The housing crisis in the East of England

There is an acute housing crisis in the East of England. Like many parts of the country, people in work are struggling to afford a home to rent or buy. House prices are similar to the national average, yet this masks areas where homes are way out of reach for people on average wages. In areas like Norfolk and Suffolk there are a high number of second homes, while in Cambridge, Hertfordshire and Essex, house prices are more than nine times the average income. An annual household income of more than £100,000 is needed to buy in three districts of Hertfordshire (Hertsmere, St Albans and Three Rivers). Renting privately is also becoming increasingly unaffordable compared to average pay packets, averaging £690 per month and taking up 30% of average incomes. Work is no guarantee of being able to cover housing costs, with a quarter of all housing benefit claimants in the region being employed.

The East of England has a rapidly growing and ageing population which means more new homes are desperately needed for older people to be able to lead healthy, independent lives. Households aged 65 or over are expected to increase by 23% by 2021, joint highest with the South East.

Only around half the number of homes needed to meet demand in the region are currently being built. Over the past four years, 62,950 too few homes were built to keep up with demand. Unless more homes are built now this housing shortfall is set to become even more acute with predictions that over half a million new households (580,000) will form in the region by 2037.

Solving the housing crisis

Britain is in the midst of a housing crisis that has been a generation in the making. This is experienced differently across the country and requires a range of interventions rather than a single solution.

It was no surprise that housing was a top five vote-deciding issue at the last election. The public is demanding action and the Government is responding with a range of initiatives designed to increase supply and help people get a foot on the property ladder.

We have a once in a generation opportunity to tackle the housing crisis and deliver the homes the country so desperately needs. Public attitudes towards housebuilding have shifted and now twice as many people support more new homes being built in their local area. The devolution agenda also provides promising new opportunities for addressing England’s housing challenges on a local level.

Housing associations are a key part of the solution to our housing crisis. They are amongst the most successful public private partnerships in Britain’s history, securing £75bn in private investment since the Conservative Government’s Housing Act in 1988. For every £1 invested by the taxpayer, associations put in £6 of their own money. They invest in communities, house five million people in England and built 50,000 homes last year, 40% of all new homes in the country and one third of all new homes over the last Parliament. Housing associations work to make home ownership more affordable, having helped over 275,000 people to buy their own home over the last 30 years and want to help even more.

By providing secure homes for all we can build a foundation on which anyone and everyone can make a better life for themselves and thousands more people can achieve their aspiration of a home to call their own. We can close the gap between the ‘haves’ and ‘have-nots’ and end the housing crisis within a generation.

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### East of England

<table>
<thead>
<tr>
<th>Average (mean) house prices in 2014</th>
<th>Average (mean) monthly private sector rents in 2013/2014</th>
<th>Mean annual earnings in 2014</th>
<th>Ratio of house prices to incomes</th>
<th>Income required for 80% mortgage 2014 (80% at 3.5%)</th>
<th>% of housing benefit claimants in employment in Feb 2015</th>
<th>Unemployment rate (Dec 2014)</th>
<th>Four-year shortfall 2011–2014</th>
<th>Second homes</th>
<th>All long-term vacant stock</th>
<th>Total HA rented homes 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>£265,888</td>
<td>£720</td>
<td>£26,497</td>
<td>10.0</td>
<td>£60,774</td>
<td>23.8%</td>
<td>6.2%</td>
<td>£-515,340</td>
<td>251,518</td>
<td>205,821</td>
<td>2,573,781</td>
</tr>
<tr>
<td>£251,086</td>
<td>£690</td>
<td>£27,310</td>
<td>9.6</td>
<td>£59,677</td>
<td>24.5%</td>
<td>5.2%</td>
<td>£-32,950</td>
<td>28,762</td>
<td>17,262</td>
<td>261,960</td>
</tr>
</tbody>
</table>

**Housing in the East of England**

1. Lend lease registry 2014
2. VSA Private sector rents 2013/2014
3. ASHE Income table 8 to 14 years all employees
4. ONS® Data Release Feb 2015
5. ONS Model Estimated Numbers of Unemployed Dec 2014
6. Housing Need based on Halman-TCPA projections weighted by DL HUD household projections to a local level, Delivery figures compiled from DCLG Live Table 203a

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**Key Figures:**

- **Average House Price:** £261,086
- **Average Rent:** £720
- **Mean Annual Earnings:** £26,497
- **Ratio of House Price to Income:** 10.0
- **Income Required for 80% Mortgage:** £60,774
- **Unemployment Rate:** 6.2%
- **Four-Year Shortfall:** £515,340
- **Second Homes:** 251,518
- **All Long-Term Vacant Stock:** 205,821
- **Total HA Rented Homes:** 2,573,781