
The UK Governments actions involving the social housing supply crisis 2018

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ABSTRACT

This research paper seeks to answer whether the UK government is aiding the growth of the social housing supply or damaging it; whether the government legislation and funding is being utilized; and whether the social housing market supply will increase within the foreseeable future. The results indicate that the governments green paper 'A new deal for social housing 2018' aims at growing the social housing supply due to its actions and funding. However, it is uncertain that the social housing supply will increase, but it instead could increase the demand and lower the supply due to the combination of parliament decisions, such as Brexit and immigration, along with the wider impacts.

Therefore, the research recommended the following: that the government take immediate action to increase the supply of the social housing sector; increasing the amount of housing development deals before any uncertain changes occur, such as Brexit; that the government also look at a deal plea if/when leaving the EU in order to achieve a softer Brexit campaign and achieve less of a backlash into the social housing supply; that the local councils take full advantage of any funding that they could get in order to produce quality social housing standards to meet the demand within their area; and that the government should invest in increasing a workforce of trades workers, therefore providing a sufficiently skilled and qualified population to maintain their own properties and be able to become employed in the housing construction industry.

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LIST OF ABBREVIATIONS

CIH	The chartered Institute of Housing
GB	Great Britain
EU	European Union
IHP	Innovative Housing Programme
RHDI	Real Household Disposable Income
SH	Social Housing
SHG	Social Housing Grant
UK	United Kingdom

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I INTRODUCTION

Britain's housing system has varied throughout the lifetime of the UK. However, Robertson (2017) speculates that what led to the current system began in 1915-1919, due to the widespread wartime rent strikes. Since then the housing system has gone through multiple environmental, social, economic and political change that has impacted how the UK deals with housing today.

The current housing market state is within a crisis. There is not enough supply to keep up with housing demands. Reeves (2014), Gallent et al (2017) Robertson (2017), and Slater (2018) agree with this statement and they all link the regarding crisis to a 'supply' issue. The reason behind the crisis is due to the increasing and ageing population. The latest report highlights, "In 2017, there were 27.2 million households in the UK, reaching a new population high of 66 million people" (Office for National Statistics, 2018). This growing and ageing population provides a higher demand for housing stock. Similarly, the housing crisis also faces pressure from economical change, with the property prices increasing annually. The UK house price index states that the average house price is £232,554 which is an increase of 3.5% since the previous year (UK House price index, 2018). However, this increase in property prices has not been the same for income, where RHDl "per head dropped by 0.1%" (Office for National Statistics, 2018). Due to the increase in population, increase in housing prices and decrease in RHDl there is an overall increase in the demand of social housing. To combat the overall crisis, the UK government should maintain a good social housing structure and continue to develop housing across the UK. This will provide and maintain a suitable living standard.

Primarily, this research seeks to answer whether the UK government is aiding the growth of the social housing supply or damaging it? The answer to this question relies on whether the UK government is producing legislation and funding toward the management and development of the social housing sector. Whether these methods are working in the current housing market, in order to keep up with the demand. Further to this, it brings the concerning debate of whether the current political decisions are impacting the future of the market, and where the market is heading within the foreseeable future, considering the separate decision's parliament are debating and dealing with, such as 'Brexit' and immigration.

In seeking to understand this property and facility management issue, the research will review the political influence on the social housing market, contrasting the political approaches that have influenced the market in the past. Similarly, the research will inspect the recent green paper 'a new deal for social housing 2018', and the government's current actions. Spiraling the debate between whether the government is adequately combating the social housing supply and demand issue. The research will theorize and conclude the future of the social housing market based on the information collated, and draft recommendations that would aid the governments approach to the market.

This research paper is structured to answer the research question through the following: introduce the current state of the social housing market and highlight the governments control over the market⁽ⁱ⁾; Intensely Review the green paper 'A new deal for social housing 2018', collating information about the government's proposed actions to interpret and debate over whether the paper is aiding the social housing supply⁽ⁱⁱⁱ⁾; Compose a theoretical prediction of how the social housing market will develop, based on the decisions parliament are debating on^(iv); and will finalize with a conclusion^(v) and recommendations^(vi).

II THE SOCIAL HOUSING MARKET

Reeves (2014) discovered multiple definitions of social housing (SH). We can combine the definition to state that SH is 'a house or flat, built and managed by local authorities or non-profit registered providers for rent, at lower costs for people who need housing'. The basis of SH was to supply accommodation to those of lower income in order to prevent homelessness. Similarly, SH is dependent on the supply and demand of the SH stock, i.e. the more people who have lower income, the higher the demand, and in turn the supply should be created. Gallent et al (2017), Bentley (2018) and Bogataj et al (2016) all agree that political supply plays an important role on the management of this issue, and that the demand is routed from political decisions and handling.

Historically the SH market has fluctuated. Local authorities "owned 2% of the GB housing stock in 1913 and this increased to 32% in 1979" (Balchin, 1995, p. 120). Currently the SH market takes up "17.3% of total housing in England and 15.9% within Wales" (Office for National Statistics, 2017). This alone shows a direct link that the housing stock is constantly changing. However, the fact remains that the stock has decreased through the last millennium. There were multiple factors that impact these figures through historical events. Harriot and Matthews (1998) explain multiple reasons, including but not limited to the following: 'Expansion of council housing, following the Second World War; Policies for SH in the 1970s and the housing policy since 1979'. Whether these have increased or decreased the supply, they have inevitably resulted in today's housing stock.

Politics have previously made an impact on the SH market mainly due to them being the provider of the supply. How the UK government manage the SH supply will reflect on how successful the outcome will be. Balchin (1995), Harriot and Matthews (1998) and Rosenberg (2012) agree that the future of the SH market is majorly impacted by the controlling political parties' actions. Different political parties motivate their actions, legislations and decisions based on difference of opinions and values. This is the same with the political parties' views on the SH market. The party with the majority seats within parliament means they have a higher percentage of voters within parliament. Pushing their legislation over the opposing opinions. This means the state of the SH market is directly linked by which political party has the majority seats within parliament. The three main political parties within the UK all have different views on the SH market. However, they all acknowledge that there is a housing crisis within the UK. Appendices 1 lists the three main parties, and what they mentioned within their recent manifesto's regarding SH.

From their manifesto's, the author can conclude that all three of the political parties mentioned the Britain's housing supply. Specifically, how Britain's supply has not met the demand. Therefore, unless Britain builds more houses, the cost of housing will continue to rise. They all have similar views on the social housing market, however they all have slightly different approaches. There is no definitive 'winner' when it comes to which political party would be 'better' for the SH supply, but all their approaches are created with good intentions.

III THE GREEN PAPER ‘A NEW DEAL FOR SOCIAL HOUSING 2018’

There are several government legislations already produced to improve the SH market. Although, this section of the report will critically evaluate and analyze the governments green paper titled, ‘A new deal for social housing 2018’. Identifying whether the government is producing legislation to combat the supply and demand issue within the SH market facing Britain today.

This paper focusses on five principles which drive the whole green paper. The first four principles of the paper are important within the SH sector; however, they do not link to the supply and demand crisis, but focus on more safety, comfort, maintenance and communication. These will improve the SH living however they will not increase the supply or lower the demand. Conversely, their fifth principle is as followed:

“Building the social homes that we need and ensuring that those homes can act as a springboard to home ownership.”

(Ministry of Housing, Communities and Local Government, 2018)

This last principle within the paper specifically looks at tackling the supply and demand issues within the SH sector. The government have set a goal to deliver 300,000 homes a year. This goal appears ambitious in the eyes of many news outlets and professional academics. Chu (2018) states that only 12 per cent of chartered surveyors think the government will hit the construction target. Similarly, Disney (2017 quoted by BBC, 2017) pointed out that “the pace of construction is going to have to pick up to meet the target”. Showing that there is many debating whether this goal is achievable by the government. However, if this is managed to be achieved, the housing stock supply will meet the current demand. Therefore, it will slow down the inflation of the housing market prices. This will then encourage more of the population to become homeowners and decrease the demand.

This goal may be ambitious however, by releasing an ambitious target the national and local council will have to try to aim for a larger amount of SH production. Wales’ Innovative Housing Programme (IHP) “aims to increase the supply of affordable housing as part of the 20,000 additional homes target” (Education and Public Services Group, 2018). Similarly, the Swansea local housing strategy confirms that the “housing (Wales) Act 2014 provides the framework to assist affordable homes in Swansea”. This shows that targets are rolling towards lower levels of governments providing a stepping stone into an increase in the supply.

Following this goal, the green paper highlights the governments intentions to “raise the housing borrowing cap up to £1 billion in areas of high affordability pressure” (Ministry of Housing, Communities and Local Government, 2018). This increase in the borrowing cap could become both successful and problematic, “the extra capacity could enable councils to deliver up to 10,000 council homes a year” (Williams, 2018). This could have a major impact in the supply of the SH market if the local councils decide to take up the opportunity. Similarly, the paper highlights the launch of a new £163 million Homes England program and how the £400 million government investment budget 2017 can attract wider local public and private investment into estates and surrounding communities (Ministry of Housing, Communities and Local Government, 2018). Funding such as this can continue down the levels of government, where the social housing grant (SHG) “can subsidise new build schemes by registered social landlords (RSLs) to make provision of affordable housing financially viable” (City and County of Swansea 2011).

The government paper also suggests that they will support low-income households in the private rented sector with an increase of funding by £125 million, which enables the government to increase 213 local housing allowance rates. Similarly, they have introduced the immediate advancement in payments for universal credit claimants therefore they will not be left within the 'waiting days' period and not go into rent arrears and proposes to launch a £200 million large-scale pilot of voluntary right to buy for housing association tenants including a 'portable discount' which allows a tenant to move their discount to a different property where their home is not for sale (Ministry of Housing, Communities and Local Government, 2018). These actions are subliminal in the grand scale of housing supply; however, they pose a good start in decreasing the demand or slowing the demand down.

IV THE WIDER TOPIC AND THE FUTURE OF THE SOCIAL HOUSING MARKET

The green paper 'A new deal for social housing 2018' shows that the government have planned to tackle both the supply and demand crisis of the SH market. However, there are other political decisions that are currently being made that could shift the SH market including increasing the demand of SH and decreasing the supply within the future.

Currently, the UK is facing a huge debate over Britain leaving the European Union (EU), this has been given the term 'Brexit'. There are many different versions and debates over where Britain will be in the future if Brexit is to happen. Foster (2017) states that if we have a hard Brexit, the housing crisis will become much worse off. There will be less qualified construction workers and tradesmen to build houses and there will be less funding for supply, maintenance and restoration of houses. Similarly, the CIH (2016) believe that effects of Brexit will depend on what kind of Brexit we will adopt and that there is no way to tell for certain where housing will eventually end up. Politically there is also wider debate on immigration and migration, where the population of other country residents are migrating to the UK to seek a better life. Some of these migrants currently and will in the future seek the aid of the SH structure within the UK, putting added pressure on the SH supply (Edge, et al 2011).

Politics plays an important role in the SH market. However, there are also five other factors that can influence the market. These are as follows: Environmental, Social, Technological, Legal and Economical. Political, Legal and Economical are all closely linked. Conversely, the Environmental and technological factors can both play a major role in the SH sector. Environmental factors can have a negative approach to the SH supply. Some environmental factors could be as follows: flooding; cost of building production due to fluctuations in raw material cost; or business carbon footprints within construction and actions to minimize this. Conversely, technological factors can have a positive influence on the SH supply. This could be due to the following: by the study of new methods of producing goods and services; speed up the construction time using different technological inventions; and increasing the methods used within the construction site. Either way, these factors will constantly be changing and causing the SH market to change within the future.

From looking at the SH market today and the current political decisions, there is no concrete evidence to suggest where the SH market will be within the future. Although, there is pressing evidence that the government wants SH to succeed. They are putting goals and legislations in place in order to try and aid the supply of the SH market. However, these goals and legislation are met with president areas of uncertainty, with BREXIT, immigration, aging housing stock and the unforeseeable events that could occur. This could cause the UK to still have a higher demand than supply. If the UK

V CONCLUSION

In conclusion, the research paper discovers that the UK government's green paper 'A new deal for social housing 2018' aims at growing the social housing supply. It is evident that the government are constructing legislation and funding towards the social housing market to increase the supply such as borrowing cap of £1 billion; £163 million Homes England program; and the £400 million government investment budget 2017. These actions have been utilized by lower levels of government such as the Welsh national assembly and Swansea council to increase the number of new houses within social housing in order to reach the proposed 300,000 homes a year goal.

Furthering this conclusion, it is still uncertain where the future of the market is heading due to the separate parliament decisions, such as Brexit and immigration. Along with the other impacts, such as Environmental and technological factors. Therefore, the author can summarize that the political approach to the social housing supply is currently aiming towards an increase in the social housing supply but there is a lot of pressure on the social housing supply from other controlling factors which could see the opposite effect occur and this could happen before any substantial supply has been provided.

VI RECOMMENDATIONS

It is recommended:

- That the government take immediate action to increase the supply of the social housing sector; increasing the amount of housing development deals before any uncertain changes occur, such as Brexit.
- That the government also look at a deal plea if/when leaving the EU in order to achieve a softer Brexit campaign and achieve less of a backlash into the social housing supply.
- That the local councils take full advantage of any funding that they could get in order to produce quality social housing standards to meet the demand within their area.
- That the government should invest in increasing a workforce of trades workers, therefore providing a sufficiently skilled and qualified population to maintain their own properties and be able to become employed in the housing construction industry.

LIMITATIONS

This research paper was limited by the accessibility to primary research methods of data collection. However, the researcher managed to identify the research aims and objectives, it could have improved the quality of the research if primary research methods were used. This is because the researcher could have been able to provide a more in-depth look at the government's opinions on the social housing market along with more current and up to date initiatives that are currently undergoing along with any current issues that the supply of social housing is experiencing within the local community.

Though these limitations were managed, the researcher believes that the time frame and the word count within the research paper limited the ability to produce a higher quality paper. Having a limited time span meant that the quality of the collation and research was under pressure mainly due to the researcher's topic having a broad range of secondary research that needed to be analyzed and collated professionally to identify the important and quality resource materials. Similarly, having the word count limit meant that the researcher had to compress and stretch elements of the research to fit within the given amount.

RECOMMENDATIONS FOR FUTURE RESEARCH

Based on the theoretical predictions and conclusions of this research paper, it is suggested that the following research should be considered:

Though this research showed a range of government involvement, there should be more research conducted on other legislation and government actions in relation to their impact upon the social housing markets supply and demand crisis. In this instance, future studies should look more in-depth to the social housing markets supply crisis and why the demand of social housing is greater. This research will then be able to give a more conclusive theoretical prediction to where the social housing market will develop within the future. Future research may also want to include a more in-depth study on the wider issues surrounding social housing.

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APPENDICES

Appendices 1: Table listing the Political parties main SH points within their manifestos

Liberal Democrat	Conservative	Labour
- Build 300,000 homes a year by 2022 - End the right-to-buy pilots that sell off housing association homes - Lift the borrowing cap on local authorities and increase the borrowing capacity so that housing associations can build council and social housing - Promote tenant management in social housing - Work with local authorities to deliver a significant increase in social and affordable housing	- Homes for all, including a new generation of fixed term council housing which will be linked to a new right-to-buy policy - Helping Housing associations increase their specialist housing stock - New council housing deals with developers and local authorities to develop and build more social housing	- Build over a million new homes including 1000,000 council and housing associations homes a year. - Give councils new powers to build homes - Remove government restrictions that stop council building homes - Begin the biggest council building program - Stop councils selling through right-to-buy policy unless they have a plan to replace the house stock lost

(The Conservative and Unionist party, 2017), (Liberal Democrat party, 2017) and (Labour party, 2017)

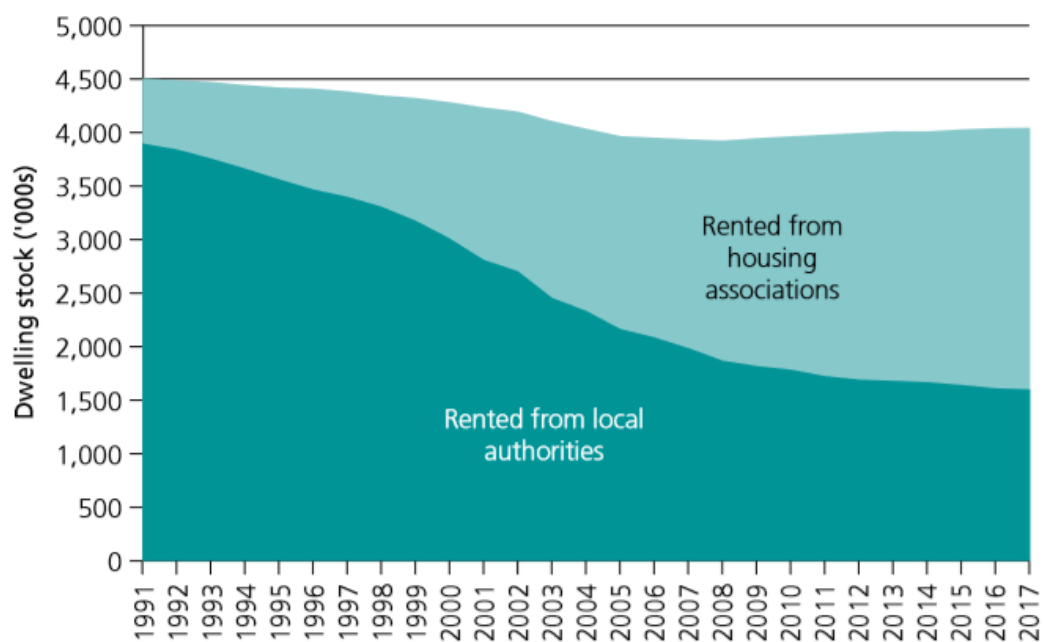
Appendices 2: Examples of Specific influences on the demand for different tenure types

Table 2.1 Examples of specific influences on demand

Influence on demand	Owner-occupied/bought	Rent – public/private
Increased income	Increased demand and increased qualitative demand	Increased demand at low income levels Decreased demand at higher income levels
Increased mobility	Decreased demand, due to high transaction costs and relatively long entry and exit times.	Increased demand for private renting Decreased demand for public renting due to waiting lists, and allocations criteria
Increased wealth	Increased demand and increased qualitative demand	Decreased demand
Increased price of owner-occupied accommodation	May be some decreased demand (diverted to renting); but demand may also increase if future price rises expected 'trading up' occurs	Demand may increase if renting seen as a more affordable alternative to buying
Increased rent levels	May be some increased demand if cost of renting is rising to a level which is close to the cost of buying	Demand may reduce if rate of household formation falls, and levels of multi-occupation rise. Some may direct to buy.
Increased availability	Reflected in reduction in price. If credit is available demand will increase	In public sector depends on government policy. May be increased demand for private renting as new households form
'Higher' social class	Increased demand and increased demand for accommodation at 'higher quality' end of the market	Reduced demand (except for high quality private rented accommodation)

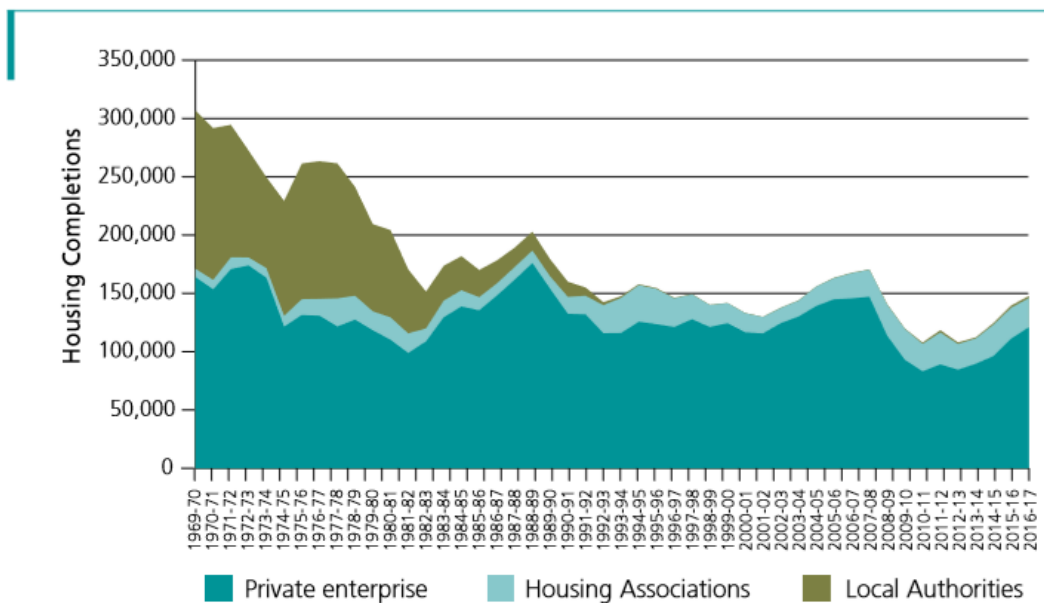
(Harriot and Matthews, 1998)

Appendices 3: Social Stock by provider



(Ministry of Housing, Communities and Local Government, 2018a)

Appendices 4: Housing Completions by tenure



(Ministry of Housing, Communities and Local Government, 2018a)