2022 UK HOUSING REVIEW

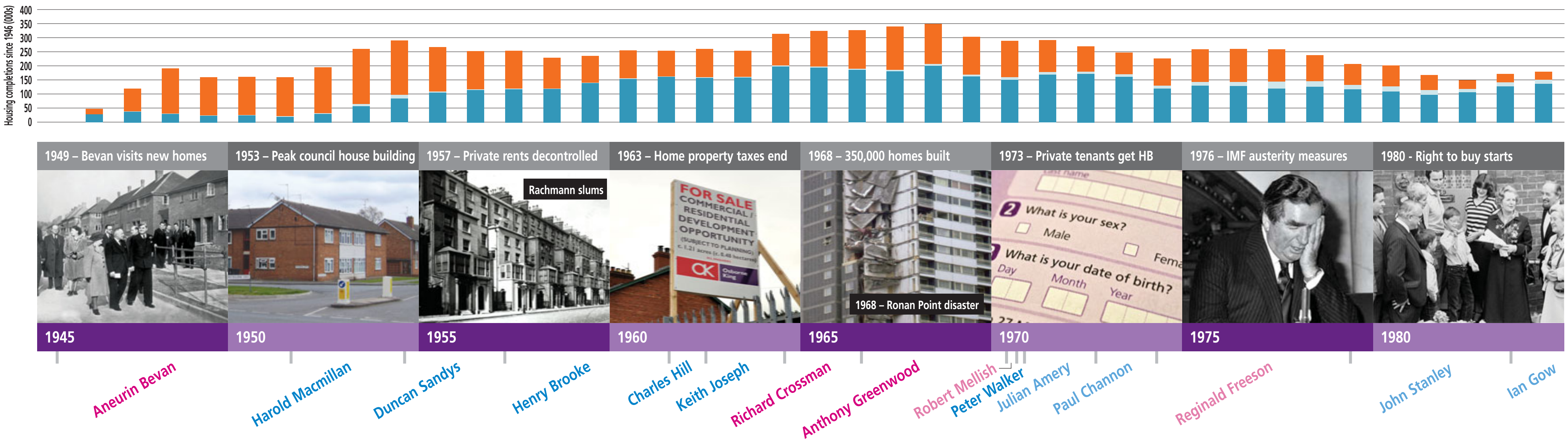
Autumn Briefing Paper

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

Chartered Institute of Housing

University of Glasgow

Roll-call of post-war English housing ministers



KEY: Names in light blue/light red were not members of the cabinet (*not a Minister of State)

GRAPH KEY: Local authorities | Housing associations | Private sector

Source: Authors' investigations with assistance from the two parliamentary libraries.

Contents

The Chartered Institute of Housing

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals and their organisations with the advice, support and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world.

Chartered Institute of Housing
Rowan House, Westwood Way, Coventry CV4 8HS
Tel: 024 7685 1700
Email: customer.services@cih.org
Website: www.cih.org

UK Housing Review website: **www.ukhousingreview.org.uk**

UK Housing Review Briefing Paper 2022

Published by the Chartered Institute of Housing

The facts presented and views expressed in the Briefing, however, are those of the author(s) and not necessarily those of the CIH.

Layout by Jeremy Spencer

Front cover: New House in the Suburbs, Paul Klee, 1924, National Gallery of Art, Washington / Peter Barritt / Alamy Stock Photo

Introduction

The *UK Housing Review*, which is published annually each Spring, reached its 30th edition earlier in 2022. This Autumn Briefing Paper, the 13th in the series, complements the main *Review* and was drafted at a particularly challenging time given the change of prime minister, the recent 'growth plan' or mini-budget and its aftermath, and the background of the acute cost-of-living crisis. There has of course also been yet another change in ministerial responsibility for housing in England, with Lee Rowley now the 19th occupant of this post since 2000 (see the Briefing's 'Roll-call of post-war English housing ministers').

This year's Briefing Paper focuses on such topical developments, but it also covers a range of other pressing issues, addressing some of the main areas of change and policy development since the full *UK Housing Review 2022* was published in March.

A more detailed analysis of policy developments should be possible in the *UK Housing Review 2023* which will be published next Spring, not least because this will follow the UK government's forthcoming Spending Review and the new assessment by the Office for Budget Responsibility of the UK's economic prospects in the context of tax cuts and possibly severe public spending cuts.

Both the main *Review* and the Briefing Paper aim to give detailed consideration to each part of the UK. Drawing on the latest statistics, the Briefing Paper assesses the implications of new policy and market developments in thirteen different topic areas, several of which are UK-wide. Three dedicated pages also cover some of the specific policy developments in Scotland, Wales and Northern Ireland.

Our final page provides a list of updated tables now available on the *Review's* website (www.ukhousingreview.org.uk).

The housing market remains in flux

House prices continued to rise and transactions recovered in the post-pandemic housing market, but both have now been hit by interest-rate rises and the withdrawal of what had been attractive mortgage terms for many potential buyers. Two articles look at the state of the market, albeit it is in severe flux and more changes might be expected. One looks at the market as a whole, while the other – by Bob Pannell – considers the prospects for first-time buyers (FTBs). The latter makes the strong point that FTBs are not necessarily what they appear to be – many may in fact be former owners.

Key issues in the management of the social housing stock

In contrast to previous editions, this year's Briefing Paper has several articles on the existing social housing stock. Annie Owens looks at building safety five years after the Grenfell Tower fire and a complementary article considers the very slow progress being made to decarbonise the stock (with government 'net zero' targets even more at risk than before).

In terms of management of the stock, Roger Jarman argues that new proposals to regulate social housing in England take us back more than a decade to something like the earlier previous regulatory regime. And in the context of the cost-of-living crisis, the Briefing Paper looks at the arguments for restraining social sector rents, and the implications for investment and tenant services if rent increases are held below inflation.

Homelessness, health issues and accommodating refugees

This year's Briefing Paper examines three issues under this broad heading. First, Francesca Albanese considers the growth in use of temporary accommodation for homeless households and the effects on their wellbeing. Second, Sarah Davis examines the link between house condition and health, particularly regarding the need for more accessible housing. And third, the Briefing Paper puts the response to the Ukrainian refugee crisis into context with similar recent crises, such as the need to take in evacuees from Afghanistan.

Private renting and the levelling-up agenda

Reform of the private rented sector in England was proposed by the Johnson government and is considered here on the assumption that it will still proceed. The 'levelling-up agenda', also promoted by Johnson, is another policy area at risk of change or demotion, but Brian Robson nevertheless considers its prospects.

In April next year the *UK Housing Review 2023* will aim to provide a considered appraisal of the Westminster government's latest housing and welfare policy changes, and will also, of course, include fresh assessments of policy developments in Scotland, Wales and Northern Ireland.

With a wide range of contributors to this year's Briefing Paper alongside the *Review's* normal team of authors, for this edition we owe special thanks to Sarah Davis, Matt Kennedy, Annie Owens and Heather Wilson of CIH, Francesca Albanese of Crisis, Roger Jarman and Bob Pannell who are independent consultants and Brian Robson of the Northern Housing Consortium.

Mark Stephens, John Perry, Peter Williams and Gillian Young

November 2022

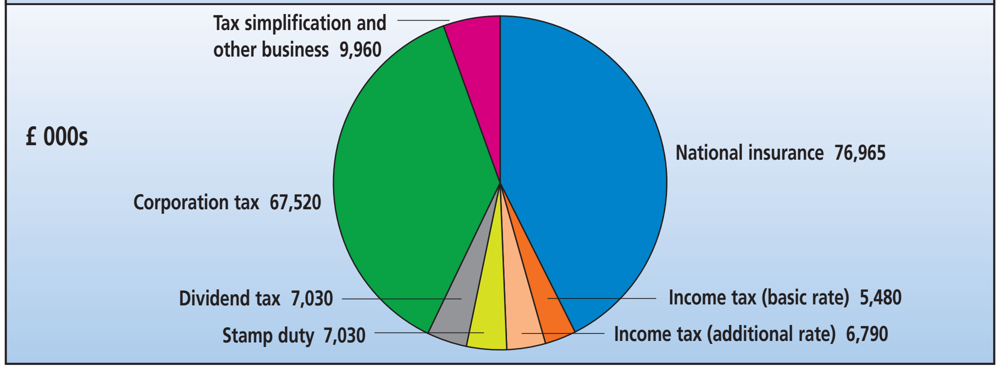
Economic prospects: 'The beginning of a new era' *Mark Stephens*

The economic situation has been dominated by the upswing in inflation. Prices were already rising due to supply bottlenecks encountered as countries exited pandemic-related lockdowns and, in the UK's case, exacerbated by Brexit. However, the Russian invasion of Ukraine on February 24 led to an immediate rocketing of oil and gas prices. The consequent rise in energy prices for households and businesses has in turn flowed through into consumer price inflation. In July, it reached ten per cent, the highest level since 1982, and was at the same level in September.

This has upset the economic policy framework that has prevailed since the 1990s, when the opening-up of the Chinese economy helped to usher in a quarter century of low consumer price inflation and low interest rates. Independent central banks – including the Bank of England from 1997 – were charged with setting interest rates to meet inflation targets. Their role expanded to become central actors in economic management during both the global financial crisis and the pandemic – the Bank of England (BoE) having supported some £450 billion of quantitative easing during the pandemic, mostly directed at purchasing government debt.

How the government would have balanced Rishi Sunak's desire to consolidate finances after government debt had risen to almost 100 per cent of GDP, with Boris Johnson's commitment to levelling up, will never be known. But Johnson's successor, Liz Truss, signalled dissatisfaction with economic 'orthodoxy' during the leadership election. Whilst her early questioning of the BoE's mandate was later toned down, the dismissal of Tom Scholar, the long-serving permanent secretary at the Treasury, within days of the new administration taking office reflected a determination to set a new direction.

Originally estimated gross four-year cost of growth plan tax changes from 2022/23



Source: HM Treasury Growth Plan, Table 4.2.
Note: HM Treasury estimates that £11.96 billion will be generated by higher wages and profits arising from the reversal of the temporary national insurance increase and cancellation of the health and social care levy.

Tax cuts

This direction was confirmed by the then chancellor, Kwasi Kwarteng, in September's mini-budget, characterised as a 'growth plan' heralding 'the beginning of a new era'. The government aimed to restore annual trend growth to 2.5 per cent through supply-side reforms and cutting taxes, hoping that such growth would more than compensate for tax revenue foregone.

According to the IFS, the package represented the largest tax cut since the infamous 'Barber Boom' Budget of 1972. The reversal of the 1.2 percentage point rise in national insurance from November was the largest cut, estimated to cost about £17 billion in a full year. Cancelling the previously announced increase in corporation tax had, according to the Treasury, a gross cost of £12.4 billion in its first year. Bringing forward to April 2023 the previously announced cut in the basic rate of income tax to 19 pence in the pound would cost about £5.2 billion in its first year. The permanent' – but since reversed – removal of the 45 pence additional rate was expected to cost around £2 billion a year. The cumulative costs up to and including 2026/27 originally amounted to over £180 billion (see chart).

Other changes

To increase the labour supply – unemployment has fallen to its lowest level since 1974 – the chancellor proposed to bring some 120,000 universal credit claimants who are already in work into the 'intensive conditionality regime', which means they could lose benefits if judged not to have taken sufficiently active steps to increase their hours worked.

Supply-side reforms announced include the introduction of Investment Zones (with tax and planning concessions), as well as reforms to planning for major infrastructure projects.

The growth plan promised to 'set out its vision to unlock homeownership for a new generation by building more homes in the places people want to live and work and by getting our housing market moving... in due course'. Incentives to encourage the sale of public land for housebuilding were also announced.

Permanent cuts to stamp duty (in England and Northern Ireland) will raise the threshold from £120,000 to £250,000, whilst the threshold for first-time buyers rises from £300,000 to £425,000, with the maximum value limit rising from £500,000 to £625,000. The estimated cost is £1.5 billion in the first full year.

Whilst Truss signalled support for tax cuts, and opposition to 'handouts' as a response to the cost-of-living crisis, the anticipated rise in the energy price cap to £3,500 in October and to over £5,000 next year made this position unsustainable. End Fuel Poverty estimated that as many as 12 million households (over 40 per cent of the total) would experience fuel poverty if no action were taken. Hence September's package capping average household energy bills at £2,500.

The underlying fragility of the UK economy was exposed by the markets' reaction to the mini-budget, which had the immediate effect of sterling's value falling towards parity with the US dollar, and interest rates on gilts rising rapidly. The latter forced the BoE rapidly to abandon its previously announced reversal of quantitative easing and instead launch an emergency programme to purchase gilts up to £65 billion to ensure the liquidity and hence continued viability of defined-benefit pension funds.

That the trigger for the crisis was the unexpected announcement of the scrapping of the 45 pence rate of income tax indicates the nervousness of the markets towards UK economic policy. The cost of this measure was estimated at £2 billion in a package of some £45 billion (annual figures), so in itself not of great material significance. But when combined with the dismissal of the most senior Treasury official, seemingly on grounds that he was too orthodox, and the refusal to commission independent forecasts from the OBR, this signalled fiscal irresponsibility.

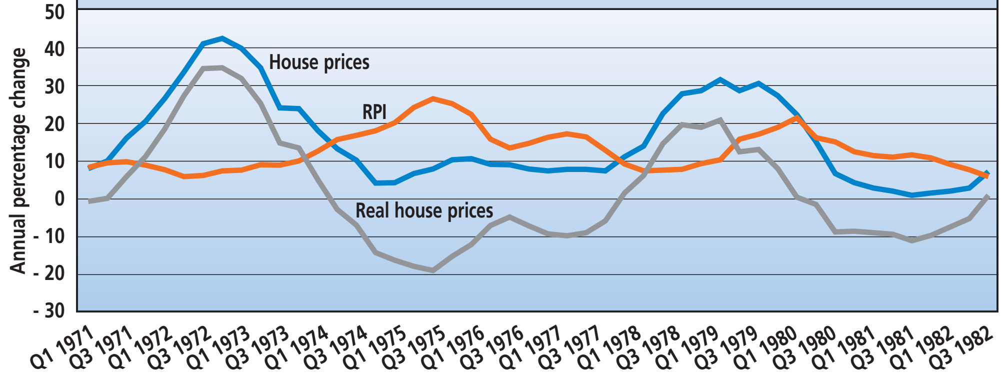
The government's U-turns and signals that it would seek to cut public expenditure in the medium-term financial plan were not enough, and Liz Truss had to dismiss her chancellor and replace him with Jeremy Hunt, a former health secretary. Hunt then proceeded to reverse almost all of the tax changes announced in the mini-budget, including to corporation tax (the biggest saving – see chart) and the standard rate of income tax. Signalling that the government would have to make decisions of 'eye watering difficulty' Hunt prepared his party for real-terms budget cuts. Indeed, he announced that the Energy Support Plan would last in its current form for only six months, with a replacement scheme likely to be less generous (and less costly).

Speculation has continued as to whether social security benefits will be uprated by CPI inflation, which again exceeded ten per cent in the reference month of September. When still prime minister, Truss would not give this commitment, and in any case has now been forced to resign. Poverty groups and others have warned of the consequences of such a measure, suggesting that a couple with two children in receipt of universal credit would be more than £1,000 worse off in 2024/25 if benefits were to be uprated by earnings rather than by inflation.[1] The measure would save some £11 billion, according to the Resolution Foundation. Another suggestion is that increases in the pension age could be accelerated.

However, rising interest rates on gilts led mortgage providers to withdraw fixed-rate products so that they could be repriced. The products offered as lenders began returning to the market were around 5.75 per cent for two-year fixed rates, which the *Financial Times* reported as being the highest level since 2008.[2] It is also highly probable that the BoE will increase base rates further to counter any inflationary effect of the increased spending power arising from the tax cuts and the untargeted Energy Support Plan. The bank rate was reduced to 0.1 per cent in March 2020 in response to the pandemic, and this rate prevailed until late in 2021. Since then, a series of rises took the base rate to 2.25 per cent in September, its highest since 2008.

The shift to a higher interest-rate environment will undoubtedly affect the housing market, countering any boost provided by the changes to stamp duty, and affecting existing borrowers as they come off fixed rates (see p.8). Some fall in house prices is required to restore affordability lost over the past quarter of a century as monetary policy, in particular, has privileged existing owners over first-time buyers, and as real earnings have stagnated. Such an adjustment would help to discourage overinvestment in property to the detriment of productive assets and tackle this underlying structural weakness in the British economy. Major reforms to the council tax, or preferably its replacement with a fairer form of land or property tax, could help to lock in affordability and provide greater incentives to improve productivity. Adjustments of this magnitude create losers and can be highly disruptive in the short run, although periods of high inflation can ease real price adjustments. In the 1970s there were substantial falls in real house prices, but these did not disrupt the market or cause undue hardship as cash values were maintained, so preventing negative equity that was a significant problem during the house price adjustment in the 1990s and contributed to the mortgage arrears and possessions crisis (see chart).

Historic chart of house prices and inflation 1970-82



Source: Nationwide and ONS.

Introducing the 'growth plan', the now former chancellor, Kwasi Kwarteng, said that we are 'at the beginning of a new era'. This still holds, but perhaps not in the way he envisaged.

References

1 Chancellor faced with five options to cut public debt, *Financial Times*, 5 October 2022

2 Banks return to mortgage market with rates near 5%, *Financial Times*, 4 October 2022

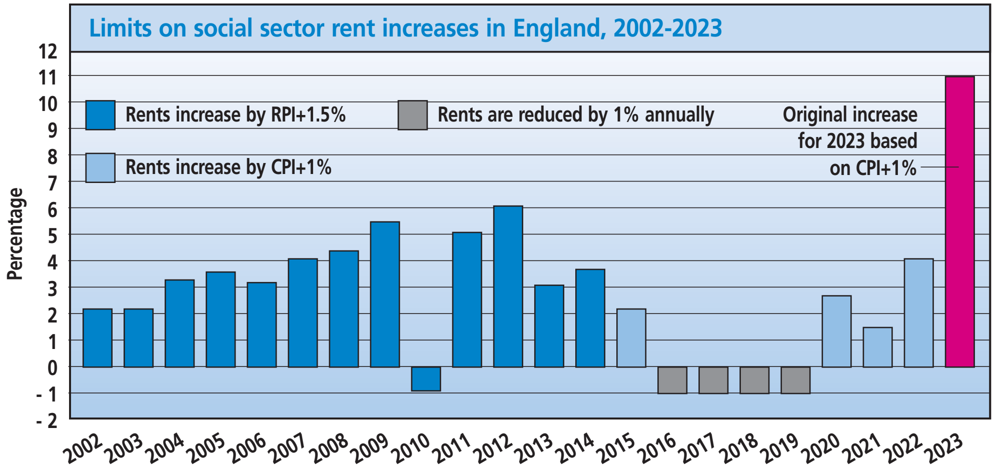
The cost-of-living crisis and social sector rents

John Perry

September's mini-budget gave little extra help to poorer families apart from its pre-announced support for fuel bills. Tax and national insurance cuts would have had little effect: for example, for someone on the national minimum wage working 35 hours a week, the help would have been worth just £1.13.

Social landlords are debating how best to respond to this crisis, with many having hardship funds and other mechanisms to assist tenants.[1] A key issue is whether to raise rents in April 2023, and if so by how much. In England and Wales, current policy allows rents to increase by CPI+1%, which would mean a double-digit percentage increase. In Scotland, there is now a rents freeze until at least March, with suggestions that it might continue into 2023/24. Northern Ireland has seen a freeze on Housing Executive rents this year although housing associations are so far unaffected.

Debate in England focusses on a government consultation paper with options to limit rent increases to 7%, 5% or 3%.[2] This article summarises the debate, based on work being done for CIH by Savills and on discussions within the sector. The current CPI+1% limit replaced a 'ten-year' policy set in 2015/16, which subsequently suffered several changes (see chart). The new one, in turn, is about to be breached.



Source: Based on a chart by the Resolution Foundation.

While CPI inflation is running at about ten per cent, social landlord cost increases are estimated by Savills at similar or even slightly higher figures, with lower salary costs offset by higher contractor and utility costs. Costs of new borrowing have also doubled in the last year. The prospect is therefore that social landlords will need to cap their income at less than inflation but, unlike energy companies, receive no government compensation. Nevertheless, there appears to be consensus that rents simply cannot be raised by CPI + 1% given the intense cost-of-living crisis faced by the one-third of tenants whose rents are not covered by benefits.

The effects on sector finances will be considerable. Compared with an increase that fully covers inflation, Savills estimate the impact of a five per cent cap on annual income as up to £500 million for councils and up to £1 billion for associations. Local authorities have tighter margins than housing associations, but in general they have welcomed the consultation as it facilitates some rent increases when there might be local political pressures to freeze rents completely. However, one large housing association indicates that even a seven per cent cap means a 21 per cent cut in new build, while three per cent would end three-quarters of new development and require pulling out of existing contracts. Longer-term impacts depend on how policy is framed beyond 2023/24.

There is major concern about the effects on investment in the existing stock. While fuel costs escalate, there will be enforced delays to energy-efficiency programmes often aimed at the worst stock. One landlord calculates the difference in heating bills for their worst compared with their best homes at about £2,000 annually. This neatly illustrates the strong case for recycling housing benefit savings that result from a rent cap back into the sector, both to maintain investment in the stock and to sustain the funds used to mitigate tenant hardship.

Supported housing providers are particularly challenged by rent caps because escalating costs potentially make schemes unviable, prejudicing their future. They argue that practically all supported tenants receive benefits anyway, so get no advantage from a rent cap.

Finally, a huge issue for low-income tenants continues to be restrictions in the benefits system such as the overall benefits cap, inadequate local housing allowances and the 'bedroom tax', all of which were set in a different environment. While they are helped if rents are held below inflation, recipients would be helped more by revision or abolition of these restrictions on their benefits. Unfortunately, the government appears to be planning cuts which will increase hardship rather than ease it. One landlord's assessment of tenants' precarious household finances led them to comment that many families with children could be left completely destitute, even if rent rises are kept to five per cent.

References

1 See CIH's cost-of-living bulletins for examples (www.cih.org/policy/cost-of-living-crisis-briefings).

2 See www.gov.uk/government/consultations/social-housing-rents-consultation

Housing under Johnson's turbulent administration and prospects after Truss

Mark Stephens

Boris Johnson's government lasted for little more than three years. Born of his predecessor's inability to command a Commons majority, Johnson's high point was his December 2019 election victory which enabled him 'to get Brexit done' (as his election slogan had it). But for the pandemic, he might have led a government that pursued the 'levelling-up' agenda in the so-called 'red wall' seats in the north of England that helped secure his parliamentary majority.

Barely three months after his election triumph, the pandemic required unprecedented levels of state intervention. And no sooner than Covid was deemed sufficiently tamed, Johnson's government imploded as his character failings began to risk making the party electorally unviable.

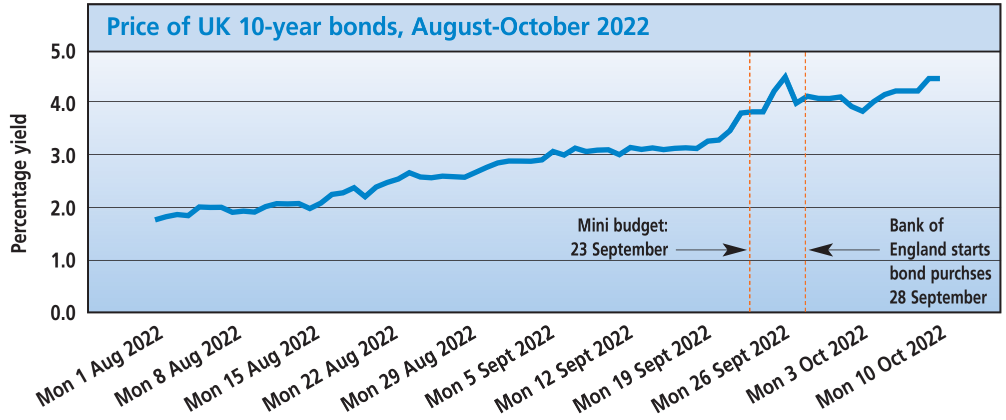
The turmoil under Mr Johnson's government consumed no fewer than four housing ministers – a remarkable turnover even by recent standards (see ministers' chart, inside front cover). The government followed its predecessors in prioritising housebuilding as the route to making homeownership affordable to young people. Housing completions levels rising to 300,000 a year were promised by the mid-2020s, with at least one million homes delivered during the parliament.

These targets were never likely to be achieved, even without the pandemic's effect on construction activity and despite the stamp duty holiday that fuelled demand and an unexpected housing boom. Housebuilding was running 40 per cent below the 300,000 target in England as the country emerged from the pandemic.

The Johnson government did have one very big idea that it believed would raise housing output: reforming the planning system. A white paper proposed a new zonal planning system for England, designed to reduce uncertainty for developers.[1] The proposal was undone by a parallel proposal to reintroduce housebuilding targets, and what Johnson sought to dismiss as 'a mutant algorithm' that directed development towards the Tory heartlands and played a role in the party's loss of the Chesham and Amersham by-election in June 2021. The most radical planning reforms were abandoned the following May – seemingly together with the 300,000 target.

Other reforms have continued to be developed, notably the proposed end to 'no fault' evictions and to raise standards in the private rented sector (see p.13), and the social charter for social tenants. Unlike the Cameron governments, Johnson's made no attempt radically to change the nature of social renting.

Housing briefly regained prominence as Mr Johnson sought to reboot his administration having won a no confidence vote in June 2022. The proposed extension of the right to buy to housing association tenants was reheated, despite the practical difficulties encountered when it was proposed by David Cameron. Mr Johnson also hoped to widen the right to buy by utilising benefit payments for deposits (it was never clear what this really meant), and there was a proposed review of mortgage lending (now underway) aimed at bringing homeownership within reach of more tenants.



Source: investing.com

Ms Truss appeared undeterred by the challenges she faced, exacerbated by the cost-of-living crisis. Her pitch to party members relied on promoting her image as an insurgent, despite having served continuously in cabinets since 2012. As recently as 2019 she wanted to take on the 'nimbys', arguing in favour of more housebuilding in rural areas. '[W]e do have to be prepared to take on those who don't want a house built in the field next to them,'[2] she said. But Truss rejected 'Whitehall-inspired Stalinist housing targets' and in parliament bemoaned the alleged alacrity with which planning inspectors overturn decisions made by councils. At the same time, she believed the planning system is 'too bureaucratic, too slow, and too complex' and promised to reveal planning reforms that would promote housebuilding. The cuts to stamp duty announced were intended to be 'permanent' and part of her go-for-growth economic strategy. However, government and households will need to align themselves to a higher interest rate environment (see chart).

As the Briefing Paper is finalised, Truss's successor is unknown. However, chancellor Hunt or his replacement are faced with an enormous gap in the public finances, even after the Kwarteng tax cuts were reversed. If the UK faces 'Austerity 2.0', it seems likely that spending on health and education might again be protected to some extent, at the expense of other public services. The picture should be clearer after the spending review announcement on October 31, but if housing, benefits and local services face further deep cuts, such measures also face a difficult political passage through a House of Commons animated by the current political turmoil and the sharp falls in the Tories' poll ratings.

References

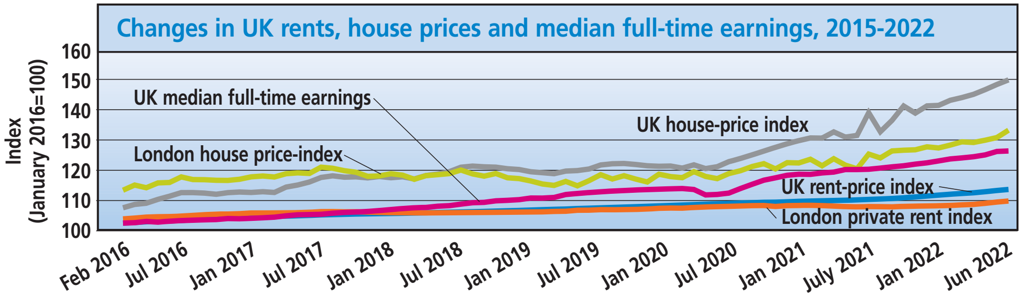
1 See Contemporary Issues Chapter 2 in the *UK Housing Review 2021*.

2 See https://todaysconveyancer.co.uk/sunak-vs-truss-a-comparison-of-housing-policy/

Rising pressures in the private housing market during 2022

Peter Williams

Rising pressures, variously derived from supply shortages, higher interest rates, Covid, war in Ukraine and more, have become familiar and the housing market is no exception. After two years of buoyant activity, propelled in part by governments across the UK cutting transaction taxes, the prospects for both owners and renters are worsening (see chart).



Source: relevant ONS datasets.

Many first-time buyer (FTBs – see article on p.11) and others brought forward their purchases to take advantage of tax cuts. Further momentum came from buyers moving quickly to seal longer-term mortgage deals ahead of rate rises. The upsurge in demand along with locational effects and the 'race for space' kept prices rising, despite the pandemic. Sellers upped prices and bidding wars broke out, driving prices even higher.

Some of these dynamics remain but are waning alongside the emerging financial squeeze (see p.4). Some 40 per cent of mortgage products have been withdrawn from the market partly because of the volatility of the swap market on which fixed-term mortgages are based. There has also been a general re-pricing to reflect the rise in base rates and gilt yields.

Clearly all data now lag behind market realities as sellers begin to chase buyers: the tables have turned! Price-rises appear to be slowing but we await evidence of the almost inevitable market contraction and falling prices – but much depends on buyer segment, property location and type and of course on government and Bank of England interventions. Sales at the bottom end of the market may fall more rapidly reflecting the surging pressures on lower-income households. Recently announced transaction-duty cuts will stimulate demand, but how far will they offset the negative factors?

Completion prices reflect the market three months ago so are a lagged indicator. The RICS Residential Market Survey for August showed that enquiries, sales and instructions were falling ever faster.[1] Prices were still rising but more slowly, suggesting an imminent halt. Somewhat dated figures show that numbers of approved mortgages and transactions have been falling over the last few months, but of course with a shortage of homes on the market prices have stayed strong.

Without doubt the market (as measured by house prices) has proved to be more resilient than many expected, in part due to limited stock being available and enhanced demand. With sharp interest-rate rises now coming through in mortgage pricing and with confidence plummeting, this will change. Some 80 per cent of borrowers are on 2- and 5-year fixed rates but when these end, loans will be more expensive. House-price indices are starting to point towards monthly nominal price falls.

The trends are reflected in the Treasury's Comparison of Independent Forecasts.[2] Forecasts for Q4, 2022 range from +12 per cent rise in house prices to +0.8 per cent. The median is +6.2 per cent, whilst OBR had projected +4.3 per cent. Projections for 2023 reveal a narrower, more negative range from +3.5 down to -4.8 per cent (median zero; OBR +0.8). This suggests a significant slowing in the market and real-terms falls in prices. Although mortgage arrears and possessions remain low, the new conditions suggest that more households will get into difficulty.

Stretched affordability is no longer just a feature of London and the South East. Setting aside rising mortgage costs and possibly falling prices, the cost of renting has surged, reducing the capacity of some households to save a deposit. Demand in the PRS has increased in part due to people returning to the cities and from parental homes, while supply has fallen. Evidence suggests that landlords are selling more homes than they are buying and that the PRS is now shrinking, partly in response to the policy stance of governments across the UK (see p.13).[3]

The tightening regulation of the PRS is likely to be accompanied by fewer affordable homeownership opportunities, with the planned closure of the English Help to Buy scheme in March 2023 and less provision of shared ownership by housing associations as they respond to pressures on their finances.

The Financial Policy Committee's decision to end the interest-rate stress test (which assesses a borrowers' ability to repay a mortgage) offers some slight mitigation. The FPC's technical annex suggests six per cent of borrowers may have borrowed more without the limit and that around one per cent of renters might have been prevented from buying.[4]

Whereas in 1991 about two-thirds of 25-34-year-olds were homeowners, it is now around two-fifths. Affordability pressures on younger households have increased and the inequalities driven by the housing market, for both owners and renters, are intensifying. While regional levelling-up may help, it is the UK government's fiscal policy and its willingness to make some hard choices around property taxation that need most attention. There is no sign of that.

References

1 See www.rics.org/globalassets/rics-website/media/knowledge/research/market-surveys/uk-residential-market-surveys/7._web_-august

2 See https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1098923/Forecomp_August_2022.pdf

3 See www.telegraph.co.uk/property/buy-to-let/war-landlords-will-cost-britain-50000-rental-homes-year/

4 Bank of England (2021) *Financial Stability Report 2021, Technical annex: evidence on the FPC's mortgage market recommendations.* London: BoE.

Levelling-up: an uncertain future?

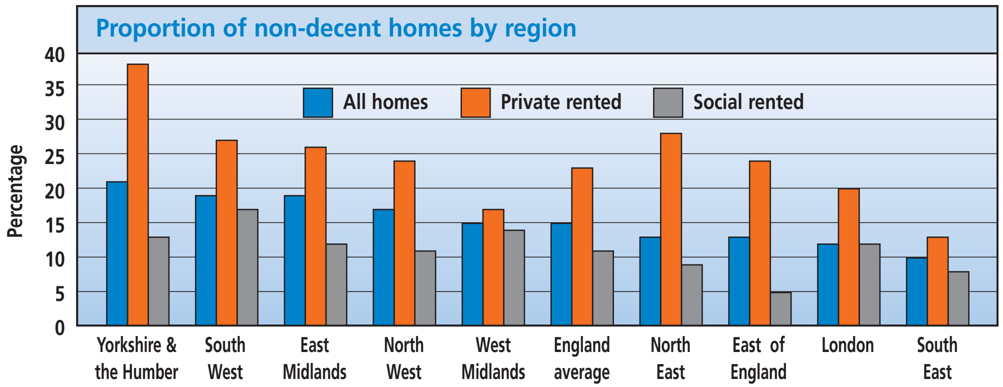
Brian Robson

It has been a rollercoaster year for levelling-up. Twelve months ago, the arrival of Michael Gove at the newly renamed Department of Levelling Up, Housing and Communities signalled a fresh attempt to bring clarity to an amorphous concept, with the wily Whitehall operator expected to provide definition and drive delivery.

The initial signs were promising: a 297-page white paper in February set out a detailed analysis and provided definition in the form of 12 levelling-up 'missions', each with measurable outcomes for the UK, intended to be secured by 2030.

The role of housing in addressing local and regional inequality was acknowledged. Here, alongside the traditional Conservative imperative to increase homeownership, a mission to halve the number of non-decent rented homes by 2030, with the largest reductions in the lowest performing areas, marked a shift in policy. If enacted, it will be the first time a Decent Homes Standard (DHS) has been applied to the private rented sector. As the chart shows, rates of non-decency are higher than the English average in several regions targeted for levelling-up. Rates of failure in the PRS are particularly high, with nearly four in ten lettings in Yorkshire failing to meet the DHS.

The white paper argues that decent housing also contributes to pride of place, physical and mental health and wellbeing, and a strong foundation to support economic growth and labour markets. The relationship between housing and the cost-of-living crisis cannot be forgotten, with Centre for Cities analysis pointing to poor quality housing stock resulting in higher fuel costs in the UK's poorest cities.[1]



Source: English Housing Survey, 2020-21.

But the dismissal of Michael Gove as secretary of state in July and then the resignation of Boris Johnson raised question marks over the future of this agenda. Although the Levelling Up and Regeneration Bill creates an accountability mechanism for the white paper's missions, Gove and Johnson leave a very limited legacy in terms of delivery. It may be that the 'medium-term missions' intended to last until 2030 have a very short shelf-life indeed.

The review of the DHS announced in November 2020's social housing white paper continues, with the scope of the review now extended to the PRS. But with a consultation on the principle of applying it to the PRS having only just closed and another on the detail of its revision yet to emerge, it will likely be some time before either rented sector has a clear understanding of the standard they are expected to meet by 2030, let alone what support from government might be available.

Other aspects of the white paper have been similarly stymied. Greater Manchester and the West Midlands were selected as devolution 'trailblazers', intended to pilot a wider range of devolved powers, to which all city regions could aspire by 2030. Mayor Burnham's pitch for a Greater Manchester 'housing quality pathfinder', trialling the implementation of the levelling-up housing quality mission in his region, was a victim of timing: it was made in a speech to the Royal Society of Arts just days before the Johnson government's implosion and has not yet progressed.[2]

With Gove gone, Greg Clark minded the secretary of state's office over the summer. He announced the agreement of a new mayoral combined authority for York and North Yorkshire, a development which had been in negotiation for some time. Housing elements of the deal include a £12.7 million devolved capital budget for brownfield remediation, and £347,000 of capacity funding to develop a housing pipeline, a marked reduction on the £1 million fund sought by the councils in their devolution prospectus.

It is this reluctance to adequately fund local capacity that risks being levelling-up's undoing. IPPR North released analysis in July showing that government spending per person in the North remained lower than the English average, and that despite levelling-up rhetoric, the gap in spending between the North and the capital had grown under Johnson's government. Setting targets and announcing limited and tightly focused capital funds will have little impact without 'boots on the ground' to deliver.

Prime minister Truss showed little commitment to levelling-up. While signing up to various levelling-up pledges during the campaign, including delivery of long-sought rail upgrades in the North, her campaign misstep on regional pay rates for civil servants and her promise to cut civil service jobs did not suggest an instinctive commitment to tackling regional inequalities. Secretary of state Simon Clarke duly referred to levelling-up in his Conservative party conference speech but, twelve months on from the establishment of the Department for Levelling Up, the concept seems as amorphous as ever.

References

1 Rodrigues, G. & Quinio, V. (2022) *Out of Pocket: the places at the sharp end of the cost of living crisis.* London: Centre for Cities (www.centreforcities.org/publication/out-of-pocket-the-cost-of-living-crisis/).

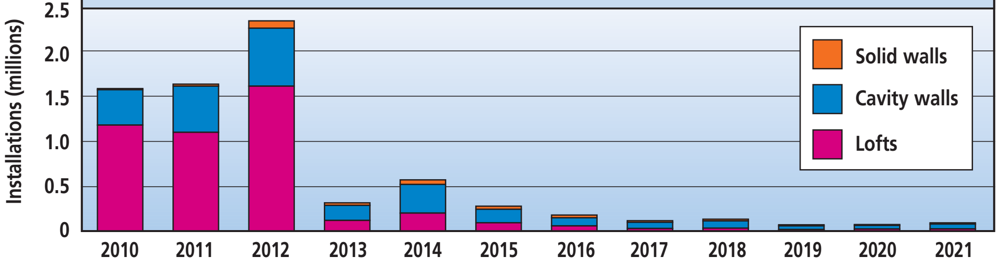
2 Greater Manchester Combined Authority (2022) *Mayor calls for greater powers so city region can go further, faster* (www.greatermanchester-ca.gov.uk/news/mayor-calls-for-greater-powers-so-city-region-can-go-further-faster).

Much faster progress needed to decarbonise the UK housing stock

John Perry

The summer of 2022 provided urgent reminders of the need to tackle energy-inefficient housing. Climate chaos was manifested through heatwaves, wildfires and floods, while energy prices soared. Two-thirds of households are forecast to be in fuel poverty by the winter, when the prospect of power cuts also looms. Yet, if anything, action to decarbonise the housing stock slowed down and even came under threat as tax cuts and a social housing rents freeze were mooted as measures to tackle the cost-of-living crisis.

Insulation measures installed in UK homes, 2010-2021



Source: Climate Change Committee.

The Climate Change Committee (CCC) warned that current programmes will 'not deliver' government net zero targets. The building sector (80 per cent of which is housing) came in for particular criticism.[1] The rate of installation of insulation measures is far too low (see chart). The CCC says we need to insulate 500,000 homes per year by 2025, rising to 1,000,000 by 2030. While two-thirds of housing stock now meets the government's EPC Band C target, raising the rest to this level by 2035 requires radical action. Far too many homes rely on gas or solid fuel, and while decarbonising electricity supply is proceeding quickly, heat pump installations (which use electricity) would have to rise very sharply from just 53,704 last year to 600,000 per year by 2028 and up to 1.9 million by 2035.

So far, the summer warnings have had little effect. The new chancellor has put in place temporary new funding to support consumers and some limited new energy-efficiency measures. However, there is little acknowledgement that an ambitious retrofit programme could have multiple benefits: savings on fuel bills, helping avoid overheating of homes, reducing reliance on imported gas and cutting emissions. The Labour Party's offering, while focussed on fuel prices, also re-emphasised plans to retrofit 19 million homes over a decade, claiming that this would save householders £1,000 annually.

The CCC recommends 'new policies to ensure that owner-occupied homes reach a minimum energy performance of EPC C by 2035'. Funding through the Energy Company Obligation was raised in June from £640 million to £1 billion annually, focused on low-income householders. Among calls for more urgent action, one from the sector proposed a £2.3 billion annual retrofit programme focussed on the 2.8 million homes across Britain (concentrated in northern regions) that are valued at under £162,000 and are below EPC C.[2]

Current targets for the PRS in England, Scotland and Wales are that all lettings should reach EPC C by 2028. The CCC recommends moving the target back to 2030, noting that legislation is still not in place and resources for enforcement still insufficient. A CIH report suggests there is an 89 per cent funding shortfall to achieve the PRS target in Wales.[3]

The CCC calls for the social sector to reach EPC C by 2028. In England, a second wave of the Social Housing Decarbonisation Fund allocates just £800 million over three years. An indication of the gap to be closed is given by London Councils, which puts the cost of bringing the city's 390,000 social rented homes to EPC B by 2030 at £98 billion. Welsh housing associations expect to have to spend £2.05 billion to reach EPC A by 2033, a target described as 'undeliverable'.[4] The Scottish Government estimates that the total costs for the social sector to reach EPC B by 2032 will exceed £6 billion: so far it has allocated £200 million over five years. Likely new constraints on public spending and on social sector rents across the UK could mean even slower progress.

For new build in England, the CCC wants to see a detailed Future Homes Standard issued in 2023 with implementation in 2025. New homes built before then will continue to require retrofitting later. Wales introduces standards in 2025 that will cut new homes' emissions by 75-80 per cent. In Scotland, new regulations will reduce such emissions by one-third but fall short of net zero requirements. Northern Ireland also plans tighter building standards following publication of 'The Path to Net Zero', but while it recognises that the existing stock will need retrofitting at the rate of 50,000 a year, so far only pilot schemes have been carried out.

Carbon emissions from the residential sector were 12.9 per cent lower in 2021 compared to 1990, yet overall emissions fell by 43.6 per cent. Housing is lagging behind, and on current prospects will continue to do so unless targets are backed by realistic levels of government funding.

References

1 Climate Change Committee (2022) *Progress in reducing emissions: 2022 Report to Parliament*. London: CCC:

2 Building Back Britain Commission (2022) *Net zero and the housing challenge* (see https://buildingbackbritain.com/our-research/paper-two-net-zero-and-the-housing-challenge/). The logic is that the typical £10,000 retrofit cost per unit would not be covered by the rise in value of low-value properties.

3 CIH Cymru (2022) *Decarbonising Wales' Private Rented Sector: Tackling the energy crisis to meet net-zero*. Cardiff: CIH Cymru.

4 See www.insidehousing.co.uk/comment/comment/as-things-stand-decarbonisation-targets-in-the-new-welsh-housing-quality-standard-will-be-undeliverable-76870

A focus on boosting first-time buyer numbers features in the government's levelling up agenda, and this is expected to continue under the new prime minister. Government interventions to help first-time buyers (FTBs) ratcheted up materially in the years following the global financial crisis (GFC) and, helped by an extended period of very low interest rates, has allowed FTB numbers to more than double.

That said, industry figures indicating that FTB numbers climbed above 400,000 in 2021 for the first time since before the GFC flatter the underlying picture in several ways. First, the boom in house-buying was accentuated by a backlog of activity resulting from lockdown and by households bringing forward purchases to take advantage of stamp duty holidays. The inference is that, all else equal, market activity by FTBs and more generally will soften through 2022 and 2023 as these distortions unwind.

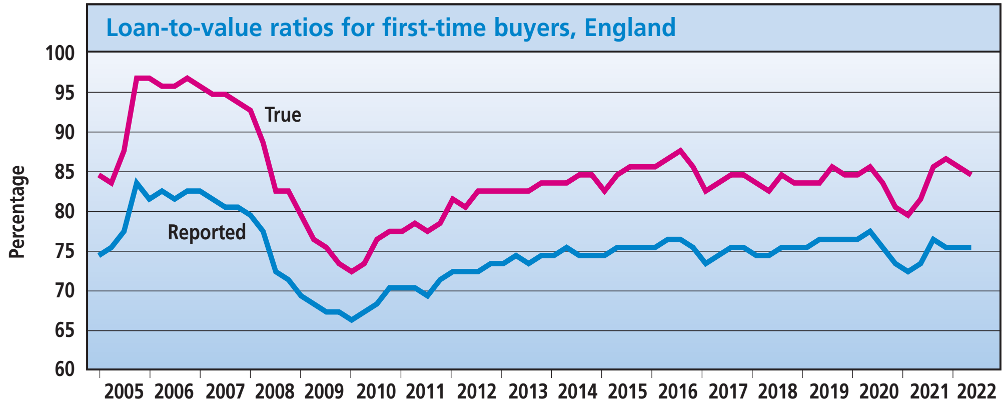
Second, it seems likely that the reported composition of FTBs has changed. Affordability pressures intensified materially as a result of steep property-price increases in the post-lockdown period and the temporary withdrawal of high loan-to-value (LTV) products by lenders. According to one study,[1] deposit requirements hit record levels across much of England and briefly took us back to the challenging conditions seen in the aftermath of the GFC. Although requirements then eased, it seems counter-intuitive that in 2021 FTB numbers grew as strongly as reported. The answer may lie in the changing mix of first-time buyers.

Thanks to work by the late Alan Holmans,[2] we know that FTB metrics include cases where households have in fact owned before. Their circumstances vary greatly, but many of those returning to homeownership ('returners') are older than 'true' first-time buyers, with higher incomes and with equity from previous ownership, characteristics linked more to those moving up the housing ladder than stepping onto its first rung.

Whilst we do not know the exact composition of reported FTBs between 'true' ones and returners, we can get a useful insight by comparing FCA regulatory data with stamp duty claims for FTB relief in England and Northern Ireland (where a rigorous and narrow FTB definition applies). We can do this for two discrete periods – the 2018/19 and 2019/20 financial years and from mid-2021 onwards.[3] For the earlier period, at least a quarter of reported FTBs taking out a mortgage are estimated to be returners; the comparable recent figure looks closer to 40 per cent.

We can simulate what this means if we assume that returners have the same profile as movers and net them out of ONS data to calibrate 'true' FTB metrics.[4] The recalibrated figures reveal important truths about the affordability hurdles true FTBs face.

One key finding is that 'true' FTBs are likely to have much lower deposits – an obvious consequence of not having any equity from sale of a previous home – and so be much more dependent upon high LTV mortgages. True FTBs may have had an average LTV



Source: ONS and author estimates.
Note: 'True' figures are derived by assuming that 25% of reported first-time buyer cases are returners with similar profiles to movers, and netting these off.

nearer 84 per cent over the past five years, much higher than usually reported. These findings would be consistent with true FTBs struggling to build up sufficiently large deposits amid rising property prices and cost of living pressures.

Economic conditions are putting a significant squeeze on household finances (see p.4), affecting the ability of would-be FTBs to get on the housing ladder and undermining the financial help that the bank of mum and dad might offer. At the same time, government support for FTBs is set to fall back soon (see p.8). Such factors are likely to make mortgage lenders less receptive to FTBs.

None of this creates a positive backdrop for would-be FTBs. And the context for policymakers is made worse by inadequate data about FTBs and their circumstances. Fuzzy data create fuzzy policy: less than ideal when the country faces huge economic challenges and government purse strings are drawn more tightly. It becomes hard to imagine how the government's desire to boost first-time buyer numbers and homeownership will be much more than lip-service over the next couple of years.

References

1 Atelier Capital Partners (2021) *First-time Buying affordability, The Snakes & Ladders of the Property Ladder* (see https://media.umbraco.io/atelier/rcfmxehv/9724_609_atelier_whitepaper_aug2021.pdf).

2 See for example Council of Mortgage Lenders (2005) *Understanding first-time buyers*. London: CML.

3 The stamp duty holiday in England from July 2020 to September 2021 meant that FTB relief was obsolete for much of this period and little stamp duty was collected.

4 See www.ons.gov.uk/economy/inflationandpriceindices/datasets/housepriceindexmonthlyquarterlytables1to19 (table 15).

An ageing population needs more accessible homes

Sarah Davis

The impact of housing on health was highlighted starkly in the pandemic: it focussed attention on the cost of poor homes both to individuals and to society. But our homes are critical to our wellbeing at all stages of life, as made clear in official reviews by Professor Sir Michael Marmot.[1] The Building Research Establishment estimates the cost of poor housing as £1.4 billion to the NHS alone, and around £18.5 billion annually in wider costs, including social care.[2] Cold homes are the largest contributor, so tackling energy inefficiency is crucial (see p.10). However, falls within homes come next, costing over £435 million; around 20 per cent of people experiencing hip fractures from falls enter residential care within a year.

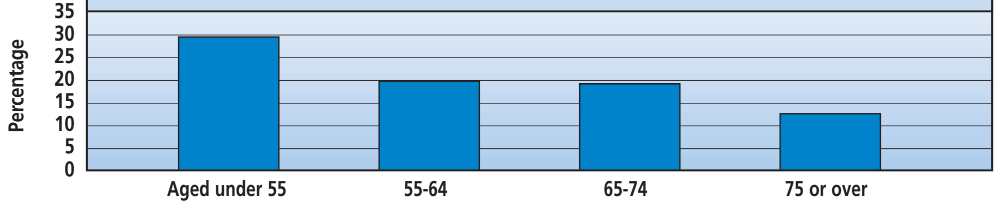
A GB-wide survey for Habinteg revealed that 55 per cent of people felt they would have to move house if they became physically disabled, as their current home would be unsuitable to adapt. Some 400,000 wheelchair users are already living in unsuitable homes.[3]

In addition to existing needs, population projections indicate that more accessible homes will be needed in future. The number of disabled people in the UK reached 14.6 million in 2020/21; whilst this is driven by our ageing population, there is also a growing proportion of disabled children and people of working age (nine per cent and 21 per cent respectively).[4] Working-age disabled people living in inaccessible homes are four times as likely to be unemployed as those who are non-disabled.[5] Specialist homes providing support and care alongside an adaptable built environment are needed for an ageing population: by 2045, 3.1 million people will be over 85, almost a doubling from the 1.7 million in 2020.[6]

However, requirements to include accessible homes in new developments are often lost to viability assessments and other competing demands at the planning stage – that is, if the requirements are made at all. Many councils still fail to do so: for example, no local plans in the West Midlands require new homes to meet higher accessibility standards than the current mandatory level.[7] So, the government announcement that all new homes must be built to higher accessible and adaptable standards is hugely significant and needs to be implemented swiftly.[8] Guidance will set out limited exceptions where the standard is impractical and unachievable. At present there is a significant gap: the growing number of new homes delivered through conversion of previously non-residential stock under permitted development rights. Between 2015-20, 72,980 new dwellings were added through PDR, many of poor size and quality and far from accessible.[9]

However, most of the population, including older and disabled people, will continue to live in their existing homes, so ongoing investment in disabled facilities grants and in advice to help people source good adaptations, are critical. In 2019/20, one million English households with health needs, 53 per cent, did not have all the adaptations they needed, an increase of eight percent in five years (within these, 18 percent were because of cost). Working-age households were particularly likely to feel their home was unsuitable.[10]

Households in England needing adaptions who live in unsuitable accommodation, 2019/20



Source: English Housing Survey: Home adaptation report 2019-20.

Investment in disabled facilities grants in England in 2020/21 was £573 million.[11] However, with rising costs and the extension of the right to adaptations to common parts, investment will need to rise and the process speeded up.

The Centre for Ageing Better has called for local 'Good Homes Agencies' to be set up to help people to adapt their homes, identify issues through a 'Home MOT', use trusted providers and assist in getting finance – thus encouraging improvements to existing housing. Introducing such measures would increase the supply of accessible and adaptable homes needed to cope with an ageing population – an increasing number of whom will live longer but with conditions that limit their mobility.

References

1 Marmot, M. *et al* (2010) *Fair Society, Healthy Lives* (The Marmot Review). London: Institute of Health Equity; Marmot, M. *et al* (2020) *Health Equity in England: The Marmot Review ten years on*. London: Institute of Health Equity.

2 Garrett, H. *et al* (2021) *The cost of poor housing in England*. Watford: BRE (https://files.bregroup.com/research/BRE_Report_the_cost_of_poor_housing_2021.pdf).

3 See www.habinteg.org.uk/foraccessiblehomes-news/why-are-we-still-making-do-with-homes-that-are-not-fit-for-purpose-1769/

4 See www.gov.uk/government/statistics/family-resources-survey-financial-year-2020-to-2021/family-resources-survey-financial-year-2020-to-2021#disability-1

5 Habinteg & Papworth Trust (2016) *The hidden housing market: a new perspective on the market case for accessible homes* (www.habinteg.org.uk/hidden-housing-market/).

6 See www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/nationalpopulationprojections/2020basedinterim

7 See www.habinteg.org.uk/localplans/

8 To be done by mandating Building Regulations Part M4 (2) (see www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes).

9 Grimwood, G.G. (2021) *Planning in England: permitted development and change of use*. London: House of Commons Library.

10 ONS, English housing survey: Home adaptation report 2019-20 (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1000070/EHS_19-20_Home_adaptations.pdf).

11 Wilson, W. (2021) *Disabled facilities grants for home adaptations*. London: HoC Library (https://researchbriefings.files.parliament.uk/documents/SN03011/SN03011.pdf).

The deregulation of new private sector tenancies in 1989 heralded the end of the historic decline in the sector and laid the foundations for its subsequent growth. The new system combined rent deregulation with both open-ended assured tenancies and fixed-term assured shorthold tenancies. The latter became dominant and provide for so-called 'no-fault' evictions allowing landlords to regain possession of a property with two months' notice without any reason required.

UK government concern about the growth in private renting first manifested itself after 2010 when it sought to contain soaring housing benefit costs, through measures such as limiting the local housing allowance rate. Later, concern over landlords' relative strength in the market giving them an advantage over would-be first-time buyers led to less generous tax treatment and a surcharge on stamp duty for landlords and second-home purchasers.

Since 2013/14, around one-fifth of households have lived in the PRS. Unsurprisingly, it is no longer the preserve of young, single and mobile households for whom insecure tenancies were arguably of less concern. Now, some 30 per cent of PRS households have dependent children. However, private sector tenants' experiences were largely neglected by the UK government until it published a white paper on reforming the sector in June.[1] The white paper says that more than one-fifth of private renters who moved in the last year did not end their tenancy by choice: some eight per cent were asked to leave and a similar proportion left because their fixed-term tenancy expired.

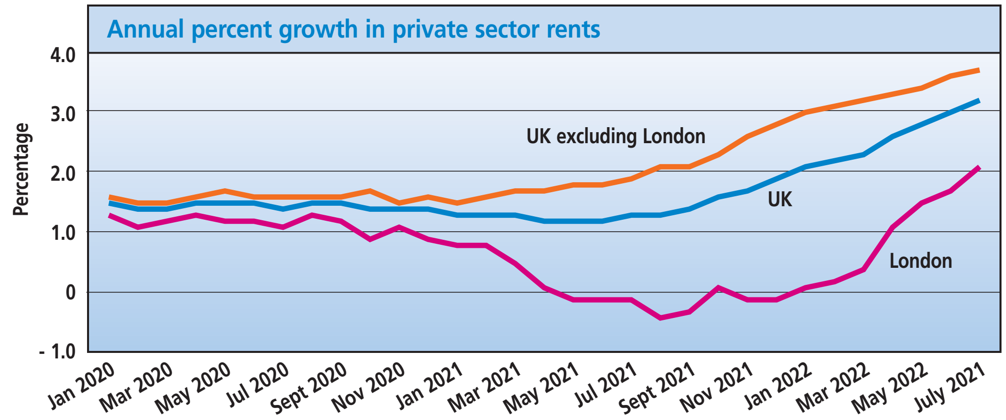
The white paper proposes a legally binding requirement for PRS lettings to meet the Decent Homes Standard, which currently applies to the social rented sector. Following a consultation in 2019, it also proposes to abolish section 21 ('no-fault') evictions and to replace assured and assured shorthold tenancies with a single system of periodic tenancies. Tenants would have to give two months' notice, whilst landlords would be able to gain possession in 'reasonable circumstances' defined in law. The government also proposes to speed up possession proceedings. However, in addition to current grounds for evictions, landlords wishing to sell and those wishing to house either themselves or close relatives in a property would also be able to gain possession – so the scope for 'no-fault' evictions would in reality be much reduced but not removed.

These proposals are similar to reforms introduced in Scotland in 2017, and now further extended (see p.17). A new mandatory ground of 'repeated serious arrears' is proposed (being at least two months in arrears three times within the past three years). This is intended to capture cases where tenants pay off small amounts of arrears to avoid the mandatory threshold shortly before a court hearing. The use of mandatory grounds is intended to give landlords certainty of possession should they go to court and are able to demonstrate that they have been met. In this respect, the English proposals differ from those now current in Scotland where all grounds are treated as discretionary.

The white paper proposes to limit rent increases to once a year, end the use of review clauses which often lead to automatic increases, and enable tenants to challenge excessive rent rises through the first tier tribunal. Such provisions are needed to make greater tenure security effective, otherwise landlords could simply force them to leave by putting up rents. Similarly, tenants can be reluctant to demand repairs since they fear a 'retaliatory' response from the landlord. Since the scope for 'no-fault' evictions is to be greatly reduced, excessive rent rises would have been the obvious alternative. A tribunal would not be permitted to increase a rent beyond that proposed by a landlord – removing a potential disincentive for tenants to challenge a rent increase.

The role of rents in the cost-of-living crisis will undoubtedly lead to a greater focus on rent regulation. As the chart shows, rents have been rising more rapidly after a period of modest growth or – in the case of London – decline. However, the government opposes rent controls which would set the rent level at the beginning of a tenancy, claiming that this would discourage investment and lead to disrepair.

The white paper proposes a single Ombudsman for the PRS, with membership of the scheme being compulsory. The Ombudsman could require landlords to pay compensation or to reimburse rent where service or standards are found to be inadequate. Landlords would not be able to unreasonably refuse permission for tenants to have pets. Finally, the white paper proposes to outlaw blanket bans on renting to households with children or to those in receipt of benefits.



Source: ONS.

Reference

1 DLUHC (2022) *A Fairer Private Rented Sector* CP 693 (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1083381/A_fairer_private_rented_sector_print.pdf).

Fire safety – beyond the Building Safety Act

Annie Owens

Fire and building safety remain a major concern, now five years after the Grenfell Tower fire. There has been some recent progress, particularly the passing of the Building Safety Act in April 2022. This brought in many (but not all) of the recommendations from the Grenfell Tower Inquiry. It created a new regulator and a more stringent safety regime for higher-risk buildings (those taller than 18 metres or at least seven storeys high). This includes a requirement to conduct a building-safety risk assessment and take all reasonable steps to prevent any related incidents from occurring, as well as a mandatory occurrence-reporting system.

There should now be much greater assurance of the safety of high-rise buildings, although there will only be limited new requirements for mid-rise buildings, 11-18 metres in height. This could leave thousands of buildings with critical safety issues outside the safety regime; an estimated 4,550 mid-rise residential buildings in London alone have major fire risks related to external wall systems.[1]

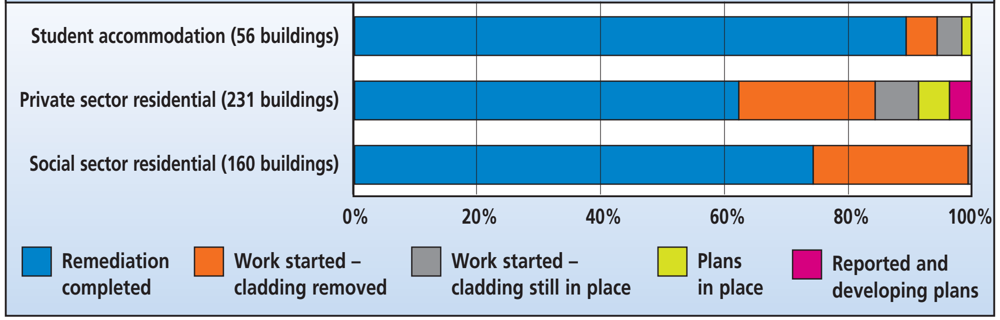
The Building Safety Act also clarified the funding arrangements for remediation works in England. It makes developers responsible for remediating all life-critical fire safety issues in buildings over 11 metres tall. To date, 49 of the largest developers (out of 53 asked) have signed the government's pledge to fund this work and reimburse any funding received from government remediation programmes.[2] Developers who refuse to pay to fix the buildings they are responsible for will be prevented from getting planning permission or building control sign-off for new developments.

If building owners are not successful in getting developers to pay, then owners are responsible for covering remediation costs (if they have a net worth of at least £2 million per affected building and excluding social landlords). They may be able to access the government's Building Safety Fund, available for non-Aluminium Composite Material (ACM) cladding remediation in buildings over 18 metres tall. This reopened for new applications in July. No costs can be passed on to leaseholders for cladding remediation in buildings over 11 metres tall, but they can be required to pay up to £10,000 each (£15,000 in London) for non-cladding works if other funding sources have been exhausted. Leaseholders in buildings under 11 metres tall have no such protection.

The Building Safety Act will not be fully implemented until at least October 2023, and in the meantime there are still many buildings with unresolved fire-safety issues. 37 private-sector buildings and one in the social sector still have unsafe ACM cladding similar to that in Grenfell, even though the government originally expected all of this work to be finished in 2020.[3] Thousands more buildings will likely have other issues, including compartmentation faults, combustible materials and other forms of unsafe cladding, but there are still insufficient data to determine how widespread are such defects. The Levelling Up, Housing and Communities Committee has called on government to publish this information, but there is no sign of this yet.[4]

It is therefore unsurprising that a quarter of residents in purpose-built, high-rise flats report feeling unsafe at home because of possible fires.[5] Disabled and mobility-impaired residents have

Progress in replacing unsafe ACM cladding in high-rise buildings in England



DLUHC Building Safety Programme, monthly data release, August 2022.

particular concerns: as yet there is no requirement for building owners to support residents who would need help to evacuate high-rise buildings. The Grenfell Tower Inquiry recommended the government legislate to require personal emergency evacuation plans (PEEPs) and this was supported by 83 per cent of respondents to a government consultation.

However, the government asserted that these proposals were excessive, and proposed an alternative whereby information about disabled and mobility impaired residents would be shared with Fire & Rescue Services (FRS). Claddag, the leaseholder disability action group, is seeking a judicial review of this decision. The National Fire Chiefs Council said the proposals 'do not go far enough' and has emphasised in its own guidance that 'Where a fire occurs, every occupant of the building should have the means to start their evacuation before the FRS arrive.'[6]

The sector also faces increasingly pressing external fire risks. Over the summer the UK, along with two-thirds of Europe, experienced the worst drought in 500 years and multiple heat waves. As a result, wildfires involving homes are no longer simply a rural issue. In July, fires brought on by the record temperatures destroyed more than 60 homes across the UK in one day and the London Fire Brigade had its busiest night since the second world war. We must urgently address the large and growing fire safety risks both within buildings and in the wider environment.

References

1 See www.building.co.uk/news/number-of-london-resi-blocks-with-fire-safety-defects-higher-than-previously-thought/5117759.article

2 See www.gov.uk/guidance/list-of-developers-who-have-signed-building-safety-repairs-pledge

3 See www.gov.uk/government/publications/building-safety-programme-monthly-data-release-august-2022

4 See https://committees.parliament.uk/publications/9244/documents/159998/default/

5 See www.gov.uk/government/statistics/english-housing-survey-2020-to-2021-feeling-safe-from-fire/english-housing-survey-2020-to-2021-feeling-safe-from-fire

6 See www.nationalfirechiefs.org.uk/write/MediaUploads/Consultations/2022/220809_EEIS_Consultation_Response_-_NFCC.pdf

Back to the Future: Consumer regulation gets a reboot

Roger Jarman

The Grenfell Tower disaster in June 2017 transformed the regulatory frameworks across the UK. A public inquiry and numerous reviews led to new legislation focused on fire and building safety (see p.14).

But it was not just flawed construction methods or faulty materials that came under the microscope. The operating methods of housing providers and the role of the local authority as ultimate landlord were also called into question. Following a 'listening exercise' by ministers – where the views of tenants about the performance of social landlords were gathered – the government began a journey that led to the Social Housing (Regulation) Bill in June 2022, preceded by both green and white papers.

Government policy on social housing regulation has moved towards that adopted by the last Labour government (see timeline). The period 2000-10 was a high watermark for such regulation in England: the Audit Commission conducted 1,400 inspections of social housing services in much the same way as Ofsted and the Care Quality Commission did in their respective services. Although the regime had its critics, research included in the 2010/11 edition of the *Review* showed that housing inspection was a key driver in raising standards.

Other reforms followed the 2007 Cave Review,[1] which recommended the separation of the investment and regulation functions of the Housing Corporation and proposed a regulatory framework focused on tenants' interests, applying equally to local authorities and housing associations.

The Housing and Regeneration Act 2008 set out the framework on which the current 2022 legislation is based. Its reforms included the setting up of the Homes and Communities Agency (HCA) and the Tenant Services Authority (TSA) alongside the National Tenants' Voice (NTV) which enabled tenants' views to be heard in policy development.

The government's current position marks a volte-face for the Conservative Party which, as part of the coalition government, conducted a 'bonfire of regulation' in the housing sector, winding up the Audit Commission and the NTV, abolishing the TSA and transferring its regulatory powers to the HCA whilst reducing consumer regulation to a minimum. The HCA and its successor – the Regulator of Social Housing (RSH) – have focused on so-called 'economic standards' assessing the financial viability and governance of housing associations.

The new regulation regime, applying equally to HAs and LAs, has these principal features:

- equivalent regulation of consumer and economic standards
- abolition of the 'serious detriment test' which effectively meant the regulator could only intervene where tenants were at serious risk
- regular inspections of larger providers; smaller providers are inspected if serious failings are identified
- regulation and inspection by a single body (the RSH)
- 'tenant satisfaction measures' to be published annually, covering performance in many key service areas
- an updated Decent Homes Standard as part of the regulation regime

Social housing regulation in England 1996-2022: key changes

1996: Ombudsman service for housing associations begins

1999: 'Best value' framework and inspections of council services by Audit Commission established

2004: Audit Commission given responsibility for inspecting HAs as well as LA housing services

2007: Cave Review calls for separation of Housing Corporation investment/egulation functions and sharper focus on tenant interests

2008: Homes and Communities Agency (HCA) and Tenant Services Authority (TSA) created to, respectively, fund and regulate social housing in England; housing inspection remains with Audit Commission

2011: Localism Act 2011 dismantles this regulatory framework; TSA and Audit Commission abolished; regulation – concentrating on 'economic standards' – subsumed within HCA

2013: Single ombudsman service created for HAs and LAs

2017: Grenfell Tower fire. In response, and following a 'listening exercise', a green paper outlines a proactive approach to consumer regulation with renewed focus on high-quality tenant services

2018: Regulator for Social Housing (RSH) is created; takes over regulation from the HCA

2020: White paper heralds new inspections of social housing providers by the RSH

2022: The Social Housing (Regulation) Bill published.

- an 'advisory panel' of tenant representatives and others to work with the RSH on policy development and related matters
- strengthened enforcement powers with unlimited fines for serious breaches of standards
- a 'memorandum of understanding' coordinating the work of the housing ombudsman and the regulator.

Most commentators have welcomed the renewed focus on consumer regulation and service delivery. But concerns remain. For instance, council services such as the strategic function and homelessness are excluded. Also, the convergence of the regulatory regimes might threaten the private sector status of associations, potentially affecting their ability to secure private funding. Finally, as yet there is no indication that the government will abandon the test of 'systemic failure' before the regulator can intervene.

Regulatory regimes can of course be viewed as burdensome and costly to providers. Critics suggest that regulated bodies might become risk-averse, inflexible and compliance-driven. These views informed the coalition government's critique of the framework they dismantled.[2] Nonetheless, despite the rhetoric from some politicians championing deregulation, a Conservative government appears to be still committed to a regulatory framework in social housing that will see more state intervention and stronger residents' rights.

References

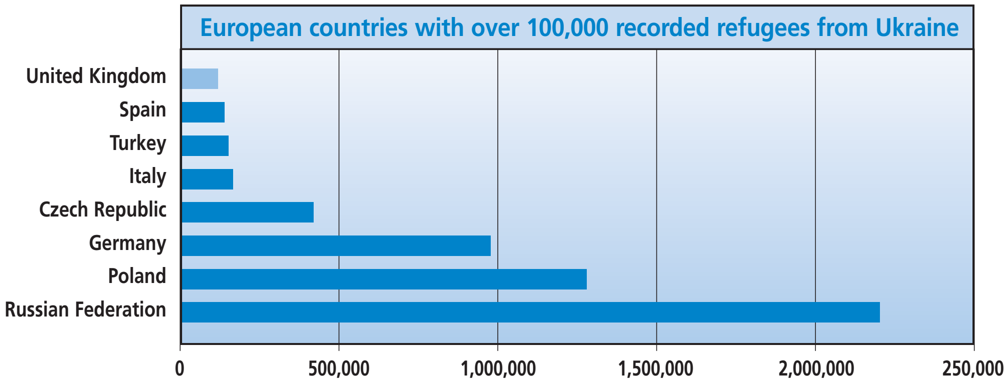
1 Cave, M. (2007) *Every Tenants Matters: A review of social housing regulation*. London: HMSO.

2 See https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/6260/1742903.pdf

The 'Homes for Ukraine' scheme exposes weaknesses in Britain's housing system

John Perry

After a slow start, over 130,000 refugees have arrived from Ukraine since the conflict there began in February 2022. Of people displaced on both sides of the conflict, the UK has accepted far fewer than neighbouring countries such as Russia, Poland and Germany, although its numbers are comparable to those of other larger European countries (see chart). The significance of this flow of refugees in barely six months can be gauged by comparing it with the 15,451 people granted asylum or resettlement in the UK in 2021/22. Furthermore, Ukrainians formed the third specific refugee inflow in just 18 months, with 113,000 Hong Kongers granted visas to come to the UK since January 2021 and about 18,000 people evacuated from Afghanistan in 2021 (neither group is included in the 2021/22 asylum figures).



Source: https://data.unhcr.org/en/situations/ukraine (correct at end of August 2022).

In terms of access to housing and benefits, there are similarities in the treatment of Ukrainians compared with these other two groups, but also key differences. New arrivals in the three groups are generally entitled to benefits, to apply for social housing and to help if they are homeless. In this sense their treatment is similar to refugees accepted under resettlement schemes, such as those from Syria (over 5,000 resettled each year from 2016 to 2019). It contrasts with the treatment of non-European asylum seekers who arrive undocumented (e.g. by crossing the English Channel), who receive very limited financial support and basic accommodation, even if they are from the same countries as those accepted under official schemes.

In other respects, however, the three groups are treated differently. Hong Kongers, being generally more affluent, are expected to find housing in the private sector (although they can access public funds as a safeguard). Afghan evacuees were to be resettled in a similar way to earlier arrivals from Syria, but the government has struggled to find enough social housing, leaving some 10,000 Afghans stuck in hotels, some for over a year. With about 26,000 'regular' asylum seekers already in such accommodation,[1] the Home Office's hotel bill is £4.7 million per day.[2]

Many observers note that arrivals from Ukraine are made much more welcome than other nationalities seeking asylum, with two special Home Office schemes and a third run by DLUHC and the devolved administrations. First, some 12,000 Ukrainians already in the UK on short-term visas (e.g. farm workers) were allowed to extend their stays and given access to benefits (which they did not have previously). Second, about 37,000 family members of Ukrainians already living the UK were allowed to apply for visas to travel and be accommodated by them. Third, in a much more ambitious and innovative scheme, some 200,000 ordinary householders applied to 'sponsor' Ukrainians needing refuge, with 95,000 people being housed so far. These hosts are paid £350 monthly and have been asked to stay in the scheme beyond the initial six months initially agreed.

Unsurprisingly given the scale of the effort, there have been considerable problems, including safeguarding issues (many arrivals are mothers with children or unaccompanied young people), 'family' arrangements breaking down for various reasons (including no financial support being provided under the family scheme), the lack of ability to transfer between schemes, and the small but increasing number applying as homeless to local councils (1,565 cases by late August, the majority resulting from the family scheme). Local authorities have expressed concern that public support for Ukrainians might be eroded if they have to be given social housing ahead of others in the 'queue'.[3]

In theory, all newcomers with leave to remain have access to the PRS but encounter severe barriers in deposit requirements and not having a track record of UK employment or of previous tenancies. In England, where landlords are required to ask for proof of immigration status, newcomers are disadvantaged by not having UK passports.

The influx of Ukrainians, added to the numbers coming from other recent conflicts, has highlighted severe weaknesses in the UK housing system, especially in England. The sponsor scheme proved to be an ingenious way to find and use spare capacity, albeit temporarily. But where resettlement falls on local authorities (either via official schemes or because people present as homeless), it further exposes the inadequate supply of social housing in most areas and a very limited ability to respond to crises.

References

1 See www.refugeecouncil.org.uk/information/resources/lives-on-hold-the-experiences-of-people-in-hotel-asylum-accommodation/

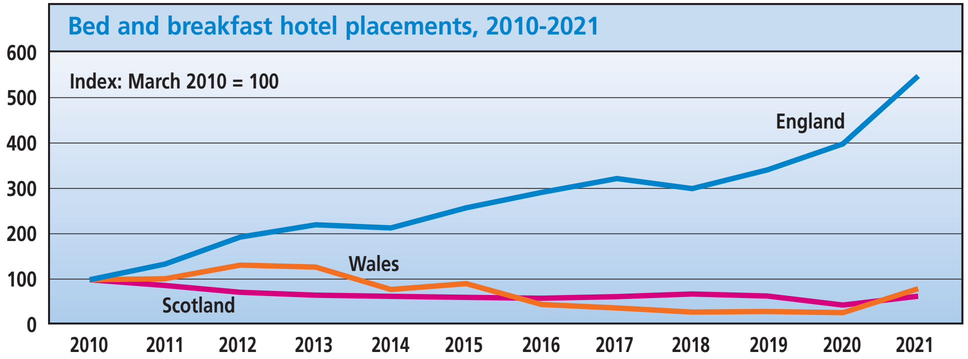
2 This mainly results from the Home Office's slowness in dealing with asylum applications: a rapidly growing backlog means that almost 50,000 need Home Office accommodation now compared with 18,000 a decade ago.

3 See www.politicshome.com/news/article/ukrainian-refugees-in-the-uk-could-face-homlessness-after-six-months-with-hosts

Numbers of homeless households placed in temporary accommodation (TA) are growing across the UK. Whilst the emergency protections put in place during Covid partly explain this growth,[1] except in Northern Ireland there was already an upward trajectory in the use of TA prior to the pandemic. Insufficient supply of social housing, cuts to housing benefit and to wider welfare programmes and the mounting pressures faced by local authorities can partly explain this trend. However, there are notable differences in policies, and this article focuses on those between England, Scotland and Wales.

England has by far the largest problem. In March 2022 there were 95,060 households in TA, of whom 59 per cent were in London. Within these figures, use of bed and breakfast (B&B) accommodation has risen significantly over the last decade. *The Homelessness Monitor: Great Britain* (see chart) shows a four-fold increase in England compared to Scotland and Wales, which have both remained largely below 2010 levels.

Whilst the practice of placing families with children in B&B has reduced in this period, particularly for longer than six weeks, in England in March 2022 one in six households living in B&Bs included children. Research shows the detrimental impact the use of B&B and other unsuitable forms of TA has on mental and physical health and social isolation, due to the often poor-quality accommodation, cramped conditions and lack of cooking and washing facilities.[2]



Source: The Homelessness Monitor: Great Britain 2022.

Whilst B&B use is much lower in Scotland – reinforced through the Unsuitable Accommodation Order that was extended to all households in 2021 – overall TA levels remain consistently high and have increased by 22 per cent in the last five years (they stood at 13,945 households in March 2022). This in part reflects a stronger legal framework where the removal of 'priority need' took effect in 2012 and led to more households being eligible to be rehoused – notably single people. The consequences are seen in the household composition of those in TA in Scotland, where only 30 per cent of households are families with dependent children or pregnant women, compared to 62 per cent in England.

In Wales, total TA placements rose by 24 per cent over the period 2016-2020. The Covid response has substantially increased B&B use and, as of March 2022, 1,689 households were in B&B (out of 4,464 households in TA in total). However, the vast majority (93 per cent) were households without children.

Tackling the significant and very costly problem of temporary accommodation should be a priority for all governments and is an important part of the case for increasing social housing supply. The current evidence points to considerable policy divergence. Scotland, as part of its plan to end homelessness, has introduced five-year Rapid Rehousing Transition Plans. Combined with Housing First and if enacted properly, these should bring TA levels down but only if plans to introduce prevention legislation happen in a timely way.

The Welsh Programme for Government 2021-26 also pledged to fundamentally reform homelessness services to focus on prevention and rapid rehousing, but action on the ground will be needed to meet this ambition over a relatively short period (see p.18).

The Whitehall government's refreshed Rough Sleeping Strategy promises that it will make England a 'world leader' in tackling the issue. Its prevention-first approach has been welcomed and it has some housing-based solutions, including an extension of the Housing First pilots. But until this extends to all forms of homelessness and is part of a systemic and universal approach to tackling the issue across Great Britain at a time when many households are under severe pressure, progress in one area will only lead to costly problems in another.

References and notes

Some material and data used in this chapter are taken from editions of the *Homelessness Monitor* published by Crisis (see www.crisis.org.uk/pages/homelessnessmonitor.html).

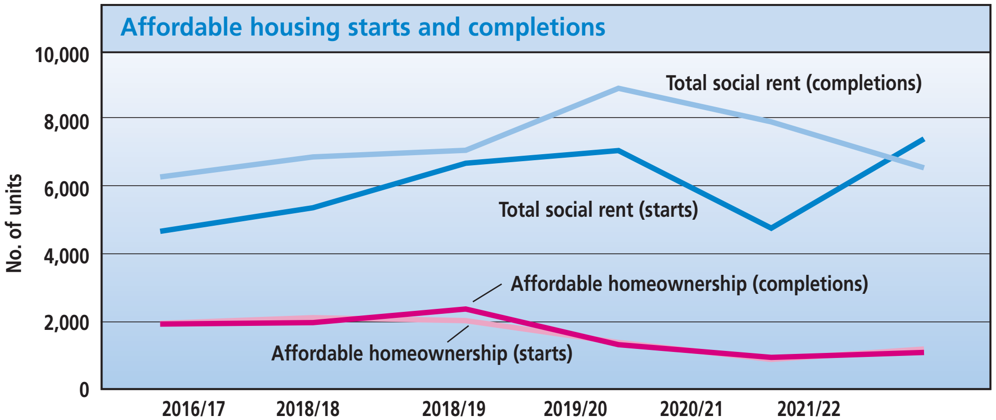
1 Fitzpatrick, S., Mackie, P., Pawson, H., Watts, B. & Wood, J. (2021) *The COVID-19 crisis response to homelessness in Great Britain: Interim report* (https://housingevidence.ac.uk/wp-content/uploads/2021/02/12544_UoG_CaCHE_Covid_Homelessness_Report-Final.pdf).

2 See, for example: Sanders, B. with Reid, B. (2018) *'I won't last long in here': Experiences of unsuitable temporary accommodation in Scotland*. London: Crisis; Maciver, C. (2018) *Lifting the lid on hidden homelessness* (www.justlife.org.uk/assets/documents/JL_UTA-Report-2017_HR_Web-Ready.pdf); The Children's Commissioner for England (2019) *Bleak Houses – Tackling the crisis of family homelessness in England* (www.childrenscommissioner.gov.uk/report/bleak-houses/).

Pressures on Scotland's affordable housing investment

Mark Stephens

A Scottish Government review issued in May, of capital spending for the three years from 2023/24, reflected changes in the Autumn 2021 Spending Review and altered priorities arising from the agreement between the SNP and Scottish Greens. Some £3.6 billion has been allocated to support the target of 110,000 additional affordable homes by 2032, 70 per cent of which are for social rent and ten per cent for remote rural and island areas. Increased grant benchmarks were reported in the 2022 *Review*, but the Scottish Government noted that rising construction costs would prejudice the target without extra UK government funding or borrowing permission.[1] Since then the financial position has deteriorated and cuts are expected in the wake of the UK government's 'mini budget'.



Source: Scottish Government Housing Statistics quarterly update (June 2022).

That said, affordable housing completions bounced back strongly in 2021/22 after the slump arising from lockdown (see chart). This was particularly true for local authorities, who pushed social and affordable completions above levels seen in the previous five years. However, the picture is less encouraging when starts are considered. Social rented starts continued to fall in 2021/22 in both parts of the sector – although the tendency has been for these programmes to be back-end loaded. Affordable homeownership starts and completions did recover, however, although remained below pre-pandemic levels.

The Coronavirus Recovery and Reform Act became law in August. It addresses temporary powers introduced during the pandemic which would otherwise have expired. These include the pre-action protocol expected to be used before landlords could secure an eviction. Their use would be a factor for tribunals considering evictions on discretionary grounds. During the pandemic, all grounds became discretionary, and the Act makes this a permanent feature: it removes previous mandatory grounds such as arrears, breaches of tenancy terms and landlord wishes to sell a property. The pre-action protocol provisions are also retained, requiring landlords to provide clear information and make reasonable efforts to agree a payment plan in arrears cases.

The Act therefore marks a further extension of tenants' rights, greatly increasing security of tenure beyond the measures included in the new Private Residential Tenancy in 2017.

The Bill was passed shortly after the 'Rent Better' research programme into the Scottish PRS published its second report.[2] The researchers found that it is likely that the Scottish sector is shrinking: whilst roughly equal numbers of landlords reported intentions to leave or remain in the sector in the next 2-5 years, new landlords are not entering in sufficient numbers to prevent net losses.

The researchers emphasise that the sector is complex, but factors causing landlords to exit included the weight of regulation, the impact of Coronavirus legislation, energy-efficiency requirements, UK tax changes and the benefits system. 'Bringing these factors together mean that for many [landlords], the risks in the PRS – financial and non-financial – are now too high,' the researchers found. Longer-term concerns relate to the impacts of shrinkage and landlord risk-mitigation strategies on access, especially for households at higher risk, such as those on low incomes or in precarious employment.

Further controversy – and uncertainty – surrounds the Scottish Government's commitment to introduce some form of rent control. Currently, local authorities can request approval of Rent Pressure Zones (RPZs) to limit rent increases for a fixed period. However, the requirements are onerous and no RPZ has been established. It appears that a policy decision has been made to collect better rent data as part of the landlord registration process, something that would be needed for any form of rent regulation/ control.

Agreement between the SNP and the Scottish Greens resulted in a commitment to 'an effective national system of rent controls'. A consultation paper proposes 'an appropriate mechanism to allow local authorities to introduce local measures,' but remains vague, beyond pieties such as the aim of 'affordable and reasonable rent for good quality homes' and '[t]heir design will support and encourage the private rented sector to improve the quality of rented properties'. Legislation is promised by 2025, with further detailed consultation before then.

Meanwhile, in response to the cost-of-living crisis, the Scottish Parliament has passed emergency legislation to freeze both social and private rents and ban evictions until the end of March 2023.

References

1 See www.gov.scot/publications/outcome-targeted-review-capital-spending-review-updated-spending-allocations-2023-24-2025-26/

2 Evans, A., *et al* (2022) *Rent Better – Wave 2 Final Report*. Edinburgh: Indigo House/ Nationwide Foundation (https://thinkhouse.org.uk/site/assets/files/2646/wave0522.pdf).

3 See www.gov.scot/publications/new-deal-tenants-draft-strategy-consultation-paper/

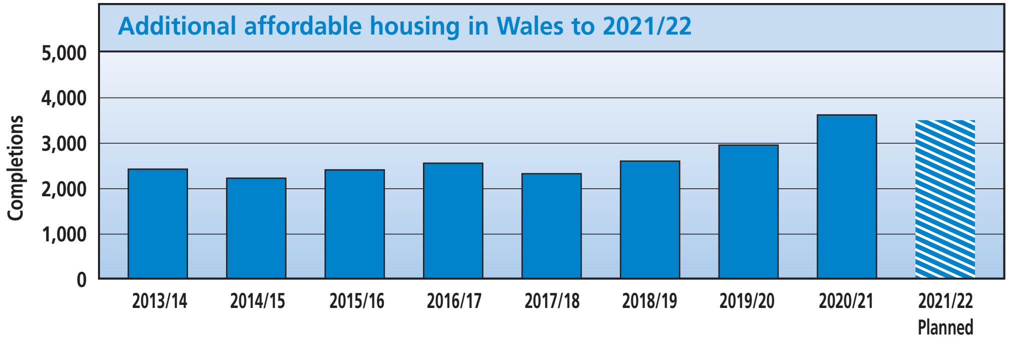
Wales: Reality bites as the operating environment gets tougher

Matt Dicks

Last year's briefing article on Wales, 'No Going back – but where next?', focussed on the main ambitions of the newly-elected Labour government and its focus on building 20,000 new low-carbon homes at social rent; tackling the issue of second homes and their impact on local housing markets; decarbonisation of existing homes, and its ambition to end all forms of homelessness.

These aims were all supported by the social housing sector in Wales but they were always going to be a difficult 'ask'. Add into the mix the huge issues with supply chains,[1] rising inflation, the impact of the war in Ukraine, including Wales being a 'super sponsor' for refugees (see below), and the eye-watering cost of decarbonisation, 2022 has been the year when reality has started to clamp its razor-sharp teeth into that shared ambition.

And it is all the more disappointing because development in Wales was beginning to reach the pace and scale required to make a real impact on supply, with the Welsh Government's target for 'affordable housing' in the 2016-21 Senedd term met with some room to spare – just over 23,000 affordable homes delivered in five years, exceeding the 20,000 target. In 2020/21, despite the pandemic, 3,603 affordable homes were completed, a 22 per cent increase on the previous year and the highest output since 1999. Of those, 2,940 were homes for social rent, a 29 per cent increase.



Source: Welsh Government affordable housing supply statistics.

The Welsh Government reasserted its commitment to the 20,000 low-carbon social homes target in its 2022/23 Budget, providing £965 million of indicative funding for social housing grant over the three years 2022/23-2024/25,[2] a record level of capital investment since devolution began in 1999. As part of this commitment a 'national construction company' called Unnos will support councils and social landlords to improve social housing supply, although what this will look like in practice is still unclear.

The commitment to housing and ending homelessness is further cemented by the cooperation agreement signed between Labour and Plaid Cymru in December 2021, with housing forming many the key pledges.[3] The agreement includes reform of housing law to end homelessness, which is likely to see the abolition of the 'priority need' test, as in Scotland. The Renting Homes (Wales) Act, delayed until December this year, will afford greater security of tenure in the private rented sector.

A promise to take action on second homes heralds changes to planning, taxation and a new licensing scheme for holiday lets. There is a commitment to significantly reform the system of building safety and introduce a second phase of the Welsh Building Safety Fund, and a white paper will be published on the full incorporation of the 'right to adequate housing' into Welsh law.[4] The white paper will also look at introducing rent controls.

However, there was also a reminder of ongoing shortages of affordable housing. The housing sector supported the Welsh Government's decision to become a 'super sponsor' of up to 1,000 refugees fleeing Ukraine, which simplified the clearance arrangements for applicants entering the UK. But, as also happened in Scotland, it had to be suspended in June because of the growing impact on available supply.

So, we can see the pressures being placed on housing organisations across Wales – to not only build 20,000 new homes but to ensure that there is sufficient capacity to house the thousands currently in temporary accommodation, including the 18,900 people who were previously homeless who have been supported into emergency temporary accommodation during the pandemic.

But when you add into the mix the ambition to retrofit homes to net-zero standards, as proposed in the Welsh Housing Quality Standard 2023, the scale of the challenge created by these competing ambitions becomes clear.[5] It would be mandatory for all existing social homes to reach EPC Band A by 2033 – at an estimated cost of £5.5 billion.[6] At the same time there is new uncertainty about social sector regulation, with the sudden ministerial decision to abolish the Regulatory Board for Wales and arrangements to replace it unclear.

In the face of what is likely to be the deepest cost of living crisis in our lifetimes, the Welsh Government may need to rethink priorities, or at least how to marry them together better from an investment perspective. But as the reality of the current operating environment begins to bite, it is hard to see where that flexibility can come from, not least given the contentious issue of the rent settlement for 2023/24, already being addressed in England.

References

1 See www.cih.org/media/4hwfxjg2/shocks-in-the-supply-chain-final-eng.pdf

2 See https://gov.wales/sites/default/files/publications/2021-12/2022-2023-draft-budget-narrative.pdf.pdf

3 See https://gov.wales/sites/default/files/publications/2021-11/cooperation-agreement-2021.pdf

4 See www.cih.org/news/wales-can-lead-the-way-on-housing-as-a-human-right

5 See https://gov.wales/welsh-housing-quality-standard-2023

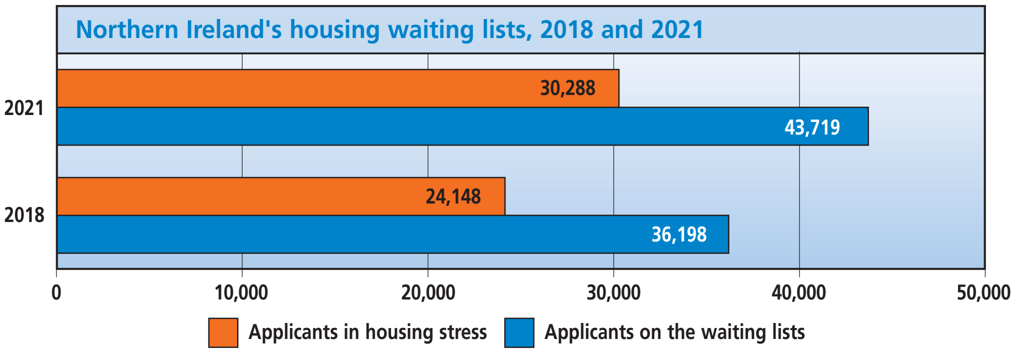
6 See https://www.futuregenerations.wales/wp-content/uploads/2021/07/ENG-Exec-Summary-Financing-the-decarbonisation-of-housing-in-Wales.pdf

Northern Ireland – managing without a government

Heather Wilson

In February 2022, the power-sharing institutions in Northern Ireland (NI) collapsed after the first minister resigned his post over the Northern Ireland Protocol. The NI Protocol was intended to ensure there were no new checks on goods crossing the border between Northern Ireland and the Republic of Ireland. Instead, checks take place between the ports in NI and Great Britain (informally known as the 'Irish Sea border'), but this arrangement is considered unacceptable by political Unionism. After the three-year hiatus between 2017-20, NI once again has no functioning government or Assembly. So far this has lasted for five months, with any resumption dependent on the stance taken by the new UK prime minister.

Consequently, there is no agreed multi-year budget and progress on a number of capital projects has been halted. Further, the political impasse has interrupted the revitalisation of the Northern Ireland Housing Executive (NIHE) which had been promised in November 2020. Plans initially included transforming the regional authority's landlord arm into a mutual or co-operative body, putting it outside the public sector and thus allowing it to raise debt finance to invest in its existing housing stock and begin developing new homes once again. This is a significant blow to the 43,719 households on waiting lists for housing, with 30,288 of these households classified as being in housing stress.[1] As the chart shows, with the number of applicants owed the full homelessness duty increasing year-on-year, further delays in addressing the NIHE's funding needs is catastrophic for those in housing need.



Source: NIHE.

In the last mandate, the communities minister committed to significantly increase new housebuilding in the then draft Housing Supply Strategy, with a target of 100,000 new homes over the next 15 years; a third of these would be for social and affordable housing. The plans would equate to over 2,200 new social homes each year. However, such a significant budgetary commitment is likely to await the forming of a new government.

Work has been ongoing for several years to review the private rented sector (PRS). In April, the Private Tenancies Act made a number of key legislative changes. The most notable was regulation concerning notice-to-quit (NTQ) periods: changes now mean that landlords are required to give tenants eight weeks' notice to end tenancies, doubling the timeframe from the previous four-week notice period. Other measures included improvements to safety standards, requirements about providing information to tenants about their tenancy, limiting deposit amounts and controlling the frequency of rent increases (although some of the new measures are dependent on regulations yet to be laid). The Act was described by the communities minister as 'the beginning of private rented sector reform' and work continues by the department to address affordability in the PRS by reviewing rent policy.

Since the pandemic there have been renewed efforts by the NIHE to switch its homelessness strategy from a reduction model to a preventative one. The publication of NIHE's updated Homelessness Strategy (2022-27), Ending Homelessness Together, provides the strategic direction to address chronic homelessness in NI, which is underpinned by the overall objective that 'wherever possible homelessness should be prevented, if homelessness cannot be prevented it should be rare, brief and non-recurring'. The strategy points out the need for statutory departments and relevant agencies to co-operate with one another to prevent homelessness.

NI has seen significant competition within the housing market in recent years with continuing house price growth; limited availability of properties for resale and the demand for new-build properties outstripping supply, which is constrained by rising building materials costs. According to PropertyPal, NI's leading property portal, house-price growth showed no sign of slowing. PropertyPal describes a 'two-speed market' as new-build properties are experiencing faster price increases (at an annual rate of 18 per cent compared with price rises of about five per cent for resale properties).[2] However, the Ulster University House Price Index points to 'slowing momentum' which will 'inevitably' see the market returning to normal over coming months.[3]

With most lenders continuing to limit the loan-to-value ratios of mortgages to between 90-95 per cent, homeownership is largely limited to aspiring first-time buyers with larger deposits. However, rising interest rates make buying or moving much less attractive and more uncertain given concerns about mortgage repayment costs in the coming years.

References

1 AQW 18004/17-22 tabled by Keith Buchanan MLA 'To ask the Minister for Communities how many people on the homeless list are waiting housing allocation, broken down by constituency.' See http://aims.niassembly.gov.uk/questions/printquestionsummary.aspx?docid=335269

2 See https://content.propertypal.com/northern-ireland-housing-market-trends-q2-2022/

3 See www.ulster.ac.uk/research/topic/built-environment/research-property-planning/housing-market-reports/house-price-index

Updates to the 2022 Compendium of Tables

Gillian Young

Alongside the preparation of the Briefing Paper, a significant proportion of the Compendium of Tables in the main *Review* has been updated. The revised tables are listed below.

The new versions can be seen and downloaded at the *Review's* website, www.ukhousingreview.org.uk

Table 1	Key economic trends
Table 3	Household disposable income, consumer spending and savings (3a only)
Table 4	Measures of employment and unemployment in the UK
Table 5	Regional claimant unemployment rates
Table 8	Gross fixed capital formation in housing
Table 9	Growth of real Gross Domestic Product
Table 10	General Government Financial Balances
Table 11	OBR March 2021 Economic Outlook
Table 12	Total Managed Expenditure, general government receipts and public sector budgets
Table 13	Government expenditure and borrowing
Table 14	Public sector gross capital expenditure
Table 15	Total expenditure on services by function
Table 16	Departmental Expenditure Limits and Total Managed Expenditure
Table 23	English housing conditions: the Decent Homes Standard
Table 24	English housing conditions: average energy efficiency ratings and Energy Performance Certificate Bands
Table 30	Households by tenure, property type and length of residence
Table 31	Tenure profile of household representative by various characteristics
Table 32	Ethnic group of household representative by tenure and dwelling type
Table 33	Tenure, cars, consumer durables and second dwellings in the UK
Table 34.	Overcrowding, by tenure and ethnicity for UK, county and region
Table 35	Employment status of household representative by tenure and recent movers
Table 38	Households by tenure, income group and sources of income in the UK
Table 39	Households in fuel poverty in the UK
Table 40	Numbers of residential transactions in the UK
Table 41	Numbers of mortgage advances in Great Britain
Table 42	Advances secured on dwellings in the UK
Table 43	Advances to first-time buyers and moving owner-occupiers
Table 44	Mortgage-cost-to-income ratios, first-time buyers and existing owners
Table 45	The UKHR Affordability Index and mortgage-cost-to-income ratios for working households
Table 47	Average regional house prices and index of prices
Table 48	Average regional house prices by type and size of dwelling
Table 49	Average mortgage repayments
Table 51	Court actions for mortgage repossessions in England and Wales
Table 52	Court orders for mortgage repossession (type of order made)
Table 53	Index of private rents by region and country
Table 54	Median weekly private sector rents by region and country
Table 72	Rents and earnings in England
Table 73	Average weekly local authority and housing association rents by region in England
Table 74	Local authority and housing association social and affordable rents by bedroom numbers
Table 94	Landlord possession claims in England and Wales
Table 108	Housing benefit claimants and average claim in Great Britain
Table 109	Housing benefits expenditure and plans for Great Britain
Table 110	Numbers of recipients and average housing benefit in Great Britain
Table 111	Households in Great Britain in receipt of universal credit housing costs element
Table 113	Housing benefit caseload in GB and payments by tenure and region
Table 119	Tenure profile in the UK, EU and selected EU countries

The ***UK Housing Review*** published each year provides a key resource for managers and policy-makers across the public and private housing sectors. It is now in its 30th year.

The ***UK Housing Review 2022 Briefing Paper*** updates key issues and data from this year's full ***Review***, focusing on these themes:

- *The economy and the new government team*
- *The housing market and first-time buyers*
- *The cost-of-living crisis and social sector rents*
- *Private rented sector reform and the levelling-up agenda*
- *Temporary accommodation, adapted housing and mobility issues*
- *Accommodating refugees from Ukraine and elsewhere*
- *Achieving zero carbon and improving building safety*
- *Social housing regulation in England*

The ***Briefing Paper*** also takes a closer look at housing in Scotland, Wales and Northern Ireland.

The ***UK Housing Review 2022 Briefing Paper*** is available to download at www.cih.org

Tables from the full ***Review*** and recent updates to them are available on the UKHR website: www.ukhousingreview.org.uk

Purchase a copy of the full ***UK Housing Review 2022*** at www.cih.org/bookshop/uk-housing-review-2022

Published by the Chartered Institute of Housing. The authors and CIH are grateful to the Scottish Government, the Welsh Government, the Northern Ireland Housing Executive and to the organisations below for sponsoring the research and publication of the *Review*.

CAMPBELL TICKELL
CLARION HOUSING GROUP
Crisis Together we will end homelessness
Grand Union Housing Group
the guinness partnership
HSCT Housing Studies Charitable Trust
L&Q
Housing Executive
Paradigm
settle
The Housing Finance Corporation Limited