HOUSING IN BRITAIN

COUNCIL OF MORTGAGE LENDERS

HOUSING IN BRITAIN

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INTRODUCTION

The first edition of this book was published in May 1986. The introduction to the first edition said that the book was being published to bring together available information on the housing stock and housing finance in Britain, and also to publish for the first time the results of a major market research survey conducted by The Building Societies Association. A second edition, drawing on a new market research survey, was published in May 1989.

This third edition is being published for the same reasons. The book is not largely original research, but rather brings together information which is not easily accessible on various aspects of the housing stock and housing policy in Britain.

The CML has also commissioned from the British Market Research Bureau a new market research survey, many of the questions in which repeat those asked in 1986 and 1989, and also earlier surveys conducted in 1983 and 1975. The results of the survey are fully reported, and the five surveys together are analysed to show changing attitudes over time.

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CHAPTER 1

HISTORICAL PERSPECTIVE

In order to put present housing policy and conditions into perspective, a brief historical overview is necessary. This chapter briefly surveys trends in housing to provide the historical background for the rest of the book.

PRE-1960

It is generally accepted that in cities in particular, housing standards in Britain in the 19th century were often appalling. In 1885, the report of the Royal Commission on Housing for the Working Classes described overcrowding, inadequate sanitary arrangements and extremes of disrepair and the effects these had on the population. There has, naturally, been an improvement in housing conditions in line with the increase in living standards generally. In Britain, a major feature of the evolving housing market has been the steady rise in owner-occupation and, until 1979, the equally marked increase in the proportion of housing provided by local authorities.

It is generally stated that shortly before the First World War, about 90% of all homes were privately rented, the remaining 10% being owner-occupied. However, there seems no firm basis of fact for this particular calculation, although pre-1914 information for a few areas is consistent with it, as are the national 1938 data about the tenure of the pre-1914 stock.

The First World War saw legislation which was, in the long term, to have a major effect on the nature of the British housing market. The Rent and Mortgage Interest Restriction Act of 1915 fixed rents, gave tenants security against eviction, and prevented increases in interest rates on mortgages. It was intended to be a temporary measure, but, in fact, rent restrictions have remained in force in varying forms ever since.

The Tudor Walters Committee examined house design and recommended (in 1918) that the design of housing should allow for improvements in living standards sufficient for 50 years. The Committee said that families would require more space, more privacy and the provision of individual rooms for separate activities. A minimum area of 900-950 square feet was proposed, and it was also recommended that dwellings should have three bedrooms and a bathroom. The Committee's report had a major influence on housing design in the post-war period.

The Housing and Town Planning Act 1919 (the Addison Act) required local authorities to adopt a strategic view of housing in their areas. An overall objective was set of building 500,000 houses a year over three years, and, for the first time, the Exchequer became prepared to meet any deficit caused by a difference between the level of rents and the cost of new dwellings. The Housing (Additional Powers) Act 1919 introduced subsidies for private building. The Housing Act of 1923 extended subsidies to private builders; 43% of houses built for private owners between 1919 and 1930 were built with subsidy.

It is estimated that in 1938 there were 11.4 million dwellings in England and Wales, of which 32% were owner-occupied, 10% were rented from the public sector and 58% were rented from the private sector.

Shortly before the end of the Second World War, the Government published a white paper ***Housing*** (Cmnd 6609) which set out three objectives of housing policy—

(a) A separate dwelling for each family which wanted to have one.

(b) A rapid completion of post-war slum clearance and overcrowding programmes.

(c) The progressive improvement in the conditions of housing.

Housing was physically rationed in the immediate post-war period, and new building was almost entirely by local authorities for rent. Public sector completions (in England and Wales) rose from virtually nil to 195,000 by 1948, during which year only 33,000 private houses were completed. In 1951, it is estimated that the housing stock in England and Wales had increased to 12.5 million, owner-occupation accounting for 31% and the rapidly growing public rented sector for 18%.

The Housing Act 1949 removed from local authorities the requirement to provide houses only for the "working classes", marking a fairly significant departure from previous policy. This Act also introduced improvement grants payable at the discretion of local authorities to owner-occupiers.

Between 1952 and 1954, building controls were eased, and private housebuilding expanded rapidly. The number of completions in Great Britain rose from a low point of 23,000 in 1951 to 91,000 in 1954. However, public sector housebuilding continued to rise and a record 257,000 dwellings were completed in 1954, a year which also saw

348,000 dwellings in total completed, by far the highest figure in the post-war period, until the boom of the mid-1960s.

The Housing (Repairs and Rents) Act 1954 aimed to deal with obsolete and obsolescent houses through slum clearance, an increase in improvements and encouragement of repairs and maintenance. The Housing Subsidies Act 1956 marked the first post-war attempt to reduce local authority involvement in housing. The subsidy for housing to meet normal needs was first reduced substantially, and it was eventually abolished.

In 1957 there was a major Rent Act which aimed to reverse the effects of rent regulation in Britain. The Act freed from rent control the better privately owned houses and permitted rents to rise on other dwellings subject to a ceiling. All new tenancies were released from rent control. The effect was not to increase the quality and quantity of rented housing, but rather to lead to the sale of previously rented properties, perhaps as landlords feared the reimposition of controls. The position of sitting tenants of decontrolled tenancies was safeguarded by the Landlord and Tenant (Temporary Provision) Act 1958.

It is estimated that by 1960, the number of dwellings in England and Wales had increased to 14.6 million, of which 44% were owner-occupied and 25% rented from the public sector. Table 1.1 shows the available figures for housing tenure in England and Wales between 1914 and 1960.

TABLE 1.1 HOUSING TENURE, ENGLAND AND WALES, 1914-60

Year	Owner-Occupied		Public Sector Rented		Private Sector Rented & Other		Total Dwellings
	Million	%	Million	%	Million	%	Million
1914	0.8	10	—	—	7.1	90	7.9
1938	3.7	32	1.1	10	6.6	58	11.4
1951	3.9	31	2.2	17	6.4	52	12.5
1960	6.4	44	3.6	25	4.6	32	14.6

Source: *Housing Policy, A Consultative Document* (Cmnd 6851), Figure 2, for 1951; *Housing Policy Technical Volume*, Table 1.23 for other years.

The House Purchase and Housing Act 1959 aimed to increase the improvement of older houses, and mandatory grants were introduced for the provision of certain facilities. The Act also saw the first direct involvement of building societies in the Government housing programme. £100 million was lent to building societies to on-lend to purchasers of houses built prior to 1919.

1960-79

In 1963, the white paper ***Housing*** (Cmnd 2050) called for increased house building and greater attempts to deal with slums and obsolescent housing. This was followed by the Housing Act 1964, which established the Housing Corporation with funds to loan to housing associations for cost rent and co-ownership schemes. The Housing Subsidies Act 1967 reformed the subsidy system for local authority housing and provided for the option mortgage scheme which came into effect in 1968.

Both owner-occupation and council housing continued to grow during the 1960s, at the expense of the private rented sector. From 1961 figures are available for Great Britain rather than for England and Wales only. It is estimated that between the April 1961 Census and the end of 1971 the proportion of owner-occupied dwellings increased from 42.3% to 50.6%, the proportion of public sector rented dwellings increased from 25.8% to 30.6%, while the proportion of dwellings in the private rented and other sector fell from 31.9% to 18.9%. Housebuilding reached record levels during the 1960s. Completions averaged 314,000 a year between 1960 and 1964, and 390,000 a year in the second half of the decade, with a record 414,000 units being completed in 1968. Private sector completions also reached a record in that year, 222,000.

The early 1970s saw turmoil in the financial markets generally and, consequentially, in the housing finance market. House prices rose very rapidly in 1972 and 1973, and in 1973 and 1974 there were unprecedented increases in mortgage rates. This made house purchase finance the focus for public attention for the first time, and as a result the Joint Advisory Committee on Building Society Mortgage Finance was established. This met throughout the 1970s and provided a useful forum in which building societies and Government could exchange views. As a result of the work of the Committee, knowledge of the working of the housing finance market increased significantly.

In 1973, the Government published a white paper ***Widening the Choice: The Next Steps in Housing*** (Cmnd 5280) and a second white paper ***Better Homes: The Next Priorities*** (Cmnd 5339) which set out measures to implement the policy. A bill, published early in 1974, was largely taken over by the incoming Labour Government. The main thrust of the resultant Housing Act 1974 was to change the policy of dealing with poor housing from one of clearance to one of rehabilitation. In retrospect this was one of the major pieces of legislation in the post-war period, marking the final ending of the bulldozer policy and its replacement by the rehabilitation of the existing housing stock. In 1974, the Government also implemented a new Rent Act, which extended security of tenure to furnished tenancies. The Housing Rents and Subsidies Act 1975 made considerable amendments to the Housing Finance Act 1972, but was seen as a

stop-gap measure pending a major review of housing finance.

In 1974, the Government announced a major inquiry into housing finance; this was later widened to cover housing policy generally. The results of the review were published in June 1977 in the form of a green paper ***Housing Policy*** (Cmnd 6851). This was accompanied by a three part technical volume which formed the basis for much subsequent analytical work.

The main conclusion of the green paper was that housing needed to be seen as an area needs issue, rather than as a national problem. The green paper noted that there had been a substantial improvement in housing conditions since the War. In 1951 there had been 750,000 more households than houses in England and Wales, but by 1976 this had been transformed into an excess of 500,000 houses over households. The quality of the housing stock had also increased considerably, with the number of households living in physically unsatisfactory conditions or sharing accommodation falling from 10 million in 1951 to 2.7 million in 1976.

The green paper noted that there had been a substantial increase in the proportion of owner-occupiers, particularly in the younger age groups. There was a lengthy discussion on housing subsidies, but eventually only modest proposals were put forward. The green paper argued that the key to the success of its proposals lay in the development of effective local housing strategies, and it suggested that local authorities would need to develop relationships with other bodies including building societies. The accompanying technical volume suggested an underlying level of demand for 135,000 private houses a year in the mid-1970s, rising to 195,000 a year in the mid-1980s. A fall-off in the number of new public sector houses from 161,000 in 1976 to 105,000 in 1986 was also projected.

A significant feature of the green paper was the Government's firm welcoming of the trend towards home ownership. With regard to the public sector, the green paper commented that the growth of owner-occupation could narrow the social make-up of the public rented sector and that tenants could be offered more varied housing opportunities and a greater degree of personal independence. It also suggested that the continued decline of the private rented sector meant that the public sector would have to take over many of its functions, and that demand from small, particularly elderly, households and from the disabled and other groups would continue to increase.

Generally, the period of the 1974-79 Labour Government saw new dwelling completions running at a fairly stable level of between 270,000 and 315,000 a year, although there was a fall-back to 245,000 in 1979. These completions were divided fairly equally between public and private sectors. Owner-occupation and local authority renting continued to increase.

POST-1979

One of the major policy initiatives of the Conservative Government, elected in 1979, was the sale of local authority houses. The "right-to-buy" policy was implemented by the Housing Act 1980 for England and Wales and by the Tenants' Rights Etc (Scotland) Act 1980 for Scotland. Tenants of local authorities, certain housing associations, the Commission for the New Towns, development corporations, the Housing Corporation and the Development Board for Rural Wales were given the legal right to purchase their homes if they had been tenants for more than three years. There were limited exceptions to this general rule. The purchase price payable was set at the market value of the property, less a discount ranging from 33% to 50%. If the house was sold within five years, the discount had to be partly repaid. These provisions have subsequently been liberalised.

The 1980 Housing Act also included a number of other major provisions —

(a) Public sector tenants were given security of tenure.

(b) The new concept of shorthold tenancy was introduced in the private rented sector. This allowed landlords to let at a fair rent for a fixed term of between one and five years with a right to regain possession.

(c) The concept of assured tenancies was also introduced. These could be provided by approved bodies and applied to new houses only. Tenants had the right to renew their tenancy, but rents could be fixed at market levels.

(d) The provisions relating to improvement grants were modified in such a way to make it easier for owner-occupiers to apply for grants and for building societies to loan to purchasers improving their homes with grant aid.

(e) Provision was made for a scheme by which local authorities could guarantee building society mortgages.

The right-to-buy policy proved to be extremely popular, and thereby has reduced the number of local authority houses. The numbers of sales have been influenced by housing market activity generally. Total sales (which include right-to-buy sales) amounted to 92,000 in 1980, rose to a peak 221,000 in 1982, fell to 103,000 in 1986, rose to 199,000 in 1989 and subsequently have fallen back to 80,000 in 1991. Largely as a result, the

owner-occupation proportion rose rapidly from 55.3% at the end of 1979 to 68.0% at the end of 1992. The proportion of houses owned by local authorities, which had peaked at 31.7% at the end of 1978, had fallen to 21.3% by the end of 1992.

The Conservative Government also sharply reduced public sector housebuilding. Completions (including housing associations) had peaked at 163,000 in 1976 and 1977 during the period of the previous Labour Government. In 1979 they fell to 104,000, and in 1982-84 they were stable at 51,000 a year, falling further to 29,000 in 1992. The fall in local authority completions was from 76,000 in 1979 to 33,000 in 1982-84 and 4,400 in 1992. Private sector completions, which had reached a

TABLE 1.2 HOUSING IN GREAT BRITAIN, KEY STATISTICS, 1945-91

Year	Housing Completions				Sales of Local Authority & New Town Dwellings	Renovation Grants Paid to Private Owners & Tenants	Dwelling Stock Year-End			
	Private	Public	Total	Private/ Total			No.	Percentage		
								Owner-Occupied	Public Rented	Other
	000	000	000	%	000	000	000			
1945	1	2	3	37						
1946	30	25	55	55						
1947	41	99	140	29						
1948	33	195	228	14						
1949	26	172	198	13						
1950	27	171	198	14			13,900	29.0	18.0	53.0
1951	23	172	195	12						
1952	34	206	240	14						
1953	63	256	319	20						
1954	91	257	348	26						
1955	113	204	317	36						
1956	124	176	301	41						
1957	126	175	301	42						
1958	128	146	274	47						
1959	151	126	277	54						
1960	169	129	298	57						
1961	178	119	296	60			*16,273	42.3	25.8	31.9
1962	175	131	305	57						
1963	175	124	299	59						
1964	218	156	374	58						
1965	213	168	382	56						
1966	205	180	386	53			17,660	47.1	28.7	24.2
1967	200	204	404	50			17,941	47.8	29.2	23.0
1968	222	192	414	54			18,234	48.7	29.5	21.2
1969	182	185	367	50			18,488	49.0	30.0	21.0
1970	170	180	350	49			18,731	50.0	30.4	19.6
1971	192	159	351	55		103	19,000	50.6	30.6	18.9
1972	196	123	319	62		146	19,214	51.6	30.5	17.9
1973	187	107	294	63		200	19,417	52.5	30.4	17.1
1974	141	129	270	52		246	19,629	53.0	30.7	16.3
1975	151	162	313	48	3	102	19,873	53.4	31.1	15.5
1976	152	163	315	48	6	82	20,127	53.7	31.4	14.8
1977	141	163	303	46	14	71	20,378	54.1	31.7	14.2
1978	149	131	280	53	31	70	20,620	54.7	31.7	13.7
1979	140	104	245	57	44	80	20,826	55.3	31.5	13.1
1980	128	107	235	54	92	95	21,021	56.1	31.1	12.7
1981	115	85	200	58	116	94	21,081	56.6	30.3	13.1
1982	125	50	175	71	221	139	21,242	58.2	29.2	12.6
1983	148	51	199	74	162	293	21,433	59.5	28.3	12.2
1984	159	51	210	76	122	320	21,633	60.6	27.5	11.9
1985	156	40	196	79	109	200	21,825	61.7	26.9	11.4
1986	170	35	205	83	103	163	22,030	62.7	26.2	11.3
1987	184	33	217	85	125	159	22,247	63.8	25.4	10.8
1988	199	33	232	86	177	157	22,475	65.1	24.4	10.5
1989	180	33	211	85	199	145	22,686	66.3	23.2	10.5
1990	156	34	190	82	145	147	22,872	67.2	22.3	10.5
1991	148	30	178	83	80	131	23,046	67.7	21.8	10.5
1992	139	29	168	83	67	N/A	23,235	68.0	21.3	10.7

Source: ***Housing and Construction Statistics***, annual and quarterly volumes.

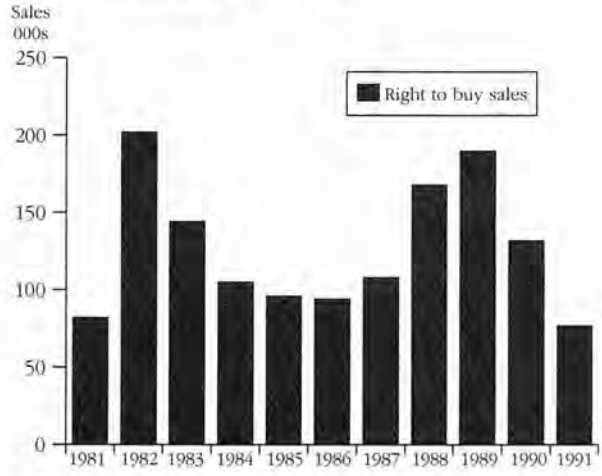
*April figures taken from the Census.

Note: 1. Dwellings owned by housing associations are counted as "other" in the stock figures but as "public sector" in the figures for completions and sales. The housing stock of housing associations increased from 448,000 units in December 1981 (2.1% of the total) to 724,000 (3.1%) in December 1991.

2. 1992 figures are provisional.

low point in 1981 of 115,000, rose to 199,000 in 1988, falling to 139,000 in 1992. The proportion of completions in the private sector increased from 54% in 1980 to 83% in 1992, contributing to the increase in the proportion of houses which are owner-occupied.

CHART 1 RIGHT TO BUY SALES, 1981-91



Detailed statistics for the post-war period for housebuilding, the housing stock, sales of council houses and renovation grants paid to owner-occupiers and tenants are shown in Table 1.2.

The figures for housing tenure in Table 1.2 can be disaggregated further. For example, the owner-occupied sector can be disaggregated between those owned outright and those owned on mortgage, and the privately rented sector can be disaggregated between unfurnished and furnished

TABLE 1.3 HOUSEHOLD TENURE, GREAT BRITAIN, 1971-91

Year	Owner-Occupied		Rented				
	Out-right	Mort gage	With Job or Business	Public Sector	Housing Associ-ation	Privately Rented Unfur-nished	Privately Rented Fur-nished
	%	%	%	%	%	%	%
1971	22	27	5	31	1	12	3
1972	22	27	4	32	1	11	3
1973	22	27	4	32	1	11	3
1974	24	26	3	32	1	10	3
1975	22	28	3	33	1	10	3
1976	23	28	4	34	1	9	2
1977	23	28	3	33	1	8	3
1978	23	30	3	34	1	7	2
1979	22	30	4	34	1	8	2
1980	23	30	3	34	1	6	3
1981	23	31	3	34	2	6	2
1982	24	31	3	32	2	6	2
1983	24	33	2	32	2	5	2
1984	24	35	2	29	2	5	2
1985	24	37	2	28	2	5	2
1986	25	38	2	26	2	5	2
1987	24	39	3	26	2	4	2
1988	24	40	2	26	2	4	2
1989	24	42	2	24	2	4	2
1990	25	41	2	24	3	4	2
1991	25	42	1	24	3	4	2

Source: *General Household Survey.*

dwellings, and also those rented with a job or business. This data is available from the regular survey of households, the ***General Household Survey***. The data are not exactly comparable with the figures for the housing stock as they relate to the whole year and not to the end of the year and to households rather than to houses, but nevertheless they are close enough to merit comparison. Table 1.3 shows the figures.
It will be seen that within the owner-occupied sector, there has been an increase in houses owned on mortgage compared with those owned outright. The proportion of households in privately rented unfurnished property has fallen from 12% in 1971 to 4% in 1991.

PRESENT POLICY

In September 1987 the Government published a white paper Housing: ***The Government's Proposals*** (Cm 214) which remains the best official description of current policy. The detail of these proposals is set out more fully in Chapter 4. This section provides a summary. The white paper set out four main objectives for future housing policy and as the basis for future legislation —

(a) To continue to spread home ownership.

(b) To put new life into the independent rented sector.

(c) To encourage local authorities to change and develop their housing role.

(d) To focus the use of scarce public money more effectively so that tenants are given a better deal.

Many of the Government's proposals were implemented through the Housing Act 1988. The Act is in five parts—

(a) Part I — private sector rented accommodation. Virtually all new lettings in the private rented sector are either assured tenancies or assured shorthold tenancies. In either case rents can be freely set between landlord and tenant and thus effectively rent control on private sector new lettings is abolished.

(b) Part II — housing associations. New housing association lettings are, under Part I of the Act, also assured tenancies, and as a counterpart Part II provides for a new financial regime which requires greater use of private finance. The Housing Corporation was given wider powers, and Scottish Homes and Housing for Wales took over the Corporation's responsibilities in Scotland and Wales.

(c) Part III — housing action trusts. This provides powers for the designation, establishment and operation of housing action trusts which are temporary organisations specially set up by the Government to take over some of the worst

concentrations of local authority housing, renovate it and pass it on to other forms of ownership and management.

(d) Part IV — tenants' choice. This allows most secure tenants of public sector landlords to opt to transfer to new landlords. Potential landlords have to be approved by the Housing Corporation or Tai Cymru (Housing for Wales).

(e) Part V — miscellaneous and general. This part includes a wide range of unconnected provisions, none of which involve major policy issues.

Further legislative proposals were implemented in the Local Government and Housing Act 1989. Much of the 1989 Act is concerned with local authority finance and the way in which local authorities conduct their business. The main points of relevance for housing are—

(a) A new financial regime for local authority housing.

(b) A new simplified system of home renovation grants.

(c) The winding up of the Home Purchase Assistance Scheme which made available a modest grant to first-time buyers.

(d) The transfer of new town housing stock to district councils or approved landlords.

In October 1992, the Housing and Urban Development Bill was published. The Bill provides for two new types of housing tenure schemes, namely leasehold enfranchisement and rent-to-mortgages. The former will enable leaseholders collectively to enfranchise and to acquire the freehold of a block of flats.

The leasehold enfranchisement provisions have been introduced following many years of lobbying for reform of the law governing the tenure under which flats in England and Wales may be owned. It had been recognised that the long-leasehold system had been a failure; it was prone to abuse by landlords and produced a wasting asset. Eventually a new replacement tenure called "commonhold" will be introduced.

The rent-to-mortgages scheme will enable council tenants to purchase their property from the local authority by acquiring a mortgage based on the amount of their weekly rent with any shortfall on the sale price being met by the local authority and secured by a charge by way of legal mortgage on the property.

CHAPTER 2

HOUSING TENURE

Chapter 1 provides a useful background to an examination of the present housing situation in Great Britain. It shows a rapid increase in owner-occupation in the post-war period, an equally rapid increase in local authority housing until recent years, and a continuous decline in the private rented and other sector. This chapter now considers in more detail housing tenure and the housing stock using the latest available statistical information.

TYPES OF TENURE

There are two basic forms of housing tenure, owner-occupation and renting. In simple terms the owner-occupier owns the dwelling in which he lives while the tenant has an agreement to occupy the dwelling, perhaps for a limited time, for which he pays rent to the owner. However, there is a blurring at the edges between the various types of tenure.

In Britain most owner-occupiers of single family dwellings own their homes freehold, meaning that they own the land on which the houses are built. In some parts of the country, notably South Wales, some single family units are owned on long leases, with a fairly small ground rent being paid to the owner of the land.

Flats are usually owned on a leasehold basis, because of the difficulties that can occur in making provision for the maintenance and upkeep of common parts of the dwelling. At present, if the freeholder agrees, it is possible to buy the freehold, a freehold interest, or to extend the lease on a flat. It is the intention of the Housing and Urban Development Bill (HUDB) to confer a right to buy the freehold regardless of the freeholder's wishes. (The HUDB will be discussed in more detail in Chapter 4.)

In Britain the following types of tenure are usually distinguished—

(a) Owner-occupation, with no distinction generally being made between freehold and leasehold properties. Mention should be made here of shared ownership, by which someone owns part of the equity in a dwelling, and simultaneously pays rent on the remainder with the intention being that ultimately the whole of the ownership should be purchased. These dwellings are fairly small in number, and are generally included as being in the owner-occupied sector.

(b) Rented from the public sector, which means largely local authorities, although also new towns and a number of other public sector bodies such as the Development Board for Rural Wales.

(c) Rented from housing associations, which for the most part provide housing with the assistance of Government funds, and can be seen as an alternative form of public sector housing. However, the associations, although they are largely funded by Government, are not considered part of the public sector.

(d) Private rented furnished. Houses in this category are rented from private landlords, and are particularly appropriate for young people.

(e) Private rented unfurnished. These account for a very small proportion of the housing stock in Britain, largely as a consequence of legislation on the rental sector.

(f) Tied accommodation, which embraces all housing units occupied by virtue of a contract of employment.

In practice, many figures distinguish only between owner-occupied housing, public sector rented housing, and the "private rented and other" sector.

THE HOUSING STOCK

At the end of 1992, 68.0% of houses in Great Britain were owner-occupied, 21.3% were rented from the public sector, 3.3% were rented from housing associations and 7.4% were in the private rented and other sector. These figures conceal substantial regional variations. These are illustrated in Table 2.1 (see page 8).

The table shows that the highest level of owner-occupation is in the South East (excluding London) and the lowest level is in Scotland. Correspondingly, Scotland has the highest proportion of public sector rented housing, at 35.7%, with the lowest proportion, 14.3%, being in the South West and the South East. Greater London stands out from the other regions in having a much higher proportion of housing owned by housing associations.

Table 2.2 shows type of accommodation by tenure.

Perhaps this table, more than any other, illustrates the sharp polarization of the housing tenures in Great Britain. Nationally, 19% of housing units are detached dwellings, but for owner-occupied properties the proportion is around 28%, while for

TABLE 2.1 HOUSING STOCK BY TENURE AND REGION, END-1991 (PROVISIONAL)

Region	Stock of Dwellings	Owner-Occupied	Rented		
			Private Sector	Public Sector	Housing Associations
	000s	%	%	%	%
North	1,293	61.1	6.8	28.1	3.9
Yorks & Humber	2,037	66.8	7.4	23.5	2.3
East Midlands	1,659	71.1	7.7	19.2	1.9
East Anglia	885	70.8	10.0	16.3	3.0
Greater London	2,904	62.4	8.4	23.7	5.4
South East (ex London)	4,390	75.0	7.6	14.3	3.1
South West	1,980	74.1	9.6	14.3	2.0
West Midlands	2,105	68.4	5.8	23.0	2.9
North West	2,606	68.9	5.5	21.5	4.0
England	19,860	69.3	7.5	19.9	3.3
Wales	1,201	72.1	7.1	18.1	2.7
Scotland	2,174	53.8	6.7	35.7	3.8
Great Britain	23,235	68.0	7.4	21.3	3.3

Source: *Housing and Construction Statistics*, December quarter part 2, Welsh office and Scottish office.

Notes: 1. Public sector figures include local authorities and new town corporations.
2. Private rented sector figures include accommodation provided with job or business.
3. Tenure is shown as percentage of the total stock of dwellings.

local authority properties it is just 1%. Put another way, 92% of all detached dwellings in Great Britain are owner- occupied. At the other extreme, 56% of all purpose built flats are rented from local authorities. Housing associations appear to be concentrating on providing purpose built flats or maisonette accommodation. This type of accommodation accounts for half of their properties.

Table 2.3 analyses tenure by age of building.

There is little correlation between the age of building and tenure. However, on average, public sector housing tends to be newer than owner-occupied dwellings. Within the owner-occupied sector, newer properties are more likely to be mortgaged than older ones.

TABLE 2.3 TENURE BY AGE OF BUILDING, 1991

	Age of Building				Base
	Before 1919	1919-44	1945-64	After 1965	No
	%	%	%	%	
Owner-occupied owned outright	27	24	25	23	2,435
Owner-occupied with mortgage	24	21	19	37	4,101
Rented public sector	4	18	42	36	2,240
Rented housing association	26	12	8	55	265
Rented with job or business	50	19	12	19	129
Private rented unfurnished	54	23	11	12	359
Private rented furnished	53	20	11	17	199
Total	22	21	25	32	9,728

Source: *General Household Survey 1991*, Table 3.38.

HOUSEHOLDS

Housing tenure can also be analysed by reference to the characteristics of the occupants. One of the most relevant variables to use in this respect is age. Table 2.4 shows the position.

The pattern emerging from this table is very much as one would expect. Young people are more likely to live in rented accommodation than to own their own home. However, by international standards, the proportion of young people renting is low; for example in the United States around 80% of young people rent compared with 25% in the UK. This implies that by international standards, the UK has a greater proportion of young people who are owner-occupiers. This is discussed in more depth in Chapter 10.

Table 2.4 demonstrates that the proportion of owner-occupation rises along with age, reaching a peak of 75% in the 34-44 and the 45-59 age groups, levelling off to around 54% in the older age groups.

The table also supports the view that public sector housing and housing association accommodation is now being occupied increasingly by the old and the young.

TABLE 2.2 TYPE OF ACCOMMODATION BY TENURE, 1991

	Detached House	Semi-Detached House	Terraced House	Purpose Built Flat or Maisonette	Converted Flat or Maisonette	Other	Base No
	%	%	%	%	%	%	
Owner-occupied owned outright	31	36	25	6	2	1	2,459
Owner-occupied with mortgage	24	36	31	6	3	0	4,139
Rented public sector	1	28	34	35	3	0	2,339
Rented housing association	1	8	29	50	13	0	275
Rented with job or business	39	16	5	1	7	17	139
Private rented unfurnished	12	22	27	16	21	2	364
Private rented furnished	5	17	27	11	38	1	202
Total	19	32	29	14	4	1	9,917

Source: *General Household Survey 1991*, Table 3.42.

TABLE 2.4 TENURE BY AGE OF HEAD OF HOUSEHOLD, 1991

Age Range	Owner-Occupied Owned Outright %	Owner-Occupied with Mortgage %	Rented Public Sector %	Rented Housing Association %	Rented with Job or Business %	Privately Rented Unfurnished %	Privately Rented Furnished %	Base No
Under 25	2	34	31	5	3	10	15	404
25-29	1	58	27	3	2	4	6	857
30-44	5	70	17	2	2	2	2	2,750
45-59	23	52	18	2	2	2	1	2,414
60-64	47	22	23	2	2	3	1	760
65-69	53	10	32	2	0	3	0	828
70-79	51	5	32	4	0	7	0	1,286
80 or over	50	2	36	5	0	6	0	623
All	25	42	24	3	1	4	2	9,922

Source: *General Household Survey 1991*, Table 3.32.

The charts below demonstrate that in 1972, approximately 35% of people under the age of 25 lived in private rented accommodation. This compares with around 25% in 1991. The charts together illustrate the general move towards owner-occupation. This trend is particularly pronounced in the 25- 44 age groups.

CHART 2.1 PERCENTAGE OF ADULTS IN PRIVATE RENTED ACCOMMODATION BY AGE GROUP, 1972 AND 1991

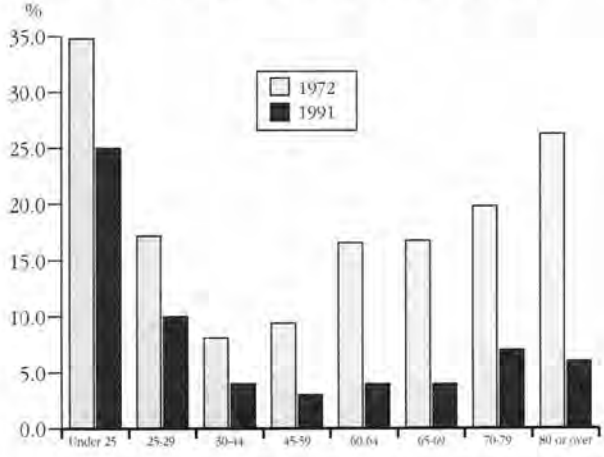


Table 2.5 shows tenure by socio-economic group of head of household.

It can be seen that the higher the socio-economic group, the more likely it is that a householder will be an owner-occupier rather than a local authority tenant. Among professional people, over 90% are owner-occupiers. However, even among manual workers a comparatively high proportion are owner-occupiers. The figures can be presented in a different way. Cross tabulating tenure by

CHART 2.2 PERCENTAGE OF ADULTS BUYING A HOUSE BY AGE GROUP, 1972 AND 1991

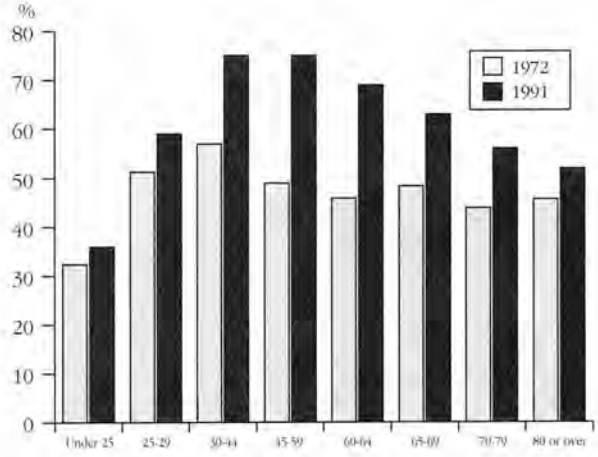


TABLE 2.5 TENURE BY SOCIO-ECONOMIC GROUP OF HEAD OF HOUSEHOLD, 1991

Socio-Economic Group	Owner-Occupied Owned Outright %	Owner-Occupied with Mortgage %	Rented Public Sector %	Rented Housing Association %	Rented with Job or Business %	Privately Rented Unfurnished %	Privately Rented Furnished %	Base No
Professional	12	79	2	0	3	1	4	498
Employers and managers	14	76	4	1	4	1	1	1,298
Intermediate non-manual	13	69	8	1	1	2	5	791
Junion non-manual	13	57	17	4	2	4	2	483
Skilled manual and own account non-manual	14	59	18	2	1	3	2	1,987
Skilled manual and personal service	13	42	33	3	3	4	2	704
Unskilled manual	10	25	51	6	1	7	1	271
Economically inactive	44	9	37	4	0	5	1	3,749
All	25	42	24	3	1	4	2	9,781

Source: *General Household Survey 1991*, Table 3.35.

socio-economic group illustrates how local authority housing is becoming occupied by the relatively old and poor. For example, 59% of local authority tenants are economically inactive (i.e. retired or unemployed) compared with an average of 38% for owner-occupiers.

An analysis of housing tenure by income of head of household also shows such a polarization. In 1991, the mean income of outright owner- occupiers was £225 per week, that for mortgagors was £340 per week, while that for tenants of local authorities and new towns was just £115 per week.

A comprehensive tenure profile of households in Great Britain is given in Table 2.6.

CHART 2.3 PERCENTAGE OF EACH SOCIO-ECONOMIC GROUP IN OWNER-OCCUPATION, 1991

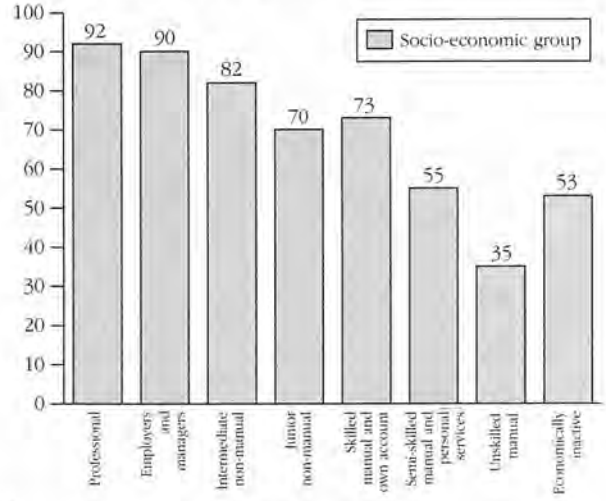


TABLE 2.6 HOUSING TENURE KEY STATISTICS, GREAT BRITAIN, 1991

	Owner-Occupied Owned Outright %	Owner-Occupied with Mortgage %	Rented Public Sector %	Rented Housing Association Business %	Rented with Job or %	Privately Rented Unfurnished %	Privately Rented Furnished %	Total %
Age								
Under 25	0	3	5	7	8	12	30	4
25-29	0	12	10	8	11	10	26	9
30-44	6	46	20	22	34	17	27	28
45-59	22	31	19	19	29	15	9	24
60-64	15	4	7	5	12	6	2	8
65-69	18	2	11	7	3	7	2	8
70-79	27	2	18	20	3	23	2	13
80 or over	12	0	10	12	1	11	1	6
Base = 100%	2,459	4,142	2,340	276	139	364	202	9,992
Highest Qualification								
Degree or equivalent	9	16	1	2	12	6	25	11
Higher education below degree level	11	15	3	3	8	8	10	11
GCE 'A' level or equivalent	6	14	4	6	11	9	22	10
Other	29	32	28	35	33	36	25	31
None	45	22	63	54	37	41	17	37
Base = 100%	1,445	3,809	1,617	186	169	230	181	7,596
Socio-Economic Group								
Professional	2	10	0	0	11	1	10	5
Employers and managers	7	24	2	4	37	5	7	13
Intermediate non-manual	4	13	3	4	6	5	21	8
Junion non-manual	3	7	4	7	7	6	6	5
Skilled manual and own account non-professionals	12	29	16	14	17	19	18	20
Semi-skilled manual and personal service	4	7	10	8	16	8	8	7
Unskilled manual	1	2	6	5	2	5	1	3
Economically inactive	67	8	59	57	4	52	30	38
Base = 100%	2,449	4,070	2,316	257	129	359	183	9,781
Gross Weekly Income (£) Head of Household								
0.01-50.0	2	3	7	6	7	8	15	4
50.1-100	28	5	53	54	10	43	23	26
100.01-150	18	7	15	15	16	14	16	12
150.01-200	12	10	10	9	18	11	12	10
200.01-250	10	13	7	7	17	7	11	11
250.01-300	9	13	5	3	8	6	7	9
300.01-350	4	12	1	1	5	4	5	7
350 plus	17	37	2	5	19	7	11	21
Base = 100%	1,855	3,377	2,006	236	114	299	164	8,052
Mean Income (£)	225	340	115	121	240	146	187	239
Median Income (£)	158	295	84	86	200	96	133	186

Source: *General Household Survey 1991*, Tables 3.32, 3.34, 3.56 and 3.40.

CHAPTER 3

HOUSING CONDITIONS

STATE OF THE HOUSING STOCK

The post war period has seen major improvements in housing standards. It is estimated that in 1951 the number of households exceeded the number of dwellings by close to 950,000. By the mid-1960s the number of households and number of dwellings were approximately equal. However, since then there has been an excess of dwellings over households. Table 3.1 shows the details.

TABLE 3.1 DWELLINGS AND HOUSEHOLDS, GREAT BRITAIN, 1951-91

Year	Dwellings	Households	Excess of Houses over Households
1951	13,813,000	14,760,000	-947,000
1961	16,273,000	16,499,000	-226,000
1971	18,883,000	18,547,999	286,000
1981	21,081,000	20,188,000	893,000
1990	22,872,000	21,905,000	967,000

Source: ***Housing and Construction Statistics, 1981-1991***, and Scottish Office.

However, these figures do not imply that there are too many homes. The crude surplus ignores such factors as second homes, properties undergoing conversion, vacant dwellings and properties classed as unfit.

The Department of the Environment estimates that in 1992 there were approximately 240,000 second homes in Great Britain and approximately 823,000 vacant dwellings in England.

In 1990/91, it is estimated that 27,810 dwellings in England were classified as unfit under section 604 of the Housing Act 1985. To be classified as unfit, the dwelling must be defective in one or more of the categories listed in Table 3.2.

TABLE 3.2 UNFIT DWELLINGS, ENGLAND, 1990/91

Reasons for Unfitness under Section 604	Number of Unfit Dwellings	% of Total Reasons
Stability	3,817	6
Serious disrepair	20,016	30
Dampness	12,676	19
Ventilation	2,383	4
Heating	2,871	4
Lighting	2,529	4
Water supply	2,641	4
Preparation of food	5,378	8
Suitable W.C.	5,087	8
Bath/wash-hand basin	5,933	9
Drainage	2,593	4

Source: ***Housing and Construction Statistics, 1981-1991***, Table 7.11

In addition to there being an excess of dwellings over households, the size of households has fallen. The average household size was 3.09 in 1962, falling to 2.89 in 1971, 2.71 in 1981 and 2.55 in 1991. The changing size of households is reflected in the types of dwellings being built. As can be seen from Table 3.3, between 1976 and 1991 the trend was away from three bedroom properties towards smaller and larger properties. Many of the smaller homes have been built as starter homes designed for young people without families. However, as Chapter 6 will demonstrate, younger people are choosing to enter owner-occupation at a later stage. Hence on average first-time buyers are older. This may lead to a reduction in demand for smaller one bedroom properties which were popular in the late 1980s.

TABLE 3.3 HOUSEBUILDING COMPLETIONS BY SECTOR AND NUMBER OF BEDROOMS, ENGLAND AND WALES, 1976-91

	1976 %	1981 %	1986 %	1991 %
Private Enterprise				
1 bedroom	4	7	12	14
2 bedrooms	23	23	28	29
3 bedrooms	58	50	40	33
4 or more bedrooms	15	21	20	24
Total number	138,477	104,001	155,557	132,291
Housing Associations				
1 bedroom	44	58	60	42
2 bedrooms	34	28	29	38
3 bedrooms	21	12	10	17
4 or more bedrooms	1	2	1	2
All houses and flats				
Total number	14,618	17,363	11,055	17,603
Local Authorities and New Towns				
1 bedroom	32	39	46	42
2 bedrooms	26	28	30	34
3 bedrooms	38	28	21	21
4 or more bedrooms	4	5	2	3
All houses and flats				
Total number	124,512	58,413	20,575	8,569

Source: ***Housing and Construction Statistics, 1981-1991***, Table 6.8.

Notwithstanding the number of unfit dwellings, the proportion of households lacking basic amenities has fallen to negligible levels. Table 3.4 shows how the standards of amenities have improved. By the early 1990s the proportion of households lacking the basic amenities was negligible.

TABLE 3.4 HOUSING AMENITIES, GREAT BRITAIN, 1951-90

Year	% of Households Entirely Lacking		
	Inside Bath	WC	Hot Water Tap
1951	37.6	7.9	n/a
1961	22.4	6.5	21.8
1971	9.1	1.1	6.5
1981	1.9	0.3	n/a

Source: ***Social Trends***, 1986 edition, Table 8.5.

A more detailed breakdown of amenities has been available since 1971. This is shown in Table 3.5.

TABLE 3.5 HOUSEHOLD AMENITIES, GREAT BRITAIN, 1971-90

Amenities	1971 %	1977 %	1983 %	1990 %
Sole use of bath or shower	83	93	97	98
Shared use of bath or shower	3	3	1	1
No bath or shower	9	4	1	1
Sole use of WC inside accommodation	85	92	97	99
Sole use of other WC	11	4	2	–
Shared use of WC	3	1	1	–
Central heating	35	51	64	80

Source: *General Household Survey 1990*, Table 3.28.

POLICY TOWARDS IMPROVEMENT

For many years there has been Government assistance to people improving and repairing their homes. This assistance has taken the form of grants, either mandatory or discretionary and paid by local authorities, although with the finance largely coming from the central Exchequer. There have been numerous changes in the eligibility requirements for grants and in the grant levels themselves.

Prior to the introduction of the current home improvement grant regime under the Local Government and Housing Act 1989, there had been considerable dissatisfaction with policy towards improvement of the owner- occupied housing stock in particular. This dissatisfaction stemmed from three basic causes—

(a) There had been doubt as to how much work had actually been stimulated by improvement grants, rather than the grants merely financing work which would have taken place in any event.

(b) Obtaining improvement grants had proved to be extremely difficult, adding to the already complex process of house improvement and repair.

(c) The frequent changes in eligibility for grants and grant levels had served to vary considerably the workload on local authorities adding to the difficulties which people had in obtaining grant finance.

The Government published a consultation paper on home improvement policy in May 1985, but this met with a critical response, and little was done as a result. In September 1987, the white paper ***Housing: The Government's Proposals*** (Cm 214) was published. The white paper noted that private spending by individuals already accounted for the majority of resources devoted to improving the private stock. The skills and resources of the private sector were said to be important in four main areas—

(a) In improving householders' awareness of what work needed to be done on their property and when.

(b) In providing finance for repair and improvement, and it was noted that the building societies and banks were already developing imaginative loan packages.

(c) In providing a better quality product.

(d) In encouraging a vigorous urban renewal programme.

The white paper said that the Government wanted to see more agency service schemes dedicated to helping people bring about the repairs and improvements they needed. Legislation was proposed to clarify the powers of local authorities to fund agency services. The Government accepted that improvement grants should be given where people could not afford the full costs of essential repair and improvements. A single form of mandatory grant was proposed to bring property up to a new standard of fitness. Above this standard grant assistance would be at the discretion of local authorities. The Government also intended to encourage local authorities to direct help to the areas of greatest need, and there would be a single type of statutory renewal area to replace the general improvement areas and housing action areas. The white paper also put forward the concept of Housing Action Trusts (HATs), which would have a limited life span, with a remit of securing the improvement of the public authority stock transferred to them in their area, and handing it over to other owners and managers.

Some of the Government's proposals were introduced through the Housing Act 1988. Part III of the Act provided powers for the designation, establishment and operation of housing action trusts (HATs) to take over some of the worst concentrations of local authority housing, renovate it and pass it on to other forms of ownership and management. The Act gave the Secretary of State powers to confer on HATs certain additional housing, planning and public health functions. Tenants are also able to vote on whether their area should be designated a HAT. The Government initially selected six areas to be designated as HATs but because of local opposition none were established. Subsequently, the approach has changed as three HATs have been established, in Hull, Waltham Forest and Liverpool; more are likely to follow.

Most of the provisions relevant to the state of the housing stock were included in Local Government and Housing Act 1989. The Act introduced a new system of renovation grants for owner-occupiers, landlords and some categories of tenant. The majority of the new provisions became effective in July 1990. The Act introduced four main types of grant together with a new standard of fitness for human habitation and grants for work to bring dwellings up to this standard became mandatory.

Each of the grants has mandatory and discretionary elements and there is a test of financial resources to determine how much applicants can afford to contribute to the cost of work. With the majority of the grants, dwellings must be a minimum of 10 years old on the date of application to qualify. In addition, there is also a Minor Works Assistance grant which is discretionary and is available for small scale works costing up to £1,000.

The four main types of grants are described below—

(a) Renovation grants which help meet the costs of the improvement and repair of owner-occupied properties and for the conversion of houses and other buildings into flats for letting. Owner-occupiers can apply provided they are freeholders or have at least five years of a lease left to run. Renovation grants for work to make a dwelling fit for habitation are mandatory for owner-occupiers and for landlords. Grants to repair and improve a property beyond the standard of fitness are discretionary, but may be given, for example, for replacing rotten windows and doors.

(b) Disabled facilities grants are for adapting the home of a person who is registered or registerable as disabled or to provide facilities in the home to make it more suitable for their needs. The grants can be mandatory or discretionary depending on the work proposed.

(c) Common parts grants are for the improvement and repair of the common parts of buildings containing flats. The common parts can include, for example, the roof, staircases etc. These grants are mandatory for landlords served with a repair notice for the common parts of the dwelling, but are otherwise normally discretionary.

(d) House in Multiple Occupation (HMO) grants are available for the improvement and repair of houses in multiple occupation and for the conversion of buildings into houses in multiple occupation. Only the landlord can apply for this grant, not the occupying tenants. The grant is normally discretionary unless a notice has been served in which case the grant will be mandatory and will be used to bring the property up to the fitness standard for the number of occupants.

The Act also provided for group repair and area renewal schemes. Group repair schemes are a way of dealing with adjacent houses which are in poor condition. Under this new arrangement a minimum of four houses need to be included in the scheme and at least 75% of the properties must be in poor repair. The local authority must determine that group repair is the most economical option for the dwellings rather than individual renovation or clearance and replacement.

Renewal areas have been introduced to facilitate broader area based strategies for areas which have social and environmental problems in addition to poor quality housing, and this may include environmental and economic regeneration in addition to housing improvements. However, the main aim is to reduced the number of unfit houses either by renovation or by clearance.

Local authorities obtain funds from central Government to finance repairs to their housing stock through what is known as the housing investment programme allocation.

The new system of grants under the Local Government and Housing Act 1989 came into operation from July 1990 in England and Wales. Details of renovation grants paid to private owners and tenants under the 1989 Act are shown in Table 3.6.

TABLE 3.6 RENOVATION GRANTS APPROVED, ENGLAND AND WALES, 1990-91

Year	Mandatory Grants		Discretionary Grants		Total Grants	
	No	Amount £m	No	Amount £m	No	Amount £m
1990	2,959	23	833	3	3,792	26
1991	35,736	356	6,901	35	42,637	391

Source: *Housing and Construction Statistics*, 1981-1991, Table 7.3.

The Act placed emphasis on the importance of agencies in delivering certain aspects of the new housing renewal system. Agencies can play a constructive role in encouraging old and disabled people to carry out grant assisted work on their properties and provide support with the organisation of repair work and advice on where to seek additional finance. In 1990, the Department of the Environment set up specific arrangements for the funding of home improvement agencies in England. Local authorities can bid each year for Exchequer support for up to 50% of the running costs of an agency. In 1991/92, £2.72 million was allocated and 96 projects were supported.

In July 1991 the Government carried out a review of the new renovation grant system to establish how well it was working and to consider what changes might be needed to improve its operation. The review highlighted widespread support for the main principles of the new system, particularly the new targeting of resources on the worst housing and those least able to pay for repairs. Concerns included the harshness of the means-test for grant applicants on lower incomes, the scope for the system still to pay out large grants to those on relatively high incomes, and the resources available to meet demands for grants. Amendments proposed to the system include the introduction of a limit of £50,000 on mandatory grants to owner-occupiers, tenants and landlords and the adjustment of the grant premium and taper in the means test for owner- occupiers and tenants to give more help to those just above income support level and less to the better off.

CHAPTER 4

HOUSING POLICY AND THE INSTITUTIONAL FRAMEWORK

Central Government has a strong influence on housing conditions, especially in the public sector. There have been frequent changes in housing policy and in the various institutional arrangements. Broadly speaking, owner-occupation is left to the free market, local authorities are subject to considerable political control, there is a new framework for the private rented sector, and housing associations are an emerging force. This Chapter briefly overviews the institutional framework for housing in the United Kingdom.

OWNER-OCCUPATION

The Government has a stated policy of encouraging owner-occupation. The white paper ***Housing: The Government's Proposals*** (Cm 214), published in September 1987, set out as one of the four main objectives for future housing policy—

> "The Government will continue to spread home ownership as widely as possible, through encouraging suitable market conditions, continuing tax relief on mortgage interest, and pressing on with the right to buy. The planning system must continue to ensure an adequate supply of land for housing. Owners with limited means will be assisted in keeping their property in good condition."

The white paper went on to set out three ways in which the Government could support the growth of owner-occupation—

(a) Ensuring the smooth operation of the free market in buying, selling and constructing houses.

(b) Ensuring that individual purchasers have the opportunities to acquire a home suitable to their needs and their means.

(c) Ensuring that owners know where to turn for advice about maintenance, repair and how it might be financed.

These are, of course, vague expressions of intent, and do not amount to concrete policy measures. As this book has already illustrated there has been a huge growth in owner-occupation, largely as a result of the sale of local authority houses at substantial discounts and the virtual ending of new building by local authorities.

The Government, in fact, gives very little direct encouragement to owner-occupation. In 1980 a very modest "Homeloan" scheme had been introduced to help house-buyers with the deposit, but this proved ineffective, and provision was made in the Local Government and Housing Act 1989 for its abolition. Tax relief is available on interest on loans up to £30,000 for the purchase of dwellings, and this gives some assistance to housebuyers, although the limit has remained constant since 1983. Eligibility for tax relief has been reduced in a number of ways and from 1994/95 tax relief will be available only at the rate of 20%. In 1993, the stamp duty threshold was raised from £30,000 to £60,000 so as to encourage activity in the housing market.

As the mortgage market has become more competitive, so the house transfer system has also become more competitive, with financial institutions having acquired estate agencies, and generally the whole process becoming more efficient. The threat of competition has also substantially reduced conveyancing fees.

The Department of the Environment has overall responsibility for housing in England (and therefore a significant influence on policy elsewhere in the United Kingdom). Within the Department there is a Housing Minister (who also has other duties), assisted by a Parliamentary Under Secretary. The current Housing Minister is Sir George Young and the Parliamentary Under Secretary of State is Tony Baldry. In Scotland, Wales and Northern Ireland housing is the responsibility of the relevant Government departments, the Ministers being Lord James Douglas-Hamilton (Scotland), Gwilym Jones (Wales) and Robert Atkins (Northern Ireland). However, to a large extent there is a single housing policy in the United Kingdom.

SOCIAL HOUSING

Local authorities have a diminishing role as landlord, and their role as house-builders has been sharply reduced. As a proportion of total housing, local authority housing peaked at 31.7% in 1977. Largely as a result of the right-to-buy there has subsequently been a sharp decrease down to 21.3% at the end of 1992. Similarly, completions of local authority dwellings peaked as long ago as 1967 at 204,000 with the figure falling below 100,000 for the first time since the 1940s in 1981, and falling even further to only 4,400 in 1992. The 1987 white paper ***Housing: The Government's Proposals*** (Cm 214) envisaged that the flow of council tenants buying their home under the right-to-buy would continue, and other council tenants would transfer to another landlord. However, it went on to say that it was

important to improve conditions for those who continue to live in local authority housing. The emphasis is on improving standards of service and maintenance, often by bringing those responsible for maintenance closer to the individual estate.

The Local Government and Housing Act 1989 provided for a new financial regime for local authority housing which was introduced from 1 April 1990. There is a redefined housing revenue account, and controls over items which may be credited or debited to the account. There is also a new housing revenue account subsidy to replace the previous housing subsidy, rent rebate subsidy and rate fund contributions to the housing revenue account. Local authorities are no longer able to subsidise their rental housing stock through their general income.

Under Part IV of the Housing Act 1988 most tenants of local housing authorities and other public sector landlords are given the right to transfer to new landlords. Potential landlords have to be approved by the Housing Corporation or Housing For Wales and there are procedures laid down for identifying and valuing property proposed for transfer. Tenants vote on transfer offers, and the new landlord cannot proceed if more than 50% vote against the transfer, or less than 50% cast a vote either way. However, tenants who vote "no" can have their homes excluded from the transfer. So far this mechanism has been very little used.

Separately from the arrangements 19 local authorities have transferred their housing (97,000 units in total) to housing associations which they have specially created for the purpose. Following a consultation exercise in late 1992, the Government announced a new policy for large scale voluntary transfers. A maximum of 25,000 houses a year can be transferred to housing associations and a bidding process is being implemented. A new maximum of 5,000 units has been set on any one transfer and the Department of the Environment expects to see more transfers to existing housing associations. Generally, the Government wishes to see local authorities not as providers of housing directly, but rather as facilitators. The policy of the Government is summarised adequately in paragraph 5.1 of the white paper—

> "5.1 In the past building by local authorities was seen as the main way of meeting housing needs. In future, local authorities will continue to be closely concerned with housing needs, and will want to ensure that they take into account all aspects of the demand for housing, including home ownership and renting from private landlords. They will also be responsible for managing their large existing stock of housing in such a way that it makes the maximum contribution to meeting the particular housing needs of their areas, especially in the allocation of tenancies. However there will no longer be the same presumption that the local authority itself should take direct action to meet new or increasing demands. The future role of local authorities will essentially be a strategic one identifying housing needs and demands, encouraging innovative methods of provision by other bodies to meet such needs, maximising the use of private finance, and encouraging the new interest in the revival of the independent rented sector. In order to fulfil this strategic role they will have to work closely with housing associations; private landlords; developers; and building societies and other providers of finance. Local authorities are being encouraged to adopt this new approach in preparing their housing investment programmes for 1988/89, and in reviewing and improving the quality of their local housing strategies."

HOUSING ASSOCIATIONS

Housing associations are adopting an increasingly important role in the provision of "social housing". There are a number of different types of housing association. The earliest, Almshouses, date back to the 12th century and were formed by local benefactors or trade guilds to care for particular groups of people. They currently account for about 5% of all housing association properties. In the late 19th century some housing associations were established by charitable trusts set up by people such as George Peabody, Sir Edward Guinness, Samuel Lewis and William Sutton. These Trusts are now among the largest associations. During the 19th century, and around the Second World War, industrial housing associations were established by particular employers.

The Housing Act 1964 gave encouragement to co-ownership and cost rent schemes, but the financing arrangements were complex, and by 1974 these arrangements had more or less ended.

The dramatic growth in housing associations has been since the 1974 Housing Act, enacted by the new Labour Government, but which was largely that formulated by the previous Conservative Government. It provided a capital subsidy for housing associations, in the form of housing association grant, and underpinned this with revenue subsidies. Grants were payable only to associations subject to a new process of registration by The Housing Corporation, which was given new powers and responsibilities to promote and supervise the associations.

Because they have had substantial public funding,

housing associations have been closely controlled by the Government. Between 1974 and 1980 this meant giving priority to housing at fair rents, with emphasis on urban rehabilitation, housing for elderly people and special needs. Since 1980 the associations have had to take account of the Government's desire to increase home-ownership.

On 31 March 1992 there were 2,314 associations in England on The Housing Corporation's register. The three largest, Anchor, North British and North Housing, each own more than 20,000 units.

The Housing Corporation is the regulatory, promotional and funding body for housing associations. It was established in 1964 to promote voluntary housing associations in England, Wales and Scotland. Its basic functions have been to register housing associations and fund their work, but it also has a monitoring and supervisory role. It was given greatly increased powers in 1974, and it has been given further powers through the Housing Act 1988 — these will be described in due course. The Corporation lost direct responsibility for activity in Scotland and Wales under provisions in the 1988 Act which set up a new body, Housing for Wales, to take over the Corporation's role in Wales, while Scottish Homes was established under the Housing (Scotland) Act 1988 to take over the Corporation's functions in Scotland.

For 1993/94, the Housing Corporation has a development programme totalling £1,763 million. During the year, the Corporation expects to approve between 39,100 and 45,700 new homes, 78% for rent and 22% for sale.

The operation of housing associations has greatly changed as a result of the Housing Act 1988. Prior to the 1988 Act, housing association lettings had been at fair rents, and this was the basis on which grant levels were determined. A housing association would assess what rent a completed project could achieve, work back from that figure, taking account of management and maintenance charges, to what loan repayments could be afforded, and the residual was what was needed to be covered by housing association grant, which was generally 90% or more of total costs. In the event of costs rising above the level anticipated there was provision for this through revenue deficit grant.

From 15 January 1989, most new lettings by housing associations are on the assured tenancy basis which means that rents can be set freely by the housing association. This makes it possible for associations to attract private finance, and it is the intention that mixed private and public funding should become the principal method of housing association funding.

One of the most fundamental changes to the way housing associations operate has been through the calculation of housing association grant. Previously the grant was set at a level which made projects viable, and revenue deficit grant was available to meet deficits which fell within specified parameters. Now, associations are given a fixed level of grant and are thereafter on their own. This change has led associations to place a much greater emphasis on risk analysis and has required them to operate on the same commercial basis as most other organisations.

Generally, housing associations are undergoing a major change. They are expected to continue providing "affordable housing", and indeed to adopt an increasingly important role given the reduction in the role of local authorities as landlords. However, they are now also having to operate on a commercial basis, and run the risk of loss if projects do not go according to plan. One particular area of concern is whether the associations will continue to be able to produce housing in high cost areas which can be afforded by people on incomes higher than those which qualify for housing benefit, but substantially below that necessary to purchase a house.

PRIVATE RENTING

As Chapter 1 has shown there has been a steady decline in the private rented sector of housing. At the end of 1991 privately rented unfurnished dwellings accounted for only 5% of the housing stock, and there has been little new investment in this sector for many years. The climate in respect of private rented housing has now changed considerably. Under Part I of the Housing Act 1988 virtually all new lettings in the private rented sector are on an assured tenancy basis, and the significance of this is that rent control has been virtually abolished, something which was deemed to be politically impossible only a few years previously. This measure has been generally accepted, probably because the private rented sector has now shrunk to such a small size that it is difficult to argue that any measure could have an adverse effect.

A number of other measures have made investment in private rented accommodation attractive. No longer does owner-occupation have the huge tax advantages it once did. Tax relief is available only on loans up to £30,000, which in large parts of the country is likely to cover little more than half of the cost of a new dwelling.

Through the Finance Act 1988, the Business Expansion Scheme has been extended to companies providing rented housing through assured tenancies. Broadly speaking, the BES mechanism allows people to invest up to £40,000 a year in unquoted companies, with the investment being deductible from income for tax purposes.

This means that there is a huge tax advantage built into assured tenancies provided through BES companies, and a number of such companies have been set up with several hundred million pounds of funds being subscribed. In early 1993, a number of schemes were established with building societies and other mortgage lenders using properties which had been taken into possession. These schemes were seen as a way of removing some of the backlog of repossessed properties from the market thereby assisting the recovery of the market. The BES mechanism will end in December 1993.

The Government has also introduced a number of schemes to encourage property owners to rent their property. In 1992 The Department of the Environment introduced the Flats above Shops campaign aimed at making available useful living accommodation for rent above shops. In addition, the Housing Associations as Managing Agents (HAMA) Scheme set up a framework in which housing associations would manage private property for rental purposes which would include finding tenants, maintenance of the property and facilitating any required repairs once the tenancy had come to an end.

LEASEHOLD REFORM

The BSA, the CML and others have for many years been lobbying the Government for reform of the law governing the tenure under which flats in England and Wales may be owned (rather than rented). In 1984, the BSA published ***Leasehold — Time For a Change?***, a report which advocated a fundamental restructuring of the system under which flats are owned, and urged the Government to replace the current long-leasehold system with an Australian system known as "strata title" under which individual flat owners own the freeholds of their units.

Apart from some of the large estates, there was general agreement that the long-leasehold system had been a failure. It was prone to abuse by many landlords, it produced a wasting asset and, far too often, an owner wishing to make use of his rights under his lease found that he had no option but to go to court.

In 1991 the Government announced its proposals. The first stage would consist of legislation enabling leaseholders collectively to enfranchise and to acquire the freehold of that block. The new, replacement tenure as the second stage would be called "commonhold" and would be set out in later legislation. The enfranchisement scheme is provided for in the Housing and Urban Development Bill, published in November 1992 and due to complete its parliamentary process by early summer 1993. It is hoped that the Commonhold Bill will be published in late 1993.

SCOTLAND, WALES AND NORTHERN IRELAND

This section briefly outlines key points about housing policy and the housing stock in Scotland, Wales and Northern Ireland. More detailed information is given in Appendix 2.

Scotland differs from the rest of the UK by having a very high proportion of its housing owned by local authorities (38.4% against a national average of 21.8% at end-1991). The policy of selling council houses therefore has considerable scope in Scotland. Between 1980 and 1991, around 175,000 houses and flats were sold to public sector tenants under the right-to-buy scheme and through voluntary sales. Scotland's housing stock tends to be younger than the national average; 57% of dwellings have been built since the end of the Second World War compared with 52% in England. The number of dwellings below tolerable standard fell from 121,000 in 1979 to 57,000 in 1988. Housing completions have been stable at the 16,000-19,000 level since 1982, with the private sector accounting for over 70%.

Scottish Homes assumed the Housing Corporation's role in Scotland in 1989 which included the funding of acquisitions and improvement by its tenants, on a co-operative basis, of existing local authority housing. It also has several additional functions including assisting in the provision of housing for rent at market levels, and providing grants for the improvement of private housing and the physical and social environment.

Housing tenure and conditions in Wales are similar to the position in England. The owner-occupation rate is relatively high (72.0% at end-1991 as against 67.7% for Great Britain as a whole). Between April 1980 and December 1991 around 87,000 public sector houses were sold, a quarter of the stock at end-1979. A particularly high proportion of the Welsh stock is pre-1919 (38.6% against a national figure of 28.0%). The quality of the stock in Wales is slightly lower than that in England, this reflecting the age of the stock. Housing completions have been in the 7,800-9,400 range in recent years, with over 80% being in the private sector.

From 1 April 1989, Tai Cymru (Housing for Wales) has been responsible for the work of housing associations in Wales. Tai Cymru has the similar powers and functions as the Housing Corporation in England as a result of the Housing Act 1988.

Northern Ireland is notable for its unique public sector. The public sector including housing associations accounted for 31% of the total stock in 1991 as against the Great Britain figure of 25%; owner-occupation was 66% against 68%, and private renting and other was 3% against 7%. The public sector stock has fallen from 39% in 1979 as

a result of sales. The Northern Ireland Housing Executive is the single public sector landlord in the province. Completions totalled 6,900 in 1991, almost 40% below the peak of 10,800 in 1985. Private sector completions accounted for 75% of the total in 1991. The housing stock in the province is relatively young, but the stock is of a lower standard than that of England; for example 8.4% of the stock was unfit in 1987 compared with the 1986 figure for England of 4.8%.

PUBLIC EXPENDITURE ON HOUSING

Public expenditure on housing can be broadly sub-divided into capital and revenue expenditure. Figures for capital expenditure in England for 1992/93 are shown in Table 4.1.

It will be seen that the Housing Corporation accounted for well over half of the total capital budget with most of its funding being to promote housing for rent. Local authority expenditure is through housing investment programmes settled by the Department of the Environment. About one-third of the local authority programme is for specific schemes, with the remaining two-thirds being at the discretion of the local authorities. It will be noted that the two major specific allocations are for the renovation of private housing and for the estate action programme. Estate action provides extra resources to help authorities transform unpopular estates.

Analysis of revenue expenditure is difficult because of the complexities caused by housing benefit and is beyond the scope of this book.

TABLE 4.1 CAPITAL PUBLIC EXPENDITURE ON HOUSING, ENGLAND, 1992/93

Category	£m	£m
Housing Corporation		
Housing for rent	2,158	
Housing for sale	163	
Other	50	
Capital receipts	(63)	
Total		2,306
Local Authorities		
Renovation of private housing	330	
Housing defects	59	
Slum clearance	26	
Area improvement	13	
Estate action	347	
Other credit approvals	1,207	
Total		1,982
Housing Action Trusts		27
Total		4,313

Source: *Department of the Environment Annual Report 1993* (Cm 2207), Figures 72, 76 and 80.

CHAPTER 5

ATTITUDES TO HOUSING

This book has so far concentrated on official housing data. This gives a good indication of current housing conditions and forms a firm basis on which policies and views as to the future can be formulated. However, it is also essential to know how people view their housing conditions and what their aspirations are. Research surveys are an accepted method of establishing consumer preferences and attitudes. Over the years there have been a number of such surveys in respect of housing. The most detailed was one conducted in 1975 by the British Market Research Bureau for the National Economic Development Office. The questionnaire used in this survey was largely repeated by The Building Societies Association in surveys conducted in 1983, 1986 and 1989. The survey on which this chapter is based largely repeats the earlier questionnaire.

THE 1993 BMRB SURVEY

The Council of Mortgage Lenders, late in 1992, commissioned the British Market Research Bureau to conduct a comprehensive research survey of attitudes to housing, and also savings. The survey was based on a random location design, the sample size was 2,511 adults (age 16 and over) and the field work was conducted from 15 February to 14 March 1993, almost exactly four years after the previous survey.

The full results of the survey (available with data analysed both by economic planning region and the ITV regions) are being published separately by the Council of Mortgage Lenders (***Housing and Saving 1993, Technical Report and Tables***, the Council of Mortgage Lenders, 1993). Data on the savings market is being published in a companion volume (***Savings In Britain***, The Building Societies Association, 1993). This chapter briefly sets out the major results from the housing part of the survey and Appendix 1 gives in full some of the more important detailed tables.

The tables in this chapter are taken from this new survey and except for the regional figures relate to Great Britain. Table 5.1 (page 20) show the present housing position of respondents, analysed by various demographic and housing variables. This provides a useful base with which to compare aspirations and attitudes. The table also shows the unweighted sample base for each variable.

It should be noted that the survey relates to adults aged 16 and over rather than to households. This helps to explain why a very high level of owner-occupation is shown for the 16-19 age group. It is not that many of these people are owner-occupiers in their own right but that they are living in houses which are owner-occupied. This is a particular problem in the 16-19 age group but otherwise proportions of adults can be expected to correspond fairly well with proportions of households.

ATTITUDES TO TENURE

The survey was aimed particularly at ascertaining tenure aspirations over the next two and ten years. The resultant data can be compared with the current position to forecast likely changes in tenure patterns and how these are broken down by region and demographic variable. Table 5.2 shows responses relating to the type of accommodation in which people would like to be living in two years' time, analysed by their age.

TABLE 5.2 IDEAL TENURE IN TWO YEARS' TIME BY AGE (PERCENTAGE OF ADULTS)

Age Range	Owner-Occupation	Council Renting	Private Renting	Housing Association	Don't Know
16-19	65(52)	8(25)	17(6)	2(2)	7
20-24	78(43)	5(19)	11(21)	1(5)	5
25-34	84(66)	12(24)	2(7)	2(2)	1
35-54	89(77)	9(16)	–(4)	1(2)	1
55-64	80(77)	15(19)	1(2)	2(1)	1
65+	72(71)	21(24)	3(3)	2(2)	1
Total	81(69)	12(20)	4(5)	2(2)	1

Note: Figures in brackets show current tenure.

The table shows that 81% of all respondents regarded owner-occupation as their ideal tenure in two years' time compared with 12% for council renting and 4% for private renting. At the time of the survey 69% of adults were in owner-occupied households and 20% were in council accommodation. There is, therefore, clearly an unsatisfied demand for owner-occupation. The age breakdown enables this to be analysed in detail. Preference for owner- occupation reaches 89% in the 35-54 age group. The gap between actual tenure and desired tenure is greatest in the 20-24 age group where 43% are owner-occupiers while 78% expressed this as their preference. This group also expressed the lowest preference for council accommodation. The table also shows that preference for private renting is most concentrated in the younger age groups, which is exactly what one would expect.

TABLE 5.1 CURRENT HOUSING POSITION (PERCENTAGE OF ADULTS)

	Owning Outright	Owning on Mortgage	Renting Council	Private Furnished	Private Unfurnished	Housing Association	Unweighted Base = 100%
Unweighted Base	628	1,097	515	84	59	54	
Age							
16-19	12	40	25	5	1	2	153
20-24	9	34	19	16	5	5	150
25-34	4	62	24	4	3	2	526
35-54	14	63	16	2	2	2	850
55-64	46	31	19	—	2	1	373
65+	62	9	24	—	3	2	459
Social Grade							
AB	33	59	1	2	1	—	452
C1	27	53	7	6	2	2	687
C2	24	47	21	2	2	2	585
DE	19	23	44	3	4	4	785
Income £							
Under 2,000	16	38	21	10	2	1	88
2,000-2,999	20	23	39	7	3	4	140
3,000-4,999	24	15	46	5	3	4	261
5,000-6,999	32	22	34	1	6	5	221
7,000-9,999	31	30	25	3	3	3	216
10,000-14,999	21	49	20	2	1	2	293
15,000-19,999	22	60	11	4	2	—	231
20,000-24,999	20	70	4	2	2	1	172
25,000-29,999	16	73	2	5	2	—	115
30,000-34,999	9	84	1	—	5	—	73
35,000+	10	87	—	2	—	1	125
Marital Status							
Married	25	52	17	1	2	2	1,659
Single	25	30	26	7	3	3	852
Working Status							
Full time	13	63	13	3	2	1	933
Part time	19	56	16	2	3	1	313
Retired	64	13	18	—	2	1	478
Not working	17	33	33	6	3	4	787
Region							
North	24	40	22	3	3	4	135
Yorks & Humber	23	45	23	4	3	—	226
East Midlands	27	43	22	—	3	1	186
East Anglia	20	46	24	—	3	—	86
South East	27	49	11	5	2	1	482
Greater London	19	41	28	6	2	2	304
South West	31	47	14	2	5	—	215
West Midlands	29	44	18	3	2	1	229
North West	30	48	11	2	2	5	284
Wales	29	36	27	2	1	4	131
Scotland	14	32	40	3	2	6	230
Type of House							
Terraced	21	42	22	5	3	3	735
Semi-detached	25	50	18	2	2	1	902
Detached	34	56	2	2	1	—	392
Flat Maisonette	7	15	59	4	4	8	266
Other	47	31	13	5	3	1	207
Household Size							
One	37	22	26	7	4	3	385
Two	40	36	16	2	2	2	824
3+	12	54	22	3	2	2	1,301
Children							
Yes	5	57	26	2	3	3	850
No	35	37	18	4	2	2	1,661
Sex							
Male	25	45	20	4	2	2	1,202
Female	25	43	21	3	3	3	1,309
Total	25	44	20	3	2	2	2,511

Note: The percentages exclude those renting with a job, in other tenures, who replied "don't know", or retiring from family or friends. These groups account for 3% of the total sample.

Table 5.3 shows a regional breakdown of the figures.

TABLE 5.3 IDEAL TENURE IN TWO YEARS' TIME BY REGION (PERCENTAGE OF ADULTS)

Region	Owner-Occupation	Council Renting	Private Renting	Housing Association	Don't Know
North	80(64)	13(22)	3	4	1
Yorks & Humber	76(68)	17(23)	4	1	2
East Midlands	77(70)	16(22)	4	0	4
East Anglia	83(66)	11(24)	3	2	1
Greater London	79(60)	13(28)	4	2	2
South East	86(76)	7(11)	5	1	2
South West	83(78)	8(14)	5	2	2
West Midlands	84(73)	12(18)	2	1	1
North West	84(78)	7(11)	3	3	3
Wales	81(65)	15(27)	4	1	–
Scotland	69(46)	24(40)	2	3	1
Great Britain	81(69)	12(20)	4(5)	2(2)	2

Note: Figures in brackets show current tenure.

This table shows a fair degree of consistency (with one exception), between the regions of Great Britain in respect of tenure preference. The one exception is Scotland which does, of course, have a very much lower level of owner-occupation than the rest of Great Britain. However, even in Scotland 69% of adults expressed owner-occupation as being their ideal tenure in two years' time, some 12% below the figure for Great Britain as a whole. However, actual owner-occupation in Scotland is 23 percentage points below the proportion of people who would like to be in that tenure, and this suggests that underlying demand exceeds current tenure by a substantial margin. The South West, North West and East Midlands stand out as having current tenure patterns very close to the desired tenure pattern.

Another useful variable by which to analyse tenure preference is current tenure. The figures are shown in Table 5.4.

TABLE 5.4 IDEAL TENURE IN TWO YEARS' TIME BY CURRENT TENURE (PERCENTAGE OF ADULTS)

Ideal Tenure	Current Tenure		
	Owner-Occupation	Council Renting	Private Renting
Owning	96	41	58
Renting from council	1	54	6
Housing association	–	1	6
Private renting	2	2	28
Don't know	1	2	2

The table shows that there is very little demand among owner-occupiers to be in other tenures. Of those in council accommodation 54% said that this would remain their ideal tenure in two years' time, while 41% preferred owner-occupation. It is significant that even among private tenants, where housing conditions are sometimes poor, there is only a very small preference for council renting and a much higher preference for owner-occupation.

It is helpful to look a little beyond two years, especially for the younger age groups. Young people in their late teens or early 20s may well be renting privately and be happy to continue in that tenure for a few more years but would wish within a reasonable time to be owner-occupiers. To take a longer-term view the survey therefore asked for expected tenure in ten years' time. The overall result was that 85% of all adults expressed owner-occupation as being their expected tenure while 9% preferred council renting and just 1% private renting. Table 5.5 shows a more detailed analysis by age.

TABLE 5.5 EXPECTED TENURE IN TEN YEARS' TIME BY AGE (PERCENTAGE OF ADULTS)

Age Range	Owner-Occupation	Council Renting	Private Renting	Housing Association	Don't Know
16-19	91(52)	3(25)	2	–4	
20-24	89(43)	2(19)	2	–	6
25-34	92(66)	5(24)	–	1	1
35-54	91(77)	6(16)	–	1	2
55-64	78(77)	15(19)	1	2	4
65+	69(71)	21(24)	2	2	5
Total	85(69)	9(22)	1	1	3

Note: Figures in brackets show current tenure.

The table shows that in the under 55 age groups, 89% or more of all respondents said that their expected tenure in ten years' time was owner-occupation. In the very young age groups there was an almost negligible preference for council accommodation. However, a much higher proportion of older people expect to remain in council accommodation, as high as 21% in the 65 and over age group.

Table 5.6 shows expected tenure in ten years' time by region. As can be seen from the table a lower proportion of people in Scotland expected to be in owner-occupation than in any other region, 74% compared with the national average of 85%. However, even this figure is substantially above the current figure for owner-occupation of 46%.

TABLE 5.6 EXPECTED TENURE IN TEN YEARS' TIME BY REGION (PERCENTAGE OF ADULTS)

	Owner-Occupation	Council Renting	Private Renting	Housing Association
North	83(64)	10	1	2
Yorks & Humber	81(68)	11	1	–
East Midlands	80(70)	13	2	1
East Anglia	82(66)	11	4	2
Greater London	86(60)	10	1	1
South East	90(76)	4	2	1
South West	89(78)	6	2	1
West Midlands	89(73)	9	–	–
North West	87(78)	6	1	3
Wales	84(65)	14	–	2
Scotland	74(46)	18	–	3
Great Britain	85%(69)	9	1	1

Note: Figures in brackets show current tenure.

HOUSING SATISFACTION

Chapter 3 of this book indicates that the condition of the housing stock can be regarded as a problem. It is therefore instructive to ask people whether they are satisfied with their housing and, if not, to ascertain the reasons for dissatisfaction. The house condition surveys conducted in England and Wales in 1986 provided some useful information in this respect.

Perhaps a surprising result to come out of this new survey is that there is actually a very high degree of satisfaction with housing. 89% of adults said they were satisfied with their housing and only 6% were dissatisfied. Table 5.7 shows a breakdown by tenure.

TABLE 5.7 HOUSING SATISFACTION BY TENURE (PERCENTAGE OF ADULTS)

Level of Satisfaction	Owning Outright	Owning on Mortgage	Council Renting	Private Furnished	Housing Association	All
Very satisfied	65	56	35	43	38	53
Quite satisfied	29	35	44	42	40	36
Neutral	3	4	8	3	12	5
Quite dissatisfied	3	3	6	7	7	4
Very dissatisfied	—	1	7	4	2	2

It will be seen that satisfaction is greatest in the owner-occupation sector where 94% were satisfied with their housing and an insignificant number said they were very dissatisfied. Dissatisfaction is greatest in the council renting sector.

One would expect dissatisfaction to be related to variables such as income and type of house. Indeed it is, but the variations are comparatively small. For example, in terms of income, the percentage expressing themselves quite or very dissatisfied varied only from 2% in the £25,000- £29,000 a year category to 11% in the £2,000-£2,999 year category. By socio-economic category the variation was from 3% in the AB group to 10% in the DE category. The regional variation was from 3% in the Wales and the South East to 12% in Greater London. The greatest variation was in respect of the type of house. Only 1% of those living in detached houses said they were dissatisfied, compared with 18% living in flats or maisonettes.

ATTITUDES TO COUNCIL HOUSE PURCHASE AND ALTERNATIVE LANDLORDS

Chapter 2 notes that a major feature of housing policy at present is the sale of local authority dwellings to sitting tenants. It has been the general assumption that most of the properties that could be sold would be sold, and that most of the tenants likely to purchase would in fact purchase their dwellings within a few years of the right-to-buy policy coming into effect. This theory is given support by the declining number of council house sales over the past few years. However, it is helpful to test the interest on the part of those remaining council tenants in purchasing their homes. The figures are shown in Table 5.8 analysed by age.

TABLE 5.8 INTEREST OF COUNCIL AND HOUSING ASSOCIATION TENANTS IN PURCHASING THEIR HOMES (PERCENTAGE OF HEADS OF HOUSEHOLDS OR SPOUSES WHO ARE COUNCIL TENANTS)

Interest	20-24	25-34	35-54	55-64	65+	All
Very interested	4	19	28	12	6	16
Quite interested	14	20	23	7	8	16
Indifferent	4	3	4	3	1	3
Not very interested	22	17	15	11	8	14
Not at all interested	56	41	30	65	75	51
Don't know	—	—	—	—	—	—

The table shows that 32% of council and housing association tenants are interested in purchasing their homes, suggesting that there remains considerable scope for selling council dwellings. The table shows a marked falling away in interest in purchasing in the older age group in line with the tenure preference outlined earlier in this chapter.

Attitudes to house purchase are substantially influenced by the type of housing occupied. 43% of those in semi-detached houses and 42% of those in detached houses expressed an interest in buying while for those in flats or maisonettes the proportion was 16%.

TABLE 5.9 ATTITUDE TO ATTRACTIVENESS OF HOME OWNERSHIP (PERCENTAGE OF ADULTS)

	More Attractive	Less Attractive	No Change
Age			
20-24	51	30	14
25-34	44	35	18
35-54	42	28	28
55-64	37	28	31
65+	33	20	39
Region			
North	45	17	34
Yorks	40	25	31
East Midlands	47	33	18
East Anglia	45	26	26
South East	36	36	24
Greater London	40	36	20
South West	42	20	33
Wales	36	26	35
West Midlands	48	23	24
North West	38	28	28
Scotland	50	22	20
All	42	28	26

The survey went on to ask about likelihood of council and housing association tenants purchasing

their present homes. 5% said it was very likely that they would, 9% that it was quite likely, 6% were neutral, 16% said it was quite unlikely and 64% said it was very unlikely. It is significant that although Table 5.8 showed that 32% of council and housing association tenants were interested in purchasing their homes, only 14% thought that it was likely they would do so. This suggests that there remains a reasonably high level of unsatisfied demand for council house purchase. Those who do not intend to purchase cited the fact that the house would be too expensive to buy, or that they were too old to buy, as the main reasons.

ATTRACTIVENESS OF HOME OWNERSHIP

The 1993 BMRB survey included a question on whether or not home ownership had become more or less attractive over the last two years. The intention was to test if the problems of falling house prices, large numbers of possessions and negative equity were having a serious impact on people's attitudes to home ownership. Table 5.9 shows the details.

Perhaps one of the most interesting results is that almost a third of respondents in the under 24 age group perceived that home ownership had become

TABLE 5.10 CHARACTERISTICS OF HOME OWNERS BY EQUITY IN HOUSE

	Estimated Selling Price of House					
	A lot more than mortgage %	A little more than mortgage %	About the same %	A bit less %	A lot less %	Unweighted Sample
Age						
20-24	26	39	15	11	6	28
25-34	48	28	12	7	4	303
35-54	78	13	3	3	2	535
55-64	80	11	2	2	3	106
65+	88	6	–	4	–	32
Region						
North	81	9	6	–	–	48
Yorks & Humber	75	17	4	1	1	95
East Midlands	76	9	7	6	–	72
East Anglia	62	15	10	8	2	38
South East	57	22	5	7	7	219
Greater London	55	22	8	10	3	118
South West	54	22	13	5	6	92
Wales	71	21	3	2	–	42
West Midlands	78	14	4	2	1	96
North West	77	15	6	–	2	120
Scotland	72	26	–	–	–	65
Number of Secured Loans						
One	66	18	6	5	3	879
Two	75	14	6	2	3	104
Three +	58	37	5	–	–	19
When Mortgage Was Taken Out						
<1 years	40	31	18	6	1	83
1-2 years	41	33	15	6	4	93
2-3 years	40	24	13	13	6	106
3-4 years	55	27	7	7	5	69
4-5 years	53	31	6	4	4	90
5-10 years	83	11	1	2	2	300
10+	88	7	1	1	2	264
Whether Home Ownership Has Become						
More attractive	66	20	7	3	2	471
Less attractive	60	19	6	8	6	242
No change	76	13	4	3	3	279
Income £						
Less than 2,000	31	69	–	–	–	5
2,000-2,999	61	26	6	–	6	13
3,000-4,999	58	8	4	13	14	31
5,000-6,999	68	13	3	8	–	40
7,000-9,999	64	28	5	1	2	59
10,000-14,999	65	17	11	4	3	136
15,000-19,999	60	21	12	5	2	140
20,000-24,999	64	21	5	6	3	121
25,000-29,999	62	23	7	5	2	86
30,000-34,999	73	17	–	4	5	60
35,000+	79	13	4	1	3	107

less attractive over the last two years. This ties in with the reduction in respondents under 24 years who saw owner-occupation as their ideal form of tenure in two years' time. Further details of the changes in tenure preference can be found in Chapter 6.

Not surprisingly, respondents who live in property worth less than the mortgage are less positive about home ownership than those living in property where the property is worth more than the mortgage. Negative equity is discussed in more detail in the next section.

NEGATIVE EQUITY

The Bank of England has estimated that at the end of 1992 there were approximately 1.7 million home owners living in property worth less than the mortgage. The 1993 BMRB survey included a question on selling price of property in order to examine the characteristics of home owners suffering from negative equity. Table 5.10 (see page 23) shows the details of all home owners, ranging from those who believe they have a house worth more than their mortgage to those who have severe negative equity.

It is evident from the table above that respondents most likely to believe they have negative equity were under 24, or had taken out mortgages in the last four years.

CHAPTER 6

TRENDS IN ATTITUDES TO HOUSING

This chapter looks at trends in attitudes to housing based on the 1993 BMRB survey and results from the following earlier surveys—

(a) A survey conducted in 1967 by the Opinion Research Centre (***Housing Problems, Priorities and Preferences***, Opinion Research Centre, 1967).

(b) A survey conducted by BMRB for The Building Societies Association in 1968 (***Home Finance in Great Britain***, British Market Research Burueau for The Building Societies Association, 1968).

(c) A survey conducted by the British Market Research Bureau for the National Economic Development Office in 1975 (British Market Research Bureau, ***Housing Consumer Survey***, NEDO, 1977).

(d) A survey conducted by the British Market Research Bureau for The Building Societies Association in 1983 (***Housing Tenure***, The Building Societies Association, 1983).

(e) A survey conducted by the British Market Research Bureau for The Building Societies Association in 1986 (Mark Boléat, ***Housing in Britain***, The Building Societies Association, 1986).

(f) A survey conducted by the British Market Research Bureau for The Building Societies Association in 1989 (Mark Boleat, ***Housing in Britain***, second edition, The Building Societies Association, 1989).

(g) A survey conducted by the British Market Research Bureau for the Council of Mortgage Lenders and the BBC in 1991 ('Changing Attitudes to Owner-Occupation' by Adrian Coles in ***Housing Finance, No 11***, Council of Mortgage Lenders, August 1991).

TENURE PREFERENCE

Table 6.1 below shows an increase in preference towards owner-occupation and away from the rented sector. This can be explained by a combination of government policy to encourage home ownership and a shift in social attitudes. In each case respondents were asked what they saw as their ideal tenure in two years' time.

Trends in tenure expectation in ten years' time are similar to the figures for preference in two years' time. Table 6.2 shows the substantial increase in preference for owner-occupation in ten years' time between 1975 and 1983 and modest increases since then.

TABLE 6.1 PREFERENCE FOR TENURE IN TWO YEARS' TIME (PERCENTAGE OF ALL ADULTS), 1967-93

Year	Unweighted Base	Owner-Occupied	Council Renting	Private Renting
1967	n/a	66	23	11
1975	1,597	69	21	8
1983	2,501	77	16	5
1986	2,455	77	17	4
1989	2,465	81	12	3
1991	2,260	77	13	3
1993	2,511	81	12	4

TABLE 6.2 PREFERENCE FOR HOUSING TENURE IN TEN YEARS' TIME (PERCENTAGE OF ALL ADULTS), 1975-93

Year	Unweighted Base	Owner-Occupied	Council Renting	Private Renting
1975	1,597	62	25	6
1983	2,501	78	15	3
1986	2,455	80	13	2
1989	2,465	83	11	2
1991	2,260	84	10	2
1993	2,511	85	9	1

The two tables confirm that the depressed housing market of the early 1990s has had a negligible effect on tenure preference.

COUNCIL TENANTS AND TENURE PREFERENCE

Between 1975 and 1983 the proportion of council tenants expressing owner- occupation as their ideal form of tenure increased from 40% to 45%. By 1986 the proportion had fallen to 39%. The reduction is thought to reflect the fact that many council tenants who preferred owner-occupation in 1983 had become owner-occupiers by 1986, primarily through buying their council dwelling. The proportion then increased to 47% in 1989, fell to 37% in 1991 and increased again to 41% in 1993. The decline from 1989 to 1991 is probably related to the recession in the property market over that period. The pick-up of interest since then suggest that there is still a demand for owner-occupation among council tenants. However, this does not necessarily mean that council tenants would like to buy the council property which they currently rent. Table 6.3 (page 26) shows the details.

The table suggests that while council tenants have become more interested in becoming owner-occupiers, they appear to be less interested in buying their present council accommodation than in 1989. The 1993 results are, however, consistent with those of the earlier surveys, suggesting that the 1989 results were atypical.

TABLE 6.3 INTEREST OF COUNCIL TENANTS IN PURCHASING THEIR COUNCIL HOUSE, 1983-93

	1983 %	1986 %	1989 %	1993 %
Very interested	18	16	23	16
Quite interested	13	15	17	16
Neutral	3	3	3	3
Not very interested	13	21	13	14
Not at all interested	51	44	44	51
Don't know	1	1	1	—
Base	639	563	517	508

AGE AND TENURE PREFERENCE

As has been stated in previous chapters, a unique feature of housing in Britain is the high level of owner-occupation among people under 25. It has been suggested that following the collapse of the property market, first-time buyers are on average older than they were a few years ago. This is reflected in the figures from the BMRB surveys. Table 6.4 shows the results of the last three BMRB surveys with regards to age and tenure preference.

TABLE 6.4 PREFERENCE FOR HOUSING TENURE IN TWO YEARS' TIME BY AGE (PERCENTAGE OF ALL ADULTS), 1989-93

Age	Owner-Occupier			Council Renting			Private Renting		
	1989	1991	1993	1989	1991	1993	1989	1991	1993
Under 25	79	60	72	7	14	7	4	18	14
25-34	89	83	84	7	9	12	1	4	2
35-54	90	87	89	8	9	9	–	1	—
55-64	76	82	80	18	13	15	2	2	1
65+	64	71	72	25	23	21	5	4	3
Total	81	77	81	12	13	12	3	5	4

The table shows a reduced demand for owner-occupation among the young between 1989 and 1991 but with a marked recovery subsequently. The demand for private renting among the young is now firmly established.

Over the longer term there has been little change to expected tenure, suggesting that younger people are delaying entry to the housing market rather than moving away from owner-occupation as an ideal form of tenure. Table 6.5 shows expected tenure in ten years' time by age.

TABLE 6.5 EXPECTED HOUSING TENURE IN TEN YEARS' TIME BY AGE (PERCENTAGE OF ALL ADULTS), 1989-93

Age	Owner-Occupier			Council Renting			Private Renting		
	1989	1991	1993	1989	1991	1993	1989	1991	1993
Under 25	95	90	90	2	3	3	2	2	2
25-34	93	91	92	5	6	5	1	2	–
35-54	90	89	91	8	6	6	–	1	–
55-64	75	80	78	18	13	15	1	2	1
65+	59	64	69	24	24	21	5	4	2
Total	83	84	85	11	10	9	2	2	1

REGION AND TENURE PREFERENCE

The impact of the housing market downturn has not been felt evenly across all geographical regions. This is reflected in the regional analysis of ideal tenure across recent surveys.

Table 6.6 shows ideal tenure in two years' time by region.

TABLE 6.6 IDEAL TENURE IN TWO YEARS' TIME BY REGION (PERCENTAGE OF ALL ADULTS), 1989-93

Region	Owner-Occupier			Council Renting			Private Renting		
	1989	1991	1993	1989	1991	1993	1989	1991	1993
North Yorks & Humberside	75	83	76	18	11	17	2	5	4
East Midlands	85	87	77	13	6	16	2	7	4
East Anglia	89	83	83	9	13	11	2	4	3
Greater London	83	79	79	6	9	13	3	8	4
South East	85	82	86	9	7	7	4	7	5
South West	87	75	83	6	14	8	4	6	5
West Midlands	78	82	84	15	8	12	5	5	2
North West	82	75	84	12	16	7	3	4	3
Wales	85	70	81	9	19	15	1	3	4
Scotland	64	63	69	26	28	24	3	3	2
Great Britain	81	77	81	12	13	12	3	5	4

Respondents in five regions reported reduced preference for owner- occupation in 1993 as compared with 1989. This may reflect the effect of falling property values on potential buyers' preferences. On this basis, one might expect a noticeable fall in respondents preferring to own their own homes in London and the South East. However, the figures show that preference for owner-occupation has stood up reasonably well in these areas. This is probably attributable to the lack of affordable rented accommodation in desirable areas in London and the South East as well as the population profile, in particular significant proportions of higher income groups and socio-economic grades.

HOUSING SATISFACTION

Table. 6.7 shows trends in dissatisfaction with housing.

TABLE 6.7 DISSATISFACTION WITH HOUSING (PERCENTAGE OF ALL ADULTS), 1975-93

Year	Unweighted Base	Owning Outright	Owning on Mortgage	Council Renting	Private Renting	All
1975	1,597	5	4	17	23	11
1986	2,455	2	2	11	15	5
1989	2,465	2	2	9	14	4
1993	2,511	3	4	13	10	6

The table shows that between 1989 and 1993 there has been a slight increase in dissatisfaction across

the tenures (excluding private renting). The slight increase in dissatisfaction expressed by owner-occupiers could be explained by difficulties experienced in trying to sell properties. The marked increase in dissatisfaction among council tenants may reflect a poorer average standard of council dwellings as better quality properties have been bought.

CHAPTER 7

HOUSING FINANCE

This book is primarily concerned with housing rather than housing finance. The two are closely connected and it is helpful to describe briefly the housing finance arrangements in Britain.

THE MORTGAGE MARKET

Earlier chapters have shown that owner-occupation is the most desired form of tenure in the UK and that the main distinguishing feature of the UK housing market is the high proportion of young owner-occupiers. As a consequence, high percentage loans (up to 95% of purchase price) are common as young people have not had the opportunity to save large deposits. However, increases in the number of possessions and cases of borrowers in arrears have made lenders reluctant to offer loans above 95% of purchase price which had been popular in the late 1980s.

For historical reasons, house purchase finance in Britain has been funded by retail deposits. This has required mortgage loans to carry a variable rate of interest, something which is taken for granted in Britain, but which is not common in other countries. Recently, loans with rates fixed for up to five years have become popular as borrowers take advantage of the lowest interest rates since the mid-1960s.

The housing finance market has tended to be dominated by building societies, banks being the other major lenders. Table 7.1 shows house purchase loans made in and outstanding at the end of 1992.

TABLE 7.1 HOUSE PURCHASE LOANS 1992

Institution	Net Advances in 1992		Advances Outstanding, End-Year	
	£m	%	£m	%
Building societies	13,720	77	211,478	62
Banks	6,171	34	96,344	28
Miscellaneous financial institutions	–1,449	–8	25,106	7
Other	–545	–3	6,866	2
Total	17,898	100	339,793	100

Source: ***Financial Statistics***, May, Table 9.4.

Building societies accounted for 62% of the loans outstanding and 78% of new lending in 1992. The corresponding figures for banks were 28% and 34% respectively. (It should be noted that the Abbey National, formerly a building society, accounts for a significant proportion of banking sector activity.) However, the net lending figures are a little misleading as the other lending groups had negative net lending, that is loan repayments exceeded new lending.

Table 7.2 shows how the bank and building society market shares have varied since 1980.

TABLE 7.2 NEW MORTGAGE LENDING, 1980-92

Year	Percentage of Total Net Lending		
	Banks	Building Societies	Other
1980	7	79	14
1981	24	68	8
1982	36	58	6
1983	25	76	–1
1984	12	85	3
1985	22	77	1
1986	19	71	10
1987	34	51	15
1988	27	59	14
1989	21	70	9
1990	20	74	6
1991	18	78	4
1992	34	77	–11
Average	23	71	6

Source: ***Financial Statistics***.

Notes: 1. From Q3 1989 Abbey National Plc is included as a bank rather than a building society.
2. 'Other' includes lending by local authorities, insurance companies, pension funds, miscellaneous financial institutions and public sector.

Until 1980 banks accounted for less than 10% of the market. During the early part of the 1980s banks began to increase their lending. By 1982 banks accounted for nearly 40% of new loans, but their share of lending then fell back sharply to 12% in 1984. The figures are distorted from 1989 as a result of the conversion of the Abbey National from a building society to a bank. Bank lending other than by the Abbey National was low between 1989 and 1991 but lending by the whole of the banking sector increased sharply in 1992. New loans increased to £6,171 million from £4,803 million in 1991 whereas building society net lending fell by 34% to £13,720 million from £20,927 million in 1991.

FINANCING LOCAL AUTHORITY HOUSING

The financing of local authority housing in England involves a complex mixture of central government grants and revenue subsidies. Each local authority is required to take all reasonable steps to balance its housing revenue account (HRA), without

cross-subsidy from other revenue funds. Housing Revenue Account Subsidy is paid to enable authorities to balance their notional HRAs which include the costs of rent rebates to their tenants, actual borrowing costs, and assumptions about rents and management and maintenance spending. The total subsidy in England 1992/93 is estimated at £4,009 million, made up of direct central government support of £1,027 million and central government support to local authorities for rent rebates of £2,982 million. Excluding the subsidy the notional housing revenue account income in 1992/93 was £5,471 million of which rents contributed 97% and other income 3%. Expenditure totalled £9,402 million which was divided into management and maintenance (34%), charge for capital (26%), rent rebates (36%), property leasing (1%) and other (3%).

HOUSING SUBSIDIES

Housing subsidies in Britain are complicated and analysis of them is subject to controversy. This is because they are not largely overt subsidies but rather consequences of tax and social security policy.

Owner-occupiers are entitled to tax relief at the basic rate of tax (currently 25%) on mortgage interest on loans up to £30,000. (From 1994/95, this will be restricted to relief at 20%.) Table 7.3 (page 30) shows the estimated cost of mortgage interest relief over the last 30 years. In addition to showing figures in current prices, tax relief is also shown at 1992 prices using the RPI as the deflator.

The trend in the total cost of relief at 1992 prices is illustrated in the Chart 7.1 below.

Over the period 1960/61 to 1992/93, the real cost of mortgage interest relief increased by a factor of seven. The rate of increase has fluctuated considerably largely as a consequence of changes in interest rates, tax rates and the inflation rate. The sharp decline since 1990/91 reflects the rapid fall in interest rates, the low rate of inflation, the fall in house prices and the abolition of tax relief at the higher rate from 1991/92.

Tax relief will fall significantly over the next few years largely as a result of the fall in interest rates, and also, from 1994/95, the reduction in the rate at which tax relief is given from 25% to 20%. If interest rates remain at their current level the cost of tax relief in 1993/94 is estimated at £4,500 million (a 13.5% fall in the 1992/93 figure); for 1994/95 a further fall to under £4 billion is probable.

CHART 7.1 TOTAL COST OF TAX RELIEF AT 1992 PRICES

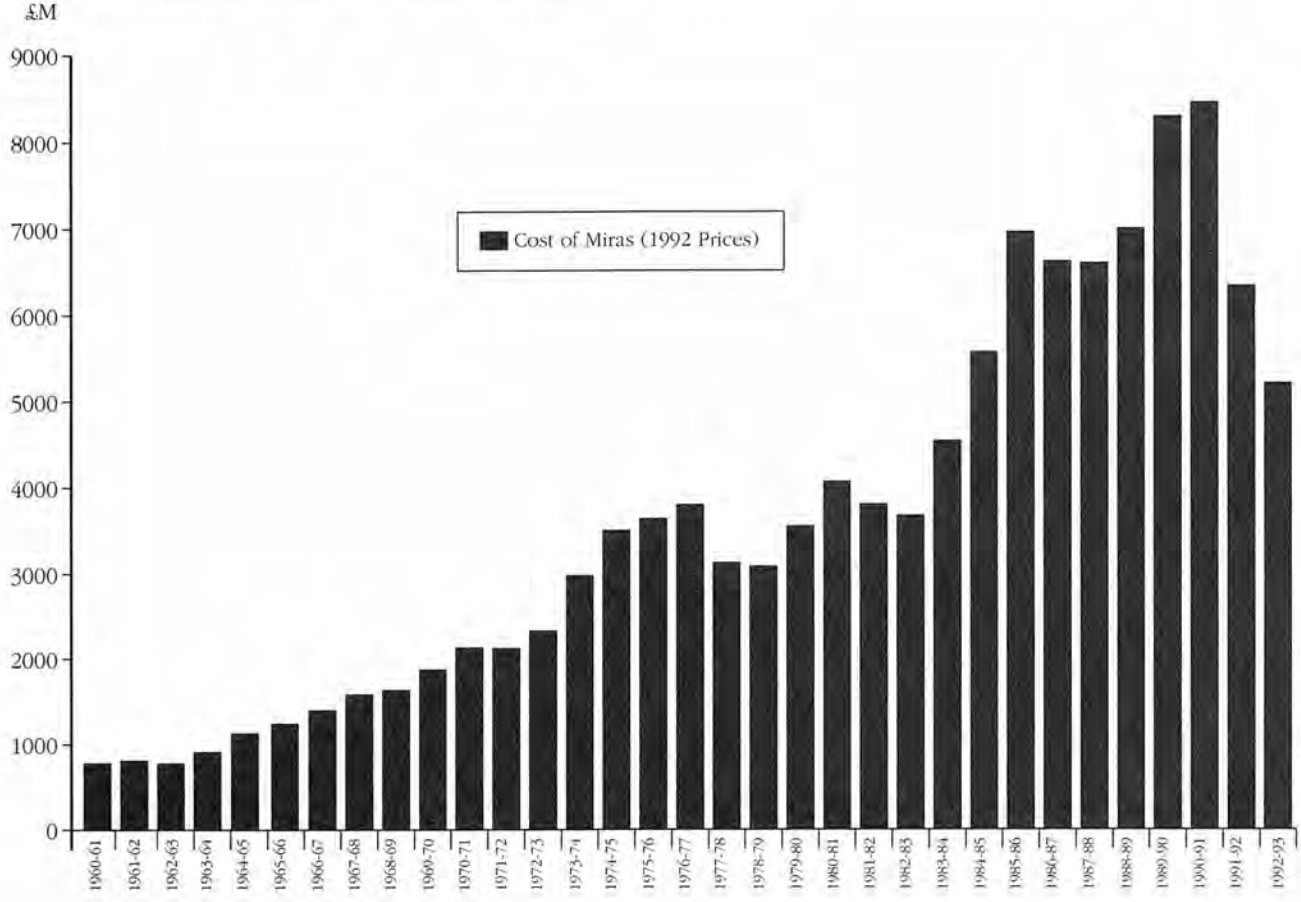


TABLE 7.3 MORTGAGE INTEREST TAX RELIEF, 1960/61-1993/94

Tax Year	Cost of Tax Relief (current prices) £m	Cost of Tax Relief (1992 prices) £m	Percentage change (at 1992 prices)
1960/61	70	777	
1961/62	75	808	4.0
1962/63	75	774	-4.2
1963/64	90	909	17.5
1964/65	110	1,074	18.1
1965/66	135	1,260	17.3
1966/67	155	1,393	10.6
1967/68	180	1,579	13.3
1968/69	195	1,632	3.4
1969/70	235	1,871	14.6
1970/71	285	2,130	13.9
1971/72	310	2,122	-0.4
1972/73	365	2,325	9.6
1973/74	510	2,977	28.0
1974/75	695	3,499	17.5
1975/76	895	3,632	3.8
1976/77	1,090	3,793	4.4
1977/78	1,040	3,122	-17.7
1978/79	1,110	3,080	-1.4
1979/80	1,450	3,546	15.1
1980/81	1,960	4,061	14.5
1981/82	2,050	3,797	-6.5
1982/83	2,150	3,667	-3.4
1983/84	2,780	4,535	23.7
1984/85	3,580	5,562	22.6
1985/86	4,750	6,959	25.1
1986/87	4,670	6,617	-4.9
1987/88	4,850	6,597	-0.3
1988/89	5,400	7,001	6.1
1989/90	6,900	8,299	18.5
1990/91	7,700	8,462	2.0
1991/92	6,100	6,333	-25.2
1992/93	5,200	5,200	-17.9
1993/94	4,500	4,350	-16.3

Note: Figures for 1993/94 are estimated on the basis of interest rates as at May 1993.

The cost of tax relief per owner-occupier peaked at £500 in 1990/91; the expected figure in 1993/94 is about £280.

Owner-occupiers who become eligible for income support are entitled to have their mortgage interest payments met by the Department of Social Security. In 1992, 499,000 people were receiving benefits totalling £1,143 million, an average of £2,300 per claimant or £58 per owner-occupier. Income support for mortgage interest has increased greatly since 1989 as a consequence of the sharp increase in mortgage arrears. The details are shown in the Table 7.4.

In April 1993, the Government announced a cap on the size of the mortgage on which individuals can claim. The cap will be introduced later in 1993 at £150,000. This limit will be lowered to £125,000 from 1994/95.

In the rented sector the main subsidy is housing benefit which is an income related subsidy for those who have no income or who are on a low income. Table 7.5 shows expenditure on housing benefit since 1987/88.

TABLE 7.4 INCOME SUPPORT PAYMENTS MADE TO COVER MORTGAGE INTEREST 1983-92

Year	Income Support for Mortgage Interest £m	Number of Recipients 000s
1983	152	242
1984	219	277
1985	n/a	n/a
1986	351	356
1987	335	334
1988	286	300
1989	353	281
1990	554	310
1991	949	411
1992	1,143	499

Source: Department of Social Security.
Note: Prior to 1987, recipients received payment via supplementary benefit. Figures for 1985 are not available.

TABLE 7.5 HOUSING BENEFIT, 1987/88-1993/94

Year	Amount £m	Number of Recipients 000s
1987/88	3,536	4,860
1988/89	3,773	4,090
1989/90	4,283	3,905
1990/91	4,941	3,955
1991/92	6,058	4,110
1992/93	7,348	4,315
1993/94	8,172	4,610

Source: *Social Security: The Government's Expenditure Plans 1993/94 to 1995/96* (Cm 2207), February 1993.

TABLE 7.6 WEEKLY EXPENDITURE PER HOUSEHOLD ON HOUSING BY TENURE, 1991

	Owner-occupied		Rent			
	Mortgage	Outright	Local Authority	Housing Association	Private Unfurnished	Private Furnished
	£	£	£	£	£	£
Gross payments for rent or mortgage, rates, water, community charge, insurance of structure	53.67	14.53	36.45	38.99	37.80	72.21
Mortgage part:	37.38					
less benefits	0.62	0.96	15.48	17.50	15.00	11.01
Net rent or mortgage, rates water, community charge, insurance	53.05	13.57	20.97	21.49	22.80	61.19
Repairs maintenance and decoration	10.45	9.50	1.40	1.90	1.49	0.39
Total net housing expenditure	63.50	23.07	22.37	23.40	24.29	61.58

Source: *Family Expenditure Survey 1991*.

The table highlights the rapid growth in housing benefit. The average cost increased from about £650 per public sector tenant in 1987/88 to £1,773 per tenant in 1993/94. This partly reflects pressures on local authorities and housing associations to increase rents to cover costs. They act in the

knowledge that, in the majority of cases, the increase in rent will be met by the tenant receiving more housing benefit.

Over the last few years the cost of housing benefit has increased while the cost of tax relief and income support for owner-occupiers has fallen. However, if one examines households in otherwise similar conditions but different housing tenures, a slightly different picture emerges.

People who are unemployed or who are on low incomes will receive more assistance as tenants. All of their housing cost will be met whereas owner-occupiers will only have the cost of the mortgage interest met; they are given no assistance to cover other housing costs such as insurance, repairs and maintenance. People with higher incomes are generally better off as owner-occupiers; they will generally be entitled to tax relief, but not to housing benefit.

HOUSING COSTS

The housing costs of owner-occupiers and tenants can be analysed by looking directly at expenditure figures. Table 7.6 shows the position.

CHAPTER 8

HOUSING SERVICES AND HOUSE MOVES

This chapter describes some of the results of the BMRM market research survey in relation to various services connected with the owner-occupied market and housing market activity. Where possible a comparison with the 1989 survey is given.

SOURCE OF MORTGAGE

The 1993 survey showed that 64% of respondents who were responsible for the mortgage obtained their loans from building societies, 22% from banks, 2% from local authorities and 2% from centralised lenders. Table 8.1 shows how the market shares varied across income groups.

TABLE 8.1 SOURCE OF MORTGAGE BY INCOME

Annual Income Range	Unweighted Base	Percentage of Households with Mortgage Loans	
		Building Society %	Bank %
£3,000-£4,999	31	63	15
£5,000-£6,999	40	59	15
£7,000-£9,999	59	60	14
£10,000-£14,999	136	72	15
£15,000-£19,999	140	63	22
£20,000-£24,999	121	68	20
£25,000-£29,999	86	56	29
£30,000-£34,999	60	60	28
£35,000+	107	61	33
Total	1,006	64	22

Building societies have lost market share to the banks over the last four years. This reduction is partly explained by Abbey National's conversion to a bank in July 1989.

The concentration of bank lending among the higher income groups is noticeable. The banks' share was particularly high in Scotland (34%), Greater London (32%), the South East (25%) and the North (22%).

Respondents were asked to state the reasons why they choose their lender. The most important factors mentioned were—

(a) Offered best deal, most competitive rates, lower interest rates.

(b) Recommended by broker, estate agent.

(c) Already had an account with the lender.

The survey showed that 63% of respondents with a mortgage obtained their mortgage by dealing directly with the lender. The remaining 37% obtained their mortgage via estate agents (11%), mortgage brokers (11%), insurance brokers (7%) and other intermediaries (6%).

The use of intermediaries varied according to source of mortgage. Respondents who obtained their mortgages from banks were more likely to deal directly with the lender than were respondents who obtained their mortgage from other lenders (this excludes local authority mortgages as one would expect the borrower to deal directly with the lender). Table 8.2 shows the details.

TABLE 8.2 USE OF INTERMEDIARIES BY SOURCE OF MORTGAGE

	Bank	Building Society
Unweighted Base	229	638
	%	%
Direct from Lender	73	62
Estate agent	10	12
Mortgage broker	6	11
Insurance broker	4	7
Other	3	5
Don't Know	3	3

TYPE OF MORTGAGE LOAN

The survey examined the types of mortgages taken out by respondents, in terms of the split between endowment and repayment mortgages, fixed and variable rate loans, and (for borrowers with variable rate mortgages) the number of home-owners on annual review schemes. Table 8.3 shows the details.

TABLE 8.3 TYPE OF MORTGAGE BY AGE OF BORROWER

	20-24 %	25-34 %	35-54 %	55-64 %	65+ %	All %
Type						
Endowment	65	78	66	46	36	67
Pension	11	1	4	1	2	3
Interest Only	14	3	10	24	27	10
Repayment	10	14	17	19	15	16
Other	–	1	–	5	7	1
Rate						
Fixed	49	29	18	23	28	24
Variable	43	68	75	66	53	69
Don't know	7	3	7	12	19	7
Annual Review						
Yes	8	33	25	25	30	27
No	86	65	73	75	65	71
Don't know	6	2	2	–	5	2

The table suggests that younger people are more likely to have endowment mortgages. This is as one would expected given that endowment policies are

relatively new and so were less popular at the time the older age groups (ie greater than 55 years) arranged their mortgage. Perhaps more relevant is the fact that the annual premiums on endowment policies would be a lot higher for older age groups, making other types of mortgages a relatively cheaper option.

HOUSE MOVES

It is well know that most house moves are within a very short distance. The survey results support this view and are shown in Table 8.4.

The survey showed that almost 50% of all moves were within three miles. The results suggest that higher income groups were more likely to move a longer distance that lower income groups. In addition, higher socio- economic grades were more likely to have moved a long distance than lower grades. For example, 18% of ABs had moved over 100 miles compared with only 4% of DEs. Regionally, long distance moves were most common in the South West (17% had moved more than 100 miles) and East Anglia (16% had moved more than 100 miles).

Respondents were asked to provide reasons for why they move house. Of all the respondents who had ever moved house, 17% said that they moved because of their job. The survey found that higher income groups were more likely to move for job reasons than lower income groups. For example 30% of individuals earning between £30,000-£34,999 said that the main reason for moving was their job, compared with only 10% of people earning up to £6,999.

29% of respondents stated that they moved because they wanted a larger house. The survey found that this response was listed by around a third of all respondents aged between 25 and 54. 5% of all individuals stated that they moved because they wanted a smaller house. This proportion increased to 12% for people over 65.

LENGTH OF TIME RESPONDENTS HAVE LIVED IN THEIR PRESENT HOME

The survey results suggest that the average length of time a house is lived in is just over eight and a half years. Table 8.5 shows the survey result by age range.

TABLE 8.5 TIME LIVED IN THE HOUSE BY AGE RANGE

	20-24 %	25-34 %	35-54 %	55-64 %	65+ %	All %
Less than 1 year	39	17	6	2	2	10
1 year-2 years	16	13	6	2	1	7
2 years-3 years	10	13	7	3	2	7
3 years-4 years	5	10	4	1	4	5
4 years-5 years	7	10	5	4	3	6
5 years-10 years	8	29	25	13	12	21
Greater than 10 years	13	9	46	75	75	45

The table shows that, not surprisingly, the length of time that a house is lived in increases with age. For example, 75% of people over 65 have been living in their house over ten years, whereas just over half of people aged under 24 have been living in their present home for less than two years.

HOME IMPROVEMENTS

Table 8.6 (page 34) shows details of home improvements.

The survey results show that home-owners continue to carry out home improvements on their property. For example in the last five years 40% of owner-occupiers had installed double glazing or new windows, 35% had refitted an existing kitchen, 29% had refitted an existing bathroom and 24% had installed central heating. Only 24% had undertaken no improvements. This proportion varied from 19% in the 35-54 age groups to 34% in both the over 65 and under 24 age groups.

TABLE 8.4 DISTANCE MOVED BY RESPONDENTS WHO HAD EVER MOVED

Income Range	Unweighted Base	Distance (miles)							
		Under 1 %	1-3 %	3-5 %	5-10 %	10-20 %	20-30 %	30-100 %	Over 100
Under £2,000	70	32	25	15	9	2	2	4	9
£2,000-£2,999	129	35	21	14	12	1	3	2	11
£3,000-£4,999	252	31	24	10	12	5	3	2	13
£5,000-£6,999	210	29	26	12	12	7	3	1	10
£7,000-£9,999	206	27	29	14	9	6	2	1	11
£10,000-£14,999	279	24	27	9	13	7	4	2	13
£15,000-£19,999	228	19	29	12	12	7	4	2	14
£20,000-£24,999	170	20	24	14	17	6	3	2	13
£25,000-£29,999	115	13	25	17	12	11	3	8	10
£30,000-£34,999	72	15	24	6	14	7	8	1	25
£35,000+	125	22	22	8	14	8	5	6	14
Total	2,400	24	25	12	12	7	4	3	12

TABLE 8.6 MOST RECENT HOME IMPROVEMENTS CARRIED OUT BY OWNER-OCCUPIERS IN THE LAST FIVE YEARS BY AGE RANGE

	20-24 %	25-34 %	35-54 %	55-64 %	65+ %	All %
Re-wiring	25	22	17	14	11	16
Damp course	7	18	8	3	3	8
Central heating installed	17	30	27	24	15	24
Extension/loft conversion	7	11	18	10	3	12
Cconservatory	—	3	6	9	7	6
Double glazing/ new windows	25	39	43	41	38	40
Refit kitchen	23	44	39	36	19	35
Refit bathroom	23	34	33	32	14	29
Refit bedroom	17	20	19	13	3	14
New roof	11	11	10	12	8	10
Cavity wall insulation	9	5	5	6	3	5
Patio doors	—	—	—	1	—	—
Refitting central heating	4	—	—	—	—	—
Roof loft insulation	—	—	—	—	—	—
No improvements	34	21	19	22	34	24

HOUSING SERVICES

The survey asked about housing services used when purchasing the house. Table 8.7 shows the results.

TABLE 8.7 HOUSING SERVICES USED WHEN OWNER-OCCUPIERS PURCHASED THE HOUSE

Age Range	Unweighted Base	Percentage of Owner-Occupiers Using		
		Estate Agency	Conveyancing by a solicitor	Full Structural Survey
Age				
20-24	29	75	83	45
25-34	313	69	83	49
35-54	646	56	86	43
55-64	278	44	79	36
65+	311	45	79	31
Income				
Under £2,000	10	34	79	19
£2,000-£2,999	40	31	83	22
£3,000-£4,999	89	44	64	35
£5,000-£6,999	100	43	79	41
£7,000-£9,999	119	49	81	28
£10,000-£14,999	197	54	81	42
£15,000-£19,999	187	60	86	46
£20,000-£24,999	155	65	86	45
£25,000-£29,999	104	62	87	44
£30,000-£34,999	67	67	86	40
£35,000+	120	74	94	57
Social Grade				
AB	396	62	88	46
C1	512	61	86	42
C2	383	50	78	36
DE	287	42	78	37
Total	1,578	55	83	40

Note: A full structural survey is defined, for the purposes of this survey, as a structural survey paid for in addition to the lender's valuation.

The use of estate agents when purchasing a house appears to decline with age. The survey results also suggest that higher income groups and higher socio-economic groups appear more likely to use professional services.

SATISFACTION WITH LENDER

Respondents were asked how satisfied they had been with their lender since they had taken out their mortgage, Table 8.8 records the details.

TABLE 8.8 SATISFACTION WITH LENDER

	Unweighted Base	Very Satisfied %	Quite Satisfied %	Neutral %	Quite Dissatisfied %	Very Dissatisfied %
Age						
20-24	28	46	41	7	7	–
25-34	303	51	28	13	4	3
35-54	535	50	35	11	2	1
55-64	106	53	42	3	1	2
65+	32	57	38	2	3	–
Mortgage with bank	229	47	38	12	2	2
Building society	638	52	33	10	3	1
When the Mortgage was Taken Out						
<12 months	83	60	20	14	1	2
1-2 years	93	49	29	16	4	–
2-3 years	106	42	30	17	4	–
3-4 years	69	51	34	5	7	2
4-5 years	90	47	37	9	2	5
5-10 years	300	49	41	8	2	1
10 years +	264	53	35	9	1	1
Region						
Scotland	65	60	26	8	4	–
North West	120	50	38	10	2	1
North	48	59	29	10	–	–
Yorks & Humber	95	54	33	9	2	1
East Midlands	72	48	39	11	–	–
East Anglia	38	54	36	2	3	2
South East	219	52	31	10	4	3
Greater London	118	36	41	15	5	3
South West	92	53	30	12	2	2
Wales	42	58	29	8	5	–
West Midlands	96	44	43	11	–	2
Total	1,006	50	34	10	3	2

The table above shows in total 84% of respondents are satisfied with their lender. There appears to be little variation across regions or age groups. However, there is a degree of variation according to the type of lender and when the mortgage was taken out.

CHAPTER 9

THE FUTURE

DEMOGRAPHIC INFLUENCES

The household is the basic unit of demand for many goods and services including, most obviously, housing and mortgages. Demographic influences play as important a part in the growth of these markets as the more obvious economic factors. This chapter looks at recent trends in the rate of household formation and the nature of the household formed and makes some projections on likely future developments using data provided by the Department of Environment.

RECENT TRENDS IN POPULATION AND HOUSEHOLD FORMATION

Population fluctuations result from changes in the numbers of births, deaths and inter-country migration. Table 9.1 shows how these factors have affected the population of the United Kingdom since the beginning of the century.

TABLE 9.1 UK POPULATION, 1911-2021

Period	Population at the Start of Period	Live Births	Deaths	Migration/ other Adjustments	Overall Change
	000	000	000	000	000
1901-1911	38,237	1,091	624	-82	385
1911-1921	42,082	975	689	-92	194
1921-1931	44,027	824	555	-67	202
1931-1951	46,038	785	598	25	212
1951-1961	50,290	839	593	6	252
1961-1971	52,807	963	639	-12	312
1971-1981	55,928	736	666	-27	43
1981-1991	56,352	757	654	27	130
Projections					
1991-2001	57,561	800	639	0	161
2001-2011	59,174	736	650	0	86
2011-2021	60,033	750	679	0	71

Source: *Social Trends 1993*.

It is clear from the table that the rate of growth of the population has declined significantly in recent years. Between the middle of 1961 and the middle of 1971 the population of the United Kingdom rose by just over 300,000 a year. During the next ten years the figure fell to just under 50,000 a year. Between 1981 and 1991 there was a modest acceleration, with the population growing at about 130,000 a year.

The major reason for the change in the rate of population growth is the change in the number of births. In the early 1960s there were 850,000 births a year in England and Wales, whereas by the mid-1970s this had fallen to around 610,000, a reduction of one third. The figure picked up to around 660,000 births a year by the mid-1980s. In contrast, the number of deaths has remained constant at around 580,000 a year. Small variations in migration have not been sufficient to affect the overwhelming effect of changes in the birth rate.

Trends in household formation have been rather different. Between 1960 and 1971 there was a net increase in the number of households in England and Wales of the order of 200,000 a year; in the next ten years the figure fell, but only to 150,000 a year, and in the 1981-86 period the figure rose to 180,000 per year. There is, of course, no reason to expect a direct correlation between net household formation and net population change — a change in the birth rate will not affect household formation rates for 20-25 years. Nevertheless, it is interesting to examine the reasons for the differential rates of growth. A major reason has been the growth, in recent years, of single person households. In Great Britain in 1951 just 10% of households were in this category; by 1971 the figure had risen to 17%, by 1981 to 22% and by 1989 to 25%.

One in six households now comprise a single person over the age of 60, living alone, compared to one in eight in 1971. The proportion of households with children has shown a corresponding decline from 39% in 1971 to 30% in 1989. Households comprising two or three adults remained a fairly constant proportion of the total number of households during this period.

Other important changes in recent years have included a growth in one parent households — the proportion of households comprising single people with dependent children doubled from 2.5% in 1961 to 6.0% in the late 1980s.

The basic message from the DoE's latest forecasts, published in August 1991, is that the net increase in the number of households in England is going to decline significantly in the last few years of the 20th century and the early years of the 21st. Table 9.2 below gives the figures.

TABLE 9.2 NET INCREASE IN NUMBER OF HOUSEHOLDS, ENGLAND AND WALES, 1981-2001

Period	Growth in Number of Households p.a.	Number of Households End-Period, 000s
1981-91	171,000	19,036
1991-96	175,000	19,910
1996-2001	139,000	20,603
2001-06	123,000	21,217
2006-11	127,000	21,853

It can be seen that the net rate of household formation experienced in the 1980s will continue over the next five years but that a significant decline is forecast for the late 1990s. This is a direct result of the drop in the birth rate in the years to the mid-1970s and the consequent decline in the number of 20-25 year olds, 20-25 years later. The high rate of household formation in the 1980s reflects the high birth rate of the early 1960s.

The implications of this decline depend very much on whether it is distributed evenly throughout the country and among age groups. This is not the case.

In prime first-time buying groups — married couples where the head of the household (always defined as male if one is present in the household) is aged between 15 and 29 or between 30 and 44 — the changes are much more dramatic than those examined for households in aggregate. The rate of increase in the numbers of households in these groups is not merely projected to slow down; rather the number of young and middle-aged married couples is expected to decline in absolute terms. Table 9.3 below shows the figures.

TABLE 9.3 MARRIED COUPLE HOUSEHOLDS HEADED BY A MALE AGED 15-29 AND A MALE AGED 30-44 ENGLAND, 1989-2011

Period	Households Headed by Males Aged 15-29		Household Headed by Males Aged 30-44	
	Change in Number of Households p.a.	Number of Households End Period	Change in Number of Households p.a.	Number of Households End Period
1989-91	-25,000	987	-30,000	3,466
1991-96	-26,000	856	-57,000	3,182
1996-2001	-24,000	734	-16,000	3,102
2001-06	-5,000	710	-36,000	2,924
2006-11	+9,000	753	-54,000	2,654

It can be seen that the number of young married couples is already falling, and that the decline will continue at a high rate during the 1990s. The numbers of one person, single parent and "other" households (the latter including cohabiters and other unmarried groupings) rises modestly, but the overall impact of the decline in the birth rate in the 1970s is that the total number of households headed by those aged 15-29 will fall by about 15% between 1991 and 2001, before recovering by 10% between 2001 and 2011.

For the older age group identified above the pattern is rather different. While the number of married couple households declines, growth in other types of household means that the total number of households in this age group increases until 2001, although there is then a decline to 2011.

A more comprehensive analysis of the changes in the distribution of households in England over the next ten and 20 years is shown in Table 9.4.

The top part of the table shows the population structure is expected to become more mature over the next ten years. As already noted the importance of young households declines and there is also a small reduction in the relative importance of older households. The most significant growth is in the mid-aged households headed by an individual aged between 30 and retirement age. The effect of the gradual aging of the population into the 21st century is shown on the right-hand side of the top part of the table where the most rapid growth in the number of households is among those headed by someone between the age of 45 and retirement age. In contrast there is a sharp reduction in the number of households headed by an individual aged 30-44, reflecting the sharp reduction in younger households ten years earlier and the

TABLE 9.4 AGE, SEX AND TYPE OF HOUSEHOLD, ENGLAND, 1991-2001

	1991		2001		Change 1991 to 2001	2011		Change 2001 to 2011
	000s	% of Total	000s	% of Total	%	000s	% of Total	%
Age of Head of Household								
15-29	2,596	13.6	2,214	10.8	-14.7	2,425	11.1	9.5
30-44	5,182	27.2	6,180	30.0	19.3	5,552	25.4	-10.1
45-59/64	5,598	29.4	6,558	31.8	17.1	7,639	35.0	16.4
Retirment age & over	5,460	28.7	5,651	27.4	3.5	6,238	28.5	10.4
Sex of Head of Household								
Married couple	10,572	55.5	10,142	49.2	-4.1	9,811	44.9	-3.3
Other male	3,439	18.1	4,621	22.4	34.3	5,529	25.3	19.6
Female	5,026	26.4	5,840	28.3	16.2	6,515	29.8	11.6
Type of Household								
Married couple	10,572	55.5	10,142	49.2	-4.1	9,811	44.9	-3.3
Lone parent	1,891	9.9	2,336	11.3	23.5	2,542	11.6	8.8
Single person	5,092	26.8	6,354	30.8	24.8	7,559	34.6	19.0
Other	1,481	7.8	1,771	8.6	19.6	1,942	8.9	9.7
Total	19,036	100.0	20,603	100.0	8.2	21,853	100.0	6.1

impact of the decline in the birth rate in the 1960s and early 1970s.

The second part of the table shows that the importance of married couples is expected to decline sharply both in the years to the end of this century and into the 21st century. By 2011 well under half of all households are headed by married couples. This figure compares to around 70% in 1971. By 2011 over a quarter of all households are expected to be headed by unmarried men, while getting on for a third will be headed by unmarried women. Of course, many of these people will have been married at some time in their lives and domination of female over maled headed households reflects very much the longer lifespan of females. In 1991 there were 2.2 million women over retirement age living alone, compared to only 588,000 men. In 2001 the respective figures are expected to be 2.3 million and 736,000 while in 2011 the figures rise to 2.6 million and 938,000 respectively.

The rapidly increasing importance of single person households is confirmed in the final part of the table which shows that they will account for well over one-third of all households in 2011, compared to just over a quarter in 1991.

REGIONAL HOUSEHOLD FORMATION

The regional projections for the growth in the number of households show a clear north/south split. Table 9.5 shows the rate of growth in the number of households in each of the planning regions in England and in Wales for the years between 1991 and 2011.

TABLE 9.5 REGIONAL HOUSEHOLD GROWTH, 1991-2011

Region	Number of Households 000	Growth % 1991-1996	1991-2001	1991-2011
North	1,210	2.3	4.0	7.0
North West	1,982	4.0	7.1	12.7
Yorkshire & Humberside	2,493	2.8	4.9	8.6
West Midlands	2,045	4.0	6.9	11.9
East Midlands	1,602	6.2	11.3	20.5
East Anglia	821	7.6	13.9	25.3
South East (ex GL)	4,226	6.1	11.2	20.0
South West	1,882	6.5	12.0	21.9
Greater London	2,774	2.7	4.4	8.2
England	19,036	4.6	8.2	14.8

There is a clear division between the rapid growth regions of the East Midlands, East Anglia, South West and South East (excluding Greater London) and the northern regions. In each of those southern regions the number of households over the next 20 years is expected to increase by more than 20%. In contrast in Greater London and in the North, North West, Yorkshire and Humberside and West Midlands an increase in the number of households of less than 13% is expected over the same period. There is a similar split in the short term projections over the next five years. All of the four southern regions should experience an increase in the number of households in excess of 6%. In contrast none of the five other regions will see growth in excess of 4%.

The forecasts have a number of implications for new house building. Private sector starts in 1992 were 120,900 in England. The household formation projections suggest a much greater demand for housing in the early 1990s than this figure. It might be thought, however, that demand for new houses will fall away in the later years of the century.

This need not necessarily be the case however. Changes in the make up of households by sex and age can make part of the existing housing stock redundant leading to greater demands for new housing than implied by the raw data on household formation. Regional differences in future household formation trends can have the same effects given the impossibility of transferring already built houses from where they stand to where they are needed in the future. The same arguments apply to infrastructure like roads, schools and hospitals, although whether one should argue that this should be welcomed as a useful boost to demand for construction output or lamented because it involves a waste of already committed resources that are no longer required is not clear. Overall, however, the regional forecasts do not support the view that the level of private sector house building will decline to the rate of household formation.

The Department of the Environment data allows the characteristics of the households in each of the regions to be examined. The analysis shows that the make up of households in London is quite different to the rest of the country and is expected to stay that way. Table 9.6 shows figures for married couples and single person households.

TABLE 9.6 REGIONAL ANALYSIS OF HOUSEHOLDS 1991 AND 2011, %

	1991		2001		2011	
	Married %	Single %	Married %	Single %	Married %	Single %
Northern	56.8	27.1	50.4	32.0	45.7	36.4
Yorkshire & Humberside	56.4	27.1	50.2	31.2	45.7	34.9
North West	55.4	27.2	49.3	31.3	44.7	34.9
West Midlands	57.6	26.0	50.9	30.7	46.3	34.9
East Midlands	58.6	25.2	52.0	29.5	47.5	33.6
East Anglia	59.0	25.6	52.4	30.0	48.1	34.0
South East (ex GL)	57.8	25.3	50.9	29.7	46.3	33.6
South West	57.2	26.5	51.0	30.6	46.8	35.2
Greater London	45.7	30.0	40.0	32.8	36.4	35.4
England	55.5	26.8	49.2	30.8	44.9	34.6

It can be seen that in 1991 well under half of the households in Greater London were headed by a married couple whereas the figure was just under three fifths in every other region. By 2001 only two-fifths of households in Greater London will contain a married couple while almost a third of households in this region will comprise a single person. By 2011 there will be equal numbers of married couple and single person households in this region. London also has, and will continue to have, a relatively high proportion of single parent families. In 1991 this category accounted for 9.9% of all households nationally and 11.8% in London. By 2001 the national figure is projected to rise to 11.0% whereas the London figure promises to reach 14.0%.

COUNTY HOUSEHOLD FORMATION

A further implication of the regional forecasts concerns the split of future households between urban and rural areas. The bulk of the old industrial areas of the country are to the north west of the imaginary line drawn between the Severn and the Humber. The implication of the projections are that the old urban areas are likely to decline further relative to suburban and rural areas.

This is indeed the case. Table 9.7 shows the ten counties showing the most rapid growth in the number of households to the end of the century and the ten showing the least rapid growth.

TABLE 9.7 HOUSEHOLD FORMATION GROWTH IN THE ENGLISH COUNTIES, 1986-2001

Fastest Growing Counties		Slowest Growing Counties	
County	Growth in Number of Households %	County	Growth in Number of Households %
Buckinghamshire	36.7	Merseyside	−1.3
Cambridgeshire	34.2	Cleveland	1.0
Wiltshire	30.1	Tyne and Wear	4.0
Oxfordshire	29.9	West Midlands	5.2
Northamptonshire	29.8	Durham	5.5
Berkshire	27.0	Greater Manchester	7.6
Lincolnshire	25.3	Greater London	8.2
Somerset	24.9	South Yorkshire	9.1
Shropshire	24.8	Surrey	9.8
Devon	23.0	West Yorkshire	11.1

It can be seen that there is only one county (Shropshire) in the list of fastest growing countries to the north of the Severn/Humber split. The list of slowest growing counties contains all six of the old metropolitan counties and only two of the counties (Greater London and Surrey) are to the south of the Severn/Humber line.

Data for individual boroughs within London and the old metropolitan counties reinforce the message that the old inner cities are likely to continue to decline. In looking at these figures the DoE's warning is worth bearing in mind — "inevitably the potential errors will be relatively greater for the more distant years and for the small geographical areas". Nevertheless it is worth examining the figures and they show that reductions in the number of households are expected over the next ten years in Knowsley (3.6%), Liverpool (7.3), Barking and Dagenham (1.8%), Haringey (2.6%) and Wandsworth (1.0%).

CONCLUSION

In interpreting the figures in this chapter it should be remembered that they are only projections based on just one of a range of possible outcomes with regard to such variables as divorce and marriage rates. The projections can be revised significantly; the 1983 based projections published in 1985, for example, showed the number of households rising by 50,000 a year in 1996-2001, compared to the figures of 95,000 included in 1985 based projections published in 1988 and 139,000 in the current projections. Moreover, changes in government policy, for example, in respect of the regions, could significantly alter the regional and county figures. Nevertheless, with the birth rate for the 1980s already known and with the projections based on a number of long term trends evident since the 1960s, the figures should not be dismissed as guess work, and form a useful start to any long term planning exercise.

Note: The figures in this chapter are based on the Department of the Environment, ***Household Projections England***, 1989-2011.

This chapter reproduces a large part of an article previously published in ***Housing Finance No 12*** November 1991.

CHAPTER 10

INTERNATIONAL COMPARISONS

This chapter briefly puts the housing situation in Britain into an international context. It draws on published information to describe housing tenure and construction in several industrialised countries.

OVERVIEW

Table 10.1 shows a broad overview of housing tenure in the industrial countries.

TABLE 10.1 HOUSING TENURE, INTERNATIONAL COMPARISONS, LATEST AVAILABLE DATA

Country	Total Housing Stock/ Households 000s	Owner-Occupied %	Rented %	Other %	GDP per head US$ 1989
UK	24,000	68	32		14,752
Austria	2,900	55	41	5	17,039
Belgium	3,748	65	35		15,537
Denmark	2,353	51	42	7	20,402
Finland	2,112	68	23	9	23,211
France	26,246	54	46		17,071
Germany	26,839	38	58	4	19,202
Greece	4,690	77	23		5,401
Ireland	1,005	81	19		9,273
Italy	23,232	67	30	3	15,166
Luxembourg	144	64	35	1	18,866
Netherlands	5,892	45	55		15,208
Norway	1,751	79	21		21,651
Portugal	4,165	58	36	6	4,413
Spain	17,091	76	18	6	9,601
Sweden	3,863	55	43	2	22,703
Switzerland	2,400	30	69	1	27,497
Australia	5,556	73	27		17,039
New Zealand	1,081	74	26		11,915
Canada	10,018	63	37		20,462
USA	91,948	64	36		20,749
Japan	42,007	61	39		23,046

The table provides a useful summary of housing tenure in Europe and several other industrialised countries. It should be emphasised that the data on housing tenure are not strictly comparable; some refer to households and others to housing units and should therefore be treated with caution.

The table reveals several interesting facts. Firstly, it appears that it is difficult to correlate the proportion of owner-occupation with GDP per capita. It can be seen that Switzerland, the country with the highest GDP per capita, has the lowest proportion of owner-occupation. Secondly, in general, English speaking countries have a higher proportion of owner-occupation than other countries with comparable GDP per capita, ranging from 63% in Canada to 81% in the Republic of Ireland.

In Western Europe, there are wide variations in owner-occupation levels. Switzerland has by far the lowest level at 30%; the second lowest figure is in the former West Germany at 38%. The countries with the highest levels are Greece (77%), Norway (79%) and the Republic of Ireland (81%). Although it is not evident from the table, it is well understood that owner- occupation is higher in rural areas than urban areas. This helps to explain why the Republic of Ireland, New Zealand and Spain have higher owner-occupation ratios than other countries with comparable GDPs per capita.

Generally, the UK owner-occupation figure does not stand out as being unusually high or low. However, there are two unusual features of the UK situation. The first is the very rapid increase in owner-occupation, illustrated in Chapter 1. Owner-occupation in Britain increased from 31% of all housing units in 1951, to 51% in 1971 and 68% at the end of 1991. No other country shows such a pattern. Indeed, in a number of countries the level of owner-occupation has been flat or falling.

The second distinguishing feature of owner-occupation in Britain is the high level of owner-occupation among younger households. For example in Canada, Australia and USA there are fewer young owner-occupiers even though the overall owner-occupation ratio is higher than or similar to that in Britain.

USA

The USA has a tradition of home ownership. This reflects the historical development of the country, with settlers continually moving to new areas and building new homes on land which previously had no defined owner. By the beginning of the century, nearly half of Americans were owner- occupiers.

As the USA became more industrialised in the early part of the 20th century, so the amount of rented housing increased, especially in the cities, but the number of owner-occupied homes also increased as new areas were settled. By the 1930s, 47.8% of housing units were owner-occupied, but the proportion fell to a low point of 43.6% in 1940.

Owner-occupation increased markedly in the 1940s, but subsequently the rate of growth has slowed down and more recently has levelled off. As in most other countries, owner-occupation is

higher in rural areas (82% in 1980) than in urban areas (59%). Table 10.2 shows trends in housing tenure from 1890 to 1990.

TABLE 10.2 HOUSING TENURE USA, 1890-1990

Year	Owner-Occupied		Rented		Total
	Units	%	Units	%	Occupied Units
	000s		000s		000s
1890	6,006	47.8	6,624	52.2	12,690
1910	9,301	45.9	10,955	54.1	20,256
1930	14,280	47.8	15,625	52.2	29,905
1940	—	43.6	—	56.4	—
1950	23,560	55.0	19,266	45.0	42,826
1970	39,886	62.9	23,559	37.1	63,445
1980	51,795	64.4	28,595	35.6	80,390
1990	59,025	64.2	32,923	35.8	91,948

Source: Census data.

The table shows a modest decline in home ownership between 1980 and 1990. It is interesting to disaggregate the figures to show where the decline has occurred. Table 10.3 shows an age breakdown.

TABLE 10.3 CHANGE IN HOME-OWNERSHIP RATES BY AGE OF HOUSEHOLDER, USA, 1980 AND 1990

Age Range	Home-Ownership Rate %		
	1980	1990	Change
15-24	22.1	17.1	–5.0
25-34	51.6	45.3	–6.3
35-44	71.2	66.2	–5.0
45-64	77.3	77.3	—
65 +	70.1	75.2	+5.1

Source: Myers et al: "Retreat from Home-Ownership: A Comparison of the Generations and the States" in ***Housing Policy Debate***, Volume 3, Issue 4, Fannie Mae, 1992.

The table shows a marked decline in home ownership among households under 45 partly compensated for by an increase among those over 65. This in turn is explained simply by the ageing process. Fewer younger households have become owner-occupiers but as existing owner-occupiers have got older they have accounted for a higher proportion of the elderly.

Table 10.4 shows changes in home ownership rates by state.

Compared with the UK the table shows a relatively narrow range of owner- occupation rates, from 52.2% in New York to 74.1% in West Virginia, the variation largely being explained by the urban/rural composition of the states. The significant feature of the table is the correlation between rising housing values and rising home ownership rates. Myers et al attribute the apparent paradox of declining home ownership in states where housing has become more affordable to a two stage process.

TABLE 10.4 RANKING OF STATES BY CHANGE IN OVERALL HOME-OWNERSHIP RATE, USA, 1980-90

State	Increase in Median House Value %	1990 Ownership Rate %	Change in Ownership Rate %
1 New York	81.1	52.2	3.6
2 Maryland	25.2	65.0	3.0
3 New Jersey	69.0	64.9	2.9
4 Hawaii	30.7	53.9	2.2
5 Massachusetts	111.5	59.3	1.7
6 Connecticut	69.9	65.6	1.7
7 Illinois	–3.8	64.2	1.6
8 Delaware	41.8	70.2	1.1
9 Virginia	19.2	66.3	0.7
10 Pennsylvania	11.8	70.6	0.7
11 Rhode Island	79.4	59.5	0.7
12 New Hampshire	69.2	68.2	0.5
13 West Virginia	–22.0	74.1	0.5
14 Mississippi	–8.7	71.5	0.4
15 Louisiana	–14.2	65.9	0.4
16 Alabama	–0.1	70.6	0.3
17 Vermont	42.0	69.0	0.3
18 Minnesota	–12.4	71.8	0.2
19 Georgia	21.5	64.9	–0.1
20 California	45.2	55.6	–0.3
21 South Carolina	9.8	69.8	–0.3
22 North Carolina	15.0	68.0	–0.4
23 Kentucky	–7.1	69.6	–0.4
24 Maine	44.7	70.5	–0.5
25 Tennessee	3.5	68.0	–0.6
26 New Mexico	–2.5	67.4	–0.7
27 Missouri	2.5	68.8	–0.9
28 Ohio	–11.1	67.5	–0.9
29 Arkansas	–6.4	69.6	–1.0
30 Florida	7.5	67.2	–1.1
31 Montana	–23.4	67.3	–1.3
32 Wyoming	–35.0	67.8	–1.4
33 Indiana	–8.9	70.2	–1.5
34 Wisconsin	–19.1	66.7	–1.6
35 Michigan	–2.3	71.0	–1.7
36 Iowa	–28.9	70.0	–1.8
37 Nebraska	–16.6	66.5	–1.9
38 Idaho	–19.7	70.1	–1.9
39 Oregon	–25.8	63.1	–2.1
40 Alaska	–22.8	56.1	–2.2
41 Colorado	–18.9	62.2	–2.2
42 Kansas	–12.9	67.9	–2.3
43 Utah	–24.5	68.1	–2.6
44 Oklahoma	–15.0	68.1	–2.6
45 Washington	–1.8	62.6	–3.1
46 North Dakota	–27.2	65.6	–3.2
47 South Dakota	–23.3	66.1	–3.2
48 Texas	–4.1	60.9	–3.4
49 Arizona	–8.1	64.2	–4.1
50 Nevada	–12.5	54.8	–4.8

Source: Myers et al: "Retreat from Home Ownership: A Comparison of the Generations and the States" in ***Housing Policy Debate***, Volume 3, Issue 4, Fannie Mae, 1992.

Myers states—

> "Initially, declining homeownership was spurred by reduced employment and incomes, as in Texas or the farm states. This decline reduced overall housing demand and caused house values to fall in the mid-1980s. Conversely, in other locations such as the Northeast, higher homeownership rates were spurred by employment growth and rising income, which led to increased home

purchases and then to rising average house values.

In the second stage, this relationship based on fundamentals was likely reinforced by the investment motivation for homeownership. When house values were falling, the investment motivation discouraged home buying, and when values were rising, the investment motivation encouraged buying. Therefore, the entry of additional households seeking investments pushed demand — and values — even higher, further accelerating the underlying trend. Thus, the initial change in demand triggered a much stronger response than can be explained by the market fundamentals alone. The result of this postulated sequence is that both values and homeownership tended to rise or fall together during the 1980s."

Nearly 90% of rented units are in the private rented sector, and most of these are in the hands of small landlords. The private rented sector is particularly important in cities, where it houses young and transient people.

Table 10.5 shows the housing stock by type of structure.

TABLE 10.5 HOUSING STOCK BY TYPE OF STRUCTURE, USA, 1980-90

Type of Structure	1980		1990	
	000s	%	000s	%
One-family homes	58,349	66.0	65,762	65.0
Small multi-unit (2-4)	9,766	11.0	9,876	9.8
Larger buildings (5 or more)	15,618	17.7	18,105	17.9
Mobile homes	4,663	5.3	7,400	7.3

Source: *1990 Census Housing Highlights*, July 1991.

House building in the USA has been more cyclical than in most other countries. This reflects the fact that the housing market has been relatively free from government controls, and there has been very little building by public authorities. Starts peaked at 2,357,000 in 1972, fell to a low point of 1,160,000 in 1975, peaked at 2,020,000 in 1978, reached a low point of 1,062,000 in 1982 and then rose strongly to 1,805,000 in 1986. Since then, the number of starts has fallen each year, to 1,193,000 in 1990. Fewer than 10,000 starts a year have been in the public sector over the past few years.

AUSTRALIA

Australia has a long tradition of owner-occupation. The owner-occupation proportion was 49% in 1922 rising to 52% by 1947. Since the late 1960s, owner-occupation levels have been around 70%. Table 10.6 shows the housing tenure statistics for 1988.

Table 10.6 HOUSING TENURE, AUSTRALIA, 1988

Tenure	Households	
	000s	%
Owners	2,391	43.0
Purchasers	1,631	29.4
Renters		
Private	959	17.3
Government	304	5.5
Other	136	2.5
Rent free	134	2.4
Total	5,556	100.0

Source: *1988 Housing Survey*.

Table 10.7 shows the number of starts since 1985/86.

TABLE 10.7 ANNUAL HOUSING STARTS, AUSTRALIA, 1985/86-1991/92

Year	Private		Public	Total
	Houses	"Other"		
	000s	000s	000s	000s
1985/86	97.8	24.7	13.3	135.8
1986/87	84.0	19.2	12.9	116.2
1987/88	100.0	24.8	11.0	135.8
1988/89	128.2	36.3	10.4	175.0
1989/90	96.4	29.9	11.4	137.7
1990/91	87.0	24.4	9.9	121.3
1991/92	100.5	28.8	10.8	140.1

Source: *Australian Association of Permanent Building Societies*.

As can be seen from the table private sector starts made up over 90% of total starts in 1990/91.

CANADA

Table 10.8 shows the latest available housing tenure statistics taken from the 1991 census. The percentage of owner-occupied dwellings has been growing modestly, from 60.3% in 1971 to 62.6% in 1991.

TABLE 10.8 HOUSING TENURE, CANADA, 1991

Tenure	Occupied Private Dwellings	Percentage of Total
Owned	6,272,045	62.6
Rented	3,719,045	37.1
Total	10,018,265	100.0

Source: *Canada Mortgage & Housing Corporation*.

Table 10.9 (page 42) shows tenure by age of the head of household for Canada. A high proportion of young people are renters as opposed to owner-occupiers. This is in marked contrast to Great Britain.

Table 10.10 (page 42) shows tenure by type of dwelling. As can be seen from the table, the majority of owner-occupied dwellings are single detached houses.

TABLE 10.9 AGE OF HEAD OF HOUSEHOLD BY TENURE, CANADA, 1986

	Owner-Occupiers %	Renters %
Under 25	17	83
25-34	48	51
35-44	70	30
45-54	75	24
55-65	75	25
65-75	68	31
75+	57	42
Total	62	38

Source: *Canada Mortgage & Housing Corporation.*

TABLE 10.10 TYPE OF PROPERTY BY TENURE, CANADA, 1991

Type	Owned		Rented	
	000s	%	000s	%
Single detached house	5,103	81.4	575	15.5
Apartment 5 or more storeys	124	2.0	786	21.1
Movable	154	2.5	25	0.7
Other	892	14.0	2,334	62.8
Total	6,272	100.0	3,719	100.0

Source: *Canada Mortgage & Housing Corporation.*

House building activity in Canada declined in 1991. Total starts fell to 156,197 units, their lowest level since 1984 and the fourth consecutive year-on-year decline. Table 10.11 shows housing starts and completions from 1971 to 1991.

TABLE 10.11 HOUSING STARTS AND COMPLETIONS: CANADA, 1971-91

Year	Starts	Completions
1971	233,653	201,232
1972	249,914	232,227
1973	268,529	246,581
1974	222,123	257,243
1975	231,456	216,964
1976	273,203	236,249
1977	245,724	251,789
1978	227,667	246,533
1979	197,049	226,489
1980	158,601	176,168
1981	177,973	174,996
1982	125,860	133,942
1983	162,645	163,008
1984	134,900	153,012
1985	165,826	139,106
1986	199,785	184,605
1987	245,986	217,976
1988	222,562	216,532
1989	215,238	217,371
1990	181,630	206,163
1991	156,197	160,014

Source: *Canadian Housing Statistics 1991.*

NEW ZEALAND

The Table 10.12 shows housing tenure in New Zealand for 1986 and 1991.

Table 10.12 HOUSING TENURE, NEW ZEALAND, 1986-91

Type of Tenure	1986		1991	
	No of Dwellings	%	No of Dwellings	%
Owned without mortgage	339	32	421	39
Owned with mortgage	446	42	380	35
Rented or leased	280	26	279	26
Total	1,066	100	1,081	100

Source: New Zealand Census of Population Dwellings, *Consumer Expenditure Survey.*

Table 10.13 shows tenure by age of head of household for 1991.

TABLE 10.13 TENURE BY AGE OF HEAD OF HOUSEHOLD, NEW ZEALAND, 1991

Age-Group of Householder	Tenure (Percentage of Total)				
	Rent Paid	Rental Free	Owned with Mortgage	Owned without Mortgage	Total
15-24	67.7	7.0	23.4	2.1	100.0
25-29	41.6	2.0	48.4	8.0	100.0
30-39	20.0	4.7	61.1	14.2	100.0
40-49	16.6	3.1	50.1	30.2	100.0
50-59	12.1	3.5	26.6	57.6	100.0
60-64	13.1	1.5	11.9	73.6	100.0
65+	16.1	2.8	5.0	76.0	100.0

Source: New Zealand Census of Population Dwellings, *Consumer Expenditure Survey.*

The table shows a classic pattern with renting accounting for nearly 75% of the 15-24 age group but under 15% of the 60-64 age group. Owner-occupation peaks at 85% in the 60-64 age group.

JAPAN

Housing conditions in Japan remain relatively modest compared with those in other countries with a similar overall standard of living. A major problem in this respect is the shortage of land. This means that houses tend to be small and fairly close to each other, and often quite some distance away from places of work. The traditional Japanese house has an open style construction with wood and straw being the major materials used. Rooms are divided by sliding doors. House prices in Japan are very high in relation to average incomes by international standards.

As can be seen from Table 10.14 owner-occupation levels have been around 60% since the late 1960s.

TABLE 10.14 HOUSING TENURE, JAPAN, 1963-88

Year.	Occupied dwellings 000s	Owned	Rented Public sector	Private sector	Company supplied
		%	%	%	%
1963	21,090	64.3	4.6	24.1	7.0
1968	24,198	60.3	5.8	27.0	6.9
1973	28,731	59.2	6.9	27.4	6.4
1978	32,189	60.4	7.6	26.1	5.7
1983	34,705	62.4	7.6	24.5	5.2
1988	37,413	61.3	7.5	25.8	4.1

Source: *Housing Survey of Japan* (Statistics Bureau, Management and Coordination Agency).

The age profile of owner-occupiers is given in Table 10.15. It is interesting to note that there has been a decline in the proportion of young people who are owner-occupiers.

TABLE 10.15 PERCENTAGE OF HOUSEHOLDERS WHO ARE OWNER-OCCUPIERS BY AGE, JAPAN, 1978-88

Age	1978	1983	1988
Under 24	9.9	7.7	4.5
25-29	27.9	24.9	17.9
30-34	44.4	45.7	38.3
35-39	58.0	60.1	56.6
40-44	66.8	68.6	66.0
45-49	73.4	73.5	71.7
50-54	77.1	77.5	75.1
55-59	79.0	80.6	79.3
60-64	77.9	79.0	80.3
65+	75.9	76.8	76.8
Total	59.9	62.4	61.1

Source: ***Housing Survey of Japan*** (Statistics Bureau, Management and Coordination Agency).

Table 10.16 shows the total stock of dwellings in Japan from 1968 to 1988.

TABLE 10.16 STOCK OF DWELLINGS, JAPAN, 1968-88

Year	Vacant Stock 000s	Occupied Stock 000s	Total Stock 000s
1968	1,753	24,198	25,951
1973	2,328	28,731	31,059
1978	3,262	32,189	35,451
1983	3,902	34,705	38,607
1988	4,594	37,413	42,007

Source: ***Housing Survey of Japan*** (Statistics Bureau, Management and Coordination Agency).

Japan has maintained a very high level of housebuilding in the postwar period. It has devoted more resources to house building than any other advanced industrial country.

TABLE 10.17 HOUSE BUILDING, JAPAN, 1982-92

	Housing Starts 000s
1982	1,146
1983	1,137
1984	1,187
1985	1,236
1986	1,365
1987	1,674
1988	1,685
1989	1,663
1990	1,707
1991	1,370
1992	1,403

Source: ***Building Construction Survey***, Ministry of Construction.

Between 1975 and 1978, starts increased from 1,356,000 to 1,549,00; there then followed a steady decline to 1,137,000 in 1983. However, construction activities began to be revitalized in 1984, and starts reached a peak of 1,707,000 in 1990. Since then they have fallen back to around 1,403,000.

EUROPE

Table 10.18 shows housing tenure in **Belgium** in 1991.

TABLE 10.18 HOUSING TENURE, BELGIUM, 1991

Tenure	Houses		Apartments		All	
	000s	%	000s	%	000s	%
Owned	2,125	77.7	287	28.6	2,418	64.5
Rented	577	21.1	699	69.8	1,281	34.2
Not known	32	1.2	15	1.5	50	1.3
Total	2,735	100.0	1,002	100.0	3,748	100.0

Source: Census of population and housing.

As can be seen from the table, around 65% of all properties are owner-occupied in Belgium. The owner-occupation ratio is higher for houses than flats. In addition, the ratio is higher in rural areas than in urban areas. For example, the owner-occupation ratio is only 38.1% in Brussels.

In **Denmark** over half of principal residences are owner-occupied. Table 10.19 shows housing tenure in between 1970 and 1990.

TABLE 10.19 HOUSING TENURE, DENMARK, 1970-90

Type of Tenure	1970 %	1980 %	1988 %	1990 %
Owner-Occupied				
Single-family houses	35	41	—	—
Farm houses	9	7	—	—
Multifamily houses	5	4	—	—
Total	49	52	55	51
Rented				
Privately owned	—	20		
Housing association	—	15		
Public sector	—	4		42
Other	—	3		7
Total	47	42	44	49
Unknown	4	6	2	
Number of Dwellings (000s)	1,707	2,133	2,328	2,353

Source: ***Rent Policy in Denmark***, Ministry of Housing, 1983; ***Annual Bulletin of Housing and Building Statistics for Europe***, 1989.

At the end of 1981, there were 2,180,000 dwellings in Denmark, of which 49% were single-family houses, 42% were multifamily houses, and the remaining 9% were farm houses or other buildings. By 1990 the number of dwellings had risen to 2,353,000.

The level of house building has declined over the recent past, from over 50,000 units in 1970, to 30,000 in 1980 and to 20,000 in 1991. Within these totals there has been a switch away from flats and towards single-family homes.

Table 10.20 shows housing tenure figures for what used to constitute **West Germany**.

TABLE 10.20 HOUSING TENURE, WEST GERMANY, 1986 AND 1990

	1986		1990	
	000s	%	000s	%
Owned	11,178	43	10,199	38
Rented	14,298	55	15,567	58
Other	520	2	1,073	4
Total	25,996	100	26,839	100

Source: *Statistisches Bundesamt*

It can be seen that about 40% of all housing units were owner-occupied. It is estimated that the owner-occupied ratio has been at this level since the early 1960s. Prior to that, the owner-occupation ratio is estimated to have been in the region of 24% in 1950.

In the post-war period there has been extensive encouragement of new house building. In 1973, no fewer than 714,000 dwellings were completed. The number of completions has fallen back to 257,000 dwellings in 1990 reflecting the fact that the acute housing shortage has been overcome.

Table 10.21 shows housing tenure in **France** between 1962 and 1990. The proportion buying in relation to those owning outright has been rising steadily, a trend that is evident in many countries. The total proportion of owner-occupation increased from 41% in 1962 to 47% in 1975, 51% in 1982 and 54% in 1990.

About 47% of rented houses are privately owned. The remainder are owned by organisations under

TABLE 10.21 HOUSING TENURE, PRINCIPAL HOMES, FRANCE, 1962-90

Year	Owner-Occupied		Rented		Rent Free and with Job		Total
	000s	%	000s	%	000s	%	000s
1962	6,018	41.3	6,604	45.3	1,943	13.3	14,565
1968	6,816	43.3	7,001	44.4	1,946	12.3	15,763
1975	8,271	46.6	7,608	42.9	1,865	10.5	17,744
1982	9,928	50.7	8,033	41.0	1,629	8.3	19,590
1984	10,280	51.2	8,198	40.8	1,616	8.0	20,093
1988	11,233	54.3	7,971	38.5	1,495	7.2	20,699
1990	11,700	54.3	—	—	—	—	21,536

Source: Census data obtained from *INSEE*.

government or local authority control. The most important of these are the public Habitations a Loyer Modéré (HLM) (moderate rent housing) organisations. These date back to 1912. They operate within local government units and both build and manage rented housing, as well as provide a limited amount of housing units for sale. They are managed by 20 member boards comprising representatives of the local government unit, the tenants and the local savings bank. At the end of 1990, there were 1,000 of these organisations owning nearly 3,250,000 dwellings.

Owner-occupation (54% of the aggregate number of principal homes) is far more pronounced in rural areas than in the cities. A significant feature of housing in France is the large number of second homes. Many families have flats in Paris and second homes in the country which they use on weekends and for holidays. At the end of 1990, of the total housing stock of 26,246,000 dwellings, 9% were second homes. Table 10.22 shows a more detailed breakdown of the figures.

TABLE 10.22 BREAKDOWN OF DWELLINGS BY CATEGORY AND TYPE OF COMMUNITY, FRANCE, 1990

	Community					
	Rural		Urban		Total	
	000s	%	000s	%	000s	%
Usual residence	5,259	72.1	16,277	85.9	21,536	82.1
Occasional	79	1.1	321	1.7	400	1.5
Secondary	1,377	18.9	1,037	5.5	2,414	9.2
Unoccupied	578	7.9	1,318	6.9	1,896	7.2
Total	7,293	100.0	18,953	100.0	26,246	100.0

Source: Census data obtaind from *INSEE*.

House building in France has been at a very high level in the postwar period although there was a decline in the 1980s, partly because of general economic trends. Starts totalled 398,000 in 1980, 293,000 in 1985 and 309,500 in 1990, of which 151,400 were individual units.

In **Greece** the Government plays only a relatively minor role in the provision of housing and the public sector does not directly undertake any house building. There were 3,999,000 dwellings in 1981. The ***1982 Households' Expenditure Survey*** showed an owner-occupation level of 72%, much the same as the 1974 proportion of 73%. Owner-occupation is much higher in rural than in urban areas, 90% as against 60%. In 1991, there were 4,690,000 dwellings, 77% of which were owner-occupied.

TABLE 10.23 HOUSING TENURE, GREECE, 1981 and 1991

Tenure	1981		1991	
	000s	%	000s	%
Owned	2,999	75	3,611	77
Rented	1,000	25	1,079	23
Stock	3,999	100	4,690	100

Source: ***Statistics on Housing in The European Community 1992***, Ministry of Housing Physical Planning and the Environment, The Netherlands.

Housebuilding activity has been high in relation to the size of the population. In 1980 there were 136,000 new dwellings completed. By 1986, new

construction had fallen to 109,700, but by 1989, new construction activity had risen to 117,300. Of this total 66.8% was in urban areas and 33.2% in rural areas.

Table 10.24 shows housing tenure in Ireland in 1981 and 1990. At the end of 1981, there were 895,400 dwellings in Ireland. By 1990, the dwelling stock had risen to 1,015,000.

TABLE 10.24 HOUSING TENURE, REPUBLIC OF IRELAND, 1981 AND 1990

Type of Tenure	Dwellings 1981	%	1990	%
Owner-occupied without mortgage	362,000	40	814,051	81
Owner-occupied with mortgage	231,700	26		
Being acquired from local authority	70,200	8		
Rented from local authority	112,800	13	190,950	19
Other rented, furnished	57,300	6		
Other rented, unfurnished	34,100	4		
Rent free	23,000	3		
Unknown	4,300	–		
Total	895,400	100	1,005,000	100

Source: Central Statistical Office, Dublin.

The first three categories together gave an owner-occupation proportion of 74% in 1981, compared with a proportion of 55% in 1971. By 1990 the ratio had risen to 81%. The increase in owner-occupation has largely been at the expense of the unfurnished rental sector.

In 1991 around 19,700 dwellings were completed, down 30% from the 28,000 completions in 1980.

The proportion of owner-occupied dwellings in **Italy** has been rising rapidly. Table 10.25 shows trends in housing tenure of first homes.

TABLE 10.25 HOUSING TENURE, FIRST HOMES, ITALY, 1961-90

Year	Owner-Occupied 000s	%	Rented 000s	%	Other 000s	%	Total 000s
1961	5,972	46	6,076	47	984	8	13,032
1971	7,767	51	6,769	44	766	5	15,301
1981	10,350	59	6,221	35	976	6	17,547
1990	12,215	67	5,470	30	547	3	18,232

Source: Census figures.
Note: In 1990, the number of first homes is estimated from the number of total households.

In 1961, there were 18,537,000 households in Italy, 4,323,000 more than the number of houses and 5,505,000 more than the number of first houses. By 1981, the number of households had increased to 22,414,000, still higher than the number of houses (21,853,000) and 4,867,000 more than the number of first houses. By 1990 the number of households stood at 23,232,000.

A significant feature of the housing situation in Italy is the high number of second homes. The proportion increased from 8.3% in 1961 to 12.3% in 1971 and to 19.7% in 1981, probably the highest proportion in the world and relevant in the context of an excess in the number of households over the number of houses. It may also be noted that only 24% of dwellings in Italy are single family homes.

In 1980, 287,000 dwellings were authorised, of which 255,000 were in new residential buildings. In 1988, 208,000 were authorised, 182,000 in new residential facilities. New housing completions rose from 268,500 in 1989 to 292,600 in 1990, of which approximately 175,000 were in multifamily dwellings.

The proportion of owner-occupation in **Luxembourg** has increased from 49.3% in 1947 to 64.3% in 1991.

A detailed breakdown of housing tenure in 1991 is given in Table 10.26.

TABLE 10.26 HOUSING TENURE, LUXEMBOURG, END-1991

Type of Tenure	No of Households	Percentage of Total
Owner-occupiers	93,067	64.3
Renting unfurnished	35,581	24.6
Renting furnished	4,236	2.9
Free renting	5,831	4.0
Sub renting	1,388	1.0
Other	693	0.5
Total	144,674	100.0

Source: Ministry of Economy, ***Bulletin de Stat, No 2***, March 1993.

Table 10.27 shows a breakdown of tenure by age.

TABLE 10.27 TENURE BY AGE, LUXEMBOURG, End-1991

Age	Owner-Occupiers %	Renting Unfurnished %	Renting Furnished %	Free Renting %	Sub-Renting %	Other %	No of Households %
Under 25	20	46	14	8	3	1	4,034
25-29	36	42	8	6	2	1	12,132
30-34	52	33	4	5	1	1	15,676
35-44	63	27	3	3	1	3	30,837
45-54	70	21	2	3	1	3	25,482
55-64	78	16	1	3	1	1	24,616
65+	75	17	1	5	–	2	20,227
Total	64	25	3	4	1	3	144,674

Source: Statec, Luxembourg.

At the end of 1990 there were 5,892,000 dwellings in the **Netherlands**. There has been a steady increase in the proportion of owner-occupied dwellings in recent years, from 35% in 1970 to 45% in 1990. Table 10.28 shows the tenure breakdown at the end of 1981 and 1990.

TABLE 10.28 HOUSING TENURE, THE NETHERLANDS, 1981 AND 1990

Type of Tenure	1981 Dwellings 000s	%	1990 Dwellings 000s	%
Owner-occupied	2,136	43	2,651	45
Rented from housing associations	1,499	30	3,241	55
Rented from local authorities	610	12		
Rented from private institutions	378	8		
Rented from private landlords	333	7		
Total	4,956	100	5,892	100

Source: *Statistics on Housing in the European Community 1992*, Ministry of Housing, Physical Planning and the Environment, The Netherlands.

As can be seen from Table 10.29 in 1980 there were 3,435,000 dwellings in Portugal of which 52% were owner occupied. In 1990, the number of dwellings had increased to 4,165,000 and the proportion which were owner- occupied had increased to 58%.

TABLE 10.29 HOUSING TENURE, PORTUGAL, 1980-90

	1980 Dwellings 000s	%	1985 Dwellings 000s	%	1990 Dwellings 000s	%
Owner-occupied	1,786	52	2,143	57	2,416	58
Rented	1,340	39	1,428	38	1,499	36
Other	300	5	188	5	250	6
Total	3,435	100	3,759	100	4,165	100

Source: *Statistics on Housing in the European Community 1992*, Ministry of Housing, Physical Planning and the Environment, The Netherlands.

Table 10.30 shows housing tenure in **Spain** in 1980 and 1991. However, this table gives a slightly misleading picture because of the large number of second homes.

TABLE 10.30 HOUSING TENURE, SPAIN, 1980 AND 1991

Type of Tenure	1980 Units 000s	%	1991 Units 000s	%
Owner-occupied	11,402	77	12,989	76
Private rented sector	2,766	19	3,076	18
Public rented sector	312	2		
Other rented	246	2	1,026	6
Total	14,726	100	17,091	100

Source: Centro de Estudios de Ordenacion de Territorio y Medio Ambiente.

In 1991, around 15% of the total number of dwellings were second homes, 13% were classified as being vacant, 4% of the stock was considered to be 'in ruins' and a further 18% was classified as 'deteriorated'. The table below shows housing tenure for first homes.

Investment in housing in Spain has, by international standards, been high, with completions averaging well over 300,000 a year in the 1970s. However, the figure subsequently fell sharply to 191,000 in 1985. Since then, the number of completions has risen steadily to 273,000 in 1991. Very few homes are built by public authorities (only 13,500 in 1987), but a high proportion are built with 'official protection' (subsidised interest rates). The reduction in house building largely occurred in the open market sector.

TABLE 10.31 HOUSING TENURE, FIRST HOMES, SPAIN, 1991

Tenure	Dwellings 000s	%
Owner-occupied	9,166	77
Tied	539	5
Rented	1,757	15
Other	362	3
Total	11,824	100

Source: Instituto Nacional de Estadistica, Spain.

Table 10.32 shows the distribution of the housing stock in **Austria** between the tenures as of March 1990. It can be seen that 42% of dwellings were owner-occupied houses and a further 9% were owner-occupied flats.

Most rented houses are owned by the City of Vienna and by non-profit housing associations, which build for sale as well as for rent. Local and central government plays a comparatively modest role in the physical construction of housing.

TABLE 10.32 HOUSING TENURE, AUSTRIA, 1990

Type of Tenure	Inhabited Dwellings 000s	%
Owner-occupied house	1,216	42
Owner-occupied flat	216	9
Tenant	1,125	39
Sub-tenant	49	2
Owned by relative	112	4
Other	137	5
Total	2,900	100

Source: Austrian Central Statistical Office.

The level of housing construction has fluctuated markedly in recent years. Completions increased from 45,000 in each of 1976 and 1977 to 78,000 in 1980. By 1987, they had fallen to 38,600. In 1988, completions rose slightly to 39,300, but declined again in 1989 to 37,900.

In 1990 there were about 1,751,000 dwellings in **Norway**. Table 10.33 shows the pattern of housing tenure in 1980 and 1990.

TABLE 10.33 HOUSING TENURE, NORWAY, 1980-90

Type of Tenure	1980 000s	%	1990 000s	%
Owned privately	756	50	1,032	59
Owned through corporation	259	17	337	20
Rented on regular lease	178	12	132	7
Rented under other conditions	181	12	250	14
Not known	150	10		
Total	1,524	100	1,751	100

Source: Central Bureau of Statistics of Norway.

Including dwellings owned through corporation, owner-occupied dwellings comprised 79% of the total in 1990. Table 10.34 analyses the dwelling units by type of building. The table shows that 17% were multi-dwelling houses and detached houses comprised almost half of the total.

TABLE 10.34 DWELLING UNITS BY TYPE OF BUILDING, NORWAY, 1988

Type of building	Total		Owned Privately	
	000s	%	000s	%
Detached houses	804	49	693	66
Semi-detached houses	359	22	172	16
Multi-detached houses	276	17	51	5
Farmhouses	179	11	123	12
Other and unknown	28	2	7	1
Total	1,646	100	1,046	100

Source: Central Bureau of Statistics of Norway, ***Survey of Housing Conditions, 1991.***

Norway has a very high standard of housing, partly because living standards generally are high and partly because housing has been heavily subsidized. Detached houses accounted for approximately half of the units built in the 1980s. Over two-thirds of the units have been built since the Second World War. About 34% has been built since 1970, while less than 10% was built before 1900.

Table 10.35 analyses housing tenure by age.

TABLE 10.35 AGE BY TENURE, NORWAY, 1990

Age	Owner-Occupied		Rented		Total
	000s	%	000s	%	000s
Under 25	35	41	51	59	86
25-29	90	60	60	40	150
30-44	429	82	95	18	525
45-49	131	87	19	13	150
50-59	191	86	30	14	221
60-64	103	86	16	14	119
65-69	115	84	21	16	136
70-79	190	80	50	20	240
80+	83	68	39	32	122
Total	1,368	79	382	21	1,751

Source: Central Bureau of Statistics of Norway.

The distribution of housing stock in **Finland** by type of tenure as of the end of 1988 is shown in Table 10.36.

TABLE 10.36 HOUSING TENURE, FINLAND, 1988

Type of Tenure	Dwellings	
	000s	%
Owner-occupied detached house	756	36
Other owner-occupied (flat or terraced house)	674	32
Tenant	495	23
Other	37	2
Unknown	13	1
Unoccupied	137	6
All dwellings	2,112	100

Source: National Housing Board.

There has been a steady increase in the percentage of owner-occupied dwellings from 60% in 1960 to 68% in 1988. Since 1960, the number of owner-occupied flats has grown almost six-fold, while owner-occupied houses have increased by 22%. Owner-occupied houses have increased by 22%. Owner-occupied dwellings are held either in "fee simple" (generally, detached houses) or by virtue of "shares owned". In the latter case, the owner of an individual apartment is a shareholder in a housing company (co-operative) which manages the property and is self-governing economic unit.

About half of the rented housing stock is built under the state-subsidized loan scheme and, to a large extent, is owned by municipalities or nonprofit builders. The other half, the freely rented stock, is owned by certain institutional investors, such as insurance companies or private landlords. About one-fifth of all rented dwellings are tied to employment contracts and mainly owned by private enterprises.

Switzerland has had the lowest level of owner-occupation in Europe. In 1980, only 30% of homes were owner-occupied. Table 10.37 shows the distribution of the housing stock in 1980.

TABLE 10.37 HOUSING TENURE, SWITZERLAND, 1980

Type of Tenure	Units	%
Owned houses	663,685	28
Owned flats	58,562	2
Rented or co-operative	1,618,678	67
Occupied with job or free	59,784	2
Total	2,400,709	100

Source: Annuaire Statistiques de la Suisse, 1983.

The 30% proportion marks an increase from the 1970 figure of 28%, but a decline from the 1960 level of 34%. The growth since 1970 is entirely explained by the increase in owner-occupied flats. Owner-occupation is even less pronounced in the urban areas; in none of the major cities does it exceed 10%. Co-operatives account for a significant proportion of rented housing in the cities, but most dwellings are owned privately. In 1980, 65% of all dwellings were owned by persons, 23% by co-operatives, 8% by associations and only 3% by the public sector.

A significant feature of the housing market has been the growth in the number of second homes; these increased from 5.9% of the stock in 1970 to 8.8% in 1980.

The 1980 census show that there were 3,667,000 dwellings in **Sweden**, of which 41% were owner-occupied, 14% were in tenant ownership, 22% were rented publicly, 21% were rented privately and 2% were unknown. By 1985, the total dwelling stock had risen to 3,863,000 units.

COMPARATIVE FIGURES ON OWNER-OCCUPATION BY AGE

The first part of this chapter gave an overview of housing tenure. The tables produced in this chapter allow a number of other comparisons to be made. Perhaps the most significant is on housing tenure by age. This is not easy because the figures are not strictly comparable, in particular different age bands are used. Table 10.38 gives the figures for six countries, but must be interpreted with caution as averaging has been used to estimate the figures in cases where the age ranges do not correspond exactly with those shown.

TABLE 10.38 OWNER-OCCUPATION BY AGE, INTERNATIONAL COMPARISON

Age Range	UK 1991	USA 1990	Canada 1986	New Zealand 1991	Japan 1988	Luxembourg 1991
15-24	36	17	17	25	5	20
25-34	63	45	48	61	28	44
35-44	75	66	70	77	61	63
45-54	75	77	75	82	73	70
55-64	72	75	84	80	78	
65-74	64	75	68	81	77	75
75+	54	57				
Average	67	64	62	74	61	64

Perhaps the best comparison is between the UK, the USA and Canada. The USA and Canada have home-ownership levels similar to that of Britain, but unlike Britain they have a relatively mature structure, that is home-ownership rates have been relatively constant over many years. They show a very similar pattern with home ownership being at a low level in younger age groups, 17% in the 15-24 age group and under 50% in the 25-34 age group, rising to a peak of over 75% in the 45-64 age group and then falling off in the 60s and 70s. This is what one would expect from a simple analysis of lifestyles. Young people spend some time in rented accommodation before settling roots and becoming owner-occupiers. Many older people no longer want the responsibilities of home-ownership and move into rented accommodation.

The position in the UK is different. Home ownership rates among households under the age of 35 are far higher than in any other country, including New Zealand which has a much higher level of home ownership overall. The peak level is lower than in any of the other countries listed, and there is a more pronounced tail-off in the older age groups. This latter factor can be explained almost entirely by the fact that home ownership has been increasing rapidly. The reason why a lower proportion of elderly people are home owners is simply that they have never been home owners rather than that they have moved from owning to renting in old age. People who die are more likely to be tenants than owner-occupiers, and this in itself will ensure a continuing increase in the proportion of home ownership.

The table illustrates a unique feature of the British housing market, namely the very high proportion of young people who are home-owners. There is no reason to think that the British are markedly different in their attitudes than, for example, the Canadians or Americans. The high rate of owner-occupation among young people can best be considered as a disadvantage of the British system rather than an advantage. The table provides a powerful justification of the need for a market rented sector which has begun to emerge over the last few years. The demand for such a sector has been shown in the results of the market research survey. It will be interesting to note over the next few years whether the proportion of young households who are home owners declines while the proportion of elderly people who are owner-occupiers continues to increase.

CHAPTER 11

SUMMARY

HISTORICAL PERSPECTIVE

At the beginning of the century 90% of all homes were privately rented, with most of the remainder being owner-occupied. A 1915 Act introduced rent restrictions which have been a major contributory cause to the subsequent decline of private rented housing. There was a high rate of housebuilding in the 1930s; by 1938 32% of houses were owner-occupied, 10% were rented from the public sector and 58% were rented from the private sector. In the immediate post-war period housebuilding was concentrated in the public sector, with the result that by 1951 the owner-occupation proportion had fallen to 31%. Private sector housing was freed in the 1950s, and from 1950 to 1980 both owner-occupation and local authority housing increased steadily at the expense of private renting.

At the end of 1978 the owner-occupation proportion had reached 54.7%, while 31.7% of houses were rented from local authorities, and 13.7% were in other sectors. The 1960s were the peak years for new housebuilding, completions reaching a record 414,000 in 1968. For much of the 1960s and 1970s there was a fairly equal split of new building between the public sector and the private sector.

Policy has changed markedly since 1979. There has been a policy of selling local authority houses and reducing local authority building. As a result by the end of 1991 the owner-occupation proportion had risen rapidly to 67.7% while council renting had fallen to 21.8%.

The 1988 Housing Act made provision for reforms to the rented sector, in particular the virtual abolition of rent controls; and the introduction of private money into housing association activity.

HOUSING TENURE

There are two basic forms of housing tenure, owner-occupation and renting, although these can be subdivided in a number of ways.

At the end of 1992 68.0% of houses in Great Britain were owner-occupied, and 21.3% were rented from the public sector. Owner-occupation was highest in the South East excluding Greater London (75.0%), and lowest in Scotland (53.8%). Conversely, public sector renting was highest in Scotland (35.7%) and lowest in the South West and South East (14.13%). The owner-occupied sector has a significantly higher proportion of detached dwellings, while local authorities have a higher proportion of flats.

The owner-occupation proportion is highest in the 30-34 and 45-54 age groups at 75%, but is also high in the under 25 age group at 36%.

HOUSING CONDITIONS

There are about a million more houses than households in Great Britain, and there has been a sharp decrease in the average household size.

There has been a significant improvement in the standard of housing. Only a tiny fraction of houses no longer have the basic amenities whereas as recently as 1961, 22.4% lacked an inside bath, 6.5% a toilet and 21.8% a hot water tap.

The Government has assisted housing improvement through grants to local authorities and the private sector. Major changes in support for housing improvement have recently been introduced.

HOUSING POLICY

A major Government policy is to promote owner-occupation. Local authorities are no longer seen as being important providers of housing, but rather are expected to facilitate the provision of housing in their areas. An increasing role is being given to housing associations which are funded by the Housing Corporation (Scottish Homes and Housing for Wales in their respective countries). The private rented sector has recently been encouraged by the virtual abolition of rent controls, and also by the extension of the Business Expansion Scheme to companies providing rented housing.

ATTITUDES TO HOUSING

A 1993 survey shows that 81% of people considered owner-occupation as their ideal tenure in two years' time, 12% preferred council renting and 6% the various other tenures. Preference for owner-occupation varied from 69% in Scotland to 86% in the South East, and from 96% for existing owner-occupiers to 41% for council tenants. The analysis by age shows that around 90% of 16 to 54-year-olds expect to be owner-occupiers in ten years time; preference for council renting does not exceed 10% until the 55 and over age group is reached.

89% of adults were satisfied with their housing; only 6% were dissatisfied.

32% of council tenants were interested in purchasing their homes, 5% thought it was very likely that they would do so, and a further 9% thought it quite likely.

TRENDS IN ATTITUDE TO HOUSING

The proportion of adults expressing owner-occupation as their ideal tenure in two years' time has increased from 69% in 1975 to 81% in 1993. Over the same period the proportion preferring council renting has fallen from 21% to 12%, and there has also been a sharp fall in the proportion preferring private renting. Similarly, the proportion expecting to be owner-occupiers in ten years' time has risen from 62% in 1975 to 85% in 1993.

The proportion of people expressing themselves dissatisfied with housing has fallen from 11% in 1975 to 6% in 1993.

HOUSING FINANCE

Loans for house purchase have to accommodate high percentage advances and are normally funded by retail deposits. At the end of 1992 building societies accounted for 62% of outstanding mortgage loans and banks for 28%. During 1991 the building societies accounted for 78% of new lending, the banks for 34%. Various monetary sector subsidiaries and miscellaneous financial institutions had a negative share of net advances of 12%.

Local authority housing is largely financed by central Government loans repayable over 60 years.

Housing subsidies in Britain are complicated, and there is no rationale for the present situation. Low income people are subsidized more heavily if they are tenants rather than owner-occupiers, while for higher income people the opposite is true.

HOUSING SERVICES AND HOUSE MOVES

74% of households with mortgages have obtained their loans from a building society, and 22% from banks. Bank lending is particularly concentrated in the higher income groups. 62% of borrowers have an endowment mortgage, the proportion being much higher in the younger age groups.

Of households who have ever moved, 24% moved under one mile, and a further 25% moved between one and three miles. Only 12% had moved over 100 miles.

45% of households have lived in their homes for more than 10 or more years, and 17% for under two years. Younger people are more likely to have moved more recently.

THE FUTURE

The growth in the number of households will slow down more markedly in northern England than in the south.

THE INTERNATIONAL CONTEXT

There are very wide variations in the proportion of houses which are owner-occupied. English-speaking countries tend to have high proportions, and some continental European countries, notably The Netherlands, Switzerland and West Germany, have proportions that are under 45%. (It should be noted that statistics for a unified Germany are not yet available.)

Britain is significant by virtue of its very rapid increase in owner-occupation, and also because of the high proportion of owner-occupation among younger age groups.

BIBLIOGRAPHY

The historical development of housing conditions and policy in Britain is examined in Part I of the Technical Volume which accompanied the Green Paper, Housing Policy, Cmnd 6851, 1977.

The major sources of housing figures are the annual volumes of the HMSO publication ***Housing and Construction Statistics***; the most recent is ***Housing and Construction Statistics 1981-91***. The two-part quarterly edition gives up-to-date statistics.

The annual ***General Household Survey***, published by HMSO, provides wide-ranging statistics on the housing stock and the characteristics of the households in the various tenures. The latest edition is ***General Household Survey 1991***.

The annual ***Social Trends***, published by HMSO, provides a longer run of some housing key statistics than the annual volume of ***Housing and Construction Statistics*** and also includes figures on housing finance and on other relevant variables such as population.

Not all the figures in ***Housing and Construction Statistics*** cover Scotland. Separate Scottish figures are given in the annual volume of ***Scottish Housing Statistics***, published by HMSO. Similarly, figures for Wales are given in the annual ***Welsh Housing Statistics***, published by HMSO.

The most recent comprehensive statement of Government policy is the white paper ***Housing: The Government's Proposals*** (CM 214, 1987).

The Government departments' annual reports include information of housing policy, public expenditure on housing and rent rebates and allowances. The most recent reports, each issued early in 1993, relevant to this book are—

Department of Environment (Cm 2207)
Department of Social Security (Cm 2213)
Northern Ireland (Cm 2216)
Scotland (Cm 2214)
Wales (Cm 2215)

Housing conditions are analysed in two HMSO publications: ***English House Condition Survey 1986*** (1988) and ***Welsh House Condition Survey 1986*** (1988). The 1991 Housing Condition Surveys are due to be published later this year. The preliminary results of the first ***Scottish Housing Condition Survey*** were made available in March 1993.

The full statistical tabulations for the market research survey are being published by the BSA in ***Housing and Saving 1993***.

Previous market research surveys were described in the BSA publications ***Housing Tenure*** (1985), ***Housing in Britain*** (1986) and ***Housing in Britain*** (1989). The detailed 1975 survey by BMRB, ***Housing Consumer Survey***, was published by the National Economic Development Office in 1977.

The CML's quarterly ***Housing Finance*** and annual ***Housing Finance Factbook*** are the most comprehensive regular sources of housing finance data.

Housing tenure, housebuilding and housing policy for various countries are covered in Mark Boléat's book ***National Housing Finance Systems: A Comparative Study*** (Croom Helm/IUBSSA, 1985). More recent information is published in ***International Housing Finance Sourcebook 1992*** (International Union of Housing Finance Institutions, 1992). At the European level the most comprehensive source of statistics is ***Statistics on Housing in the European Community 1992*** (Ministry of Housing, Physical Planning and the Environment, The Netherlands, 1992).

APPENDIX 1

BMRB HOUSING CONSUMER SURVEY 1993

The survey used a random location design and comprised 2,511 adults (aged 16 and above) in Great Britain. The fieldwork was carried out between 15 February and 14 March. Set out below are some of the detailed results from the survey. The base for all tables is all respondents.

TABLE A1 PRESENT ACCOMMODATION BY REGION AND CURRENT ACCOMMODATION

		Region											Current Accommodation				
	TOTAL	Scotland	North West	North	Yorks & Humb	East Mid-lands	East Anglia	South East	Greater London	South West	Wales	West Mid-lands	Terraced	Semi-Detached	Detached	Flat/ Maison-ette	Other
TOTAL (unweighted)	2511	230	284	135	226	186	86	482	304	215	131	229	735	902	392	266	207
(weighted)	2511	229	283	134	226	190	90	484	298	215	129	231	738	912	389	256	209
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Buying with mortgage	1097	72	135	54	102	82	41	240	122	101	46	102	313	455	219	39	65
	44%	32%	48%	40%	45%	43%	46%	49%	41%	47%	36%	44%	42%	50%	56%	15%	31%
Owned outright	628	33	85	33	52	50	18	131	55	67	37	67	151	227	131	17	98
	25%	14%	30%	24%	23%	27%	20%	27%	19%	31%	29%	29%	21%	25%	34%	7%	47%
Renting from council	515	92	31	30	52	42	21	55	84	30	34	41	164	165	6	152	27
	20%	40%	11%	22%	23%	22%	24%	11%	28%	14%	27%	18%	22%	18%	2%	59%	13%
Renting from a housing association	54	15	15	5	0	2	0	3	6	1	5	2	21	8	1	22	2
	2%	6%	5%	4%	—	1%	—	1%	2%	*	4%	1%	3%	1%	*	8%	1%
Renting from a private landlord – furnished	84	7	6	4	9	0	0	24	19	4	3	7	37	16	9	11	11
	3%	3%	2%	3%	4	—	—%	5%	6%	2%	2	3%	5%	2%	2%	4%	5%
Renting from a private landlord – unfurnished	59	5	5	5	7	5	3	8	5	10	1	4	22	16	5	10	5
	2%	2%	2%	3%	3%	3%	3%	2%	2%	5%	1%	2%	3%	2%	1%	4%	3%
Rent free with job	4	2	0	0	1	0	0	1	0	0	1	0	3	0	2	0	0
	*	1%	—	—	*	—	—	*	—	—	1%	—	*	—	*	—	—
House belongs to member of family/friend (paying rent or rent free)	48	1	4	3	3	4	6	13	5	1	1	7	15	19	10	3	1
	2%	1%	1%	2%	1%	2%	7%	3%	2%	1%	1%	3%	2%	2%	3%	1%	1%
Other	15	1	2	0	1	5	0	5	0	1	0	0	4	4	5	1	0
	1%	*	1%	—	*	2%	—	1%	—	*	—	—	1%	*	1%	*	—
Don't know	8	0	0	1	0	0	0	4	1	0	0	2	7	1	0	0	0
	*	—	—	1%	—	—	—	1%	*	—	—	1%	1%	*	—	—	—

TABLE A2 PRESENT ACCOMMODATION BY SEX, AGE, HOUSEHOLD SIZE AND SOCIAL GRADE

		Sex		Age						Household Size			Social Grade			
	TOTAL	Male	Female	16-19	20-24	25-34	35-54	55-64	65+	One	Two	Three+	AB	C1	C2	DE
TOTAL (unweighted)	2511	1202	1309	153	150	526	850	373	459	385	824	1301	452	687	585	785
(weighted)	2511	1210	1301	222	212	485	786	314	492	364	808	1338	449	623	686	751
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Buying with mortgage	1097	544	553	89	72	298	498	97	42	81	293	724	267	330	325	175
	44%	45%	43%	40%	34%	62%	63%	31%	9%	22%	36%	54%	59%	53%	47%	23%
Owned outright	628	297	330	28	19	18	114	143	306	134	326	167	150	171	162	145
	25%	25%	25%	12%	9%	4%	14%	46%	62%	37%	40%	12%	33%	27%	24%	19%
Renting from council	515	240	275	56	40	114	128	59	117	94	130	291	3	41	142	329
	20%	20%	21%	25%	19%	24%	16%	19%	24%	26%	16%	22%	1%	7%	21%	44%
Renting from a housing association	54	21	33	5	11	12	14	3	8	10	17	27	1	11	11	31
	2%	2%	3%	2%	5%	2%	2%	1%	2%	3%	2%	2%	*	2%	2%	4%
Renting from a private landlord – furnished	84	46	37	10	34	22	14	1	2	26	18	40	10	40	12	21
	3%	4%	3%	5%	16%	4%	2%	*	*	7%	2%	3%	2%	6%	2%	3%
Renting from a private landlord – unfurnished	59	21	38	3	12	13	12	6	13	15	15	29	5	10	17	27
	2%	2%	3%	1%	5%	3%	2%	2%	3%	4%	2%	2%	1%	2%	2%	4%
Rent free with job	4	3	2	0	2	1	1	1	0	0	2	2	2	1	0	2
	*	*	*	—	1%	*	*	*	—	—	*	*	*	*	—	*
House belongs to member of family/friend (paying rent or rent free)	48	26	22	24	18	3	1	1	1	2	3	43	8	15	8	17
	2%	2%	2%	11%	9%	1%	*	*	*	1%	*	3%	2%	2%	1%	2%
Other	15	7	7	0	4	2	4	2	2	2	3	9	2	3	6	3
	1%	1%	1%	—	2%	1%	1%	1%	*	1%	*	1%	1%	*	1%	*
Don't know	8	6	3	6	1	1	0	0	0	0	1	7	1	3	3	2
	*	*	*	3%	1%	*	—	—	—	—	*	1%	*	*	*	*

TABLE A3 ACCOMMODATION MOST LIKE TO BE LIVING IN IN TWO YEARS' TIME BY REGION AND CURRENT ACCOMMODATION

		Region											Current Accommodation				
	TOTAL	Scotland	North West	North	Yorks & Humb	East Mid-lands	East Anglia	South East	Greater London	South West	Wales	West Mid-lands	Terraced	Semi-Detached	Detached	Flat/ Maisonette	Other
TOTAL (unweighted)	2511	230	284	135	226	186	86	482	304	215	131	229	735	902	392	266	207
(weighted)	2511	229	283	134	226	190	90	484	298	215	129	231	738	912	389	256	209
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Owned	2024	157	237	108	173	145	75	415	235	178	104	195	579	767	357	141	173
	81%	69%	84%	80%	76%	77%	83%	86%	79%	83%	81%	84%	78%	84%	92%	55%	82%
Rented from council	308	56	21	17	39	30	10	33	40	17	19	27	96	95	6	86	25
	12%	24%	7%	13%	17%	16%	11%	7%	13%	8%	15%	12%	13%	10%	2%	34%	12%
Rented from a housing association	41	7	9	5	2	0	2	3	6	5	1	2	16	8	0	16	2
	2%	3%	3%	4%	1%	—	2%	1%	2%	2%	1%	1%	2%	1%	—	6%	1%
Rented from a private landlord – furnished	50	3	3	3	6	2	0	16	5	5	3	4	18	16	13	1	3
	2%	1%	1%	2%	3%	1%	—	3%	2%	2%	2%	2%	2%	2%	3%	*	1%
Rented from a private landlord – unfurnished	41	3	5	1	3	5	2	8	5	6	2	1	14	16	3	7	1
	2%	1%	2%	1%	1%	3%	3%	2%	2%	3%	2%	*	2%	2%	1%	3%	1%
Don't know/Not stated	47	3	7	1	4	8	1	9	7	4	0	2	15	10	10	5	5
	2%	1%	3%	1%	2%	4%	1%	2%	2%	2%	—	1%	2%	1%	3%	2%	3%

TABLE A4 ACCOMMODATION MOST LIKE TO BE LIVING IN IN TWO YEARS' TIME BY SEX, AGE, HOUSEHOLD SIZE AND SOCIAL GRADE

		Sex		Age						Household Size			Social Grade			
	TOTAL	Male	Female	16-19	20-24	25-34	35-54	55-64	65+	One	Two	Three+	AB	C1	C2	DE
TOTAL (unweighted)	2511	1202	1309	153	150	526	850	373	459	385	824	1301	452	687	585	785
(weighted)	2511	1210	1301	222	212	485	786	314	492	364	808	1338	449	623	686	751
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Owned	2024	995	1029	144	165	409	700	251	354	249	678	1095	422	556	572	472
	81%	82%	79%	65%	78%	84%	89%	80%	72%	69%	84%	82%	94%	89%	83%	63%
Rented from council	308	135	173	19	11	56	69	48	105	82	89	137	2	26	73	207
	12%	11%	13%	8%	5%	12%	9%	15%	21%	23%	11%	10%	1%	4%	11%	28%
Rented from a housing association	41	17	25	5	2	10	7	6	11	6	14	22	0	4	13	24
	2%	1%	2%	2%	1%	2%	1%	2%	2%	2%	2%	2%	—	1%	2%	3%
Rented from a private landlord – furnished	50	23	27	31	15	3	0	1	1	8	7	36	11	18	10	12
	2%	2%	2%	14%	7%	1%	—	*	*	2%	1%	3%	2%	3%	1%	2%
Rented from a private landlord – unfurnished	41	18	23	7	8	4	2	4	16	11	12	18	3	8	9	20
	2%	1%	2%	3%	4%	1%	*	1%	3%	3%	2%	1%	1%	1%	1%	3%
Don't know	47	23	24	16	12	3	8	3	6	9	8	30	10	11	8	17
	2%	2%	2%	7%	5%	1%	1%	1%	1%	2%	1%	2%	2%	2%	1%	2%

TABLE A5 ACCOMMODATION MOST LIKE TO BE LIVING IN IN TWO YEARS' TIME BY CURRENT TENURE

		Type of Tenure								
	TOTAL	Buying with mort-gage	Owned out-right	First time buyers	Other buyers	Renting from Council	Renting from Hse Assc	Renting from Lord furn	Renting from Lord unfurn	Other
TOTAL (unweighted)	2511	1111	617	443	563	530	57	78	59	14
(weighted	2511	1097	628	435	523	515	54	84	59	15
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Owned	2024	1050	602	432	516	209	27	54	30	8
	81%	96%	96%	99%	99%	41%	51%	64%	52%	58%
Rented from council	308	8	8	1	4	279	4	3	5	0
	12%	1%	1%	*	1%	54%	7%	4%	8%	–
Rented from a housing association	41	3	4	1	1	6	20	2	6	1
	2%	*	1%	*	*	1%	37%	3%	9%	5%
Rented from a private landlord – furnished	50	20	4	0	0	4	0	17	0	0
	2%	2%	1%	–	–	1%	–	20%	–	–
Rented from a private landlord – unfurnished	41	3	4	0	0	6	1	5	17	0
	2%	*	1%	–	–	1%	2%	6%	30%	–
Don't know/Not stated	47	14	5	1	1	10	2	3	1	5
	2%	1%	1%	*	*	2%	3%	3%	1%	38%

TABLE A6 ACCOMMODATION HOPE TO BE LIVING IN IN TEN YEARS' TIME BY REGION AND CURRENT ACCOMMODATION

		Region											Current Accommodation				
	TOTAL	Scotland	North West	North	Yorks & Humb	East Mid-lands	East Anglia	South East	Greater London	South West	Wales	West Mid-lands	Terraced	Semi-Detached	Detached	Flat/ Maison-ette	Other
TOTAL (unweighted)	2511	230	284	135	226	186	86	482	304	215	131	229	735	902	392	266	207
(weighted)	2511	229	282	134	226	190	90	484	298	215	129	231	738	912	389	256	209
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Owned	2133	169	246	112	183	151	73	437	257	190	108	205	617	796	371	166	175
	85%	74%	87%	83%	81%	80%	82%	90%	86%	89%	84%	89%	84%	87%	95%	65%	84%
Rented from council	235	42	16	14	26	24	9	22	30	12	18	21	73	75	5	60	21
	9%	18%	6%	10%	11%	13%	11%	4%	10%	6%	14%	9%	10%	8%	1%	23%	10%
Rented from a housing association	32	6	8	2	1	2	2	3	2	2	2	1	14	6	1	8	3
	1%	3%	3%	2%	*	1%	2%	1%	1%	1%	2%	*	2%	1%	*	3%	1%
Rented from a private landlord – furnished	8	0	0	0	2	1	0	3	1	2	0	0	4	2	1	1	0
	*	—	—	—	1%	*	—	1%	*	1%	—	—	1%	*	*	*	—
Rented from a private landlord – unfurnished	24	1	3	1	1	4	3	5	2	3	0	1	7	8	2	4	3
	1%	*	1%	1%	*	2%	4%	1%	1%	1%	—	*	1%	1%	1%	2%	1%
Don't know	80	10	10	6	14	8	2	15	6	6	0	3	23	25	8	18	7
	3%	5%	4%	4%	6%	4%	2%	3%	2%	3%	—	1%	3%	3%	2%	7%	3%

TABLE A7 ACCOMMODATION HOPE TO BE LIVING IN IN TEN YEARS' TIME BY SEX, AGE, HOUSEHOLD SIZE AND SOCIAL GRADE

		Sex		Age						Household Size			Social Grade			
	TOTAL	Male	Female	16-19	20-24	25-34	35-54	55-64	65+	One	Two	Three+	AB	C1	C2	DE
TOTAL (unweighted)	2511	1202	1309	153	150	526	850	373	459	385	824	1301	452	687	585	785
(weighted)	2511	1210	1301	222	212	485	786	314	492	364	808	1338	449	623	686	751
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Owned	2133	1056	1077	202	188	444	715	244	340	254	671	1207	438	578	590	526
	85%	87%	83%	91%	89%	92%	91%	78%	69%	70%	83%	90%	97%	93%	86%	70%
Rented from council	235	94	141	7	5	27	47	47	102	74	85	76	1	20	54	159
	9%	8%	11%	3%	2%	5%	6%	15%	21%	20%	11%	6%	*	3%	8%	21%
Rented from a housing association	32	12	19	0	1	5	7	6	12	8	11	13	0	6	13	13
	1%	1%	1%	—	*	1%	1%	2%	2%	2%	1%	1%	—	1%	2%	2%
Rented from a private landlord — furnished	8	1	7	3	2	1	0	1	1	3	0	5	0	1	2	5
	*	*	1%	1%	1%	*	—	*	*	1%	—	*	—	*	*	1%
Renting from a private landlord – unfurnished	24	8	16	2	3	1	2	4	12	8	10	5	3	4	6	11
	1%	1%	1%	1%	1%	*	*	1%	2%	2%	1%	*	1%	1%	1%	1%
Don't know	80	39	41	9	13	7	15	11	25	17	30	33	7	14	21	37
	3%	3%	3%	4%	6%	1%	2%	4%	5%	5%	4%	2%	2%	2%	3%	5%

TABLE A8 ACCOMMODATION HOPE TO BE LIVING IN IN TEN YEARS' TIME BY CURRENT TENURE AND ACCOMMODATION WOULD LIKE TO LIVE IN IN TWO YEARS' TIME

		Type of Tenure									Accommodation would like to be living in in two years				
	TOTAL	Buying with mort-gage	Owned out-right	First time buyers	Other buyers	Renting from Council	Renting from Hse Assc	Renting from Llord furn	Renting from Llord unfurn	Other	Owned	Rented from Council	Rented from Hse Assc	Rented from Priv Llord	Don't know
TOTAL (unweighted)	2511	1111	617	443	563	530	57	78	59	14	2016	335	43	75	42
(weighted	2511	1097	628	435	523	515	54	84	59	15	2024	308	41	91	47
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Owned	2133	1070	593	426	514	268	35	73	33	8	1968	64	18	60	23
	85%	98%	94%	98%	98%	52%	65%	88%	56%	55%	97%	21%	43%	66%	48%
Rented from council	235	7	9	2	3	209	2	2	4	1	18	213	0	0	3
	9%	1%	1%	*	1%	41%	3%	2%	6%	7%	1%	69%	—	—	7%
Rented from a housing association	32	2	6	1	1	7	13	0	3	1	6	4	21	1	0
	1%	*	1%	*	*	1%	24%	—	5%	7%	*	1%	50%	1%	—
Rented from a private landlord – furnished	8	3	0	0	0	2	0	2	1	0	1	2	0	4	2
	*	*	—	—	—	*	—	2%	1%	—	*	1%	—	4%	4%
Rented from a private landlord – unfurnished	24	1	3	0	1	1	1	4	14	0	4	0	0	20	0
	1%	*	*	—	*	*	2%	4%	24%	—	*	—	—	22%	—
Don't know	80	13	17	7	3	28	3	3	4	4	26	26	3	6	19
	3%	1%	3%	2%	1%	5%	6%	3%	8%	30%	1%	8%	7%	7%	41%

TABLE A9 SATISFACTION WITH PRESENT ACCOMMODATION BY REGION AND CURRENT ACCOMMODATION

		Region											Current Accommodation				
	TOTAL	Scotland	North West	North	Yorks & Humb	East Mid-lands	East Anglia	South East	Greater London	South West	Wales	West Mid-lands	Terraced	Semi-Detached	Detached	Flat/ Maison-ette	Other
TOTAL (unweighted)	2511	230	284	135	226	186	86	482	304	215	131	229	735	902	392	266	207
(weighted)	2511	229	283	134	226	190	90	484	298	215	129	231	738	912	389	256	209
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Very satisfied	1325	101	152	71	123	106	48	287	120	125	66	125	339	514	251	86	130
	53%	44%	54%	53%	54%	56%	54%	59%	40%	58%	51%	54%	46%	56%	65%	33%	62%
Quite satisfied	904	89	101	52	89	62	29	160	116	75	52	80	294	326	123	96	61
	36%	39%	36%	39%	39%	33%	33%	33%	39%	35%	40%	35%	40%	36%	32%	37%	29%
Neither satisfied nor dissatsified	134	18	19	1	5	10	8	23	25	8	6	11	50	38	10	26	9
	5%	8%	7%	1%	2%	5%	8%	5%	9%	4%	5%	5%	7%	4%	2%	10%	4%
Quite dissatisfied	97	17	8	6	4	11	3	11	21	6	3	9	37	24	4	23	8
	4%	7%	3%	5%	2%	6%	3%	2%	7%	4%	2%	4%	5%	3%	1%	9%	4%
Very Dissatisfied	49	5	3	4	4	1	2	4	16	2	1	7	16	9	0	24	0
	2%	2%	1%	3%	2%	*	2%	1%	5%	1%	1%	3%	2%	1%	—	9%	—
Don't know	1	0	0	0	1	0	0	0	1	0	0	0	0	0	1	1	0
	*	—	—	—	*	—	—	—	*	—	—	—	—	—	*	*	—

TABLE A10 SATISFACTION WITH PRESENT ACCOMMODATION BY SEX, AGE, HOUSEHOLD SIZE AND SOCIAL

		Sex		Age						Household Size			Social Grade			
	TOTAL	Male	Female	16-19	20-24	25-34	35-54	55-64	65+	One	Two	Three+	AB	C1	C2	DE
TOTAL (unweighted)	2511	1202	1309	153	150	526	850	373	459	385	824	1301	452	687	585	785
(weighted)	2511	1210	1301	222	212	485	786	314	492	364	808	1338	449	623	686	751
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Very satisfied	1325	651	675	122	87	188	408	185	335	187	487	650	279	332	373	342
	53%	54%	52%	55%	41%	39%	52%	59%	68%	51%	60%	49%	62%	53%	54%	46%
Quite satisfied	904	436	467	79	86	220	291	103	125	139	245	521	145	222	246	291
	36%	36%	36%	36%	40%	45%	37%	33%	25%	38%	30%	39%	32%	36%	36%	39%
Neither satisfied nor dissatisfied	134	65	69	8	22	35	41	15	13	19	39	76	14	37	35	48
	5%	5%	5%	4%	10%	7%	5%	5%	3%	5%	5%	6%	3%	6%	5%	6%
Quite dissatisfied	97	42	55	8	13	26	28	7	14	14	24	59	11	27	24	35
	4%	3%	4%	4%	6%	5%	4%	2%	3%	4%	3%	4%	3%	4%	3%	5%
Very Dissatisfied	49	16	33	4	5	16	16	4	5	5	13	32	1	4	9	34
	2%	1%	3%	2%	2%	3%	2%	1%	1%	1%	2%	2%	*	1%	1%	5%
Don't know	1	0	1	0	0	0	1	0	0	0	0	1	0	1	0	1
	*	—	*	—	—	—	*	—	—	—	—	*	—	*	—	*

TABLE A11 SATISFACTION WITH PRESENT ACCOMMODATION BY TYPE OF TENURE AND ACCOMMODATION MOST LIKE TO LIVE IN TWO YEARS' TIME

		Type of Tenure									Accommodation Most Like To Live In In Two Years' Time				
	TOTAL	Buying with mort-gage	Owned out-right	First time buyers	Other buyers	Renting from Council	Renting from Hse Assc	Renting from Lord furn	Renting from Lord unfurn	Other	Owned	Rednted from Council	Rented from Hse Assc	Rented from prvt Lord	Don't know
TOTAL (unweighted)	2511	1111	617	443	563	530	57	78	59	14	2016	335	43	75	42
(weighted	2511	1097	628	435	523	515	54	84	59	15	2024	308	41	91	47
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Very satisfied	1325	617	407	219	301	179	21	33	25	8	1096	134	13	61	22
	53%	56%	65%	50%	58%	35%	38%	40%	43%	55%	54%	44%	32%	66%	46%
Quite satisfied	904	388	184	177	181	226	21	31	25	6	719	124	21	24	16
	36%	35%	29%	41%	35%	44%	40%	38%	42%	39%	36%	40%	51%	27%	33%
Neither satisfied nor dissatisfied	134	48	20	18	23	44	7	11	2	0	104	20	3	3	4
	5%	4%	3%	4%	4%	8%	12%	13%	3%	—	5%	6%	8%	3%	9%
Quite dissatisfied	97	37	16	17	16	32	4	5	4	0	71	19	2	1	4
	4%	3%	3%	4%	3%	6%	7%	6%	7%	—	4%	6%	5%	1%	9%
Very Dissatisfied	49	8	1	5	2	34	1	3	2	0	33	11	1	2	1
	2%	1%	*	1%	*	7%	2%	3%	4%	—	2%	3%	3%	3%	3%
Don't know	1	0	0	0	0	1	0	0	0	1	1	1	0	0	0
	*	—	—	—	—	*	—	—	—	6%	*	*	—	—	—

APPENDIX 2

SCOTLAND, WALES AND NORTHERN IRELAND

Articles in the May 1993 edition of Housing Finance review the housing and savings market in Scotland, Wales and Northern Ireland. This appendix draws largely on those articles.

SCOTLAND

The Housing Stock in Scotland

Table 1 shows the growth in dwellings and the changing tenure pattern in Scotland. During the first half of the 1980s the housing stock expanded at the relatively modest rate of 0.3% a year, with an annual average growth rate of 3.3% in the owner-occupied stock more than offsetting a 1.6% per annual decline in the number of public (mostly local authority) rental accommodation, while other rental properties were little changed. In the 1985-89 period nearly 90,000 homes were added to the housing stock in Scotland. This largely reflected the relatively rapid expansion of more than 5% a year of the owner-occupied stock which increased by more than 200,000 over the period. The number of properties rented from housing associations increased even more rapidly, by an average 7.6% a year, albeit from a low base. Over the same period the importance of both the public and private rental sectors diminished, falling by 110,000 (2.2%) and 34,000 (4.1%) respectively.

Broadly speaking, the pattern of the second half of the 1980s has continued into the early 1990s although exact comparisons are made difficult by new estimates based on the 1991 Census results. The number of owner-occupied dwellings has continued to increase, reaching nearly 1.2 million at the end of 1992. Owner-occupation now exceeds 53%, compared with under 50% at the turn of the decade and slightly more than 35% at the beginning of the 1980s. However, this form of tenure is still considerably smaller than in England or Wales, as can be seen from Table 2. The public rented sector has broadly mirrored the growth in owner-occupation, falling to less than 36% of the total housing stock by 1992.

TABLE 2 DISTRIBUTION OF HOUSING STOCK BY TENURE, SCOTLAND, WALES AND ENGLAND, SEPTEMBER 1992

Country	Number of Dwellings 000s	Percentage of Dwellings: Owner-Occupied	Public Authority	Rented from Housing Associations	Private Rented
Scotland	2,174	53.8	35.7	10.6	
Wales	1,187	72.4	18.6	2.7	6.4
England	19,826	69.3	19.9	3.3	7.5

Source: *Housing and Construction Statistics* September Quarter 1992, Part 2.
Note: Figures for Scotland relate to December 1992.

TABLE 1 STOCK OF DWELLINGS BY TENURE

End Period	Number of Dwellings 000s	Owner-occupied 000s	% of Total	Rented from Public Authorities 000s	% o Total	Rented from Housing Associations 000s	% of Total			Rented Privately 000s	% of Total
1966	1,710		29.1		47.3				(23.6)		
1968	1,749		30.2		49.6				(20.2)		
1970	1,796		30.9		51.3				(17.8)		
1972	1,837		31.7		52.8				(15.5)		
1974	1,868		32.8		53.7				(13.5)		
1976	1,921		33.6		54.2				(12.2)		
1978	1,964		34.6		54.3				(11.1)		
1980	1,997	721	36.1	1,074	53.8			(202)	(10.1)		
1981	1,970	718	36.4	1,027	52.1	36	1.8			191	9.7
1982	1,983	747	37.7	1,016	51.2	38	1.9			182	9.2
1983	1,998	781	39.1	1,001	50.1	41	2.1			174	8.7
1984	2,015	816	40.5	987	49.0	45	2.2			167	8.3
1985	2,032	850	41.8	974	47.9	47	2.3			161	7.9
1986	2,050	884	43.1	962	46.9	50	2.5			154	7.5
1987	2,067	922	44.6	943	45.6	54	2.6			147	7.1
1988	2,084	972	46.7	914	43.9	59	2.8			139	6.7
1989	2,104	1,033	49.1	877	41.7	62	2.9			133	6.3
1990	2,124	1,088	51.2	845	39.8	65	3.1			126	6.0
1991	2,142	1,131	52.8	822	38.4	71	3.3			118	5.5
1992	2,174	1,169	53.8	776	35.7			(230)	(10.6)		

Sources: *Housing and Construction Statistics* 1980-1990, *Housing and Construction Statistics*, September Quarter 1991, Part 2, Scottish Office.
Note: 1. Public Authority includes local authorities, new town corporations and Scottish Homes (Scottish Special Housing Association prior to 1 April 1989).
2. Figures in brackets show combined data for housing associations and the private rented sector.

As elsewhere in the UK, the role of the housing association sector has expanded further in recent years and currently accounts for well over 3% of the total stock, more than double its size in the early 1980s.

For some years a central aim of government housing policy has been to increase the level of home ownership in Scotland. This has prompted large- scale sales of public sector accommodation, building up from relatively modest levels in the early 1980s to a peak of almost 40,000 units in 1989. The pace of sales has fallen back somewhat subsequently, although estimated annual sales of more than 24,000 in 1992 were still the fourth highest on record. Table 3 shows the annual figures since 1979.

TABLE 3 SALE OF PUBLIC SECTOR AND HOUSING ASSOCIATION DWELLINGS, SCOTLAND, 1979-1992

Period	Sales by Public Authorities		Sales by Housing Associations	
	Total	of which to Sitting Tenants	Total	of which to Sitting Tenants
1979	1,403	1,010		
1980	6,503	6,102		
1981	11,170	10,660		
1982	15,155	14,126	28	12
1983	18,315	17,839	123	44
1984	17,239	16,088	95	10
1985	15,643	14,937	62	18
1986	14,288	13,994	129	11
1987	20,124	18,969	464	342
1988	32,410	31,655	465	294
1989	39,541	39,237	393	284
1990	32,986	32,741	256	189
1991	23,197	22,566	196	141
1992	24,695	23,715	134	94

Source: ***Scottish Office Statistical Bulletin*** March 1992.
Note: 1. Public Authorities also includes local authorities, new town corporations and scottish homes (Scottish Special Housing Association prior to 1 April 1989).
2. Sales by housing associations exclude co-ownership sales.
3. Figures for 1992 are for 12 months ended September 1992.

The strong expansion in owner-occupation in Scotland looks set to continue for the foreseeable future. The BMRB survey revealed that 69% of adults living in Scotland saw owner-occupation as their preferred form of tenure in two years' time and that 74% aspired to be owner-occupiers in ten years' time. The survey also showed that 50% of adults in Scotland thought that owner-occupation had become more attractive over the past couple of years (the highest positive balance of any region in Great Britain).

Interestingly, the long-term aspiration for owner-occupation in Scotland, although much lower than any other part of Great Britain, has remained remarkably stable at 73-74% over recent years. By contrast, many other parts of Great Britain have seen negative (albeit often temporary) shifts in sentiment towards owner-occupation, presumably reflecting the adverse impact of the housing market recession across much of the country. The relatively solid performance of the housing market in Scotland may well have contributed both to the sharp increase in the proportion of adults in Scotland favouring owner-occupation in two years' time (up from 63% when comparable market research was carried out in early 1991) and to the increase from 41% to 50% in those who thought that owner-occupation had become more attractive over the previous couple of years. These trends appear to augur well for the further expansion of home ownership over the coming years.

House Conditions Survey

During the Autumn of 1991 and the Spring of 1992, Scottish Homes conducted the first ever Scottish House Condition Survey, based on a sample of 24,000 dwellings, covering both the condition of the property and a socio-economic interview of the household. Full results from the survey are not due to be published until later in 1993. Preliminary findings include the following—

(a) 94,000 dwellings, 4.6% of the total stock, are below the tolerable standard defined by the Housing (Scotland) Act 1987.

(b) 423,000 dwellings, 20.8% of the total stock, are affected by serious condensation, dampness or mould (this rises to 584,000, 28.7%, if any degree of condensation is included).

(c) Problems of condensation, dampness and mould were in each case more prevalent in the public sector stock. (d) 13,000 households do not have their own bath or toilet.

Table 4 presents the distribution of the housing stock in Scotland by age of dwellings compared with England and Wales. It is evident that Scotland's housing stock is comparatively younger than those of both England and Wales. Relatively little of Scotland's existing dwelling stock pre-dates 1871, while 58.5% relates to development since the Second World War (compared with 53.7% and 49.8% in England and Wales respectively).

TABLE 4 AGE DISTRIBUTION OF THE HOUSING STOCK, SCOTLAND, ENGLAND AND WALES, END-1991

	Scotland %	England %	Wales %
Pre-1871	2.7	6.3	20.7
1871-1890	7.9	7.9	
1891-1918	14.7	12.2	16.5
1919-1944	16.3	19.9	13.0
1945-1970	35.4	31.5	29.2
Post 1970	23.1	22.2	20.6
Total	100.0	100.0	100.0

Source: ***Housing and Construction Statistics*** 1981-1991.

Housebuilding Activity in Scotland

Housing completions in Scotland have declined a little from their cyclical peak of 20,300 units in 1990, totalling 18,700 units for the 12 months ended September 1992. However, the percentage decline from the peak, at less than 8%, compares favourably with England where completions have fallen by 30% from their 1988 peak.

The decline in housebuilding in Scotland reflects a disparate performance across each of the main sectors, with the percentage decline since 1990 of 7% for private output, sandwiched between a 34% decline for the public authorities and a 26% rise in housing association completions. Reflecting the more limited role seen for public sector provision over recent years, public sector activity has declined continuously since 1988, and since 1991 it has been overtaken by the housing association sector in terms of the number of units completed.

Table 5 illustrates the pattern of house building activity.

According to figures from the National House Building Council, Scotland has by far the highest proportion of timber-framed house-building in the UK. Some 44% of housing starts in Scotland in 1992 were of the timber-frame type, compared with no more than 5% in England, Wales and Northern Ireland.

The number of detached bungalows built as a percentage of total house- building is much higher in Scotland than in either England or Wales while terraced houses are considerably less popular in Scotland than south of the border.

Government Housing Policy in Scotland

The Scottish Office Environment Department advances and administers the Government's housing policies for the public and private sectors, and sponsors Scottish Homes. This was established in April 1989 under the terms of the Housing (Scotland) Act 1988, replacing the Scottish Special Housing Association (SSHA) and the Housing Corporation in Scotland (HCiS). Scottish Homes is both a major public sector landlord (the second largest in Scotland), owning over 60,000 dwellings, and the housing development agency for Scotland.

The overall aim of housing policy is to ensure that a decent home is within reach of every household. Given the belief that wherever practicable individuals should be able to choose the type and tenure of housing they live in, policy is directed to increasing the opportunities for owner- occupation and, for those who do not want or cannot afford to own their own home, to ensuring that an adequate and diverse supply of rental accommodation is available.

The main objectives of the Government's housing policy, as stated in The Government's Expenditure Plans 1993-94 to 1995-96, are to—

(a) Extend opportunities for home ownership.

(b) Promote diversity in the provision and management of rented housing.

TABLE 5 NEW HOUSES COMPLETED, SCOTLAND, 1971-92

Period	Total	Private		Public Authority				Housing Association	
		Number	% of Total	Number	% of	Total		Number	% of Total
1971	40,783	11,614	28.5			29,169	(71.5)		
1972	31,992	11,835	37.0			20,157	(63.0)		
1973	30,033	12,215	40.7			17,818	(59.3)		
1974	28,336	11,239	39.7			17,097	(60.3)		
1975	34,323	10,371	30.2			23,952	(69.8)		
1976	36,527	13,704	37.5			22,823	(62.5)		
1977	27,320	12,132	44.4			15,188	(55.6)		
1978	25,759	14,443	56.1			11,316	(43.9)		
1979	23,782	15,175	63.8	8,063	33.9			544	2.3
1980	20,611	12,242	59.4	7,488	36.3			881	4.3
1981	20,015	11,021	55.1	7,066	35.3			1,928	9.6
1982	16,423	11,523	70.2	3,733	22.7			1,167	7.1
1983	17,931	13,168	73.4	3,492	19.5			1,271	7.1
1984	18,838	14,115	74.9	2,647	14.1			2,076	11.0
1985	18,411	14,435	78.4	2,828	15.4			1,148	6.2
1986	18,637	14,870	79.8	2,301	12.3			1,466	7.9
1987	17,707	13,904	78.5	2,634	14.9			1,169	6.6
1988	18,272	14,179	77.6	2,815	15.4			1,278	7.0
1989	20,173	16,287	80.7	2,266	11.2			1,620	8.0
1990	20,286	16,551	81.6	2,005	9.9			1,730	8.5
1991	19,450	15,984	82.2	1,546	7.9			1,920	9.9
1992	18,701	15,829	84.6	1,250	6.7			1,622	8.7

Source: ***Housing and Construction Statistics*** 1981-1991, ***Scottish Office Statistical Bulletin*** March 1993. 1992 figure is for 12 months ended September 1992.
Note: Figures in brackets show combined data for housing associations and public authorities.

(c) Improve performance and value for money in the subsidised sector.

(d) Encourage private investment in housing.

(e) Encourage housing agencies to identify and address local deficiencies in urban and rural areas in the supply of housing, its condition and quality including accommodation for the homeless.

Owner-occupied Sector

The Government's desire to extend opportunities for owner occupation as a form of tenure has spawned a number of important initiatives (not necessarily confined to Scotland).

The strong increase in home ownership seen over recent years owes much to the Right-To-Buy (RTB) initiative begun in 1980. RTB has seen more than 250,000 sales since its launch, accounting for about 55% of the overall increase in the level of owner-occupation over the period (much of the remaining increase in owner-occupation is, of course, due to private sector new build activity). It is important to note in passing that the local authorities, Scottish Homes and the new town development corporations each operate voluntary sales schemes to sitting tenants alongside sales under the RTB legislation — thus in the period up to mid-1992 total sales to sitting tenants by these bodies totalled 251,563, of which 238,518 represented RTB sales.

A Rent to Mortgages Scheme (RTM) was introduced as a pilot scheme in October 1989, complementing the RTB initiative by offering an opportunity to those who aspire to home ownership but cannot quite afford the payments required under RTB.

The scheme, initially confined to tenants of Scottish Homes and the new town development corporations in Scotland, was extended to local authority tenants from April 1991. As at June 1992, RTM sales by Scottish Homes, new town development corporations and local authorities had reached 144, 59 and 76 respectively, a total of 279 sales. The RTM scheme remains in operation and is due to be replaced by a statutory scheme later in 1993 when the Housing and Urban Development Bill is enacted.

Two other programmes — the Cash Incentive Scheme (CIS) and Tenants Incentive Scheme (TIS) — provide cash payments to local authority and housing association tenants respectively to enable them to purchase a property in the private sector instead of exercising the RTB on their existing home, thereby freeing accommodation for re-letting to the homeless or others in housing need. A total of 94 grant payments were made in 1991-92; the target for 1992-93 is 150.

Scottish Homes promotes owner-occupation through individual sales to sitting tenants, housing association Low Cost Home Ownership (LCHO) programmes and grants for Rent and Owner Occupation (GRO-grants) to private developers. The latter grant is usually between 20% and 40% of the total cost of the project. In 1992-93 Scottish Homes targeted in excess of £40 million at owner-occupation programmes through LCHO (£24 million) and GRO- grants (£18 million). Under such programmes more than 2,500 units for owner-occupation had been approved by mid-1992. The allocation for GRO- grants, at £37 million, has been increased substantially in 1993-94, and comprises £30 million for owner-occupation and £7 million for rental. Meanwhile, the LCHO programme has been increased to £30 million.

In 1992 Scottish Homes introduced for its tenants a pilot Home Ownership Purchase Scheme (HOPS) similar in concept to the CIS and TIS arrangements. For 1992-93 the target was to provide 60 such grants.

Rental Sector

There are a number of policies, mostly put in place by the Housing (Scotland) Act 1988, aimed at promoting greater diversity in the rented sector, in particular an increase in private sector provision. These measures include additional incentives for private landlords and a financial regime for housing associations which has enabled them to use private finance in addition to Housing Association Grant (HAG) to increase their provision of new dwellings for rent. Housing association properties now represent more than 3% of the Scotland's housing stock. Target provision for 1992-93 is 3,500 new or improved homes.

While the Government's objectives of extending opportunities for owner- occupation and of promoting greater diversity in the rented sector imply a diminution of the local authority sector, the latter will continue to represent a significant proportion of the housing stock for many years to come. Consequently, the Government's main emphasis here is to encourage councils to improve the quality of their housing stock and to target resources effectively.

WALES

Housing Tenure in Wales

Table 6 summarises the importance of different forms of housing tenure across the UK. Owner-occupation in Wales, which stood at over 72% of the total stock of dwellings in the autumn of 1992, is higher than in all other parts of the United Kingdom except the south east (excluding Greater London) and the south west. According to Family Expenditure Survey data for 1989-90, an estimated 31% of households in Wales owned their property outright. This is the highest such level of any region

and compares with less than a quarter for the UK as a whole.

As in all parts of the country, the level of owner-occupation in Wales has expanded strongly since 1979. By the end of 1992, it is estimated that the number of owner-occupied dwellings had increased by around 230,000 compared with 13 years earlier. This was almost double the comparable increase in the total housing stock and underlies the 14% rise, to over 72%, in the percentage level of owner-occupation over the period (Table 7). Figures for the first nine months of 1992 suggest that the pace of increase in owner-occupation slowed.

TABLE 6 HOUSING TENURE, COUNTIES OF THE UK, DECEMBER 1991

Country	Number of Dwellings 000s	Percentage of Dwellings Owner-Occupied	Rented from Local Authority/ New Town	Rented from Housing Assoc	Rented Privately
England	19,725	69.1	20.1	3.2	7.6
Wales	1,179	72.0	18.9	2.5	6.6
Scotland	2,142	52.8	38.4	3.3	5.5
Northern Ireland	576	65.9	28.5	2.0	3.5
UK	23,622	67.7	21.9	3.1	7.3

Source: *Housing and Construction Statistics*, September 1992, Part 2, Table 2.23.

TABLE 7 DISTRIBUTION OF HOUSING STOCK BY TENURE, WALES, 1961-92

End of Period	Number of Dwellings 000s	Percentage of Dwellings Owner-Occupied	Rented from Local Authority/ New Town	Rented from Housing Assoc	Rented Privately
1961	782	47.8	23.7	28.5	
1971	970	54.6	28.9	17.5	
1973	991	57.6	27.8	14.5	
1975	1,017	58.3	28.3	13.4	
1977	1,042	58.8	29.0	12.2	
1979	1,062	59.3	29.0	11.7	
1981	1,089	62.6	26.9	1.1	9.4
1983	1,103	65.2	24.5	1.4	8.9
1985	1,120	66.7	23.4	1.6	8.3
1986	1,128	67.5	22.8	1.7	8.0
1987	1,137	68.3	22.3	1.7	7.7
1988	1,148	69.5	21.3	1.8	7.4
1989	1,159	70.9	20.0	1.9	7.1
1990	1,169	71.5	19.4	2.3	6.8
1991	1,179	72.0	18.9	2.5	6.6
1992 Sept	1,187	72.4	18.6	2.7	6.4

Source: *Housing and Construction Statistics* September 1992, Part 2, Table 2.23.

Notes: Figures from 1981 onwards are estimates based on the 1981 Census and are not strictly comparable with earlier figures based on previous Census data.

Local authority rental accommodation is the next most important form of tenure in Wales, but it now accounts for less than a fifth of dwellings. As Table 7 shows, the importance of the local authority rental sector has contracted sharply since the late 1970s, mirroring the expansion in owner- occupation levels. This largely reflects the sale of substantial numbers of council house properties, mostly under the Right-To-Buy legislation. Overall some 97,000 local authority, housing association and newtown dwellings have been sold under RTB, or on voluntary terms since 1979. Table 8 provides details of total public sector sales to the owner-occupied sector since 1980, from which it can be clearly seen that the pace of sales has slowed significantly from the levels experienced in 1988 and 1989.

TABLE 8 TRANSFER OF PUBLIC SECTOR DWELLINGS TO OWNER-OCCUPIED SECTOR, WALES, 1980-92

	Total	Of Which Right-to-Buy
1980	2,080	—
1981	8,848	7,916
1982	16,948	16,088
1983	9,887	9,228
1984	6,531	5,650
1985	6,086	5,622
1986	5,760	5,419
1987	6,109	5,609
1988	10,012	9,605
1989	13,077	12,753
1990	6,805	6,486
1991	3,918	3,508
1992	2,979	2,140

Source: *Housing and Construction Statistics*, 1981-1991, Tables 9.6 and 9.7. *Housing and Construction Statistics*, September 1992, Part 2, Tables 2.11 and 2.12.

Notes: 1. The Right-to-Buy established by the Housing Act 1980 came into force in October 1980.
2. Figures include sales and transfers by local authorities new towns and housing associations. Housing association sales include shared ownership deals.
3. 1992 figures show figures for the first three quarters at an annual rate.

The housing association rental sector has increased steadily in importance over recent years. However, housing associations in Wales still only accounted for just under 3% of the total housing stock as at end-September 1992, a little below the UK average.

Public Attitudes to Housing Tenure

The BMRB survey, like those in earlier years, asked respondents "answering from this list, which one of these types of accommodation would you most like to be living in two years time?" The list and results for Wales and Great Britain are shown in Table 9.

TABLE 9 IDEAL TENURE IN TWO YEARS TIME, WALES AND GREAT BRITAIN, 1993

Ideal Tenure Unweighted Sample	Great Britain 2,511 %	Wales 131 %
Owned	81	81
Rented from council	12	15
Rented from housing association	2	1
Rented from a private landlord	4	4
Don't know/not stated	2	0

The results show significant growth potential for owner-occupation in Wales, with 81% viewing that tenure as "ideal", well above the current proportion actually in owner-occupation. The figures are similar to those for Great Britain as a whole.

The research also asked respondents to be a little more forward looking, asking "thinking further ahead, say ten years from now, if things go as well as you might expect them to, which of the types of accommodation on this list would you hope to be living in then?". Table 10 shows the results.

TABLE 10 EXPECTED TENURE IN TEN YEARS TIME, WALES AND GREAT BRITAIN, 1993

Expected Tenure	Great Britain %	Wales %
Owned	85	84
Rented from council	9	14
Rented from housing association	1	2
Rented from a private landlord	1	0
Don't know/not stated	3	0

The figures confirm the overwhelming desire for owner-occupation in both Great Britain as a whole and Wales. The new figures also confirm a recovery in the attractiveness of owner-occupation in Wales recently. Responses to the same question in a survey in 1989 85% expecting to become owner-occupiers; this figure fell to 75% when the question was repeated in a survey in 1991, but has now returned to its previous level.

Other results from the survey show that—

(a) 91% of adults in Wales are very or quite satisfied with their present accommodation.

(b) 36% of adults in Wales felt home-ownership had become more attractive during the two years to March 1993; 35% felt the attractiveness had not changed while just 26% felt that home-ownership was less attractive than it had been.

Housing Conditions

The housing stock in Wales is older than in the rest of Great Britain. As can be seen from Table 11, 37.5% of the Welsh housing stock was constructed before 1919 compared with an average of 27.1% for Great Britain as a whole. The proportion of Welsh dwellings built during the inter-war period is considerably below the British average, although this difference becomes less marked in the subsequent post-war periods.

Governemnt Housing Policy in Wales

The broad aim of housing policy is to improve housing provision and condition. This is underpinned by three main objectives—

TABLE 11 AGE DISTRIBUTION OF HOUSING STOCK, WALES AND GREAT BRITAIN, END-1991

Date of Construction	Percentage of Dwellings	
	Wales	Great Britain
Pre 1890	20.7	14.0
1891-1918	16.5	12.6
1919-1944	13.0	19.0
1945-1970	29.2	32.1
Post 1970	20.6	22.3

Source: *Housing and Construction Statistics* 1981-1991, Table 9.5.

(a) To encourage owner-occupation.

(b) To create greater diversity of choice and supply for those who cannot afford or do not want to be home-owners.

(c) To improve the quality of both the housing stock and the lives of occupants.

The Welsh Office seeks to spread home ownership through Right-To-Buy and Rents-to-Mortgages, and by encouraging low-cost home ownership schemes.

A Flexi-Ownership Scheme was introduced at the end of 1989 on an experimental basis for tenants of the Development Board for Rural Wales (DBRW). Essentially, flexi-ownership converts local authority rents to mortgages and represents an extension of the Right-To-Buy initiative. The scheme combines a mortgage, discount entitlements and a deferred payment element in such a way that tenants can buy their properties at a weekly cost similar to their existing rent. By the end of 1992 the DBRW had completed 65 sales. The latest departmental annual report from the Welsh Office indicates that this figure represents 8% of the eligible stock, "which compares favourably with the rate of sales over the same initial period of Right-to-Buy (equivalent to 4% of stock)".

A range of programmes have been adopted to widen the choice and increase the supply of rental accommodation for those who cannot afford or do not wish to be owner-occupiers. As elsewhere, housing associations are now seen as the major providers of new social housing, and they manage around 34,000 homes. As can be seen from Table 12 (page 62), new building by housing associations has grown rapidly in recent years. It is hoped that housing associations will provide a minimum of 10,000 new homes in the three years to 1993-94.

House Building in Wales

The total number of completions fell from a peak of over 17,000 in 1975 to less than 8,000 in the early 1980s. More recently, the number of units completed rose to more than 11,000 in 1988 and 1989, but has eased back somewhat subsequently as private sector activity has contracted. Completions in 1992 were the lowest for six years, but remained

well above the levels of the first half of the 1980s. Public sector involvement has shrunk considerably over the past twenty years. Since 1989 housing associations have been the major provider of new social housing, and in both 1991 and 1992 accounted for well over 20% of total new build.

TABLE 12 HOUSE BUILDING COMPLETIONS, WALES, 1975-92

	Private Sector	Housing Associations	Local Authorities, New Towns and Government Departments	All
1975	8,967	275	8,061	17,303
1976	7,647	182	7,472	15,301
1977	7,190	388	6,903	14,481
1978	7,158	1,072	4,475	12,705
1979	6,980	1,016	3,335	11,331
1980	5,932	917	3,704	10,553
1981	5,105	540	3,536	9,181
1982	5,082	794	1,880	7,756
1983	5,395	529	1,738	7,662
1984	6,276	593	2,152	9,021
1985	6,540	607	1,075	8,222
1986	7,026	534	870	8,430
1987	7,975	467	812	9,254
1988	9,535	708	794	11,037
1989	9,121	1,642	630	11,393
1990	7,719	1,652	551	9,922
1991	7,461	2,409	388	10,258
1992	7,142	2,410	124	9,676

Source: ***Welsh Housing Statistics***, No 11, 1991, Table 2.3, ***Housing and Construction Statistics***, December Quarter 1992, Part 1, Table 1.2.

The nature of new houses built in Wales is significantly different from the rest of Great Britain, as Table 13 shows.

TABLE 13 NEW HOUSE BUILDING STARTS, WALES AND GREAT BRITAIN, 1991-92

Type of New Dwelling	Percentage of New Dwellings Started		
	Wales		Great Britain
	1991	1992	1992
Detached houses	25	25	29
Detached bungalows	7	7	5
Semi-detached houses	20	27	20
Terraced houses	30	26	23
Attached bungalows	5	3	3
Flats and maisonettes	14	14	21

Source: ***National House Building Council, Private House Building Statistics***, 1992 (Quarter 4)

NORTHERN IRELAND

Housing Tenure

Table 14 illustrates the distribution of the occupied housing stock by tenure pattern and shows how the situation has changed since 1981.

It can be seen that there has been a progressive increase in owner- occupation since 1981. One of the major reasons behind the increase has been the Northern Ireland Housing Executive (NIHE) house sales scheme to former tenants. Sales of dwellings by the NIHE were 3,191 in 1991/92, a fall back from the 4,120 figure in the previous financial year. The recent departmental annual report estimates that sales are likely to have dropped to 2,725 in 1992/93 and are expected to remain below 2,500 in each of the following three financial years.

TABLE 14 HOUSING TENURE, NORTHERN IRELAND AND GREAT BRITAIN, 1981-92

End-Year	Owner-Occupied		Rented From Local Authority		Private Rented and Other	
	NI %	GB %	NI %	GB %	NI %	GB %
1981	53	56	39	31	8	13
1982	56	58	37	29	8	13
1983	57	60	36	28	7	13
1984	58	61	36	28	7	12
1985	61	62	34	27	6	12
1986	61	63	33	26	6	11
1987	62	64	32	25	6	11
1988	63	65	31	24	6	10
1989	64	66	30	23	6	10
1990	66	67	29	22	6	11
1991	66	68	29	22	6	11
1992 (p)	66	68	29	22	6	11

Source: ***HousingandConstructionStatistics***,1980-1991,SeptemberQuarter1992, Part 2. Government Expenditure Plans, Cm 2216.

Note: A change in the method of calculating the Northern Ireland figures means that the figures from 1986 onwards are not directly comparable with those for earlier years. Northern Ireland figures for 1992 are as at June.

The announcement that the government is to carry out a further 'Right-To- Buy' initiative may lead to more sales to NIHE tenants than are currently forecast. Other important factors contributing to the growth in owner- occupation include the success of the co-ownership scheme mentioned earlier and low house prices relative to the UK.

Housebuilding

Although the rapid growth in housebuilding evident for most of the previous decade has not been sustained over the last two years, private sector output remains well above that of the 1970s. Table 15 shows that private housebuilding completions increased by 14.5% between 1991 and 1992 (in contrast with the 6.8% decline in Great Britain), while public sector housebuiding completions remained in the region of 1,700.

Private sector housing starts rose by 12.1% in 1992 to 6,199. Again this contrast with Great Britain, where starts fell by 10.3%. Public sector housing starts (including housing associations) amounted to 1,517 in 1992 a fall of 21% compared with 1991. The public sector figures disguise the emerging role of housing associations in the provision of social housing and the diminishing role of the NIHE. As can be seen from Table 16, housing associations now account for 53% of all public sector starts, compared with 35% in 1989.

TABLE 15 PERMANENT DWELLINGS COMPLETED, NORTHERN IRELAND, 1974-92

Year	Local Authority (NIHE)	Housing Associations	Government Departments	Total Public	Private Sector Number	Private Sector % of Sector	Total Total
1974	5,412	48	301	5,761	4,312	42.8	10,073
1975	4,885	55	203	5,143	3,776	42.3	8,919
1976	6,518	—	16	6,534	3,048	31.8	9,582
1977	7,676	—	1	7,677	3,085	28.7	10,762
1978	5,681	8	9	5,698	3,145	35.6	8,843
1979	3,436	231	71	3,738	3,574	48.9	7,312
1980	2,507	325	56	2,888	3,568	55.3	6,456
1981	2,859	129	223	3,211	3,557	52.6	6,768
1982	2,814	369	218	3,401	3,606	51.5	7,007
1983	4,044	528	49	4,621	4,971	51.8	9,592
1984	3,588	644	6	4,238	6,177	59.3	10,415
1985	3,233	626	2	3,861	6,940	64.3	10,801
1986	2,580	468	0	3,063	7,082	69.8	10,145
1987	1,764	454	0	2,310	7,451	76.3	9,761
1988	1,712	736	3	2,430	7,511	75.6	9,941
1989	1,708	685	0	2,393	7,911	76.8	10,304
1990	1,299	442	15	1,765	6,163	77.8	7,919
1991	953	791	2	1,746	5,164	74.7	6,910
1992	1,049	685	51	1,785	5,913	76.8	7,698

Sources:1. *Department of the Environment for Northern Ireland, Central Statistics and Research Branch.*
2. *Housing and Construction Statistics*, September Quarter, 1992.

TABLE 16 PERMANENT DWELLINGS PUBLIC SECTOR STARTS, NORTHERN IRELAND, 1989-92

Year	Local Authority (NIHE)	%	Housing Associations	%	Government Departments	%	Total Public Sector
1989	927	64	498	35	13	1	1,438
1990	1,059	58	764	42	none	–	1,823
1991	999	52	791	41	137	7	1,927
1992	718	47	799	53	none	–	1,517

Source: 1. *Department of the Environment for Northern Ireland, Central Statistics and Research Branch.*
2. *Housing and Construction Statistics*, September Quarter, 1992.

The National House Building Council (NHBC) provide a further break down of new homes in the private sector. Their data illustrate significant differences in the new homes market between Northern Ireland and Great Britain. Table 17 shows the details.

TABLE 17 TYPES OF PRIVATE SECTOR DWELLING STARTED, NORTHERN IRELAND AND UK, 1992

Type of Dwelling	% of Total Starts Northern Ireland	Great Britain
Detached house	33	29
Detached bungalow	28	5
Semi-detached house	20	20
Terraced house	5	23
Attached bungalow	10	3
Flat or maisonette	4	21

Source: *NHBC, Private House Building Statistics*, 1992 (Quarter 4).

It is evident from the table that flats and terraced houses are much less popular in Northern Ireland than in Great Britain, while the converse is true for detached bungalows.

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