

1 BBC BRIEFING - HOUSING

- 1.1 Recently released, the BBC Briefing looks at the key issues within the housing sector. The report mentions that there are 320,000 homeless people in the UK and the number of people sleeping rough has almost tripled since 2010. House prices and rentals are becoming unaffordable for many. At the same time, we are building fewer homes than in many periods in the past.
- 1.2 Demand is outstripping supply. This is partly because of rising and rapid rises in population caused by people living longer, and by net migration. Household growth has accelerated, driven by changing social patterns.
- 1.3 Family members are increasingly helping first-time buyers to raise a mortgage. Key workers find accommodation near their place of work unaffordable. Unsatisfied demand is trapping substantial numbers in overcrowded or non-decent housing.
- 1.4 There are two million fewer social housing units than there were in 1979 and 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.
- 1.5 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.
- 1.6 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. The private rental sector contains the highest proportion of "non-decent" homes.
- 1.7 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.

1.8 RECOMMENDATIONS - BRIDGING THE GAP

- Funding local authorities to build more social homes - this could be carried out by local government, housing associations or central government
- Social housebuilding could be increased by government offering incentives to housing associations and local authorities
- Subsidies and tax breaks could be used by government to incentivise private developers to build more homes
- Relaxing planning constraints could also increase supply and improve affordability
- Regulating the development of private land could help increase housing supply

- Better central funding can improve the standard of existing homes, and better regulation can maintain decent standards in the first place
- 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. At present, although interest-rate policy is in theory a useful lever for affecting housing demand, current conditions limit its use.
- Young people can be helped on to the property ladder through shared ownership or part-buy schemes
- More housing stock would become available if second-home and foreign ownership of property were disincentivised
- Those in the rental sector with affordability problems could be helped by an increase in housing benefit
- Lowering stamp duty could allow the housing market to function more effectively
- Increasing the simplicity of the house-buying process could result in a more fluid housing market

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