Chartered Institute of Housing

UK Housing Review 2022

30 years of the UKHR



Another new housing minister...





Mark Stephens



Thirty years of housing policy



Mark Stephens John Perry Peter Williams Gillian Young





30 years of housing policy



Macro-economic context:

- Globalisation
- Fiscal/ monetary responses to GFC and Covid-19
- Asset price inflation

Wider welfare regime

- Relatively stable but high levels of poverty
- More holes in the safety net, esp. after 2010.

Housing consumption

- Shift from social renting to owner-occupation
- Growth of private renting and falls in owner-occupation
- Role of social rent broadly remains safety net

30 years of housing policy



Housing Supply

- Rediscovery of supply problem
- Reduction in social output, shift to HAs, further dilution through "affordable rent"
- Long-term decline in private sector
- Recent (failed) planning reforms
- Housebuilding industry

Housing finance

- 1980s: deregulation of mortgage finance
- 1990s: demutualisation in ends dominance of building societies
- GFC leads to:
 - Prudential lending
 - Low interest rates
 - Underpinning of house prices -> inequality
 - Govt engagement in housing market (HtB)



30 years of housing policy



Devolution

- Divergence after 2010
- End to RTB in Scotland and Wales
- Removal of "priority need" restriction in Scotland & Wales
- Greater priority to social/ affordable housebuilding
- Divergence limited by reserved powers

Conclusion: need for strategic housing policy

- Policy fragmented between different parts of government from the Bank of England, different Whitehall departments, devolved nations.
- Strategic system-wide understanding key to addressing housing issues over next 30 years.

Peter Williams



The private housing market and help for first-time buyers



The private housing market emerges from the pandemic

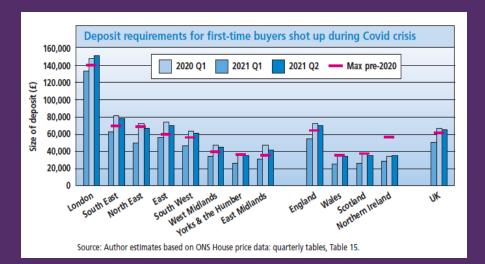


- 2021 saw sustained price rises reflecting tax changes and reworked preferences
- Movement was selective and detached home prices rose fastest
- Yet the paradox of heightened affordability given low rates and higher wages.
- Rents also rising, most strongly in Northern Ireland

- In terms of the outlook for 2022 the position is ever more complex given "events"
- Strong start to year in terms of prices and rents
- Shortage of homes to buy/rent thus price pressures
- However, consumer confidence waning and with cost pressures and rate rises the market will slow through the year.

Chartered Institute of Housing

- Though FTB numbers up deposit pressures increased (see first chart)
- Second chart shows there was a general tightening on who was accessing o/occ
- BOMAD is key: otherwise lower-income households are struggling to access ownership
- The housing market remains a key driver of inequality

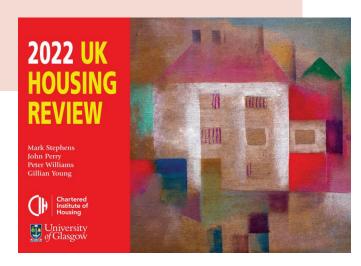




Tom Simcock



Current developments in the private rented sector



Current developments in the private rented sector



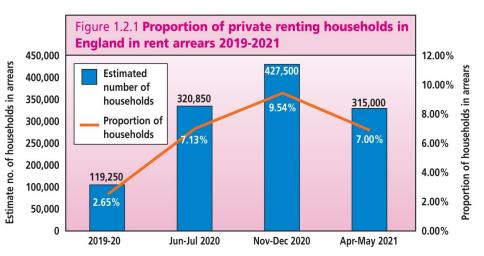
- Private rented sector is important tenure for millions of households
- Sector is home to broad variety of households, including young professionals, students, but also lowincome households, families with children, and people over 65
- Sectors are in a state of flux across UK
- Changing regulatory frameworks, aftermath of COVID-19 restrictions, and cost of living crisis



Challenges during the pandemic



- Last two years have presented challenges for households due to Covid-19
- Nearly a quarter of renters saw income reduced at some point during pandemic
- In 2021 many renters were still in arrears after end of pandemic support such as furlough.
- Governments in Wales and Scotland introduced loan schemes - later transformed into grant schemes
- In England, government has now launched an additional funding package to prevent homelessness.
- However, questions if funding amount able to solve crisis.

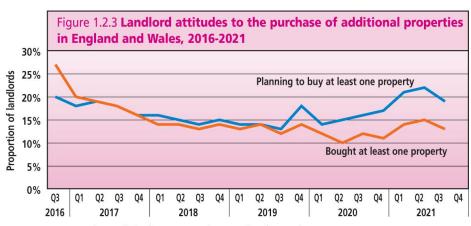


Source: Author analysis of DLUHC English Housing Survey: Household Resilience Study, Wave 3. Note: Estimated number of households is based on an estimated 4.5 million PRS households.

Landlord attitudes



- Private landlord attitudes appear to have responded to Government tax changes, including stamp duty cut/freeze.
- From 2016 onwards there was a steady weakening in landlord appetite to invest in additional properties
- Since start of pandemic and mid-2020 this trend reversed, with a downturn then occurring once tax cut removed



Source: Author analysis of NRLA quarterly survey data (2016-21).

Note: For Q1 2020, the proportion of landlords who have bought at least one property is based on author estimation from NRLA narrative reporting.

Challenges after the pandemic



- Major area of concern for private landlords has been tax changes since 2015, including restriction of finance cost relief and stamp duty surcharge
- From 2016 there has been a steady appetite for landlords to sell properties and reduce size of portfolio
- However, difference between planned sales and reported sale of properties
- Questions over trajectory of stock and future impact on sector



Source: Author analysis of NRLA quarterly survey data (2016-21).

Note: For Q1 2020, the proportion of landlords who have sold at least one property is based on author estimation from NRLA narrative reporting.

Further developments in the private rented sector



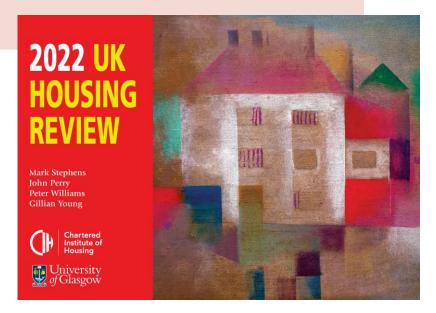
- Regulation of the private rented sector is in a state of flux across the UK
- Efforts to rebalance landlord-tenant relationship, improve security of tenure and ensure renters have a secure 'home' for the long term
- Wales will implement Renting Homes (Wales) Act
 2016 in July 2022
- England planned Renters Reform Bill to end section
 21 evictions, and potential registration scheme
- Scotland further reforms planned to sector since introduction of PRT scheme, including commitment to rent controls



Lynne McMordie



Homelessness trends



Pandemic-related responses to homelessness



Positive impacts

- Enhanced infection control & prevention of acute admissions.
- Significant reductions in rough sleeping.
- Movement away from dormitory-style night shelter accommodation.
- Improved joint working between agencies.

Limitations

- Concerns about the quality of emergency accommodation and sufficiency of support provided.
- Highly varied responses to helping those with no recourse or limited access to public funds.
- Difficulties accessing move-on accommodation.

Trends in homelessness



Trends in homeless acceptances

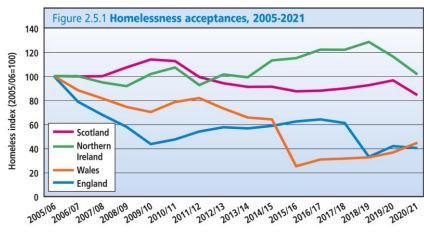
- Downward trend in England (4%), Scotland (13%), and Northern Ireland (13%)
- Upward trend in Wales (22%)

Shifts in profile of homeless applicants

- England: couples with children (down 33%), single parents (down 19%)
- Scotland: households with children (down 30%)

Shifts in reasons for homelessness

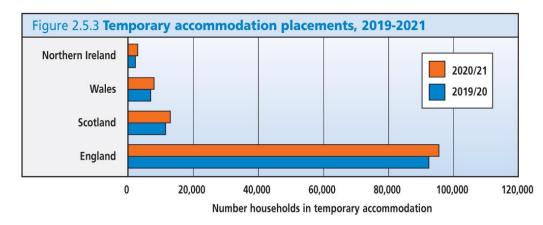
- England: rental tenancy ended, private tenancy (down 37%) & social tenancy (down 31%)
- Scotland: Loss of rental tenancy (down 57%)



Source: Compendium Tables 89 and 102, using source data for financial rather than calendar years. Note: See notes to respective tables for further details.

Temporary accommodation use





Source: Compendium Tables 90 and 102.

Note: Figures are for end March each year, other than Northern Ireland, which are for end of January.

Increased demand for temporary accommodation:

- England (3%), Wales (14%), Scotland (12%), Northern Ireland (30%).
- Rates of B&B accommodation use – England (37%), Wales (196%).

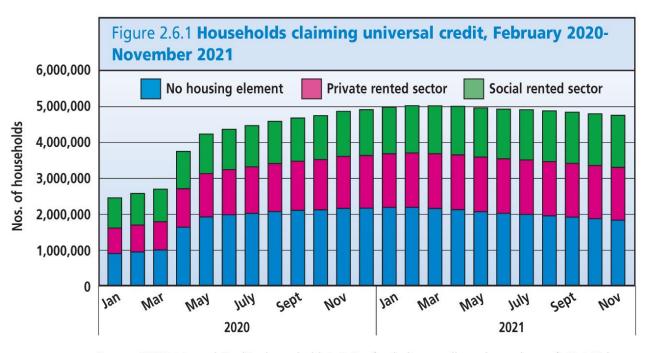


Help with housing costs after the pandemic



Help with housing costs





Source: DWP Universal Credit – household statistics (excluding small number unknown), Stat-Xplore.

Help with housing costs

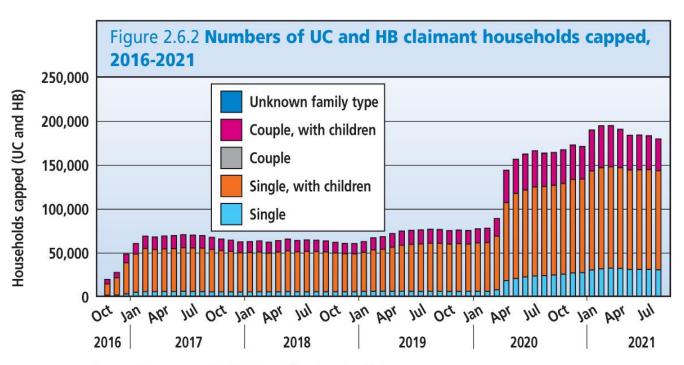


- Furlough, self-employed scheme, eviction stay, £20 uplift UC/WTC, LHA rates restored, end of freeze
- HB/UC: Feb/Apr 20, 5.77 to 6.89 million;
 Mar/Nov 21, 7.87 to 7.42 million
- Feb/Mar 20: no housing costs, +43%; private rent +30%; social rent, +15%
- SMI: Feb 2021, 15,000 of which 1,860 on UC. 3 million mortgage deferrals
- UC changes: £20 uplift ends, taper 63% to 55%, work allowance +£500 pa
- Workers: 1.3 million gain; 1.0 million lose. Outof-work: 2.6 million lose



Help with housing costs





Source: Department for Work and Pensions StatXplore.

Rents and cost of living



- LHA rates restored April 2020, but frozen
 Autumn statement 2020
- Private renters on UC/HB: 39%. LHA rent shortfall: 56%
- Social rents: capped CPI + 1% England and Wales, 256,000 UC cases with bedroom tax
- Benefits (non housing): 3.1% (Sept 2021), 5.4%
 (Jan 2022)
- EPC rating A-C: Social rent: 56%; Private rent 29%; Owner 27%





Supply of affordable housing across the UK



Government support for affordable housing



In Northern Ireland: 100% of government support

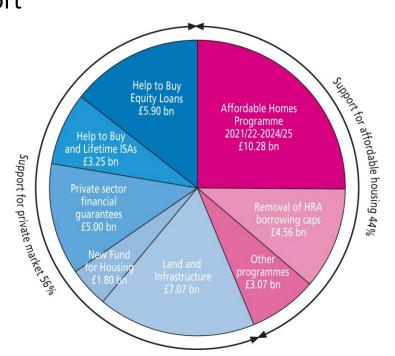
In **Scotland** and **Wales**: 89% of support

In **England**: 44% of support:

- AHP £10.2 billion over four years
- Affordable Housing Guarantees £3 billion
- Removal of HRA borrowing caps £4.5 billion

But private market support:

- Land, infrastructure etc £8.8 billion
- Help to Buy over 4 years £5.9 billion
- ISAs £3.2 billion
- Private sector guarantees £5 billion



Social rented housing



Affordable Homes Programme 2021-26:

- Homes England target of 6,400 social rented homes annually
- GLA half of 35k starts to be for social rent (so far, 57%)

Scotland – target of 11k homes annually, at least 70% for social rent Wales - target of 4k "new low carbon social homes for rent"

Northern Ireland – majority for social rent



Contrast England and Scotland



Scotland has gained approx. 25,000 social rented homes since 2016

Scottish grant benchmarks – typically over £70,000

In contrast, **England's** social rent output is less than 7,000 annually

England has **lost** 208,000 social rented homes since 2012 – through RTB and conversions

Current grant levels £64k outside London (in London were fixed, now negotiable)





How do we close the gap?

- Rebalance support? arguably the private market will support many more FTBs
- Modest increase in social rent output could be financed by savings in HB and TA costs
- But a full-scale programme would require a much bigger budget + higher grant levels

Social rent supply in England might increase to 11-12,000 annually, but how do close the gap between supply and need?

Table 1.3.1 Projected new housebuilding requirements in Great Britain, 2018

	Total		Affordable housing		
		Social rent	Shared ownership	Intermediate rent	
England	340,000	90,000	25,000	30,000	
Scotland	26,000	5,500	2,500	2,000	
Wales	14,000	4,000	1,500	1,500	
Great Britain	380,000	100,000	29,000	33,500	

Bramley, G. Housing supply across Great Britain for low-income households and homeless people.

Thanks to our sponsors



















The Scottish and Welsh Governments

Northern Ireland Housing Executive

Clarion, Guinness, L&Q and settle

Crisis

Housing Studies Charitable Trust

The Housing Finance Corporation

