

HOUSING BRIEFING

'Given the amount at which you would have to build in order to have a dramatic impact on affordability, you can't say that just building new stock is the answer.' Michael Gove 2021

'Housing shouldn't be an asset. Good quality social housing should be a right.' Elizabeth Wyatt, Housing Action 2021.

'The problem doesn't lie in insufficient houses but in who gets the ones we have.' – Ian Mulhern 2020

'The private rented sector is by far the most expensive, by far the lowest quality and by far the least popular. It is absolutely the worst possible tenure for almost everybody in it.' – Lord Report 2021.

There are 1.6 million householders on the 'social housing' (cheapest 'social rents') waiting list. 3.9 million live in social housing – 17% of households. 214,000 of these houses are regarded as being in a 'terrible condition'. 90,000 on list in West Yorkshire and 11-13,000 in Kirklees.

The figures are in dispute. A recent survey suggested the national figure may be underestimated by 500,000.

2021 fewer than 6,000 for social housing were built. One is built for every 195 family on the waiting list. 46,000 'affordable houses' were built last year - 80% of market rent.

Rising House Prices

House prices overall rose by almost £27,000 in the past year – more than the annual salary of just under £26,000.

Locally property prices are highest in the HD9 post-code area.

House prices are 65 times higher than in 1970 but wages are only 36 times higher.

Average house price £272,992, which increased by £15,500 in past 12 months. It is now £163,700 more than 20 years ago. Asking prices in the past two years rose by £40,000 compared to £9,000 in the two previous years.

New-builds cost 20 to 29% more than older homes but automatically lose value when you move in.

House price inflation nationally is 6.8%. House prices rose in February at their highest rate for more than 40 years at 0.5% equating to £370 per week. In the last year that increase continued over eight months and £28,000 was added to the average price.

The cost of buying a house is now equivalent to 8.6 times average earnings up from 5.8 in 2019 and 4 in 2010.

Fuelling house prices. Londoners in 2021 spent a record £54.9 billion on buying properties (112,780 homes at an average £487,000) outside the capital last year, the highest since 2007 in the 'largest out-migration from London in least a generation'. They are moving further afield seeking office space and gardens including the Holme Valley.

Some of the biggest increases were in the North of England a current high of 10 per cent.

Help to Buy was a disaster as there was no limit that housebuilders could make from the scheme. The National Audit Office found that the scheme supported mainly buyers who did not need the money and thus helped to fuel further house price inflation.

First-time buyers need to raise an average £27,096 for a 10% deposit. Self-employed require on average a 25% deposit.

The average mortgage is now 20% bigger than 5 years ago. Mortgages are now being offered at 7 times a salary allowing a couple on £50,000 to now increase their ability to pay from £250,000 to £333,000.

The help-to-buy scheme was wasted with more people on high incomes (£80,000) using the scheme than low earners. It 'inflated prices by more than their subsidy value'.

Some mortgages now run for 40 years. 36% now run for 30 years or more up from 10% in 2000. 44% of mortgage holders will be 62 or older when they finally pay it off. 50% of borrowers will not have paid off their loan before their retirement. In 2014 only a third went beyond that point.

House price gains in the past 20 years add up to £3trillion addition to wealth – nearly £200,000 for the 10% wealthy and only £1,000 for the poorest 33% of the population.

689,168 UK homes – 1 in 42 - worth more than £1m, helping to create in the past year 125,928 property millionaires in the UK, and 52,000 global ultra-wealthy with fortunes of at least £22m.

Population

New population figures from the Office of National statistics show that the projections have been wrong. On current trends the population will reach 69.2 million in 2030. Projections have come down by 2million the equivalent of 6-7 large cities.

Fewer than 50% of local authorities have updated their local plan in the last 5 years.

The proportion of over-65s who own their own homes has risen this century but fallen in every other age group.

The number of aged 85-plus expected to grow by 500,000 in 2030 and double to 3.1million in 2040
Among older people 51% actually moved to houses that were worth more per square foot.

Only 73,377 specialist homes for older people were built in the last 10 years.

Renting

2 million private renters.

Housing benefit has fallen from £26.42 billion in 2014-15 to £18.83 this past year. It has been frozen for the past 2 years.

The Economist has calculated that it is now cheaper to rent – taking into account all the expenses involved in buying a house – than buying a house. However, increasingly high service charges.

Average rent rose this year to £1,069 an annual increase of 8.6%.

One of the fastest growing sectors is 'build to rent' by large companies/pension funds with deep pockets ploughed £4.1bn into this last year ('institutional landlordism' – rents rise with inflation). Accounts for 20% of all new house builds (40% in London) with planning applications up by 52% for such starter homes. Lloyds aims to rent 500,000 homes – size of a small town – by 2031. Legal & General is investing £2.5bn on this. It is predicted that by year 1.75million homes will be build-to-rent.

In the first 8 months of 2021, 33,000 landlords set up new buy-to-let companies. The total number 258,000 has doubled in 6 years. Taxpayers subsidise private landlords by £22billion per year. 2.5million landlords, who account for 18% of all property purchases in 2019, did so for investment purposes.

Units Built

The number of units granted planning permission outstrips the rate of building by about 1000,000 each year for the past decade. There are many years of supply/planning granted yet unbuilt.

The government target is 300,000 houses but it has never been met. The last time it was in the early 1970s 40% of which were Council houses.

Government figures show that even if this target was met, house prices would only be 6% lower in real terms.

Housebuilding fell during Covid – 6 % fewer starts (140,000), 11% fewer completions (156,000).

However, 'net additional dwellings' even with Covid met 216,490 down by 30,00 on 2019-20.

'Affordable housing' starts fell by 16%. Increasing waiting lists for 'social housing' but it fell even more.

Housebuilders snub 'brownfield' sites. There is enough brownfield to accommodate 1.2million homes (CPRE). London has enough for 350,000 homes (major cities have also large sites). North-east 170,000.

Housebuilders

The 7 giants posted £15.1 billion in profits last year. In 2010 they paid £38.1 million in dividends. In 2021 it was £846million. Over the past 3 years they have paid out £5.3billion. 2nd largest Barretts reported profits last year of £810million.

The top 10 bosses of the major developers made a total of £708m in dividends and shares last year substantially more than the £65m they set aside to deal with the dangerous homes they built.

House builders donated £10million to the Conservative Party in the past 10 years (13% of its total donations). But £60million came from those with substantial property interest.

Small, Medium Enterprises in 1990 built 39% of new homes, that figure is now 10%.

Costs are rising at 10% this year for materials with 80% of builders saying it now a major problem.

Shortages of skilled labour particularly because of Brexit and the lack of eastern European workers.

Second homes/empty properties/

There are 640,000 empty houses (2.5% of total houses) in the UK (28,000 in Yorkshire) – 288,00 for more than 6 months.

There are 1.2million more houses than households in England, a surplus that has doubled in the last 25 years, this continues to grow and yet prices continue to rise.

There has been a huge expansion in holiday lettings/Airbnb, particularly in North-East England with a major impact on local housing markets.

772,000 households in the UK have second homes with 500,000 in the UK. In Yorkshire Dales 21% of second homes are not permanently occupied compared to 4% nationally. Rural prices have risen by 14% - twice the rate of cities, leading to soaring house prices.

Wales can levy double council tax rates for second homes.