

The facts & the fixes:

Housing

In brief: Access to affordable and good quality housing should be a right, not a luxury. But right now, the UK housing market is failing young people, low and medium earners, and the vulnerable.



What can we do to fix the housing crisis?

The housing crisis is a problem of both supply and demand. We need to build more houses, both for social rent and for low and middle income earners to buy. At the moment, the housing market works best for investors and not for those needing homes. This needs to change.

1 — Re-regulate finance. The flow of cheap credit, provided by banks, has led to more and more people chasing a finite resource (land) which, in turn, has pushed up house prices. Our increasingly financialised economy is reliant on this cheap supply of mortgage credit while property wealth and land rents remain relatively untaxed.¹ Buy to Let should be abolished.

2 — Abolish ‘hope value’. The Land Compensation Act of 1961 enables landowners to be reimbursed for the future value of their land, not just the present value.² This entitlement (or hope value) means that public authorities, especially in high demand areas, are powerless to seize land or reimburse private landowners because of high prices, which, in turn, prevents public housebuilding from occurring. The act needs to be repealed.

3 — Establish a land value tax. Moving the burden of taxation away from labour and onto land is not only more progressive but will help tackle housing affordability. The value of land is influenced by public investment and surrounding economic activity and is a key source of rent extraction. Ensuring that this increase in value is captured by the state remains crucial to offset rising inequality.

4 — We need to build more homes. In the year ending September 2018, a total of 163,420 houses were built. This is well below the pre-crisis peak of 200,000 and even further below the level we achieved during in the post war boom.³ Social housing, in particular, has suffered extremely. This is simply not enough to keep up with demand.

House prices, across all regions of the UK, increased by 178%, from £102,000 in 2000 to £283,000 in 2018. Over the same period, nominal average weekly earnings only increased by 67%.



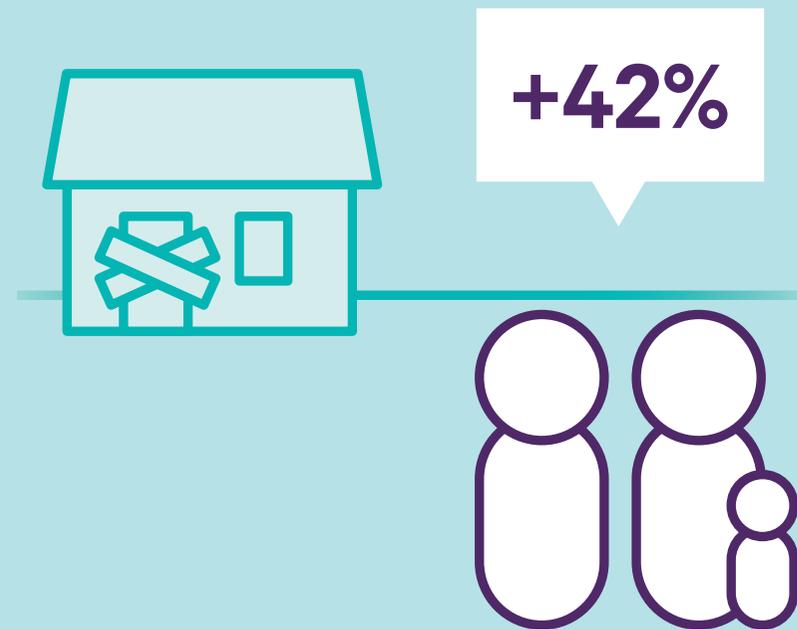
England is currently witnessing the **biggest sustained rise in rough sleeping** since the 1990s – almost 5,000 based on official counts. The overall homeless population of **277,000 people** matches the size of Brighton.⁵



Home ownership is plummeting.
In 1996, two-thirds of 25 to 35 year olds on middle incomes owned a home. By 2016, this had fallen to just a quarter.⁶

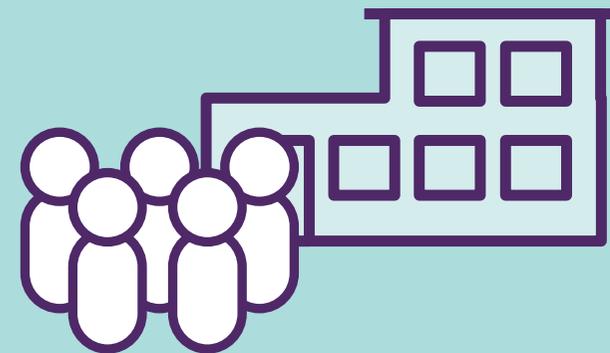


In 2016, private landlords received **£9.3 billion of public money** through housing benefit - an increase of 42% since 2008.⁷



There are currently 87,000 homes in England and Wales that are owned by anonymous companies registered in tax havens.⁸

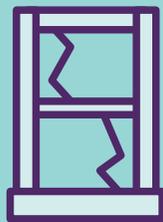
Housing is a key driver of poverty and inequality. Income inequality is greater after housing costs and persistent poverty is highest in London after housing costs (where housing is at its most expensive).⁹



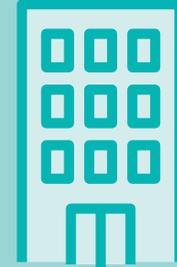
In 2016-17, for the first time in almost six decades, **half of all newborn babies were born into rented accommodation.**¹⁰



Social housing is not seen as a priority for politicians. **Only 16% of social tenants think that politicians care about the future of social housing.**¹²



The proportion of the population living in social housing has fallen from **32%** in 1981 to **17%** in 2018.¹¹



Studies have shown that a **long-term investment in social housing would pay for itself** in just under four decades.¹³



