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Research reveals growing housing gap

Friday 5 July, 2013. / Property news

The UK's fastest-growing city is one that does not, strictly speaking, exist. New research from the Association for Consultancy and Engineering (ACE) has projected that, between 2011 and 2021, the gap between the number of new households in England and the number of new homes built will rise more than tenfold, from 88,000 to 886,000.



In the report, 'households' are defined as a person or unit of people who own a home as their main or only residence; the 'housing gap' refers to the number of new homes that are needed, or will need, to be built to accommodate newly formed households. Three years ago, the size of the gap was roughly equivalent to Portsmouth – and at the current level of growth, in eight years' time it will be around twice the size of Birmingham.

The report calls for urgent policy action to tackle the shortage and avoid "massive ... social and economic consequences" for the UK. Unless the 886,000, £185bn housing gap is mitigated or avoided, the report warns, the strain on the housing market will mean that hundreds of thousands of individuals in the UK will face the reality that they may never own a home.

According to statistics from the homeless charity Shelter, which were cited in the report:

- 1.7 million households are waiting for social housing
- 650,000 households in England are thought to be overcrowded
- 49,000 households are living in temporary, local authority-provided accommodation

If a 'choke point' is reached, ACE warns, the government will face a skyrocketing welfare bill due to the increased costs of rent and, subsequently, housing benefit. Additionally, people's ability to secure mortgage (/) finance and raise deposits for their first home (/first-time-buyer/) will greatly increase.

"The extent of house building needs to increase, but also has to take place in a manner that is forward thinking, responsible and sustainable. Any policy that encourages the mass construction of poorly developed housing will not only repeat the mistakes of the past, but also increase the cost to future generations...

"Given all of the challenges, it is time for central and local government, public bodies, and the private sector to innovate, discuss and develop a new way. One that will provide confidence, certainty, availability, affordability and importantly also attempt to, over time, slowly shift the market to a sustainable rate of house price growth."

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Read *The housing gap: the growing human cost of not building enough homes* in full. http://www.housingnews.co.uk/images/80908_The%20housing%20gap-the%20growing%20human%20cost%20of%20not%20building%20enough%20homes.pdf

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