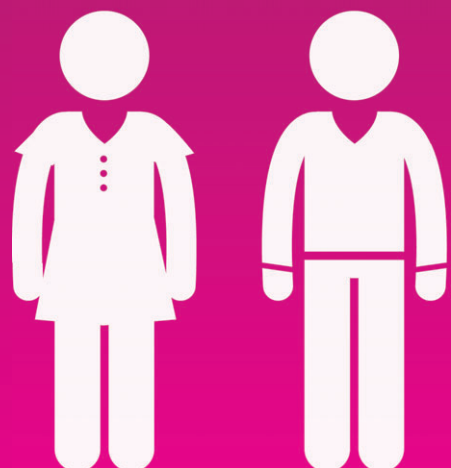


HOUSING BRITAIN'S FUTURE

Some home truths



Introduction

Young people are trapped. Whether a graduate looking to move out of their parents' home, a young worker keen to take their first steps on the housing ladder, or a couple waiting to buy before planning a family, England's housing crisis has stopped aspiration in its tracks.

For decades we haven't built enough homes to keep up with demand. Last year 240,000 new households formed, but only 111,250 homes were built— fewer than half the number needed. House prices in many parts of the country are now so far out of reach that young people are increasingly forced to live with their parents, or pay over half their earnings just to rent a roof over their heads. Rents and house prices are predicted to continue rising to 2025.

Not enough is being done to tackle our severe lack of affordable housing now but looming on the horizon is an even bigger challenge for the country. Five years from now, the Noughties baby-boomers will begin reaching adulthood, looking for a job, seeking independence and dreaming of living in their own homes.

This report shows how:

- England is not building enough to house the children born in the Noughties
- salaries for young people are not keeping up with rising house prices and rents
- young people are increasingly unable to fly from their parents' nest because of high housing costs

Housing is a buck that has been passed for too long by all previous governments. The people who will suffer the most from England's shortage of affordable housing will be our young people. If we expect them to take over the reins and drive the country forward in an increasingly competitive global economy, we must provide them with the foundations for a bright, stable future.

It's time to take matters into our own hands. Not many people realise, but the decisions about housing are being made locally, by local councillors. But they won't act unless people tell them they want more homes in their community.

That's why at the National Housing Federation we launched a campaign, Yes to Homes, that shows young people that want more affordable homes how to get their voices heard. Go to www.yestohomes.co.uk to find out how you can make your councillors listen.



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The big booms

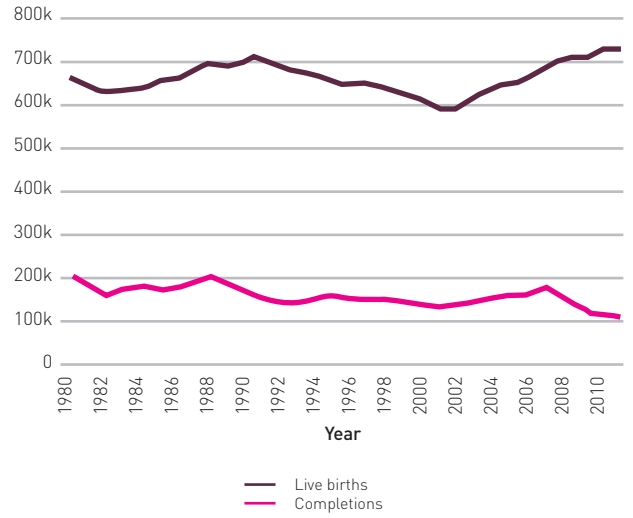
From 1982 to 1990, England saw a 13% jump in birth rates – bringing a total of nearly six million babies into the world¹. But only about two million homes were completed over roughly the same time. Over the next decade, as these babies approached their teenage years, the number of homes built dropped by around 14%.²

The housing problems faced by the children of the Eighties, who were born during a baby boom, have created a jilted generation. Many are now in their late 20s and early 30s and struggling with housing costs. For a lot of these young people, inflated costs mean they struggle to set aside enough for a mortgage deposit or a pension fund – leaving them financially unprepared when they approach retirement. The cost of their care will have to be picked up by the state.

England experienced a further baby boom with 6.9 million live births between 2001 and 2011³. In 2020, the first children from this boom will be turning into ambitious young men and women, looking to move out, find work and kick-start their adult lives. This will put a massive strain on an already beleaguered English housing market.

We're in danger of not learning from past mistakes. We failed to fix the housing market for the Eighties baby-boomers, and the consequences for children of the new millennium are set to be even more dire.

Births and housing completions 1980-2011



From 1982 to 1990, England saw a jump in birth rates of

+13%

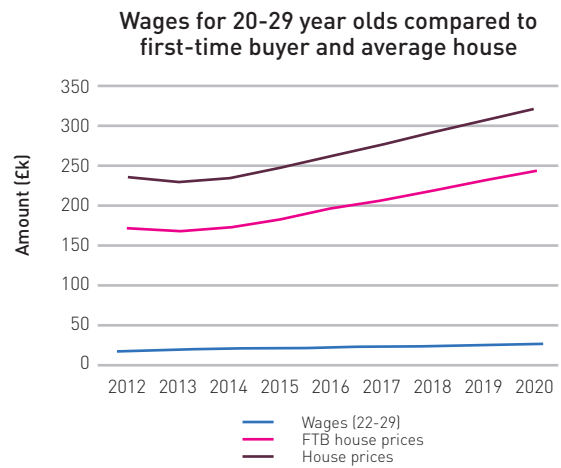
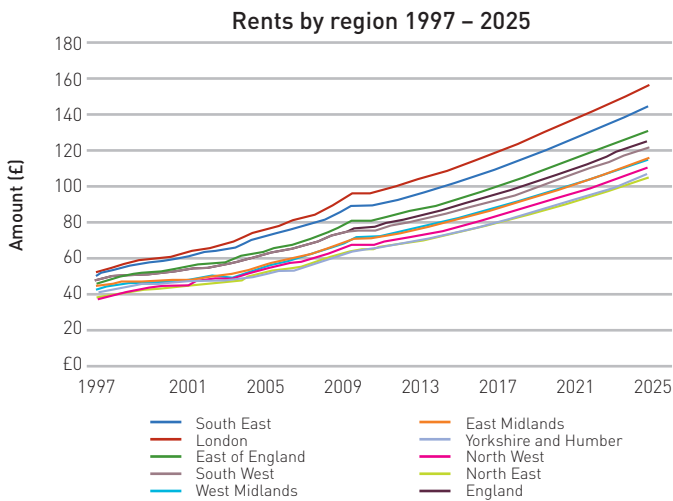


In the Nineties the number of homes built dropped by around

-14%

1 Birth Summary Tables (2011), Office of National Statistics
 2 Department of Communities and Local Government (2012)
 3 Birth Summary Tables (2011), Office of National Statistics

Unreachable dream



The Government wants to “make work pay”. Yet plenty of young people today find themselves in decently paid jobs which, as little as 10 years ago, would have been enough to put a deposit on a first home or pay their rent with relative ease. Now they have to scrimp and save just to be able to afford a private rent or mortgage repayments on a basic property.

The average price of a home in England for a first-time buyer in 2012 was £173,185 – nearly 10 times the average wage for 22 to 29-year-olds.

By 2020 the price of a first-time buyer’s home will increase by 42% to £245,165.⁴ Although wages for 22 to 29-year-olds will increase by 36% by 2020, this poses a huge challenge for those wishing to be homeowners⁵. Low-earning young people would have to spend 16 times their average wage just to buy a home.

It’s no wonder that the number of young people owning their own property in 2020 is expected to decrease by approximately 1.1 million to 1.3 million.⁶

As house prices rocket and mortgages become harder to access, young people are increasingly turning to private rental⁷. But in many places the rental market is insecure. Because the demand for private rented accommodation is growing and the

supply of affordable housing in parts of the country is scarce, private rents are now increasing at a faster rate than house prices.

National Housing Federation research shows that private rents are likely to be broadly stable through 2013, but could increase sharply, by about 6% a year, between 2015 and 2020 as interest rates and house prices rise.⁸

In 2020, rents are expected to be 46% higher than today⁹. But when the new flood of young adults born in the Noughties starts university or a new job, they could push rents even higher in a country already chronically short of decent housing.

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⁴ Oxford Economics, Nomis, National Housing Federation analysis
⁵ National Housing Federation projection based on ONS Annual Survey of Hours and Earnings 2012
⁶ Joseph Rowntree Foundation, 2012
⁷ 1.5 million more young people aged 18–30 will be pushed towards living in the private rented sector in 2020, Joseph Rowntree Foundation, 2012
⁸ Housing Market Analysis report for National Housing Federation, Oxford Economics, August 2012
⁹ Housing Market Analysis report for National Housing Federation, Oxford Economics, August 2012

Stuck in the nest

Rising rents and house prices are forcing many young people to delay moving out of their parents' home. Recent figures show that nearly three million adults aged between 20 and 34 were living with a parent or parents¹⁰. That's an increase of almost 500,000, or around 20 per cent since 1997, despite no increase in the population for that age group¹¹. A further 700,000 young people are expected to be living with parents by 2020.¹²

Being unable to move out means young people do not experience and learn from the challenges that come with independent living. This could put strain on their relationships, force them to delay having a family and make moving to find a job very difficult.

The road ahead...

Young people are stuck in a vicious cycle: because we aren't building enough homes, house prices continue to rise. This increases the demand for private rented accommodation which, in turn, pushes up rents. High rents make it very difficult for young people to save for a mortgage deposit - the amounts of which will continue rising because house prices are going up.

The Government is trying to tackle some of these problems. Last year it asked Sir Adrian Montague to look at the private rented sector. In his review, Sir Adrian called for more investment in and reform of the sector. This led to the Chancellor announcing in this year's Budget that £1bn will be made available towards building more private rented homes, and a scheme, Help-to-Buy, designed to boost homeownership by helping more people onto the housing ladder.

But making mortgage deposits cheaper to aspirant homeowners without increasing housing supply doesn't tackle the root of the problem. It simply risks creating another housing bubble where prices are pushed up. These sticking-plaster answers will not heal our critically injured housing market.

We need a vision from our leaders that looks far beyond future elections – a long-term house building programme that will create jobs, pump money back into the economy and give hope to millions of young people around the country dreaming of adulthood and independence. Britain must get building again now. The future of the country – and our young people – depends on it.

What can you do?

Young people can play a role themselves to push for this change. Local councillors are responsible for making the decisions on housing. Join our campaign to ask them to prioritise more housing.

 **Yes to Homes** www.yestohomes.co.uk



The National Housing Federation is the voice of affordable housing in England. We believe that everyone should have the home they need at a price they can afford. That's why we represent the work of housing associations and campaign for better housing.

Our members provide two and a half million homes for more than five million people. And each year they invest in a diverse range of neighbourhood projects that help create strong, vibrant communities.



The National Housing Federation runs **iN business for neighbourhoods** in partnership with members to promote the neighbourhood work of housing associations.

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