

Local Government Association Briefing

Housing shortage impact on young people

House of Lords

3 November 2016



KEY MESSAGES

- Councils need to be able to ensure genuinely affordable homes continue to be built for rent and sale across the whole country for future generations. This is the best way to reduce waiting lists and housing benefit, keep rents low and help more people get on the housing ladder. Affordable rented homes are crucial for enabling those who want to buy their own property to save money towards a deposit.
- In most areas the rise in house prices above earnings makes housing less affordable for a large and growing proportion of the population. As highlighted in our submission to the Government's consultation on the Autumn Statement, councils should be given the flexibility to deliver homes of various tenures to meet the needs of their communities, including the young who want to access the housing market in their local area.¹
- Local government shares the collective national ambition to build one million new homes. Housebuilding is currently well below the levels required for an efficient and fully functioning housing market. Around 139,000 new homes were built in the year to June 2016,² whilst estimates of the housing need of people across the country indicate that we need to be building up to 250,000 homes a year. Bold new action is needed to solve our housing crisis and a renaissance in house building by councils must be at the heart of this.
- As we highlighted in the preliminary findings of our Housing Commission, investment in housing has significant wider benefits for people and local government is well placed to bridge the gap between housing need and future building levels.³ The right homes in the right places can boost employment and help local communities to prosper.
- Secure housing provides the stability that is crucial for enabling people to find and progress in work, having a range of benefits for individuals, households, the economy and public services. A good mix of housing is critical in attracting both employers and workers to an area, and housing providers play a leading role in helping their residents to gain the skills to find and progress in employment.

Briefing

¹ ['Growth and opportunity for all: Local solutions to national challenges', the LGA's submission to the Autumn Statement 2016, 10 October 2016](#)

² [DCLG - House Building: June Quarter 2016, England](#)

³ ['Building our homes, communities and future: preliminary findings from the LGA Housing Commission', July 2016](#)

BACKGROUND INFORMATION

Housing need and delivery

Local government shares the collective national ambition to build one million new homes. Housebuilding is currently well below the levels required for an efficient and fully functioning housing market. Around 139,000 new homes were built in the year to June 2016, whilst estimates of the housing need of people across the country indicate that we need to be building up to 250,000 homes a year.

Bold new action is needed to solve our housing crisis and councils are well placed to bridge the gap between housing need and future building levels. If we are to stand any chance of solving our housing crisis, councils must be able to replace sold homes and reinvest in building more of the genuine affordable homes our communities desperately need now more than ever. Councils' house building must be at the centre of a renewed effort to deliver homes of various tenures to meet the needs of their communities, including young people who want to access the housing market.

The right homes in the right areas enable people to live healthy and happy lives, build strong, inclusive communities and drive growth in ways that benefit all and prevent public service challenges and costs. Every area is different and councils are continuing to lead the local effort. They are approving nine in 10 planning applications and are providing homes that are needed and are affordable. National and local partners should champion the positive role of strategic planning to shape, coordinate and stimulate the delivery of homes within places that create healthy and inclusive communities.

Local authority efforts to stimulate new building could focus on developing a new wave of innovative housing products that support affordability, health and prosperity for all people across places. This could include new rent-to-buy, shared ownership, community land trust and co-housing models, alongside other private and intermediate rent options including build to rent. It could also include new products, such as modular homes, to meet immediate housing need.

Affordability

In most areas the rise in house prices above earnings makes housing less affordable for a large and growing proportion of the population. Councils need to be able to ensure genuine affordable homes continue to be built for rent and sale across the whole country for future generations. This is the best way to reduce waiting lists and housing benefit, keep rents low and help more people get onto the housing ladder. Affordable rented homes are crucial for enabling those who want to buy their own property to save money towards a deposit.

Local and national government should work together to re-focus social housing policy in order to stimulate short-term investment in council and affordable housing delivery. Local authorities want to explore all the options, including discounting the value of existing stock and Housing Revenue Account borrowing from national public debt, that give them maximum flexibility to borrow to invest in the range of new homes as a key component of local infrastructure. This would allow them to meet a wide range of local needs and generate significant medium and long term returns for public services.

Homes boosting employment

Secure housing provides the stability that is crucial for enabling people to find and progress in work, having a range of benefits for individuals, households, the economy and public services. A good mix of housing is critical in attracting both employers and

workers to an area, and housing providers play a leading role in helping their residents to gain the skills to find and progress in employment.

Analysis suggests a minimum of 3.98 million people of working age will need access to affordable housing options by 2024, even if the country is able to achieve full employment by upskilling 3.5 million people to take higher level higher paid jobs the economy is projected to create.⁴ This demand will be greater should the country not achieve those employment levels by 2024 and when taking into account people not looking for work, such as those that have retired.

Employers and employees benefit from having decent and secure housing that is accessible and affordable across local economies. Employers need to retain or attract the people their businesses need to grow, which can mean more demand for affordable homes in some areas, or expensive property in others.

Councils are uniquely placed to lead a local effort to integrate housing investment and planning strategy into a wider ambition for boosting local growth, skills and employment. The Government can support this by actively devolving the key responsibilities and services to encourage economic growth, such as infrastructure and skills and support. New partnership commitments at national and local level could be forged to increase the mix of homes alongside new approaches for supporting households that need help to find work, improve skills and increase their earnings.

LGA submission to the Autumn Statement

As highlighted in our submission to the Government's consultation on the Autumn Statement, councils should be given the flexibility to deliver home of various tenures to meet the needs of their communities, including the young who want to access the housing market in their local area.⁵

Investment in housing would also have much wider benefits for individuals, communities and the funding of public services. It would help redress the rising gap between housing costs and household income, generate savings (as weekly housing benefit payments are on average £20 lower in the social rented sector than in the private rented sector), enable future generations to benefit from Right to Buy, and help better meet the needs of vulnerable people (such as the homeless, and older and disabled people) in ways that both reduce costs and promote life chances.

Therefore, central and local government should work together to:

- Commit to urgent talks to consider how councils can rapidly build homes as a critical element of infrastructure that generates long-term financial returns
- Provide local areas with the powers to replace every council home that is sold as quickly as possible
- Provide flexibilities on the tenure of homes built from national investments and programmes and through local Section 106 agreements
- Ensure effective land supply
- Permit planning fees to be set locally by councils who should have tools to incentivise the delivery of housing sites with planning permission

⁴ [Analysis from the Learning and Work Institute for the LGA, July 2016](#)

⁵ ['Growth and opportunity for all: Local solutions to national challenges', the LGA's submission to the Autumn Statement 2016, 10 October 2016](#)

LGA Housing Commission

In July we launched preliminary findings from our Housing Commission, which was established to develop a forward-looking vision for the future of local government's role in housing and to explore how we can help make change happen.⁶

Our paper highlight that local government shares the collective national ambition to build one million new homes, an aspiration which will only be achieved with strong leadership and collaborative working between local and national partners.

Investment in housing has significant wider benefits for people and places and councils are well placed to bridge the gap between housing need and current building levels. The right homes in the right places can boost employment and help local communities to prosper. We will continue to work with councils and partners to develop and promote these opportunities.

The findings and evidence detailed in our paper will come together in a final report which will include good practice case studies, analysis and recommendations.

⁶ ['Building our homes, communities and future: preliminary findings from the LGA Housing Commission', July 2016](#)