

The facts & the fixes: Housing

In brief: Access to affordable and good quality housing should be a right, not a luxury. But right now, the UK housing market is failing young people, low and medium earners, and the vulnerable.



What can we do to fix the housing crisis?

The housing crisis is a problem of both supply and demand. We need to build more houses, both for social rent and for low and middle income earners to buy. At the moment, the housing market works best for investors and not for those needing homes. This needs to change.

1 — We need to build more houses. There simply aren't enough houses being built. Last year 100,000 fewer houses were built than were needed,¹ with social housing particularly lacking. Bold action is required to meet current housing demand, let alone the demand of our growing population.

2 — A better deal for private sector renters. We need tough regulation to improve housing standards, including banning all letting agents fees for tenants. Shorthold tenancies need radical reform, as these tenancies are a major cause of homelessness and poor conditions in the private rental sector. Households need secure long-term tenancies of up to five years to give people stability in their accommodation and to enable tenants to feel at home in their rental properties.

3 — Prioritise council housing. At least 200,000 new social rented homes need to be built each year.² Local authorities are key to any successful housing strategy. They should be allowed to borrow money to build affordable homes, and more central government funding needs to be available to them. One funding option would be an independent £10bn Local Housing Development Fund, financed and owned by local authority pension funds.³

4 — Rent cap. Regulation is needed to stop landlords raising rent to outlandish levels. This would follow the policies of other major cities across the world, such as Berlin, New York, and San Francisco. A cap would work by limiting the amount rent could be raised through regulating the amount landlords could charge based on the average value of local properties.

5 — Action to tackle empty housing. The government should support local authorities and community-led organisations to create new affordable housing from long term empty homes across England. The government should re-establish the dedicated grant funding programmes for this that ended in 2015.

6 — Restrict house buying to UK taxpayers. The UK property market is being distorted by the global super rich who are using properties as safe investment vehicles. This includes wealthy people born in the UK who have moved their tax base out of the country. To tackle this, we need to restrict house buying to UK taxpayers. A similar scheme in Australia only allows non-residents to buy property if the results are an increase in available dwellings.⁴

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House prices have risen 43.6% from £150k in 2005 to £216k in 2017. In London, prices rose 106.5% from £232k to £479k in the same period.⁵



Mean rent for a one bedroom flat in England hit £719/month in 2015/16 – up 22.7% from 2011/12.⁶ In the same period, real wages stagnated, meaning rent is driving households into economic hardship.⁷



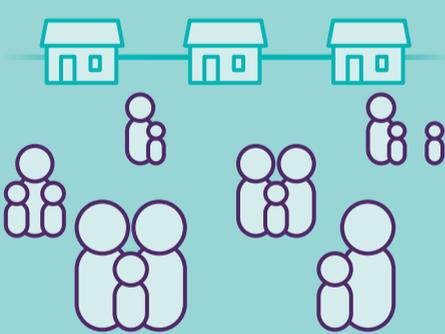
Home ownership has fallen to its lowest level in 30 years – from 71% in April 2003 to 64% in February 2016. The proportion of private tenants rose from 11% in 2003 to 20% in 2015/16.^{8,9}



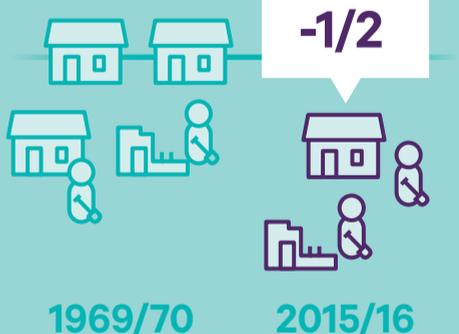
From 2010 to 2016, the number of households becoming homeless rose by 54% from 9,590 to 14,760.¹⁰



There were approximately twice the number of new households in 2015/16 as there were new dwellings.¹¹ This amounts to a shortfall of 151,650.



Housebuilding is at historically low levels. In 2015/16, only 168,350 new dwellings were completed – less than half the number completed in the peak year of 1969/70.¹²



In 2015/16, 3,030 local authority dwellings were completed. This is only 2% of the 113,660 completed in the peak year of 1978/79.¹³



Private landlords received £9.3bn of public money through housing benefit – an increase of 42% since 2008.¹⁵

£9.3bn



28.5% of private rented homes do not meet decent quality standards. This compares to 13% of social housing and 18.3% of owner occupied housing.¹⁴



More than 200,000 homes in England were empty for at least six months in 2016.¹⁶

