

The Housing Ladder

[ATMOS of Chris looking for a flat]

William: This is London Life and I'm William Kremer. Chris Hanley is standing outside an old house in West London.

[ATMOS of Chris looking for a flat]

William: Chris is very interested in this house because it has been divided into apartments, or as we usually say in Britain, flats. One flat in the building is for sale and Chris is looking for somewhere to buy. Unfortunately, he doesn't think he'll be able to afford this flat.

Chris: It does look very nice though, but a bit out of my price bracket I think.

William: He says it's out of his price bracket. A price bracket is a range of prices on an item. The flat is out of Chris's price bracket, so it's more than he can afford. But how much do flats in this part of London cost? Listen to the next clip carefully, and see if you can hear the answer.

Chris: I work in Notting Hill, so I'll be looking fairly close, and you know, I have a figure in my head that I wouldn't be able to get anything for under sort of two hundred and fifty thousand, which is very difficult on your own.

William: Listen again.

Chris: I work in Notting Hill, so I'll be looking fairly close, and you know, I have a figure in my head that I wouldn't be able to get anything for under sort of two hundred and fifty thousand, which is very difficult on your own.

William: Chris doesn't think he could get anything for under two hundred and fifty thousand pounds – so he thinks two hundred and fifty thousand pounds is the minimum price of a flat in this area.

That's an awful lot of money – it's almost five hundred thousand US dollars. And that's just for a small flat, with one bedroom!

[STING]

Now, if you don't have five hundred thousand US dollars sitting in your bank account, is it still possible to buy a home in London? Well, yes: you can go to a bank or a building society and get a mortgage. A mortgage is a large amount of money which the bank pays towards the home you're buying. The mortgage might be around 90% of the price of your home.

The remaining 10% of the price is money you pay when you buy your home, maybe from your savings. We call this money the deposit on the mortgage: the deposit.

But of course the 90% that you borrow from the bank isn't yours to keep! You have to repay it over a long time.

How much money would Chris have to borrow to buy a flat in London?

Chris: Well, I think at the moment I couldn't really afford to put in a big deposit in London at all, so you know I'd have to sort of fork out a mortgage that required

sort of five, probably even sort of six or seven times my own salary. Erm, which puts the repayments back up extremely high.

William: Chris says he can't afford to pay a big deposit, so he would have to borrow a large amount. He gives this as a multiple of his own salary. Listen again:

Chris: Well, I think at the moment I couldn't really afford to put in a big deposit in London at all, so you know I'd have to sort of fork out a mortgage that required sort of five, probably even sort of six or seven times my own salary. Erm, which puts the repayments back up extremely high.

William: Chris says he would have to get a mortgage that was five, six or seven times his own salary! This would, he says, put the repayments 'back up extremely high'. 'Repayment' is a noun form of the verb 'to repay'. Repayments on a mortgage are monies that you pay back to the bank every month. If Chris borrows a lot of money, he would have very high repayments each month.

So Chris is stuck renting his flat, and he can't afford the deposit to buy one. He uses an interesting image to express his problem:

Chris: You know, earning, earning a fair bit, but still not, not able to er... get on the ladder.

William: He said he isn't able to get on the ladder. A ladder is a long object which you can climb to get somewhere high. What Chris is talking about is what we call the 'housing ladder'. It works like this: property in London increases in value very quickly. If you own a home, you can use the increase in the value of your home over time to pay for the deposit on your next home – because this will be a very large deposit, it means you can move to a nicer home. It's really

complicated, but the important thing is that once you own your home you're able to live in nicer homes afterwards – moving up the housing ladder.

Okay, let's end with a quick test: What is another way of saying you can't afford something? It's out of my price bracket. What do we call the money that you borrow from a bank or building society to buy a home? A mortgage. And what is the money that you have repay the bank or building society every month? A repayment.

Remember that you can find out more about these words and download this programme from the London Life webpage on BBC Learning English dot com. Goodbye!