

# Leicester City Council

## Scrutiny Review

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Housing Crisis in Leicester

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**A Review Report of the Housing  
Scrutiny Commission**

**22 September 2022**

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# Housing Scrutiny Commission

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DRAFT

## Chair's Foreword

I would firstly like to thank the many members from across the authority who took the time and trouble to take part in this review. Membership came from not just the Housing Scrutiny Commission but all members who were not executive members were invited to attend, and the expertise and observations they provided were deeply appreciated.

On behalf of the Task Group, I would also like to thank the many officers, from inside the housing department and across other departments, for the contributions they have made to the work.

The review was prompted by a range of factors, but most keenly felt was the erosion of affordable social housing through the right to buy mechanism which has put a choke on housing for those who most directly need it.

One of the upshots of the review was to look to capture and use the very detailed knowledge that members have within their own communities and reflected the many comments and observations that came from members and their knowledge of local issues.

While a shortage of new social rented housing was a contributing feature of the housing crisis, a full range was highlighted, including problems facing those who own their own homes or living in the private rented sector (PRS).

Members recognise the value of the PRS, while also pointing to adverse issues within the sector, particularly high rents, poor housing, antisocial behaviour by tenants and landlords who fail to maintain fully the homes occupied by their tenants.

Frustration with the planning system, which appears to freeze potential housing sites out of the reach of housing providers, and by extension was beyond the reach of those in greatest need, was also a feature of the review.

The related developing crisis of rocketing inflation and energy costs only highlights and underscores the issues which have contributed to the housing disaster facing so many people.

And so does the failure of government policy to even begin to recognise, let alone solve, the problems tens of thousands of people across our communities' face.



**Councillor Stefan Gee;** Task Group chair

## **1 Executive Summary**

### **1.1 Background to the Review and Key Findings**

- 1.1.1. A national picture of growing pressure on housing and other services is described in this review. Within the city of Leicester one figure stands out which maybe above any other reflects the crisis and pressures facing the city council and its residents.
- 1.1.2. Since the early 1980s the council has lost around 14,000 homes through the right to buy (RTB). Council tenants within the city have been targeted by agencies encouraging them to take up RTB. They have been helped in this by the standards of housing maintained by the city council.
- 1.1.3. The reduction in available social rented housing to 19,673 by the end of the last financial year would have been even lower without the acquisition or building of 1,150 new council homes. How the council can use RTB receipts has changed and the rules governing them have become more restrictive.
- 1.1.4. Leicester is a generally low-wage city, and this is reflected in the difficulties people have faced in getting housing and staying in the housing they have. Housing conditions mean that one of the major reasons for being accepted as homeless stems from overcrowding.
- 1.1.5. Overcrowding featured as the main reason for households being put on the housing register more than three times the number being homeless or facing the threat of homelessness. 2,927, or 46% of those being put on the register, cited overcrowding, against 867 (14%) who were homeless or threatened with homelessness.
- 1.1.6. Rising population numbers, now and in the future, underscored the need for further housing. Population trends include rising numbers of older people and/or households including disabled people.
- 1.1.7. The task group highlighted the need for housing which could be adapted to cater for those needs without requiring people to move out of their own home.
- 1.1.8. A theme from members through the inquiry was the inability to get land which had been zoned for other uses, for example industrial development, but which had remained undeveloped, to be re-allocated for housing, and specifically for social rented housing.
- 1.1.9. A further planning issue for members was the time taken to produce and approve a new Local Plan for the city, although they also recognised national government had not helped the process by making changes to the rules around local plans.

- 1.1.10. The most recent changes, in May 2022, saw the Department for Levelling Up, Housing and Communities (DLUHC) introduce planning reforms via the Queen’s Speech in and alongside a new [Levelling Up and Regeneration Bill](#). The reforms outlined in [DLUHC’s policy paper](#) “seek to improve the planning system and further empower local leaders to regenerate their local area and will be introduced through primary and secondary legislation, and through non-legislative measures.”

## 1.2 RECOMMENDATIONS

The Assistant Mayor for Housing and the Executive consider the following recommendations:

### **Call for action by Central Government**

This Commission calls on the Government to act now to end the housing crisis by:

#### 1.2.1 **Funding for 150,000 New Social Homes a year**

Fully funding councils to deliver the building of 150,000 social rent homes each year, including 100,000 council homes. Invest £12.8 billion a year over the next ten years to deliver the social rented homes needed to break the back of the national housing crisis.

- 1.2.2 Announce the next 10 years of the Affordable Homes Programme (AHP) now, rather than waiting until 2025/6 to announce the next tranche of funding. This will provide long-term certainty to local authorities and housing associations, allowing them to deliver far more homes at a faster pace.

The government must also significantly increase the proportion of the AHP which is spent on genuinely affordable social rented housing

#### 1.2.3 **Long term, no-strings fully funded Climate Retro Fitting for Council Housing**

Fund the retrofitting of council housing to cut greenhouse gases, provide jobs and promote a shift from outsourcing to Direct Labour Organisations. & Pilot a programme of Net Zero social housing to help deploy and reduce the cost of technology needed to meet the Future Home Standard and deliver on our commitment to Net Zero.

This should be funded in addition to the AHP and co-owned by BEIS and MHCLG to reduce to cost of the Net Zero transition in a socially equitable way

#### **1.2.4 Cancel Housing Revenue Account Council house debt**

Removing council housing debt to address underfunding of Housing Revenue Accounts.

#### **1.2.5 End the Right to Buy Scheme for Council Housing**

End the Right to Buy Scheme to stop the loss of truly affordable housing for those people that cannot afford to access other Housing

#### **1.2.6 Longer Term and increased levels of Viability Land Funding**

Govt funding support to help with the release of new housing sites including on brownfield land to increase viability and delivery.

### **PRIVATE SECTOR HOUSING**

#### **1.2.7 Large, sustained Increase in Local Housing Allowance rates to address affordability**

Government to increase Local Housing Allowance levels in line with inflation. Local Housing Allowance must be unfrozen and kept in line with at least the 30th percentile of rents to enable people on benefits to access Private sector housing

#### **1.2.8 Legislate to End Section 21 'no fault' evictions**

Ending Section 21 (no fault) evictions to reduce the number of people going through homelessness and spending time in temporary accommodation

#### **1.2.9 Legislate to create 5-year minimum private sector tenancies**

Demand government legislate for five-year minimum tenancies as standard, with a rolling break clause of 2 months to allow tenants flexibility to increase tenancy sustainment

#### **1.2.10 Close loopholes with regulation on holiday accommodation**

Government to review policies to ensure all holiday accommodation is properly regulated, complying with local planning policies and taxes. This could include an extension of the 90-day short let legislation, a proper planning class for short lets and proper licencing for them. With the focus

of preventing people finding loopholes in the taxation system and prevent too many local homes being converted to holiday accommodation

**1.2.11 Give Local control and ownership of setting Holiday Home Council tax levels**

Local control of Government to allow local councils to be able to charge 200% Council Tax on second / holiday homes, as they do in Wales.

**1.2.12 Policy change to help those with No Recourse to Public Funds access Housing**

Lobby government to push for change in no recourse to public funds policies to support those currently unable to access benefits support to access Housing to be able to do so.

**1.2.13 Introduce a National Landlord register**

Government introduce a National Landlord register to give greater oversight of the PRS including rogue landlords

**1.2.14 Fund the retrofitting of council housing to cut greenhouse gases, provide jobs and promote a shift from outsourcing to Direct Labour Organisations. & Pilot a programme of Net Zero PRS housing to help deploy and reduce the cost of technology needed to meet the Future Home Standard and deliver on our commitment to Net Zero.**

**NEW HOUSE-BUILDING**

**1.2.15 New Council tax charges on undeveloped Housing sites**

Government to allow a Council Tax charge on housing plots with planning permission if they have not been built after a specified period. This would encourage developers to get on and build their sites without delay. Also lobby to introduce planning contracts rather than permissions with penalties for undue delays

**1.2.16 Enhanced arrangements to enable developers deliver Affordable Homes**

In the wholesale review of S106 arrangements (linked to Levelling up) taking place Government should strengthen arrangements to ensure delivery of the required affordable housing and remove the opportunity for developers to avoid Affordable housing delivery for 'viability' reasons.



- 1.1.17 The city welcomes incoming communities, but the Government's refugee settlement programmes be on a national basis rather than focussed on already crowded urban settlements.

### **1.3 City Council Asks**

#### **COUNCIL HOUSING**

##### **1.3.1 The Council to maximise its own Council Housing delivery**

The Council to develop an active Housing delivery plan for the next 10 years.

Leicester City Council continues to actively seek opportunities to invest in Council owned social housing with highly sustainable specification.

The Council to provide even more suitable and affordable temporary & stepped accommodation with a long-term sheltered accommodation offer.

The council delivery programme to have clearly identified objectives and targets over the time of the programme.

##### **1.3.2 Increase and free up existing Council Housing for those in greatest need**

Use some of the affordable housing revenue to introduce payments to those council tenants downsizing to make the move more attractable and affordable in order to free up homes for families

##### **1.3.3 The Council to deliver Exemplar Low and No carbon new build sites**

The Council establish the development of an exemplar site of low carbon modular housing, to show that developments like this can be both stylish and great to live in

##### **1.3.4 Tackle Overcrowding & the need for Adaptations in the City**

The Council utilises its Overcrowding Strategy and develop an Adaptations Strategy to help those on the Housing Register in the most serious Housing need

## **PRIVATE SECTOR HOUSING**

### **1.3.5 Tackle poor quality PRS housing in the City**

The Council to deliver its PRS Strategy including PRS consultation and implementation to drive up the standard in this sector and expand the PRS regulatory framework to drive up standards and improve the lives of tenants in the PRS.

The Council to rigorously pursue unauthorised developments and breaches of planning control to safeguard residential amenity and improve quality of stock

There should be further promotion of the Private Rented Sector offer from the Council to Private landlords to make properties available for local families in need.

### **1.3.6 Work with other providers to facilitate affordable housing in the City**

The City Council work closely with registered providers to ensure the best use of those properties, such as to encourage tenants to downsize where possible and make larger properties available for larger households

### **1.3.7 Reduce the level of empty homes in the City**

Development of an Empty Homes strategy. Owners of empty homes be helped by repurposing their empty homes or second homes back into use

### **1.3.8 Investigate the viability and effectiveness of a Housing company to meet market needs**

The Council urgently investigates the viability and justification for a Housing Delivery company vehicle for Leicester.

## **NEW HOUSE BUILDING**

### **1.3.9 Work with other providers to facilitate affordable housing in the City**

Secure more house building sites through an urgent review of existing undeveloped Local Plan sites designated for non-housing purposes e  
To review all Brownfield sites within the City and develop an urgent programme for the delivery of new Council housing on these sites  
A mechanism be set up to enable Ward Councillors to feed in any localised site (brownfield/greenfield/conversion) that should be reviewed for Housing with a mechanism for review by senior officers and the Lead member for Housing

To maximise the opportunities within the new local plan to secure sufficient Housing land plots suitable to achieve the strategic and political aims of the Local Authority over the next 10 years

- 1.3.10 The work of the recently created housing board be concentrated on identifying development or conversion opportunities to provide the urgently required social and other housing needed within the city. That the housing board report to scrutiny within six months on its aims, objectives and work done so far.
- 1.3.11 The task group is asked to engage in the formulation and oversight of a target-based action plan to deliver the Council asks, and that regular reports be submitted for consideration on progress and delivery, including an update at the first Housing Scrutiny Commission meeting in 2023.

## 2 REPORT

### 2.1 Background

2.1.1 A national picture has emerged, which is reflected perhaps even more acutely in Leicester, of growing pressure on housing and other services. The Office for National Statistics estimates there will be a population increase of 11m over the next two decades.

2.1.2 This task group was shown evidence of trends within this increase: “People are growing older and living longer. It is estimated that over the coming years the population of over-65s will rise by 7m.”

2.1.3 Meanwhile, 2.9m 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 sector is often the only choice for newly formed households, which is producing “generation rent.”

2.1.4 The 2016/2017 English House Condition Survey concluded that “while the under-35s have always been under-represented in the private rented sector (PRS), over the last decade or so the increase in the proportion of such households in the PRS has been particularly pronounced. In 2006/2007 27% of those aged 25-34 lived in the PRS. By 2016/2017 this had increased to 46%.

2.1.5 Over the same period the proportion of 25-34-year-olds in owner-occupation fell sharply, from 57% to 37%, meaning households in the 25-34 age range were more likely to be renting privately than buying their own home.

2.1.6 Other issues, including quality of living in households, demonstrated signs of erosion of standards and quality. For example, in 2016/2017 five per cent of households in the PRS were living in overcrowded accommodation.

2.1.7 The supply of truly affordable homes for rent falls well short of what historically was delivered to meet the needs of people living in inadequate housing. [The Centre for Social Justice](#) reported in November 2021 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'.

- 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.

2.1.8 The financial consequences of this multi-faceted housing crisis are just as stark with housing benefit spending rising dramatically to account for the systemic changes which have been made in the way our nation is housed.

2.1.9 With more reliance on the PRS to house lower-income households spending on housing benefits (HB) was forecast to be £30.5bn by 2021-22, more than double the total government grant allocation for affordable housing until 2026, in just one year.

2.1.10 While the total benefit spending is higher in the social rented sector the spending per home in the PRS is considerably higher.

2.1.11 Other social attitudes are amplified within the housing crisis. Two million adults in Britain say they have faced discrimination when looking for a home. The housing crisis is likely to have a greater impact on you if you are Black or Asian, gay or bisexual, disabled or a single mother.

2.1.12 Structural racism and discrimination means many marginalised groups are likely to be on low income and thereby forced into unsuitable housing. The Government's "no recourse to public funds" policy stops many migrants from accessing Universal Credit (UC) and homelessness assistance, disproportionately affecting people of colour.

2.1.13 Nearly 1.4m people are affected by the "no recourse to public funds" policy which disproportionately affects people of colour and is directly responsible for forcing people into homelessness.

2.1.14 "No DSS" policies and practices from private landlords and letting agents have created huge barriers to accessing PRS homes, a discriminatory practice with greatest impact on women, disabled people and Black and Bangladeshi families.

### **The changing face of housing**

2.1.15 While owner-occupancy (65% of households) remains the most common housing tenure, but recent decades have seen seismic shifts within the rented sectors of the housing system.

2.1.16 In the early 1980s just under a third of households lived in homes let by either a council or housing association. This proportion has fallen to 16.7%, with the social rented sector down from 5.4m households to 4m.

- 2.1.17 At the same time the PRS has grown sharply; after housing one in ten households in the early 1980s the PRS has increased by 2.4m since 2000 and now houses nearly one in five households.
- 2.1.18 This growth has been driven in part by the inability of tenants to become home-owners. In 2004 nine per cent of those aged 34-44 lived in the PRS. By 2020 this had tripled to 27% while the rate of owner-occupancy in the sector had fallen from 74% to 56%.
- 2.1.19 Another trend has been for those on low or modest incomes who might once have lived in council or HA social rented housing but who now struggle to access social housing due to a limited and shrinking housing stock and rising demand.
- 2.1.20 Today 1.15m households are on official social housing waiting lists and the Local Government Association (LGA) estimates this figure could almost double to two million as the economic effects of Covid-19 continue to materialise.<sup>1</sup>

### **The position in Leicester**

- 2.1.21 Leicester is the largest city in the East Midlands and has two universities and three hospitals. The combined student population was just over 43,000 in the 2017/18 academic year.
- 2.1.22 By 2021 a BRE survey showed the city had around 142,000 dwellings; 43% were owner-occupied, 35% PRS and 22% social rented homes. But Right to Buy (RTB) sales saw the stock reduce by 409 homes in 2020/21. The council has lost 1,890 homes in the last five years.
- 2.1.23 Since 1980s the city council has lost more than 14,000 homes and its share of housing in the city has fallen to 15.5% in 2017 from 36% in 1981. Around 6,000 households are waiting for council housing and are on the register. In 2020/21 2,600 households approached the authority saying they were homeless or being threatened with it.
- 2.1.24 Growth of the PRS in the city means it now stands at 50,000 homes (35% of the stock, against a national average of 19%). Nineteen out of 21 wards have a proportion of PRS housing higher than the national average.
- 2.1.25 Leicester's people suffer lower incomes than those in many cohort communities. Recent research has concluded that Leicester has seen
- A worsening of its housing affordability ratio
  - A level of unemployment (7.5%) which is almost double the regional average
  - A high proportion of residents in elementary occupations and/or low-level earnings

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<sup>1</sup> This is without taking into account the further impacts of inflation and heating costs.

- 2.1.26 The rate of housing overcrowding in the city at 15.2% is almost three times the regional figure. Between 2001 and 2011 there was a rise of almost 60% in the level of overcrowded households -almost double the national growth.
- 2.1.27 Overcrowding is given as a major reason for appearing on the city council's housing register at almost three times the rate of those applying through homelessness or threat of homelessness.
- 2.1.28 In Leicester there are around 9,600 houses in multiple occupation (HMOs). Around 2,250 have come under the influence of a newly created mandatory licensing scheme. 48% are in the Westcotes, Castle, Stoneygate and Fosse wards.
- 2.1.29 The licensing system is aimed at driving up housing standards and housing management quality in a sector to which the council has had to look increasingly for help in easing the pressures caused by increased homelessness (4,803 in 2019/20 approached the council for help), the collapse in the supply of truly affordable housing and the continued erosion of stock through RTB.
- 2.1.30 Members during the review expressed concern about the flexibility of the planning process. Work was continuing on a new Local Plan, and Leicestershire district councils had agreed<sup>2</sup> to take the pressure off the city's development programmes by taking 18,700 new homes from the Government-imposed target for the city.
- 2.1.31 However there was support for the view that where industrial, commercial, or other non-housing sites had not been developed, perhaps for decades, those sites should be re-zoned as housing.

## **2.2. Conclusions**

- 2.2.1 The wide-ranging and deeply damaging impacts of the crisis in housing, in terms of standards, quality of buildings and the sheer lack of enough affordable housing for the communities within the city was set out in graphic detail in the data and information provided for this review.
- 2.2.2 The loss of social housing through the right to buy does not mean the housing is "lost" but it does become beyond the reach of those who through a variety of reasons cannot gain access to housing.
- 2.2.3 The task group did not take evidence on the way in which rising inflation, particularly relating to heating costs, will affect the city's communities. The sense is that the sharply rising cost of heating will act as an accelerator for all the issues which have driven so many people into housing poverty over the past two decades.

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<sup>2</sup> [Thousands of new homes need to be built in Leicestershire](#)

### **3 Financial, Legal and Other Implications**

#### **3.1 Financial Implications**

##### **3.1.1 Overview**

The general principle for assessing the financial viability of a site is to consider (a) the total expenditure that will be incurred in building the dwellings, bringing them to a lettable standard, and managing them over their life, and (b) the total income that will be received over that same period through the rent that can be charged.

##### **3.1.2 Expenditure**

Expenditure on managing and maintaining the dwellings on an on-going basis is projected forward, including capital maintenance, day-to-day repairs, property management costs, interest, and debt. Because of the high up-front costs, new builds and acquisitions are typically financed with 50% from prudential borrowing. This borrowing is repaid on a flat line basis over a 50-year period, subject to the length of the asset life. Interest is charged on the debt, with annual interest charges reducing over the life of the asset as the borrowing is gradually repaid. Whilst interest rates are currently low, these are assumed to rise in the long-term.

##### **3.1.3 Income**

For most Council-owned new build or dwelling acquisition projects Right to Buy (RTB) receipts are used to part-finance the build; where this is the case, the Council charges 'Affordable Rent', equal to 80% of market rent for those properties. Rents are capped at the LHA rate to ensure they are genuinely affordable. Assumptions are made as to likely void levels and debt that may have to be written off. Together these give an estimate of the annual net rental income.

##### **3.1.4 Financial Affordability Assessment**

As a general rule of thumb, the desire is for the cumulative income over a 30-year period to equal or exceed the cumulative expenditure over the same period. However, since most dwellings are expected to have a life of at least 50 years, a longer period of time will also be considered. It is important to note that this is not an exact science; assumptions need to be made about what will happen over a long period of time.

The outcome of a financial assessment will provide an indication of whether proceeding with a site is likely to provide a positive financial impact to the HRA; this can then be considered alongside other factors so that a decision can be made whether to proceed with a site.



The level of funding available to the Council is limited, and for the HRA specifically this is limited to the amount of money raised through rents & service charges, plus grants from central government. The financial implications of initiatives will be considered at the time of proposals being developed. The Council will remain alert to government funding opportunities to help address the issues identified in this report.

*Stuart McAvoy – Acting Head of Finance*

### **3.2 Legal Implications**

There are no direct legal implications arising out of this review. If proposals are developed into potential policy or decisions, then detailed legal advice would need to be taken nearer the time.

*Kamal Adatia, City Barrister ext 37 1401*

### **3.3 Equality Implications**

This report highlights a number of equalities issues that may impact people from a range of protected characteristics in relation to housing in the city. As proposals are developed, there needs to be greater consideration given to the impacts with the need to give due regard to how it will affect people who share a protected characteristic.

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.

*Kalvaran Sandhu, Equalities Manager, Ext 37 6344*

### 3.4 Climate change Implications

Housing is the biggest single source of carbon emissions in the city, and is responsible for a third of Leicester's carbon footprint. Following the city council's declaration of a Climate Emergency in 2019, and its aim to achieve carbon neutrality, addressing these emissions therefore vital in achieving this ambition. Tackling this challenge will require funding and support on a massive scale, to meet the challenge of retrofitting the city's housing stock.

This report calls for further support from Government, to fund the measures required to achieve net zero for both the councils own housing stock and within the private rented sector. As noted within the report, home energy costs are also a major contributor to the current cost of living crisis, with Leicester facing high rates of fuel poverty due to the condition of its housing stock, which can also be mitigated though increasing the energy efficiency of housing.

The report also sets out the need to ensure that new council housing is delivered to the highest possible standards of carbon reduction. This should include the installation of high-performing insulation, energy efficient heating, low energy lighting and low carbon/renewable energy systems such as solar PV panels and heat pumps. Any development will nonetheless be required to follow policy CS2 of the Adopted Leicester Core Strategy and relevant Building Regulations. A toolkit is also being developed to support the achievement of reduced carbon emissions in council capital construction and renovation projects.

*Aidan Davis, Sustainability Officer, Ext 37 2284*

### 4 Summary of Appendices

- Appendix A – Scoping document
- Appendix B – Meeting notes
- Appendix C – Report to the Task Group in August 2022
- Appendix D – Report to the Task Group in February 2022

### 5 Officers to Contact

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## APPENDIX A: Scoping document

The scoping document below was agreed by the Overview Select Committee on 24 March 2022

To be completed by the Member proposing the review		
1.	<b>Title of the proposed scrutiny review</b>	<u>Housing Crisis in Leicester</u>
2.	<b>Proposed by</b>	Cllr Paul Westley (Housing Commission chair)
3.	<b>Rationale</b>	<p>To understand and influence the factors which have combined to create a shortage of affordable housing for the communities within Leicester.</p> <p>Influences will include regional and national policy and economic and social factors</p>
4.	<b>Purpose and aims of the review</b>	<p>To propose changes to local and national policy to mitigate the effects of housing shortages and poor-quality housing.</p> <p>To provide a platform for campaigning on a local basis for a wider pool of affordable social and other housing.</p> <p>To contribute by so doing to council (and other) policy formation and to encourage outside agencies</p>
5.	<b>Links with corporate aims / priorities</b>	<p>Housing, and good quality housing, have a direct bearing on homelessness, overcrowding, mental and physical health and employment and education performance.</p> <p>Social housing in particular helps the life chances of the most deprived members of our communities.</p>

6.	<b>Scope</b>	<p>The review will include issues relating to the</p> <ul style="list-style-type: none"> <li>• housing department, which has direct responsibility for the council's housing stock,</li> <li>• environmental health, which has oversight of private rented sector housing conditions;</li> <li>• economic development, which covers skill supply and shortage issues within the construction sector;</li> <li>• Planning and development control, and the clear definition of section 106 objectives to support the growth of social housing on a site-specific and more city-wide basis.</li> </ul>
7.	<b>Methodology</b>	<p>The review will be conducted by a task group chaired by Cllr Gee.</p> <p>Membership need not be confined to members of the housing scrutiny commission.</p> <p>A series of meetings will receive local and national evidence on the issues set out in sections 4-6.</p> <p>The meetings will look at a range of issues, including tenure, supply of housing and affordability.</p> <p>The commission will seek information from local interested organisations and individuals, and will be provided with summaries of and links to national reports and data.</p>
	<b>Witnesses</b>	<p>City council witnesses (officers, executive members and councillors)</p> <p>Local organisations dealing with homelessness and associated issues (health, poverty, private housing standards) may also be called upon.</p>
8.	<b>Timescales</b>	Up to six months
	<b>Proposed start date</b>	April 2022
	<b>Proposed completion date</b>	By September 2022

9.	<b>Resources / staffing requirements</b>	<p>Scrutiny officer time within existing workload.</p> <p>The officer time from services within Housing and possibly other divisions contributing to the review.</p> <p>It is not anticipated that any additional resources will be required.</p>
10.	<b>Review recommendations and findings</b>	Executive
11.	<b>Likely publicity arising from the review</b>	The review will from time to time attract media attention depending on the nature and quality of the material provided.
12.	<b>Publicising the review and its findings and recommendations</b>	<p>These will go to the OSC (and executive).</p> <p>Usual media resources will be used to highlight the work in progress and the outcomes</p>
13.	<b>How will this review add value to policy development or service improvement?</b>	The issues are national and regional, but the impacts are regional and local. They may help influence and frame policy development at council level.
<b>To be completed by the Executive Lead</b>		
14.	<b>Executive Lead's Comments</b>	<p>I warmly welcome the Housing scrutiny reviews focus on the housing crisis which is probably one of the biggest challenges we face as a City now and also going in to the future. Failure by Central government to lead the way and affect new build delivery because of poor policies and lack of financial investment in new build housing has led us to a crisis where people's health and wellbeing is being significantly affected because they are unable to find the home that meets their and their families' needs.</p> <p>It is essential from this piece of work that as a local authority we are able as a single voice to loudly call for much, much more to be done by Central government to rectify their failings and help the people of Leicester to get the home they deserve.</p>

<b>Comments from the relevant Director</b>		
<b>15. Observations and comments on the proposed review</b>		
		The Scrutiny review working party by Housing scrutiny commission is welcomed to focus more attention on the Housing crisis that the City is facing. Highlighting the significant challenges and issues that brings for the people of Leicester and the ability for the City Council to be able to meet its statutory legal duties in relation to Homelessness and to enable people to be able to find suitable, secure and long term homes that meet their needs.
	<b>Name</b>	Chris Burgin
	<b>Role</b>	Director of Housing
<b>Date</b>	14/3/2022	
<b>To be completed by the Scrutiny Support Manager</b>		
<b>16. Will the proposed scrutiny review / timescales negatively impact on other work within the Scrutiny Team?</b>		The review as anticipated can be carried out within existing team resources.
	<b>Do you have available staffing resources to facilitate this scrutiny review</b>	Yes
	<b>Name</b>	Francis Connolly
	<b>Date</b>	15 March 2022

## APPENDIX B

### Task Group meetings – notes of proceedings

**Wednesday 27 April 2022**

#### **In attendance**

Cllr Gee (Chair)

Cllr Fonseca

Cllr Kitterick

Cllr O'Donnell

Cllr Pandya

Cllr Pickering

Cllr Rahman

Cllr Waddington

Cllr Whittle

Cllr Cutkelvin

Chris Burgin, Director of Housing

Jerry Connolly, Scrutiny Support Officer

Francis Connolly, Scrutiny Support Manager

#### **Introductions**

Cllr Gee welcomed all present to the meeting. He explained that this work would examine both the issues and challenges facing communities and individuals in Leicester as well as possible initiatives to confront such issues and challenges. It was noted that given the broad remit of the review members from across the City Council had been invited to participate.

Cllr Gee noted that this initial meeting would receive an outline presentation from Chris which set out some of the factors that have led to the current crisis, as well as the broader local and national context.

#### **Presentation on the 'Housing Crisis'**

Cllr Cutkelvin welcomed the work of this task group. She referred to the many occasions in which she and other councillors deal with those who are facing severe problems in respect of housing, with the most fundamental issue being an overall shortage of homes.

She invited the group to inspect these problems in detail and to draw conclusions around what else can be undertaken by the City Council to support people and how the government can create better conditions to effectively deal with the problems.

Cllr Cutkelvin felt that it was vital that the extent of the current pressures was communicated publicly in a meaningful way and invited the task group to recommend appropriate action in respect of this.

Chris provided a presentation which set out some of the fundamental points that the task group could examine and was based upon a contextual paper that had been submitted to Housing Scrutiny Commission on 28 February. The following key points were made:

- The three key factors that have led to a crisis are population increase, lack of land/house building and tenure change/affordability.
- A national population increase of 11m over the next two years is anticipated.
- Due to the population increase, a further 1.5m new homes in the UK are required by 2031.
- There has been a sharp decline in access to affordable homes, and the government's target of 300,000 new homes each year has not been achieved since 1969.
- As a result, homelessness has increased, there is a lack of truly affordable housing and a lack of suitable housing to meet changing and more complex needs.
- Nationally, there has recently been a significant increase in the number of private renters as opposed to social renters.
- In Leicester, there has been a 20% reduction in the percentage of Council rented properties since 1981.
- Council stock continues to be lost via the Right to Buy scheme with 1,890 properties being lost in the past five years.
- Housing problems have led to increased health issues. 1 in 9 children now live in overcrowded properties. Poor housing standards are linked closely with chronic ill health, debt, disruptive child development and relationship breakdown.

### **Contributions from Task Group Members**

Following the presentation, members asked questions and raised suggestions in terms of the future activity of the task group. The key points raised were as follows:

- (i) The review should explore in more detail the availability of land in the city for house building ventures.
- (ii) The review should also examine problems and constraints with the planning system that pose additional difficulties in helping to address the overall shortage of homes.
- (iii) This should include interaction with those developing the Local Plan in terms of how opportunities to develop more social housing are being taken forward. In particular, it was felt that the designation of some particular sites should be questioned and that more imaginative solutions (including greater provision of social housing) for the city's more significant sites should be proposed.



- (iv) The review could to some extent consider how some services to tenants could be improved such as improvements to home maintenance. It was accepted that the review will primarily focus on the key themes that contribute to the housing crisis and the overall shortage of housing, and that issues that relate to various channels of LCC service delivery would be raised, and in many cases, it may be recommended for these to be examined as part of the Housing Scrutiny Work Programme.
- (v) In addition to improvements to home maintenance, one issue suggested for separate exploration by the Housing Scrutiny Commission concerned the process behind void property and the need to understand more about void turnaround times.
- (vi) The issue of imposing rent caps was raised, with it being noted that this may be an area to seek further exploration by national government.
- (vii) Consideration could be given in seeking the views of Housing Associations/Shelter on the issues faced by the housing crisis.
- (viii) Further information was sought in respect of the level of overcrowding that related specifically to City Council tenants.
- (ix) It was also questioned whether land owned by the city council beyond the LCC boundary could be utilised to help fulfil house building requirements. Chris sought to find out more detail.

### **Next Steps**

- A programme of further task group meetings should be arranged throughout the summer.
- That the next meeting would focus on the need to provide more homes and would examine the challenges to house building with the Head of Planning and other key internal stakeholders.
- Further sessions would then be held to cover the broader themes set out in Chris' presentation and suggested by members as above.
- Consideration was needed in respect of the involvement of external stakeholders including those suggested in point vii above.
- Further information be provided by the Director of Housing in response to the points outlined in points viii and ix above.

**Wednesday 29 June 2022**

### **In attendance**

Cllrs Whittle; Westley; Cutkelvin; Fonseca; Kitterick; Pandya  
Chris Burgin, Director of Housing  
Richard Sword: Director: City developments and neighbourhoods  
Grant Butterworth: LCC Head of Planning  
Jerry Connolly, Scrutiny Support Officer  
Francis Connolly, Scrutiny Support Manager

### **Apologies**

Cllrs Gee; Waddington: O'Donnell; Pickering

Richard Sword opened the meeting by setting the local and national context. There was a national crisis in housing... with Leicester part of that pattern.

What challenges face us? Leicester is quite small, and available sites are small and quite complex.

We needed to deliver 14,700 new homes in ten years... Planning team had been conducting development work and consultation on local plan...

During preparation the government had added 35% to development numbers from original targets in 2020.

There were 18,700 homes to deliver that we can't deliver on the sites on the city...

He said that while it was easy to focus on negatives there are lots of positives in the development picture. For example, housing associations had delivered effectively. Difficulties included cost inflation and many sites were in private ownership and this provided a barrier to development of social rented housing. Cllr Westley commented that the government wanted private developments and not social housing and suggested housing associations were a law unto themselves...

**Grant Butterworth** introduced a review of progress on the Local Plan.

He said there were a number of major routes to affordable housing provision

- Via housebuilders through S106 funding
- Direct delivery by council housing or development teams (supported by HRA funds, Homes England sometimes with S106 funds)
- Direct delivery by Housing associations (who act as developers)
- Through the council acting as a master developer bringing sites to market

He said that for the next Local Plan we were looking with five strategic sites, not all owned by the council, but that some of the sites may not be allocated...

With small sites, many are owned by the council, most are designated open space but have been subject to opposition through the consultation process.

Cllr Kitterick asked: Are student numbers included?

The response was that student accommodation does count towards the target and had contributed to up to half the delivery target in some previous years.

Grant Butterworth said the government kept increasing targets... the new 35% increase for the 20 largest Cities was undeliverable for many including Leicester. Unless districts agree to take some of the city's allocations the City would not be able "we cannot meet to meet the unmet housing need target. "

The previous local plan target had been c 30k houses. The Strategic Growth Plan envisaged Districts taking around a third of city growth to 2031 and two-thirds to 2050. The 35% uplift now means around 19,000 of the new local Plan target would need to be met across the county between now and 2036.

If county district councils don't sign up the local plan could not progress, he told the task group.

Delivering affordable housing was more difficult on brownfield sites.

He was asked: Why can't we deliver social housing on all sites?

He responded that the Government Guidance required a Local Plan supply to be proven as being viable and deliverable so such an aspiration would not comply with this.

Cllr Kitterick pointed to the undeveloped Dover Street site. He said it was allocated for prime office development. This will not happen. Why can we not reclassify it? The meeting was told there were two active sites, including Dover Street, under discussion. We are still seeing strong demand for high grade office land.

Cllr Kitterick responded that the land "has been empty for decades." He felt there was a lack of imagination in the development team. He commented that the private sector would build houses on Dover Street.

The chair asked: "Are the needs of Leicester people taken into account in the local plan?"

Grant Shuttlesworth responded that we did housing demand assessments to establish an evidence-based assessment of this.

He was asked: Could we demolish bungalows?

He responded that the accessible single storey dwellings such as bungalows were in demand and needed as part of the supply but were not provided by developers so re-provision would fall to the council to deliver and such developments were land hungry.

Cllr Cutkelvin said: "We are looking to secure a policy of housing crisis to embed it in wider council policy."

Future action: Members were told about the setting up and early operations of a city council **Housing Delivery Board**...

**Tuesday 26 July 2022**

## **Present**

Cllr Geoff Whittle, Cllr Gary O'Donnell, Cllr Sue Waddington, Cllr Stephan Gee (chair), Cllr Fonseca  
Cllr Paul Westley, Cllr Patrick Kitterick  
Sean Atterbury; Chris Burgin, Simon Nichols, Justin Haywood, Alison Lea.

## **Homeless Prevention and Support**

**Justin Haywood** briefed members on issues relating to how market pressures are affecting communities within the city. He indicated that being excluded from a family home was a significant cause of evictions.

Renting itself was becoming more expensive and presented the following data:

- £85 a week for 3-bed council house
- £89 a week for ha housing
- £150 or more in the private sector

He said the freezing of the Housing Support limit was an issue which contributed to rising housing-related debt and poverty and said that 30% of tenants experienced in-work poverty, a rate which had doubled since 2000.

## **Private rented sector (PRS)**

Alison Lea, manager of the PRS licensing team, spoke about the trends and issues found in PRS housing. For tenants, issues mainly related to housing disrepair, but overcrowding was also an issue.

PRS was not a solution to housing problems but it did provide an avenue of relief, Cllr Cutkelvin said. Generation rent people may spend their whole lives in the private rented sector.

Forty-six per cent of those under 35 were renting. There was an entire generation renting rather than buying. House prices had risen, but rising rents have meant people cannot afford to save up to make a deposit.

Looking at Leicester, of the 142k homes in city 35% were in the PRS; this compared with a 19% PRS share in the national picture. 50k homes in Leicester were PRS and some wards had 70% PRS housing. 43k students might contribute to the growth and concentrations in some areas of the city of PRS.

Common issues within the sector's housing included mould, disrepair and overcrowding. Alison stressed, however, that large numbers of PRS homes were in good condition.

Within Leicester, part of the PRS team deals with houses in multiple occupation (HMOs). There were around 1k licenced HMOs Alison said: We have a push to find unlicensed HMOs. the evidence was that there were more HMOs which should be licensed.

Around 50 properties had been licensed within the last few weeks, she said. We have signposted tenants to getting rent rebates because of the unlicensed HMOs, she told the Task Group.

There were two different licensing schemes, relating to:

- Smaller HMOs
- Selective licensing for areas where all rented homes are licensed...

The selective licensing scheme went live on 7 July. There is a three months freeze before it goes live in October.

Officers think there are 9k properties whose owners will need to apply for a licence.

Members were invited to comment on issues raised during the meeting. On control of HMOs Cllr Kitterick said Article 4 directions had resisted attacks on it.

Cllr Waddington asked Cllr Cutkelvin why the authority had been worse hit by right to buy (RTB) sales than comparable authorities. A combination of the council's housing being kept in good condition and tenants being targeted by organisations encouraging people to buy their homes had contributed to the higher RTB sales.

**Tuesday 2 August 2022**

**Present**

Cllr Gee, (Chair); Cllrs Whittle, Pandya, Chamund, Fonseca, Waddington and Kitterick

**Apologies**

Cllr Westley

**UPDATED REPORT ON HOUSING DELIVERY NUMBERS**

Simon Nicholls briefed members of the Task group on progress towards the Labour Manifesto commitment of 1500 homes during the four-year term of the administration.

His report was based on report to the Housing Scrutiny Commission on 1 August covering the same topic.<sup>3</sup> The report suggested that the department was likely to achieve at least 1100 new homes. This was 77% of the manifesto target, and a 37% increase on any previous administration's provision of affordable housing in the city.

Simon said a number of factors had combined or were combining to slow the development programme. Covid 19 issues had hit development and building programmes since 2020, and high inflation and materials and labour shortages were affecting current and future building rates.

A further factor was a growing shortage of housing development land. This was an issue relating to the delay in setting a new Local Plan. Sites available on the current Local Plan were becoming more expensive to develop in terms of both ground conditions and diminishing size of sites available for housing development.

The department had been able to use receipts from right-to-buy (RTB) sales to buy private or non-affordable homes to add to the council's stock. Changes to the rules governing how much RTB funds could be used to buy housing made this a more difficult option.

In response to questions from members of the task group Simon said the council was keen to influence space standards; many of those in need of housing were family units with several children.

Members were also keen to know if homes could be adapted for use of people with disabilities, including wheelchair access. Officers said space standards were an important factor in both development of housing and when acquiring homes from the private sector.

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<sup>3</sup> [House Building Delivery: Housing Scrutiny Commission, 1 August 2022](#)

In a wider development context members were directed to the Stocking Farm redevelopment, which included housing and local facilities and amenities.

### **Member local knowledge**

Discussion with members indicated that local councillors might be aware of homes, sites or developments which had been empty or under-occupied, and it was suggested a mechanism be devised for members to provide potentially useful information to officers be devised. (Possible recommendation).

### **Local housing company**

Work had been done to prepare the way to set up a third-party local housing company controlled by the council but this had been deferred for a variety of reasons. With the increasing restrictions being brought in by government, particularly relating to RTB rules and rules relating to spending RTB receipts it was suggested that further work be done on establishing a local housing company.

Work could include research on the economics and finances of housebuilding.

Members also asked for information on formulae used to define what was affordable. Officers said this could be provided.

## **IMPACT OF HOMELESSNESS SERVICES**

**Justin Haywood** presented a report to members.

He said the reasons for homelessness were complex but that homelessness was likely to increase. A shortage of homes and high private sector rents made it hard for families to move into permanent accommodation

The department was finding itself increasingly using temporary accommodation, and the lengths of stay in the accommodation were also increasing. This was putting stress on the functioning of the homelessness unit.

Staff had found there was an increase in street homelessness (with for example sofa surfers being evicted by friends and family). This was a change in pattern from the entrenched street homeless cadre.

The private rented sector (PRS) played a vital role in housing people. We should not turn away from it, should embrace good landlords and taking actions to improve landlord behaviour as well as preventing evictions.

“We try to reach out to and help landlords who are prepared to rent homes to “difficult” clients. It’s increasingly difficult to find housing affordable to tenants but we are looking to provide pathway from homelessness to tenancies.

We ringfence a proportion of housing for vulnerable families and single people. Vulnerable clients were often in danger of or recovering from rough sleeping...

Also, we are seeing more new faces.

It is hard to stress too highly the danger which the housing crisis poses ... we will see the approach of the crisis - with rising evictions through rent or mortgage arrears.

Cllr Waddington commented that officers had referred to the problem of affordability and the use of discretionary housing support (DHP) for at least an interim period for households but felt that this was not a sustainable model.

Cllr Cutkelvin said vulnerable family groups being put into the PRS to remove the threat of homelessness were able to stay on the council's waiting list as priorities.

The meeting was told that around a third of council home lettings went to people who were homeless or on the verge of being homeless. While it was hard to get data from other authorities it was estimated that in a major East Midlands authority up to 80% of lettings went to homeless or near-homeless households.

Cllr Fonseca commented that rents in the private sector in the east of the city were escalating.

Cllr Pandya said that most of her casework related to housing problems.

Justin Haywood commented that there was a huge variance in rental rates across the city...N Evington rents were very high, he said.

Cllr Cutkelvin said this working party can put pressure on other parts of the council to recognise there is a wide-ranging housing crisis. The crisis spread to other services, including health and mental health issues.

But she added that some work with private landlords had been going on for some time... feedback from landlords was vital in developing useful measures to help people who were homeless or threatened with it.

Members asked whether Border House might ever be viable.

Cllr Cutkelvin said it had been condemned by the Fire Service and added that the units at Border House were very institutionalised.

Current planning was not to increase temporary accommodation but to increase the supply of stepped housing, with Dawn Centre being adapted for use as an assessment centre.

## **IMPACT OF THOSE WITH NO RESOURCE TO PUBLIC FUNDS**

Officers said these client groups were among the most vulnerable. Typically they might be coming through the refugee resettlement system –



Afghan, Ukraine and other troubled nations- or be described as illegal immigrants.

Rough Sleepers Initiative funding combined with severe weather periods helped the authority to work with inkling groups or individuals within this general heading.

Cllr Waddington commented that (due to their vulnerable status) this was almost the most worrying group. "I find it worrying that people are on the streets and there is nothing we can do. Can we support charities to help these groups?" she asked.

Officers said:"We work with One Roof. We allocate RTB receipts to homes they are buying.

We are working with the homelessness charter..one thing they are considering is having a scheme (like with Ukrainians) but also looking at the safety issues

" We've been working with some quite large organisations to see if they can provide housing..

Members asked about severe hot weather, as well as cold.

The task group was told a severe weather protocol (over 25deg for two days) had been signed off by government. But we would like to be able to help more quickly.

## **COMPLEX NEEDS OF TENANTS**

Gurjit Minhas commented that housing and other service areas were affected, but the housing department has ended up dealing with a wide range of issues. These included working with refugees, more people with complex needs and often without any other support. Housing staff have been providing mental health and health support.

The STAR service helped tenants with most complex needs...

Trainer accommodation (stepped with training on life skills). We are working with ASC – that is what is needed in very many cases.

## **HOUSING REGISTER**

Members were told that the numbers on the register were consistent but that this was not a measure of housing need. This was more reflected in an increase in waiting times: band one waiting times had doubled (and band two times extended by a year. People were having to go to the PRS.

Later this year there will be a review of housing allocation policy to make sure people in most need have best access to housing. Those with lesser need will wait longer.

## APPENDIX C

### A summary of the work & Proposals by the Council to tackle the crisis

To: Housing Scrutiny Commission: 1 August 2022

Housing Crisis Working Party

From: Chris Burgin, Director of Housing

#### Purpose of Briefing Note

To inform the Working party about the ongoing work taking place to tackle the Housing Crisis by the Council and pressures and proposals to consider to further tackle it.

#### Summary

This briefing contains potential Central Government asks and actions and also Local Authority asks and actions under the following areas;

- Council Housing
- Private Sector Housing
- New Builds

The options are intended to drive national policy change and alongside this be clear about local commitments to address the Housing crisis.

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.

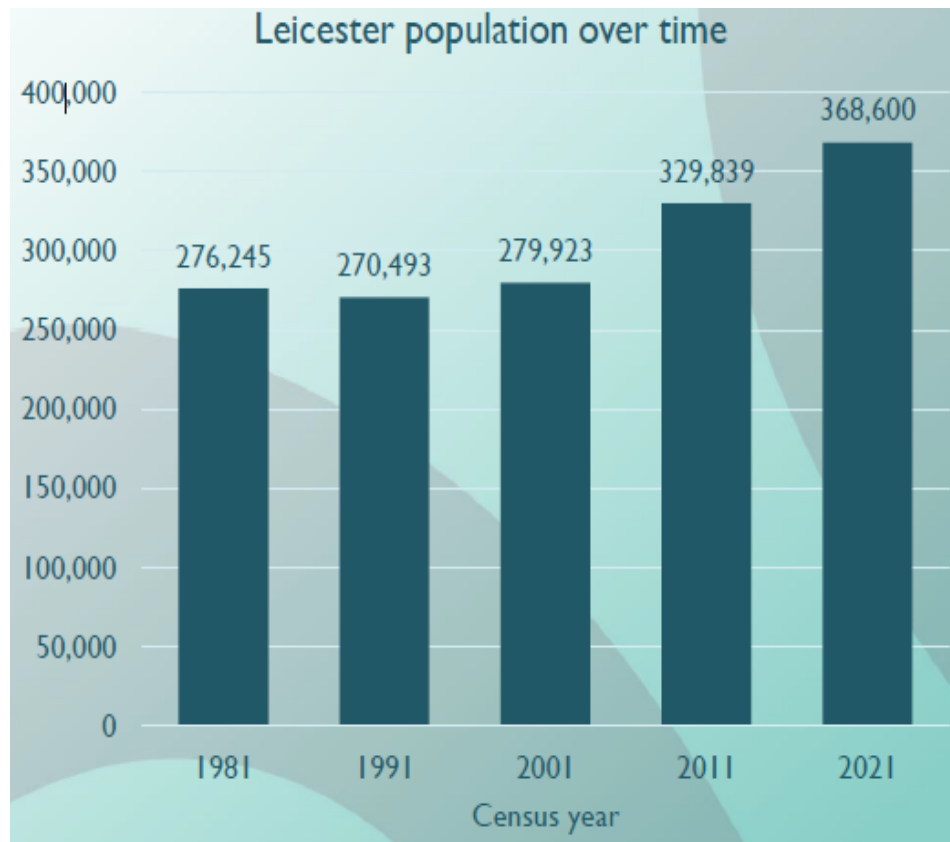
#### BACKGROUND

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.

East Midlands City Populations				
Area	Status	Census 2001	Census 2011	Census 2021
Derby City	Unitary	221,708	248,752	261,400
Leicester City	Unitary	279,923	329,839	368,600
Nottingham City	Unitary	266,988	305,680	323,700

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.

Leicester is one of the fastest growing Cities in England 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 1991 to 2021.



### **Leicester City's Current Actions to Tackle the Housing Crisis**

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

#### **The Affordability of Housing**

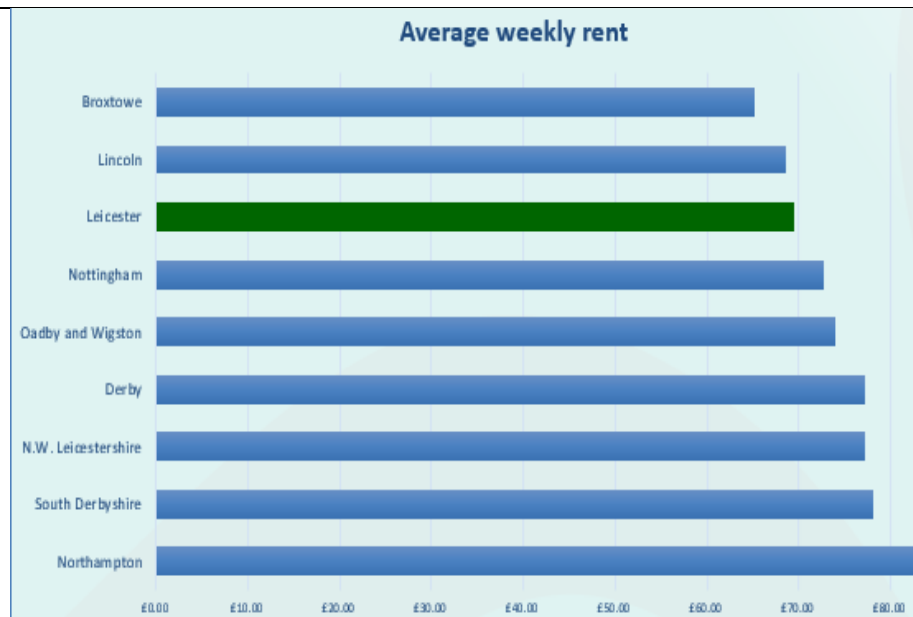
Our council rents remain the lowest in the city for any tenure type making them the most affordable. Average private rented sector rents for a 3-bedroom house are currently around £155 per week, average Housing Association rents average out at £89 per week, whilst council rents are £85, for this type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

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

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.

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	<b>19. Leicester</b>	<b>£69.57</b>
10. Sandwell	£79.06	20. Stoke	£69.04

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's is £77 and Oadby and Wigston's is £74. We have only found Lincoln and Broxtowe to have slightly lower average rents than our £69 per week.



The Council has strong services to support and assist tenants living in Council housing, ensuring tenancies are sustained and maintained and income is maximised for both the local authority and for the tenants. In 2021/22 the Income Management collected a total of 99.86% of rent due with only 7 evictions taking place in that year for rent arrears.

A total of 95.6% of new Council tenancies have been sustained in 2021/22 by the hard work and efforts of our Tenancy Management team and STAR team, with the STAR team helping tenants to generate and maximise income totalling over one million pounds of additional income claimed over the 21/22 year.

Work is ongoing to improve the thermal efficiency of Council Housing stock with ongoing investment through the Housing capital programme to maintain Council Housing while improving the thermal efficiency and reduce running costs for those living in these properties.

During the manifesto period the Council have invested over £80m on improving our Council Housing which includes work to improve the thermal efficiency of these properties such as external wall insulation. The Council has been successful in securing £1.8m of funding from the Green Homes grant towards this work on Council Housing and has recently been successful in securing £3.4m of funding from the Social Housing Decarbonisation fund towards this work.

### **A Quality PRS Sector**

Council housing now makes up only 15.5% of Leicester's properties and while low rental levels can help those in the greatest need from an affordability perspective, wait times and very limited supply mean that

the City must have a quality private rented sector because of the growing size of this sector standing at 35% of the City's housing stock.

To this end the Council has 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.

Another key strand is to increase tenancy sustainment in the sector.



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

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.

Another key strand is supporting and helping the sector to improve its climate credentials in accessing and drawing in funding to achieve this work. The Council successfully secured £6.37m from the Green Homes Grant funding with over 1,100 households having bid for support through the local scheme.

A further key strand is the Homelessness Call before you Serve offer & strengthened Homelessness offer to PRS landlords and managing agents to aid the increase in tenancy sustainment in this sector.

Beyond these items, work is ongoing to improve our communications online to ensure we have quality advice and information to landlords and agents linked to the PRS.

Our PRS team is working hard focussing on Multi use HMO buildings that are not correctly licenced with good success in identifying these and tackling landlords. This team is also working on wider property compliance and tackling rogue landlords.

### **Homelessness**

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

LCC has been successful in securing over £6m additional revenue across 10 external funding pots to enhance and strengthen Homelessness services in the city.

Further funding has been secured through the Health Inequalities fund for 2x additional Social Workers to work with those going through Homelessness who do not meet the ASC Statutory threshold. The Changing Futures bid for £2.6m has been successful working with partners to help and support the most complex clients. 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 & a recent bid to undertake a pilot providing additional Respite Rooms for those suffering Domestic Abuse and facing Homelessness has also strengthens the offer.

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 into available Temporary accommodation. A Rough Sleepers Next Step Strategy has been developed and implemented and this has now been superseded by an Ending Rough Sleeping strategy.

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

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. Through the acquisitions strategy, additional accommodation has been secured to facilitate this accommodation type.

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

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.

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.

Officers are now preparing the evidence base that will form the basis of the new Homelessness strategy for the city for the period 2023 to 2028.

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

The Council has now approved over £200m 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 manifesto target has resulted in long-term concerted efforts across the council to seek to deliver more affordable housing and, by 13<sup>th</sup> June 2022, 853 new affordable housing homes had been completed, and a further 298 are currently in the pipeline

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 now in the process of building these homes. The Lanesborough Rd site is pending full planning permission and this will deliver a further 37 units. Additional Phase 2 B sites are also being worked on to deliver a further 18 new units during 22/23 and other work on Stocking Farm (50), FLEC (33 units) , Southfields Newry (30). Early preparations work is now starting on Phase 3 which should deliver 53 new homes across a further 7 sites.



A roadmap of delivery is now being created to maximise the Council's opportunities to build more new homes for the City in the coming years.

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 664 properties will have been acquired.

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.

The Council has also recently launched an Overcrowding Strategy to tackle the significant challenges faced in the City, which far exceed regional neighbours.

## **Appendix D**

Housing crisis assessment: Housing Scrutiny Commission: 28 February 2022

### **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 over-crowded 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.

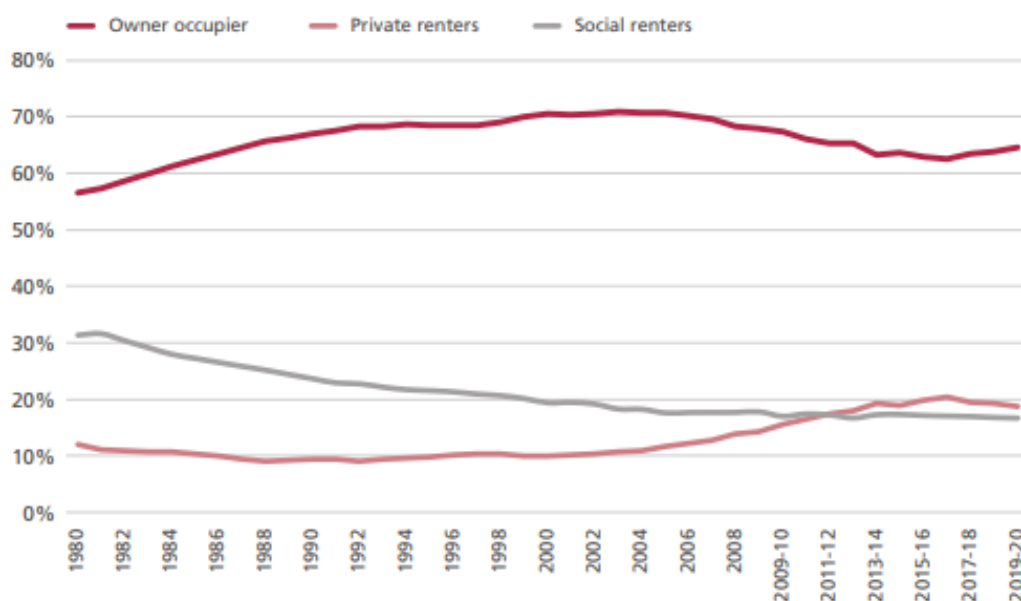
- 3.1.9 Nearly 1.4 million people are affected by the 'no recourse to public funds' policy. No recourse to public funds stops migrants with time-limited leave to remain in the UK from accessing statutory homelessness assistance or welfare benefits. The policy disproportionately hits people of colour 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, 31.7% of households lived in homes let by either a council or a housing association. Today this has fallen to 16.7%, the social rented sector having contracted from 5.4m households to 4m. 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%). This represents an increase of 2.4 million households since 2000.

Figure 1. Trends in tenure (%), 1980 to 2019–20

Figure 1. Trends in tenure (%), 1980 to 2019–20



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.

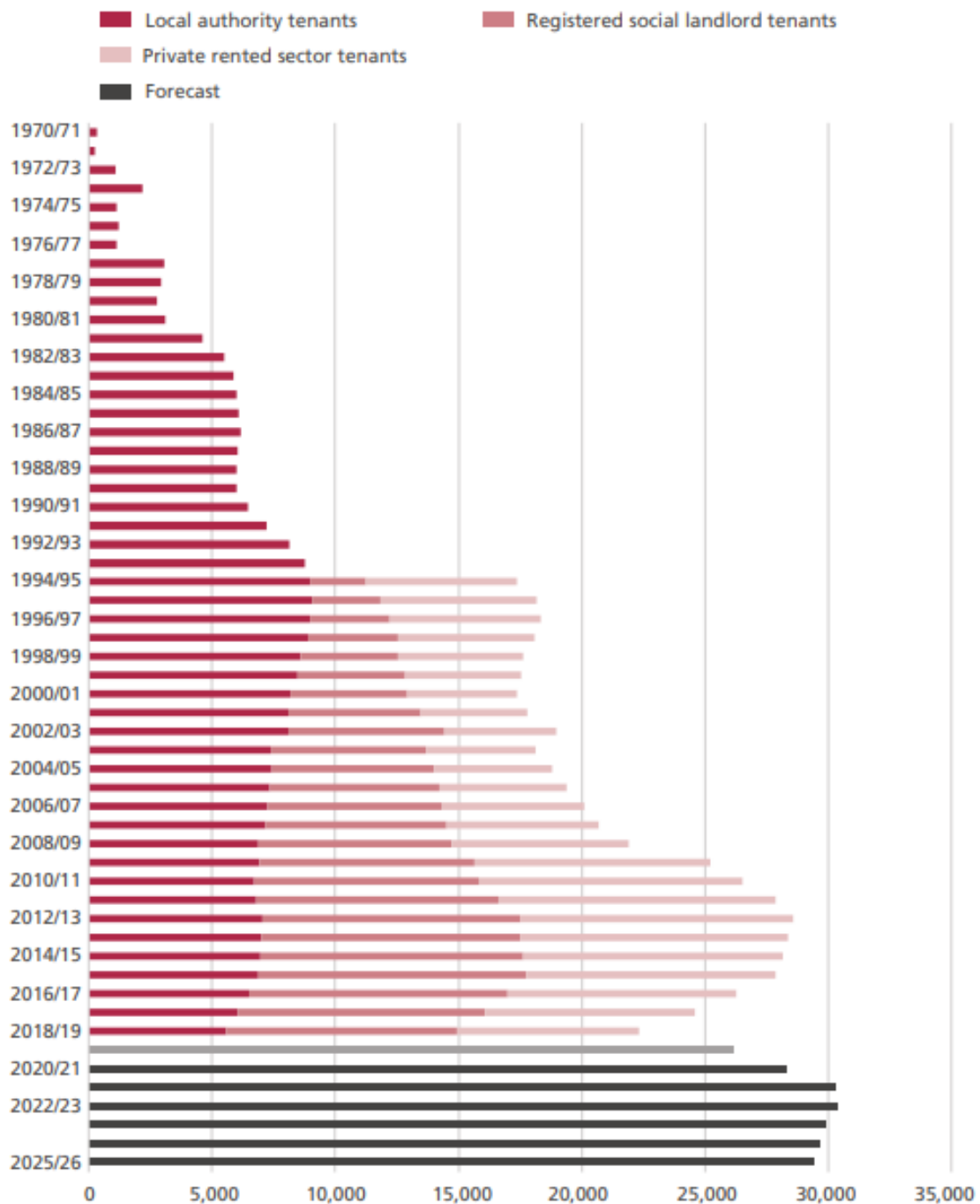
3.3.3 In addition to those whose rents are formally 'unaffordable', many experience 'affordability pressures'. This means that although they spend less than 30% of household income on rental costs (after housing benefit), their gross rental levels are disproportionately high as compared to their incomes. 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.

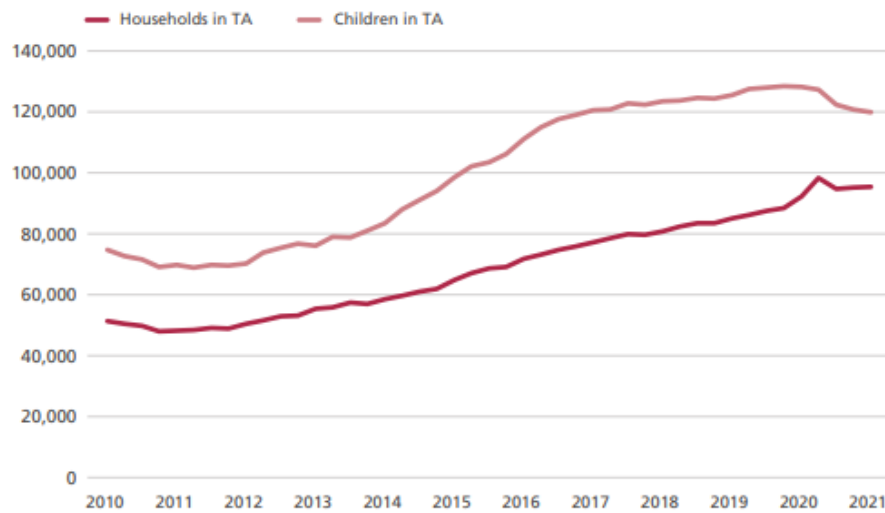
3.3.11 The hidden housing crisis far from excluding people from home ownership alone carries with it a range of social, economic, and fiscal costs. These are holding back the gains of employment and making it harder for families to reverse the pathways to poverty. But we have also found ourselves with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

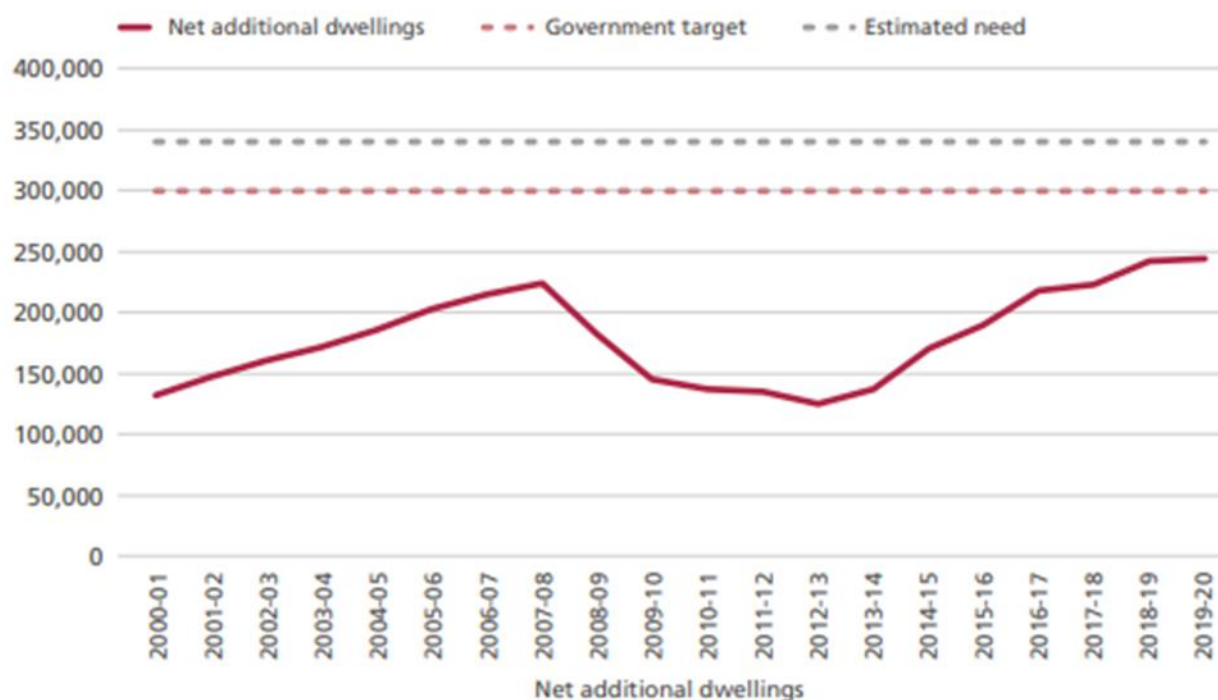
3.4.3 As a larger proportion of low-income households have experienced less secure and more expensive private rentals, official data shows that the termination of a private tenancy has become the principal trigger for statutory homelessness in England. In the absence of sufficient social housing, the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

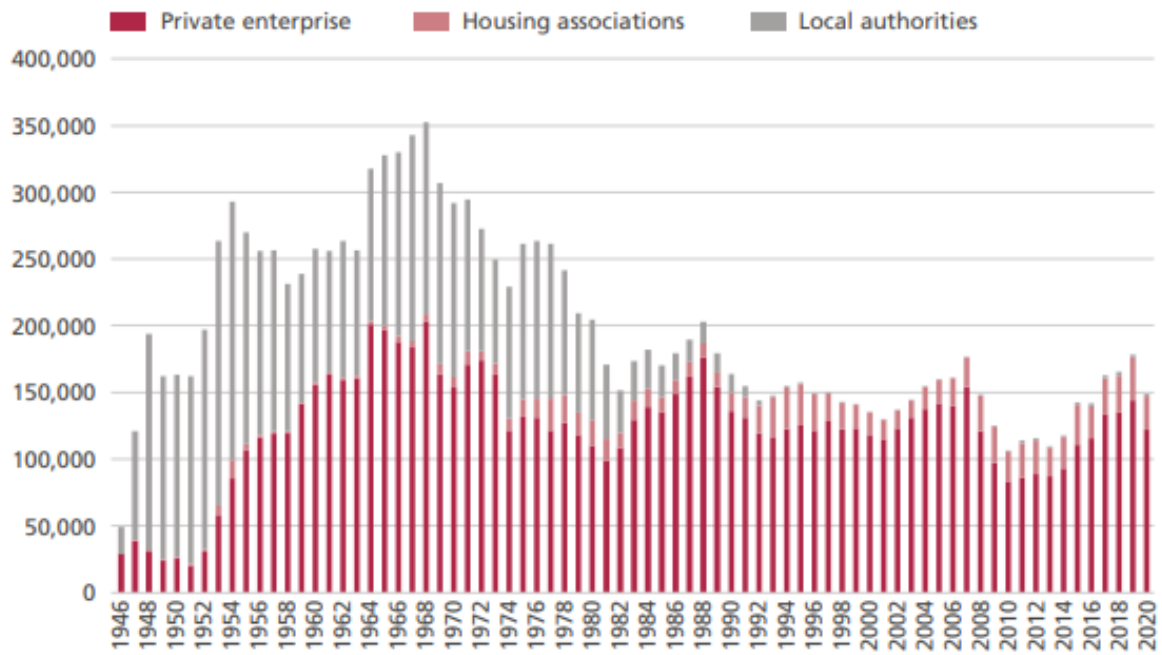
Figure 4. Net additional homes and estimated 'housing need'



Source: MHCLG Live Table 120, ONS Household projections for England<sup>21</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.

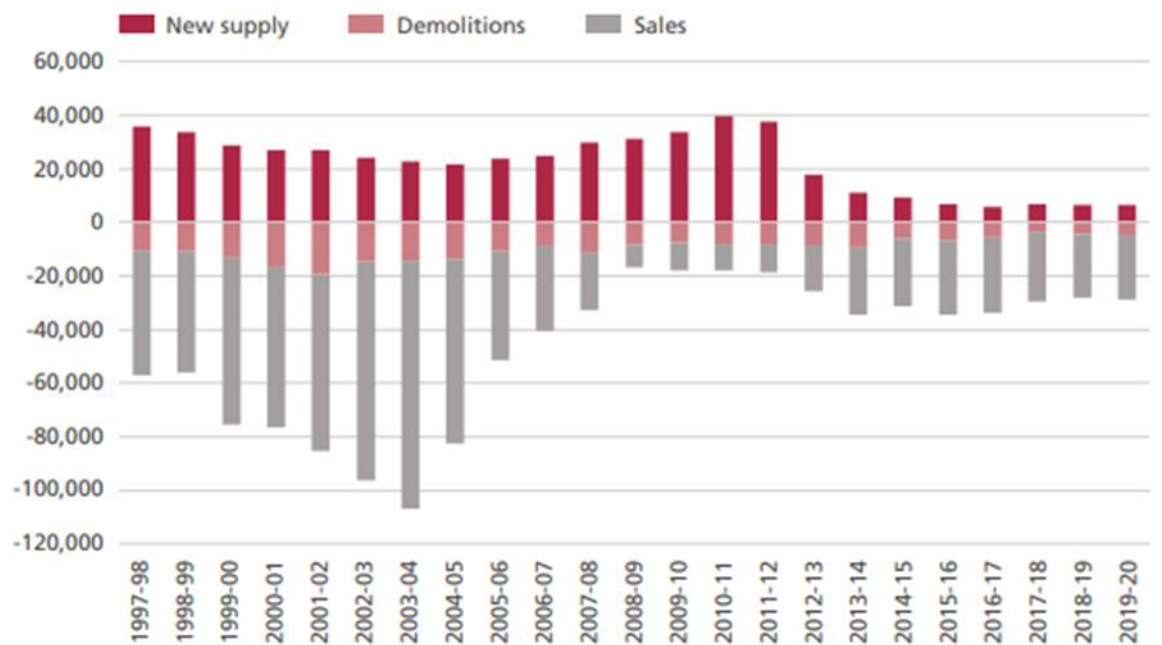
Figure 5. Permanent dwellings completed in England



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 overcrowded 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.

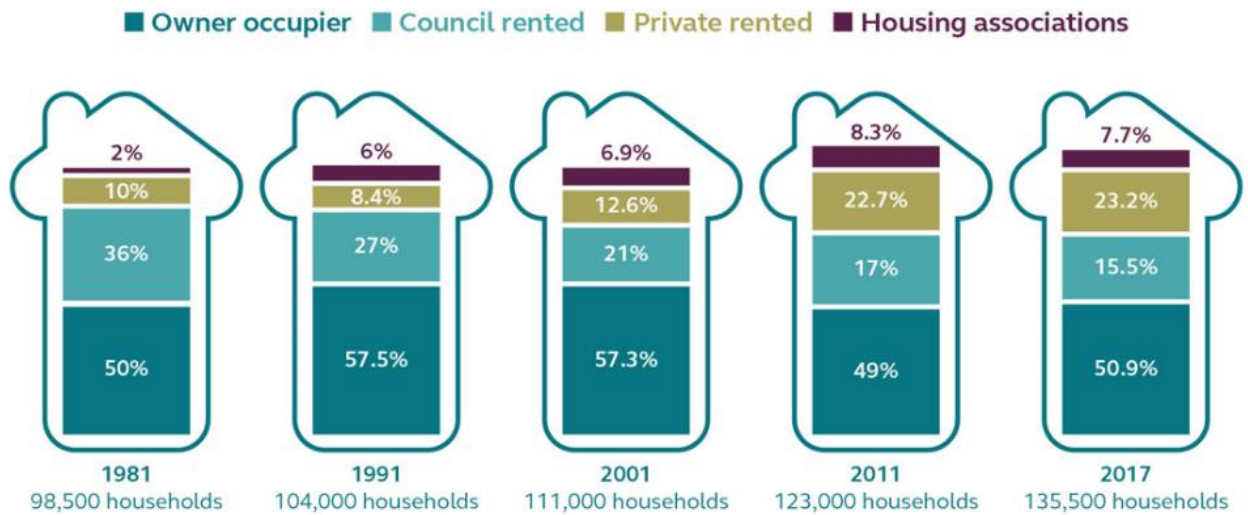
## **4. The Leicester Context**

### **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.
- 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.

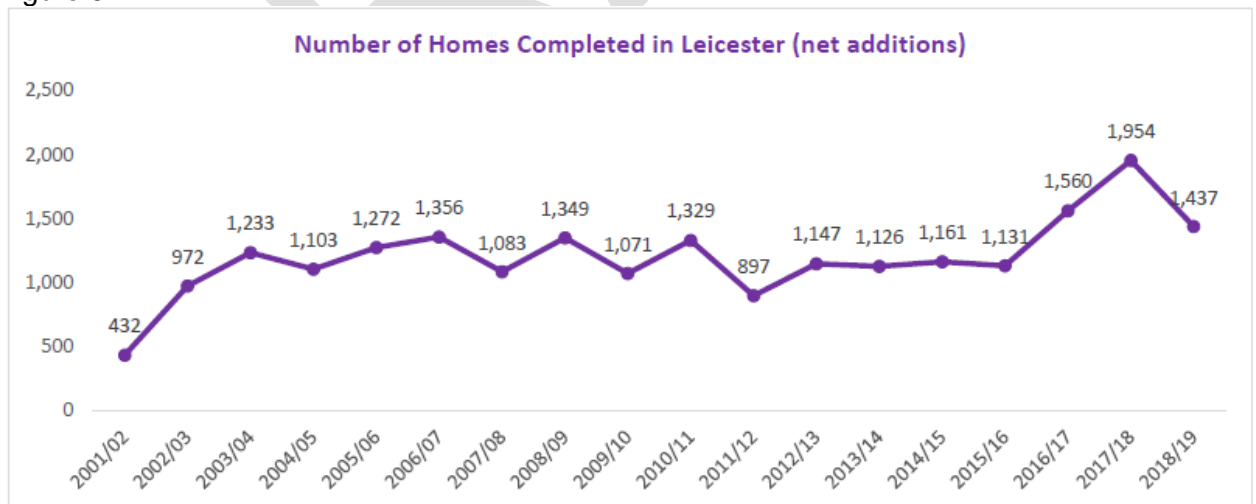
Figure 8



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.

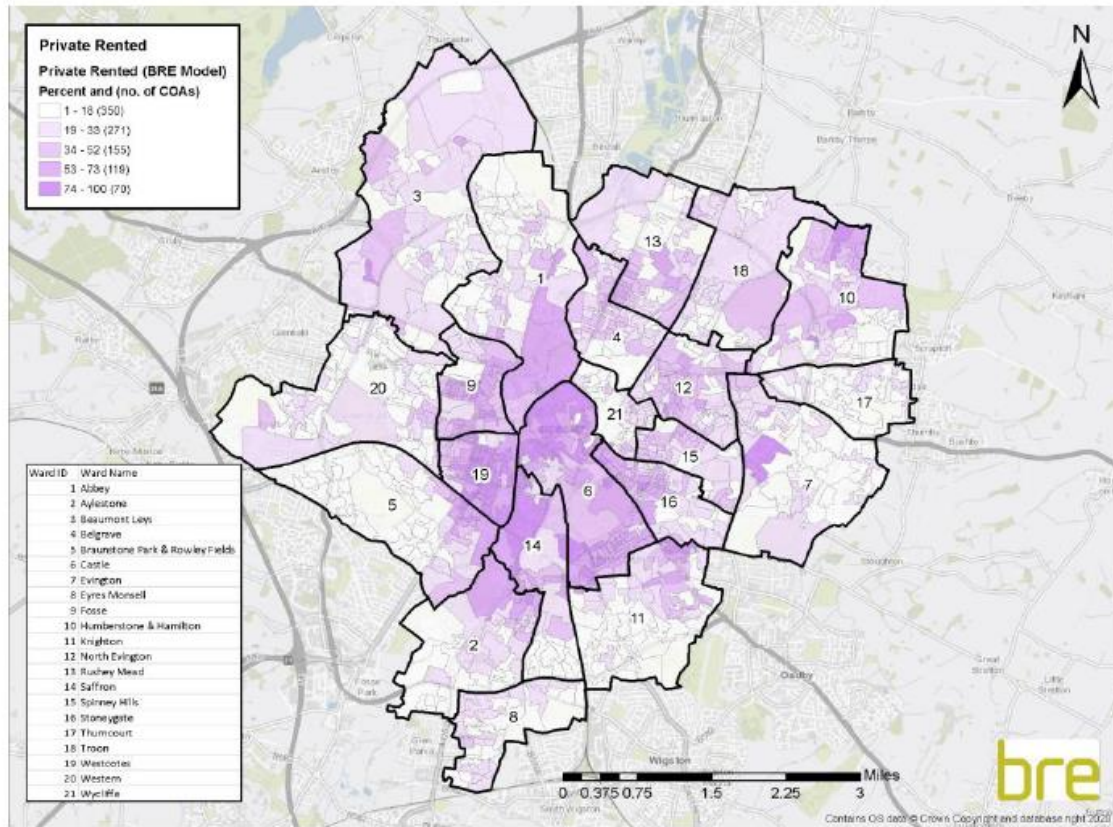
Figure 9



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.



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 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>4</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 even for "affordable housing options" in Leicester, those with incomes in the lower of median quartiles still cannot afford many of these so-called affordable options.

Figure 12

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

**KEY:** □ should be able to access this housing option ; x = 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 of 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).

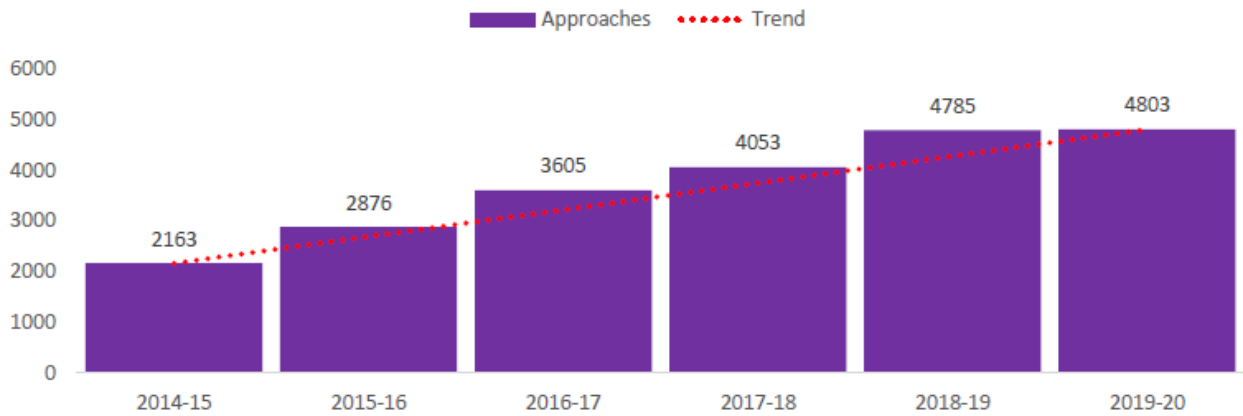
## **4.3 Homelessness**

4.3.1 Homelessness services in Leicester have faced year-on-year increases in people approaching the Council for help who 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.

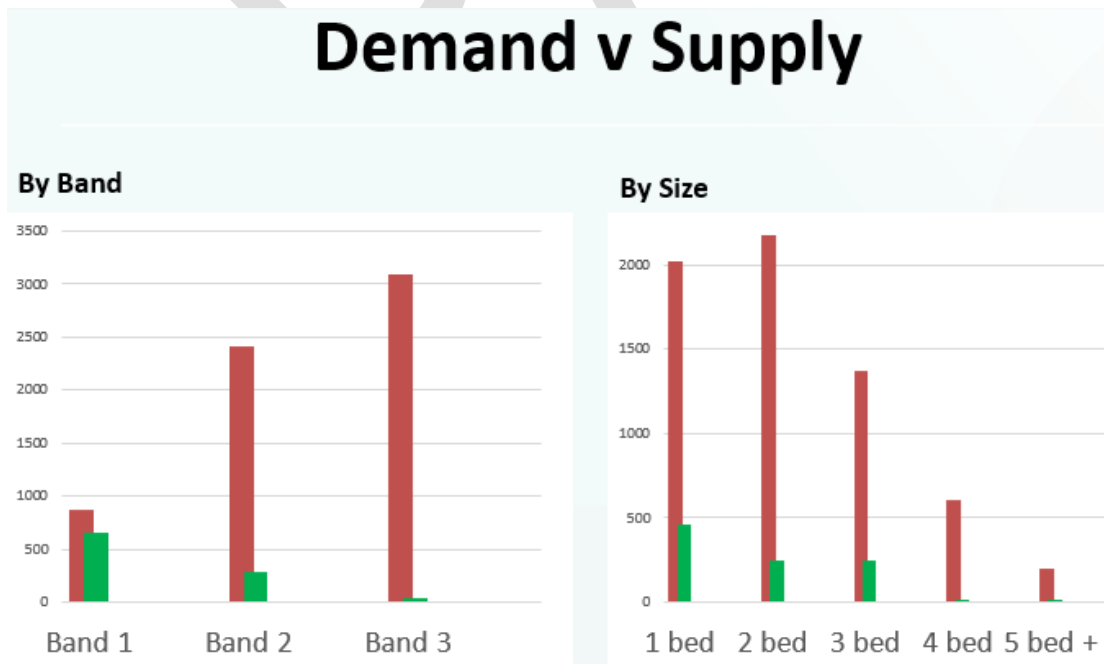
Figure 13

**Number of Households approaching Housing Options for advice and support**



4.3.2 From the Who gets Social Housing data the Council has an increasing number of people on the Housing register, up to 6,366. Overcrowding continues to be a significant problem in the city with more than 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.

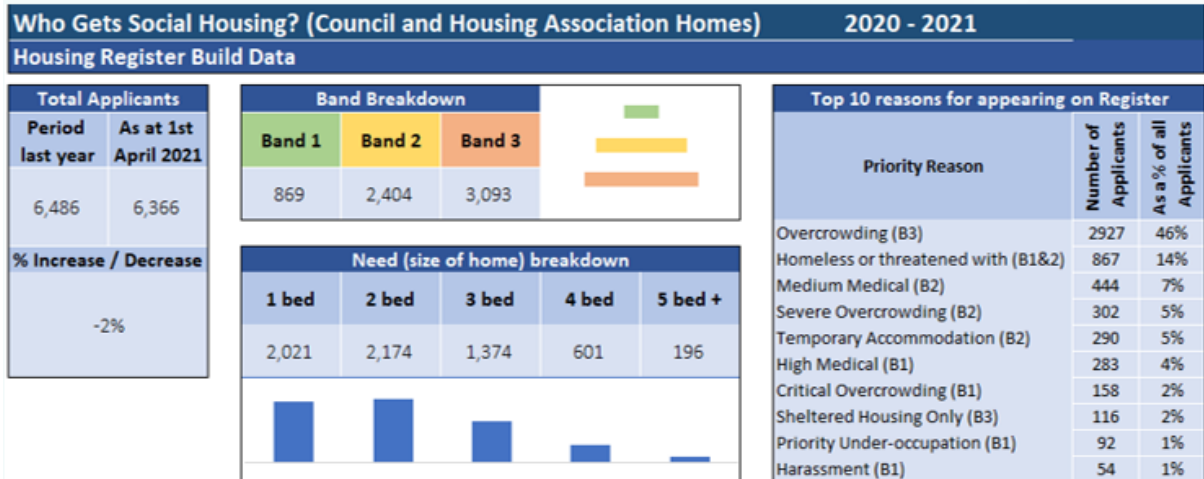
Figure 14



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.

# Housing Register Information



## 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 scarce resource with limited supply, very large demand (6000) and a growing need for it (786pa) as the City grows.

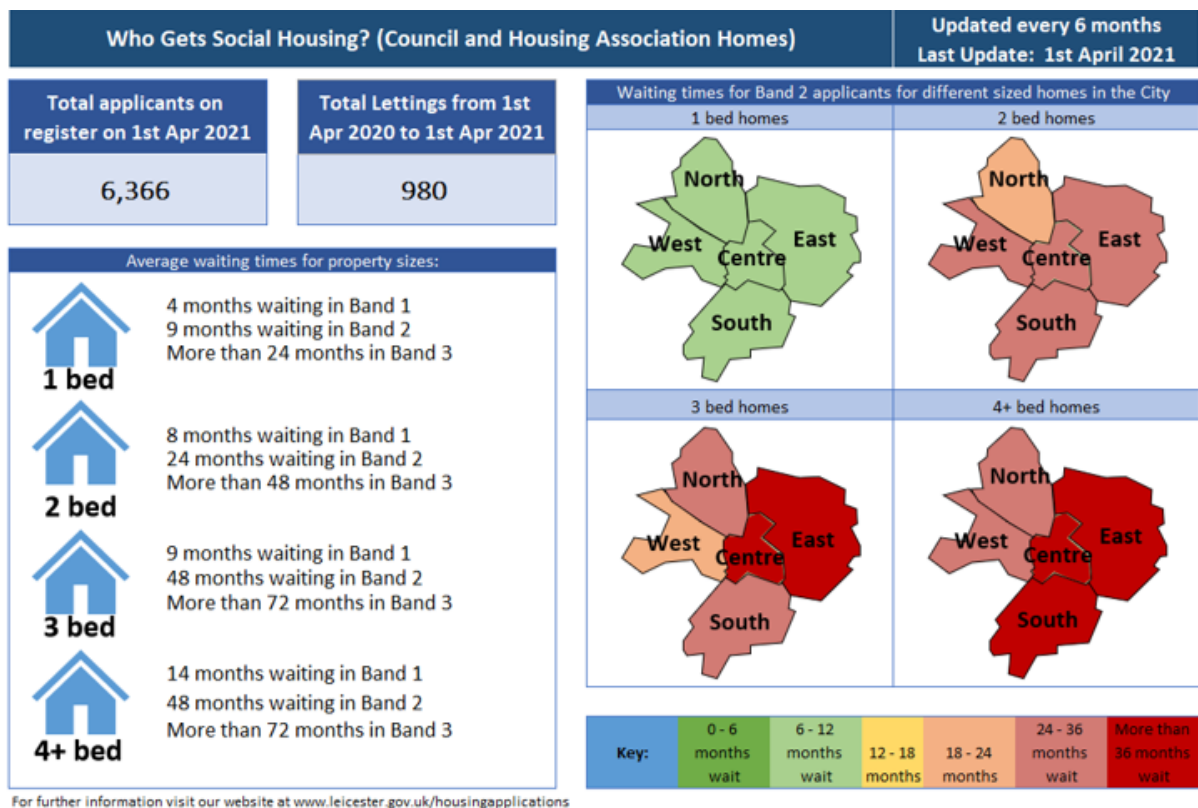
4.4.2 The loss of Council Housing through the right to buy scheme for the City has already been referenced in 4.19, this is very relevant to the collapse in the supply of truly affordable housing because, while efforts are being made in the City to increase new housing (see Figure 9) this is being undermined 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's.

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 Council's 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 Council's 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

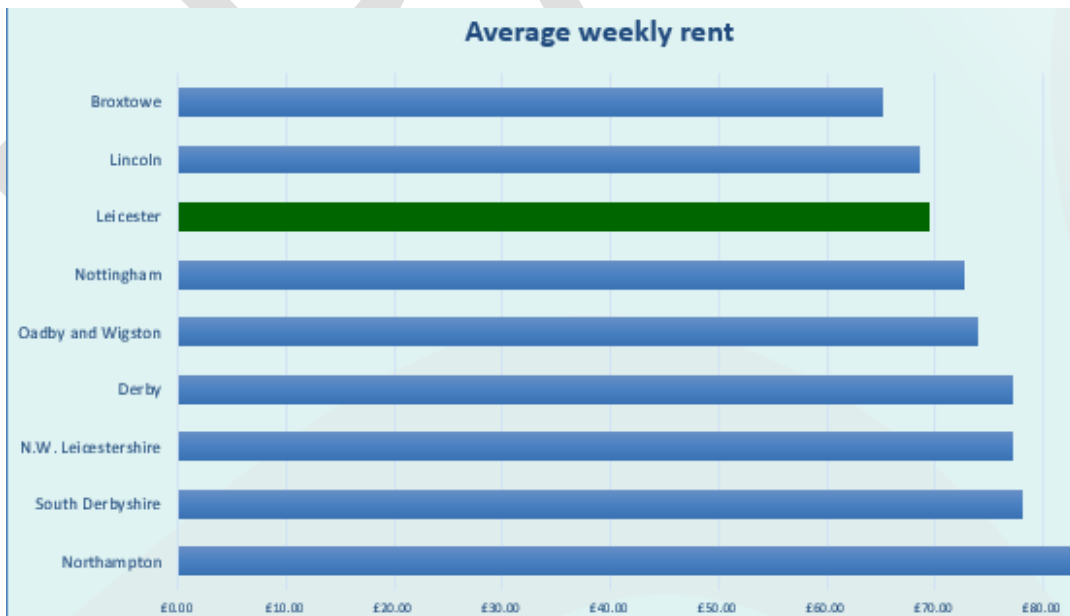
5.2.3 Comparing ourselves with other local authorities in the country and Leicester's overall average council rents are amongst the lowest in the country, 19<sup>th</sup> lowest out of 20 for comparator authorities.

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	<b>19. 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.

5.2.7 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

5.2.8 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 two 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 has 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.

DRAFT

**Executive Response to Scrutiny**

The executive will respond to the next scrutiny meeting after a review report has been presented with the table below updated as part of that response.

Introduction

...

<b>Scrutiny Recommendation</b>	<b>Executive Decision</b>	<b>Progress/Action</b>	<b>Timescales</b>