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UK HOUSING REVIEW

AUTUMN BRIEFING PAPER

14:30 – 16:00



More of the same or clear differences?

Party housing policies in the run-
up to the UK election

2023 UK HOUSING REVIEW

Autumn
Briefing Paper

Mark Stephens, John Perry,
Peter Williams, Gillian Young
and guest contributors



Prospects for a shift in housing policy



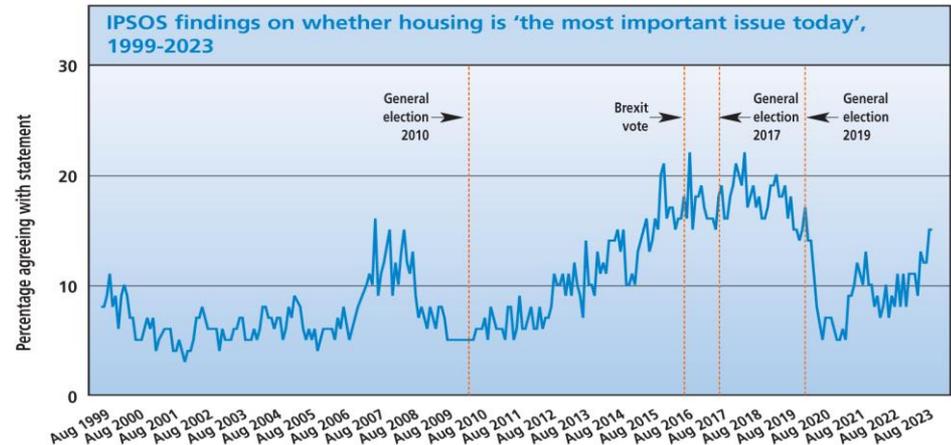
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Both parties committed to 300,000 units p.a. target:

- Conservatives favour permitted development to raise densities.
- Labour favour use of greenbelt and New Towns.

Both parties support rise in homeownership:

- Conservatives favour support for FTBs, possibly a return to HtB
- Labour favour mortgage guarantees, limits on sales to foreign investors and “first dibs” to FTBs.
- Both will retain RTB. Labour might review discounts?



Source: IPSOS Issues Index.

Both favour modest reforms to private renting:

- Labour not committed to going much further than Renters' Reform Bill on no fault evictions and security.

So far agreement on LHA and social security:

- No commitment from Labour to restore reference rents to 30th percentile.
- Labour ruled out ending 2-child benefit limit.

Affordable Homes Programme:

- Labour looking at ways to expand whilst limiting impact on public spending.
- Developer contributions

Net Zero

- Differences opening up

Overall: differences in emphasis, not a fundamental shift.

The private housing market, first-time buyers and shared ownership

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The private housing market's dramatic change in 2023



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- After 14 rises in BoE rate, mortgage affordability collapsed. Shift to PRS
- Transactions and prices falling as a consequence while cash buyers have enhanced power
- Slide will continue through 2023 into 2024
- Much turns now on rates, wage inflation, employment as to when turn takes place
- Not a collapse but an inevitable and necessary deflation. Recovery underpinned by demand/supply imbalance and probably stimulus measures. Flatlining at best.

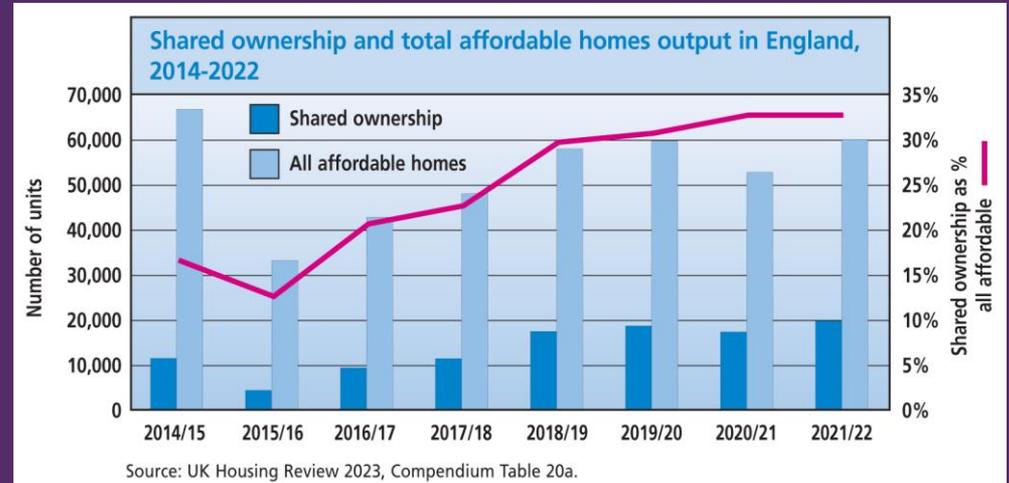




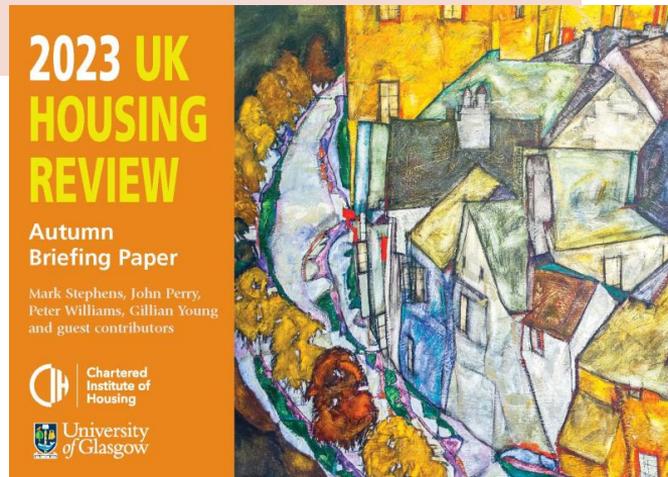
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- Flat supply despite rising demand – excluded from mainstream. Output could be increased 3X
- SO supply likely to fall - squeeze on budgets and section 106
- Shift to FPRPs and private investment
- Case for further reform and SO Council emerging

Shared ownership in England – finally in the spotlight?



Inequality in housing wealth and its implications





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Inequality in housing wealth and its implications

- Housing wealth is an unusual asset
- Home ownership is ripe for 'levelling up'
- Tax matters...



Will legislation lead to a more effective response to single homelessness?

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Will legislation lead to a more effective response to single homelessness?



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- The Supported Housing (Regulatory Oversight) Act
 - An opportunity to improve regulatory oversight
 - A potential catalyst to rethink the way we tackle single homelessness
- Wider reform is also critical:
 - 90,000 social rent homes p.a.
 - LHA covers the cost of rent (30th percentile)
 - Sustained, ring-fenced funding for support

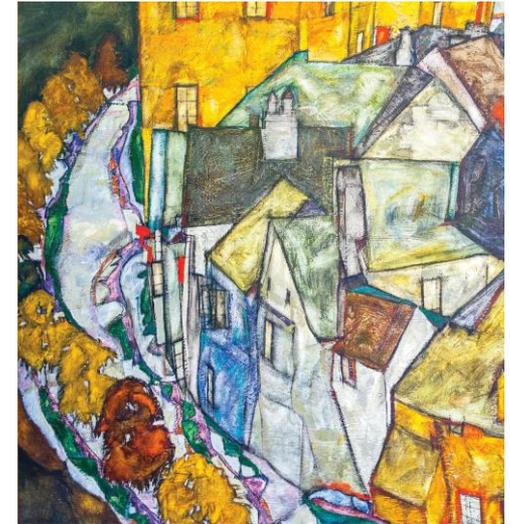


Will legislation lead to a more effective response to single homelessness?



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- The Act will introduce:
 - Licensing of supported housing providers
 - National Supported Housing Standards
 - Duty for local authorities to review supported housing provision and publish a Supported Housing Strategy
 - Duty on Secretary of State to create Supported Housing Advisory Panel
- Also critical in the transition to a new regime:
 - Adequate new burdens funding
 - Increased staff capacity
 - Enhanced homelessness prevention



Will legislation lead to a more effective response to single homelessness?



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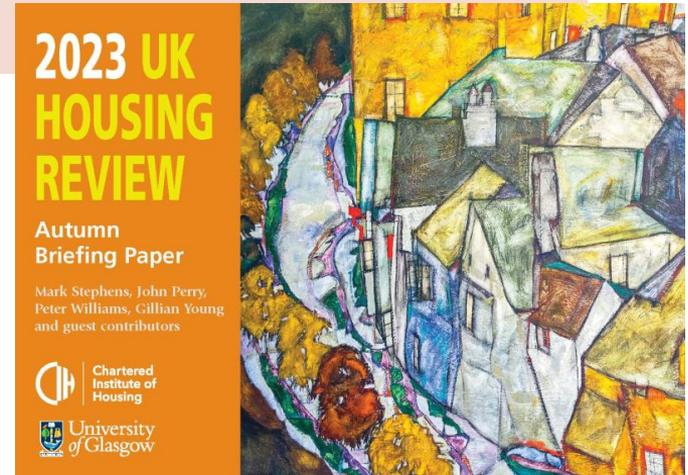
Scotland's housing-led approach where homelessness has not been prevented

- Mainstream housing no floating support
- Mainstream housing with floating support
- Housing First
- Supported with on-site support



Source: Adapted from a graph originally devised by Homeless Network Scotland based on evidence of requirements for each form of housing for people experiencing homelessness in Scotland

The refugee and asylum crisis is also a housing crisis

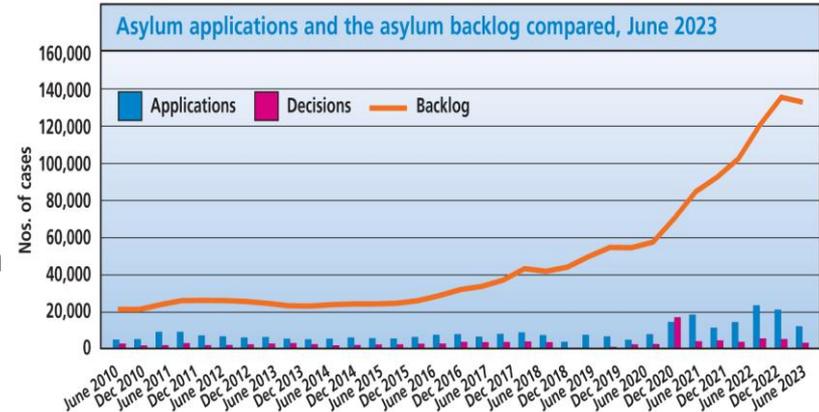


The refugee and asylum crisis is also a housing crisis



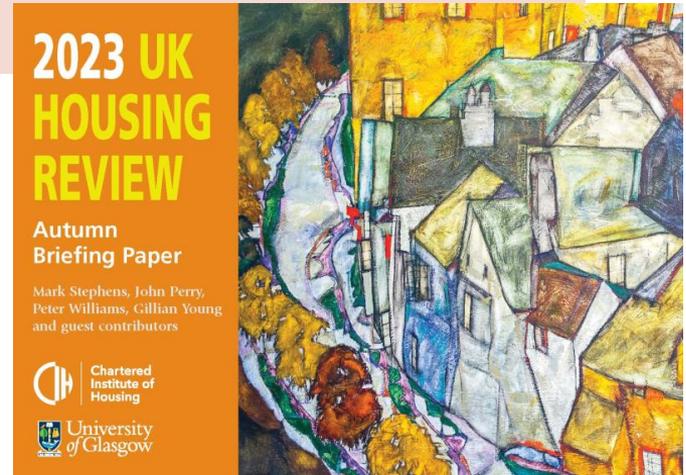
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- Military bases, hotels boats and barges – an administrative and a housing crisis
- Partly fuelled by international crises
- But asylum demand is not unprecedented (was only 7% of 2022's record 600k migration)
- Yet 50,000 are in hotels – the chart explains why
- We have also failed Afghan refugees – 10,000 were in hotels in August, many of them families
- But the response to the Ukraine crisis offers a ray of hope – over 180,000 aided, many by HfU scheme, albeit 7k have since presented as homeless.
- Scope for wider use of “hosting”
- Gov't belatedly learned it must address asylum backlog
- Will it learn that we simply need more social housing if we are to cope with these crises as well as having any chance to meet 'normal' housing needs?



Source: Home Office statistics to June 2023. Tables Asy_001, Asy_002 and Asy_004. 'Decisions' excludes resettlement decisions.

Leasehold: what we know and where we are heading

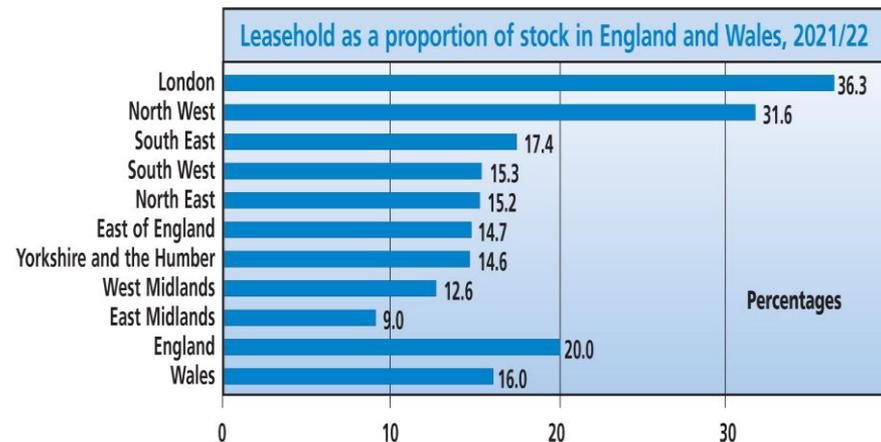


Leasehold: what we know and where we are heading



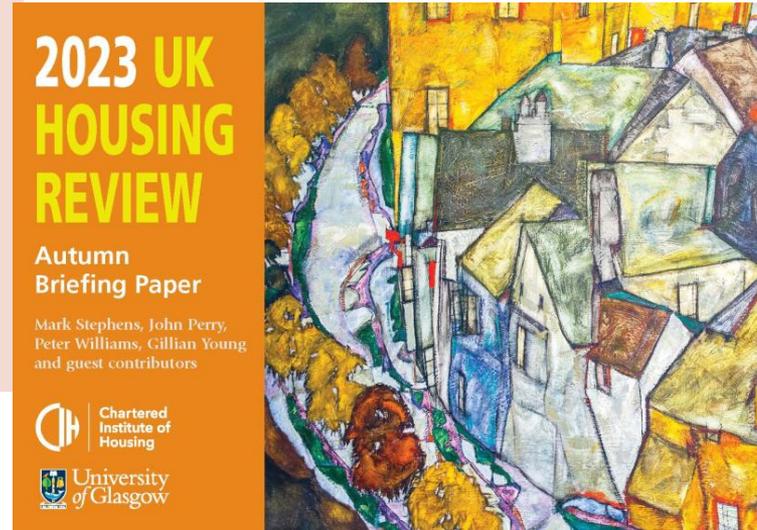
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- 5 million leasehold properties in England and Wales – chart shows marked concentrations (EHS)
- High service charges – av. £42 weekly in London
- EHS shows high satisfaction levels (91%) with generally modern dwellings on long leases
- Masks problems? – short leases, high renewal charges, repair costs
- Gov't planning only modest reforms; Labour promises to scrap leasehold entirely



Source: DLUHC Official Statistics, Leasehold Dwellings 2021-2022, Annex Table 4; Welsh Government, Research into the sale and use of leaseholds in Wales, 2021.

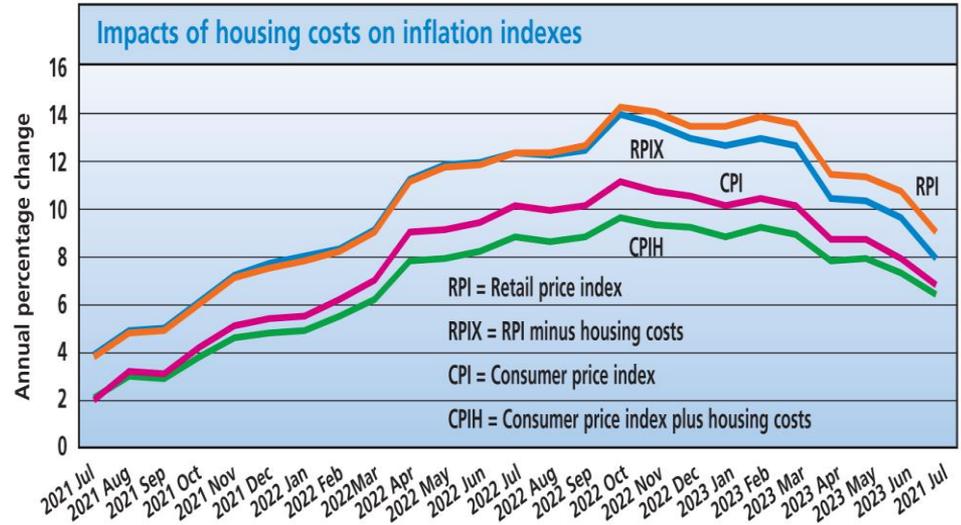
Economic prospects: time to think about housing costs in the inflation index



Economic prospects: time to think about housing costs in the inflation index



- Long-run slow growth eclipsed by “cost of living crisis”.
- BoE targets CPI – excludes housing costs.
- Impacts of rising interest rates and rising rents unrecorded.
- But adoption of CPIH shows inflation *lower* than CPI!
- RPI – runs above RPIX because includes mortgage interest.
- Questions credibility of current inflation targeting regime.
- Case for broad based (fiscal and monetary) policy response to realistic cost of living index.
- May even prompt reform of housing taxation!



Source: ONS.

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