

# THE HOUSING EMERGENCY

In 2020, the average cost of buying a home was



**7.84**

times the average income.<sup>2</sup>

In 1997 it was only **3.54**.

In 2020, 58,644 affordable homes were delivered, representing only

**40%** of the total identified need.

**3.66m**

the number of those in **concealed or overcrowded houses** in England.<sup>3</sup>



In November 2021 in England, the average house price has exceeded

**£250,000**<sup>1</sup>

Saving £311 per month it would take **10 years** to save for a 15% deposit on this amount.

If you started saving for a deposit 10 years ago, you will have found that the average house price in England has gone up by

**£69,000** or **38%** in the intervening time.



**34**

In 2019-20, the average age of a first-time buyer was

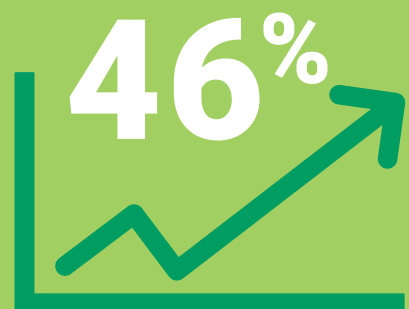
**34 years old.**

In 2007 the average age was 27, and in 1997 it was 26.

In the last 11 years the number of households renting has gone up

**24%**

During this time, the average rent has increased by



while average incomes have increased by only **21.6%**.

In total, **17.5 million people** (1 in 3 adults) are impacted by the housing emergency – **living in overcrowded, dangerous, unstable or unaffordable housing.**



**1 in 5 adults** regard housing issues as negatively impacting their mental health.

## Understanding the Problem

**Are we in a housing emergency?** The term 'housing crisis' has been banded around politically for a number of years, though recently, the charitable organisation Shelter have taken this further, identifying a national emergency. This has been qualified through their 2021 report<sup>4</sup> which identifies that around 17.5 million in England (around 1/3 of the population) live in overcrowded, dangerous, unstable or unaffordable housing<sup>5</sup>. The consequences are real. As highlighted by Shelter following their 2017 survey<sup>6</sup> around **1 in 5 adults regarded housing issues as having negatively impacted on their mental health** in the past five years, including long-term stress, anxiety and depression.

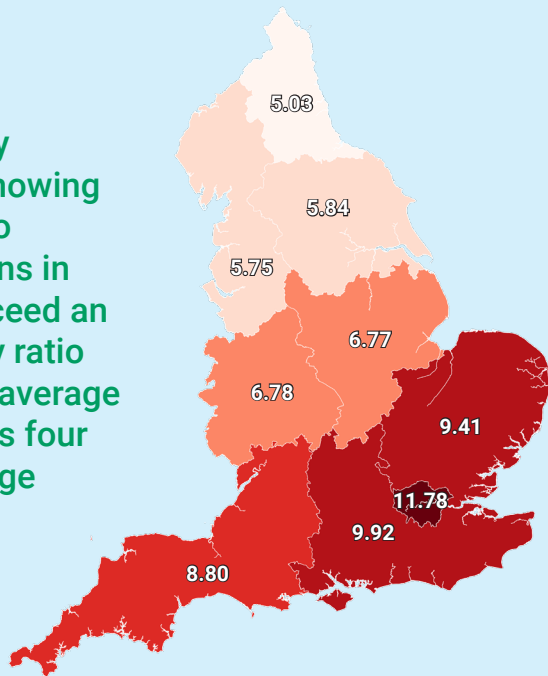
The housing emergency involves us all, from those who will struggle to get onto the first rung of the housing ladder, those in affordable housing need, or those in need of specialist care. For those millennials looking to enter the housing market, the problem is particularly acute. Saving a deposit remains far beyond the reach of many millennials or young savers.

## “Britain’s broken housing market hurts all of us”

(MHCLG – Fixing the Broken Housing Market 2017)



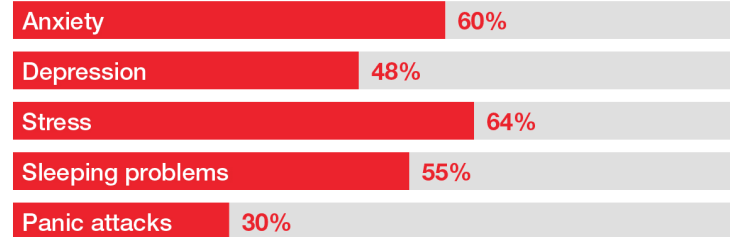
**Affordability heatmap, showing the extent to which regions in England exceed an affordability ratio of four (i.e. average house prices four times average income).**



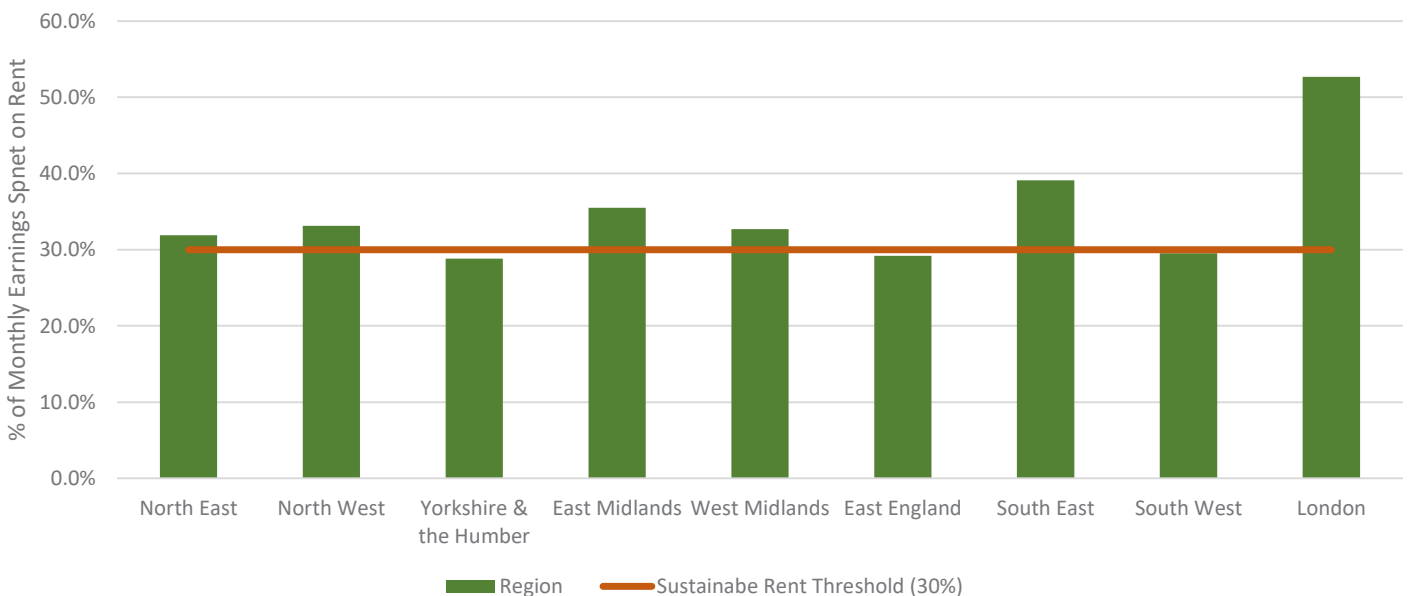
## “17.5 million people are trapped by the housing emergency”

(Shelter – Denied the right to a safe home, 2021)

### Adults in England who have had mental health problems due to housing pressures



Percentage of all English adults who have had a housing problem (in the last 5 years), who said that it contributed to mental health issues



Lower Quartile rent as a proportion of monthly earnings, by Region 2020. (Source ONS 2021)

During the last 11 years, the number of households renting has increased by 24% and during this period, the mean rent has increased by 46%. It is findings such as this which explain why the average age of the **first time buyer** continues to rise, and in 2019/20 stands at **34 years old**.<sup>7</sup>

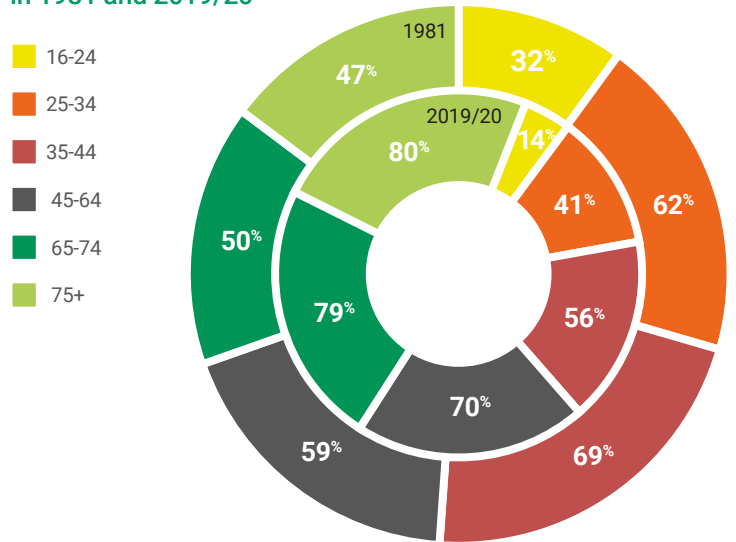
## How Many Homes do we Need?

The understanding of need is clearly not straight forward, and there are various ways in which the national requirement can be considered. What is perhaps less up for debate is the historic shortfall in housing, since the post war period up to the end of the 1970's. As indicated in the timeline below, in 2020, we saw the highest increase in the dwelling stock since 1987. An additional 243,770 homes, including the new builds highlighted below and conversions. However when stock change is considered over 10 year periods, it is clear that we are experiencing the **lowest growth period in the last 70 years**.

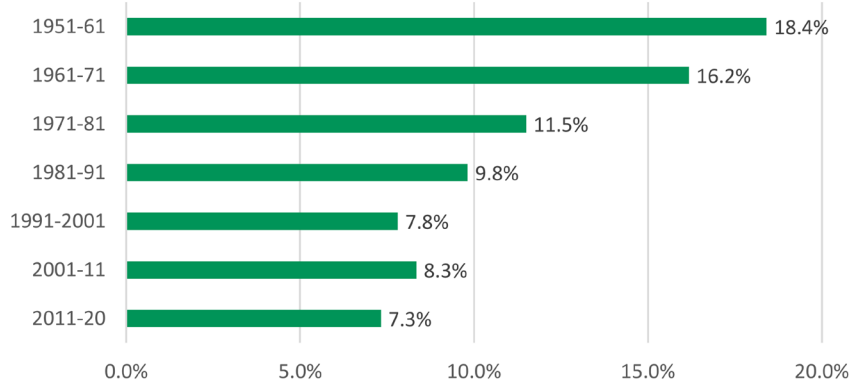
The Government has set out a clear ambition to use the planning system to significantly boost the supply of new housing. The Government understands that achieving an ambitious scale of housebuilding is important not only to meet future need, but to address chronic backlog of housing need which has been one of the causes of spiralling unaffordability.

Sources, including the research of Heriot-Watt University, indicate that housing need may be in the region of **340,000 per annum**. Both the Heriot-Watt research and the Government are in unison on the position that this is not a matter for future Governments to address, and needs to be tackled now if there is any hope of abating the emergency.

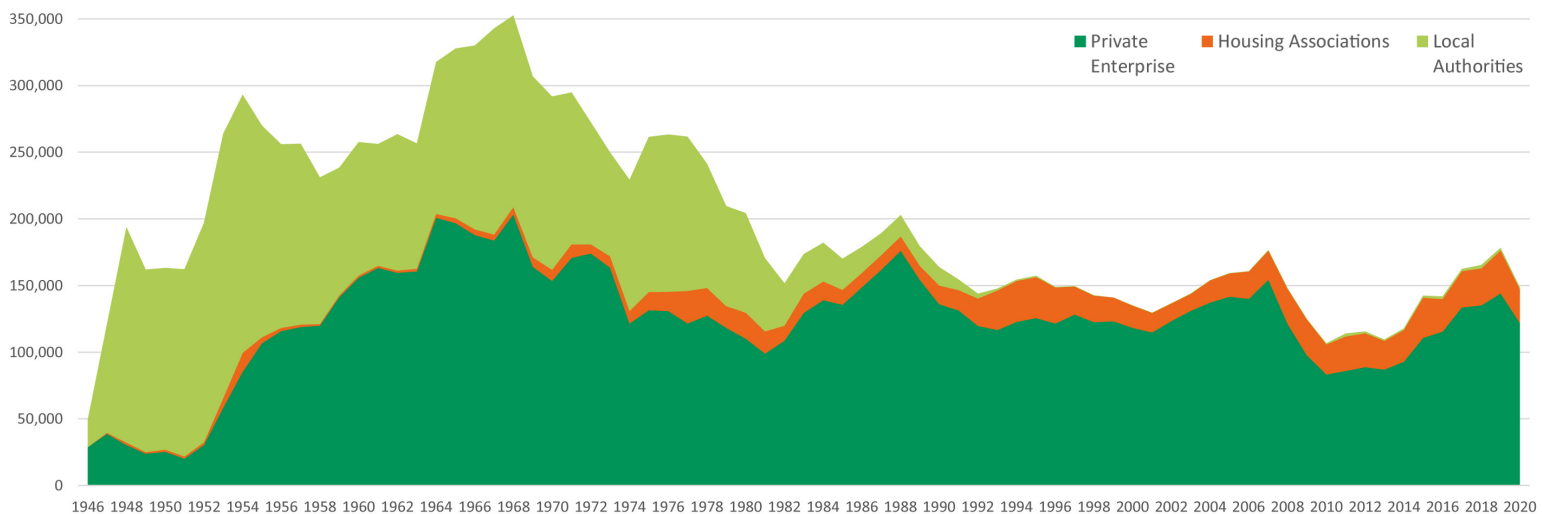
Percentage of each age group in owner occupation in 1981 and 2019/20



Growth in Housing Stock - 10-year periods, England



Housebuilding rates since the 1940s (new-build completions), broken down by the source of supply



As we recover from the pandemic, demand for housing continues to outstrip supply. Buyer demand is

**35%** higher than the average for the past 5 years

(Source: Zoopla)

## Is it just about upscaling?

Significantly boosting the supply of housing is one of the most important contributions that the planning system can make. It is not the only issue however. Rising housing costs coupled with a lack of regulation in the rented sector have placed many in unsafe, overcrowded homes that are not fit for purpose. There are many authorities who have identified a high local affordable housing need, but remain incapable of meeting that need, due to lack of available land or financial viability concerns. The Government recognise that boosting the supply beyond historical rates can increase the market share of affordable homes secured. Research from Heriot-Watt University in 2018 identified a need for **145,000 affordable homes** to be built every year up to 2031. In 2020, **only 58,644 affordable homes** were built, representing around **40% of the total need** identified in the study.<sup>8</sup> This target will not be met without a commitment to boosting the supply of housing more generally. This would enable greater

amounts of affordable housing to be secured because affordable housing is typically required as a proportion of the total number of houses delivered on each individual housing development.

One of the challenges for the future will be to ensure that the needs of the growing elderly population can be met. The most recent projections for England indicate that the **65+ age group will increase from 18.8% in 2018 to 23.9% in 2040, an increase of over 4.5 million.**<sup>9</sup> This age group requires housing that meets their needs, and can give them the confidence to relocate, potentially releasing family housing back into the market.



**Significantly boosting the supply of housing is one of the most important contributions that the planning system can make**



## What can we do?

There is no one solution to solving the housing emergency, but Local Authorities can use the planning system to address this problem. The LPDF sets out in its **'Agenda for Action'** a number of ways in which planning permissions for new housing can be boosted. Bold vision and leadership is needed to deliver upon this aim, whilst ensuring that all growth contributes towards the delivery of community focussed development with a strong mandate for design.

<sup>1</sup> Source: Nationwide 2021. | <sup>2</sup> Source: House price to work place affordability ratios (ONS 2021). | <sup>3</sup> Source: Everybody In - How to end homelessness in Great Britain (Crisis 2018). | <sup>4</sup> Source: Shelter (2021) Denied the right to a safe home: exposing the housing emergency. | <sup>5</sup> Source: Shelter's research finds that 6% of respondents live in a home which harms their family's physical health, 23% are living in homes with significant damp, mould and condensation, and 7% report safety hazards such as faulty wiring, fire risks, or areas that could cause a fall. The report refers to unstable housing, stating that most private rentals are on tenancies of 6 to 12 months, and renters can be evicted for no reason because of Section 21, creating a permanent state of stress and instability. | <sup>6</sup> Source: Shelter (2017) The impact of housing problems on mental health. | <sup>7</sup> Source: English Housing Survey 2021. | <sup>8</sup> Source: ONS (2021). | <sup>9</sup> Source: ONS (2020).

This leaflet has been prepared jointly by RPS and the Land Promoters & Developers Federation (LPDF).



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