

# The Housing Report

Edition 2, May 2012



**NATIONAL  
HOUSING  
FEDERATION**

**Shelter**

**The Chartered Institute of Housing**

The Chartered Institute of Housing (CIH) is the professional body for people involved in housing and communities. We are a registered charity and not-for-profit organisation. We have a diverse and growing membership of over 22,000 people – both in the public and private sectors – living and working in over 20 countries on five continents across the world. We exist to maximise the contribution that housing professionals make to the wellbeing of communities. Our vision is to be the first point of contact for – and the credible voice of – anyone involved or interested in housing.

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**National Housing Federation**

The National Housing Federation is the voice of affordable housing in England. We believe that everyone should have the home they need at a price they can afford. That's why we represent the work of housing associations and campaign for better housing. Our members provide two and a half million homes for more than five million people. And each year they invest in a diverse range of neighbourhood projects that help create strong, vibrant communities.

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**Shelter**

Shelter believes everyone should have a home. We help people find and keep a home. We campaign for decent housing for all.

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## Introduction

The challenges thrown up by Britain's broken housing market continue to blight the lives, and frustrate the ambitions, of growing numbers of people. That is why housing continues to deserve a more prominent place on the political agenda.

This is the second edition of *The Housing Report*, which by collating and presenting the official figures, seeks to establish whether the Government's approach to housing is succeeding. In the first edition,<sup>1</sup> published in October 2011, we expressed our hope that by shining a spotlight on the Government's record in meeting its own commitments we would help ensure housing policy remains at the heart of political debate over the course of the Parliament.

Since then, we have seen the high-profile launch of the Housing Strategy for England, *Laying the Foundations*,<sup>2</sup> an 88-page almanac of policy commitments made over the previous 18 months and a string of new commitments. In the Strategy, the Prime Minister and his deputy acknowledge that 'for decades in Britain we have under-built', and that 'the economic and social consequences of this failure have affected millions'.<sup>3</sup> Such admissions are important because they impose on the highest levels of Government an inescapable responsibility to properly address and resolve these problems.

The Prime Minister has made increasing home ownership, in particular, a key objective of housing policy, saying in April 2012: 'I want many more people to achieve the dream of home ownership.'<sup>4</sup> Such an aspiration is inevitably bound up in the wider economic context of sluggish growth and high unemployment. Against this backdrop, the Housing Strategy's emphasis on unblocking the housing market to 'drive local economies and create jobs'<sup>5</sup> is a helpful recognition of the argument, made by the housing sector for years, that investment in housing is a highly productive method of boosting the wider economy. It is helpful too that the Government has belatedly recognised that tenants are struggling in the private rented sector, and announced a review of barriers to institutional investment in private homes for rent. We hope that, collectively, such rhetoric represents a significant policy shift that will deliver the homes that the country so desperately needs.

But declarations of good intentions are only a first step towards effecting change. For evidence of real progress we need to study the statistics. In this edition of *The Housing Report*, as in the first, we have assessed the latest data for England under ten main headings, using official sources and a 2010-11 baseline wherever possible, and rated the Government's progress using a traffic light system. As expected, the passing of time since the last Report has enabled us to draw on additional data, providing a fuller – albeit still incomplete – assessment of the coalition's record in office.

In the first edition of the Report, we allocated four red lights, three ambers, two greens and a wait-and-see. This time, some seven months on, we have given five reds, three ambers and two greens.

On evictions, repossessions and arrears, we have lifted our score from amber to green because of falling repossessions and mortgage arrears. The number of empty homes continues to be reduced and this section remains on green. Planning and home ownership stay on amber because potentially positive policy developments have not yet borne sufficient fruit.

1 Edition 1 of *The Housing Report* available here: [www.housing.org.uk/housingreport](http://www.housing.org.uk/housingreport)

2 *Laying the Foundations: A Housing Strategy for England*, DCLG, November 2011: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

3 *Laying the Foundations: A Housing Strategy for England*, p.v: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

4 Prime Minister launches reinvigorated Right to Buy scheme, 3 April 2012: [www.number10.gov.uk/news/prime-minister-launches-reinvigorated-right-to-buy-scheme/](http://www.number10.gov.uk/news/prime-minister-launches-reinvigorated-right-to-buy-scheme/)

5 *Laying the Foundations: A Housing Strategy for England*, p.v: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)



Housing supply remains on red, despite a small increase in overall completions, because of falling starts and the collapse of affordable starts and completions coinciding with the early phase of the new Affordable Homes Programme. Homelessness, help with housing costs and the affordability of the private rented sector also remain on red as rough sleeping, the benefit claimant count and private rents continue to rise. On overcrowding, which for the first time we have sufficient data to score, the Government gets a red for failing to tackle the problem. Only social sector mobility has been relegated, falling from green to amber as progress appears to have stalled.

We note the Housing Minister's preference, stated in response to the first edition of *The Housing Report*, to be 'judged by what real people experience in the real world',<sup>6</sup> but we hope the minister would agree that the official figures that constitute the backbone of this report provide an essential account of what people are experiencing in aggregate. Our assessment is a robust but fair judgement on the Government's progress to date. Based on hard data, we hope our conclusions promote much needed debate on the policy and practice interventions needed to fix our housing system. We want to ensure these issues are aired because keeping them at the top of the political agenda is the only way to secure them the attention, commitment and resources required to have a reasonable chance of tackling and solving this country's housing crisis. The Government has made a good start by bringing together clearly, in the Housing Strategy, the policies it is pursuing and what it plans to achieve in the coming years. It is vital that the sense of urgency that sparked the Strategy is maintained for the rest of the Parliament.

Back in 2011, we recognised it was relatively 'early days' in the coalition Government. A time lag between proposals, legislation, results on the ground and statistical evidence is inevitable. To a certain extent, particularly in the areas of housing supply and planning, such a time lag may well be significant. By the time we publish the third edition of the Report, however, we anticipate that many of the coalition's policies will have had time enough to bed in.

The challenge for the Government is that many of the external pressures on the housing market, ranging from a growing and ageing population to falling incomes, are likely to intensify over the coming years. Ministers will need to significantly up their game to achieve their objective of meeting the nation's housing needs and aspirations.

**Grainia Long**, Chartered Institute of Housing

**David Orr**, National Housing Federation

**Campbell Robb**, Shelter

<sup>6</sup> Shapps: Housing Report? I'd rather be judged by real people, 24Dash.com, 20 October 2011: [www.24dash.com/news/housing/2011-10-20-Shapps-Housing-Report-Id-rather-be-judged-by-real-people](http://www.24dash.com/news/housing/2011-10-20-Shapps-Housing-Report-Id-rather-be-judged-by-real-people)

## Summary of findings

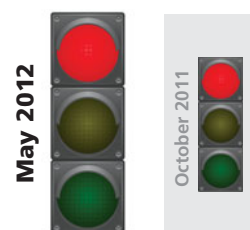
We have assessed the Government’s performance on delivering its stated objectives under ten main headings, illustrating its direction of travel with a traffic light system:



The headline findings are reproduced below alongside the previous ratings from October 2011.

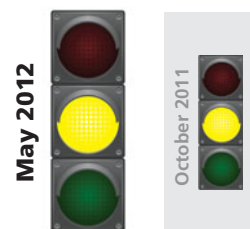
### 1. Housing supply

While the small increase in overall new build is welcome, it is from a historically low base. The 109,020 completions in 2011 remain a full 38% below the 2007 peak of 175,560, and less than half the number the National Housing and Planning Advice Unit found would be required annually to meet demand. While the drop-off in affordable starts and completions is worrying, it can be explained by the Government’s decision to shift to a new investment programme. More troubling is the fall in overall starts, which suggests that things are getting worse and real progress on housing supply is some way off.



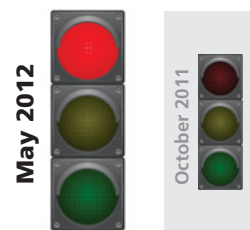
### 2. Planning

While the profound changes to the planning system introduced by the Government may increase the number of homes planned and delivered in due course, the latest available data suggests they have yet to make a significant impact, and care must be taken to ensure that the National Planning Policy Framework (NPPF) contributes rather than impairs the development of affordable housing. Nevertheless, there is much in the NPPF that is positive, not least the expectation that councils meet the ‘full’ need for affordable housing. We hope to have a better idea of its impact by the time of the next edition of The Housing Report.



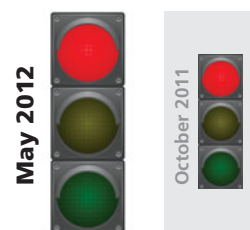
### 3. Overcrowding

The first release of data covering the period of the new coalition Government shows clearly that overcrowding is worsening, and measures to tackle under-occupation will not necessarily resolve the problem.



### 4. Homelessness

The large increase in homeless acceptances and rough sleepers is deeply troubling. Ministers need to respond urgently to this growing problem, which could be exacerbated by further cuts to Housing Benefit in 2013.



**5. Evictions, repossessions and arrears**

Home owners have benefited considerably from low interest rates and low mortgage repayments. For now, at least, the figures are moving in the right direction – the risk is that repossessions and arrears will start to climb if interest rates and lenders’ attitudes change.

May 2012



October 2011



**6. Help with housing costs**

While there are some early signs that the cuts and caps to Local Housing Allowance for new tenants may have exerted marginal downward pressure on the benefit bill for the private rented sector, the continuing increase in the number of claimants, due to growing unemployment and affordability pressures, means the overall bill continues to rise, and suggests that the Government is a long way from achieving its goal of sustainable expenditure.

May 2012



October 2011



**7. Empty homes**

While 720,000 empty homes are clearly too many, given the desperate shortage across the country, the picture appears to be improving, particularly with regard to long-term empty homes, which are the greater problem and demand the most immediate action. If the momentum can be maintained this could be an area of real progress for the Government.

May 2012



October 2011



**8. Mobility**

There is no sign that Government activity to boost mobility has produced significant and lasting improvements and, if anything, it appears that the momentum detected in last year's *Housing Report* may have stalled.

May 2012



October 2011



**9. Affordability of the private rented sector**

Rents in the private sector are rising and the Government’s attempt to rein in benefit expenditure by cutting Local Housing Allowance has so far failed to have a significant effect on rent levels. The combination of rising rents and falling benefit levels will make housing less affordable for low income households.

May 2012



October 2011



**10. Home ownership**

The falling rate of home ownership, and decline in low cost home ownership sales, is clear evidence that the string of initiatives from Government to increase owner occupation is work in progress. It may be the case that house prices are relatively steady, sales are up and affordability is heading in the right direction, however slightly. But for most people home ownership is still well out of reach.

May 2012



October 2011



## 1 Housing supply

The Housing Strategy, *Laying the Foundations*, could not be clearer about the Government's commitment to ensure more homes are built. The foreword to the Strategy, signed by the Prime Minister and Deputy Prime Minister, states: 'One of the most important things each generation can do for the next is to build high quality homes that will stand the test of time. But for decades in Britain we have under-built.' It adds, for the avoidance of any doubt, that with this Strategy the Government plans to 'get Britain building again'.<sup>7</sup>

This reinforces an earlier declaration by Housing Minister Grant Shapps in 2010, when he told a Commons committee: 'Building more homes in this country is the gold standard upon which we shall be judged. The idea is to get a system which delivers housing in this country.'<sup>8</sup>

In the main body of the Strategy, the Government draws a direct link between building homes and securing jobs, a proposition that in the current economic climate adds significant weight to the argument for investment in new homes. It says: 'Getting house building moving again is crucial for economic growth – housing has a direct impact on economic output, averaging 3 per cent of GDP in the last decade. For every new home built, up to two new jobs are created for a year. Without building new homes our economic recovery will take longer than it needs to.'<sup>9</sup>

The Government had already set out plans to increase supply by releasing public sector land, providing a New Homes Bonus to incentivise local authorities, introducing a new investment framework for affordable housing and reforming the planning system.

In November, the Department for Communities and Local Government (DCLG) invited Local Enterprise Partnerships to submit proposals to a £500m Growing Places Fund to support infrastructure development to unblock housing and economic growth.<sup>10</sup> In the 2012 Budget, the Government announced it would redirect an additional £270m into the Fund from existing department budgets.<sup>11</sup> A total of £730m has now been allocated to 39 Local Enterprise Partnerships across England.<sup>12</sup> A further £40m was allocated to the devolved administrations.

The Housing Strategy, published on 21 November 2011, revealed a £400m Get Britain Building investment fund to support building firms in need of development finance for 'shovel-ready' but stalled sites.<sup>13</sup> Since then, the amount of public money committed to the scheme has increased to £570m but the number of homes it is forecast to deliver by December 2014 has remained roughly the same, at between 15,000 and 16,000.<sup>14</sup> The National Housing Federation has expressed concerns about the scheme's value for money and has argued that diverting this funding into the Affordable Homes Programme would deliver more new homes.<sup>15</sup>

The Strategy also revealed a new initiative to provide up to £30m in short-term, Custom Home Building loans to encourage people to build their own homes<sup>16</sup> and a scheme launched in March 2012, most recently known as New Buy, to boost developer confidence by making mortgages available for people to buy a new home with a five per cent deposit.<sup>17</sup>

7 *Laying the Foundations: A Housing Strategy for England*, p.v: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

8 CLG Select Committee, 13 September 2010: [www.publications.parliament.uk/pa/cm201012/cmselect/cmcomloc/453/100913.htm](http://www.publications.parliament.uk/pa/cm201012/cmselect/cmcomloc/453/100913.htm)

9 *Laying the Foundations: A Housing Strategy for England*, p.viii: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

10 £500m fund to unlock the potential for economic growth, DCLG, 7 November 2011:

[www.communities.gov.uk/news/corporate/2024658](http://www.communities.gov.uk/news/corporate/2024658)

11 Budget 2012, HM Treasury, p.42: [http://cdn.hm-treasury.gov.uk/budget2012\\_complete.pdf](http://cdn.hm-treasury.gov.uk/budget2012_complete.pdf)

12 £420 million to support local infrastructure, DCLG, 29 March 2012: [www.communities.gov.uk/news/newsroom/2118896](http://www.communities.gov.uk/news/newsroom/2118896)

13 *Laying the Foundations: A Housing Strategy for England*, p.5: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

14 In December 2011, the Housing Minister upgraded the value of the scheme from £400m to £420m and said it was 'expected to unlock up to 16,000 homes'. On 19 March 2012, the Homes and Communities Agency announced the funding was to increase by a further £150m, to £570m, and suggested the scheme would provide 'more than 15,000' new homes. Two days later, the 2012 Budget documents suggested that the initial £420m was only ever intended to deliver 12,000 new homes, but that the additional £150m would provide a further 3,000.

15 National Housing Federation Budget 2012 briefing, p.4: [www.housing.org.uk/publications/find\\_a\\_publication/finance/budget\\_2012\\_briefing.aspx](http://www.housing.org.uk/publications/find_a_publication/finance/budget_2012_briefing.aspx)

16 *Laying the Foundations: A Housing Strategy for England*, p.14: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

17 Budget 2012, HM Treasury, p.40: [http://cdn.hm-treasury.gov.uk/budget2012\\_complete.pdf](http://cdn.hm-treasury.gov.uk/budget2012_complete.pdf)



The Government announced in October 2011 that public land would be developed as part of a Build Now, Pay Later deal, under which house builders pay for the land on which they develop only after they have started work on the new homes. In the 2012 Budget, the Government said it was on track to dispose of land with the capacity to build more than 100,000 homes by April 2014<sup>18</sup> – a year earlier than its original target.<sup>19</sup> A progress report setting out further details is due to be published before summer 2012.

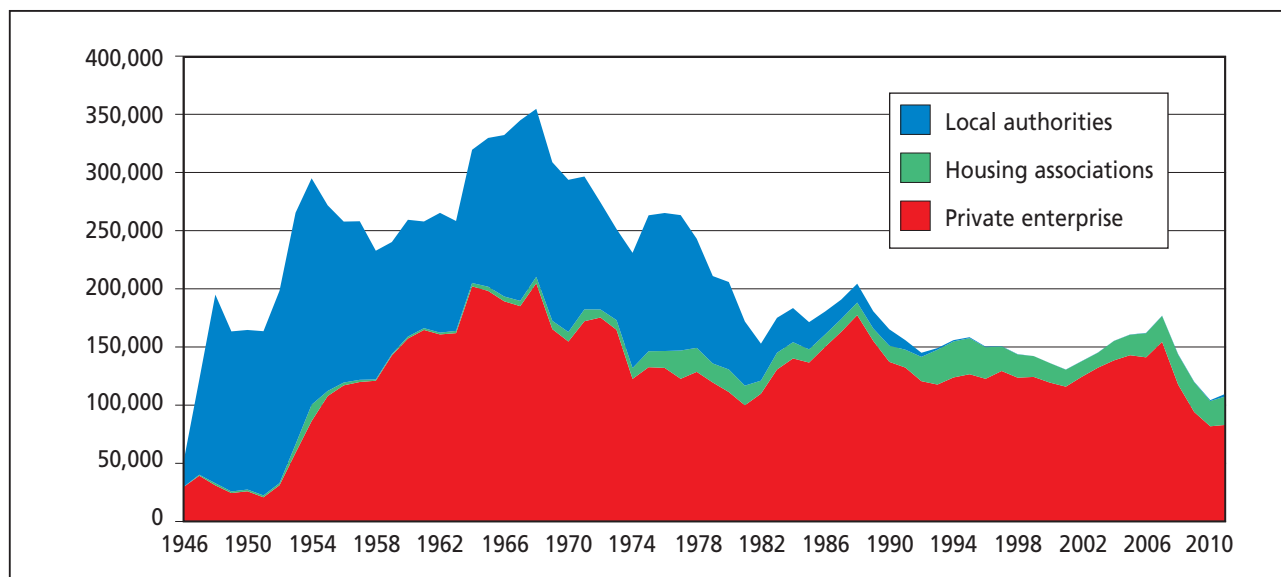
Also in February 2012, following a consultation launched alongside the Housing Strategy, DCLG published final details of the self-financing deal for council housing, which replaced the Housing Revenue Account subsidy system in April 2012, and which it is hoped will encourage local authorities to borrow to build more homes.<sup>20</sup> Concerns have since been raised about Government warnings in the 2012 Budget that it may 'take action' to address the increase in public debt that the Office for Budget Responsibility has forecast will follow from the changes.<sup>21</sup>

## 1.1: New homes built overall

The number of new homes built in England increased by 6% from 103,300 in 2010 to 109,020 in 2011, the first full calendar year of the coalition Government. A breakdown of the figures reveals growth across tenures, but particularly among local authorities, whose provision increased from 790 to 2,320 new homes year-on-year. The growth in local authority new build is attributable to the extra funding made available through the housing stimulus programme announced in the April 2009 budget.<sup>22</sup>

Despite the welcome increase in 2011, overall new build remains significantly lower than the 119,070 units recorded in 2009, the year before the Government took office. The 2011 figure, of 109,020, compares poorly with the 2001-2010 average of 142,000, and apart from 2010 is the lowest annual total of any year since 1946.

Graph 1a: New build by tenure (England)



Source: DCLG Live Table 244.

18 Budget 2012, HM Treasury, p.41: [http://cdn.hm-treasury.gov.uk/budget2012\\_complete.pdf](http://cdn.hm-treasury.gov.uk/budget2012_complete.pdf)

19 The Housing Strategy set out Government plans to release land with the capacity to build up to 100,000 homes over the Spending Review period (ending March 2015), *Laying the Foundations: A Housing Strategy for England*, p.9: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

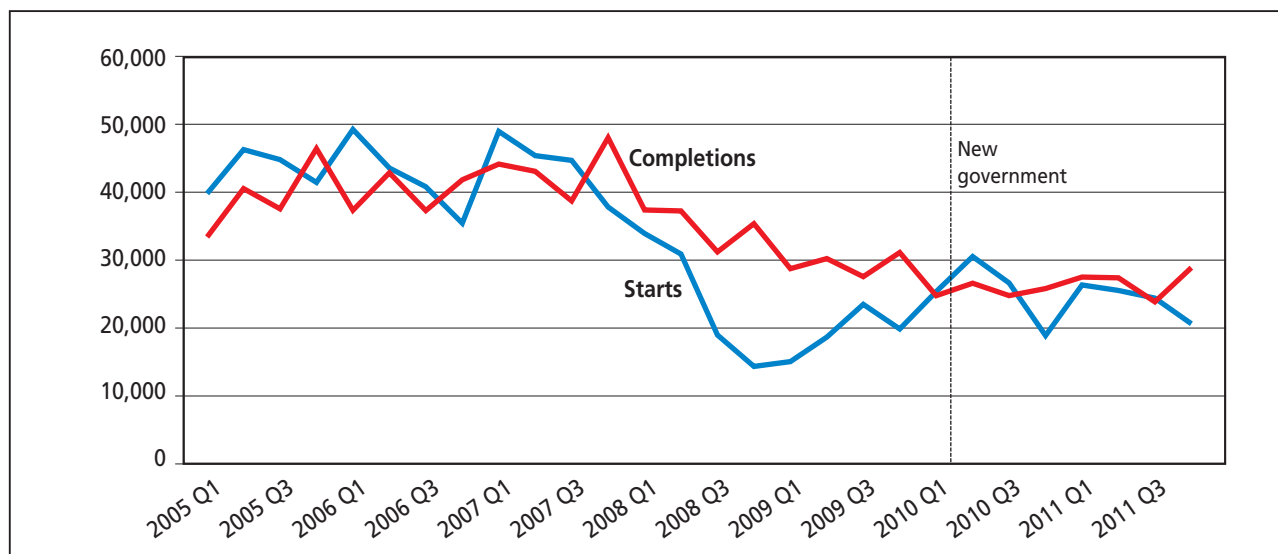
20 The Housing Revenue Account Self-financing Determinations, DCLG, 1 February 2012: [www.communities.gov.uk/publications/housing/selffinancingdeterminations](http://www.communities.gov.uk/publications/housing/selffinancingdeterminations)

21 Budget 2012, HM Treasury, p.41: [http://cdn.hm-treasury.gov.uk/budget2012\\_complete.pdf](http://cdn.hm-treasury.gov.uk/budget2012_complete.pdf)

22 Affordable Housing Supply, England, 2010-11, DCLG statistical release, 5 October 2011, p.4: [www.communities.gov.uk/documents/statistics/pdf/20015771.pdf](http://www.communities.gov.uk/documents/statistics/pdf/20015771.pdf)

The number of new build starts dropped in successive quarters throughout 2011. This is very troubling, and suggests that the uptick in completions is not a signal of sustainable growth.

**Graph 1b: Starts and completions (England)**



Source: DCLG Live Table 213.

## 1.2: Affordable homes built

The Housing Strategy confirms the Government's expectation that it will provide 'up to 170,000 affordable homes by 2015, compared with the 150,000 originally estimated'. It adds: 'This outcome supports economic growth and means that 80,000 jobs will be provided in construction and related trades.'<sup>23</sup> The new homes will be built as part of the Government's Affordable Homes Programme, under which landlords developing new homes will be required to charge rents of up to 80% of the market rate.

The number of new affordable homes completed in the first half of 2011-12, the most recent period for which figures are available, shows a significant drop from equivalent periods in the previous two years. Completions for the second half of the financial year will have to accelerate sharply to prevent a significant decline in the annual total. The challenge was highlighted by the publication of figures in November 2011 showing the number of affordable starts on site reaching just 454 in the first half of 2011-12 – 97% fewer than in the same period the previous year – as developers negotiated agreements with the Homes and Communities Agency.<sup>24</sup>

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

Period	Social rent	Intermediate rent*	Low cost home ownership	Total affordable completions
2009-10 Apr-Sept	10,579	736	7,591	18,906
2009-10 Oct-Mar	20,342	1,199	12,708	34,249
2010-11 Apr-Sept	10,307	999	8,243	19,549
2010-11 Oct-Mar	26,355	1,471	8,485	36,311
2011-12 Apr-Sept	9,035	520	3,248	12,803

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

<sup>23</sup> *Laying the Foundations: A Housing Strategy for England*, p.24: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

<sup>24</sup> Homes and Communities Agency National Housing Statistics, 22 November 2011:

[www.homesandcommunities.co.uk/sites/default/files/aboutus/official-statistics-release-221111.pdf](http://www.homesandcommunities.co.uk/sites/default/files/aboutus/official-statistics-release-221111.pdf)

## What next?

The majority of Government initiatives announced recently to boost housing supply have not yet taken effect, while some of those that have may take time to show up in the data. Initiatives include the release of public sector land and Build Now Pay Later, the Growing Places Fund, the Get Britain Building investment fund, Custom Home building loans, New Buy, and the replacement of the local authority Housing Revenue Account system.

The Government is using the 2012 Finance Bill to reform Real Estate Investment Trusts (REITs), which it hopes will contribute to increased supply. In April 2012, the Government published a consultation on the role REITs can play in supporting the social housing sector.<sup>25</sup>

In the 2012 Budget, the Government confirmed it was ‘taking forward’ pilots of land auctions for public sector land, with the aim of having two sites ready for market by the end of 2012.<sup>26</sup> A separate initiative to pilot ‘build to rent’ sites, marketed by the Homes and Communities Agency, was announced in the Housing Strategy in November 2011.<sup>27</sup>



### Verdict: Housing supply

While the small increase in overall new build is welcome, it is from a historically low base. The 109,020 completions in 2011 remain a full 38% below the 2007 peak of 175,560, and less than half the number the National Housing and Planning Advice Unit found would be required annually to meet demand.<sup>28</sup> While the drop-off in affordable starts and completions is worrying, it can be explained by the Government’s decision to shift to a new investment programme. More troubling is the fall in overall starts, which suggests that things are getting worse and real progress on housing supply is some way off.

25 Consultation on reforms to the real estate investment trust (REIT) regime, HM Treasury and DCLG, April 2012: [www.hm-treasury.gov.uk/d/condoc\\_reforms\\_to\\_reit.pdf](http://www.hm-treasury.gov.uk/d/condoc_reforms_to_reit.pdf)

26 Budget 2012, HM Treasury, p.41: [http://cdn.hm-treasury.gov.uk/budget2012\\_complete.pdf](http://cdn.hm-treasury.gov.uk/budget2012_complete.pdf)

27 *Laying the Foundations: A Housing Strategy for England*, p.33: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

28 National Housing and Planning Advice Unit, 26 June 2008: [www.communities.gov.uk/archived/general-content/nhpau/newsroom/2008/housingsupplyrange/](http://www.communities.gov.uk/archived/general-content/nhpau/newsroom/2008/housingsupplyrange/)

## 2 Planning

The Government’s localist approach to planning is summarised in the Housing Strategy as follows: ‘Instead of seeking to drive housing outcomes through central planning, top-down targets and bureaucratic structures, we are supporting individual aspiration. We will respect the freedom of families, neighbourhoods and local communities to make their own decisions about the housing that is needed, and where it should be built.’<sup>29</sup>

It remains to be seen whether this approach will actually work to deliver the additional homes that the Government, from the Prime Minister downwards, says are so badly needed, but DCLG Minister Greg Clark has insisted its planning reforms will ‘help get England out of the house building trough’.<sup>30</sup>

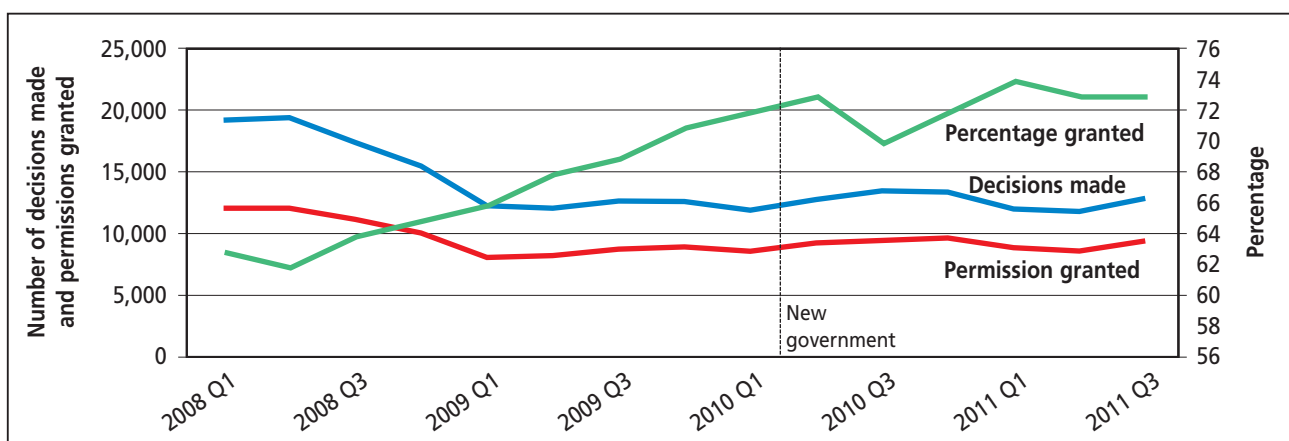
The final version of the National Planning Policy Framework, which replaces myriad planning policy statements, circulars and guidance documents, was published in March 2012. Crucially, as well as simplifying planning policy, it contains a presumption in favour of ‘sustainable development’.<sup>31</sup> It also places more responsibility on local authorities to effectively identify housing needs, including for affordable housing, and plan to meet those needs. However, concerns have been raised that councils could use viability arguments to reduce expectations of affordable housing.

While the NPPF has only recently been published, several of the Government’s other planning reforms have been in place long enough to be reflected in the latest data. They include the New Homes Bonus, which pays local authorities the equivalent of six years’ council tax for every new home built and property brought back into use. The Bonus has been described by DCLG as a powerful financial incentive ‘to allow communities to experience the benefits of additional housing’.<sup>32</sup>

In February 2012, the Government announced it was paying councils in England £432m of New Homes Bonus in respect of 159,000 homes, including 22,000 long-term empty properties brought back into use and 61,000 new affordable homes, for which an affordable homes enhancement totalling £21m was paid.<sup>33</sup>

The latest data shows the number of developments given planning approval is averaging around 9,000 per quarter across England and is yet to recover to pre-credit crunch levels. However, the proportion of developments granted consent appears to have stabilised above 70%, up from the low 60s common prior to the banking crisis.

Graph 2a: Developments given planning approval (England)



Source: DCLG statistics.

Note: Figures are for developments, not units.

29 *Laying the Foundations: A Housing Strategy for England*, p.3: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

30 DCLG Minister Greg Clark, speech to Town and Country Planning Association Annual Conference, 30 November 2010:

[www.communities.gov.uk/speeches/planningandbuilding/1784320](http://www.communities.gov.uk/speeches/planningandbuilding/1784320)

31 National Planning Policy Framework, DCLG, March 2012: [www.communities.gov.uk/documents/planningandbuilding/pdf/2116950.pdf](http://www.communities.gov.uk/documents/planningandbuilding/pdf/2116950.pdf)

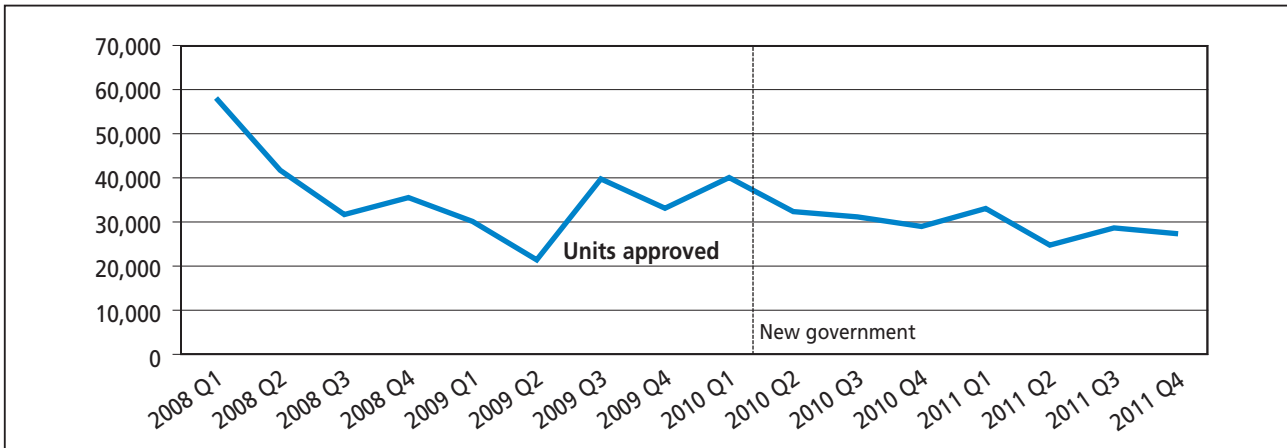
32 *Laying the Foundations: A Housing Strategy for England*, p.5: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

33 Housing Update, DCLG, 1 February 2012: [www.communities.gov.uk/statements/corporate/2080013](http://www.communities.gov.uk/statements/corporate/2080013). More information and a breakdown of the allocations is available on the DCLG website here: [www.communities.gov.uk/housing/housingsupply/newhomesbonus/](http://www.communities.gov.uk/housing/housingsupply/newhomesbonus/)



The number of units, as opposed to developments, granted planning approval decreased slightly in the final quarter of 2011. Approvals of units remain lower than when the Government took office and less than half that recorded in early 2008.

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



Source: Home Builders' Federation, New Housing Pipeline Q1 2011 Report.

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

## What next?

The Localism Act 2011 provided new powers for communities, such as Neighbourhood Plans and the Community Right to Build, the latter aimed at 'giving communities new powers to deliver the development they want'.<sup>34</sup> The powers came into effect in April 2012.

In the Housing Strategy, the Government announced that a consultation would be held on plans to require local authorities to re-think section 106 agreements signed before April 2010 in times of 'more prosperous market conditions',<sup>35</sup> in areas where development is stalled. We await the details.



### Verdict: Planning

While the profound changes to the planning system introduced by the Government may increase the number of homes planned and delivered in due course, the latest available data suggests they have yet to make a significant impact, and care must be taken to ensure that the National Planning Policy Framework contributes rather than impairs the development of affordable housing. Nevertheless, there is much in the NPPF that is positive, not least the expectation that councils meet the 'full' need for affordable housing. We hope to have a better idea of its impact by the time of the next edition of *The Housing Report*.

34 *Laying the Foundations: A Housing Strategy for England*, p.viii: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

35 *Laying the Foundations: A Housing Strategy for England*, p.5: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

### 3 Overcrowding

Overcrowded housing, which has been linked to psychological distress and mental disorder,<sup>36</sup> is one of the more disturbing symptoms of the country’s failure to build enough homes. An overall shortage of stock coupled with affordability problems inevitably makes it that much harder for families to access appropriately sized housing.

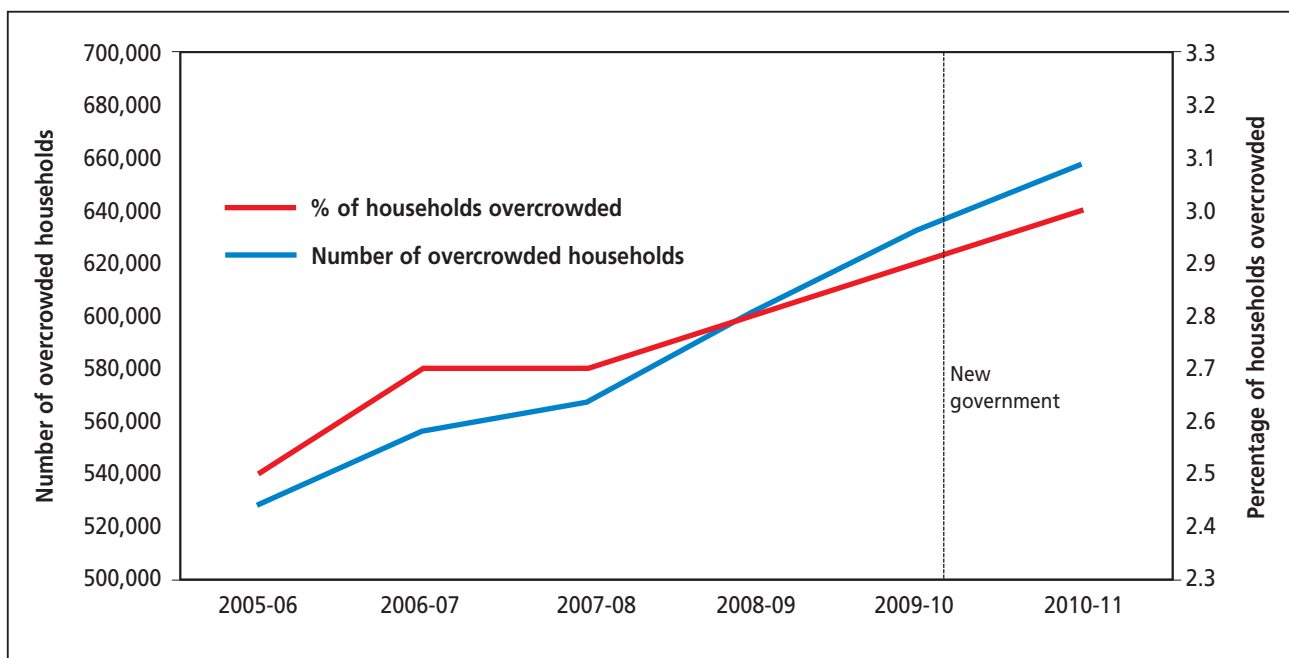
In the Housing Strategy, the Government acknowledges the problem is ‘widespread’, and points to its welfare and tenancy reforms as the potential solution.<sup>37</sup> These reforms include the introduction, from April 2012, of fixed-term tenancies, generally a minimum of five years in length,<sup>38</sup> under which social tenants may be assessed towards the end of their tenancy for any changes in circumstances, such as children leaving home, which may have led them to under-occupy their property. Landlords may then require tenants to move on, to a smaller home, to free up space for overcrowded families.

Other reforms include making it easier for social tenants to move when not in priority need; and a local authority power, yet to be introduced, to discharge a duty to any homeless household by finding them a private tenancy.

The latest data show the number of households living in overcrowded conditions continues to rise, from an already high 630,000 in 2009-10 to 655,000 in 2010-11.

The proportion of households in England considered to be suffering from overcrowding has now reached 3%. A tenure breakdown shows that overcrowding rates are much higher among social renters (7%) and private renters (6%) than they are among owner occupiers (1%).<sup>39</sup>

**Graph 3a: Overcrowded households (England)**



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

36 Housing Health and Safety Rating System Guidance for Landlords and Property Related Professionals, DCLG May 2006, p.33: [www.communities.gov.uk/documents/housing/pdf/150940.pdf](http://www.communities.gov.uk/documents/housing/pdf/150940.pdf)

37 *Laying the Foundations: A Housing Strategy for England*, p.51: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

38 Under the Homes and Communities Agency’s regulatory framework for social housing in England, landlords may ‘exceptionally’ grant two-year tenancies, p.24: [www.homesandcommunities.co.uk/sites/default/files/our-work/regulatory\\_framework\\_2012.pdf](http://www.homesandcommunities.co.uk/sites/default/files/our-work/regulatory_framework_2012.pdf)

39 English Housing Survey Headline Report 2010-11, DCLG, p.25: [www.communities.gov.uk/documents/statistics/pdf/2084179.pdf](http://www.communities.gov.uk/documents/statistics/pdf/2084179.pdf)

## What next?

The Housing Strategy states that the Government's welfare reforms will 'work hand-in-hand with our plans for social housing to help reduce overcrowding'.<sup>40</sup> From April 2013, under provisions in the Welfare Reform Act 2012, working-age households in the social sector deemed to have one spare bedroom will see their Housing Benefit reduced by 14% of their rent. Those deemed to be under-occupying their homes by two or more bedrooms will lose 25%. The Government suggests this will prompt 'some tenants' to choose to downsize to smaller properties. This movement in the social housing stock will, it says, 'allow people living in overcrowded conditions or who are on the waiting list to access appropriate social homes'.<sup>41</sup> DCLG, in draft guidance to local authorities in light of the new benefit restrictions, advises: 'Ensuring that under-occupiers are given sufficient priority for a transfer will make it easier for tenants to downsize to more suitably sized accommodation, and help authorities to tackle overcrowding in their area.'<sup>42</sup>

Separately, the DCLG's draft allocations guidance recommends that local authorities adopt 'a modern measure of overcrowding', namely the Bedroom Standard,<sup>43</sup> 'so families in crowded housing will find it easier to move into more suitably sized homes'.<sup>44</sup> Guidance produced by DCLG in 2009<sup>45</sup> stated that a household is 'severely overcrowded' where it is two bedrooms short of what it is entitled to under the Bedroom Standard. Under the draft allocations guidance, the Standard would in effect replace the definition of overcrowding in the 1985 Housing Act, which a majority of respondents to a DCLG consultation in 2011 found failed to reflect what was acceptable for modern living standards.<sup>46</sup>

It is notable that while the Government is content to adopt the Bedroom Standard-based definition of 'overcrowding', it refuses, for benefit purposes, to recognise the Standard's definition of under-occupation. This states that a household is under-occupying where there are two or more bedrooms above the Bedroom Standard. Under the Government's social sector size criteria, having just one 'spare' bedroom will be enough to trigger benefit cuts for under-occupation.



### Verdict: Overcrowding

The first release of data covering the period of the new coalition Government shows clearly that overcrowding is worsening, and measures to tackle under-occupation will not necessarily resolve the problem.

40 *Laying the Foundations: A Housing Strategy for England*, p.51: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

41 *Laying the Foundations: A Housing Strategy for England*, p.51: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

42 Allocation of Accommodation, DCLG consultation, p.8: [www.communities.gov.uk/documents/housing/pdf/2060702.pdf](http://www.communities.gov.uk/documents/housing/pdf/2060702.pdf)

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

44 Allocation of Accommodation, DCLG consultation, ministerial foreword, p.2: [www.communities.gov.uk/documents/housing/pdf/2060702.pdf](http://www.communities.gov.uk/documents/housing/pdf/2060702.pdf)

45 DCLG & TSA – Overcrowding and under-occupation: Self-assessment for social landlords, October 2009: [www.tenantservicesauthority.org/upload/pdf/Overcrowding\\_and\\_under-occupation.pdf](http://www.tenantservicesauthority.org/upload/pdf/Overcrowding_and_under-occupation.pdf)

46 Local Decisions: Summary of Responses, DCLG, February 2011: [www.communities.gov.uk/documents/housing/pdf/1853054.pdf](http://www.communities.gov.uk/documents/housing/pdf/1853054.pdf)

## 4 Homelessness

Housing Minister Grant Shapps, writing in January 2011, declared: ‘Tackling homelessness is what first got me into politics.’<sup>47</sup> Even so, the Government is braced for homelessness to rise. The Housing Strategy, published in November 2011, acknowledged that tackling the problem will be a ‘demanding task’ over the next few years, as ‘the legacy of the recession continues to bite’.<sup>48</sup>

The Homelessness Working Group, attended by ministers from eight government departments, continues to meet, and plans to address any increase in rough sleeping prompted by the Government’s planned criminalisation of squatting.<sup>49</sup>

In March 2012, Grant Shapps wrote to all council leaders, urging them to protect funding for Supporting People services to ensure older and vulnerable people get the support they need. In the letter, the Housing Minister reminded councils of the evidence that housing-related support services deliver preventative savings by intervening early, helping people live independently and reducing demand on costly acute and emergency services.<sup>50</sup>

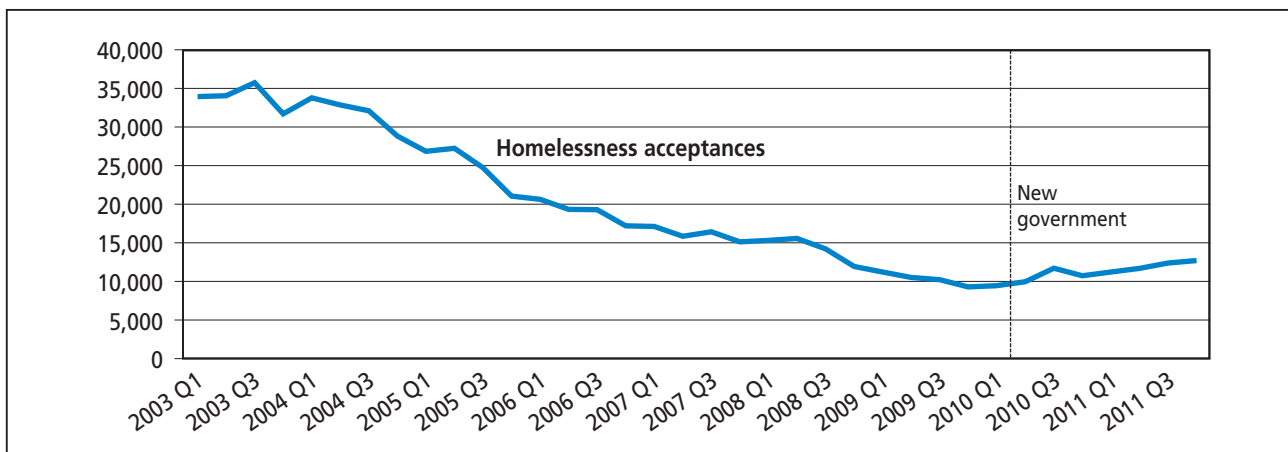
In addition to the £20m allocated by Government to a Homelessness Transition Fund, £10m has been awarded to support single homeless people.

In April 2012, it emerged that a number of London boroughs were seeking to rehouse homeless families hundreds of miles away, in the private rented sector in places such as Stoke, because they said affordable homes in London were in short supply.<sup>51</sup>

### 4.1: Statutory homelessness

In England and Wales, when local authorities ‘accept’ a household to be unintentionally homeless, eligible for support, and in priority need, they have a statutory duty to provide accommodation until settled housing is found. The Housing Strategy admits: ‘We know that statutory homelessness acceptances are rising,’<sup>52</sup> and the data bear this out, with acceptances reaching 12,830 in the final quarter of 2011 – up 27% from the period during which the Government came to power.

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



Source: DCLG Live Table 770.

47 Grant Shapps, The government is protecting the homeless from council cuts, *The Guardian*, 23 Jan 2011:

[www.guardian.co.uk/commentisfree/2011/jan/25/homelessness-funding-cuts-councils](http://www.guardian.co.uk/commentisfree/2011/jan/25/homelessness-funding-cuts-councils)

48 *Laying the Foundations: A Housing Strategy for England*, p.46: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

49 *Laying the Foundations: A Housing Strategy for England*, p.42: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

50 Grant Shapps: ‘Invest to save’ and offer support to vulnerable people, DCLG, 20 March 2012:

[www.communities.gov.uk/news/newsroom/2110102](http://www.communities.gov.uk/news/newsroom/2110102)

51 London looks to export council tenants, *The Guardian*, 24 April 2012: [www.guardian.co.uk/uk/2012/apr/24/london-exporting-council-tenants?intcmp=239](http://www.guardian.co.uk/uk/2012/apr/24/london-exporting-council-tenants?intcmp=239)

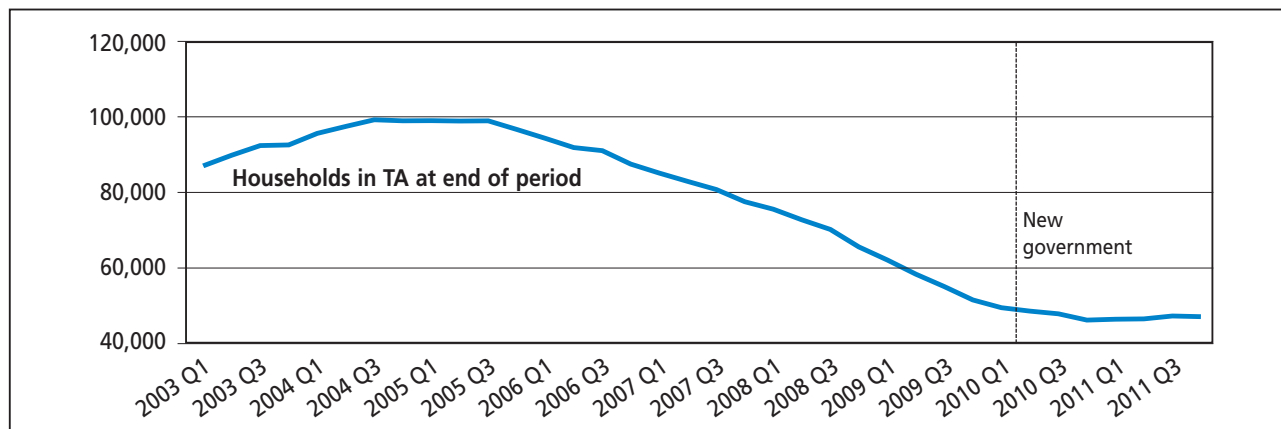
52 *Laying the Foundations: A Housing Strategy for England*, p.46: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)



## 4.2: Temporary accommodation

The number of households in temporary accommodation has largely remained stable, between 48,000 and 49,000, since the Government took office. The data recorded a slight fall, between the third and fourth quarters of 2011, from 49,100 to 48,920. The current total is less than half the 101,300 peak counted in the third quarter of 2004. While the overall fall in use of temporary accommodation is welcome, a closer look at the data reveals a 37% increase in the number of households in bed and breakfast accommodation, to 3,170, in the 12 months to the end of 2011.<sup>53</sup>

**Graph 4b: Households in temporary accommodation (England)**



Source: DCLG Live Table 775.

## 4.3: Rough sleeping

The Housing Strategy, published in November 2011, said: 'Our priority is to tackle rough sleeping, the most visible and damaging form of homelessness,'<sup>54</sup> but acknowledged: 'There are signs that rough sleeping is increasing in key areas such as London.'<sup>55</sup>

Two months later, the release of the latest rough sleeping statistics revealed that rough sleeping had rocketed across England. The autumn 2011 total of rough sleeping counts and estimates, from every local authority in England, was 2,181, up by 413 (23%) from the 2010 total of 1,768.<sup>56</sup>

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

## What next?

The Ministerial Working Group on Homelessness will publish a second, broader homelessness strategy in spring 2012. This will focus on tackling the complex underlying causes of homelessness, preventing homelessness at an earlier stage and delivering integrated services that support an individual's recovery.<sup>57</sup>



### Verdict: Homelessness

The large increase in homeless acceptances and rough sleepers is deeply troubling. Ministers need to respond urgently to this growing problem, which could be exacerbated by further cuts to Housing Benefit in 2013.

<sup>53</sup> Statutory Homelessness: October to December Quarter 2011 England, DCLG, p.5:

[www.communities.gov.uk/documents/statistics/pdf/2102020.pdf](http://www.communities.gov.uk/documents/statistics/pdf/2102020.pdf)

<sup>54</sup> *Laying the Foundations: A Housing Strategy for England*, p.46: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

<sup>55</sup> *Laying the Foundations: A Housing Strategy for England*, p.46: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

<sup>56</sup> Rough Sleeping Statistics England – Autumn 2011 Experimental Statistics, DCLG, February 2012, p.1:

[www.communities.gov.uk/documents/statistics/pdf/20936571.pdf](http://www.communities.gov.uk/documents/statistics/pdf/20936571.pdf)

<sup>57</sup> *Laying the Foundations: A Housing Strategy for England*, p.46: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

## 5 Evictions, repossessions and arrears

The Housing Strategy is frank in acknowledging the scale of the problems facing families in difficulty. It says: ‘Reduced income as a result of job losses or reduced hours and pressure on food and fuel bills have meant that many households are struggling to pay their mortgages. Some have fallen into arrears and in the most serious cases are at risk of repossession by their mortgage lender.’<sup>58</sup>

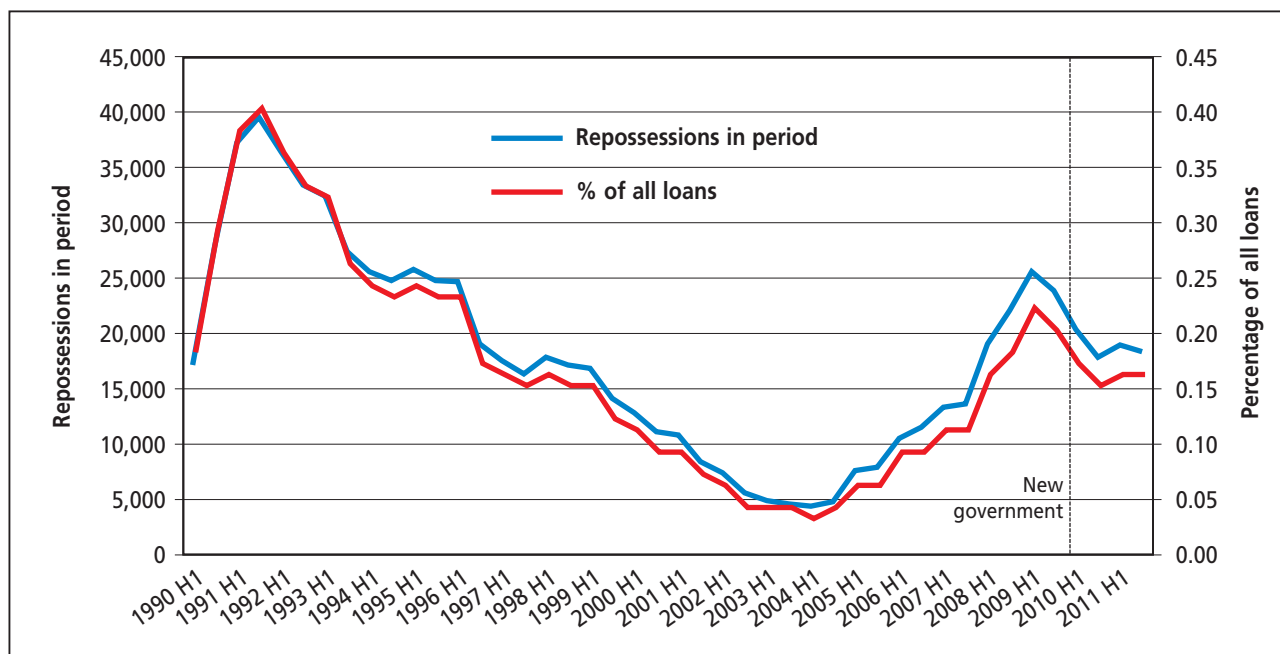
Low interest rates and high lender forbearance are credited by Government as having protected borrowers struggling to keep up with their mortgage payments. The Strategy says: ‘The single most important part that Government can play to keep the pressure off stretched household budgets is to keep interest rates low.’<sup>59</sup>

It is welcome that Government has recognised that home owners are not the only ones finding it hard to meet their housing costs – private renters are struggling too. The Strategy says: ‘Too many families struggle to meet their housing needs. It has become too difficult for many households who wish to be homeowners to secure the mortgage they require. Many households face rising rents.’<sup>60</sup>

### 5.1: Legal action against owner occupiers and tenants

The Government’s observation that repossessions are being slowed by low interest rates and lender forbearance are borne out by the statistics, which show the number of repossessions falling by several hundred to 17,800 in the final half of 2011. This leaves the total number of repossessions in 2011 at 36,200, down from 37,100 in 2010.

Graph 5a: Repossessions (UK)



Source: Council of Mortgage Lenders.

The number of possession claims, issued by mortgage providers and landlords against owners and tenants, fell to 51,002 in the final quarter of 2011, down from 56,202 the previous quarter. However, the annual total for 2011, 215,270, exceeded that of the previous year by almost 5,000.

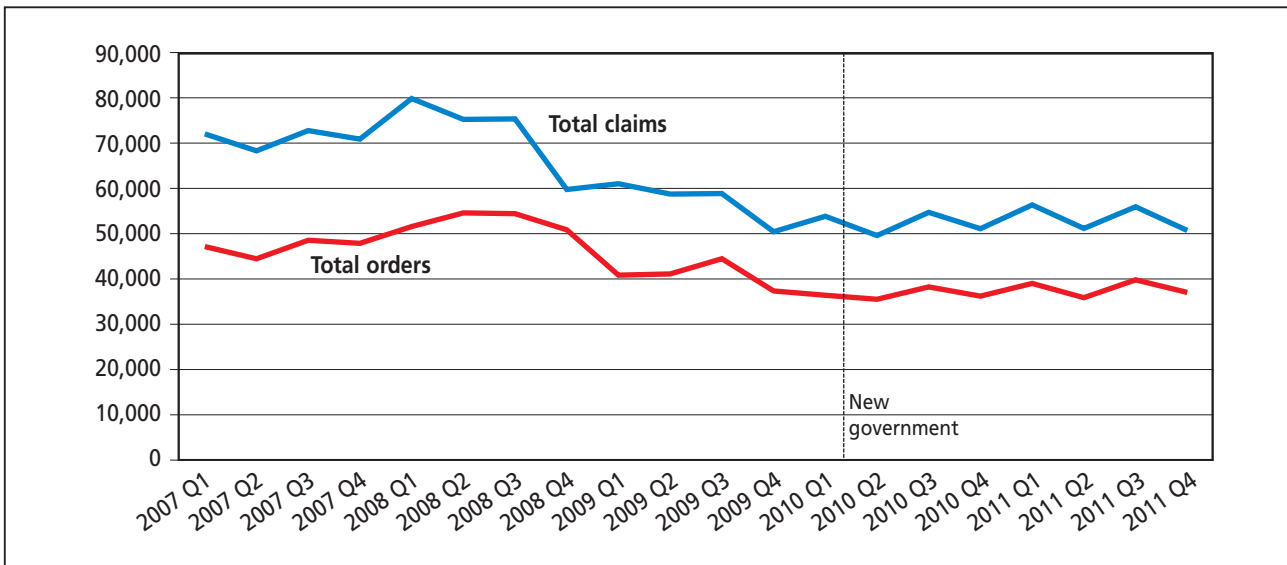
58 *Laying the Foundations: A Housing Strategy for England*, p.52: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

59 *Laying the Foundations: A Housing Strategy for England*, p.53: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

60 *Laying the Foundations: A Housing Strategy for England*, p.1: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

The number of claims resulting in a possession order being made by the courts also fell between the final two quarters of 2011, from 40,150 to 37,383, but also increased year-on-year by more than 5,000, to 153,123 in 2011.

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

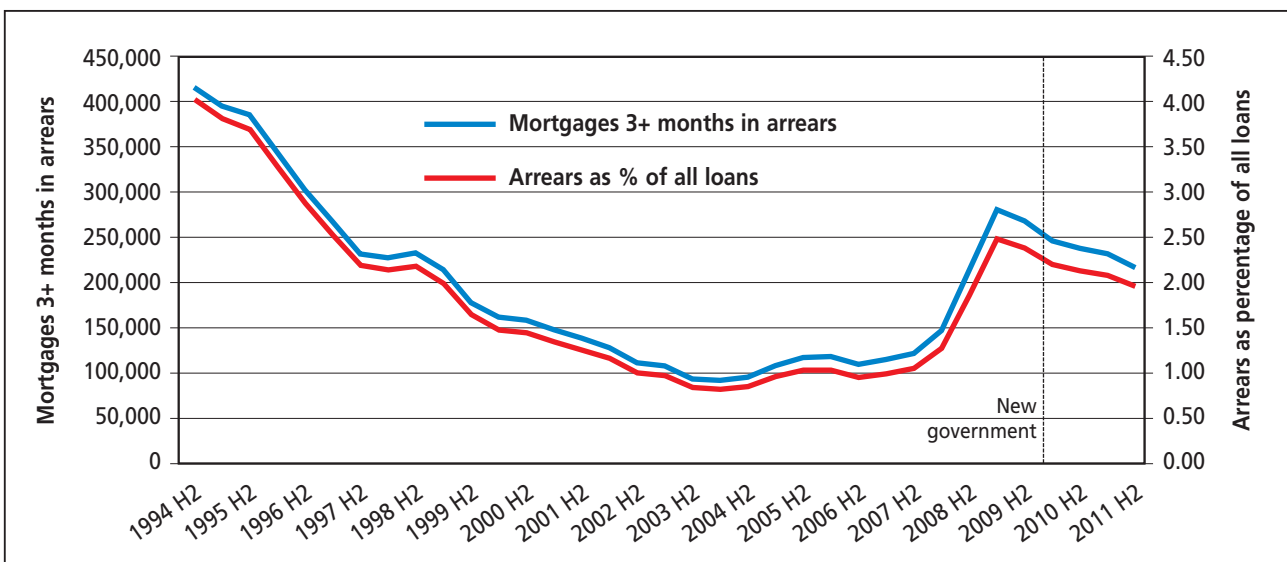


Source: Ministry of Justice.

## 5.2: Mortgage arrears

Some 221,000 households were more than three months in arrears in December 2011. This is fewer than at any time since the end of 2008 – although still twice as many as in 2004. The proportion of mortgages in significant arrears fell to below 2% of total loans at the end of 2011.

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



Source: Council of Mortgage Lenders.

## What next?

Although arrears and repossessions levels appear to be falling slightly, the Council of Mortgage Lenders has decided to stick with its original forecast of 45,000 repossessions during 2012, in light of wider economic pressures. Such a figure would represent a significant increase on the 36,200

recorded in 2011. It said: 'A greater number of stretched households are likely to find it more difficult to cope this year, despite continuing forbearance policies by lenders, as upward pressure on arrears and repossessions will be exacerbated by the weakening employment market.'<sup>61</sup>

Unemployment and other losses of income are key drivers of repossession and lenders who have until now exercised forbearance may change their practices depending on the state of the economy. The Council of Mortgage Lenders has also highlighted the concern that borrowers in longer term or deeper arrears are not clearing their debts, while the Bank of England and Financial Services Authority have highlighted the prudential risks associated with unsustainable forbearance.<sup>62</sup>

Any rise in interest rates could trigger an increase in arrears and repossessions. The historically low base rates of the last three years have to some extent masked the true scale of household debt.<sup>63</sup> With some lenders already pushing up their Standard Variable rates, and few borrowers prepared for how they would cope with increased monthly payments,<sup>64</sup> this is a key risk.

From April 2012, debt advice is to be co-ordinated by the Money Advice Service, in an attempt to ensure that debt advice is 'accessible to all'.<sup>65</sup> However, plans to cut the legal aid budget by £350m<sup>66</sup> could lead to more than half a million people losing help with legal costs,<sup>67</sup> with the impact on home owners and tenants who face losing their homes yet to be determined.

A consultation into reform of Support for Mortgage Interest (SMI), a benefit described by the Welfare Reform Minister as 'not sustainable',<sup>68</sup> was launched in December 2011 and closed in February 2012. The Government has yet to respond formally. A scheme to provide earlier access to SMI is due to expire in January 2013. Anything that weakens the support available is likely to prove damaging to struggling home owners.



### Verdict: Evictions, repossessions and arrears

Home owners have benefited considerably from low interest rates and low mortgage repayments. For now, at least, the figures are moving in the right direction – the risk is that repossessions and arrears will start to climb if interest rates and lenders' attitudes change.

61 Why we are sticking with our 45,000 repossessions forecast for now, Council of Mortgage Lenders, 14 February 2012:

[www.cml.org.uk/cml/publications/newsandviews/107/401](http://www.cml.org.uk/cml/publications/newsandviews/107/401)

62 Bank of England, Financial Stability Report June 2011, Issue no. 29: [www.bankofengland.co.uk/publications/Documents/fsr/2011/fsrfull1106.pdf](http://www.bankofengland.co.uk/publications/Documents/fsr/2011/fsrfull1106.pdf)

63 Almost one million people resorting to payday loans to help pay rent or mortgage, Shelter, January 2012:

[http://media.shelter.org.uk/home/press\\_releases/almost\\_one\\_million\\_people\\_resorting\\_to\\_payday\\_loans\\_to\\_help\\_pay\\_rent\\_or\\_mortgage](http://media.shelter.org.uk/home/press_releases/almost_one_million_people_resorting_to_payday_loans_to_help_pay_rent_or_mortgage)

Analysis by the Financial Inclusion Centre for the Consumer Credit Counselling Service estimates that 6.2 million households are 'financially vulnerable', 3.2 million are 'already in financial difficulty' either in structural arrears or are already subject to some form of debt action, with a further three million 'at risk' of getting into financial difficulty because they are finding it hard to make ends meet and are vulnerable to increases in household bills. Debt and Household Incomes, July 2011:

[www.cccs.co.uk/Portals/0/Documents/media/reports/additionalreports/Summary\\_Debt\\_and\\_household\\_incomes.pdf](http://www.cccs.co.uk/Portals/0/Documents/media/reports/additionalreports/Summary_Debt_and_household_incomes.pdf)

64 One in four home owners don't realise rates are historically low, and three in four don't know how a 1% rise would affect their monthly outgoings, Shelter research, March 2011: [http://media.shelter.org.uk/home/press\\_releases/rate\\_rise\\_could\\_take\\_one\\_in\\_four\\_homeowners\\_by\\_surprise\\_shelter\\_warns](http://media.shelter.org.uk/home/press_releases/rate_rise_could_take_one_in_four_homeowners_by_surprise_shelter_warns)

65 *Laying the Foundations: A Housing Strategy for England*, p.52: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

66 Impact Assessment: Central Funds reforms, Ministry of Justice, May 2011: [www.justice.gov.uk/downloads/publications/bills-acts/legal-aid-sentencing/ia-central-funds.pdf](http://www.justice.gov.uk/downloads/publications/bills-acts/legal-aid-sentencing/ia-central-funds.pdf)

67 Impact Assessment: Cumulative Legal Aid Reform Proposals, Ministry of Justice, November 2010:

[www.justice.gov.uk/downloads/consultations/ia-cum-legal-aid-ref.pdf](http://www.justice.gov.uk/downloads/consultations/ia-cum-legal-aid-ref.pdf)

68 Freud: Support for Mortgage Interest must be fair and affordable, Department for Work and Pensions, 6 December 2011:

[www.dwp.gov.uk/newsroom/press-releases/2011/dec-2011/dwp138-11.shtml](http://www.dwp.gov.uk/newsroom/press-releases/2011/dec-2011/dwp138-11.shtml)



## 6 Help with housing costs

With unemployment high and wages stagnant, increasing demands on systems of support are inevitable.

The Government has taken drastic action to halt the rising Housing Benefit bill, slashing the annual budget for support by more than £2bn by 2014-15 to 'ensure that expenditure is sustainable in the longer term'.<sup>69</sup>

Steps taken include cutting and capping Local Housing Allowance (LHA) in the private rented sector, for new claimants from April 2011, and for all claimants by the end of 2012. Measures to restrict single people in the private rented sector to claiming the rate for a single room in a shared house up to the age of 35, rather than 25 as previously, came into force in January 2012 for new claimants, with nine months transitional protection for existing claimants from the anniversary of their claims.

However, while such cuts may slow the increase in Housing Benefit expenditure, separate measures allowing housing associations to charge near-market rents on new properties and a proportion of re-lets, from April 2011, are likely to increase the Housing Benefit bill over time.

Further uncertainty remains in relation to the future of exempt accommodation and service charges, both of which are under review.

The Government's response to concerns over its benefit cuts has been to point to increases in the pot for Discretionary Housing Payments, allocated to local authorities to help households deemed to be deserving of additional support on a temporary basis. The Government has said its additional support will reach £190m over the Spending Review period. This includes £130m Discretionary Housing Payments, £50m transition funding and £10m for homelessness prevention in London.<sup>70</sup> Additional DHP has been announced for households hit by further benefit cuts from 2013 (more details below).

### 6.1: Housing Benefit claimants

The relentless rise in the number of Housing Benefit claimants continues, with the overall total – across both social and private rented sectors – approaching 5m in January 2012. An additional 230,000 people have joined the housing claimant count since April 2010, shortly before the new administration took office, so that nearly one in five households now receives housing benefit.

Since January 2009,<sup>71</sup> the number of Housing Benefit claimants has increased by 724,000, or 17%. The most marked rise has occurred in the private rented sector, where claimants increased by more than 45%, from 1.1m to 1.6m. Independent research published in March 2012 indicated that in-work households accounted for most of the increase in claimants during 2010 and 2011. This suggests that the effects of the recession are creating significant affordability problems, and that even a return to jobs growth may not help reduce the claimant count.<sup>72</sup>

See Graph 6a on the next page.

69 *Laying the Foundations: A Housing Strategy for England*, p.50: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

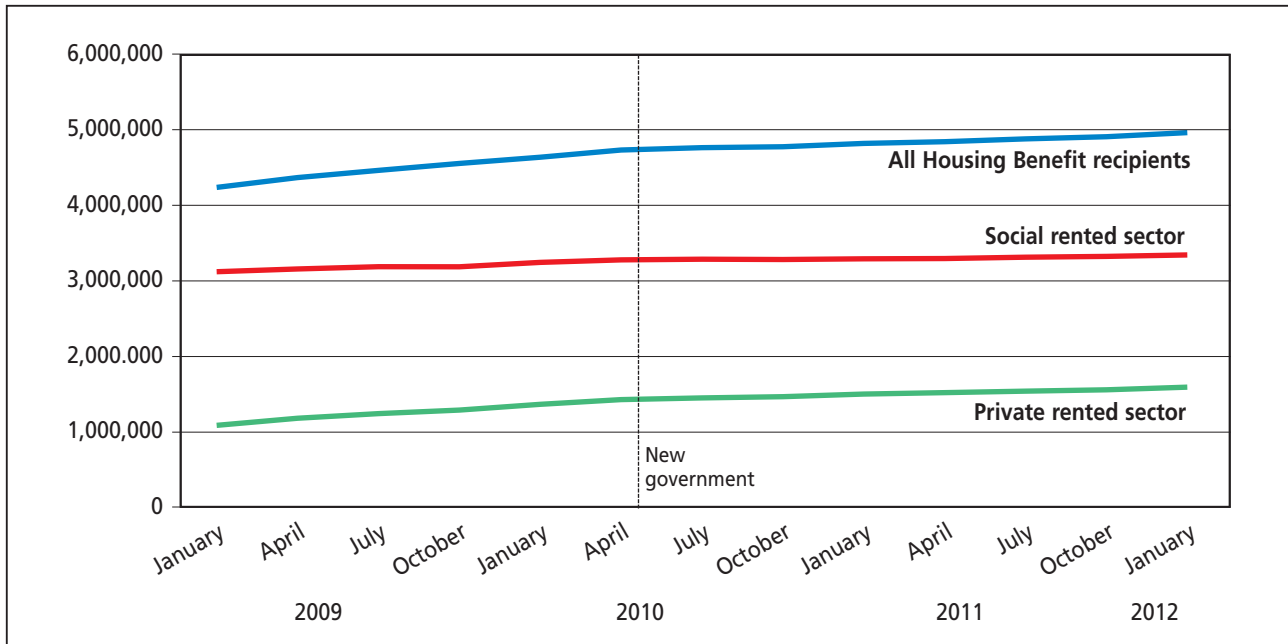
70 *Laying the Foundations: A Housing Strategy for England*, p.50: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

71 The method of data collection changed in November 2008 and has been consistent since then

72 The Growth of In-Work Housing Benefit Claimants, Building and Social Housing Foundation, March 2012:

[www.bshf.org/published-information/publication.cfm?thePubID=5E017604-15C5-F4C0-99F1DFE5F12DBC2A](http://www.bshf.org/published-information/publication.cfm?thePubID=5E017604-15C5-F4C0-99F1DFE5F12DBC2A)

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

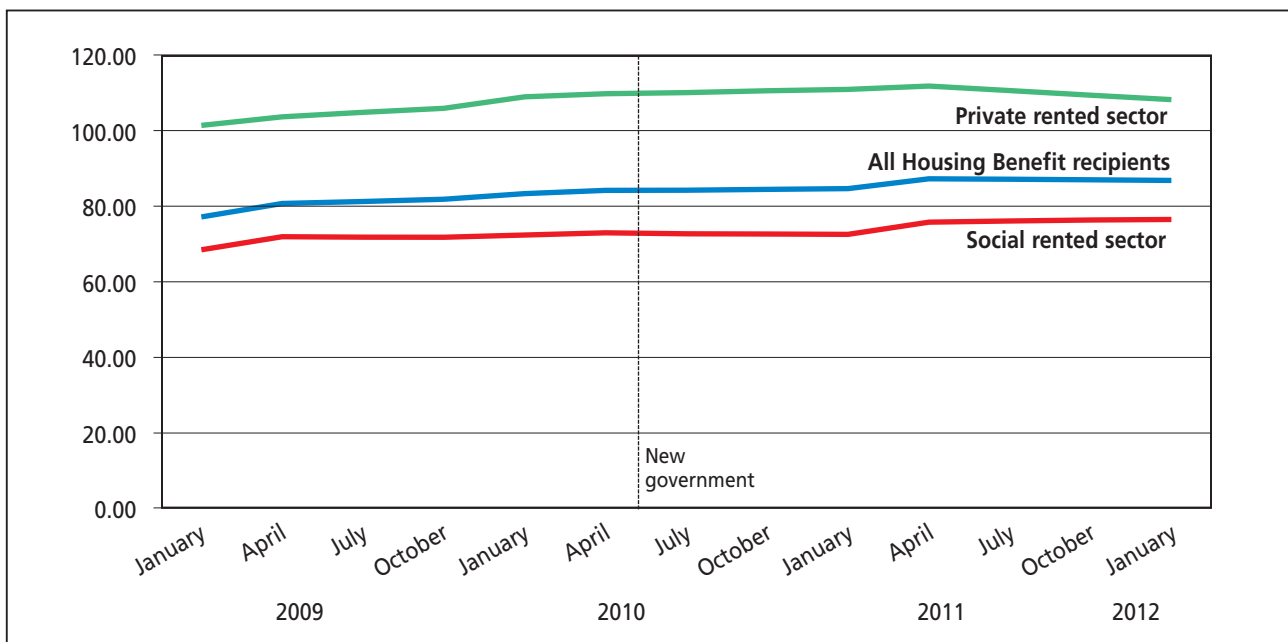


Source: Department for Work and Pensions. Monthly statistics, here one month per quarter from January 2009.

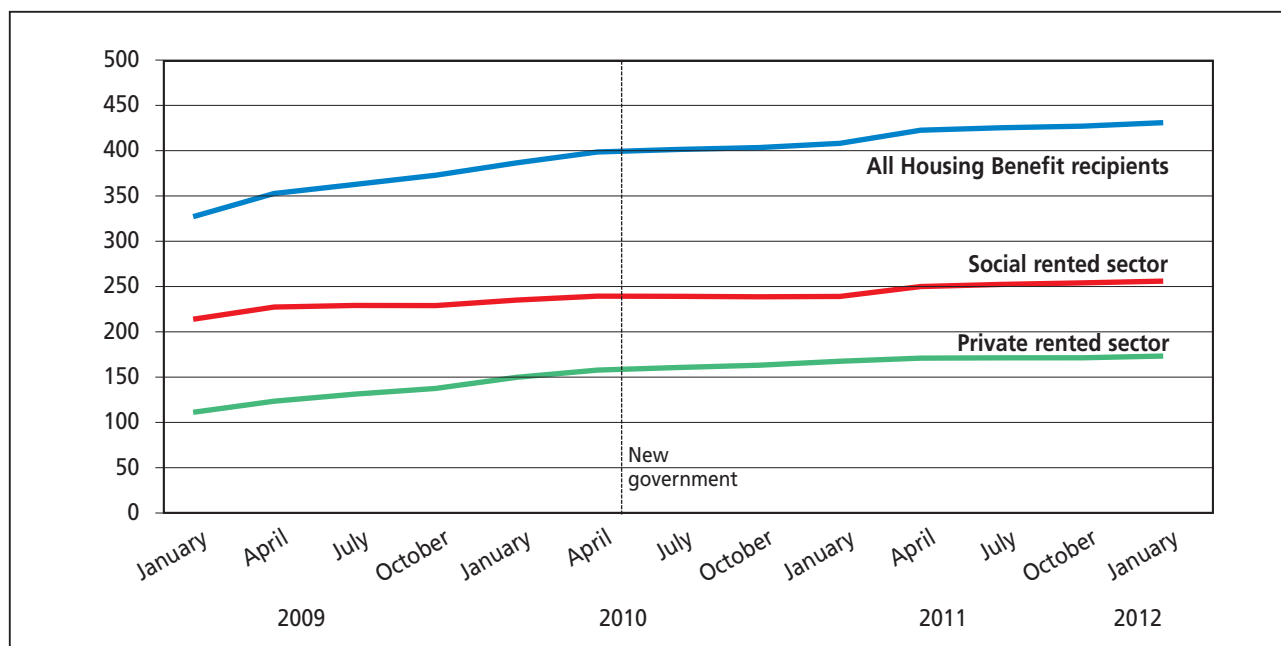
## 6.2: Housing Benefit bill

Due to cuts to Local Housing Allowance, the average weekly per-recipient cost of housing assistance in the private rented sector has fallen slightly, from a peak of £111.76 in April 2011 down to £108.18 in January 2012. However, due to the growing number of recipients, this has not led to a reduction in the overall benefit bill for private tenants, which continues to rise, albeit at a slower rate than it would have without the cuts. The total benefit bill across all tenures rose from £424m per week in April 2011 to £432m per week in January 2012. Nevertheless, the rate of increase has slowed considerably since January 2009, when total weekly expenditure was £328m.

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



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

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

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

## What next?

The cuts and caps to Local Housing Allowance in the private rented sector will have been phased in for all tenants by the end of 2012. A Government-commissioned 'major independent review' of the LHA cuts is due to report its interim findings in spring 2012 and produce its final report in summer 2013.<sup>73</sup>

Many of the Government's planned cuts to Housing Benefit will not take effect until April 2013. They include those imposed by the social sector size criteria, or Bedroom Tax, which is expected to cost 670,000 'under-occupying' tenants £14 per week, and the overall benefit cap, which will cost 67,000 tenants £83 per week.

Additional Discretionary Housing Payments, of £75m in 2013-14 and £45m in 2014-15, have been announced, on top of the £130m already committed over the Spending Review period, specifically to provide short-term relief to families who might not be able to move immediately after being hit by the overall benefit cap. A further £30m per year in Discretionary Housing Payments has been pledged for foster families and disabled people living in adapted properties hit by the social sector size criteria.

From October 2013, new out-of-work claimants will begin receiving Universal Credit, a single monthly payment that rolls together several working-age benefits, including Housing Benefit. The Government wants the Credit to replicate a working salary and therefore tenants will receive their support directly by default. This means that, with the exception of a yet-to-be-defined category of vulnerable people, tenants will in future be unable to choose to have their support for housing costs paid directly to their landlord, as a majority of social tenants opt to do currently. There are concerns that this will lead to an increase in arrears. The impact of the changes is to be tested through a year-long series of demonstration projects from June 2012.

A consultation was carried out into Housing Benefit for supported accommodation but the Government has not yet produced a formal response. A separate review has been announced into service charges covered by Housing Benefit.

<sup>73</sup> *Laying the Foundations: A Housing Strategy for England*, p.50: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

The Government stated in the 2012 Budget that unless it can save an additional £10.5bn by 2016-17 from 'annually managed expenditure', which includes welfare and debt-interest payments, then it will be forced to make bigger cuts to departmental spending in 2015-16 and 2016-17 than those already planned. It proposes to examine rising costs and identify the 'further reforms needed to deliver a sustainable welfare system and public services within the resources available'.<sup>74</sup> While the review will look at 'all areas of public spending', the Chancellor made it clear in his Budget speech that his target is welfare spending. He said: 'If nothing is done to curb welfare bills further, then the full weight of the spending restraint will fall on departmental budgets. The next spending review will have to confront this.'<sup>75</sup>

In April 2012, it was reported that the Government is examining a proposal which would stop people under 25 from receiving Housing Benefit.<sup>76</sup> This would clearly complicate the administration of Universal Credit because alternative support would have to be arranged for those unable to live with their parents.



### Verdict: Help with housing costs

While there are some early signs that the cuts and caps to Local Housing Allowance for new tenants may have exerted marginal downward pressure on the benefit bill for the private rented sector, the continuing increase in the number of claimants, due to growing unemployment and affordability pressures, means the overall bill continues to rise, and suggests that the Government is a long way from achieving its goal of sustainable expenditure.

74 Budget 2012, HM Treasury, p.88: [http://cdn.hm-treasury.gov.uk/budget2012\\_complete.pdf](http://cdn.hm-treasury.gov.uk/budget2012_complete.pdf)

75 Budget 2012 Statement, HM Treasury: [www.hm-treasury.gov.uk/budget2012\\_statement.htm](http://www.hm-treasury.gov.uk/budget2012_statement.htm)

76 Government benefit proposal attacked by charity, *Inside Housing*, 10 April 2012: [www.insidehousing.co.uk/tenancies/government-benefit-proposal-attacked-by-charity/6521351.article](http://www.insidehousing.co.uk/tenancies/government-benefit-proposal-attacked-by-charity/6521351.article)

## 7 Empty homes

In the Housing Strategy, the Government restated its commitment to reduce the number of empty homes, saying: ‘We are committed to bringing empty homes back into use, as a sustainable way of increasing the overall supply of housing and reducing the negative impact that neglected empty homes can have on communities.’<sup>77</sup>

The Government has announced £50m – in the hope of attracting a further £50m in match funding from local authorities – to tackle some of the ‘worst concentrations’ of empty homes.<sup>78</sup> This is on top of the £100m, reported previously, for use between 2012 and 2015 to bring empty homes and other types of property, including commercial property, into use as affordable housing.<sup>79</sup> More than £2m of this funding was brought forward to enable local authorities and housing associations to bring back over 200 empty homes into use as affordable homes in 2011-12.<sup>80</sup>

The Homes and Communities Agency has announced that 95 housing associations, local authorities and other providers are set to deliver 5,600 new affordable homes by bringing empty properties back into use, using £70m of the Government’s £100m funding pot.<sup>81</sup>

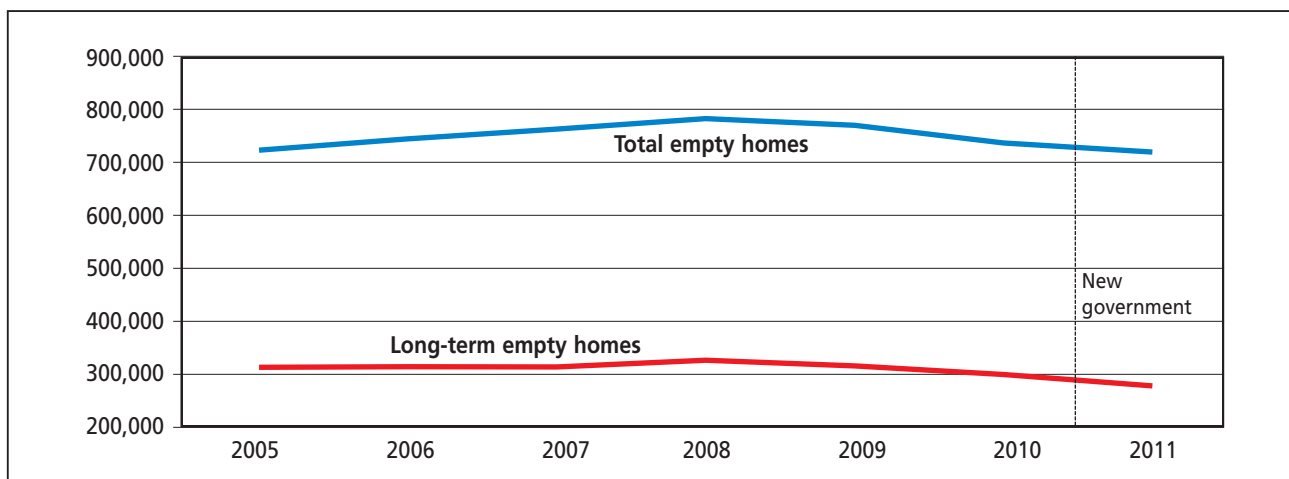
Since April 2011, following the decision to allow empty homes brought back into use to qualify for the New Homes Bonus, almost 16,000 long-term empty homes have been recovered, earning local authorities around £19m.<sup>82</sup>

The Government has restricted the use of Empty Dwelling Management Orders to properties that have stood empty for at least two years, and have become magnets for vandalism, squatters and other forms of anti-social behaviour. Previously, the Orders could be used to take over the management of homes that had been empty for as few as six months.

The total number of homes standing empty has fallen to its lowest level since 2005. In 2011, there were 719,999 empty homes, down from 737,147 in 2010 and the peak of 783,119 in 2008.

The number of long-term empty homes, defined as those that have been unoccupied and substantially unfurnished for over six months, has also fallen, from 299,999 in 2010 to 278,494 in 2011.

**Graph 7a: Number of empty homes (England)**



Source: DCLG Live Table 615.

77 *Laying the Foundations: A Housing Strategy for England*, p.39: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

78 *Laying the Foundations: A Housing Strategy for England*, p.41: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

79 *Laying the Foundations: A Housing Strategy for England*, p.39: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

80 *Laying the Foundations: A Housing Strategy for England*, p.41: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

81 HCA confirms very first Empty Homes funding to 2015, Homes and Communities Agency, 5 March 2012:

[www.homesandcommunities.co.uk/news/first-empty-homes-funding](http://www.homesandcommunities.co.uk/news/first-empty-homes-funding)

82 *Laying the Foundations: A Housing Strategy for England*, p.40: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

## What next?

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The Government has consulted on adding an 'empty homes premium' to Council Tax bills where a home is left unattended, with receipts used to bring homes back into use. Any changes are expected to be enabled by the Local Government Finance Bill and subsequent regulations.



### **Verdict: Empty homes**

While 720,000 empty homes are clearly too many, given the desperate shortage across the country, the picture appears to be improving, particularly with regard to long-term empty homes, which are the greater problem and demand the most immediate action. If the momentum can be maintained this could be an area of real progress for the Government.



## 8 Mobility

The Government has contrasted the 5% of social tenants who moved within the social sector in a single year with the equivalent 20% of private sector tenants,<sup>83</sup> and argued that ‘low levels of mobility’ can trap social tenants in accommodation that ‘no longer meets their needs’.<sup>84</sup>

It has already implemented a series of changes to try to increase mobility in the social sector. The Localism Act makes it easier for social landlords to transfer existing tenants who are not in priority need, outside of the local allocation scheme, which means they no longer have to compete against new applicants.

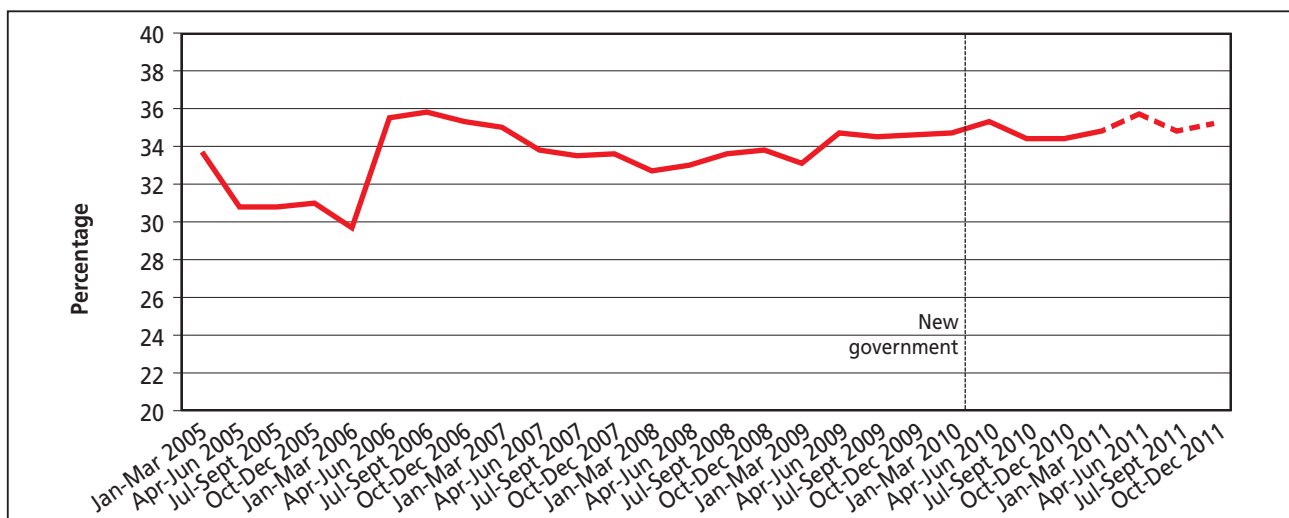
The Act also led to a new tenure standard, from the regulator for social landlords, which sets out how landlords must join an online mutual exchange scheme, known as HomeSwap Direct, to enable tenants to identify suitable properties anywhere in the UK.<sup>85</sup>

The Government, along with the Chartered Institute of Housing, has supported the work of the Making Best Use of Stock Team<sup>86</sup> to share good practice among landlords about how to make better use of their housing, especially by supporting tenants who wish to move.

The Government is also supporting a programme of mobility ‘vanguard’ projects – 12 areas which will invest £1m to investigate new methods of helping to support mobility and mutual exchange.<sup>87</sup>

The number of council or housing association tenants transferring to other homes within the social sector increased from 67,508 to 80,537 between 2009-10 and 2010-11. However, the proportion of all social sector lettings represented by transfers, the key indicator when it comes to measuring mobility, has remained largely static since 2005 – at around one third. In spite of initial suggestions of an upward trend at the time of last year’s *Housing Report*, there is no evidence of sustained and significant improvement.

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



Source: NHF Housing Figures based on CORE returns for general needs.

Notes: Figures cover both local authorities and housing associations. \*Data for 2011-12 is provisional only.

83 *Laying the Foundations: A Housing Strategy for England*, p.74: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

84 *Laying the Foundations: A Housing Strategy for England*, p.74: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

85 *Laying the Foundations: A Housing Strategy for England*, p.22: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

86 Making Best Use of Stock Team: [www.cih.org/MBUS](http://www.cih.org/MBUS)

87 *Laying the Foundations: A Housing Strategy for England*, p.23: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

## What next?

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Measures in the Welfare Reform Act to reduce the Housing Benefit of 670,000 'under-occupying' working-age social tenants by an average of £14 per week, from April 2013, may push more households to attempt to move. The Housing Strategy says: 'Our welfare reforms will work hand-in-hand with our plans for social housing to help... increase mobility.'<sup>88</sup> However, mobility should be led by tenants themselves and the imposition of unwanted upheaval and insecurity would not be welcome.

The Government is convinced that use of fixed-term or flexible tenancies for social tenants will help boost mobility across the sector by helping to ensure 'social housing is used more effectively and better targeted at those who need it most'.<sup>89</sup>



### Verdict: Mobility

There is no sign that Government activity to boost mobility has produced significant and lasting improvements and, if anything, it appears that the momentum detected in last year's *Housing Report* may have stalled.

88 Laying the Foundations: A Housing Strategy for England, p.51: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

89 Laying the Foundations: A Housing Strategy for England, p.51: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

## 9 Affordability of the private rented sector

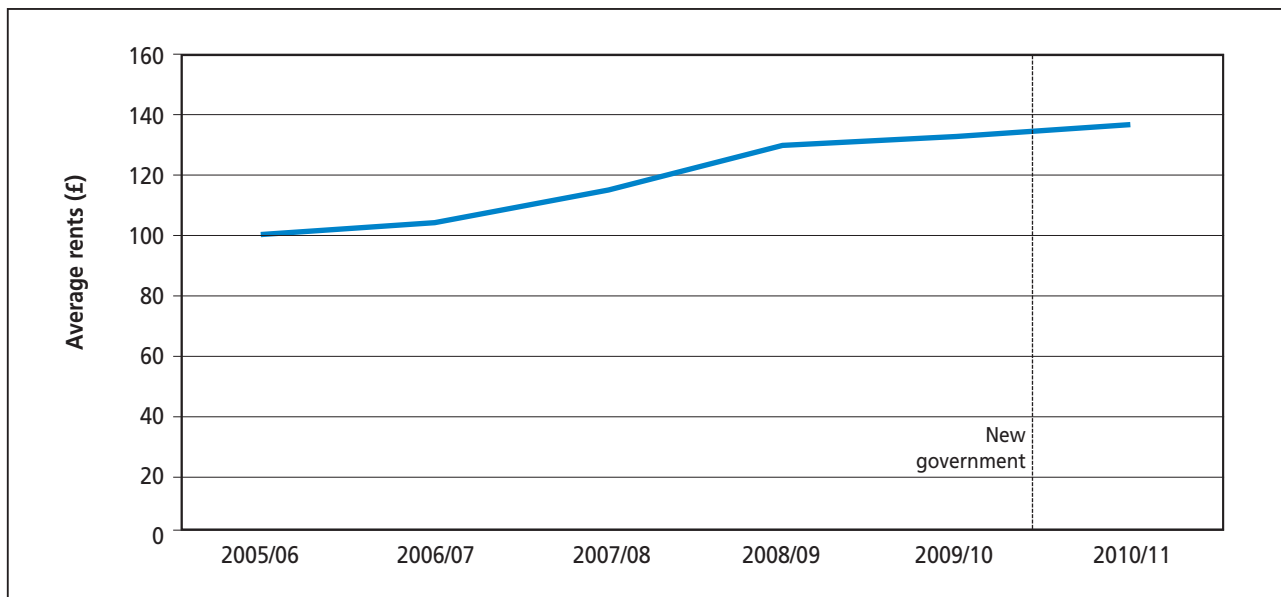
The Housing Strategy accepts that, in some areas at least, rents are rising, making the private rented sector less affordable to families on lower incomes. Its solution is to boost overall housing supply and support landlords to invest.<sup>90</sup>

With this in mind, the Government has commissioned an independent review into the ‘barriers to investment’ in the private rented sector, to be completed in summer 2012.<sup>91</sup> It is using the 2012 Finance Bill to reform Real Estate Investment Trusts and is supporting Build to Let models of development, where homes are built specifically for the private rental market, with funding from investors with a medium to long term interest.

When it comes to protecting private sector tenants, the Government says it is working with the industry to drive up standards and improve consumer awareness, and is encouraging local authorities to make full use of the powers they already have to tackle ‘dangerous and poorly maintained homes’.<sup>92</sup>

Data from the English Housing Survey show that average private rents continue to rise, from £133 per week in 2009-10 to £137 in 2010-11, although this 3% increase was lower than Retail Prices Index inflation at 4.5% over the same period.

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



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

National averages mask the wide variation in private rents across the country. London is by far the most expensive region to rent in, and Shelter’s London Rent Watch study, published in March 2012, showed that rents in the capital rose by 6.8% in 2011. Meanwhile average wages rose by 3.8% and pay for many key workers actually fell.<sup>93</sup>

90 *Laying the Foundations: A Housing Strategy for England*, p.33: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

91 *Laying the Foundations: A Housing Strategy for England*, p.35: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

92 *Laying the Foundations: A Housing Strategy for England*, p.35: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

93 London Rent Watch: rent inflation and affordability in London’s private rental market, Shelter, March 2012: [http://england.shelter.org.uk/professional\\_resources/policy\\_and\\_practice/policy\\_library/policy\\_library\\_folder/private\\_rent\\_watch\\_report\\_2\\_-\\_london\\_rent\\_watch](http://england.shelter.org.uk/professional_resources/policy_and_practice/policy_library/policy_library_folder/private_rent_watch_report_2_-_london_rent_watch)

Since April 2011, Local Housing Allowance rates for private rented sector benefit claimants have been capped for new claimants at the 30th percentile of local rents. Local LHA rates are therefore indicative of rent levels across the private rented sector in different areas. An analysis of LHA rates for three-bedroom properties in six areas, variously covering urban, rural, higher and lower value regions reveals that, since April 2011, LHA rates have increased in five of these areas and remained static in one. This suggests the cuts to LHA, which will be in place for all private sector benefit claimants by the end of 2012, have yet to produce the downward pressure on rents the Government had expected, and could in fact exacerbate affordability problems.

**Table 9a: Local Housing Allowance weekly rates (England): £**

Broad Rental Market Area	Apr-11	Jul-11	Oct-11	Jan-12
Leeds	126.92	132.69	137.31	138.46
Outer West London	242.31	248.08	253.85	253.85
Sunderland	109.62	110.00	109.62	114.23
West Cumbria	98.08	101.54	103.85	103.85
North Cornwall & Devon Borders	137.31	137.31	137.31	137.31
Northampton	132.69	132.69	132.69	137.31

Source: Valuation Office Agency website. Figures for 3-bed properties.

## What next?

From April 2013, the Government plans to use provisions in the Welfare Reform Act to uprate LHA – and subsequently the housing element of the Universal Credit in the private rented sector – in line with the Consumer Prices Index (CPI) rather than with local rents as happens currently. Research by Shelter and the Chartered Institute of Housing has shown that linking LHA with CPI would, over time, severely exacerbate shortfalls between benefit payments and the rents people have to pay. It could mean that 60% of local authority areas would be unaffordable to LHA claimants by 2030.<sup>94</sup>



### **Verdict: Affordability of the private rented sector**

Rents in the private sector are rising and the Government's attempt to rein in benefit expenditure by cutting Local Housing Allowance has so far failed to have a significant effect on rent levels. The combination of rising rents and falling benefit levels will make housing less affordable for low income households.

<sup>94</sup> The Impact of Welfare Reform Bill measures on affordability for low income private renting families, Shelter/CIH, March 2011: [http://england.shelter.org.uk/\\_data/assets/pdf\\_file/0007/334726/Impact\\_of\\_Welfare\\_Reform\\_Bill\\_measures\\_on\\_affordability\\_for\\_low\\_income\\_private\\_renting\\_families.pdf](http://england.shelter.org.uk/_data/assets/pdf_file/0007/334726/Impact_of_Welfare_Reform_Bill_measures_on_affordability_for_low_income_private_renting_families.pdf)

## 10 Home ownership

Home ownership may be out of reach for a growing proportion of households but ministers are adamant that helping people onto the housing ladder goes ‘right to the heart’ of what their Government is about. The Prime Minister has made it his mission to ‘build an economy... in which people who work hard and play by the rules can expect to own a decent home of their own’.<sup>95</sup>

The Housing Strategy included plans for a new build mortgage indemnity scheme led by the Home Builders Federation and Council of Mortgage Lenders, and backed by Government, to ‘get the housing market moving’.<sup>96</sup> The initiative, branded variously the New Build Indemnity Scheme,<sup>97</sup> the NewBuild Guarantee,<sup>98</sup> the NewBuy Guarantee<sup>99</sup> and, most recently, New Buy,<sup>100</sup> is designed to provide 95% loan-to-value mortgages to help ‘up to 100,000 buyers’ who would otherwise be frozen out of the market. It was launched in March 2012.

Under a separate scheme, FirstBuy, £400m of public and private money has been earmarked to help almost 10,500 first-time buyers in England buy a new build home by spring 2013, with equity loans of up to 20%.<sup>101</sup>

In March 2012, the Government confirmed it was extending the Right to Buy scheme for social tenants,<sup>102</sup> increasing discounts to £75,000, and pledging to build a replacement ‘Affordable Rent’ property for every home sold under the programme. The Housing Strategy said the Government was determined to ‘reinvigorate’ Right to Buy and ‘give a new generation the opportunity of home ownership’.<sup>103</sup>

The Government has also stated plans to support shared ownership schemes through the Affordable Homes Programme between 2011 and 2015.<sup>104</sup>

On 24 March 2012, the two-year stamp duty holiday for first-time buyers purchasing a property under £250,000 came to an end, after the Government argued the relief had been ‘ineffective in increasing the number of first-time buyers entering the market’.<sup>105</sup> Buyers now pay stamp duty land tax on any property worth more than £125,000.

In July 2011, Housing Minister Grant Shapps called on lenders to offer ‘mates mortgages’ so younger first-time buyers could club together and take their first step on the property ladder, saying: ‘It is vital that every option to increase the availability of mortgages is pursued, so we don’t lock a generation of young people out of the housing market.’<sup>106</sup> DCLG has said little about this since.

### 10.1: Proportion of households who are home owners

Home ownership is continuing to decline, falling as a proportion of all tenures from 67.4% to 66% between 2009-10 and 2010-11. The number of home owners has fallen by 340,000 since 2005, even as the number of households has increased by almost one million.

95 *Laying the Foundations: A Housing Strategy for England*, p.v: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

96 *Laying the Foundations: A Housing Strategy for England*, p.ix: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

97 New Build Indemnity Scheme, DCLG, 21 November 2011: [www.communities.gov.uk/news/newsroom/2034246](http://www.communities.gov.uk/news/newsroom/2034246)

98 Housing Update, DCLG, 1 February 2012: [www.communities.gov.uk/statements/corporate/2080013](http://www.communities.gov.uk/statements/corporate/2080013)

99 Industry support grows for NewBuy Guarantee, DCLG, 12 March 2012: [www.communities.gov.uk/newstories/housing/2104857](http://www.communities.gov.uk/newstories/housing/2104857)

100 Budget 2012, HM Treasury, p.40: [http://cdn.hm-treasury.gov.uk/budget2012\\_complete.pdf](http://cdn.hm-treasury.gov.uk/budget2012_complete.pdf)

101 Supporting Local Growth, DCLG, December 2011, p.14: [www.communities.gov.uk/documents/regeneration/pdf/2053459.pdf](http://www.communities.gov.uk/documents/regeneration/pdf/2053459.pdf)

102 Reinvigorating Right to Buy and One for One Replacement, DCLG, March 2012:

[www.communities.gov.uk/documents/housing/pdf/2102589.pdf](http://www.communities.gov.uk/documents/housing/pdf/2102589.pdf)

103 *Laying the Foundations: A Housing Strategy for England*, p.26: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

104 *Laying the Foundations: A Housing Strategy for England*, p.24: [www.communities.gov.uk/documents/housing/pdf/2033676.pdf](http://www.communities.gov.uk/documents/housing/pdf/2033676.pdf)

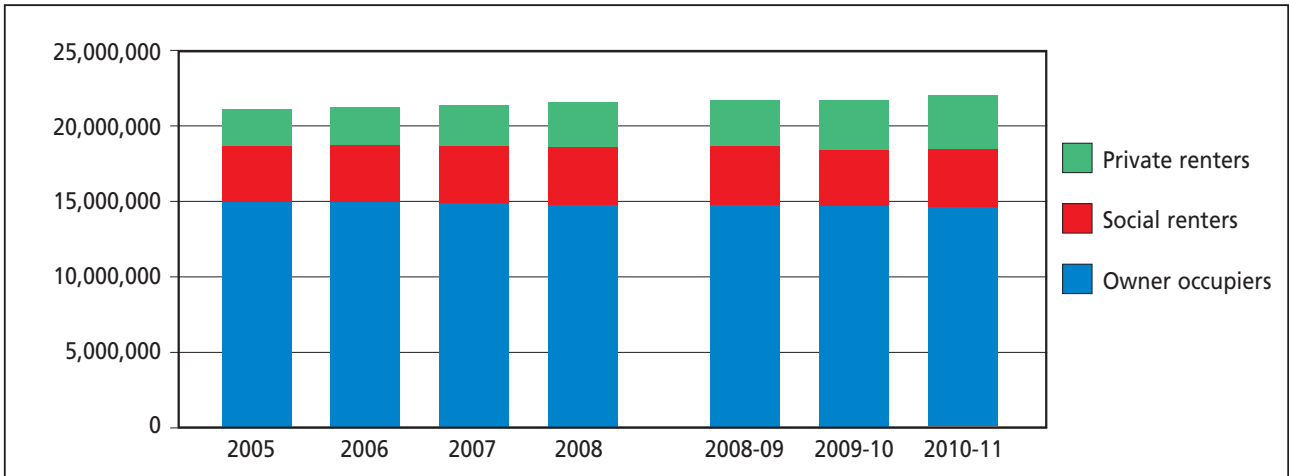
105 Autumn Statement 2011, HM Treasury, p.35: [http://cdn.hm-treasury.gov.uk/autumn\\_statement.pdf](http://cdn.hm-treasury.gov.uk/autumn_statement.pdf)

106 Grant Shapps calls for more ‘mates mortgages’ to help struggling first time buyers, DCLG, 5 July 2011:

[www.communities.gov.uk/news/corporate/1937814](http://www.communities.gov.uk/news/corporate/1937814)

While both social and private renting has increased, private renting is rising at a quicker rate, making up 16.5% of all households in 2010-11, compared with the social sector's 17.5%.

**Graph 10a: Households by tenure (England)**

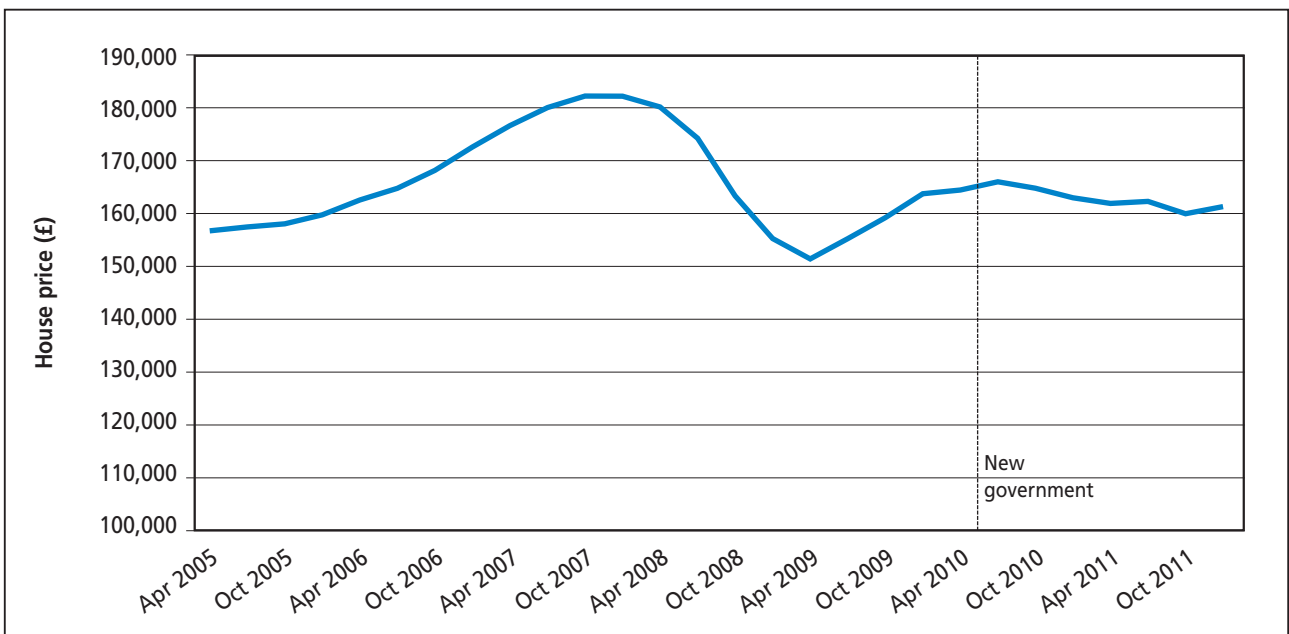


Source: English Housing Survey Headline Report 2010-11, DCLG, 2012.

## 10.2: Affordability

Average house prices have remained at about £162,000 for a couple of years now – around the level they were at in mid-2006, before the credit crunch. They show no sign of returning to the rate of price inflation seen a few years earlier.

**Graph 10b: House prices (England and Wales)**

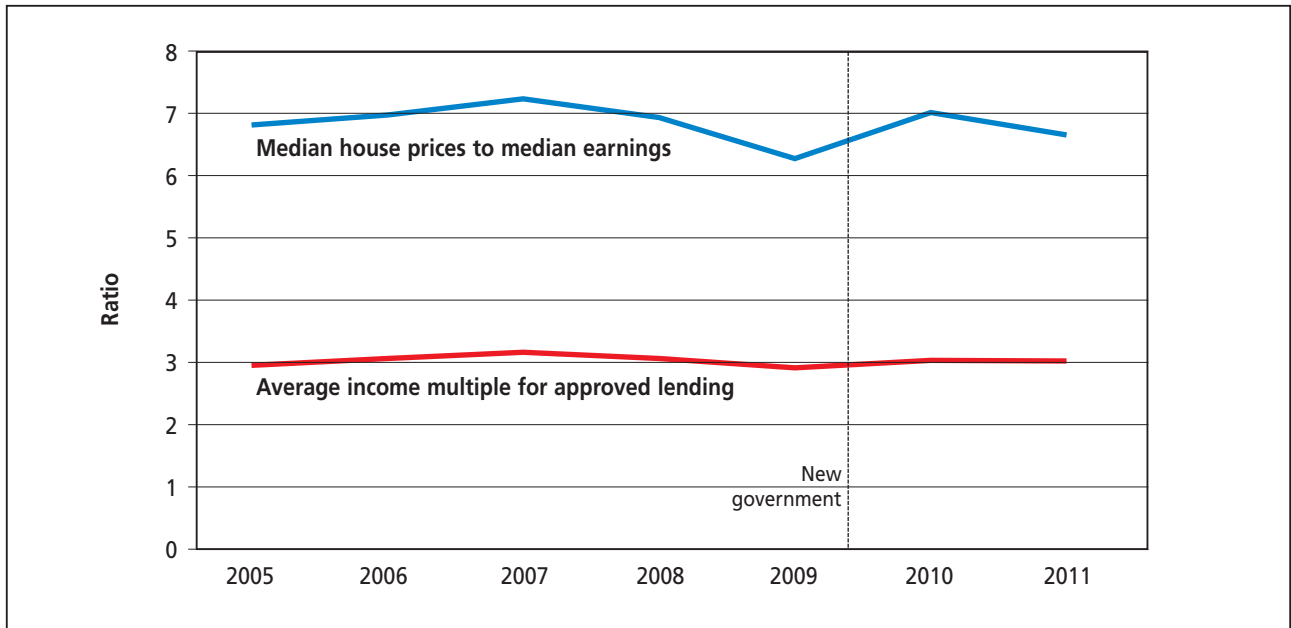


Source: Land Registry.

The effect of static house prices has been to increase slightly the affordability of home ownership, as measured by the ratio of median house prices to earnings. In 2011, the figures show, house prices were 6.65 times the value of average earnings, down from 7.01 the previous year. However, with lenders still generally approving mortgages worth only 3.02 times earnings, any improvement in access to home ownership will have been marginal.



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

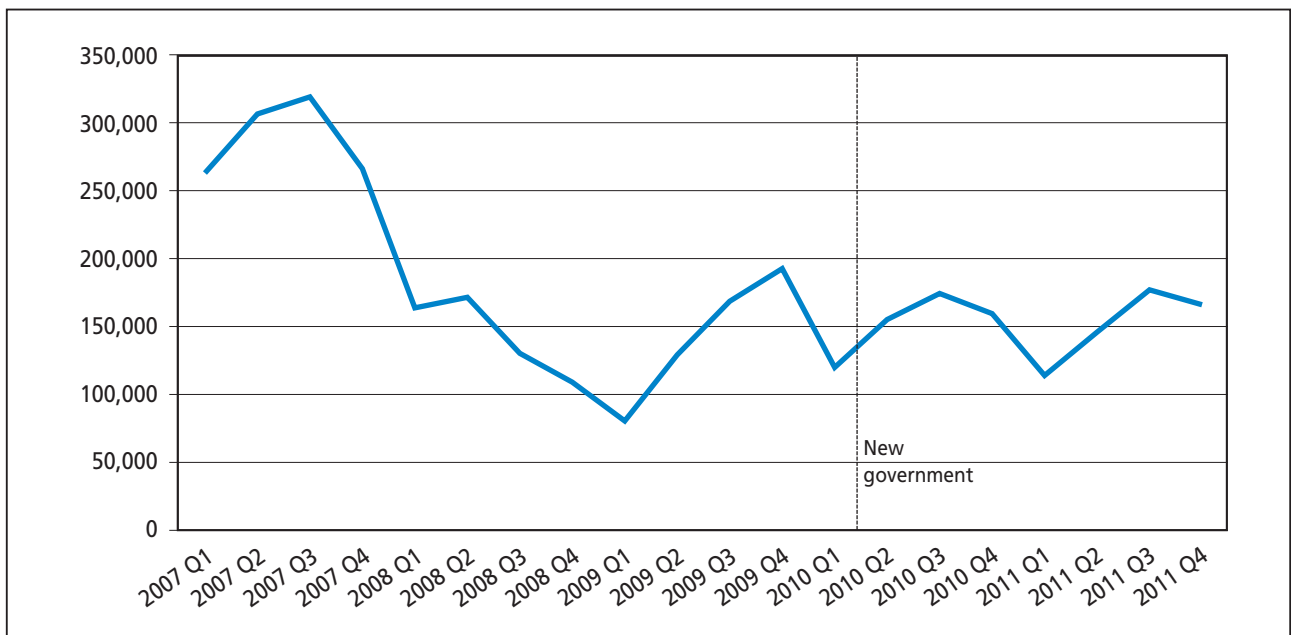


Sources: DCLG Live Table 577; Council of Mortgage Lenders. House price to earnings ratio as at April each year. Income multiples for April-June quarter each year.

### 10.3: House sales

The number of homes sold increased during the first three quarters of 2011, recovering from a significant drop at the beginning of the year, but fell again in the last quarter, to 170,081 – well below the 322,401 peak recorded in mid-2007.

Graph 10d: Number of house sales in England



Source: Land Registry via Council of Mortgage Lenders.

The decline in sales of low cost home ownership properties accelerated in 2010-11, falling to just 9,496 over the year, as housing associations' supply ran down. 'Affordable Rent' has been given a higher priority than low cost home ownership under the new investment programme.

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

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

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

## What next?

DCLG has announced plans, subject to Parliamentary approval, to 'bring outdated protections for leaseholders back in pace with changing property prices', to help owners of leasehold properties stay in their homes when their lease ends.<sup>107</sup>



### Verdict: Home ownership

The falling rate of home ownership, and decline in low cost home ownership sales, is clear evidence that the string of initiatives from Government to increase owner occupation is work in progress. It may be the case that house prices are relatively steady, sales are up and affordability is heading in the right direction, however slightly. But for most people home ownership is still well out of reach.

<sup>107</sup> Housing Update, DCLG, 1 February 2012: [www.communities.gov.uk/statements/corporate/2080013](http://www.communities.gov.uk/statements/corporate/2080013)

## Appendix

The following tables have been attached for more detailed study.

## 1. Housing supply

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

Year	Private enterprise	Housing associations	Local authorities	All dwellings
1946	28,760	100	20,400	49,250
1947	38,630	860	81,370	120,860
1948	30,370	1,820	161,400	193,590
1949	23,800	1,330	136,980	162,110
1950	25,310	1,500	136,530	163,340
1951	20,170	1,610	140,510	162,290
1952	30,500	1,800	164,620	196,930
1953	58,270	7,200	198,210	263,680
1954	85,380	14,020	193,710	293,110
1955	106,800	4,350	158,860	270,010
1956	115,940	2,400	137,750	256,100
1957	118,820	1,880	135,660	256,360
1958	119,910	1,120	110,120	231,150
1959	141,510	1,100	95,990	238,600
1960	156,020	1,650	99,950	257,620
1961	163,350	1,560	91,250	256,160
1962	159,520	1,550	102,490	263,560
1963	160,630	1,930	94,020	256,580
1964	200,670	2,850	114,020	317,540
1965	196,750	3,620	127,290	327,660
1966	187,890	4,100	138,140	330,120
1967	183,720	4,520	154,500	342,740
1968	203,320	5,540	143,680	352,540
1969	164,070	7,100	135,700	306,860
1970	153,440	8,180	130,180	291,790
1971	170,820	10,170	113,680	294,680
1972	173,990	6,900	91,630	272,520
1973	163,460	8,340	77,920	249,710
1974	121,490	9,260	98,610	229,360
1975	131,480	13,650	116,330	261,460
1976	130,900	14,440	118,090	263,430
1977	121,570	24,190	115,840	261,600
1978	127,490	20,570	93,300	241,360
1979	118,390	16,280	74,790	209,460
1980	110,230	19,300	74,840	204,370
1981	98,900	16,820	54,880	170,600
1982	108,790	11,180	31,660	151,630
1983	129,490	14,340	29,900	173,720
1984	138,970	13,920	29,190	182,080
1985	135,460	11,300	23,280	170,040
1986	148,890	10,620	19,630	179,140
1987	161,740	10,940	16,620	189,300
1988	176,020	10,780	16,130	202,930
1989	154,000	10,650	14,700	179,360
1990	136,060	13,820	14,020	163,900
1991	131,170	15,300	8,130	154,600
1992	119,530	20,790	3,510	143,830
1993	116,630	29,780	1,420	147,840
1994	122,700	30,850	1,090	154,640
1995	125,470	30,890	790	157,140
1996	121,550	27,030	510	149,090
1997	128,240	20,970	290	149,490
1998	122,510	19,900	240	142,650
1999	123,180	17,780	50	141,010
2000	118,330	16,680	90	135,100
2001	114,850	14,500	160	129,510
2002	123,320	13,310	180	136,800
2003	131,060	12,820	180	144,060
2004	137,330	16,600	130	154,070
2005	141,740	17,540	180	159,450
2006	139,910	20,660	280	160,850
2007	153,200	22,110	250	175,560
2008	116,540	25,710	430	142,680
2009	93,140	25,570	360	119,070
2010	80,920	21,580	790	103,300
2011	82,170	24,530	2,320	109,020

Source: DCLG Live Table 244.

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

	Starts	Completions
2005 Q1	40,190	33,770
2005 Q2	46,680	40,920
2005 Q3	45,200	37,930
2005 Q4	41,830	46,830
2006 Q1	49,660	37,720
2006 Q2	43,960	43,250
2006 Q3	41,190	37,670
2006 Q4	35,810	42,220
2007 Q1	49,370	44,540
2007 Q2	45,790	43,470
2007 Q3	45,090	39,100
2007 Q4	38,200	48,440
2008 Q1	34,290	37,760
2008 Q2	31,250	37,620
2008 Q3	19,290	31,570
2008 Q4	14,650	35,740
2009 Q1	15,360	29,090
2009 Q2	18,980	30,580
2009 Q3	23,820	27,910
2009 Q4	20,180	31,480
2010 Q1	25,700	25,100
2010 Q2	30,880	26,940
2010 Q3	26,980	25,110
2010 Q4	19,210	26,150
2011 Q1	26,680	27,850
2011 Q2	25,870	27,740
2011 Q3	24,740	24,190
2011 Q4	20,950	29,240

Source: DCLG Live Table 213.

## 2. Planning

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

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

Source: DCLG statistics.

Note: Figures are for developments, not units.

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

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

Source: Home Builders' Federation, New Housing Pipeline Q1 2011 Report.

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

### 3. Overcrowding

Data for Graph 3a: Overcrowded households (England)

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

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

### 4. Homelessness

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

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

Source: DCLG Live Table 770.

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

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

Source: DCLG Live Table 775.

## 5. Evictions, repossessions and arrears

Data for Graph 5a: Repossessions (UK)

	Repossessions in period	% of all loans
1990 H1	16,600	0.18
1990 H2	27,300	0.29
1991 H1	36,600	0.38
1991 H2	38,900	0.40
1992 H1	35,800	0.36
1992 H2	32,800	0.33
1993 H1	31,800	0.32
1993 H2	26,800	0.26
1994 H1	25,000	0.24
1994 H2	24,200	0.23
1995 H1	25,200	0.24
1995 H2	24,200	0.23
1996 H1	24,100	0.23
1996 H2	18,500	0.17
1997 H1	17,000	0.16
1997 H2	15,800	0.15
1998 H1	17,300	0.16
1998 H2	16,600	0.15
1999 H1	16,300	0.15
1999 H2	13,600	0.12
2000 H1	12,300	0.11
2000 H2	10,600	0.09
2001 H1	10,300	0.09
2001 H2	7,900	0.07
2002 H1	6,900	0.06
2002 H2	5,100	0.04
2003 H1	4,400	0.04
2003 H2	4,100	0.04
2004 H1	3,900	0.03
2004 H2	4,300	0.04
2005 H1	7,100	0.06
2005 H2	7,400	0.06
2006 H1	10,000	0.09
2006 H2	11,000	0.09
2007 H1	12,800	0.11
2007 H2	13,100	0.11
2008 H1	18,500	0.16
2008 H2	21,500	0.18
2009 H1	25,000	0.22
2009 H2	23,300	0.20
2010 H1	19,800	0.17
2010 H2	17,300	0.15
2011 H1	18,400	0.16
2011 H2	17,800	0.16

Source: Council of Mortgage Lenders.

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

Period	Claims issued	Orders made
2007 Q1	72,234	47,464
2007 Q2	68,507	44,782
2007 Q3	72,956	48,847
2007 Q4	71,085	48,178
2008 Q1	80,006	51,864
2008 Q2	75,417	54,863
2008 Q3	75,524	54,697
2008 Q4	60,011	51,152
2009 Q1	61,275	41,176
2009 Q2	59,004	41,451
2009 Q3	59,117	44,792
2009 Q4	50,729	37,710
2010 Q1	54,123	36,763
2010 Q2	49,890	35,882
2010 Q3	54,986	38,594
2010 Q4	51,393	36,571
2011 Q1	56,619	39,362
2011 Q2	51,447	36,228
2011 Q3	56,202	40,150
2011 Q4	51,002	37,383

Source: Ministry of Justice.

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

	Mortgages 3+ months in arrears	Arrears as % of all loans
1994 H2	419,900	4.03
1995 H1	399,400	3.82
1995 H2	389,800	3.70
1996 H1	348,600	3.29
1996 H2	307,300	2.89
1997 H1	272,400	2.54
1997 H2	236,800	2.21
1998 H1	232,600	2.16
1998 H2	238,000	2.20
1999 H1	219,600	2.01
1999 H2	183,300	1.67
2000 H1	167,400	1.50
2000 H2	164,000	1.47
2001 H1	153,500	1.37
2001 H2	144,300	1.28
2002 H1	133,800	1.19
2002 H2	117,200	1.03
2003 H1	113,800	1.00
2003 H2	99,400	0.87
2004 H1	97,900	0.85
2004 H2	101,400	0.88
2005 H1	114,100	0.99
2005 H2	123,000	1.06
2006 H1	124,100	1.06
2006 H2	115,500	0.98
2007 H1	120,900	1.02
2007 H2	127,500	1.08
2008 H1	152,700	1.30
2008 H2	219,000	1.88
2009 H1	285,500	2.50
2009 H2	273,100	2.40
2010 H1	251,200	2.22
2010 H2	243,000	2.15
2011 H1	237,000	2.10
2011 H2	221,800	1.98

Source: Council of Mortgage Lenders.



## 6. Help with housing costs

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

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

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

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

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

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

Data for Graph 6c: Housing Benefit weekly cost by tenure: £ millions

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

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

## 7. Empty homes

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

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

Source: DCLG Live Table 615.

## 8. Mobility

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

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

	Social housing transfers	
	Number	% of all lettings
Jan - Mar 2005	12,249	33.2%
Apr - Jun 2005	11,921	30.3%
Jul - Sept 2005	12,122	30.3%
Oct - Dec 2005	12,314	30.5%
Jan - Mar 2006	10,667	29.2%
Apr - Jun 2006	15,360	35.0%
Jul - Sept 2006	16,150	35.3%
Oct - Dec 2006	16,660	34.8%
Jan - Mar 2007	10,505	34.5%
Apr - Jun 2007	16,572	33.3%
Jul - Sept 2007	16,588	33.0%
Oct - Dec 2007	17,033	33.1%
Jan - Mar 2008	15,237	32.2%
Apr - Jun 2008	18,388	32.5%
Jul - Sept 2008	18,399	33.1%
Oct - Dec 2008	18,745	33.3%
Jan - Mar 2009	18,715	32.6%
Apr - Jun 2009	18,464	34.2%
Jul - Sept 2009	17,967	34.0%
Oct - Dec 2009	16,700	34.1%
Jan - Mar 2010	14,377	34.2%
Apr - Jun 2010	21,168	34.8%
Jul - Sept 2010	20,620	33.9%
Oct - Dec 2010	19,749	33.9%
Jan - Mar 2011	19,000	34.3%
Apr - Jun 2011*	19,280	35.2%
Jul - Sept 2011*	17,618	34.3%
Oct - Dec 2011*	15,947	34.7%

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

\* Data for 2011-12 is provisional only.

## 9. Affordability of the private rented sector

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

Year	Median weekly rent net of services (£)
2005-06	100
2006-07	104
2007-08	115
2008-09	130
2009-10	133
2010-11	137

Source: English Housing Survey.

## 10. Home ownership

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

	Owner occupiers		Social renters		Private renters		All tenures 000s
	000s	%	000s	%	000s	%	
2005	14,791	70.7	3,696	17.7	2,445	11.7	21,092
2006	14,791	70.1	3,735	17.7	2,565	12.2	21,092
2007	14,733	69.6	3,755	17.7	2,691	12.7	21,178
2008	14,628	68.3	3,797	17.7	2,982	13.9	21,407
2008-09	14,621	67.9	3,842	17.8	3,067	14.2	21,530
2009-10	14,525	67.4	3,675	17.0	3,355	15.6	21,554
2010-11	14,450	66.0	3,826	17.5	3,617	16.5	21,893

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

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

Month	Average Price (£)
Apr 2005	156,982
Jul 2005	157,716
Oct 2005	158,302
Jan 2006	159,998
Apr 2006	162,789
Jul 2006	164,988
Oct 2006	168,366
Jan 2007	172,764
Apr 2007	176,790
Jul 2007	180,183
Oct 2007	182,354
Jan 2008	182,326
Apr 2008	180,298
Jul 2008	174,413
Oct 2008	163,555
Jan 2009	155,528
Apr 2009	151,700
Jul 2009	155,510
Oct 2009	159,457
Jan 2010	163,965
Apr 2010	164,666
Jul 2010	166,215
Oct 2010	165,005
Jan 2011	163,206
Apr 2011	162,142
Jul 2011	162,525
Oct 2011	160,203
Jan 2012	161,545

Source: Land Registry.

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

	<b>Ratio of median house prices to median earnings (England, DCLG)</b>	<b>Average income multiple of approved mortgage lending (UK, CML)</b>
2005	6.81	2.92
2006	6.97	3.04
2007	7.23	3.16
2008	6.93	3.12
2009	6.27	2.86
2010	7.01	3.05
2011	6.65	3.02

Sources: DCLG Live Table 577; Council of Mortgage Lenders. House price to earnings ratio as at April each year. Income multiples for April-June quarter each year.

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

<b>Quarterly property transactions, England</b>	
2007 Q1	266,637
2007 Q2	309,919
2007 Q3	322,430
2007 Q4	269,810
2008 Q1	167,798
2008 Q2	175,532
2008 Q3	134,487
2008 Q4	113,322
2009 Q1	84,897
2009 Q2	133,360
2009 Q3	172,633
2009 Q4	196,556
2010 Q1	124,146
2010 Q2	159,239
2010 Q3	178,340
2010 Q4	163,575
2011 Q1	118,223
2011 Q2	150,004
2011 Q3	180,993
2011 Q4	170,081

Source: Land Registry via Council of Mortgage Lenders.