



## **Decent Homes submission from the Construction Industry Council**

### **Summary**

- CIC acknowledges that the introduction of the Decent Homes Standard in 2001, backed by substantial public spending in the last ten years has resulted in a marked decline in the numbers of homes which fail decency standards.
- Money spent on upgrading existing homes is an effective way of creating jobs in the construction industry, at many different skill levels, which can result in benefits spread throughout the country. It also has public health benefits and can result in savings in care provision for the elderly.
- In the coming decades there will be increasing numbers of elderly people. Future standards need to take this into account.
- A new Decent Homes standard to be adopted after 2010 ought to contain an emphasis on energy efficiency.
- The existing scope of the standard (i.e. which only applies to interiors) precludes certain interventions (e.g. exterior insulation for solid walled housing). It also focuses on individual dwellings rather than neighbourhoods.
- Some elements of the existing initiative (in particular the emphasis on thermal discomfort levels) tie in well with Government plans to control carbon emissions.
- By aligning Decent Homes standards more closely with higher standards for carbon efficiency in other areas of construction (e.g. Building Regulations, Code for Sustainable Homes) there is an opportunity to create a more coherent system of guidance.

### **Decent Homes**

The Decent Homes standard is currently the primary indicator of the condition of housing stock which is applied in England. Similar standards operate in the other nations of the UK. The decent standard has been a primary lever in a drive to bring all social housing up to a decent standard by 2010. In 2002, the Government broadened this target to include all private sector homes occupied by vulnerable households.

Figures from Hansard on published on June 2 2009 indicated that in relation to the Decent Homes programme, between 1997-98 and 2008-09 the overall capital sum provided by the Department for Communities and Local Government and its predecessor Departments for capital investment in council-owned housing stock was £25.8 billion.

This level of spending has widespread social benefits as improving housing can ameliorate public health and children's education and make communities more sustainable. A strategy based on improving the existing housing stock will of necessity affect large numbers of dwellings throughout the country spreading benefits further than simply building new houses.

## **Background**

A dwelling is defined as decent if it meets a statutory minimum standard, provides a reasonable degree of thermal comfort, is in a reasonable state of repair and has reasonably modern facilities. First introduced in 2001, the Government changed the definitions of the first two criteria in 2006, in particular making the statutory minimum standard much stricter.

The Decent Homes standard has undoubtedly resulted in a broad amelioration in housing conditions in that 27% of homes in England in 2006 were classified as non-decent compared with 45% a decade earlier. Lack of thermal comfort is the main reason for homes failing to meet the decency standard.

It should be noted that there are substantial numbers of households in non-decent homes at all levels of income. Poor households are more likely to live in a non-decent home than rich households with 30% of households in the poorest fifth compared with 26% of those on average incomes and 22% of those in the richest fifth.

Rates of non-decency are highest in the private rented sector, however because owner occupancy is by far the most common form of tenure, it still accounts for two-thirds of all non-decent homes.

The proportion of homes in each region which are non-decent varies from 35% in London to 23% in the North-east. There is no obvious geographical pattern to the differences.

## **Key features**

The Decent Homes standard is a standard which triggers action, it is not in essence a prescriptive standard to which work should be carried out. The criteria that the property meets current housing statutory minimum standard is judged according to the Housing Health and Safety Rating System (HHSRS), a risk assessment tool operated by local authorities. Guidance notes are provided on this and on the other criteria (i.e that the property is in a good state of repair, that it has reasonably modern services and that it provides a reasonable degree of thermal comfort).

As currently defined the Decent Homes Standard does not cover the maintenance of the exterior of the dwelling and all structural elements.

## **The wider picture**

Any evaluation of the Decent Homes initiative has to be seen in the context of overall demographic trends; the current housing situation in respect to affordability and numbers under construction; as well as other Government initiatives particularly in respect to carbon emissions and building standards,

### *Population trends and structure*

The population of the UK according to figures released by the Office of National Statistics (ONS) in August 2009 grew by 408,000 in 2008 to reach 61 million people. The population is now growing by 0.7% per year more than double the rate of the 1990s and three times the rate of the 1980s. The demographic picture is also changing in that there are now a record 1.3 million people over 85. This reflects an ageing population. The ONS state that "the proportion of people aged 65 and over is projected to increase from 16 per cent in 2008 to 23 per cent by 2033".

Allied with the growth and changes in structure in population, there is also a long trend towards growth in the number of households. The Joseph Rowntree Foundation reported in 2005 that "since 1971, the number of households in Great Britain has risen by 35%, from 18.5 million to 25 million in 2005. Over the same period the population rose from approximately 54.5 million to 58.5 million." Divorce rates, increasing longevity, the increase in single person households all underlie these trends.

Future standards in housing most take account of an ageing population and also one in which energy costs may not be as moderate as they have been in recent decades.

### *Housing numbers*

As far back as 2004, the economist Kate Barker (Barker Review of Housing Supply 2004) pointed out that even at that time there was a shortage in the number of houses being built. She wanted the number of houses increased from the 2005 levels of 170,000 by a further 120,000. Since then due to the credit crunch and the recession housing starts have slumped and may be low for several years to come. Housing starts in 2009 are estimated at around 80,000 in the private sector and 25,000 in the public sector by the Construction Products Association. This adds up to less than half of the Barker figure suggested five years ago. This shortage in new homes particularly in affordable new homes is propping up house prices and re-emphasises the need to upgrade existing stock.

This housing shortage (which in turn creates affordability problems) reinforces the need to use the stock we have to maximum advantage. Bearing in mind the large number of empty homes (over 700,000 were identified in the Barker review), the prevalence of second homes and the pressure on housing in areas of buoyant employment, there is a need for a housing strategy

particularly targeted at those with low incomes. Part of this strategy has to be for high quality building and refurbishment.

### *Controlling carbon emissions*

Since the Climate Change Act of 2008, the UK now has legally binding targets in relation to controlling carbon emission targets, backed by a system of regular carbon budgets. As the domestic housing stock accounts for 27% of UK carbon emissions, reducing the levels of emissions in the existing housing stock will be a major element in any serious effort to control national carbon emissions. As upgrading insulation and improving energy efficiency is a key element, this ties in well with the Decent Homes drive to improve thermal comfort levels.

The recent report from the Audit Commission “Lofty ambitions” which deals with the role of councils in reducing CO2 emissions, highlights that one third of CO2 emissions in England come from energy used to heat and power homes. Although reducing emissions by 29% using energy efficiency measures could cost nearly £50 billion, the report points out that the resulting savings in household fuel bills would equal the investment in eight years!

The Energy Saving Trust estimates that around half the homes in the UK (12.5 million) have under-insulated lofts. While some people are willing to upgrade their loft insulation many are not. There are substantial numbers of home-owners who will not upgrade their insulation due to perceptions of the cost and the disruption involved. An updated Decent Homes Standard which highlights thermal discomfort as an issue will serve alongside the energy performance certificate in the HIP survey to underline the energy saving message.

### **The cost effectiveness of intervention**

The Audit Commission report “Building Better Lives” casts some interesting light on the cost effectiveness of intervention. One of the tables in the report illustrates that the same amount of money which builds one home, could bring nine homes up to a “decent standard”.

The report also points out that every £1 spent on providing housing support for vulnerable people can save £2 in reduced costs of health services, tenancy failure, crime and residential care. Spending between £2,000 and £20,000 on an adaptation which can enable an elderly person to remain in their own home can save £6,000 per year in care costs.

### **Employment potential within the construction industry**

The job creation potential of refurbishing the existing stock can be gauged from a recent scheme in Yorkshire. Kirklees Council has launched a scheme

to roll out home insulation across the Kirklees district. 'Kirklees Warm Zone' offers cavity wall and loft insulation free of charge to all suitable households regardless of household income or property size, which greatly increases take-up rates.

By June 2009, 83% of households (143,000) had been visited, and more than 32,000 have received insulation measures. Nearly 100 full-time jobs and 60 part-time roles have been created as a result of this scheme. Installations are proceeding at a rate of around 600 every week, making this easily the UK's largest insulation scheme.

This scheme is interesting in that it demonstrates a council-led initiative, using a variety of funding sources, tackled on a neighbourhood scale, using council assessors with a sustained publicity drive and vetted contractors. This type of locally based initiative, which incorporates a high level of consultation and support may be a useful model for future schemes.

### **Investing in construction**

Bearing in mind that most commentators expect public spending to fall in the next spending round, construction has to be considered as one of the best ways of stimulating economic activity – not just for the sector but across the economy as a whole, especially in the manufacturing sector. As the levels of imports are low in this sector, the stimulus stays within the national economy.

It is also a good sector for stimulating employment as the sector is active throughout the country and provides employment and training opportunities for lower skilled and young workers who have relatively few alternative opportunities. Investment in construction also provides significant long-term economic and social benefits.

### **Recommendations**

CIC suggests that any update of the Decent Homes standard needs to be viewed in conjunction with major programmes to retrofit the existing housing stock.

Attention ought to be given to "pay as you save" mechanisms linking upgrading schemes to the property to which it is applied and payable over a number of years.

Some CIC members have questioned whether having a nation standard is the way forward and prefer the idea of long term home and estate improvement plans adopted at local level.