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**Britain's Current Housing Crisis and Its Social  
Impact**

**Lenka Kovářová**

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**Bakalářská práce**

**Britain's Current Housing Crisis and Its Social  
Impact**

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Prohlašuji, že jsem práci zpracoval(a) samostatně a použil(a) jen uvedených pramenů a literatury.

*Plzeň, duben 2018*

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## **LIST OF ABBREVIATIONS**

FTB - first time buyer

HP - house price

UK - the United Kingdom

Q - quarter

HPR - household reference person

## **1 INTRODUCTION**

The present Bachelor's thesis deals with one of the most serious issue of contemporary British society, namely Britain's current housing crisis and its social impact. The topic of this Bachelor's thesis was selected with respect to the seriousness of the housing market situation in the United Kingdom and thus connected social issues. The selected topic contributes to field of humanities, namely subfield of Cultural Studies, since it is closely connected with culture of society, in this particular case with British society.

The purpose of this Bachelor's thesis is to clarify and describe the British housing issue that is not well known outside of the United Kingdom. The clarification is conducted on the basis of the development in the housing market of the United Kingdom. Since the housing crisis in the United Kingdom seems to be long ignored issue, the objective of this Bachelor's thesis is also to essay at confirmation of a continuance of the housing crisis. The author supposes a support of the theory of negative influence of the housing crisis on British society and also ascertainment of how much the housing crisis influences society in the United Kingdom.

This Bachelor's thesis is comprised of several parts, namely an introduction, a theoretical part, a practical part and a conclusion. The theoretical part is devoted to development in British housing. It is largely focused on both development in home ownership and development in public housing. The subsequent practical part is concerned with the impacts of the housing crisis in the United Kingdom on British society. The main attention in this part is paid to considerable shows in British society, such as Generation Rent, homelessness and need of benefits.

The applied method of processing is compilation with application of content analysis in this Bachelor's thesis. The most of the sources for this Bachelor's thesis were articles from the Internet editions of British



newspapers, such as The Independent, The Guardian in an effort of currentness. During the process of writing this Bachelor thesis the following books were also helpful, for instance: All That Is Solid: the Great Housing Disaster by Danny Dorling and Urban Social Geography by Paul Knox and Steven Pinch. As a source to statistic data were used various publications published by Ministry of Housing, Communities and Local Government in the United Kingdom.

## 2 DEVELOPMENT IN BRITISH HOUSING

The following theoretical part of this Bachelor's thesis concerns itself with a gradual development in the British housing market and thus it describes one of the major causations of the housing crisis in the United Kingdom.

The housing crisis in the United Kingdom seems to be disregarded for a long time, since some indication of the crisis beginning is possible to notice after the Second World War. It was a case of predominantly circumstances that complicated a further development in the British housing market, such as immigration that influenced landlords' perception of apposite tenants and thus it exacerbated accessibility of accommodation to a great number of people.

The development of local authority housing is also connected with post-war era. A progressive development in this sector resulted in more than 400,000 dwellings a year in the late 1960s. [1] However, subsequent political changes enabled sales of state housing to private ownership for instance due to Right to Buy policy from the 1980s. The amount of housing supply decreased considerably owing to a privatisation.

The gradual privatisation of public housing can be considered as one of the possible causation of the current housing crisis in the United Kingdom. The subsequent lack of housing is influencing the housing situation in the United Kingdom hitherto. The government intention of building 240,000 homes a year in 2007-2016 did not succeed. The housing completions declined to 100,000 a year instead. [2]

The British housing market contends with persistent deficiency in vacant dwellings. The contemporary British housing market comprised estimated 23.7 million dwellings [3] that are distinguished on the basis of tenure, figure 1.1. Three main tenures categories are owner occupation and the private and social rented sector. As regards the owner occupation issue there is a possible further division into households in full

ownership and mortgaged households. The social rented sector is comprised of housing association homes and local authority homes. [4]

The following pages of the theoretical part of this Bachelor's thesis are concerned with a gradual development in public housing on the background of the growth of home ownership and thus the development of the housing crisis in the United Kingdom.

The first subchapter is focused on a housing crisis in the most general terms. A content of this subchapter is devoted to description of a housing crisis and its general expressions.

The subsequent subchapter is concentrated on a housing market. It elucidates the function of a housing market and the main involved people in it. Its following part is comprised of the housing submarket clarification.

The third subchapter of this theoretical part is devoted to explanation of the development in home ownership. The following parts of this subchapter are concerned with an instruction of rent controls and inauspicious disinvestment of inner areas.

The fourth and simultaneously the last subchapter of this theoretical part deals with a development of public housing. The subsequent parts of this subchapter are devoted to the clarification of development in a public housing in the United Kingdom, consequent social differentiation, a voluntary sector engagement and the result of the housing policy in the United Kingdom.

## **2.1 Housing crisis**

This subchapter is focused on describing housing crisis in general. The contemporary situation of the British housing market seems to be alarming. It is necessary to comprehend the current housing crisis with its all effects on British society, since it does not represent only a shortage of houses.

A housing crisis in general influences the whole society. The main feature of such a crisis is deficiency in number of affordable housing, but it is not the substantial that endanger society the most. It is impact on everyday life of thousands people in affected society with incessant qualms about ability to cover their expenses, such as mortgage payment. Dilapidated housing is often the first rented accommodation for young families and opportunity to home ownership is becoming more improbable. [5] A great number of families solve their difficult housing situation by living in temporal accommodation. This is connected with relatively frequent moving that negatively impact on lives of children, whenever they are coerced to change school. It has implication that housing crisis concerns a wide range of people either directly or indirectly.

Availability and affordability of housing in Britain seems to be presently one of the most difficult in the EU. British society is confronted with overcrowding of housing caused by low demand on real estate market. Another indication of housing crisis is increasing number of the homeless and consecutive slumification in poor neighbourhoods. The issue of homelessness occasionally seems to be implicit, since it can be visible or hidden. Notwithstanding the fact that the housing crisis in the United Kingdom is connected with lack of affordable housing there are 1 million empty dwellings in aggregate. [6] It is case of private ownership that was rising since introduction of policy of Right to Buy in 1980s. This policy enabled selling of council housing. It had detrimental effect on public housing in the United Kingdom and therefore supply of housing for socially disadvantages families was reduced. Due to restriction of public housing Right to Buy policy can be considered as one of crucial affairs for development of housing crisis in the United Kingdom. [7]

It was not the only reason for future lack of housing. The steep growth of population caused by high immigration only exacerbated the situation on housing market. The United Kingdom is still confronted with

high immigration rate that constantly lead higher the demand for new housing. Nevertheless, building companies are seldom focusing on construction of housing for disadvantaged people. Private residences for the wealthy seem to be more favoured dwellings. British society is confronted with insufficient quantity of affordable homes for lower-income groups and incommensurately low housing construction for distressed people. [8]

Renting of housing could seem to be an acceptable solution of housing crisis but not in the United Kingdom. In spite of approximately 1 million empty dwellings, it is widely believed that renting of accommodation is something precarious or inappropriate. Home ownership is comprehended as one of the indicators of social status, however, it is not relating to renting of that accommodation. For instance homeownership is considered as a one of the essential standards of middle-class status. Housing crisis or rather lack of housing can be also comprehended as a result of individualist society. [9]

## **2.2 Housing market**

The target of this subchapter is to describe housing market in general, since it seems to be necessary for an understanding of development of housing crisis. It also includes a short summary of housing submarkets. This subchapter is written on the basis of Urban Social Geography by Paul Knox and Steven Pinch.

It is necessary to conceive of housing market as a unit of various influences that the housing market is comprised of. In order to adumbrate the building environment, this chapter is concerned with housing in general terms. The main topic of it is the production in building. That means not only creation of new opportunities for people where to live, but also the exchange, distribution and occupancy of the housing. It is

relevant not to omit that the economic, social, cultural and political life of cities is created by housing market. It is also familiar as physical framework of the cities.

However, housing market is not only about provision of property, but also about people involved in such a provision, for instance landowners, who influenced the number of free housing by their willingness to sell. Another group of people who has an influence on housing provision consists of investors, financiers, developers, builders, architects, construction workers, office workers and others. Last but not least consumers also constitute significant group of housing market. It is possible to consider lack of responsible social behaviour of those groups as one of the probable reasons for development in housing crisis. [10]

There is a need not to omit the state as an important agent with its significant role of competition regulator between several actors. The structure of building environment and housing provision are created due to specific linking of particular agents, whether “functional, historical, political, social and cultural” [11] or “with the broader structural elements (economic, institutional) of the political economy”. [12] For purposes of this Bachelor’s thesis, it is mainly oriented on history of social housing production.

### **2.2.1 Housing submarkets**

The main aim of this section is to clarify the division of a housing market so the description of existence of housing submarkets.

It is necessary to understand that housing has its own specific nature closely connected with land and building. It is an essential commodity with a high demand, that originate in lack of free housing for instance in the United Kingdom, bounded in geographical space and it is also form of investment for future. Housing submarkets are developed in

connection to individual needs and ambitions of customers from different socio-economic classes. It follows that “these submarkets are localized, they have a direct expression in the residential structure of the city. At the same time, the spatial outcome of each submarket is significantly influenced by the actions of key decision makers and mediators such as landowners, developers, estate agents and housing managers, whose motivation and behaviour effectively structures the supply of housing from which relocating households make their choices”. [13]

It is significant not to forget about the completeness of housing. It is not only the shelter provider, but also a place that represents goods and services. Housing itself is one of essential indicators of personal security in the neighbourhood, independence of individuals, comfort of living, well-being of residents and last but not least social status. Home ownership is of crucial importance in the United Kingdom, since it also influences access to services that are otherwise unavailable, such as superior education, medical care and leisure time activities. [14]

These services create together value of housing which is dependent on potential clients. It has a logical implication that value of housing is comprised not only attributes of real estate, but also current lifestyle, ambitions, social class and so on of possible purchaser. Significantly, exchange value of real property in the marketplace is mainly influenced by value of housing that also indicates the amount of stored wealth in property that represents cost of acquisition and also the difference between it and possible sale price.

There is need not to omit the fact that the housing markets are inseparable from politics and institutions. Their influence is reflected in special outcome of construction, for instance changes in using of land, patterns of housing development, social housing construction, trends in prices and provided quality of housing. Housing submarkets can be divided into various subgroups according to traditional definition. One

possible division is due to characteristic of housing stock, namely type of dwelling, type of tenancy and price. Another dividing is possible on the basis of location and household type, for instance family status, economic status and ethnicity. It is significant to remark that this definite sorting of housing submarkets is predominantly improbable in urban development. [15]

The latest development in housing submarkets is characterised by transformation of urban housing that proceeds with further increase in number of homeownership housing and thus connected decline in building of inexpensive, privately rented dwelling. Construction and letting of housing that is provided by public authorities is currently characterised with increase occurring in many countries, and subsequent decline.

### **2.3 Development in home ownership**

This subchapter is concerned with subsequent development in home ownership in the United Kingdom as it could be perceived as one of the possible reason for negative development of public housing and resulting housing crisis. Content of its subchapter includes a brief introduction of rent controls and the spatial effect of disinvestment. This subchapter is prepared according to Urban Social Geography by Paul Knox and Steven Pinch.

There is growth in home ownership in all Western countries. Its development caused an impact on housing market that resulted not only in residential differentiation, but also in economy of urbanised societies. "In Britain, the proportion of owner-occupied dwellings rose steadily from 10.6 per cent in 1914 to 28 per cent in 1953, accelerated to reach 52 per cent by 1973, and was estimated to be just under 70 per cent in 2008". [16] Expansion of home ownership was boosted by mortgage interest rates in the 1980s and 1990s; those were at the lowest level during the



past forty years. Not long afterwards in 2000 - 2001, investment in property was recognised as financial reserve for the future. Purchase of real estate became an attractive investment for affluent households. That resulted in the fastest possible trade supported by credit industry, which seemed not always to be conducive for people. Credit industry offered a wide range of packages to enable people to purchase houses that would otherwise be too expensive, namely wide range of mortgages even for people whose income did not comply with the limit for grant a mortgage. This trend in credit industry was common for all Western countries. Variety of policy instruments was implemented to encourage homeownership in the United Kingdom, for instance: “grants to building societies in order to keep interest rates below market rates and to encourage the purchase of pre-1919 dwellings that were formerly rented, the exemption of homes from capital gains taxes, the provision of mortgages by local authorities, the sale of local authority dwellings to ‘sitting tenants’ or newly married couples at a substantial discount from the market price, the introduction of the ‘option mortgage’ scheme to provide cheap loans for first-time housebuyers from lower-income groups, the utilization of public powers of compulsory purchase to acquire development land on which owner-occupier houses could be built, the underwriting of the ‘voluntary sector’ of housebuilding for home ownership through housing associations and the discounted sale of the stock of public housing”. [17]

The growth of home ownership in the United Kingdom was further supported by tax relief subsidies to mortgagees that grew fivefold during the 1970s and the fact that “by the early 2000s state subsidies to owner occupation were 40 per cent higher than to public sector housing”. [18] The growth in home ownership inevitably caused decline in private renting. “Nowhere has this decline been more marked than in Britain, where just over 10 per cent of the housing stock is now rented from

private landlords, compared with around 60 per cent in 1947 and 90 per cent in 1914". [19] Decline of public housing is also reflected in landlords' investments in rental accommodation and ambition of households to home ownership. It has a logical implication that the growth of home ownership is a product of both wider economic and political changes.

### **2.3.1 Introduction of rent controls**

The following section deals with explanation of rent control introduction that was enacted after the First World War due to shortage of housing.

The common tendency of landlords is to remove investment from rental accommodation. The reason, why the behaviour of landlords tends to disinvestment, is described in book Urban Social Geography as follows: "Before 1914, investment in rented property produced income that was almost double the return of gilt-edged securities, even allowing for maintenance and management costs; but after the Second World War landlords in Britain could obtain only around 6 per cent on their investment, compared with the 9 per cent obtainable from long dated government securities" [20] The existence of rent controls has been one of the most significant factors for development of returns in rental housing. Decline in profitability has caused decrease in supply of rental accommodation. Introduction of rent controls was supposed to circumscribe profiteering by landlords during housing shortage in the days of the First World War. The result of such regulation was restriction of landlords' ability to commensurate profit extraction in response to expenditure on covering loan charges, maintenance and controlling. The situation deteriorated even more due to taxation policies, or instance on depreciation costs deduction from taxes was imposed a ban and by means of introduction and enforcement of strict housing costs and building standards. There is need to allow for that that there were more

issues influencing renting and its decline. Whereas landlords could seem to be disadvantaged, tenants in the privately rented sector were confronted with slow rising of their income that were slower than the average. Inflation and rapid increase in landlords' costs conducted predominantly to selling of their property, either to permanent tenants or to developers with interest in site redevelopment. [21]

### **2.3.2 The spatial effects of disinvestment**

In the following subchapter is described impact of disinvestment on development of housing market and further transformation of interested areas.

Disinvestment could be also considered to be one of the causations of Britain's current housing crisis. Deterioration of housing stock in some inner-city neighbourhoods seems to be as serious that could be declared as a reason for lack of interest from prospective buyers that impelled landlords to abandonment of their property altogether. Disinvestment could be also expedited by specialist agencies when it is for them advantageous due to high demand for accommodation in the area, for instance London "purpose-built flats in inter-war suburbs such as Ealing, Chiswick and Streatham and in some central areas - Kensington, Chelsea and Westminster". [22] It is worth mentioning that almost "4 million dwellings have been sold by landlords to owner-occupiers in Britain since the Second World War". [23] Nevertheless, private rented sector is rather old, since comparatively just little new housing was been constructed for private renting, "about 70 per cent of the existing stock in Britain was built before 1950". [24] The deterioration was also developed owing to succession of rent controls. All these issues led to further subsequent decline of the privately rented stock and abandonment of many inner-city areas that were afterwards demolished due to renewal. Reduction in

number and quality of privately rented accommodation substantially influenced the social geography of the city.

The decay of inner-city areas was precipitated by several means. A huge number of lower-middle and successful working class families removed to suburban where they had an opportunity to acquire their own private housing. It conduced to redevelopment of inner-city and subsequently compressed population of people who constantly demanded cheap rented accommodation which resulted in large number of gathered people in the small area. It could be recognised as one of the actions that led to new re-sorting of British society. It is important to realize that people who stayed in inner-city area were not troublesome. This group of people comprised of a wide range of 'short-stay' households. For young couples it represents a provisional occasion to become independent before they are able to afford owner-occupied or public housing. Furthermore, there is a large amount of permanent residents. For those people is obtaining a mortgage or setting some money aside almost unattainable. And what more, allocation of a house in the public sector is also out of their reach. Permanent residents are particularly represented by people with low-income, such as disadvantaged native people, immigrants, transient people, single-parent families and senior citizens with fixed incomes. With decreasing supply of cheap renting accommodation the competition became fiercer. Although these groups were economically similar, they were so different racially that they finally conduced to social conflict which resulted in segregation of the areas and subsequent transformation into also called defended neighbourhoods. [25]

In closing of this subchapter is necessary to mention that the private rented sector abatement was meticulously selected. The demand for luxury flats in city centre of large cities influenced the whole investment. That resulted in preservation of more expensive and untouched buildings of the privately rented sector in cities, such as London. This is also

important for understanding the connection with current housing crisis in the United Kingdom and spatial disinvestment.

## **2.4 Development in public housing**

This chapter prepared according to Urban Social Geography by Paul Knox and Steven Pinch is closely concentrated on the development of public housing in the United Kingdom. The following subchapters are concerned with public housing in the United Kingdom, its differentiation and involvement of voluntary sector in this issue. To begin with this chapter it is significant to mention that the commencement of public housing seems not to be a result of housing need or demand. It is more presumable that it is a consequence of wider political and economic factors.

The public housing supply is available in variety of ways. Nowadays the not-for-profit voluntary sector with the assistance of housing associations constitutes the main role in public housing construction contrary to the past when the majority of public housing was purpose constructed by local authorities.

It is necessary be reminded that the quality and amount of public housing supply is not separated from regulations of central and local government. Public housing is also significantly influenced by public institutions. On the contrary, sooner or later public housing supply is becoming more dependent on their resources. [26]

### **2.4.1 Public housing in the United Kingdom**

The following subchapter prepared according to Urban Social Geography by Paul Knox and Steven Pinch concerns primarily with public housing in the United Kingdom. Development of public housing in the United

Kingdom appears to be crucial for contemporary Britain's housing crisis in consideration of housing privatization. Amount of public housing on current housing stock in the United Kingdom consists of "20 per cent on average". [27]

The development of public housing provision is doubtless connected with the current housing crisis in the United Kingdom. It is essential not to disregard the fact that tradition of public housing in the United Kingdom is not long. The first endeavour in public housing is dated in the late nineteenth century, such as part of the reformations in public health and town planning. Nevertheless, development in public housing was slow due to absention obligation and willingness of local authorities to build such housing. Controversial issue was also that the central government disassociated itself from financing of public housing. The result such an approach was evident, the poor was still relying on charities and dependent on philanthropy.

Only after the First World War the lack of public housing became one of the discussed topics. An acute housing shortage in 1919 caused by housing stagnation during the war was pressing even more after election promise of Prime Minister Lloyd George: 'Homes fit for Heroes'. [28] Distance of government became inconceivable. Effort to control and organise supply of new housing was political necessity, especially renting for working-class people. It resulted in authorization of local authorities to provide such housing.

The situation after the Second World War was analogous only that the lack of housing was caused by war damage. The post-war development was influenced by Labour government oriented on public sector. In 1949 this tendency led into introduction of a Housing act that eliminated restriction of local authorities to the provision of working classes housing. Result of this decision was reflected in the supply of public housing. Local authorities had an ability to acclimatize the supply to

more general prospective not only to working class. Following rapid growth in house building was forthwith commenced in an effort to restoration of housing after the war. With the Conservatives government, the housing supply was modified. It became more concentrated on clearance programmes of slum areas and specific needs of interested groups, such as the elderly and the poor. Although, public housing could seem to be considered to be marginal problem of British society those days, level of government subsidies was regularly increased and the local authorities were enabled owing to succession of legislation to build more additional public housing for wider range of people in society. At the beginning of the 1970s the housing stock in the United Kingdom was mainly determined by share growth of public housing. The first turn in the development of the public housing arrived under the rule of Thatcher government in the 1980s due to significant check of growth under the implemented neoliberal policies. At the same time, the Conservatives introduced their policy of encouraging local authorities to sale housing to sitting tenants. It resulted in diminution of the stock of existing public housing, since the properties were offered up to 60 per cent discount of assessed value. It was attended by reductions in public expenditures, taxation and last but not least the privatization of public services. Realistically, British local government was confronted with incommensurate cuts that were levied on its expenditures and particularly on housing that was considered as not so important for voters of Conservative Party. [29]

#### **2.4.2 Social differentiation**

The main target of the following subchapter, which is based on Urban Social Geography by Paul Knox and Steven Pinch, is to describe social differentiation issue.

The structure and social organisation of British cities is profoundly influenced by introduction of above mentioned policies. Public housing and housing that originated from transformation of local authorities housing is particular concentrated in suburban locations. Integration of public housing in British cities with owner-occupied housing is worth of notice since it brings socio-economic diversity of occupants. This trend could be partly explained as a result of British local authorities planning ability or as a consequence of construction standards favourably comparing facilities of the private market inferior quality. This factor is particularly significant for comparing renting public housing costs with buying private housing costs. Differentiation of British society corresponds suitably with statement about social stratification. That deals with an idea of symbolic distancing of social groups that demand entirely "societies with a high degree of social stratification such as Britain". [30] This theory is possible to serve as an opportunity for British society to become more open for people from different socio-economic groups. There is need also mention that differentiation is not only matter of public sector itself, but also the stock of public housing. This differentiation is closely connected with successive development of public housing supply that can be adumbrated in several categories on the basis of time period. In the book *Urban Social Geography* by Paul Knox and Steven Pinch are described particular periods of the last century, for instance in the 1920s the characteristic constructed estates were 'cottage-style' semi-detached dwellings. A decade later the most of constructed houses corresponded to three- and four-floors flats without lift constructed for families from slums. These dwellings were considered differently than the estates from 1920s. Its reputation was poor according to public opinion despite actuality. [31]

Another change in public housing construction was developed in the post-war era. The housing provision was adapted to interested people. There were tens of thousands of people on the waiting list in



every city and furthermore there were also strict financial constraints and weighty shortage of buildings materials. These circumstances conduced to construction of a large area of functional but spare housing mainly on the outskirts of the cities. The most preferable form of housing that time was low-rise multifamily unit that were earmarked for social deprived groups on the top of the waiting list that were considered to be the most indigent. The socio-economic gradual segregation was developed due to this approach. It has an implication that the first occupants of this newly built accommodation were mainly unskilled and semi-skilled people thus people with practically no chance to gain any housing and large families from overcrowded accommodation. After procuring of these families the remaining housing was also offered to relatively smaller and more affluent households.

Further differentiation of the public housing was sustained by planning and architectural experiments after solution of lack of housing after the Second World War. It served for architects as a manner of publicity stunt and gaining of status.

In contrast to developing after the Second World War, construction of public housing in the 1960s was mostly situated in inner-city areas on slum-clearance location. Maisonettes and high-rise blocks of flats dominated the expansion of public housing in the 1960s. Distinctive feature of the developing of housing provision in the 1960s was exactly high-rise blocks of flats building. Its construction was unique at that time owing to influence of modern movement on architects and planners and also confident of doctrine of high-rise blocks of flats that would bring solution to urban sprawl. [32]

These buildings were presented, such as prestige development by city councils that were supposed to demonstrate pride and achievement of British architecture. Constructions of high-rise housing schemes were also

favoured by central government subsidies and highly demanded by civil engineering companies.

After a year 1968 there was abrupt abatement in high-rise blocks of flats construction. Public opinion could be considered as a one of reasons for the decline in construction of these buildings due to gained notoriety as housing with deleterious effects on family and social life. Another reason for declining popularity of high-rise blocks of flats seems to be apparent paucity in the design and construction of these buildings that probably caused partial collapse of the Ronan Point flats in East London that became crucial for further development. Construction of public housing became unattractive also for big construction firms, which specialised during the late 1960s in office building. Circumstances of the development of public housing resulted in decision of local authorities to abandon the idea of low-cost, high-rise and high-density housing. They continued on in building of low-rise, small-scale housing, that was representative of vernacular architecture after an era of high-rise blocks of flats construction. [33]

Considerable stratification of the public housing stock is reflected in structure of British cities and also in social patterns. Social segregation connected with public sector seems to be distinctive for most British cities, though it is less obvious than in the private sector. Deprived, unskilled and semi-skilled manual households are concentrated in older housing. This is possible result of activities of housing managers and other local authority officials. In the 1980s the introduction of the Right to Buy legislation strongly impacted on the sale of public housing thus the social geography of British cities. At the beginning, proportion of local authority housing descended on the total housing stock, "from about one-third to one-fifth". [34] Nevertheless, the growth in owner occupation was considerably unequal socially as well as geographically. The people who were able to acquire their own homes by purchase were very often affluent local

authority tenants with multiple household incomes. As opposed to affluent tenants acquisition of council homes was less probable for the unemployed, elderly people and single-parent families. In connection with general decrease in the construction of local authority housing evoked widening social inequality. It resulted in residualization and thus the restriction of public sector housing to socially disadvantaged minorities. The sale of required local authority housing entailed missing opportunity of advancement for many suffering families from the less suitable accommodations. [35]

### **2.4.3 Involvement of the voluntary sector**

The following subchapter prepared according to Urban Social Geography by Paul Knox and Steven Pinch concerned with involvement of the voluntary sector and its impact on public housing development.

In recent years a great number of public housing policies essayed transformation of collective housing provision into individualized, privatized forms of housing provision. That resulted in various initiatives comprising new hybrid forms of provision on boundary of public and private sectors. According to build-for-sale that refers to such policy private land is sold to developers at reduced prices.

The role of voluntary sector became crucial in connection to extending home ownership to disadvantaged people that were previously neglected. The principal elements of this sector are housing associations financed by the public sector, namely quasi-autonomous non-governmental organisation known as the Housing Corporation. Traditional activity of this sector was building of properties for specific disadvantages groups that previously suffered by neglecting by local authorities. Nevertheless, competences of this sector were extended due to encouragement to take over estates that were formerly operated under local authority.

Subsequent development was represented by acquisition and betterment of properties intended for sale and dedication to shared ownership schemes, whereby participation in the equity of the property was retained by the housing association. [36]

Reversal of the housing policy occurred under the 1988 Housing Act. It was implemented by Conservative government and ordained the voluntary sector to seek finance from the private sector and to introduce charging of market rents. It produced another exclusion of a great number of people on low incomes as opposed to those on benefits that were able to afford these higher rents.

Creation of poverty trap could be considered as a consequence of this action, since it complicated situation of those on benefits. Affordability of market rents would be no longer acceptable for people with low-paying job. In addition housing associations were supported to purchase difficult-to-sell private housing with assistance of private developers.

These policies resulted in populating of the voluntary sector by the state and decrease in providing of affordable housing for the most vulnerable people. A great number of people with low-income were imprudently attracted by owner-occupation. It caused increase in number of repossessions of properties. That was subsequently amplified by the recessions in the early 1990s and late 2000s. [37]

#### **2.4.4 The result of housing policy**

The following subchapter deals with recent results of politic actions that were above mentioned. It is written on the basis of Urban Social Geography by Paul Knox and Steven Pinch.

Momentous changes between 1997 and 2009 in structure of welfare system in the United Kingdom significantly influenced further development of social housing. It is worth mentioning that housing owned

and controlled by local authorities used to be one of the most significant success of the United Kingdom welfare state.

British society was recently confronted with waiting list for social housing numbers 1.7 million applicants that quantity was increased by rising housing repossession rate. Assumed development of this trend expected further growth in number of impoverished people. Considering the development of housing crisis the local authorities intended to double rates in number of social housing construction “from under 20 000 units to 45 000 units”. [38]

Endeavour of the Labour government in 2008 led to introduction of mortgage rescue scheme whereby local councils and housing associations are able to support indigent households by taking share in the equity of housing and thus there is reduction of outgoings for households struggling with repayments.

Social housing sector in the United Kingdom is confronted with great challenge. Estimate for 2010 accessed approximately 5 million people on the waiting list for social housing in the United Kingdom. [39] The number of unemployed comprised a half of all social housing tenants. Current situation of social housing in the United Kingdom proclaims lenity of above mentioned estimates.

### **3 SOCIAL ISSUES OF HOUSING CRISIS**

The subsequent practical part of this Bachelor thesis is concentrated on the social impact of the housing crisis in the United Kingdom. Attention is primarily paid to indications of the Britain's housing crisis.

As far as housing is considered, there are various, serious social issues to focus on. Society is primarily influenced by accessibility of housing, which is increasingly perceived as even more unaffordable. It is needless to say that the housing crisis has significant impact on everyday life of a great number of the English people. On the other hand, it is also relevant to acknowledge issues that influence the housing crisis, such as immigration and higher popularity of houses than flats that caused a shortage of construction sites. The current situation on the British housing market affirms this propensity of English people to houses. [40]

The housing costs are significant entries of budget items of every inhabitant of the United Kingdom since the British housing market is one of the most expensive in the world. [41] Owing to this contemporary situation of the British housing market and rising housing costs the purchase of own accommodation has become more than a finding of a place to live. The current perception of housing in the United Kingdom is mostly connected with an investment for the future for instance in the form of pension pot. [42]

For the comprehension of impacts of the British housing crisis is also significant to become conscious of the broader connection with British society since housing itself represents and ensures the social status. Further influence of the housing crisis is possible to discover in education due to catchment areas. It has a logical implication that the housing location itself determines the opportunities for education.

The following pages of the practical part of this Bachelor thesis are concerned with the most distinct expressions of the crisis.

The first subchapter is focused on the phenomenon of Generation Rent, the contemporary development in home ownership and the first time buyers. It has an implication that this part is mainly focused on current affordability of housing purchase to young people.

The subsequent subchapter is concentrated on the issue of homelessness. Its following parts are comprised of issues, such as vulnerable groups, temporary accommodation and adverse conditions of housing in the United Kingdom.

The third and simultaneously the last subchapter of this practical part deals with benefits and support that is provided to disadvantaged people. Attention is paid to the Housing Benefit and material assistance, namely the food aid and the growth of food banks.

### **3.1 Generation Rent**

The following subchapter is focused on one of the most marked expression of the housing crisis in the United Kingdom, namely Generation Rent. "Generation rent is a term to describe how many young people are unable to buy a house, but need to privately rent. Since 1993, house prices have risen significantly faster than incomes, making a mortgage out of reach for many people under the age of 30". [43]

Generation Rent can be considered as a result of insufficient development in housing supply. Current construction of new buildings covered about half of the annual housing demand of young people in the United Kingdom. This trend is also connected with incessant growth in housing costs and acquisition housing prices, figure 2.1. The contemporary rent amount is comprises more than a half of income on average. In London the average rent reaches 89 per cent of income. This development in housing costs caused that home ownership is increasingly

becoming unattainable for young people due to impossibility to save up enough money for purchase of piece of real property. [44]

In a great number of cases it seems to be mortgage as an only possible reason for resolution in dire straits. For young people it is very often the only opportunity to possess their own home, an opportunity that could bring them to their financial limits. This is evidence in numerous difficulties in meeting of monthly repayments that led to repossession of 28,900 homes across the United Kingdom in 2013. [45]

Inaccessibility of home ownership resulted in expansion of private rented accommodation that is commonly sub-standard. There are now more than nine million renters including almost 1.3 million families with children. [46] Unfortunately, it cannot be considered as a solution to the inaccessibility of home ownership, since renting is quite often considered as impossibly unstable. Renting uncertainty results from common unexpected considerable rent rise, although it can already amount to more than a half of household income, hidden fees and last but not least incessant apprehension about unforeseen eviction. Nevertheless, the above mentioned conditions are not the only that worry the renters the common experience of renters is also the insufficiency of rented housing. According to charity Shelter “one third of private rented homes in England fail to meet the Decent Homes Standard”. [47]

Insecurity of renting is also intensified by the fact that a great number of landlords can refuse whichever of prospective tenant on the basis of their own expectations. One of the well-known features of landlords, that are not willing to offer their accommodation to every renter, is sign: No DSS. According to this widespread sign is notified every person on Housing Benefit that is unacceptable for the landlord. Another possible requirement of the landlord could be occupation of prospective tenant, a great number of them advertise their accommodation entirely to students.



The Impossibility of young people to afford their own home negatively impacted their succeeding integration into British society. A great number of young people affected with absent prospect of home ownership delayed having children due to effort to acquire a real estate into personal ownership. It is also causation for overcrowded households with already adult offspring. On the other hand a great deal of young people is also confronted with everyday uncertainty about keeping or losing their homes.

### **3.1.1 Development in home ownership**

This subsequent part of the subchapter on Generation Rent is mainly focused on development in home ownership of young people affected by Generation Rent. Statistical data were adopted from English Housing Survey Headline Report, 2016-17.

Generation rent is a term designating a group of young people who have in common difficulties to find an affordable housing and therefore they are forced to share their housing with the other people who are also struggling to find their own housing or stay with their parents even in adulthood. The current situation is characterised by a great number of older age owners and middle age mortgagors. "In 2016-17, 61% of outright owner households had a HRP aged 65 or over while 60% of households with a mortgage had a HRP aged 35-54. About two thirds (68%) of households in the private rented sector had a HRP aged under 45 years". [48] "About one fifth (19%) of social rented households had a HRP aged 16-34, with 19% aged 35-44 and 20% aged 45-54. The most prevalent group in the social rented sector were households with a HRP aged 65 or over (27%)". [49]

Characteristic feature of development in home ownership proportion since 2006 has become considerable diminution of home owners under

age 35. “In 2006-07, about three quarters (72%) of those aged 35-44 were owner occupiers. By 2016-17, this had fallen to half (52%)”. [50] It is worthy of notice that owner occupation is still the most common form of tenure for this age group despite current development. There has been detected a substantial increase in proportion of 35-44 year olds remaining in the private rented sector. There was recorded 11% to 29% growth that represents unchanged situation in the proportion of the social rented sector. However, in 2011-12, the private rented sector became the second common form of tenure for 35-44 year olds and thus it became also more common form of tenure than the social rented sector for this age group. [51]

The development in the private rented sector is currently distinguished by the increase in the proportion of 35s households. “In 2006-07, 27% of those aged 25-34 lived in the private rented sector. By 2016-17 this had increased to 46%. Over the same period, the proportion of 25-34 year olds in owner occupation decreased from 57% to 37%”. [52] It has a logical implication that households with the household reference person who is aged 25-34 are in all probability to be renting privately than purchasing their own property. This trend was firstly identified in 2012-13. Since then the proportion of young people in the social rented sector has not changed. [53]

### **3.1.2 First time buyers**

The main focus of this part is to describe the issue of the first time buyers, and thus demonstrate the impact of Generation Rent on society of the United Kingdom. Statistical data were adopted from English Housing Survey Headline Report, 2016-17, that also serves as resource material.

As a first time buyer is recognised each purchaser who acquires some piece of real estate for a first time in the last three years and who

did not possess any property previously. "In 2016-17, there were around 671,000 first time buyers in England". [54]

Provided that age and selection of housing type is taken into consideration for the first time buyers is the following distinctive: "in 2016-17, the average age of first time buyers was 33 years, up from 30 in 2006-07" and further: "in 2016-17, 43% of first time buyer households were couples without dependent children; 29% were couples with dependent children, while 26% were one person households". [55]

There is a great deal of evidence that for the first time buyers the purchase of a piece of real estate is considerably convoluted due to acquisition price, figure 2.2. A great number of the first time buyers solve their financial situation and thus accessibility of home ownership due to mortgage loan. "Almost all first time buyers (98%) had a repayment mortgage. About half (52%) had a mortgage of 30 years or more; 42% had a 20-29 year mortgage. A small proportion (7%) had a 1-19 year mortgage. Most (80%) first time buyers funded the purchase of their first home with savings; 35% had help from family or friends while 10% used an inheritance. Many first time buyers used a combination of sources". [56]

The impact of Generation Rent can be even more serious considering the fact that it contributes to creation of 'rootless generation' due to common moving leading to community separation that has a possible result in homelessness. [57]

## 3.2 Homelessness

The following subchapter is concerned with one of the main features of the current British housing crisis, namely homelessness. All statistic data for this subchapter were adopted from: Statutory homelessness and prevention and relief, October to December (Q4) 2017: England.

Since there is no comprehensive survey that would substantiate a total number of homeless people in the United Kingdom, there is need to become conscious of statutory homelessness as a part of the total homeless rate. [58] The statutory homeless data do not include all individuals struggling with homelessness, for instance living in hostels, rough sleeping and even the complete number of “hidden homeless” is not completely known owing to the fact that not all struggling household approach with a request for support to the local authorities. The issue of the homeless is intensified by overcrowded, sharing or concealed housing. [59]

In general terms, homelessness can be considered as the most obvious issue connected with the current housing crisis in the United Kingdom; nevertheless, homelessness itself is comprised not only of people sleeping rough, but also of a great number of people who live in need and are dependent on relief of local authorities or various charities.

This vulnerable group of people is mainly comprised of people in need, such as the disabled, previously in care, probable victims of domestic violence, former asylum seekers, ex-servicemen, released prisoners, drug and alcohol addicts and those with dependent children. “Local authorities in England accepted 13,640 households as statutorily homeless in 2017”. [60] These people at risk of homelessness are also called ‘hidden homeless’. [61]

The rising number of homeless people in the United Kingdom is alarming and can be considered as a conspicuous evidence of ongoing

housing crisis. “The number of homeless households has risen to more than 50,000 a year”. [62] For the comprehension of social impacts of housing crisis, it is necessary to realize that homeless households are not always comprised of individuals but in great number of cases of households even with dependent children.

Temporary accommodation is becoming in many cases the common practise for these households; nevertheless, “more than 2,000 people a year will have no roof over their head at all, ending up sleeping rough”. [63]

### **3.2.1 Vulnerable groups**

The following part of this subchapter is focusing on description of the most vulnerable groups within the homelessness. Before the vulnerable groups are described, there is need to elucidate the concept of homelessness.

The following definition clarify homeless issue and involvement of local authorities in this issue as follows: “a household is considered homeless if the local authority deems that they do not have a legal right to occupy accommodation that is accessible, physically available, which it would be reasonable for the household to continue to live in. For households which are unintentionally homeless and in a priority need category (such as having dependent children) the local authority has a main duty to secure settled accommodation. The local authority has a duty to ensure suitable temporary accommodation is provided until settled accommodation is available. These households are referred to as statutorily homeless acceptances. As well as the statutory duties to priority need households, local authorities also have a duty to provide free advice and assistance to all households threatened with homelessness”. [64]

The British housing market is considered to be one of the most expensive in the world. It has a logical implication that housing expenditures are also considerably high and for a great number of people represents a substantial proportion of their budget. The inexorable growth in housing expenditures can be considered as a one of the possible circumstances that have negative implications on disadvantaged people, in this case renters.

It is essential to take into consideration that renting is assumed in the United Kingdom to be a necessity, not a choice. Not only attitude of landlords to tenants and frequently unsatisfactory conditions of such accommodation contribute to this opinion, but also unpredictability of lease. Nevertheless, the majority of renters has almost no opportunity to change their accommodation. The housing expenditures comprise so substantial part of the budget of tenants that a significant majority of them is unable to make any savings or to adapt to rising rents. The fact resulted in conviction that tenants are the most vulnerable group at risk of homelessness.

The termination of shorthold tenancy with a private landlord was the main causation of loss of the last settled home in 2014. [65] “These 3,680 households represent 27% of all acceptances in England and 1,160, or 31%, of accepted households, in London”. [66] Subsequent affordability of housing has an influence on the inaccessibility of further accommodation that is negatively affected in large measure by the expansion of the private rented sector. It seems to be necessary for tenants to request assistance of the local authority by the end of private tenancy to find new affordable housing. The common practise of British local authorities is almost immediate placement of involved households in temporary accommodation. [67]

### 3.2.1.1 Temporary accommodation

The main aim of this following part is the clarification of temporary accommodation percentage on the British housing market.

Temporary accommodation facilities are provided by local authorities as solution to tenants confronted with issue of a loss of their previous accommodation. “This was the outcome for 64% (8,690) of the acceptances during the quarter. In 29% of cases (3,900) the household was provisionally able to remain in their existing accommodation to await an offer of alternative accommodation”. [68]

Temporary accommodation is provided for indigent people who are considered to be homeless and seek simultaneously suitable alternative accommodation, for people waiting for a homeless decision, for purposely homeless people and for households in priority need who reside in temporal accommodation for a limited period. [69]

Towards the end of December 2017, the total amount of households staying in temporal accommodation reached 78,930 with growth of 4% for the last year. The majority of them precisely 60,520 included dependent children. [70] In the same period the total number of households in temporary accommodation on the territory of London was 54,370, which represents 69% of the total England figure. [71]

### 3.2.2 Adverse conditions

The following part of this subchapter focuses on further description of the renting environment. The current common practice of a great number of tenants consisted of apprehension about the future loss of their home. This uncertainty is caused not only by above mentioned unpredictability of landlords, but also technical conditions of such a rented accommodation, especially of high-rises.

In general terms, rented housing and often attendant social housing is considered as a substandard category of accommodation in the United Kingdom. This conviction of British society was even intensified in the 1960s, exactly in 1968 due to partial collapse of the Ronan Point high-rise flats in East London. [72] Nevertheless, this housing disaster was not the only one that undermined the rental and social housing reputation. With respect to further development in rental and social housing another housing disaster seems to be crucial for current housing situation.

According to publication of Ministry of Housing, Communities and Local Government in the United Kingdom the disaster was described as follows: “on the 14 June 2017 a fire broke out in Grenfell Tower in the Royal Borough of Kensington and Chelsea. 151 homes in Grenfell Tower and the neighbouring Grenfell Walk were lost to the fire and residents of those two buildings were made homeless”. [73]

All residents of Grenfell Tower and Grenfell Walk were assured of rehousing in social housing by the Government of the United Kingdom. This housing disaster influenced not only residents who lose their homes due to fire, but also households in surrounding areas, such as Lancaster West Estate due to physical disruption caused by fire. The affected residents were moved into temporary hotel accommodation. The prospective return of the renters was not clear. It seemed not to be clear when the renters would be able to return to their homes. Homeless applications for the residents of Grenfell Tower and Grenfell Walk were processed by 30 September 2017 by the Royal Borough of Kensington and Chelsea. There were in total reported 294 households living in temporary accommodation as of 31 December 2017 from Grenfell Tower, Grenfell Walk and surrounding area. [74]

This kind of disaster has a logical implication in decline in confidence of residents in these buildings and also in system of social housing of the United Kingdom. In case of Grenfell Tower fire to all



survivors regardless of their social status were promised rehousing. According to The Guardian the process of rehousing did not come up to expectations. A great number of affected households remain almost without help in various types of temporary accommodation, such as hotels. [75]

The impact of this disaster on the British social housing is crucial. Currently a great number of social housing tenants are dismayed by the poor condition of preponderance of buildings that are not on coincident with the meeting of safety requirements and also very often failed combustibility tests. The major demerit of such buildings seems to be lack of fire resistant construction materials and insufficient inspection of installed fire alarms and smoke detectors, although extensive use of such devices is highly common in the United Kingdom.

In the United Kingdom there were 90% of households with at least on functioning smoke alarm. This percentage was increased from 89% in 2015-16". [76] It is obvious the connection between working smoke alarm facility and type of tenure. At least one working smoke alarm is prevalent in housing association tenants "(95%), compared with 89% of owner occupiers, 88% of private renters and 93% of households renting from a local authority. Between 2008-09 and 2016-17, the proportion of households with a working smoke alarm increased from 84% to 90%. This increase was observed across all tenures. Since 2015-16, the proportion of private renters with a working smoke alarm has increased from 83% to 88%". [77] The main issue of smoke detectors resides in lack of inspections. Although the amount of homes with installed smoke alarms increased, about a third of interested households had never tested their smoke alarm. Disquieting fact seems to be that 30% of social renters and 30% of private renters have never checked functionality of their smoke alarm. On the other hand, proportion of owner occupiers who have never tested their smoke alarms is clearly lower (19%). [78] Nevertheless, safety

of social rented housing is highly discussed even for lack of carbon monoxide alarms. Scant 33% of all dwellings were equipped with a carbon monoxide alarm in 2016. Nevertheless, it represented an increase from 28% in 2015. The proportion of installed carbon monoxide alarm in owner occupied dwellings is higher (35%) compared to social rented dwellings (31%). It is worthy of notice that prevalence of carbon monoxide alarm was higher in above mentioned cases than in the private rented sector (28%). [79] The proportion of dwellings with installed carbon monoxide alarm was different due to housing facilities, for instance dwellings equipped with a solid fuel burning appliance were more likely (37%) than dwellings with no solid fuel appliance (32%). There is an obligation from October 2015 for private sector landlords to install a carbon monoxide alarm to every room in that is a solid fuel burning appliance and also landlords are required to ensure the correct working of such a device at the beginning of each new tenancy. [80]

Unfortunately, adverse conditions of housing seem to be nothing untoward. According to English Housing Survey Headline Report 2016-17 the part British housing market is still consisted of considerable amount of non-decent homes. "In 2016, a fifth of dwellings (20% or 4.7 million homes) failed to meet the Decent Homes Standard, down from 35% (7.7 million homes) in 2006. The private rented sector had the highest proportion of non-decent homes (27%) while the social rented sector had the lowest (13%). Among owner occupied homes, 20% failed to meet the Decent Homes Standard in 2016". [81]

Another issue that negatively affected public opinion of public rented housing is inappropriate conditions connected mainly with damp. 2% homes had experience with condensation and mould in 2016. The damp seems to be increasing problem with 2% of dwellings affected with rising damp, 1% by penetrating damp. Rented sector is more often affected with the damp problems. Private rented dwellings are affected

with damp problem in percentage of some 8%, social rented dwellings are affected in 5% of cases and 3% of owner occupied dwellings have also some type of problem with damp. [82] In general terms a great number of the private rented dwellings seems to be older and thus in poorer condition. The most common defects of privately rented dwellings are the damp proof course, roof covering, gutters, or down pipes. All these above mentioned defects could cause rising or penetrating damp. [83]

### **3.3 Benefits and support**

The following chapter is devoted to another issue that is closely connected with housing crisis in the United Kingdom, namely financial support in the shape of Housing Benefit and material assistance in the shape of food aid.

Owing to the fact of the rising costs of living and thus associated housing expenditure, a great number of tenants considers difficult to make ends meet. Unfortunately, this issue is not closely connected only with social housing renters but also with majority of tenants of private rented sector, figure 2.3.

The whole housing market is influenced by rising housing expenditures. The continuous tendency of increase in housing costs is becoming acute in the view of the fact that it has a logical implication with rising number of socially disadvantaged people who are increasingly dependent on financial support, such as Housing Benefits and also on material assistance, such as food aid.

For the comprehension of connection to housing crisis is necessary to realise that housing crisis has broader impact. It is not only connected with rising costs and thus aggravated housing situation, but also with affordability of further services. For instance unaffordability of food or unsatisfactory housing conditions have a logical implication that people

who live in poverty can be more predisposed to negative influencing of their general state of health. It follows that British society is confronted with both impacts of the housing crisis. That means it is influenced directly and indirectly.

Common support is rendered by local authorities that are legally obliged to provide assistance to everyone and every household at risk of homelessness according to Homelessness Act 2002. [84] This homeless prevention was introduced in an effort to provide a solution to endangered people by homelessness for at least the next six months due to relief during the seeking of alternative accommodation or enabling to stay in contemporary accommodation. In the majority of cases, alternative accommodation is procured in the form of social housing. [85]

### **3.3.1 Housing Benefit**

The main focus of the following part of this subchapter is to concentrate on Housing Benefit in the United Kingdom that influenced affordability of housing and thus the whole housing market in the United Kingdom. The main attention of this part is devoted to the comparison of households receiving Housing Benefits both in the social rented sector and in the private rented sector. This part is primarily prepared on basis of English Housing Survey Headline Report 2016-17.

The Definition of Housing Benefit is according to English Housing Survey Headline Report as follows: "Housing Benefit is a means-tested benefit provided by the state to low income households living in the two rented sectors. The benefit is usually administered by the local authority in which the rented property is located". [86]

The following figures that relate to current trend in receiving of Housing Benefits show a negative stage of housing development. The following statistic data were adopted in English Housing Survey Headline

Report 2016-17. “In 2016-17, 59% (2.3 million households) of social renters and 22% (1.0 million households) of private renters received Housing Benefit to help with the payment of their rent. Between 2008-09 and 2014-15, the proportion of private renters in receipt of Housing Benefit increased steadily from 19% to 27%; since then the proportion has declined to its current 22%. Among social renters, the proportion in receipt of Housing Benefit increased between 2008-09 and 2012-13 (from 59% to 66%); since then the proportion has dropped back to 59%” . [87]

The development in amount of Housing Benefit is also worth mentioning. Beneficiaries of Housing Benefit living in social rented housing receive in average financial aid amounting to £82 per week that is lower than the average amount of Housing Benefit for private renters (£103). It is also worth mentioning that between 2008-09 and 2016-17, the weekly amount of financial aid for social renters increased from £62 per week but the Housing Benefit remained the same for private renters. [88]

The further evidence of housing crisis in the United Kingdom can be noticed due to differently increasing proportion of social and private renters in receiving of Housing Benefits. According to English Housing Survey Headline Report 2016-17 the redistribution of Housing Benefits can be also represented, such as a difference of economic status. The causation of the amount of private renters receiving Housing Benefit since 2008-09 was increased by the amount of working renters who received Housing Benefit. In 2008-09 the total amount of working private renters receiving Housing Benefit was comprised of 7%. The increase to 14% in 2016-17 represents still lower proportion of working private renters receiving Housing Benefit than in 2014-15 (18%). On the other hand, the proportion of working social renters receiving Housing Benefit increased from 19% to 30% since 2008-09. [89]

### 3.3.2 Growth of food banks

The present part of this subchapter deals with another issue that is closely connected with the housing crisis in the United Kingdom, namely the material assistance in the shape of food aid. The figures were adopted from The Trussell Trust's statistics, since there is no official evidence of food aid beneficiaries in the United Kingdom. It has a logical implication that the following figures are slightly differ from the actual number of food aid beneficiaries.

The rising cost of living is also reflected in ability of large number of British people to spend money. Owing to rising housing expenditure and benefit cuts, there is almost shortage of financial means to cover basic necessity of life. This serious problem is nowadays wide spread in British society. There is a great deal of evidence that food banks are becoming inseparable from acquisition of food for numerous people.

A large number of people is confronted by decision of buying basic foodstuffs or cover housing costs. Thirteen million people live below the poverty line in the United Kingdom according to organisation The Trussell Trust that is one of wide range of food aid providers in the United Kingdom. This situation is also influenced by benefit delays, high cost of living or low income. [90] Demand of people is growing in the United Kingdom where at least 2000 food banks are currently operated. [91]

It is significant to take into consideration that support of food banks is widespread not only between disadvantaged destitute people, but also between working people, who are often hard-pressed to make ends meet and thus are also on the breadline. The help is provided in the form of emergency food parcels. [92] For instance "between 1<sup>st</sup> April 2016 and 31<sup>st</sup> March 2017, The Trussell Trust's Foodbank Network provided 1,182,954 three day emergency food supplies to people in

crisis compared to 1,109,309 in 2015-16. Of this number, 463,938 went to children". [93]

As it is mentioned above, it is impossible due to the absence of official figures to evaluate the current food aid situation and thus exact number of food aid beneficiaries in the United Kingdom. The rough estimate of current number of food aid beneficiaries was established on the basis of project by Independent Food Aid Network. "The study counts the 1,373 distribution centres that operate out of Trussell trust's 419 food banks in its figures alongside the 651 independents to make a total of 2,024 food banks". [94] According to this study a food bank is defined as an organisation that provides the material assistance in the shape of food parcels on a week basis. On the other hand there is a great number of various providers. They are designated as informal food parcel distributors and thus they are not involved in the study. That concerns social welfare charities, children's centres, churches, housing associations, hospitals and other food aid providers. Nevertheless, the total amount of provided food aid is not known due to provision of independent food banks that do not collect any data about provided help to people in need. [95]

Despite to the fact of close connection between housing crisis and growth in number of food aid providers it gives the impression of an appreciable omission of this phenomenon. It seems to be crucial for future development in food aid to conduct an extensive research on the total number of food aid beneficiaries, since it can be easily consider as negligible issue by reason of hidden influencing and unknown number of involved people. The level of the insecurity of food continues to be uncertain, although for a great number of disadvantaged people it presents often the only opportunity to procure food.

## 4 CONCLUSION

The intention of this Bachelor's thesis was to clarify and describe the British housing issue that is not well known outside of the United Kingdom and also prove author's theory of connection between Britain's current housing crisis and extent of its negative impact on British society. It also introduces Britain's current housing crisis as an issue of the recent years alone.

The practical part of this thesis describes housing crisis in the most general terms and a gradual development in the British housing market, above all, in British public housing on the background of the growth of home ownership and thus it clarifies circumstances of the housing crisis in the United Kingdom, such as Right to Buy policy from the 1980s discussed in 2.1 and 2.4.2. The consequences of this policy resulted in persistent deficiency in vacant dwellings and reduction in social housing stock. Currently, availability and affordability of housing in the United Kingdom seems to be one of the most difficult in the EU. It also mentions a fact that the housing crisis in the United Kingdom seems to be disregarded for a long time.

The theoretical part of this Bachelor's thesis dealt with social impact of the Britain's current housing crisis. The thesis proved that social impact of the housing crisis in the United Kingdom is mainly patent due to influence on accessibility of housing, which is currently possible to perceive even more as unaffordable. The broader connection between housing crisis and society was also mentioned in this part. Nevertheless, principal attention was paid to more obvious shows of the housing crisis in the United Kingdom, such as Generation Rent and homelessness. Attention was also paid to beneficiaries of Housing Benefit and recipients of material assistance in the shape of food aid.



This Bachelor's thesis shows that situation of the British housing market seems to be alarming. Owing to the contemporary situation of the British housing market and rising housing costs, represented in figure 2.1, the purchase of own accommodation has become not only an acquisition of a place to live, but also a form of pension pot. Those actions have caused serious housing difficulties. Since the British housing market is confronted with deficiency in number of affordable housing, the conditions are deteriorating. Needs of new construction sites and tenants protection prove to be crucial for further development of the British housing market and thus Britain's housing crisis.

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## **7 ABSTRACT**

The aim of this Bachelor's thesis is to clarify and describe the British housing issues that are not well known outside of the United Kingdom and also prove connection between Britain's current housing crisis and extent of its negative impact on British society. The clarification of the housing crisis is accomplished on the basis of the development in the housing market of the United Kingdom. It does not also introduce Britain's current housing crisis as an issue of the recent years alone. Since the housing crisis in the United Kingdom seems to be long ignored issue, the objective of this Bachelor's thesis is also to essay at confirmation of a continuance of the housing crisis due to negative influence on the British society and also ascertainment of how much the housing crisis influences the society in the United Kingdom.

This Bachelor's thesis consisted of an introductory part which introduces the issues of British housing market and thus the Britain's housing crisis, in the second part, there is described housing crisis in the most general terms and a gradual development in the British housing market. It is largely focused on both development in home ownership and development in public housing. It clarifies circumstances of the housing crisis in the United Kingdom, such as Right to Buy policy from the 1980s. The third part is concerned with the impacts of the housing crisis in the United Kingdom on society. The main attention is paid to considerable shows in British society such as Generation Rent, homelessness and need of Housing Benefits. The social impact of the housing crisis in the United Kingdom is mainly patent due to influence on accessibility of housing, which is currently possible to perceive even more as unaffordable.

Tables depicting development in current housing crisis in the United Kingdom are included at the end of this Bachelor's thesis.



## 8 RESUME

Cílem této bakalářské práce je objasnit a popsat problematiku bydlení ve Velké Británii, která není všeobecně známá za hranicemi Spojeného království a dále potvrzuje spojitost mezi současnou bytovou krizí ve Velké Británii a mírou negativního dopadu na britskou společnost. Objasnění bytové krize je provedeno na základě vývoje trhu s byty ve Velké Británii. Současná bytová krize ve Velké Británii je představena nejen jako záležitost posledních let. Jelikož bytová krize ve Velké Británii se zdá být dlouho opomíjeným problémem, záměrem bakalářské práce je také snaha o potvrzení dalšího trvání bytové krize vzhledem k negativnímu dopadu na britskou společnost a také zjištění do jaké míry bytová krize ovlivňuje společnost ve Spojeném království.

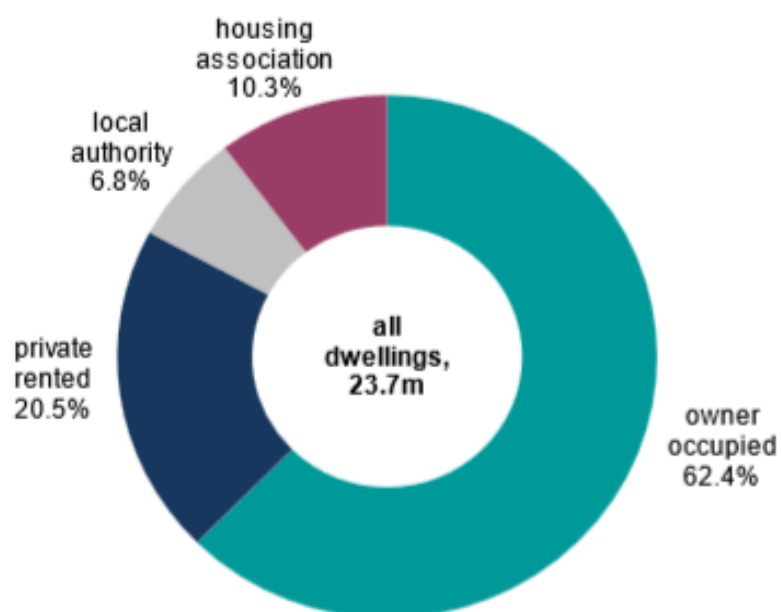
Tato bakalářská práce se skládá z několika částí. První část seznamuje s problematikou bytového trhu Spojeného království a tím bytovou krizí ve Velké Británii. Ve druhé části je bytová krize popsána obecně. Tato část se dále věnuje postupnému vývoji bytového trhu ve Velké Británii. Z velké části se zaměřuje jak na vývoj ve vlastnickém bydlení tak na vývoji obecního bydlení. Vysvětluje okolnosti bytové krize ve Velké Británii, kupříkladu politiku „Right to Buy“ z osmdesátých let minulého století. Třetí část se zabývá dopadem bytové krize na společnost ve Velké Británii. Hlavní pozornost je věnována výrazným projevům v britské společnosti, kupříkladu jev „Generation Rent“, bezdomovectví a potřeba příspěvků na bydlení. Sociální dopad bytové krize ve Velké Británii je zřejmý především kvůli vlivu na dostupnost bydlení, které je nyní možné považovat za cenově ještě nedostupnější.

Tabulky znázorňující vývoj současné bytové krize ve Velké Británii jsou obsaženy na konci této bakalářské práce.

## 9 APPENDICES

### 9.1 Appendix I:

**Figure 1.1** Dwellings by tenure, 2016



**Base: all dwellings**

Figure 1.1 depicts proportion of housing tenure in the United Kingdom.<sup>1</sup>

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<sup>1</sup> English Housing Survey Headline Report, 2016-17 (2018), p.24. [online] Available from: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/675942/2016-17\\_EHS\\_Headline\\_Report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/675942/2016-17_EHS_Headline_Report.pdf)

## 9.2 Appendix II:

**Figure 2.1 UK House prices**

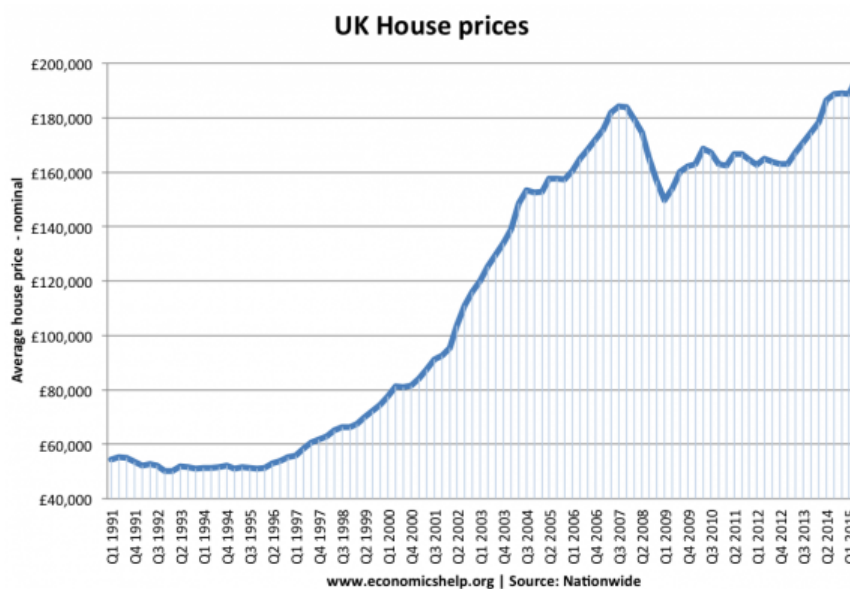


Figure 2.1 shows long-term (Q1 1991 to Q1 2015) development in house prices in British housing market.<sup>2</sup>

<sup>2</sup> <https://www.economicshelp.org/blog/5709/housing/market/>

### 9.3 Appendix III:

Figure 2.2 FTB House price to earnings

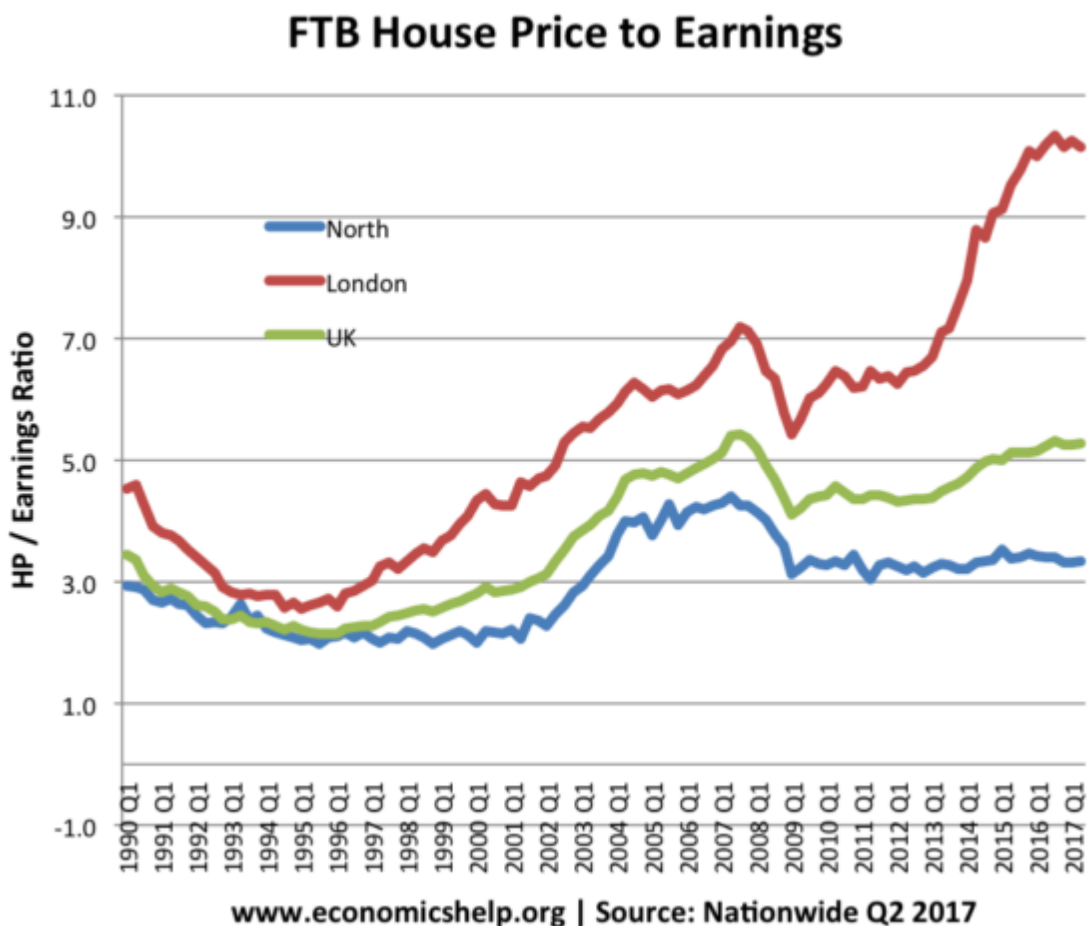
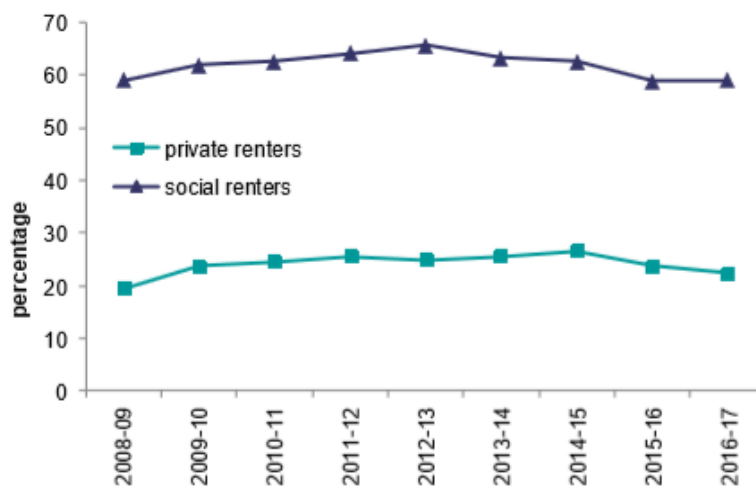


Figure 2.2 depicts how many times home price is higher than earnings of first time buyers. Red line shows situation in London and proves almost two times higher rate than in the United Kingdom.<sup>3</sup>

<sup>3</sup> <https://www.economicshelp.org/blog/5709/housing/market/>

## 9.4 Appendix IV:

**Figure 2.3** Percentage of private and social renters in receipt of Housing Benefit, 2008-09 to 2016-17



Base: all renting households

Figure 2.2 shows variance between percentage of beneficiaries of Housing Benefit in private rented sector and social rented sector.<sup>4</sup>

<sup>4</sup> English Housing Survey Headline Report, 2016-17 (2018), p.18. [online] Available from: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/675942/2016-17\\_EHS\\_Headline\\_Report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/675942/2016-17_EHS_Headline_Report.pdf)

