



Housing Policy

Tackling The Housing Crisis

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INTRODUCTION

A secure home is the foundation of a happy life and decent housing for all is the foundation of the good society. For too many people their housing is not a source of security, but a cause for anxiety.

The housing crisis cannot just be solved by building more homes, although this is a major issue that needs to be tackled. It is more complex than that: to tackle the housing crisis we also need to address problems of inequality, regional disparities of income and wealth, taxation policy, the labour market, our social security system and planning regulations.

There is a housing crisis in Britain - and this is a humanitarian crisis: homelessness, overcrowding, poor quality housing affecting people's health, young people not being able to afford to leave home and live independently,

This crisis is getting worse:

- **People are being priced out of home ownership:** A first time buyer today requires ten times the deposit they did in the 1980s, according to the National Housing Federation
- **House building has dropped to record low levels:** fewer than 150,000 homes were built in every year of the coalition government, compared with 190,000 homes a year under New Labour, which was itself a low for a post-war government
- **Rents are unaffordable:** Britain has the highest proportion of households of OECD countries receiving cash allowances to support rent, and we now spend around £10 billion on housing benefit for in-work households; and the eviction of tenants is at a record high
- **Homelessness is rising:** Official figures show that sleeping rough in England is up 55% since 2010 (and up 78% in London); while families in temporary accommodation are increasing too

Labour will not win until the electorate are confident that we have the conviction and the policies to address the housing crisis.

This document assesses the main issues that need to be addressed in housing policy and attempts to set out the key policy measures required to deal with the housing crisis. Our aim must be to ensure that a secure home is a basic right - that is something that we as a society are capable of delivering for all

Jeremy Corbyn MP

COUNCILS AND PUBLIC INVESTMENT TO BUILD THE HOMES WE NEED

It is essential for councils to build if we're going to build the number of homes we need. We need to make sure we're building council homes and homes that first-time buyers can afford – not just high-value assets global investors. A free-market free-for-all has simply failed to deliver this.

[Evidence suggests that we need to be building at least 240,000 homes per year](#) (the coalition government averaged 145,000). We should be meeting and building in excess of that target, with at least half comprising of council homes.

In London, where the housing crisis is most acute, we need to build at least 60,000 new homes a year, under Boris Johnson and the Conservatives we are barely hitting half that number.

The most strongly supported measure to tackle London's housing crisis in a YouGov poll in April 2014 was to [encourage London councils to build more social housing](#), with two-thirds of respondents being in support.

[A National Investment Bank](#) could support new build housing projects with low interest rates, both by councils and developers as long as tough new conditions were met on the proportion of genuinely affordable housing built. For every £1 spent on housing construction an extra £2.09 is generated in the economy.

Lifting the borrowing cap in the Housing Revenue Account would mean local authorities could borrow up to the prudential limits and thereby build more homes. Building the homes to meet the need would create thousands of skilled jobs across the country, and offer thousands of young people high quality apprenticeships.

We must also return to having regional home building targets to ensure homes are built in every area, so that rural areas benefit from building council homes as well as our urban centres.

A PRIVATE RENTED SECTOR THAT'S FIT FOR PURPOSE

Alongside building the thousands of new homes we need, we also need to get rents down in the private rented sector and ensure secure tenures. We could have national minimum standards of longer tenancies and limits on rent rises – but in places where the housing crisis is at its most acute, we need to go further.

We need to bring rents down to make sure they take up a lower proportion of people's income, and given that many people are likely to renting for longer and longer, we need to make sure tenants have the right to a longer tenancy. A [survey by Survation](#) in January this year showed fewer than 10% of British people are against mandatory legal limits on housing rents.

Regulation of private rents should be linked to what determines whether something is affordable. We should consider average earnings and in particular their rate of increase, not the market rate for housing.

Berlin now has powers to limit how far landlords raise rents for all new contracts - and early evidence suggests this is already bringing rents down in the city

Private landlords should be nationally registered and locally licensed, including a 'fit and proper' persons' test, making sure that tenants' rights are respected and ensuring that decent homes standards – such as minimum safety standards, and being damp and pest free – are adhered to in the private rental sector.

Licensing and registration should be administered and enforced by the relevant local authority. Some councils including London boroughs and Oxford City Council have already done some positive work in this area with the powers currently available to them, and it has been effective in moving against some of the worst offender landlords.

HOME OWNERSHIP

In the early 1990s, nearly two-thirds of Britons aged between 25 and 34 owned their own home; it is now down to less than 45%. Home ownership levels have been falling ever since Margaret Thatcher left office as a whole generation has been priced out.

By a range of measures, including building more housing overall, restricting subsidies to buy to let landlords, and regulating rental value, we can bring down house prices and make home ownership an affordable option for more people.

In many cases, one of the biggest pressures first-time buyers face is to save a deposit, particularly in high-value areas where house prices are rising fast and people are trapped having to pay fast-rising rents. We could help people caught in this trap, with an approach that incorporates some of the principles applied in schemes like rent-to-own or shared equity, where the government helps with a deposit and in the latter case retains a share in the property.

RIGHT TO BUY

Right to Buy (RTB), introduced by the Conservatives in 1980, has already resulted in a massive depletion of the social housing stock - over 1.7 million homes were sold off by 1992. In London over a third of leaseholders owning properties bought under right-to-buy do not live in their properties but let them out for commercial rent – often subsidised by housing benefit.

Since 2012, 29,505 more council homes have been sold off, with only 3,422 replaced. Yet the current government proposes to extend right-to-buy discounts of £100,000 to tenants in housing association properties.

The National Housing Federation rightly states that housing association tenants “are people already living in good secure homes on some of the country’s cheapest rents ... To use public assets to gift over £100,000 to someone already living in a good quality home is deeply unfair”. Extending right-to-buy in this way was also found to be unpopular with a majority of respondents in a poll conducted in London earlier this year.

Instead of extending the right to buy we should be reducing the harm it causes to our affordable housing stock. Local authorities in areas of high housing stress should be given the power to suspend right to buy in order protect depleting social housing assets. There are many other steps we could take as well. It is essential we make sure receipts from right-to-buy remain in a local area and that genuine replacements are built – an aim the government has sorely missed. We could also reduce the discount.

We should also look at how to help private renters, since they are often paying much higher rents with less security and a less responsive landlord than housing association tenants. We could re-direct some of the £14 billion of tax reliefs received by private landlords to help struggling private tenants; this would of course include building new council homes and helping private tenants to overcome the deposit problem. We could also investigate whether some of this money could be used to fund a form of right-to-buy shared equity scheme to private tenants in cases when they are renting from large-scale landlords.

FORCED SALE OF COUNCIL HOMES

Our housing crisis is set to get a lot worse as a result of the government's plans to force councils to sell 'high-value' council homes on the open market when they become vacant. They want to do this, in part, to pay off housing associations who will be forced to offer right-to-buy discounts to their tenants.

The damage of this policy is illustrated in London, where many inner London boroughs could lose a third or more of their council homes as a result of this policy, which we know are likely to go to investors and speculators. It will put yet more pressure on privately-rented homes, particularly in parts of outer London, as people on lower incomes desperately find somewhere even vaguely near family or work that they can afford.

There is widespread agreement of councils from different political parties across the capital that this will cause huge social upset - from [Labour councillors in Islington](#) to [Conservative councillors in Kensington](#). Businesses too are saying that the lack of affordable housing threatens London's future economic success - four in five [London employers say](#) the lack of affordable housing is stalling economic growth in the capital. It is vital that communities and businesses in major cities like London oppose this damaging and reckless policy.

'AFFORDABLE' RENTS

We need to be clear what we mean by 'affordable' – no longer should 'affordable' mean near-market levels under the doublespeak the government has promoted. "Social rents in high-demand areas are typically a third to half the market rate, while so-called 'affordable' rents are up to 80% of private rents.

The government's new Pay to Stay policy, which from 2017 will force social tenant households earning over £30,000 (£40,000 in London) to pay market rents, will deter residents from seeking promotion at work, and encourage them to RTB. The extra income from housing association tenants will be kept by the landlord, whilst the income from council tenants will go to the Treasury.

Pay to Stay will have a devastating impact on people, particularly in London and other inner city areas – forcing people from their homes just for earning over a certain amount, or possibly giving people a perverse incentive not to earn more if they have the option. It will undoubtedly come at the cost of building more homes for social rent in the current climate.

And there is a problem with housing associations. Initially set up to provide decent homes for people in need, many are developing into businesses that sell or rent at market levels. We need more democracy and accountability, and a return to their original purpose.

Instead of giving tenants in housing association property the right to buy, we should look at giving tenants greater power over the decisions their landlords take - including for instance through co-operative models of local management that can empower tenants.

LANDBANKING & SPECULATIVE PLANNING APPLICATIONS

Even in areas of acute housing shortage there is land that has planning permission but is not being developed. This is known as landbanking - a practice that Conservative London Mayor Boris Johnson has described as “pernicious”.

We should consider introducing a Land Value Tax on undeveloped land that has planning permission, and ‘use it or lose it’ measures on other brownfield sites, to act as a disincentive to landbanking and to raise public funds for house-building. Councils should also be allowed to compulsorily purchase (CPO) sites at a fair value if their owners are not developing them.

According to the Local Government Association, there are 709,426 empty properties in England. About one third of these, around 260,000, have been lying empty for six months or more. With home ownership becoming increasingly unattainable for so many, rents spiralling out of control and levels homelessness rapidly increasing, working with local authorities more should be done to bring existing housing stock back into use.

‘BUY-TO-LEAVE’ / OFF-PLAN SALES

London is home to people from all around the world – its diversity and global attractiveness is one of its key strengths. This strength comes from people making it the place they live and work in.

Too many new homes that are built for sale end up as buy-to-let investments, or even worse as speculative assets that sit there empty for much of the year.

Many other cities around the world have taken steps to ensure homes go to people who live and work in the city rather than to people who see the homes as assets for financial speculation. Highly populated cities like Hong Kong and Singapore have taken steps to discourage overseas buyers.

Whilst ending this would by no means solve our housing crisis, it would play a part of a broader approach. Local authorities could be given the option of levying higher council tax rates or a new tax on properties left empty. Additionally we could look at banning the ownership of property by non-UK based entities or by companies and offshore trusts altogether.

PUBLIC LAND USED FOR AFFORDABLE HOMES

Boris Johnson and George Osborne have set out to produce a 'doomsday book' of public land in London that can be used for development, through a 'London Land Commission' being run by Savills estates agency. This does not include council-owned land but does include other public bodies e.g. NHS.

There is a danger that the government see these land disposals simply as a way to raise as much money as possible, and with no provision for genuinely affordable housing. This public land should be developed in many cases, but should be transferred to councils to build council housing to meet local need.

PLANNING LAWS

Developers will nearly always argue for the release of green belt land because it is easier for them compared to developing brownfield sites. But we don't simply want our towns sprawling outwards with reliance on cars growing – and the green belt has prevented that to a certain extent. Any widespread relaxations would also risk inflating the land values of green belt sites, without careful planning requirements being set in place first.

The government's extended permitted development rights are also problematic and must be reversed. By not needing planning permission there cannot be an assessment and provision for the wider facilities and infrastructure that communities need. In residential conversions this of course includes affordable housing. It also includes transport, education, health facilities, leisure centres, green spaces, community centres, libraries and entertainment – all the things that bring people together in local areas to create sustainable communities.

RETROFITTING & RAISING ENVIRONMENTAL STANDARDS

Britain needs more energy efficient housing - both in current housing stock and new build. It means ensuring all homes are properly insulated. The model for this should be the Warm Zones approach of Kirklees council (between 2007-2010) which installed loft and cavity wall insulation across the Borough, for free.

We also need new incentives - and obligations - to raise housing standards in the worst parts of the private rented sector.

Over 3.5 million people in Britain live in fuel poverty. Excess winter deaths are 23% higher than in Sweden, despite our milder winters. Retrofitting homes will reduce this toll of ill-health, unnecessary deaths and avoidable carbon emissions.

There is no excuse for Britain setting lower standards of new housing than elsewhere in Europe. Zero carbon homes should become the norm. France now requires even commercial buildings to have roofs covered in either plants or solar panels. Germany uses its equivalent of the Green Investment Bank to drive (and de-risk) high energy efficiency standards. Denmark will not accept planning applications for new buildings dependant on fossil fuels. The Netherlands requires buildings to be flood-resistant. Britain needs to future-proof its housing standards.

Local authorities must also be given greater freedoms to drive this change, underpinned by a shift in tax advantages/allowances in favour of energy efficient homes rather than subsidies to poor and unoccupied properties.

SOCIAL SECURITY

Reforms to welfare policy are increasingly leading to an exacerbated housing crisis, and causing the social cleansing of many cities.

The bedroom tax and the benefit cap should be scrapped. They penalise the tenant for the failure of government to build sufficient housing and to regulate rents.

This failing labour market is costing us all, the number of people in work claiming housing benefit to pay their rent has trebled since the crash despite George Osborne slashing entitlement to housing benefit, including through the bedroom tax and benefit cap. Spending on housing benefit has risen by 15% since 2010/11 to nearly £25 billion today, because wages are not enough to pay the rent.

It is clear the best way to bring down the benefits bill is through growth, we need more investment in the economy to provide the skilled jobs that can command better pay. There is a strong case for capping costs - but it is rents that should be capped. By capping rent levels, we will also save on housing benefit costs.

Our cities need to be affordable for all, with mixed communities, reflecting the fact every part of the country needs cleaners, bus drivers, teachers and nurses - pricing them out will only damage our society and our economy.

The UK economy has seen higher levels of net migration in recent years (300,000 last year, up from 250,000 in 2010). Migrants have contributed immensely to our economy and society. Research from University College London shows that immigration has made a net contribution of around £25 billion to our economy.

It is the responsibility of Government to ensure that we are building sufficient housing to meet everyone's needs. This responsibility is not currently being met. Through their repeated failure to invest in housing the Conservatives and the previous Coalition Government have exacerbated the housing crisis.

We as a Labour party must be bold in our vision to meaningfully address the housing crisis in Britain today.

REGIONAL ECONOMIC STRATEGIES

In many areas of the country, the housing crisis is much less acute and there are large numbers of vacant properties or swathes of residential land that has lain undeveloped for many years.

The demand for housing is closely correlated with the supply of jobs, and a lack of investment in many parts of the country - and the absence of any regional economic strategy to develop high skilled work in those areas - means that there is acute overcrowding in some parts of the country, while there is massive underutilisation and 'brain drain' in others.

By rebalancing our economy and investment throughout the UK we can ensure that all parts of the country provide decent work and that housing is utilised as efficiently as possible.

CONCLUSION

As with so many other policy areas, housing requires joined up policy between government departments, working with devolved government and local councils.

The free market free-for-all in housing has failed. Only the government is able to play the strategic, co-ordinating role to tackle the housing crisis.

This discussion document sets out some of the problems and attempts to outline some solutions. Your input would be welcome - in fact without it Labour will not get its housing policy right.

As well as campaigning for a more rational housing policy, this campaign is about a more rational policy-making process.

We want your ideas, experiences and suggestions. If you'd like to share your thoughts, [please get in touch](#).

