



Housing affordability in the UK

Can we fix it? Solving Britain's housing crisis

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April 2016

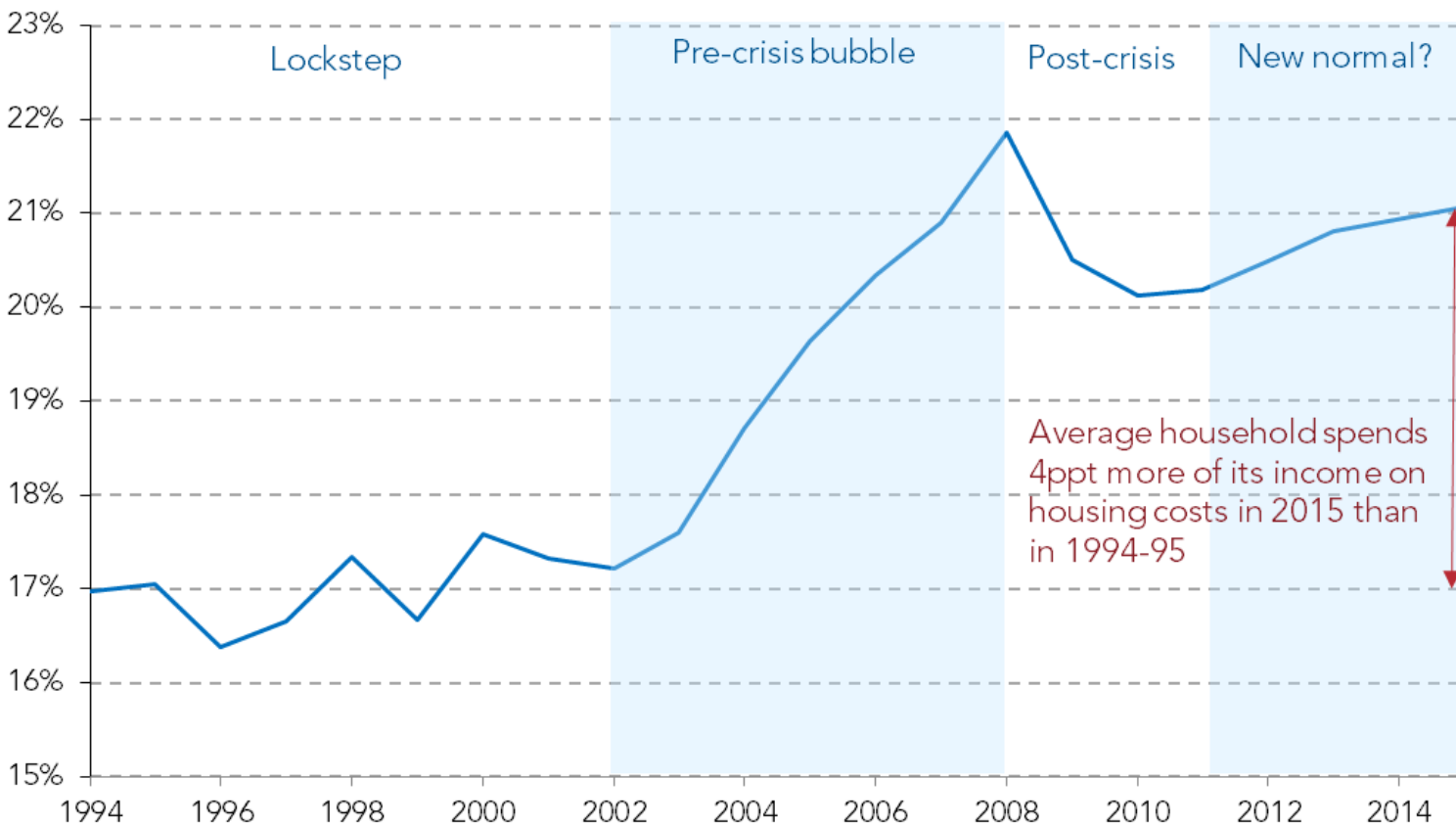


Housing is about more than homeownership – it's a key driver of living standards

- Housing is the subject of much political and media attention – but commentary focuses primarily on rising house prices and declining home ownership
- Our research looks at housing costs as a proportion of income over time
 - What constitutes a housing cost?
 - Treatment of housing benefit

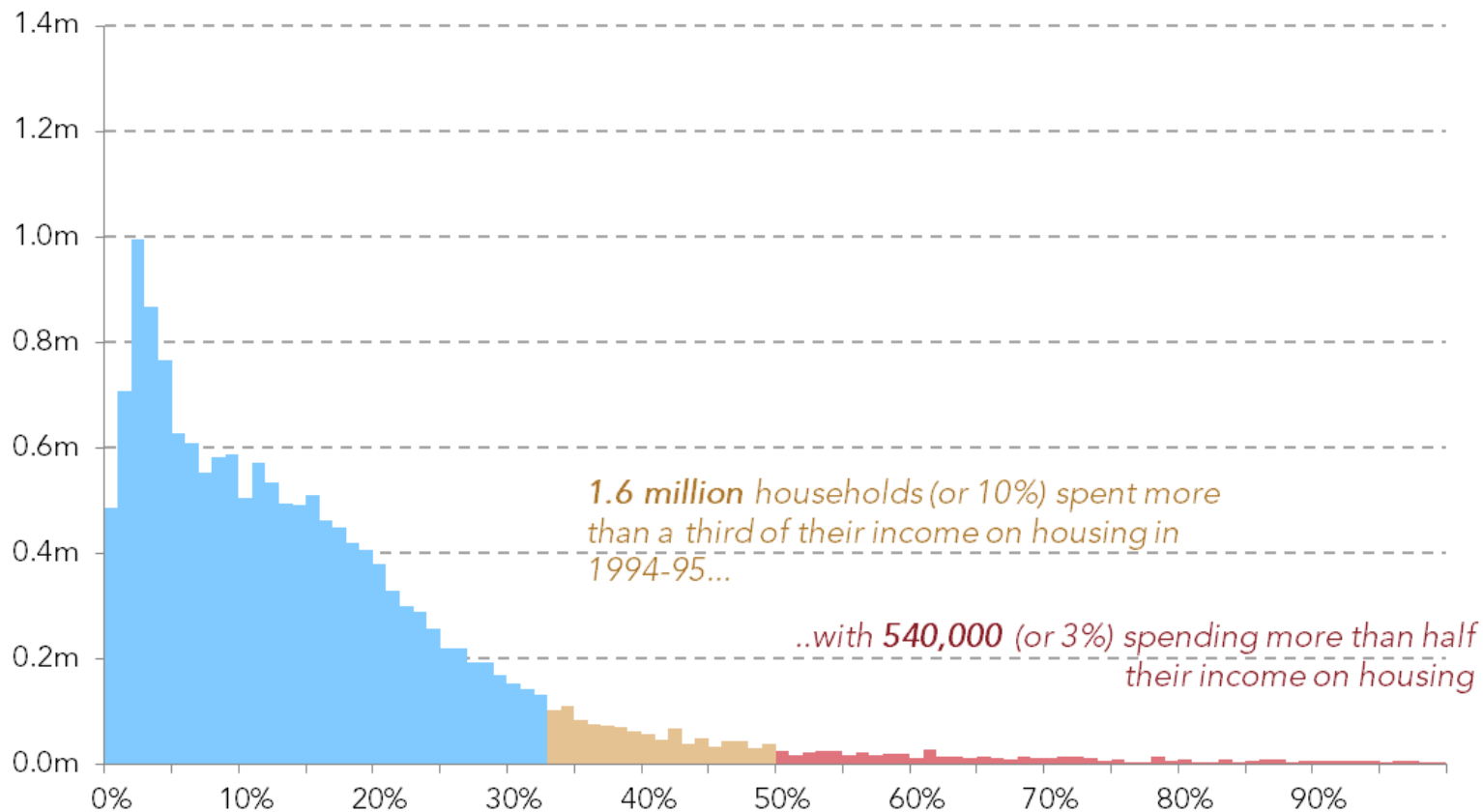
The average ratio of housing cost to income has risen over time

Housing cost to income ratio for working age households, 1994-95 to 2015



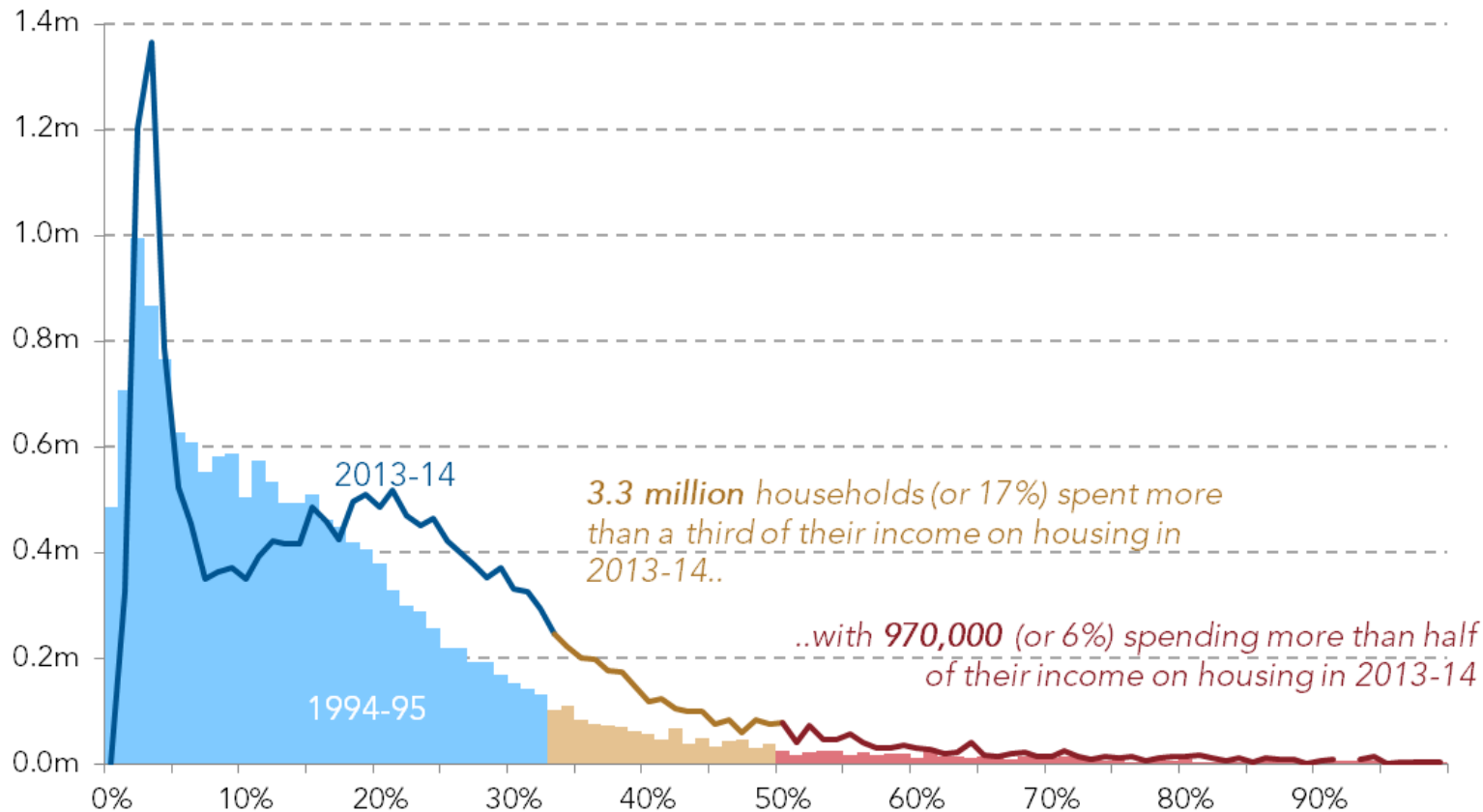
Driven by a significant number of households spending more on housing

Millions of working-age households by housing cost to income ratio, 1994-95



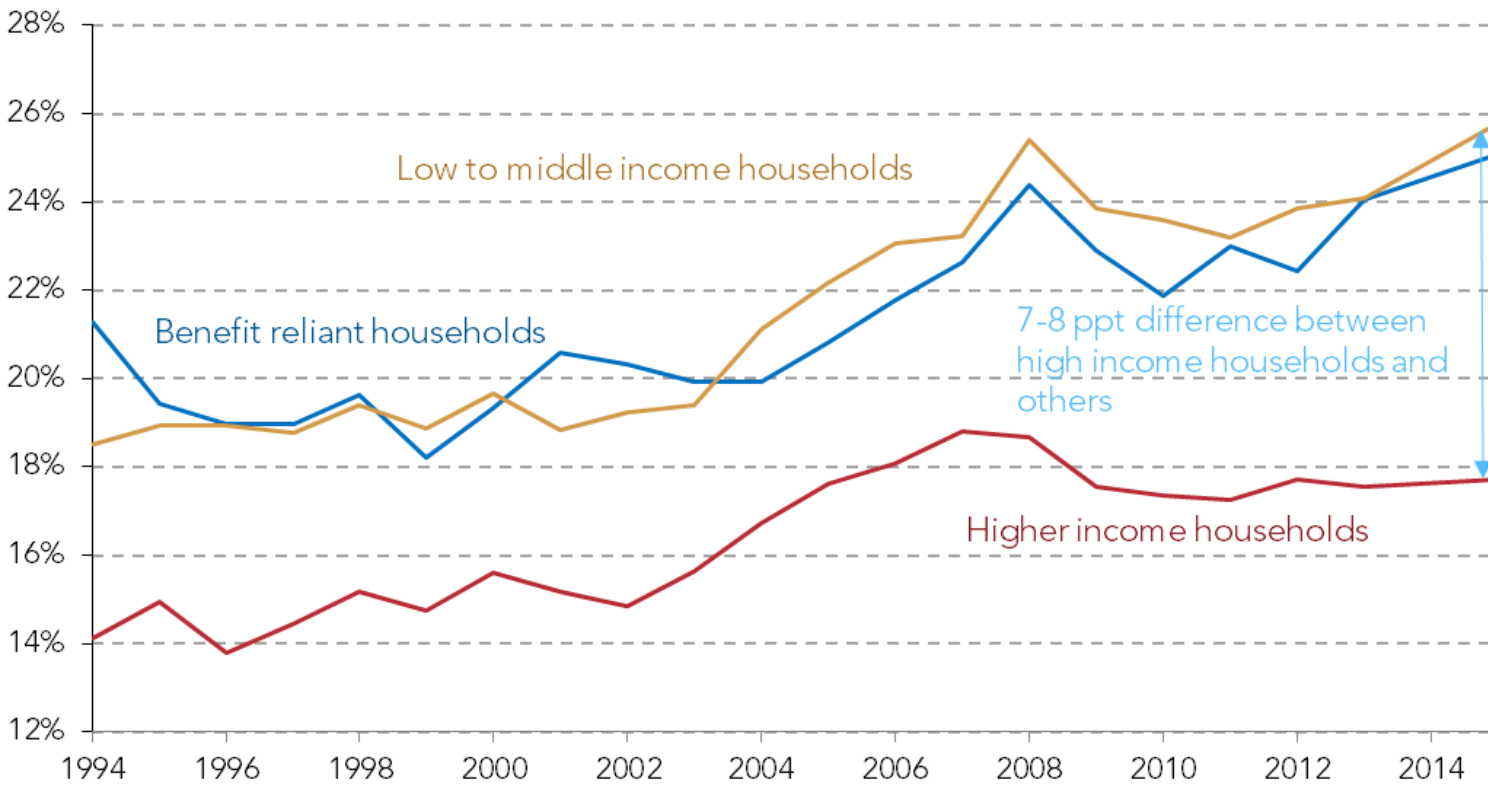
Driven by a significant number of households spending more on housing

Millions of working-age households by housing cost to income ratio, 1994-95 & 2013-14



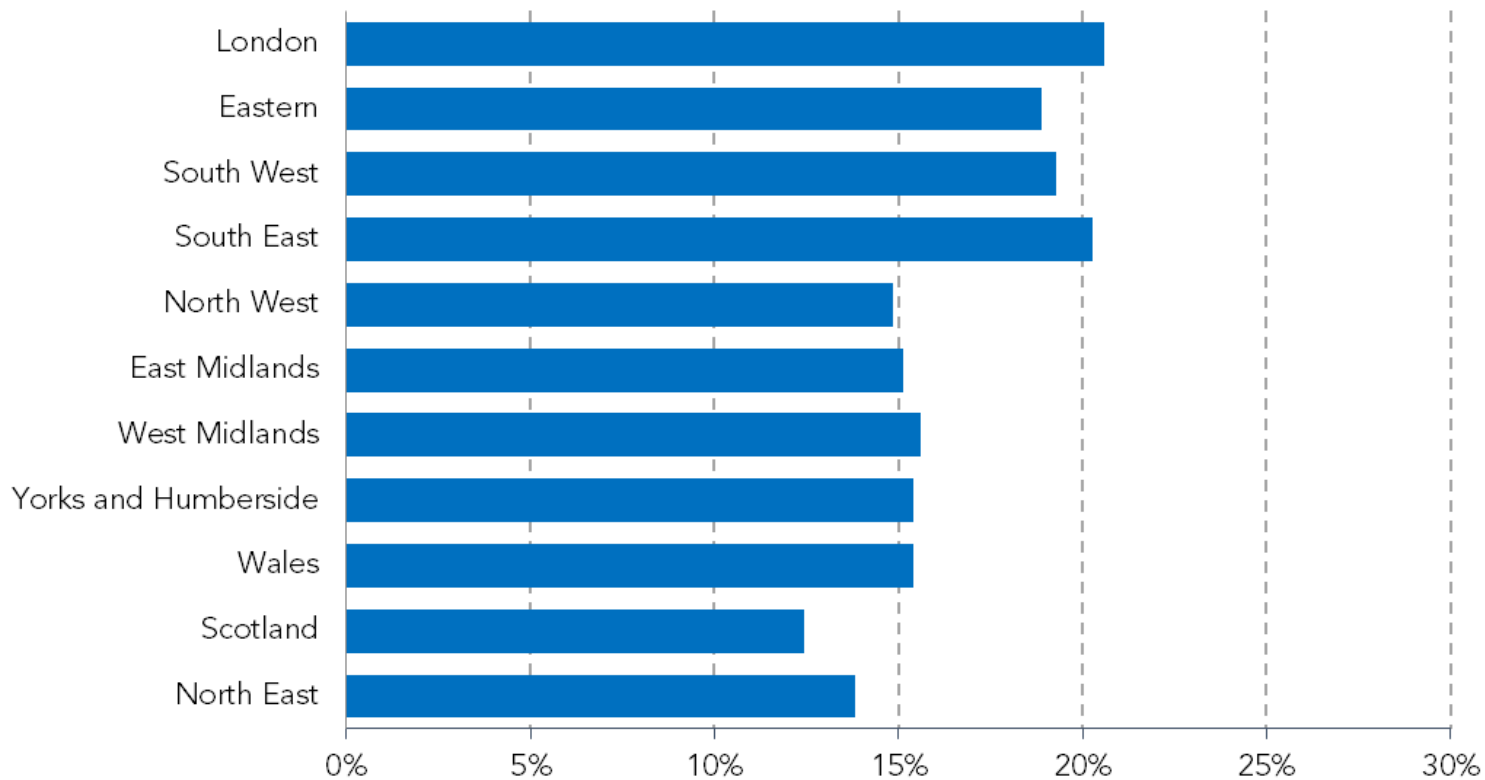
With the increase most marked for low to middle households

Housing cost to income ratio for working age households, 1994-95 to 2015 by income group



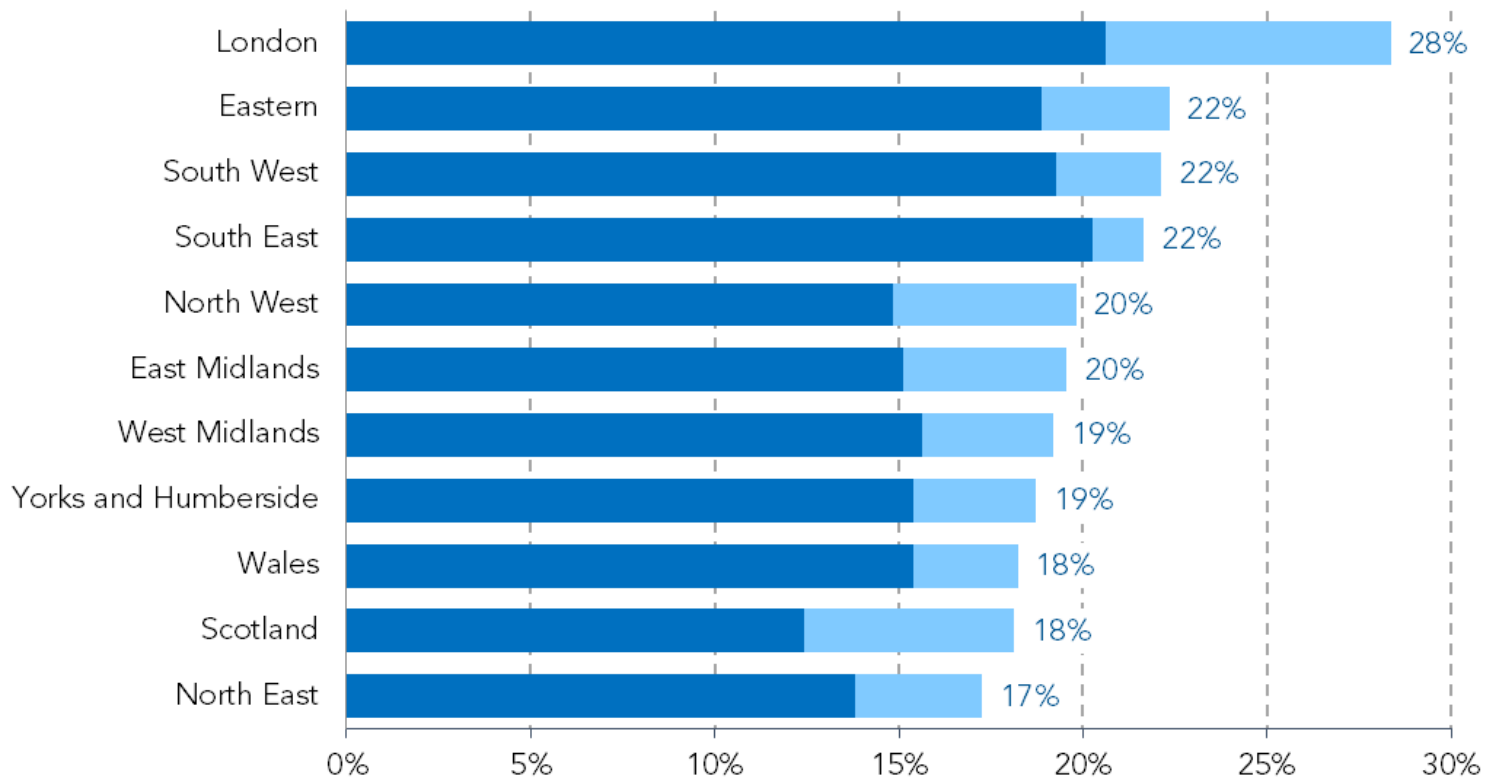
There was a clear North-South divide in 1994-95

Housing cost to income ratio for working age households, 1994-95, by region



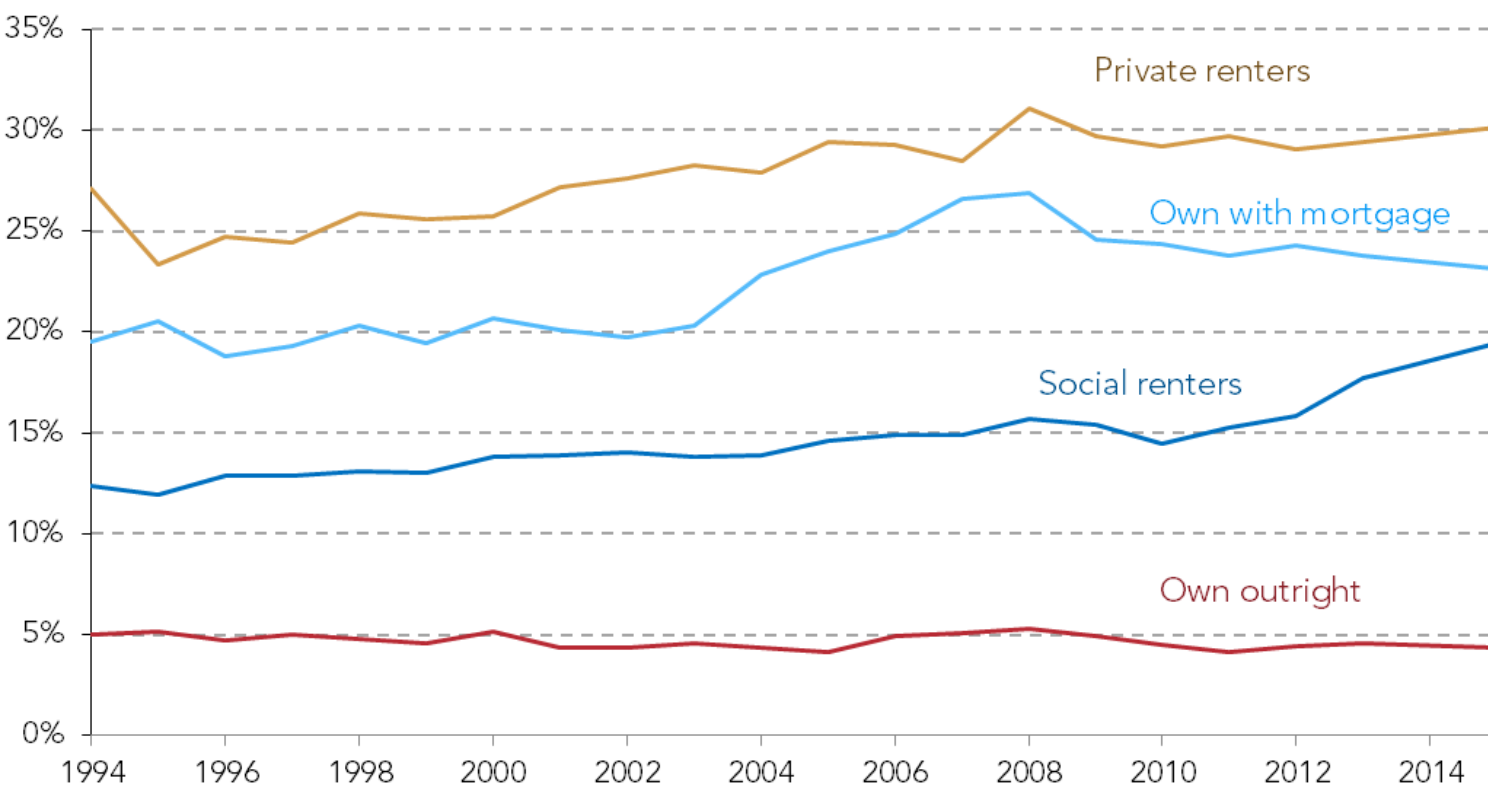
London is now the stand-out region (but gaps have narrowed between other areas too)

Housing cost to income ratio for working age households, 1994-95 and 2015, by region



Private renters experience highest ratios (but social renters have also seen an increase in recent years)

Housing cost to income ratio for working age households, 1994-95 to 2015 by tenure type





- If a couple household with 1 child was paying the same proportion of their income in housing costs today as they did in the early 1990s, they would be £1500 p.a. better off
- Equivalent to a 10% rise in the basic rate of tax
- London and Scotland equivalent to 13% rise in basic rate of tax
- The wedge that has opened up between incomes and housing costs does not look set to shrink



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