Population and housing

Summary
Britain faces a housing crisis. There is a shortage, those houses that are built cost too much, are of poor quality, and are often in the wrong places. Resultant issues include environmental impacts, economic stagnation and decrease in individual well-being. As the UK population continues to grow rapidly, it will place further pressures on housing and the environment. UK population growth is due to a combination of rising life expectancy, a relatively high birth rate and high net immigration, all of which contribute to housing shortages and burgeoning prices. Other causes, such as right to buy policies and properties left dormant as assets, are only exacerbated by population growth. Addressing population growth does not tackle the housing crisis in the immediate future, but it has a vital role to play in long-term housing planning and policy.

The housing crisis
Problems with housing have been described as the ‘biggest risk’ to the UK economy by both Mark Carney, Governor of the Bank of England, and the Confederation of British Industry. Research indicates the UK needs a minimum of 240,000 new houses per year in order to meet demand. In 2014, less than 120,000 were built. Rising demand from a growing population and falling household size has resulted in rapidly rising prices. As a result, house prices across the UK far exceed average incomes. A house in Oxford costs 16 times the local average income, whilst Cambridge, Brighton and Bristol are all over 10 times larger than the average local income. London prices, 70% higher than the UK average, are an average of 15.7 times the average London Income. To put it in context, if the price of a supermarket chicken had risen at the same rate as housing, it would cost over £50. High prices mean more homeless people, a greater reliance on social housing, and increasing use of insecure rental agreements. Studies suggest that at least 4.5 million people in the UK are currently in housing need. It is a problem that goes beyond social class, with even relatively affluent young people being unable to afford homes.

Net migration and longer life expectancy means more people wanting homes, which are occupied for longer, providing a double impact on housing stock. This is exacerbated by the increasing use of properties as investments by global investors who leave housing dormant. Housing prices are a result of limited supply and rising demand. Whilst many are talking about the need to improve supply, the issue of increasing demand from population growth is often ignored.

The issue is not uniform across the UK. Population pressures are more evident in the South-east. Its high proportion of greenbelt land also means it has a significantly higher environmental limit to house building. House price rises across this region are amongst the highest in the country. Conversely, in cities such as Lincoln, housing prices are so low (£40,000 for an average two bedroom) that the cost of refurbishment is lower than buying a new house. This further limits housing stock. The housing crisis affects demographic groups differently. The proportion of 25-34 year olds who own their own home has dropped dramatically from 59% in 2003 to 36% in 2013, whilst 77% of over 65s own their own home. Longer life expectancies mean houses remain in the same hands for longer. The

2 https://www.gov.uk/government/collections/house-building-statistics
3 http://www.telegraph.co.uk/finance/newsbysector/constructionandproperty/11438544/Unless-we-build-more-homes-the-housing-crisis-could-end-very-badly.html
4 http://england.shelter.org.uk/professional_resouces/policy_and_research/policy_library/policy_library_folder/food_for_thought
5 http://www.housing.org.uk/get-involved/past-campaigns/shhh...-dont-mention-the-housing-crisis/
6 https://www.housing.org.uk/media/home-truths/
7 http://www.telegraph.co.uk/finance/newsbysector/constructionandproperty/11438544/Unless-we-build-more-homes-the-housing-crisis-could-end-very-badly.html
rapid population growth over the last few decades provides more competition for the young than for elderly.

Environmental pressures
Housing currently takes up just 2% of UK land, prompting several to suggest expanding supply to meet a burgeoning population could take place without significant issues\(^8\). The question remains however, what is to be lost in place of expanded housing? Research suggests brownfield sites will be exhausted between 2025 and 2033. Depending on growth trends\(^9\), this leaves agricultural or natural land. More housing would mean less arable land and thus less food production. This is problematic given a higher population in both the UK and globally demanding more food and more difficult growing conditions as a result of climate change. Projections suggest that development to meet the housing need of a higher UK population will cause agricultural losses ranging between £103 and £230 million\(^9\). This is before considering the impact of increased household emissions on climate change and food production. The other option is to build on greenbelts, contributing to urban sprawl and climate change, and harming our natural environment. Biodiversity is already falling due to agricultural pressures; further growth will affect both ecosystem services and the psychological benefits associated with nature and green space. The demand for new housing and development will have to be managed with consideration for the high costs of environment damage.

Socio-economic pressures
As well as the impact on quality of life from reduced green spaces, overcrowding and high-density housing has been shown to adversely affect personal welfare\(^10\). Schemes such as 'right-to-buy', whilst improving security for some, have caused long waiting lists for social housing, and increased numbers of people are living in temporary accommodation. Insecurity and increased susceptibility to informal rental agreements or mismanagement from landlords also greatly affect the quality of life in the UK, especially for the most vulnerable groups.

The economic impacts are felt on both a local and national level. With lower stock, the government must spend more on housing in private accommodation those in need. The high cost of housing benefit (also related to a higher population claiming) means 90% of spending on housing currently goes on benefit, as opposed to 10% for new homes\(^11\). An ever-increasing number of houses also mean more spending on infrastructure. Supply of transport and roads, services such as power, telephony, waste disposal and recycling, and providing water or sewage treatment are the hidden costs of a growing population. Building more houses must come in tandem with more schools and medical services, also at the cost of the state. Conversely, insufficient housing in economically productive areas increases disparity between regions, causing employment stagnation and further slowing the economy at a time of higher spending.

The housing crisis puts pressure on individual and household finances. Renters now spend up to 59% of their disposable income on rent\(^12\) making it impossible to save for a place of their own. Given the high cost of raising children, families with more than one child will suffer considerable financial restrictions and associated effects from stress. This stress may be compounded from insecure tenure. Short-term rental agreements also provide the opportunity for landlords to raise rents multiple times a year, in stark contrast to the more long term and protected agreements across much of Europe.

Solutions
The disparate effects of the housing crisis and demographic pressures need to be dispersed

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\(^8\)http://www.policyexchange.org.uk/images/publications/why%20arent%20we%20building%20enough%20attractive%20homes.pdf  
\(^9\)http://populationmatters.org/documents/people_food_summary.pdf  
\(^11\)http://www.independent.co.uk/student/shu/taking-steps-to-tackle-the-housing-crisis-10130071.html  
\(^12\)http://www.bbc.co.uk/news/uk-england-london-20943576
across the whole of the UK. Net migration is an issue that affects the whole of the country but its pressures are disproportionately felt in the Southeast where there is simultaneously less space to build and more economic incentives to move into the area. Push factors for external migration should be assessed to help prevent further environmental damage to the UK and remove a significant proportion of the housing demand. The UK’s population is expected to grow by 19% from 2010-2035, but 13% of this is expected to come from high net migration. Simultaneously, the government needs to assess the reasons for internal migration; improving economic well-being and house construction in more deprived areas can alleviate pressures in urban areas like London, Cambridge, and Oxford. This should come in tandem with more flexible inner-city construction rules. London is less dense than many of its international peers and it is vital that its surrounding greenbelt is protected.

It should be noted that promoting development in other regions of the UK, such as the ‘Northern Powerhouse’, will not remove the housing crisis but rather temporarily reduce its impact at a local level. The underlying factor of demand from population growth will still remain. Recommendations to tackle the UK housing crisis include allowing councils to borrow and improving right to buy schemes. Both of these approaches highlight the high cost to the state of servicing a burgeoning population with both social and private housing.

Tackling population growth
To fully tackle the housing crisis and reduce the demand side of the market equation, policies to address population growth need to be considered. Although housing is an issue that requires immediate action, the problem will only become harder to solve with an ever-increasing population. Population trends need to be considered as a crucial part of planning. This should include representation at all levels of government for positions with responsibility for population. Several have suggested that there should be a cabinet position of Secretary of State for Housing, but this issue would fall under the remit of a Minister for Population.

Policies that acutely tackle unsustainable population growth will help to improve the housing situation across the UK. Helping overseas development will reduce the push factors for inward migration, reducing population growth by as much as 13%, whilst better access to contraception, improved sex and relationships education and family planning can help bring the UK population to a sustainable level. Further, reduced family subsidies for large families can help remove the incentive to have more children, particularly at a time when disposable income is squeezed from the high cost of housing. These policies must occur in tandem with reductions in consumption. Household waste and emissions will continue to grow even if population growth is capped at its current level. Reduced household consumption and improving energy efficiency in sustainable housing are vital components to tackling the housing crisis.

The housing crisis is one of the biggest problems facing both individuals and the UK government. Rapid population growth has significantly affected the demand side of the equation, whilst spending on a higher population has reduced the funds available for housing supply. This has led to poor housing conditions and prices rising beyond the limits of most UK citizens. Whilst population growth cannot provide a solution in the immediate future, it must form part of planning. Analysis of population dynamics and the local and regional level can help ensure that pressures are spread equally across the UK minimizing environmental damage. Propelling the population issue from obscurity to a high profile at the national level can help create a socially sustainable future for all.

14 http://londonfirst.co.uk/our-focus/londons-housing/