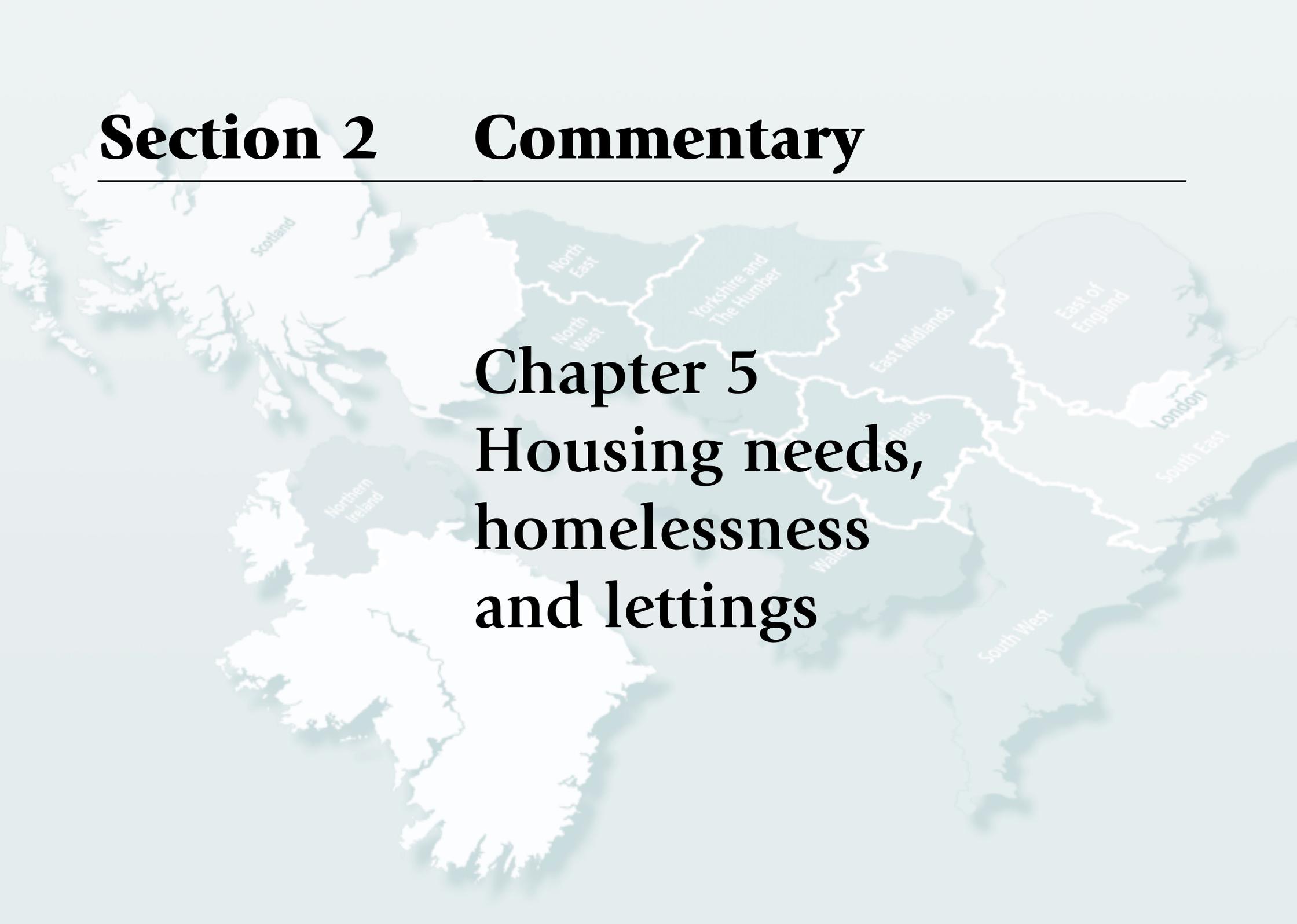


Section 2 Commentary



Chapter 5 Housing needs, homelessness and lettings

The number of homeless households in the UK rose for the seventh year running in 2003, to some 128,000 (Figure 2.5.1). The numbers increased by almost 20 per cent over the course of the year, with increases in all parts of the England (Compendium Table 94a) and the rest of the UK.

While the numbers in bed and breakfast accommodation in England fell to just over 8,000, that still leaves ODPM a long way away from its target of eliminating the use of bed and breakfast in all but exceptional circumstances. That reduction was achieved mainly by a very substantial increase in the use of private sector leasing schemes, and a

sharp rise in the numbers of households 'homeless at home' (Compendium Table 94b).

The rise in the numbers of households in temporary accommodation reflected the rise in the numbers of homeless acceptances, again in all parts of the country, with continuing housing market pressures (see Commentary Chapter 3) making it difficult for lower income households to secure accommodation in the private sector.

There was a further decline in the numbers of local authority lettings available to new applicants in 2002/03 (Compendium Table 97a), reflecting stock

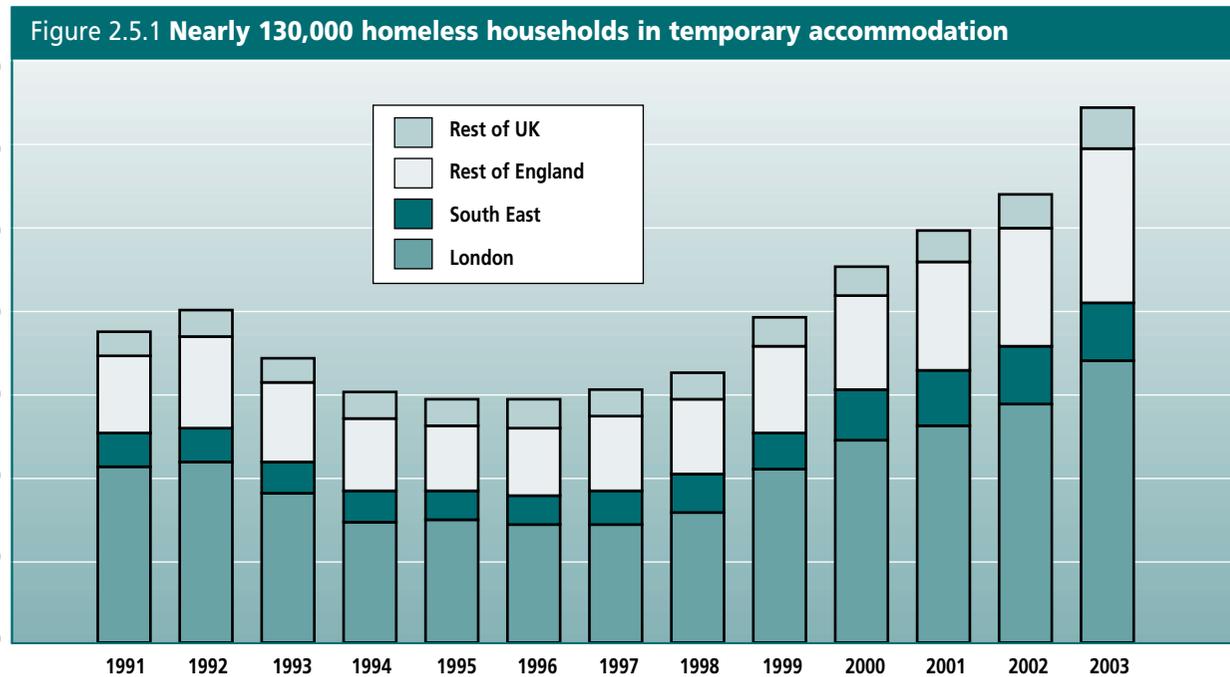
transfers in the previous year, as well as the housing market pressures, that reduce the opportunities for tenants to move out into home-ownership, and the gradual long-term impact of the Right to Buy in reducing relets.

Despite stock transfers, the numbers of lettings made by housing associations to new tenants remained static, at just under 94,000 (Compendium Table 99). Nonetheless, housing associations now account for almost a third of all new lettings to tenants in the social rented sector in England (even when excluding the substantial numbers of lettings housing associations make to tenants transferring from the council sector (Compendium Table 98)).

However, despite the fall in the total number of lettings to new tenants during the year, there was a slight rise in the numbers of lettings to homeless households. This was a result of a rise in the proportion of new lettings made to homeless households in both the local authority (Compendium Table 97b) and housing association sectors (Compendium Table 99).

Just over two-thirds of all local authority lettings to new tenants in London are now made to homeless households, just over a half of all new lettings in the South East and the South West, and just under a half in the East.

While housing associations (for various reasons) make a smaller proportion of new lettings available



Note: Includes homeless at home.

to homeless households, just over two-fifths of the lettings to new tenants in London are to homeless households, almost a third in the South West, and about a quarter in the South East and the East.

The rise in the proportion of lettings made to homeless households in the South West to match (and exceed) those in the South East mirrors the greater affordability problems now confronting households seeking to become home-owners in the South West, as indicated by the local affordability analyses set out in this Chapter in the 2003/04 edition of the *Review*, and the new regional affordability index outlined in Commentary Chapter 3.

Scotland and Wales

Tables 2.5.1 and 2.5.2 rectify two gaps in earlier editions of the *Review*, by showing the numbers of homeless households in temporary accommodation in Scotland and Wales respectively. Both display a rising trend, in line with experience elsewhere in the UK. However, as noted in last year's printed version of the *Review*, part of the increase in Scotland is a result of new legislation in Scotland broadening the definition of priority need households.

The table for Wales begins at 1997 as the categories of types of temporary accommodation collected changed in that year. Figures for earlier years are available (Welsh Housing Statistics, 1997), but not in a compatible format. These two tables will be included in the main Compendium of tables in the *Review* from next year.

Table 2.5.1 Homeless households in temporary accommodation in Scotland

Numbers

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Local authority dwelling	1,174	1,262	1,315	1,799	1,851	1,884	1,741	1,859	1,855	1,826	1,968	2,152	3,016
Hostel	1,363	1,384	1,335	1,428	1,648	1,776	1,562	1,465	1,543	1,608	1,512	1,363	1,421
Bed and breakfast	458	616	612	486	449	454	355	360	413	500	502	569	918
Other	160	173	310	72	80	100	114	80	53	61	78	69	141
Total	3,155	3,435	3,572	3,785	4,028	4,214	3,772	3,764	3,864	3,995	4,060	4,153	5,496

Source: Scottish Executive Housing Bulletin: Housing Series HSG/2003/5.

Note: All figures are for homeless households in temporary accommodation at the end of March in each year.

Table 2.5.2 Homeless households in temporary accommodation in Wales

Numbers

	1997	1998	1999	2000	2001	2002	2003
Local authority dwelling	175	288	249	306	344	263	394
Housing association	36	37	34	34	44	25	31
Private sector landlord	37	32	23	40	24	10	23
Private sector leasing	135	145	173	160	99	142	198
Hostel	102	107	84	86	116	137	218
Women's refuges	28	31	30	38	48	46	79
Bed and breakfast	78	69	69	62	111	258	572
Other	27	7	13	15	13	100	138
Homeless at home	74	130	175	170	359	147	613
Total	692	846	850	911	1,158	1,128	2,266

Source: Welsh Housing Statistics.

Notes: All figures are for homeless households in temporary accommodation at the end of December in each year.

For figures for earlier years (which are for different categories of accommodation) see Welsh Housing Statistics 1997.

Increasing the supply in areas of high housing need

The 2004 Spending Review has confirmed that there will be a further increase in the level of investment in new affordable housing, as a response to the case made out in the Barker Report. The additional investment is intended to see an additional 10,000 social rented dwellings a year completed by 2008/09, compared to 2004/05.

In 2004/05 the planned ADP outputs were 27,000 dwellings, including the key worker programme. So the planned output should rise to around 37,000 new social rented dwellings in 2008/09. However, as

Compendium Table 100b shows this is still lower than the level of output achieved under Conservative governments in the early 1990s (although far more than they planned for subsequent years).

The promised additional 10,000 completions also depends in part on savings through efficiencies. Whether such savings will be achieved, especially in the context of continuing rises in housing and land prices, remains to be seen.

Even if the ODPM output target is met this still falls well short of the additional provision of 17,000 to 20,000 new affordable housing dwellings per

annum argued for in the Barker Report (Barker, 2004). The Barker Report recommendations are, in turn, more modest than those argued for in an earlier report by Alan Holmans and colleagues (Holmans *et al.*, 2004).

The Holmans Report is the latest in a long series, and is based on his own household projections based on the latest 2002 population projections, rather than relying on the official 1996 based household projections. The population and household projections used in the Holmans Report are set out at Table 2.5.3.

The Holmans Report argues for 89,000 new affordable dwellings to be provided in each year to 2011. Of that total, 22,000 are estimated as the requirement to reduce the current backlog of unmet need by 50 per cent over the fifteen years to 2020. That target was set as a Shelter policy. The Barker Report notes the Holmans' estimates, but argues that some of that need is just 'frictional' and in a rather cavalier fashion questions whether all of those needs should be met. In practice, the Barker recommendations make no provision for reducing the current backlog of housing needs.

The Barker Report then scales down the Holmans' figures for meeting future needs by again assuming that all needs do not have to be met. It argues, for example, that households in shared accommodation, would be couples living apart, households who cannot afford mortgage payments and households with children living above the

Table 2.5.3 Population and household growth projections for England
Thousands

Age	Population			Households		
	2001	2011	Difference	2001	2011	Difference
0 - 15	9,269	8,659	- 610	-	-	-
15-19	3,039	3,149	110	98	115	17
20-24	2,961	3,441	480	644	819	175
25-34	7,190	6,680	- 510	3,491	3,427	-64
35-44	7,386	7,256	- 130	4,138	4,166	28
45-54	6,484	7,211	727	3,708	3,740	32
55-64	5,220	6,130	910	3,115	3,642	527
65-74	4,106	4,651	545	2,705	2,978	273
75 and over	3,716	4,136	420	2,685	3,055	370
All ages	49,370	51,316	1,946	20,584	22,376	1,792

Source: Holmans *et al.*, 2004.
Note: For households, ages relate to the household representative person.

ground floor are among those that might be considered 'less needy'.

In addition, it then argues that if market housing supply is boosted sufficiently to ease house prices then this will make access to the market sector easier, and so reduce the need for 'affordable housing' for newly forming households. While there is some logic to this argument it remains to be seen whether that increased supply will be achieved.

It can also be argued that the shortfalls identified by the Holmans' analyses can be met in other ways than simply the supply of additional affordable housing. For example, rather than ignoring households that cannot afford mortgage payments (or assuming they can trade down to less expensive properties) the provision of additional financial support in the form, for example, of a housing tax credit (Wilcox, 2003) would be one method of responding to those needs that might be more appropriate than providing those households with affordable rented housing.

However, the Barker Report does not examine alternatives, but in effect argues for a housing policy that does not attempt to fully meet housing needs. It is therefore difficult to raise more than half a cheer for a planned increase in provision that still falls well short of the limited aims and ambitions of the Barker Report.

It also remains to be seen whether any of the additional funding will go to meet the needs for affordable housing outside of London and the 'broader South East' that have so far been overlooked by ODPM .

(See Commentary Chapter 3 in this year's *Review* and Commentary Chapter 5 in the 2003/04 edition of the *Review* for analyses that suggest the need for additional investment in affordable housing in the South West as well as London and the South East.)

References

- K. Barker, *Review of housing supply Final Report – Recommendations*, HMSO, 2004.
- A. Holmans, S. Monk and C. Whitehead, *Building for the future - 2004 Update*, Shelter, 2004.
- S. Wilcox, *Giving credit where its due, Home owners and tax credits*, Council of Mortgage Lenders, 2003.

Key Reading

- Homeless Statistics*, Office of the Deputy Prime Minister.
- Investment Bulletin 2004*, Housing Corporation.
- Operation of the homeless persons legislation in Scotland: National and local authority analyses 2002/03*, Statistical Bulletin HSG/2003/5, Scottish Executive.
- Welsh Housing Statistics 2003*, National Assembly for Wales.