

# A TIME FOR GOOD HOMES

## A DISCUSSION PAPER ON MEETING THE NEEDS OF THE GENERATION THAT HOUSING FORGOT

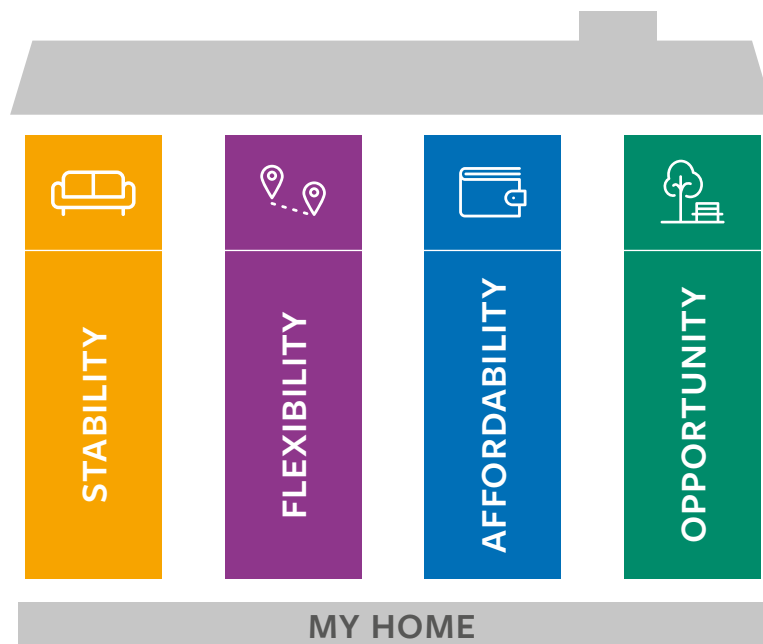


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# A Good Home

## The Four Pillars of a Good Home



**Stability:** a place to live in, in which to feel stable and secure

**Flexibility:** choices in how and where a person lives, in getting a different or better job or skills

**Affordability:** somewhere that is affordable at every stage of life and that enables savings. Supporting those most in need

**Opportunity:** a springboard for improved life chances

# Foreword from Mick Sweeney

CHIEF EXECUTIVE OF RDIAN

This report is about addressing the need for good homes. By good homes, we mean places that provide security and opportunity; places where people can flourish and that they can genuinely afford.

Over the past 15 years there has been a significant increase in the number of private rented sector homes and a decline in home ownership and social rented homes.

Although some of these private rented homes meet housing need, they are not providing the stable housing environment that is essential to a good home.

Owner-occupation and social renting provides flexibility, affordability, opportunity and stability – the four pillars of a good home.

At Radian we are committed to providing good homes to meet a variety of housing needs. That's why our corporate strategy commits us to delivering more good quality homes, building communities and tackling the housing crisis for all age groups, young and old, who often find themselves locked out of access to good homes.

Our homes will be available to rent and buy at all price points, meeting the needs and aspirations of those locked out of the housing market and those with changing needs.

We will be the landlord who builds vibrant, healthy, successful communities, where people can put down roots, prosper and thrive.

Access to a good home, and the vast range of positive effects it can have on an individual, is more important than ever.

Working closely with the Housing & Finance Institute, we wanted to produce a report that highlights the need for good homes.

The data is stark. Something must be done to reverse a concerning slide towards the private rented sector too often characterised by short term, insecure tenancies, otherwise it will have long lasting consequences for many generations to come.

We have made recommendations on how as a country we can reverse this trend. It won't be easy, but we're calling on policy makers to rethink current housing policy to make sure everyone, at all stages of their life has access to a good home.

# A Time for Good Homes

## RECOMMENDATIONS

- 1** Everyone in every generation should have access to a Good Home. A Good Home is one that promotes stability, flexibility, affordability and opportunity for all. Stability, flexibility, affordability and opportunity for all are the four fundamental pillars of a Good Home.
- 2** The Government should set up a national housing delivery commission to work independently alongside it to produce a ten-year housing delivery plan based around the four pillars of a Good Home. The national housing delivery plan would include assessments of housing tenure, public and private finance, needs of different housing markets as well as the maintenance and safety of rented homes. It should be published and presented to Parliament for scrutiny.
- 3** The Government should prioritise more substantial support for the stable tenures of home ownership and social housing rather than private renting.
- 4** Labour mobility will be improved by ensuring that industrial strategies in high growth areas provide specific consideration to make sure that there is adequate housing flexibility at a price, location and type to support job mobility and opportunity.
- 5** A housing stability target should be introduced so that 90% of homes are in stable tenures by no later than 2035. Given the decline in the overall numbers of social housing, a minimum level (floor) for the amount of social housing stock should be set.

6

Nominations agreements and local waiting lists should ensure that they are operating in such a way as to secure fair and appropriate housing outcomes for all age-groups in housing need and support the maintenance of sustainable, strong and balanced communities.

7

The Government should significantly extend home ownership support schemes at the end of the current Help-To-Buy programme in 2021. There are a range of different schemes that could be implemented from providing direct deposits, to tax breaks, to mortgage finance guarantees. These should be fully considered by the national housing delivery commission and set out in the national housing delivery plan.

8

HM Treasury to consider whether the Green Book methodology should be refreshed and expanded to take more account of the contribution of good housing to an effective and productive economy, in addition to housebuilding as an industrial sector.

9

The Government should launch a Life Opportunities Market Renewal Programme providing dedicated skills support, money and powers to transform lives and homes within a generation for the areas with the greatest housing deprivation.

10

Government should not see housing as incidental or subsidiary to other key public services, such as health or education. Housing is the central pillar for more effective delivery of all other public services. Good Homes supports better lives and greater opportunity for all.

**Good Homes let people flourish.  
Now is the time for Good Homes.**

# The Four Pillars of a Good Home

This is a paper about what makes a Good Home. A Good Home is one that promotes stability, flexibility, affordability and opportunity for all.

Good Homes support better educational outcomes and improved life chances for young people. Good Homes are ones that result in healthier, happier and safer lives. A Good Home is one that promotes labour mobility and the growth and productivity of our country's economy. It provides the circumstances to build savings and financial resilience to meet life's ups and downs.

Over the last 15 years the type of housing that is provided across the country has been dramatically reshaped. This shift is harming the life chances, health, financial prosperity and wellbeing of millions of people. That must change.

In the recent past around 90% of households have been housed in traditional forms of stable housing, namely home ownership and social renting. This changed after 2002 with a sustained growth in private rented housing. The result is that proportionally there are 2.4 million fewer households with access to a Good Home than 15 years ago. This is the Good Homes Gap and it affects around 6 million people.

This paper for the first time describes four fundamental pillars that makes a Good

Home. It contains original analysis and brings together evidence from national and international research to demonstrate the role of housing to promote, or reduce, mobility, prosperity, education and wellbeing. The evidence base is compelling. There is an urgent need for a change in direction.

Housing supply has increased to record levels at points during the last 15 years. Yet access to a Good Home has fallen. Simply increasing supply for supply's sake, just building more homes is itself not enough; Britain needs more Good Homes.

There are two tenures that have proven time and time again that they meet all the four elements of a Good Home – social rented housing and owner occupation.

The experiment with private rented housing has failed a generation.

It is time to think again and re-allocate financial and policy focus to drive a huge expansion in home ownership and social renting in order to meet the core recommendation of this paper:

## *Core recommendation*

*Everyone in every generation should have access to a Good Home.*



## Implementing a Commitment to Good Homes

In order to commit to delivering more Good Homes for each generation, there needs to be a clear long term plan that is developed with independent experts across the housing and financial sectors, not a piecemeal approach for each sector.

There is a national infrastructure delivery plan but not a national housing delivery plan. A housing delivery plan would set out the way in which the housing needs of current and new households will be met over the longer term, at least 10 years. A housing delivery plan could be developed through an independent housing delivery commission, in a similar way to the role of the National Infrastructure Commission, with a panel of experts and chaired independently. It would weigh and make transparent recommendations about each of the general private rented, council housing and registered provider sectors, as well as home ownership. Financial stability and affordability would be within its remit, considering the availability and access to public money and private finance, including direct and indirect institutional investment and the mortgage market. It would consider issues such as safety and maintenance of rented homes as well as addressing the

needs that arise in different housing markets around the country, from deprived coastal communities through to bustling urban hubs. The housing delivery plan should be based around the criteria of the four pillars of a Good Home. It should be refreshed at least annually and progress against the plan should be measured and published to Parliament so that it can be considered and fully scrutinised to ensure that it meets the national interest.

### *Recommendation*

*The Government should set up a national housing delivery commission to work independently alongside it to produce a ten-year housing delivery plan based around the four pillars of a Good Home. The national housing delivery plan would include assessments of housing tenure, public and private finance, needs of different housing markets as well as the maintenance and safety of rented homes. It should be published and presented to Parliament for scrutiny.*



## Stability means to me

*It's somewhere I'm not going  
to be chucked out of, at little  
or no notice*

*It's somewhere I can unpack my boxes,  
put up my pictures and call my home*

*It's somewhere I can  
raise my kids*

*It's somewhere that supports me  
to sort out my life after my troubles*

**It's somewhere that helps me to get better  
and to become stronger again**

# A Good Home is a Stable Home

## Average duration of occupation by tenure

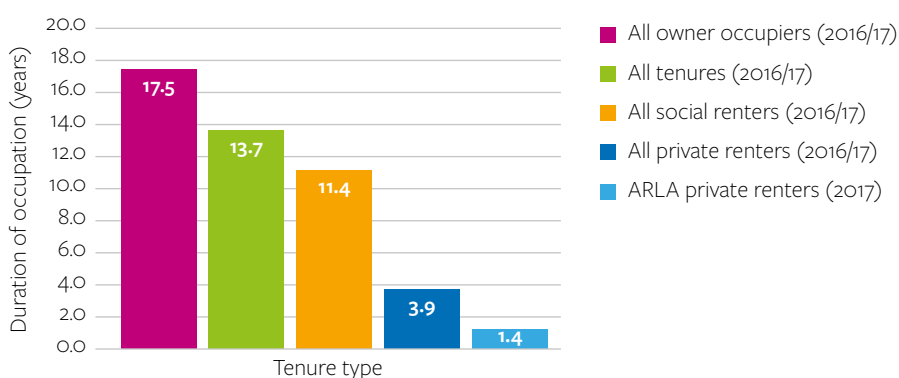


Figure 1 – The HFi analysis of English Housing Survey data & ARLA Report 2017

A Good Home is a stable home.

A stable home can be a home that you own or a well-managed home that you rent. It's one in which you can put down roots, concentrate on your job and bring up your family.

A fundamental and necessary element of a stable home is the ability to choose to stay in that home, provided that you pay the rent or mortgage.

The traditional British housing model of home ownership and social rented housing has long provided stable housing for the overwhelming majority of households.

However, over the last 15 years this traditional British housing model has been undermined by the rise of the private

rented housing sector. Private rented housing is a much less stable form of housing than home ownership or social housing. According to the long running English Housing Survey,<sup>1</sup> the average stay in private rented housing is less than four years which is around:

- three times lower than that of social renters;
- three and a half times lower than that of the average tenure across all tenure types; and
- four times and a half times lower than that of owner occupiers.

However, the professional private rented landlords' body, ARLA<sup>2</sup> reports that the average length of tenancies is even lower



than reported in the English Housing Survey – at just 17 months (around 1.4 years). That is around:

- eight times lower than that of social renters;
- nine times lower than that of the average tenure across all tenure types; and
- twelve times and a half lower than that of owner occupiers.

### **Housing instability adversely affects family wellbeing**

It is, of course, true that some people may be living in private rented tenancies for longer, even very much longer, than their initial lease term. However, the length of time living in a property does not by itself create greater stability.

There is strong evidence that the inherently insecure nature of that tenure adversely impacts people living in private rented homes, particularly families. For example, research from Citizens Advice has found that 60% of parents in the private rented sector said that they found it hard to plan for the future due to the fear of being asked to move at short notice.<sup>3</sup> The Resolution Foundation's Intergenerational Commission has found that this kind of tenure uncertainty has tripled since 2003 to around 1.8 million families living in the private rented sector by 2016.<sup>4</sup>

### **Boosting the number of Stable Homes**

Policy discussion in recent years has focused on divisions of tenure, between owner occupation, social renting and private renting, without sufficiently focusing on the need to have an optimum number of stable homes at a point in time. A stable home can be a home that is owned outright or part owned with a mortgage or shared ownership scheme. A stable home can be one that is rented through a housing association, social housing/registered provider or from the council.

Looking back 30 years ago around 90% of people lived in a stable home; 20 years ago around 90% of people lived in a stable home; 15 years ago around 90% of people lived in a stable home.<sup>5</sup> Only 10% lived in private rented housing. From 2002 that began to change.

Since 2002, there began a steady decline in home ownership but not a commensurate rise in social housing. Instead, there has been a sharp transfer from owner occupation into the private rented sector and, over this period, a further proportionate decline in social housing.<sup>6</sup>

Over the period from 2002 over 2.5 million extra private rented households were formed; more than the total number of all extra households in that period.

**In 2017, for the first time in three decades, the number of people living in a stable home has fallen below 80% of all households. Proportionally that change affects around 2.4 million homes over that period.**

**So in 2017 around 2.4 million fewer homes, and around 6 million less people, are in stable homes than 15 years ago.**

Perhaps unsurprisingly, the greater proportion of the housing demographic change has fallen on the new households being formed over the last 15 years, particularly those being formed by the younger generations.<sup>7</sup>

Boosting the number of stable homes so that people in each generation have access to stable housing is essential. Housing stability is one of the fundamental four pillars of a Good Home.

The two core tenures that have been proven to work to support housing stability are social housing and home ownership. Substantial growth in both of these tenure groups is required in order to improve housing stability and reduce the good homes gap. Longer term private renting should not be conflated with social rented provision. It remains to be seen whether three year tenancies provided in the private rented sector can by themselves provide

stable housing as well as fulfil the other three elements of a Good Home.

Social rented housing has an important and unique social and economic role to play. There should be a 'floor' level specified, below which the amount of social rented housing must not fall.

#### *Recommendation*

*The Government should prioritise more substantial support for the stable tenures of home ownership and social housing rather than private renting.*

# My Life, My Home

## 16-24

### BACKGROUND



My name is Rocco.

I am 16 years old.

I live in a three bed house in Quebec Park with my mum, brother and two sisters.

### HOUSING FOR MY AGE GROUP – 16-24



### MY FUTURE

“One day I would like to own my own house”

# 25-34

## BACKGROUND

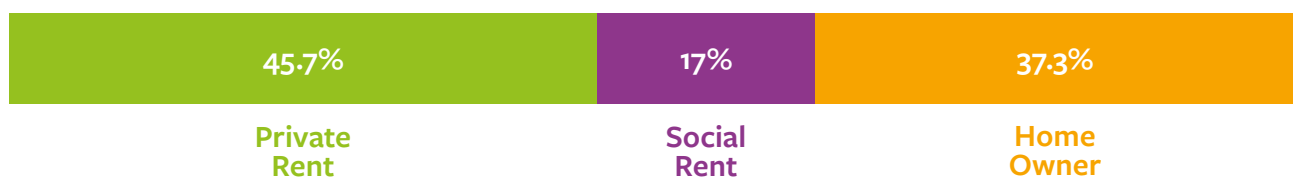


My name is Jenny.

I am 26 years old.

I live in a one bed flat in Petersfield.

## HOUSING FOR MY AGE GROUP – 25-34



## MY FUTURE

“I love my house but I would like to improve the area I live in with the role I play as a community champion”



### A Good Home is one that supports Flexibility

*I can move to get a job that I want*

*I can ask for a longer tenancy if I need it*

**I want to be able to find a home that suits my needs in the area I want to live and work in**



## The importance of Flexibility

If the first pillar of a Good Home is Stability, is it possible to have housing stability and also provide the second pillar of a Good Home, that of Flexibility?

The reason for a healthy private rented sector is often said to be that it supports labour mobility. Certainly that has been one of the key traditional roles of the private rented housing market. Flexibility in the workforce is an essential component of a successful economy.

However, as private renting has rocketed the proportion of people moving for work has fallen. Since 2000 the proportion of people moving for work is down by a quarter.<sup>8</sup> Why is this? High house prices, high transaction costs (principally stamp duty<sup>9</sup>), stricter mortgage rules and older generations having fewer appropriate housing options. Indeed on average homeowners are now moving only twice after their first purchase – half as often as a decade ago.<sup>10</sup>

And it's not just homeowners who are moving less often, it is a similar pattern for people who are renting. Only 1.5% of private renters are likely to move employer and region today, fewer than in 2001. It is now less likely that a young person who is renting rather than owning will move homes. In the 1990s younger people who were renting

were more than 5.5 times more likely to move than people in their age group who owned. That particular mobility measure has fallen to around 4.6 times today.<sup>11</sup>

Accordingly, it would appear that labour market flexibility is falling notwithstanding that the private rented sector has substantially increased. Housing Flexibility is important because workers who do not move can be up to £2,000 worse off than workers who do.<sup>12</sup>

With homeowners moving half as often as a decade ago and young people who are renting instead of owning moving less often than they did more than two decades ago, **it is simply not the case that a very large private rented sector results in increased labour market mobility.**

Indeed the evidence suggests that the reverse may be true, that the doubling of the size of the private rented sector has reversed housing mobility. That has not just been detrimental to the effective operation of the housing market, it is also detrimental to the effective operation of a mobile workforce in a productive economy.

Looking at the evidence, if current policy continues to support the expansion of the privately rented housing sector on the same basis as it has to date, this could have the effect of further reducing labour market flexibility, and by extension, the economic competitiveness of the country as a whole.



### Comparison of rise of private rent and decline of other tenures (i.e. owner occupation and social rent)

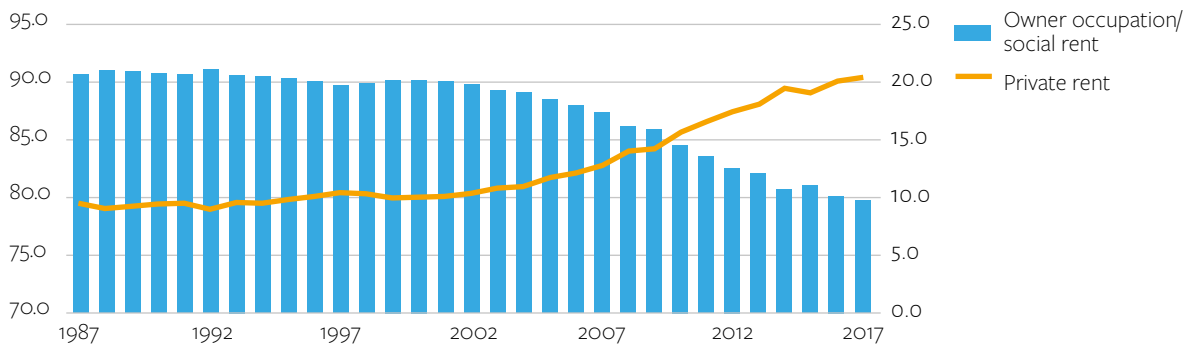


Figure 2 – English Housing Survey, Annex Table 1.1 analysis by The Housing & Finance Institute

This would be particularly damaging to high growth areas. Accordingly, housing flexibility and job mobility should form a central part of industrial strategies in high growth areas.

### Reducing reliance on the private rented market

At other times there has been a better balance in the housing market, with a greater number of stable homes and improved Flexibility.

For many decades the proportion of stable homes had been steady at around 90%. This level had long been effective to balance job mobility and stability. However, after 2002 this began to change, as highlighted in the chart above.

The outcome over the last 15 years is that proportionally there are 2.4 million fewer

households with access to a Good Home than 15 years ago. This is the Good Homes Gap and it affects around 6 million people.<sup>13</sup> To provide enhanced housing stability for the nation, an additional 2.4 million homes are required in stable housing tenures today. This is a huge challenge.

Real commitment and policy creativity will be required to ensure that more home ownership and social housing is available to a much greater proportion of the population. That will not be achieved simply by building more and more homes of any tenure. It requires targets for the provision of stable housing, and the allocation of funding and resources at national and local level to match the ambition. So alongside the Government's housing supply target of 300,000 homes, there should be a commitment to increase the proportion

of stable homes back to 90% by 2035. As this will take time, three-year stepped targets between now and 2035 should be set so that action and progress towards meeting the national housing stability target may be assessed.

### Can private renting supporting stability and flexibility?

In principle, it has been argued that well managed homes for private renting can provide stable housing. A few landlords offer stable rented housing with a range of longer tenancies at different price points.

It is often noted that there is substantial institutional investor interest of several billion pounds in funding additional long term rented housing and development land.<sup>14</sup> To attract and unlock this private investor money, considerable financial support is provided by the Government for so called 'build to rent' programmes where housing is built to be provided and managed for long term private rented housing.

Yet it is easy to overlook that the appetite for financing outside of the fledging build-to-rent market is much greater. The mortgage markets run into trillions of pounds and there is a large appetite to continue to grow. Many multiples of the available amount for institutional investment, billions of pounds, are already successfully invested in social landlords.<sup>15</sup> Billions of pounds more

are invested in local authorities and other public bodies, from private finance and joint venture investment as well as from council resources. There is significant financial capacity and appetite to grow in the core stable tenures but there needs to be more powers, money and flexibility directed more effectively in order for these tenures to fulfil their role in providing Good Homes.

### Are Three-Year tenancies a tool to improve Stability while retaining Flexibility?

It is the Government's current policy further to expand the private rented sector. There is a huge focus on building new homes that are designed and managed for longer term private renting. The Housing White Paper promotes three-year minimum tenancies<sup>16</sup> and the Government is consulting on that proposal.<sup>17</sup> There is also a desire to take a firmer stand against 'rogue landlords'.

This approach will, in essence, create a third category of permanent rented housing, that is built to purpose for renting, but not required to be managed by a registered provider/council or to meet the same regulated standards required for long term rented social housing. It is unclear how the creation of a separate group of large landlords falling outside the registered provider/council regime is intended to create best outcomes for tenants.



Longer tenancies are important to provide greater stability and certainty for tenants. Yet it is unclear how this 'third way' for the private rented sector will support both flexibility and stability.

To improve flexibility in the housing market there needs to be a better understanding of where the rented sector can best fulfil the economic role of labour mobility. By contrast, there should be a deeper understanding of the adverse impact of the utilisation of the private rented sector as a, second rate, substitute for good homes where there is a lack of suitable local housing.

This suggests a twin track approach to flexibility is required: supporting appropriate housing of all types in high growth areas

in line with the local industrial strategy; and reducing reliance on the private rented sector where it is damaging labour mobility or not providing Good Homes.

### **Recommendation**

*Labour mobility will be improved by ensuring that industrial strategies in high growth areas provide specific consideration to make sure that there is adequate housing flexibility at a price, location and type to support job mobility and opportunity.*

# My Life, My Home

## 35-44

### BACKGROUND



My name is Kelly.

I am 42 years old.

I live with my sons in a three bed house in Mansbridge, Southampton.

### HOUSING FOR MY AGE GROUP – 35-44



### MY FUTURE

“I wouldn’t move if you paid me – I love everything about living here, the estate, the area, and the community”



## A Good Home is an affordable home

I have a rent or mortgage I can afford  
so I won't lose my home

I feel financially secure,  
I don't worry about my rent

I have money over at the end of the  
month so I can put a bit aside

I can pay for the kids to go to  
their clubs and for us to go on holiday

## “...over the last 15 years there is a smaller proportion of younger people in stable housing, either as homeowners or social renters”

A Good Home is an affordable home. An affordable home has two elements:

- it is a home that a person can enjoy and pay the housing costs in a usual month without significant financial strain; and
- it supports financial independence, allowing a person to build up savings or equity.

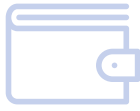
The two forms of tenure that have traditionally provided housing affordability are social housing and home ownership. It is much discussed that access to both of these tenures has been significantly reduced for the younger generations.

Given that there has been a greater proportion of new households created in less stable homes over the last 15 years,<sup>18</sup> it is perhaps unsurprising that correspondingly over the last 15 years there is a smaller proportion of younger people in stable housing, either as homeowners or social renters.

The decline in home ownership has affected all age groups, other than the oldest group (65 and over).

The two age groups most affected by falling housing stability are the 25-34 and 35-44 age groups, with falls of over 20%. The latter group primarily because those in private rent remained in private rent as they themselves grew older over this period. They did not progress into home ownership nor benefit from the availability of social housing in the way previous generations had done.<sup>19</sup> It truly is the case that “Generation Rent” is becoming “Nation Rent”.<sup>20</sup>

There is a slightly different distribution pattern of decline in social housing. As the proportion of homes in private rented housing has increased, the overall proportion in social rented housing has continued to decline. The significant declines in social housing distribution are at the two ends of the age group, the younger (16-34) and the older (over 65s). The older age group experienced the largest decrease of social housing, 9% over the last 15 years. The importance of the availability of appropriate stable housing, including social housing, for older households should be not ignored and could benefit from a separate and specific policy focus.



Unless direct targeted action is taken, private rent can be expected to dominate the housing market for years to come. The consequence of this is long term, and not just immediate. Currently, only 6% of pensioner families rent privately, however, this is estimated to more than double by 2060 as the current trend continues in to old age.<sup>21</sup> However, this may be a gross underestimate if we continue to see the generational rent retention that is already seen in the 35-44 age group.

### Affordable rent?

For those people who have not been able to access social housing or home ownership, private rent levels in London and the South East have started to ring alarm bells. Affordable levels of housing costs are generally benchmarked at around 30-35% of available household income.<sup>22</sup> For many households, especially younger households, rents are reaching levels that look increasingly unaffordable and are impacting on household financial stability.

When housing costs start to creep up to between 40% and 50% of income, financial problems soon set in. That is the view of the Bank of England,<sup>23</sup> Shelter<sup>24</sup> and other debt specialists. Research from the Local Government Association<sup>25</sup> found that one in seven private rented households already had rent payments that exceeded 50% of household income. In London private

sector rent is, on average, 49% of a renter's earnings.<sup>26</sup> In the private rented sector, the highest proportion of household income spent on rent is for those aged 16-34, at 38% of income.<sup>27</sup> **So the younger age groups face a triple difficulty in that they have less access to social housing, less access to home ownership and pay the highest proportion of their income on rent.**

In London, the Mayor is seeking to manage rent levels by introducing the London Living Rent. The London Living Rent is benchmarked at around one-third of average local household incomes. The Living Rent scheme is designed to help people who cannot afford to get on the housing ladder to save for a deposit, combining a three year minimum tenancy with an option to part-buy their home through shared ownership.<sup>28</sup>

The national programme to manage rent affordability is through the Affordable Homes Programme which sets affordable rents up to 80% of a market rent equivalent.

There are a number of different rent approaches that may be possible, including linking rents to earnings or income or local values, as well as fair rents in renewal areas. In addition, there are a number of approaches that seek to bridge affordable owning and renting such as gradual home ownership, shared ownership, deposit/save schemes and the London Mayor's Living Rent approach, as well as the Help-



to-Buy family of initiatives to expand home ownership. A new national housing delivery commission could play an important role in assessing and recommending programmes that support affordability and expand home ownership in order to support the provision of Good Homes.

### Affordable home ownership?

Mortgage costs have never been as cheap as they are today. Yet, paradoxically, never has it been harder for young people and low income households to raise the necessary deposit and meet the mortgage affordability test.

Despite the benign mortgage environment, home ownership is currently back at levels not seen since 1985. Three decades of expanding home ownership have been entirely reversed.

The collapse in home ownership has led to a collapse in housing equity held by younger generations. The under-35s hold only £6 of equity in every £100, compared to £75 of equity in every £100 in their parent's generation.<sup>29</sup>

In spite of the decline in home ownership, the desire for owner occupation remains very strong. In 2016/17 almost 4 million households currently in social rented and private rented housing recorded an expectation that they would one day have their own home. However, over the last

fifteen years there have been more homes created in the private rented sector, 2.56 million, than the total number of new households created over that period.

For First Time Buyers who buy their own home, the average position is an extremely positive one. Of First Time Buyers in March 2018, the average age was 30 years old, the average mortgage was just over £140,000, with a 3.6 income multiple and payments taking up just 17% of available income.<sup>30</sup> **However, the number of first time buyers last year was 270,000 less than the number entering into home ownership some two decades earlier. This is the true impact of the mortgage affordability tests and the struggle to raise a deposit.**

In most parts of the country it takes about 8 years for the typical first-time buyer to save a deposit, rising to nine years in the South East of England, and nearly ten years in London.

The Help-to-Buy schemes have played a key role in helping people to buy a home, with more than 80% of first time buyers benefitting from a Help-to-Buy scheme, according to the Intermediary Mortgage Lenders Association.<sup>31</sup> Some 150,000 households have benefitted from the schemes. As the current round of Help-to-Buy comes to an end in 2021, it is essential to deliver a scheme after 2021 that can drive



an expansion in affordable home ownership. This may be a more targeted approach to Help-to-Buy that particularly addresses the housing needs of the under 44 age group.

However, there may also need to be a number of different approaches to boost affordable home ownership. This could be drawing on schemes of the past, such as DIYSO (do it yourself shared ownership) where people can find a home in the ordinary way and then secure a shared ownership arrangement on that home instead of a full mortgage on the whole of the property. It may include greater support for rent-to-buy and gradual home purchase schemes.

Three proposals considered by the Housing & Finance Institute last year<sup>32</sup> were:

**(a) Stamp Duty Reform:** Making stamp duty payable on sales rather than purchase would lower the hurdle for young people. A reform of stamp duty could also free the ladder at the other end, helping older people with downsizing.

**(b) Direct Home Deposit Loans:** Help to Buy Equity Loans provide 20% by government loan and requires a 5% deposit by the home purchaser. However, there are

now a number of mortgage products that require a much lower equity stake than 25%. A direct loan by government of up to 10% per property could double the number of people that can be helped. A home deposit loan could be recovered through the tax system from deductions and could allow a difference between repayment trigger dates and amounts for higher and lower paid salaries, and/or deferring final repayment to the sale of the property.

### **(c) Housing Allowance Deductions at**

**Source:** A housing allowance tax scheme could be introduced where young home owners' mortgage interest can be deducted from tax. For young working renters, an innovative approach would be to have some housing tax rebates referenced to rental payments where the rebate of tax was paid directly into a housing ISA to contribute to a home deposit savings scheme.

Gradual home ownership schemes and rent and buy schemes also have in important part to play. In short there is much that could be done, and be acceptable to HM Treasury. But more must be done to ensure that affordable home ownership is accessible to those who would benefit from access to it, particularly the young and least well off.

## *Recommendations*

*Nominations agreements and local waiting lists should ensure that they are operating in such a way as to secure fair and appropriate housing outcomes for all age-groups in housing need and support the maintenance of sustainable, strong and balanced communities.*

*The Government should significantly extend home ownership support schemes at the end of the current Help-To-Buy programme in 2021. There are a range of different schemes that could be implemented from providing direct*

*deposits and tax breaks to mortgage finance guarantees. These should be fully considered by the national housing delivery commission and set out in the national housing delivery plan.*

*HM Treasury to consider whether the Green Book methodology should be refreshed and expanded to take more account of the contribution of good housing to an effective and productive economy, in addition to housebuilding as an industrial sector.*

# My Life, My Home

## 45-54

### BACKGROUND



My name is Shanie.

I am 53 years old.

I live in a two bed flat in Portsmouth with my husband.

### HOUSING FOR MY AGE GROUP – 45-54



### MY FUTURE

“As residents, Radian are very proactive towards my disabled husband and our ongoing needs”

# 55-64

## BACKGROUND



My name is Tim.

I am 57 years old.

I live in a one bed ground floor flat.

## HOUSING FOR MY AGE GROUP – 55-64



## MY FUTURE

“I do think my flat is perfect for my needs at the moment, I can’t think too much about the future but I am happy at the moment as it allows me to have a good quality of life”



A Good Home is one that gives me better opportunities

My home makes me happier

My home makes me healthier

I feel safe in my home

I want my kids to do better than me

## Opportunity knocks

A Good Home is a home that provides a person with better opportunities.

A home which provides opportunities results in healthier, happier and safer lives. Happier lives are lives which are less lonely. Healthier lives are lives which have better health outcomes, fewer hospitalisations and a lower likelihood of illness. Safer lives are lives with a lower risk of crime and fire.

Good housing drives better outcomes. Levels of employment; standards of living; disposable income; educational attainment; likelihood of attending university; family stability; likelihood of not being a victim or perpetrator of crime; wellbeing; health; life expectancy; and community engagement are all higher if an individual has access to good housing.

It supports each generation to have a better life than the generations before.

As the housing market has changed, so have people's views on whether or not their life will be better than previous generations.

In 2016, more than half of people aged between 17-36 thought that they would have a worse life than that experienced by their parents. Less than a fifth were optimistic about their next generation experience.<sup>33</sup>

As outlined elsewhere in this paper, that lack of optimism is reflected in access to a stable home and an affordable home.

These effects are not only personal, but also macro-economic.

## Better outcomes for children

A Good Home enables better educational outcomes, while unstable and bad housing can destroy educational attainment for children and young people. Homeownership and housing stability are too often determinative to a child's wellbeing, health, behaviour and academic performance.

Leading research on behalf of Shelter<sup>34</sup> over the last decade has demonstrated how children's educational development is impacted by what they describe as 'poor' housing. The adverse outcomes are stark:

- Homeless children are between two to three times more likely to be absent from school than other children and are more likely to move schools, resulting in lower levels of academic achievement.
- A quarter of children living in bad housing gain no GCSEs, compared with only 10% of those not living in bad housing.
- Only 53% of children living in bad housing achieve five or more A to C grades at GCSE, compared with 71% of other children.
- Those in bad housing between the ages of 11 to 15 are twice as likely to have been excluded from school than other children.<sup>35</sup>



The effect of this is a long-term impact on economic wellbeing in adulthood due to unemployment, low-skilled or insecure work due to educational attainment. According to Shelter, this is exacerbated by the high cost of temporary accommodation, trapping families in unemployment and poverty.<sup>36</sup> It has been estimated that £14.8 billion will be lost in earnings for children currently in school purely due to the impact of housing on their GCSE results.<sup>37</sup>

### Happier and less lonely

A happier life is a life which is not lonely. The Office for National Statistics found that renters were significantly more likely to report loneliness “often/always” and “some of the time” than those who own their home. In contrast, those who own their home were significantly more likely to report “hardly ever” or “never” experiencing loneliness. Seventeen per cent of owner occupiers feel lonely some of the time or often, while 32% of renters feel lonely some of the time or often – a 15 percentage point difference. Fifty-nine per cent of owner occupiers feel lonely hardly ever or never, while 41% of renters feel lonely hardly ever or never – a 18 percentage point difference.<sup>38</sup>

The reason for the difference in levels of loneliness, and therefore happiness, is an understandable consequence of other factors, in particular, the affordability and

stability of a home. Individuals who do not have a stable home will find it more difficult to engage in the community and forge new relationships in their local area, contributing to loneliness. Those who find it difficult to afford a home and have limited disposable income after housing costs will also find it difficult to play a full part in local life. For this reason, there should not be an assumption that all long term private rented housing, even if stable housing, can provide the four pillars of a Good Home.

Further research should be undertaken to assess whether longer term renting can fulfil the four pillars of a Good Home.

Long-term private provider renting should not be conflated with social rented provision and a separate ‘floor’ level below which social rented housing must not fall should be specified. This will ensure that this important tenure is protected and safeguarded from other forms of renting.

### Healthier

It has been found that owner occupiers have better health outcomes than other groups, with renters having a poorer health status and higher rates of serious health conditions. Poor housing affects people in different ways at different stages in life. In particular, housing affects children at different ages in different ways. Respiratory illnesses because of poor housing conditions are more severe



in younger children, while older children are more impacted by the quality of the neighbourhood due to peer pressure.<sup>39</sup> However, children living in more crowded or noisier homes suffer fewer effects if they have a room where they can spend time alone.<sup>40</sup>

Healthier, happier, safer lives can only be achieved in a Good Home, facilitating opportunities. Poor quality, private rented housing will reduce these opportunities.

The physical aspects of housing have been found to be one of the key determinants of health. This is because housing not only provides shelter but also access to goods and services.<sup>41</sup> People's health improves as they move into better housing or improvements are made to the physical amenity of housing. The more precarious and the poorer the quality of housing, the poorer the health outcomes of residents.<sup>42</sup>

Social housing can have an important role in producing positive health outcomes. In Australia, it has been shown that placement into social housing was associated with a significant drop in hospitalisation rates. This improvement in health status appeared to be as a consequence of poorer health for this group while they were on the waiting list. Psychological distress is acutely impacted by inadequate housing and amplified for families living on upper floor levels.<sup>43</sup>

Improved health outcomes flowing from housing is not a modern concept. It has been demonstrated in many studies and has been recognised for over 100 years. Health interventions of the 19th and 20th centuries began through improving housing, with Octavia Hill, Joseph Rowntree and Titus Salt recognising the correlation between good quality housing in sustainable communities and health and wellbeing.<sup>44</sup> They saw that poor housing which could not retain heat or was in disrepair had an enormous impact on quality of life and physical wellbeing, with cold homes deteriorating health and respiration.<sup>45</sup>

The Chartered Institute of Environmental Health has shown that poor housing conditions impact the wider determinants of health – such as children in poverty, homelessness, sickness and reoffending – as well as health improvements and healthcare. Health improvements relate to fewer instances of excess weight, hospital admissions, injuries and increased wellbeing.

The key determinant of negative housing outcomes under the banner of poor housing conditions is cold, damp homes.<sup>46</sup> Overall the number of damp homes is decreasing. However, damp is far more prevalent in the private rented sector than in social housing or owner occupation, with 8.2% of private rented housing which have a damp problem, compared with 2.7% of homes in owner occupation and 4.7% of social housing.<sup>47</sup>



It has been calculated that poor housing conditions increases the risk of severe ill-health or disability by up to 25% during childhood and early adulthood. Consequently, over 300,000 children living in bad housing suffer from a long-term illness or disability. Respiratory problems are acute. 8% of children in bad housing have respiratory problems, with 10% of those living in acutely bad housing, compared with 6% of other children.

Those in acutely bad housing are more likely to attend A&E than other children. Over a year, 24% of children in acutely bad housing visit A&E, compared to 21% in bad housing and 20% of other children.<sup>48</sup>

## Safer

It is fundamental that every home should be safe. Safe, not only in the sense of not being a hazard in itself, but also, safe in the sense of a neighbourhood free from crime and disorder leading to better outcomes.

Indirect links have been shown between housing pride and satisfaction, as well as improved family functioning and friendships. The same is also true of neighbourhood quality, which influences health through the feeling of safety and improved amenities. There is a broader effect

of deprived neighbourhoods too. Deprived neighbourhoods often result in stigmatised neighbourhood identities and stereotypes. These communities and their constituents are often labelled as being apathetic, low-skilled, anti-social or deviant.<sup>49</sup>

Children living in bad housing are more likely to run away from home at least once during their childhood than other children (9% to 6% respectively). Children between the ages of 11 and 15 living in poor housing are more likely to be the victims of bullying – 40% of those living in bad housing, compared with 43% in acutely bad housing and 33% of other children.

Parents of children living in acutely bad housing are three times more likely to be contacted by the police.

The basic structure of a home also determines safety. Families living in poor housing are more at risk of fire. Homes in poor physical condition are more likely to experience a domestic fire and less likely to own a smoke alarm.<sup>50</sup>

This not only impacts the individual, it also impacts the government on a macro-economic level. The annual costs of poor housing on public spending has been estimated at £2.5 billion to health and £1.8 billion to criminal justice.<sup>51</sup>

## Good Homes give greater opportunities

As the rate of home ownership and social rent decreases and private rent increases, the likelihood of individuals and families suffering the negative consequences of poor housing rises. That is not to say that all private rented sector housing is of poor quality, it is not. However, poor quality housing is far more prevalent in the private rented sector than in social housing or homeownership. Around a third of homes in the private rented sector are 'non-decent' – meeting the statutory minimum standard – compared with only 14% of social housing.

Over 70% of renters have experienced health and safety issues during their current tenancy. These issues range from rodent infestations to doors that don't lock.

Not all of these issues develop over time, in 40% of cases these problems were present when the tenant moved in. Consequently, private tenants are more likely to have three or more health and safety issues during their tenancy than have none at all.

Often, these issues are not dealt with by the landlord. A third of renters spent time or money fixing these problems, but only half were partially or fully reimbursed, with those on the lowest incomes the least likely

to be refunded. Meanwhile 40% of renters do not even ask their landlord for repairs due to the possibility of a negative reaction.<sup>52</sup>

Poor quality private rented housing removes opportunities from those living in it. This creates a cycle of poor quality housing, children in poor quality private rent are given few opportunities in life and when those children become adults they are too often forced into poor quality private rent to begin the cycle again with their children.

There is absolutely no doubt about the serious and adverse impact of poor quality housing on health, happiness and safety. There is a clear link between the incidence of deprivation and poor quality housing. The rise and rise of private rented housing has included an increase in the amount of poor quality housing. That is simply not acceptable.

A separate and funded strategy, funding and powers is required to address the hardest to reach communities that have a particular concentration of poor quality housing. This could be a new form of market renewal programme<sup>53</sup> delivered through a funded new life opportunities programme. This should include a one-stop shop of powers around housing, renting and planning to help transform lives and homes within a generation.



Consideration should be given to ‘auto-enrolling’ all landlords who are not registered providers into a single basic national licensing scheme with minimum national housing standards in areas that are disproportionately impacted by the incidence of private rented housing.

To improve opportunity, housing must be improved. As Winston Churchill said “we shape our buildings and afterwards our buildings shape us”. So as we shape our homes in each and every generation, our homes shape us as a nation. For a healthier, happier and safer life, everyone in each generation should have access to a home that supports Opportunity.

Opportunity is the fourth and final pillar of a Good Home.

### **Recommendations**

*The Government should launch a Life Opportunities Market Renewal Programme providing dedicated skills support, money and powers to transform lives and homes within a generation for the areas with the greatest housing deprivation.*

*The government should not see housing as incidental or subsidiary to other key public services, such as health or education. Housing is the central pillar for more effective delivery of all other public services. Good Homes support better lives and greater opportunity for all.*

# My Life, My Home

## 65-74

### BACKGROUND



My name is Roger.

I am 70 years old.

I live in a one bed flat in Radian independent living scheme in Alton.

### HOUSING FOR MY AGE GROUP – 65-74



### MY FUTURE

“I am very happy here and hope to live here for the rest of my days”

# My Life, My Home

## 75+

### BACKGROUND



My name is Marian.

I am 77 years old.

I live in a one bed flat at Longwood Park.

### HOUSING FOR MY AGE GROUP – 75+



### MY FUTURE

“I have lived here 52 years and wouldn’t want to live anywhere else”

# A final word by Natalie Elphicke OBE

**CHIEF EXECUTIVE, HOUSING & FINANCE INSTITUTE**

In this paper we have gone back to the first principles of housing and asked the question – what makes a good home?

The four pillars of Stability, Flexibility, Affordability and Opportunity are unifying fundamental principles that hold fast from generation to generation. We hope that people from all different political perspectives and industry groups can take a moment to consider whether this new approach that we have co-developed with Radian can provide an answer to what has at times seemed an unbridgeable policy chasm between owning and renting.

We know social housing can provide a good home, we know so can home ownership. We know that the experiment to significantly expand the private rented sector is not supporting homes that provide stability, flexibility, affordability and opportunity. So it's time for a re-think. A fresh perspective is needed in order to ensure that we don't just provide more and more homes, we provide more and more Good Homes in each and every generation. Good Homes that work to align best outcomes and best opportunities for individuals and their families.

It has been a real pleasure to work with Radian on this project. From the very beginning, they were clear that they wanted develop fresh thinking that would make life better for the Generation that Housing Forgot. I hope that through joint hard work this has been achieved, and that our work together could make life better for all the generations.

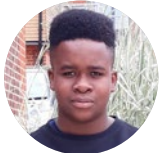
Because everyone in each and every generation should have access to a Good Home.

**Natalie Elphicke**

ANNEX A:

# Tenure trend across generations

Sourced: English Housing Survey, Annex Table 1.4



ROCCO

## HOUSING FOR MY AGE GROUP – 16-24



JENNY

## HOUSING FOR MY AGE GROUP – 25-34



KELLY

## HOUSING FOR MY AGE GROUP – 35-44



SHANIE

## HOUSING FOR MY AGE GROUP – 45-54



TIM

## HOUSING FOR MY AGE GROUP – 55-64



ROGER

## HOUSING FOR MY AGE GROUP – 65-74



MARIAN

## HOUSING FOR MY AGE GROUP – 75+



Private Rent

Social Rent

Home Owner



## ANNEX B:

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# Further information

## If you care, please share

Everyone in every generation should have a Good Home.

We would like you to share and consider the ideas in this paper around a Good Home. Please do so.

## Future Development

This is a paper intending to spark discussion, interest and communication around the ideas expressed in it. Do write to us at **team@thehfi.com**

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# A TIME FOR GOOD HOMES

## Looking through a different lens

This paper sets out a different approach to looking at the housing crisis, starting from understanding what makes a Good Home.

Identifying four fundamental pillars that underpin a Good Home:

Stability

Flexibility

Affordability

Opportunity.

Over the last 15 years more than 2.4 million fewer households have had access to a Good Home than in previous generations. That's around 6 million fewer people in a stable home than 15 years ago. That's got to change.

This paper makes recommendations about how to make that change and set a new direction. We can provide the sort of homes that matter to people most: homes that provide greater stability, support job mobility and economic growth, that are affordable and underpin better outcomes in health, safety and opportunity for this generation and the next. That's why a Good Home Matters.

**Everyone in each generation should have access  
to a Good Home**

