

# The socialist answer to the housing crisis

Statement by the Socialist Equality Party (UK)  
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Saturday's National Housing Demonstration in London called by the Renters Union is in response to the most severe affordability crisis since the 1930s.

Across the UK, rents have increased by 40 percent since the COVID pandemic began in 2020, and mortgage repayments by 40-60 percent. Housing stress affects 67 percent of the population—45 million people, struggling to pay rents or mortgages, cutting back on food and heating, or facing eviction and foreclosure.

Up to 4 million people are on the waiting list for social housing, with 1.3 million of these waiting more than a decade. 400,000 people are homeless, sleeping on the streets, in hostels and shelters or sofa surfing.

Up to 2 million children live in substandard and unsafe accommodation, including 1.5 million in England (one in six children). One million children live in homes with a Category 1 hazard, defined as “serious risk to health or safety”.

Multi-occupancy accommodation with renters crammed together, and young people forced to lodge with parents into their late 20s, 30s, 40s and 50s is the new normal. Elderly people in the private rental market face a nightmarish future.

The crisis is global. More than 1 billion people worldwide live in “informal housing” including slums. Protests have erupted across Europe, North America, Australia and Asia against skyrocketing rents, homelessness and the destruction of public housing.

The affordability crisis is set to worsen, with the US-led war against Iran driving rampant inflation and pushing the global economy toward recession.

## Pseudo-reformist palliatives

Saturday's protest will see the Green Party, Labour

“lefts”, trade union bureaucrats and Your Party leader Jeremy Corbyn presenting what the Renter's Union describes as a “united front” to call for “rent controls and good-quality, accessible council homes”.

“Rent controls are common across Europe and were recently secured by tenants in Scotland,” the Renters Union claims, adding, “the policy is backed by the Green Party and Plaid Cymru.” In fact, the Housing (Scotland) Act 2025 introduced powers for local rent control areas only. If a council area is so designated, rent increases will be capped to CPI (inflation) + 1 percent annually, up to a maximum 6 percent.

These minimal reformist palliatives barely scratch the surface. In the mid-1960s council house rents claimed an average of 12 percent of tenants' income. Today, private renters in the lowest income quintile spend 59 percent of their gross household income on rent (on average), while those in the bottom 40 percent spend over 30 percent of their income on rent.

The Greens' Fair Deal for Renters calls for rent controls without even specifying a figure, repeats Labour's pre-election pledge for an end to no-fault evictions, and promises to establish “Private residential tenancy boards to provide an informal, cheap [!] and speedy forum for resolving disputes before they reach a tribunal.”

Such policies are not just ineffectual, they seek to divert workers and young people from tackling the underlying cause of the housing affordability crisis, rooted in the capitalist profit system.

## What is the cause of the crisis?

Housing has been transformed over the past 45 years into a speculative arena for the enrichment of the banks

and major institutional and private investors. Land and property have become vehicles for funnelling billions of pounds from the working class—those who produce society’s wealth—to the billionaires.

Real estate is today the single biggest economic sector in Britain, rising from £40 billion gross value added (GVA) in 1990 to £270 billion in 2024. The private rental sector’s role in the housing market has grown from £100 billion (in 2025 prices) since 1979 to £1.3 trillion today, while renters have suffered a 1,000 percent real-term rise in rents!

The Thatcher Conservative government (1979-1990) initiated this process, responding to declining profit rates by unleashing free-market policies aimed at clawing back the social rights won by the working class, opening the floodgates to an orgy of profiteering.

This included large-scale privatisations of public housing and land. Its centrepiece was the Right to Buy scheme, which transferred millions of homes into private ownership at discounted rates without replacing social housing stock. At the same time, mortgage lending was encouraged by deregulating finance, opening the market to commercial banks and enabling a surge in credit that fuelled house price inflation.

Public land disposals—at fire sale prices—transferred state assets into private hands, while housing associations were restructured to operate like private companies, with CEO salaries to match. These changes were reinforced by policies such as the removal of rent controls, the introduction of short-term tenancies, and the creation of buy-to-let mortgages, all of which strengthened landlords’ market power and made property investment more attractive.

Labour governments led by Tony Blair and Gordon Brown embedded housing within global financial markets. Blair’s creation of Real Estate Investment Trusts (REITs) empowered individuals to invest in large-scale property portfolios, such as offices, shopping centres, warehouses and housing, without having to buy property directly. Exempt from both corporation tax and capital gains tax, they distribute more than 90 percent of their rental income to shareholders annually. More than 110 REITs collectively manage tens of billions of property-based assets, with major REITS such as British Land, Landsec, and SEGRO covering sectors including logistics, retail, office and residential.

The financial bailout of the banks and super-rich in 2008 and subsequent monetary policies including ultra-low interest rates and quantitative easing further inflated property values and drew institutional investors into the housing sector. Collectively, these reforms entrenched a “rentier” model in which rising land values and rental income disproportionately benefit wealthy individuals, corporations, and financial institutions, turning housing into a key vehicle for wealth accumulation.

### **Society cannot afford the billionaires!**

The housing affordability crisis testifies to the parasitism and non-productive nature of modern capitalism. The UK has 156 billionaires, with the 50 richest families owning more wealth than 34 million people. Society can no longer afford the rich! The wealth of the billionaires must be confiscated and directed to meet urgent social needs.

The provision of decent housing for all is incompatible with capitalism, a social order based on private profit, not social need. Access to universal and high-quality housing cannot be achieved by tweaking housing legislation or financial regulation; it can only be won through a social and political struggle by the working class against inequality and the capitalist profit system.

It is not immigrants and asylum-seekers who are responsible for the shortage of affordable housing! The productive forces of society—the giant banks, financial institutions and corporations, including the property companies—must be taken out of the hands of the financial elite and placed under the democratic control of the population. Combined with a major redistribution of wealth, such measures would free up immense resources for building homes and social infrastructure.



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