, the Government is using the 2012 Finance Bill to reform Real Estate Investment Trusts and is supporting Build to Let models of development, where homes are built specifically for the private rental market, with funding from investors with a medium to long term interest.

The Montague review into the supply of private rented housing, published in August 2012, called for Government to provide targeted incentives to get Build to Let projects off the ground, offer public land for new private rented housing and establish a taskforce to overcome barriers preventing development.²¹ The review also acknowledged the ‘potentially important’ role of housing associations in market rent developments to complement their existing activities in affordable housing and said larger social landlords, had the potential to become ‘key players in the development of bespoke private rented schemes’.²² The then housing minister, Grant Shapps, responded by describing the review as a ‘blueprint’ whose recommendations would be considered ‘very carefully’.²³

In May 2012, ministers published a progress report on efforts to release public sector land, confirming that enough land had been identified to build 102,430 homes – helping them to meet their target of 100,000 homes by April 2015 a year early.²⁴ Mr Prisk has said that he regards recycling and developing land owned by local or national government, representing 40% of previously used land, as a ‘top priority’.²⁵

Other initiatives highlighted by ministers to increase housing supply include the New Homes Bonus, the release of surplus public land under Build Now Pay Later, Neighbourhood Planning and the Community Right to Build.

In June 2012, the Government opened up the remaining money from its Get Britain Building Fund, aimed at supporting building firms in need of development finance for ‘shovel-ready’ but

16 Guarantees for affordable housing, DCLG, September 2012:

www.communities.gov.uk/housing/about/housingandgrowth/affordablehousingguarantees/

17 Housing and Growth, DCLG, 6 September 2012: www.communities.gov.uk/statements/corporate/housingandgrowth

18 Plans to boost UK housebuilding, jobs and the economy, Number 10, 6 September 2012:

www.number10.gov.uk/news/plans-to-boost-uk-housebuilding-jobs-and-the-economy/

19 Housing and Growth, DCLG, 6 September 2012: www.communities.gov.uk/statements/corporate/housingandgrowth

20 *Review of the barriers to institutional investment in private rented homes*, DCLG, August 2012:

www.communities.gov.uk/documents/housing/pdf/2204242.pdf

21 *Review of the barriers to institutional investment in private rented homes*, DCLG, August 2012:

www.communities.gov.uk/documents/housing/pdf/2204242.pdf

22 Paragraph 28, *Review of the barriers to institutional investment in private rented homes*, DCLG, August 2012:

www.communities.gov.uk/documents/housing/pdf/2204242.pdf

23 Montague plan offers boost to private rented sector, DCLG, 23 August 2012: www.communities.gov.uk/news/housing/2204435

24 *Accelerating the release of surplus public sector land, Progress report one year on*, DCLG, May 2012:

www.communities.gov.uk/documents/housing/pdf/2140164.pdf

25 Hertford and Stortford’s Tory MP Mark Prisk writes about his new job as housing minister, *Hertfordshire Mercury*, 14 September 2012: www.hertfordshiremercury.co.uk/Hertfordshire/Hertford-and-Stortfords-Tory-MP-Mark-Prisk-writes-about-his-new-job-as-housing-minister-14092012.htm

stalled sites, to smaller builders, lowering the bar for applying from a threshold of 25 to 15 homes. The £570m investment fund is forecast to deliver up to 16,000 homes by December 2014.²⁶

In July 2012, the Government announced further details of a £30m funding package for aspiring self-builders. The money may be used to pay up to 75% of a project's land and early construction costs, and will be available to organisations planning to build five or more homes at a total cost of up to £3m.²⁷ Applications for a share of this funding were approved in October 2012.²⁸

In August 2012, the Government announced it was bringing in teams of experts to work with local councils to kick-start stalled sites through renegotiation, advice and support. It launched a consultation proposing to give developers the option to ask councils to renegotiate Section 106 obligations agreed prior to April 2010 that are 'no longer viable'.²⁹

A subsequent announcement in September 2012³⁰ went further to introduce legislation³¹ to be effective in early 2013 to allow any developer of sites which are unviable because of the number of affordable homes to appeal with immediate effect. The Planning Inspectorate will assess the number of affordable homes to be removed to make the site viable and if necessary set aside the current Section 106 agreement for three years.

Some £730m has been allocated to 39 Local Enterprise Partnerships across England as part of a Growing Places Fund to support infrastructure development to unblock housing and economic growth.³²

The Government has provided incentives through the New Homes Bonus scheme for councils to build more authorised sites for Gypsies and Travellers, backed by £60m to help communities establish properly approved and planned sites,³³ although DCLG has revealed just four of the 32 providers that successfully bid for Traveller Pitch Funding have signed contracts.³⁴ The Government has more recently announced proposals to give councils greater freedoms to stop unauthorised Traveller sites being set up.³⁵

1.1: New homes built overall

DCLG has updated previously published data on the number of new homes built overall in 2011, providing an adjusted total of 114,160 homes – up 7% on the previous year. As was noted in the last edition of *The Housing Report*, while this increase was welcome, the 2011 figure remains the lowest annual total of any year – aside from the 106,720 in 2010 – for more than six decades. See Graph 1a on the next page.

The numbers of new build starts appear to be far from healthy, hitting 23,510 in the three months to the end of June 2012 – down slightly from the previous quarter, and down 30% since the Government took office.

26 Stalled building sites to get a helping hand, DCLG, 21 June 2012: www.communities.gov.uk/news/corporate/2165117

27 Grant Shapps: UK's first self-build community to fast track new homes, DCLG, 7 July 2012: www.communities.gov.uk/news/planningandbuilding/2175438

28 First self-build projects to benefit from multi million pound fund, DCLG, October 16 2012: www.communities.gov.uk/news/housing/2236665

29 Eric Pickles takes steps to kick-start development, DCLG, 13 August 2012: www.communities.gov.uk/news/housing/2197789

30 Housing and Growth, DCLG, 6 September 2012: www.communities.gov.uk/statements/corporate/housingandgrowth

31 The Growth and Infrastructure Bill 2012-13: <http://services.parliament.uk/bills/2012-13/growthandinfrastructure.html>

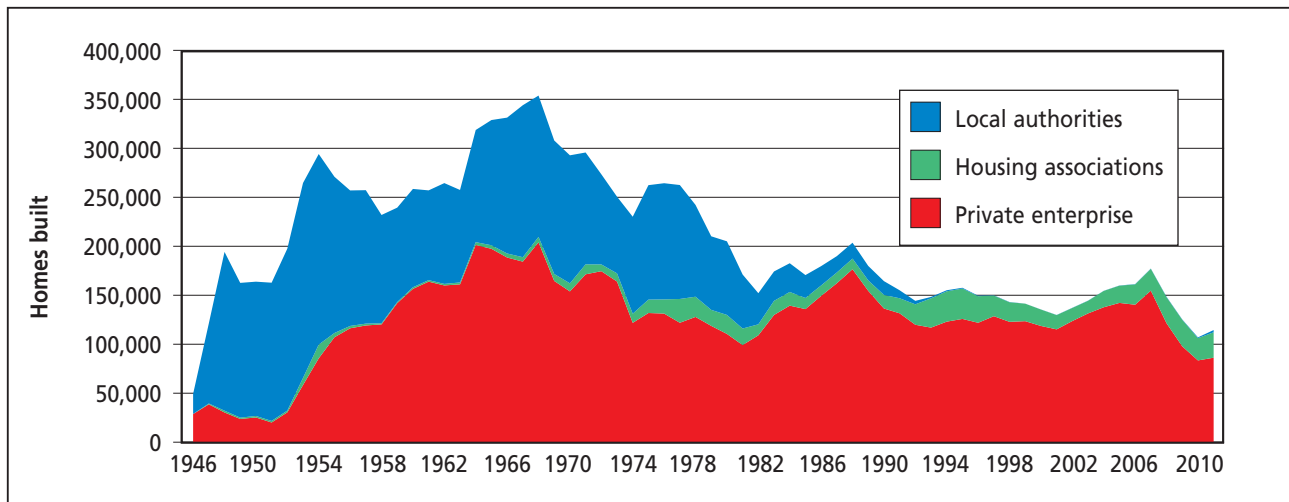
32 £420m to support local infrastructure, DCLG, 29 March 2012: www.communities.gov.uk/news/newsroom/2118896

33 Clamp down on illegal encampments, DCLG, 28 August 2012: www.communities.gov.uk/news/planningandbuilding/2205993

34 DCLG Minister Baroness Hanham Parliamentary answer in response to question by Baroness Whitaker, Lords Hansard, Column WA19, 22 October 2012: www.publications.parliament.uk/pa/ld201213/ldhansrd/text/121022w0001.htm#12102222000932

35 Greater freedom for local councils to prevent unauthorised traveller sites, DCLG, 10 October 2012: www.communities.gov.uk/news/planningandbuilding/2232392

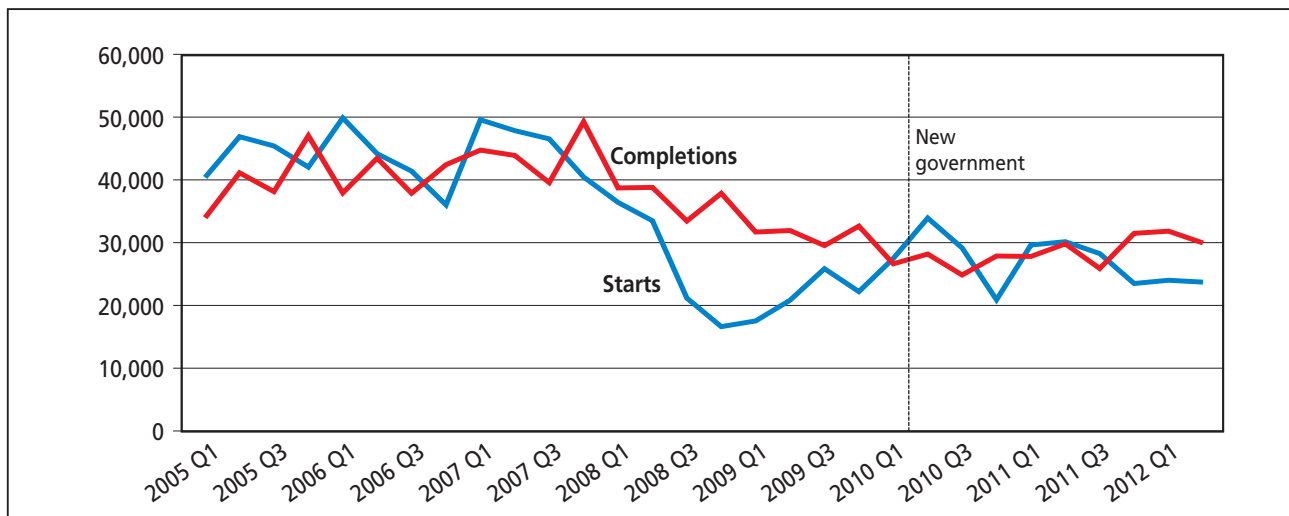
Graph 1a: New build by tenure (England)



Source: DCLG Live table 244.

The numbers of completions sunk to 29,750 in the three months to the end of June 2012 – down 6% from the previous quarter, but up 6% on the period during which the Government came to power. Overall, the figures show little sign of progress and, together with the new build starts figures, are an indication that recent announcements focussing on boosting supply have yet to have an effect on the market.

Graph 1b: Starts and completions (England)



Source: DCLG Live Table 213.

1.2 Affordable homes built

The Government has pledged to support the delivery of up to 170,000 affordable homes between 2011 and 2015, including 80,000 through its Affordable Homes Programme (AHP).³⁶ Housing Minister Mark Prisk has stated that the issue of building new affordable homes, in particular, is ‘clearly front and centre’ for the Government.³⁷ The latest data show that 38,877 affordable homes were completed in the second half of 2011-12, higher than any other six-month total since 2009, suggesting that, after a slow start, the AHP may be beginning to yield results.

36 *Laying the Foundations: A Housing Strategy for England*, p.24: www.communities.gov.uk/documents/housing/pdf/2033676.pdf

37 Hertford and Stortford's Tory MP Mark Prisk writes about his new job as housing minister, *Hertfordshire Mercury*, 14 September 2012: www.hertfordshiremercury.co.uk/Hertfordshire/Hertford-and-Stortfords-Tory-MP-Mark-Prisk-writes-about-his-new-job-as-housing-minister-14092012.htm

Table 1a: Total number of new affordable homes completed (England)

Period	Social rent	Intermediate rent	Affordable rent*	Low Cost Home Ownership	Total
2009-10 Apr-Sept	10,579	736		7,591	18,906
2009-10 Oct-Mar	20,342	1,199		12,708	34,249
2010-11 Apr-Sept	10,307	999		8,243	19,549
2010-11 Oct-Mar	26,355	1,471		8,485	36,311
2011-12 Apr-Sept	9,020	495		3,273	12,788
2011-12 Oct-Mar	24,964	1,132	928	11,853	38,877

Source: HCA. Notes: Figures include homes funded by the Homes and Communities Agency in England, the National Affordable Housing Programme, the Kickstart Housing Delivery Programme, the Local Authority New Build Programme and the Property and Regeneration Programme. *Homes built under the Government's 'Affordable Rent' programme, and let at up-to-80% of market rates.

What next?

We are still waiting to see when the Government's recent announcements to increase supply come into effect. Ministers may decide to use the Autumn Statement, expected on 5 December 2012, to flesh out details such as how the new guarantee scheme will work.



Verdict: Housing supply

The recent stimulus package, reflecting the importance the Government is placing on increasing supply, has the potential to help improve the housing market. The increase in new affordable homes completed is a welcome sign that the Affordable Homes Programme, led by housing associations, may be beginning to bear fruit. However, the disappointing overall starts and completions figures suggest that significant progress on boosting supply is still some way off. With the number of households projected to grow by almost five million in the next two decades the Government will have to do much more even to come close to meeting demand. After two-and-a-half-years, it is extremely worrying that house building remains so low and that the Government's record warrants no better verdict than 'no progress' towards improving the dire state of housing supply.

2 Planning – More reform generating more uncertainty

Housing Minister Mark Prisk has said the Government is engaged in ‘removing the planning and financial barriers that are holding back the housing market’.³⁸

It follows former planning minister Greg Clark’s confidence that the Government’s localist approach to planning reform would ‘help get England out of the house building trough’.³⁹

Two and a half years in to the Coalition’s term of office, and a significant body of planning reforms are already in place. The National Planning Policy Framework⁴⁰ and the New Homes Bonus, Neighbourhood Plans, the Community Right to Build,⁴¹ and the Community Infrastructure Levy are all up and running.

In October 2012, the Government published the Growth and Infrastructure Bill, containing plans to get building going on stalled sites by allowing reconsideration of the affordable housing element of economically unviable Section 106 agreements.⁴²

The Bill follows a consultation, which closed in October 2012, on separate proposals to allow developers to seek amendments to S106 planning obligations, on developments granted planning permission prior to April 2010. Communities Secretary Eric Pickles has argued that market conditions, and uncertainty over future conditions, means some S106 agreements negotiated in more buoyant times are no longer viable.⁴³ This change could affect about 730 sites, according to DCLG estimates.⁴⁴ Additionally, Government is supporting mediators⁴⁵ providing technical advice on viability and S106 agreements, and working with local authorities and developers to broker agreements and get stalled sites moving.

The Growth and Infrastructure Bill also aims to reduce the ‘volumes of paperwork’ involved in submitting a planning application by aiming to ensure that information requests from councils are proportionate to the scale and nature of the development proposed and relate only to matters likely to be a material consideration in deciding the application. The Bill would also, following the Penfold Review,⁴⁶ streamline the non-planning development consents regime to create a system that is less slow, complex and costly to business. Following a consultation by the Department for Environment, Food and Rural Affairs, the Bill would also aim to stop the ‘misuse’ of town and village green applications that undermine planned development.

In September 2012, the Government made a number of announcements on planning, underlining the Housing Minister’s concerns that: ‘Our planning system has failed in the past to help deliver either the quantity or quality of homes we need.’⁴⁷

38 Mark Prisk, speech to NHF conference, 17 September 2012: www.communities.gov.uk/speeches/corporate/2219984

39 DCLG Minister Greg Clark, speech to Town and Country Planning Association Annual Conference, 30 November 2010: www.communities.gov.uk/speeches/planningandbuilding/1784320

40 *National Planning Policy Framework*, DCLG, March 2012: www.communities.gov.uk/documents/planningandbuilding/pdf/2116950.pdf

41 DCLG announced £17m of funding to support communities seeking to use the new Community Right to Build to avoid the normal planning application process. Grant Shapps: Planning permission powers firmly in the hands of communities, DCLG, 29 May 2012: www.communities.gov.uk/news/housing/2153544

42 Bill to boost growth and infrastructure goes before Parliament, DCLG, 18 October 2012: www.communities.gov.uk/news/newsroom/2238653

43 Eric Pickles takes steps to kick-start development, DCLG, 13 August 2012: www.communities.gov.uk/news/housing/2197789

44 *Renegotiation of Section 106 planning obligations Impact Assessment*, DCLG, August 2012: www.communities.gov.uk/documents/planningandbuilding/pdf/2196098.pdf

45 Eric Pickles takes steps to kick-start development, DCLG, 13 August 2012: www.communities.gov.uk/news/housing/2197789

46 Penfold Review, Department for Business, Innovation and Skills: www.bis.gov.uk/penfold

47 Hertford and Stortford’s Tory MP Mark Prisk writes about his new job as housing minister, *Hertfordshire Mercury*, 14 September 2012: www.hertfordshiremercury.co.uk/Hertfordshire/Hertford-and-Stortfords-Tory-MP-Mark-Prisk-writes-about-his-new-job-as-housing-minister-14092012.htm

The announcements included:⁴⁸

- Thousands of big commercial and residential applications will be ‘fast-tracked’; where councils are ‘poor’ at processing decisions developers can opt to have their decision taken by the Planning Inspectorate; more applications will go into a ‘fast track’ appeal process; and more transparent reporting of councils’ performance on planning will be required. Use of Planning Performance Agreements, which commit applicants and planning authorities to a clear timetable for determining proposals, will be increased for major schemes.
- Planning Inspectors will be given more power to award costs in appeal proceedings, where it is clear that an application has not been handled as it should have been with due process.
- The Government will consult on simplifying and increasing permitted development rights to make it easier for families and businesses, for a three-year period, to make improvements to their properties.
- Councils that choose to amend local Green Belt boundaries will be supported.
- Developers will be given an extra year with which to get their sites up and running before their planning permission expires.
- An increase in the number and categories of schemes dealt with by the streamlined ‘major infrastructure’ planning regime will be considered.
- Permitted development rights will be updated to enable change of use from commercial to residential purposes.

The Government has published the draft Community Infrastructure Levy (Amendment) Regulations 2012. This is corrective legislation, attempting to rectify, amongst other things, developers being double charged CIL when receiving planning permission under Section 73 of the Town & Country Planning Act 1990.⁴⁹

The Government is extending funding to the four organisations providing advice and support to communities leading the way on neighbourhood planning, to April 2013.⁵⁰

A £10m fund has been provided to help councils ensure communities are able to finalise their Neighbourhood Plans for homes, businesses and facilities, following provisions in the Localism Act 2011. Councils may apply for grants of up to £30,000 for each scheme to help pay for the costs of getting plans in place.⁵¹

The statistics show the proportion of developments granted planning approval reached 76% by the end of 2011, falling slightly to 75% in the first quarter of 2012. This compares with 73% when the Government took office.

The actual number of developments granted planning permission in the first quarter of 2012 was 9,388, up 5% from the previous quarter and up 1% from when the Coalition came to power. The Government is still struggling to surpass the 10,000-per-quarter level, despite its efforts to shake up the planning system.

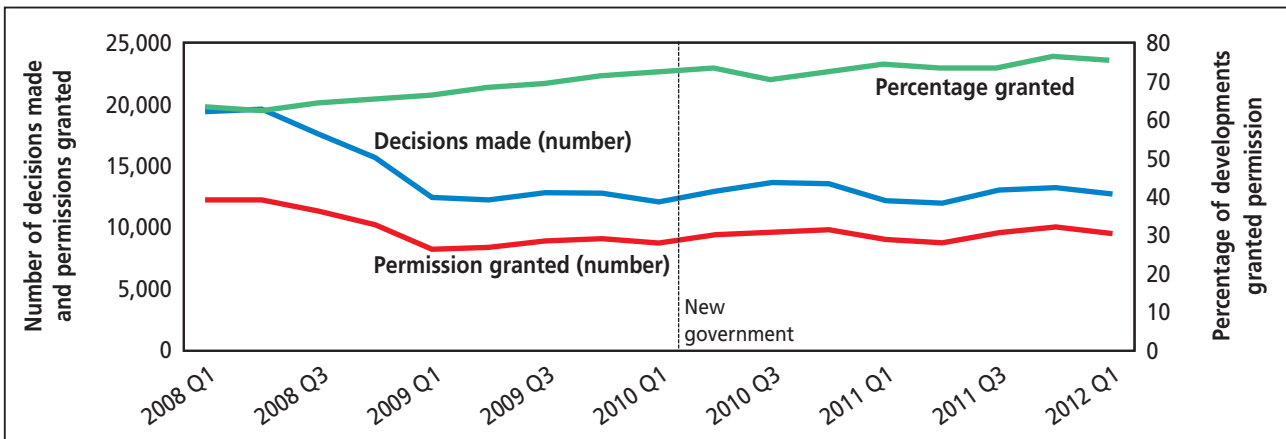
48 Housing and Growth, DCLG, 6 September 2012: www.communities.gov.uk/statements/corporate/housingandgrowth

49 Community Infrastructure Levy (Amendment) Regulations 2012: www.legislation.gov.uk/ukdsi/2012/9780111529270/contents

50 The four organisations providing support are the Royal Town Planning Institute; the Prince's Foundation for Building Community; and the Campaign for the Protection of Rural England working with the National Association of Local Councils and Locality (the Building Communities Consortium): Next steps to improve the planning system and support sustainable development, DCLG, 3 July 2012: www.communities.gov.uk/news/corporate/2172391

51 Cash boost for communities supporting neighbourhood planning, DCLG, 29 August 2012: www.communities.gov.uk/news/planningandbuilding/2206445

Graph 2a: Developments given planning approval (England)

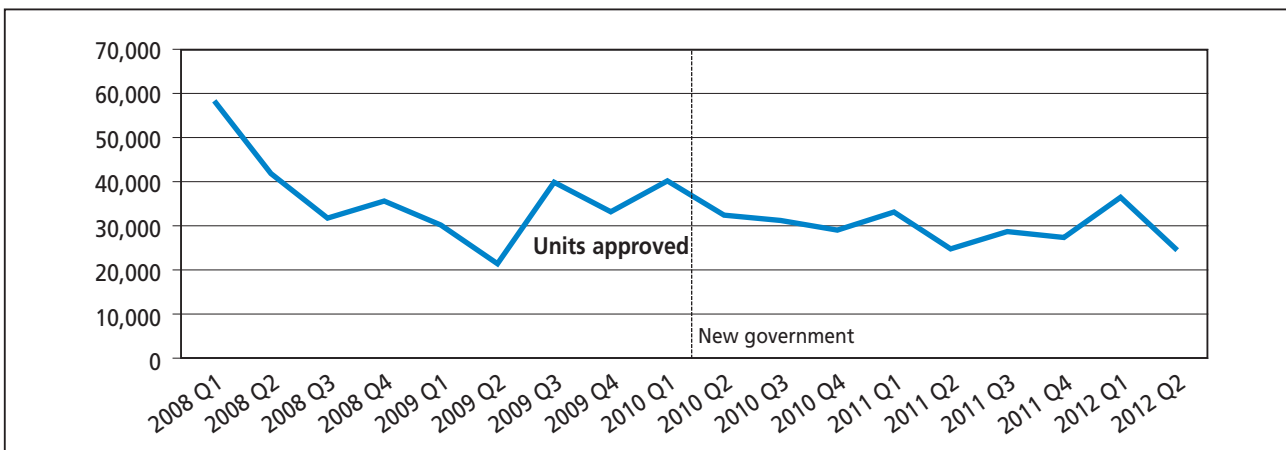


Source: DCLG statistics.

Note: Figures are for developments, not units.

The number of all units, as opposed to developments, granted planning approval reached its lowest level for three years in the second quarter of 2012, at 24,872. That is about a third fewer than the previous quarter and 24% fewer than the 32,750 units approved in the second quarter of 2010, when the Government came to office.

Graph 2b: Number of units given planning approval (England)



Source: Home Builders' Federation, New Housing Pipeline Q2 2012 Report.

Note: Only includes units in developments of more than 10 units.

What next?

We are still waiting to see the effect of the Government's policy initiatives. Recent announcements to improve supply through planning reform will have an impact. Ministers may decide to use the Autumn Statement to unveil further measures. There is a risk that, unless robust safeguards are put in place, plans to make it easier to suspend or downgrade planning obligations may undermine the delivery of affordable homes.

Lord Taylor has been appointed to review around 6,000 pages of supporting planning guidance. This follows the approach of the National Planning Policy Framework in distilling 1,000 pages of policy into around 50.⁵²

52 Lord Taylor to review practical planning guidance, DCLG, 16 October: www.communities.gov.uk/newsstories/newsroom/2236539

Following former housing minister Grant Shapps's concerns about 'red tape' inhibiting housing development,⁵³ DCLG announced plans to remove unnecessary barriers, streamline paperwork, and support swifter decision making in the planning process.⁵⁴ Planning administration will shortly be the focus of the Cabinet Office's Red Tape Challenge.⁵⁵

The Government, following an earlier consultation, is to introduce a 'one-off' national increase in planning fees, which have been frozen since 2008, of 15%. It is continuing to explore decentralising the fee system to local authorities.⁵⁶



Verdict: Planning

The recent rash of activity to oil the cogs of the planning system exposes concerns within Government that its major reforms, including the introduction of the National Planning Policy Framework (NPPF), have yet to show real signs of reviving house building. The 24% fall in units granted planning consent since the Coalition came to power demonstrates the challenge facing Government. However, it is too early to judge the long-term impact of the NPPF, which more than anything needs time to bed down. By rushing to respond to poor new build figures by re-opening Section 106 agreements, there is a risk that Government will increase uncertainty in the planning system, and undermine the delivery of affordable housing.

53 The boxed-in generation, Housing Minister Grant Shapps, 24 April 2012, DCLG:

www.communities.gov.uk/speeches/corporate/hbflunch2012

54 Next steps to improve the planning system and support sustainable development, DCLG, 3 July 2012:

www.communities.gov.uk/news/corporate/2172391

55 *Red Tape Challenge*, Cabinet Office: www.redtapechallenge.cabinetoffice.gov.uk/home/index/

56 *Proposals for changes to planning application fees in England: Consultation Summary of responses*, DCLG, August 2012: www.communities.gov.uk/documents/planningandbuilding/pdf/2191829.pdf

3 Overcrowding – Pressure continues to build

In the Housing Strategy, in November 2011, the Government acknowledged the problem of overcrowding was 'widespread'.⁵⁷

The policy changes the Government is counting on to help tackle the growing problem of overcrowding, outlined below, have either not yet come into effect or are slow burners.

From April 2012, all social landlords have been able to issue fixed term tenancies, generally a minimum of five years in length.⁵⁸ Tenants may be assessed towards the end of their tenancy for any changes in circumstances, such as children leaving home, which may lead them to under-occupy their property. Landlords may then require tenants to move to a smaller home, to free up space for overcrowded families. For obvious reasons, this change has a long time-lag.

Separate reforms to make it easier for social tenants to transfer to another social home when not in priority need have already taken effect and this could help those families who need a larger home to find one before they are considered overcrowded.

In June 2012, the Government issued new allocations guidance,⁵⁹ which recommends councils use the Bedroom Standard⁶⁰ to measure overcrowding for allocations purposes, in effect replacing the definition of overcrowding in the 1985 Housing Act. The Government, when first exploring reform of the overcrowding definition, described the statutory overcrowding standards in the 1985 Act as 'outdated' and said the enforcement framework was 'rarely used'.⁶¹ This change is unlikely to affect the overcrowding statistics, which already use the Bedroom Standard definition.

Guidance produced by the Department for Communities and Local Government in 2009⁶² stated that a household is 'severely overcrowded' where it is two bedrooms short of what it is entitled to under the Standard.

No new data for overcrowding has been released since the last *Housing Report*, which put the number of overcrowded households at 655,000 in 2010-11, up 4% from 2009-10. Overcrowding rates are higher among social renters (7%) and private renters (6%) than they are among owner occupiers (1%). New data will be available for our next report.

See Graph 3a on the next page.

57 *Laying the Foundations: A Housing Strategy for England*, DCLG, November 2011, p.51:

www.communities.gov.uk/documents/housing/pdf/2033676.pdf

58 Under the Homes and Communities Agency's regulatory framework for social housing in England, landlords may 'exceptionally' grant two-year tenancies, p.24: www.homesandcommunities.co.uk/sites/default/files/our-work/regulatory_framework_2012.pdf

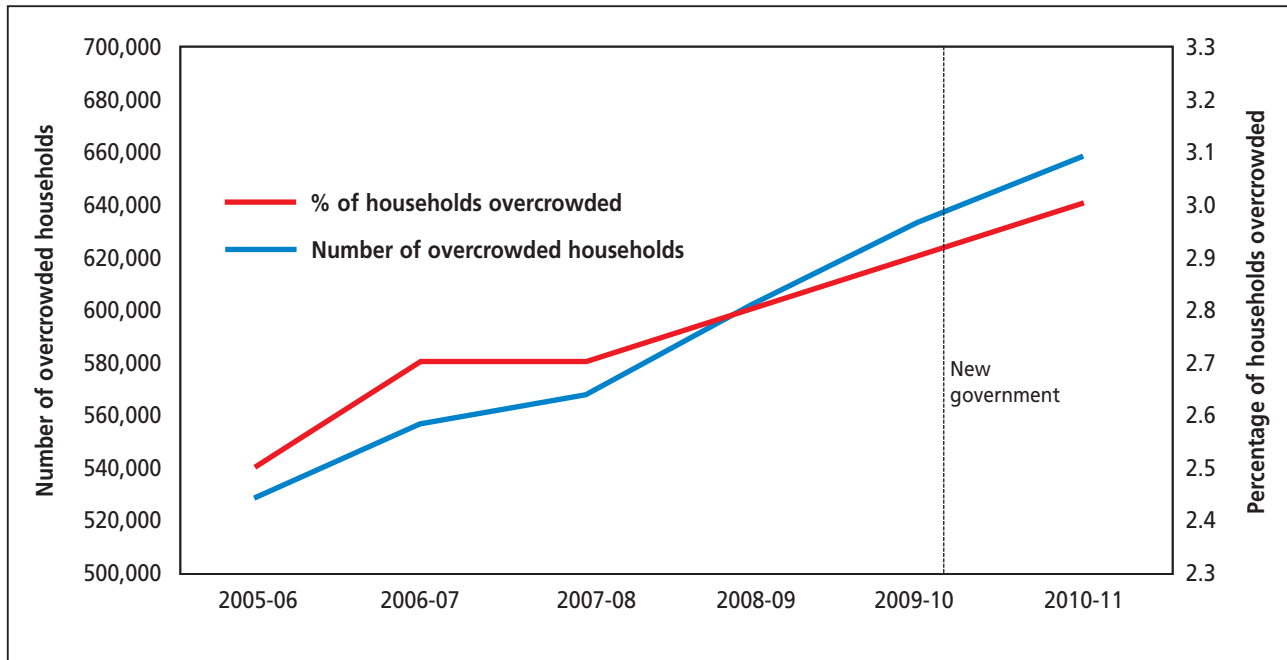
58 *Allocation of accommodation: guidance for local housing authorities in England*, DCLG, June 2012: www.communities.gov.uk/documents/housing/pdf/2171391.pdf

60 Under the Bedroom Standard, a separate bedroom is allocated to each married or cohabiting couple, adult aged 21 years or over, pair of adolescents aged ten to 20 years of the same sex and pair of children aged under ten years regardless of sex. *Allocation of Accommodation*, DCLG consultation, p.22: www.communities.gov.uk/documents/housing/pdf/2060702.pdf

61 *Local decisions: a fairer future for social housing*, DCLG, November 2010, p.46: www.communities.gov.uk/documents/housing/pdf/1775577.pdf

62 DCLG & TSA – *Overcrowding and under-occupation: Self-assessment for social landlords*, October 2009: www.tenantservicesauthority.org/upload/pdf/Overcrowding_and_under-occupation.pdf

Graph 3a: Overcrowded households (England)



Source: English Housing Survey Headline Report 2010-11, DCLG, 2012.

What next?

The new allocations guidance advises authorities to consider giving social tenants who under-occupy their accommodation appropriate priority for a transfer.⁶³ This is in light of measures in the Welfare Reform Act 2012 reducing Housing Benefit entitlement for working age social tenants said to be under-occupying their property. The Government suggests that its new social sector size criteria, which come into effect in April 2013, will prompt 'some tenants' to choose to downsize to smaller properties, thereby allowing 'people living in overcrowded conditions or who are on the waiting list to access appropriate social homes'.⁶⁴

The Housing Strategy states that the Government's welfare reforms will work 'hand-in-hand' with its plans for social housing to help reduce overcrowding.⁶⁵



Verdict: Overcrowding

The first release of data covering the period of the coalition Government showed that overcrowding worsened between 2009-10 and 2010-11, earning it a red light. We await a further release in February 2013 to see whether its policies to tackle the problem have yet made an impact.

63 Allocation of accommodation: guidance for local housing authorities in England, DCLG, June 2012, p.7:

www.communities.gov.uk/documents/housing/pdf/2171391.pdf

64 *Laying the Foundations: A Housing Strategy for England*, DCLG, November 2011, p.51:

www.communities.gov.uk/documents/housing/pdf/2033676.pdf

65 *Laying the Foundations: A Housing Strategy for England*, DCLG, November 2011, p.51:

www.communities.gov.uk/documents/housing/pdf/2033676.pdf

4 Homelessness – Vulnerable at higher risk

Housing Minister Mark Prisk has described homelessness as a ‘national challenge’, stating: ‘It’s still wrong that tens of thousands of people will tonight be without a home, often through no fault of their own.’⁶⁶

The DCLG’s business plan includes a mission to ‘oversee housing and homelessness policy in England to meet the aspirations of a growing and ageing population and support the most vulnerable and disadvantaged in communities’.⁶⁷

In June 2012, the Government, anticipating a rise in homelessness,⁶⁸ allocated £3.4m to the National Homelessness Advice Service to help train advisors and to provide money advice and legal services for voluntary organisations.⁶⁹ The funding, available until 2015, is part of the £400m already in place for local authorities to help those at risk of homelessness. In July, a self diagnostic toolkit was launched by the National Homeless Advisory Service⁷⁰ for local authorities to assess performance in preventing homelessness.

The cross-Whitehall homelessness working group,⁷¹ attended by ministers from eight government departments, published its second report, *Making Every Contact Count*, in August 2012. It focused on tackling the complex underlying causes of homelessness, preventing homelessness at an earlier stage and delivering integrated services that support an individual’s recovery.⁷²

The report, which was accompanied by an analysis of the estimated costs of homelessness to government departments,⁷³ grouped together a series of Government commitments aimed at preventing homelessness.

They were to:

- Tackle troubled childhoods and adolescence by promoting innovative approaches to youth homelessness
- Improve health services for homeless people with drugs/alcohol and mental health needs
- Reduce involvement in crime through support to the new Police and Crime Commissioners and measures to help those on short sentences retain their tenancy
- Help claimants budget and manage rent payments through housing demonstration projects
- Pioneer funding for homelessness reduction through a Social Impact Bond for rough sleepers.

The report also challenged local authorities and their partners to take action to:

- Address support, education, employment and training needs
- Offer a Housing Options prevention service
- Adopt a No Second Night Out model or effective local alternative

66 Hertford and Stortford’s Tory MP Mark Prisk writes about his new job as housing minister, *Hertfordshire Mercury*, 14 September 2012: www.hertfordshiremercury.co.uk/Hertfordshire/Hertford-and-Stortfords-Tory-MP-Mark-Prisk-writes-about-his-new-job-as-housing-minister-14092012.htm

67 DCLG Business Plan 2011-2015, page 3, November 2010: www.communities.gov.uk/publications/corporate/businessplan2010

68 *The Housing Strategy*, published in November 2011, acknowledged that tackling homelessness will be a ‘demanding task’ over the next few years, as ‘the legacy of the recession continues to bite’, *Laying the Foundations: A Housing Strategy for England*, DCLG, November 2011, p.46: www.communities.gov.uk/documents/housing/pdf/2033676.pdf

69 Grant Shapps: Funding boost for strong homelessness safety net, DCLG, 14 June 2012: www.communities.gov.uk/news/housing/2161266

70 National Homeless Advisory Service: www.nhas.org.uk

71 Homelessness Working Group, DCLG: www.communities.gov.uk/housing/homelessness/homelessnessworkinggroup/

72 *Making every contact count: A joint approach to preventing homelessness*, DCLG, August 2012: www.communities.gov.uk/news/newsroom/2200466

73 *Evidence review of the costs of homelessness*, DCLG, August 2012: www.communities.gov.uk/documents/housing/pdf/2200485.pdf

- Actively engage in preventing mortgage repossessions through the Mortgage Rescue Scheme
- Develop and maintain a homelessness strategy to set out a proactive approach to preventing homelessness that is responsive to emerging needs
- Ensure that no young person aged 16 or 17 is placed in Bed and Breakfast accommodation
- Ensure that families are placed in B&B accommodation only in emergencies – and then for no longer than six weeks.

In early September 2012, the then housing minister Grant Shapps announced that homelessness service funding for councils would be extended to the end of the Parliament, guaranteeing £160m in Homelessness Prevention Grants over the next two financial years.⁷⁴ However, this is only a proportion of local authority spending on homelessness, the majority of which comes from each local authority's General Fund. General Funds have been heavily affected by cuts in Formula Grant, so that local authority housing services overall, including homelessness, are assessed by the Institute for Fiscal Studies to have been cut by 10% in real terms over the two years up to and including 2011-12.⁷⁵

Mr Shapps also announced plans for a national phonenumber and website to track those sleeping rough. The new service, called Streetlink, will be run by Homeless Link and homeless charity Broadway, and includes a smart phone app so that anyone can connect rough sleepers to local services.⁷⁶

In August 2012, the Government published guidance to alert councils to the powers at their disposal to deal with 'rogue landlords', particularly those accommodating people in 'beds in sheds' or 'suburban shanty towns', trapping vulnerable people in dangerous living conditions.⁷⁷ It announced a £1.8m scheme to work with nine councils to 'flush out' such landlords and to take action against other bad practice such as overcrowding and poor maintenance.

The criminal offence of squatting in a residential building came into force on 1 September 2012. Previously squatting had been treated as a civil matter but under the Legal Aid, Punishment and Sentencing of Offenders Act 2012 squatters can now be fined £5,000 or face a year in jail if they trespass on property. The Housing Strategy said in November 2011 that the Ministerial Working Group on Homelessness would work to ensure that local enforcement was carried out in a way that would 'guard against an associated increase in rough sleeping'.⁷⁸ Charities have warned that the change in the law could increase homelessness.⁷⁹

4.1: Statutory homelessness

In England and Wales, when local authorities 'accept' a household to be unintentionally homeless, eligible for support, and in priority need, they have a statutory duty to provide accommodation until settled housing is found.

The Housing Strategy stated in November 2011: 'We know that statutory homelessness acceptances are rising.'⁸⁰

74 Grant Shapps: Safety net against homelessness continues to 2015, DCLG, 2 September 2012: www.communities.gov.uk/news/housing/2208942

75 The IFS Green Budget, Institute for Fiscal Studies, February 2012: www.ifs.org.uk/publications/6054

76 Grant Shapps: Safety net against homelessness continues to 2015, DCLG, 2 September 2012: www.communities.gov.uk/news/housing/2208942

77 Major clampdown launched on 'beds in sheds', DCLG, 31 August 2012: www.communities.gov.uk/news/corporate/2208160

78 *Laying the Foundations: A Housing Strategy for England*, DCLG, November 2011, p.42 www.communities.gov.uk/documents/housing/pdf/2033676.pdf

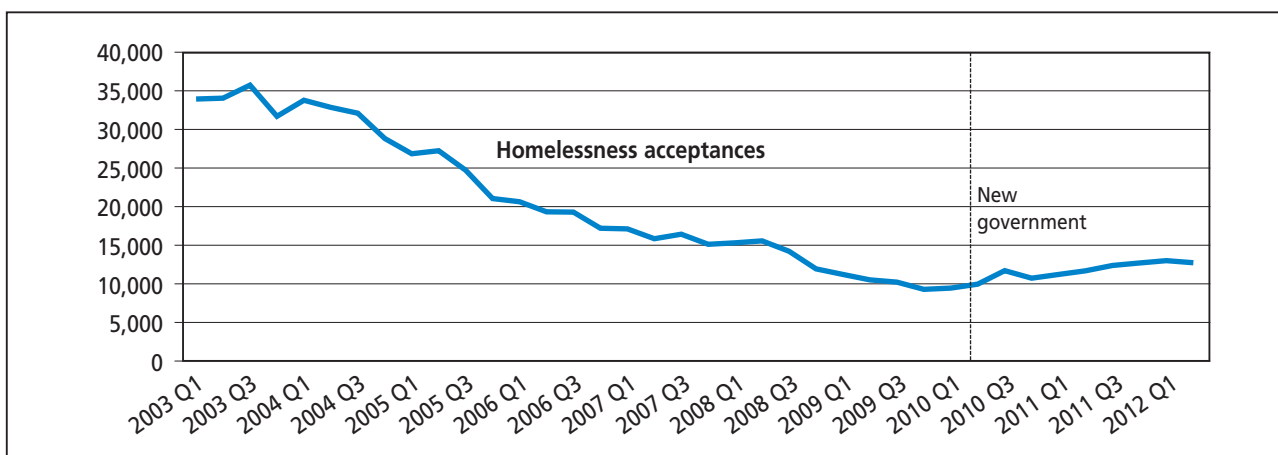
79 Charities fear squatting law will raise homelessness, *Inside Housing*, 31 August 2012: www.insidehousing.co.uk/charities-fear-squatting-law-will-raise-homelessness/6523522.article

80 *Laying the Foundations: A Housing Strategy for England*, DCLG, November 2011, p.46: www.communities.gov.uk/documents/housing/pdf/2033676.pdf

The number of statutory acceptances hit a recent peak of 13,130 in the first quarter of 2012, falling slightly to 12,860 in the second quarter, but still up 27% since the Government came to power.

Housing Minister Mark Prisk has pointed out that ‘the level of homelessness is still roughly half what it was just a few years ago’⁸¹ and it is true that the number of acceptances reached almost 27,000 in 2005. However, it is also the case that homelessness levels followed a downward trajectory between 2003 and the second quarter of 2010, when the Coalition came to office. Since then levels of acceptances have gradually crept up. The decrease in the latest quarter, the first since 2010, may be small (with acceptances down by 270) but nevertheless represents a welcome change in direction.

Graph 4a: Households accepted as homeless and in priority need (England)

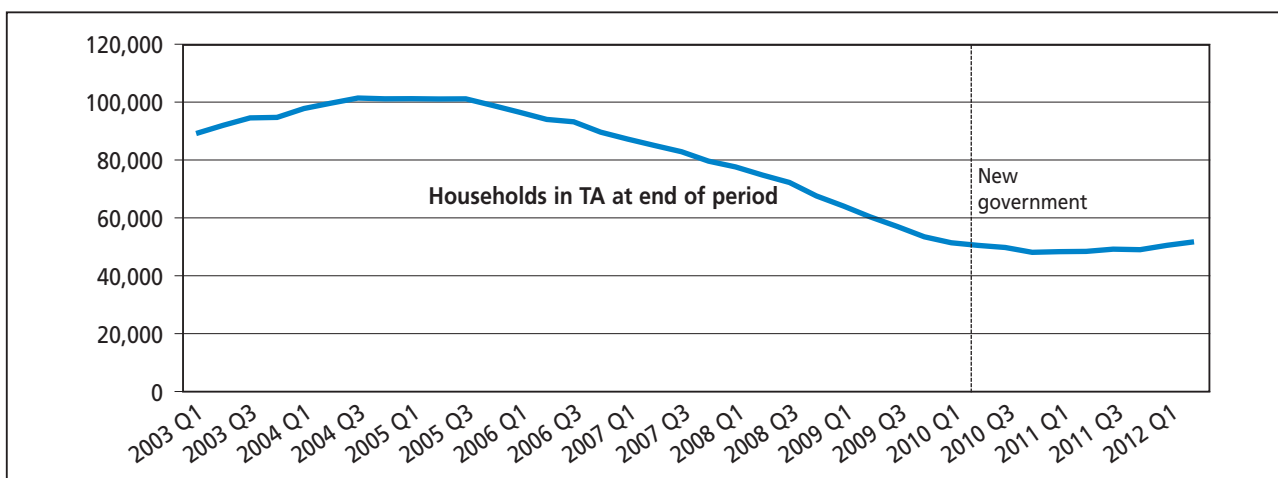


Source: DCLG Homelessness Statistics.

4.2: Temporary accommodation

The number of households in temporary accommodation continues to creep upwards, and the 51,640 recorded in the second quarter of 2012, up 2.4% on the previous quarter, surpasses the 50,400 counted in the period during which the Government came to power.

Graph 4b: Households in temporary accommodation (England)



Source: DCLG Live Table 775.

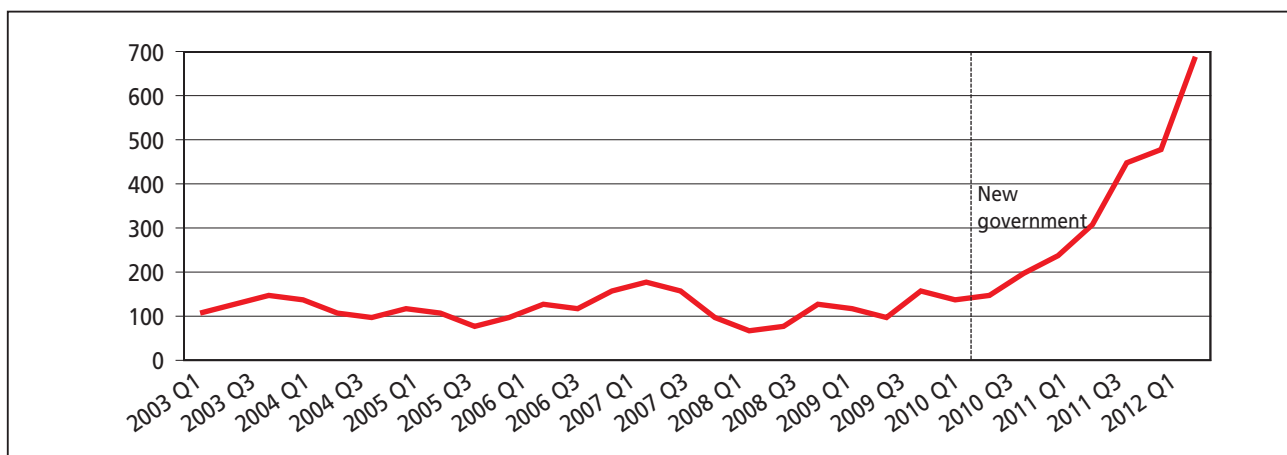
81 Hertford and Stortford's Tory MP Mark Prisk writes about his new job as housing minister, *Hertfordshire Mercury*, 14 September 2012: www.hertfordshiremercury.co.uk/Hertfordshire/Hertford-and-Stortfords-Tory-MP-Mark-Prisk-writes-about-his-new-job-as-housing-minister-14092012.htm

DCLG minister Baroness Hanham said in October 2012: ‘It is unacceptable for families to be placed in bed and breakfast accommodation. Indeed, it is avoidable. Legislation remains in place that prohibits the use of bed and breakfast accommodation for families unless in an emergency, and then for no more than six weeks.’⁸² She added: ‘We are confident that the numbers of households in bed and breakfast over six weeks can be reduced.’

In April 2012, then housing minister Grant Shapps wrote to 20 local authorities with the most families with children in bed and breakfast accommodation for more than six weeks, offering help and assistance from the department to reduce those numbers.

Figures show the number of families with children in B&B for more than six weeks rocketed by 331% in the first two years of the Government, from 160 in the second quarter of 2010 to 480 in the first quarter of 2012 and 690 in the second quarter, the latest period for which figures are available.

Graph 4c: Families with children in B&B for more than 6 weeks (England)



Source: DCLG Live Table 775.

4.3: Rough sleeping

No official statistics have been released since February 2012 when figures based on counts and estimates from every local authority in England, to generate a single-night snapshot, suggested rough sleeping had increased by 23% from 1,768 to 2,181 between 2010 and 2011.⁸³

The areas with the highest numbers of rough sleepers were London (446), the South East (430) and the South West (337). The North East had the lowest number with 32.

A study published by homeless charity Broadway in June 2012, based on information from London outreach teams and a database commissioned by the Greater London Authority, found the number of people seen sleeping rough in the capital over a 12-month period – rather than on a single night as in the Government’s figures – rose by 43% to 5,678 between 2010-11 and 2011-12.⁸⁴ London Mayor Boris Johnson responded to the report by promising to ‘redouble our efforts’ to meet his pledge to end rough sleeping in the capital by the end of 2012.⁸⁵

82 Written answer to Lord Ouseley, Lords Hansard, 22 October 2012, Column WA20 and 21:

www.publications.parliament.uk/pa/ld201213/ldhansrd/text/121022w0001.htm#1210222000934

83 *Rough Sleeping Statistics England – Autumn 2011 Experimental Statistics*, DCLG, February 2012, p.1

www.communities.gov.uk/documents/statistics/pdf/20936571.pdf

84 *Street to Home Bulletin 2011-12*, Broadway, June 2012: www.broadwaylondon.org/CHAIN/Reports/S2H%20bulletin_201112.pdf

85 *Rough sleepers in London rise by 43% in one year*, BBC News Online, 29 June 2012:

www.bbc.co.uk/news/uk-england-london-18643340

What next?

A local authority power to discharge a duty to any homeless household by finding them a private tenancy, contained within the Localism Act 2011, came into force in November 2012, following a consultation on the rules governing the suitability of specific accommodation.⁸⁶ The Department for Work and Pensions has indicated that the funding regime for Temporary Accommodation (TA), which was due to expire in March 2013, will now continue beyond April 2013 on an interim basis.⁸⁷ Concerns remain that if the cuts and caps levied on Housing Benefit are applied in full to TA, the quantity and quality of stock available will fall.



Verdict: Homelessness

Families in temporary accommodation, and in B&Bs for more than six weeks, are increasing, and worrying figures suggest rough sleeping is rising in London. We wait to see whether the additional funding for rough sleeping services will be sufficient to prevent further rises. Homelessness acceptances have fallen slightly over the last quarter, having risen the previous five. But changes to the legal duty owed to those accepted as homeless from November may move these numbers in unpredictable ways, and may reduce the relevance of this indicator as a proxy of housing need in future.

86 *Homelessness (Suitability of Accommodation) (England) Order 2012 – Consultation*, DCLG, May 2012: www.communities.gov.uk/documents/housing/pdf/21513539.pdf

87 *Housing Benefit and Council Tax Benefit General Information Bulletin G10/2012*, DWP, 19 October 2012: www.dwp.gov.uk/docs/g10-2012.pdf

5 Evictions, repossessions and arrears – Preventative approach yields results

The Government's economic strategy has kept interest rates at record lows and helped homeowners 'head off the threat of repossession', the then housing minister Grant Shapps said in August 2012.

He added: 'Repossession is a frightening prospect for any homeowner, and this Government has worked hard to help keep the pressure off by tackling the deficit and keeping interest rates at a record low.'⁸⁸

His comments followed the Housing Strategy's pronouncement, in November 2011, that: 'The single most important part that Government can play to keep the pressure off stretched household budgets is to keep interest rates low.'⁸⁹

In August 2012, the Department for Communities and Local Government (DCLG) highlighted a range of support it was providing to keep people in their homes.⁹⁰

This included:

- A £20m Preventing Repossession fund, giving councils the opportunity to offer small interest-free loans to struggling homeowners and ensure that court desks could offer on-the-day advice for those facing the prospect of repossession.
- A 'refocused' Mortgage Rescue Scheme, with a reduction in the grant rate paid to housing associations and tighter caps on property prices and repair costs. More than £200m had been invested in the scheme, the DCLG said. It has been extended by a further 12 months to March 2014.⁹¹

The Council of Mortgage Lenders (CML) said lenders, borrowers and debt advisers were 'working together to get through the current period of economic difficulty and keep mortgage possessions in check'.⁹²

5.1: Legal action against owner-occupiers and tenants

The number of repossessions was 18,100 for the first half of 2012, the lowest tally since the second half of 2010 and down slightly from 18,200 the previous six months.

The CML said the figures implied repossessions were 'on a lower trajectory' than its forecast of 45,000 for the whole year, but cautioned that the Bank of England forecast for growth was a reminder of the pressures that 'may disturb the current pattern of stability'.⁹³

Research by Shelter highlighting repossession risk hotspots has suggested rates of repossession claims vary widely across the country.⁹⁴

88 Tackling record deficit is helping to head off risk of repossession, DCLG, 9 August 2012:

www.communities.gov.uk/news/newsroom/2196505

89 *Laying the Foundations: A Housing Strategy for England*, p.53: www.communities.gov.uk/documents/housing/pdf/2033676.pdf

90 Tackling record deficit is helping to head off risk of repossession, DCLG, 9 August 2012:

www.communities.gov.uk/news/newsroom/2196505

91 Mark Prisk speech to Council of Mortgage Lenders conference, 7 November 2012:

www.communities.gov.uk/speeches/corporate/cml2012

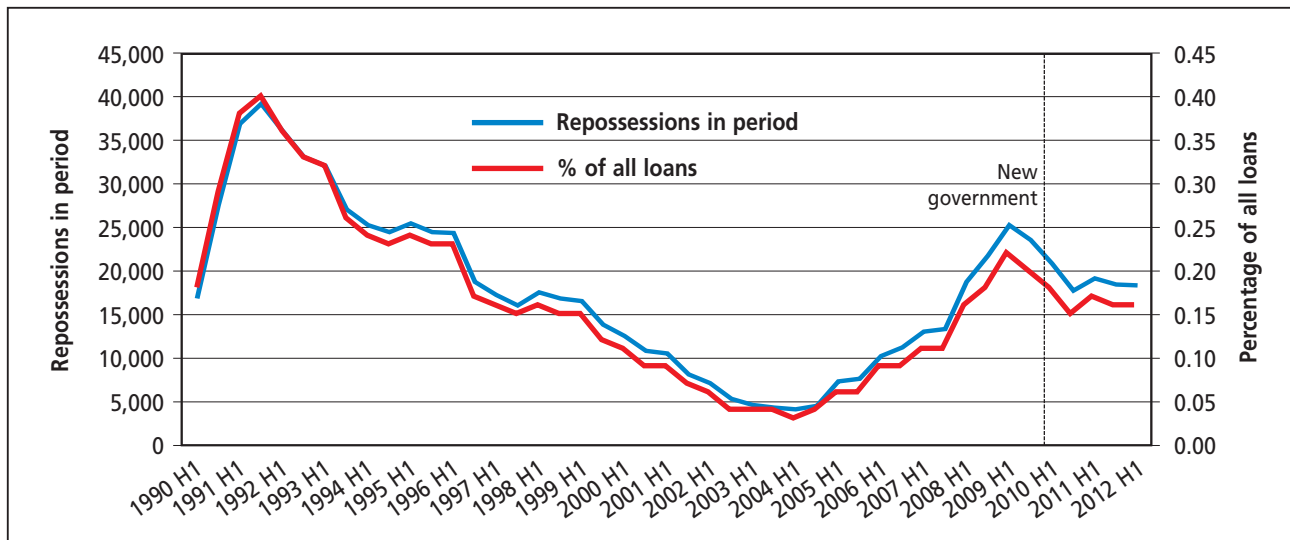
92 CML reports fall in mortgage possessions and flat arrears in second quarter, CML, 9 August 2012: www.cml.org.uk/cml/media/press/3272

93 CML reports fall in mortgage possessions and flat arrears in second quarter, CML, 9 August 2012: www.cml.org.uk/cml/media/press/3272

94 *Research Report – England Repossession Risk Hotspots 2011/12*, Shelter, June 2012:

http://england.shelter.org.uk/_data/assets/pdf_file/0003/571620/Repossession_Hotspots_2012.pdf

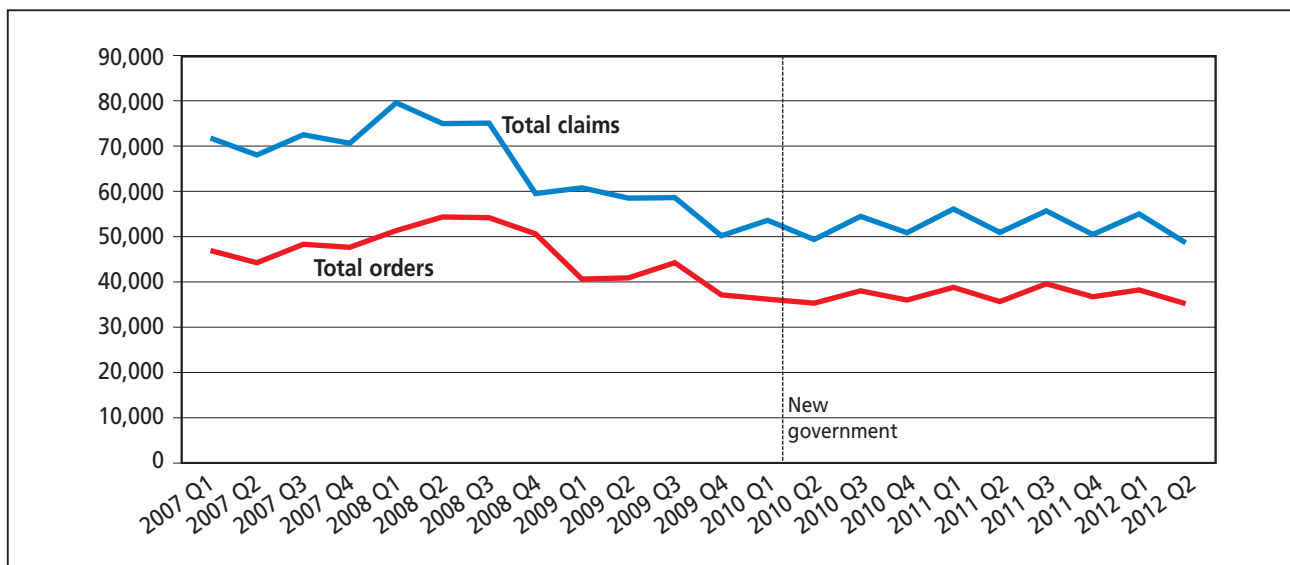
Graph 5a: Repossessions (UK)



Source: Council of Mortgage Lenders.

The number of possession claims, issued by mortgage providers and landlords against owners and tenants, fell to 49,168 in the second quarter of 2012 – down 11% on the previous quarter and down 1.4% since the Government came to power. The number of claims resulting in a possession order being made by the courts also fell, from 38,790 to 35,769 between the first and second quarters of 2012, and from 35,882 since the Coalition took office. Figures for both claims and orders are the lowest recorded in at least five years, and suggest that low interest rates and lender forbearance continue to exert a downward pressure on court actions.

Graph 5b: Court actions towards repossessions/evictions (England and Wales)

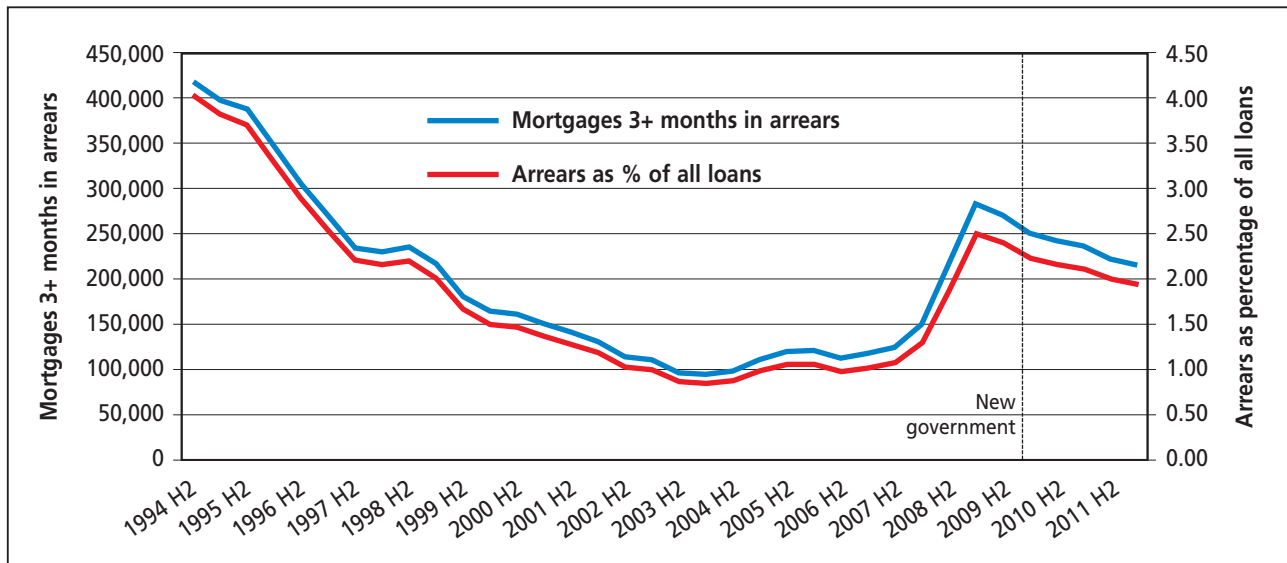


Source: Ministry of Justice.

5.2: Mortgage arrears

The number of households in arrears of more than three months continues to fall after its recent peak of 285,500 in early 2009 and the 253,200 recorded in the period the Government came to office. The most recent statistics, covering the first half of 2012, show the number in significant arrears at 218,000, equivalent to less than 2% of total loans, down from 224,700 during the previous six-month period.

Graph 5c: Mortgages more than three months in arrears (UK)



Source: Council of Mortgage Lenders.

What next?

Scheduled cuts to the legal aid budget of £350m⁹⁵ could lead to more than half a million people losing help with legal costs,⁹⁶ with the impact on home owners and tenants who face losing their homes yet to be determined.

A consultation into reform of Support for Mortgage Interest (SMI), a benefit described by the Welfare Reform minister as 'not sustainable',⁹⁷ was launched in December 2011 and closed in February 2012. The Government has yet to respond formally – and time is running out as the scheme to provide earlier access to SMI is due to expire in January 2013. Anything that weakens the support available is likely to prove damaging to struggling home owners.

Research from the National Landlords Association has suggested that growing numbers of private tenants, in particular, are falling into rent arrears.⁹⁸

Forecasting for DCLG, published in August 2012, suggests that rates of repossessions and arrears are set to finish 2012 'fairly flat', but will 'drift up' in 2013 and 2014. By 2015, the number of repossessions is expected to be a full 38% higher than in 2011, as interest rates rise.⁹⁹



Verdict: Evictions, repossessions and arrears

Repossessions, court actions and significant mortgage arrears are all down, which is good news for home owners and tenants. Maintaining the proactive approach of the previous administration to support homeowners experiencing difficulty with mortgage payments has been a positive influence. It is important to caution, however, that as Government forecasters have recognised, this positive trend is tied to low interest rates, which are expected to start rising before the end of this Parliament.

- 95 *Impact Assessment: Central Funds reforms*, Ministry of Justice, May 2011: www.justice.gov.uk/downloads/publications/bills-acts/legal-aid-sentencing/ia-central-funds.pdf
- 96 *Impact Assessment: Cumulative Legal Aid Reform Proposals*, Ministry of Justice, November 2010: www.justice.gov.uk/consultations/docs/legalaidiacumulative.pdf
- 97 Freud: Support for Mortgage Interest must be fair and affordable, Department for Work and Pensions, 6 December 2011 www.dwp.gov.uk/newsroom/press-releases/2011/dec-2011/dwp138-11.shtml
- 98 Rental arrears on the rise: Landlords and tenants must work together, says the NLA, National Landlords Association, 27 July 2012: www.landlords.org.uk/news-campaigns/news/rental-arrears-on-rise-landlords-and-tenants-must-work-together-says-nla
- 99 *New Forecast Scenarios for UK Mortgage Arrears and Possessions*, DCLG, August 2012: www.communities.gov.uk/documents/housing/pdf/2195156.pdf

6 Help with housing costs – More claimants claiming more

Work and Pensions Secretary Iain Duncan Smith has spoken of ‘putting clear incentives in place to get people back into work and off benefits altogether’,¹⁰⁰ while Chancellor George Osborne has described spending on Housing Benefit as ‘completely out of control’ and announced a package of cuts to reduce the bill by the end of the Parliament.¹⁰¹ The introduction of Universal Credit, due to be phased in on a national basis from October 2013, is part of plans to simplify the benefits system. It will roll benefits into one payment and enable claimants to keep more of their benefits as they move into work.

The bulk of the Government’s measures to cut the Housing Benefit bill, by £2.2bn per year, are yet to take effect.

They include the introduction of the social sector size criteria, which is expected to cost 660,000 council and housing association tenants an average of £14 per week,¹⁰² and the overall benefit cap, which will cost 56,000 households an average of £93 per week.¹⁰³ Both come into force from April 2013 following the passage into law of the Welfare Reform Act in March 2012.

Where other measures have already been introduced for new claimants, transitional protections mean their full impact is still to be felt. Cuts and caps to Local Housing Allowance (LHA) in the private rented sector, introduced for new claimants from April 2011, will not reach all claimants until the end of 2012.

Measures to restrict the benefit entitlement of single people in the private rented sector to the rate for a single room in a shared house up to the age of 35, rather than 25 as previously, came into force in January 2012, for new claimants. Existing claimants were provided with nine months of transitional protection from the anniversary of their claims, delaying the impact on some until October 2012.

Separate plans to link LHA to the Consumer Price Index, which could exacerbate shortfalls between benefit payments and the rents people have to pay,¹⁰⁴ do not come into effect until April 2013.

Meanwhile, the Government’s introduction of Affordable Rent, at up to 80% of the market rate, is likely to place upward pressure on the Housing Benefit bill.¹⁰⁴

As mentioned in the previous chapter, a scheme to provide earlier access to Support for Mortgage Interest is due to expire in January 2013¹⁰⁶ and the Government has yet to set out plans for a replacement.

100 Iain Duncan Smith speech, 27 May 2010: www.dwp.gov.uk/newsroom/ministers-speeches/2010/27-05-10.shtml

101 Budget statement, June 2010: www.hm-treasury.gov.uk/junebudget_speech.htm

102 *Housing Benefit: Under occupation of social housing*, DWP impact assessment, June 2012, p.8:

www.dwp.gov.uk/docs/social-sector-housing-under-occupation-wr2011-ia.pdf

103 *Benefit Cap (Housing Benefit) Regulations 2012*, DWP impact assessment, July 2012, p.2:

www.dwp.gov.uk/docs/benefit-cap-wr2011-ia.pdf

104 Research by Shelter and the CIH has shown that linking LHA with CPI could, over time, mean that 60% of local authority areas would be unaffordable to claimants by 2030. *The Impact of Welfare Reform Bill measures on affordability for low income private renting families*, Shelter/CIH, March 2011: http://england.shelter.org.uk/_data/assets/pdf_file/0007/334726/Impact_of_Welfare_Reform_Bill_measures_on_affordability_for_low_income_private_renting_families.pdf

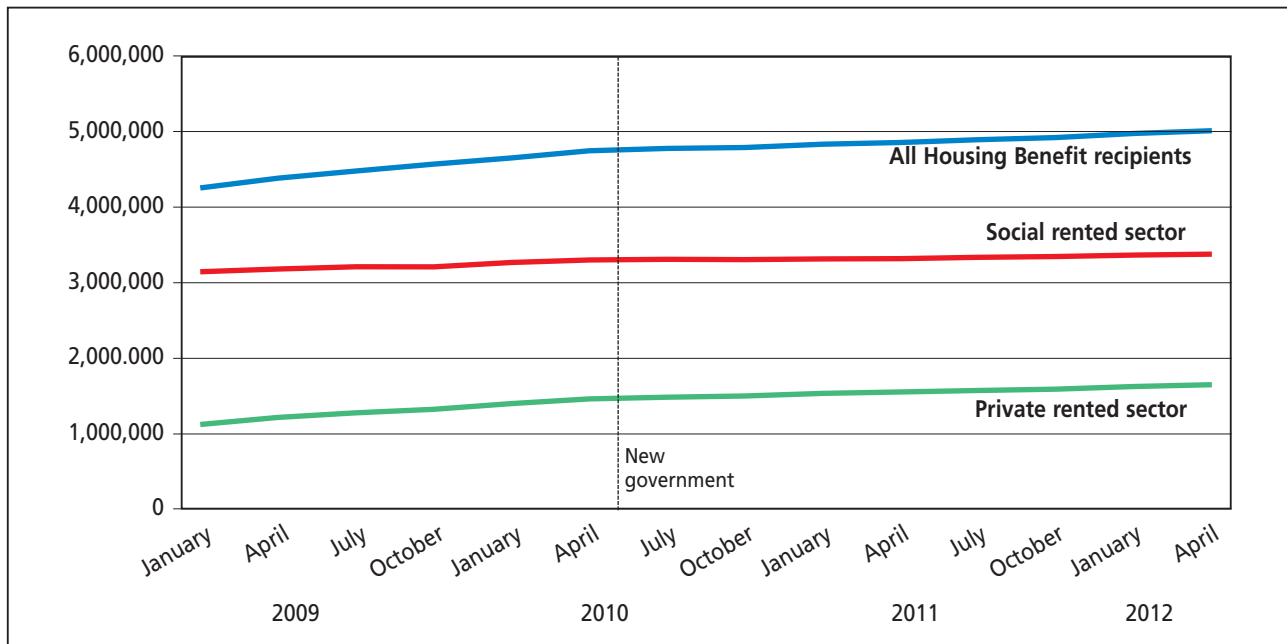
105 The Commons Public Accounts Committee said the introduction of Affordable Rent would lead to an estimated £1.4bn increase in housing benefit payments over 30 years. *Financial viability of the social housing sector: introducing the Affordable Homes Programme*, Public Accounts Committee, 12 October 2012: www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/news/affordable-homes-programme-report/

106 Freud: Support for Mortgage Interest must be fair and affordable, Department for Work and Pensions, 6 December 2011: www.dwp.gov.uk/newsroom/press-releases/2011/dec-2011/dwp138-11.shtml

6.1: Housing Benefit claimants

The number of Housing Benefit claimants increased by 36,490 (0.7%) between January and April 2012, surpassing the five million mark in February.¹⁰⁷ Each tenure type recorded an increase in claimants between January and April with the exception of the local authority sector, whose tally of claimants fell by almost 10,000 to 1.45m.¹⁰⁸ The total number of claimants has now increased by 266,380 (5.6%) since April 2010, just before the Government took office, and by more than 630,000 (14%) in the past three years.

Graph 6a: Number of Housing Benefit claimants by tenure (Great Britain)



Source: Department for Work and Pensions. Monthly statistics, here one month per quarter from January 2009.

6.2: Housing Benefit bill

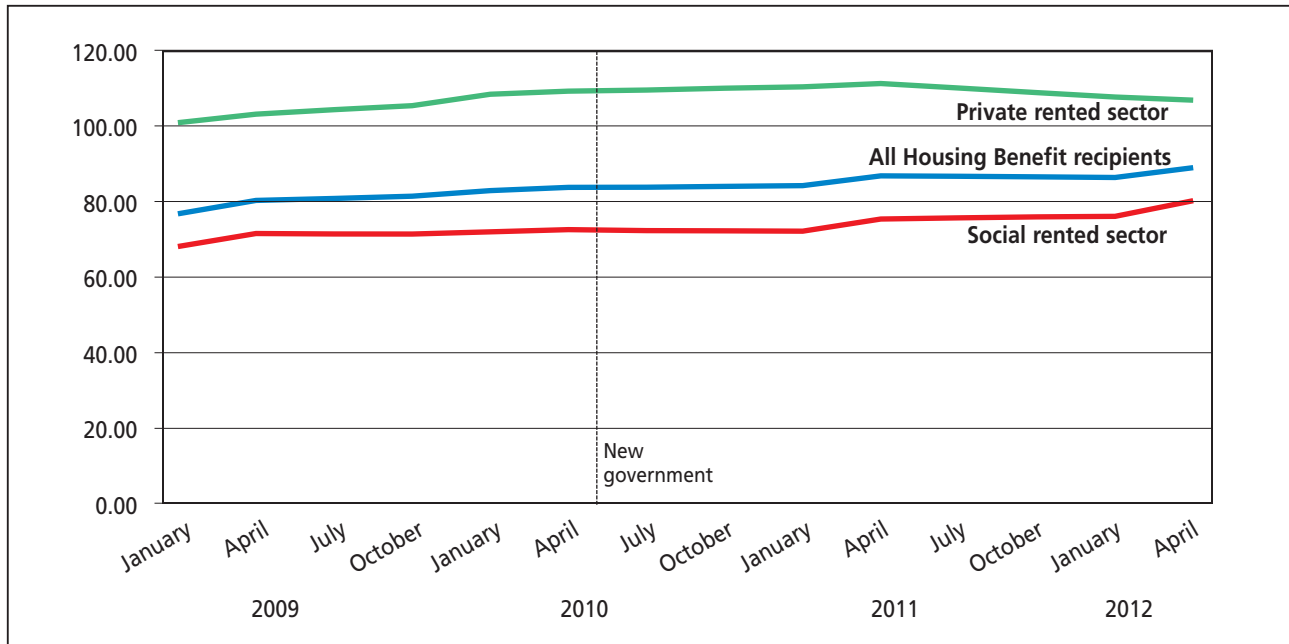
The payment of Housing Benefit per recipient, across all tenures, is rising again, despite several months of decreases since mid-2011. The weekly average for all tenures in April 2012 was £89.46, up slightly from the £86.86 recorded in January 2012 and from the £84.24 in April 2010, just before the Government took office. A breakdown reveals the average weekly payment per recipient in the private rented sector (PRS) is continuing to fall, as the Government's cuts to Local Housing Allowance (LHA) affect increasing numbers of existing tenants. The £107.35 PRS average for April 2012 is the lowest since 2009, and is down from £109.74 in April 2010, just before the Coalition came to power. See Graph 6b on the next page.

The overall cost of Housing Benefit increased to £448m per week in April 2012, up from £432m in January of the same year, and from just under £400m in April 2010, just before the Government came to power. The overall rise masks a significant slowing in the rate of increases in the PRS, where the total weekly cost rose by little more than £1m between January and April 2012, when the weekly cost was £175m. See Graph 6c on the next page.

¹⁰⁷ The increase continued in May 2012, the latest period for which figures are available, by a further 19,000. This will be documented in the next edition of *The Housing Report* when full data for 2012 Q2 are available.

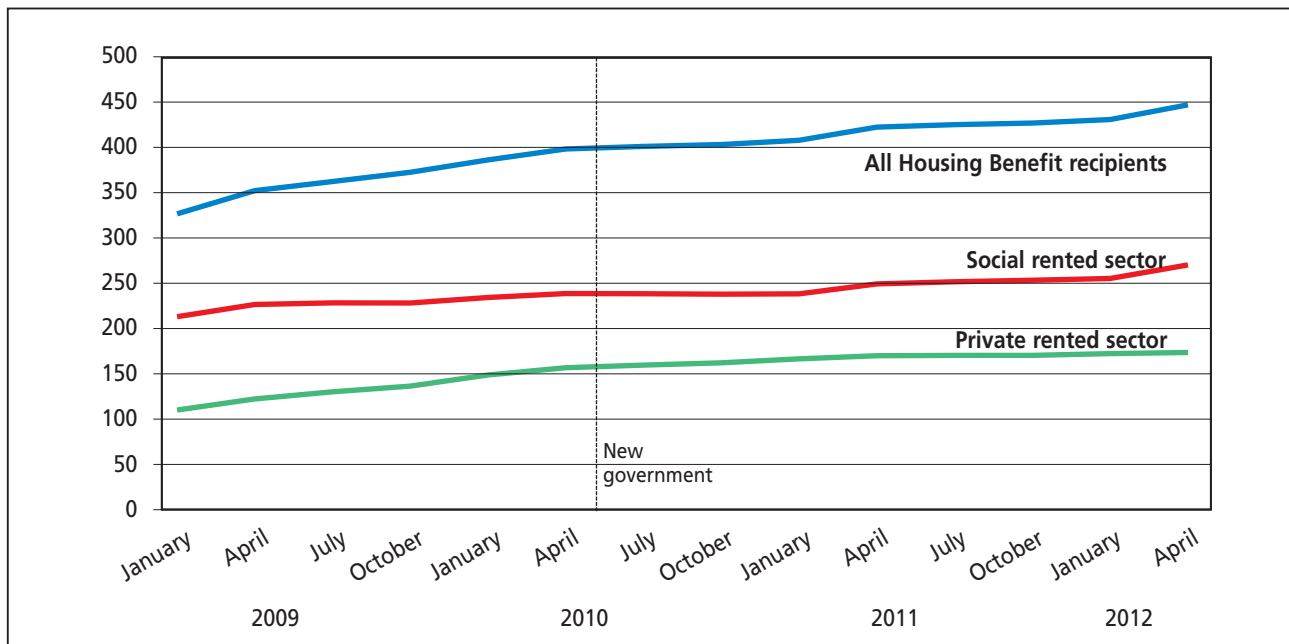
¹⁰⁸ For a breakdown of claimants by types of social landlord see Data for graph 6a: Number of housing benefit claimants by tenure in the Appendix, page 50 of this report. Data derived from Department for Work and Pensions, monthly statistics: http://research.dwp.gov.uk/asd/asd1/hb_ctb/hbctb_release_aug12.xls

Graph 6b: Average weekly payment of Housing Benefit per recipient (Great Britain): £



Source: Department for Work and Pensions. Monthly statistics, here one month per quarter from January 2009.

Graph 6c: Total weekly cost of Housing Benefit (Great Britain): £ millions



Source: Department for Work and Pensions. Monthly statistics, here one month per quarter from January 2009.

What next?

Six Demonstration Projects to test the practicalities involved in paying Housing Benefit direct to social tenants were launched in June 2012.¹⁰⁹ They will run for 12 months and inform the final policy design of Universal Credit. Additionally, 12 further local authority-led pilots¹¹⁰ will run from autumn 2012 to explore how local authorities can support residents in preparing for Universal Credit.

¹⁰⁹ Direct payments in the social rented sector, DWP: www.dwp.gov.uk/policy/welfare-reform/housing-support/social-sector/

¹¹⁰ Freud announces successful Local Authority led Universal credit pilots; DWP, August 31 2012: www.dwp.gov.uk/newsroom/press-releases/2012/aug-2012/dwp095-12.shtml

From April 2013, as part of a pathfinder project in the North West of England, new out-of-work claimants will begin receiving Universal Credit (UC), a single monthly payment that rolls together several working-age benefits, including Housing Benefit. With the exception of a yet-to-be-defined category of vulnerable people, tenants will in future be unable to choose to have their support for housing costs paid directly to their landlord, as a majority of social tenants opt to do currently. There are concerns that this will lead to an increase in arrears and the cost of rent collection. Government has responded by committing up to £145m to support the commercial establishment of new jam jar-style budgeting accounts and has issued a call to a range of private sector providers to explore the feasibility of developing these accounts.¹¹¹

Further concerns have been raised about the practical implementation of the Universal Credit, which will be dependent on a sophisticated new national computer system. Both Mr Duncan Smith and Welfare Reform Minister Lord Freud have acknowledged risks around the potential for cyberfraud to disrupt the new benefits regime, potentially leading to people going unpaid.¹¹² Mr Duncan Smith told a Commons committee: 'We must always be ready for the moments when we have to pay people at all times, because not paying people is a problem.'

The Government has confirmed that under UC, to be phased in nationally from October 2013, support for housing costs for private renters will be based on the existing LHA system while social renters will initially receive support based on their actual rents, subject to a number of deductions.¹¹³

Additional housing costs for supported and specialist housing deemed to be 'exempt accommodation' will be managed outside UC.¹¹⁴ In the short-term, there will be an interim system that is broadly similar to current arrangements, while in the medium term, the Department for Work and Pensions will design, develop and potentially pilot a more localised system for managing these costs outside UC. Separate reforms have been announced with regard to service charges for general needs housing covered by Housing Benefit. The Department for Work and Pensions has indicated that the funding regime for Temporary Accommodation, which was due to expire in March 2013, will now continue beyond April 2013 on an interim basis.¹¹⁵

A Government-commissioned 'major independent review' of the LHA cuts will produce its final report in summer 2013.¹¹⁶ The National Audit Office has said the decision to uprate LHA in line with the Consumer Price Index rather than with local rents from April 2013 could mean almost half of local authority areas face shortages of private rented accommodation with rents at or below LHA rates by 2017. The report also said that overall cuts to Housing Benefit, which will affect at least two million households, could 'lead to hardship for claimants or increased risk of homelessness'.¹¹⁷

The Government stated in the March 2012 Budget that unless it can save an additional £10.5bn by 2016-17 from 'annually managed expenditure', which includes welfare and debt-interest payments, then it will be forced to make bigger cuts to departmental spending in 2015-16 and

111 Freud: New financial products to help Universal Credit claimants manage money, 17 September 2012: www.dwp.gov.uk/newsroom/press-releases/2012/sep-2012/dwp102-12.shtml

112 Oral evidence to the Work and Pensions Committee on Universal Credit, 17 September 2012, Q374: www.publications.parliament.uk/pa/cm201213/cmselect/cmworpen/uc576-iii/uc57601.htm

113 Explanatory Memorandum for the Social Security Advisory Committee, Universal Credit Regulations 2012, DWP, pp15-16: www.dwp.gov.uk/docs/uc-draft-regs-2012-memorandum.pdf

114 Latest on Universal Credit, DWP, 20 September 2012: www.dwp.gov.uk/policy/welfare-reform/universal-credit/latest-on-universal-credit/

115 *Housing Benefit and Council Tax Benefit General Information Bulletin G10/2012*, DWP, 19 October 2012: www.dwp.gov.uk/docs/g10-2012.pdf

116 *Laying the Foundations: A Housing Strategy for England*, DCLG, November 2011, p.50: www.communities.gov.uk/documents/housing/pdf/2033676.pdf

117 National Audit Office, *Managing the impact of Housing Benefit reform*, November 2012: www.nao.org.uk/publications/1213/housing_benefit_reform.aspx

2016-17 than those already planned. It proposes to examine rising costs and identify the ‘further reforms needed to deliver a sustainable welfare system and public services within the resources available’.¹¹⁸ While the review will look at ‘all areas of public spending’, the Chancellor made it clear in his Budget speech that his target is welfare spending. He said: ‘If nothing is done to curb welfare bills further, then the full weight of the spending restraint will fall on departmental budgets. The next spending review will have to confront this.’¹¹⁹

Chancellor George Osborne, in his speech to the Conservative Party conference in October 2012, highlighted government plans to achieve a further £10bn of welfare savings by the first full year of the next Parliament. This is likely to mean a wide range of current policies are reviewed to see where savings and/or policy changes can be made.¹²⁰

The Prime Minister David Cameron, in his conference speech, announced: ‘We’re going to look at ending automatic access to Housing Benefit for people under 25’.¹²¹ The DWP was reported stating any changes would affect future claimants only and ‘would ensure that vulnerable people remain protected’.¹²² However, in a reply to a Parliamentary question on 24 October 2012, Work and Pensions Minister Steve Webb stated: ‘Current government policy does not include withdrawing housing support from people aged under 25.’¹²³

We are still waiting for further information on Universal Credit rates, the tapers, and how they would work with temporary accommodation, specialist and supported housing.



Verdict: Help with housing costs

There are signs that the Government’s cuts to Local Housing Allowance are exerting a downward pressure on benefit costs in the private rented sector (PRS). Nevertheless, the number of Housing Benefit recipients, payments per recipient, and overall expenditure are all rising. The Government’s attempts to reduce the Benefit bill are in tension with rising rents in the private sector. More people – including those in low paid work – are seeking support for housing costs from the state. We await further statistics to indicate whether the discharge of homelessness duties into the PRS may also have an impact on help with housing costs. It will be some time before we see the full impact of efforts to help people into work through the Universal Credit.

118 Budget 2012, HM Treasury, p.88: http://cdn.hm-treasury.gov.uk/budget2012_complete.pdf

119 Budget 2012 Statement, HM Treasury: www.hm-treasury.gov.uk/budget2012_statement.htm

120 Chancellor George Osborne, speech to Conservative Party Conference, October 2012: www.cpc12.org.uk/Speeches/George_Osborne.aspx

121 Prime Minister David Cameron, speech to Conservative Party Conference, October 2012: www.cpc12.org.uk/Speeches/David_Cameron.aspx

122 Housing benefit limit only for future claimants, *Inside Housing*, 19 October 2012: www.insidehousing.co.uk/tenancies/housing-benefit-limit-only-for-future-claimants/6524255.article

123 Written answer to Cathy Jamieson MP, Commons Hansard, 24 October 2012, Column 948W: www.publications.parliament.uk/pa/cm201213/cmhansrd/cm121024/text/121024w0004.htm#12102463001154

7 Empty homes – Solid progress

Former Communities Minister Andrew Stunell described the number of empty homes in England as ‘a national disgrace’, adding: ‘For every two families that need a home there is one standing empty. Empty homes bring down a neighbourhood and attract vandals and fly-tipping, as well as being a waste of much needed housing.’¹²⁴

The Government’s Housing Strategy stated: ‘We are committed to bringing empty homes back into use, as a sustainable way of increasing the overall supply of housing and reducing the negative impact that neglected empty homes can have on communities.’¹²⁵

The Government, releasing further details of funding allocations, said a total of £215m was being spent to bring empty properties back into use,¹²⁶ of which £160m was central Government spending.¹²⁷ This included £70m allocated to bring empty homes back into use as affordable housing and £60m for local authorities to tackle clusters,¹²⁸ as well as £30m for community groups or voluntary organisations leading local schemes.¹²⁹

In September 2012, as part of a wide-ranging series of commitments on house building and the economy, the Government announced it would bring a further 5,000 empty homes back into use, using capital funding and a new multi-billion pound infrastructure guarantee.¹³⁰

The last *Housing Report* highlighted figures showing the number of empties falling from 737,147 in 2010 to 719,999 in 2011. Both totals were significantly below the 2008 peak of 783,119. The number of long-term empty homes, defined as those that have been unoccupied and substantially unfurnished for over six months, also fell, from 299,999 in 2010 to 278,494 in 2011.

While no new annual data has been released since the last edition of the *Housing Report*, DCLG announced in September 2012 that local authorities had brought nearly 38,000 long-term empty homes back into use over the past two years through the New Homes Bonus scheme – ‘helping to tackle the housing shortage and providing a roof over the heads of hard working families across the country’.¹³¹ Under the scheme, where local authorities build new homes or convert empty properties back into use, Government match-funds the additional council tax raised, with an additional amount for affordable homes, for the following six years. In this way, £63m additional funding has been released for local communities.

See Graph 7a on the next page.

124 Andrew Stunell: £145 million boost to help communities tackle empty homes, DCLG, 29 May 2012: www.communities.gov.uk/news/newsroom/2152954

125 Laying the Foundations: A Housing Strategy for England, DCLG, November 2011, p.39: www.communities.gov.uk/documents/housing/pdf/2033676.pdf

126 Andrew Stunell: £145 million boost to help communities tackle empty homes, DCLG, 29 May 2012: www.communities.gov.uk/news/newsroom/2152954

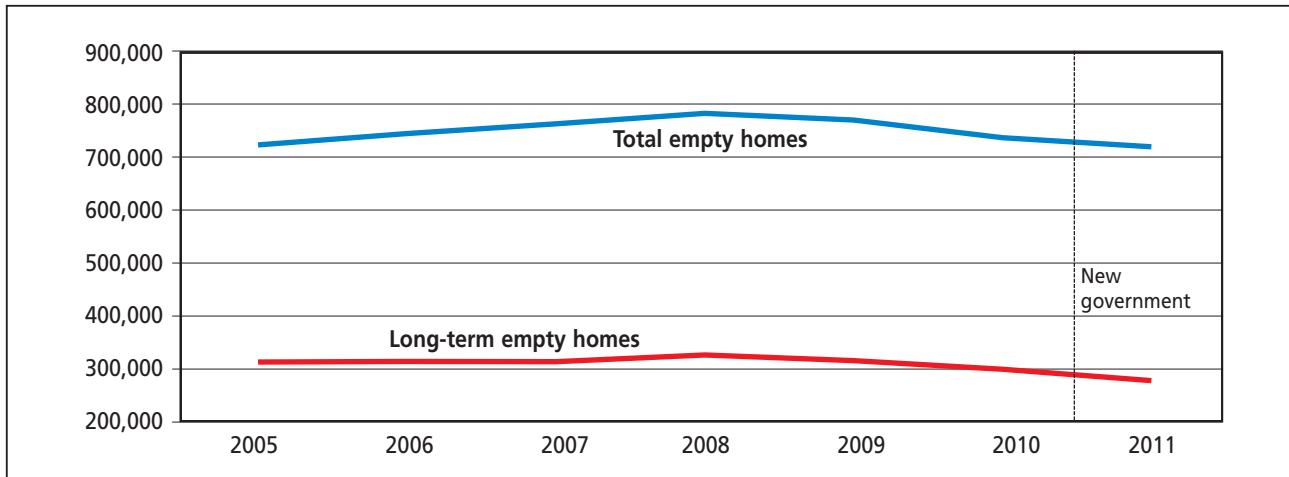
127 Communities Secretary Eric Pickles, House of Commons, Oral answers to questions, 2 July 2012: www.publications.parliament.uk/pa/cm201213/cmhansrd/cm120702/debtext/120702-0001.htm

128 Andrew Stunell: £145 million boost to help communities tackle empty homes, DCLG, 29 May 2012: www.communities.gov.uk/news/newsroom/2152954

129 Andrew Stunell: Community groups to bring 2,000 empty homes back to life with government help, DCLG, 10 July 2012: www.communities.gov.uk/news/newsroom/2176745

130 Plan to boost British housebuilding, jobs and the economy, DCLG, 6 September 2012: www.communities.gov.uk/news/housing/2211918

131 Don Foster: Councils seeing benefits of reducing numbers of empty homes, DCLG, 27 September 2012: www.communities.gov.uk/news/newsroom/2224985

Graph 7a: Number of empty homes (England)

Source: DCLG Live Table 615.

What next?

Plans have been brought forward to allow councils to charge extra council tax – up to an additional 50% – on properties left unoccupied and unfurnished for two or more years through an Empty Homes Premium, with receipts used to bring homes back into use. The plans are contained in the Local Government Finance Act 2012, which became law on November 1 and is due to be implemented by April 2013.¹³² Government is also seeking to end exemptions for any empty properties as part of the localisation process for Council Tax Benefit.



Verdict: Empty homes

No new annual data have been released since the last edition of *The Housing Report*, when a green light was allocated. The Government has announced it will provide funding to bring another 5,000 empty homes back into use.

¹³² Local Government Finance Act 2012: www.legislation.gov.uk/ukpga/2012/17/contents/enacted

8 Mobility – Still waiting to move

The Government has made a commitment to ‘increase mobility among social housing tenants to make social housing more flexible’,¹³³ arguing that that ‘low levels of mobility’ can trap social tenants in accommodation that ‘no longer meets their needs’.¹³⁴

New allocations guidance came into force in June 2012, following provisions introduced by the Localism Act 2011, helping social landlords to ‘promote mobility for existing tenants’.¹³⁵ The guidance sets out how social tenants not in priority need may now be transferred outside of the local allocation scheme, so they do not have to compete against new applicants, who may have greater needs.¹³⁶

Former housing minister, Grant Shapps, said the guidance would assist councils to ‘encourage work and mobility’.

In August 2012, Mr Shapps hailed the level of interest in the national mutual exchange scheme, HomeSwap Direct, which allows social housing tenants wanting to swap their home to see every available property in the country. The number of inquiries via the online scheme, launched in October 2011 and backed by new obligations on social landlords, was ‘shortly expected’ to hit 1.5m, Mr Shapps said.¹³⁷

The Government has supported a programme of mobility ‘vanguard’ projects – 12 areas investing £1m to investigate new methods of helping to support mobility and mutual exchange.¹³⁸

Transfers of council or housing association tenants to other homes within the social sector represented 34% of all social sector lettings in the first three months of 2012. That is down – albeit slightly – on the previous quarter, when the proportion was 34.6%, and also down on the period when the Government took office, when transfers made up 34.8%. The number of social tenants transferring to other homes within the sector is down from 21,168 when the Coalition came to power to 21,159 in the last three months of 2011 to 18,652 in the first quarter of 2012.

See Graph 8a on the next page.

133 DCLG *Business Plan 2011-2015*, page 22, November 2010:

www.communities.gov.uk/publications/corporate/businessplan2010

134 *Laying the Foundations: A Housing Strategy for England*, DCLG, November 2011, p.74:

www.communities.gov.uk/documents/housing/pdf/2033676.pdf

135 p.4 *Allocation of accommodation: guidance for local housing authorities in England*, DCLG, June 2012:

www.communities.gov.uk/documents/housing/pdf/2171391.pdf

136 The guidance states: ‘Transfers at the tenant’s request, where the authority is satisfied the tenant does not have reasonable preference, do not fall within Part 6 and housing authorities may set their own transfer policies in relation to these tenants. Authorities should consider how to make the best use of this flexibility. Providing tenants with greater opportunities to move within the social sector can help promote social and economic mobility and make the best use of social housing stock.’ p.7 *Allocation of accommodation: guidance for local housing authorities in England*, DCLG, June 2012: www.communities.gov.uk/documents/housing/pdf/2171391.pdf

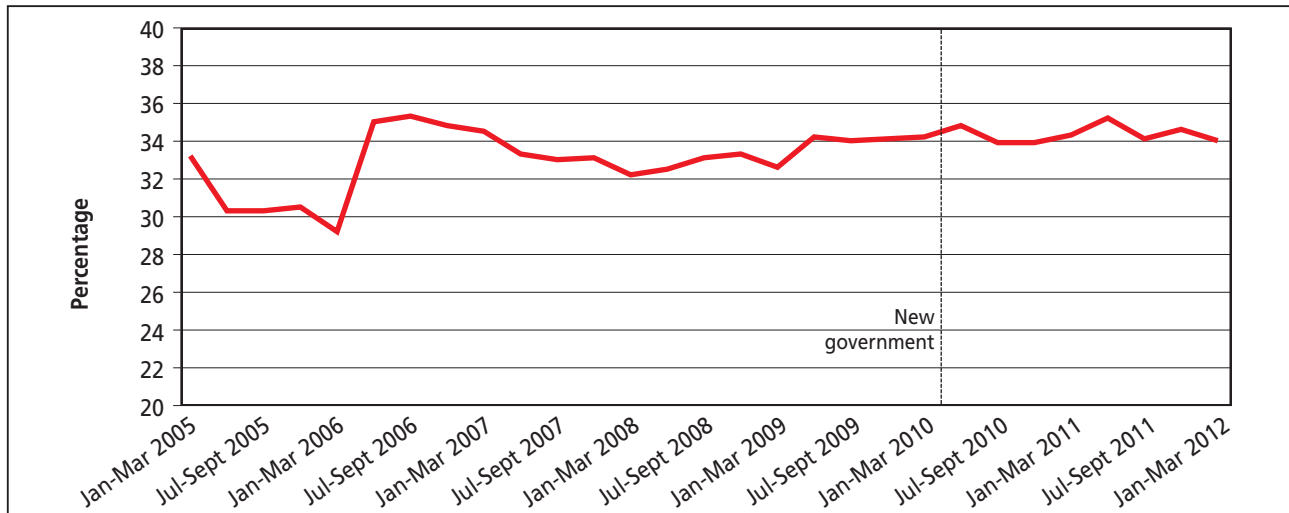
137 Grant Shapps: Tenants take back power to choose their own home, DCLG, 20 August 2012:

www.communities.gov.uk/news/newsroom/2202073

138 *Laying the Foundations: A Housing Strategy for England*, p.23:

www.communities.gov.uk/documents/housing/pdf/2033676.pdf

Graph 8a: Social housing lettings to existing social tenants (transfers)



Source: NHF HousingFigures based on CORE returns for general needs.

Note: Figures cover both local authorities and housing associations.

What next?

In June 2012, Welfare Reform Minister Lord Freud suggested that measures in the Welfare Reform Act to reduce the Housing Benefit of ‘under-occupying’ working-age social tenants by an average of £14 per week would boost movement of tenants between sectors,¹³⁹ echoing the Housing Strategy of November 2011.¹⁴⁰ The measure comes into effect in April 2013.

Lord Freud said: ‘Creating this level playing field between the private and social sectors should help increase mobility.’

In the longer term, Government believes that use of fixed term or flexible tenancies for social tenants will help boost mobility across the sector by helping to ensure ‘social housing is used more effectively and better targeted at those who need it most’.¹⁴¹



Verdict: Mobility

A variety of policy initiatives have been introduced to boost the mobility of tenants in council and housing association homes. However, the data show no appreciable change in mobility rates.

139 Lord Freud speech to CIH conference, 13 June 2012: www.dwp.gov.uk/newsroom/ministers-speeches/2012/14-06-12.shtml

140 *Laying the Foundations: A Housing Strategy for England*, DCLG, November 2011, p.51: www.communities.gov.uk/documents/housing/pdf/2033676.pdf

141 *Laying the Foundations: A Housing Strategy for England*, DCLG, November 2011, p.51: www.communities.gov.uk/documents/housing/pdf/2033676.pdf

9 Affordability of the private rented sector – Rents rising

The Housing Strategy in November 2011 stated that ‘many households face rising rents’,¹⁴² making the private rented sector less affordable to families on lower incomes.¹⁴³

Work and Pensions Secretary Iain Duncan Smith, succinctly setting out the Government’s objectives on affordability on The Andrew Marr Show, said: ‘We’re going to drive the rents down’.¹⁴⁴

The Montague Review, into the barriers to institutional investment in private rented homes, acknowledged that ‘in the last two years, rents have started to rise faster than earnings in some areas’.¹⁴⁵ This may go some way to explain findings from the National Landlords Association that the number of private tenants falling into rent arrears has risen.¹⁴⁶

Nevertheless, ministers have been less than willing to acknowledge the growing affordability challenges in the private rented sector. David Cameron, speaking during Prime Minister’s Questions in the House of Commons in early 2012, said: ‘What we have seen so far, as Housing Benefit has been reformed and reduced, is that rent levels have come down, so we have stopped ripping off the taxpayer’.¹⁴⁷

More recently, new Housing Minister Mark Prisk has been more forthcoming, acknowledging that ‘hundreds of thousands of people [have] been unable to buy or move, and that has seen private sector rents climb’.¹⁴⁸

A report by Shelter in September 2012 argued that rising rents are increasingly eating into household finances.¹⁴⁹ An analysis of official rent data found that median rents were unaffordable – costing the average household more than 35% of their take-home pay – in more than half of English local authority areas. In addition, the report said that rents had risen twice as fast as wages over the last decade.

The last edition of *The Housing Report* highlighted statistics from the English Housing Survey showing that average private rents increased from £133 per week, in 2009-10, to £137 in 2010-11.

Related figures showing average rents as a proportion of average earnings show private sector rents are taking up a growing percentage of households’ income – from 22.5% in 2005-6 to 26.7% in 2009-10 and 27.3% in 2010-11.

The next release of data is not expected until February 2013.

See Graph 9a on the next page.

142 *Laying the Foundations: A Housing Strategy for England*, DCLG, November 2011, p.1:

www.communities.gov.uk/documents/housing/pdf/2033676.pdf

143 *Laying the Foundations: A Housing Strategy for England*, DCLG, November 2011, p.33:

www.communities.gov.uk/documents/housing/pdf/2033676.pdf

144 Iain Duncan Smith, interviewed on The Andrew Marr Show, November 14, 2010

145 *Review of the barriers to institutional investment in private rented homes*, DCLG, August 2012:

www.communities.gov.uk/documents/housing/pdf/2204242.pdf

146 Rental arrears on the rise: Landlords and tenants must work together, says the NLA, National Landlords Association, 27 July 2012:

www.landlords.org.uk/news-campaigns/news/rental-arrears-on-rise-landlords-and-tenants-must-work-together-says-nla

147 Hansard 11 Jan 2012 : Column 180: www.publications.parliament.uk/pa/cm201212/cmhansrd/cm120111/debtext/120111-0001.htm

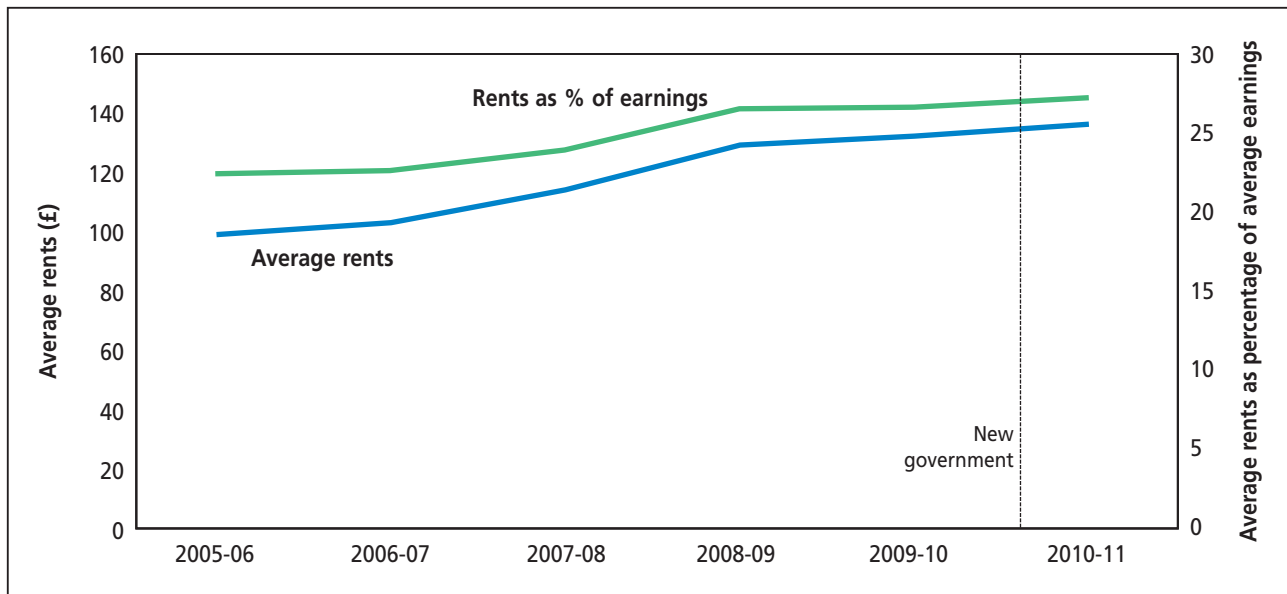
148 Mark Prisk speech to Council of Mortgage Lenders conference, 7 November 2012:

www.communities.gov.uk/speeches/corporate/cml2012

149 *A better deal towards more stable private renting*, Shelter, September 2012:

http://england.shelter.org.uk/_data/assets/pdf_file/0009/587178/A_better_deal_report.pdf

Graph 9a: Average rents in private sector (England): £



Source: Rents (median weekly, net of services) from English Housing Survey (DCLG), earnings from Annual Survey of Hours and Earnings (ONS). Earnings figures are gross median full-time earnings.

What next?

From April 2013, the Government plans to use provisions in the Welfare Reform Act to uprate Local Housing Allowance – and subsequently the housing element of the Universal Credit in the private rented sector – in line with the Consumer Prices Index (CPI) rather than with local rents as happens currently. Concerns have been raised that, over time, this could severely exacerbate shortfalls between benefit payments and rents people have to pay.¹⁵⁰ In November 2012, a report by the National Audit Office said on current trends 48 per cent of local authority areas in England could face shortages of private rented accommodation with rents at or below Local Housing Allowance rates by 2017.¹⁵¹ There have been no new policy announcements on the affordability of the PRS since the publication of the last *Housing Report* in May 2012.



Verdict: Affordability of the private rented sector

New annual data are not yet available to assess average private rents for 2011-12, which means the light stays red, following the rent increases documented in the last edition of *The Housing Report*. It is clear that in the long term Government will try to bring down rents in the PRS partly through changes to Local Housing Allowance, but also by increasing the supply of large scale private rented sector properties, as set out by the Montague recommendations and September 2012 housing announcements. Until more details emerge, and new developments begin on the ground, progress on widespread affordability remains a distant prospect.

¹⁵⁰ *The Impact of Welfare Reform Bill measures on affordability for low income private renting Families*, Shelter/CIH, March 2011: http://england.shelter.org.uk/_data/assets/pdf_file/0007/334726/Impact_of_Welfare_Reform_Bill_measures_on_affordability_for_low_income_private_renting_families.pdf

¹⁵¹ National Audit Office, *Managing the impact of Housing Benefit reform*, November 2012: www.nao.org.uk/publications/1213/housing_benefit_reform.aspx

10 Home ownership – Dreams unrealised

Housing Minister Mark Prisk, on taking up his post in September 2012, announced that: ‘It’s great to have the chance to help unlock the housing market, get homes built and see more families enjoy the security that comes from being able to step over their own threshold.’¹⁵²

The Prime Minister, meanwhile, has spoken of wanting ‘more young families able to realise their dreams and get on the housing ladder’.¹⁵³

In September 2012, the Government announced an extension of its FirstBuy scheme with an additional £280m funding, helping up to 16,500 additional first time buyers to purchase a new build home by March 2014.¹⁵⁴ The policy, to provide first time buyers with equity loans of up to 20%, was originally launched with £400m of public money to help almost 10,500 first time buyers in England by spring 2013.¹⁵⁵ Communities Secretary Eric Pickles said: ‘We actively want to support home ownership’.¹⁵⁶

In October 2012, Mr Prisk, announcing the first allocations from FirstBuy, confirmed that £40m would go to 41 developers to help 2,500 first-time buyers this year. He called on the developers to bid for a share of the remaining £240m to help deliver thousands more new homes under the scheme next year.¹⁵⁷

The Government has been pushing its ‘reinvigorated’ Right to Buy to boost home ownership, arguing that its commitment to one-for-one replacement at a national level will see thousands of new homes built from the cash raised from sales.¹⁵⁸ Under the scheme, launched in March 2012, social tenants are being offered discounts of up to £75,000 to buy their own homes, with a replacement ‘affordable rent’ property funded for every home sold under the programme. Figures are not yet available on the number of new homes built via this programme.

The Housing Strategy, in November 2011, said the Government was determined to use Right to Buy to ‘give a new generation the opportunity of home ownership’.¹⁵⁹ In July 2012, the Government announced that 120 councils had signed up to keep cash raised from Right to Buy.¹⁶⁰ A dedicated call centre and website was launched to provide information and advice to tenants interested in the scheme.¹⁶¹

In June 2012, the Government announced that the NewBuy Guarantee scheme, designed to ‘get the housing market moving’,¹⁶² had won the backing of nine of the 10 largest house builders in

152 Hertford and Stortford’s Tory MP Mark Prisk writes about his new job as housing minister, *Hertfordshire Mercury*, 14 September 2012: www.hertfordshiremercury.co.uk/Hertfordshire/Hertford-and-Stortfords-Tory-MP-Mark-Prisk-writes-about-his-new-job-as-housing-minister-14092012.htm

153 Plans to boost UK housebuilding, jobs and the economy, Number 10, 6 September 2012: www.number10.gov.uk/news/plans-to-boost-uk-housebuilding-jobs-and-the-economy/

154 Plan to boost British housebuilding, jobs and the economy, DCLG, 6 September 2012: www.communities.gov.uk/news/housing/2211918

155 *Supporting Local Growth*, DCLG, December 2011, p.14: www.communities.gov.uk/documents/regeneration/pdf/2053459.pdf

156 Housing and growth, Oral Statement by Communities Secretary Eric Pickles, DCLG, 6 September 2012: www.communities.gov.uk/statements/housing/2212914

157 Mark Prisk: Multi-million pound boost will help buyers onto the housing ladder, DCLG, 11 October 2012: www.communities.gov.uk/news/newsroom/2233768

158 Re-vamped Right to Buy to deliver thousands of new homes, DCLG, 15 May 2012: www.communities.gov.uk/news/corporate/2145328

159 *Laying the Foundations: A Housing Strategy for England*, p.26: www.communities.gov.uk/documents/housing/pdf/2033676.pdf

160 120 councils sign up to keep Right to Buy cash, DCLG, 2 July 2012: www.communities.gov.uk/news/newsroom/2171371

161 Grant Shapps: Tenants equipped with facts on right to buy, DCLG, 23 July 2012: www.communities.gov.uk/news/newsroom/2186954

162 *Laying the Foundations: A Housing Strategy for England*, DCLG, November 2011, p.8: www.communities.gov.uk/documents/housing/pdf/2033676.pdf

the country.¹⁶³ This Government-sponsored new build mortgage indemnity scheme, launched in March 2012 and led by the Home Builders Federation and Council of Mortgage Lenders, provides 95% loan-to-value mortgages on homes worth up to £500,000¹⁶⁴ to help 'up to 100,000 buyers' who would otherwise be frozen out of the market.¹⁶⁵ Housing Minister Mark Prisk said more than 2,000 people had reserved a new home through the scheme¹⁶⁶ but in its first three-and-a-half months just 250 home purchases were actually completed.¹⁶⁷ In November 2012, Mr Prisk acknowledged that the programme might assist just 25,000 families – a quarter of the number originally estimated.¹⁶⁸

In July 2012, the Government and the Bank of England launched a Funding for Lending scheme to give banks and building societies cheaper financing, provided the money is made available to businesses and householders at cheaper rates too. The scheme aims to increase bank lending by up to £80bn – equivalent to 5% of all existing loans at eligible banks and building societies. Chancellor George Osborne said its objective was to 'make mortgages and loans cheaper and more easily available, providing welcome support to businesses that want to expand and families aspiring to own their own home'.¹⁶⁹ No figures are yet available on the number of new mortgages approved as a result of the scheme.

In October 2012, the Financial Services Authority published its Mortgage Market Review,¹⁷⁰ which will have long term implications for home ownership in terms of sales and the availability of mortgages. From April 2014, customers will be expected to provide evidence of income and expenditure to satisfy lenders that they can afford a mortgage, interest-only mortgages may be offered only where a credible repayment strategy is in place, and controls over the provision of mortgage advice will be tightened.

10.1: Proportion of households who are home owners

While no new data is available on the proportion of households who own their homes, the last *Housing Report* showed that home ownership was continuing to decline, falling as a proportion of all tenures from 67.4% to 66% between 2009-10 and 2010-11. The number of home owners has also fallen, by 75,000 since 2009-10, and by 340,000 since 2005, even as the number of households increased by almost one million.

While both social and private renting have increased, private renting rose at a quicker rate, comprising 16.5% of all households in 2010-11, compared with the social sector's 17.5%.

See Graph 10a on the next page.

163 Builders back the Newbuy scheme, DCLG, 23 June 2012: www.communities.gov.uk/newsstories/housing/2166610

164 Grant Shapps: Help to get boxed-in generation up the property ladder, DCLG, 24 April 2012: www.communities.gov.uk/news/housing/2134775

165 *Laying the Foundations: A Housing Strategy for England*, DCLG, November 2011, p.8: www.communities.gov.uk/documents/housing/pdf/2033676.pdf

166 Mark Prisk speech to Council of Mortgage Lenders conference, 7 November 2012: www.communities.gov.uk/speeches/corporate/cml2012

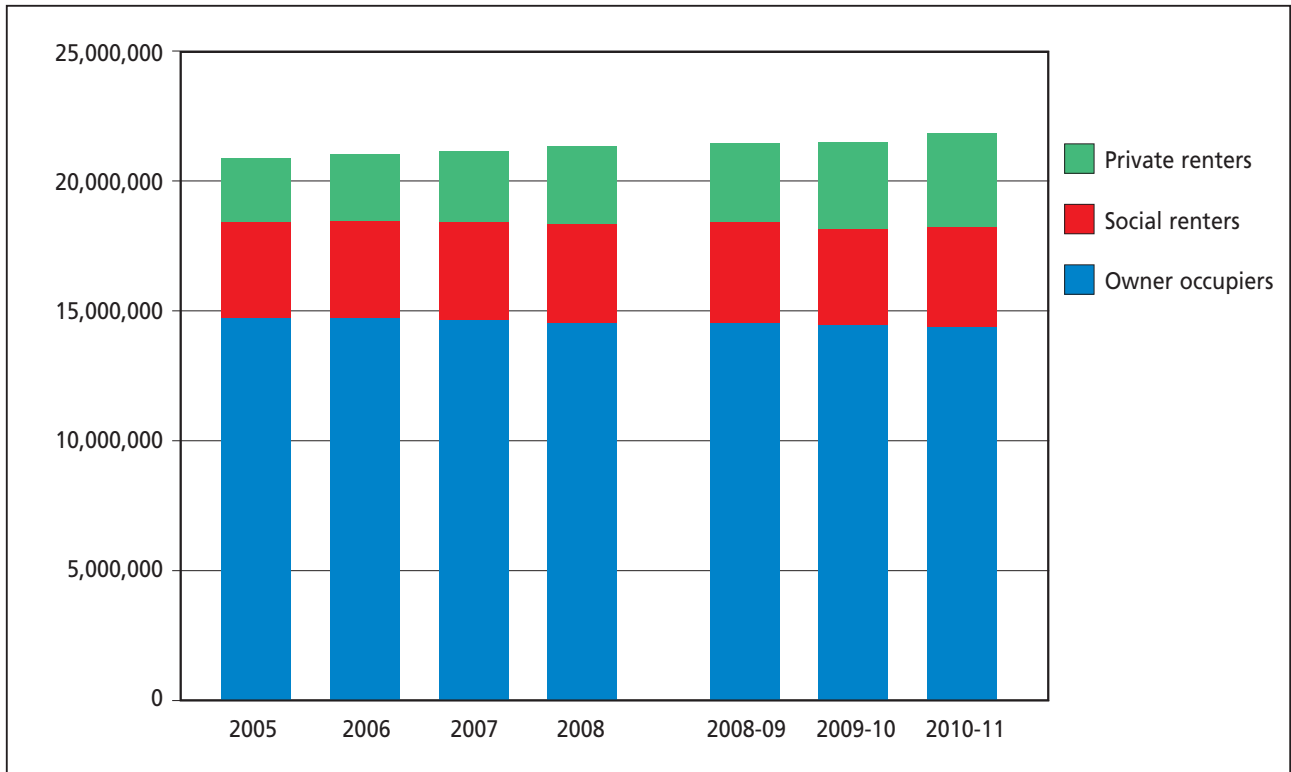
167 *NewBuy Guarantee scheme – Quarterly and cumulative data for England up to 30 June 2012*, DCLG: www.communities.gov.uk/documents/statistics/pdf/2224421.pdf

168 Mark Prisk speech to Council of Mortgage Lenders conference, 7 November 2012: www.communities.gov.uk/speeches/corporate/cml2012

169 Bank of England and HM Treasury announce launch of Funding for Lending Scheme, HM Treasury, 13 July 2012: www.hm-treasury.gov.uk/press_59_12.htm

170 *PS 12/16 Mortgage Market Review – Feedback on CP11/13 and Final Rules*, Financial Services Authority, October 2012: www.fsa.gov.uk/static/pubs/policy/ps12-16.pdf

Graph 10a: Households by tenure (England)

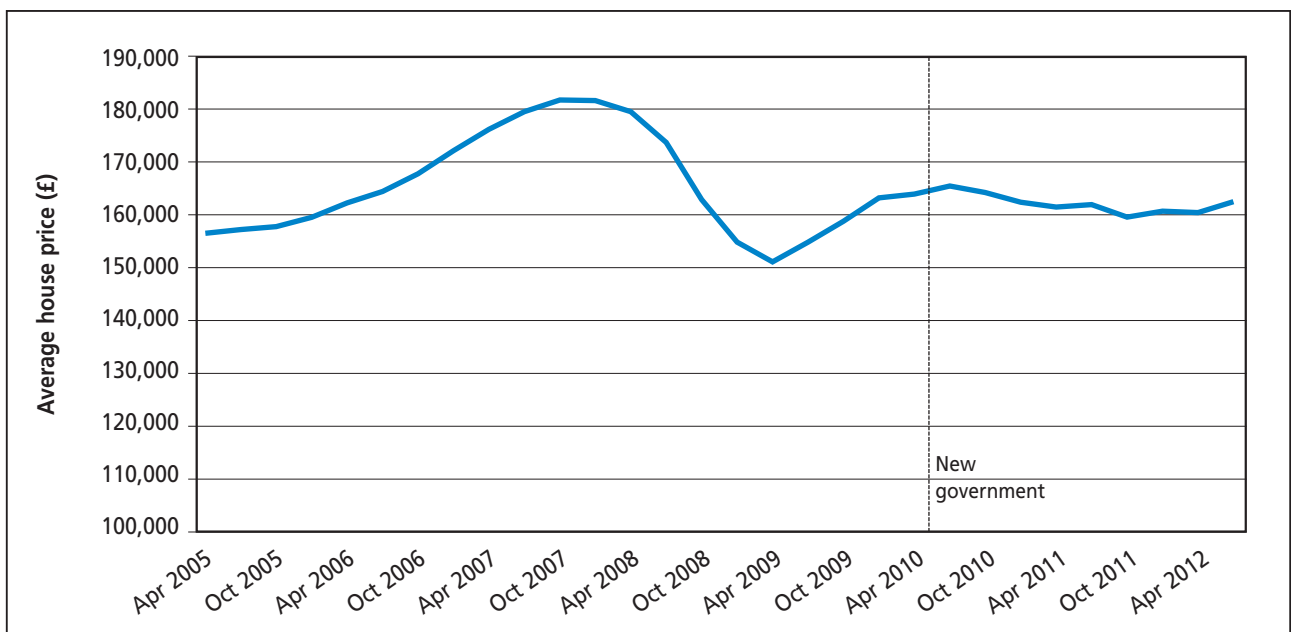


Source: English Housing Survey Headline Report 2010-11, DCLG, 2012.

10.2: Affordability

Average house prices continue in a relatively steady state, having dipped from £164,340 when the Government took office to £160,829 in April 2012 and then rising again to £162,900 in July 2012. The market is some way off returning to the peak of £182,000 recorded in late 2007.

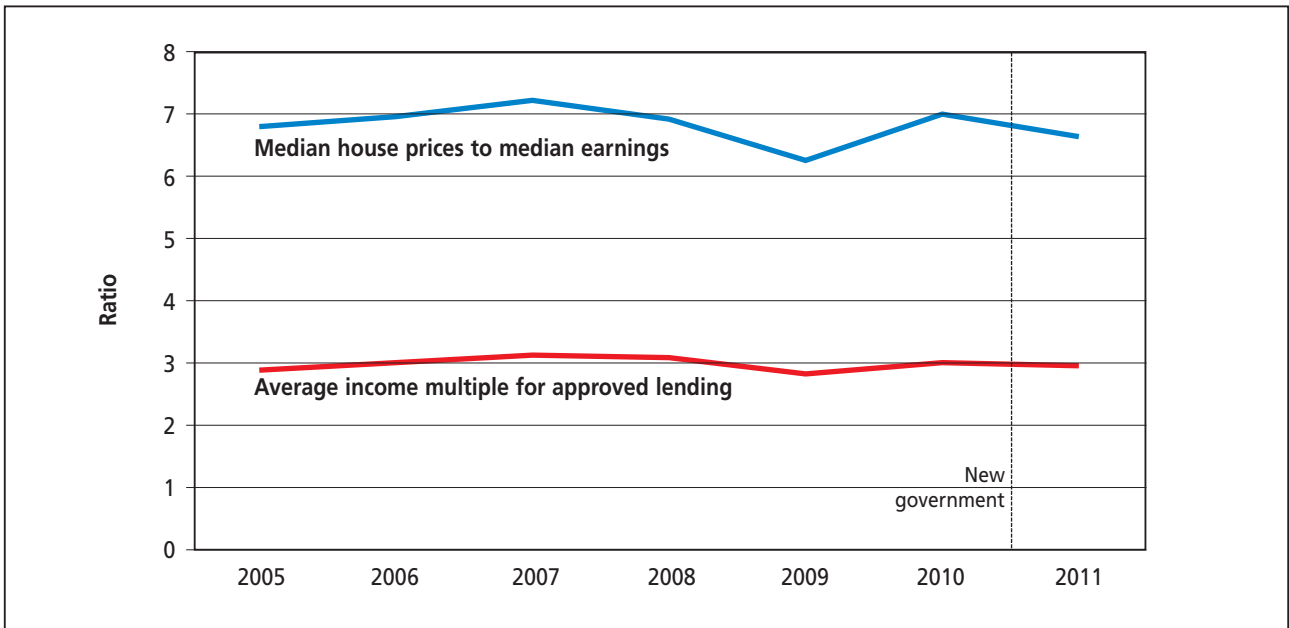
Graph 10b: House prices (England and Wales)



Source: Land Registry.

The last *Housing Report* showed that while ratios of earnings to median house prices, and to mortgage lending policies, had shown marginal improvements in 2011, they were unlikely to have made a significant difference to affordability. No new data is available to alter this picture.

Graph 10c: Affordability of home ownership (England/UK)

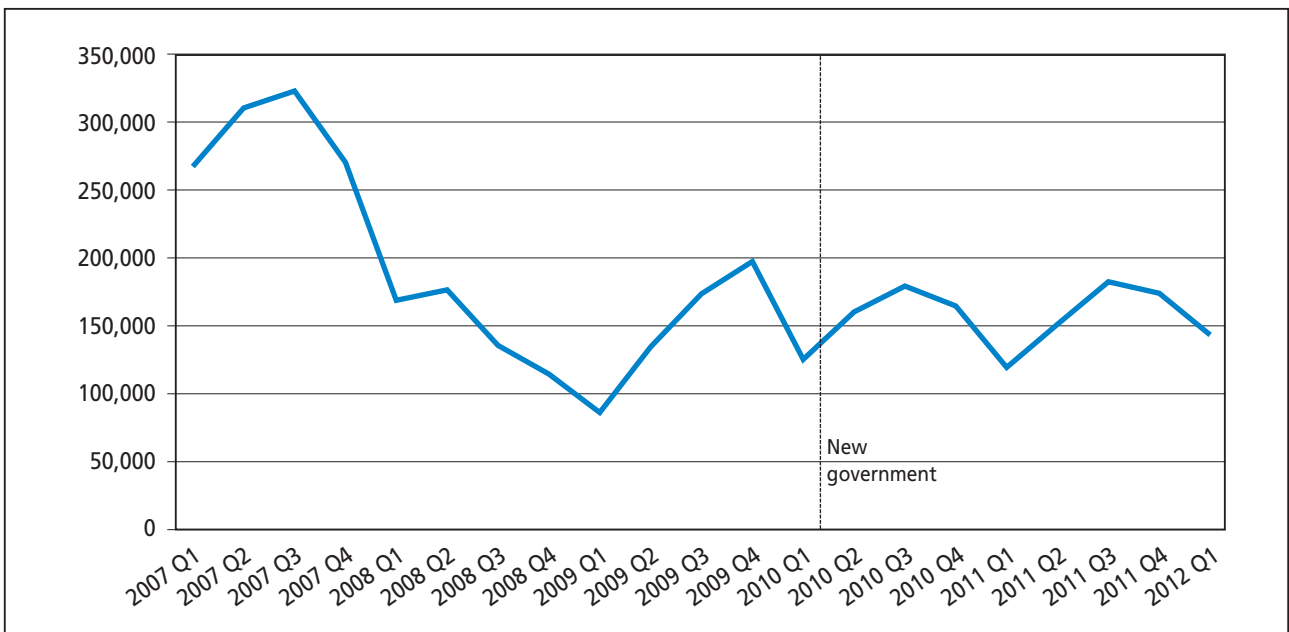


Sources: DCLG Live Table 575; Council of Mortgage Lenders. House price to earnings ratio as at April each year. Income multiples for April-June quarter each year.

10.3: House sales

The number of house sales has, notwithstanding seasonal fluctuations, shown little sign of movement since the Government came to office in the second quarter of 2010, when 159,297 homes were sold. The 142,291 sales recorded in the first three months of 2012 are down on the 173,081 the previous quarter but up on the first three months of 2011.

Graph 10d: Number of house sales in England



Source: Land Registry via Council of Mortgage Lenders.

No new data is available to alter the impression of declining sales of low cost home ownership properties, as highlighted by the last *Housing Report*.

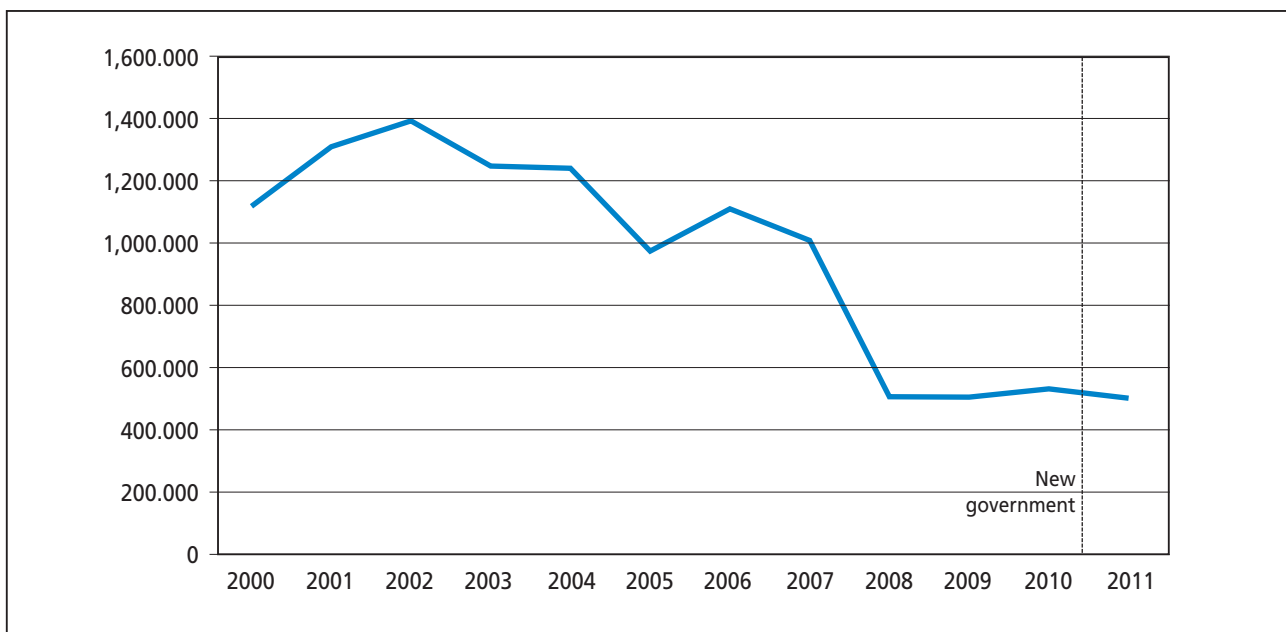
Table 10a: Housing associations' low cost home ownership sales (England)

Period	Sales
2005-06	14,998
2006-07	19,392
2007-08	15,623
2008-09	16,124
2009-10	14,677
2010-11	9,496

Note: Numbers of sales completions reported by housing associations in the Regulatory & Statistical Return.

Meanwhile the number of mortgages approved is static at around half a million per year as shown here.

Graph 10e: Number of new mortgages approved



Source: Council of Mortgage Lenders.

What next?

While the Right to Buy may help existing social housing tenants fulfil aspirations to homeownership, concerns have been raised that people buying their home through RTB are among the riskiest to lend to and are the type of borrower most likely to end up in arrears.¹⁷¹

Government is continuing efforts to get the NewBuy Guarantee scheme off the ground, which may result in improving sales figures in the coming months.

¹⁷¹ The Financial Services Authority said RTB borrowers are the type 'historically most likely to experience arrears and payment problems'. It said 40% of current RTB mortgages have a record of payment problems of some kind, with 9% in current arrears of two payments or more. *FSA CP11/13 Mortgage Market Review: Proposed Package of Reforms*, December 2011, p.99: www.fsa.gov.uk/static/pubs/cp/cp11_31.pdf



Verdict: Home ownership

Little has changed on home ownership since the publication of the previous edition of *The Housing Report*. Where new data are available they show that house sales may have increased slightly and that house prices are relatively stable, which is encouraging.

Appendix

The following tables have been attached for more detailed study.

1. Housing supply

Data for Graph 1a: New build by tenure (England)

Year	Private enterprise	Housing associations	Local authorities	All dwellings
1946	28,760	100	20,400	49,250
1947	38,630	860	81,370	120,860
1948	30,370	1,820	161,400	193,590
1949	23,800	1,330	136,980	162,110
1950	25,310	1,500	136,530	163,340
1951	20,170	1,610	140,510	162,290
1952	30,500	1,800	164,620	196,930
1953	58,270	7,200	198,210	263,680
1954	85,380	14,020	193,710	293,110
1955	106,800	4,350	158,860	270,010
1956	115,940	2,400	137,750	256,100
1957	118,820	1,880	135,660	256,360
1958	119,910	1,120	110,120	231,150
1959	141,510	1,100	95,990	238,600
1960	156,020	1,650	99,950	257,620
1961	163,350	1,560	91,250	256,160
1962	159,520	1,550	102,490	263,560
1963	160,630	1,930	94,020	256,580
1964	200,670	2,850	114,020	317,540
1965	196,750	3,620	127,290	327,660
1966	187,890	4,100	138,140	330,120
1967	183,720	4,520	154,500	342,740
1968	203,320	5,540	143,680	352,540
1969	164,070	7,100	135,700	306,860
1970	153,440	8,180	130,180	291,790
1971	170,820	10,170	113,680	294,680
1972	173,990	6,900	91,630	272,520
1973	163,460	8,340	77,920	249,710
1974	121,490	9,260	98,610	229,360
1975	131,480	13,650	116,330	261,460
1976	130,900	14,440	118,090	263,430
1977	121,570	24,190	115,840	261,600
1978	127,490	20,570	93,300	241,360
1979	118,390	16,280	74,790	209,460
1980	110,230	19,300	74,840	204,370
1981	98,900	16,820	54,880	170,600
1982	108,790	11,180	31,660	151,630
1983	129,490	14,340	29,900	173,720
1984	138,970	13,920	29,190	182,080
1985	135,460	11,300	23,280	170,040
1986	148,890	10,620	19,630	179,140
1987	161,740	10,940	16,620	189,300
1988	176,020	10,780	16,130	202,930
1989	154,000	10,650	14,700	179,360
1990	136,060	13,820	14,020	163,900
1991	131,170	15,300	8,130	154,600
1992	119,530	20,790	3,510	143,830
1993	116,630	29,780	1,420	147,840
1994	122,700	30,850	1,090	154,640
1995	125,470	30,890	790	157,140
1996	121,550	27,030	510	149,090
1997	128,240	20,970	290	149,490
1998	122,510	19,900	240	142,650
1999	123,180	17,780	50	141,010
2000	118,330	16,680	90	135,100
2001	114,850	14,500	160	129,510
2002	123,320	13,310	180	136,800
2003	131,060	12,820	180	144,060
2004	137,330	16,600	130	154,070
2005	141,740	17,540	180	159,450
2006	139,910	20,660	280	160,850
2007	154,210	22,180	250	176,650
2008	121,100	26,470	430	148,010
2009	97,620	26,990	360	124,970
2010	83,280	22,650	790	106,720
2011	86,050	25,880	2,230	114,160

Source: DCLG Live Table 244.

1. Housing supply – continued

Data for Graph 1b: Starts and completions (England)

	Starts	Completions
2005 Q1	40,190	33,770
2005 Q2	46,680	40,920
2005 Q3	45,200	37,930
2005 Q4	41,830	46,830
2006 Q1	49,660	37,720
2006 Q2	43,960	43,250
2006 Q3	41,190	37,670
2006 Q4	35,810	42,220
2007 Q1	49,370	44,540
2007 Q2	47,640	43,690
2007 Q3	46,330	39,360
2007 Q4	40,260	49,050
2008 Q1	36,210	38,510
2008 Q2	33,290	38,600
2008 Q3	20,970	33,240
2008 Q4	16,420	37,660
2009 Q1	17,330	31,490
2009 Q2	20,630	31,730
2009 Q3	25,650	29,330
2009 Q4	22,000	32,430
2010 Q1	27,280	26,430
2010 Q2	33,720	27,980
2010 Q3	28,960	24,650
2010 Q4	20,700	27,670
2011 Q1	29,420	27,600
2011 Q2	29,950	29,610
2011 Q3	28,060	25,680
2011 Q4	23,290	31,280
2012 Q1	23,810	31,630
2012 Q2	23,510	29,750

Source: DCLG Live Table 213.

2. Planning

Data for Graph 2a: Developments given planning approval (England)

	All developments		
	Decisions	Granted	% granted
2008 Q1	19,200	12,100	63%
2008 Q2	19,400	12,100	62%
2008 Q3	17,400	11,200	64%
2008 Q4	15,500	10,100	65%
2009 Q1	12,300	8,130	66%
2009 Q2	12,100	8,280	68%
2009 Q3	12,680	8,800	69%
2009 Q4	12,640	8,980	71%
2010 Q1	11,940	8,630	72%
2010 Q2	12,800	9,300	73%
2010 Q3	13,500	9,500	70%
2010 Q4	13,400	9,700	72%
2011 Q1	12,037	8,917	74%
2011 Q2	11,838	8,647	73%
2011 Q3	12,894	9,465	73%
2011 Q4	13,086	9,924	76%
2012 Q1	12,572	9,388	75%

Source: DCLG statistics.

Note: Figures are for developments, not units.

Data for Graph 2b: Number of units given planning approval (England)

	Units approved
2008 Q1	58,444
2008 Q2	42,106
2008 Q3	32,086
2008 Q4	35,923
2009 Q1	30,525
2009 Q2	21,832
2009 Q3	40,143
2009 Q4	33,510
2010 Q1	40,453
2010 Q2	32,750
2010 Q3	31,553
2010 Q4	29,387
2011 Q1	33,450
2011 Q2	25,171
2011 Q3	29,059
2011 Q4	27,732
2012 Q1	36,761
2012 Q2	24,872

Source: Home Builders' Federation, New Housing Pipeline Q2 2012 Report.

Notes: Only includes units in developments of more than 10 units.

3. Overcrowding

Data for Graph 3a: Overcrowded households (England)

	Number of households overcrowded against bedroom standard	As % of total households
2005-06	526,000	2.5%
2006-07	554,000	2.7%
2007-08	565,000	2.7%
2008-09	599,000	2.8%
2009-10	630,000	2.9%
2010-11	655,000	3.0%

Source: English Housing Survey Headline Report 2010-11, DCLG, 2012.

4. Homelessness

Data for Graph 4a: Households accepted as homeless and in priority need (England)

	Homelessness acceptances
2003 Q1	33,980
2003 Q2	34,090
2003 Q3	35,770
2003 Q4	31,750
2004 Q1	33,820
2004 Q2	32,900
2004 Q3	32,150
2004 Q4	28,890
2005 Q1	26,920
2005 Q2	27,310
2005 Q3	24,800
2005 Q4	21,140
2006 Q1	20,730
2006 Q2	19,430
2006 Q3	19,390
2006 Q4	17,310
2007 Q1	17,230
2007 Q2	15,960
2007 Q3	16,540
2007 Q4	15,240
2008 Q1	15,430
2008 Q2	15,680
2008 Q3	14,340
2008 Q4	12,070
2009 Q1	11,350
2009 Q2	10,650
2009 Q3	10,360
2009 Q4	9,430
2010 Q1	9,590
2010 Q2	10,100
2010 Q3	11,840
2010 Q4	10,870
2011 Q1	11,350
2011 Q2	11,820
2011 Q3	12,510
2011 Q4	12,830
2012 Q1	13,130
2012 Q2	12,860

Source: DCLG Homelessness statistics.

Data for Graph 4b: Households in temporary accommodation (England)

	Households in TA at end of period
2003 Q1	89,040
2003 Q2	91,870
2003 Q3	94,440
2003 Q4	94,610
2004 Q1	97,680
2004 Q2	99,530
2004 Q3	101,300
2004 Q4	101,030
2005 Q1	101,070
2005 Q2	100,970
2005 Q3	101,020
2005 Q4	98,730
2006 Q1	96,370
2006 Q2	93,910
2006 Q3	93,090
2006 Q4	89,510
2007 Q1	87,120
2007 Q2	84,900
2007 Q3	82,750
2007 Q4	79,500
2008 Q1	77,510
2008 Q2	74,690
2008 Q3	72,130
2008 Q4	67,480
2009 Q1	64,000
2009 Q2	60,230
2009 Q3	56,920
2009 Q4	53,370
2010 Q1	51,310
2010 Q2	50,400
2010 Q3	49,680
2010 Q4	48,010
2011 Q1	48,240
2011 Q2	48,330
2011 Q3	49,100
2011 Q4	48,920
2012 Q1	50,430
2012 Q2	51,640

Source: DCLG Live Table 775.

4. Homelessness – continued

Data for Graph 4c: Families with children in B&B for more than 6 weeks (England)

	Families with children in B&B for more than 6 weeks
2005 Q1	110
2005 Q2	130
2005 Q3	150
2005 Q4	140
2006 Q1	110
2006 Q2	100
2006 Q3	120
2006 Q4	110
2007 Q1	80
2007 Q2	100
2007 Q3	130
2007 Q4	120
2008 Q1	160
2008 Q2	180
2008 Q3	160
2008 Q4	100
2009 Q1	70
2009 Q2	80
2009 Q3	130
2009 Q4	120
2010 Q1	100
2010 Q2	160
2010 Q3	140
2010 Q4	150
2011 Q1	200
2011 Q2	240
2011 Q3	310
2011 Q4	450
2012 Q1	480
2012 Q2	690

Source: DCLG Live Table 775.

5. Evictions, repossessions and arrears

Data for Graph 5a: Repossessions (UK)

	Repossessions in period	% of all loans
1990 H1	16,600	0.18
1990 H2	27,300	0.29
1991 H1	36,600	0.38
1991 H2	38,900	0.40
1992 H1	35,800	0.36
1992 H2	32,800	0.33
1993 H1	31,800	0.32
1993 H2	26,800	0.26
1994 H1	25,000	0.24
1994 H2	24,200	0.23
1995 H1	25,200	0.24
1995 H2	24,200	0.23
1996 H1	24,100	0.23
1996 H2	18,500	0.17
1997 H1	17,000	0.16
1997 H2	15,800	0.15
1998 H1	17,300	0.16
1998 H2	16,600	0.15
1999 H1	16,300	0.15
1999 H2	13,600	0.12
2000 H1	12,300	0.11
2000 H2	10,600	0.09
2001 H1	10,300	0.09
2001 H2	7,900	0.07
2002 H1	6,900	0.06
2002 H2	5,100	0.04
2003 H1	4,400	0.04
2003 H2	4,100	0.04
2004 H1	3,900	0.03
2004 H2	4,300	0.04
2005 H1	7,100	0.06
2005 H2	7,400	0.06
2006 H1	10,000	0.09
2006 H2	11,000	0.09
2007 H1	12,800	0.11
2007 H2	13,100	0.11
2008 H1	18,500	0.16
2008 H2	21,500	0.18
2009 H1	25,000	0.22
2009 H2	23,300	0.20
2010 H1	20,600	0.18
2010 H2	17,500	0.15
2011 H1	18,900	0.17
2011 H2	18,200	0.16
2012 H1	18,100	0.16

Source: Council of Mortgage Lenders.

5. Evictions, repossessions and arrears – continued

Data for Graph 5b: Court actions towards repossessions/evictions (England and Wales)

Period	Claims issued	Orders made
2007 Q1	72,234	47,464
2007 Q2	68,507	44,782
2007 Q3	72,956	48,847
2007 Q4	71,085	48,178
2008 Q1	80,006	51,864
2008 Q2	75,417	54,863
2008 Q3	75,524	54,697
2008 Q4	60,011	51,152
2009 Q1	61,275	41,176
2009 Q2	59,004	41,451
2009 Q3	59,117	44,792
2009 Q4	50,729	37,710
2010 Q1	54,123	36,763
2010 Q2	49,890	35,882
2010 Q3	54,986	38,594
2010 Q4	51,393	36,571
2011 Q1	56,619	39,362
2011 Q2	51,447	36,228
2011 Q3	56,202	40,150
2011 Q4	50,996	37,293
2012 Q1	55,527	38,790
2012 Q2	49,168	35,769

Source: Ministry of Justice.

Data for Graph 5c: Mortgages more than three months in arrears (UK)

	Mortgages 3+ months in arrears	Arrears as % of all loans
1994 H2	419,900	4.03
1995 H1	399,400	3.82
1995 H2	389,800	3.70
1996 H1	348,600	3.29
1996 H2	307,300	2.89
1997 H1	272,400	2.54
1997 H2	236,800	2.21
1998 H1	232,600	2.16
1998 H2	238,000	2.20
1999 H1	219,600	2.01
1999 H2	183,300	1.67
2000 H1	167,400	1.50
2000 H2	164,000	1.47
2001 H1	153,500	1.37
2001 H2	144,300	1.28
2002 H1	133,800	1.19
2002 H2	117,200	1.03
2003 H1	113,800	1.00
2003 H2	99,400	0.87
2004 H1	97,900	0.85
2004 H2	101,400	0.88
2005 H1	114,100	0.99
2005 H2	123,000	1.06
2006 H1	124,100	1.06
2006 H2	115,500	0.98
2007 H1	120,900	1.02
2007 H2	127,500	1.08
2008 H1	152,700	1.30
2008 H2	219,000	1.88
2009 H1	285,500	2.50
2009 H2	273,100	2.40
2010 H1	253,200	2.23
2010 H2	244,900	2.16
2011 H1	239,100	2.11
2011 H2	224,700	2.00
2012 H1	218,000	1.94

Source: Council of Mortgage Lenders.

6. Help with housing costs

Data for Graph 6a: Number of Housing Benefit claimants by tenure (Great Britain)

Year / Month	All HB recipients	Tenure Type				
		Social Rented Sector			Private Rented Sector	
		Sector total	LA tenants	HA tenants	Total	
2009	Jan	4,252,250	3,138,380	1,505,590	1,632,790	1,108,590
	April	4,382,080	3,174,780	1,502,550	1,672,230	1,202,520
	July	4,477,250	3,204,610	1,510,090	1,694,520	1,263,560
	Oct	4,568,730	3,203,500	1,503,200	1,700,300	1,310,360
2010	Jan	4,651,100	3,261,670	1,511,330	1,750,340	1,386,510
	April	4,746,320	3,294,900	1,511,680	1,783,220	1,448,700
	July	4,777,430	3,303,690	1,512,310	1,791,380	1,471,130
	Oct	4,789,490	3,299,630	1,500,340	1,799,280	1,487,330
2011	Jan	4,833,470	3,308,900	1,487,160	1,821,740	1,521,980
	April	4,856,150	3,312,520	1,457,760	1,854,750	1,540,750
	July	4,893,370	3,330,160	1,461,170	1,868,990	1,560,410
	Oct	4,921,920	3,340,780	1,462,550	1,878,230	1,578,210
2012	Jan	4,976,210	3,359,940	1,463,380	1,896,570	1,613,200
	April	5,012,700	3,372,370	1,453,670	1,918,710	1,637,190

Source: Department for Work and Pensions. Monthly statistics, here one month per quarter from January 2009.

Data for Graph 6b: Average weekly payment of Housing Benefit per recipient (Great Britain): £

Year / Month	All HB recipients	Tenure Type				
		Social Rented Sector			Private Rented Sector	
		Sector average	LA tenants	HA tenants	Sector average	
2009	January	77.23	68.56	65.07	71.78	101.38
	April	80.78	72.01	68.29	75.34	103.64
	July	81.30	71.89	67.71	75.62	104.83
	October	81.90	71.87	67.09	76.10	105.89
2010	January	83.38	72.45	67.44	76.78	108.92
	April	84.24	73.04	67.86	77.43	109.74
	July	84.28	72.78	67.48	77.26	110.03
	October	84.50	72.72	67.40	77.16	110.52
2011	January	84.70	72.63	67.31	76.97	110.88
	April	87.29	75.85	70.99	79.67	111.76
	July	87.18	76.16	71.01	80.19	110.57
	October	87.03	76.42	71.27	80.43	109.35
2012	January	86.86	76.56	71.27	80.65	108.18
	April	89.46	80.71	75.47	84.67	107.35

Source: Department for Work and Pensions. Monthly statistics, here one month per quarter from January 2009.

6. Help with housing costs – continued

Data for Graph 6c: Total weekly cost of Housing Benefit (Great Britain): £ millions

Year / Month	All HB recipients	Tenure Type			
		Social Rented Sector			Private Rented Sector
		Sector total	LA tenants	HA tenants	Sector total
2009 Jan	328.401	215.167	97.969	117.202	112.389
April	353.984	228.616	102.609	125.986	124.629
July	364.000	230.379	102.248	128.140	132.459
Oct	374.179	230.236	100.850	129.393	138.754
2010 Jan	387.809	236.308	101.924	134.391	151.019
April	399.830	240.659	102.583	138.075	158.980
July	402.642	240.443	102.051	138.402	161.868
Oct	404.712	239.949	101.123	138.832	164.380
2011 Jan	409.395	240.325	100.101	140.219	168.757
April	423.893	251.255	103.486	147.768	172.194
July	426.604	253.625	103.758	149.874	172.535
Oct	428.355	255.302	104.236	151.066	172.577
2012 Jan	432.234	257.237	104.295	152.958	174.516
April	448.436	272.184	109.708	162.457	175.752

Source: Department for Work and Pensions. Monthly statistics, here one month per quarter from January 2009.

7. Empty homes

Data for Graph 7a: Number of empty homes (England)

	Total empty homes	Long-term empty homes
2005	723,509	313,616
2006	744,931	314,719
2007	763,319	314,285
2008	783,119	326,954
2009	770,496	316,251
2010	737,147	299,999
2011	719,999	278,494

Source: DCLG Live Table 615.

8. Mobility

Data for Graph 8a: Social housing lettings to existing social tenants

CORE general needs new lettings data
Housing associations and local authorities – Prior housing situation

	Social housing transfers	
	Number	% of all lettings
Jan - Mar 2005	12,249	33.2%
Apr - Jun 2005	11,921	30.3%
Jul - Sept 2005	12,122	30.3%
Oct - Dec 2005	12,314	30.5%
Jan - Mar 2006	10,667	29.2%
Apr - Jun 2006	15,360	35.0%
Jul - Sept 2006	16,150	35.3%
Oct - Dec 2006	16,660	34.8%
Jan - Mar 2007	10,505	34.5%
Apr - Jun 2007	16,572	33.3%
Jul - Sept 2007	16,588	33.0%
Oct - Dec 2007	17,033	33.1%
Jan - Mar 2008	15,237	32.2%
Apr - Jun 2008	18,388	32.5%
Jul - Sept 2008	18,399	33.1%
Oct - Dec 2008	18,745	33.3%
Jan - Mar 2009	18,715	32.6%
Apr - Jun 2009	18,464	34.2%
Jul - Sept 2009	17,967	34.0%
Oct - Dec 2009	16,700	34.1%
Jan - Mar 2010	14,377	34.2%
Apr - Jun 2010	21,168	34.8%
Jul - Sept 2010	20,620	33.9%
Oct - Dec 2010	19,749	33.9%
Jan - Mar 2011	19,000	34.3%
Apr - Jun 2011	22,361	35.2%
Jul - Sept 2011	21,246	34.1%
Oct - Dec 2011	21,159	34.6%
Jan - Mar 2012	18,652	34.0%

Source: NHF Housing Figures based on CORE returns for general needs. Figures cover both local authorities and housing associations.

9. Affordability of the private rented sector

Data for Graph 9a: Average rents in private sector (England)

Year	Median weekly rent net of services (£)	Rent as percentage of median earnings
2005-06	100	22.5
2006-07	104	22.7
2007-08	115	24.0
2008-09	130	26.6
2009-10	133	26.7
2010-11	137	27.3

Source: English Housing Survey.

10. Home ownership

Data for Graph 10a: Households by tenure (England)

	Owner occupiers		Social renters		Private renters		All tenures 000s
	000s	%	000s	%	000s	%	
2005	14,791	70.7	3,696	17.7	2,445	11.7	20,932
2006	14,790	70.1	3,736	17.7	2,566	12.2	21,092
2007	14,733	69.6	3,755	17.7	2,691	12.7	21,178
2008	14,628	68.3	3,797	17.7	2,982	13.9	21,407
2008-09	14,621	67.9	3,842	17.8	3,067	14.2	21,530
2009-10	14,525	67.4	3,675	17.0	3,355	15.6	21,554
2010-11	14,450	66.0	3,826	17.5	3,617	16.5	21,893

Source: English Housing Survey Headline Report 2010-11, DCLG, 2012.

10. Home ownership – continued

Data for Graph 10b: House Prices (England and Wales)

Month	Average Price (£)
Apr-05	156,907
Jul-05	157,615
Oct-05	158,171
Jan-06	159,935
Apr-06	162,670
Jul-06	164,834
Oct-06	168,191
Jan-07	172,565
Apr-07	176,616
Jul-07	179,963
Oct-07	182,173
Jan-08	182,064
Apr-08	179,961
Jul-08	174,126
Oct-08	163,293
Jan-09	155,236
Apr-09	151,490
Jul-09	155,224
Oct-09	159,191
Jan-10	163,620
Apr-10	164,340
Jul-10	165,870
Oct-10	164,632
Jan-11	162,797
Apr-11	161,881
Jul-11	162,345
Oct-11	159,975
Jan-12	161,100
Apr-12	160,829
Jul-12	162,900

Source: Land Registry.

Data for Graph 10c: Affordability of home ownership (England/UK)

	Ratio of median house prices to median earnings (England, DCLG)	Average income multiple of approved mortgage lending (UK, CML)
2005	6.81	2.92
2006	6.97	3.04
2007	7.23	3.16
2008	6.93	3.12
2009	6.27	2.86
2010	7.01	3.04
2011	6.65	2.99

Sources: DCLG Live Table 575; Council of Mortgage Lenders. House price to earnings ratio as at April each year. Income multiples for April-June quarter each year.

10. Home ownership – continued

Data for Graph 10d: Number of home sales (England)

Quarterly property transactions, England	
2007 Q1	266,766
2007 Q2	310,087
2007 Q3	322,617
2007 Q4	269,945
2008 Q1	167,890
2008 Q2	175,615
2008 Q3	134,548
2008 Q4	113,371
2009 Q1	84,939
2009 Q2	133,411
2009 Q3	172,696
2009 Q4	196,604
2010 Q1	124,188
2010 Q2	159,297
2010 Q3	178,413
2010 Q4	163,676
2011 Q1	118,298
2011 Q2	150,226
2011 Q3	181,605
2011 Q4	173,081
2012 Q1	142,291

Source: Land Registry via Council of Mortgage Lenders.

Data for Graph 10e: Number of new mortgages approved

2001	1,313,700
2002	1,396,700
2003	1,251,900
2004	1,244,800
2005	979,500
2006	1,114,800
2007	1,013,700
2008	513,000
2009	511,700
2010	538,200
2011	508,200

Source: Council of Mortgage Lenders.