



## Key Topic - Housing

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- The UK has a housing crisis because supply is insufficient for current population growth. Home ownership is falling and a growing number of young people have to live with their parents due to high rents.
- Immigration is a critical factor. For example, it drove up house prices in England by about 20% between 1991 and 2016 (Govt [bulletin](#), April 2018).
- ONS data for a recent ten-year period shows that more than 90% of added households in England had a non-UK born head ('England' tab of [spreadsheet](#)).
- Immigration to England at current levels will generate the need to build one home every six minutes, night and day ([Household Projections](#)).
- Even this underestimates the impact of immigration on future housing demand, since it only takes account of future arrivals. While the relatively young age structure of the existing non-UK born population means this will also drive future household growth.
- The UK housing crisis must be addressed but not by building on the UK's green belt and eating up our countryside. A major reduction in immigration has to be a significant part of the solution, in addition to improvements in the supply of housing.
- A majority (54%) of those who say there is a housing crisis see immigration as the main reason ([Parliamentary briefing](#), 2017).
- 55% of 18-24 year olds support the government's promise to reduce the immigration by a significant amount. Immigration is a key factor in rising housing costs (Channel 4 News [Deltapoll](#), June 2018).

We are in the midst of a housing crisis. There are too many people chasing too few homes. This has grave implications for the affordability of accommodation, especially for young people.

## What is driving demand for housing?

Immigration is a key factor. 90% of additional households created in England were headed by a person born outside the UK during the decade leading up to 2015 (ONS figures – summarised in table 2 of paper: "[The impact of immigration on housing demand in England](#)").

The ONS make projections about future growth in the number of households in England. Their latest Projections (covering the period 2016-2041) show that if net migration to England continues at the level of 214,500 per year (it has averaged 213,000 in the last ten years but 246,000 per year over the past five years), then 190,000 new homes would be needed each year to keep up with demand.

Around half of this (89,000 homes per year) would be due to additional demand resulting from immigration. ***We would therefore need to build one home every six minutes, night and day, in order to meet the demands generated by immigration - that's over 240 every 24 hours or ten every hour.***

However, these ONS projections only account for the impact of future migration. The existing migrant population - who number 8.5 million in England – will also be driving future household formation but this has been misleadingly designated as 'natural change' among the existing population as a whole rather than as also partly due to previous migration. The term "natural change" is usually used to mean the difference between births and deaths. (Read our paper on [the impact of immigration on housing demand](#)).

The demand for housing is closely related to the number of households (the makeup of a household can vary from one person living alone to a family with children or a group of unrelated people sharing a common space like a kitchen or living room). There were a total 27.2 million households in the UK in 2017, resulting in an average household size of 2.4 people per household.

Household formation depends on changes in the population's age-structure, social changes including trends in cohabitation, marriage and divorce, and the birth and death rates. It is also influenced by the availability and cost of housing. For much of the 20th century the number of households rose faster than the population and the average household size fell. However, recently average household size has changed very little so population growth is now the key factor driving household growth (for more, see [here](#)).

One way of measuring the impact of immigration on housing is to look at the additional number of households headed by a migrant. There is wide variation in the size of migrant households but, on average, household size tends to be greater amongst the non-UK born and they are also more likely to live in overcrowded conditions. So, person for person, immigrants have in the past generally required less housing than those born in the UK. As the ONS has [noted](#): "*International migrants tend to live in larger households.*"

## Immigration and the rising cost of accommodation

For many people, high house prices are nowadays ruling out the prospect of home ownership. Home ownership amongst all age groups is at its lowest level since 1984 and has fallen from 68% in 2005 to 62% in 2016.

It has been argued that the housing market is too complicated to assign price changes to particular factors. However, a [government bulletin](#) released in April 2018 stated that immigration has caused house prices to rise 21% between 1991 and 2016. These statistics were based on a model that suggested high immigration has contributed to an increase of £11,000 for the average property.

The Migration Advisory Committee also [stated](#) (see p.108) in September 2018 that there is evidence immigration '*has raised house prices, more in areas where housebuilding is more restricted*'.

High levels of immigration in recent decades may also have increased rents as immigration has been a major driver of the demand for privately rented properties across England. Privately rented homes with foreign-born heads now account for a third of all households in that sector, up from around a fifth in 2000. Indeed, as supply has failed to keep pace with the rise in demand, rents in England have risen by 23% over the past decade.

For some young people the high cost of renting means that they have to spend longer living in house shares or with their parents and some families are forced to live in overcrowded conditions or move away from their local area to find suitable accommodation that they can afford. Young people who need to spend a significant proportion of their income on rent may also find it more difficult to save for a deposit.

## Immigration and social housing

The social housing sector, which provides accommodation at below market rents, is overwhelmed. Very large waiting lists, and the fact that very little social housing is being built (something that has been steadily declining since the 1980s) mean that only those deemed most in need will ever be successful.

More than a million families were stuck on waiting lists for social housing in England in 2018 (a drop from the peak of more than 1.8 million in 2012). The decline since 2012 is in large part a result of the Localism Act, introduced in 2011, which gave local authorities power to amend the qualification criteria. In an attempt to limit the numbers, many councils introduced a local connection condition and many families were removed from the lists (For more on this see [here](#)).

It has been estimated that that over 90% of immigrants in the UK are in households that are not excluded from social housing on the basis of their immigration status. The MAC noted in September 2018 that '*immigration will naturally increase the demand for social housing [which, in certain circumstances] could reduce the access to social housing for the UK-born*' (p.95 of the 2018 MAC [report](#) on EEA migration).

There is a long-standing controversy over the grant of social housing to immigrants. This has not been helped by local authorities' reluctance to publish the relevant information. Some immigrant groups have very low use of social housing whereas others are more likely to be in social housing than the UK born. There is nothing in the rules that states that immigrants should get preferential treatment. However, priority for social housing is largely determined by need so some 'high need' immigrant families will gain access to housing over longer standing local residents deemed to be of lower need. This can be contentious.

Between 2000 and 2015 the number of UK born households in social housing in London fell by around 100,000. Meanwhile the number of non-UK born in social housing increased by around 80,000. Indeed, according to the latest figures available, almost half of all social housing in London is headed by someone born abroad, up from 36% in 2000. For this trend to have occurred, it seems likely that the majority of new lets of social housing (made when a property becomes available) have been going to immigrant households.

# The impact on London

Nowhere is the housing crisis more apparent than London. Its population has grown by over one million in the past decade and now stands at 8.9 million (2018) and is projected to keep growing to 9.5 million by 2026. This growth is entirely down to immigration. Despite often being presented as a success story, London loses more people each year to elsewhere in the UK than any other region of the country and one of the primary reasons for those aged in their 30s and 40s is the cost of housing.

## Addressing deficiencies in housing supply

The supply of accommodation must be increased. The [Barker Review](#) estimated in 2004 that 240,000 additional homes would be needed across the UK every year to cope with demand. However, 178,000 homes were completed in 2016/17, and 197,000 started ([Full Fact](#)).

The governments of Scotland, Wales and Northern Ireland have responsibility for housing in their respective areas (although the no ministers are currently in office in Northern Ireland, with officials taking charge). The UK government is only responsible for housing in England. The government now says it wants to reach a target of 300,000 homes added annually just in England alone by the mid-2020s.

At the moment, they are falling far short. 184,000 homes were completed in England in 2016/17. If we look at how many homes are added to the dwelling stock each year, rather than just at how many were constructed, the average additional number of homes has been just 166,000 per year over the past decade.

## Cut immigration and save our precious countryside

There is a clear need to address deficiencies in supply yet it is surely just as important, and for many people preferable, that immigration levels be reduced significantly (as most of the UK public want to see) before the UK loses more of its beautiful countryside:

- It was [reported](#) in 2018 that a million planned new homes between Oxford and Cambridge would cover an area of countryside larger than Birmingham.
- It was [reported](#) in 2019 that plans have been approved to build hundreds of homes every year on the South Downs national park.
- We are losing a significant amount of our precious and irreplaceable green belt. More than 38 square miles of green belt land were set aside for construction by local authorities between 2012 and 2018. Indeed, the year 2017/18 saw the largest release of green belt land to date, with more than 19 square miles of supposedly protected countryside allocated by ten councils for use as building sites (Campaign to Protect Rural England analysis).
- There are plans submitted for nearly half a million homes on land set to be released from the green belt.
- The London Green Belt Council said in early 2019 that the number of homes proposed on the Capital's green belt had almost doubled over the course of two years to more than 200,000.

A reduction in immigration is clearly necessary but there are also other effective ways of addressing the

supply of homes, including 'new incentives for landowners to part with sites sooner and at lower prices that are compatible with planning objectives' ([Civitas](#), December 2017).

## Conclusions

Housing is a prime example of the potential negative impacts of uncontrolled immigration that are not captured by economic analyses but which are widely felt by many every day. The reality is that, unless immigration is reduced by a significant amount, the housing crisis is likely to persist indefinitely. That means young people will continue to be heavily constrained by prohibitive housing costs and the UK will lose more of its beautiful countryside forever.

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