

class

Centre for Labour
and Social Studies

ELECTION 2015:

What's at stake for housing?



Election 2015: What's at stake?

The General Election in May 2015 looks set to be one of the most unpredictable elections in decades. Against a backdrop of uncertainty, Class have produced a series of election guides to equip you with all you need to know about what's at stake for working people at the General Election. Other guides cover the NHS; work, pay and unions; tax; the economy; and the welfare state. You can download them free and order hard copies from our website www.classonline.org.uk.

Contributors

We would like to thank: Professor Marjorie Mayo, Goldsmiths University; Ines Newman, De Montfort University; Duncan Bowie, University of Westminster; and Cllr James Murray for sharing their research and assisting Class with drafting this publication. While this guide does not represent the views of any one contributor or union involved in Class we believe it is a worthy contribution to the election debate.

Design by Kate Copsey: www.copseydesigns.squarespace.com

FOREWORD

Housing will be one of the biggest issues facing the country at the General Election.

Tom Copley AM



Home is the centre of people's lives. It's the place most people wake up in the morning and the place we return to after work or school. The quality and affordability of housing has a huge effect on health, both mental and physical, and children's education. The stress of worrying about paying high rents, or illness caused by poor quality housing, can ruin lives. It is for this reason that we have to get housing right, and why it is a tragedy that for so many years we have not.

Housing will be one of the biggest issues facing the country at the General Election and only a serious policy offer to voters will begin to tackle some of the many challenges that need to be confronted. In London, where I am a city-wide Assembly Member, it will be the biggest issue bar none.

For too long housing has not received the attention it deserves from national politicians of all political colours. This is why we face such a monumental battle to end a crisis that has been brewing for decades. In such circumstances what we desperately need is bold thinking. That's why I welcome this election guide as an excellent contribution to the debate on solutions to the housing crisis.

Some of the ideas in this booklet have cross-party support, at least amongst local politicians: lifting the cap on council borrowing for housing being a good example. We need national politicians to understand the scale of the crisis and start listening, so that at a local level we can begin to address thirty years of central government housing policy failure.

Other ideas contained here – such as rent control and ending Right-to-Buy – will spark a much fiercer debate. Whatever one thinks of the principle of whether someone should be able to buy their council flat, it is clear that radical reform of a policy that has led to such a vast shrinking of the social rented sector needs serious review at a minimum. For those of us who rent from a private landlord, reform of a broken system of one year tenancies with no restriction on rent increases is long overdue.

For too long now houses have been seen more as assets than homes. This has been hugely damaging. Everyone should have a decent home, yet people are increasingly priced out of the market by investors seeking a return on their investment rather than a place to live in. In London, luxury flats in skyscrapers provide a safe place for investors to stick their cash. Yet in the shadow of these buildings live the greatest victims of our housing crisis: the 6,500 people who sleep rough every year on the streets of one of the richest cities in the world.

This booklet shows that in some parts of the country the problem looks very different, housing values are falling and large-scale areas of derelict empty homes require holistic policy responses that are not just about increasing housing supply but are about responding to the needs of people who live and work in those areas.

Welfare changes and rising costs of living are also making the housing crisis much worse and the effect is being felt in different ways across the country. This pamphlet shows that in the North West tens of thousands of families were hit by the bedroom tax and pushed into rent arrears, leaving them struggling to cope and living under the threat of eviction. In the South East the benefit cap has hit families living in high-value areas hard. The challenges of the housing crisis are considerable and enormously varied.

So what must be done? Many of the answers are contained within this pamphlet: freeing up local authorities to invest in new housing, properly regulating private tenancies, reforming land taxation so that it incentivises development and not land hoarding.

What is clear is that if we don't act soon, this housing crisis will turn into a catastrophe. But if we can turn this oil tanker around and make housing better and more affordable the impact on all of our lives will be immeasurable.

A handwritten signature in black ink, appearing to read 'Tom Copley', with a stylized flourish at the end.

Tom Copley AM is City Hall Labour's housing spokesperson for London

CONTENTS

Housing in crisis.....	p04
Action to end the housing crisis.....	p15
What the parties are saying.....	p22
What's at stake for housing at the 2015 General Election?.....	p24

HOUSING IN CRISIS

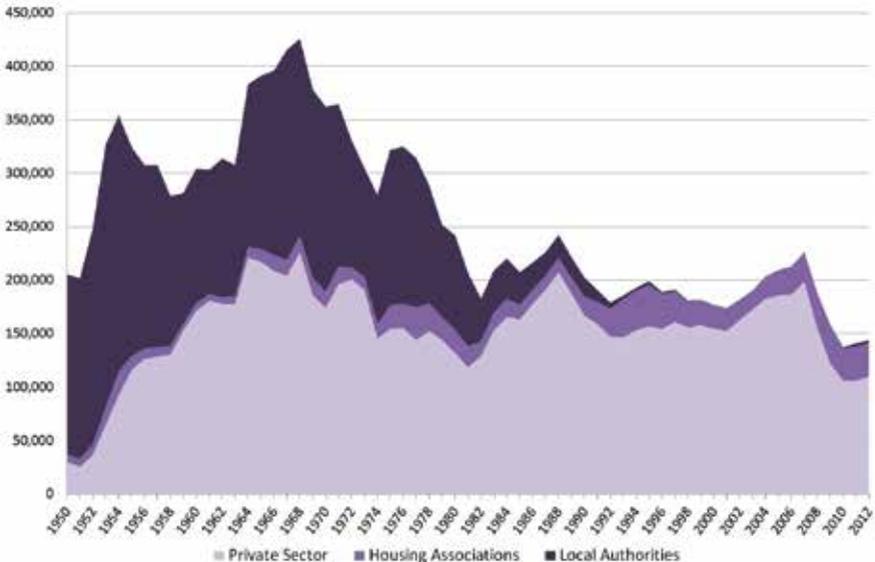
Having a safe, affordable and decent-quality home is one of the most fundamental requirements to enable participation in society. But sadly this is far from the reality for many people. The quality and security of our homes impact upon our physical and mental health, and contribute substantially to our ability to build sustainable communities. Ensuring access to good-quality affordable homes is the benchmark of a fair and just society, and one that the UK is failing to meet.

There are not enough homes

It is no secret that Britain is in the midst of a housing crisis. Just to keep up with current demand we need to build around 245,000 homes a year in England alone, before we even

begin to tackle the backlog¹. But in recent years only half of this has been built. House building by local authorities has fallen dramatically and neither the private sector nor housing associations have stepped in to fill the void.

HOUSING COMPLETIONS (CUMULATIVELY) IN THE UK:



Source: DCLG Table 241: permanent dwellings completed, by tenure, UK, historical calendar series.



245,000

The number of homes a year that we need to build to keep up with current demand in England alone.

Due to a combination of increasing population size, people living in smaller households and the failure of successive governments to build enough homes, the housing crisis is growing year on year as demand far outstrips supply. In many parts of the country this has caused rents to rocket and house prices to spiral out of control.

The housing crisis is rooted in policy decisions taken by previous governments, such as the great council housing sell off under the Right-to-Buy, falling public investment in social housing and financial deregulation leading to an explosion in the availability of high-credit mortgages and lending to those who could not afford it. The 2008 financial crisis and ensuing credit crunch demonstrated how unstable the housing market was and that the overriding dependence on the market to meet housing demand was reckless.

The crisis is not the same across Britain and every area faces different challenges. Grossly high rents and unaffordable house prices are displacing poorer households in London and the South East, while in many areas in the North poor-quality, private rented homes, derelict empty houses and policies like the Bedroom Tax have had a devastating impact².

Empty housing and hoarding of land are also major obstacles to generating the homes we need. There are an estimated 635,000 empty homes in England alone – 91% of them are owned privately³, and although they are not always in areas with corresponding demand, this is a shocking statistic at a time of increasing homelessness⁴. Many



635,000

The estimated number of empty homes in England alone.



In London at least **36%** of ex-council homes are now rented out by private landlords.

developers own great swathes of land, building houses slowly and releasing them over long periods of time to ensure the value of housing stock remains high. Empty properties in high-cost areas and pieces of land that could be built on are often sat on by speculators. It is clear that alone, the private sector will never be able to build the homes that are needed – the public sector has a huge role to play in making sure access to good-quality housing is improved.

Social housing

Social housing provides a vital and stable option for those on lower incomes. But instead of investing in building social housing, an asset that can and should be available for generations of social tenants, successive governments have chosen instead to subsidise rising rents and promote home ownership as the natural choice, stigmatising social tenants and the social rented sector in the process⁵. But despite this, the public demand for social homes continues to grow.

HOUSEHOLDS ON COUNCIL HOUSING WAITING LISTS IN ENGLAND:



Source: Shelter Housing Databank

Note on infographic: The 2011 Localism Act removed the need for all councils to have the same eligibility criteria for homelessness. Due to this, the data after 2012 cannot be relied upon to provide a true picture of housing need because a number of local authorities removed 'lower priority' households from waiting lists and tightened eligibility criteria for joining.

THE AVERAGE DEPOSIT OF A FIRST-TIME BUYER IN TODAY'S PRICES⁹:

1980s



£2000-
£3000

Today



£30,000

Straying from its initial purpose as a way of delivering decent, affordable homes in response to a broken housing market, the role of social housing has been undermined by successive government policies⁷ such as the Right-to-Buy, where substantial discounts are offered to tenants to encourage them to buy their council home. This policy has led to a huge loss in council housing stock and in many cases homes have ended up in the hands of private landlords rather than owner-occupiers⁸.

Unattainable home ownership

Accounting for inflation house prices have more than doubled in 40 years⁹ and homes have become more unaffordable in every local authority since 1997¹⁰. To make matters worse, the proportion of young people in their 20s able to afford a mortgage is expected to halve by 2020 leaving them with few, if any, alternatives to private renting¹¹.

NATIONAL RATIO OF AVERAGE HOUSE PRICES TO AVERAGE EARNINGS⁵:



Source: DCLG 2014 Live Tables

PRIVATE SECTOR GROWTH¹⁶:



The national ratio of house prices to earnings grew from 3.5 in 1997 to 6.7 in 2013, but regional differences were even greater. The outlook is bleak – especially for those living in London or the South East, where the ratio of average house prices to average earnings was 9.11 in 2013, hitting a whopping 32.39 in Kensington and Chelsea¹² compared to 4.98 in the North East.

Private renting

Long before the financial crash of 2008, high and rising house prices meant that home ownership was out of reach for a great number of working people, forcing many to rely on the private rented sector as social housing numbers failed to grow at the levels required¹⁸. Private renters now outnumber renters in social housing for the first time since the 1960s¹⁴.

New research has shown that by 2021 renters will outnumber homeowners in 104 (16%) of parliamentary seats in the UK¹⁵.

In a number of countries, for example Germany, secure long-term tenure with varieties of rent control and high-quality property options make renting a normal and popular long-term choice. But in the UK while renting privately might be a short-term choice for some, for most this high-cost, insecure, often poor-quality sector is a necessary evil which does not provide an attractive long-term home. With very little regulation of private rented housing, many people are at the mercy of unscrupulous

AVERAGE AMOUNT SPENT ON HOUSING COSTS AS PROPORTION OF INCOME¹³:

PRIVATE RENTERS



SOCIAL RENTERS



HOMEOWNERS



AVERAGE MONTHLY PRIVATE SECTOR RENTS:



Note: These figures show the mean rent per month charged across all dwellings in the private rented sector in the twelve months to the end Q1 2014. Source: Shelter Housing Databank

landlords who can increase rents at a whim or evict tenants if they dare to complain. In 2014, the English Housing Survey found that the average private sector rent was almost double that of the social sector (£163pw to £89pw respectively)¹⁷.

There is very little regulation of the private sector – no rent controls, very little security of tenure and only limited statutory minimum standards²⁰.

Private rented housing is often insecure and of a poor standard. 33% of houses in the private rented sector do not meet the government’s ‘decent’ homes standard – this is more than twice the proportion of social housing¹⁸. The number of private renters living in poverty has doubled since 2003 to more than 4 million¹⁹.

Subsidising high rents and low wages

The impact of the housing crisis reflects wider patterns of inequality and impacts those on lower incomes much more than those higher up the income distribution.



300 working households registered for housing benefit every day

between November 2008 and May 2014.

£1.1BN
1991/2



£24.6BN
TODAY

PERCENTAGE INCREASE IN REAL SPENDING BETWEEN 1991/2 AND 2012/13²⁶:

Housing Benefit



148%

Health



157%

Education



78%

The reality of soaring housing costs has meant the state has had to step in to subsidise rents that low and stagnating wages just won't cover. The proportion of those who are working and claiming housing benefit has doubled from 11% in November 2008 to 22.5% in May 2014. During this period there were 570,000 new in-work households claiming housing benefit, which works out at almost 300 households per day²². This is not because people aren't working hard day in day out, but because wages are no longer paying enough to cover rising housing costs.

The number of private landlords receiving rents paid by the taxpayer grew by 56% between 2008 and 2014²³.

Almost 40% of the total housing benefit bill now goes to private landlords²⁴.

The proportional increase in spending on housing benefit between 1991/2 and 2012/13 is on the same level as spending on healthcare and twice what is spent on education.

This all means that public subsidy has been switched from investing in bricks and mortar to subsidising landlords. Public funds have gone on filling the gap when rents rise and have had very little impact on tackling the shortage of housing supply.

1.3 million low and middle-income households face housing costs that are more than 35% of their entire household income²¹.

Affordable rents?

While pre-Coalition rent setting policies meant that social housing rents did increase beyond inflation and arguably should have been much lower, they remained within what most people would term

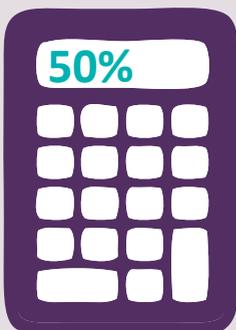


The Coalition’s ‘affordable rents’ programme has led to the loss of 120,000 social homes in the last 3 years³¹.

‘affordable’ at around 50% of market rates²⁸.

Recently the Coalition introduced a new policy to calculate social rents – the ‘affordable rent’ policy – which allows social landlords to charge up to 80% of the local market rent for new social tenancies²⁹. The real effect of the ‘affordable rent’ policy is to make social renting unaffordable in some areas such as London where Local Housing Allowance limits and total benefit caps combine to mean those on low incomes cannot afford to live in these properties.

The ‘affordable rent’ policy has a broader intention to stimulate an increase in house building which relies more on the market and less on public capital investment. In order to qualify for any public funding councils and housing associations must show they are bringing in additional funding through asset sales or higher ‘affordable rents’. This forces them to sell off more valuable social housing and convert social rents to ‘affordable rents’ when tenancies end. In effect this means that for each ‘affordable rent’



Before Coalition changes, social housing rents were based on affordability for lower income households, calculated on the basis of local wages and local property values.

This worked out at around 50% of local market rates in southern England and lower in more expensive areas²⁷.

Between July and September 2013, a record number of tenants – 30,000 - were evicted from their homes, with landlords blaming the bedroom tax as the cause³³.

house built, at least one social home will be lost³⁰.

More and more housing association homes in areas of high demand are now firmly out of the reach of poorer tenants and with social housing rents no longer 'affordable', homes are either let to people in lower need or housing benefit will have to step in to plug the gap.

Bedroom Tax and welfare reforms

The Bedroom Tax has been one of the most toxic of Coalition policies and since 2013 it has applied to all working-age housing benefit claimants living in social housing.

In May 2013, 559,000 social housing households were affected by the Bedroom Tax, falling to 498,000 in November 2013³². The problem has been particularly bad in the North East and North West. In Merseyside tens of thousands of families were hit by the Bedroom Tax and have been pushed into rent arrears because there are not enough smaller properties to move them to³⁴, with many still facing eviction.

July 2014 DWP figures reveal the scale of the failure of the Bedroom Tax – 59% of those affected were in arrears with only 5% having managed to downsize to smaller properties, meaning this policy

Many tenants affected by the Bedroom Tax have said that they regularly run out of money by the end of the week or month and have to resort to borrowing money from family or friends, going without meals or reducing their heating to try and cover the shortfall³⁶.

BEDROOM TAX HOUSING BENEFIT CHANGES:

Reduced 14%



for one room

Reduced 25%



for 2 or more

BEDROOM TAX³⁵:



59% of people affected by the Bedroom Tax are in arrears



ONLY 5% have managed to downsize to a smaller property

is not even succeeding in its own terms. Furthermore, the tax is likely to save just £330m – a small proportion in terms of government revenue.³⁷

The introduction of a total benefit cap, which follows the earlier introduction of limits on housing benefit in the private rented sector (Local Housing Allowance), has compounded the squeeze on the most disadvantaged. Particularly in London and the South East where high rents mean the cap is easily reached – especially for private sector tenants³⁸. This is alongside reductions to council tax support – where only 45 councils across the country, out of 326, continue to provide

the same level of support available under Council Tax Benefit due to central government cuts. This is an effective poll tax on poor working-age households³⁹. 60 local authorities are now charging over £3.60 a week – which represents a 5% cut in living standards for those on very low incomes⁴⁰.

Only 45 councils across the country, out of 326, continue to provide the same level of support available under Council Tax Benefit due to central government cuts.

40,000
EVICTED

In 2014 the number of tenants evicted from their home was the highest ever recorded – More than 40,000 families were evicted in a year – this is 11.7% more than in 2013⁴⁴.

11,000
REPOSSESSED

11,000 homes of tenants were repossessed by bailiffs between July and September 2014⁴⁵.

Insecurity

A defining character of today's housing market is insecurity, with the average private tenancy length at just 19 months⁴¹. Too many people are unable to access social housing or buy their own homes and are forced to rent privately on short-term contracts. This often means living precariously, moving often and with little notice.

The fear of 'revenge evictions' for complaints about rent-rises or repair

requests is very real, with 15% of Londoners claiming to be victims of a 'revenge eviction'.⁴³ In 2014 the number of people evicted from their home was the highest ever noted since records began.

Under Section 21 proceedings tenants who are outside of a fixed-period contract can be evicted for no reason with just two months' notice⁴².



19 months
The average private tenancy length.

ACTION TO END THE HOUSING CRISIS

The dysfunctional housing market will continue to fail to meet housing need unless drastic action is taken. The recession has clearly shown the need for strong and decisive government intervention both to counteract the impact when markets fail, and to regulate the market to limit the likelihood of failure happening again.

It is clear that it is government's responsibility to step in to ensure enough new housing is built, of the right sort, in the right places, so that people across the country can access decent, secure, and affordable homes. But increasing supply of the right kind is only one part of tackling the housing crisis. Those who are languishing on social housing waiting lists, living in insecure, poor-quality and often

expensive private-rented sector homes, or are under attack from policies like the Bedroom Tax need protection now.

So what sort of strong and decisive action do we need to significantly increase housing supply, end the huge amounts of money that are wasted on housing benefit to private landlords and stop the penalisation of the young and the poor in the current housing market?

Immediate actions to improve basic housing conditions

As well as increasing supply, action must be taken to protect those who are already feeling the worst effects of the housing crisis. There is an urgent need to manage rising rents and regulate the private rented sector to protect tenants.

1. Regulate the private rented sector

At the moment, councils have limited powers to deal with unacceptably poor standards in the private rented sector, but they lack the resources

to tackle this comprehensively⁴⁶. Scotland is leading the way in improving conditions for private tenants, having made tenancy fees (or administration fees) by letting agencies illegal, and setting up an accreditation scheme whereby the best landlords are recognised by the government.⁴⁷ A similar Landlords' Register in England and Wales, which could have the power to 'strike off' consistently bad landlords, is urgently needed.

2. Control spiralling rents – protect social rents and regulate private rents

Social rents need to be protected and housing associations should not be allowed to raise rents in existing social housing to 80% of market rents in high cost areas.

The Coalition's 'affordable rents' strategy results in the public sector paying out higher levels of housing benefit, or in homes going to those in less housing need.

Social rents need to be urgently redefined and brought back to being affordable for those on lower incomes. If rents and service charges were fixed at around 30% net household incomes for lowest quartile households within a local authority area, this would make a big difference to those on low incomes and also on the amount of housing benefit

paid out. Housing associations that were out of pocket by the change could be compensated from savings on housing benefit. Any social rent increases should be linked to RPIX as a maximum but councils should be able to hold rents down at lower levels if they choose to.

As private sector rents continue to spiral out of control, calls for rent regulation are getting louder.

Rent controls have operated in Britain in the past, just as they have been applied and continue to be applied in many contexts internationally, including in Berlin, Paris and New York. Rent controls would make a huge difference to the lives of those on low incomes and could save the taxpayer billions of pounds every year by reducing the Local Housing Allowance bill⁴⁸. It is important that rent increases are controlled to protect tenants but more needs to be done to enable an overall reduction in the level of private sector rents.

3. Introduce longer-term tenancies

The insecurity of renting in the private sector needs to be challenged. Longer tenancy contracts would give an important amount of security, allowing renters to plan their futures and become involved in their communities. If tenancy agreements were tied to set rent levels it would

Longer tenancies would fundamentally alter the relationship between a renter and both their landlord and their home.

prevent sudden increases forcing renters out before the end of their contract. Longer tenancies would mean renters would no longer fear revenge evictions for asking for repairs and would be able to develop a more positive relationship with their landlord. Equally, living in a place for a greater length of time would allow a tenant to treat it as their home rather than simply somewhere to live. Landlords would also benefit as they would be able to plan their income over time, giving reassurance to lenders and it would also help them avoid vacant periods in their properties⁴⁹.

4. End the Bedroom Tax and remove the regressive total benefit cap

Not only has the bedroom tax penalised the poor and vulnerable but it has also proven to be a failure in that only 5% have managed to downsize to smaller properties and the policy is likely to save just £330 million – a tiny amount in terms of government

revenue. The pressure this policy, combined with the total benefit cap, has placed on local authorities and housing associations that have sought to protect their tenants from eviction due to arrears must also end.

5. Ban 'buy to leave' investment properties

Investors who buy property in high-value areas, just to leave them standing empty should be prevented from doing so. Owners of newly built homes that are left empty for an unreasonable period of time should face fines and the threat of repossession⁵⁰.

Until the benefit cap and the Bedroom Tax are repealed many will continue to face the threat of eviction from their homes.





Just to keep up with current demand we need to build around 245,000 homes a year in England alone.

Ending the housing crisis within a generation

Because house building has slumped for such a long period of time and the housing crisis has developed to such serious levels, there needs to be urgent action from both public and the private sector to deliver the quantity of homes needed. Social housing should be prioritised above other tenures but in order to increase housing supply, and make sure that this can continue over a long period of time, a diversity of funding sources and building models will also be needed⁵¹. As a powerful

counter-balance to the marketisation of social housing, strategies to increase the proportion of other forms of housing such as co-operatives are also important.

1. Build more housing

Building homes is not only a physical necessity but also offers one of the best multiplier impacts on the economy of any form of public investment. If some of the £24.6 billion spent on propping



£1.2 BILLION
earmarked for building 'affordable' homes



£24.6 BILLION
spent on housing benefit



For every affordable home built an additional £108,000 is generated in the economy and 2.3 jobs are created⁵³.

There are 1.9 million families on local authority waiting lists for social homes⁵⁴.

up high rents in the form of housing benefit was diverted to building more affordable social homes it would make a huge difference to the long-term public finances and would add considerably to the miserly comparison of £1.2 billion a year which is currently earmarked for building 'affordable' homes⁵².

2. Protect and expand social housing stock

The types of homes built are just as important. Social housing is an enormously valuable asset that over time creates guaranteed income for the public sector and can offer current and future generations a long-term affordable home. Building more homes at social rent levels will also reduce the housing benefit bill and liberate more funding for building.

To protect social housing and boost stock, government must begin by recognising its enormous social value

both to the lives of families and as a broader public asset which can be made available for future generations. Expanding the programme of social housing, building houses as well as flats, and building in mixed tenure and mixed income areas would enable access to social housing to be widened again to include more working households and reduce the stigmatising both of the tenure and its occupants.

3. End Right-to-Buy

The Right-to-Buy has helped to turn Britain into a country that sees houses as something to profit from rather than as somewhere to establish a home. Extravagant discounts on council properties have resulted in a huge decline in local authority stock and the haemorrhaging of vital funding for cash-strapped councils. Ending Right-to-Buy subsidies, ensuring any housing is sold at market rate and introducing a requirement to replace like-for-like, and working towards the end of the policy altogether, would immediately put a stop to the residualisation of council housing and would ensure vital social housing stock remained as a public resource for those who need it.

60,000



Lifting the borrowing cap could mean 60,000 more houses over 5 years.

4. Lift the borrowing cap on local authorities

If we are to expand the number of social homes available more power must be given to local authorities to manage their social housing stock. The most effective way we can quickly increase the stock of social housing is to lift the borrowing cap and bring our accounting rules into line with those used by the rest of Europe, where housing debt is not considered part of the national debt figures.

Without the cap councils would be able to more than triple the number of new homes they build, providing up to 60,000 houses over 5 years⁵⁵.

5. Reform planning and ensure local involvement

The housing crisis takes many forms across the country and for this reason,

Land ownership, planning rules and local priorities are all issues that need to be considered in ensuring an increase in housing supply.

it is important that housing strategies are sensitive to the needs of local communities. Land ownership, planning rules and local priorities are all issues that need to be considered in ensuring an increase in housing supply.

In the past, neighbourhood planning policies have not recognised the differing degrees of power held by different communities or the fact that planning is a balance between conflicting interests.⁵⁶ Instead of the Coalition's chaotic reform of the planning system which has been criticised for its lack of clarity and foresight, and its dismantling of affordable housing requirements, we need a system that recognises the far-reaching implications of planning policy, not only in terms of the environment but in terms of the social impact upon communities⁵⁷. By rebalancing the planning system we can tackle vested interests and empower local government to build the homes we need.

6. Reforming land and property taxation

There is currently no tax on empty land in the UK. This means that it can be more lucrative to acquire and hold onto

The practice of speculators sitting on empty properties in high-cost areas and pieces of land that could be built on must end.

empty land, watch its value rise as others invest in the area, and then sell it, than it is to develop it for people to live or work on. These undeveloped homes and land banks could be taxed to pressure development and if this still does not happen, houses and sites should be compulsory purchased after a suitable period of time⁵⁸. Local authorities need the power to compulsory purchase land for residential development at Existing Use Value and also to maintain equity stakes in private residential developments so that they get a share of the increase in land value once planning permission is secured.

Reformed land and property tax could help deliver the house-building revolution our country desperately needs⁵⁹. But we need to reform a range of different taxes to deal with different issues, including Stamp Duty, Council Tax, and Inheritance Tax. It could incentivise those who trade and sit on empty land to develop it for the common good and it would mean that the costs and proceeds of investment were more fairly shared.

7. Expand a programme of New Towns, Garden Cities and urban extensions

The New Town model, whereby land is compulsory purchased for new settlements and the proceeds of such developments are fed back into the community facilities of the new town, has been used in the past to significantly increase housing supply. Modern-day new towns could build within or at the edge of existing towns and cities and make the maximum use of existing infrastructure.

Garden Cities are holistically planned communities which emphasise the natural environment, provide high-quality affordable housing and accessible jobs in pleasant, healthy and sociable communities and already have cross-party support. Planned cities, such as these, provide relatively high density solutions for large numbers while avoiding the unplanned sprawl which planning deregulation can lead to. They represent the greenest solution to the shortage of homes and sites.

New Towns and Garden Cities offer important options in developing new homes in areas of housing need.

WHAT THE PARTIES ARE SAYING

The scale of the housing crisis is immense. It is clear drastic action needs to be taken to turn this crisis around. So what are the political parties saying about housing, and what exactly is at stake at the General Election?

LABOUR'S POLICY PLEDGES⁶¹:



Introduce a mansion tax for owners of £2m+ properties. The £1.2bn in revenue generated will be used to improve the NHS.



Abolish the Bedroom Tax.



Make 3 year tenancies the norm and rent increases more predictable.



Abolish letting agents' fees.



Allow councils to combine their borrowing powers. Under these plans local authorities that want to build can use others councils' untapped borrowing powers to raise finance.



Build 200,000 homes a year by 2020.



Set up a number of 'new homes corporations' to boost development. These would work alongside housing associations and private sector organisations to increase the number of homes built in local areas. The corporations would take responsibility for areas prioritised for development to ensure development takes place quickly.



Double the number of first-time buyers and reserve new homes for them.



Reintroduce a 'brownfield first' building scheme.



Ensure 5 million cold homes are insulated to help families save £270 a year on heating bills.

CONSERVATIVE POLICY PLEDGES⁶⁰:



Allow developers to provide no permanently-affordable housing if they offer a 20% discount to first time buyers.



Invest in building just 165,000 affordable homes between 2015-18 and 110,000 between 2018-20.



Extend shared ownership schemes.



Bring forward more brownfield land for development.



Consult on ways to raise the borrowing cap.



Release some public sector land to developers with the capacity for up to 150,000 homes between 2015 and 2020.



Support a new garden town at Bicester to provide up to 13,000 new homes (subject to value for money).



Considering extending Right-to-Buy to housing association properties.

WHAT ARE THE OTHER PARTIES SAYING ON HOUSING?

The Liberal Democrats want to bring 70,000 homes back into use, end the Right to Buy, build 190,000 affordable homes and provide help for first-time buyers⁶².

UKIP have not given much detail on their housing policies yet but aim to protect the Green Belt, exempt houses on brownfield sites from Stamp Duty on first sale, relax VAT for redevelopment of brownfield sites and also allow for planning permission on large-scale developments to be overturned by a referendum triggered by the signatures of 5 per cent of electors in an area⁶³.

The Green party have pledged to give control over housing stock back to local authorities, support the formation of housing cooperatives and low-impact rural initiatives, encourage self-build schemes, provide insulation grants and improvement grants to residents and owners and implement a 'Right to Rent' policy so that home owners who are unable to meet their mortgage payments and are under threat of repossession would have a right to transfer ownership to the council, at less than market value, in exchange for the right to remain in the home and pay rent as council tenants⁶⁴.

WHAT'S AT STAKE FOR HOUSING AT THE 2015 GENERAL ELECTION?

An increasingly large majority of people in Britain are experiencing deteriorating housing circumstances. From social housing tenants squeezed by benefit changes to private renters living in poor-quality conditions and first time buyers' looking for a mortgage, the housing crisis is worsening.

While the housing crisis is radically different from region to region, every part of the UK is experiencing its own particular set of problems. In some areas the Coalition's benefit cap means families are facing evictions and relocation to houses hundreds of miles away. In others, the Bedroom Tax is hitting families with spare bedrooms hard because there are no smaller properties for them to move to, pushing them into rent arrears and facing eviction from homes they have lived in for years. In other regions, new

developments are bulk-bought by overseas investment companies before they have even been built, pricing local people out of the market.

Across the country thousands of tenants are stuck on social housing waiting lists because building houses as assets has been prioritised over building council and social homes for families. In the private rented sector, rents are soaring, letting agents' fees are extortionate, and there are very few protections for tenants living in poor conditions.



Whatever the nature of the housing crisis, there is one overarching quality that it shares across the UK: a small amount of wealthy individuals and companies are benefitting from the housing situation while most of us are losing out. The truth is housing does not cost what we are paying for it, particularly in the South East and London, and the next government must tackle the root causes of a system that is currently working only for the most privileged few at the expense of everyone else.

Tinkering with existing policies and introducing new small-scale initiatives is never going to get us where we need to be. The next government needs to be bold and tackle the big problems that hold us back, but it is clear that neither the Conservatives nor the Liberal Democrats have the political will to offer anything more than tokenistic policies to shore up their core vote. The housing crisis has been decades in the making and short-term policies aren't going to fix it - we need a long-term plan setting out how the next Government will end the housing crisis within a generation.

The outcome of the General Election in May will be crucial. Labour has set a target of building 200,000 homes by 2020, while outlining the beginnings of how it will solve the ingrained challenges around land and investment, along with plans to prioritise affordable housing and to protect and increase tenants' rights in the private sector. On the other hand, Conservative housing plans amount to more of the same – more squeezing of those on benefits, more stigmatisation of social tenants, more priority given to speculators and big investors instead of responsibly increasing the stock of affordable homes. The Tories have been explicit in their intention to reduce tenants' rights, sell off social housing and housing association homes, reintroduce mass private renting and let the rich get even richer.

With intervention and political will, we can ensure that supply meets demand and bring an end to the crisis. While the housing movement need to continue to press for more radical policies - some of which are outlined in this pamphlet, there is a clear choice between alternatives at the election in May.



REFERENCES:

- ¹ Holmans, A. (2013), Tomorrow Series Paper 16: new estimates of housing demand and need in England, 2011 to 2031, Town & Country Planning.
- ² Mayo, M. and Newman I. (2014) Tackling the housing crisis: Alternatives to declining standards, displacement and dispossession, CLASS.
- ³ Davies, B. (2014) Back on the market: Bringing empty homes back into use, IPPR.
- ⁴ Shelter (2013) Homeless households. Available: england.shelter.org.uk/campaigns/why_we_campaign/housing_facts_and_figures/subsection?section=homeless_households
- ⁵ Shout (2014) Affordable, Flourishing, Fair: A Manifesto to Save and Extend Social Rented Housing. Published by SHOUT – Social Housing Under Threat – the Campaign for Social Housing.
- ⁶ See 2
- ⁷ See 5
- ⁸ See: www.theguardian.com/uk-news/2014/jan/12/right-to-buy-housing-scandal
- ⁹ NHF (2014) Broken Market, Broken Dreams: Home Truths 2014/15
- ¹⁰ Shelter (2014) The House Price Gap: Analysis of house prices and earnings, London: Shelter.
- ¹¹ Land Registry (2014) House Price Index.
- ¹² GLA (2014) Ratio of House Prices to Earnings, Borough, London Datastore. Available: data.london.gov.uk/dataset/ratio-house-prices-earnings-borough
- ¹³ Resolution Foundation (2014) Housing pinched: Understanding which households spend the most on housing costs.
- ¹⁴ See 9
- ¹⁵ Generation Rent (2014) Renter Power: Is Parliament's paradigm of home ownership coming to an end?
- ¹⁶ DCLG (2014) English Housing Survey: Headline Report 2012-13. HMSO.
- ¹⁷ Ibid
- ¹⁸ See 5
- ¹⁹ See: www.theguardian.com/housing-network/2014/nov/26/-sp-private-renters-living-in-poverty?CMP=new_1194
- ²⁰ Bowie, D. (2013) Tackling Squalor: The pivotal role of social housing, CLASS.
- ²¹ Resolution Foundation (2013) Home Truths: How affordable is housing for Britain's ordinary working families?
- ²² See 9
- ²³ DWP – Housing Benefit Claimants in the Private Rented Sector – Source DWP Stat-Xplore Database <http://stat-xplore.dwp.gov.uk>
- ²⁴ See 5
- ²⁵ See 5
- ²⁶ % increase in real public spending between 1991/2 and 2012/13 – health 157%, housing benefit 148% and education 78%. Source: NHF (2014) Broken Market, Broken Dreams: Home Truths 2014/15

27 See: www.theguardian.com/housing-network/2014/feb/03/affordable-housing-meaning-rent-social-housing

28 See 5

29 See: www.gov.uk/government/policies/improving-the-rented-housing-sector--2/supporting-pages/providing-affordable-homes-for-rent

30 See 27

31 See: twoworlds.me/housing/even-more-social-rented-homes-lost-in-2014-than-in-2013/#more-1344

32 JRF(2014) Housing benefit size criteria: impacts for social sector tenants and options for reform.

33 See: www.theguardian.com/money/2014/nov/13/tenant-evicted-record-levels-benefit-cuts-bedroom-tax

34 NHF (2013) The bedroom tax in Merseyside.

35 See: classonline.org.uk/blog/item/the-bedroom-tax-by-numbers

36 Ipsos MORI / NHF (2014) One year on: The impact of welfare reforms on housing association tenants

37 See: classonline.org.uk/blog/item/the-bedroom-tax-by-numbers

38 See 2

39 JRF (2014) How have low-income families been affected by changes to council tax support?

40 See 2

41 See: www.propertywire.com/news/europe/uk-rental-sector-analysis-201307117994.html

42 Section 21 of the Housing Act 1988. Source: Generation Rent (2014) Rentiers Manifesto

43 See: www.standard.co.uk/news/politics/mps-urged-to-help-outlaw-revenge-evictions-9895102.html

44 See: www.theguardian.com/housing-network/2014/nov/19/unstoppable-rise-of-evictions-families

45 See: www.theguardian.com/society/2014/dec/03/evictions-welfare-reforms-property-prices-tenants

46 Murray, J. (2014) The role of local government in a modern state, CLASS.

47 See: scotland.shelter.org.uk/get_advice/advice_topics/finding_a_place_to_live/renting_privately/landlord_accreditation_scotland

48 See: classonline.org.uk/blog/item/why-we-need-rent-control

49 Generation Rent (2014) Renters Manifesto

50 See: www.theguardian.com/business/2014/dec/04/property-investors-islington-london-homes-empty-jail

51 Shelter (2014) In the mix: the need for a diverse supply of new homes.

52 NHF (2013) Budget 2013 submission.

53 See 52

REFERENCES:

⁵⁴ See: www.gmb.org.uk/newsroom/housing-waiting-list

⁵⁵ NFA (2012) Let's get building: The case for local authority investment in rented homes to help drive economic growth.

⁵⁶ See 20

⁵⁷ See: www.designingbuildings.co.uk/wiki/NPPF_inquiry

⁵⁸ See 2

⁵⁹ Hull, A. (2013) In Land Revenue: The case for a Land Value Tax in the UK, CLASS, London.

⁶⁰ See: www.theguardian.com/housing-network/editors-blog/2014/dec/05/autumn-statement-day-government-abandoned-localism and NHF (2014) Briefing: Autumn Statement 2014 and www.telegraph.co.uk/news/politics/conservative/11361310/Right-to-Buy-could-be-extended-to-housing-association-property.html

⁶¹ See: <http://www.labour.org.uk/issues/detail/renting>

⁶² See: www.libdems.org.uk/building_more_homes

⁶³ See: www.ukip.org/policies_for_people

⁶⁴ See: policy.greenparty.org.uk/ho.html

class

Centre for Labour
and Social Studies

Class

The Centre for Labour and Social Studies is a trade union based think tank established in 2012 to act as a centre for left debate and discussion. Originating in the labour movement, Class works with a broad coalition of supporters, academics and experts to develop and advance alternative policies for today.

www.classonline.org.uk  [@classthinktank](https://twitter.com/classthinktank)

class

Centre for Labour
and Social Studies

128 Theobalds Road, London, WC1X 8TN

Email: info@classonline.org.uk

Phone: 020 7611 2569

Website: www.classonline.org.uk

The views, policy proposals and comments in this guide do not represent the collective views of Class or IER but have been considered a worthy contribution to the election debate.

© Class 2015