

UK housing crisis

IN-DEPTH STUDY

1 Watch the video "UK housing crisis – Why you can't afford a home in the UK" to get the main ideas about the topic the video deals with.

▶ Why you can't afford a home in the UK *posted by NEF*

Videoscript.

A place to call home.

It's not an unreasonable expectation, that in one the world's richest countries you might be able to put down roots in the area you want to live.

But for many of us in the UK, finding a home we can afford is becoming more difficult. Prices in the south in particular are out of control, rising further and further beyond our pay. Rental markets are a rip off and insecure and across the country social housing is becoming a thing of the past. It's easy to feel like the game is rigged. But who are we actually playing against? Investors are pouring money into property, with estate agents cashing in and landlords are securing their future with our rents, but deeper than that, the real issue lies with our systems.

Let's start with mortgages.

Most people can't afford to buy a home alone, so they need to borrow. Banks are happy about this because mortgages are lower risk than other kinds of loans. If it all goes wrong, the bank gets the house. The more mortgages the banks give out, the more people can afford a home.

But the more borrowed money goes into housing, the more prices rise. And the more prices rise, the more people need big mortgages to afford those homes.

And what about those who just can't afford it? The government helps them to buy, with a loan to get a loan, pushing prices up further. As a few get a leg up on to the ladder, the ladder is pushed further out of reach for the rest. So that's mortgages.

But there's a whole other system at play in the housing crisis.

You might not know this, but the recent rise in house prices has in fact mostly come from increasing land prices. Why is land worth so much? Well, because it's tax free and there's



A PLACE TO CALL HOME

only so much of it. So, you can make a profit just by holding on to it.

Which means, silly as it sounds, when big developers want to make

money, it makes sense to build fewer houses to keep land and property prices in the local area high. So, developers keep prices high, and more people need mortgages.

And banks keep on winning. And it's only getting worse.

Because, as we've already seen, if the growth of mortgage lending outpaces the supply of new homes, prices will just keep rising.

Here's the thing. It's in all the banks, land and property owners and private developers interests to keep pumping prices up. That's just the way our systems are set up.

And when prices rise so far above incomes that people fail to meet their mortgage payments, the bubble bursts and the economy crashes, just like we've seen before.

It's not sustainable. But it's also not inevitable.

We can all make a difference by demanding the following:

a separation of the cost of land from that of a home, a boost in options for not-for-profit and low-debt homes, an affordable and more secure private rented sector and a diverse banking system that builds the economy, not bubbles. We don't have to play by these rules.

Join us to help build a housing system that works for us all, today, and for generations to come.

2 Fill in the sentences with words from the video.

1. For many of us in the UK, finding a we can afford is becoming more
2. Social is becoming a thing of the past.
3. REAL issue lies with our
4. are happy about this because mortgages are lower than other kinds of loans.
5. But the more borrowed goes into housing, the more rise.
6. As a few get a leg up on to the ladder, the ladder is further out of reach for the rest.
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3 Look for information on the Net and try to explain what a *home mortgage* is.

