

B B C Briefing: Housing



“The strength of a nation derives
from the integrity of the home”

Confucius

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BBC Briefing - Housing

Part 1/10

The UK's Housing Crisis

The UK is experiencing what many describe as a housing crisis. Millions of households are living in sub-standard or overcrowded conditions. Many are on local council waiting lists. Some individuals are sleeping rough. House prices and rentals are becoming unaffordable for many. Today's young are living at home for longer, and some are struggling to buy a home.

At the same time, we are building fewer homes than in many periods in the past.

What can be done to resolve Britain's housing crisis? BBC Briefing assesses the evidence and the options.

There are 320,000 homeless people in the UK

The scale of homelessness in the UK

- Homelessness affects 140,000 families, including an estimated 120,000 adults and 200,000 children
- The number of people sleeping rough – more than 5,000 - has almost tripled since 2010
- Most homeless people are not living on the street but in temporary accommodation or shelters, or are sleeping on friends' sofas
- In England, 85,000 households are in temporary accommodation, such as short-term private rentals; temporary social housing stock; and B&Bs and hostels - with an additional 10,000 on the waiting list for such accommodation
- The rate of homelessness is significantly greater in Northern Ireland than in the rest of the UK



Source: [Office for National Statistics \(ONS\)](#), [Shelter](#), [Crisis BBC News Reality Check - "How many people sleep rough in England and how are they counted?"](#)

More than one million UK households are on council-housing waiting lists

Waiting lists

- In April 2018, there were 1.11 million households on English local authority waiting lists, down from a peak of just over 1.8 million in 2012
- These are low-income households who are eligible for accommodation provided by councils or in homes managed by housing associations – sometimes (but not always) not-for-profit bodies, which are subsidised and regulated by the relevant government
- However, the stock of social housing has declined substantially in recent decades

Note: There are some limitations with waiting lists as a measure of need. Some people register in more than one place; local criteria vary; there may be some double-counting; and some people stay on the list even if their needs have been met elsewhere



1960s flats in Leeds

More than four million people in the UK live in sub-standard or inappropriate accommodation

Categories of sub-standard housing

- **“Non-decent”**: A home is defined as “non-decent” when it is not in a reasonable state of repair, does not have reasonably modern facilities and services, or has ineffective insulation or heating
 - According to the English Housing Survey, 4.3 million households in England were living in “non-decent” homes in 2018 - about one-sixth of all households
- **Unfit for human habitation**: Housing charity Shelter estimates that around one million homes in England, affecting 2.5 million people, are unfit for human habitation
 - These are homes that under a government rating system pose “a serious and immediate risk to a person’s health and safety”. This can include structural weakness, dampness, pest infestations, or fire hazards
- **Overcrowding**: On average, an annual 788,000 of the 23 million households in England were estimated to be overcrowded in the period between 2016 and 2019
- **“Inappropriate” housing**: This category includes council tenants housed, for example, in unsuitable converted office blocks, or elderly residents in homes that do not meet, for example, their mobility needs. Research by Heriot-Watt University found that 326,000 households in Great Britain lived in such conditions

Many households would like their own homes but cannot afford either to buy or rent

The 'hidden households'

- People who cannot afford to own or rent – the so-called hidden households – include:
 - young adults who are still living at home with their parents
 - 27% of 20-34-year-olds are still at home
 - this category of 20-34-year-olds increased by one million between 1999 and 2019
 - couples living with other family, such as in-laws
 - couples who have divorced but are forced to keep living together because they cannot afford to live apart
 - young adults sharing with groups of other young adults
 - families sharing a dwelling with other families (multiple occupancy)
- In 2018 the average age of a first-time-buyer was 30 – only a slight increase on 40 years ago partly because poorer people, who are unlikely to get on the property ladder, are not reflected in the figures
- The problem of hidden households is largely driven by unaffordable housing: house prices relative to income have nearly doubled since 1978
- Rent prices are high compared with incomes in most regions of England

There are significant variations in the price of housing and rentals across the UK

Determinants of regional variations

- Both property and rental prices are much higher in London and south-east England than in other parts of the UK
 - As a result, young Londoners seeking to own their first home are at a significant disadvantage compared with first-time buyers elsewhere in the UK
- Population density and local economic performance are critical to determining property prices: urban prices are generally higher, though there are big variations between towns and cities
 - Edinburgh's property prices, for example, are significantly higher than Glasgow's - reflecting the different economic conditions in the two cities
 - Similarly, property prices in Manchester are higher than in nearby Liverpool



Woman looking at properties in an estate agent's window





BBC Briefing - Housing

Part 2/10

Britain's Housing Heritage

How have history, innovation and government intervention affected the nature and ownership of the UK's housing stock?

And how do we compare with other European countries?



“A man's house is his castle”

The Institutes of the Lawes of
England, Sir Edward Coke, 1628

Industrial change had a profound impact on the development of Britain's cities and housing stock

Long-term trends and their effects on housing needs

- Pre-1800: The Industrial Revolution
 - Millions left rural areas and moved into towns and cities
- 1800-1900: The Victorian Transformation
 - Rising earnings and better health led to a population explosion: from 11 million in 1800 to 37 million in 1900
 - However, population growth soon outstripped housing supply: the result was overcrowded tenements and slums in many of our major cities
 - In the late 1800s, a new burgeoning middle class looked for ways of escaping from crowded urban centres, and began moving to leafy outer-city areas - "the suburbs"



Wentworth Street, Whitechapel, 1870s



LS Lowry's 'Going to Work'

Crowded urban conditions encouraged social reformers to campaign for green spaces and better housing for the urban poor

Octavia Hill

- Octavia Hill was a campaigning social reformer in the late 19th and early 20th Century
- She was a driving force behind the idea that people in cities needed access to green spaces
- She helped to save Hampstead Heath and Parliament Fields in north London from being built on, and to preserve them for the enjoyment of Londoners
- She was one of the three founding members in 1895 of the National Trust, a body set up to preserve places of historic interest or outstanding beauty for the British public
- Octavia Hill was also a champion of social housing for the urban poor
- She started a number of housing projects for the London poor and spawned similar projects by others, both in the UK and abroad












Octavia Hill painted by John Singer Sargent, 1898

Rapid expansion of London's Tube network in the second half of the 19th Century powered suburban growth in south-east England

The London Underground in 1906



London's Tube network

- The evolution of the London Underground system closely mirrors the development of outer-London suburbs in the late 19th and early 20th Centuries
- | | |
|---|--------------------------------|
|  | Metropolitan 1863 |
|  | Hammersmith & City 1864 |
|  | District 1868 |
|  | Circle 1871 |
|  | Northern 1890 |
|  | Waterloo & City 1898 |
|  | Central 1900 |
|  | Bakerloo 1906 |
|  | Piccadilly 1906 |
- Overground rail networks had a similar impact in South London and in other UK cities

Rising affluence in the 20th Century created demand for new kinds of housing

The rise of suburbia and the new “garden cities”

- The 20th Century saw a huge expansion of new housing in the suburbs in response to middle-class aspirations
- The advocacy of town planner Sir Ebenezer Howard, who started the garden-city movement, led to new “garden suburbs” being built. Letchworth, in 1903, was the world’s first “garden city”
 - A home with its own garden was a key attraction
 - Letchworth boasted the UK’s first roundabout (1909)
- A housing brochure from the 1920s proclaimed:
“It's the trees, the fairy dingles, and a hundred and one things in which dame nature's fingers have lingered long in setting out this beautiful array of wooden slope, trout stream, meadow and hill top sites”



The garden city of Letchworth

Other UK cities responded to the challenges of industrialisation in a range of ways

Suburban developments



Bournville

- Bournville is a model village, on the south side of Birmingham
- The Cadbury brothers built the tree-lined village for workers at their chocolate factory when it expanded on to a green field site
- The village had railway links to Birmingham and schools and sports facilities



Helensburgh

- The coastal town of Helensburgh, 30 miles from Glasgow, developed rapidly in the late 19th and early 20th Centuries as a suburban escape from the slums of the city
- Hill House in the town (pictured above), designed by architect Charles Rennie Mackintosh, is famous for its art deco interior

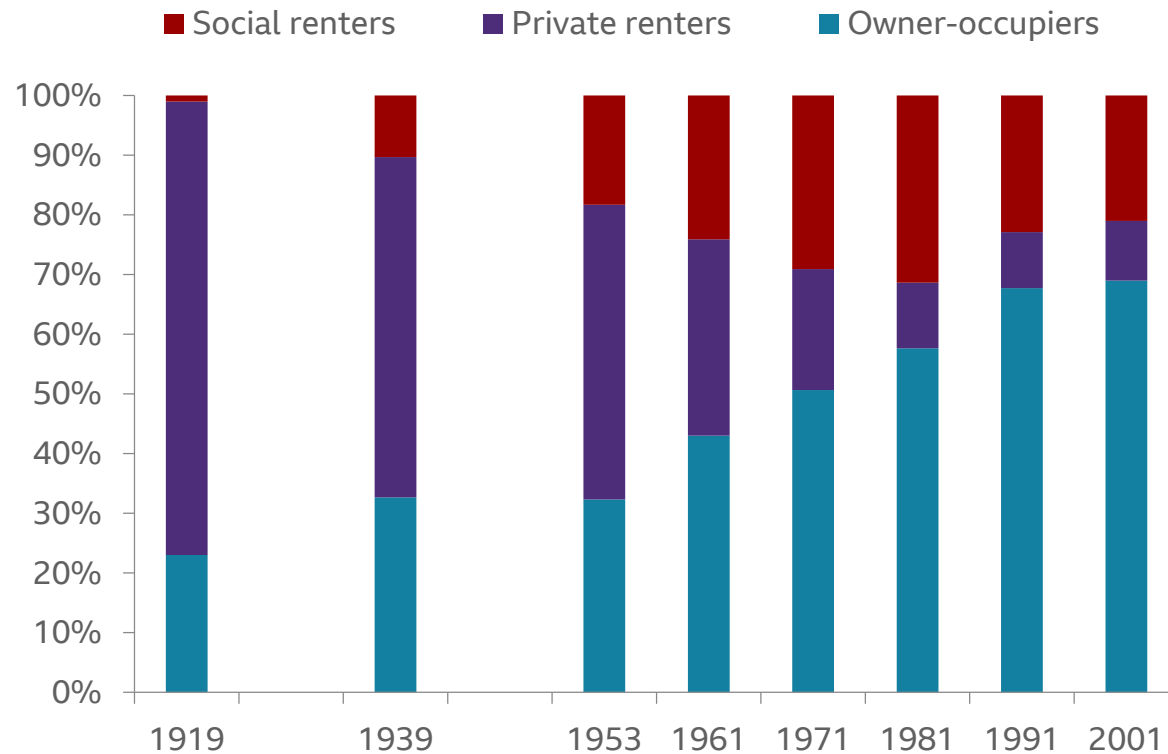


Didsbury

- The leafy suburb of Didsbury developed once it was connected in 1880 by the Midland Railway Line to Manchester, as part of the Victorians' expansion of the city
- Didsbury includes the 21-acre Fletcher Moss botanical gardens

Home ownership in England and Wales rose throughout the 20th Century

Proportion of households by tenure, England and Wales, 1918 to 2001



Increases in owner occupation

- Home ownership rose consistently throughout the 20th Century
- In 1918, only 23% of British people owned their own home: most people not owning a home lived in private rented accommodation
- During the 1930s, the suburbs mushroomed - with an average of 300,000 new homes built every year
- By the end of the 20th Century, home ownership had risen to almost 70%, and private rental had fallen to around 10%
- The decline of private renting over the 20th Century was the result of the increased availability of mortgage-financed owner occupation and the rise of social housing

Source: [UK Government \(Gov.uk\)](https://www.gov.uk)

The development of a pioneering British institution – the building society – helped fuel 20th-Century home ownership

The evolution of the building society

- The building society is a British institution. Similar bodies evolved in other countries but the UK institution led the way
- A building society is an organisation owned by members who contribute their savings and who can borrow from the collective pool. It is thus known as a mutual society
- The first building societies in the UK started in Birmingham in the 18th Century; hundreds sprang up over time until virtually every British town and city had its own
- Building societies specialised in providing long-term mortgages to its members, and thus enabled millions of British people to buy their own home
- From 1989 onwards building societies were allowed to demutualise, which meant they could become normal limited companies, like banks
- Most have now demutualised, closed down or been absorbed
- In January 2020 there were 43 building societies in operation. Nationwide Building Society remains the largest building society in the world, with more than 15 million members



Building societies are a common sight on Britain's High Streets

In the first half of the 20th Century, social housing evolved to provide for those unable to afford private accommodation

The rise of social housing

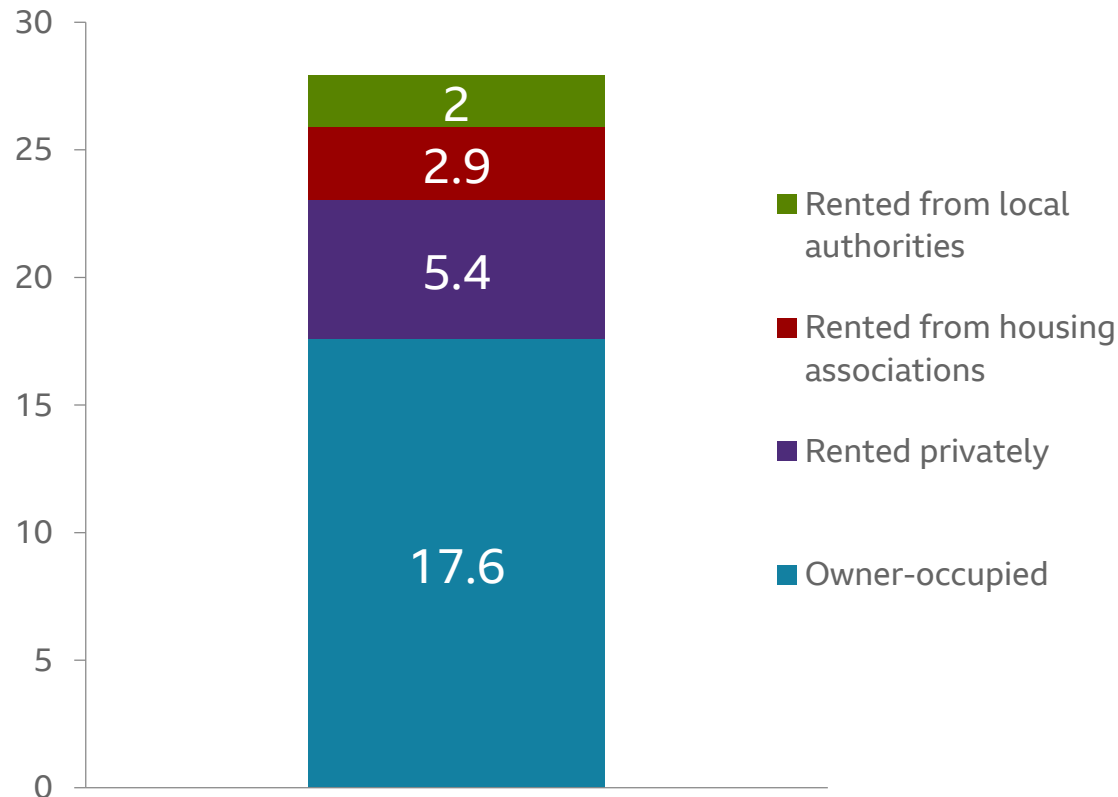
- In the late 19th Century, the housing needs of the urban poor were met mainly by philanthropists, charities and the Church
- From 1919, the government, began to build homes for soldiers returning from World War One. This was popularly referred to as “Homes Fit for Heroes”
- This development marked the effective beginning of council housing, aimed at providing homes for those who could not afford private rentals or to buy their own
- Extensive slum clearance in the 1930s made way for more council house building - half a million council homes by 1933
- The provision of council housing was further extended after World War Two when bomb-damaged properties had to be replaced and further slum clearances were undertaken: 1.5 million council homes were built in the decade from 1945
- Modernisation of high-rise building techniques allowed more people to be housed in flats
- Council housebuilding peaked under the Conservatives in 1953, when 220,000 new social homes were built



Housing estate in Poplar, east London

Most homes are now owner-occupied and little more than a third rented

Number of dwellings by tenure, millions (2017)



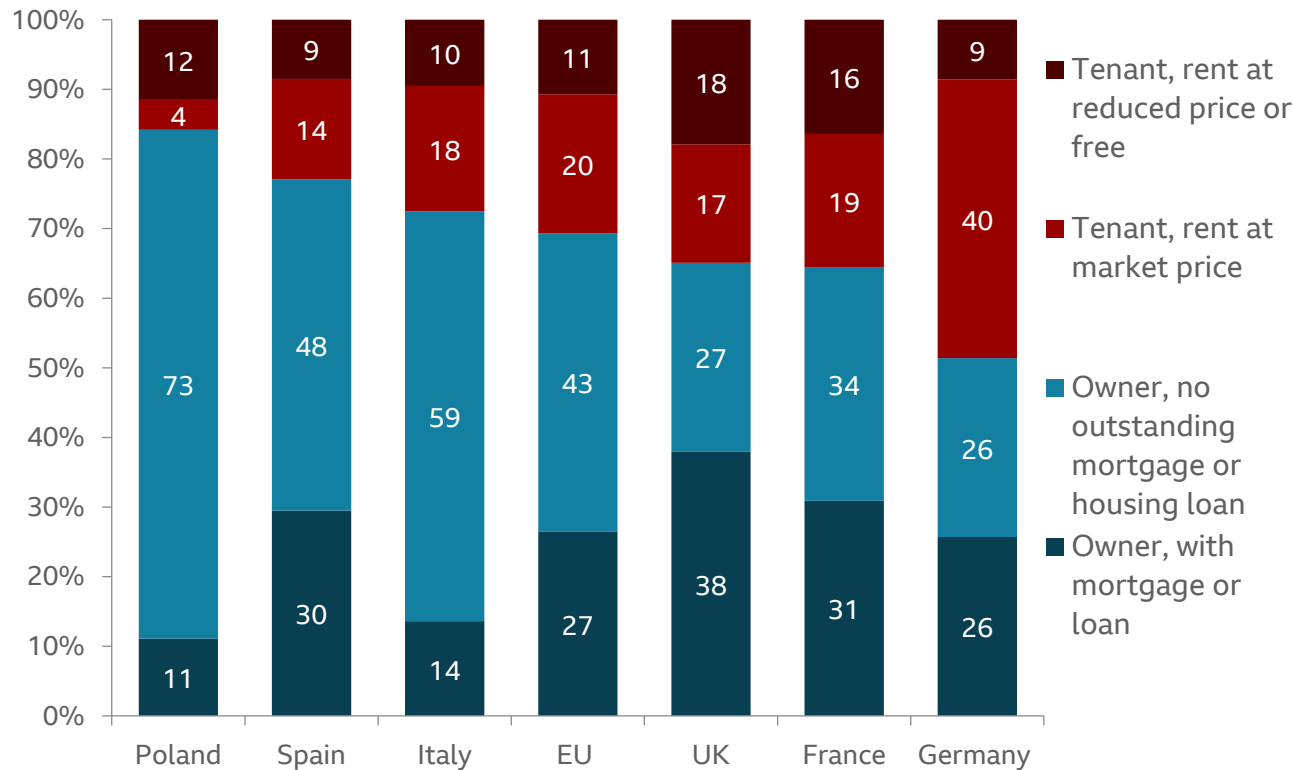
Dwellings by tenure

- The majority of homes in Great Britain, almost two-thirds, are owner-occupied
- The remainder are rented, with ownership split between the public and the private sectors. The private sector is now almost twice the size of the public sector
- A small number of dwellings - 56,000 - are other public sector homes, including nursing homes and army barracks

Source: [UK Government \(Gov.uk\)](https://www.gov.uk)

The level of home ownership in the UK is close to the average for the EU

Population distribution by tenure status 2016



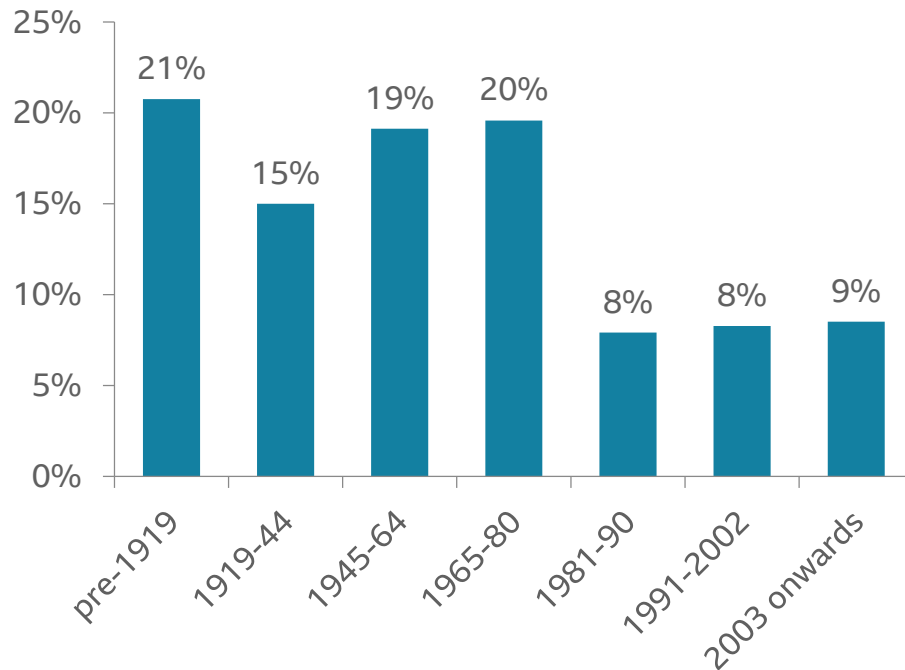
EU patterns of home ownership

- Many EU countries have higher owner occupancy than the UK because of lower property prices, and in some cases because of relatively undeveloped rental markets
- The UK has a higher-than-average proportion of owners who bought their properties with a mortgage or loan
- The home ownership rate in France is virtually the same as the UK's.
- Germany's is lower, but because of differences in tenure status, private renters have similar levels of security to social tenants in the UK

Source: [Eurostat](#)

The UK's housing stock is the oldest in Europe

When were England's homes built?



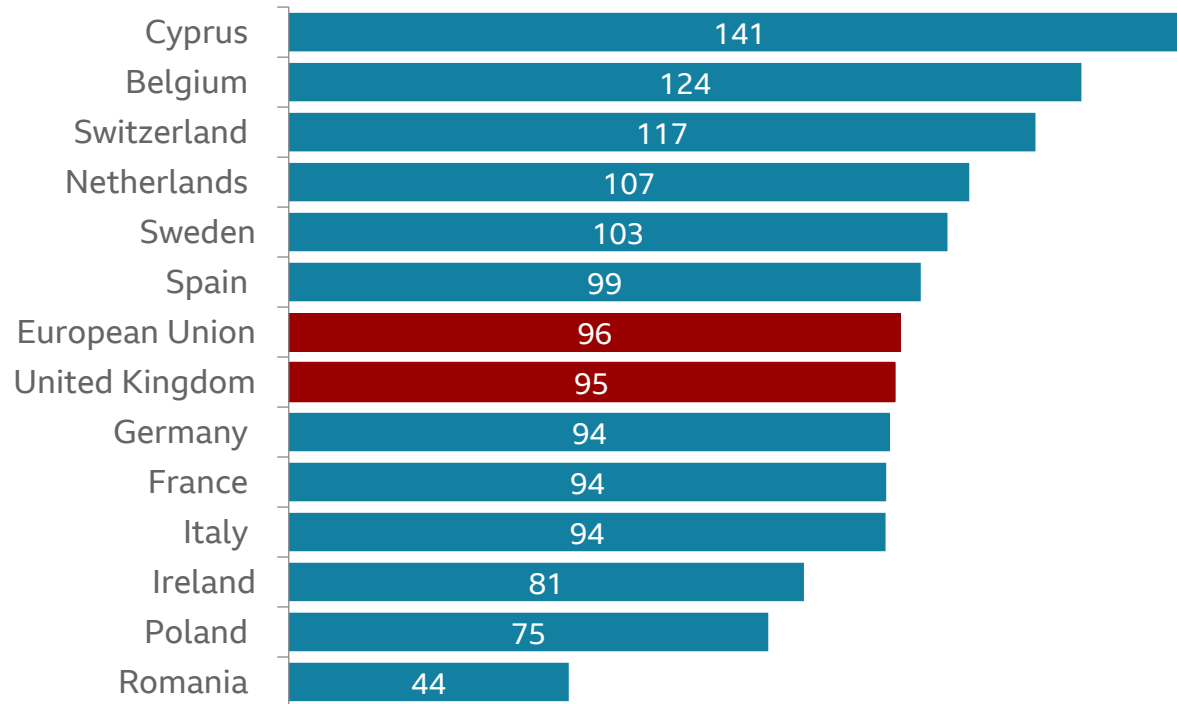
Age characteristics of the housing stock across the UK

- Compared with other European countries, the UK:
 - has the largest proportion of homes built before 1970
 - and the second-highest proportion built before 1919
- Northern Ireland has the newest housing stock of the four nations:
 - only 10% of its dwellings were built before 1919, compared with 21% in England and Scotland, and 26% in Wales
- Older housing stock is more likely to:
 - cause health hazards
 - have higher maintenance costs
 - be less energy-efficient, leading to higher energy bills for occupants and more environmental damage

Source: [Eurostat](#), [Welsh Housing Conditions Survey](#), [Scottish Housing Survey](#), [English Housing Survey](#), [Northern Ireland housing conditions survey](#)

The size of UK homes is close to the European average

Average dwelling sizes in selected European countries, sq m

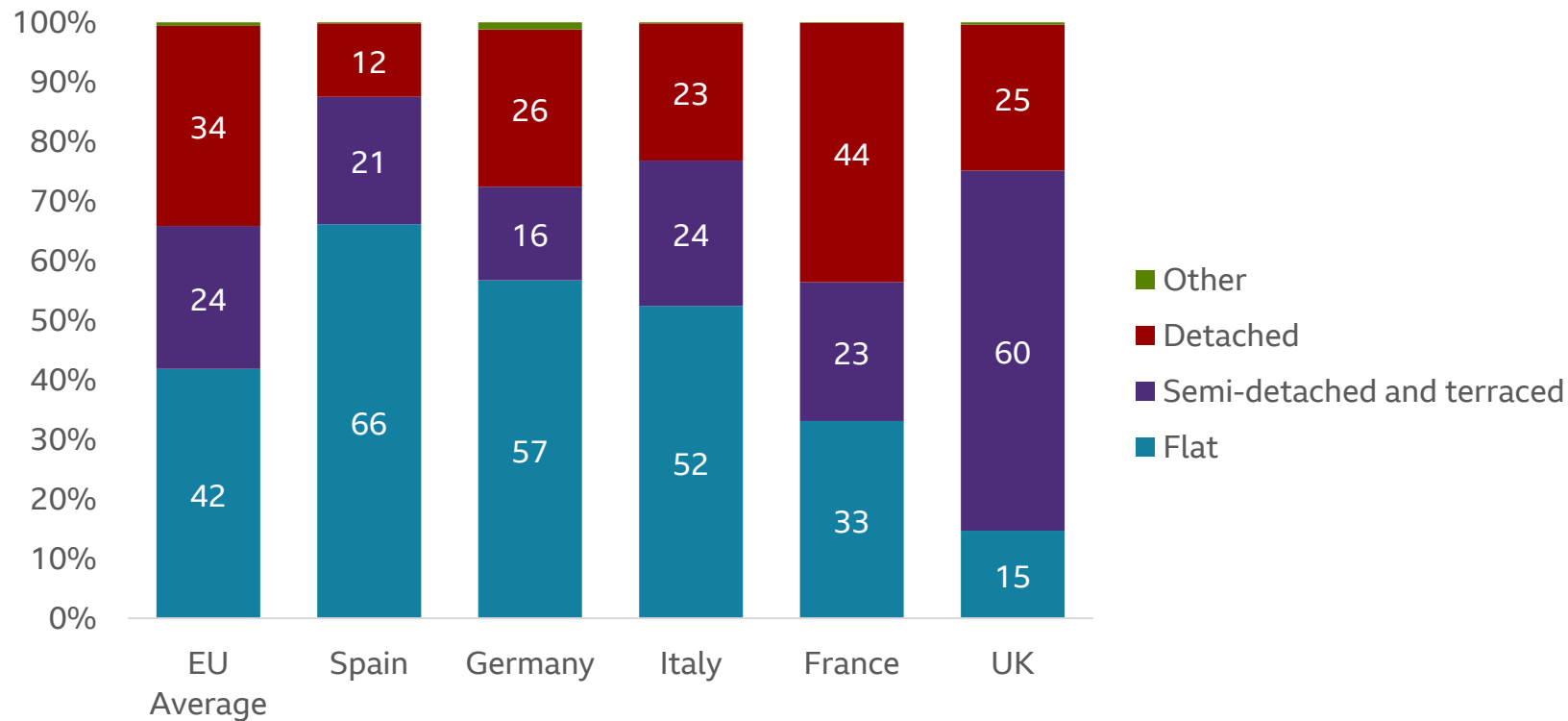


Average dwelling size

- The larger European countries (Germany, France, Italy and Spain, along with the UK) all have similar sizes of dwelling
- The Eastern European countries have significantly smaller homes
- Romania's homes are less than half the size of the European average

Semi-detached and terraced houses are the staple of the UK housing stock

Population distribution by type of dwelling, 2017



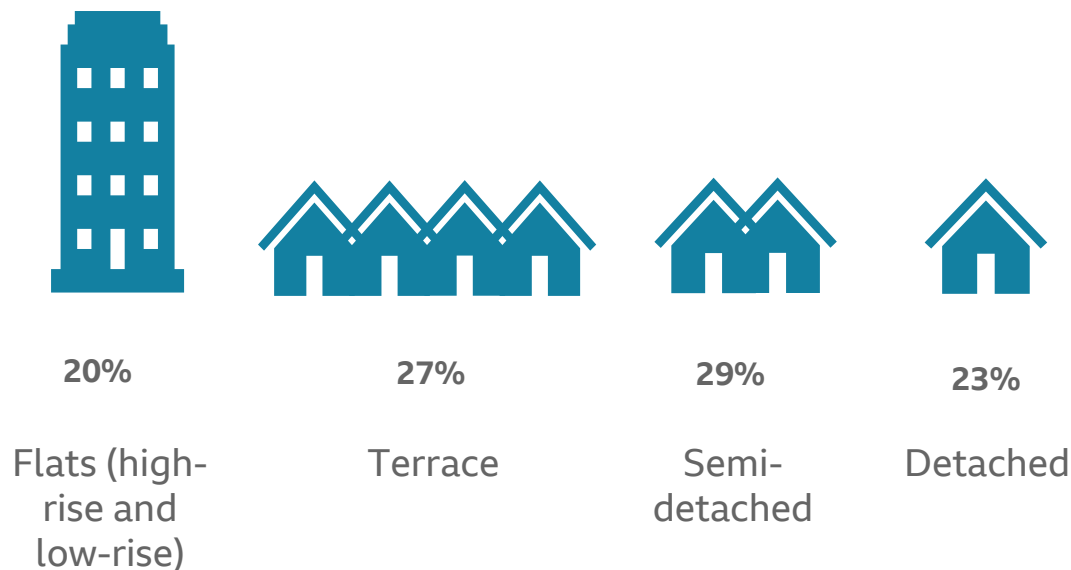
Types of dwelling by country

- The UK has a far larger proportion of semi-detached and terraced housing than the EU average
- The UK is one of only three countries in Europe where more than half of residents are living in a semi-detached or terraced house - the others being the Netherlands and Ireland

Source: [Eurostat](https://ec.europa.eu/eurostat)

The UK has a very low proportion of flats compared with other European countries

UK housing stock by type, 2017



The number of flats

- Houses account for 80% of the UK's housing stock and flats just 20%
- 42% of EU citizens lived in flats in 2016 - more than double the percentage in the UK
- Scotland has the highest proportion of flats in the UK, with 36%
 - This is largely due to the prominence of tenements in Scotland, which make up 23% of the housing stock

Source: [UK Housing Review](#), [NI House Conditions Survey \(HCS\) 2016](#)

Summary

Britain's Housing Heritage

The Industrial Revolution helped drive the development of Britain's cities and towns. Poor living conditions prompted slum clearance and encouraged governments to build social housing. The spread of the railway network boosted more suburban living. The arrival of the building society led to high levels of home ownership.

Britain's legacy in the 21st Century is the oldest housing stock in Europe, and by far the largest proportion of people in Europe living in houses as opposed to flats.





BBC Briefing - Housing

Part 3/10

Homelessness

How many families, children and lone individuals in the UK have no home of their own and are living in temporary accommodation or sleeping rough? And why?



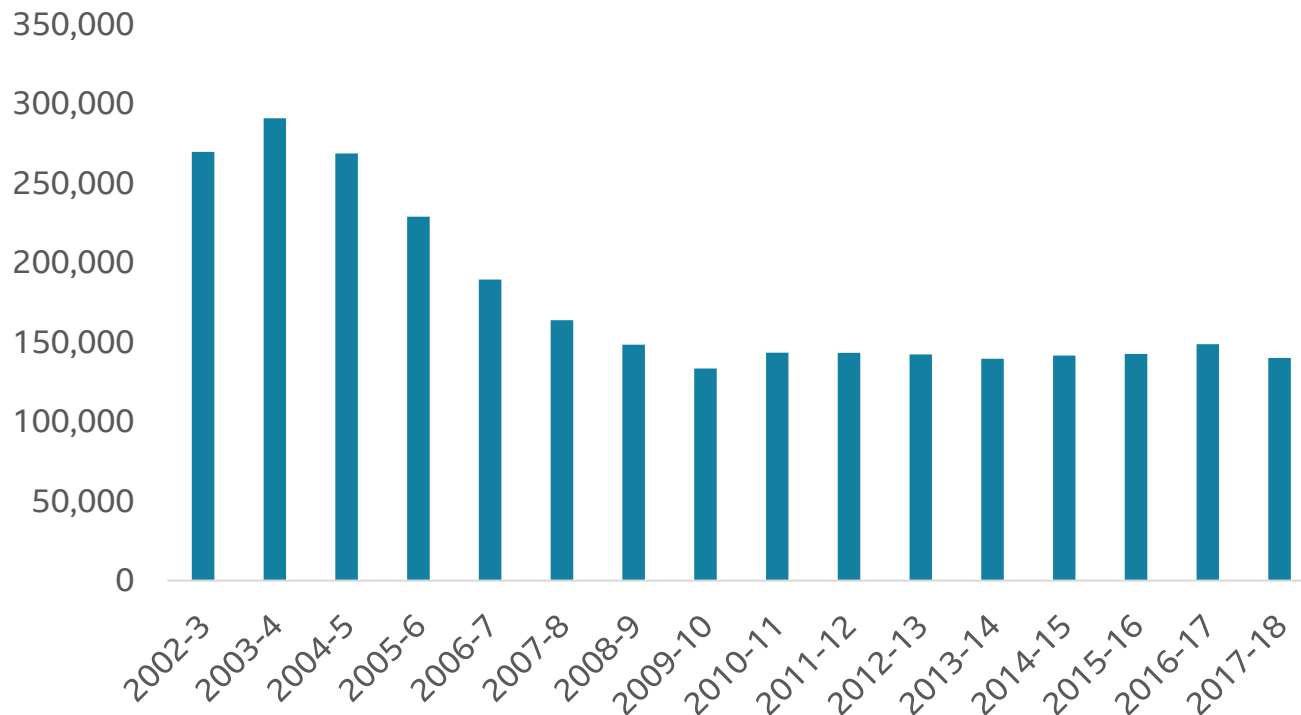
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“This Christmas as many as 25,000 young people will be at risk of homelessness. And remember this: behind that appalling statistic is a human being not much older than many of our children and grandchildren who is alone, frightened and confronted with impossible choices. The scale of youth homelessness...is shameful.”

Prince William, 2016

There are 140,000 families officially deemed homeless in the UK

Number of officially homeless households, UK, 2002-2018



Homelessness

- Homelessness peaked in 2003-04 at 291,000 households but reduced rapidly in the following five years
- The main reasons for this rapid reduction were:
 - an improving economic environment
 - high expenditure from the Labour government on helping people back to independent living
- Since the financial crisis of 2008, homelessness has remained fairly constant at an average of around 140,000 households, representing some 320,000 people
- This figure does not include types of homelessness that are not officially recorded, such as people sofa surfing with friends

Source: [Shelter](#), [UK Government \(Gov.uk\)](#), [Gov.scot](#), [Gov.wales](#)

Homelessness is not confined to people living on the streets

UK housing charity Shelter's definition of homelessness

- Staying with friends or family
- Staying in a hostel, night shelter or B&B
- Squatting (because there is no legal right to stay)
- At risk of violence or abuse in the home
- Living in poor conditions that affect health
- Living apart from family because there is no place to live together



Many homeless families in the UK are living in temporary accommodation



Mary Smith

- Mary Smith lives in temporary accommodation in Watford with her three sons
- She struggled to hold on to her job in a shoe shop because of her housing situation
- "We've lived in three different places in two years, and it's been really tough on the children."



Carly Stutter and her children

- Carly Stutter, 30, from Croydon, has been living in hostels and B&Bs for more than two years with three children aged six, 10 and 11
- Miss Stutter shares a bed with Archie, her six-year-old son, and says she turns everything off and lies in the dark at about 8.30pm so the children can sleep
- They left their privately rented home after the landlord put up the rent from £1,200 to £1,500 a month, which Miss Stutter could not afford

More than 200,000 children in England are officially deemed to be homeless

Child homelessness

In August 2019, the children's commissioner for England said more than 210,000 children in England were estimated to be homeless:

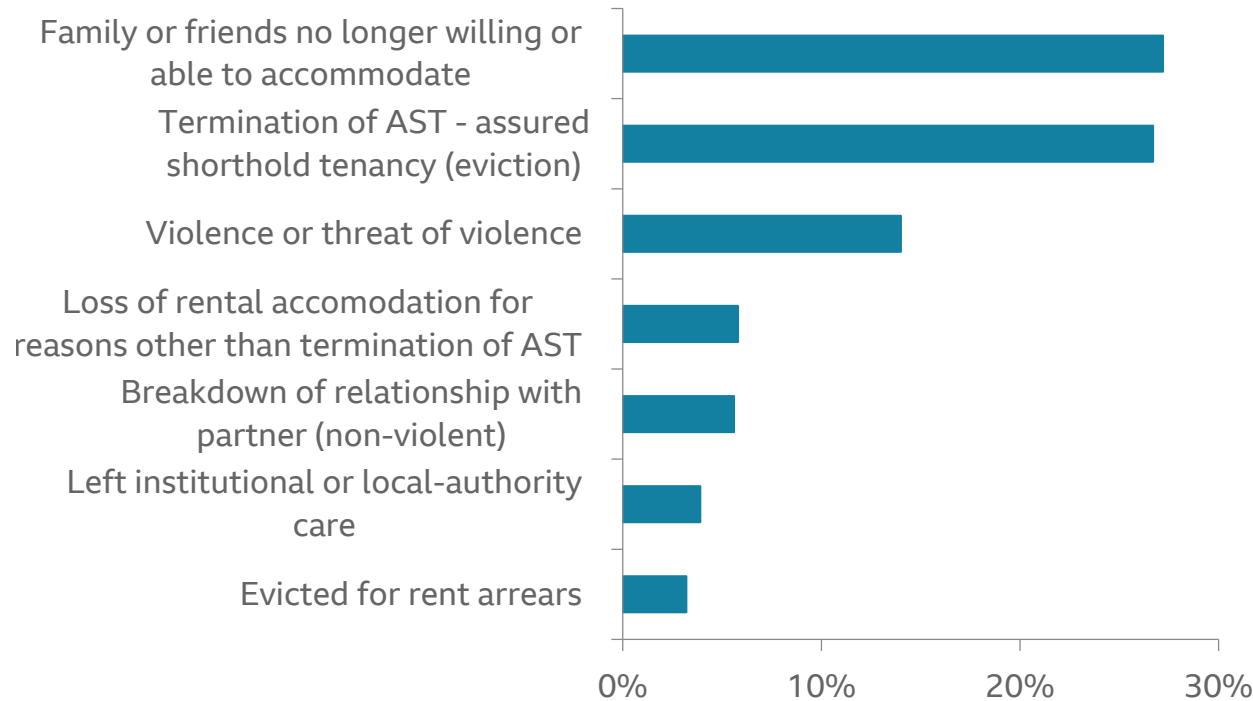
- 120,000 are deemed officially homeless, and are living in temporary accommodation
- 90,000 are “sofa-surfing” with family or friends
- Of the 120,000 children in temporary accommodation in 2017:
 - 51,000 had been in the accommodation for more than six months
 - 6,000 had been living in temporary accommodation for more than a year



Bristol, Cardiff and London are among the cities where shipping containers are used to house homeless people, including families with children

There are many causes of homelessness

Reasons for homelessness (%), England
Q3 2017- Q1 2018



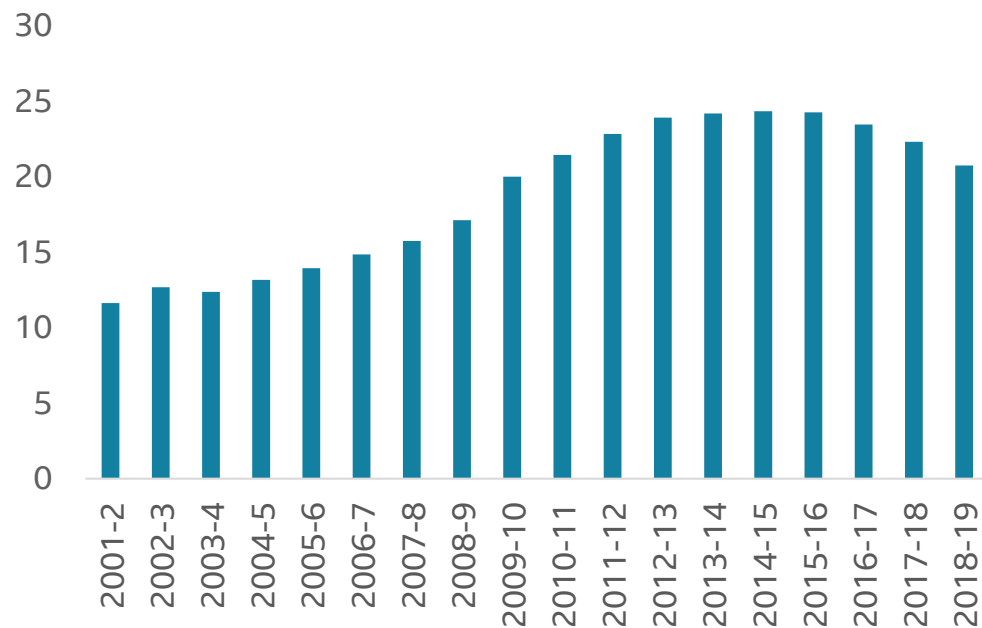
The causes of homelessness

- The most immediate causes of homelessness are:
 - being asked to leave by friends or family
 - domestic violence or breakups
 - being evicted by a landlord
 - leaving prison or other institutions with no home to go to
- Common reasons for eviction by a landlord are:
 - lease violation
 - rent arrears
 - property damage
- In all these situations, inability to pay, mental health and drug or alcohol addiction can be contributory factors

Source: [Office for National Statistics \(ONS\)](https://www.ons.gov.uk/peoplepopulationandcommunity/housing/homelessness)

Continuing homelessness since the financial crisis may in part be due to changes in public policy

Housing benefit expenditure totals for countries and regions of Great Britain (£bn)



Some of the public policy shifts since 2008

- Since 2013, after three decades of growth, housing benefit has been flat or falling. Reductions or delays in benefit payments may contribute to evictions and rent arrears
- Councils, affected by public spending cuts, have also reduced investment in activities relating to homelessness - from nearly £3bn in 2008 to just over £2bn in 2017
- Due to Right to Buy and low levels of social housebuilding, the number of social homes currently available is very low
 - The proportion of the available homes that are allocated to the homeless is also now slightly lower (23%) than it was before the 2008 recession (26%)
 - As a result, 18,000 fewer social homes were provided to the homeless in 2017-18 than 10 years previously

Source: [UK Government \(Gov.uk\)](https://www.gov.uk), [Crisis](#)

Homelessness is far higher in London than in the rest of England

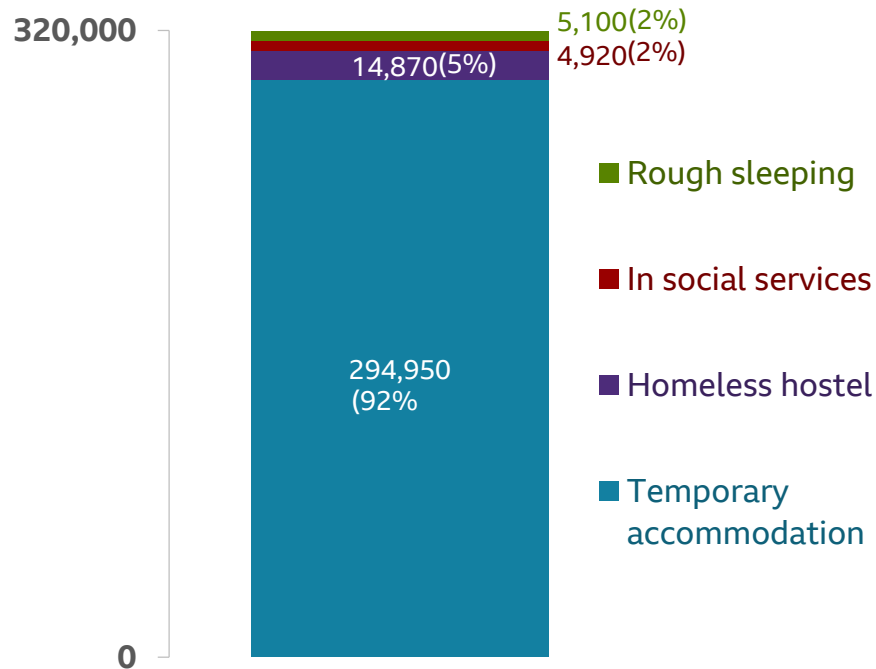
Region	Homelessness rate
London	1 in 53
West Midlands	1 in 246
East	1 in 306
South East	1 in 307
South West	1 in 522
East Midlands	1 in 655
North West	1 in 681
Yorkshire and the Humber	1 in 962
North East	1 in 1163

Homelessness around the UK

- In London as a whole, the rate of homelessness is one in 53 people, high compared with the next highest regional rate, of one in 246 in the West Midlands
- According to Crisis, a national charity for homeless people, Newham in east London is the worst area for homelessness in the UK: an estimated one in 24 people are homeless
- In some other major cities such as Newcastle (one in 1,168) and Leeds (one in 8,794) the homeless rates are significantly lower
- Although direct comparisons are difficult, estimates suggest that homelessness is worst in Northern Ireland, with around one in 40 individuals identified as officially homeless by the Northern Ireland Housing Executive

Of the 320,000 homeless people in the UK, just over 5,000 are rough-sleepers

Composition of the official homeless population, UK

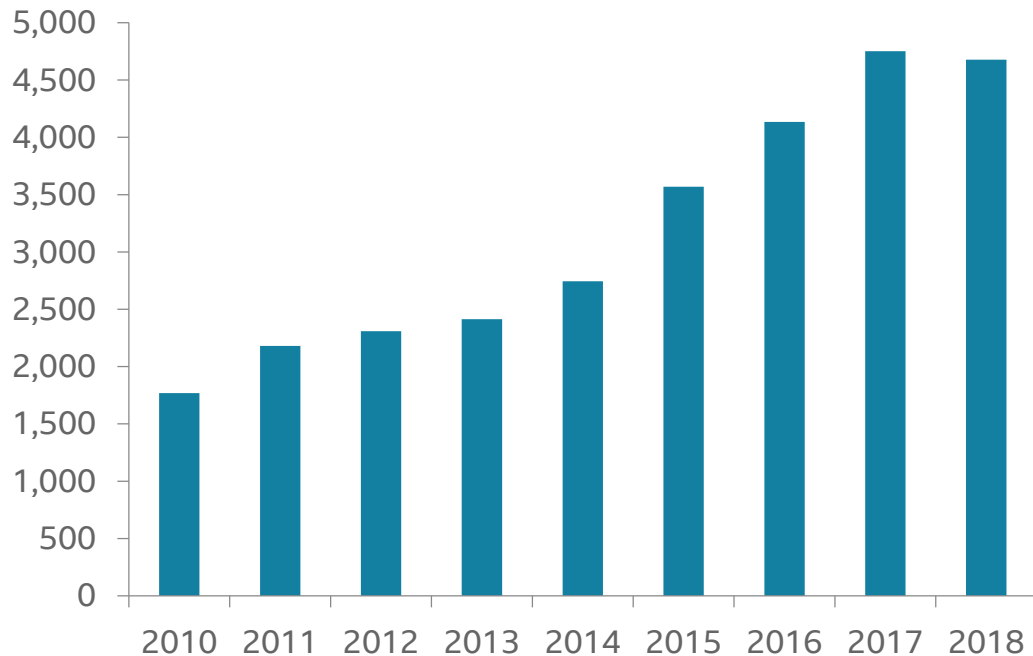


Rough sleeping

- 92% of all homeless people are housed in temporary accommodation, around 5% in homeless hostels and the remainder are in social-services accommodation or sleeping rough
- Official homeless statistics do not include those who are sofa surfing
- Rough-sleeping is defined by the government as “people sleeping, or bedded down, in the open air; people in buildings or other places not designed for habitation”
- There are many possible causes of rough-sleeping, including family conflict, mental-health problems, financial difficulties and substance misuse
 - These issues sometimes mean rough-sleepers cannot obtain access to temporary accommodation
 - Foreign nationals and asylum seekers sleeping rough may not be eligible for public funds and facilities, thus exacerbating their problems

The number of rough-sleepers in England and Wales has more than doubled since 2010

Number of people sleeping rough, snapshot, England and Wales



Rough-sleeping trends

- The number of rough-sleepers recorded in official figures in England and Wales in 2018 was more than 2.5 times larger than in 2010
- Rough-sleeping has levelled off in the last two years
 - with official estimates recording a 2% decrease nationally,
 - and a 19% reduction in those areas targeted by the Rough Sleeping Initiative, between 2017 and 2018
- These figures estimate the number of rough-sleepers on a particular night, and therefore do not necessarily illustrate the full scale of rough-sleeping
- For example, more detailed research by the Combined Homelessness and Information Network found that there were 8,655 people sleeping rough in 2018 in London alone

Source: [Office for National Statistics \(ONS\)](#), [Combined Homelessness and Information Network \(CHAIN\)](#)

People end up sleeping rough for different reasons



Samantha Bird

- Samantha, 30, has been sleeping on the streets of Birmingham for two years
- She grew up in foster care and has been sectioned for mental-health issues
- Ms Bird said life on the streets was dangerous
- "A friend of mine was asleep and he got kicked in the face. People go, 'Look at her, she's a druggy, she's an alcoholic'. We're not all like that"



Anthony

- Anthony was living on the streets of Lincoln in 2019 - the second time he had been homeless that year
- "It's down to drugs and coming out of jail. I got out of prison five weeks ago"
- Anthony was sleeping in the doorway of House of Fraser with other homeless people
- "I get woken up about 7am by the staff at House of Fraser, pack my stuff, get breakfast, get my meth and go and sit under a bridge all day"



Dirk Holding

- Dirk, 51, has slept rough most of his life and spent four months living in a sewer in Brighton in 2019
- He ran away from children's homes as a teenager and became addicted to prescription drugs
- He got clean in prison but on release was housed with drug addicts – so left and slept rough
- "There's stabbings and there's fights and there's abuse and there's a lot of horrible things happen when you're homeless"

Source: [BBC News - Rough sleeping stories, December 2019](#), [BBC News - Homelessness in the UK](#)

Finland is the only EU country to have seen a substantial reduction in homelessness

Finland's Housing First policy

- Finland's Housing First initiative is aimed particularly at rough sleepers: in Helsinki, there used to be thousands of people sleeping rough in the streets, whereas today there are virtually none
- The Finnish government has been operating Housing First since 2007. Under the policy, homeless people are provided with their own permanent accommodation with no questions asked or rules imposed
 - For example, people with addictions can continue to drink or to take drugs in the accommodation provided
 - They are also given mentoring and constant human support



Thomas Salmi

Thomas Salmi, 24, was an alcoholic. He became homeless at 18 and lived on the streets of Helsinki for three years, often in sub-zero temperatures. Recently, he has been living in his own apartment under the Housing First policy. Thomas now drinks only at weekends

Pilot projects based on the Finnish Housing First approach are being trialled around the UK

UK Housing First pilot schemes

- UK Housing First pilots - based on the Finnish model of providing rough sleepers with accommodation without any preconditions attached - were first tried in Glasgow and Camden, north London, in 2010
- In 2018 the government provided £28m for three Housing First pilots in Greater Manchester, Liverpool and the West Midlands
- In London there are small-scale Housing First programmes running in 11 boroughs; In Scotland five cities are trialling Housing First schemes
- The success of the schemes is still being assessed but international evidence from other Housing First pilots suggests they are having similar beneficial results to schemes in Finland
- Nevertheless, any success is conditional
 - “There’s a lot of cheerleading around Housing First but not a lot of examination of it,” says Tony Cain, policy manager at the Association of Local Authority Chief Housing Officers. “It requires a co-ordinated and consistent high-level support response. If there’s a concern at the moment, it’s that the support is not there.”



Jeff Aulton and Martyn Matthews

Jeff Aulton (left), 48, was a heroin addict who lived rough on the streets of Walsall. In 2018 he was one of the first people to benefit from the town’s Housing First scheme. He is now clean and has made his flat his own

Martyn Matthews, 33, was a drug addict sleeping rough, until Jeff offered him a home and helped him kick his habit

“I can’t thank him enough,” says Martyn

Source: [The Sunday Times, Inside Housing, London Assembly Publications - "Housing First: a solution to chronic homelessness?", 2019,](#)



Summary

Homelessness

The scale of homelessness in the UK reduced significantly after 2003 but has been at a constant level in recent years, as housing benefit has remained flat or fallen; as less social housing has been available, and as there has been a substantial drop in local-authority investment in services for the homeless.

Currently, 140,000 families - including 200,000 children - live in temporary accommodation - or live in hostels or B&Bs. An estimated 5,000-8,000 individuals sleep rough - figures which have risen substantially in the past decade.





BBC Briefing - Housing

Part 4/10

A Home of Your Own

Why is it becoming harder to afford a home of your own?

And what is the impact?



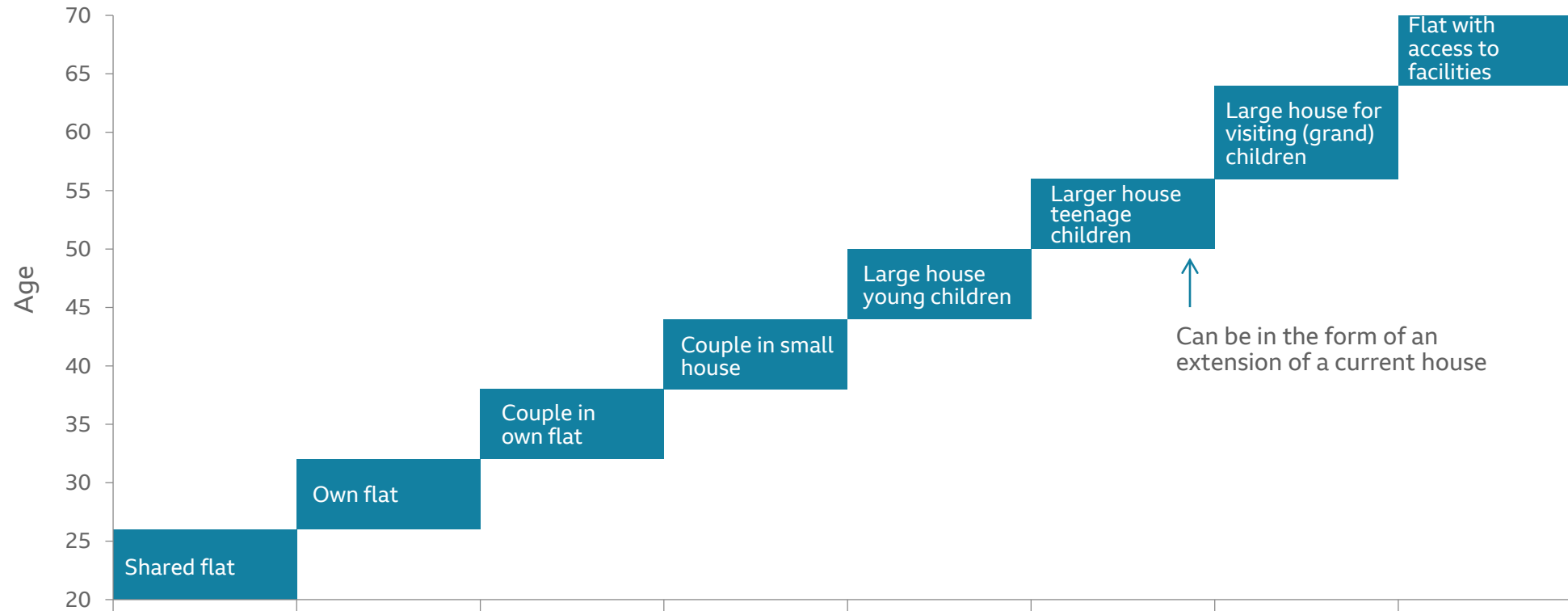
B B C Briefing - Housing

“Be it ever so humble, there's no place like home
A charm from the skies seems to hallow us there
Which seek thro' the world, is ne'er met elsewhere
Home! Home!
Sweet, sweet home!
There's no place like home!”

John Howard Payne / Sir Henry Bishop, popular song, 1823

The 'housing ladder' is a popular term to describe the aspiration to progress through different levels of housing at each life stage

Charting the housing ladder



An enduring factor in driving property ownership has been its value as an investment

“The wise young man or wage earner of today invests his money in real estate.”

Andrew Carnegie, Scottish business leader and philanthropist, 1835-1919

“Buy land, they're not making it anymore.”

Mark Twain, author, 1835-1910

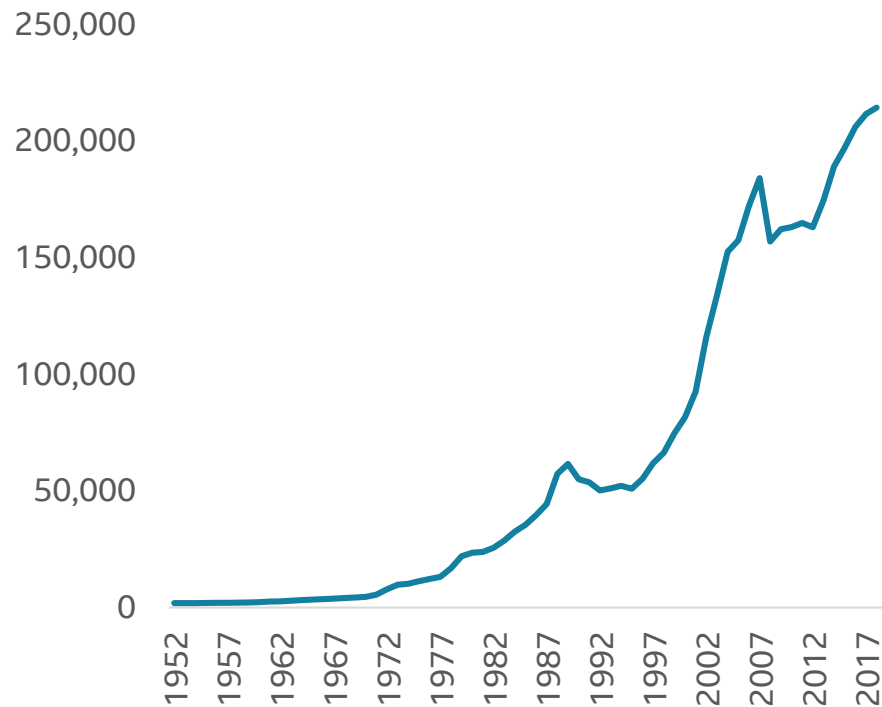
Buying property in the UK has generally been more financially beneficial than renting

The relative advantages and disadvantages of buying and renting

- The rental costs of a given property are 30-50% higher than buying the same property over, say, a 10-year period
- Those renting a property pay 3.5% - 4% of its value each year, but end up with no asset, and tend to pay more in rent as the value of the property increases
- Those buying the same property with a deposit and a 90% mortgage end up paying 3-4% of the value of the property per year in interest and repayments, plus maintenance costs, but end up with an asset and therefore benefit from any increase in the value of the property
- Ownership of one's own property is also a hedge against future housing requirements (particularly in retirement)
- If interest rates are low and property prices are rising, buying is a more beneficial option than renting – though property prices can fall, and periodically do
- The financial benefits of home ownership have also been encouraged in the 20th Century by government policies such as credit-market deregulation and tax relief on mortgage interest (until 2000)

Rising house prices have enhanced the appeal of home-ownership over the past half-century

UK average (nominal) house prices (£), 1952-2018



House prices and income

- House prices have risen in the UK over the last half-century, though there are marked regional differences, and there have also been significant periods of flat or negative growth
- UK house prices have grown faster than incomes: between 1997 and 2017 house prices rose 260% on average, while average income grew only 70%
- In 1968 the average UK house price was £3,600; in 2019 it was £229,000. If grocery prices had increased at the same rate as house prices, a four-pint carton of milk would cost £10.45 today and a chicken £51.18
- Rising house prices have a two-fold effect:
 - people want to buy before prices rise even higher
 - property is likely to be a good long-term investment
- Home-ownership as an investment has been less volatile than the stock market and produced slightly higher returns
- Property now represents over a third of personal wealth in the UK

Source: [Nationwide](#)

Differences in tenancy laws may explain why home-ownership is more popular in the UK than in some parts of Europe



Comparisons between the UK and Germany

- Owner-occupation in the UK accounts for 65% of the housing market; in Germany it is 52%
- In the 20 years to 2017, UK house prices grew 259%, and German house prices rose by 27% on average
- Renting in Germany offers greater security of tenure
 - in the UK, tenancy contracts tend to be 12 months; in Germany they can be indefinite
 - the average tenancy length in the UK is two-and-a-half years; in Germany it is 11 years
- German rent control legislation and taxation are much stricter than in the UK
- Scotland has tightened renters' security of tenure significantly since 2018, while the landlord right to 'no fault evictions' is being removed in England and Wales, where a number of other changes are underway

The UK's love affair with home-ownership is mirrored in today's popular culture



Property programmes

- The number of property and interior design programmes on television reflect an audience appetite for this topic
- There are currently around 40 different property programmes on UK television
- Channel 4 had 12 regular such programmes in 2016 alone
- Its flagship Grand Designs has run to more than 200 episodes over 20 seasons



Property magazines

- There are more than 100 property and interior-design magazines in circulation in the UK
- Good Housekeeping – a general-interest publication featuring many different aspects of keeping home – was read by more than two million individuals in Great Britain in 2018



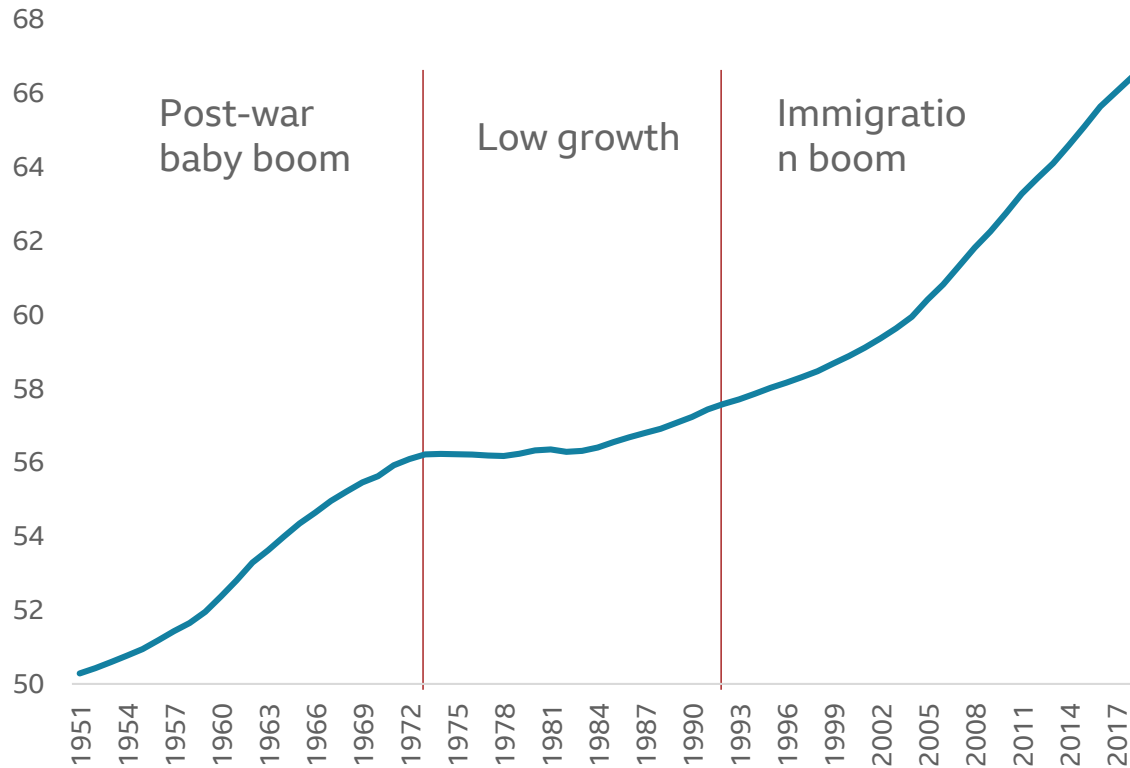
The British love of gardens

- Garden design has been part of British tradition for centuries, with designers like Capability Brown and Gertrude Jekyll as famous as architects
- The National Trust, which maintains historic homes and gardens for public enjoyment, now has more than five million members
- In 2018, historic properties and houses in the UK received 180 million visits – five times more than the total attendance at league football matches for 2017

Source: [New Statesman](#), [Independent](#), [ABC \(UK media industry data analysis provider and auditor\)](#)

Rapid population growth has been a key factor in driving recent demand for housing

UK population 1952-2018



UK Population Growth

- Between 2006 and 2016 the UK population increased by 8% - the fastest 10-year growth for a century
- 60% of UK population growth since 2000 has been due to net migration (including descendants of migrants)
- Population growth has been much faster in urban and suburban areas than in rural areas
- The UK's population growth is projected to slow down, but is nevertheless expected to reach nearly 70 million by 2028, fuelling further housing demand

Source: [Office for National Statistics \(ONS\), UK Census, 2011](#)

Changing household patterns have led to increased housing demand

Categories of UK households (millions)

	1999	2009	2019
Married / civil partnership couples households	12.4	12.3	12.8
Single-adult households	6.7	7.4	8.1
Single-parent households	2.5	2.9	2.9
Co-habiting couple households	1.9	2.7	3.5

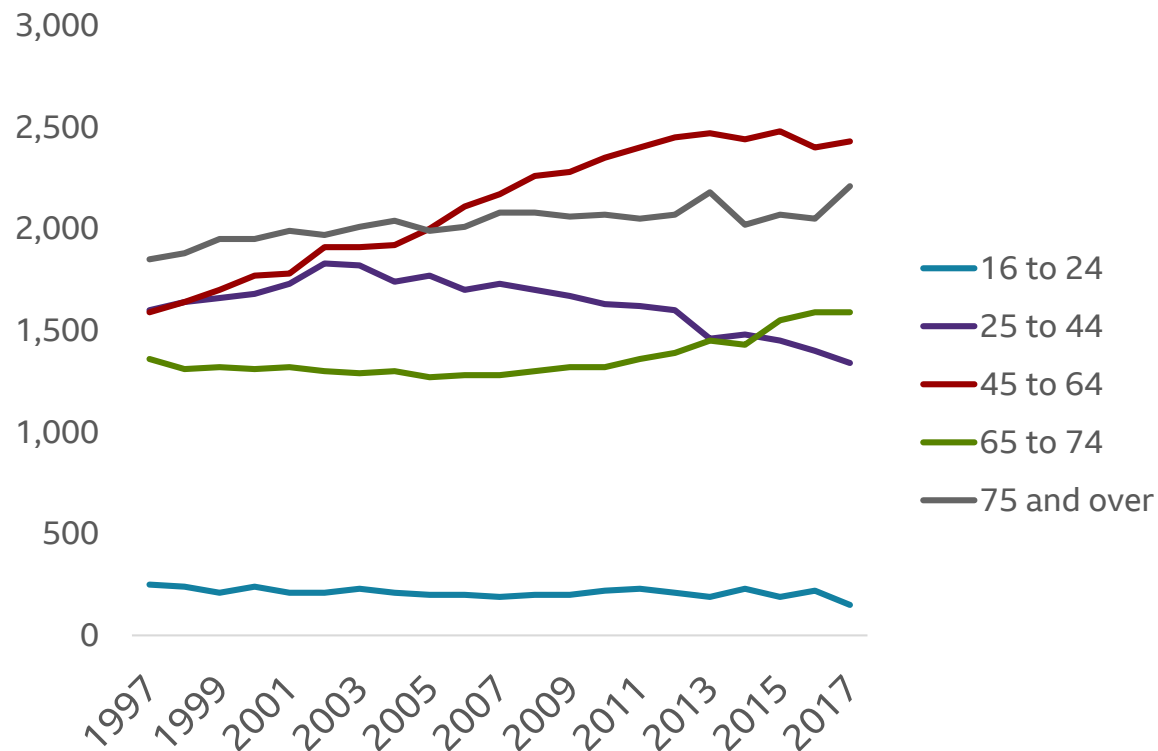
Effects of social change

- There has been a significant increase in the number of households composed of single adults and couples without children over the last 20 years
- The increase in single-adult households has been driven not only by people living longer, but also by the growth in the number of single men aged 45-64 living alone. This may be explained by their having divorced, and their wives and children retaining the family home
- The effect of these long-term demographic changes has been to increase the number of households by 3.3 million in 20 years, and thus in the process to increase demand for housing
- However, other social trends, such as the increase in the number of young adults living with their parents and the increase in multi-family households, has meant the average household size has remained at about 2.4 over the last 20 years

Source: [Office for National Statistics \(ONS\)](#)

People living longer puts additional pressure on the housing stock

People living alone by age (thousands), UK, 1997 - 2017



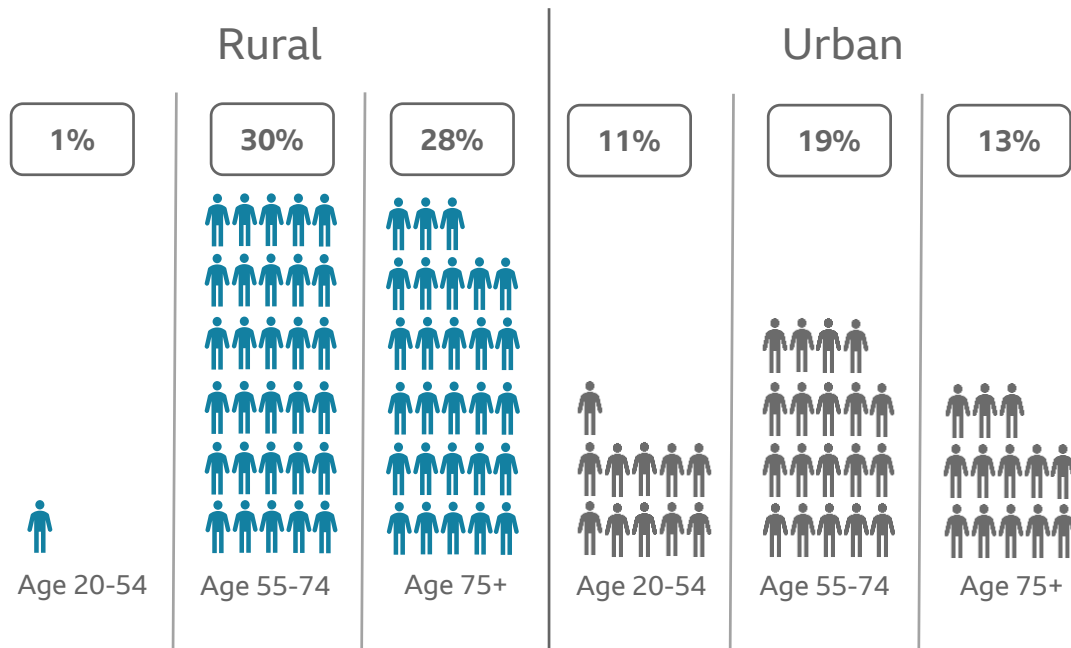
The ageing UK population

- People are living longer: the proportion of the UK population aged 75 and over is projected to increase from 8% to 13% over the next 25 years
- Many older people are likely, at some point, to be living alone
- Based on the current shortfall in specialist housing and population projections, information service Housing LIN estimates a shortfall of 400,000 units of specialist housing for older people by 2035
- Specialist housing allows elderly people to enjoy independence and privacy, but also to access on-site support and shared facilities

Source: [Office for National Statistics \(ONS\)](https://www.ons.gov.uk)

The demand for housing for older people living in country areas has been growing rapidly

Growth in urban and rural populations, England
2001 - 2015



The demographic divide

- The Resolution Foundation has described a process of “demographic divergence” in which the average age in rural populations is rising - and urban populations are becoming younger
- The fastest-growing population groups overall are rural 55-74s, and rural people over 75
- The average age in rural areas is 45 (and rising), compared with 39 for urban areas
- The ageing rural population increases demand for properties that are suitable for older people - be it specialist housing, lifetime or care homes, or adapted homes
- The move of younger people to urban areas is a significant driver behind the increase in urban house and rental prices, which in turn increases unaffordability for that age group

Source: [Resolution Foundation](#)

Many older people live in housing that is unsuitable for their specific needs

Requirements for housing older people

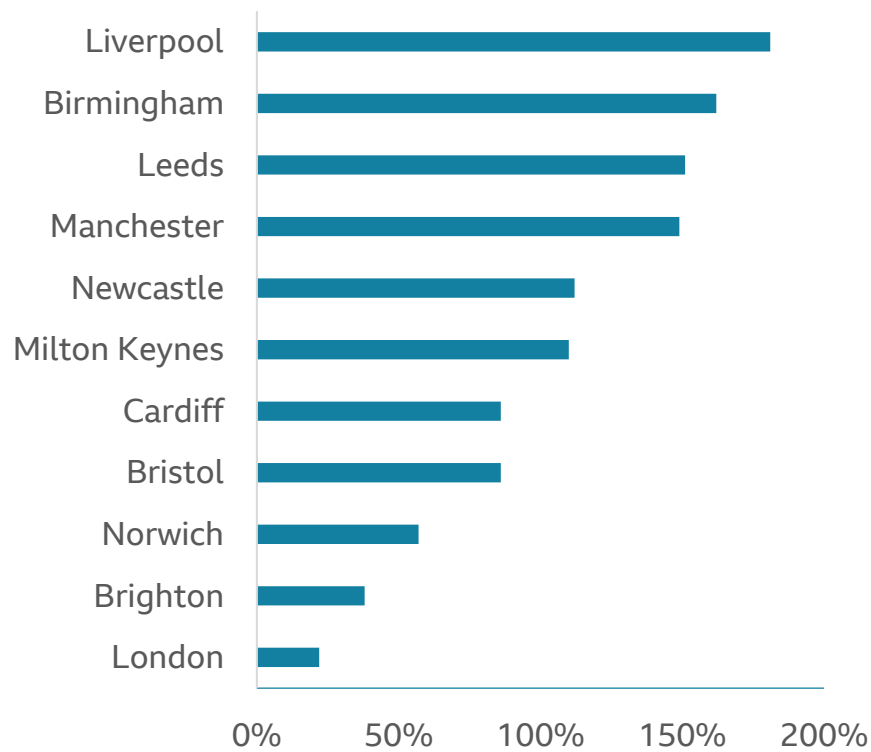
- Older people have specific needs: for example, accommodation free from hazards to prevent falls, or that is wheelchair-accessible, or that is single-storey, to improve mobility
- Older people tend to feel the cold and need housing that is easy to heat and well-insulated. “Fuel poverty” is defined as where an unacceptably high proportion of income needs to be spent on heating. The 2017 annual fuel-poverty statistics show that since 2013 the proportion of households aged 75 and over in fuel poverty has been increasing
- The proportion of those aged 65 and over in the UK was 18% in 2016, and is expected to rise steadily - yet only 7% of existing homes in the UK currently meet basic accessibility requirements for the elderly
- The number of people aged 85 and over will more than double in the UK in the next 25 years, with forecasts suggesting that nearly 90% of local authorities are each likely to require at least 1,000 additional specialist dwellings by 2035



Source: [New Policy Institute \(NPI\) - Market Assessment of Housing Options for Older People, 2012, UK Parliament](#)

More people now want to live in city centres

Population growth in city centres (2002-2015)



Reasons for increased urban population

- Many UK city centres' populations have doubled in the last 20 years
- Twenty years ago, city centres were seen as unattractive places to live, with high crime rates, poor schools and unattractive housing stock
 - Since then educational opportunities have improved:
 - Programmes such as Teach First, the London Challenge (a successful initiative to raise school standards), and the introduction of independent academies and free schools have encouraged families with children
 - There has been a big rise in the number of young adults attending urban universities
 - Immigration is also a factor: new arrivals tend to settle first in urban areas
- The trend towards city living is most pronounced in the north of England and Midlands, including the cities of Birmingham, Manchester, Sheffield and Leeds
- The move towards city living increases housing pressure and raises both house and rental prices

Source: [BBC News - The UK's rapid return to city centre living, June 2018](#), [Centre for Cities](#)

Liverpool has the UK's fastest-growing city centre

Liverpool city centre

- Liverpool's city centre population almost doubled between 2002 and 2015
- The growth has been largely fuelled by the young (the city's student population alone tripled between 2001 and 2011)
- Economic, cultural and social regeneration have increased Liverpool's appeal
 - Liverpool City of Culture in 2008 was accompanied by a large increase in spending on the arts. The regenerated Albert Docks has major museums and the largest group of listed Grade I buildings in the UK
 - Liverpool now has one of the UK's top shopping complexes (Liverpool One), as well as fashionable restaurants, bars and clubs
 - Liverpool Football Club and Beatles attractions bring investment into the city, as well as visitors from all over the world
 - With its modernised container handling, Liverpool is the UK's fourth-busiest port



Liverpool's refurbished Albert Dock

Buy to Let mortgages have increased competition for home owners

The evolution of Buy to Let

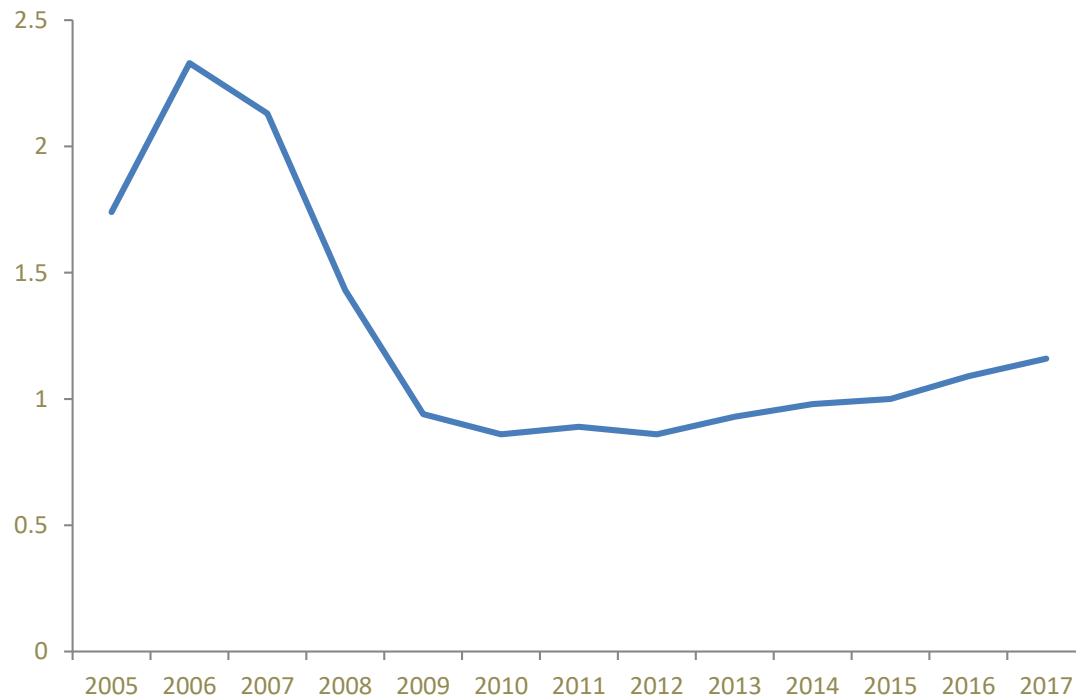
- The 1988 Housing Act introduced assured shorthold tenancies, which limited tenants' rights to remain in rental properties
- This change gave property investors more confidence to acquire such properties and encouraged lending institutions to introduce Buy to Let mortgages from 1996 onwards
- This, in effect, allowed investors to apply for mortgages on residential properties (often second or more properties), specifically for the purpose of letting them out
- Between 2000 and 2015, the tax regime was more favourable to Buy to Let owners than owner occupiers
- Buy to Let was an important driver of housing demand in the late 1990s and early 2000s
- Many economists believe that these mortgages caused the housing market to overheat in the run-up to 2008

Restrictions on Buy to Let

- In 2015, the coalition Chancellor, George Osborne, dampened demand by introducing restrictions on Buy to Let mortgages:
 - tax relief on finance costs was reduced
 - various allowances for landlords were reduced
 - a 3% additional surcharge was imposed on stamp duty on Buy to Let purchases
 - an accelerated payment schedule for capital-gains tax was introduced
- The financial regulatory authorities also introduced stricter affordability criteria for potential investors
- As a result of these interventions, the number of Buy to Let mortgages has fallen markedly. In 2011 they accounted for 19% of homes purchased in Great Britain. By February 2019 Buy to Let purchases had declined to 11%

The 2008 financial crisis led to a marked fall in lending for home-ownership

Number of UK mortgage sales by year, including remortgaging (millions)



Fall in mortgage lending after 2008

- The 2008 global financial crash was triggered in large part (especially in the US) by the low cost of borrowing, which allowed many households to take on mortgages they could not afford, contributing to high levels of debt and to unsustainable house prices
- In the immediate aftermath of 2008, credit restrictions were tightened and mortgage lending plummeted
- In the past decade, mortgage lending has risen very slowly, and is still less than half the level it reached in 2006
- More people today own their property outright (without a mortgage) than own it with a mortgage

The 2008 financial crisis has created a two-tier market for home-ownership

Changes in lending conditions since 2008

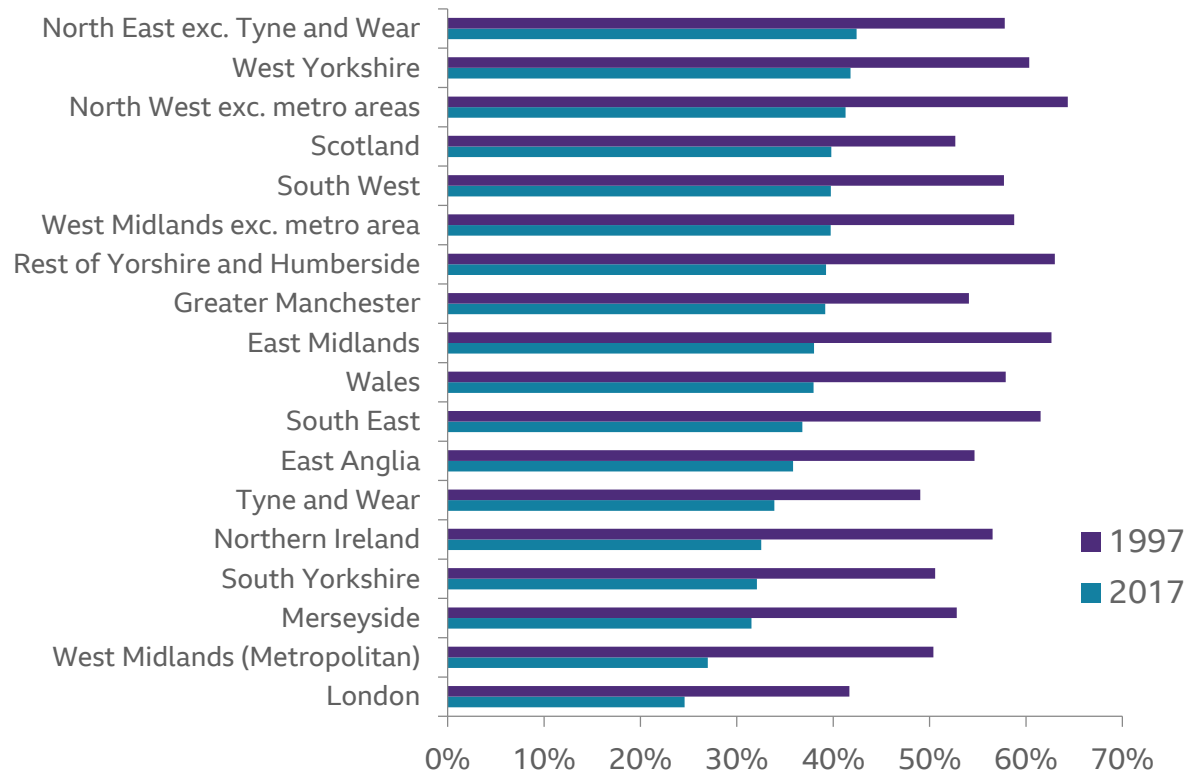
- After the 2007-8 crisis, lending conditions became much stricter
- Before 2008, financial institutions had been prepared in some circumstances to lend 95%, or even 100%, of the purchase price of a property to a borrower, which meant that the borrower had to find only a 5% deposit or none at all
- After 2008, lending institutions generally required higher deposits – typically a minimum of 10%, but sometimes as high as 25% - as well as imposing stricter affordability checks
- In the last few years, some 95% mortgages have become available again, albeit at higher interest rates

The effect on first time buyers

- Historically low interest rates since 2009 mean those with existing assets or wealth can access the housing market because the higher deposit requirements are not a barrier and because – with interest rates low - the cost of repaying a mortgage will be favourable
- But those without existing assets – generally younger people - are less able than previously to pay a high deposit and to step on to the housing ladder
- These new financial circumstances have been a key factor in the low home-ownership rates among young people compared with previous generations

Today's young adults are far less likely to own their own home than previous generations

Home-ownership rates of 25-34-year-olds



Home-ownership rates and the young

- Over the past 20 years, home-ownership rates have fallen dramatically across all regions
- The fall is particularly stark in metropolitan areas, but also in Northern Ireland
- Research by the Resolution Foundation suggests that one in three millennials – people born between 1981 and 2000 - will remain in private renting beyond retirement

Source: [Institute for Fiscal Studies \(IFS\) Green Budget 2018](#), [Resolution Foundation](#)

Young adults are increasingly living at home with their parents

Young people living with their parents

	1996	2019
20-25-year-olds living with parents (millions)	1.9	2.4
% of all 20-25-year-olds living with their parents	41%	48%

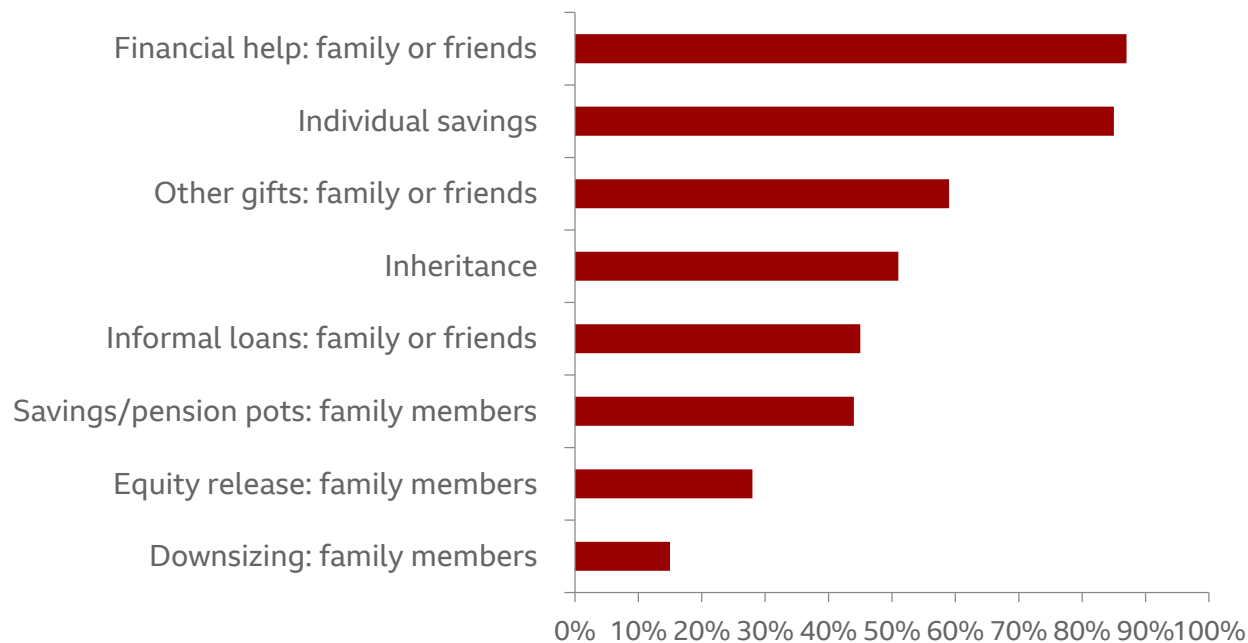
Increase in young adults remaining at home

- Over the past two decades, there has been a marked increase in the number of young adults living at home with their parents
- There are now 500,000 more people aged between 20 and 25 living at home with their parents than in 1996
- This is largely either because they cannot afford to rent independently or because they cannot afford the deposit and mortgage payments to buy their own home
- Unaffordability has a consequence in the labour markets as young professionals may be less willing or able to move to new jobs
- The cost of housing in different areas can also affect mobility, while areas of relatively high home-ownership may also have more unemployment because of the reluctance – or inability - of owner-occupiers to uproot

Source: [Office for National Statistics \(ONS\)](#)

Family members are increasingly helping first-time buyers to raise a mortgage

What are the main sources of deposits for first-time buyers?

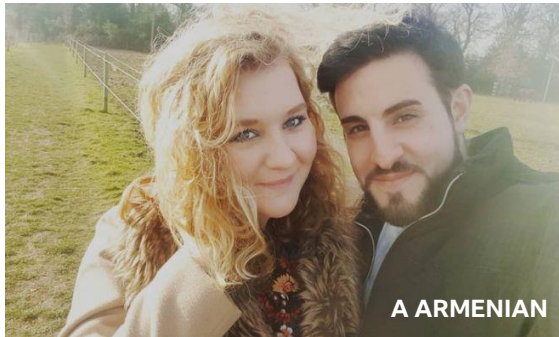


Deposit finance for first-time buyers

- The Building Societies Association reports that 59% of potential first-time buyers now expect their parents or other family members to support them in some way
- More than one-third of first-time buyers in England used a gift from family or friends for at least some of their deposit
- The “Bank of Mum and Dad” is now regarded as one of the top 10 housing lenders in the UK
- According to Legal and General, family support underpinned 27% of all house purchases in 2018
- L&G calculates that family gifts and loans totalled £5.7bn in 2018

Source: [Building Societies Association](#), [English Housing Survey](#)

Many young people now live with parents or in multi-occupancy households



Siân Webb and Andre Armenian

- Owning their own home feels like a distant dream for Andre Armenian, 29, and his fiancée, Siân Webb, 28, who save more of their wages by living 35 miles apart in their parents' houses - he in St Albans, Hertfordshire, she in Romford, Essex
- "Renting is astronomical. If we did that, it would be a decade before we could buy a home," says Andre
- "The path ahead of us is very daunting. We are laden with student debts, our incomes are not particularly high, our commuting costs are high, and house prices are becoming more and more disproportionate to incomes."



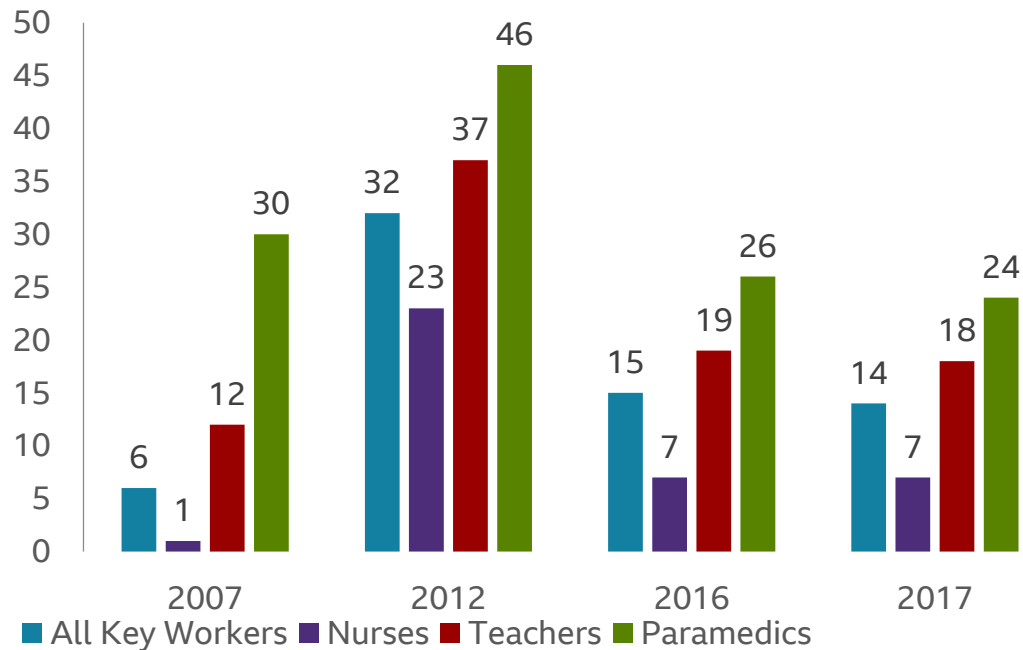
The Cotter family

- Trainee chef Dan Cotter, 18, lives with his mother, her partner, Dan's sister, niece and uncle in a specially converted home in the Kent seaside town of Margate
- The Cotters previously lived in three separate homes around the town, but moving in together has allowed them to save on rental costs
- The extended family, who has lived together for a year, have had their rental extended for a further 12 months. But they hope it will be their home for many years to come

Source: [BBC News - Housing ladder: 'We live apart to save more money to buy a home', November 2019](#), [BBC News - Three generations under one roof to beat the housing crisis, October 2019](#)

In many UK towns, key workers can no longer afford to buy their own home

Proportion of UK towns that are affordable for key workers %



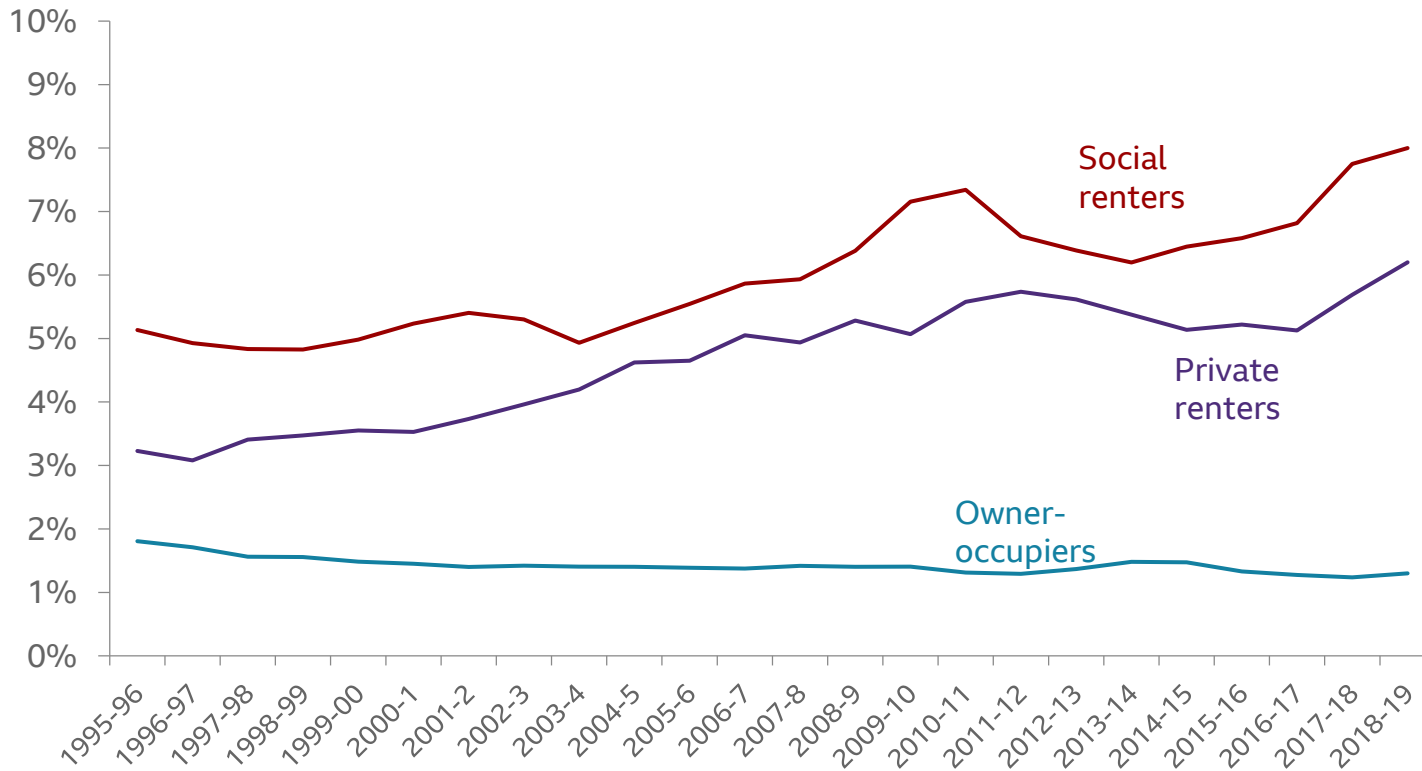
Affordability for key workers

- Only 14% of UK towns are currently considered affordable for key workers to buy their own homes
- The position was more positive in 2012, soon after the financial crisis, when house prices were relatively low
- From 2016-2019, house prices have risen and wages for key workers have been frozen, which has led to a decline in affordability
- The situation is particularly difficult for nurses: only 7% of UK towns are currently considered affordable for nursing staff

Source: [Halifax Key Worker Housing Review, 2017](#)

Inability to buy or rent a home of their own forces many people to live in overcrowded accommodation

Proportion of households in overcrowded conditions, by tenure



Scale of overcrowding

- 788,000 of the estimated 23.5 million households in England were officially classified as overcrowded in the period 2016 to 2019
- Overcrowding disproportionately affects people in rental properties, especially in social housing:
 - 8% of social rented households were overcrowded in 2018-19
 - Over 6% of private rented households were overcrowded in 2018-19

Source: [English Housing Survey](#)

Financial and rental problems can fuel overcrowding



Overcrowding in Wembley



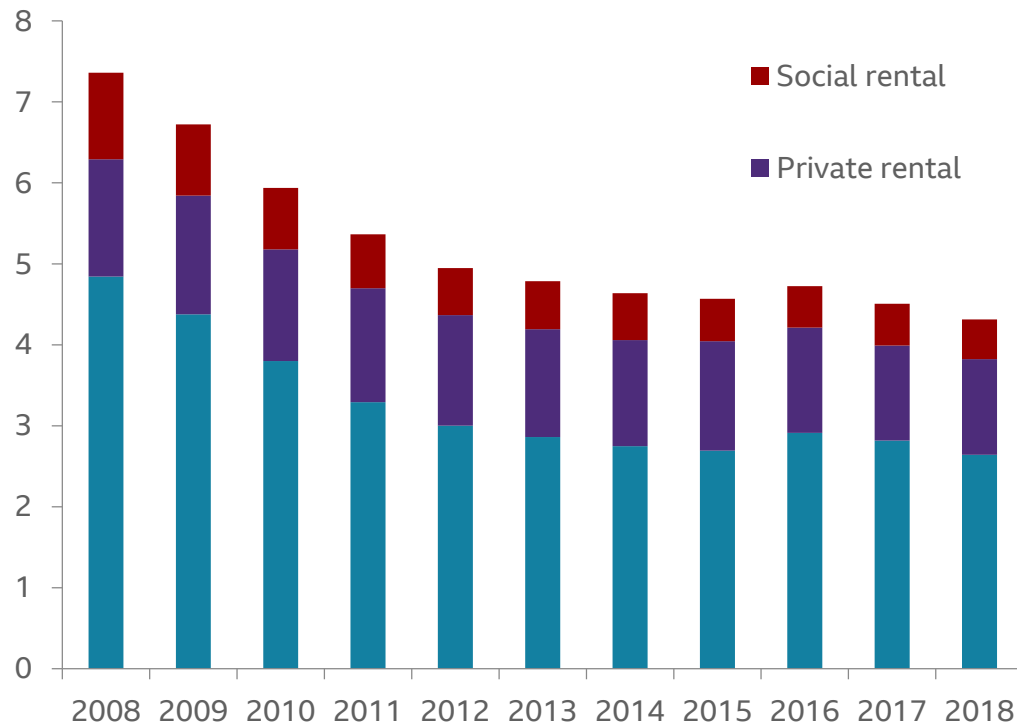
Overcrowding in Harrow

- The Housing Act 1985 lays down official criteria on what constitutes illegal overcrowding
- In 2016, council officials discovered twenty-six bunk beds in a four-bedroom house in Wembley, north London
- Residents were charged £50-£60 a week each in rent, equating to around £80,000 a year for the landlord
- One of the residents said he felt he was left with no choice but to live there as his job as a carer for the elderly paid so little
- In nearby Harrow, a similar raid found another four-bedroom property housing 13 people, mainly immigrants from Hungary
- The tenants claimed their landlord gave them just two weeks' notice to leave their previous property
- The tenants said they had no choice but to live there. "This is the cheapest place I can find a room," one of the residents said

Source: [BBC London News video - Dangerous overcrowding in London homes, 2016](#)

A significant number of people in England are living in ‘non-decent’ homes

Number of ‘non-decent’ homes in England (millions)
2008 to 2018



Sub-standard housing in England

- The government defines a household as “non-decent” when it is not in a reasonable state of repair; does not have reasonably modern facilities and services, or has ineffective insulation or heating
- 4.3 million households, comprising nearly a fifth of England’s housing stock, were deemed “non-decent” in 2018
- The Decent Homes Programme, introduced by the UK government in 2001, was largely responsible for the steady improvement in social-housing standards, although this initiative ended in 2015
- In 2018, 25% of the private rental stock, 17% of owner-occupied dwellings and 12% of the social rental stock were deemed “non-decent”

Source: [English Housing Survey, UK Government \(Gov.uk\)](#)

Summary of the main social changes affecting UK housing demand

Main social drivers of increased housing demand	Impact on housing demand
Population growth	<ul style="list-style-type: none"> • Rapid population growth over the last two decades and a forecast of continuing population growth puts pressure on demand for housing
People living longer	<ul style="list-style-type: none"> • The proportion of the population aged 75 and over has been increasing and is projected to rise further over the next 25 years, also increasing housing demand
Changing social patterns of marriage, co-habitation and divorce	<ul style="list-style-type: none"> • Significant long-term changes in relationship patterns have led to a rapid growth in the number of households and to increased housing demand
Changing patterns of location	<ul style="list-style-type: none"> • Many more young people have been moving to city centres – which puts pressure on urban accommodation; and older people are moving to the countryside, increasing pressure for suitable housing there
Popular culture	<ul style="list-style-type: none"> • Extensive coverage in the print and broadcast media of home-ownership and related activities, such as gardening, have increased demand for a home of one’s own or for moving up the housing market

Source: [Office for National Statistics \(ONS\)](#)

Summary of the main structural and economic factors affecting UK housing demand

Structural and economic factors	Impact on housing demand
Rising incomes	<ul style="list-style-type: none"> As real incomes rise, people are more likely to be able to obtain and to service a first or a larger mortgage
Buying better than renting	<ul style="list-style-type: none"> Investing in buying property is seen as beneficial because it is regarded as economically more advantageous over time than renting
Property as a long-term investment	<ul style="list-style-type: none"> The long-term increase in house prices means property is regarded as a safe investment
Financial factors	<ul style="list-style-type: none"> Financial factors – such as interest rates, mortgage conditions and tax regimes (eg capital gains exemptions on primary residences) – can have a marked effect on housing demand, either increasing or reducing it
Government intervention	<ul style="list-style-type: none"> Government programmes can have far-reaching effects on housing demand, evidenced by the long-term consequences of, for example, Right to Buy and legislative changes, which encouraged Buy to Let mortgages
A shortage of social housing	<ul style="list-style-type: none"> The halving of social housing over the past 40 years has led to more than a million people on the social-housing waiting list, a key indicator of unsatisfied demand in the housing market
Unsatisfactory housing conditions	<ul style="list-style-type: none"> The combination of people living in overcrowded and “non-decent” accommodation also exerts pressure on the housing market, whether by requiring rehousing, refurbishing or replacement through demolition

Source: [English Housing Survey](#), [Family Resources Survey](#)

Summary

A Home of Your Own

There is a strong cultural aspiration in the UK to live in, and ideally to own, a home of your own. But demand is outstripping supply. That is partly because of rising incomes in the recent past and rapid rises in population caused by people living longer, and by net migration. Household growth has accelerated, driven by changing social patterns. Preferences are changing: more young people want to live in cities, more older people in the country, driving local demand.

Today's young, if not mortgaged by the Bank of Mum and Dad, are likely still to be living with their Mum and Dad. Key workers find accommodation near their place of work unaffordable. Unsatisfied demand is trapping substantial numbers in overcrowded or non-decent housing.





BBC Briefing - Housing

Part 5/10

Social Housing

For those unable to buy or easily to rent a suitable home of their own, how much social housing is available?

How many families and individuals are on the waiting lists for social housing?

How much new social housing is being built?



B B C Briefing - Housing

“Oh, my old man's a dustman
He wears a dustman's hat
He wears cor-blimey trousers
And he lives in a council flat.”

Lonnie Donegan, top recording artist
of the pre-Beatles era, 1960

The availability of local government council housing has reduced radically over the last 40 years

Providing housing for the less well-off

- The provision of social housing, which began in the late 19th century, took off in earnest after World War One and then expanded through succeeding decades, reaching a peak in the late 1960s
- By then, problems had begun to emerge: the cost of council housing to the nation's finances was high, and many council estates were becoming run-down and vandalised, with high crime levels
- In the 1980s Prime Minister Margaret Thatcher radically changed the policy towards social housing. The Housing Act of 1980:
 - allowed council homes to be sold to tenants at a discount under the “Right to Buy” policy
 - initiated a process of transferring homes from council ownership to housing associations, which were independent charities
 - provided housing benefit payments rather than actual housing, which had the effect of transferring the supply of subsidised housing provision to private landlords and housing associations
- The transfer of social housing stock from councils to housing associations accelerated under the Blair government
- The housing benefit bill has grown consistently ever since, reaching £22bn in 2017-18

Social housing consists of homes owned both by housing associations and by local authorities

The social housing role of local authorities

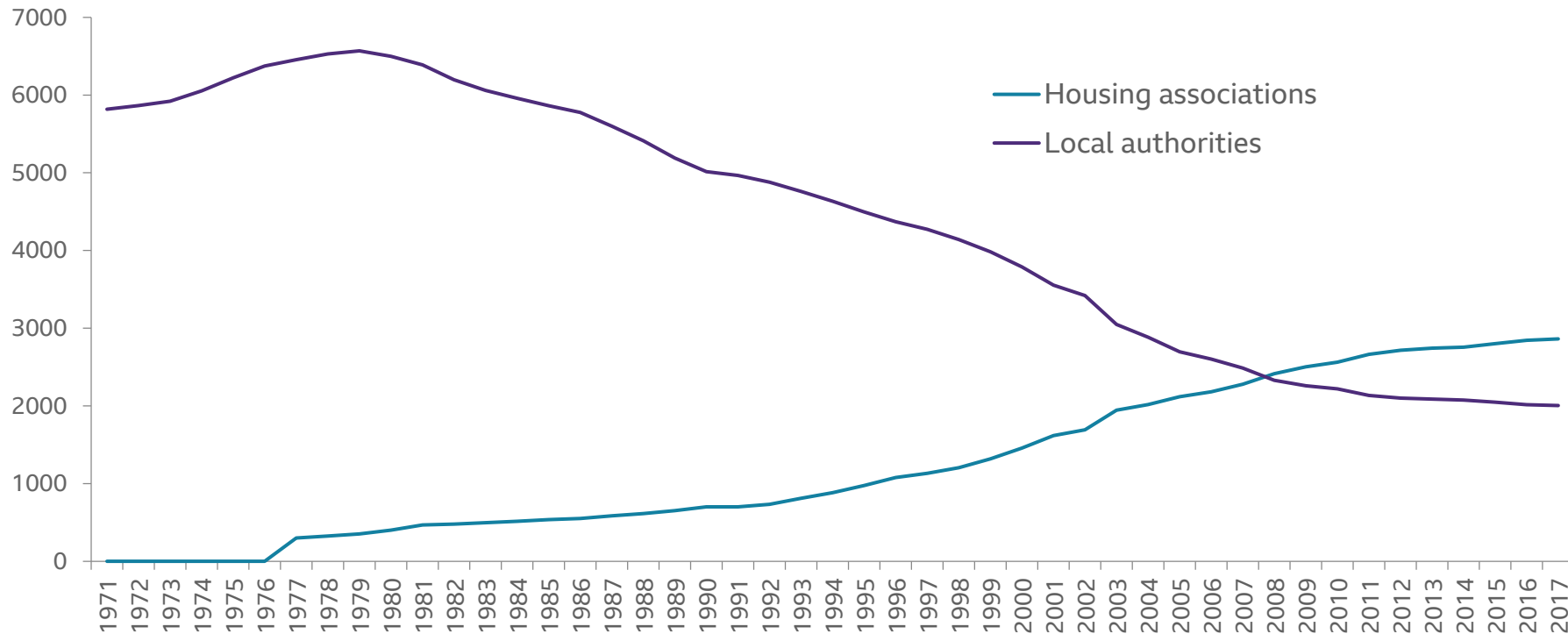
- Local authorities are required to have an allocation scheme that details how their social housing accommodation is allocated, provides accommodation for those who are homeless and aids those at risk of homelessness
- There is no legal obligation for local authorities to build more social housing
- Those in need of social housing apply for a place on the local authority register and are allocated priority according to housing need
- People can apply directly to housing associations, but many associations have arrangements to use the same register as local authorities
- Since 1988 there has been a large-scale transfer of ownership of council housing away from local authorities to housing associations

The role of housing associations

- Housing associations are mostly non-profit organisations, originally formed by private individuals concerned about local housing provision. Generally, board members are volunteers but some are now paid
- Housing associations fund their social housebuilding in a number of ways:
 - directly from central government grants
 - by borrowing commercially from banks and through bond issues
 - through rental income paid directly by their tenants (who pay below market rents), 60% of whom rely or partially rely on housing benefit or universal credit
 - by building dwellings for the private sector for profit and re-investing the proceeds in social housing

Since the late 1970s the responsibility for social housing has been shifting from local councils to housing associations

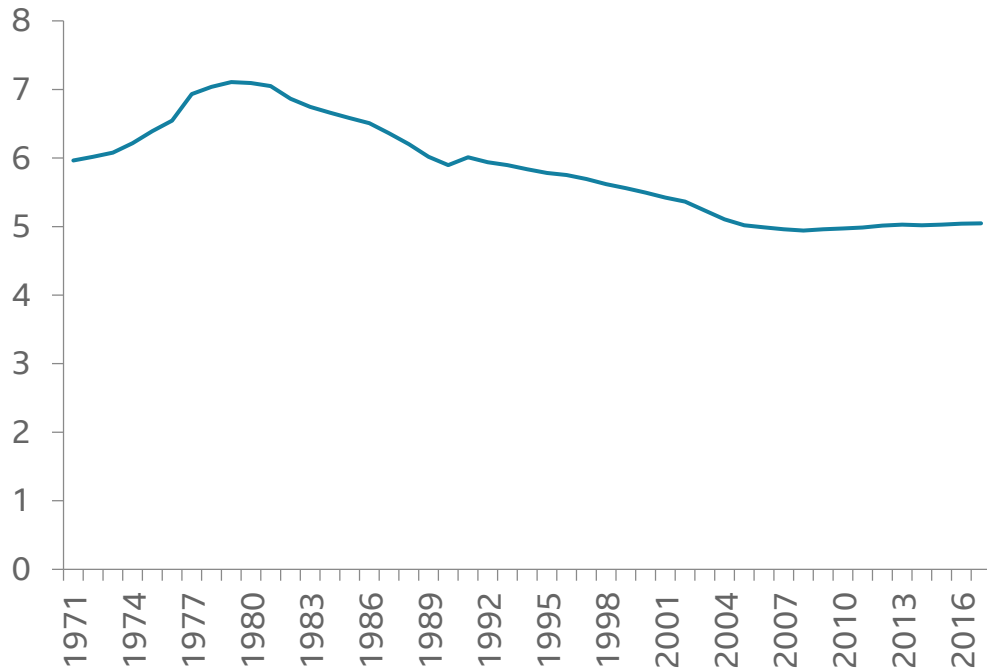
Social housing stock by owner, UK (thousands)



Source: [UK Government \(Gov.uk\)](https://www.gov.uk)

The total stock of social housing has declined markedly over the past 40 years

Total social housing stock, UK 1971-2017, (millions)



The decline in social housing

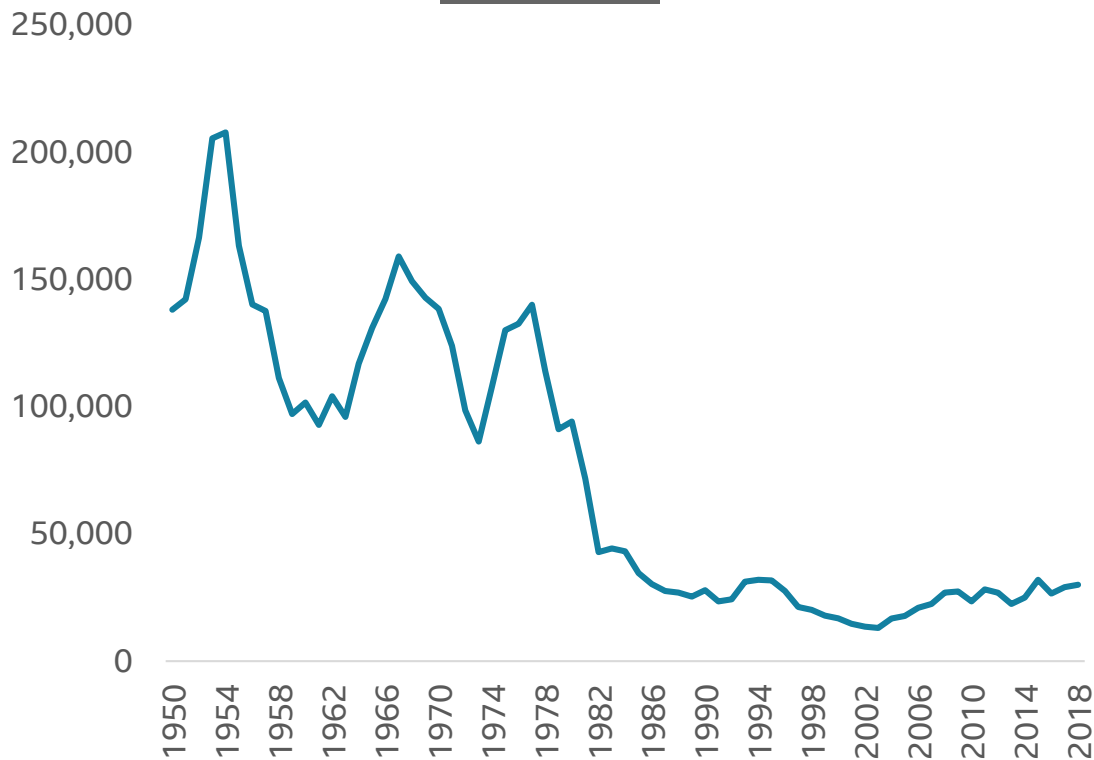
- As a direct result of Margaret Thatcher’s “Right to Buy” scheme, 1.9 million households living in social housing bought their home
- This was a fulfilment of Mrs Thatcher’s dream of creating a “property-owning democracy”
- Over the same period, there was a massive drop in new social-housing builds from the 1977 peak of more than 140,000 in a single year
- In 2018-19 only 37,800 new units of social housing were built in England
 - Housing associations funded 12,700 new dwellings
 - Local authorities paid for 5,100
 - The private sector funded 20,000 new social dwellings as a result of obligations placed on it under the planning system

Overall the stock of social housing has declined over 40 years by two million homes

Source: [UK Government – live tables on dwelling stock](#), [UK Government – table 1000 on affordable housing supply](#)

The fall in new housebuilding since the 1970s has been mainly driven by a radical reduction in social housebuilding

Annual completions by social housebuilders, England
1950-2018



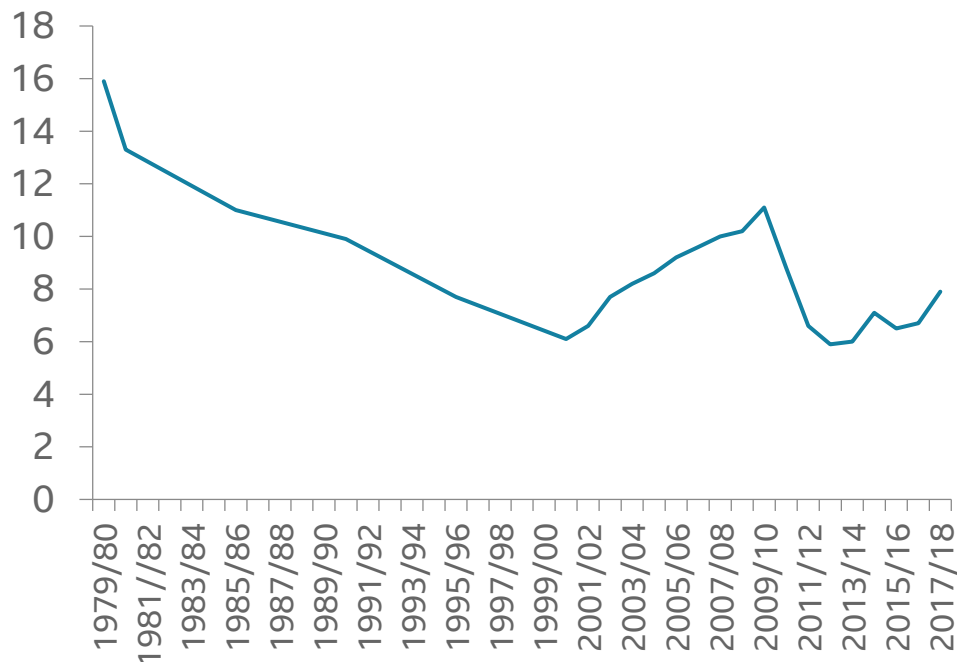
The decline in social housing

- Fifty years ago the number of new houses built each year in England was split almost exactly between the social and the private sector
- In 2018 the social sector built less than 20% of all new housing
- In the 1950s new social-sector build peaked at 200,000 dwellings in a single year, although many new buildings were simply replacing demolitions, so the net addition to the housing stock was lower than 200,000
- In 2003-04 only 13,000 new homes were built by local councils or housing associations
- This century the average has been 23,000 new dwellings per year, 11% of its 1954 peak

Source: [UK Government \(Gov.uk\)](https://www.gov.uk)

Since 1980 government investment in social housing has halved

Total government investment in social housing, United Kingdom (2017-18 prices), £bn



The decline of government funding

- Less than 5% of government housing spending was allocated to social housing in 2016-17, down from 82% in 1975-76
- From the 1970s the amount local authorities could borrow to fund new homes was restricted
- Initially local authorities were able to use receipts from Right to Buy sales to build new homes; but the proportion of receipts allowed to be used was reduced throughout the 1980s, and from 1990 councils were allowed to use only 25% of their proceeds to fund new building
- More than 95% of government housing expenditure is now devoted to housing benefit and to mortgage interest support
- As a result, local authorities and housing associations are building fewer new homes than in the past
- Housing associations have maintained higher levels of building than local councils due to their ability to borrow privately: 70% of housing association expenditure was funded through private finance in 2017-18

Source: [UK Housing Review 2019, Inside Housing](#)

A lack of social housing is leading to long council house waiting lists

Council housing lists

- In Newham, east London, there is a waiting list of more than 25,000 households for fewer than 600 homes available for social rent – in effect 44 households are waiting for every available home
- Most areas outside London are not experiencing such acute problems
- In 2017, just 39% of households on the social housing waiting list in the north-east of England reported waiting for more than three months, compared with 72% in London (most households waiting less than three months in London will be high-priority cases)



Freddy Emmanuel (pictured) has been on Newham's social housing waiting list for 18 years. He has sofa-surfed, stayed in hostels and experienced homelessness. For a while he slept rough under a tree on Portobello Road

"I feel I should be helped by the council," says Freddy, who had to "start all over again" in 2000 when a relationship broke up. "My family has been in this borough for a long time. This is my neighbourhood."

Source: [BBC News - More than a million on social housing waiting lists, June 2018](#), [English Housing Survey](#)

Families on social housing waiting lists are accommodated in different ways



The Coombes Family

- The Coombes family were evicted from their home in Cornwall with just eight weeks' notice, as the landlord wanted his property back
- Since then they have been moved by their local authority 13 times
- Mr Coombes: "They say, 'We'll give you a house' and then the next day they say, 'No, we won't'"



The Burns family

- The Burns family were evicted from their privately rented flat because of flood damage
- Since then they have rented rooms in 12 different hotels using housing benefit and money from relatives
- The local government ombudsman said that the family had found private lets but lost the properties because the council took too long to consider their requests for help to pay the deposit

Source: [BBC News - Homeless family in Cornwall rehoused 13 times in 18 weeks, November 2018](#), [BBC News - Homeless family lived in Bristol hotel for three years, April 2018](#), [BBC News - Homelessness in the UK](#)

Nearly half a million families live in unsuitable accommodation while they wait for social housing

Social housing shortages

- In 2017-18 there were 494,000 households in England classified as being in key vulnerable categories awaiting social housing:
 - those in unsanitary or overcrowded accommodation
 - the homeless
 - the disabled
 - those owed a duty of care by a local authority
 - those needing to move locality to avoid hardship
- A shortage of council housing has led some local authorities to use former office blocks to house families



Terminus House in Harlow, Essex, is one of hundreds of office blocks in England that have been turned into temporary accommodation

Residents complain that it is unsuitable because of rising crime levels and lack of safety, especially for families with children

In recent times there has been renewed concern over social-housing provision

Comments on social housing policy

“There's a growing consensus about what must be done. To paraphrase Bill Clinton, it's about building more homes, stupid. Not just open-market housing, but social homes, shared equity and shared ownership”

Yvette Cooper, Minister of State for Housing and Planning, 2007

“One of them [David Cameron or George Osborne] – I honestly can't remember whom – said, ‘I don't understand why you keep going on about the need for more social housing – it just creates Labour voters”

Nick Clegg, Deputy Prime Minister, 2010-15

“When I did a deal with the Treasury to sell the council houses [Right to Buy], 75% of the receipts were to go into new social housing. But when I went to be defence secretary, the Treasury renegotiated the terms and the supply of social housing was seriously reduced, the consequences of which lived on, much to be deplored”

Michael Heseltine, 2019 (Secretary of State for the Environment, 1979-83 and 1990-92)

“The private sector is not able to provide housing that is both affordable and meets the needs of households. And this is why Shelter will continue to call for more social housing to meet this need”

Shelter 2018



Summary

Social Housing

The stock of local government council housing is around one-third of the level it was 40 years ago, and the growth in the provision of social housing by housing associations has not made up the difference. In all, there are two million fewer social housing units than there were in 1979.

In 2018-19, councils in England built only 5,100 units of social housing. In total, fewer than 40,000 units of social housing of all kinds were built that year, around one-quarter of the number achieved in 1977.

About a million households in the UK are on waiting lists for the limited amount of available social housing - often living in temporary, overcrowded or insanitary accommodation.





BBC Briefing - Housing

Part 6/10

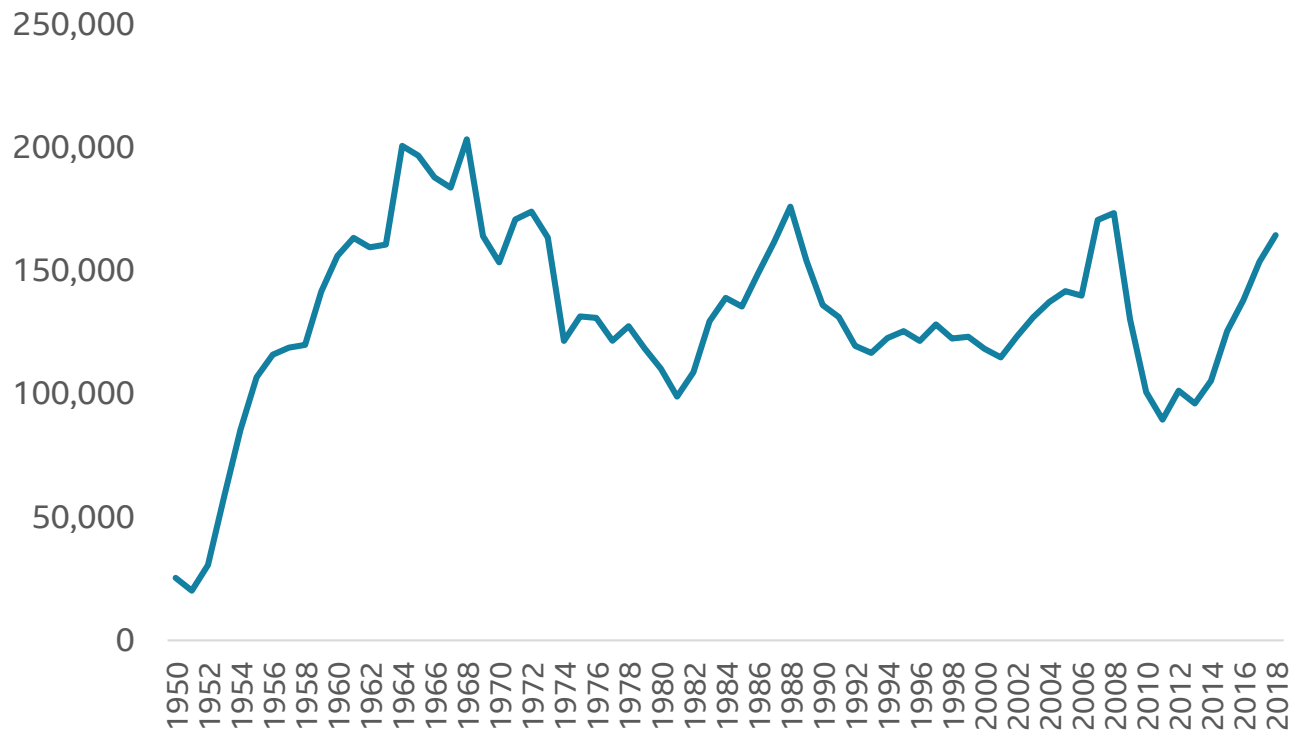
Private Housebuilding

Is the private sector in the UK building sufficient homes for our needs, including sufficiently affordable homes?

And if not, why not?

Private-sector building rates have failed to compensate for the decline in new social housing

Annual private housing completions, England 1950-2018



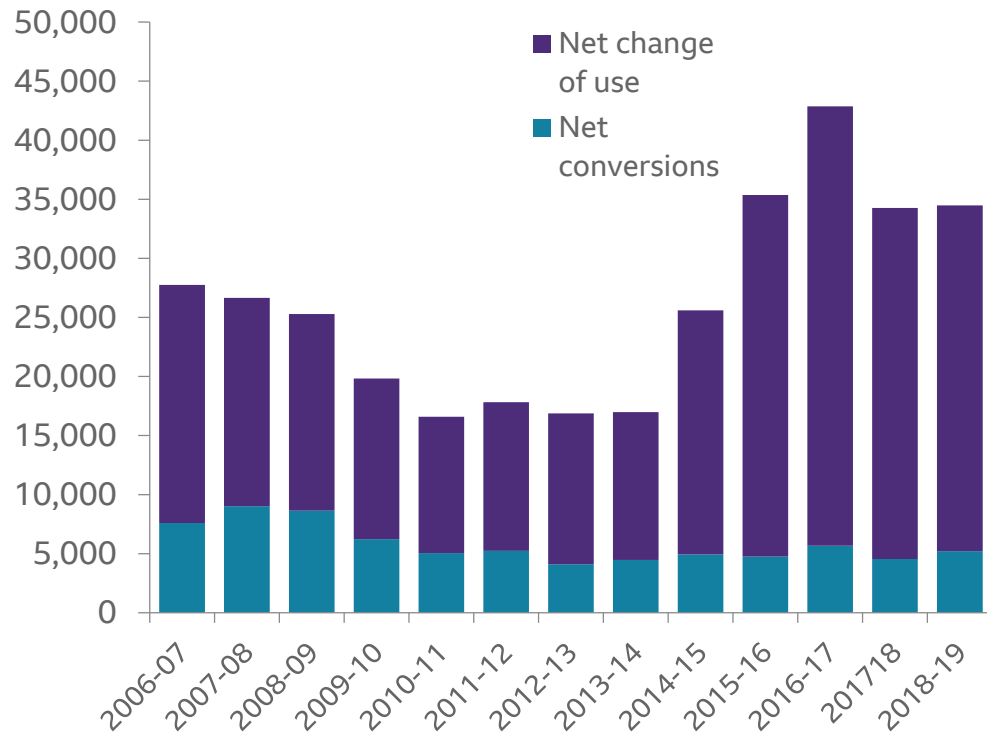
Private-sector housing completions

- While social-housing development has fallen dramatically over recent decades, private housebuilding has not increased to pick up the shortfall
- In 2018 the number of private completions was 164,000 compared with 200,000 in 1964
- Whereas the decline in social housing was fairly steady, private housebuilding rates have been more volatile, with substantial reductions following recessions in the late 1980s and 2008
- Over the past decade, an average of 175,000 social and private homes have been completed, substantially fewer than the average of 285,000 in the 1950s

Source: [UK Government – live table of permanent dwellings completed](#), [UK Government – net additional dwellings](#)

Property conversions and changes of use added 34,000 homes to the housing stock in 2018-19

Conversions and change of use, England 2006-2018



Conversions and change of use

- When a house is changed into flats, or vice versa, this is defined as a conversion
- When commercial, industrial or agricultural buildings are changed into houses and flats, this is referred to as change of use. These new dwellings could be owner-occupied or rented
- When developers build more than 10 new homes, they are often obliged to ensure that a certain proportion is affordable
- Change-of-use properties are often not subject to the affordability or dwelling-size obligations that new builds are
- These changes have had a major effect on the affordability of living in particular areas: for example, in Stevenage residential conversions from office space accounted for 73% of new homes during 2016-17

Source: [UK Government, Inside Housing](#)

Main reasons given for the private sector not meeting the scale and nature of housing demand

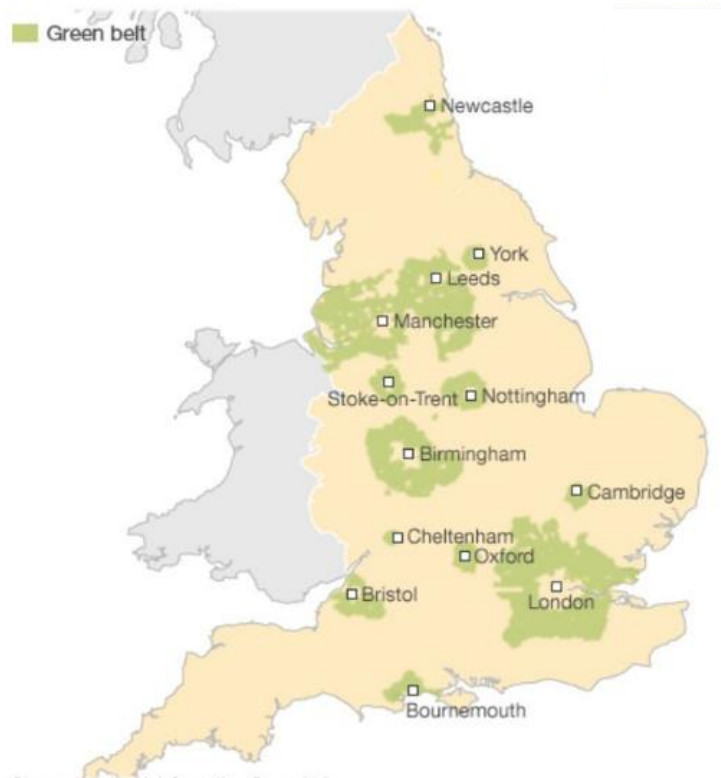
Constraints on private-sector building

- Limited availability of development land
- Fewer demolitions restricting development opportunities
- Fewer government-enabled projects of scale than in the past
- Developers limiting the number of new builds to maintain price levels
- Planning delay
- Reduced demand resulting from tightened credit restrictions for house-buyers
- The rapid decline of the small builder
- The shortage of skilled construction labour
- Lack of innovation in UK construction techniques



Green belts contribute to restrictions on building homes where people want to live and work

Protected green belt land in England

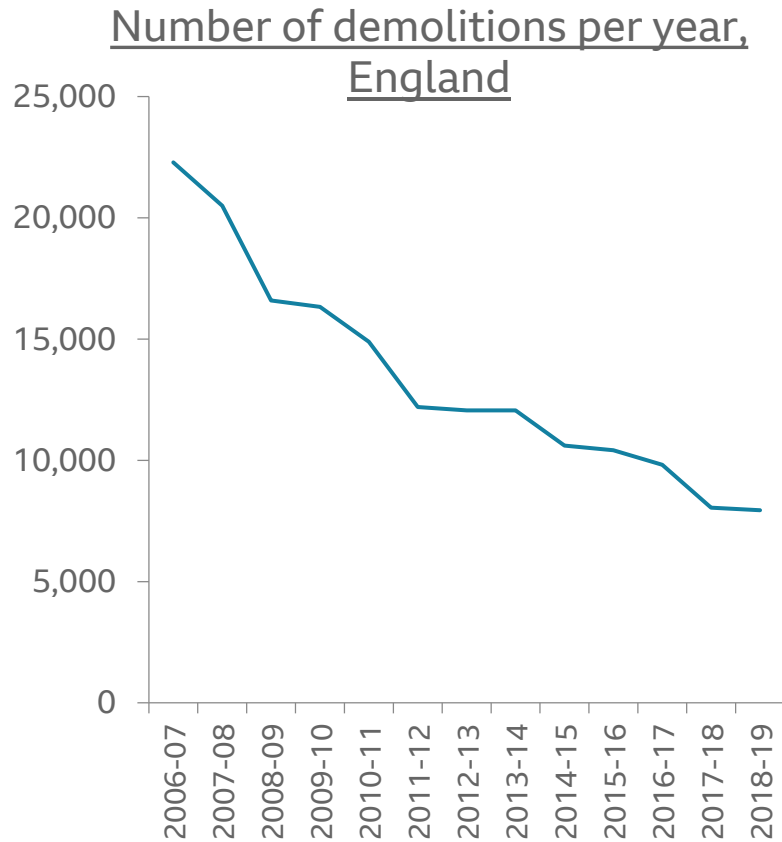


Difficulties with accessing new land

- The green belt is designed to maintain the character of the countryside, to restrict inappropriate development and to prevent urban sprawl
- There are more than 1.6 million hectares of land in England designated as green belt, 13% of England’s total land area
- Northern Ireland has 30 green belts, accounting for approximately 16% of its total area. Scotland has 10, accounting for 2.5% of its total area. Wales has no green belts
- Green belts surround urban areas, such as Greater London, Edinburgh, Greater Glasgow, Merseyside and Manchester, and thus limit the land availability in areas where people might want to live or commute from
- The National Policy Framework states that green-belt land can be developed only in “exceptional circumstances”. These include:
 - the proportionate extension or replacement of a building
 - limited infilling of villages
 - limited affordable housing

Source: [Table P120A, Barney Stringer \(2013\)](#)

The rate of demolition - both to free up land and to improve the housing stock in England - has declined rapidly



Demolitions

- Demolition does not necessarily lead to replacement homes being built, as it may not be economically viable to rebuild in areas where demand is low
- Demolitions can, however, potentially improve UK housing in a number of ways:
 - Demolishing dwellings that are unfit for habitation and replacing them with good-quality housing would improve the quality of the housing stock, the oldest in Europe
 - Freeing up land through demolition can increase the number of homes, if the new housing is denser than its predecessor
 - Demolition provides the opportunity to build houses that better fit contemporary needs or advances in technology:
 - the path to net-zero carbon emissions would be eased by electrically (rather than gas) heated and better-insulated homes, for instance
 - a high demolition rate in Japan, for example, enables the housing stock to adapt to building-code revisions designed to improve earthquake resilience
- At current demolition rates, almost half the current stock of homes in England will be standing in 1,000 years' time

Source: [National House Building Council \(NHBC\) Foundation, UK Government - net supply of housing table](#)

Slum clearances throughout the 20th Century eradicated unsuitable housing

20th-Century slum clearances

- Between 1965 and 1985, 740,000 dwellings were demolished as part of slum clearances in England and Wales
- Both private and public stock were demolished, and private owners were compensated for their lost property
- 80,000 dwellings in Greater London were demolished; 55,000 in Manchester; and 40,000 in Birmingham
- These slum clearances enhanced the quality of the UK's housing stock
 - The Housing Conditions Survey in 1967 recorded 1,830,000 unfit houses in England and Wales
 - By 1986, 900,000 unfit houses were recorded in England
 - 90,000 unfit dwellings were recorded in a separate Welsh survey in 1981



Demolitions in Brixton, south London, 1973

Japan has achieved a high housebuilding rate by demolishing a large number of houses

Housebuilding in Japan

- Japan has a strong preference for new builds, which make up 80% of sales. In the UK they account for 10% of total housing sales
- According to brokerage firm Nomura, the value of the average Japanese home will fall to zero within 22 years (but it will retain its land value)
- As a result, homes are more regularly demolished and rebuilt in Japan. This increases the churn of buildings and the building rate because:
 - more land is available to build on due to the high number of demolitions
 - new dwellings do not need to last as long, increasing the speed of building, with entire neighbourhoods sometimes being built in the same factory (eg Midorigaoka)
- In 2018, there were 942,000 housing starts across Japan, compared with 194,000 in the UK
- However, Japanese new builds are largely replacing demolished properties so the overall, or net, additions to the total housing stock represent a smaller percentage increase than in the UK



Up to five times more new homes a year have been built in Tokyo than in London since 2003

Large-scale housing projects, both in the UK and overseas, have historically led to rapid transformations in the housing stock

Ambitious transformations in the housing stock

- Large developments have previously been used in the UK and abroad to address housing shortages and overcrowding in cities:
 - The new-towns programme, designed to relocate those whose housing had been destroyed by bombing in World War Two, led to the creation of 32 new towns in Britain
 - Milton Keynes was established in 1967 to ease the housing shortages in London
- Factory-assembled housing was used to address the UK shortage after World War Two, was used to build entire neighbourhoods in Japan in the 1960s, and has recently been used to construct skyscrapers in China in 57 days

The post-war new-towns programme led to the creation and expansion of 32 new towns in Britain

The new-towns programme

- The new-towns programme, introduced in 1946, was designed to rehouse those who had lost their homes during World War Two
- A new-town development corporation was created for each town, which had powers to purchase land compulsorily at agricultural prices and to create a comprehensive plan for the town
- Crawley, Livingston, Newtown, Northampton and Ipswich were all built or extended under the new-towns programme
- The development of the towns was funded through central government and self-financing. As the land was bought at agricultural prices, the development corporations were able to benefit from the uplift in land values
- Today the post-war new towns are home to more than a million people



The new town of Cumbernauld was built to solve chronic shortages of housing in post-war Glasgow

Source: Rethinking the economics of land and housing, Ryan-Collins/Lloyd/Macfarlane (2017), "The Treasury as Developer-Capitalist? British New Town Building in the 1950s," *Journal of Economic History* 50, no. 4, December, pp. 903-24, Carol E Heim

In 1967 Milton Keynes was founded to create a substantial increase in UK housing

The "new town" of Milton Keynes

- Milton Keynes was born with an Act of Parliament in 1967 which approved the building of a new community of 250,000 people covering 22,000 acres (8,900 hectares) of Buckinghamshire farmland and villages
- Built to ease the housing shortages in an overcrowded London, its founding principles were for an "attractive" town that enshrined "opportunity and freedom of choice"
- Milton Keynes is now the third-fastest-growing city in the UK, with a population of 270,000, and is a thriving community with its own football team and arts centres
- Milton Keynes was the last new town to be built. Changes in the law meant landowners were entitled to much greater compensation for compulsory purchase of their land, making it financially unviable to build new towns



The Hub shopping and entertainment complex in Milton Keynes

Miasteczko Wilanów in Poland was founded in 2004 and now houses 40,000 people

Urban planning in Poland

- Miasteczko Wilanów is one of the biggest residential projects in Europe. Its population has grown by 225% in the last decade
- Built on what used to be empty fields on the outskirts of Warsaw, the project began in 2002 and within two years the first residents were moving in
- As well as apartments, Wilanów offers its inhabitants a developed local infrastructure, including shops, restaurants, service points, schools, offices and entertainment facilities
- “I’ve been living in Miasteczko Wilanów since 2005. I was seduced by the architectural and urban concept, which became reality; modern, clean, safe and open area full of restaurants, shops, schools. I like the social mix and diversity of the area. It’s mostly occupied by young families and professionals,” says local resident Maciek Sandecki

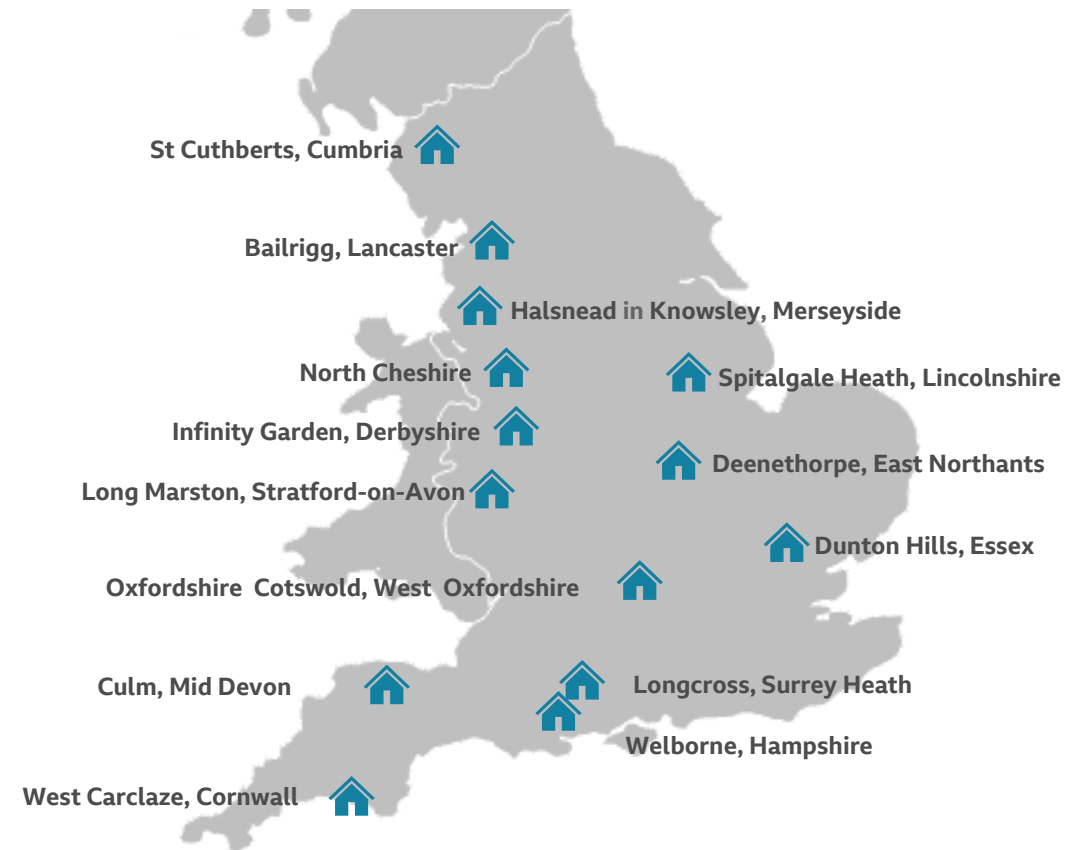


Maciek Sandecki is a resident of Miasteczko Wilanów in Poland

Planning for the development of 14 new garden villages is under way across England

The garden-villages programme

- In 2017 Theresa May's Conservative government announced plans to support the development of 14 garden villages across England which would provide up to 48,000 new homes
- Local authorities would take the lead in laying out the development plans but the majority of the construction would be put out to private-sector tenders
- The government pledged up to £6m to assist these new developments
- The government specified that the new garden villages should be built to a high standard, be attractive and well-designed, and be built as a response to meeting local housing needs - especially for first-time buyers
- The plans are currently going through an extensive planning process, which gives local communities an opportunity to be consulted and to ensure the villages meet local needs
- They are less ambitious in scale than similar projects in the post-war era



Source: [BBC News - Garden villages](#)

China has developed innovative techniques for rapid construction

China's innovative building techniques

- In April 2015, a Chinese construction company built a 57-storey skyscraper in just 19 working days
- Broad Sustainable Building, which specialises in prefabricated construction, prepared 90% of the structure in a factory before assembling the remaining 10% on site
- The owner, Zhang Yue, has ambitions to construct the tallest building in the world, standing 838m tall, in just 90 days, using similar techniques
- There are questions about the longevity of China's new builds: Qiu Baoxing, the former vice-minister of China's Housing & Urban-Rural Development ministry, estimated that new buildings going up in China today will stand for only 25-to-30 years before being demolished



Changsha in Hunan Province, China

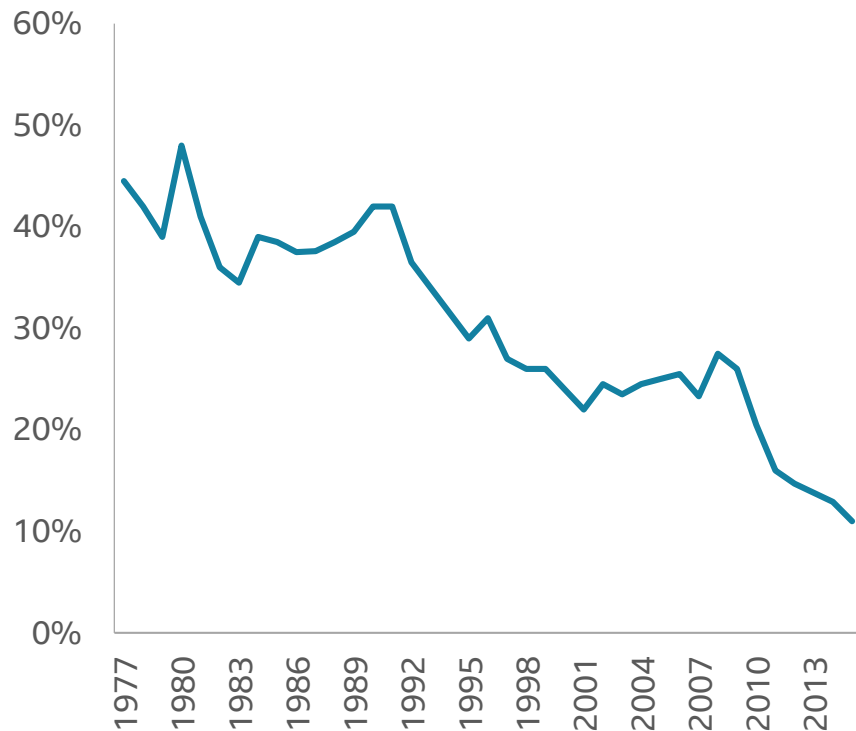
The planning process for building new homes in the UK is subject to increasing delay

The planning process

- Broad planning policy is laid down by central government, or the devolved governments, but administration of the planning process is mostly handled by local government
- If there are no delays and appeals, a planning application for building can be approved within 13 weeks
- For more complex applications, local authorities can agree to deadline extensions. In 2012-13, there were 107 time extensions in England, which had increased to 5,500 in 2017-18 - making up more than two-thirds of all applications
- The planning process can require consultation with a number of different parties. For example:
 - Public consultation: planning authorities are required to undertake a formal public consultation. Any individual - as well as community groups or specific interest groups - can respond to a consultation
 - Statutory consultation: planning law prescribes circumstances where local planning authorities are required to consult specific bodies prior to application - eg Greater London Authority, local flood authority
- Cuts have limited local authority resources for planning. Between 2010 and 2018 there was a 38% drop, in real terms, in planning expenditure
- More complex developments – involving a number of bodies and appeals - can take up to three years to win approval
- Appeals delay the process further: since 2013 the time for the Planning Inspectorate to rule on an appeal has risen from 30 weeks to 38 weeks

Over the last 40 years, there has been a steady decline in private housebuilding by smaller firms

Percentage of new homes built by SMEs (1-100 units), UK, 1977-2015



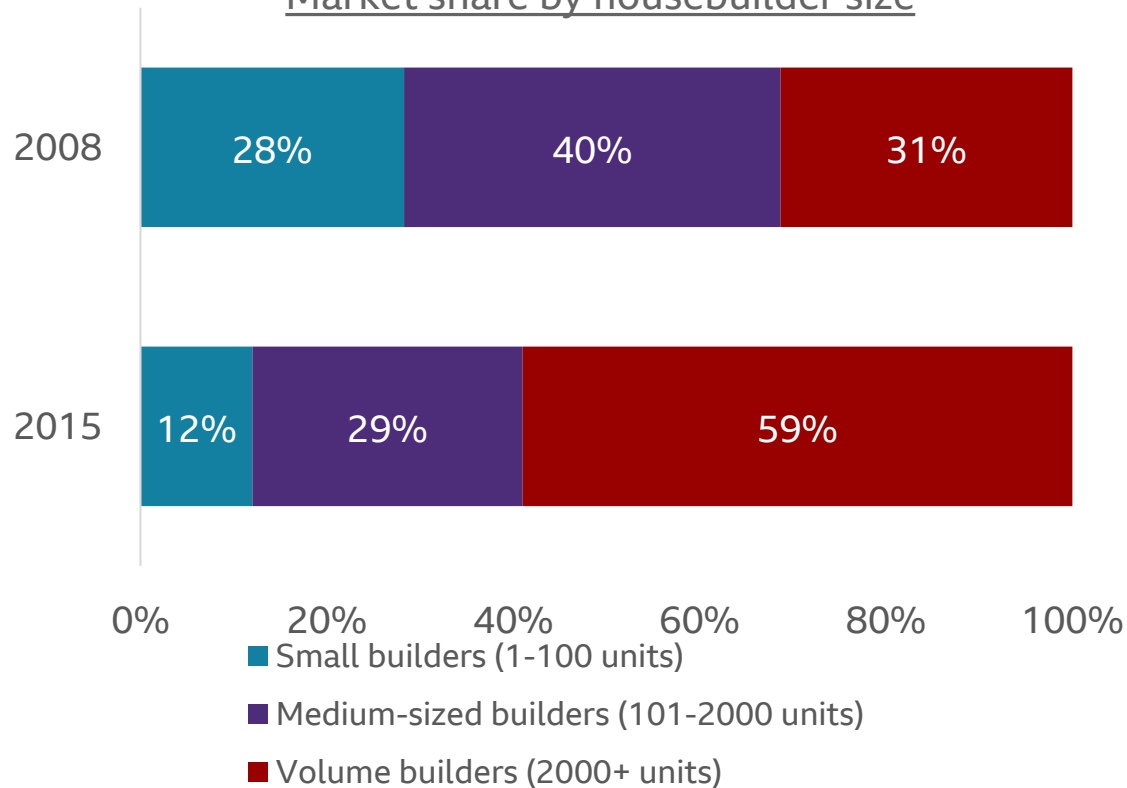
The decline of the small builder

- In 1987, there were more than 11,000 firms registered with the NHBC that built fewer than 1,000 homes a year. In 2017, there were fewer than 2,000 small builders
- In 1980 SMEs (in the construction industry this refers to companies that build fewer than 1,000 dwellings per year) delivered half of all UK housing. In 2015 they built fewer than one in eight new dwellings
- The National House Building Council found that the planning process and limited availability of land were their biggest business challenges
- There are significant up-front costs in submitting planning applications without any certainty of success. While larger firms can mitigate their risk across numerous sites, small firms can be seriously hampered by delays or rejections
- The Home Builders Federation estimated that returning to the same number of SMEs as operated in 2007 would help boost the housing supply by 25,000 homes a year
- Smaller builders are also more likely to offer options such as custom-build housing and to build on smaller plots that would be economically unviable for larger builders

Source: [Home Builders Federation \(HBF\)](#)

Since the financial crisis the largest developers have begun to dominate the building sector

Market share by housebuilder size



The emergence of the house-building giants

- In 1960, the 10 biggest UK housebuilders built 9% of all new homes
- In 2015, the top 10 developers accounted for 47% of all new-builds, while housebuilders developing more than 100 units per year accounted for 88% of the home-building market
- In 2019, the top 10 largest volume housebuilders constructed more than 90,000 homes

Source: [Home Builders Federation \(HBF\)](#)

The growth of larger firms is in part attributable to changes in the size of development sites

The size of development land plots

- Under the National Planning Policy Framework of 2012, local authorities, which draw up housing development plans for their areas, have tended to issue development permits for larger sites than previously. The average permitted housing scheme has increased in size by 17% in less than a decade. It is often easier to deal with the impact of a single large site on the local population
- These larger sites are more expensive to build on and represent substantial risk, putting them out of reach of many smaller builders and favouring the bigger developers
- The market for development land is also fiercely competitive, with larger firms more able to pay high prices for land and to recover costs through economies of scale on larger developments or use option agreements to control land many years before it reaches planning
- Encouraging building on smaller sites would enable smaller housebuilders to develop land that is economically unviable for larger housebuilders, thereby increasing the build rate and closing the housing gap
- There have also been suggestions that the big developers are guilty of “land-banking”: hoarding building land without actually developing it in order to profit over time from rising prices. A 2018 government review rejected this, though, and concluded that developers build only at a rate that will not undermine average prices. If they were to build too many homes too quickly, they would risk undermining the market
- Housing charity Shelter draws attention to what it calls “strategic land-banking” - land that may not be owned by builders but is controlled by them through legal options for potential development. Shelter is concerned that this practice may stifle competition but the industry denies this

Source: [Federation of Master Builders](#), [UK Government \(Gov.uk\)](#) [Shelter - Land Banking: What's the Story?](#)

Germany has been successful in retaining smaller builders

The German house-building model

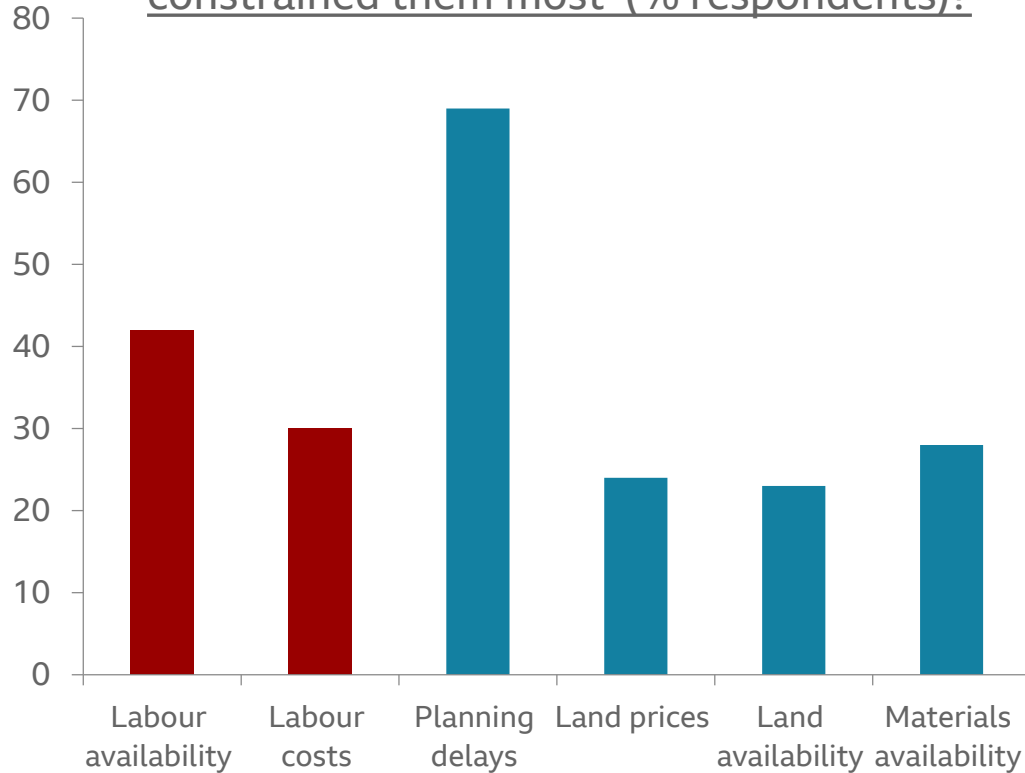
- Developers can be prevented from “hoarding” land if they do not intend to build on it
- Custom-built housing is more widespread, which represents less risk for smaller firms as the home is, in effect, sold before it is built
- Smaller builders tend to rely on finance from local or co-operative banks rather than major institutions, and achieve credit more easily
- Public authorities take a clear lead in shaping large-scale development and infrastructure plans. This reduces uncertainty and speculation, and builders have greater certainty about whether a planning application will be accepted
- The planning process is also more streamlined, which lowers costs for smaller builders



Nuremberg in Bavaria, Germany

A shortage of skilled labour is a significant constraint for housebuilders

In 2018, what did housebuilders say constrained them most (% respondents)?



Skilled labour and housing supply

- In 2018, 42% of housebuilders saw labour availability as a major constraint to increasing housing completions
- In October 2015, recruitment firm Randstad said one million more construction workers would be required by 2020 if the government were to meet its target of building 300,000 homes a year
- Barratt Developments, which built 17,500 homes in 2017-18, said in its annual report: “Skilled workers leaving the construction industry during the financial crisis, alongside an ageing workforce, has led to a significant skills shortage”
- Persimmon, one of the UK’s biggest housebuilders, points out that increasing the supply of trade skills will be essential if the industry is to increase the volume of new homes built
- New methods of construction could improve productivity but the benefits have not yet materialised

Source: [Randstad](#), [Barrett](#), [Persimmon](#), [Home Builders Federation \(HBF\)](#)

Changing credit conditions have also reduced the incentive for developers to build new housing

Monthly interest rate for a two-year (75% loan-to-value) fixed rate mortgage, 2000-2018



The impact of credit conditions

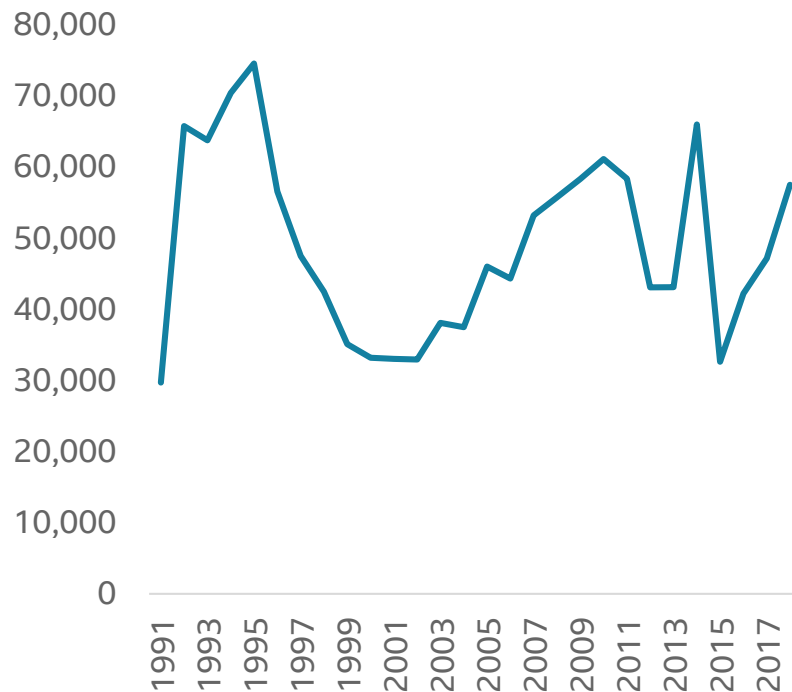
- Since the financial crisis in 2008, interest rates have dropped, fuelling a boom in house prices
- At the same time there has been a tightening of credit conditions by banks, and of mortgage regulation by government – increasing the size of the initial deposit required from the buyer
- Since 1990 the average real deposit needed for a first-time buyer has increased from an average of £14,800 to £33,000 (2018 prices)
- Buyers without a large deposit or a strong credit history now struggle to obtain a mortgage, constraining the level of demand for housing and reducing the incentive for developers to build - although this has been offset by an increase in demand as a result of government schemes like the Help to Buy equity loan scheme

The loan-to-value (LTV) ratio is the difference between the value of the mortgage you take out and the value of the property as a whole, expressed as a percentage

Source: [Halifax](#), [Bank of England Database](#)

Supplying ‘affordable housing’ is a particular challenge for the private sector

Affordable homes provided annually, England, 1990-2018



Meeting the demand for ‘affordable housing’

- Developers are less inclined to build affordable homes, such as social housing, as they recoup lower profit margins than if they were to build a high-end home
- Local authorities can insist on affordable homes being built on their sites as a precondition of granting planning permission: affordable homes quotas usually require that between 30% and 50% of new developments are affordable for lower-income groups
- These homes will usually be sold or given to a local council or housing association to allocate and manage
- Some of these properties encourage first-time buyers on to the housing ladder by allowing them to purchase the property at a discount, often at 20% of the market value, or by offering affordable rents at least 20% cheaper than market rents
- However, many developers now use “viability assessments” to negotiate down this quota, arguing that the quotas would seriously impair their profit margins
- In 2017, Shelter showed that the use of these assessments in 11 local authorities had contributed to 79% fewer affordable homes being built in England than if housebuilders had been obliged to meet the affordable-housing quotas
- As a result, the number of new affordable homes available in England has fluctuated either side of 50,000 dwellings per year, and has not risen to meet sustained demand

Source: [UK Government \(Gov.uk\)](#), [Shelter](#)

Summary

Private Housebuilding

The scale of private housebuilding in the UK is not compensating for the fall in social housebuilding, nor is it keeping pace with overall demand. And lower-priced affordable homes are being built at the rate of only 50,000 a year.

There is an accumulation of causes: the supply of land is limited and there are few demolitions to free up land; planning processes are prolonged and uncertain; skilled labour is in short supply; small builders are in rapid decline, and no major new towns have been created in recent decades.

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BBC Briefing - Housing

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Private Rental Sector

How large is the private rental sector?

And what is fuelling its growth?



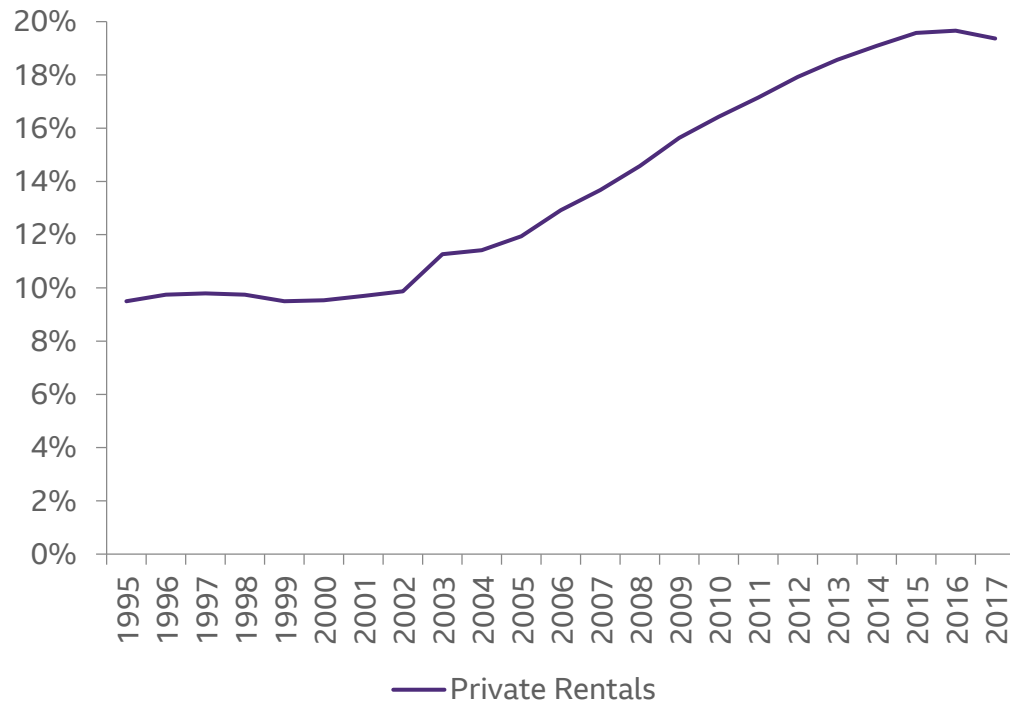
B B C Briefing - Housing

“Ideally, the worst type of slum landlord is a fat wicked man, preferably a bishop, who is drawing an immense income from extortionate rents. Actually, it is a poor old woman who has invested her life's savings in three slum houses, inhabits one of them and tries to live on the rent of the other two - never, in consequence, having any money for repairs”

George Orwell, *The Road to Wigan Pier*, 1937

The proportion of households living in the private rented sector has doubled in the past 20 years

Proportion of households in the private rental sector, UK, 1995-2017



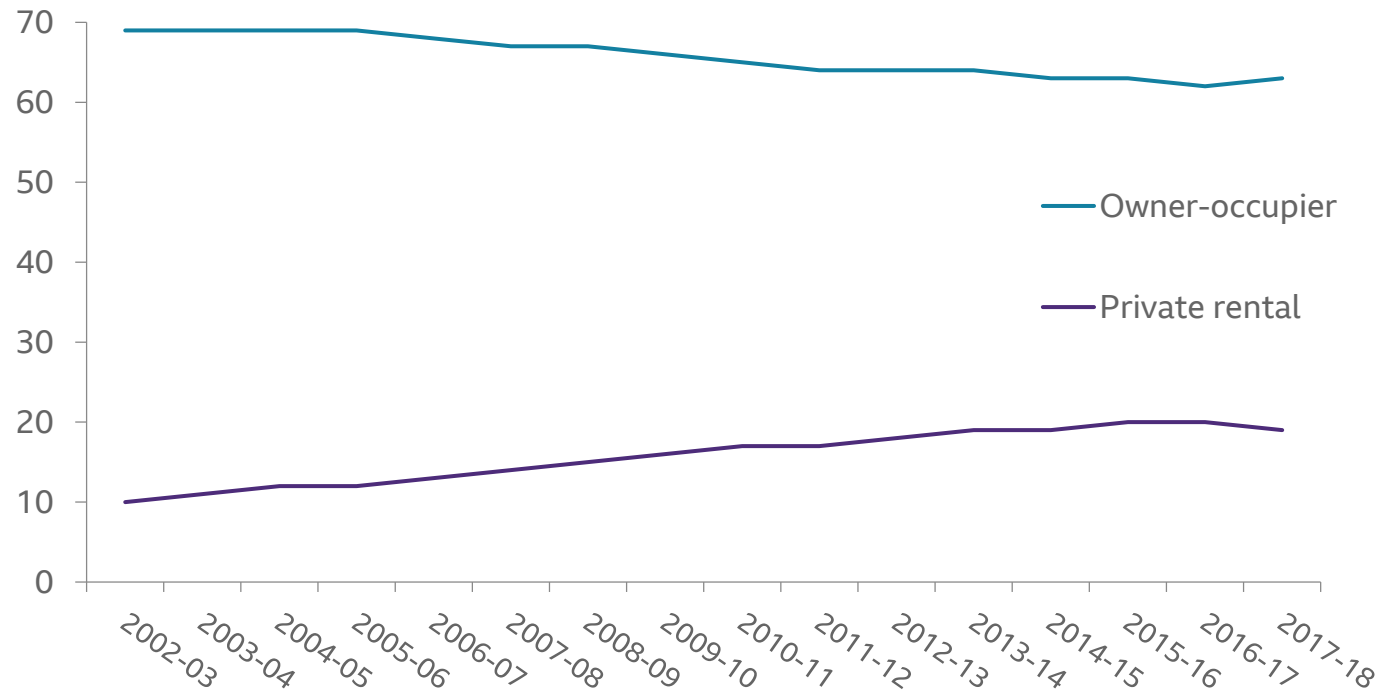
The growth of the private rented sector

- The legal reforms of the 1980s, which improved the position of landlords, paved the way for private rented sector growth
- There were 2.8 million households in the private rental sector in 2007; by 2017 the number had risen to 4.5 million
- Fewer available social homes mean that people who would have lived in a home provided by the council or a housing association are now renting from a private landlord
- Some people who bought their council houses rent them out
- Housing benefit increased between 1982 and the 2011 Budget, and helped fund growth in the private rented sector
- Would-be homeowners without a sufficient deposit, or with an impaired credit history, are also a significant component of the private rented sector

Source: [UK Government \(Gov.uk\)](http://www.gov.uk), [Office for Budget Responsibility \(OBR\)](http://www.obr.gov.uk)

The private rental sector has grown as the home-ownership rate has fallen

UK private housing tenures, 2002-03 – 2017-18, (%)



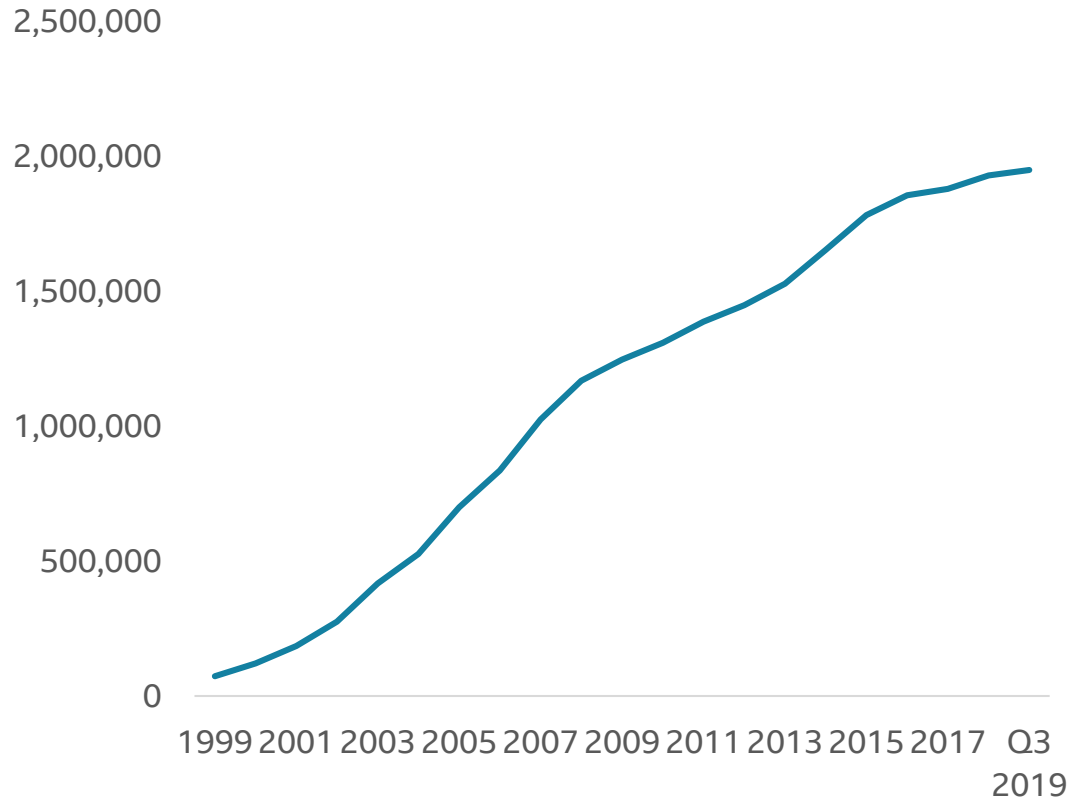
Home ownership and the private rental sector

- The proportion of people who own their own home fell by six percentage points between 2002-03 and 2017-18
- The rate of UK home ownership had been rising steadily throughout the 20th Century and reached a peak of 69% in 2002-03, before falling back after the 2008 financial crisis
- As the rate of home ownership fell, the number of households in the private rental sector rose

Source: [Family Resources Survey 2017-18](#), [Office for National Statistics \(ONS\)](#)

Buy to Let mortgages have helped increase investment in the private rental sector

Total outstanding Buy to Let mortgages



Buy to Let Mortgages and Assured Shorthold Tenancies

- The Assured Shorthold Tenancy (AST) was introduced in the Housing Act 1988, giving landlords more control over their property by allowing them to terminate the tenancy with reasonable notice
- This reform ushered in the era of Buy to Let mortgages, which allowed investors to apply for mortgages on residential properties specifically for the purpose of letting them out
- In recent years, the number of new Buy to Let mortgages approved each year has been declining, along with the proportion of homes that are bought by landlords
- Buy to Let has enabled the private rental sector to grow but it has also raised house prices and reduced prospects for first-time buyers

Source: [UK Finance](#)

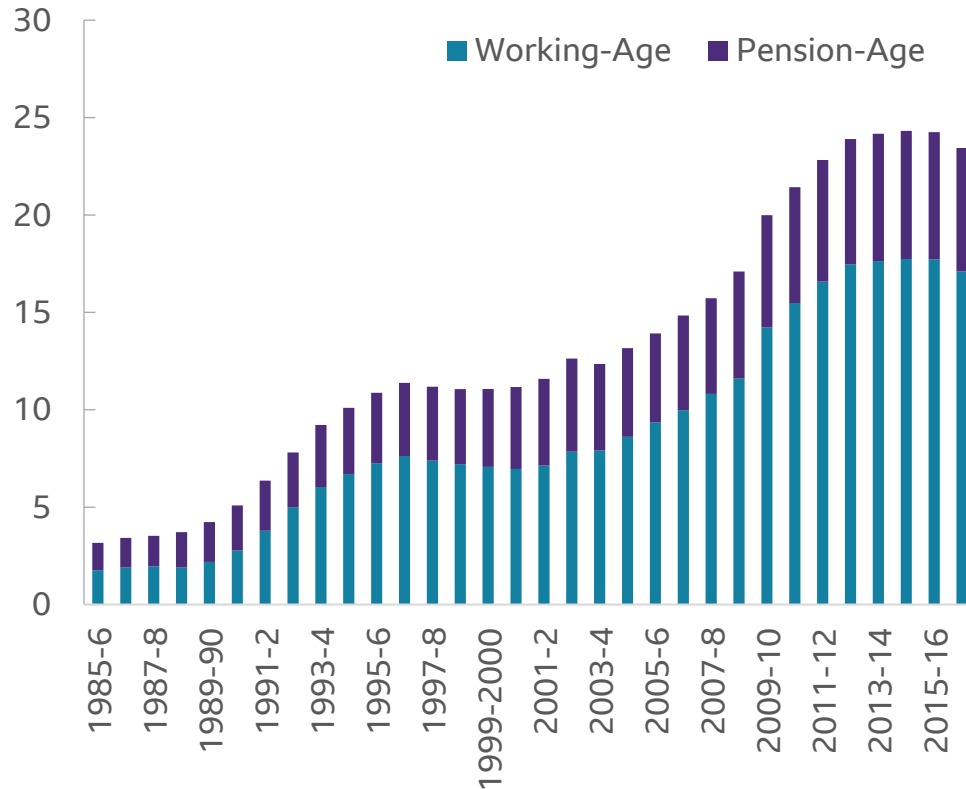
Rents were controlled in the past but now landlords are free to set their level

History of rent controls

- The Increase of Rent and Mortgage Interest (War Restrictions) Act 1915 limited rents to their August 1914 levels
- This measure was introduced to prevent landlords from profiteering during the war years when housing was in high demand
- Rent controls continued to apply in various forms until January 1989
 - The Rent Act 1957 relaxed rent controls somewhat by basing them on gross property values
 - The Rent Act 1965 introduced regulated tenancies with “fair rents” set by independent rent officers
 - Housing Act 1988 deregulated rents on new private-sector lettings after 15 January 1989
- The introduction of rent controls coincided with a reduction in the private rental sector, which fell from 90% of the housing stock in 1915 to 10% by 1991
- What caused the decline in the private rented sector after 1920 is disputed. Peter Kemp, housing policy professor at the University of Oxford, maintains that rent control was seen as one factor that discouraged landlords from renting out properties. Others say the rise of alternatives, such as social housing and easier access to home-ownership, helped phase it out

Housing benefit grew rapidly in the 1980s and helped fund private-sector rents

Housing benefit over time, UK, (£bn)



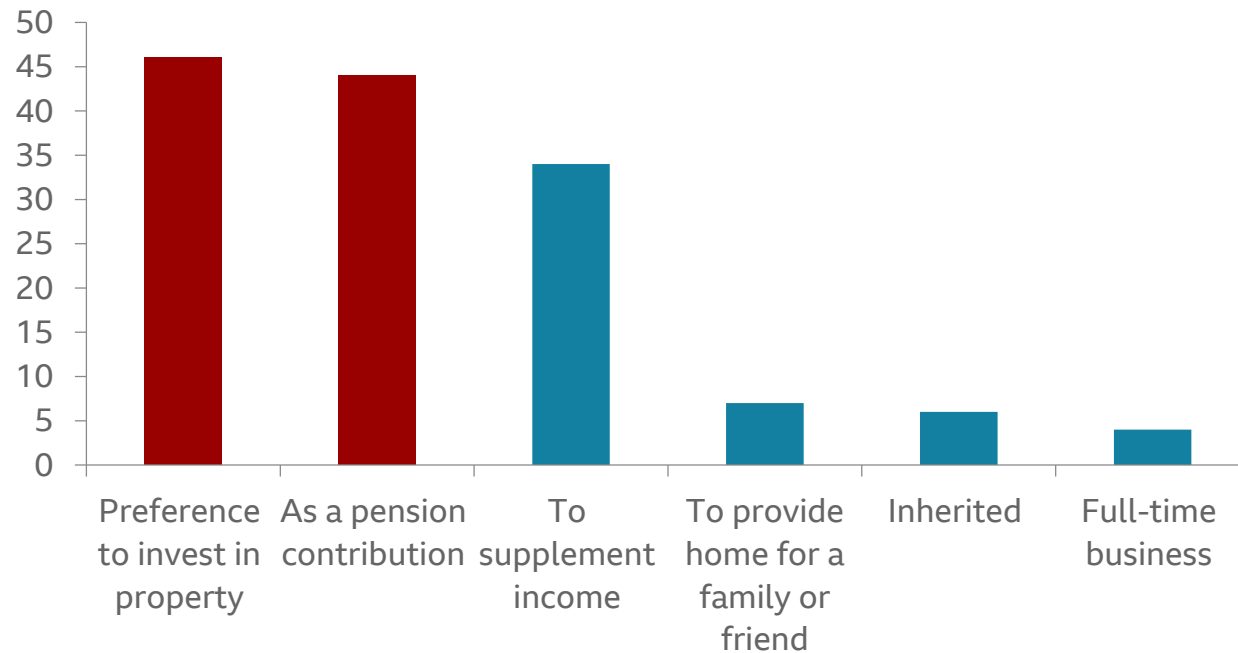
The evolution of housing benefit

- In the 1980s, Margaret Thatcher’s Conservative government reduced social housing stock by 1.9 million through the Right to Buy scheme
- The housing needs of the less well-off were met through the granting of housing benefit and the freedom to spend it as private tenants
- Right to Buy led to growth in the private rental sector:
 - A shortage of social housing has pushed many people on lower incomes into private rental accommodation
 - The Commons Communities and Local Government select committee says that around 40% of ex-council homes bought under Right to Buy are rented out by private landlords

Source: [Office for Budget Responsibility \(OBR\) forecasts - Welfare spending housing benefit](#)

People most commonly become landlords to contribute to their pension or because property is preferable to other investments

Reason for becoming a landlord (%)



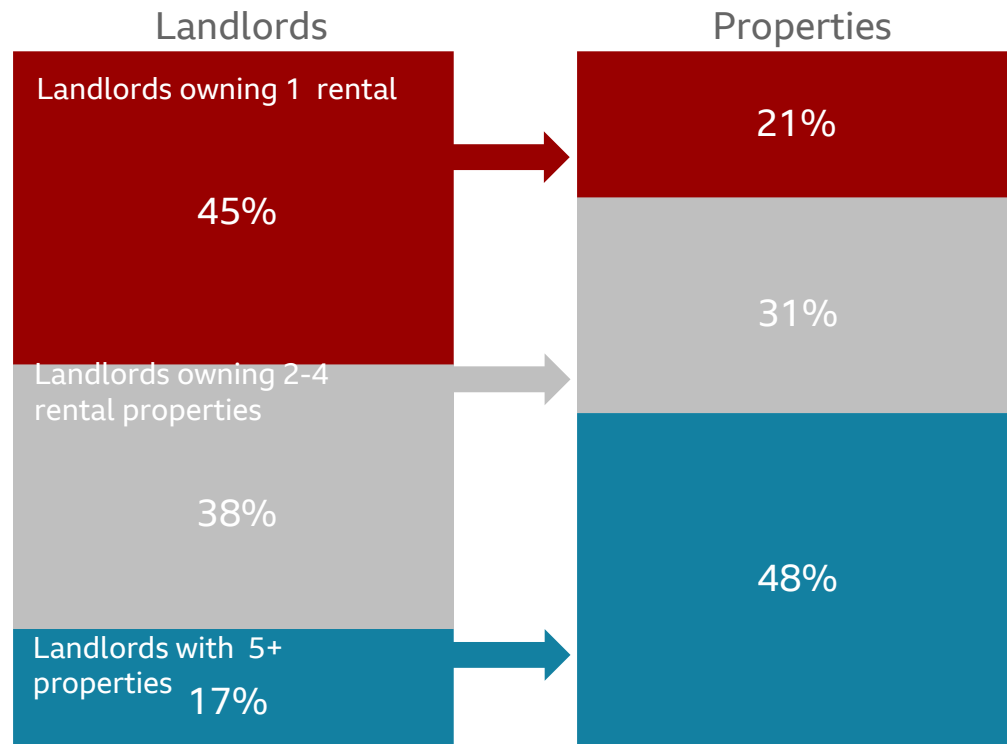
Property as an investment

- Landlords earn on average £15,000 per year before tax
- On average, landlords' income from rent makes up 42% of their total gross income
- In a period of low interest rates, landlords receive a higher return on property than from some other forms of investment

Source: [English Private Landlord Survey 2018](#)

Nearly half of all landlords let only one property

The distribution of landlords and properties, England



The concentration of landlords

- There are an estimated 1.5 million private landlords in England
- Almost half of all tenants have landlords owning five or more properties
- But nearly half of all landlords let only one property

Source: [English Private Landlord Survey 2018](#)

The private rental sector has the highest proportion of ‘non-decent’ homes

Percentage of housing which is ‘non-decent’ by tenure (England), 2018



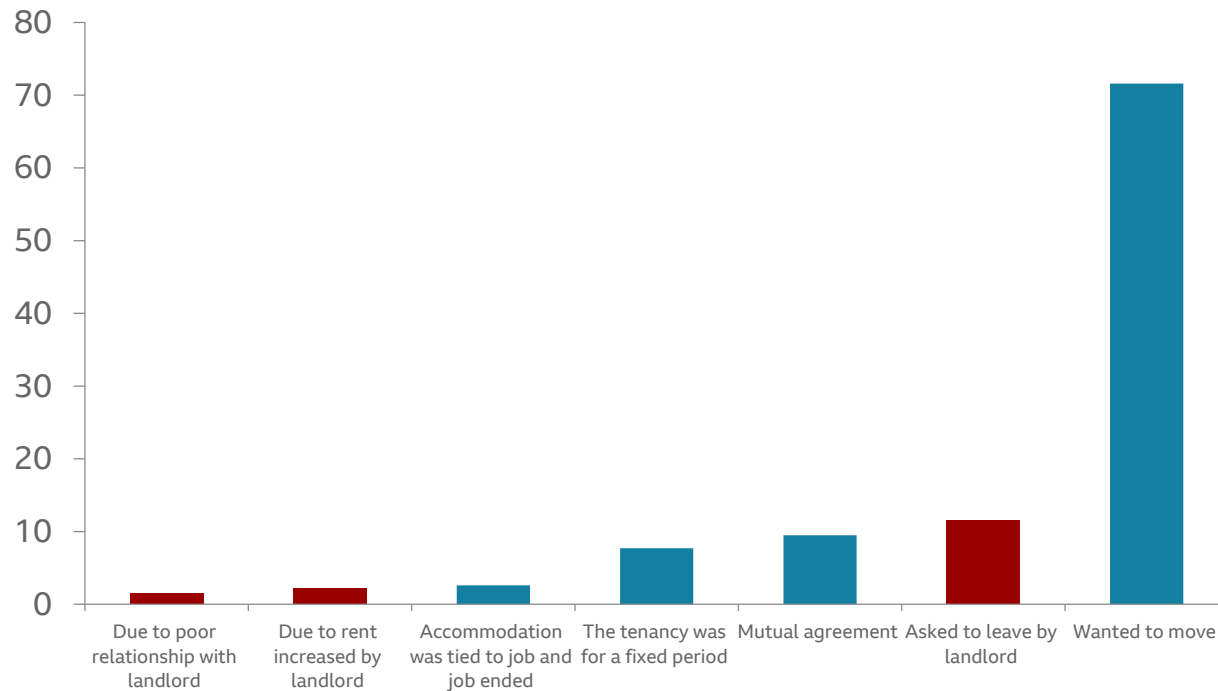
Housing conditions in the private rental sector

- Around one quarter of private rental tenants experience “non decent” - or poor - housing conditions or facilities and services
- The private rental sector has the highest incidence of dampness and serious disrepair
- 14% of private rental dwellings contain some kind of hazard, such as electrical faults, lack of smoke alarms or risk of falling
- 6% of privately rented dwellings are overcrowded, significantly higher than in the owner-occupier sector, but fewer than in the social rented sector

Source: [English Housing Survey 2018-19](#)

Most tenants leave private rentals because they want to

Main reasons why the last tenancy ended, 2017-2018, England, (%)



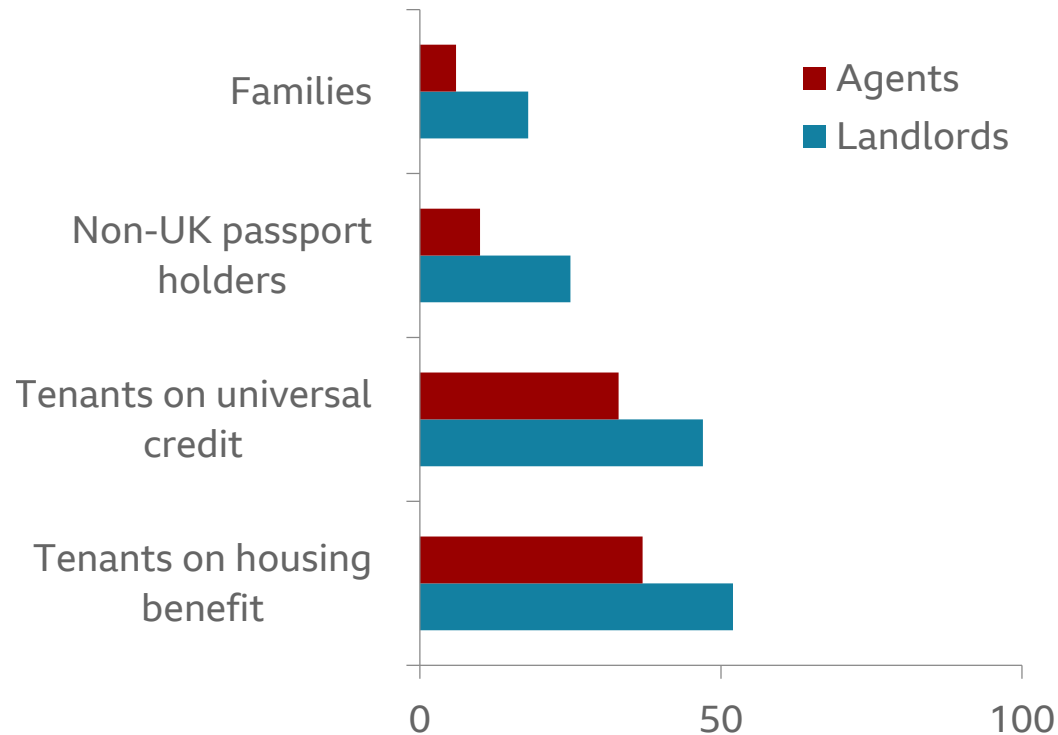
The flexibility of renting

- The advantage of privately renting for many is that it allows you to relocate or change where or with whom you are living without being tied to a mortgage
- 11% of tenants who do not expect to buy favour the flexibility of renting, whilst 10% would not want the inflexibility of buying
- However, renters report lower life satisfaction than owner-occupiers and social renters
- The vast majority of tenancies end because the tenant wants to move out
- However, many tenants are at risk of homelessness if given notice
- The English Private Landlord Survey estimates that 1.3 million tenants in England would regard their notice period as too short to enable them to find a new place to live

Source: [The English Private Landlord Survey 2018](#), [English Housing Survey - Private rented sector 2017-18](#)

Landlords are less willing to let to those on benefits, to non-UK passport holders and to families

Proportion of landlords/agents unwilling to let to certain groups, England



Landlords' letting preferences

- The most commonly reported reason given by landlords for not letting to those on benefits was the risk of delayed payments, or the risk that the benefits would not be enough to cover the rent
- Most often landlords were not prepared to let to families because their property was not suitable or because of the greater risk of damage to the property

Source: [English Private Landlord Survey 2018](#)

Sudden evictions and poor property maintenance are among regular complaints about some landlords

Lack of security for tenants

- Alicia Powell, 24, complained about a damp patch on the ceiling in the north London flat she rented with her boyfriend
- After nothing was done, she said she would report the matter to the local council
- She was then served with a section 21 eviction notice
- Section 21 notices allow landlords to evict tenants at the end of a tenancy with two months' notice and without a reason. They are already banned in Scotland
- A recent survey of students suggests almost a third have gone without heating or running water in their rented properties
- One student in Portsmouth reported that on the day she moved in, there was no front door on the property and there was no heating for two months



Alicia Powell and her boyfriend

Some landlords face challenges in dealing with difficult tenants

Difficulties faced by landlords

- Una Walsh is a property owner, based in Leeds, and rents out 20 properties
- She has had to serve three section 21 notices in the last five years. All were for rent arrears, and the notices were served after she received professional and legal advice. She said they were used as a "desperate last resort"
- Her properties are mostly three-bedroom family homes and she says the evictions allow her to re-let the properties swiftly to families who need them
- "My ethos [is] local houses for a local person. If they grow up in the neighbourhood, they are settled here," the 57-year-old says
- David Smith, policy director at the Residential Landlords Association, says: "While no landlords should ever abuse the system, it is only right and fair that they can repossess properties swiftly and with certainty in legitimate circumstances."



Leeds-based landlady Una Walsh says evictions have allowed her to re-let properties quickly to families with greater needs

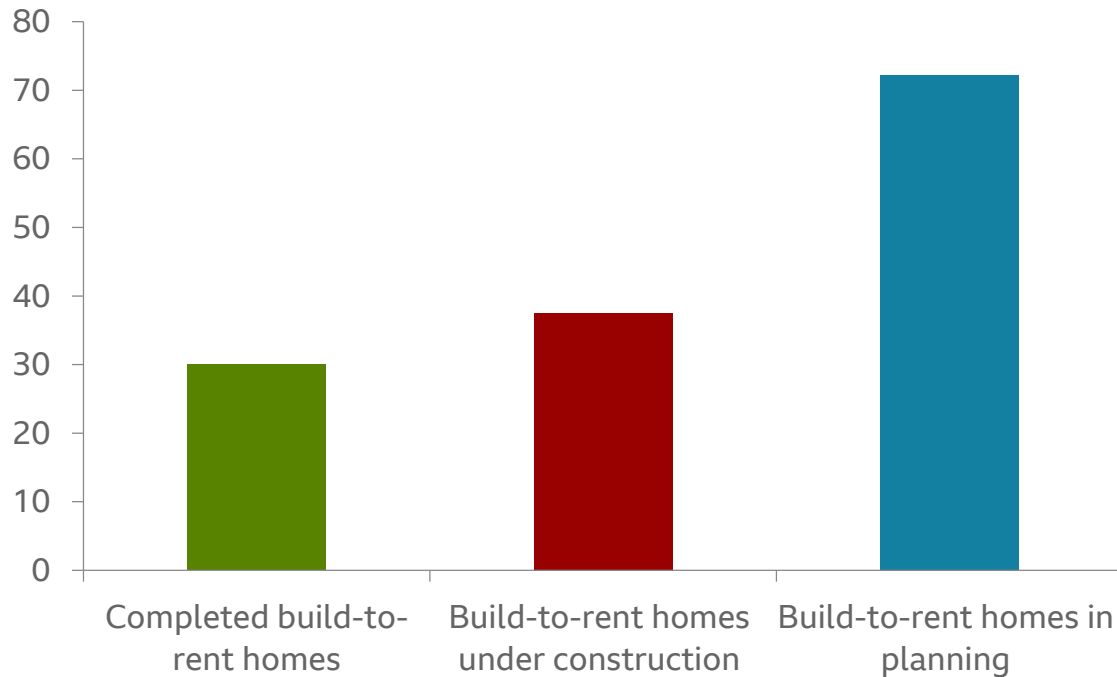
There are incentives for private landlords to improve conditions in rented properties

Incentives for landlords

- The Department for Work and Pensions can make rental payments directly to landlords on behalf of tenants who are deemed to be at risk of being unable to meet payments (in Northern Ireland this happens by default). This decreases the prevalence of evictions for those who have failed to pay their rent, and also encourages landlords to let to tenants with poor payment histories. In Wales, councils are required to find housing for people who are intentionally homeless.
- Landlords can also claim an amount tax relief on the cost of repairing and maintaining their properties
- Many local authorities now operate schemes to improve the standards of local rental by offering accreditation to landlords. By joining an official scheme, landlords receive benefits, including discounts on licence fees and tenant referrals from the council. Some councils also offer training and legal advice to accredited landlords. Landlords in Wales and multi-occupancy landlords in Northern Ireland must be licenced
- The Smart Export Guarantee (SEG) scheme, which was introduced in January 2020, is a new way for landlords to earn money from energy suppliers for putting power back into the National Grid from renewable-energy technologies they install at their let properties

Building to rent at scale is a recent development in the rental market

Number of build-to-rent homes (2019), thousands, England



The growth of build-to-rent properties

- Building properties for the rental market and not to sell – known as “build to rent” - has increased sharply over the last five years
- The average size of a completed scheme is 133 units (2019) but this is forecast to rise in the next few years to an average of 240 units
- Half of all completed build-to-rent homes have been located in London; and in 2019, estate agents Savills forecast that the number of units being built across the regions will soon surpass those in the capital
- Building to rent may increase the current housing stock but so far there is little evidence it improves affordability
- Build-to-rent may also attract more professional landlords, who are concerned about their reputations

Source: [Savills](#)

Summary

Private Rental Sector

The private rental sector has doubled over the last 20 years - to 4.5 million households - as levels of social housing and home ownership have fallen, and as housing benefit has helped fund private rents.

Private landlords have been drawn to the sector by the end of rent controls and the Buy to Let mortgage. Some invest to enhance their pensions and others to capitalise on their investment returns.

Private tenants can end up in poorly maintained dwellings, while landlords may face rent arrears. The private rental sector contains the highest proportion of “non-decent” homes.





BBC Briefing - Housing

Part 8/10

Closing the Housing Gap

How large is the current housing gap - the difference between the stock of dwellings we have and what would be needed for everyone to have a decent home?

And how will that gap grow in the future?



BBC Briefing - Housing

“The main thing I found when I came into that job - and this is something Theresa [May] felt very strongly about as well - is that we had got into this weird argument where some people were saying the answer is private housing and some were saying build more affordable housing. The answer is both. Building more of every kind of housing is what is needed”.

Gavin Barwell, Minister for Housing 2016-17, Downing Street Chief of Staff 2017-19, speaking in 2020

Closing the housing gap depends on a number of factors

The UK's housing gap

To close the housing gap for everyone to have a decent home, we would need:

- to build enough dwellings that:
 - are affordable for young people who want to take their first step on the housing ladder
 - meet the needs of a growing population
 - cater for new demographic trends eg people marrying later or living longer
 - are in locations where people want to live and work
- to ensure the rental sector:
 - provides decent well-maintained homes
 - is not overcrowded
- sufficient social housing for:
 - homeless people
 - people who cannot afford to buy a home or pay a market rent

*Some housing experts point out there are about one million unoccupied homes in the UK but this is usually because they are in the wrong place, derelict or sub-standard, belong to absentee owners, or are awaiting sale

The latest studies suggest the UK has a housing supply gap of approximately 1.2 million homes

Housing target estimates

Date	Study	Recommendation	Estimated existing housing gap (millions)
2019	Heriot-Watt study	Argues that closing the housing gap will require 69,000 more homes per year over the next 15 years for England than current population growth and household formation projections suggest (*). Scaling up for the UK, this produces an estimate for the existing housing supply gap of around 1.2 million	1.2 (BBC Briefing estimate)
2016	Redfern study	Suggested the UK needed 1 million new homes	1.0
2014	KPMG/ Shelter study	Argued that 100,000 fewer homes than needed were being built every year. Over 15 years, this would have suggested a gap of around 1.5 million dwellings	1.5
2004	Barker review	Saw the problem through the prism of house price inflation, a key issue at the time. Recommended an increase in the rate of building of between 70,000 and 120,000 private homes and 17,000 to 23,000 social homes per year. In 2004, assuming a 15-year time horizon, these estimates implied what would have been a housing supply gap back then of around 1.3 to 2.1 million	1.3 - 2.1 (BBC Briefing estimate)

Source: (*) [Heriot-Watt](#) Additional suppressed household formation p.63, [Redfern](#) [KPMG](#) [The Barker Review](#)

Estimating the size of the housing supply gap is complex

Methodology for estimating the housing supply gap

- A meaningful measure of the number of extra homes needed to close the housing gap is important for public policy-making
- This is complicated because many of the answers to the questions involved rely on judgement instead of available facts
- Very few housing experts have provided a figure for the current gap
- Most studies suggest an annual building target. But nobody believes the gap can be filled in one year. So the numbers need to be multiplied over a reasonable time horizon to extrapolate an idea of the **total** supply backlog. In this way, they are a proxy measure of what people believe is the **current** backlog
- The most recent study takes 15 years as a reasonable time horizon, and we have used this as a broadly accepted target
- This BBC Briefing suggests that there is a housing supply gap of around 1.2 million new homes at the moment. This figure is based on averages of the three of the most recent studies

In 2018-19, 275,000 new dwellings were added to the housing stock

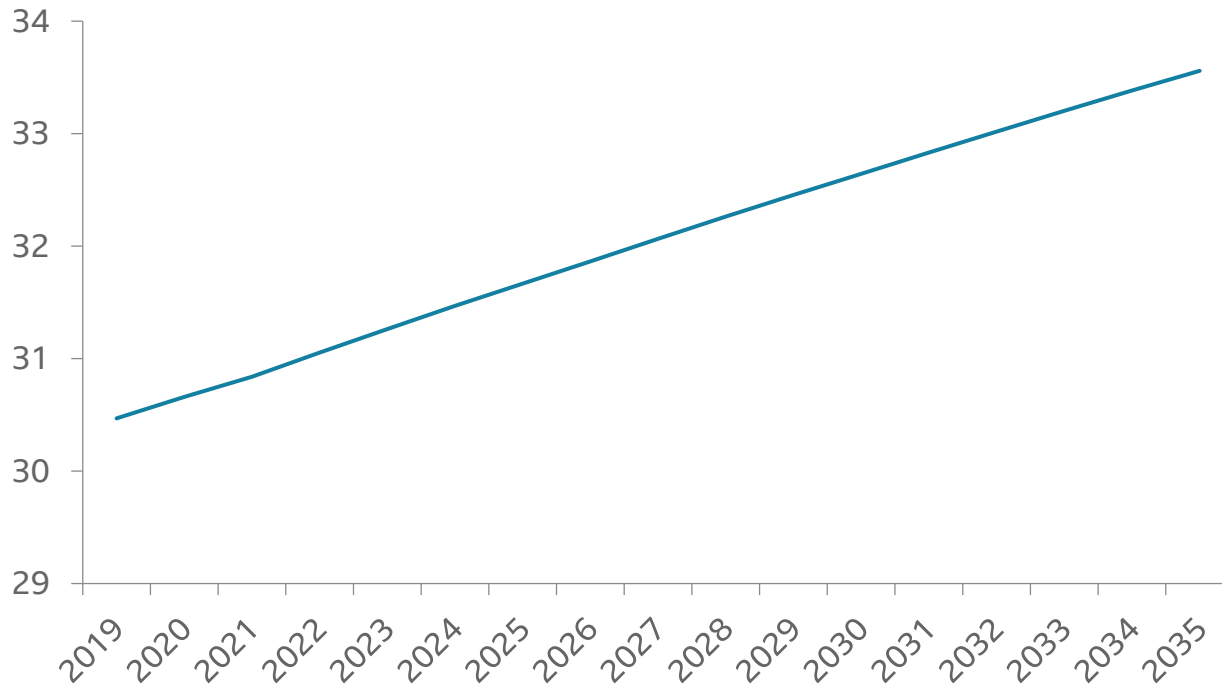
New dwellings created UK 2018-19

Dwellings	Number
Dwellings built (both social and private)	249,000
Conversions and change of use	36,000
Minus demolitions	-10,000
Net new dwellings	275,000

Source: [UK Government \(Gov.uk\)](#), [Gov.scot](#), [Stats Wales \(Gov.wales\)](#), [Northern Ireland Department of Finance \(finance-ni.gov.uk\)](#)

Demand for homes will continue to grow over the next 15 years

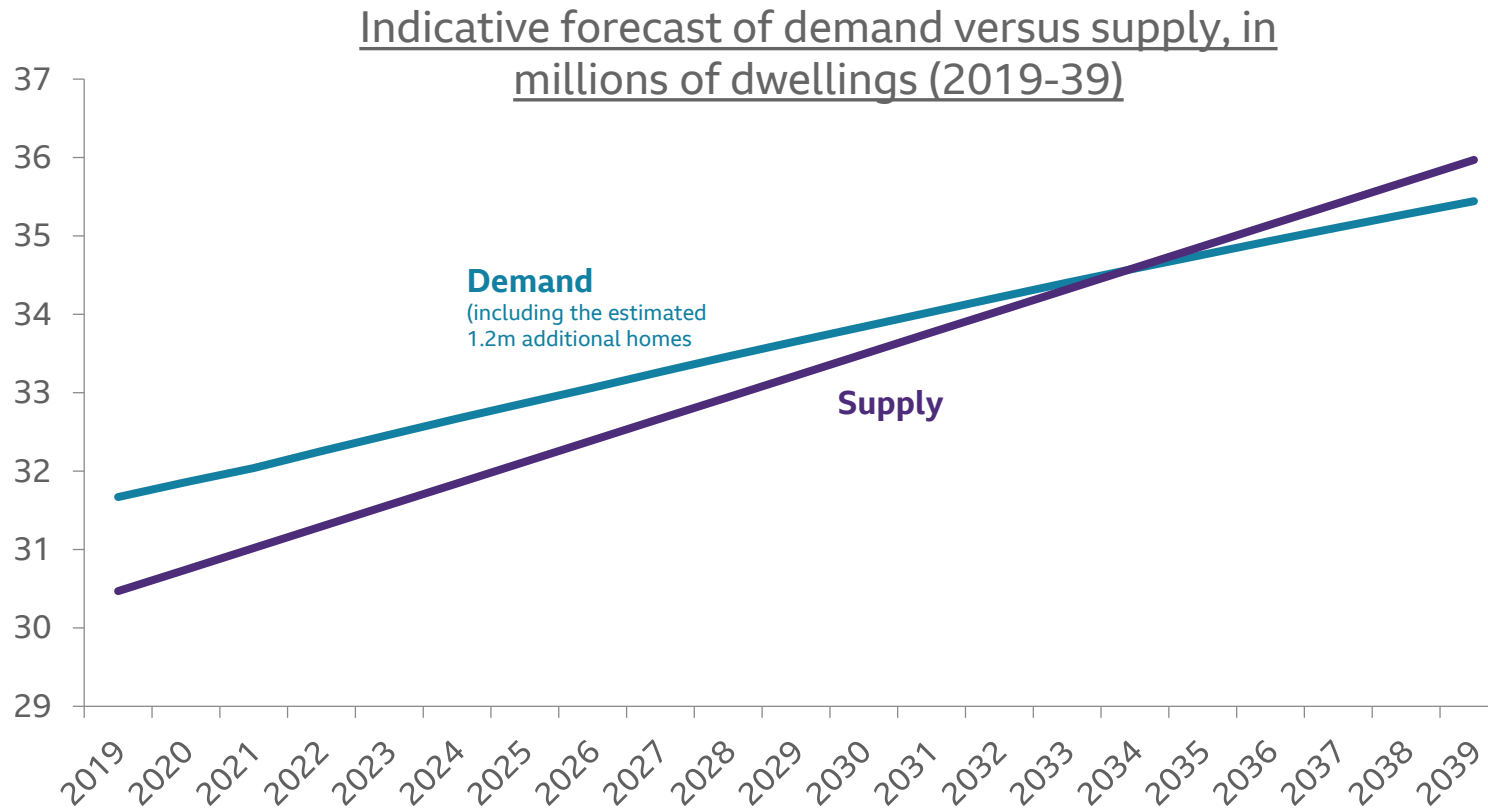
Indicative projection of future demand
(millions of dwellings) (2019-35)



The forecasting method

- As the graph shows, there are currently almost 30.5 million homes in the UK
- Household projections from the Office for National Statistics (ONS), along with an allowance for second homes, have been used to project future demand
- The latest projection is more conservative than previous government ones
- Household growth over the next 15 years is forecast to generate an additional demand of around 2.9 million dwellings by 2035
- This means around four million extra homes will be needed by 2035

Creating 275,000 new dwellings a year may not, by itself, be enough to close the housing supply gap by 2035



Closing the housing supply gap by 2035

- If the annual rate of new additions remained at 275,000, in theory you could plug the shortfall by 2035
- But the BBC Briefing estimated current housing supply gap can only be an estimate because:
 - projecting future population growth is hard
 - the private sector may not keep building at its current rate, and
 - there is no evidence that the extra supply would meet every housing need or substantially improve house price affordability

Source: BBC Briefing Analysis based on [ONS Household projections](#), [UK Government \(Gov.uk\)](#), [Gov.scot](#), [Stats Wales \(Gov.wales\)](#), [Northern Ireland Department of Finance \(finance-ni.gov.uk\)](#)

Will there be sufficient affordable homes?

Affordable housebuilding

- The building rate is increasing, but only a small proportion of new dwellings are affordable (that is, housing subsidised by government or its agencies for people who cannot afford market rates). Despite 240,000 net additions in England in 2018-19, only 37,800 affordable homes were built
- It is more profitable for private housebuilders to construct higher-end properties than affordable homes
- Analysis by Shelter showed 79% fewer affordable homes were being built in England, with developers able to negotiate their way out of requirements under the planning system to meet affordability housing quotas
- If current trends continue there may be insufficient affordable homes

Housing benefit and universal credit

- Current levels of housing benefit have been frozen since 2016, while rents have continued to rise
- Shelter found that the average renting household on full benefits was £113-a-month short of being able to meet its rent commitment
- However, if the current building rate continues, supply in the private rental sector may increase, and so help reduce rents in some areas

Will there be fewer homeless people?

Homelessness and rough sleeping

- Social housing shortages mean councils are struggling to house people in need of temporary accommodation
- According to Crisis, 18,000 fewer social lets were made to homeless households in 2017-18 than in 2007-08, despite the substantial rise in statutory homelessness over that decade
- Given the current building rate of social housing, some experts say homelessness will continue to be a problem
- Under the status quo in relation to private renting, homelessness may continue to be a significant issue: Crisis argues the increase in annual homelessness between 2009-10 and 2017-18 was due to the rising number made homeless from the private rental sector
- Rough sleeping presents unique challenges, and it is as yet unclear whether the government's new programme will eradicate the problem

Will there be a reduction in the extent of ‘non-decent’ housing?

‘Non-decent’ housing

- The government defines a home as “non-decent” when it is not in a reasonable state of repair, has no reasonably modern facilities and services, or has ineffective insulation or heating
- There are 1.8 million “non-decent” dwellings built before 1919 in England compared with 88,000 built after 1980, according to the English Housing Survey
- The current rate of building is therefore likely to reduce the proportion of housing that is “non-decent”, provided building standards are maintained
- If demolition levels remain low, much of the “non-decent” housing stock is likely to remain
- As yet, measures to encourage renovation of these dwellings appear insufficient to eradicate the problem

Will there be a reduction in overcrowding?

Overcrowding

- Overcrowding is primarily a problem in the private and social rental sectors
 - Social housing is the smallest sector in England but has the highest number of overcrowded dwellings (320,000)
 - There are 280,000 overcrowded households in the private rental sector
- Many people on social housing waiting lists are living with family or friends in overcrowded rental accommodation: at the current social-housing build rate, this problem may persist
- Overcrowding is also linked to unaffordability, with households living in accommodation that is too small due to cost constraints. There are unlikely to be enough affordable homes if the current mix of new build persists. The current housing benefit freeze has left many struggling to pay rents
- More than half of owner-occupied households are under-occupied. Overcrowding may be eased by encouraging more efficient household distribution - for example, by using the tax system to incentivise older people in large houses to move to smaller ones - although this may be impractical to achieve in sufficient volumes

Summary

Closing the Housing Gap

Recent estimates suggest that about 1.2 million extra homes are needed for everyone in the UK to be able to live in a decent home. However, if current population and household growth trends continue, we would need a further 2.9 million dwellings - taking us to approximately four million additional new homes required by 2035.

If we were to continue at the current rate of annual new additions, we would get there - but only by 2035.

However, on current trends it is not clear that we are on course to create a future mix of dwellings that would meet every kind of housing need - whether to improve affordability, end overcrowding, eradicate “non-decent” housing, or provide housing diversity.





BBC Briefing - Housing

Part 9/10

How Can Government Deliver?

What levers does government have to close the housing gap?



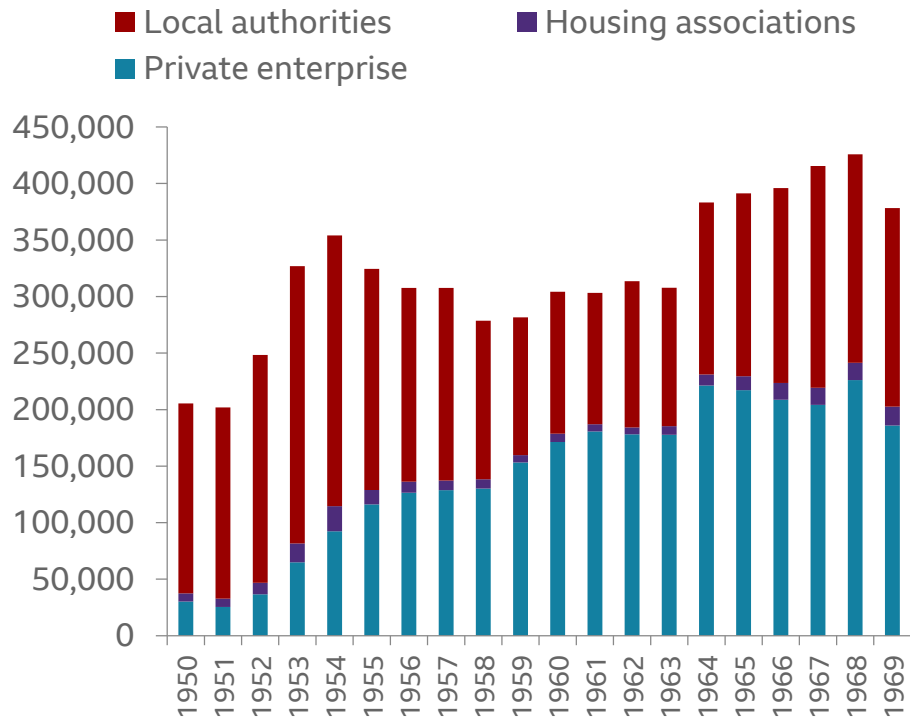
B B C Briefing - Housing

“Over the last 50 or 60 years, Western governments have intervened to try to improve the social and economic life of their countries on a scale unimaginable to previous generations. Yet social and economic problems persist. Policies fail.”

Paul Ormerod, *Why Most Things Fail: Evolution, Extinction and Economics*, 2005

The post-war era saw the successful delivery of ambitious housebuilding targets, mainly through new social housing

Housing completions by housebuilder tenure, UK (1950-1969)



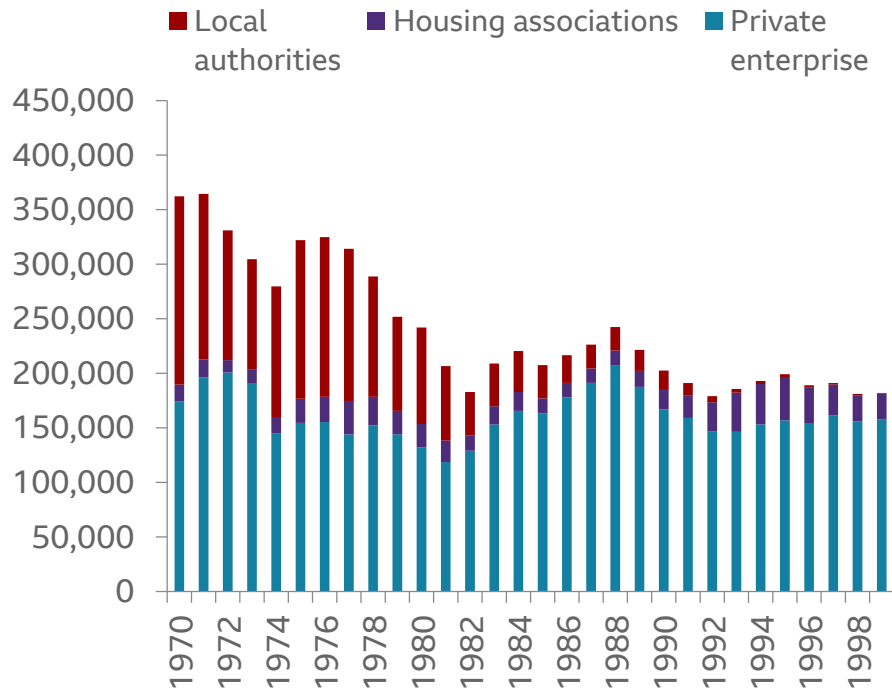
Government promises from 1945-1969

- The need to restore the housing stock after World War Two meant that housing policy was, as the 1951 Conservative manifesto put it, “a priority second only to national defence”
- In the 1950s and 1960s, the acceleration of slum clearance and higher home ownership rates were constantly promised and delivered
- More than 800,000 houses were demolished or classed as unfit for habitation, while owner-occupation rose from 33% in 1945 to 44% in 1961
- These years saw increasingly ambitious housebuilding targets:
 - "at least 350,000" under the Tories in 1955
 - 400,000 was considered a "reasonable target" by Labour in 1964
 - both parties promised 500,000 per year ahead of the 1966 election
 - The latter target was not reached, but housebuilding still reached record levels, peaking at more than 420,000 in 1968 (with social housing contributing 47% of homes in that year)

Source: [Cambridge Centre for Housing, Planning & Research, Conservative Manifesto 1951, 1955 and 1966](#), [Labour Manifesto 1964, 1966](#)

The years following 1970 saw fewer explicit housebuilding targets, and a decline in housebuilding

Housing completions by tenure, UK (1970-1999)



Government promises from 1970-1999

- The 30 years leading up to the 21st Century saw a shift of focus away from housebuilding towards other goals
- Government promises revolved around issues such as supporting first-time buyers, fair deals for tenants and increasing ownership, the latter of which was ensured through Mrs Thatcher’s Right to Buy, introduced in 1979
- Between 1979 and 1992, the number of homeowners rose by more than four million, due in large part to Right to Buy
- The government also pledged to accelerate the transfer of local authority homes to housing associations in the late 1980s, and more than 1.3 million homes were transferred in the following 20 years
- Right to Buy, and a lack of clear housebuilding targets, coincided with a steady decline in housebuilding in the 1990s (1.9 million homes were added to the housing stock, fewer than half the number in the 1960s)

Source: [Joseph Rowntree Foundation](#), [Conservative Manifesto 1987](#), [1992](#)

From the turn of this century, governments have found it harder to meet their targets

Government delivery against housing policy in England

Year	Government Measure	What it promised	Was it delivered?
1950s and 1960s	Social housebuilding programmes	Targets of up to 500,000 homes per year	Yes, generally the targets were met
1980	Right to Buy	It allowed people who owned council homes to buy them at reduced prices, aiming substantially to increase the number of people owning their own home	Yes, the number of home owners increased by four million from 1979 to 1992
2000	Decent Homes Programme	Everybody should live in a decent home by 2010	No, 750,000 people lived in “non-decent” accommodation in 2010
2005 - 2019	Various targets for housebuilding and net additions	200,000-300,000 homes built per year in England	Generally these targets were missed

Source: [UK Government \(Gov.uk\) - social housebuilding table 244](#), [UK Government \(Gov.uk\) - live table 120](#), [English Housing Survey - stock tables](#),

A number of levers are available to government and public bodies to address the housing gap

Potential Policy Levers

Increasing Supply	Building more social homes	Improving incentives for local councils and housing associations to build more homes	Offering tax breaks and subsidies for private developers to build more homes	Relaxing planning constraints	Releasing publicly owned land	Easing regulation and enforcement, and boosting public investment
Increasing Demand	Reducing interest rates	Relaxing conditions on mortgages	Continuing or extending the Help to Buy scheme	Promoting shared ownership, part-buy or other novel tenures	Increasing housing benefit	
Containing Demand	Reducing interest rates can also push up prices	Restricting second home ownership	Clamping down on ownership by overseas buyers	Some forms of taxation may contain demand (eg capital gains tax)		
Promoting market efficiency	Decreasing stamp duty (replaced by Land Transaction Tax in Wales)	Simplifying the buying process				

No one body controls all the levers necessary to address housing issues

The powers of a housing minister

“Housing is a particularly difficult issue because policy responsibility is split between a number of different departments...MHCLG doesn't have all of the policy levers within its area and it's actually very difficult to get all of the people into one room to decide something.”

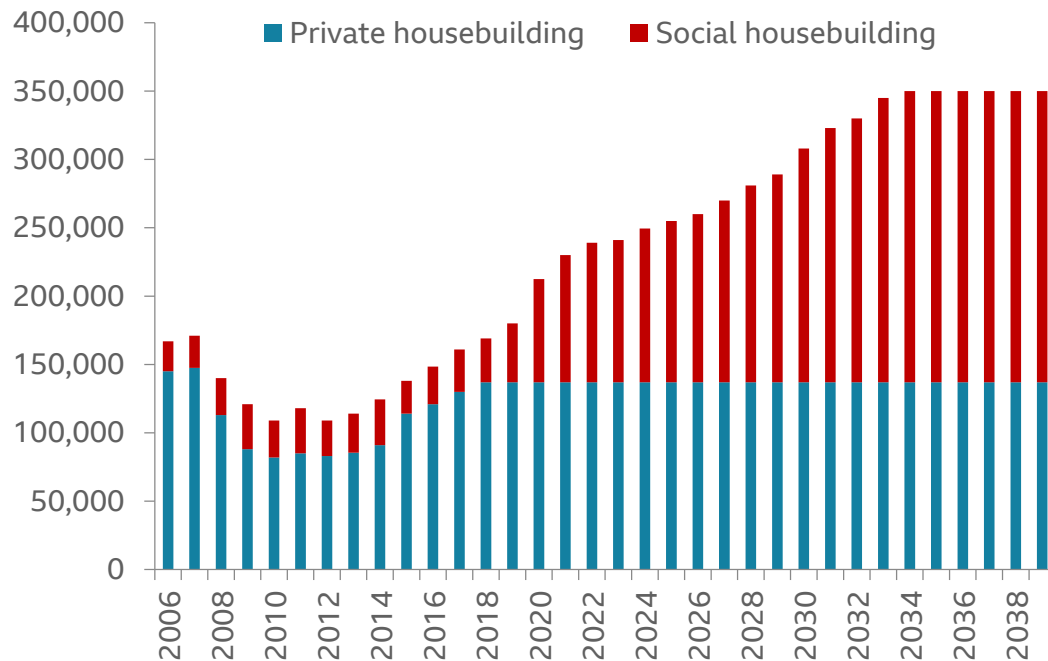
Lord Barwell, Minister for Housing 2016-17, speaking in 2020

Division of responsibilities

- Taxation, housing policy and funding - determined by Westminster or the devolved governments
- Building and managing homes - local government (or the Northern Ireland Housing Executive) and housing associations
- Planning process and administering of housing benefit – mostly local government
- Setting interest rate - Bank of England
- Laying down conditions on mortgages - Financial Conduct Authority
- Building homes for public and private sectors for sale and rent - private housebuilders
- These bodies are democratically, statutorily or legally independent of one another, with different aims and obligations, and cannot easily act in concert to achieve housing goals

One way for government to increase housing supply would be to fund local authorities to build more social homes

A proposal for social housebuilding by Shelter, England



*Note that the figures 2006-2018 are actual social housebuilding completions, the figures from 2019 onwards are Shelter's proposals

Source: [Shelter, A Labour Party Green Paper - 'Housing for the Many', 2018](#)

Increasing social housing

- Building affordable housing directly would reduce the supply shortage for low-income households
- This could be carried out by local government, housing associations or central government
- A 2019 review by housing charity Shelter estimates that building an additional three million social homes in the next 20 years would cost £214bn
- Building social housing would be likely to reduce demand for private rentals, which would provide a housing benefit saving, but would present problems for private landlords
- The extent to which more public housing would lower house prices is unclear since the connection between the public and private housing sector is not direct or automatic

Social housebuilding could be increased by offering incentives to housing associations and local authorities

Incentivising an increase in social housebuilding

- Local authority borrowing caps have been identified as a constraint on social housebuilding. The Office for Budget Responsibility estimated that lifting these caps could lead to the completion of 20,000 new units by 2023-24
- In 2017, the UK government announced that councils in areas in need of affordable housing would be able to bid for increased borrowing from 2019-20. This came into force in England and Wales in 2019
- Government can also facilitate an increase in social housing by providing more finance for local authorities and housing associations
- Allowing councils to keep the receipts from sales through Right to Buy and relaxing rules about how these are reinvested could also increase social housebuilding
- The Chartered Institute of Housing argues that the government should also support alternative social housebuilding models by redistributing existing housing funding towards more affordable housing options and suspending Right to Buy
- Right to Buy was abolished in Wales in 2019 and in Scotland in 2016. A separate scheme currently exists in Northern Ireland, although planned legislation may alter this

Subsidies and tax breaks could be used by government to incentivise private developers to build more homes

Fiscal levers available to increase housing supply

- By subsidising property developers, the government could indirectly increase the housebuilding rate and help to address supply shortages and improve affordability
- Government can also directly fund specific types of housebuilders to improve supply, although not all schemes have been effective. For example, the Home Building Fund, introduced in 2017, subsidises small and community builders and companies specialising in property regeneration. The aim was to increase the building of new homes by allowing small and medium-sized developers to compete more effectively with larger developers
- In 2017, housing associations were reclassified as private organisations, which gives them more freedom to borrow. Then Communities Secretary, Sajid Javid, stated that this would create a “more stable investment environment”, “laying the foundations” for thousands of new homes in the social housing sector
- Tax breaks could be effective in providing incentives but are not commonly used in the UK

Relaxing planning constraints could also increase supply and improve affordability

Reforming the planning process

- The Strategic Land Group, a body that assists land owners in navigating the planning process, argues that the planning system is responsible for some 35% of the price of a UK house
- A 2016 study co-authored by Christian Hilber, Associate Professor of Economic Geography at the London School of Economics, argued that regulatory constraints accounted for a significant part of the increase in real house prices from 1974 and 2008. It made the case that tight planning constraints limit developable land, especially in more populous areas, thus constraining housing supply
- The same study suggested that if the most regulated region of England (the South East) had the same regime as the least regulated, (the North East), its house prices would have been between 25% lower in 2008 and 30% in 2015. This is because the planning constraints tend to be tightest in highly urbanised areas where price effects are also amplified, particularly during boom times
- In England, there have been attempts to increase the number of builds, via financial incentives to local authorities in return for their approval of housing development plans. The New Homes Bonus began in 2011, and promised to match the council tax raised on each new house for six years

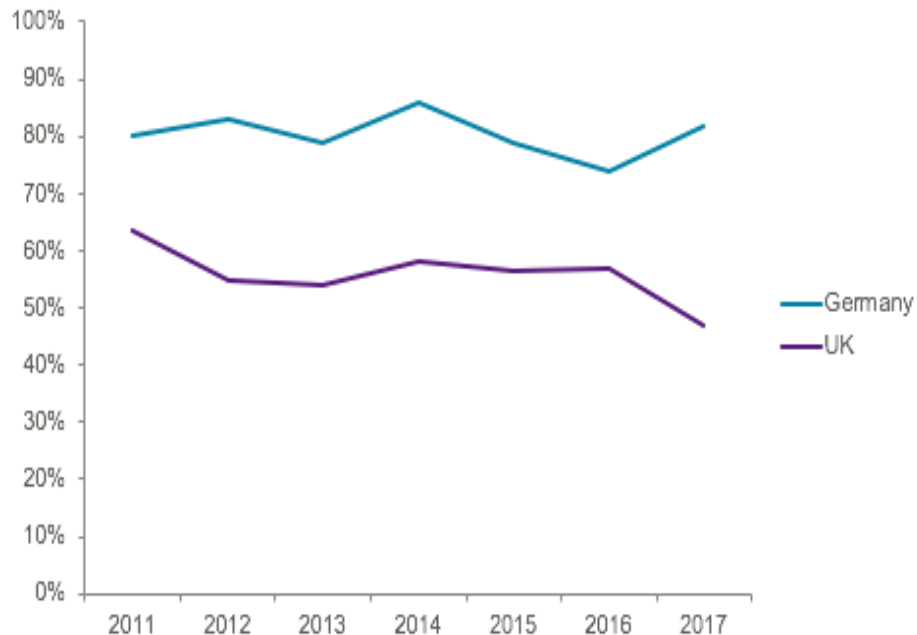
Regulating the development of private land could help increase housing supply

Regulating the use of private land

- To ensure that property developers do not engage in “land-banking” and fail to convert planning permissions into housing, there are a number of potential control measures. Barton Willmore, a leading planning agency, has suggested that planning authorities should:
 - examine an applicant’s track record in previous applications when considering a new one
 - make a judicious assessment of how likely a site is to be developed
 - cancel a planning permission if it is not acted upon within a specified time period or shorten the time period for developers to act on the permission
 - impose higher council taxes for those engaging in “land-banking” to discourage the activity
- To be effective, developers should not be able to sell on land with planning permission, though this might be difficult to enforce
- As established economic rules do not always apply to land, the government could also manage the land market more pro-actively through compulsory-purchase powers and a system of tax and finance that targets specific supply objectives

A more streamlined planning system in Germany has contributed to high build rates

Housing completions as a proportion of planning permissions



Housebuilding in Germany and the UK compared

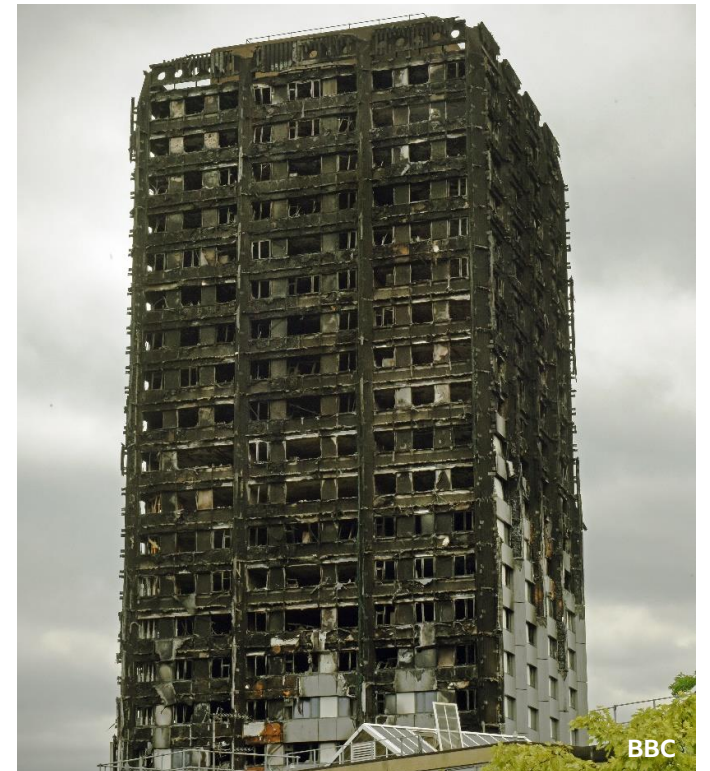
- Since 1951, 30 million new homes have been built across Germany, compared with 16 million in the UK. This higher rate partly reflects the need to rebuild after World War Two and extensive rebuilding in East Germany after reunification
- In Germany local authorities are active in acquiring land and making it available for development, and they are able to provide for increased housing supply by selling land cheaply
- In 2018-19 German completions approached 300,000 a year (for a population of 83 million), as against the UK's 250,000 (for a population of 66.4 million). The British system allows for considerably more negotiation after plans have been made, which increases uncertainty, causes delays and increases costs
- Property developers in Germany are far more diversified and varied than in the UK, with a greater proportion of small and medium-sized builders. This encourages competition, which in turn helps to control prices, and to meet housing demand

Source: [National Housing and Planning Advice Unit \(NHPAU\)](#), [Deloitte](#), [Deutsche Bank](#)

The quality of UK homes could be raised by enhanced regulation, enforcement and direct investment by government

Household improvement in the UK

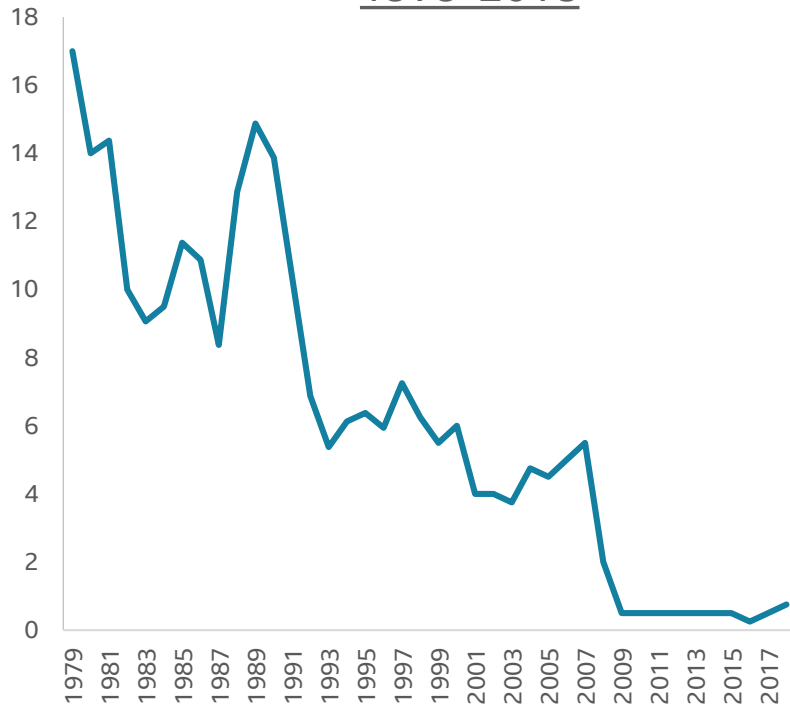
- Better central funding can improve the standard of existing homes, and better regulation can maintain decent standards in the first place
- Between 2011 and 2016, £12m was made available to local authorities for rogue landlord enforcement, resulting in the inspection of more than 70,000 properties and more than 5,000 landlords facing further action or prosecution for breaking the law
- In the year after the 2017 Grenfell Tower fire, London councils spent nearly £100m on safety measures for social housing, resulting in significantly improved facilities, including thousands of new fire doors and sprinkler systems
- In 2000, the Decent Homes Programme was introduced to improve the regulation of standards in council and private housing occupied by vulnerable people - requiring local authorities to modify or replace their existing housing stock where necessary



Grenfell Tower in London, two weeks after a fire engulfed the building in June 2017, killing 72 people

Interest rates influence demand significantly but current arrangements deny government the option of varying them

Inflation-adjusted mortgage rates, 1979-2018



The role of interest rates in the housing market

- The overall cost of a house for an owner-occupier consists of the house price and, if they need to borrow, the mortgage rate
- Mortgage rates are determined by interest rates in the financial markets, strongly influenced by the Bank of England base rate. Mortgage rates are typically a bit higher
- Interest-rate changes thus have an important effect on the UK property market because of the large proportion of people who buy with a mortgage
- Government used to have direct influence over the Bank of England’s interest rate levels. But the 1997 Labour government devolved operational independence to the Bank
- Interest rates affect every aspect of a national economy – including the level of inflation - so the state of demand in the property market is only one factor the Bank of England can consider
- Interest rates have been at historically low levels ever since the 2008 banking crisis, and there is no evidence they are likely to change in the foreseeable future
- At present, therefore, although interest-rate policy is in theory a useful lever for affecting housing demand, current conditions limit its use

Source: [Bank of England](https://www.bankofengland.co.uk/interest-rates)

The UK government's Help to Buy scheme has supported nearly 40% of all new-build property sales since its introduction

Aims of the scheme

- Help to Buy was introduced in April 2013 with two principal aims:
 - To help young, first-time buyers to obtain mortgages for new-build properties, though the scheme is not by any means confined to them
 - To increase the rate of housebuilding in the UK
- In the first five years of Help to Buy (2013-18), housing completions in the private sector increased by 60%
- Over the same period, 38% of all new-build property sales were supported by Help to Buy
- Taking into account those who could not have afforded to buy without the scheme, Help to Buy supported 78,000 sales between June 2015 and March 2017
- The UK government expects the Help to Buy scheme to support around 352,000 property purchases by March 2021, via loans totalling about £22bn in cash terms
- Wales has its own Help To Buy and Homebuy schemes

Increasing demand

- How the scheme works:
 - Buyers receive a loan of up to 20% (40% in London since February 2016) of the value of an eligible new-build property. This loan is interest-free for five years
 - Buyers put up a 5% deposit
 - This enables buyers to purchase a new-build property with a mortgage of 75% of the value of the property
- The loan thus reduces the size of the deposit needed to buy a newly built house
- The loan also reduces the interest payments on a mortgage since buyers are able to borrow less and do not pay interest on the government loan for five years

Young people can be helped on to the property ladder through shared ownership or part-buy schemes

Shared ownership and part-buy options

- Shared-ownership schemes are a government initiative administered through private developers or through housing associations. In England, if a household earns £80,000 a year or less, it is able to buy a share (between 25% and 75%) of what is generally a new home – or occasionally one they already live in - and pay rent on the rest
- This allows individuals who cannot yet afford to buy a home outright the opportunity to own and live in their own property
- There are now more than 200,000 shared-ownership properties in the UK following the creation of the scheme in 2009, helping first-time buyers to step on to the property ladder
- There are perceived disadvantages in part-buy options:
 - In many cases, residents will be liable for 100% of service charges, which can result in total payments that are higher than would have been incurred renting privately
 - In addition, increasing shares in the property can be a long, problematic and expensive process because of legal expenses and valuation and mortgage fees
 - There are some concerns about whether a part-share can be a realistic first step on the housing ladder given that it may be hard for people to jump from part-owning to buying a larger property outright

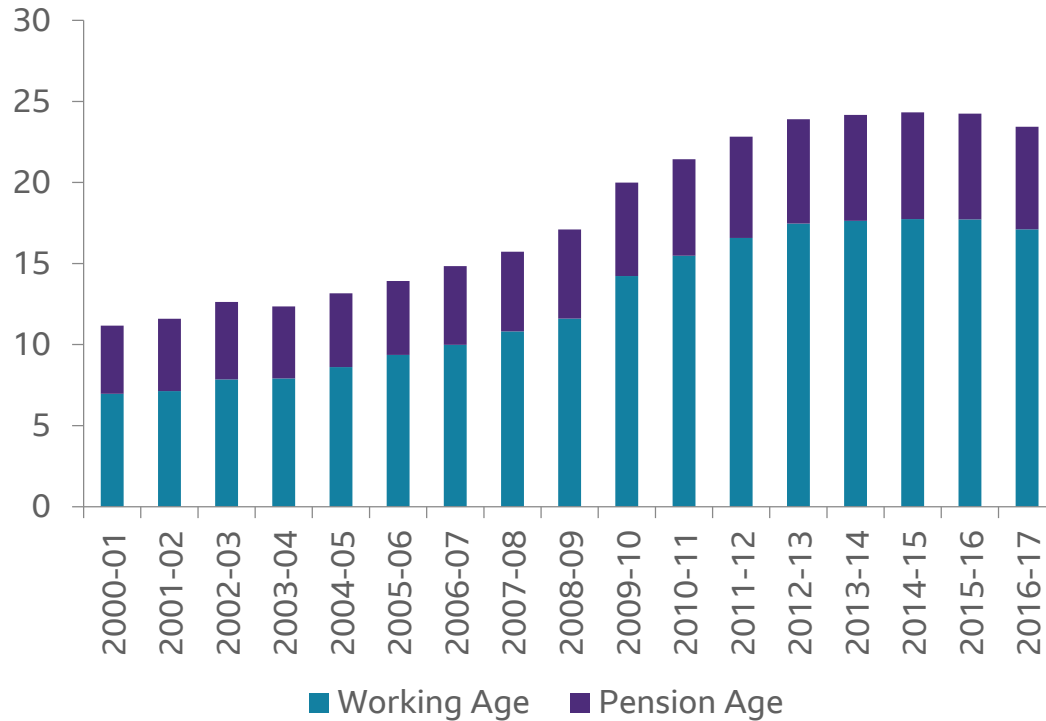
More housing stock would become available if second-home and foreign ownership of property were disincentivised

Curbing additional property purchase and foreign buyers

- One in 12 (4.1 million) adults in the Great Britain owns an additional home, while four in 10 adults own no property at all: additional home ownership rises to one in six for the 55-64 age bracket
- This includes 1.4 million adults who own at least one property used as a second home
- It is estimated that in 2016, 18% of new-build homes sold in the UK were bought by overseas investors. In many cases these homes lie vacant and serve only as an appreciating asset
- The Conservatives, Labour and the Liberal Democrats have all argued for measures to reduce overseas ownership
- In 2018 the government announced that it would introduce a 1% stamp duty surcharge on foreign buyers of properties in England. The government elected in 2019 has said it will raise this to 3%
- Labour and the Liberal Democrats have proposed a levy or additional stamp duty on those in England buying second homes
- Initiatives in New Zealand and the Canadian city of Vancouver have banned non-residents from buying existing homes in an attempt to prevent the domestic market from overheating, and have seen immediate falls in house prices – though the longer-term consequences are as yet unproven

Those in the rental sector with affordability problems could be helped by an increase in housing benefit

Annual spending on housing benefit (£bn)



The effects of benefit alterations

- The government spends £23bn a year on housing benefit. Spending on this one benefit has doubled since the early 2000s
- Shelter found that those on full benefits are having to find an average of £113 a month to meet a shortfall between their housing benefit payments and their rent
- London renters on full benefits faced the widest rent gap in cash terms, needing to find an average of £212 a month, followed by £140 in the east of England and £138 in the south-east of England
- Housing benefit levels have been frozen since 2016, which has partly fuelled an average 8% widening in the rent gap nationally between 2015 and 2018
- Increasing housing benefit might help to solve unaffordability in the private and social renting sector

Source: [Office for Budget Responsibility \(OBR\)](#), [Guardian](#)

Lowering stamp duty could allow the housing market to function more effectively

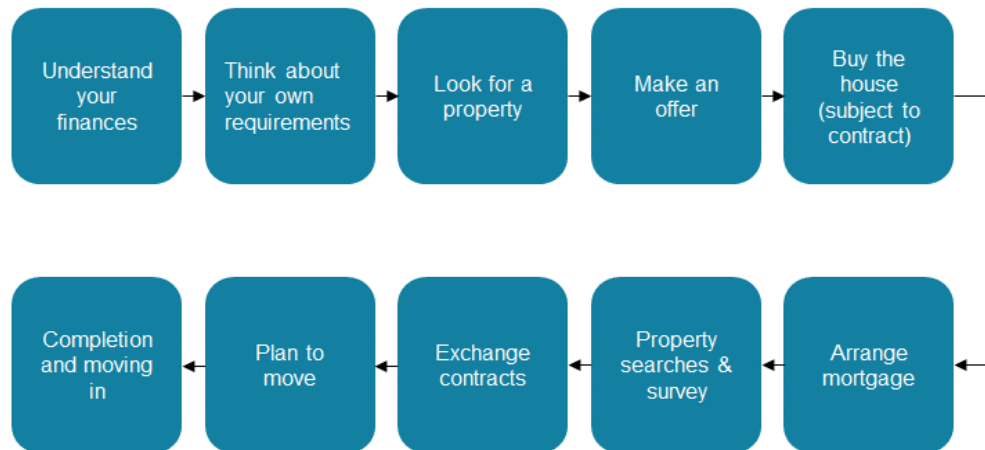
The effects of altering stamp duty

- Stamp duty (or in Wales, Land Transaction Tax) is levied on the purchase of land and properties over a certain threshold: it raises about £9bn a year for the public purse
- By increasing the effective cost of house purchases, stamp duty tends to decrease people's willingness to buy and sell, and is an important lever to stimulate or dampen housing demand and therefore housebuilding
- The government-funded Economic and Social Research Council (ESRC) estimates that an increase of two percentage points in stamp duty reduces household mobility by almost 40%
- Analysis by Savills suggests that stamp duty reforms would provide a boost to the housing market but would jeopardise substantial tax revenues
- The Mirrlees review for the Institute of Fiscal Studies highlights that stamp duty decreases the incentive for household units to move, discouraging households from moving to dwellings that better fit their needs and thus discouraging better housing distribution. Others believe the removal of stamp duty may not make much difference, because the saved cost would be capitalised into house prices anyway
- The House of Lords Economic Affairs Select Committee found that a higher stamp duty was discouraging those who wish to downsize

Source: [Economic and Social Research Council \(ESRC\) - Stamp duty impact on the housing market](#), [Savills](#), [House of Lords Paper 20](#), [Mirrlees Review](#)

Increasing the simplicity of the house-buying process could result in a more fluid housing market

A typical house-buying process in the UK



Complexities in the house-buying process

- Buying or selling a house in the UK is a complicated process
- Prospective homeowners now need an average seven months to purchase a property, which discourages many people from buying in the first place, according to recent research
- A 2017 government study found that 69% of sellers and 62% of buyers experienced delays during a property sale
- The purchase can break down at any stage in the process. In the UK, the ability to make counter-offers means that this can even occur after a property has officially been taken off the market (although before contracts have been exchanged)
- Increasing the ease of this process and providing more security for potential buyers could stimulate a greater number of transactions.
- A Bank of England NMG Survey found that the cost of moving (stamp duty, estate agent and solicitor fees) was the second-biggest barrier to moving (after not being able to find a suitable property)

Source: [Ministry for Housing, Communities and Local Government](#), [Independent](#), [Bank of England](#)

Summary

How Can Government Deliver?

Previous governments – particularly in the post-war period – devised and delivered on ambitious new-build targets. More recently, they have struggled to meet their targets.

In the last four decades, direct government powers to increase housing supply – an undertaking which costs potentially hundreds of billions of pounds - have given way to more private sector responsibility. There have also been calls for better regulation, to maintain and improve the quality and overall standard of UK homes in the first place.

All of this has been happening as public awareness about housing affordability has been growing.





BBC Briefing - Housing

Part 10/10

The Parties' Housing Proposals

How do our politicians propose to close the housing gap?

Top housing priorities of the Conservative, Labour and Liberal Democrat parties at the 2019 general election

Conservatives

- Build a million homes in the next five years in England, aiming for 300,000 new houses a year by the mid-2020s
- Introduce a new fixed-rate mortgage requiring only a 5% deposit for first-time buyers
- Overseas buyers purchasing property in England to pay 3% more in stamp duty than residents
- Abolish no-fault evictions (evictions on short notice without a good reason) in the private rental sector and introduce a lifetime deposit which moves with the tenant

Labour

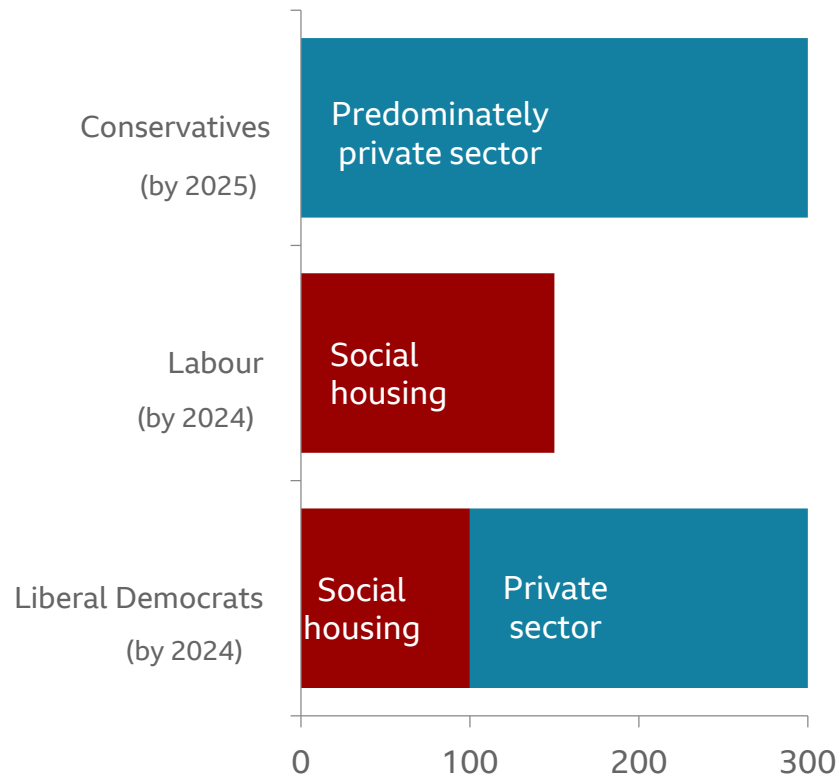
- £75bn for 150,000 new social homes in England each year by 2024
- Cap rent increases and abolish no-fault evictions
- End rough sleeping within five years
- Abolish Right to Buy and give councils money and power to buy back former council houses
- Set up a new English Sovereign Land Trust, with powers to buy public land more cheaply for affordable housing

Liberal Democrats

- 300,000 new homes a year in England by 2024, including 100,000 for social rent
- Allow local authorities to increase council tax by up to 500% for second homes
- End rough sleeping within five years
- Help young people enter the rental market with deposit loans for all first-time renters under 30

The parties' policies for housebuilding in the 2019 general election

Housebuilding pledges, annual rate (thousands)



Conservatives

- The Conservatives embraced a target of building one million new homes over the course of the Parliament, reaching a rate of 300,000 homes per year in the mid-2020s
- While social housebuilding will continue under a Conservative government they have set no targets

Labour

- Labour promised to reach an annual building rate of 100,000 council houses and 50,000 affordable homes by 2024
- Labour did not have any targets on overall housebuilding levels, though private housebuilding would continue to add to the housing stock under a Labour government

Liberal Democrats

- The Liberal Democrats aimed to ensure that total housebuilding increases to 300,000 each year, with social housing making up 100,000 of these

Source: [2019 Labour Manifesto](#), [2019 Conservative Manifesto](#), [2019 Liberal Democrat Manifesto](#)

The sale of social housing was a key area of contention in the 2019 election

Conservatives

- The Conservatives saw the Right to Buy your council house as a key way of improving people's lives through home ownership, by giving them access to greater security and wealth, as well as a bigger stake in the local community
- They said they would remain committed to Right to Buy for all council tenants and to a voluntary scheme for housing associations (which can choose to comply with Right to Buy without selling housing stock)

Labour

- Labour saw increasing local and central government control of the housing stock as vital for guaranteeing the provision of affordable housing, and it promised to end Right to Buy
- At present, “affordable housing” – which developers are often required to provide – can be charged to social-housing buyers or tenants at up to 80% of the commercial market rent. Labour backed the idea of re-defining affordable housing, linking it to purchasers' or tenants' incomes instead of house prices – something the West Midlands region introduced in February 2020

Liberal Democrats

- The Liberal Democrats proposed a Rent to Own model for social housing, whereby rent payments give tenants an increasing stake in their council home and the ability to own it outright after 30 years
- Believing Right to Buy has depleted the social housing stock, the party pledged to devolve control of it to local councils

The parties proposed a range of measures to increase home ownership

Conservatives

- Introduce a new fixed-rate mortgage requiring only a 5% deposit for first time buyers
- Enable councils to use developers' contributions via the planning process to discount homes by a third for local people who cannot otherwise afford to buy in the area where they live now. (Developers have to pay towards local development of infrastructure under the current planning system)
- Extend the Help to Buy scheme to 2023
- Bring in a stamp duty surcharge to deter non-UK resident buyers
- In February 2020, the government announced it would consult on plans to make some newly built homes available at a 30% discount for local first-time buyers

Labour

- Reform Help to Buy to focus on first-time buyers and introduce an income limit
- Build more low-cost homes reserved for first-time buyers, with prices linked to local incomes
- Introduce a levy on overseas companies buying housing
- Introduce measures to give local people first option on new homes built in their area

Liberal Democrats

- Allow local authorities to increase council tax by up to 500% where properties are being bought as second homes
- Introduce a stamp duty surcharge on overseas residents buying second homes

Policies on homelessness reflected strong cross-party commitment to end rough sleeping within five years

Conservatives

- Expand “successful pilots” such as the Rough Sleeping Initiative and Housing First
- Fund these initiatives from the surcharge on non-UK resident buyers
- End no-fault “section 21” evictions, which former Housing Secretary James Brokenshire highlighted as one of the biggest causes of homelessness
- Renew the Affordable Homes Programme (which provides a range of measures to help prevent people becoming homeless), along with fully enforcing the Homelessness Reduction Act

Labour

- Introduce a national plan for rough sleeping driven by a task force led by the prime minister
- Raise housing benefit in line with the bottom 30% of local rents, and earmark an additional £1bn a year for councils' homelessness services
- Upgrade hostels and make 8,000 additional homes available for people with a history of rough sleeping
- Harness the levy on second homes used as holiday homes to help deal with the homelessness crisis
- Repeal the Vagrancy Act so that rough sleeping is no longer criminalised

Liberal Democrats

- Introduce a “somewhere safe to stay” legal duty on local councils to ensure that everyone who is at risk of sleeping rough is provided with emergency accommodation and a needs assessment
- Ensure sufficient financial resources for local authorities to deliver the Homelessness Reduction Act
- Legislate for longer-term tenancies and introduce limits on annual rent rises, partly to prevent homelessness
- Repeal the Vagrancy Act so that rough sleeping is de-criminalised
- Exempt homeless people and those at risk of homelessness from the Shared Accommodation Rate

There was broad consensus among the parties on improving the security of tenants in the private rented sector

Private rented sector

- Labour and the Conservatives both pledged to end no-fault evictions (evictions on short notice without providing an adequate reason), while the Liberal Democrats promised to promote longer tenancies, of three years or more
- The Conservatives also promised to strengthen the rights of possession for landlords
- Labour favoured regulating rents by capping them in line with inflation. Local government would have further powers to cap these rents in cities. The Liberal Democrats also promised to regulate rent increases from year to year in the middle of long-term tenancies
- Labour proposed getting rid of the requirement that landlords check potential tenants' immigration status, and outlawing discrimination against tenants receiving housing benefit
- The Liberal Democrats promised to improve access to the private rental market through a Help to Rent scheme that would provide government-backed deposit loans for all first-time renters under 30

Improving energy efficiency in homes was a policy objective for all parties at the 2019 general election

Policy goals on energy efficiency

- The Conservatives pledged to encourage the construction of energy-efficient homes. They have pledged £6.3bn for environmental upgrades to homes, such as grants for improving boilers and insulation
- Labour proposed a new zero-carbon homes standard for all homes and promised to upgrade almost all UK homes to the highest energy standard by 2030
- The Liberal Democrats said they would require all new homes and non-domestic buildings to be built to a zero-carbon standard by 2021 (where energy used is matched by what is generated on site), rising to a more ambitious standard (Passivhaus) by 2025
- Passivhaus is an international energy performance standard. The core focus of Passivhaus is to dramatically reduce the requirement for space heating and cooling in dwellings, whilst creating high indoor comfort levels
- The Liberal Democrats were also aiming to reduce emissions from buildings, by providing retrofits for low-income homes, piloting a new subsidised Energy-Saving Homes scheme and setting stamp duty levels according to a property's energy rating

Top housing policy priorities of the parties in Wales, Scotland and Northern Ireland (1)

Welsh Labour

- Welsh Labour, which runs the Welsh government, aims to build an extra 114,000 affordable or council homes by 2040
- Provide local authorities with more loans to help bring more empty properties back into use
- Support more compulsory purchase orders, and the resources for councils to use them to greater effect, as part of an effort to take action against anyone who runs properties down

Plaid Cymru

- Introduce a new tax credit for people paying more than 30% of their income on private rent and utilities
- Create a “national housing company” which will borrow against rents to build a new generation of public rental housing in Wales
- Set a target of achieving 20,000 new homes over five years
- Adopt a “housing first” philosophy to provide homes for the homeless without preconditions - as implemented in Finland
- Introduce reforms to ensure developments are more collaborative and involve communities earlier in the process
- Support local authorities wishing to build new council housing

Welsh Conservative Party

- Bring in a new deal for renters, including abolishing “no fault” evictions and requiring a lifetime deposit that moves with the tenant
- Scrap the Land Transaction Tax in Wales for all first-time buyers, up to the value of £250,000
- Reintroduce a reformed Right to Buy scheme that requires receipts to be invested in new social housing and protects new build social homes from sale for at least 10 years
- Extend Help To Buy to properties needing renovation
- Committing to end rough sleeping in Wales by 2026, and appointing a Homelessness Tsar
- Aim to build 100,000 new homes over a decade, including 40,000 social homes

Source: [2019 Welsh Labour Manifesto](#), [2019 Plaid Cymru Manifesto](#), [2019 Welsh Conservatives Manifesto](#),

Top housing priorities of the parties in Wales, Scotland and Northern Ireland (2)

Scottish National Party (SNP)

- The party forms the devolved Scottish Government, with responsibility for housing policy in Scotland
- During the current Scottish parliament, the SNP has pledged to deliver at least 50,000 new affordable homes, including 35,000 council or housing association homes
- Right to Buy was ended in Scotland in 2016, with some 15,000 homes exempted from sale
- The Scottish government has increased investment in the Housing First scheme to £6.5m to reduce homelessness. Part of a £32.5m programme
- Local authorities were given power in 2016 legislation to cap rent for sitting tenants in areas where rent is rising too quickly and forcing tenants into undue hardship

Scottish Conservatives

- Building 100,000 new homes over the next Parliament - half to be affordable housing
- Investing in secure, clean, affordable energy
- Ensuring no-one lives in hard-to-heat homes
- Reintroduce Right to Buy in Scotland

Democratic Unionist Party (DUP)

- Committed to more investment in new social and affordable housing and better quality of private sector homes
- Target of at least 2,000 new social homes a year
- Wants extra powers for the NI Housing Executive to tackle empty homes
- Has supported “living over the shops” schemes to help town centres function as places to live and shop

Sinn Fein

- Controls the Northern Ireland Communities Department responsible for housing policy
- Wants the NI Housing Executive to return to more homebuilding to address rising homelessness and housing stress
- Private developments should include social and affordable housing
- “Positive Return” concept to capture needs of developers while recognising social value of developments



BBC Briefing: Housing

In Conclusion

Britain's housing crisis has been brewing for decades.

Demand for housing in the UK has intensified as the population and the number of households have grown. But there are two million fewer social houses and flats for people on low incomes than 40 years ago, and new social housing is being built at a quarter of the rate. New builds in the private sector are also low by historical standards. Only 50,000 affordable homes are now being built each year. This shortage of private and social housing has accelerated the growth of the private rental sector, which has doubled in size over 20 years.

Some 320,000 people - including 200,000 children - are homeless. Rough sleeping has doubled in a decade. Almost 800,000 households live in overcrowded conditions. Britain has the oldest housing stock in Europe, and demolition rates are low. There are in excess of four million homes categorised as “non-decent”, largely in the private rental sector.

Home ownership, which grew to two-thirds of all homes during the 20th Century, has recently declined. A widening wealth gap, helped by liberalised credit markets, has contributed to house-price inflation and the growth of private renting. Younger generations - who struggle to buy - are prolonging living with their parents. Key workers cannot afford to live near their place of work.

The size of the housing supply gap now - the number of dwellings needed to provide everyone with a decent home - is estimated to be about 1.2 million; and demand is forecast to grow, as the population and the number of households multiply. If current building rates are maintained, the existing housing gap could theoretically be eradicated, but only by 2035.

The obstacles that the housebuilding industry faces – ranging from low demolition rates, planning delays and market volatility to lack of large-scale projects and land – are all combining to make continuing growth a key challenge.

Overcrowding, sub-standard dwellings and homelessness will be impossible to eliminate, as long as the balance of private rental properties, social housing and private homes remains poor.

How the UK will manage and meet the housing needs of the whole population - thereby ending Britain's chronic housing crisis – has become one of the big public debates of this generation.



Glossary A-B

Term	Definition
Assured shorthold tenancy	The legal contract for most short-term tenancies. It enables the landlord to evict the tenant after the initial fixed period of the tenancy (usually six months) without a legal reason
Affordability	Affordable means a household should spend no more than a third of its (post tax and benefits) income on housing costs
Affordable housing	Property at 80% of the market value (or lower) or with rents at least 20% cheaper than market rents
Bedroom standard	A standard number of bedrooms is officially specified for each household according to its age/sex/marital status composition and the relationship of its members to one another. A separate bedroom is allowed for each married or cohabiting couple, any other person aged 21 or over, each pair of adolescents aged 10-20 of the same sex, and each pair of children under 10. Any unpaired person aged 10-20 is notionally paired, if possible, with a child under 10 of the same sex, or, if that is not possible, he or she is counted as requiring a separate bedroom, as is any unpaired child under 10
Building society	A financial organisation owned by its members as a mutual organisation. It pays interest on investments by its members and lends capital for the purchase or improvement of houses
Build to rent	Private rented residential property, which is designed and built for rent instead of for sale. The properties are typically owned by institutional investors
Buy to Let mortgage	A legal agreement by which a bank or building society lends money at interest in order for the borrower to buy a property for the express purpose of letting it out

Glossary C-H

Term	Definition
Capital gains tax	A capital gains tax (CGT) is a tax on the profit realised on the sale of certain assets. The most common capital gains are realised from the sale of stocks, bonds, precious metals, and property
Council housing	Housing built by local authorities for those who meet the qualifications for government housing assistance and usually provided at a non-commercial rent. It can also refer to the obligation by a local authority to house qualifying families, though not necessarily in council-built housing
Decent home	A home in a reasonable state of repair, with reasonably modern facilities and services, a reasonable degree of thermal comfort, and meeting the statutory minimum standard for housing, which in England is set out in the Housing Health and Safety Rating System
Dwelling	A self-contained unit of accommodation. Self-containment is where all the rooms (including kitchen, bathroom and toilet) in a household's accommodation are behind a single door which only that household can use
Fuel poverty	A household is considered to be fuel poor if they have required fuel costs that are above the national median level and were they to spend that amount, they would be left with a residual income below the official poverty line
Help to Buy: equity loan scheme	A loan from the government which you can combine with a deposit and a mortgage to buy a new-build property. Depending on where you live, the government will lend you between 15% and 40% of the property price
Hidden households	People or groups of people that want to move out of shared accommodation but are unable due to affordability problems or lack of suitable housing. These include: house sharers, adults living with their parents and people living with an ex-partner

Glossary H

Term	Definition
Home Building Fund	A subsidy provided by central government to encourage housebuilding and property regeneration by small and medium sized developers
Homeless	Homelessness means not having a home. You are homeless if you have nowhere to stay and are living on the streets, but you can also be homeless if you are: staying with family and friends, squatting, staying in a hostel or B&B, or at risk of violence or abuse in your home
Housing association	Housing associations are non-profit organisations, originally formed by private individuals concerned about local housing provision. Board members are generally volunteers but some are paid
Household	One person or a group of people (not necessarily related) who have the accommodation as their only or main residence, and share cooking facilities and share a living room or sitting room or dining area
Housing benefit	A benefit that is administered by local authorities which is designed to assist people who rent their homes and have difficulty meeting their housing costs
Housing First	A housing policy that moves rough sleepers from the streets or shelters straight into independent housing. This is in contrast to other programmes whereby rough sleepers have to deal with other issues that may have contributed to their episode of rough sleeping (eg addiction) before being granted independent housing
Housing stock	The total number of dwellings in a particular country or region

Glossary L-O

Term	Definition
Landlord	An individual or company that lets a property out to tenants in exchange for rent
Local authority	An elected organisation responsible for providing a range of vital services for people and businesses
Loan to value (LTV) ratio	The ratio between the value of the mortgage you take out and the value of the property as a whole, expressed as a percentage
Mortgage	A legal agreement by which a bank or building society lends money at interest in order for the borrower to buy a property. The bank has a right to repossess the property in the event of non-payment of the debt
Net additional dwellings	The number of dwellings added to the housing stock; this comprises the number of new housebuilding completions plus any gains or losses through conversions, changes of use and demolitions
Nominal prices	Prices that have not been adjusted for inflation
“Non-decent” home	The UK government defines a household as “non-decent” when it is not in a reasonable state of repair, does not have reasonably modern facilities and services, or has ineffective insulation or heating
Overcrowding	The English Housing Survey defines a household as overcrowded if it has fewer bedrooms available than the notional number needed according to the bedroom standard definition (see entry for bedroom standard)
Owner-occupiers	Households in accommodation which they either own outright, are buying with a mortgage or as part of a shared ownership scheme

Glossary P-S

Term	Definition
Passivhaus	An international energy performance standard. The core focus of Passivhaus is to dramatically reduce the requirement for space heating and cooling, whilst also creating excellent indoor comfort levels
Planning permission	Permission to build dwellings on a specific area, obtained by applying to local councils
Private renters	All tenants who are renting from private individuals or companies at market rates. It also includes people living rent-free (for example, people living in a flat belonging to a relative)
Right to Buy	A scheme giving secure tenants in a local authority home the opportunity to buy their home at a discount
Rough sleeping	Someone who sleeps or beds down in the open air (such as on the streets, or in doorways, parks or bus shelters), or somewhere not designed for habitation (such as barns, sheds, car parks, cars, derelict boats or stations)
Rent control	Legal regulations that prevent private landlords from raising rent above a certain level
Resolution Foundation	The Resolution Foundation is an independent think-tank focused on improving the living standards for those on low to middle incomes
Section 106 agreement	A legal agreement which ensures that developers contribute towards the infrastructure that is required to make a development acceptable in planning terms. Contributions may be either financial or in kind and may be used to deliver affordable housing
SMEs	Small and Medium Enterprises, in this document, means construction companies that build fewer than 1,000 dwellings per year

Glossary S-U

Term	Definition
Stamp duty	A tax, paid by the buyer, levied on the purchase of land and properties over a certain threshold
Statutory homelessness	To be legally defined as homeless you must either lack a secure place in which you are entitled to live or not reasonably be able to stay
Social housing	Housing provided by local authorities or housing associations
Social renters	All tenants who are renting from local authorities and housing associations at below market rates
Temporary accommodation	Accommodation given to households who are homeless or at risk of homelessness as a temporary arrangement until they can be allocated social housing or find alternative permanent accommodation
Tenure	A term defining the conditions under which a home is occupied, whether it is owned or rented, and if rented, who the landlord is and on what financial and legal terms the let is agreed
Under-occupation	Households are said to be under-occupying their property if they have 2 or more bedrooms more than the notional number needed according to the bedroom standard definition
Universal credit	This is a single, means-tested working-age benefit; paid to people whether in work or not. Over time it will replace: child tax credit, housing benefit, income-related employment and support allowance, income-based jobseeker's allowance, income support and working tax credit