Housing Crisis in England: A Comparative Policy Paper on the Ministry of Housing, Communities and Local Government (MHCLG)

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Abstract: - The housing crisis in the UK is imperilling what Abraham Maslow described as a vital physiological necessity. This paper examines how the housing issue in the UK is complicated by the policy intricacy of The Ministry of Housing, Communities and Local Government (MHCLG) and the capability of the management and workforce to adapt to a changing political agenda, public administration and the current as well as the concomitant issues in the housing sector. It explores and focuses on core policy elements and how they impact the housing crisis. These policy factors include accountability and transparency, institution administration and style, network governance, data management and communication, strategic and policy-making systems and response to emerging agendas in public administration and governance. This study reveals the severity of the housing issue's problems and offers important advice that will help remedy the UK's housing quandary to accomplish this research objective, a mixed research approach was used, which helped in the presentation of findings that showed how the situation has affected the UK. Lastly, the study will assess the internal and exterior difficulties MHCLG faces in carrying out its duties and examine how it has responded to recent developments in governance.

Key-Words: Housing crisis, United Kingdom, Housing policy, Policy elements.

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1 Introduction
According to Abraham Maslow's hierarchy of needs, food, shelter, and clothing are critical physiological requirements that can jeopardise a man's survival if not met. Thus, the possibility of survival without these essential items is a mirage. Lack of shelter can impair manners, increase stress levels, and, as a result, adversely affect functional performance. It is not just the scarcity of housing that is disturbing, but its inadequate quality and affordability. A decent home is critical to everyone. This understanding, among other factors, prompted the United Kingdom's government to establish a ministry responsible for housing throughout the country, [1]. The Ministry of Housing, Communities and Local Government (MHCLG) was established to accomplish goals such as housing provision, assisting endangered individuals, and ensuring transformational growth in Local Councils, among others, [2]. This study focuses on the strategic leadership group of MHCLG. The group manages and develops smart housing programmes. The group considers where, how, and to what extent housing policies can be altered through corporate strategic planning procedures, [3]. The paper will evaluate both internal and external challenges facing MHCLG in performing its functions while analysing its response to emerging governance issues.

2 Problem Formulation
2.1 Accountability and Transparency
The MHCLG has been under pressure with evidence suggesting that the current mode of operation of the department lacks accountability and transparency. The fact that no minister has held office for more than two years since 1997; the government's refrained from publishing meaningful reports on the progress of housing in England in the official documents and web pages of the department; and, in addition, several accusations of corrupt practices by the secretary and civil servants in the housing...
2.2 Administrative Style and Staff Capacity to Cope with Changing Governance Agenda

The operations that must be documented to fulfill objectives are organized, determined, assigned, and grouped by public administration organizations, [2]. An analysis of MHCLG's structure reveals a New Public Management (NPM) organization with some aspects of Traditional Public Administration (TPA). According to [8], it is a field of service that supports a civic community and serves public needs. Furthermore, scholars like, [9], opined that public administration organizations foster and address participation and pluralism, effectiveness and efficiency, equity and access to services, and accountability and transparency. This means that suspicion of big government, anxiety about government failure, the rise of modern corporations rather than rising inequality, collaborative governance, and a hollowed state are present in its material and intellectual settings, [10], [11]. Consequently, MHCLG's approach to accountability has been multifaceted with public servants attending to law; community values; citizens' interests; and the highest professional standards rather than a market-driven by aggregated self-interested customers, a hierarchical organization in which administrators are accountable to democratically elected officials as it is being practiced now, [12], [13]. To achieve its mission, the MHCLG must focus on how to create public value in such a way that what the populace of England cares about is effectively addressed and what is required by the public is implemented, rather than a situation where managers focus on managing input and output, politically mandated goals to satisfy customers, [14].

In recent years, significant changes have occurred in governance. Thus, the importance of value delivery has risen to the fore. There has been a transition from public administration to new public management (NPM) and public value management, [2]. The MHCLG must adapt rather than a check-the-box strategy to achieve its objectives. The department must provide high-quality service. Because of the current structure of MHCLG, public servants lack the necessary knowledge to provide public value. Furthermore, due to significant turnover among ministers and personnel, there is insufficient organizational expertise to objectively appraise data from other stakeholders. Individuals dealing with the government are also irritated because they must spend a significant amount of money and time teaching those supposed to control national housing policy. This churning of leadership inertia and lack of personnel causes inertia and stifles progress. They prevent the government from making long-term decisions needed to address the U.K.'s problems, [12]. The real estate market may be in shambles. They cannot comprehend the impact of their policies on residents or influence the achievement of the desired outcomes. It is necessary to reposition the ministry's personnel and management through training and capacity development to deliver public value.

2.3 Change, Its Implication and Network Governance

Governance changes routinely occur with market factors, employee turnover, and organizational productivity, [15]. However, when larger demographic changes occur, organizational governance also experiences a significant shift. In the case of the U.K. housing ministry, a significant change that has occurred in recent years can be the COVID-19 pandemic that affected demand and supply and Brexit, which led to variations in local laws. Based on Covid-19, [16], stated that national lockdowns have increased the U.K.'s housing prices...
and renovation costs, leading to changes in ministerial practices.

Conversely, Brexit has changed the U.K. housing market by decreasing investor numbers and higher demand for the buy-to-let market, [16]. To measure such governance changes, [17], suggests comprehending the changes in policymaking and implementation. For the U.K., no new policies have been formed after Brexit or Covid-19, instead implementation changes may be noted. These changes include shifts in employment rates that affect national income, with the closing of the European market affecting job availability in the UK, [11]. It can be stated that the U.K. housing ministry and the government have seen a governance shift in the past 2 (two) years, owing to Brexit enabling changes to regional transactions with the shift in socio-economic aspects of Britain due to Covid-19. However, such effects have been felt all around the globe.

Speculatively, additional issues with the U.K. housing market could be related to political disagreements, as the Prime Minister fired the Housing Secretary for improperly converting several building properties into Housing, which some people term political, [18]. It was particularly evident that the relationship between the MHCLG and many local councils was strained, which was cited as a factor in the conservatives' shocking by-election defeat in Buckinghamshire in June 2021. The Building Better Building Beautiful Commission report, which sought to make beauty a primary objective of the planning system, failed to garner the necessary support from the council and conservative MPs. This is an example of failure to practice network governance. Collaborative Housing is part of a paradigm shift in public participation exemplified by the recent resurgence of concepts such as "social innovation," community-led development, and co-production, [19]. In general, these types of housing are defined by a high level of user participation, the formation of reciprocal relationships, mutual assistance and solidarity, and various forms of crowd financing and management, [19], [20].

An important aspect that MHCLG is neglecting is the application of multi-level governance (MLG). MLG provides a more flexible form of governance in which authority is shared across various levels of government and non-state players such as international organisations, non-governmental organisations, community groups, and private businesses, [19]. In MLG governance systems, power is distributed upwards, downwards, and sideways among levels of government – local, regional, national, and supranational – and within domains and sectors, including states, markets, and civil society. As part of the process of democratic innovation, MLG systems offer new methods and opportunities for citizens and non-state actors to influence policy decisions on local, regional, national, and supranational levels. The lack of success of MHCLG is very glaring in its inability to steer the activities of all the stakeholders to provide the needed housing effectively. The ministry should have aligned and worked with the local governments and other actors in the sector to avert the housing crisis. MHCLG must collaborate with diverse stakeholders to gain access to knowledge and resources. Established housing providers across Europe are beginning to engage in these initiatives for a variety of reasons, including the desire to empower residents and local communities in which they operate and the desire to refresh their approaches through collaboration with and learning from grassroots actors, [21].

2.4 Communication, Information and Data-Driven Solutions within MHCLG

There is strong evidence of poor information flow from MHCLG to the local councils and other stakeholders. Ministers need to make contacts beyond their comfort zone. They must involve interest groups in the policy development process to broaden their options and promote evidence-based solutions that are more likely to address current housing issues. Governance by data alters the techniques of public value, [22], [23], [24]. Effective communication through data analysis would help MHCLG understand the housing needs, and aid good decisions, and circumstances in the country. For example, the average house price in the U.K. is currently 256,000 Euros, an increase of 8% over the previous year. Housing prices in the U.K. have increased significantly, particularly under Covid-19, as demand for livable homes has also increased, [4]. However, prices increased by 11.6% in Wales, 14.6% in Scotland, and 9% in Northern Ireland, [1]. In terms of government policy support, the U.K. has helped to buy focus, enabling the market to be stimulated to generate sales, [25]. However, such a policy does not address the issue of affordability, as [3], explained that stimulating housing demand increases the price range without improving supply rates. This pushes prices beyond the reach of the majority of the population.
According to [26], the criterion for housing policies can be based on working-class affordability, adequate demand, and government projects that meet supply. The study, [25], reports that supply has increased regularly in the U.K., but demand has resulted in skyrocketing prices. Also, universal content must be added to provide adequate information for the policy paper. The study, [27], collected data on the homes purchased for 200,000 euros in various European countries. Hungary has the highest affordability at 200 m², Italy at 85 m², and France at 50 m², while the U.K. has the lowest at less than 40 m². This reveals a severe problem in the U.K. housing sector, which ranks last in regional data comparisons. If the data above is put to use, it will help MHCLG know that there is a need to include individuals directly affected by the housing issue, notably renters, who make up a large percentage of households before, during, and after drafting housing policy. Many interest groups believe that consultations are typically held too late in the policy formulation process, limiting the potential for genuine engagement with consultees and risking becoming tokenistic activities.

### 2.5 Legislation and Planning Systems

Regulation can be considered as rules from the state or its representatives. When considered an intervention, there can be an emphasis on direct and indirect action. Incentives-based techniques include taxation, subsidisation, and the enforcement of transparency standards. It could refer to the complete package of policies to stabilize capitalism, [28], [29], define regulation as "all means of social control". Regulation can then be a government or private regulation. In the era of network governance, private regulation will be prominent, with the government steering activities of all players through its regulations, [7]. Housing policies cannot be divorced from a country's planning system. The U.K.'s planning legislation and system are extraordinarily rigid and classified according to fiscal centralisation. As a result, the setting's consequences can be seen as the housing supply becoming utterly unresponsive to changes in housing prices, resulting in a severe housing affordability crisis and a significant degree of urban containment and housing shortage, particularly for youth, [30]. MHCLG's housing policies, including social housing, right-to-buy, and help-to-buy, place a premium on stimulating housing demand but have failed to address the affordability crisis, as rising needs and demands have only pushed up prices without increasing housing supply, [4]. The identified challenges complicate matters for MHCLG in England by adversely affecting housing market policies. The preceding discussion demonstrates that England's housing market and policies reflect an inflexible planning system, the primary cause of the affordability crisis. The fiscal and planning systems are insufficiently incentivized to allow the residential establishment and are largely rigid, resulting in an inelastic local housing supply curve. Social Housing, Right-to-Buy, and Help-to-Buy policies waste taxpayer resources because they price out young buyers, driving up prices rather than supply. The planning system is the primary source of the problems, most notably the affordability crisis.

### 2.6 Challenge on the State of the Housing Market, Economic, Demographic, Cultural and Political Environment

Tenure is inextricably linked to housing market forces; factors such as customers' income, banks' willingness to lend, attitudes toward renting or buying entirely, and housing prices all significantly impact the shape of the housing market, [4]. Nonetheless, these factors have significantly impacted the efficiency, design, feasibility, and implementation of housing policy, posing challenges for MHCLG. Economically, the 2008 financial crisis's impact on cultural norms such as family living resulted in children moving out of their parents' homes earlier, significantly altering the nature and demand of the housing market, [4]. Regulatory constraints exist regarding the political environment, explaining why housing prices in the Northeast of England increased by 30% in 2015 after falling by 25% in 2008. Both cultural and political norms have altered the shape of the housing market, necessitating the creation of an affordable housing scheme by MHCLG. Also, by improving the appropriateness of policy application and the viability of increased house building, England's economy can substantially impact the constitution and magnitude of the housing supply, [2]. However, the demography has influenced the condition and magnitude of housing demand. There is a high proposition of households that spend over 40% of disposable income on housing, [4].

### 2.7 Response to Emerging Agenda in Public Administration and Governance

The MHCLG has developed a 'Planning for the Future' agenda to sustain and promote standardized
techniques for assessing housing needs. This includes disbursing the national target of 300,000 new houses per year to hold LPAs (Last Powers of Attorney) accountable for assigning land suitable for Housing, [4]. This is to put an end to the land supply constraining the development of sufficient housing. The agenda would include discussing the relative affordability of locations, the size of existing urban settlements, opportunities to better repurpose brownfields for housing, and practical limitations and constraints, [4]. As a result, the planning agenda is distinct from the existing ones for assessing various housing needs, including Social Housing, Right-to-Buy and Help-to-Buy.

3 Conducting a Comparative Study

Two frequently used approaches to conducting comparative studies are the block method (subject-by-subject) and alternating method (point-by-point), in which similar points between each subject are identified and writing about each of them alternates, [31]. This paper adopted the alternating because of its suitability and appropriateness. The purpose of this comparative study is to assess housing market trends and to learn from countries with similar markets that face similar challenges in determining what MHCLG can improve.

3.1 Comparative Analysis Perspective to Housing Challenges in England

3.1.1 Nature of the Current Housing Market and Its Issues

The major distinctions in tenure distribution across the OECD in Figure 1 efficiently demonstrate the issues that England has when compared with global evidence, [4].

Figure 1 shows that several Eastern European nations, for instance, Lithuania, have severely high levels of outright home ownership. Lithuania has a 'Lithuanian Housing Strategy' policy by its Housing and Urban Development Agency (HUDA), [32]. The main challenge for these nations is the declining quality of the financial ability of low-income residents to invest in renovations/repairs and their housing stock. Despite these homeownership levels, the amount of individuals who spend above 40% of their income on housing is very close in England and Lithuania, however, for distinct causes, [33]. Other nations, including Switzerland and Germany, have diverse markets and scales, with a solid amount of private rental tenures, [4]. Given such a different range of housing markets, one nation's effective housing policy interventions cannot be assumed to achieve similar success in another nation. However, consequences or implications can be evaluated for learning lessons.

![Fig. 1: Distribution of Housing Tenure 2014. Source: [4]](image)

3.1.2 Cultural Norms and Political Environment

In countries such as Greece and Italy, youth are significantly less likely to move out of their parents' houses. This shifts the nature and proportion of housing market needs, [2]. As of 2014, young people between the ages of 15 to 29 years old were living with their parents in Italy, making up a figure of 81% in comparison to 52% in the U.K., [4]. Also, political norms are very diverse in different countries, focusing on developing more long-term rental markets, for example, in Germany, 55% of individuals prefer to rent instead of facing a current uprise in home-purchasing, whereas, in the U.K., 86% of individuals decide to purchase when they have a free choice, [33].

3.1.3 Demographic and Economic Trends

Figure 2 depicts individuals in the bottom quintile of income distribution that pay from their disposable income on total housing cost. The main bar highlights those in the private rented sector, while other tenures such as outright owners are overlaid on this bar. 25% of outright owners in the bottom quintile spend above 40% of disposable income on housing compared to 90% of private renters in the same quintile, [4].
Both graphs taken together with those of other countries demonstrate the housing cost that places a significant burden upon households globally and in several Western European nations. The median costs of housing are high, reaching renters as compared to those who own a mortgage, relative to incomes of households. From the global comparison, it can be seen that housing costs in the UK are relatively higher and affordability is an issue for renters in particular, however, for low-income classes who own a mortgage. Thus, the UK experiences a certain affordability issue in comparison to other nations.

3.1.4 Legislation and Planning Systems

European countries employ a zoning system that allows for less flexibility and discretion in planning decisions but provides greater upfront predictability and certainty than the United Kingdom. Given the disparate legislative planning systems and frameworks, the application of seemingly similar housing policies in the UK, France, Spain, and Ireland can be quite different, [4], due to the zoning system adopted by the EU. For example, the Housing First framework’s policies and programmes have been widely implemented in Western Europe and North America, particularly Spain, Belgium, and the United States. In contrast, Canada, France, Denmark, and Finland, view the framework as a tool for reducing national homelessness, [34]. Conversely, England is evaluating the framework as part of a broader strategy to address homelessness. It has committed £28 million to a pilot programme for rough sleepers called Housing First, [6].

The Swiss Federal Office for Housing (FOH) has implemented two policies, the Second Home Initiative and rent control, which have resulted in significant benefits for renters, including protection against abusive evictions and moderate price increases, [35]. However, policies have immobilised households, and there is an increasing demand for housing near or within large urban areas, driven by solid immigration inflows. Nonetheless, because the country has a fiscally decentralised system that rewards municipalities to attract new residents, the supply of local housing is feasible, and contributes to a moderate rent increase in the face of massive demand shocks, [4]. One could argue that the implementation of housing policies is contingent upon the regulatory and fiscal frameworks that exist in local housing markets. Policies such as Help-to-Buy in the United Kingdom, previously discussed, are doomed to fail in markets with limited supply or regulation.

Other countries’ housing policies vary, as do their housing markets. As a result, the implications for their policies and overall efficiency are distinct when separated from the market context. Market
forces, however, including tenure distribution, have a sizable impact on housing policies. Nonetheless, the experience of other countries indicates that a variety of policies and market peculiarities can serve as a source of inspiration for England. This is about replicating what has worked in global markets by adopting sufficiently similar policies to the English market.

4 Conclusion
The United Kingdom’s statistics as it relates to housing are unimpressive when compared to those of its counterpart countries. The MHCLG whose primary responsibility is to manage and deal with housing issues in the country lags in providing prompt responses to current emerging political, economic and other changes that alter the housing market. These deficiencies stem from a lack of individual inclusion in its policy development which leads to the formulation of one-sided and inflexible policies that stimulate housing demand without addressing affordability issues. Furthermore, the negligence of the Ministry in the adoption of multi-level governance has hampered its ability to steer the activities of all stakeholders to provide the needed housing effectively. England needs to restructure the MHCLG in line with changing policy agenda and global governance to meet the needs of the populace, improve its housing policies, and identify stimuli for what can succeed in its market.

References:


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