

Can The Housing Crisis Ever Be Solved?



It's often said that we have a housing crisis in the UK. So today let's look at what the housing crisis is, and at how it could be solved.

What exactly is the housing crisis?

There are two main elements to the housing crisis. One is that there aren't enough houses available, whether to buy or rent and in different ways, for everybody who needs one. The second is that the housing that is available is too expensive to buy or rent.

Other issues around the housing crisis include housing quality and homelessness.

It's important to remember that when talking about the housing crisis that the problem isn't universal across the country. It's more acute in London and the south east. Some parts of the country don't have a housing crisis.

So what might be some possible solutions to the housing crisis and, more to the point, would they work?

Simply build more houses. On the face of it, this is the obvious solution. It's not quite that simple however. Houses need to be where people need them, and it's harder to build in the places where there's more demand.

And they need to be of different types of tenure to suit different needs, whether to buy or rent and in different ways.

Build more privately developed houses. This has been the main way to provide more housing in

recent decades. The snag here is that private developers are in business to make money, not solve the housing crisis. They can only build where they can make money from doing it.

Build more council houses. Some councils do build homes but the numbers they can build are very small. It's difficult to see how this could be upscaled. There are funding problems and it's also difficult for councils to find the land. Planning problems hamper social developments in the same way as privately developed ones.

Build more build to rent homes. Build to rent (or BTR) is a type of development where private developers build homes purely to rent out themselves and not to sell. Build to rent has been slow to get moving in the UK. Build to rent is mostly only found in large cities and for apartments or flats.

Encourage the private rental market. Today millions of people rent in the private rented sector or PRS. It may be seen as

radical, but an argument could be made that by encouraging more investors to buy to let it would provide more homes to rent. Better still if there were more homes to rent then, potentially, rents would fall.

In recent years however the government has done a lot to discourage buy to let, so this is almost certainly never going to happen anytime soon.

Make it easier to build new homes. Building houses is expensive, time consuming and difficult in terms of the materials and labour needed. Modern methods of construction like modular construction can make building and so houses themselves cheaper. It can speed up the build process too. But modular construction hasn't been very successful in the UK – two modular companies have run into problems this year.

Reform the planning system. This is probably one of the biggest factors in the housing crisis. The planning system in the UK is cumbersome and slow and it is very difficult to get new large scale housing schemes passed. Also people who live in areas where more housing is needed often don't want more houses to be built there – so called nimbyism.

The government has been promising to reform the planning system for years. It seems unlikely to happen any time soon.

Prohibit land banking. Land banking, where developers buy up land and then don't develop it for many years, is sometimes

held up as being a contributor to the housing crisis. There have been proposals that it should be made unlawful to bank land, because it blocks new houses from being built on land that is inherently suitable for it.

One snag is that although it might help with the supply of land such a measure won't help with actually building on it. Developers will only build homes that people want and can afford to buy.

More government help with housing. Some people suggest that giving people incentives to buy a home could effectively make it cheaper, and allow more people to buy. But there have been some measures that do this in recent years, such as Stamp Duty reductions and the Help to Buy scheme. Arguably these have made things worse by pushing up demand and hence property prices without doing anything to increase supply.

A new approach to government and political party policy. This is perhaps the biggest problem behind solving the housing crisis. Solving many of these problems is well within the remit of politicians.

Politicians of all colours generally propose policies that will boost their popularity for the next election, over a period of five years at most. But today's housing crisis is a long term problem which has been building up over the last 40 years or so. Solving it will need a

long term solution, not one that is only designed to last as long as the next election.

When looking more closely at the housing crisis it is obvious that it involves not just one but many, many problems. Unless positive action is taken to solve not just some but most of them it's unlikely to see an end to the housing crisis anytime soon. ●

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