

Housing and gender

Briefing from the **UK Women's Budget Group** on the impact of changes in housing policy since 2010 on women

Key points

- *Housing can contribute to living standards, opportunities and wellbeing. But it can also cause low income after housing costs, disadvantage and poor health.*
- **Women's housing situation differs from that of men.** Women are the 'household reference person' in 56.6% of social tenancies but only 39% of private tenancies,¹ 42% of those owning outright, and 31% of those buying with a mortgage.²
- **Nearly 63% of adults in households claiming housing benefit are women³** reflecting women's lower incomes.
- **Since 2010** there has been 1) a **sharp reduction in overall government spending**, 2) **reductions in housing benefit rates and eligibility**, and 3) **changes to the size and status of the social housing sector**. All of these have reduced the 'housing welfare safety net', and will affect disadvantaged women.
- Within its reduced housing budget, **government has shifted support from social housing to encouraging additional home building and access to home ownership for people on middle incomes.**
- There is no evidence to suggest this will benefit women, and it is **unlikely to compensate poorer women** for the changes to the safety net.
- **The treatment of housing assets, rental income and imputed rents** (the flow of benefits home owners get from their homes) in the taxation system is generous, and **has been an overlooked option for fiscal and housing policy goals.**

This briefing analyses the impact on women of changes to housing policy that have been announced or implemented since June 2010 by the Coalition government and continued since 2015 by the Conservative government.

Housing is a very important part of people's daily lives, their budgets and savings. Housing can contribute to living standards, opportunities and wellbeing. In 2010, the UK housing system acted to reduce the poverty created by the labour market and the rest of the welfare systems by 6.3%.⁴ However, housing can also mean low income after housing costs, disadvantage and poor health.

Since the late 1980s, government has shifted from subsidy of home ownership and new building to the use of housing benefit to support people on low

income to pay for their housing. This process accelerated as a result of austerity since 2010. Between 2009/10 and 2012/13, UK government expenditure on housing benefit grew from 58% of the total expenditure on housing, to 71%, while expenditure on house building fell from 28% to 17%.⁵ Unsurprisingly, reducing the growing housing benefit budget has been a major concern for policy, especially under austerity.

Women and the housing system

Some data identifies individual 'household reference persons'⁶ (HRPs), the adult household members who pay all or most of the housing costs, who have the highest income, or who are the oldest. Women are the 'household reference person' in 56.6% of social tenancies but only 39% of private tenancies,⁷ 42% of

¹ Department for Communities and Local Government (2017) *English Housing Survey: Social and private renters* (<http://bit.ly/2zQIWFc>)

² Author's calculation from Table CT0621, Census 2011, last accessed November 2017 via www.nomisweb.co.uk

³ Department of Work and Pensions (2017) *Housing Benefit Caseload Statistics, August 2017* (<http://bit.ly/2A7p6HK>)

⁴ Tunstall, R. (2015) 'Relative housing space inequality in England and Wales, and its recent rapid resurgence', *International Journal of Housing Policy* (<http://bit.ly/2zRmxGY>)

⁵ Tunstall, R. (2016) 'Housing', pp.125-145 in eds. Lupton, R et al, *Social policy in a cold climate: Policies and their consequences since the crisis*, Bristol: Policy Press

⁶ This term replaces 'heads of household'.

⁷ Department for Communities and Local Government (2017) *English Housing Survey: Social and private renters* (<http://bit.ly/2zQIWFc>)

those owning outright, and 31% of those buying with a mortgage.⁸ In the 2011 Census women HRP were overrepresented amongst those in small homes (with one or two bedrooms), and amongst those in flats and terraced houses (rather than the usually more-desirable detached or semi-detached homes).⁹

The changing UK housing system

The UK housing system has been undergoing significant changes marked by a change in tenure balance, increasing volatility and regional variations. It has also been significantly affected by recent policy change, particularly since 2010. Despite decades of government support and public enthusiasm, home ownership started shrinking as long ago as 2003.¹⁰ Since the 1990s, each cohort of adults has been slower and less likely to enter home ownership, and change was so rapid that different siblings might have different odds of entering ownership.¹¹ Despite support for working-class home ownership, the tenure has been increasingly dominated by professionals since the 1980s.¹²

One of the striking features of the new housing system is the greater size and role of private renting¹³ and the shrinking social rented sector. Nearly half of 25-34 year-olds were private tenants in 2015, more than double the proportion a decade before,¹⁴ and nearly a fifth of all families with dependent children were in the private rented sector in 2011.¹⁵

The difficulty for many in affording housing, whether rented or purchased, is one of the biggest contemporary public policy issues.¹⁶ Households spending more than one third of their income on housing are often said to be in 'unaffordable' housing. By this definition, 17% of households cannot afford their homes, double the proportion of twenty years ago.

Wage growth has fallen behind housing cost growth; more than half of working age households have had flat or falling living standards for the last fifteen years once housing costs are taken into account.¹⁷

Differences in housing costs between areas are the biggest factor in differences in the cost of living between regions.¹⁸ In 2014/15, 16% of people in the UK were poor before housing costs were taken into account, but 21% were poor afterwards.¹⁹ Higher costs mean that younger people of both genders face more constrained housing options than previous generations.²⁰ Higher housing costs may have profound effects such as contributing to the rising age at which women have their first child.²¹

The housing safety net to protect people from destitution or poor conditions consists of legal protection for some vulnerable homeless people (including families), a modestly-sized social housing sector with reasonable quality housing at sub-market rent, and a housing benefit system to support tenants on low incomes. Notably, the safety net for owners who lose income is weaker than that that for renters.²² However, recent policy has reduced funding for housing overall, and has weakened the social housing and housing benefit elements (below).

Funding for housing

Housing has fared worse than almost any government spending area under austerity since 2010. The cuts are likely to have had a disproportionate effect on women. Central government spending on 'local government' and 'communities' categories, which include housing, was cut by at least 41% in real terms during 2009/10-2014/15. The National Audit Office found that unitary authorities cut their spending on housing by 34% and districts by 17% 2010/11-

⁸ Author's calculation from Table CT0621, Census 2011, last accessed November 2017 via www.nomisweb.co.uk

⁹ Author's calculation from Table CT0621, Census 2011, last accessed November 2017 via www.nomisweb.co.uk

¹⁰ Chartered Institute of Housing (2017) *UK housing review 2017* (<http://bit.ly/2AWOb5e>)

¹¹ Joseph Rowntree Foundation (2014) *What will the housing market look like in 2040?* (<http://bit.ly/2zMXg2H>)

¹² Wallace, A. (2017) 'Financial resilience and security: the impacts of the housing market downturn on low-income home owners in Northern Ireland' pp.135-158 in eds. Dewilde, C. and Ronald, R. *Housing, Wealth and Welfare*, Cheltenham: Edward Elgar (p.144)

¹³ The Times (October 2017) *Far from being solved the problem of rent has become even greater* (<http://bit.ly/2zQlcPv>)

¹⁴ Joseph Rowntree Foundation (2017) *Regulation of the private rented sector in England using lessons from Ireland* (<http://bit.ly/2zBkUXD>)

¹⁵ Author's calculation from Table DC4101EW, Census 2011, last accessed November 2017 via www.nomisweb.co.uk

¹⁶ Institute for Fiscal Studies (2017) *The cost of housing for low-income renters* (<http://bit.ly/2zQZZGa>)

¹⁷ Resolution Foundation (2016) *The housing headwind: The impact of rising housing costs on UK living standards* (<http://bit.ly/2isdZ1y>)

¹⁸ Hills, J. et al (2010) *An anatomy of economy inequality in the UK: Report of the National Equality Panel* (<http://bit.ly/2mAPG6b>)

¹⁹ National Statistics (2015) *Households below average income: 1994/95 to 2014/15* (<http://bit.ly/2iqIPbU>)

²⁰ Resolution Foundation (2017) *The millennial bug: public attitudes on the living standards of different generations* (<http://bit.ly/2zRskMK>); Resolution Foundation (2017) *Consuming forces: Generational living standards measured through consumption* (<http://bit.ly/2jB0dNt>)

²¹ European Bank of Reconstruction and Development (2016) *Short term effects of house prices on birth rates* (<http://bit.ly/2zSB7y1>)

²² Köppe, S. and Searle, B.A. (2017) 'Housing wealth and welfare over the life course' pp.85-107 in eds. Dewilde, C. and Ronald, R. *Housing, Wealth and Welfare*, Cheltenham: Edward Elgar (p.98)

2014/15.²³ Local authority spending on housing in England fell by 45% 2010/11-2014/15, and there were greater absolute reductions in more deprived areas.²⁴ DCLG's capital expenditure, used to support the development of new social and affordable housing, fell by 54% during 2009/10-2014/15, the biggest drop among departments with significant capital budgets.²⁵ After adult social care, housing, including services to homeless people, advice and regulation, was the council service under greatest financial pressure.²⁶

Changes to social housing

The close match between lower income and social housing which developed from the 1970s meant that by 2000, social housing was by far the most targeted and redistributive aspect of the entire welfare state.²⁷ Women are overrepresented amongst social renters, largely because there are overrepresented amongst those in housing need and amongst homeless families.

From 2012 council landlords were no longer required to offer 'secure' or lifetime tenancies, standard since 1980, and could offer two- to ten-year tenancies instead. From 2016, landlords were no longer allowed to offer new secure tenancies.²⁸ In its equalities impact assessment, DCLG argued that the change was 'likely to benefit women' who were overrepresented in social housing and new lettings, because it would create more opportunities to move into and within the tenure.²⁹ However, this could only occur through ending the tenancy of some existing tenants deemed to have no 'continuing need for social housing', which would affect some existing women tenants.

Since the introduction of 'target rents' in 2001, most social landlords have fixed rents in line with the upper limit set by government,³⁰ resulting in rents rising ahead of wages. From 2016, government reversed the policy, partly because of the impact of social rents on housing benefit costs, to reduce the remaining social

rents by one percent in real terms each year 2016-2020.³¹

In 2012, the level of housing benefit paid to social tenants deemed to have more bedrooms than necessary for their household size was reduced. This reform, colloquially known as the 'bedroom tax', attracted more attention than almost any part of the Cameron government's welfare reforms. The Scottish government chose to fund the shortfall, in effect protecting Scottish tenants from the penalty, and the reform was not applied in Northern Ireland.

In 2012, the maximum Right to Buy discount for council tenants was extended to £75,000 (£100,000 in London) to 'reinvigorate' the policy.³² Housing associations were pressured to offer a similar voluntary scheme, and councils were required to sell their highest value homes when they became vacant to compensate housing associations. An evaluation predicted this policy would lead to greater poverty and higher housing benefit costs.³³ Subsidy for new build continued, but there was less new build subsidy in total, and less per home. From 2011, subsidy could be used to build 'Affordable Rent' homes to be let at 80% of market rent rather than traditional social rent (50-60% of market rents in most areas³⁴); these homes rapidly overtook traditional social rented homes. The National Audit Office said that social rent offered 'potentially better value' to the government over thirty years than Affordable Rent, due to the impact on housing benefits.³⁵

These changes weakened the housing safety net and transfer risk to tenants and to social housing providers. Social housing organisations are changing in response. In 2011 local authorities were allowed to give greater priority in lettings to working households, and other groups such as ex-service personnel, and less to 'housing need'. In 2015, only just over half of housing associations, local authorities and ALMOs³⁶ said they focused on housing the neediest.³⁷ A third of social landlords refused at least some tenants because

²³ National Audit Office (2014) *The Impact of Funding Reductions on Local Authorities* (<http://bit.ly/2z4lLVX>)

²⁴ Joseph Rowntree Foundation (2015) *The cost of the cuts: The impact on local government and poorer communities* (<http://bit.ly/2AWxKG2>)

²⁵ Tunstall, R. (2016) 'Housing', pp.125-145 in eds. Lupton, R et al, *Social policy in a cold climate: Policies and their consequences since the crisis*, Bristol: Policy Press

²⁶ Institute for Fiscal Studies (2017) *The local vantage: how views of local government finance vary across councils* (<http://bit.ly/2zPw3dq>)

²⁷ Sefton, T. (2002) *Recent Changes in the Distribution of the Social Wage* (<http://bit.ly/2z2xNyX>)

²⁸ House of Commons Library (2016) *Social housing: The end of 'lifetime tenancies' in England?* (<http://bit.ly/2A81l2v>)

²⁹ DCLG (2016) *Lifetime tenancies: equalities impact assessment* (<http://bit.ly/2iycl9s>) p.6

³⁰ Joseph Rowntree Foundation (2015) *How do landlords address poverty?* (<http://bit.ly/2j7SAKO>)

³¹ Ibid.

³² DCLG (2012) *Reinvigorating Right to Buy and One for One Replacement: Information for Local Authorities* (<http://bit.ly/2hEODNh>)

³³ Joseph Rowntree Foundation (2015) *Understanding the likely poverty impacts of the extension of Right to Buy on housing association tenants* (<http://bit.ly/2j3tOLP>)

³⁴ Chartered Institute of Housing (2017) *UK housing review 2017* (<http://bit.ly/2AWOb5e>)

³⁵ NAO quoted in Savills (2015) *Living rents – a new development framework for Affordable Housing* (<http://bit.ly/2AUWYom>)

³⁶ Arm's length management organisations working with local authority owners of council housing

³⁷ Joseph Rowntree Foundation (2015) *How do landlords address poverty?* (<http://bit.ly/2j7SAKO>)

they might be unable to afford social or 'affordable' housing. These changes were likely to have a negative effect on more vulnerable women.

Changes to housing benefit

In contrast to spending on new housing and housing services, spending on housing benefit initially increased under the Cameron government,³⁸ but the rate of growth slowed, and then stopped in 2016. This was due to the substantial reductions in eligibility and rates under welfare reform since 2012.

In 2012, Local Housing Allowance (LHA) rates, the maximum private rent payable by housing benefit, were cut from the median to the 30th percentile of local private rents among non-HB recipients. Overall national caps were introduced for each home-size up to a maximum rate of four bedrooms. Single adults aged 25-34 were limited to the rate for a room in a shared house. LHA rates were updated in line with the Consumer Prices Index (CPI) rather than rents, and then frozen from 2016.

In 2013, the overall benefit payable to working-age households was capped, and the cap was reduced in 2016 to £20,000 per year (£23,000 in London, and £15,000 for single adults). Households in high-rent areas and those with several children were most affected. The extension of the LHA to social rents has been proposed for some years, with likely greatest impact on the highest rents, in London and for supported housing. In late 2017 the Prime Minister said that LHA caps would not be applied at least for the time being. Housing benefit is being subsumed into Universal Credit which is in the process of being implemented across the country, and has been politically controversial due to built-in and administrative delays, and the work disincentive of clawback rates.

In the past, housing benefit met all the rent of those on low incomes (such as out-of-work benefits). Reforms broken the link between rent and benefit levels, creating a large group of people facing shortfalls.³⁹ In 2013-15, 90% of low-income private renters had a shortfall, and one in five were missing 50% of the total.⁴⁰ Overall, the generosity of housing

benefit has significantly reduced since 2010, affecting 6.1m people. Nearly 63% of adults in households claiming housing benefit are women⁴¹ (assuming couple household claimants include a total equal number of men and women).

Building new housing

For over two decades, new housing completions have been insufficient to meet actual and predicted need for additional homes,⁴² and demand continues to accumulate: the number of new households between 2008 and 2015 was half a million more than the number of new homes.⁴³

The Localism Act 2011 introduced changes to the planning system aimed to make getting planning permission easier or more predictable.

Policy makers tend to assume that increased housing supply will necessarily limit house price increases, reduce affordability problems, and help disadvantaged groups.⁴⁴ However, new housing may have no effect on people on low incomes, including poorer women. They will not be able to live in most of any new housing, and trickle down is far from certain.⁴⁵ For example, new house building in England and Wales 1981-2011 did not result in any extra space for the least-spaciously housed tenth of the population.⁴⁶ Building new social housing is more likely to ensure improved access to housing for disadvantaged people.

Ninety-five per cent mortgages, which had been the norm before 2008, became scarce after the financial crisis. At the time, a 10% deposit was on average a prohibitive £20,000. The Coalition government introduced Help to Buy to bridge the gap, in the form of government equity loans to buyers of up to 20% of the price, and (until 2015) near full government mortgage guarantees to lenders of up to 30% of the price. Both enabled 95% mortgages for buyers of homes priced up to £600,000, well above the average price. In 2012, despite cuts overall, DCLG received among the largest absolute increases in capital budgets of any department, to underwrite Help to Buy.⁴⁷ Although the scheme was originally intended as a temporary boost to the housing market after the

³⁸ Tunstall, R. (2016) 'Housing', pp.125-145 in eds. Lupton, R et al, *Social policy in a cold climate: Policies and their consequences since the crisis*, Bristol: Policy Press

³⁸ Institute for Fiscal Studies (2017) *The local vantage: how views of local government finance vary across councils*

³⁹ Joseph Rowntree Foundation (2015) *How do landlords address poverty?* (<http://bit.ly/2j7SAKO>)

⁴⁰ Institute for Fiscal Studies (2017) *The cost of housing for low-income renters* (<http://bit.ly/2zQZZGa>)

⁴¹ Department of Work and Pensions (2017) *Housing Benefit Caseload Statistics, August 2017* (<http://bit.ly/2A7p6HK>)

⁴² Chartered Institute of Housing (2017) *UK housing review 2017* (<http://bit.ly/2AWOb5e>)

⁴³ Joseph Rowntree Foundation (2017) *Tackling poverty through housing and planning policy in city regions* (<http://bit.ly/2A7EiVi>)

⁴⁴ Ibid.

⁴⁵ Ibid. p.29

⁴⁶ Tunstall, R. (2015) 'Relative housing space inequality in England and Wales, and its recent rapid resurgence', *International Journal of Housing Policy* (<http://bit.ly/2zRmxGY>)

⁴⁷ Tunstall, R. (2016) 'Housing', pp.125-145 in eds. Lupton, R et al, *Social policy in a cold climate: Policies and their consequences since the crisis*, Bristol: Policy Press

financial crisis, it has persisted and was recently extended. 135,000 households have used the Help to Buy equity scheme,⁴⁸ and they were mostly relatively advantaged. The median price of homes bought under the scheme has risen from £184,000 in 2013 to £260,000 in 2017, 41% of purchasers paid more than a 5% deposit, and 62% had incomes over £40,000.⁴⁹

The tax treatment of housing income and wealth

Private home owners and landlords benefit from net tax benefits from their housing relative to other housing and investments, including the absence of tax on their imputed income (the flow of benefits home owners get from their homes), and the tax relief on rental income and capital gains. The main tax on housing in terms of income is stamp duty, paid by house buyers. It was reformed in 2014 to smooth the impact of higher rates for prices above thresholds, and to increase the rates for landlords. In 2015/16 the net tax benefits of housing amounted to almost £22 billion, a dramatic 40% increase on 2014/15.⁵⁰

Housing is the main source of wealth for individuals and households, and of wealth inequality. In 2016, mean net wealth among women was £176,000, 29% lower than for men (£248,000).⁵¹ This partly reflects home-ownership rates. There is little difference in personal wealth between men and women up to the age of 40. At that age a gap starts to develop, peaking amongst those in their late 60s, when the median man has £100,000 more wealth than the median woman.⁵²

Supported housing

‘Supported housing’ is rented housing, usually with shared facilities and staff support, provided to groups of residents with special needs. Rents tend to be higher than for social or private rented housing, and residents tend to claim full housing benefit.⁵³ In 2011, residents of ‘communal establishments’ (including

supported housing, temporary accommodation, hospitals, and boarding schools) made up 2% of the population of England and Wales. In 2011, 51% of the residents were women, reflecting the composition of the population overall,⁵⁴ but some forms of supported housing predominantly provide for women, such as sheltered housing and services for those affected by domestic abuse, and there are some women-only services.⁵⁵

Supported accommodation used by women has been affected by cuts to local government funding. Half of services for women affected by domestic abuse said that their biggest challenge in 2015/16 was funding cuts and uncertainty. More than half of women referred to refuges were turned away, mainly because of lack of capacity,⁵⁶ and the proportion of women leaving prison for settled accommodation, for example, dropped from 96% in 2014 to 84% in 2015.⁵⁷ Until 2014, supported housing was exempt from many welfare reforms affecting other social housing. The rent freeze was delayed but started in 2017.⁵⁸ In late 2017 the Prime Minister said that LHA caps would not be applied to supported housing, at least for the time being.

Homelessness

Street homelessness doubled 2010-16 to about 4,000 in England and the number of women sleeping rough grew slightly faster.⁵⁹ Women make up a minority of street homeless people. For example, 85% of people counted sleeping rough in London in 2016/17 were men.⁶⁰ Homeless women have tended to be overlooked in statistics, research and policy.⁶¹ However, there has been a recent increase in research showing that women’s homelessness may have some distinct features and causes, including abuse as children or domestic violence, with high risks for some groups, and is preventable.⁶² Statutory or family homelessness and households in temporary accommodation increased by 50% between 2010 and 2016 to 60,000.⁶³ Women-headed households predominated amongst those accepted as homeless

⁴⁸ DCLG Help to Buy Table 1. Last Accessed November 2017 (<http://bit.ly/2jApesd>)

⁴⁹ DCLG Help to Buy Tables 4. and 5. Last Accessed November 2017 (<http://bit.ly/2jApesd>)

⁵⁰ Chartered Institute of Housing (2017) *UK housing review 2017* (<http://bit.ly/2AWOb5e>)

⁵¹ Resolution Foundation (2017) (2017) *The generation of wealth: Asset accumulation across and within cohorts*

(<http://bit.ly/2zaacjQ>)

⁵² Ibid.

⁵³ House of Commons Library (2017) *Paying for supported housing* (<http://bit.ly/2z9jSuR>)

⁵⁴ Author’s calculation from Table LC1105EW, Census 2011, accessed via www.nomisweb.co.uk

⁵⁵ St. Mungo’s (2015) *Rebuilding Shattered Lives: the final report* (<http://bit.ly/2hHf5ti>)

⁵⁶ Women’s Aid (2017) *Domestic abuse services* (<http://bit.ly/2zjQCSy>)

⁵⁷ Inside Housing (2016) *Forgotten Women* (<http://bit.ly/2jDny1m>)

⁵⁸ House of Commons Library (2017) *Paying for supported housing* (<http://bit.ly/2z9jSuR>)

⁵⁹ Inside Housing (2016) *Forgotten Women* (<http://bit.ly/2jDny1m>)

⁶⁰ Mayor of London (2017) *CHAIN Annual Bulletin Greater London 2016/17* (<http://bit.ly/2zJRWgk>)

⁶¹ Pleace, N. (2016) ‘Exclusion by Definition: The Under-representation of Women in European Homelessness Statistics’ pp.105-126 in eds. Pleace, N. and Bretherton, J. *Women and homelessness in Europe*, London: Palgrave Macmillan

⁶² St. Mungo’s (2015) *Rebuilding Shattered Lives: the final report* (<http://bit.ly/2hHf5ti>)

⁶³ DCLG livetable 780, accessed November 2017 from <http://bit.ly/2AVdhBw>

by local authorities. For example, in England between 2016 and 2017, 47% of households accepted were female-headed lone-parent families, 10% were single women, 13% were single men, 21% were couples with dependent children (likely to include one woman and one man, in most cases), and 5% were other households.⁶⁴ The gender and household type of those in temporary accommodation was very similar.⁶⁵

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⁶⁴ DCLG livetable 780, accessed November 2017 from <http://bit.ly/2AVdhBw>

⁶⁵ DCLG livetable 782, accessed November 2017 from <http://bit.ly/2AVdhBw>