

Housing & the cost of living crisis

Introduction

Rising housing costs are driving workers into poverty. Based on a UK-wide survey of UNISON members, a new report, [Through the Roof](#), confirms that housing costs are causing financial stress for public service workers. And while rising mortgage rates are piling on pressure, it is lower paid public service workers living in private rented homes who are being hit hardest by rising costs. Home ownership is in decline in the UK and more people, especially Black workers, younger people and low-income families with children are renting from private landlords.

Context

Rents have been rising faster than wages for nearly 2 years. According to [Zoopla](#), people are spending more of their wages on rent than at any time in the past 10 years.

Overall, fewer than 30% of UK households now have mortgages. Households who rent outnumber households with mortgages in all except the top 4 income deciles (the richest households) says the [Resolution Foundation](#). Around 4 in 10 adults are in difficulty affording their monthly mortgage or rent costs ([ONS](#), July 2023).

Rents for **new lets** in the private rented sector (PRS) in Scotland rose by 15.8% in the year to June 2023 ([HomeLet](#)). The average private rent in Scotland is now £1,243 per month, compared to a UK average of £973 (July 2023). The Scottish Government's rent cap in the private rented sector does not apply to properties being newly let, only to 'in-tenancies' (existing tenancies). In other words, there is a financial incentive for landlords to evict their tenants. [Official figures](#) show that, across the private rented sector, rents rose 5.5% in Scotland in the year to May 2023, the largest annual rise since 2012.

Main findings

Through the Roof reports that housing costs have increased for almost two-thirds (63%) of public service workers over the last two years. Two thirds of UNISON members taking part in the survey earn less than £25,000 per year.

The Organisation for Economic Co-operation and Development (OECD) says that housing is considered affordable providing households spend no more than 30% of their gross income on housing costs; and that those spending more than 40% of their disposable income on housing are 'overburdened'.

Almost six out of 10 (59%) of all survey respondents spend 40% or more of their household income on housing. In other words, lower paid public service workers are "overburdened" by unaffordable housing costs and pushed into poverty.

Almost a third (32%) of respondents living in private rented accommodation spend 60% or more of their household income on housing (continued over)

KEY POINTS:

- 1 in 6 UNISON members surveyed are struggling to pay their rent or mortgage and 1 in 4 of those renting privately are in difficulty.
- 6 in 10 spend at least 40% of their household income on housing costs.
- A third of UNISON members who rent privately spend 60% of their household income on housing.
- New let private rents rose by 15.8% in Scotland over the past year.
- The average private rent in Scotland is now £1,243 monthly.



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(continued) as do 25% of housing association tenants, 24% of council tenants and 19% of those paying a mortgage. Workers in the NHS, social care and schools are among those worst affected, according to the findings.

More than a quarter of UNISON survey respondents (28%) say they are worried about meeting their rent or mortgage costs, and one in six (16%) say they are struggling to pay their rent/mortgage. Private tenants are more likely to be struggling, with almost 1 in 4 (23%) stating this is their situation.

The impact on UNISON members

As a result, public sector workers are cutting back elsewhere. Almost six out of 10 (59%) have cut back on food and essentials; almost a quarter (24%) are using credit cards or borrowing to pay household bills; more than one in 20 (6%) are relying on a food bank to feed their families; and 4% are turning to a payday lender.

The impact varies between sectors. Of those who work in social care, 29% say they are really struggling to manage, as are 27% of NHS workers, and 26% of workers in schools.

The action members want

Almost all UNISON members surveyed (96%) say Government should do more to address the shortage of affordable homes. This is the root of the problem.

A strong system of rent controls is needed to protect private tenants. But increasing the supply of social housing is also an urgent priority. To help with this, the Scottish Government [announced in July 2023](#) £60 million for councils and housing associations to buy properties including empty homes and private sector homes. This is welcome but only goes a very small way to tackling the Housing Emergency, with rising numbers of people in temporary homeless accommodation and on council waiting lists. It also does not make up for the 19% cut to the Affordable Housing Supply budget [this year](#).

UNISON's housing manifesto, '[Social Housing at the Heart of the Recovery](#)', calls for:

- Increased investment in the supply of good quality housing for social rent.
- A minimum of 10,600 new council and RSL homes to be delivered annually up until 2026.
- Homes to meet the range of different housing needs including individuals with disabilities, the elderly and those with complex needs, as well as large families.
- Councils and RSLs to be given first refusal to buy back homes previously in their ownership when they come up for sale.
- The level of government subsidy to be raised for new build social housing and councils given the same level of subsidy as RSLs.
- The introduction of a wealth tax, a new system of land value capture, and the use of public sector pension funds promoted, to fund investment.
- A system of rent controls to protect private tenants
- A new Scottish Rents Affordability Index to establish a fair rent level for new rental properties and to peg maximum rents at affordable levels across all private rented accommodation.

Additional reading

- [‘Through the Roof’: Housing and the Cost of Living Crisis for Public Service Workers](#)
- [Social Housing at the Heart of the Recovery: UNISON Scotland Housing Manifesto](#)
- [Living Rent: A New Deal for Tenants Campaign](#)
- [Shelter Scotland's Housing Emergency Campaign](#)
- [ONS Cost of Living Insights: Housing July 2023](#)



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