

Renting a home in the UK unaffordable for many

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Shelter, the homeless charity, has issued a report dealing with the lack of affordable private rented housing across England.

The study, one of the first of its kind, examined the amount of affordable private rented accommodation throughout local authorities in England. The calculation of affordability is based on the proportion of wages that someone would have to pay to rent a two-bedroom home. The figure accepted as unaffordable is when the cost of rent exceeds 35 percent of median take-home pay.

The study shows that the average working family face unaffordable rents in the private rented sector in 55 percent of local authorities in England, with rents from private landlords accounting for over a third of average take home pay.

Due to the rise in house prices, buying a home is well beyond the reach of many. People have had no alternative to living in privately rented accommodation, on the basis that it was a cheaper alternative to buying. The report from Shelter shows that renting has also become increasingly unaffordable.

Between 1997 and 2007, rents increased at one and half times the rate of incomes. This has resulted in 38 percent of families with children living in private rented accommodation having to cut down on buying food to pay for the rent.

Across England the study shows the following:

- Private rents in 8 percent of local authorities are considered extremely unaffordable (representing a rent that is 50 percent or more of full-time take-home pay).
- 21 percent are very unaffordable (representing a rent that is 40 percent to 49 percent or more of full-time take-home pay).
- 26 percent are fairly unaffordable (representing a rent that is 35 percent to 39 percent of full-time take-

home pay).

- 29 percent are fairly affordable (representing a rent that is 30 percent to 34 percent of full-time take-home pay).

- Just 12 percent are deemed affordable (representing a rent that is 30 percent of full-time take-home pay).

The most unaffordable local authorities are concentrated in London, including the majority (22) of London boroughs that have median rents that now cost more than 50 percent of median local full-time earnings. All the boroughs in London have a median private rent for a two-bedroom home costing more than 35 percent of the local median take-home pay in that area.

In London, private rents can be as much as 72 percent of gross weekly wages for the lowest earning quartile of working people.

The issue of affordability is not just restricted to London and the South East of England, however. The cost of rent for a two-bedroom home is in excess of 35 percent of an average full-time wage in the Midlands, the South West, the East of England and the North West. The problem is also not just restricted to urban areas, but can be found in the more rural areas of England, including Cornwall and Herefordshire, which are now considered very unaffordable.

Shelter head Campbell Robb commented on the report: "We have become depressingly familiar with first-time buyers being priced out of the housing market, but the impact of unaffordable rents is more dramatic. With no cheaper alternative, ordinary people are forced to cut their spending on essentials like food and heating, or uproot and move away from jobs, schools and families."

There has been a rapid growth in the private rented sector in the last decade, with nearly 1 million more

households renting in the private sector in the last five years. This type of growth in housing tenure has not been seen since the explosion in house building that took place in the postwar period.

The rise in the private rented sector can be accounted for by a number of factors, but is due mainly to the lack of social housing once provided by local authorities. This was to profoundly change, with the selling off of council houses in the mid-1980s in the UK under the then Conservative government of Margaret Thatcher.

At the time, the revenue raised from council house sales could not be used for new house building programmes—leading to a dire shortage of local authority housing. At the same time, there was an overall reduction in social housing building. Local authorities started to use a lot more private rented accommodation to meet the housing requirements of those found to be in housing need, after declaring themselves homeless.

Large-scale social house building projects in the UK have come to an end. The number of building “starts” for social rent fell by 96.4 percent, from 39,136 between October and March to 1,746 for April to September.

The Homes and Community Agency has revealed that just 454 affordable homes were started across England in the April-September period. In London, which requires an estimated 60,000 affordable houses to be built each year, construction started on just 56 properties. In the North East and Yorkshire, only 22 houses were started. Zero starts were recorded in the North West (down from 3,766).

The lack of any social housing is further exacerbated by a shortage of even privately rented accommodation in some areas of the country. Estate agents Countrywide reported that an average of five tenants are now competing for every available rental property, rising to more than seven in the West Midlands. In London, there have been reports of prospective tenants having to put down a holding deposit of £200 to try to secure accommodation, and ending up in a bidding war and being “gazumped” multiple times when trying to find somewhere to live.

The overall lack of housing provision is forcing people to have to share accommodation, leading to overcrowding. Figures published by street homeless charity Crisis reveal that there has been a marked

increase in overcrowding. It states, “The number of sharing households has increased in the last two years, after a long-term decline reflecting constrained access to housing following the credit crunch.

“Overcrowding has also increased markedly, from 2.4 percent of all households in 2003 to 2.9 percent of all households—630,000—reversing previous declining trends”.

In its study, Shelter reported that between now and Christmas 35,000 people across Britain will lose their homes. Someone will lose his or her home every two minutes.

The government has announced measures in November that will worsen this situation considerably. Those families now living in social housing who collectively earn more than £100,000 a year will have to consider paying an increase in rent or moving home, as they will no longer be deemed in need of social housing. The measure is largely propaganda aimed at denigrating social housing and perpetrating the fiction that it is a free ride for the corrupt. Figures show there are only 6,000 households living in social housing that have incomes exceeding £100,000 a year.

Behind this headline measure, hundreds of thousands of people will be driven from their homes under the government’s new Affordable Housing Programme. Under its provisions, social tenants will be forced to pay much higher rents—up to 80 percent of the market level.



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