



## **Housing Crisis**

For consideration by: Housing Scrutiny Commission

Date: 28 February 2022

Lead Director: Chris Burgin

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## **Useful information**

- Ward(s) affected: All
- Report author:
- Author contact details:
- Report version number: 1.1

## **1. Summary**

- 1.1 This report sets out the Housing crisis that is going on in this country and in Leicester.
- 1.2 The report guides you through why the Country is facing a Housing crisis and how the changing face of Housing in this country and this City mean that for many Home ownership is not even a dream, renting in the ballooning private rented sector is unaffordable and the severe lack of truly affordable homes is placing peoples finances, health and wellbeing at serious risk.
- 1.3 This report contains and covers;
- The Changing face of Housing in this country and Leicester (3.2 & 4.1)
  - The Affordability of Housing (3.3 & 4.2)
  - Homelessness (3.4 & 4.3)
  - Collapse in the supply of truly affordable homes (3.5 & 4.4)
  - The Council's efforts to tackle the Housing Challenges
- 1.4 The report is intended to drive national policy change and alongside this be clear about local commitments to address the Housing crisis.

## **2. Recommended action**

- 2.1 That the Housing Scrutiny Commission note the urgency of action on the Housing crisis and in response set up a task group to determine clear asks of central government and the local authority.

## **3 Background – The National Context**

- 3.1.1 The Office for National Statistics (ONS) reports that there will be a population increase of 11 million over the next 2 decades. People are growing older and living longer. It is estimated that over the coming years the population of over 65's will increase by 7 million.
- 3.1.2 2.9 million people aged 20-34 are living with parents and for many home ownership is no longer a tenure of choice or aspiration and the private rented sector is often the only choice for newly forming households which is producing "generation rent".
- 3.1.3 The English Housing survey 2016/2017 reports that "While the under 35s have always been overrepresented in the private rented sector, over the last decade or so the increase in the proportion of such households in the Private Rented Sector has been

particularly pronounced. In 2006-07, 27% of those aged 25-34 lived in the private rented sector. By 2016-17 this had increased to 46%.

3.1.4 Over the same period, the proportion of 25-34 year olds in owner occupation decreased from 57% to 37%. In other words, households aged 25-34 are more likely to be renting privately than buying their own home.

3.1.5 In 2016/2017 5% of households in the Private Rented Sector were living in overcrowded accommodation.

3.1.6 The supply of truly affordable homes for rent still falls well short of what was delivered historically to meet the needs of the population living in inadequate housing and for whom buying remains a distant dream. Research by the Centre for Social Justice found that;

- tonight, over 90,000 families and more than 120,000 children will go to sleep in 'temporary accommodation' (including bed and breakfasts), with serious implications for health and education;
- over two thirds (69 per cent) of private renters in the lower two income quintiles spend 30 per cent or more of their disposable income on rent, representing 1.2 million households;
- an estimated 150,000 properties see parents sharing a bedroom with their children;
- high housing costs have critically undermined the impact of positive government initiatives to raise incomes among lower earners (such as increasing the minimum wage and personal tax allowance), constituting a key driver of 'in-work poverty'; and
- 60 per cent of private renters have less than £100 in savings, making even low-cost home ownership affordable housing products (such as Shared Ownership or First Homes) unattainable.

3.1.7 The fiscal consequences of this hidden crisis are just as stark, as housing benefit spending has risen dramatically to account for systemic changes in the way our nation is housed. With more reliance on the ballooning private rented sector to house lower earners, expenditure on housing benefits is forecast to be £30.3 billion by 2021–22 – more than double the total government grant allocated for new affordable housing until 2026, in just one year. While the total benefit expenditure is higher overall in the social rented sector, the spending is considerably higher per home in the private rented sector.

3.1.8 Two million adults in Britain say they've faced discrimination when looking for a home. If you're Black or Asian, gay or bisexual, disabled, or a single mum, the housing crisis is much more likely to impact you. Structural racism and discrimination mean the odds are stacked. For example, many marginalised groups are more likely to be on a low income, so are forced into unsuitable homes. The government's 'no recourse to public funds' policy stops many migrants from accessing Universal Credit and homelessness assistance, and disproportionately affects people of colour. And 'No DSS' policies and practices from private landlords and letting agents create huge barriers to accessing private rented homes. This discrimination is more likely to affect women, disabled people and Black and Bangladeshi families.

3.1.9 Nearly 1.4 million people are affected by the ‘no recourse to public funds’ policy. No recourse to public funds stops migrants with time-limited leave to remain in the UK from accessing statutory homelessness assistance or welfare benefits. The policy disproportionately hits people of colour and is directly responsible for forcing people into homelessness.

### 3.2 The Changing Face of Housing

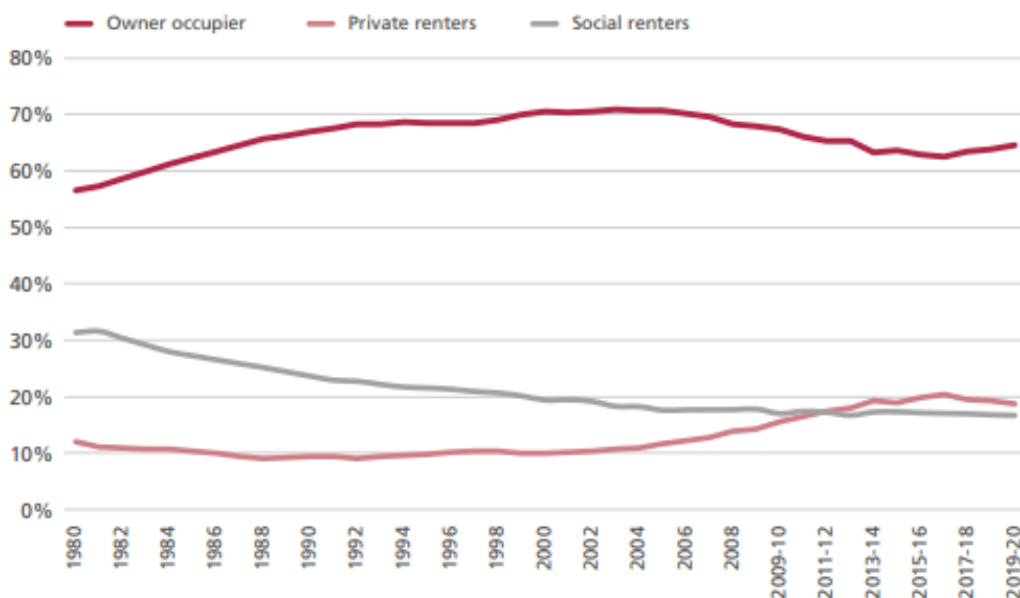
3.2.1 Housing tenure has changed significantly exposing the underbelly of the housing crisis means appreciating the extent to which housing in England has changed in recent decades.

3.2.2 Over the course of the twentieth century, English society transformed from one primarily composed of private renters in the Edwardian era to one of ‘mass homeownership’. But while owner-occupancy remains the most common housing tenure (at 65 per cent of households), recent decades have seen seismic shifts in the rented sectors of the housing system.

3.2.3 In the early 1980s, just under a third (31.7 per cent) of households lived in homes let by either a council or a housing association. Today this has fallen to 16.7 per cent, the social rented sector having contracted from 5.4 million households to 4 million. Over the same period we have seen explosive growth in the private rented sector (PRS). Where this accommodated just one in ten households in the early 1980s, the PRS has since doubled to house nearly one in five (19 per cent). This represents an increase of 2.4 million households since 2000.

Figure 1. Trends in tenure (%), 1980 to 2019–20 Source: English Housing Survey

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Source: English Housing Survey

3.2.4 A large proportion of the growth of the PRS can be explained by the increase in ‘would-be homebuyers’ spending more time renting: in 2004, 9 per cent of those aged 34–

44 lived in the private rented sector; by 2020 this had tripled to 27 per cent. Meanwhile, the rate of owner occupancy in this age band fell from 74 per cent to 56 per cent.

3.2.5 Yet a less remarked upon driver of growth in the PRS has been the influx of those on low to modest incomes who might once have lived in a council or housing association home, but now struggle to access social housing due to the limited, shrinking stock and increased demand. Today, 1.15 million households sit on official social housing waiting lists; the Local Government Association estimate that this could double to two million as economic impact of Covid-19 continues to materialise.

3.2.6 As such, the PRS now accounts for a much larger proportion of people living in 'relative low income' – that is, below 60 per cent of the median income. The tenure shift for this group has been particularly stark: in 2000, social rented housing provided 40 per cent of homes for those of working age on relative low incomes while the PRS housed 18 per cent. By 2020, the number of working age households on relative low incomes living in social rented housing had fallen to 33 per cent while the PRS had grown to 32 per cent.

3.2.7 There are now 1.6 million families raising children and 371,000 older households living in the PRS. It is the case that the private rented sector is much more expensive than other tenures. As such, the tenure shift described above has had profound implications for both the costs of living for people on low incomes and the Government's welfare expenditure as this group is supported through housing benefits.

3.2.8 43% of families worry about their landlord ending their contract early, and section 21 means this is a constant possibility. Moving is expensive, you might lose your deposit, you have to pay moving costs, and rents might have risen since you last moved, so you might have to move away, or into a smaller place. Living in an insecure home has an impact on mental health. Children who moved once in the past year were almost 50% more likely to have lower wellbeing than those who hadn't. Chronic instability is particularly detrimental to children, affecting cognitive skills, academic achievement, social competence and behaviour. Children living in private rents and homeless accommodation may have to move frequently (as many as 5-10 times), disrupting their education and affecting their grades. Government research found that frequent movers are significantly less likely to obtain five A\*-C GCSEs, or to be registered with a GP. Our broken private renting system is overdue serious reform.

### **3.3 Affordability of Housing**

3.3.1 A 2019 study by the Institute for Fiscal Studies found housing costs to have undermined positive steps to increase incomes in recent years, such as rising minimum wage levels. It concluded: 'the factor that has increased in-work poverty the most has been increased housing costs for lower income households compared to higher income households.'

3.3.2 The latest research on housing affordability among low-income private renters has been conducted by the Joseph Rowntree Foundation (JRF). Focusing on 1.8 million low-income private renting households, they have found that 55 per cent of these – close to one million – are struggling to afford their rents. Of these households, 624,000 have rents which are 'unaffordable' where this is defined as spending more than 30 per cent of household income on costs of accommodation (a widely-accepted definition). Crucially, this is measured after housing benefit is factored in. More than a fifth (22 per cent) of the overall group (and more than half of the group whose rents are unaffordable) in fact spend

40 per cent or more of net income on housing costs, representing a major squeeze on household budgets.

3.3.3 In addition to those whose rents are formally ‘unaffordable’, many experience ‘affordability pressures’. This means that although they spend less than 30% of household income on rental costs (after housing benefit), their gross rental levels are disproportionately high as compared to their incomes. The JRF point out that those in this group have incomes that are so low that ‘the vast majority of this group are in [relative] poverty after housing costs’.

3.3.4 Looking at the issue of work and housing affordability, the JRF analysis further bolsters the evidence that housing costs are undermining the financial benefits of employment for many low-income families. They note that ‘748,000 families who cannot afford their rent have one or more adult in work, two-thirds of whom work full-time’. This means that ‘four in five low income, private renting households who are in work find too much of their earnings are eaten up by high rents’.

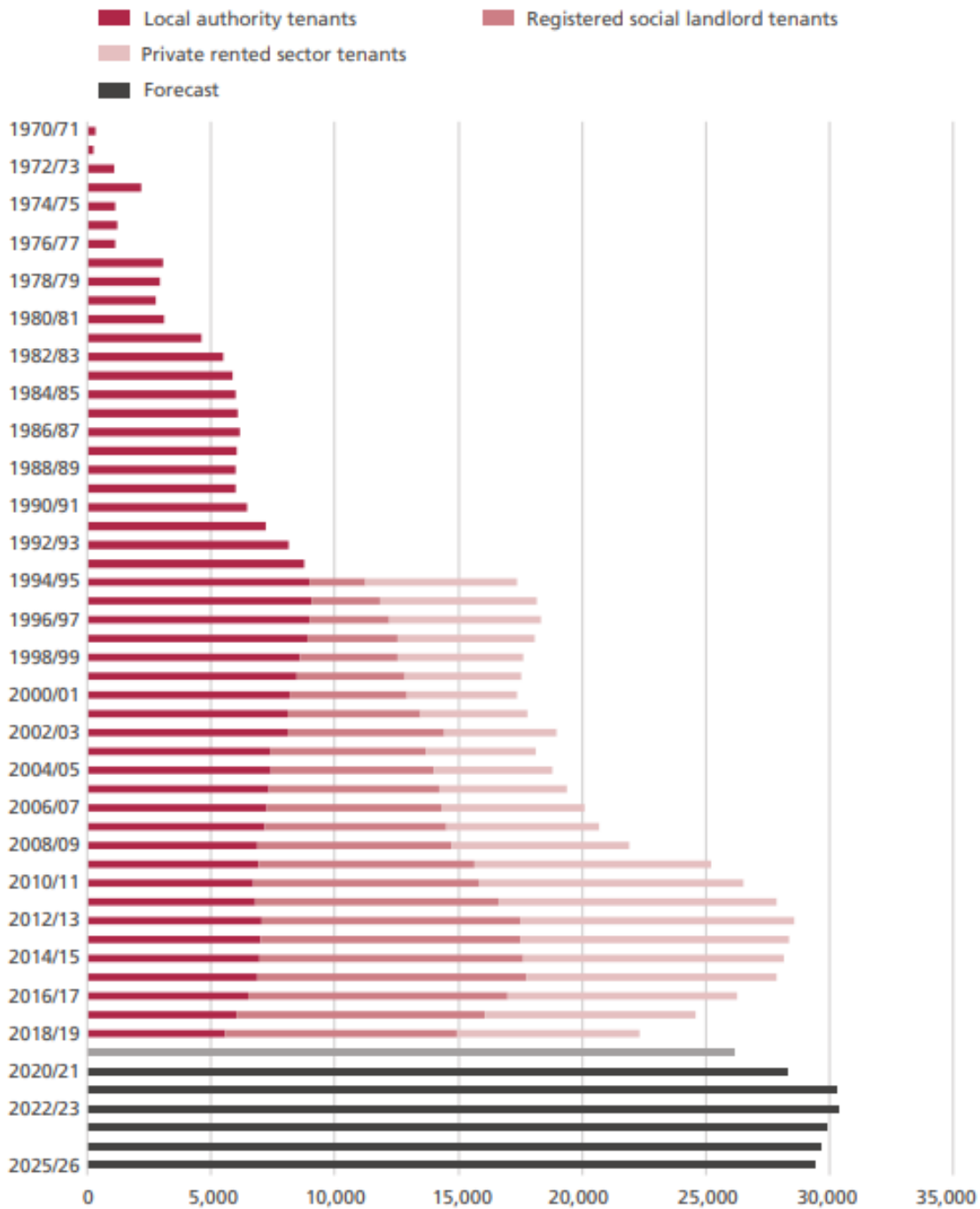
3.3.5 One might think that affordability issues are at their most acute in London and the South East of England where rental costs tend to be highest, but the JRF analysis shows that high numbers of private renters with low incomes in the North and **Midlands** are still facing ‘substantial affordability pressures’. They point out that the differences in rental costs between north and south are also counterbalanced by the fact that, among privately renting households, a substantially larger proportion are on low incomes in the north than in the south: 55 per cent in the North and **48 per cent in the Midlands**, as compared to 35 per cent in the South and 25 per cent in London. Housing affordability must be understood as a crucial component of regional inequality in the UK today.

3.3.6 In recent decades government have decided to reduce the supply of low-cost rented homes on the supply-side and shift the primary source of government intervention to the demand-side, in the form of housing benefit.

3.3.7 As the number of low-income households living in the private rented sector has grown dramatically, this has contributed extraordinary and highly inefficient costs to the welfare system. The ‘strain’ taken by housing benefit as the supply of truly affordable homes has collapsed (see below, Figure 3) hit £26.1 billion in 2020. For context, this represents four times the Government’s budget for building homes in the same year – or twice the national police budget.

3.3.8 By 2021, in the fallout of the pandemic, this had risen to ‘almost’ £30 billion according to the Department for Work and Pensions. Critically, housing benefit is on average 25 per cent more expensive in the private rented sector than the social rented sector. The annual housing benefit spend on private rented housing support more than doubled to £9.3 billion in the 10 years between 2005–06 and 2015–16 as the sector grew. This has averaged approximately £8 billion every year thereafter. While data is not available for 2020–21, housing benefit spending on the PRS this year is likely to exceed £10 billion – a record high. Housing benefit spent on private rents exits the public purse in the form of an income transfer to private landlords, critically producing scant additional housing in the process, whereas spending directed at social landlords is reinvested into the construction of new homes. It has been estimated that every new social home built realises £780 in annual housing benefit savings.

Figure 3. Housing benefit expenditure (£ million real terms)



Source: DWP, Benefit Expenditure Caseload Tables, Outturn and Forecast: Spring Budget 2021

3.3.9 Consequently, private renters are growing as a proportion of the claimant population. In 2019, around a fifth of existing benefit claimants were renting in the private rented sector where rents are high – often surpassing housing benefit allowances and passing on high housing costs to low-income tenants. This has risen to a third after Covid-19. Given the rising number of older private renters – and families renting for longer periods. The Government has been warned by internal forecasters that the total bill could reach £50 billion by 2050.

3.3.10 Housing benefit plays an important role in support families with the high costs of the private rental market as seen above. However, its role in taking the strain of the profound growth of the PRS fuelled by lower-income households is unsustainable and fiscally inefficient. Whilst it is true that public spending on housing costs are still larger in the social rented sector, crucially, as mentioned, the significant difference is that public funds spent in the social rented sector tend to produce additional social housing, marking a significant difference between the sectors.

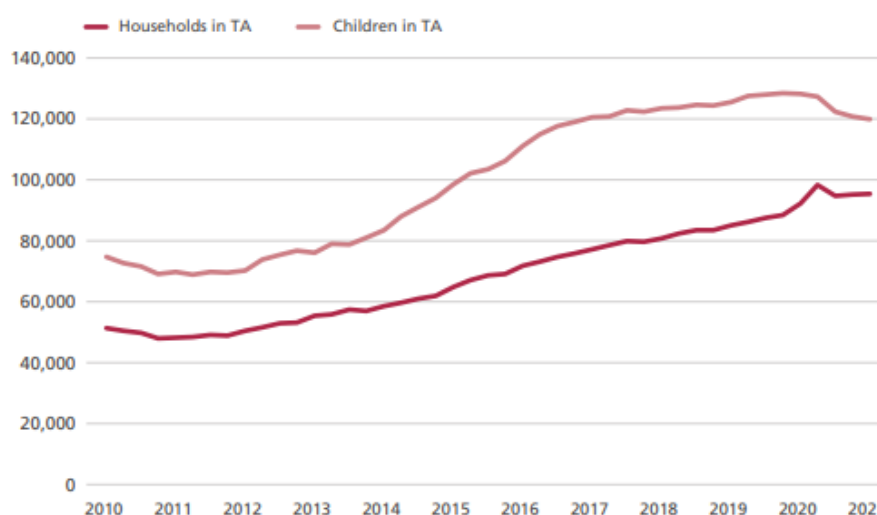
3.3.11 The hidden housing crisis far from excluding people from home ownership alone carries with it a range of social, economic, and fiscal costs. These are holding back the gains of employment and making it harder for families to reverse the pathways to poverty. But we have also found ourselves with a deeply inefficient reliance on housing benefit.

### 3.4 Homelessness

3.4.1 At the sharpest edge of the hidden housing crisis are those without a home at all. A key consequence of England’s changing tenure balance has been the rapid increase in homelessness seen in recent years. Despite the effective ‘Everyone In’ programme, it remains the case that rough sleeping has risen at an alarming pace in the past decade. In 2019, the total rough sleeper count was 141 per cent higher than in 2010 with 4,266 sleepers on any given night. Recent government initiatives in response to the Covid-19 pandemic have brought the numbers of people sleeping rough down to the snapshot figure of 2,688 in those sleeping rough since last year.

3.4.2 Yet most people who are considered homeless are not sleeping rough on the street but are living in emergency or ‘temporary’ accommodation. This can range from temporary self-contained flats, to hostels with shared facilities, bed and breakfasts (B&Bs) or converted office blocks.

Figure 2. Households and children in temporary accommodation



Source: MHCLG, Statutory Homelessness Live table TA1

3.4.3 As a larger proportion of low-income households have experienced less secure and more expensive private rentals, official data shows that the termination of a private tenancy has become the principal trigger for statutory homelessness in England. In the



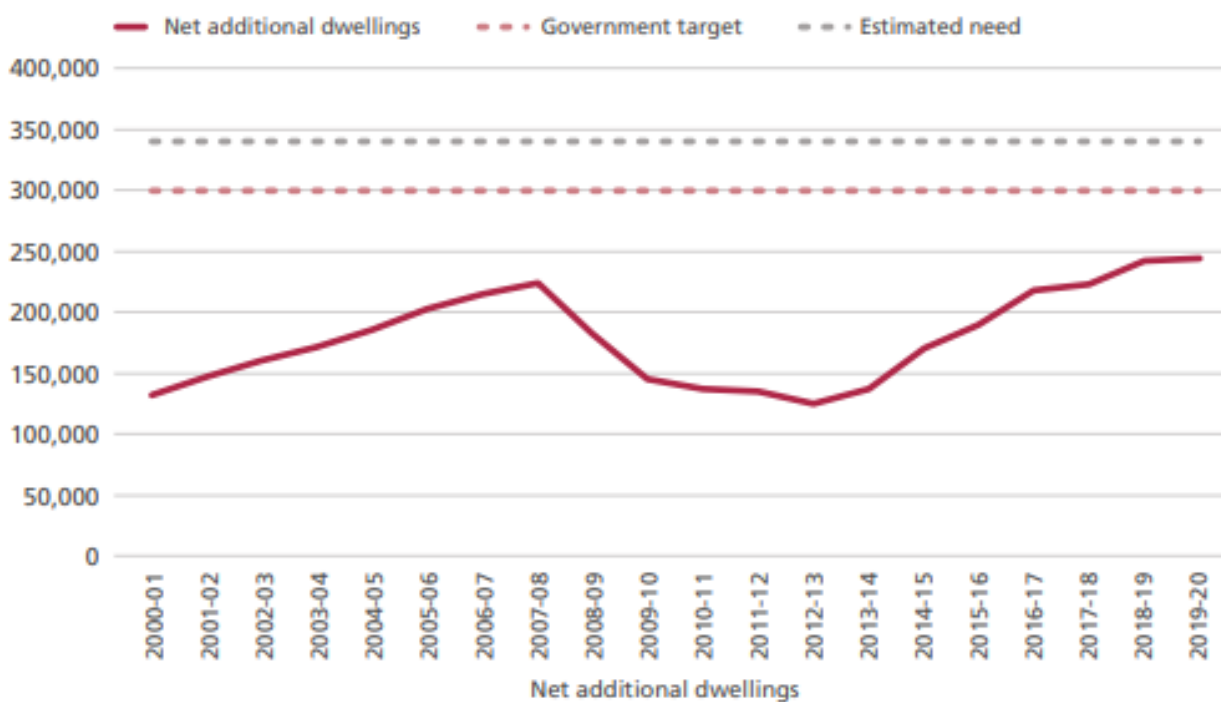
absence of sufficient social housing, the number of families housed in ‘temporary’ accommodation (including hotels and B&Bs) has reached 95,000, rising from 51,000 in 2010. Within these households are over 120,000 children, whose significantly worsened educational outcomes and mental health has been highlighted by the Children’s Commissioner as a consequence of the associated disturbance to their lives.

### 3.5 Collapse in the supply of truly affordable homes

3.5.1 The latest authoritative studies suggest there is ‘housing need’ of somewhere between 1–1.5 million homes, requiring the annual delivery of new homes to reach 340,000 per year until at least 2031 to account for new household formation, concealed households and the backlog of existing need for suitable housing.

3.5.2 Recent governments have adopted 300,000 new homes a year as a target (with varying degrees of formality). Net additional dwellings in 2019–20 reached 243,000, a record high since the millennium. Still, the long-held 300,000 a year target has not been achieved since 1969 (see Figures 4 and 5). Meanwhile there have been prolonged periods of limited supply, for example between 2001 and 2010 where an average of 144,000 new homes were completed annually – 100,000 fewer per year than in the 1970s. In addition, recent prolonged periods of low interest rates, as well as fiscal schemes to support new homeowners, have added pressure on the demand-side of the market as well.

Figure 4. Net additional homes and estimated ‘housing need’



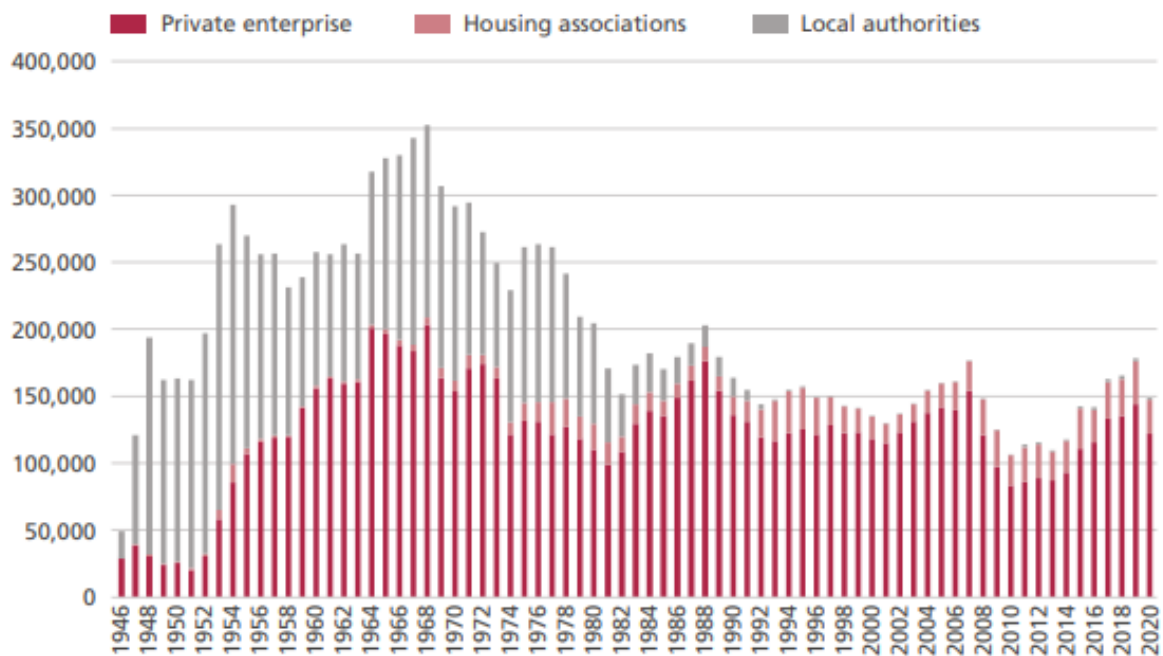
Source: MHCLG Live Table 120, ONS Household projections for England<sup>61</sup>

3.8.3 Focusing on the gross number of homes delivered does not tell us much about the types of homes being built, and for whom they best cater. For while additional housing supply at the higher end of the market can trickle down – eventually – to reduce demand at the lower end, the scale of need at the lower end of the market is so high that the

Government intervenes to support the delivery 'sub-market' or 'affordable homes' at reduced rents and prices. £11.5 billion in central government grant has been committed to the Affordable Homes Programme 2021–26.

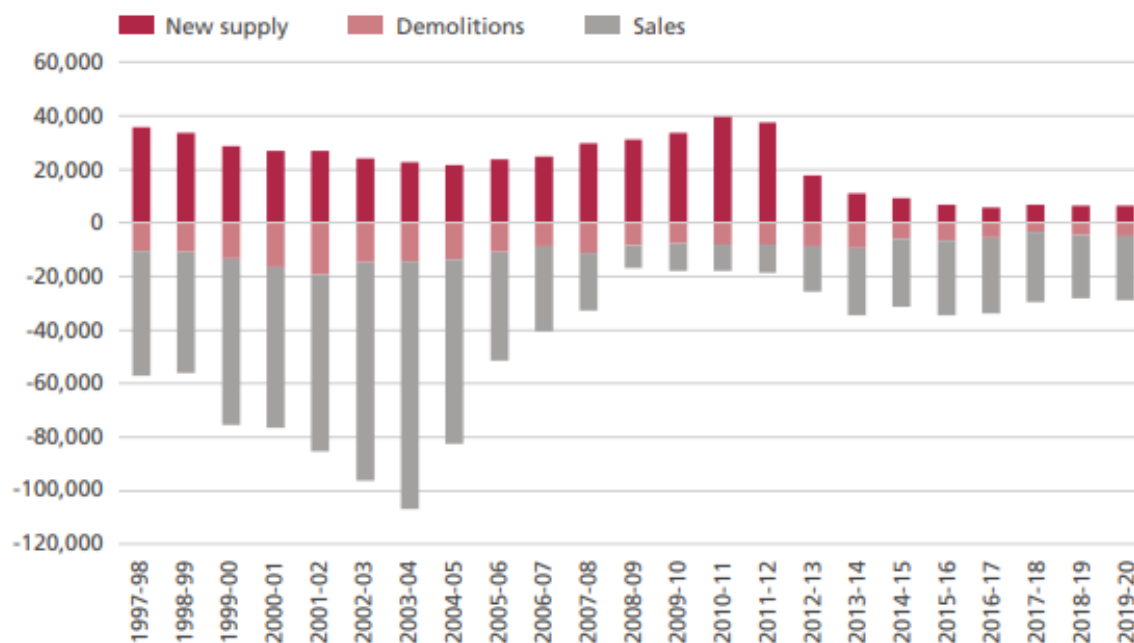
3.8.4 Historically, state intervention in delivering 'affordable housing' took the form of 'social housing' – provided by either local authorities or housing associations to meet the demand for affordable and secure housing at the lower end of the income distribution (see Figure 5). However, since the late 1980s there has been steep decline in the delivery of new social housebuilding. By 2019–20, social rented housing delivery was just over 6,600 while the Government has focused on the delivery of 'affordable rented' housing. Around 28,000 'affordable rented' homes (set at 80 per cent of market rents) were delivered in 2020, in contrast to the 40,000 social rented homes completed in 2010 and 100,000s built annually in the 1960s.

Figure 5. Permanent dwellings completed in England



Source: MHCLG Live Table 244

Figure 6. New supply, sales and demolitions of social rented housing in England



Source: MHCLG Live tables 1000c, 678 (sales) and 684 (demolitions)<sup>27</sup>

3.8.5 Critically, while the supply of new social housing has collapsed, the existing stock is also shrinking rapidly. Sales, demolitions, and conversions from social rent to less affordable tenures, including private rent, mean that approximately 31,000 units of social housing are lost each year. Right to Buy has provided millions of social renters with a pathway to home ownership. However, the lack of a replacement for homes sold has denied thousands of others this transformative hand-up. When newly delivered social rented housing is factored in, we have still seen a net loss of around 17,000 social rented homes every year.

3.8.6 The impact of the lack of decent, affordable and secure housing goes far beyond reducing the amount of money households have to live on; this also has a wider social impact. The cost of housing is directly related to housing quality and standards. For many, being unable to afford decent housing means having to live in poor quality homes unfit for habitation or overcrowded conditions to reduce costs, to the detriment of physical and mental health. Analysis of the English Housing Survey shows that around one in nine children today – that is, 1.36 million – are living in over-crowded accommodation. An estimated 150,000 families with children in England share properties with just one bedroom. Nearly a quarter of private rented homes (23.3 per cent) are officially deemed ‘non-decent’ by Government (that is, falling short of required standards of health and safety, repair, and thermal adequacy), compared to 16.3 per cent of social rented homes and 12.3 per cent of owner-occupied homes.

3.8.7 There is increasingly strong evidence to show housing problems being linked to broader social issues such as family breakdown, low productivity, chronic ill-health, disrupted child development, poor educational outcomes, and problem debt. A study conducted by the JRF found that households on low incomes under the combined pressure of expensive rents and housing insecurity were more likely to respond poorly to ‘complex life events’ such as relationship breakdown, job insecurity, and the onset of poor health or caring responsibilities than those in stable and affordable housing. Yet the tenure

shift and attendant issues with housing affordability and quality is not only marked by its social impact, but also its fiscal consequences.

#### 4. Detailed report – The Leicester Context

##### 4.1 The Changing Face of Housing

4.1.1 Leicester City is the largest City in the immediate area of the East Midlands. It is a predominantly urban areas located in the centre of the County of Leicestershire.

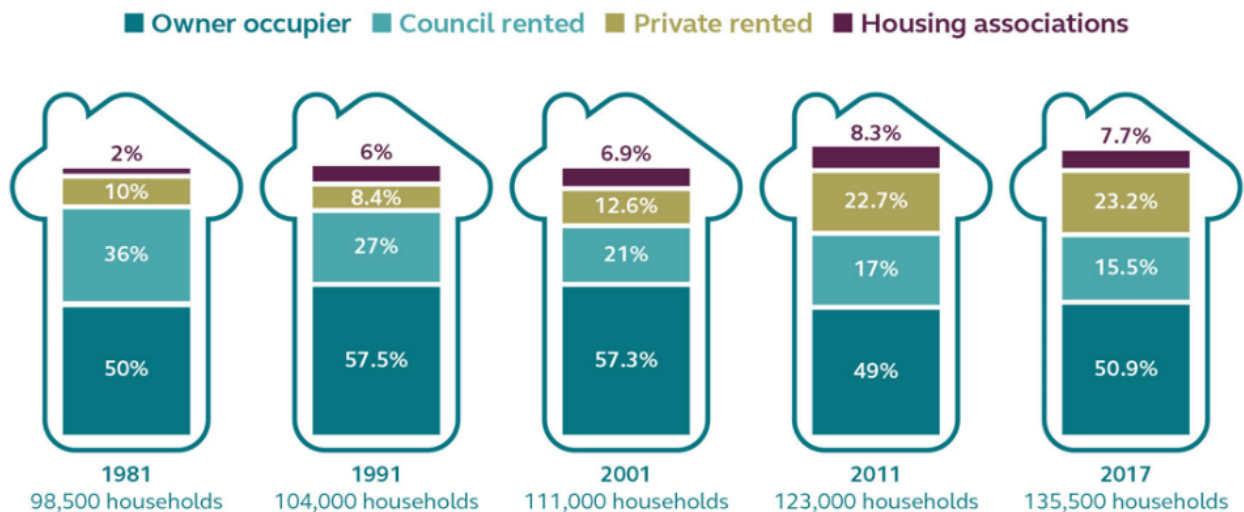
Figure 7

East Midlands City Populations				
Area	Status	Census 2001	Census 2011	Estimate 2019
Derby City	Unitary	221,708	248,752	257,302
Leicester City	Unitary	279,921	329,839	354,224
Nottingham City	Unitary	266,988	305,680	332,900

4.1.2 Leicester provides housing, employment, shopping, public administration, leisure and has three Hospitals and two Universities. The Universities had a combined student population of 43,100 students in the 2017/2018 academic year.

4.1.3 Leicester is a growing City as can be seen by the changing table set out below which demonstrates a continual growth in households and homes and the changing face of Housing over the years 1981 to 2017.

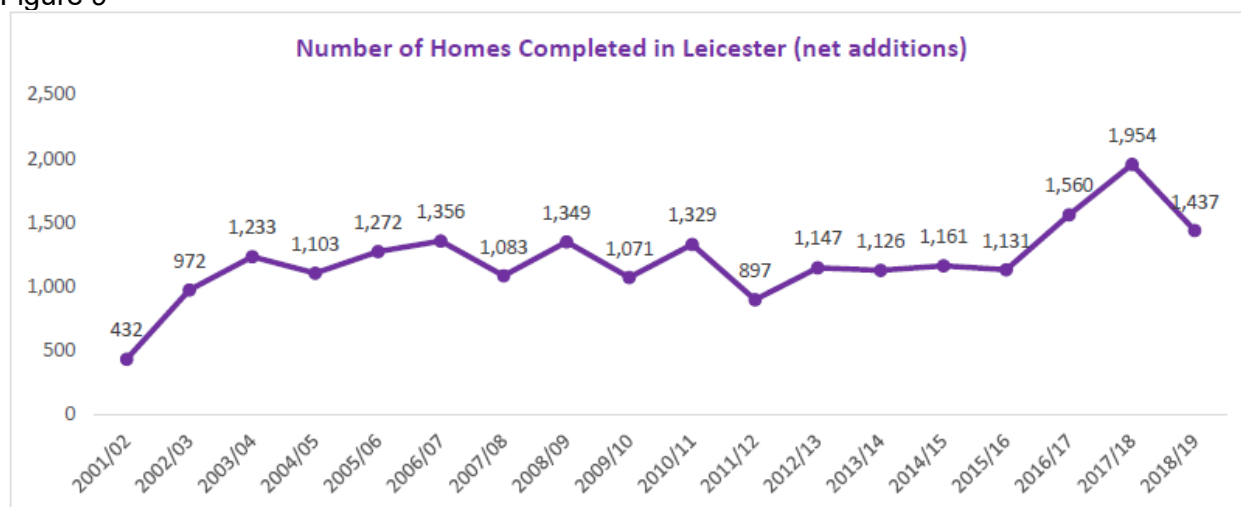
Figure 8



4.1.4 By 2021, a recent housing stock condition report for the City has been produced by the BRE which identified there are 142,379 dwellings in Leicester, 43% are owner occupied, 35% private rented and 22% social rented.

4.1.5 Delivery of new build homes in Leicester has increased since 2001 with a peak reached in 2017/18 of 1,954 new homes completed, with 1,437 delivered in 2018/19 and a 1,448 delivered in 2019/20.

Figure 9



Source: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/756098/Live\\_Table\\_123.xls](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/756098/Live_Table_123.xls)

4.1.6 The City Council will have since the start of the manifesto period and up to the end of the current 21/22 financial period delivered over 1,250 additional Council homes spending £100m on the delivery of these additional Council properties. The Council now has a total of 20,011 council properties.

4.1.7 In Leicester, the latest available Housing Needs Assessment sets out a need for 33,840 new dwellings over the period 2020 to 2030 (1,734pa) for Leicestershire with 14,734 of these needed in Leicester. The Housing and Economic Development Needs Assessment (HEDNA) 2017 established that the city has a need for an additional 718 new Affordable Housing dwellings a year for the period 2020 -30.

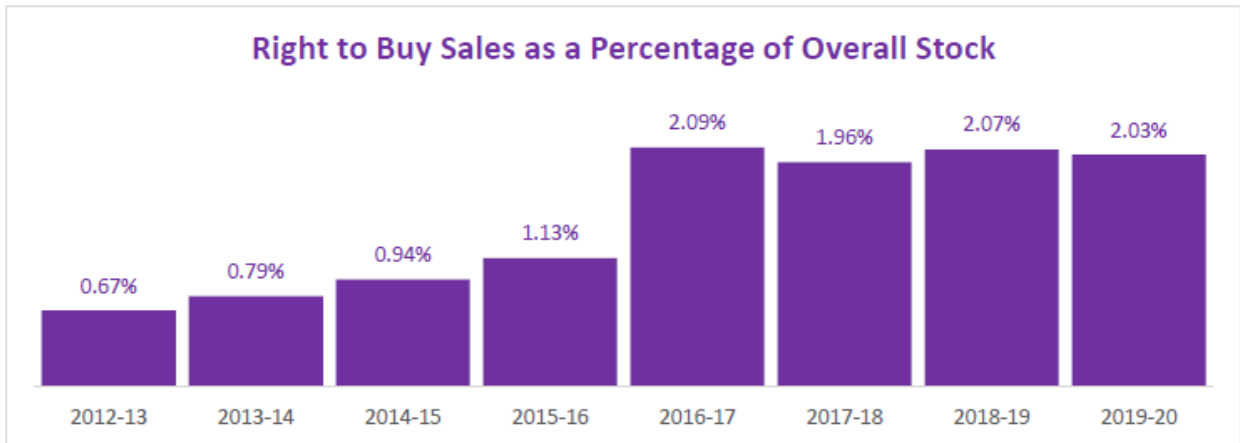
4.1.8 Conversely to a growing Private Rented Sector, Leicester City Council's role as landlord is diminishing, from 36% of all dwellings in 1981, to 15.5% in 2017.

- i. Taken together, and additionally combined with market rent increases, puts huge demands on the city's social housing register.
- ii. Currently around 6000 households are waiting for accommodation on the register, with an average of just 1,200 lets each year. Furthermore, 2,600 households approached the authority as homeless, or at risk of homelessness, in 2020/2021.
- iii. Prioritisation by level of housing need ensures that those in greatest need have best access to limited stock, but waiting times are increasing year on year and not all households who apply to the register will be successful in realising an offer of accommodation.

4.1.9 We still have the challenge that we continue to lose Council Housing stock through the right to buy. Since the 1980s the Council has lost over 14,000 homes. In 20/21 it lost another 409 properties or over 2% of stock. Leicester is the worst affected area against comparators. The City Council has lost 1,890 properties in the last 5 years.

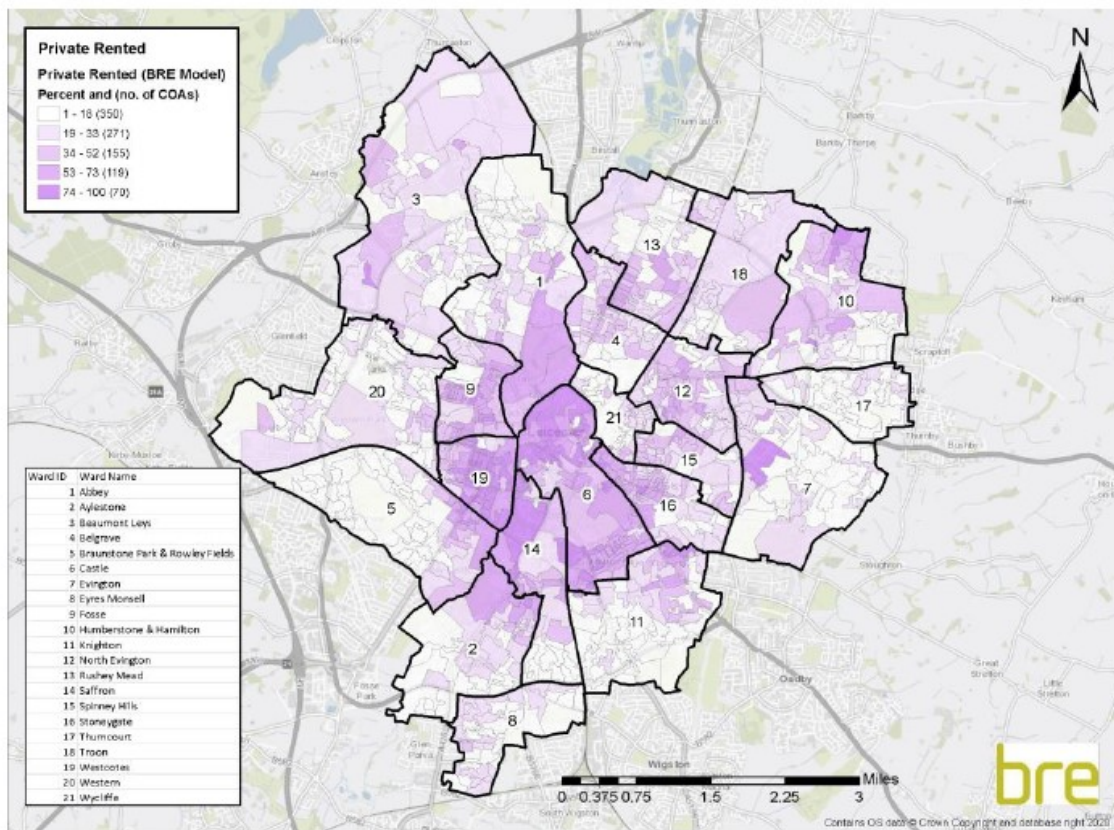


Figure 10



4.1.10 Leicester growth since the 1980’s with the Private Rented Sector across Leicester means it now stands at 35% (50,000) properties compared to the national average of 19%. A large portion of wards (19 out of 21) in Leicester have a percentage of Private Rented Sector dwellings greater than the national average. The map below illustrates the density of private rented property across Leicester City.

Figure 11



4.1.11 There are an estimated 9,649 Houses in Multiple Occupation in Leicester, of which approximately 2,249 potentially come under the mandatory licensing scheme; with 48% of

them in the Westcotes, Castle, Stoneygate and Fosse Wards. The proactive acquisition of this commissioned research data is feeding into the work of the Council's Private Rented Sector Team and their resourcing requirements to support the identification of any unlicensed property. It is also helping to inform the consideration of other discretionary licensing schemes.

4.1.12 The data from our housing condition report shows that the performance of the housing stock in Leicester compared to the English Housing Survey (EHS) average is generally worse with the exception of excess cold which is slightly better in Leicester.

4.1.13 Levels of all hazards and fall hazards are notably higher in Leicester, and the proportion of low income households is high compared to the England average. In Leicester, 17% of Private rented sector accommodation is believed to have category 1 hazards.

4.1.14 Compared to the regional average the picture is similar with Leicester generally performing worse with the exception of excess cold and fuel poverty.

4.1.15 Market rental prices in the East Midlands increased by 2.1% in the past 12 months<sup>1</sup> and are now on average 20-30% higher than Local Housing Allowance rates, creating a market that is difficult to access for those on low incomes, or those dependent on welfare benefits.

## **4.2 Affordability of Housing**

4.2.1 Not all households have sufficient income to buy or rent a home in the private sector in Leicester that adequately meets their housing needs at acceptable standards.

4.2.2 Whilst Leicester's cheapest homes to buy or rent (those within the lower quartile of sale prices and private rents) might appear affordable compared with the city's average full-time resident earnings, they are not always affordable to those in the city with the lowest incomes.

4.2.3 In fact, recent research has concluded that Leicester has seen;

- An increase (ie worsening) in its housing affordability ratio;
- Leicester's level of unemployment (7.5%) is almost double the regional level;
- The city has a relatively high proportion of its population employed in Group 9 elementary occupations; Leicester's residents' earnings were the lowest in the Housing Market Area;
- Leicester's overcrowding rate (15.2%) was almost three times the regional figure (5.5%); between 2001 and 2011 there was an increase of almost 60% in the level of over-crowded households in Leicester – almost double the national growth;
- Leicester is the only authority across the HMA that has a higher rate of concealed and shared households than the regional and national average.

4.2.4 Affordable Housing itself includes several tenures including Intermediate Affordable Housing for sale, Intermediate Affordable Housing for rent and social/affordable rent. The

table below sets out even for 'Affordable Housing options' in Leicester, those with incomes in the lower or median quartiles still cannot afford many of these so called affordable options.

Figure 12

AFFORDABLE HOUSING OPTIONS	New households accessing at LHA rates	Lower quartile income	Median income
Starter homes	N/A	✗	✗
Intermediate (shared ownership/shared equity)	N/A	?	✓
Median private rented	✗	?	✓
Affordable social rents	✗	?	✓
Social rents	✓	✓	✓

**KEY:** □ should be able to access this housing option ; ✗ = unlikely to be able to access this housing option; ? = marginal that this housing option could be accessible; N/A = this housing option is not available

This table is based on resident based earnings and does not take into account that some households will use multiple incomes as part of a household to access housing that would otherwise be unaffordable to a single income (this can also be a barrier to access, where it causes a household to exceed the housing register income threshold). In addition to this, the requirement for different size homes will also impact on affordability.

**Starter homes** The income required in Leicester to access starter homes (HEDNA) is £26,100, while £22,199 is the median gross annual residence based earnings for Leicester, 2016. It is also not considered affordable for individuals whose income is in the lower quartile.

**Intermediate options**

The HEDNA estimates that an income of £16,800 is required to access this housing option. This is around the lower quartile income levels in Leicester (of £16,980) so may not be affordable to all households whose income is in the lower quartile.

**Private renting**

For individuals in Leicester who receive the gross median monthly salary, median rents in the private sector would make up 32% of their income. This figure is higher than that which the HEDNA considers to be a reasonable start point (25% of income) – however, the HEDNA suggests other sources (letting agencies and housing benefit calculations) raise this figure as high as 40%+. So, in this context, this option is considered affordable for individuals whose income is at median levels however it will become more unaffordable for those with lower incomes (estimated ratio of their earnings would be 39%). People on lower incomes may be able to access cheaper housing options in the private rented market. Private rented accommodation is not generally accessible to new households accessing at LHA rates – national survey showed that 63% of landlords would prefer not to let to HB claimants, and research undertaken by Housing Options Private Rented Housing Team found a significant difference between private market rents and LHA rents.

**Affordable social rent**

Affordable social rent are rents set at up to 80% of market rent. Local housing allowance is 30<sup>th</sup> percentile of market rent, meaning at its higher levels this housing options is unaffordable for LHA households. An assessment % rent of incomes indicates at lower quartile incomes rent would be 32% of their total income (again higher than the 25% HEDNA level but lower than 40%). At medium incomes % rent to income level is 24% so would be affordable for the majority of households.

**Social rent**

Social rented properties are generally available at local housing allowance rates therefore would generally be affordable to all households at different income levels. However there is an income cap to be able to be eligible for the housing register so is not currently available to any households with a single income of £25,000 or a joint income of £30,000.

4.2.5 The HEDNA calculated that 19% of households in Leicester who require Affordable Housing can afford Intermediate Housing; that's 149 households a year (of our total 786). The remaining 81% (637 households a year) will need social/affordable rented housing.

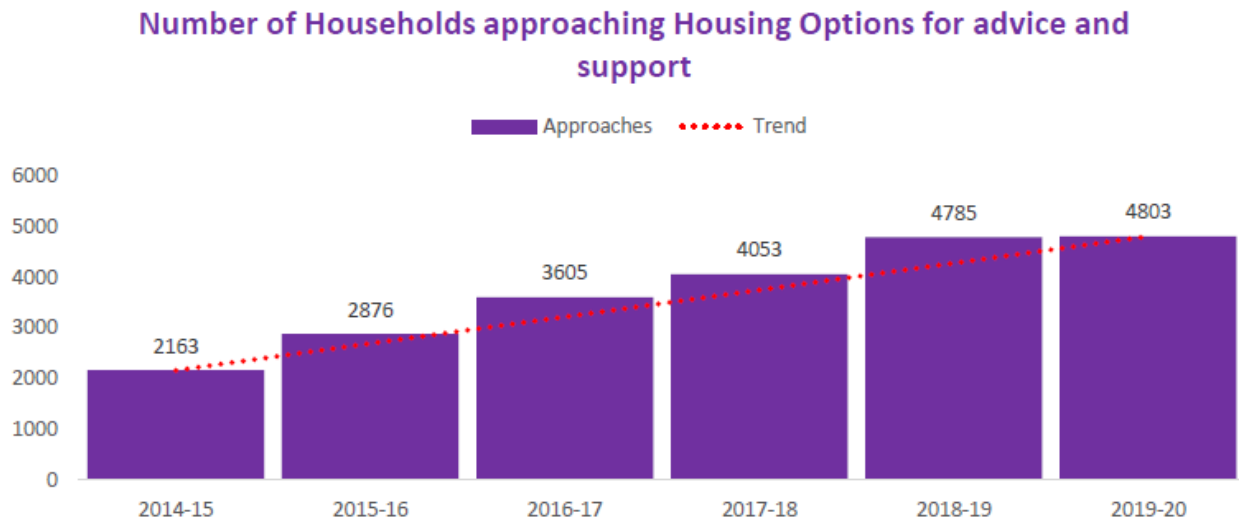
4.2.6 Social/Affordable Rent is affordable to a range of households as long as the rent to be paid falls at or below Local Housing Allowance (LHA) limits (many of the households will need to claim housing benefit). Council housing is generally the most affordable rental option. Where households are eligible, council rents will be fully covered by benefits unless the household is under-occupying. There may be a small number of households who are affected by the introduction of the LHA shared room rate for people aged under 35. This is likely to result in a relatively small shortfall between their benefits and rent. The benefit cap has only affected households in the very largest of council properties (ie 6 bedroomed).



### 4.3 Homelessness

4.3.1 Homelessness services in Leicester have faced year on year increases in people approaching the Council for help whom are facing Homelessness (4,803 in 2019-20) and positively, the Council continue to provide strong services, maintaining strong services and prevention rates at over 85% in 19/20.

Figure 13



4.3.2 You can see from the Who gets Social Housing data, that the Council have an increasing number of people on the Housing register, up to 6,366. Overcrowding continues to be a significant problem in the City with over 15% of households stating they are overcrowded overall. This is supported by our Housing Register data where 46% of the applicant on the register are overcrowded.

Figure 14

## Housing Register Information

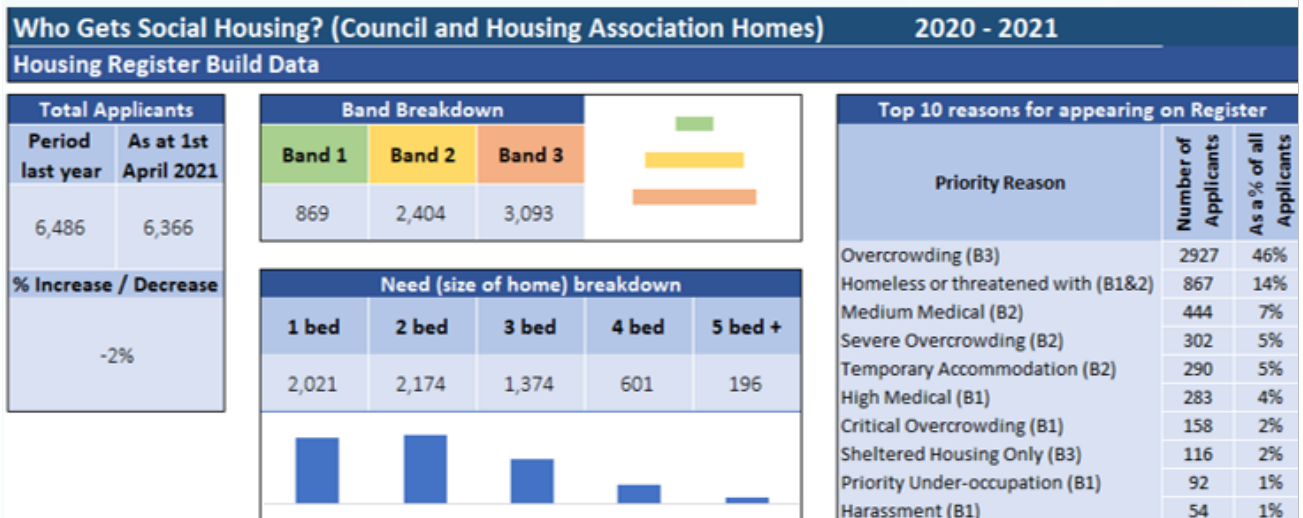
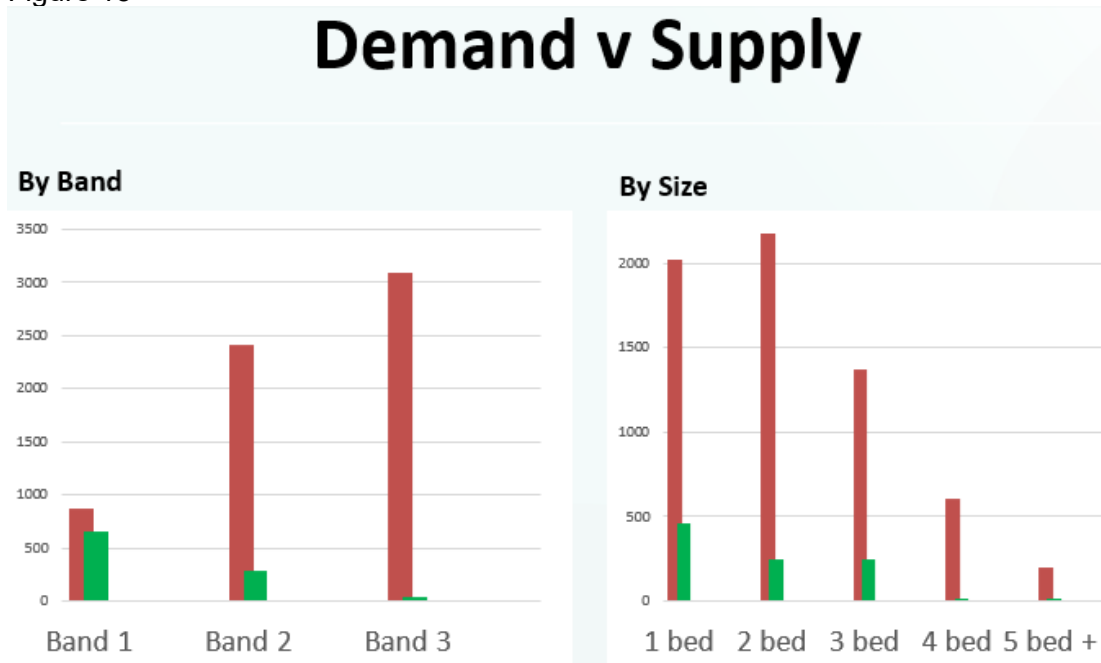
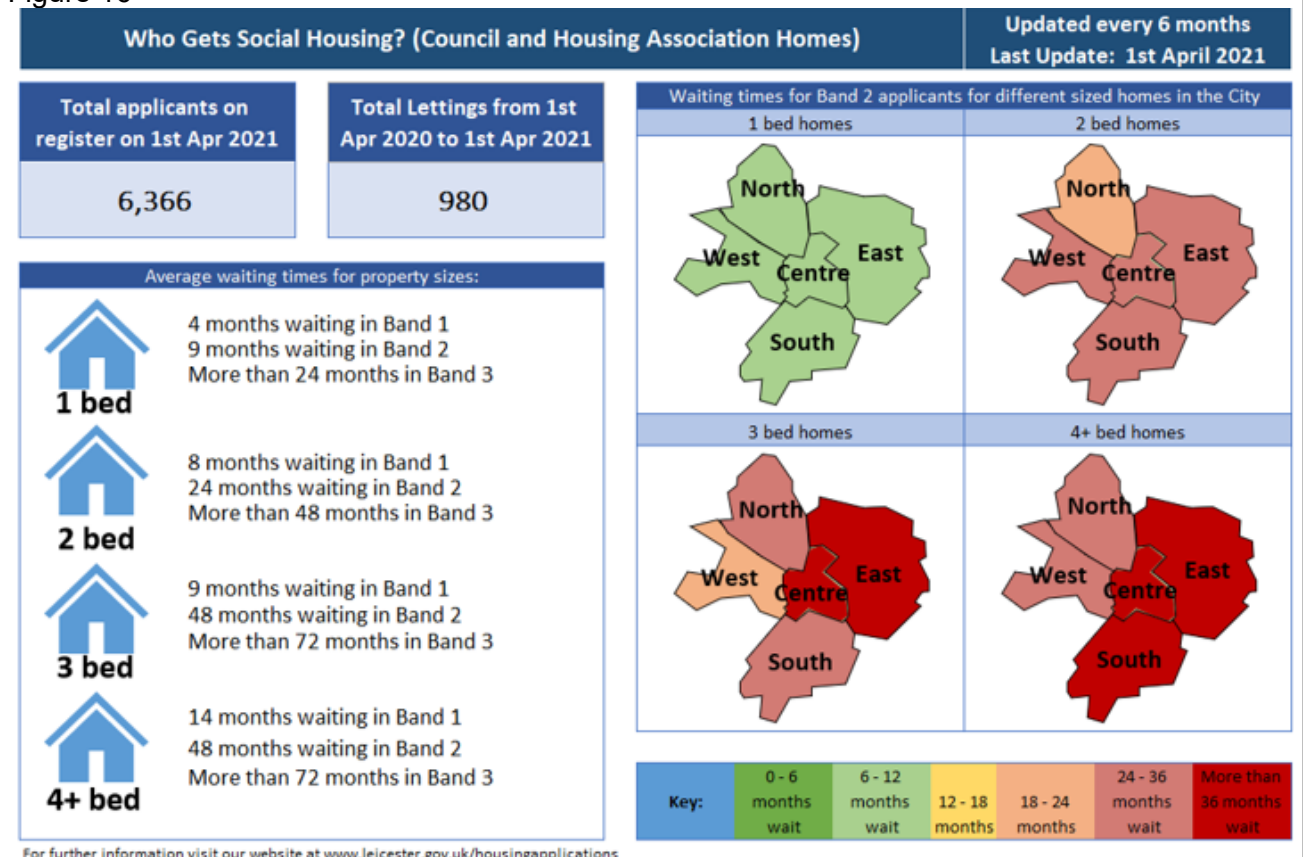


Figure 15



4.3.3 Demand for Council Housing far outstrips supply. The average wait times for LCC housing shows significantly increasing wait times for all sizes of properties with minimum wait times now at 4 months for the highest Band 1 priority cases and significantly higher wait times for those in the lowest band 3.

Figure 16



## 4.4 Collapse in the supply of truly affordable homes

4.4.1 As can be seen in Figure 8 above and 4.1.4, the make up of the Housing market in Leicester has changed significantly, with Council housing which is for many the only affordable housing now becoming a scares resource with limited supply, very large demand (6000) and a growing need for it (786pa) as the City grows.

4.4.2 The loss of Council Housing through the right to buy scheme for the City has already been referenced in 4.19, this is very relevant to the collapse in the supply of truly adorable housing because, while efforts are being made in the City to increase new housing (see Figure 9) this is being undermined by the ongoing sale and reduction in Council Housing through the Right to Buy scheme of over 400 homes on average each year and 14,000 overall since the 1980'2.

4.4.3 Although house building in the City is at the highest it has been for many years (1,437 in 18/19), the lack of land in the City has seriously undermined this delivery.

## 5. Leicester City Councils effort to tackle the Housing crisis

5.1 Leicester City Council has been working hard to tackle the Housing challenges in the City and this has been driven by the Councils political priorities. In the context of the challenges set out Nationally and in Leicester in this report, highlights of the efforts being made by the Council are set out in the following section.

### 5.2.1 The Affordability of Housing

5.2.2 Our council rents remain the lowest in the city for any tenure type. Average private rented sector rents for a 3-bedroom house are currently around £155 per week, average Housing Association rents average out at £89 per week, whilst council rents are £85, for this type of property.

Figure 17

Tenure Type	Average weekly rent
LCC	£85.22
Housing Association	88.59
Private Rented Sector	155.34

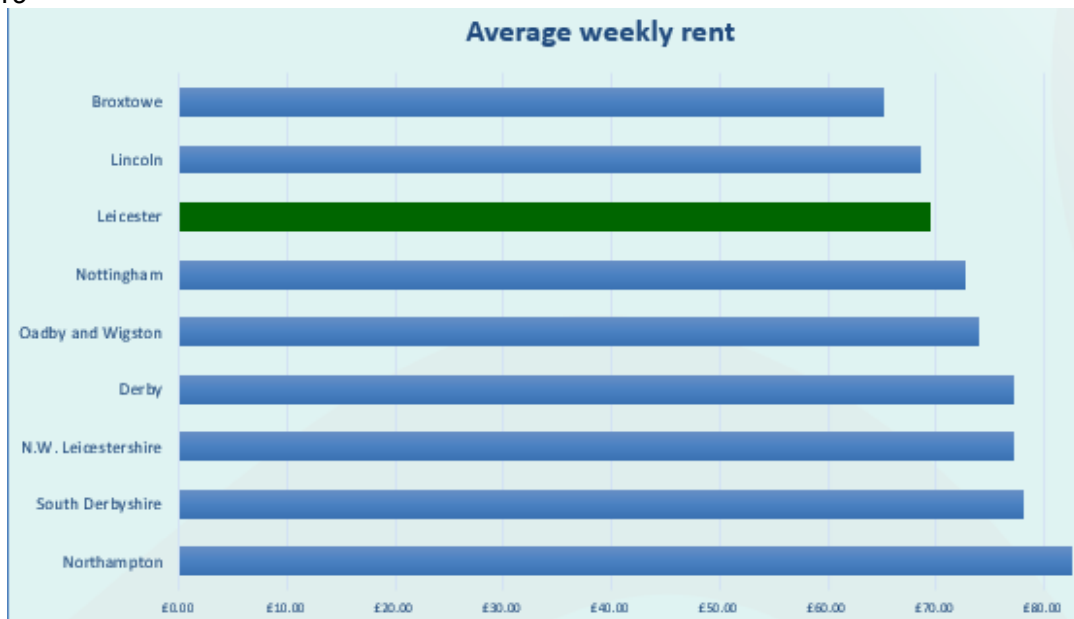
5.2.3 Comparing ourselves with other local authorities in the country and Leicester's overall average council rents are amongst the lowest in the country, 19<sup>th</sup> lowest out of 20 for comparator authorities.

Figure 18

Authority		Average rent	Authority		Average rent
1.	Slough	£102.83	11.	Wolverhampton	£77.34
2.	Bradford	£100.07	12.	Derby	£77.26
3.	Liverpool	£85.45	13.	Newcastle	£74.53
4.	Milton Keynes	£84.59	14.	Manchester	£74.19
5.	Luton	£82.37	15.	Nottingham	£72.78
6.	Salford	£82.04	16.	Kingston	£72.21
7.	Birmingham	£79.82	17.	Leeds	£72.01
8.	Oldham	£79.78	18.	Sheffield	£71.13
9.	Bristol	£79.29	19.	<b>Leicester</b>	<b>£69.57</b>
10.	Sandwell	£79.06	20.	Stoke	£69.04

5.2.4 Even when comparing ourselves with other local authorities in the East Midlands we have amongst the lowest rents. Northampton’s average weekly rent is £82, North West Leicestershire is £77 and Oadby and Wigston is £74. We have only found Lincoln and Broxtowe to have slightly lower average rent than our £69 per week.

Figure 19



5.2.5 Council housing now makes up only 15.5% of Leicester’s properties and while low rental levels can help those in the greatest need, wait times and very limited supply mean that the City must have a quality private rented sector.

5.2.6 To this end the Council has written and launched a Private rented sector strategy that has the driver of improving Housing standards in the Private rented sector to ensure that housing in Leicester is the best standard it can be for those in need of housing.

Figure 20



5.2.6.2 The overall objective of the strategy is to have a holistic approach that ensures tenants and landlords are appropriately supported, as well as retaining and improving our ability to protect tenants' safety and rights, and tackle rogue/poor landlords. Maximising this, whilst maintaining a balanced, fair, and proportionate approach, will ultimately lead to the raising of housing standards within the sector

5.2.6.3 Included within the strategy and already being consulted upon is the option to utilise licencing scheme to drive up standards. This is a key strand in targeting and addressing unfit accommodation in the City.

### 5.3 Homelessness

5.3.1 The City Council's current Homelessness strategy 2019 – 2023, drives ongoing strong delivery of the homeless services in the City.

5.3.2 LCC has been successful in delivering £3.5m additional revenue across 9 external funding pots to enhance Homelessness services Further funding has been secured through the Health Inequalities fund for 2x additional Social Workers to work with those going through Homelessness whom do not meet the ASC Statutory threshold. The Changing Futures bid for £3m has been successful working with partners and also a further bid to the Rough Sleeper Drug and Alcohol treatment funding for £1.2m to provide extra support to help people recover from drugs and alcohol misuse has also been successful. A bid has also been submitted linked to Offenders Accommodation

5.3.3 The Council has significantly reduced the number of rough sleepers on the street and is clear that 'No one needs to sleep rough on Leicester streets'. Over recent years significant investment and efforts have gone in to reducing down Rough Sleepers to single

figures with anyone on the streets refusing to come in to available Temporary accommodation. A Rough Sleepers Next Step Strategy has been developed and implemented and this will shortly be followed by an Ending Rough Sleeping strategy.

5.3.4 Services continue to be strengthened through the Strategy actions including procurement of Temporary accommodation for those leaving prison completed securing 30 units increased from 20 and a Leicestershire wide new Pathway has been developed and signed off by all District and City partners in conjunction with Prison and Probation

5.3.5 Temporary accommodation has also been re-procured for singles and wider work to develop the singles offer at the Dawn Centre is ongoing. Alongside this officers are working on the development of increased numbers and types of stepped accommodation for singles.

5.3.6 A joint procurement exercise to procure young person temporary accommodation has just successfully concluded and being implemented.

5.3.7 Launch of the St Mungos Hub to facilitate work placement and work opportunities has now taken place. LCC are also piloting development of employment opportunities with BEAM for 1 year to test this opportunity.

5.3.8 The Family offer of Homes not hostels is in progress with the development of a network of independent homes across the City available as the Family temporary accommodation offer moving away from an institutional hostel with the staffing elements complete and the procurement just concluding.

## **5.4 Collapse in the supply of truly affordable homes**

5.4.1 The Council have now approved over £100m to the delivery of the manifesto commitment to increase the supply of affordable housing. A pipeline of delivery of 1500 units on multiple sites has been identified and agreed between 2019 and 2023. The Council and partners will by the end of 21/22 have delivered a total of 871 social housing properties.

5.4.2 Delivery of Housing Leicester Phase 1 of new Council Housing has delivering 29 units across 6 small sites including bungalows which are wheelchair accessible. Full planning has been secured on Saffron Velodrome for 38 properties and procurement has been completed and a builder secured for this site which is aiming to start build in Autumn 2021. Additional Phase 2 sites are also being worked on to deliver a further 18 new units during 22/23. Early preparations work is now starting on Phase 3 has been agreed to proceed by CMB and this has started which should deliver 52 new homes.

5.4.3 An extensive Acquisitions programme has been going on for the duration of the manifesto commitment and by the end of this financial year 21/22 a total of 572 properties will have been acquired.

5.4.4 During the manifesto period it is expected to invest over £9m on the provision of adaptations to ensure that this Housing is suitable for those living in it. To date since 2019 the Council has invested over £8m in to Disabled Facilities grant and Council House adaptations to facilitate the Adaptations service and help people that need adaptations to

continue to be able to live in their current home. A total of 1,889 adaptation/DFGs have been completed to date providing help to over 1000 people to stay in their own homes.

## **6. Conclusion**

6.1 This report clearly sets out the National and Local Housing challenges and problems that are causing a perfect storm for a housing crisis. It clearly demonstrates that holistic and national policy change is required by Central Government to deal with the crisis and this is why it is essential the Council have very clear demands and asks of government.

## **7. Financial, legal, equalities, climate emergency and other implications**

### 7.1 Financial implications

This report sets out the issues and challenges in relation to the affordability of housing, both nationally and locally. Financial implications of any actions to address these issues will need to be considered as and when these are put forward.

Stuart McAvoy – Acting Head of Finance

### 7.2 Legal implications

There are no specific legal implications arising from this report.

Jeremy Rainbow – Principal Lawyer (Litigation) - x371435

### 7.3 Equalities implications

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

The impact of the lack of decent, affordable and secure housing goes far beyond reducing the amount of money households have to live on; this also has a wider social impact. The cost of housing is directly related to housing quality and standards. For many, being unable to afford decent housing means having to live in poor quality homes unfit for habitation or overcrowded conditions to reduce costs, to the detriment of physical and mental health.

There is increasingly strong evidence to show housing problems being linked to broader social issues such as family breakdown, low productivity, chronic ill-health, disrupted child development, poor educational outcomes, and problem debt.

Housing need manifests itself in a variety of ways, such as increased levels of overcrowding, acute affordability issues, more young people living with their parents for

longer periods, impaired labour mobility resulting in businesses finding it difficult to recruit and retain staff, and increased levels of homelessness. The report mentions the differences in relation to disproportionate impact across various protected characteristics.

The pandemic has highlighted the health implications of housing.

People's housing situations will have affected their ability to weather the challenges of a prolonged lockdown. Poor housing conditions such as overcrowding and high density are associated with greater spread of COVID-19, and people have had to spend more time in homes that are overcrowded, damp or unsafe. Poor quality and expensive housing have serious detrimental impacts on employment, health, and children's education

Housing affordability can affect people's mental health directly, as well as reducing the resources available to them to spend on other goods and services. Struggling to meet housing costs can lead to rent or mortgage arrears, which can lead to eviction or repossession.

This report gives an overview of the challenges and strategic plans for undertaking work with the aim of improving housing standards. The work carried out under these priorities should lead to positive outcomes for people from across a range of protected characteristics. The continued investment in the Disabled Facilities grant and the adaptations service help people that need adaptations to continue to be able to live in their current home.

Surinder Singh, Equalities Officer, Ext 37 4148

#### 7.4 Climate Emergency implications

Housing as a sector is the largest source of carbon emissions in Leicester, responsible for 33% of the city's carbon footprint in 2019. Following the city council's declaration of a Climate Emergency 2019, and its ambition to achieve carbon neutrality in Leicester, addressing housing-related emissions is therefore a vital part of the council's work. Alongside this Fuel Poverty is a major issue in Leicester, affecting 19% of all households in the city (significantly above the national average), with negative implications for household finances and occupants health. More broadly home energy costs are noted as a key driver of current UK-wide cost of living issues, with inefficient homes having both higher energy bills and carbon emissions.

As such, in order to tackle the twin challenges of fuel poverty and the climate emergency, consideration should be given to how all relevant policies and actions can contribute to significantly increasing energy efficiency, cutting carbon emissions and reducing energy costs, both for new and existing dwellings. Potential measures for homes could include the fitting of improved insulation, low carbon heating such as heat pumps, low energy lighting and renewable energy technologies.

The council also delivers a number of schemes to tackle fuel poverty in the city, including Warmer Homes, Green Homes and the Green Homes Grant.

Aidan Davis, Sustainability Officer, Ext 37 2284



**8. Background information and other papers:**

n/a

**9. Summary of appendices:**

n/a

**10. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?**

No

**11. Is this a “key decision”? If so, why?**

No