



East of England
All Party Parliamentary Group

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BACKGROUND BRIEFING - LEVELLING UP HOUSING IN THE EAST OF ENGLAND

To inform on-line EE APPG meeting from 15:30 to 17:00 on Tuesday 23rd May, 2023

INTRODUCTION

The East of England is home to 6.3 million people and is the UK's fastest growing region – up almost half a million since 2011. Its population is expected to rise by another half a million people by 2041. Getting housing right – the right homes in the right places and at the right price - is therefore of critical importance.

Unfortunately, when the East of England APPG compiled its report [Levelling Up the East Of England: 2023 – 2030: The East Of England's Progress Towards Achieving the Twelve Levelling Up White Paper Missions](#) it found “low confidence” that the Government's housing mission and target would be met in the proposed timeline.

By 2030, renters will have a secure path to ownership with the number of first-time buyers increasing in all areas; and the government's ambition is for the number of non-decent rented homes to have fallen by 50%, with the biggest improvements in the lowest performing areas.

While finding “low confidence” in achieving either the first-time buyer or the non-decent homes targets, East of England partners, including the East of England LGA, identified two other major issues that are priorities across the region:

- To increase the number of homes available – by housing associations or by councils - at social and affordable rent levels.
- To reduce homelessness and rough sleeping.

The meeting on 23rd May will hear from speakers from Homes England, the Home Builders Federation, the East of England LGA, Build East, Anglian Water Services and Cambridge Ahead. The aims of the meeting are to discuss and agree:

- a) What housing goals for each of the four housing priorities are realistic to be achieved and by when
- b) In order to unblock and/or help accelerate delivery what specific interventions are required by:
 - I. central Government
 - II. local government
 - III. other partners

Following the APPG session a delegation meeting will be sought with Housing Minister, Felicity Buchan MP.

NB This briefing draws on: [Opening the Door: Good Quality, Available and Affordable Housing in the East of England](#) (EELGA) and [BuildEast's role in solving the housing crisis in the East of England](#) (Lichfield's)

1. FIRST TIME BUYERS

Key facts:

- Home ownership in the East of England is the highest of any English region - 67.4%: the English average is 63.8%.
- The average price of a house in the East of England was £363,779 in 2022; up from £104,203 (adjusted for inflation) in 1997 ie gone up more than three times in real terms.
- House prices are [currently 10.1 times the average salary](#) in the East of England, twice what they were 20 years ago
- Affordability is a big problem in the East of England, with the ratio of entry-level house prices (£240,000 in September 2021) to earnings 30% higher than the national average.
- The ratio of lower quartile income to lower quartile house prices varies across the East of England - from **6.3 in Great Yarmouth** and **14.5 in Uttlesford**
- 236,000 homes in the East of England have planning permission in 2022 but building work has not started yet.
- According to the RTPI, planning department budgets in the East of England shrank by around 20% between 2009/10 and 2020/21.

Nationally the trend in terms of first-time buyers was slightly upwards for the period 2008 to 2021. Since 2021 the number of first time buyers [decreased from 405,302 to 362,461](#). This downward trajectory is expected to continue in 2023 as house prices have increased for example across England [by 6.3% in the twelve months to January 2023](#). Meanwhile, mortgages for first time buyers are now typically 4.25% and above.

The number of First Time Buyers in the East of England is not a publicly available ONS statistic but an estimate by [Money.co.uk](#) puts the figure in 2022 at 13,473. This was down 8.2% from 14,680 in 2021. It is extremely difficult to predict when an upward trend will start again.

Much of the Government's assistance for First Time Buyers has been curtailed for example Help to Buy ended October 2022. Current 'live' schemes are detailed at [www.ownyourhome.gov.uk](#). These are:

- The First Home Scheme – has helped 1,500 key workers (NB closes 30.09.23)
- The mortgage guarantee scheme – this makes deposits of just 5% possible (NB closes 31.12.23)
- Shared ownership – has to be linked with a housing association or local government property
- Right to buy – for council tenants of three years or more

Key questions:

- *How many homes can and should be built per year in the East of England – currently in the order of 27,437 (of which 26.3% are “affordable” see later). It has been estimated that the total housing need in the East of England is 35,542 dwellings per year.*
- *If more homes are to be built what provision needs to be made for increasing additional infrastructure (transport, schools, etc) and an increased workforce (both builders and planners)?*
- *What can be done to assist first time buyers apart from increasing the supply of new homes? Is there a case for assistance from councils and private sector partners in the region and/or for more national initiatives for specific groups of workers?*
- *Is there a case for powers to impose a substantial council tax surcharge on second and empty homes in areas of low housing supply? In addition, should there be greater regulation of short-term rentals to ensure that more properties are used for housing residents?*

2. NON-DECENT HOMES

Key facts:

- Over all tenures (owner occupation, private rented and social rented homes) 13% – one in eight – are non-decent.
- This is better than the England average but means 352,000 homes, mostly in the private rented sector, are non-decent.
- 24% (almost 1 in 4) of private rented homes are non-decent – worse than England average.
- Figures for the East of England show that 5% of social rented homes are non-decent – better than the England average

For information a decent home is one that meets all of the following four criteria:

- meets the current statutory minimum standard for housing (from April 2006 the Fitness standard was replaced by the Housing Health and Safety Rating system)
- is in a reasonable state of repair
- has reasonably modern facilities and services
- provides a reasonable degree of thermal comfort.

Improving non-decent homes, especially those in the private sector, remains a priority for many councils. Doing so generates considerable benefits for levelling up as improving the housing stock delivers better insulation, which reduces fuel poverty and help towards the move to zero carbon, and also helps create healthier homes.

However, the discretionary funding from councils – usually provided in the form of home improvement grants and loans - to assist owners in the PRS is small and has been diminishing since the end of the 1990s. This is largely due to reduction in Government funding which does not have any dedicated Decent Homes Programme although it did conclude a review of the Decent Home Standard in 2022.

A limited range of other assistance available is summarised [here](#) by Citizen’s Advice. This includes national schemes such as essential energy efficient upgrades to homes under the ECO4 scheme.

Recent changes to the law mean that landlords should only rent out properties with an Energy Performance Certificate E rating. They have also permitted more local authorities to “licence” landlords which could be useful, for example in challenging poor landlords over sub-standard accommodation.

Key questions:

- *How do we ensure that the next generation of homes are sustainable as well as plentiful? Specifically, is there a role for incentives to ensure more Energy Performance Certificate-A homes are produced?*
- *If the Government and the East of England want to reduce climate change emissions, how do we make the retrofitting of older housing stock a priority for national and local government?*
- *Is there a case to extend ECO4 into a national and/or Combined Authority Warm Homes Initiative?*
- *To what extent can non-decent homes be regulated out of existence? Is there a case for councils adopting licencing powers sooner rather than later?*

3. HOMES AT AFFORDABLE AND/OR SOCIAL RENTS

Key facts

- There are 2.7million homes in the East of England – 451,000 of these are available from registered social landlords (housing associations and councils) at affordable or social rent levels
- The average monthly entry level, private sector rent across the East of England is £695 p.c.m.
- Monthly rents have increased by 39% since 2014, (compared to +26% nationally) – the average for a three bedroom house is now £1,077 p.c.m.
- Just 7,216 affordable homes were built in the East of England in 2021/22, representing 26.3% of all the homes built in the East of England, and slightly more than the England average of 25%
- The number of social homes built for rent in the East of England fell by 85% between 2009/10 and 2021/22, from 4,652 to 661 per annum
- There are 92,053 names on council waiting lists across the East of England

When discussing housing, the term “affordable housing” can mean different things to different people. However, for the Government “affordable” means that the property is either sold or rented for 20% below the local market rate. Arguably, given the current ratios between wages and average house prices, 20% is not enough to bring house prices back to what many would consider affordable.

The Government says it values the private rented sector and wants to see “a strong, healthy and vibrant market”. Its aim is “a bigger and better private rented sector that offers security, stability and decency.” It is hoping to increase the supply of private rented sector housing through the £1 billion Build to Rent fund and a £3.5 billion Private Rented Sector Guarantee scheme to underpin investment in the private rented sector.

The Government recently announced that [local authorities for the years 2023/24 and 2024/5 will retain 100% of monies from Right to Buy Receipts.](#)

For housing associations and councils to build both “affordable” housing to buy or rent, including social rented housing, requires subsidy from Homes England*. Figures proved by Homes England show the regional allocations for the Shared Ownership and Affordable Homes Programme which ran from 2016-21**.

SOAHP 2016-21											
GOR	CME			Strategic Partnerships				Total			
	Grant	Homes	Grant per home	GOR	Grant	Homes	Grant per home	GOR	Grant	Homes	Grant per home
East Midlands	285,700,000	7,200	£39,681	East Midlands	£147,300,000	3,600	£40,917	East Midlands	£433,000,000	10,800	£40,099
East of England	310,300,000	8,200	£37,841	East of England	£137,500,000	3,100	£44,355	East of England	£447,800,000	11,300	£39,628
North East	284,000,000	7,200	£39,444	North East	£63,800,000	1,600	£39,875	North East	£347,800,000	8,800	£39,523
North West	764,700,000	19,600	£39,015	North West	£275,400,000	7,100	£38,789	North West	£1,040,100,000	26,700	£38,955
South East	366,000,000	9,200	£39,783	South East	£513,100,000	9,500	£54,011	South East	£879,100,000	18,700	£47,011
South West	326,700,000	7,700	£42,429	South West	£283,800,000	5,700	£49,789	South West	£610,500,000	13,400	£45,560
West Midlands	440,200,000	10,600	£41,528	West Midlands	£251,800,000	6,200	£40,613	West Midlands	£692,000,000	16,800	£41,190
Yorkshire and The Humber	340,600,000	8,800	£38,705	Yorkshire and The Humber	£174,200,000	4,200	£41,476	Yorkshire and The Humber	£514,800,000	13,000	£39,600
Total	3,118,200,000	78,500	£39,722	Total	£1,846,900,000	41,000	£45,046	Total	£4,965,100,000	119,500	£41,549

For the current Affordable Homes Programme (2021-26) the following information has been provided

AHP 2021-26											
GOR	CME			Strategic Partnerships				Total			
	Grant	Homes	Grant per home	GOR	Grant	Homes	Grant per home	GOR	Grant	Homes	Grant per home
East Midlands	£75,400,000	1,480	£51,111	East Midlands	£591,800,000	9,790	£60,449	East Midlands	£667,200,000	11,270	£59,201
East of England	£86,500,000	1,770	£48,906	East of England	£521,400,000	9,359	£55,711	East of England	£607,900,000	11,129	£54,623
North East	£72,600,000	1,580	£45,979	North East	£213,000,000	4,016	£53,038	North East	£285,600,000	5,596	£51,038
North West	£210,800,000	4,600	£45,829	North West	£715,800,000	14,106	£50,744	North West	£926,600,000	18,706	£49,535
South East	£74,000,000	1,480	£50,135	South East	£946,800,000	14,663	£64,571	South East	£1,020,800,000	16,143	£63,235
South West	£36,500,000	670	£54,157	South West	£1,000,100,000	17,447	£57,322	South West	£1,036,600,000	18,117	£57,217
West Midlands	£86,700,000	1,700	£50,993	West Midlands	£568,000,000	10,565	£53,762	West Midlands	£654,700,000	12,265	£53,380
Yorkshire and The Humber	£25,800,000	570	£45,045	Yorkshire and The Humber	£500,000,000	9,520	£52,521	Yorkshire and The Humber	£525,800,000	10,090	£52,111
Total	£668,300,000	13,850	£48,253	Total	£5,056,900,000	89,466	£56,523	Total	£5,725,200,000	103,316	£55,414

*Regional breakdown does not include circa £185m for MMC, rural and community housing - not yet split regionally

An analysis by EELGA of Homes England regional funding per capita*** shows that at £71 per head of population the East of England received the lowest allocation between 2016 and 2021 and at £96 per head of population in the period 2021 to 2026 it is equal lowest along with Yorkshire and the Humber.

Key questions:

- *How do we ensure the allocation from Homes England for housing associations and councils in the East of England to build affordable homes increases in the medium to long term?*
- *How do we encourage the private sector to move into the affordable private rented market?*
- *What are good examples of housing associations and local authorities working together to help reduce wider barriers to affordable housing delivery?*
- *Is there an opportunity for councils to increase the required percentage of new homes for which they grant planning permission to be affordable homes?*

*Please note Homes England published its Strategic Plan for 2023 to 2028 on the 16th May 2023. It can be found [here](#).

**Please note within the Affordable Homes Programme there are two routes to access funding. Providers can apply for funding on a scheme-by-scheme basis bidding through continuous market assessment (CME) or providers can become a strategic partner and access grant for a longer-term development program through a multiyear agreement. Home England first launched strategic partnerships in 2018 as a way of working with affordable housing providers who have the ability and ambition to deliver at pace and scale.

***2016-2021 Figures:

Region	Funding (£)	Population at 2021 Census	Funding Per Capita	Number of Homes
East Midlands	433,000,000	4,880,200	89	10,800
East of England	447,800,000	6,334,500	71	11,300
North East	347,800,000	2,647,100	131	8,800
North West	1,040,100,000	7,417,300	140	26,700
South East	879,100,000	9,278,100	95	18,700
South West	610,500,000	5,701,200	107	13,400
West Midlands	692,000,000	5,950,800	116	16,800
Yorkshire & the Humber	514,800,000	5,480,800	94	13,000
TOTAL	4,965,100,000	47,690,000	104	119,500

2021-2026 figures:

Region	Funding (£)	Population at 2021 Census	Funding Per Capita	Number of Homes
East Midlands	667,200,000	4,880,200	137	11,270
East of England	607,900,000	6,334,500	96	11,129
North East	285,600,000	2,647,100	108	5,596
North West	926,600,000	7,417,300	125	18,706
South East	1,020,800,000	9,278,100	110	16,143
South West	1,036,600,000	5,701,200	182	18,117
West Midlands	654,700,000	5,950,800	110	12,265
Yorkshire & the Humber	525,800,000	5,480,800	96	10,090
TOTAL	5,725,200,000	47,690,000	120	103,316

4. REDUCING HOMELESSNESS

Key facts for 2021/22:

County	Number of people on the housing register (thousands)	Homelessness (households were owed a main re-housing duty because their homelessness was not solved in the prevention or relief stage.)	Rough Sleepers	Lower quartile affordability ratio (average)	Average 3 bed private rent	Housing welfare total (HB+UC) claimants – all social tenants
Bedfordshire	11,627	3,720	17	9.6	£1,014	8,779
Essex	27,228	7,026	72	11.1	£1,193	60,337
Cambridgeshire	13,853	4,236	75	9.5	£1,137	26,796
Norfolk	10,967	2,750	37	8.7	£818	45,417
Suffolk	10,213	4,050	33	9.2	£838	33,931
Hertfordshire	18,148	4,343	51	12.4	£1,466	54,419
TOTAL	92,035	26,125	285	N/a	£1077	229,679

- Local Authority spending on temporary accommodation in the East of England quadrupled from £15.4m to £61.2m between 2011/12 and 2021/22
- The [Government announced new measures regarding tackling homelessness in December 2022](#) - these follow on from the **Everyone In** initiative during the pandemic – see HoC Library report [here](#)

Rough sleeping is thought to be most common in the East of England’s urban centres and coastal towns. However much homelessness is “invisible”, for example sofa surfing by young people and rural homelessness, which a recent [report by CPRE](#) found is a growing problem. There are 92,035 people on council waiting lists.

Local authorities have a statutory duty to house homeless people who fit [legal criteria](#) – generally adults with dependents who have a local connection. In the three months between July and September 2022, local authorities across the region made 7,780 “initial assessments”. **1,930** of these were entitled to be rehoused

Local authorities often do not have available suitable accommodation and therefore have to resort to providing temporary accommodation. As EELGA’s report states: “*It is no surprise that, when it came to budget-setting meetings, adult social care and the cost of temporary housing are always the two main headings.*”

There have not been any major reports on homelessness in the East of England despite the fact that it is a widespread and persistent issue. It is understood, however, that DLUHC were going to commission a large scale evaluation of homelessness services/rough sleeping interventions in the East of England but this hasn’t started yet. There are undoubtedly specific initiatives in the East of England that are working to tackle rough sleeping/address homelessness and from which learning could be captured and shared across the region.

Key questions:

- *Is there a case for commissioning some detailed research on the issue of homelessness and how to reduce the costs of temporary accommodation in the East of England? If so who would fund this?*
- *What else can housing associations and local authorities do to reduce demand for homelessness and better supply housing for the homelessness?*

With thanks to Matt Stewart at EELGA, Tom Outteridge at Homes England, Lawrence Morris at Cambridge University, Joanna Barrett at Eastlight Community Homes and Louise Hillier at the Flagship Group for their help in compiling this report.

Steve Barwick, Director, East of England Secretariat, May 2023

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