



Locked out:

Intergenerational unfairness in the housing market

Intergenerational Foundation



The Intergenerational Foundation (www.if.org.uk) is an independent, non-party-political charity that exists to protect the rights of younger and future generations in British policy-making. While increasing longevity is to be welcomed, our changing national demographic and expectations of entitlement are placing increasingly heavy burdens on younger and future generations. From housing, health and education, to employment, taxation, pensions, voting, spending and environmental degradation, younger generations are under increasing pressure to maintain the intergenerational compact while losing out disproportionately to older, wealthier cohorts. IF questions this status quo, calling instead for sustainable long-term policies that are fair to all – the old, the young, and those to come.

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Table of contents

	Page
Foreword, Land, Planning and Development Federation	4
Executive summary	5
1. Introduction	6
2. The national picture	9
2.1 Affordability	9
2.2 Lack of supply	11
2.3 Decline of social housing and Right to Buy sales	13
2.4 Rise in homelessness & people living in temporary accommodation	16
2.5 Rise in private renting	17
2.6 Under-occupation and overcrowding	20
3. Local authority-level analysis	22
3.1. Affordability	22
3.2 Lack of supply	25
3.3 Decline of social housing and Right to Buy sales	27
3.4 Rise of homelessness & people living in temporary accommodation	31
3.5 Rise in private renting	32
3.6 Under-occupation and overcrowding	34
4. What can be done?	37
5. Conclusion and policy recommendations	41

Foreword

We at the LPDF are delighted to support this excellent report. As I have said before the LPDF shares many of the values of the Intergenerational Foundation having for a number of years through its own publications highlighted the intergenerational unfairness of our housing market and the subsequent unequal distribution of wealth between the age cohorts.

The Foundation have rightly highlighted within their policy recommendations the necessity to build more homes of all types and tenures but, in particular, social rented dwellings the stock of which has eroded through Right to Buy and the advent of the Affordable Rent model. We at the LPDF agree – we need more homes, more affordable homes of all tenures and, where viability allows, social rent should be a much greater constituent part of the mix. To deliver the homes we need will require some big changes in the very short term, not only to our existing planning system but to the funding model of affordable housing. The private sector stands ready to play its part in delivering the homes we need. Now we need to see government step up to the challenge.

I call on Government and His Majesty's Treasury to re-classify investment in affordable housing as essential national infrastructure. Not only, as this Report highlights, does it seem foolhardy for the nation to be paying out a substantial (currently £31bn annually) and ever-increasing sum in Housing Benefit, but it ignores the social (educational and health) and economic costs of failing to provide the homes we need. Nowhere is this more clearly expressed than in "A Home of One's Own: Why the Housing Crisis Matters" by Hashi Mohammed.

This election provides a real opportunity to turn the dial on the intergenerational unfairness that exists and finally start the process of addressing the housing crisis.

Paul Brocklehurst, Chairman

Land, Planning and Development Federation



Executive Summary

- The housing crisis is the most visible form of intergenerational unfairness in the UK today with young people disproportionately impacted
- The supply of social rent housing, and local authority-owned social housing has all but collapsed since the 1980s. In 2022/23, fewer than 10,000 units of social rent housing were completed across England
- Under-occupation is strongly correlated with high median ages of a local authority (LA). The top 100 LAs with the highest levels of under-occupation all have median ages above the national average
- Overcrowding is most prevalent in the youngest LAs. More than 15% of dwellings are overcrowded in some LAs with low median ages
- 64% of homeless households comprise households with children - 150,000 homeless children lived in temporary accommodation in England in 2023
- In England, those LAs where more young people live have the highest need for more new housing but have not delivered housing which reflects that need
- Homelessness and long social housing waiting lists are both much more prevalent in LAs where more young people live
- High private rental costs are strongly correlated with low median ages, with monthly rental costs decreasing approximately £38.60 for each one-year increase in the median age of the local authority. Median rents are also a higher proportion of median earnings in younger areas in England
- Total annual housing benefit spending in Great Britain is £31 billion today with £68 billion expected to be paid to private landlords through housing benefit over the next five years
- The largest decreases in the proportion of the population who are social tenants have occurred in LAs with large numbers of young people
- The sell-off of social housing via Right to Buy has removed genuinely affordable housing to rent from children and young people in desperate need
- LAs with more young people are more likely to be among those with the highest sales of social housing through Right to Buy as a proportion of the total housing stock in the area

1. Introduction

It is now undeniable that the UK is facing a housing crisis. It is increasingly difficult for young people to buy a house and a growing number of people of all ages face unaffordable rents and insecure tenures in the private rental market. A record number of people are homeless. Councils currently spend £2 billion annually on temporary accommodation, where families with children often remain stuck for years. The number of people in temporary accommodation almost doubled to over 100,000 households between 2013 and 2023. Over 1.2 million people are on waiting lists for social housing. Those who are able to escape the unaffordable private rental market by buying their first home face house prices that often can be far more than ten times the typical wage. Recent governments and ministers have recognised the urgency of the situation and pledged to invest more in social housing development and to deliver more homes across all tenures.¹ Sadly, successive governments have fallen short on delivering legislative action to tackle the housing emergency.

This report builds on previous research undertaken by the Intergenerational Foundation and aims to contribute to national discourse on the housing crisis. It provides an overview of its severity for younger generations and an explanation for why housing is at the forefront of intergenerational injustice in the UK today. This report provides an analysis of various indicators to demonstrate the severity of the housing crisis first nationally and then on a local authority (LA) level. It looks at affordability, supply, tenure, the decline of social housing, the number of people in temporary accommodation, under-occupation, overcrowding, and Right to Buy sales. Together these indicators provide a holistic perspective of the magnitude of the housing crisis and its complex, multifaceted character. The same indicators are then analysed on a LA level, presenting new evidence as to why young people are disproportionately impacted by the housing crisis. It concludes with evidence-based solutions and policy recommendations to tackle the housing crisis in an intergenerationally just way.

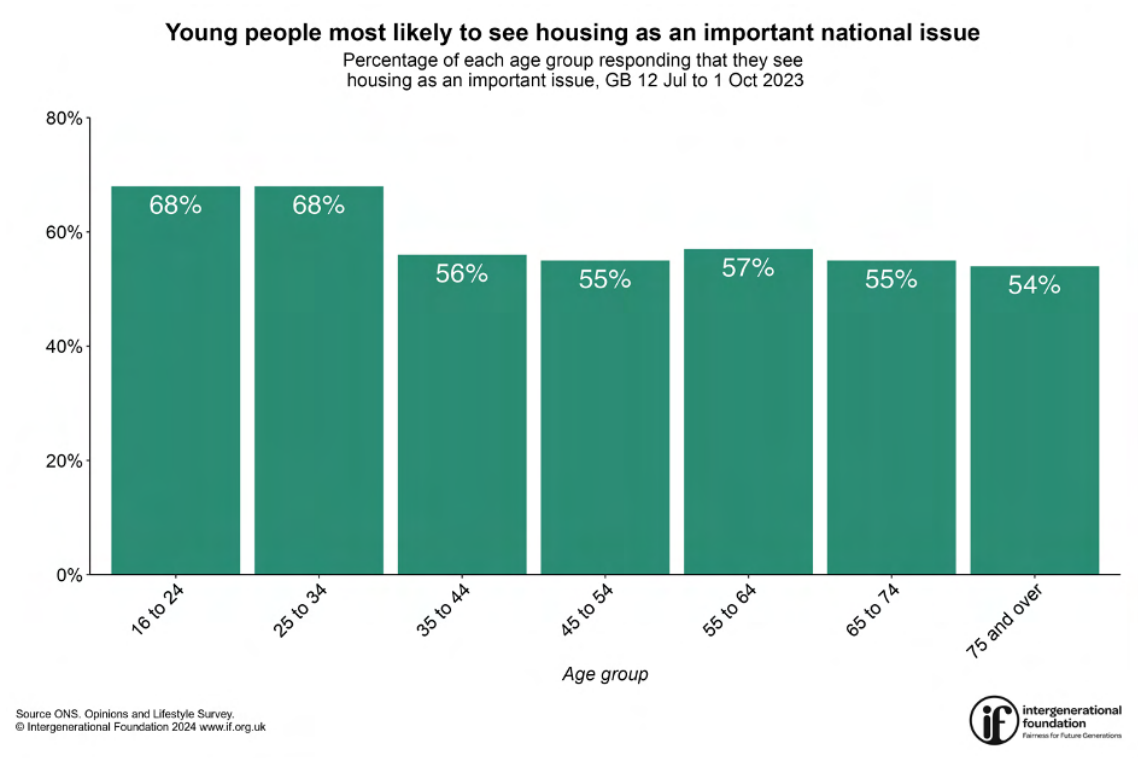
This report will argue that intergenerational unfairness is increasing. Young people are generally much more impacted by the housing crisis than older generations. This report demonstrates that those LAs with more young people are the most likely to suffer from: overcrowding; high rental costs; high levels of homelessness; long waiting lists; and sharp declines in the availability of social housing.

¹ HM Government (2022) Levelling Up the United Kingdom



Conversely, LAs with higher median ages are more likely to have: higher levels of under-occupation; lower levels of overcrowding; lower levels of homelessness; and a smaller private rental sector as home-ownership levels are high. Given the harsh reality of the housing market that young people face, it is unsurprising that young people consistently rank housing as a more important issue than older generations.² Figure 1 shows the proportion of each age group who think that housing is an important issue.

Figure 1

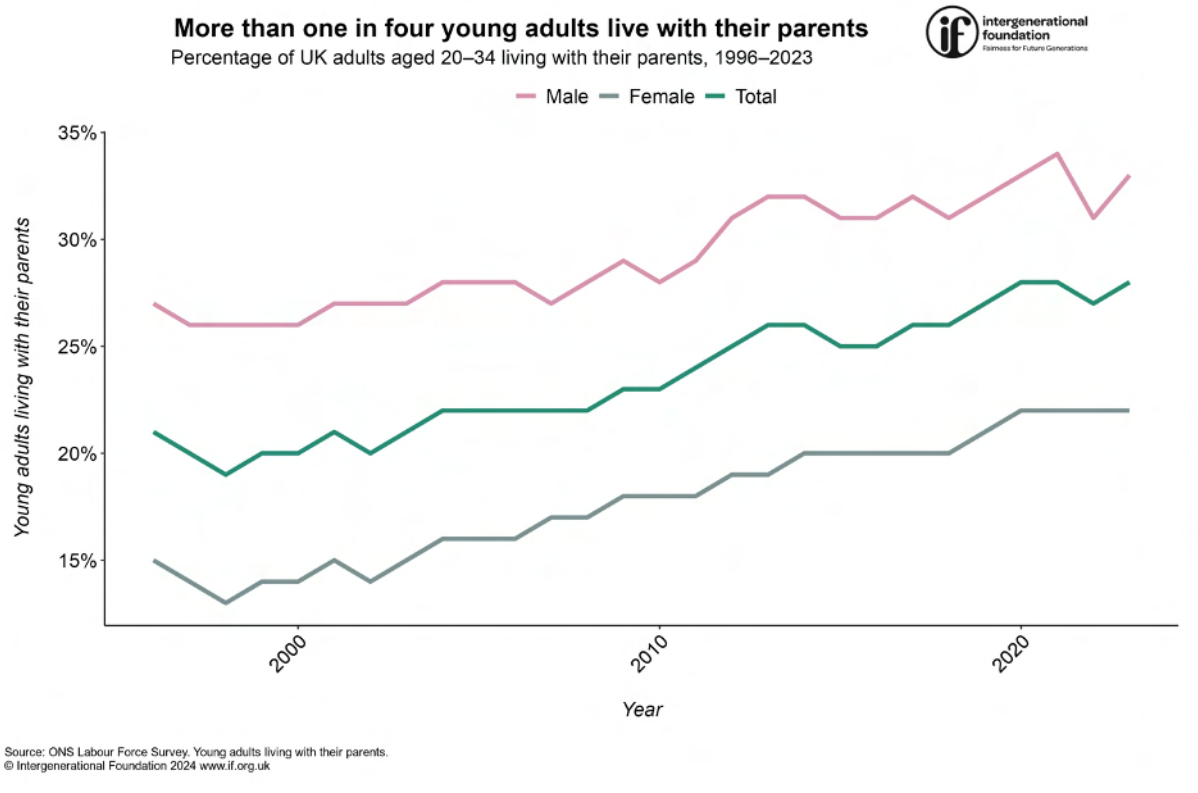


Another poll suggests that those aged 18 to 35 are almost three times more likely to view housing as among the most important issues facing the country compared to those aged over 55.³ Simultaneously, a record number of young people cannot afford to move out of their parents' home, with 3.6 million UK residents aged between 20 and 34 living with their parents in 2023.⁴ Those who can afford to move out have to spend a larger proportion of weekly expenditure on housing than other age groups.⁵

² Opinions and Lifestyle Survey (2023) Public opinions and social trends, Great Britain
³ Ipsos (2023) Ipsos Issues Index: August 2023
⁴ Labour Force Survey (2024) Young adults living with their parents
⁵ ONS (2023) Family spending workbook

The UK has among the most unaffordable rental markets in Europe, and 58% of young renters report concerns about the security of their tenancy.⁶

Figure 2



The housing crisis is one of the most pressing social issues facing the country today, and young people are disproportionately affected by the crisis. Be it through unaffordable rents, insecure tenures, being stuck in the private rental market, or not having the same access to social housing as previous generations, young people are suffering from an unfair housing market that prioritises profit and vested interests over people. Housing is at the forefront of intergenerational injustice in the UK today, and action by the central government, local authorities, planners, and political representatives must be taken immediately to ensure that everyone, irrespective of age or class, has the right to an affordable and secure home.

⁶ LPDF (2023) Initial analysis of young people’s housing priorities and aspirations

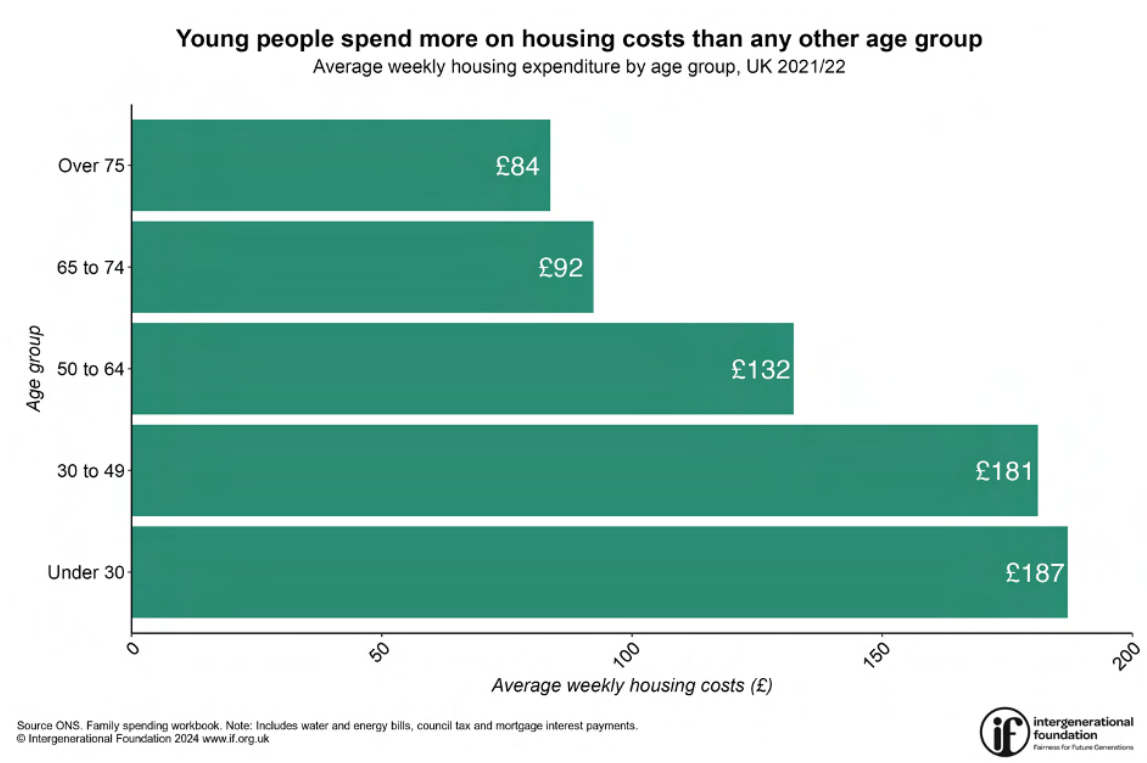
2. The national picture

This section provides a historical overview of the housing crisis from a national perspective by analysing various indicators that reveal the severity of the crisis.

2.1 Affordability

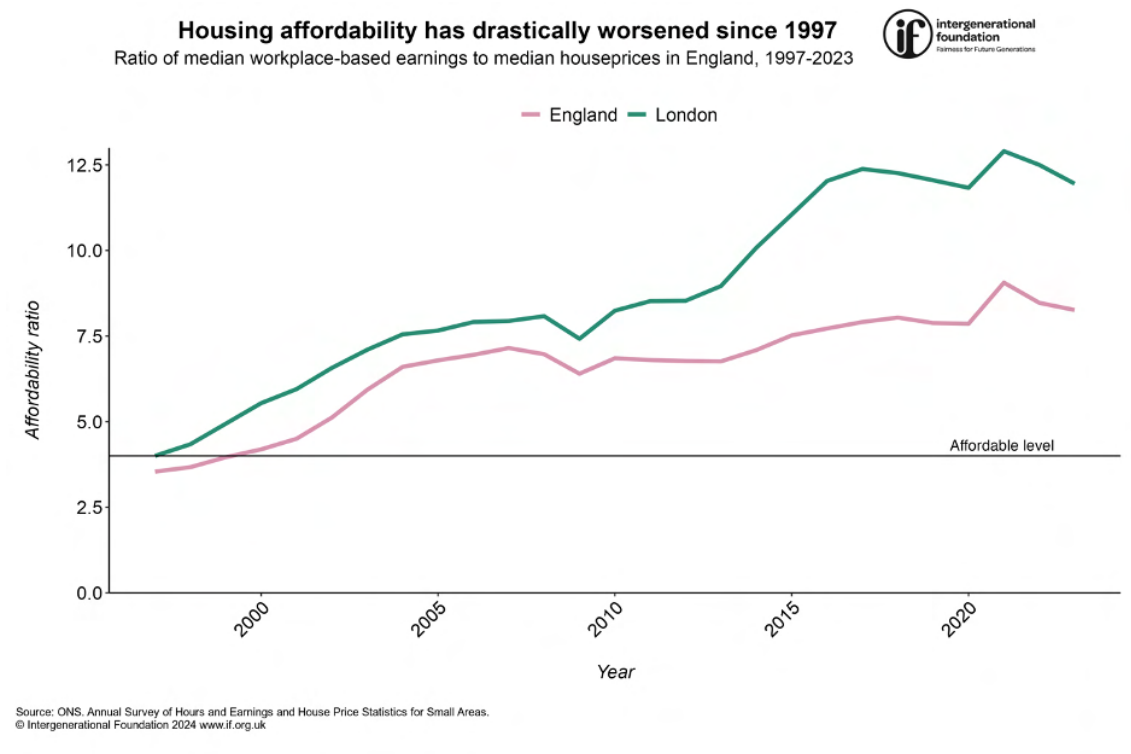
Housing costs, particularly for renters, are often the largest single monthly expenditure for households. Highly unaffordable private rents and out-of-reach house prices are among the most evident ways in which the housing crisis is experienced across the country. As young people are more likely to be renters than any other age group, they are forced to spend a much larger amount on housing costs every week than their older counterparts.

Figure 3



Affordability for first-time buyers has worsened rapidly over recent decades as house prices have outpaced wages. This has led to a decrease in homeownership and the rapid growth of the private rental sector.

Figure 4



The ratio of median earnings to median house prices has risen sharply in recent decades (Figure 4). In 1997, a typical house cost around three and a half times that of typical annual earnings. By 2023, this ratio stood at 8.26 for England and 11.95 in London. The cost of renting in the private sector has also increased significantly with private rents typically about double the cost of renting in the social sector.⁷ High private rents imply that it becomes increasingly difficult for young people to get on the housing ladder as a large proportion of their income goes towards rent, meaning that there is little leftover that can be saved.

Housing unaffordability has not always been this bad. Between the 1950s and the 1980s there was dramatic and consistent improvements in housing affordability. Strong LA compulsory purchase powers, low land prices, political will and programmes to build new housing (much of that social housing) led to dramatic improvements in both affordability and supply which provided opportunities for those who could not afford to buy to enjoy both security and affordability.⁸ Worsening affordability is not inevitable and can be reversed with the right policies.

⁷ English Housing Survey (2023) Headline report

⁸ Ryan-Collins, J. Lloyd, T., Macfarlane, L. (2017) Rethinking the Economics of Land and Housing. London: Zed Books

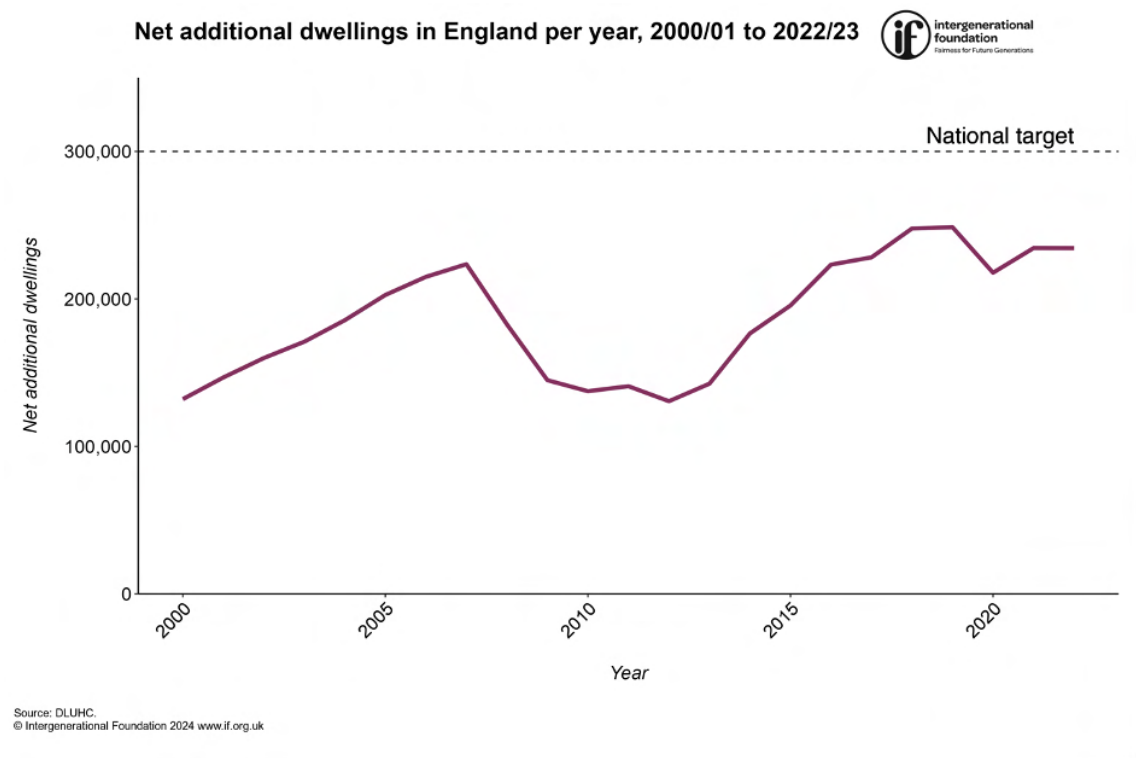


The Levelling-Up and Regeneration Act 2023 shows some progress as it allows LAs to apply to the Secretary of State to receive exemptions from paying hope value compensations for certain compulsory purchase orders (CPOs). But younger generations have also been hit another way. The recent slowdown in house prices is unlikely to help many young first-time buyers because it has been caused by high mortgage interest rates which many first-time buyers simply cannot access or service.⁹ Slowing house prices will continue to benefit wealthy cash-buyers who can still buy in the current economic context while house prices fall. Without policy intervention, affordability is likely to continue to worsen for both renters and prospective first-time buyers.

2.2 Lack of supply

Successive governments' targets of building 300,000 new homes annually in England have never been achieved. What's more, the target itself is often thought to be too low. We need to increase housing supply to reflect the urgent need.

Figure 5



⁹ Lloyd, T., Grayston, R., Hudson, N. (2023) Reboot: Building a housing market that works for all. London: Joseph Rowntree Foundation

Figure 5 shows that net additional dwellings in England have consistently fallen short of the 300,000 target over the period covered. However, by comparing today's new dwelling delivery to housing completions over the past six decades, private housing development actually remained relatively stable over the period. Meanwhile, housing development by LAs has completely collapsed since the early 1980s. Figure 6 shows the number of new dwellings completed annually between 1946 and 2022 by developer type.

Figure 6

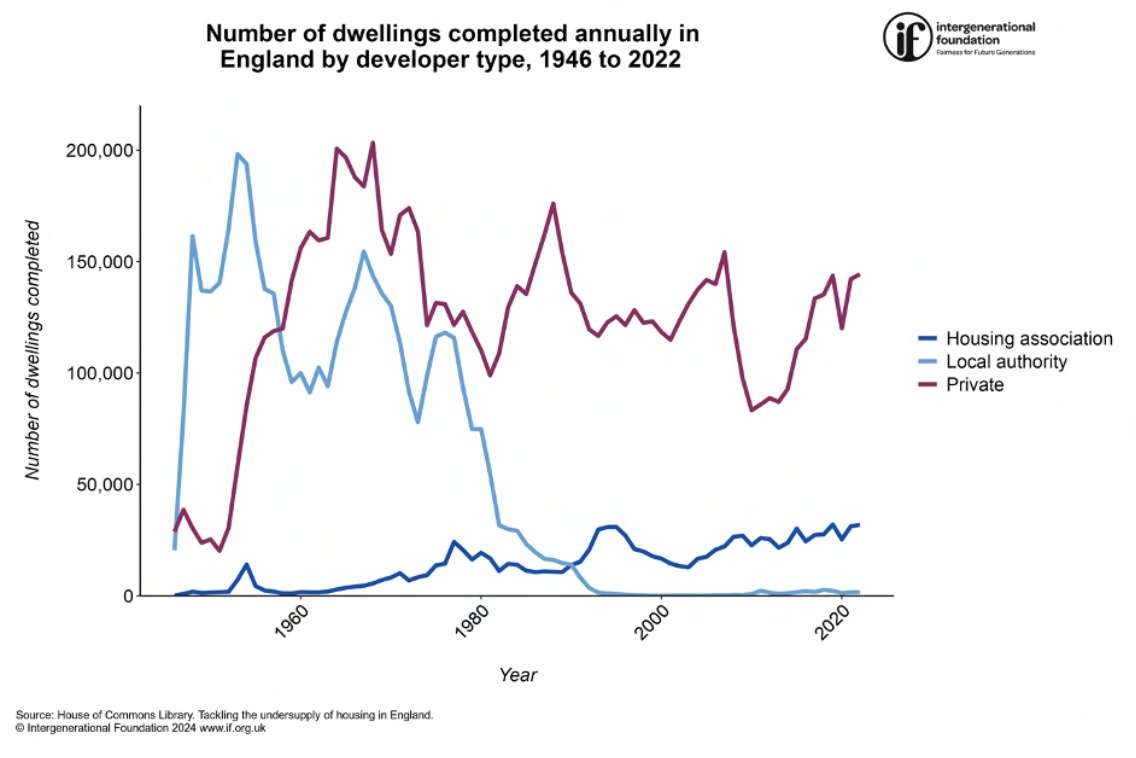


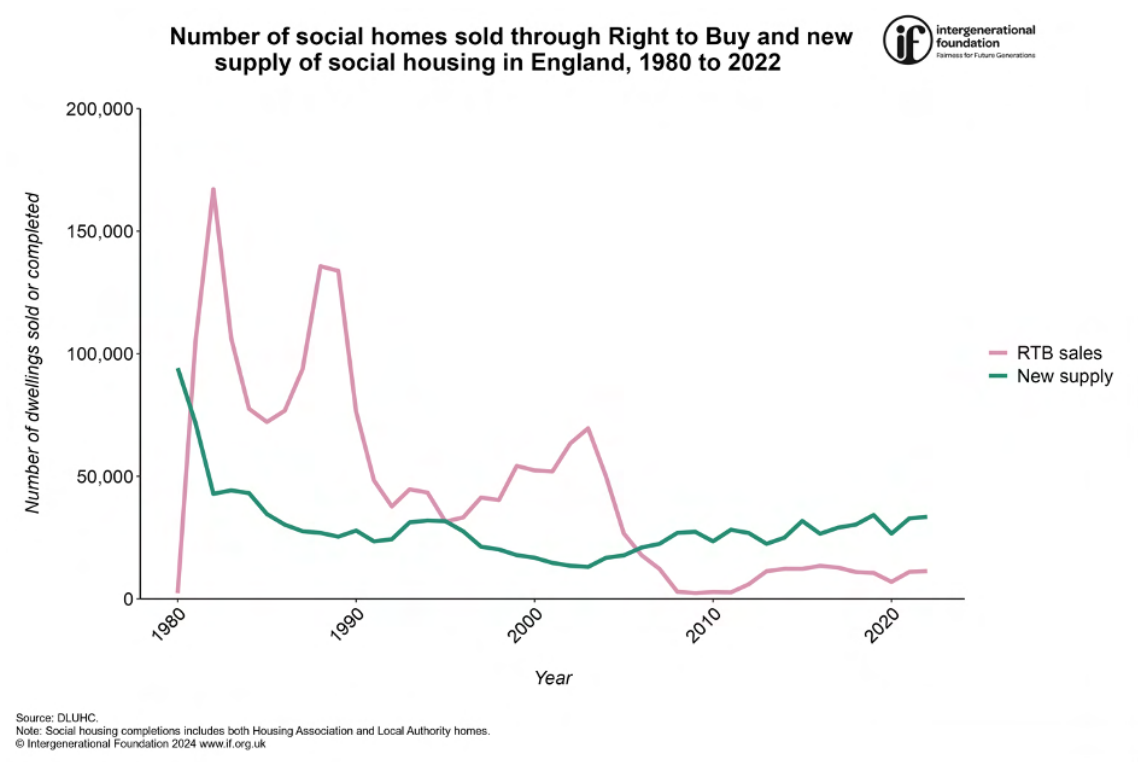
Figure 6 reveals that private development has remained relatively consistent for the past six decades, even if it is highly sensitive to economic downturns. Instead, housing development undertaken by LAs has collapsed. Neither housing associations (HA) nor private developers have been able to fill the vacuum left by a lack of local authority-led housing development following the mass sell-off of council housing which began during the Thatcher years. Local authority-owned social housing is the most secure and affordable form of tenure for those unable to purchase their own home, and the development of social housing by LAs is generally less sensitive to economic downturns than private development. A boost in housing development by LAs could therefore contribute to improving both the stability of supply and the availability of genuinely affordable housing for those who need it the most. Of course, increasing social housing delivery by LAs

requires LAs to regain the financial and technical ability to undertake the scale of house-building programmes achieved in the post-war years. LAs should aim to develop this knowledge by operating in partnership with Homes England and HAS to ensure that the ability to undertake large-scale social housing development is regained by LAs. Young people today will never see the benefits of widely available social housing that previous generations have benefitted from without a large-scale programme of social housing development.

2.3 Decline of social housing and Right to Buy sales

Right to Buy has played a crucial role in the decline of social housing and the subsequent financialisation of the housing market. Introduced in 1980, it gives social tenants the opportunity to purchase their home at a substantial discount, the maximum which was £116,000 in London and £87,200 for the rest of England in 2022/23. As can be seen in Figure 7, many more social housing homes have been lost via Right to Buy since the start of the scheme than have been built during the same time period.

Figure 7



Analysis by the Local Government Association (LGA) revealed that only in one year since 2012 have even half of the LA-owned homes lost through Right to Buy been replaced.¹⁰

Since the inception of Right to Buy in 1980, as many as 1.9 million social homes have been sold off. Research has shown that Right to Buy is one of the main disincentives for LAs from building more social rent homes as the homes built can be sold off to the private market after only three years at a large discount.¹¹ This is near impossible for LAs and HAs to manage, as it means that LAs and HAs often lose money on social housing developments due to Right to Buy. Right to Buy therefore poses a barrier to solving the housing crisis on multiple fronts: it leads to the decline of the social housing stock; LAs are disincentivised to build social housing as it can be sold at a discount after only three years; and it furthers the financialisation of the housing market as a large number of previously socially rented homes are now in the private rental sector. According to research, newer schemes such as Help to Buy and First Homes have compounded the problem by placing too much focus on homeownership, often at the expense of social rent schemes.¹² These schemes have had little success, and evidence suggests that Help to Buy in particular has contributed to increasing house price inflation and financialisation of the housing market with no discernible effect on supply levels.¹³

It is important to note that many of the affordable homes that have been built in recent years are in the form of shared ownership or affordable rent homes which are much less affordable than social rent homes, and therefore not accessible to those struggling the most from the housing crisis.

As can be seen in Figure 8, only a fraction of affordable housing that has been supplied in England over the past decade has been social rent housing. The rent payable for social rent housing is set at around 50% of market rents, while the rent for affordable rent schemes is up to 80% of average market rents, meaning that affordable rent is a considerably more expensive tenure than social rent. The new supply of social rent housing as a percentage of total supply of affordable housing has dropped from 60% in 2002/03, to 41% in 2012/13, to only 15% in 2022/23, at 9,561 units.

¹⁰ Local Government Association (2023) Research into the Right to Buy within the Housing Revenue Account

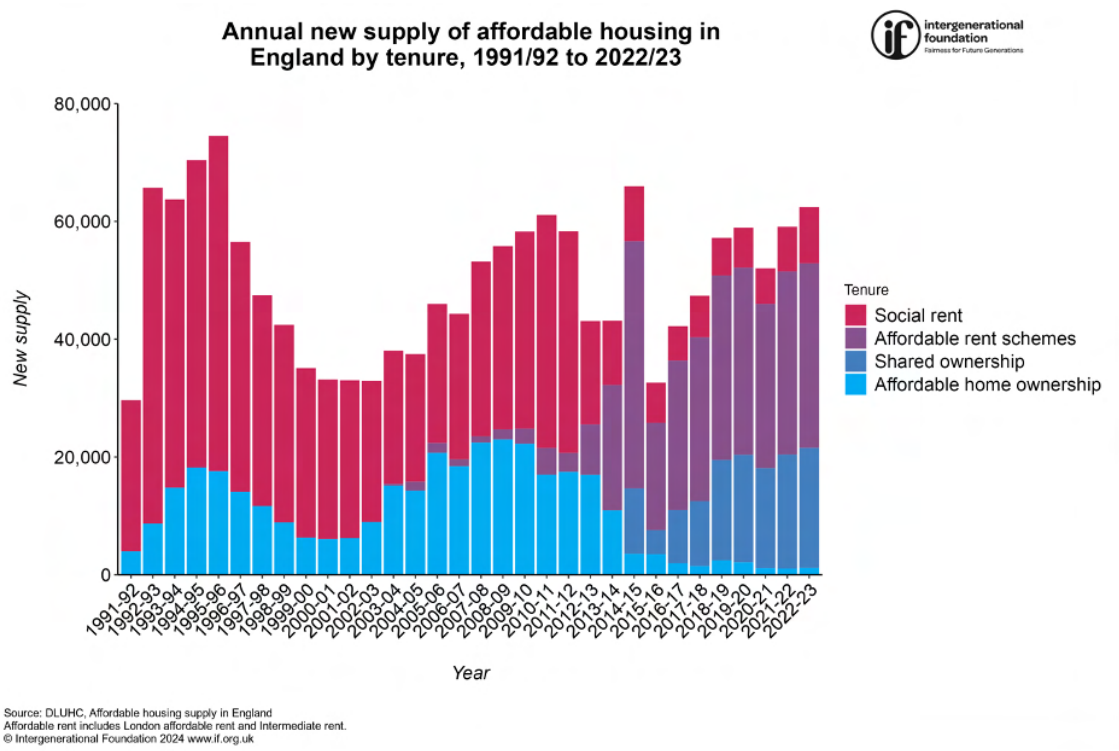
¹¹ Morphet, J., Clifford, B. (2024) Local authority Direct Provision of Housing: Fourth Research Report. The Bartlett School of Planning, UCL

¹² County Councils Network (2024) Housing in Counties: Delivering homes for all, in the right places

¹³ Carozzi, F., Hilber, C. A. L., Yu, X. (2019) The economic impacts of Help to Buy

That means only 15% of new supply of affordable housing in 2022/23 was genuinely affordable. Affordable rent was only introduced as a new tenure in 2011, and in the first 10 years as many as 120,000 social rent homes were converted into affordable rent tenancies.¹⁴

Figure 8



The £11.4bn Affordable Homes Programme 2021–2026 was initially set to deliver 180,000 affordable homes in the time period but is now likely to deliver only 157,000 affordable homes, of which just 21% are social rent homes.¹⁵ If current trends continue, shared ownership will become the most supplied tenure of affordable housing in less than a year or two, but the people who need genuinely affordable housing the most cannot access shared ownership housing due to its high costs. Research suggests that the conditions of eligibility and inability to pay excludes many of those most in need of social housing schemes from accessing such options, suggesting that many ‘affordable’ tenures are not fit for purpose as they might exclude those needing housing the most.¹⁶ Social Rent is therefore the only genuinely affordable tenure under the umbrella term ‘affordable housing’ while offering long-term security to tenants.

¹⁴ Chartered Institute of Housing (2022) UK Housing Review

¹⁵ House of Commons Library (2024) Social rented housing in England: Past trends and prospects

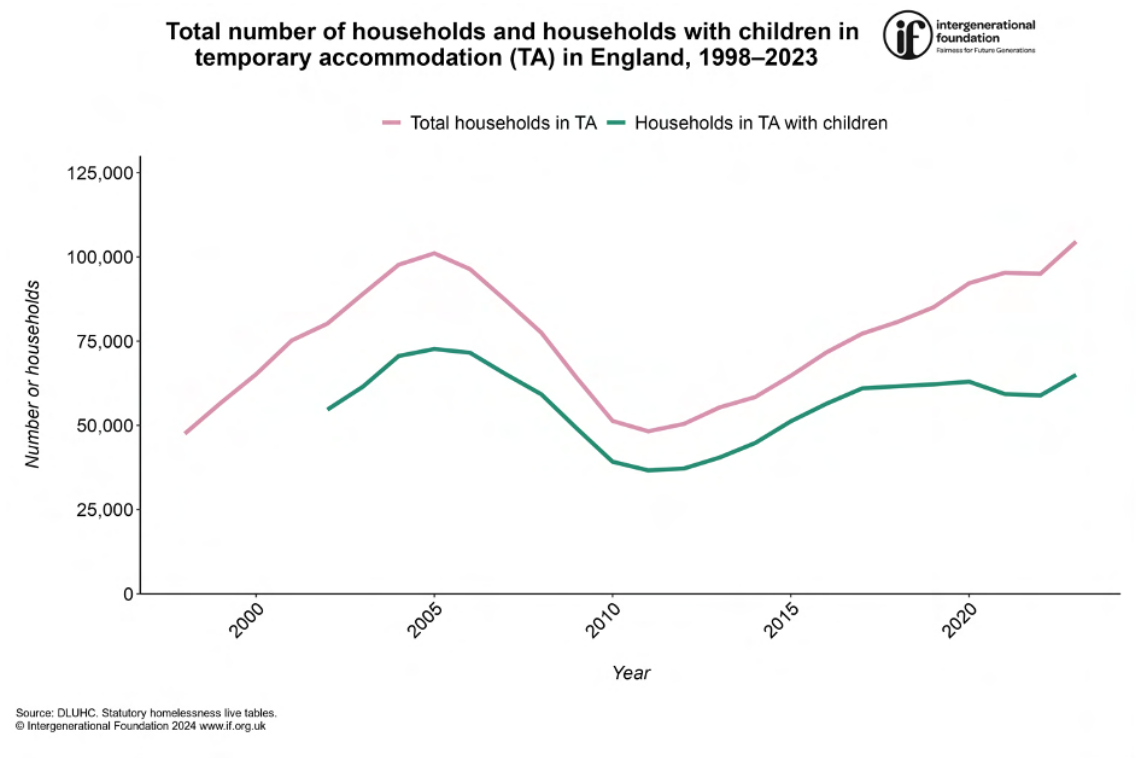
¹⁶ Preece, J. Hickman, P., Pattison, B. (2018) ‘The affordability of affordable housing in England: conditionality and exclusion in a context of welfare reform.’ *Housing Studies*, 35(7), pp. 1214-1238

LAs and HAs have a vital role to play in tackling the housing crisis by building more social rented housing as this is the quickest way to deliver improvements in affordability for renters. However, private developers should also contribute more to the delivery of social rent housing, which could be achieved by increasing the percentage of social rent units delivered through Section 106 agreements.

2.4 Rise in homelessness and people living in temporary accommodation

The number of people who are homeless and/or living in temporary accommodation in England has increased substantially over the past decade. The number of people in temporary accommodation almost doubled to over 100,000 households from 2013 to 2023. In just one year, the number of people sleeping rough on a particular night in August 2023 had also increased by 27% year on year.¹⁷ Furthermore, the cost to LAs of providing temporary accommodation is growing rapidly, as the decline in social housing stock has meant that councils have become more reliant on the private rented sector to provide temporary accommodation for those in need.

Figure 9



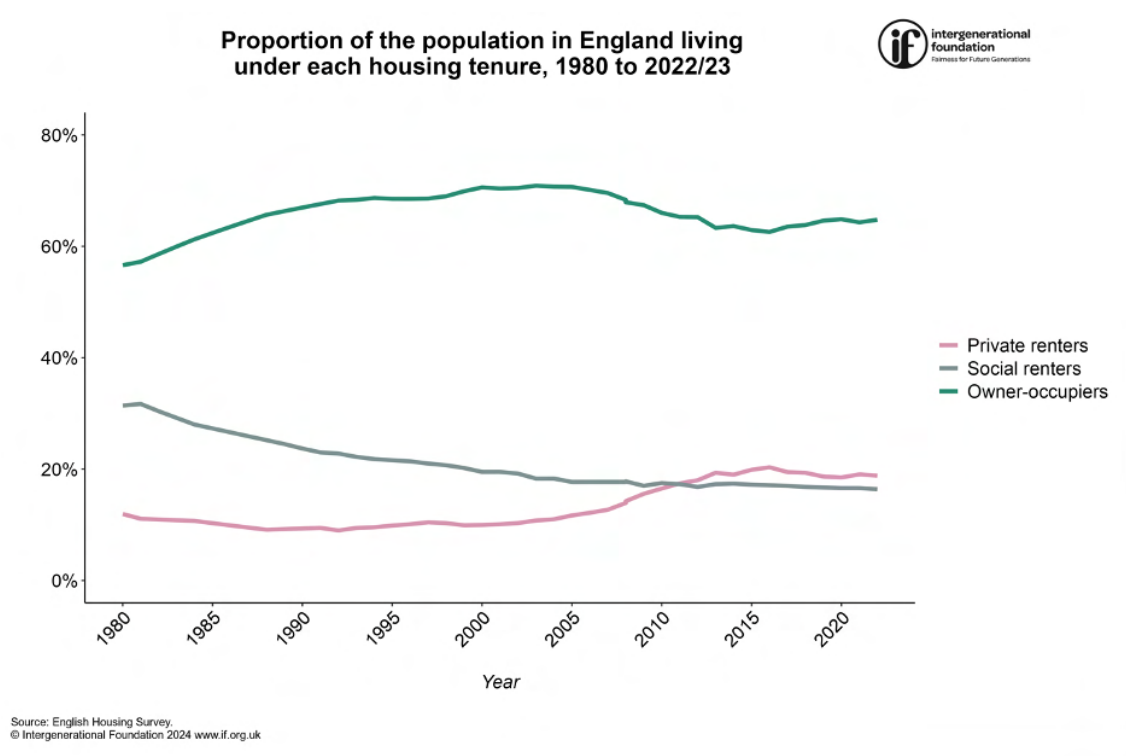
¹⁷ DLUHC (2023) Rough sleeping snapshot in England: autumn 2023

As Figure 9 shows, there has been a rapid increase in the number of households in temporary accommodation since 2010. Furthermore, approximately 64% of households in temporary accommodation are households with children, with a total of 150,000 homeless children living in temporary accommodation in 2023.¹⁸ Given that temporary accommodation is often low quality, it is a grave intergenerational injustice that thousands of children are homeless in temporary accommodation and suffering from development issues and mental ill-health out of no fault of their own.

2.5 Rise in private renting

Despite much talk about boosting rates of homeownership, the proportion of the English population who are owner-occupiers has decreased over the past two decades, as shown in Figure 10, from a high of 70.9% in 2003 to 64.8% in 2022/23.¹⁹ Those unable to purchase a home are less and less likely to find a home in the social housing sector, as the proportion of the population living in the social housing sector has almost halved from 31.4% in 1980 to only 16.4% in 2022/23.²⁰

Figure 10



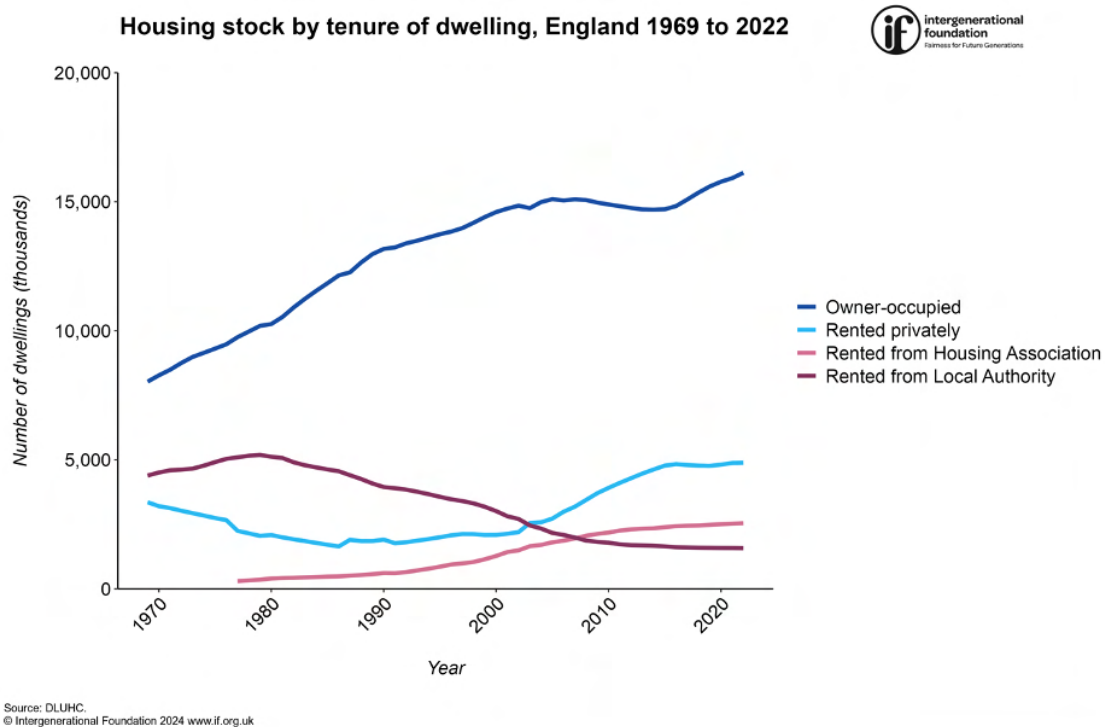
¹⁸ DLUHC (2024) Statutory homelessness statistics

¹⁹ English Housing Survey (2023) Headline report

²⁰ Ibid.

Those unable to buy are instead more likely to find themselves in the private rented sector where 18.8% of the English population lives today, compared to only 10% in the year 2000.²¹

Figure 11




We can also analyse change in tenure by investigating how total dwelling stock has changed. Figure 11 shows the increase in the absolute number of dwellings in the private rented sector in England, from 1.9 million dwellings in 1990 to 4.9 million dwellings in 2022, an increase of 158%. The total stock of owner-occupied dwellings also increased, from 10.2 million dwellings in 1980 to 16.1 million dwellings in 2022, despite the fact that homeownership rates have not changed significantly over the same time period. The housing stock owned by LAs has all but collapsed over the time period, falling from 5.1 million dwellings in 1980 to only 1.6 million dwellings in 2022. LAs today own less than one-third of the number of dwellings they owned in 1980.

The private rented sector is often highly unaffordable with homes more likely to be in a poorer condition than homes in other tenures, all while having few rights and no security of tenure.²²

²¹ Ibid.

²² Cromarty, H. (2022) Housing conditions in the private rented sector (England). House of Commons Library



While private renting is most closely associated with large cities, there has been an increase of 450,000 private renters in county and rural areas between 2011 and 2021.²³ Many of these new private renters are in either the East or South East, suggesting that the unaffordable private rental market in London have pushed renters out into commuting communities. Recent years have seen a particularly large increase in the already high cost of private renting with rents in the capital rising by 29% between 2020 and 2022.²⁴ Higher rents place more financial pressure on tenants who already are the most likely group to experience financial insecurity, as only half of renters have sufficient assets to cover a 25% loss of income for a three-month period.²⁵

Meanwhile, the winners from the growth in the private rented sector are landlords who benefit from unearned income which is taxed at much lower rates than their tenants' incomes.²⁶ Over half of landlords bought their first rental property with the explicit purpose of letting it out and 75% of landlords bought their first rental property with a mortgage.²⁷ The typical landlord receives half of their total income from collecting rent, suggesting that younger private renters are often paying-off the mortgages of highly leveraged landlords.²⁸ In the absence of sufficient levels of social housing, government housing subsidies have increasingly become payments that feed straight into the pockets of private landlords in the form of housing benefit. The total housing benefit bill for Great Britain currently stands at £31 billion annually, and government data forecasts that between 2024/25 and 2028/29 as much as £68 billion of housing benefit will be paid to the private rental sector, effectively subsidising private landlords instead of using funds to construct social homes.²⁹ This suggests that the government ought to amend how it views its spending on housing, as investment in building housing infrastructure is much more valuable for the nation than using funds to subsidise private landlords. This issue will continue to grow in importance, with the total annual rent paid by tenants in the UK reaching £85.6 billion in 2023.³⁰ With close to half of homes sold off through Right to Buy now in the private rental market, the argument can be made that some of that rental income should be taxed more heavily and used to fund the building of more social housing.³¹

²³ County Councils Network (2024) Housing in Counties: Delivering homes for all, in the right places

²⁴ Greater London Authority (2023) Housing Research Note 9: Understanding recent rental trends in London's private rented market

²⁵ ONS (2023) Financial resilience of households across Great Britain

²⁶ Haglund, A. (2023) Play Fair: Equalising the taxation of earned and unearned income. London: The Intergenerational Foundation: <https://www.if.org.uk/research-posts/play-fair-equalising-the-taxation-of-earned-and-un-earned-income>

²⁷ English Private Landlord Survey (2022) Chapter 1: Annex Tables

²⁸ Ibid.

²⁹ Department for Work and Pensions (2023) Benefit expenditure and caseload tables 2023

³⁰ Hamptons (2023) Record rental growth pushes annual rent bill to £85.6bn in 2023

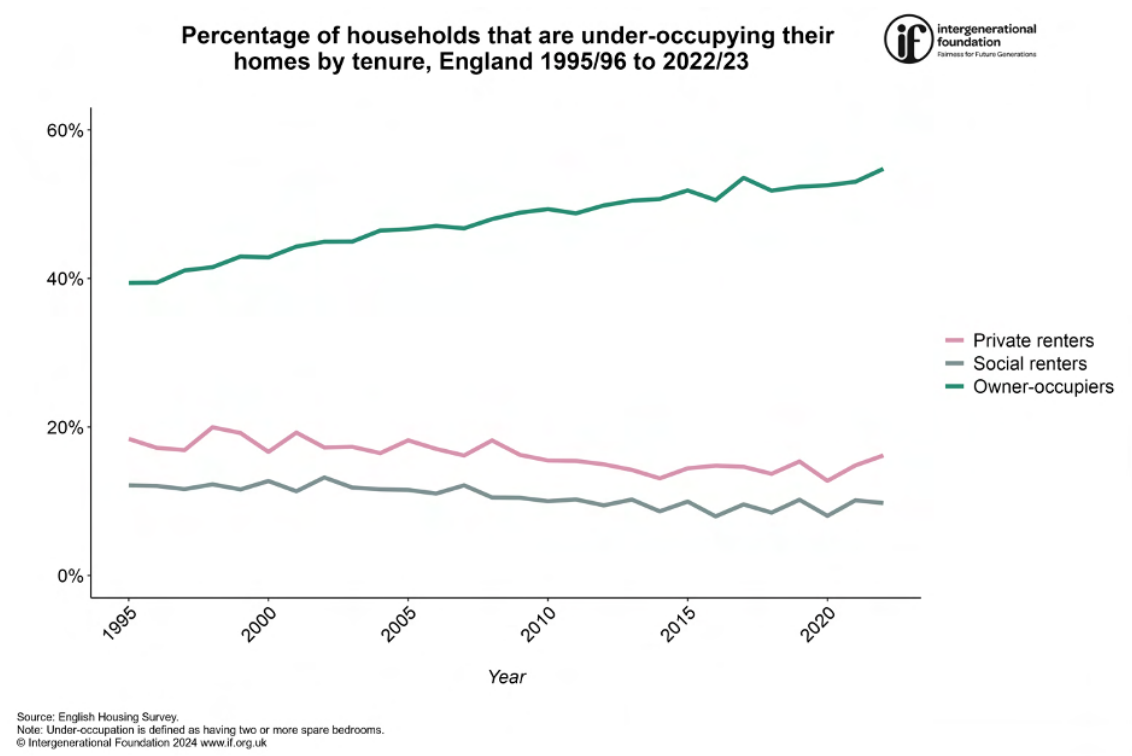
³¹ Inside Housing (2017) 7% rise in former Right to Buy homes now rented privately

2.6. Under-occupation and overcrowding

While increasing supply is important, addressing the inefficient use of the national housing stock we already have must form part of the wider plan to solve the housing crisis. Although the ageing of our population is a welcome development and a sign of successful policymaking in previous years, many older generations whose children have grown-up and moved out are under-occupying large homes with multiple spare bedrooms. Levels of under-occupation have consistently increased among owner-occupiers over the past three decades, placing increasing pressure on the existing housing stock.

The current situation is inefficient, with roughly a third of homes in England said to be under-occupied with two or more bedrooms not in regular use. From an intergenerational perspective, it also makes sense to make better use of the existing housing stock through policies which disincentivise under-occupation and leaving dwellings vacant in order to meet Net Zero and decarbonisation goals which would be difficult to reach with a housing strategy that neglects the inefficient use of the current housing stock and solely focuses on supply.³²

Figure 12



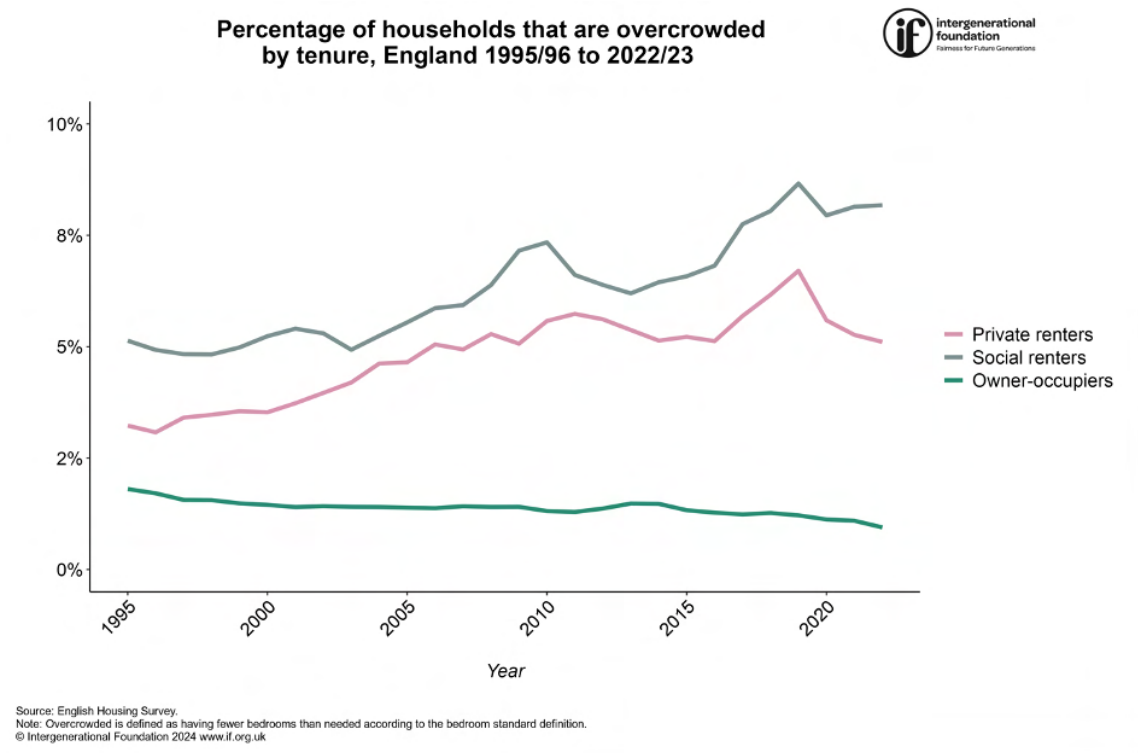
³² Drewniak, P. M. et al. (2022) 'A home for all within planetary boundaries: Pathways for meeting England's housing needs without transgressing national climate and biodiversity goals'. *Ecological Economics*. Volume 201, November 2022

Rates of under-occupation in the private and social rented sectors have seen a modest but steady decrease since 1995, standing at 16.2% and 9.8% respectively in 2022/23 (Figure 12). However, under-occupation is much more prevalent in the owner-occupied sector and has steadily increased since 1995, rising to 54.8% in 2022/23.

Overcrowding is an almost non-existent issue today for owner-occupiers. The story is very different in the private rental and social rented sectors where rates of overcrowding have increased significantly since 1995 (Figure 13). Overcrowding among private renters has increased by 62% since 1995 and stood at 5.1% in 2022/23.

The social housing sector has seen a comparable 63% increase in rates of overcrowding since 1996: 8.2% of all social housing households were overcrowded in 2022/23.

Figure 13



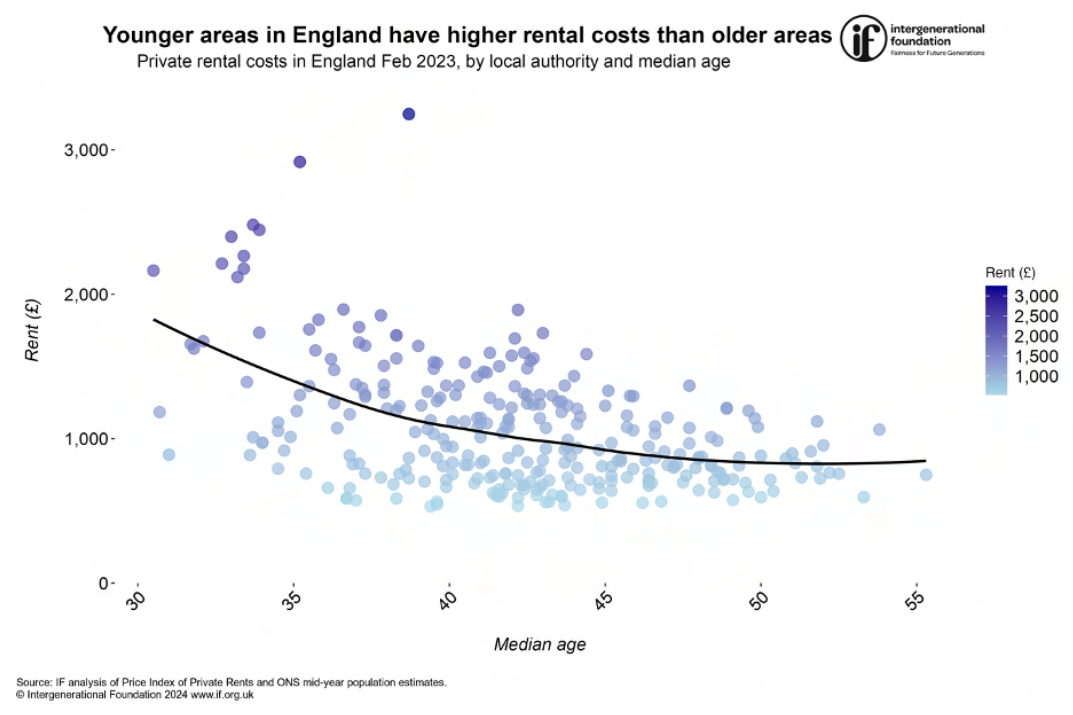
3. Local authority-level analysis

How is the housing crisis playing out in local areas in England? This section investigates how LAs with different median ages perform on the indicators presented in the previous chapter. By analysing how LAs with different median ages perform on the indicators, this section builds a picture of how different generations are affected by the housing crisis. The data analysis shows that LAs with more young people perform worse on the majority of indicators analysed, demonstrating that young people are the generation who are most likely to be suffering from the housing crisis. The populations and their characteristics will naturally differ between LAs, but the median age shows the age of the typical resident, thus serving as a useful way to analyse the housing crisis from an intergenerational perspective. The analysis focuses on LAs in England for consistency when using different data sources.

3.1 Affordability

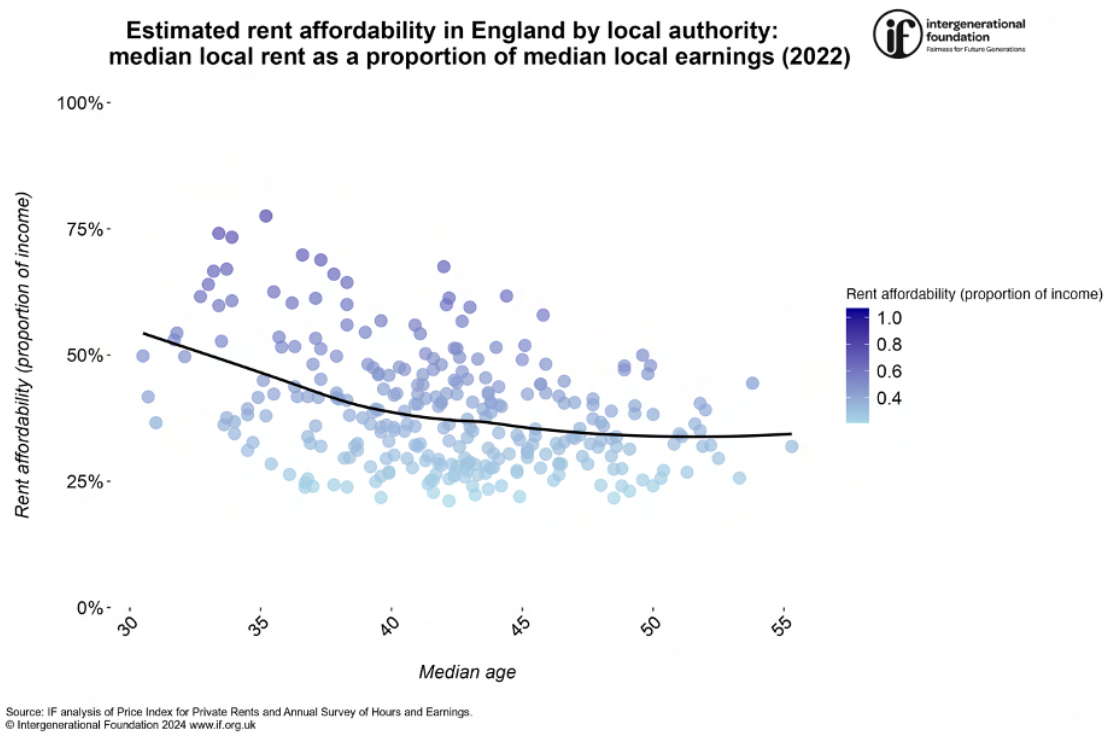
The high cost of housing, whether renting or buying, can be a major issue for people of all ages across the country. However, a local authority-level analysis reveals that younger areas in England suffer from higher private rental costs than older areas, as can be seen in Figure 14.

Figure 14



Each point in Figure 14 represents a LA in England. The LAs where private rental costs are the highest are some of the youngest areas in the country. An analysis of the relationship between median age and private rental costs reveals that there is a highly significant relationship, with rent decreasing approximately £38.60 for each one-year increase in the median age. There are various factors, such as local salaries, that can explain why rental costs vary to such a large extent across LAs. An analysis of the role of median earnings suggests that higher median earnings are also strongly associated with higher rents, with the analysis indicating that their influence on rental prices is approximately three times stronger than that of median ages. This is expected, as the purchasing power of higher salaries is likely to lead to higher rental costs. Age nonetheless remains a significant factor influencing the likelihood of higher rental costs, albeit to a lesser extent than median earnings. The relationship between median ages and rental affordability can be seen in Figure 15, which shows the estimated percentage of median earnings that would be payable for the median rent in the local authority.

Figure 15

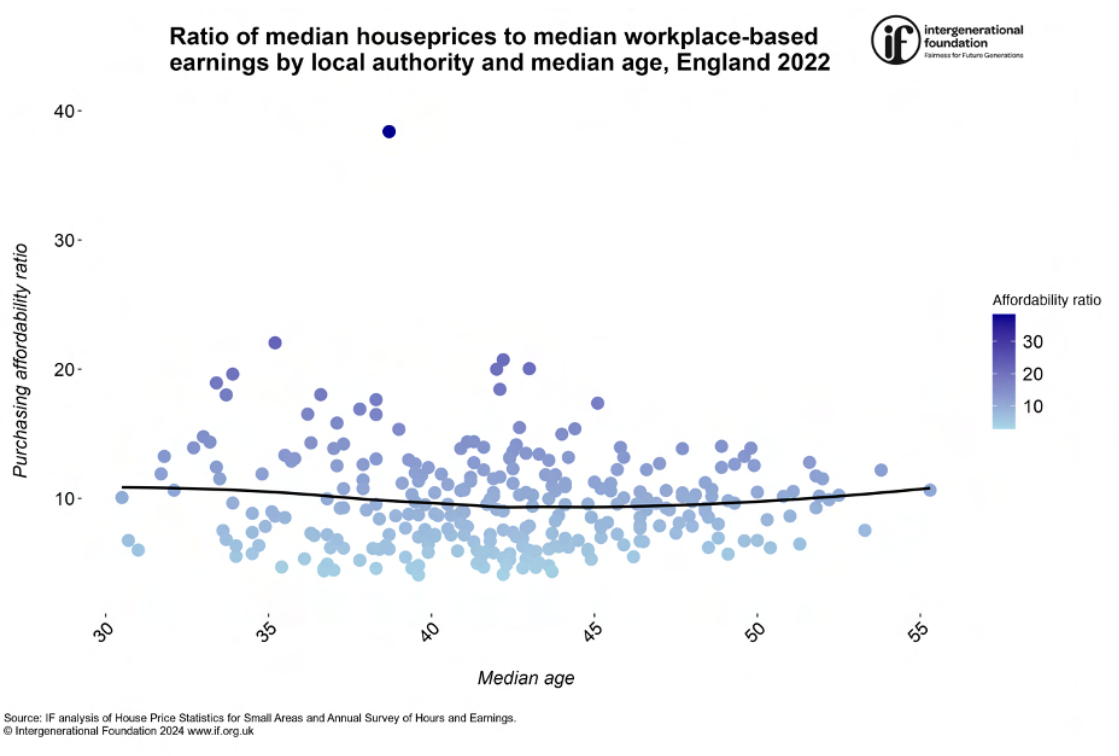


The data in Figure 15 shows that there is a statistically significant negative relationship between median age and the proportion of median earnings spent on rent, meaning that older areas tend to have rental costs that are a slightly lower proportion of median earnings than younger areas.

However, median age explains only a small portion of the variation in rental affordability, suggesting that other factors also play an important role. It is worth noting that this analysis only looks at the median rent as a percentage of median earnings, and therefore does not capture the actual rent paid by renters, or the actual earnings of renters. However, it nonetheless provides a general overview of the relation between median age and rental affordability across LAs in England, suggesting that younger areas have worse rental affordability than LAs with a higher median age.

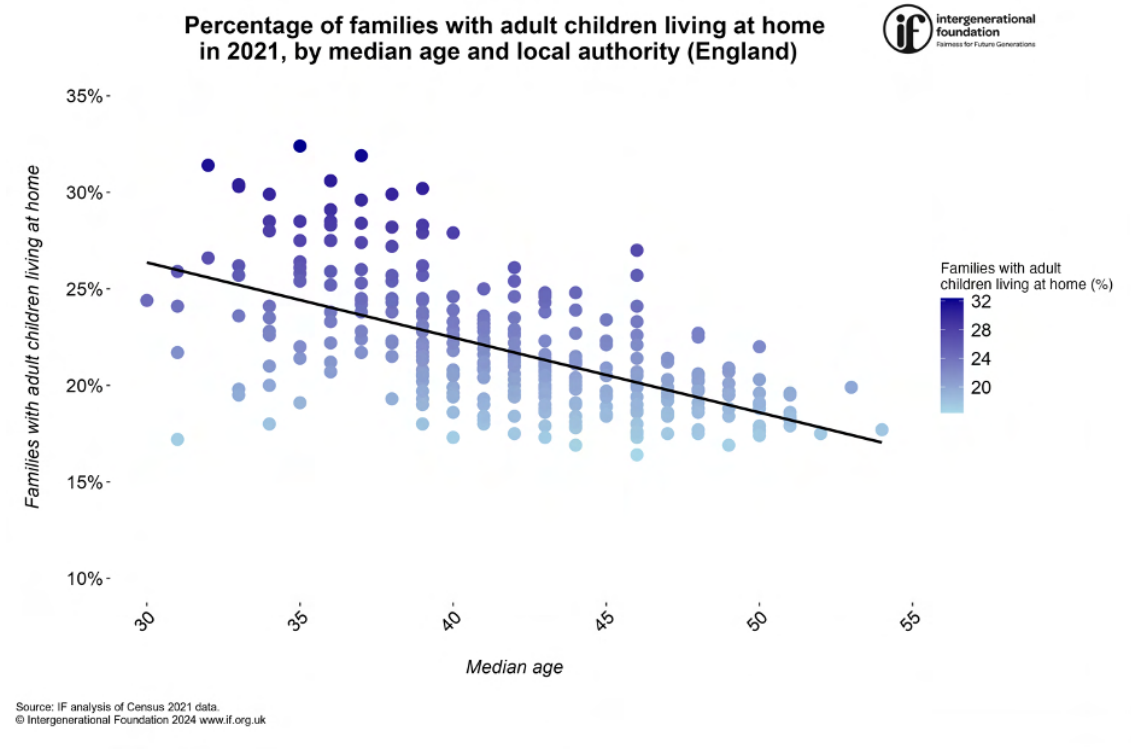
While the relationship between age and private rental costs is clear, this is not so for age and purchasing affordability for buying a home, as Figure 16 shows.

Figure 16



Although Figure 16 reveals that there is not a significant relationship between median age of a LA and purchasing affordability in the area, there are other proxies which can be analysed to better understand how issues of affordability impact young people. For example, as demonstrated in Figure 2, an increasing number of young adults are living with their families. While some may choose to do so for other reasons, it is highly likely that not being able to afford to move out of the family home plays a large role in the increase in the number of young adults living with their parents. Figure 17 shows that the percentage of families who have adult children living at home is much higher in LAs with lower median ages, suggesting that the issue of unaffordability is higher in younger areas.

Figure 17



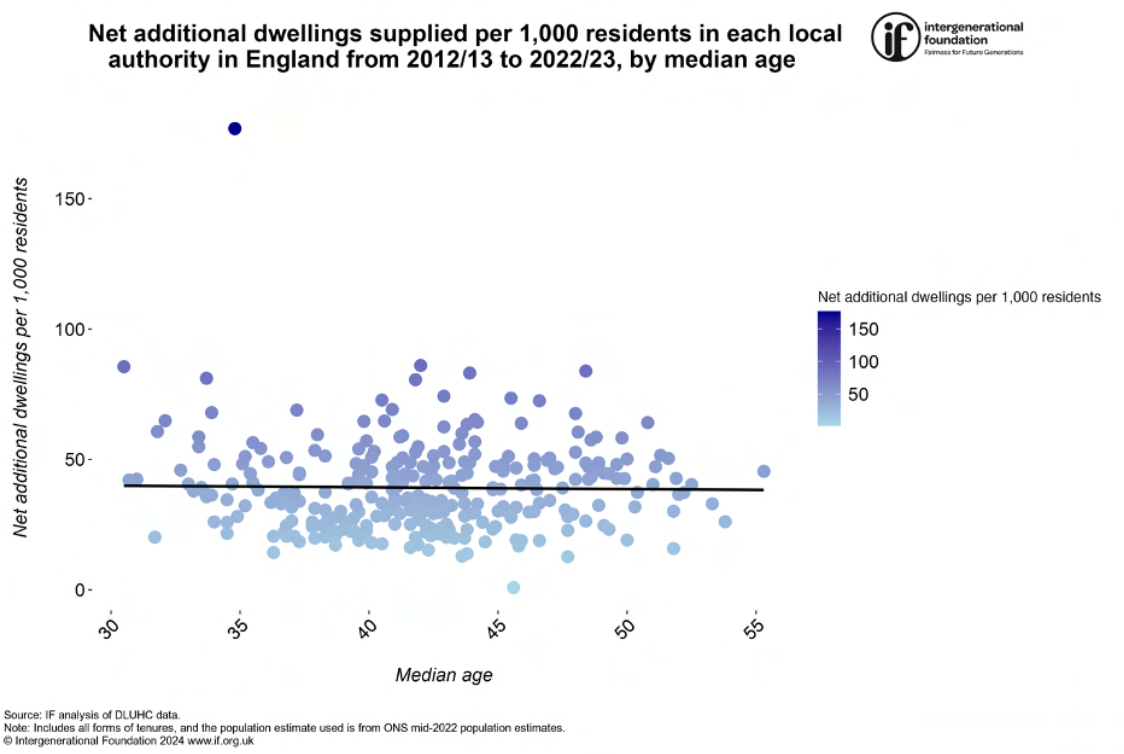
In Figure 17, each point in the graph represents a LA and we can see that LAs with more younger people are also those with the highest percentage of families who have adult children living at home. Brent, Enfield, Newham, Redbridge, and Leicester are the five LAs with the highest percentage of families who have adult children living at home, each with almost one-third of families in the LA having adult children living at home. It is also worth noting that the largest increase in the percentage of families with adult children living with their parents between 2011 and 2021 was in Tower Hamlets which also has the lowest median age of any LA in England. Of course, cultural background and other various factors can play a role in how likely adult children are to remain living with their parents but given that rental costs tend to be higher in younger areas it is unsurprising that younger areas also have a higher percentage of families with adult children living at home.

3.2 Lack of supply

One aspect of dealing with the housing crisis concerns supply, and the fact that national supply targets have not been met in a single year since their introduction. Although increasing supply is not itself enough to deal with the multifaceted issue that is the housing crisis, it nonetheless forms an important part of the solution. In the past 10 years the supply of new housing has differed drastically

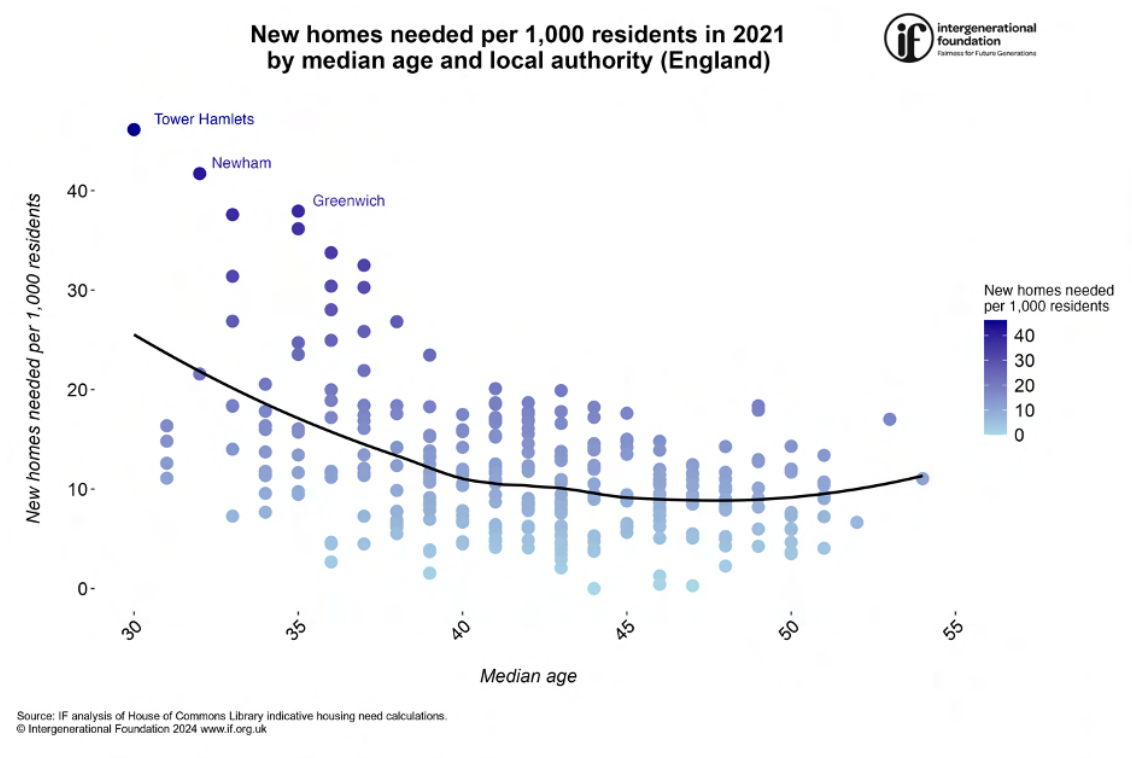
across different areas in England. This is expected, as some areas have a higher housing need than others, and some have a net inflow of people while some LAs might be experiencing population decline. As shown by Figure 18, there is not a statistically significant relation between net additional housing supply between 2012/13 and 2022/23 for LAs when analysed by the median age of each LA.

Figure 18



However, when analysing the relation between the LAs with the most homes needed per 1,000 residents, it is the younger LAs that have the highest need for more housing, as shown by Figure 19. Therefore, even if there is not a statistically significant relationship between the number of additional dwellings supplied in each LA per 1,000 residents and median age, the data suggests that there is a mismatch in housing supply across the country. Given that the areas with the highest housing need are LAs with more young people, we would hope to see a higher level of housing supply in those areas.

Figure 19



3.3 Decline of social housing and Right to Buy sales

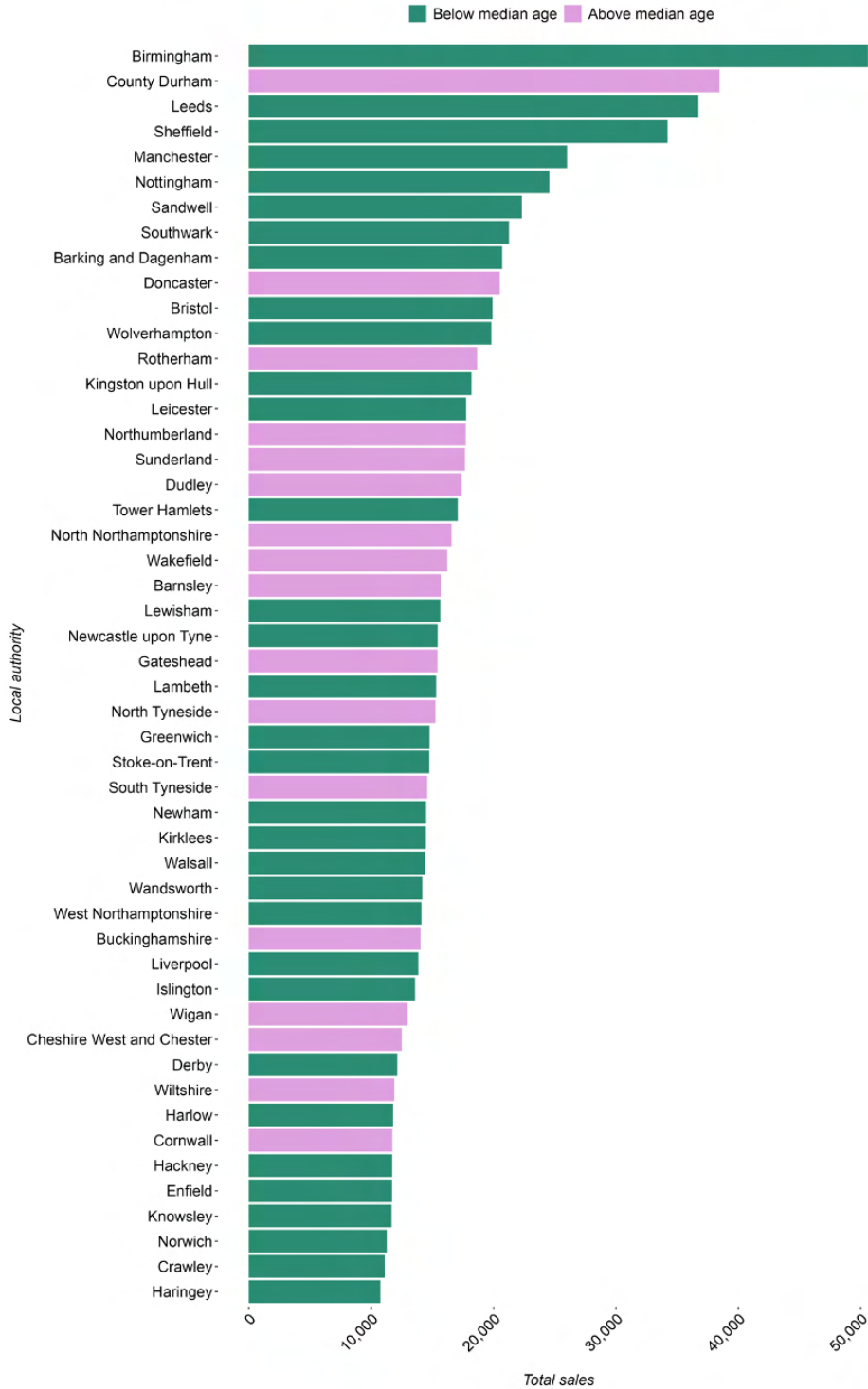
Not only has enough social housing not been built, but much of what has been built in the past has been sold off to the private market. While this benefits those who can take advantage of the Right to Buy policy, it is to the detriment of everyone else as well as the wider housing market since it removes valuable social housing stock. Close to half of the two million social homes sold-off through Right to Buy are not lived in by owner-occupiers but are now in the private rental sector.³³ This causes affordability to worsen, as private rents are typically double that of rental costs for social rent tenures.³⁴ Figure 20 shows the 50 LAs with the highest number of Right to Buy sales of local authority-owned social housing since the beginning of the policy in 1980, and whether the median age of the LA is higher or lower than the national average.

³³ Inside Housing (2017) 7% rise in former Right to Buy homes now rented privately

³⁴ English Housing Survey (2023) Headline report

Figure 20

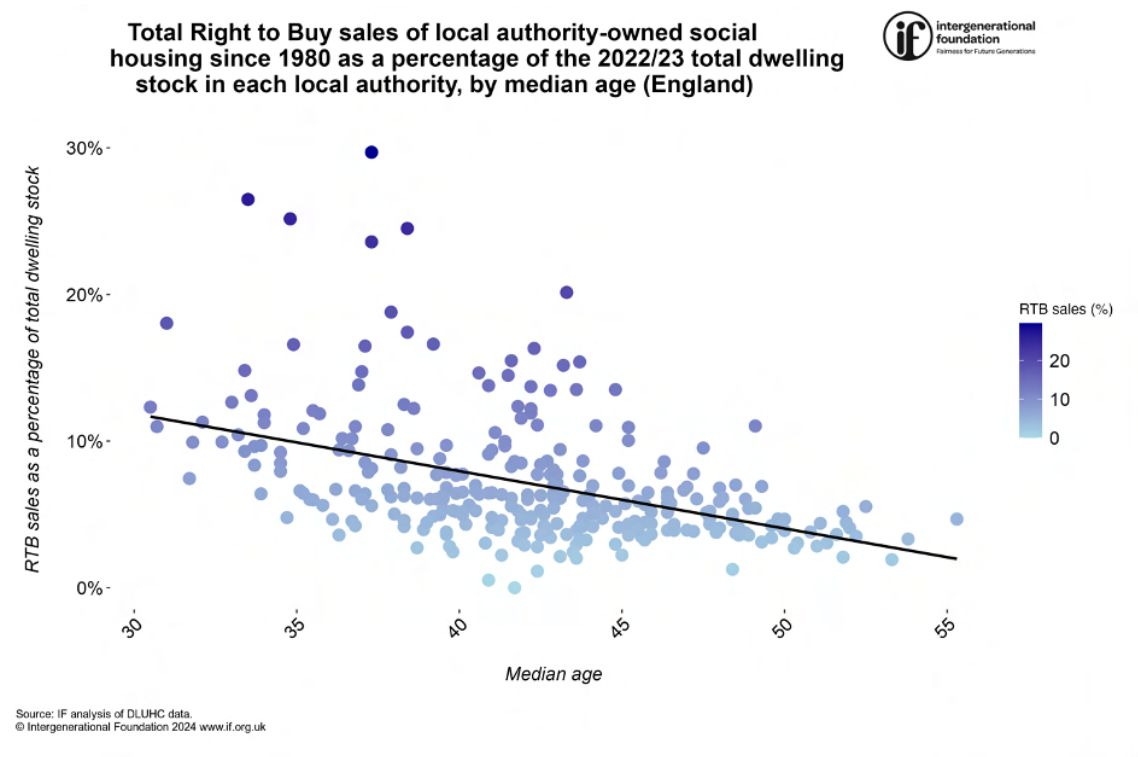
Top 50 local authorities in England with the highest total Right to Buy sales of local authority-owned social housing since 1980



Source: IF analysis of DLUHC data.
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Birmingham tops the chart with over 50,000 local authority-owned social homes privatised through the Right to Buy policy. However, since Figure 20 shows the absolute number of Right to Buy sales it cannot capture the relative impact of Right to Buy sales between LAs due to their varying population sizes. Figure 21 therefore shows the total number of Right to Buy sales since 1980 as a percentage of the total dwelling stock in each LA in 2022/23 and the median age of the LA.

Figure 21

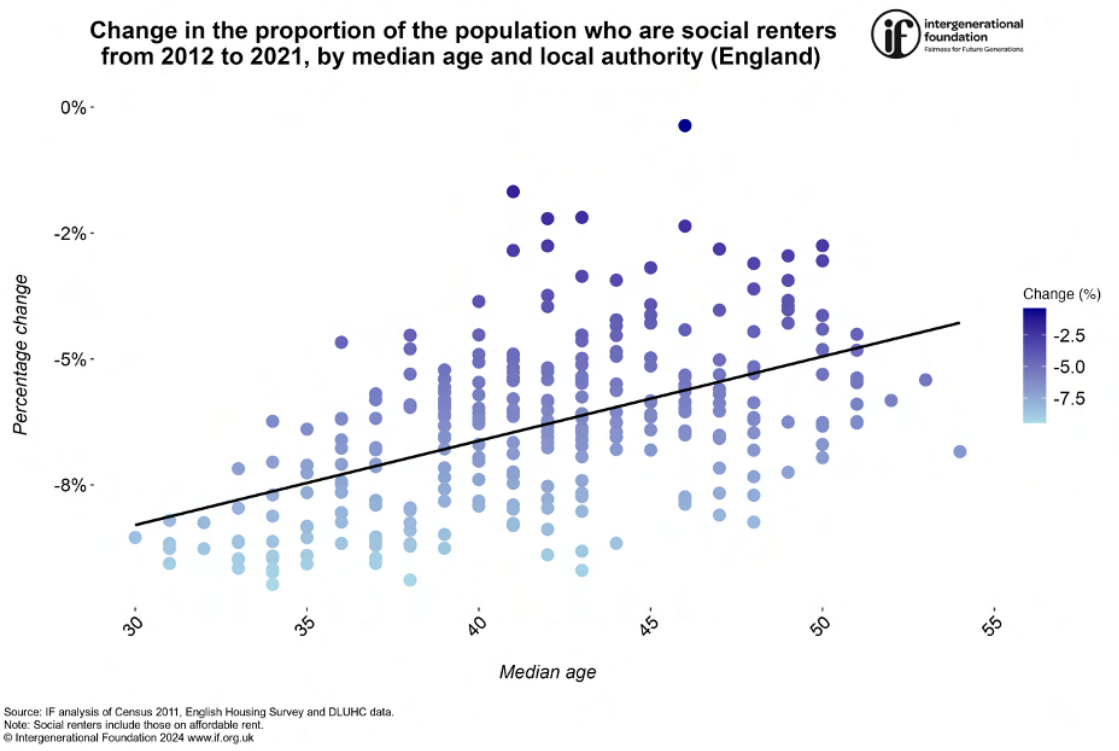


Harlow, Barking & Dagenham, Stevenage, Crawley, and South Tyneside are the five LAs where the most social homes have been sold-off through Right to Buy as a proportion of the total dwelling stock in 2022/23. Harlow tops the list with 29.6% of Right to Buy sales as a proportion of the current dwelling stock, meaning that almost one in three dwellings in Harlow are former social homes that have been privatised through Right to Buy. This exemplifies how drastic the impacts of Right to Buy can be in some areas, and as shown by Figure 21 it is primarily LAs with low median ages where Right to Buy sales form the largest part of the total housing stock.

The proportion of the national population who are social tenants has steadily decreased since the 1980s, meaning that young people do not have the same opportunities as previous generations to benefit from social housing with affordable and secure tenancies.

In fact, the proportion of the population who are social tenants has decreased the most in younger LAs between 2012 and 2021, as shown by Figure 22.

Figure 22

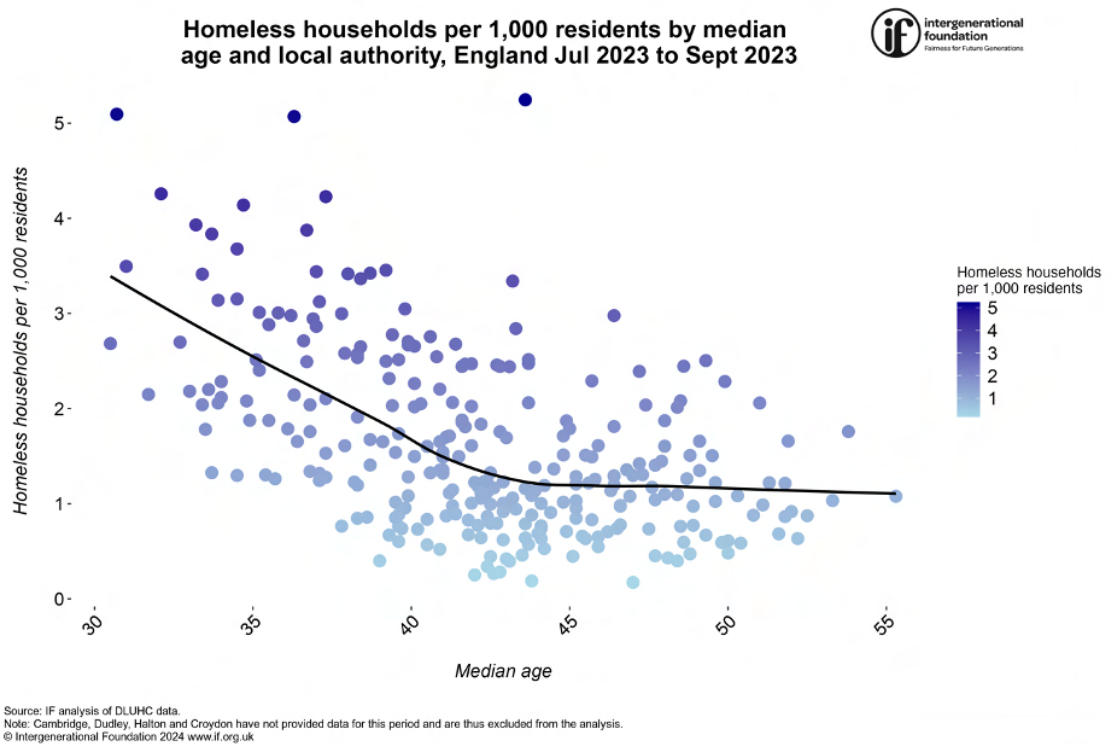


The proportion of the population who are social renters has not increased in a single LA in England between 2012 and 2021. However, as Figure 22 shows, the percentage of the population who are social renters has generally fallen much more in the youngest LAs. There are various factors that can explain this, such as some of those LAs having a higher share of social tenants in the first place. However, what is clear is that younger people do not get to benefit from the same access to social housing as previous generations did, both due to insufficient building of new social housing and Right to Buy losses. It is the youngest LAs which have lost most of their local authority-owned social housing stock through Right to Buy when measured as a percentage of total dwellings in the area, and social renting as a tenure has fallen more since 2012 in younger areas than in older areas.

3.4 Rise in homelessness and people living in temporary accommodation

Homelessness has been increasing rapidly in England since 2010. Given that LAs with more young people generally have higher rental costs and have lost disproportionate levels of social homes through Right to Buy, as discussed in previous sections, it is not surprising that younger LAs also have higher levels of homelessness than older local authorities, as can be seen in Figure 23.

Figure 23



Each point in Figure 23 represents a LA, with the median age of the LA shown on the x-axis and the number of homeless households per 1,000 households shown on the y-axis. The five LAs with the most homelessness per 1,000 households are Blackpool, Manchester, Portsmouth, Newham, and Oldham. There is a statistically significant relation between the number of homeless households per 1,000 residents and the median age of the LA. As the median age increases, there is a consistent decrease in the number of households who are homeless. However, the relationship is not linear. Figure 23 reveals that the relation is strongest for younger LAs, as the number of homeless households per 1,000 households does not change with age to a significant extent for LAs with a median age above 45. There is nonetheless a strong correlation between median age of a LA and the number of homeless households per 1,000 households. In fact, of the 30 LAs with the most homelessness per 1,000 residents, 27 are below median age.

Figure 24

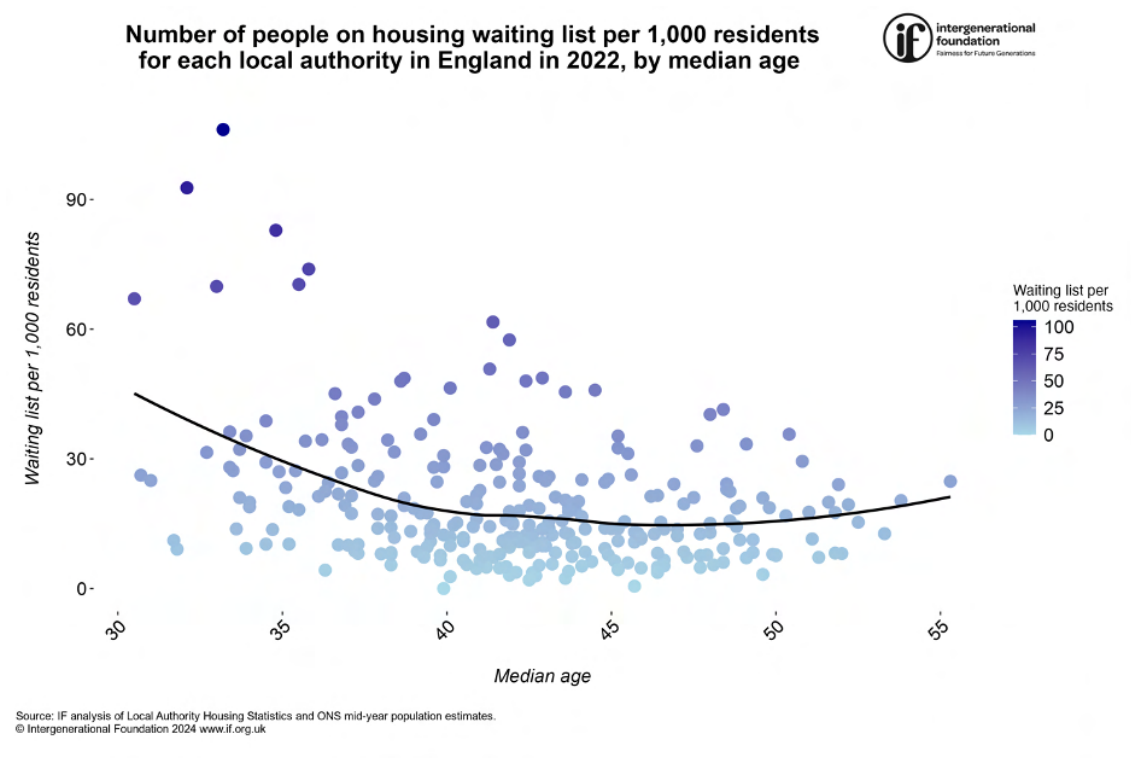


Figure 24 shows the relationship between the median age of a LA and the number of people on social housing waiting lists per 1,000 residents. The statistical relationship between the number of people on housing waiting list per 1,000 residents and the median age of the LA is only a modest one, meaning that as the median age increases there is only a slight fall in the number of people on housing waiting lists. However, Figure 24 shows that those LAs with the highest number of people on waiting lists as a proportion of the population are some of the youngest LAs in England.

3.5 Rise in private renting

As a result of house prices increasing faster than wages for many years, combined with the implosion of social housing, private renting has become more and more common among people of all ages. However, young people are overrepresented among private renters, both due to their inability to buy a home and because social housing is not as available as an option for current generations in comparison to the availability of social housing for previous generations. Since we know that young people are more likely to be renters than any other age group, it is unsurprising that Figure 25 shows that a larger proportion of the population are likely to be private renters in LAs with many young people.

Each point in the graph represents a LA in England, and the trend is what we would expect: areas with a younger population have a higher proportion of private renters than areas with more older people. However, a local authority-level analysis of the change in the proportion of the population between 2012 and 2021 who are private renters reveals another trend, as Figure 26 shows.

Figure 25

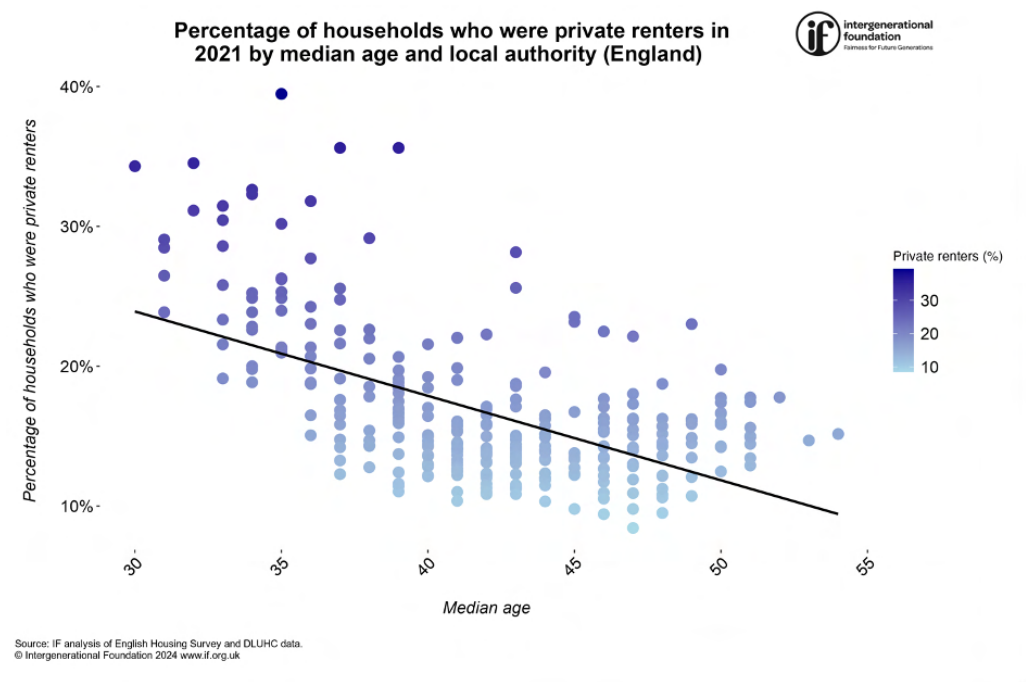
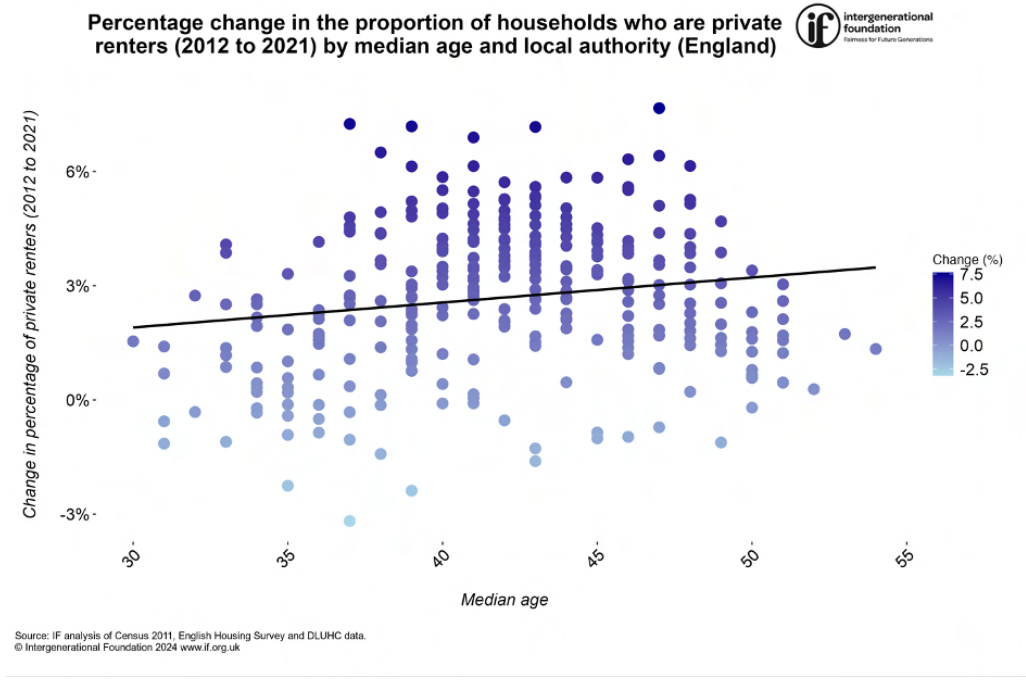


Figure 26





While the relation between the two variables is not as strong as in the previous Figure, Figure 26 shows that the LAs which have had the highest increase in the proportion of households who are private renters are not the youngest LAs but rather those around or slightly above the national median age of 40 as of 2021. This suggests that the housing crisis is affecting more people across age groups, as an increasing proportion of the population are forced to live in the unaffordable and insecure private rental sector beyond their youth.

3.6 Under-occupation and overcrowding

One of the ways to tackle the housing crisis is to use our housing stock more efficiently. As shown in the previous chapter, under-occupation among private and social renters is low and falling, but rates of under-occupation for owner-occupiers are high and continue to increase. Since the vast majority of older people are owner-occupiers, and under-occupation is by far the most prevalent among those who are owner-occupiers, the data shown in Figure 27 is what we would expect: under-occupation is far more prevalent in LAs with higher median ages.

Figure 27

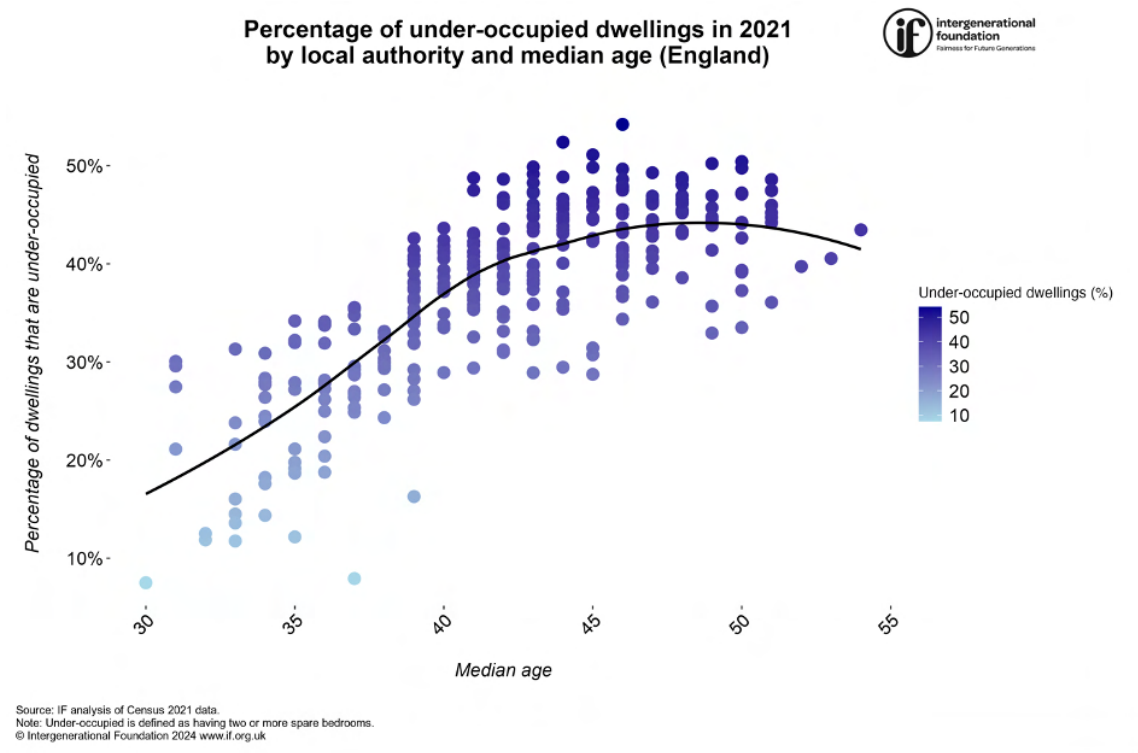
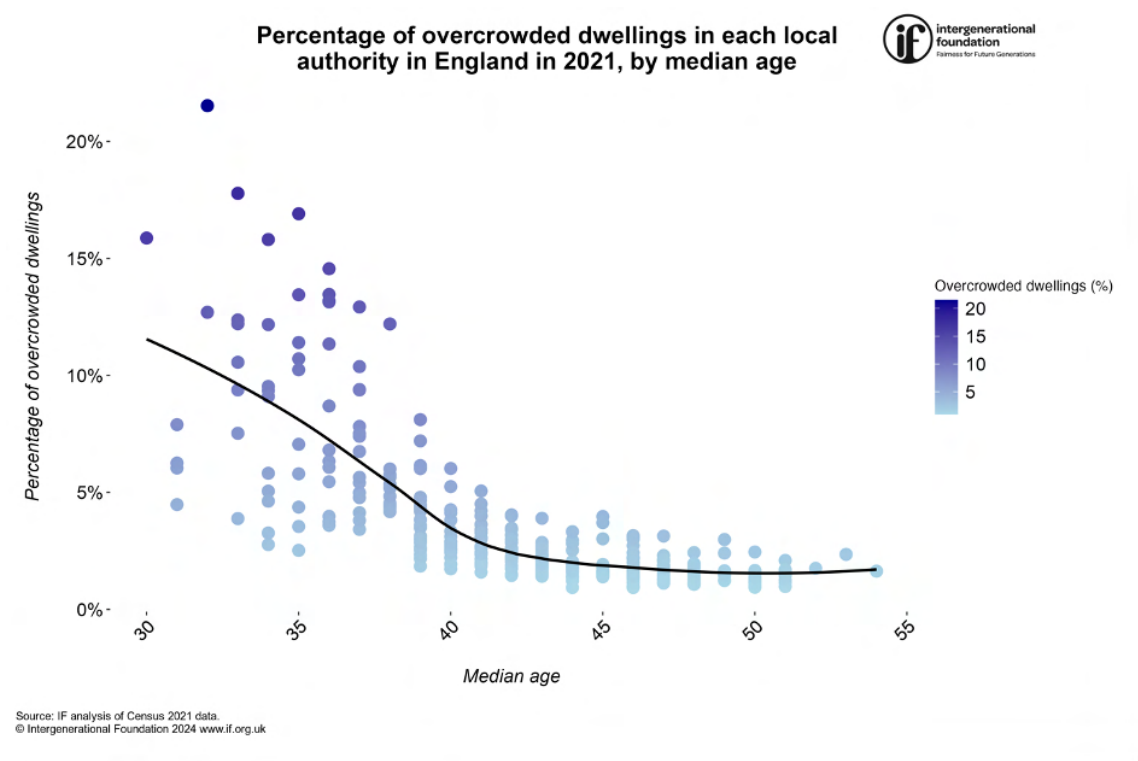


Figure 27 reveals a statistically significant relationship between the median age of a LA and the level of under-occupation. As can be witnessed in the graph, the percentage of dwellings that are under-occupied, i.e. having two or more spare bedrooms, is much higher for LAs with a higher median age. An analysis of the relationship shows that for every one-year increase in median age, there is a 1.35 percentage point increase in the level of under-occupation in the respective LA. The five LAs with the highest level of under-occupation in 2021 were Rutland, Rushcliffe, Harborough, Hambleton, and Cotswold, in which more than half of all dwellings in the LA were under-occupied. It is also worth noting that the 100 LAs with the highest level of under-occupation in 2021 all had a median age above the national average. There are various factors that can explain the high levels of under-occupation in LAs with more older people, but differing levels of wealth between generations is likely to be among the primary reasons. Older people have much higher levels of wealth than young people, and out of the few young people who can afford to purchase a home, even fewer would be able to afford multiple spare bedrooms.

Figure 28 demonstrates that there is also a strong statistical relation between the percentage of dwellings that are overcrowded in each LA and the median age.

Figure 28






Figure 28 shows that younger areas in England tend to experience much higher levels of overcrowding than older areas. The five LAs with the highest level of overcrowding in England in 2021 were Newham, Barking and Dagenham, Brent, Tower Hamlets, and Slough. Taken together, the analysis shows that it is primarily older people who are under-occupying and younger people who suffer from overcrowding. However, the analysis also suggests that there is plenty of scope to alleviate the housing crisis through the tax system and other legislation aimed to address the high levels of under-used dwellings.

4. What can be done?

This report demonstrates that younger areas typically suffer more from the housing crisis through:

- **higher levels of overcrowding;**
- **higher rental costs;**
- **worse rental affordability;**
- **higher numbers of new homes needed;**
- **higher losses of social housing;**
- **and higher levels of homelessness.**

We know the country needs to build more homes across all tenures and that building more local authority-owned social housing must be a key part of that plan. That should include at least 90,000 council homes per year built to a good standard and in the right locations. As such, in 2020, The Housing, Communities and Local Government Select Committee recognised the necessity for building 90,000 social rent homes per year and recommended as much in government strategy.³⁵


Current targets of building 300,000 new homes per year will still only deliver 3% for social rent. Building those 300,000 homes annually would also only reduce house prices in real terms by 6% after 20 years.³⁶ To bring housing costs down quickly a large proportion of new homes built must therefore be social rent homes.

The housing crisis is complex and multifaceted. That means that in addition to increasing the supply of housing and of social housing in particular, we also need a holistic approach to tackling the wider housing crisis which should include the following measures:

- **Policies to definancialise the housing market;**
- **Reform property taxation;**
- **Reform Right to Buy;**
- **Better protect private renters;**
- **Disincentivise under-occupation.**

³⁵ UK Parliament (2020) Housing, Communities and Local Government Select Committee: <https://committees.parliament.uk/work/109/longterm-delivery-of-social-and-affordable-rented-housing/publications>

³⁶ Mulheirn, I. (2018) What would 300,000 houses per year do to prices?: <https://medium.com/@ian.mulheirn/what-would-300-000-houses-per-year-do-to-prices-f506e82bbe8d>



Some LAs go to great lengths to protect their council housing stock, such as Wandsworth, which offers large sums for tenants to buy a house anywhere in the UK rather than buying their council house as that would cost the borough more in the long run. Because Right to Buy depletes the social housing stock and disincentivises LAs and HAs from developing social rent homes it should be reformed. The length of residence required to transfer the home from public to private ownership should be increased to a minimum of 15 years, instead of the current three, as this would allow for more certainty for LA and HA developers.

Additionally, while residents should be allowed to buy their home after 15 years of residence in the dwelling, they should not be able to do so at a discount. These structural reforms to Right to Buy would help to definancialise the housing market and remove the barriers that Right to Buy poses for increasing the social housing stock nationwide. Additionally, the government should undertake a comprehensive review of the financial benefits of undertaking a large-scale social housing programme, as it would provide benefits in terms of savings on housing benefit payments, increased job opportunities, and improved health and social outcomes. The review should include recommendations for how to improve the predictability of financing the construction of new social rent homes, and a commitment from central government to increase grant funding and work in closer collaboration with LAs and regional Mayors to ensure the programme can be rolled out nationwide as a matter of urgency.

While it is important to have Local Housing Allowances that rise in tandem with rising rents to provide relief in the short term, shifting housing subsidies from funding private rental payments to funding the construction of social homes would save the taxpayer money and slow the runaway increase in private rents. The savings could be substantial in lowering: housing benefit costs; healthcare and mental health costs; and temporary accommodation costs. Studies suggest that building 90,000 Social Rent homes in one year would save £12 billion for the taxpayer over a 30-year period and pay itself back within a few years, with the savings accumulating if undertaken on an annual basis.³⁷ Additionally, housing development by LAs would help to smooth out the supply of new housing in economic downturns when private developers are unable or unwilling to supply the amount or types of homes needed.³⁸ It would also help to reduce the cost of temporary accommodation for LAs, as it is highly expensive for councils to provide temporary accommodation in the private market.

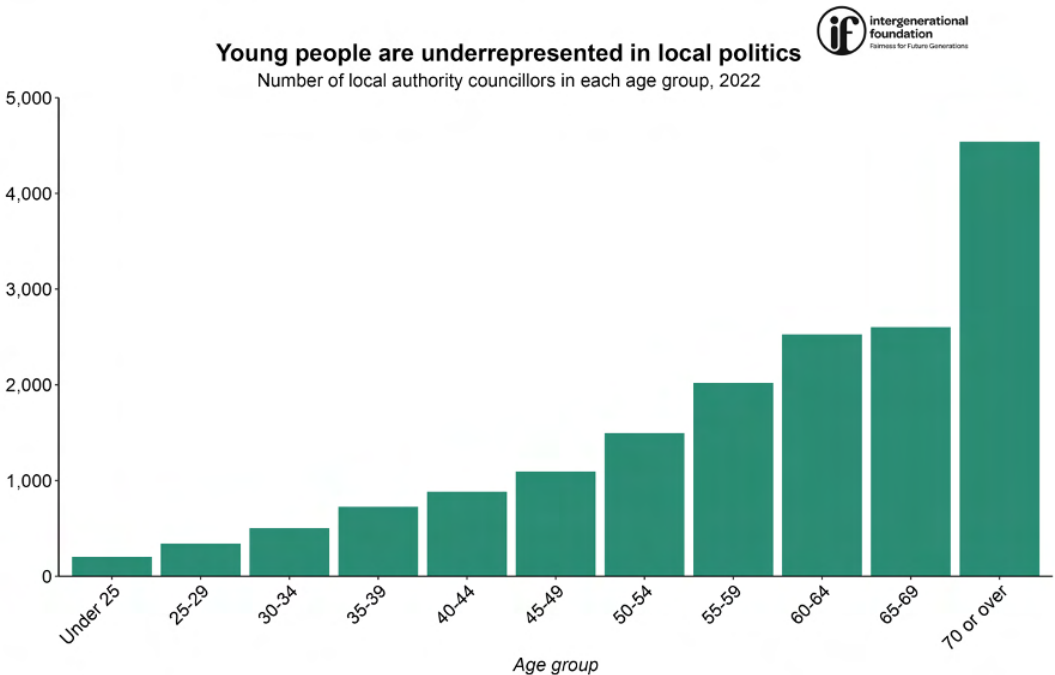
³⁷ National Housing Federation and Shelter (2024) The economic impact of building social housing. A Cebr report for NHF and Shelter

³⁸ Lloyd, T., Grayston, R., Hudson, N. (2023) Reboot: Building a housing market that works for all. London: Joseph Rowntree Foundation


Furthermore, this would also improve the ability of rolling out the successful Housing First strategy on a national scale to tackle homelessness and rough sleeping. Compulsory purchase orders should be made simpler and cheaper by completely abolishing “hope value” regulations which stipulate that LAs must pay the value of what the land would be worth when it has received planning permission for development, rather than paying the current value of the land prior to having planning permissions.

There are also issues in the planning system that can make it difficult to get approval to build the homes that we need. While it is beyond the scope of this report to delve further into the intricacies of the planning system, reforms which make it easier to build sustainable and affordable housing in the places where it is most needed should be supported in the name of intergenerational fairness. Local planning authorities should also be required to bring forward robust five-year supply measures specifically for affordable housing. Furthermore, LAs are sometimes not as representative of their community as they could be, as a vast majority of councillors are older individuals and there is very little representation of, or indeed engagement with, young people within communities, let alone in local politics. Since older people tend to have much higher levels of wealth than younger people and often already own their home, their interests might not always align with those of younger generations who are desperately in need of more housing, and affordable housing in particular. As Figure 29 shows, there are very few young representants in local politics.

Figure 29



Source: Local Government Association, National Census of local authority councillors 2022.
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Houses should first and foremost be homes, rather than investments that only serve to further increase the already high levels of wealth inequality between the rich and poor and the old and young. Therefore, policies which serve to increase rates of homeownership must be designed in ways that do not increase house price inflation, as Help to Buy has done. Buy-to-Let mortgages should also be restricted and discouraged as they contribute to the financialisation of housing and insecurity for tenants who too often have to stump up the increased costs from rising mortgage interest rates passed on by over-leveraged Buy-to-Let landlords. Furthermore, those who profit from investing in property should not pay lower percentages in tax on those profits than those who earn their income from work. Aligning the tax rates of capital gains on second homes and property investments with the combined rate of Income Tax and NICs levied on work would reduce asset inflation in the housing market by disincentivising speculative property investments, and would therefore also reduce intergenerational unfairness in the housing market and level the playing field for the young.

5. Conclusion & policy recommendations

The policy recommendations listed below are both pragmatic and bold and would go a long way to ensuring that housing inequalities between and within generations are reduced while making sure that everyone has the right to safe, secure and affordable homes. The new government should implement these policies as a matter of urgency:

- Fund and roll out Housing First nationally to give vulnerable people homes first
- Build more homes across all tenures, particularly in the most unaffordable areas of the country
- Build 90,000 new social rent homes per year shared by LAs and HAs
- Reform Right to Buy so that homes only can be privately purchased after 15 years of residing in the property and cannot be purchased at a discount
- Disincentivise under-occupation by replacing Council Tax with a proportional and progressive property taxation system
- Support building more homes suitable for downsizers
- Align capital gains tax rates on gains from second homes and properties with the combined rates of Income Tax and NICs paid on income from work
- Allow for housing development on Green Belt areas which are low in biodiversity and are close to transport links
- Restrict access to Buy-to-Let mortgages to reduce financialisation of the housing market
- Improve security of tenure for all renters in the private sector
- In the short term, ensure that Local Housing Allowances reflect rising rental costs, but begin a reform to focus housing subsidies on supply side policies to construct new social homes instead of subsidising private rents
- Review national housing strategy to make sure that all tenures are supported, and that a focus on increasing homeownership does not lead to more financialisation and house price inflation







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