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"Missing city" of 886,000 homes needed by 2021, report warns

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in

The UK faces a housing gap of 886,000 homes worth around £185bn by 2021 - the equivalent of a "missing city" twice the size of Birmingham, a new report has claimed.

The study by the Association of Consulting Engineers (ACE) warns that the country will face "massive widespread social and economic consequences" unless urgent action is taken to address the gulf between the number of households and the supply of new homes.

It added that the shortage of properties may be much more severe than its estimates indicate as people living in houses in multiple occupation, where residents share a living or sitting room, would be considered a single household but the individual residents would in reality need several different properties.

With charity Shelter already warning that 1.7m families are on waiting lists for social housing, while 650,000 are in overcrowded accommodation, the extra pressure created by the housing gap could result in a "choke point" where hundreds of thousands are unable to buy a property and the Government is forced to take radical action to curb the welfare bill as spiralling rents fuel a rapid increase in the cost of housing benefit.

Having more young and middle income families "trapped" in the rental market because they cannot secure a mortgage or raise a deposit would also mean ministers would have to reassess the provision of healthcare and education as the frequency of moves would increase, it added.

The Government has committed £5.1bn to support housing between 2015-16 and 2017-18, including £3.3bn for new affordable housing and certainty on social rents until 2025-26. The report said that this should deliver more than 200,000 affordable properties by 2018-19 - less than a quarter of the number needed by 2021.

While an undersupply of new housing and land for development are not new problems, it warned that "radical reform" is now needed and all political parties need to give the issue of house building a higher priority.

Any policy will have to consider local need, infrastructure requirements and encouraging the use of brownfield land, not just promote greenfield development, the ACE argued.

"The extent of house building needs to increase but also has to take place in a manner that is forward thinking, responsible and sustainable," the report cautions.

Dr Nelson Ogunshakin, ACE's chief executive, said: "The housing market has broken down over decades because we have not built enough homes for people - and the consequences of that are already being felt.

"There are presently 650,000 overcrowded households in England. Meanwhile, the proportion of people under 34, which includes most new parents, who own their own home has dropped from 61.5 per cent to 39.8 per cent in just two decades.

"Our new analysis shows that if we don't overhaul the market to enable more homes to be built, the problems will only worsen."

According to the latest figures from the Office for National Statistics, work started on 101,920 homes in England in the 12 months to March, down three per cent on the previous year and 44 per cent below the peak seen in March 2006.

Private builders started on 82,170 homes (down three per cent), housing associations started 18,190 (down seven per cent) and local authorities started just 1,550.

There were 108,190 houses completed in England in the year to March, down 8 per cent on 2011-12 and 39 per cent lower than the peak recorded in 2007.

Private builders finished 84,750 new homes (down five per cent), housing associations completed 22,160 (down 19 per cent) and local authorities finished 1,290.

By Andy Jowett

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