

# Responses to the Housing Crisis in the UK

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ISA RC21 Urbino August 2015

# Focus of paper

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- ❑ Debates within the Labour Party and progressive policy groups on housing supply before and after the 2015 General Election

# The shift in the ideology of the Labour Party since the 1970's

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- ❑ From public investment in social housing to promoting home ownership
- ❑ LP support for council house sales
- ❑ LP support for financial support for home ownership
- ❑ The confused notion of mixed communities

# Purpose of the Lyons Review

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- ❑ Announced at LP conference in 2013
- ❑ To advise the Labour Party leadership on how to deliver commitment to increase housing output in England to 200,000 homes a year by 2020 ie: end of 5 year term
- ❑ Report published on 16 March 2014
- ❑ Policy vacuum while Review underway. Shadow Ministers quiescent

# The Lyons Commissioners

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- ❑ Sir Michael Lyons + 12 expert commissioners
  - ❑ Tom Bloxham, Chairman and Co-Founder, Urban Splash
  - ❑ Mark Clare, Group Chief Executive, Barratt Developments Plc
  - ❑ Julia Evans, formerly Chief Executive, National Federation of Builders
  - ❑ Kate Henderson, Chief Executive, Town and Country Planning Association
  - ❑ Bill Hughes, Managing Director, Legal and General Property
  - ❑ Grainia Long, Chief Executive, Chartered Institute of Housing
  - ❑ Simon Marsh, Head of Planning Policy, RSPB
  - ❑ David Orr, Chief Executive, National Housing Federation
  - ❑ Richard Parker, Partner and Head of Housing, PwC
  - ❑ Malcolm Sharp, Immediate Past President, Planning Officers' Society
  - ❑ Cllr Ed Turner, Deputy Leader, Oxford City Council
  - ❑ Cecilia Wong, Professor of Spatial Planning, University of Manchester
- ❑ Extensive and wide ranging exploration: over 250 submissions; meetings; roundtables; study visits
- ❑ BUT little engagement with LP membership or organised LP in local government or sympathetic practitioners

# Lyons: The over-riding principles

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- ❑ No uniform solutions – a range of measures
- ❑ Balance central drive and local flexibility
- ❑ Early impact and long-lasting incremental change
- ❑ Recognition of public expenditure constraints
- ❑ Build on experience of what is working well
- ❑ Beware unintended consequences
- ❑ Additionality
- ❑ Numbers and quality and sustainability
- ❑ Hearts and minds – building support for new homes

# The key issues for Lyons

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- ❑ Making more land available in the right places and ensuring it is developed
- ❑ Putting communities in the driving seat to get the homes they want, when and where needed in attractive places
- ❑ More people building homes - over reliance on volume house builders, need a wider range of commissioners and builders
- ❑ Investing in infrastructure - ensuring homes come with roads, schools, utilities and services
- ❑ Building homes for all - homes that are more affordable and offer more choice for different chapters in life
- ❑ Securing investment for new homes and infrastructure

# Three constraints and two false assumptions

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- ❑ Could not assume any increase in national housing budget
- ❑ Tax reform off limits
- ❑ Work within localism agenda
- ❑ The Barker fallacy - increase market housing supply and housing affordability will be significantly improved
- ❑ Focus on Government role in enabling the market not on managing the market



# The development of alternative approaches: The Highbury Group on Housing Delivery

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- ❑ An academic/practitioner research and policy network, established in 2003
- ❑ **Group objectives: Promote policies and delivery mechanisms which**
- ❑ increase the overall supply of housing in line with need
- ❑ ensure that the supply of both existing and new housing in all tenures is of good quality and affordable by households on middle and lower incomes.
- ❑ support the most effective use of both existing stock and new supply
- ❑ ensure that housing is properly supported by accessible infrastructure, facilities and employment opportunities

# Highbury Group membership

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- Duncan Bowie - University of Westminster (convenor); Stephen Ashworth - SRN Denton; Julia Atkins - London Metropolitan University; Bob Colenutt - Northampton Institute for Urban Affairs; Kathleen Dunmore - Three Dragons; Michael Edwards - Bartlett School of Planning, UCL; Deborah Garvie SHILLER; Stephen Hill - C20 Futureplanners; Angela Housham - Consultant; Andy von Bradsky - PRP; Seema Manchanda - planning consultant; Tony Manzi - University of Westminster; James Stevens - HomeBuilders Federation; Peter Studdert - Planning consultant; Janet Sutherland - JTP Cities; Paul Watt - Birkbeck College; Nicholas Falk - UKHID; Catriona Kiddell - Planning Officers Society; Richard Donnell - Hometrack; Pete Redman - Housing Futures; Richard Simmons - University of Greenwich; Richard Blyth / Joe Kilroy - RIPI; Shane Browne - National Housing Federation; Stephen Battersby - Pro Housing Alliance; Roger Jarman - Consultant/ Housing Quality Network; Richard Bate - Green Balance; Eric Sorensen; Ken Bartlett; David Waterhouse - Design Council/CABE; Martin Crookston; Chris Shepley; Kath Scanlon - LSI; Nicky Morrison - University of Cambridge; Glen Bramley - Heriot Watt University; Tim Marshall - Oxford Brookes University; Alisdair Chant - Berkeley Group

# Previous work of Highbury Group

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- ❑ Initial policy proposals to HCA in Autumn 2008
- ❑ Pre-election policy papers for 2010 election
- ❑ Response to CLG select committee on financing new housing supply in 2011
- ❑ Input into Localism Bill debates 2011
- ❑ Response to drafts of National Planning Policy Framework 2012
- ❑ Response to draft Neighbourhood Planning regulations 2012
- ❑ Paper on Garden cities, garden suburbs and urban extensions in 2012
- ❑ Policy proposals in 2013
- ❑ Response to CLG Housing Strategy in 2014
- ❑ 1 responses to numerous CLG consultation committees and House of Commons select committee inquiries
- ❑ website: <http://www.westminster.ac.uk/research/a-z/highbury-group-on-housing-delivery/highbury-group-documents>

# Response to Lyons Call for Evidence (February 2014)

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- ❑ The land market:
- ❑ Spread development risk between developers on larger sites to speed up delivery
- ❑ Funding of transport and social infrastructure up front
- ❑ Domestic sources for development finance to reduce dependence on internationally financed off-plan sales
- ❑ LAs should take long term interest in development on public land rather than focus on maximising initial receipts

# Response to Lyons review (2)

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- ❑ Investing in housing and infrastructure:
- ❑ New developments should meet full range of needs for occupation not just requirements of investors.
- ❑ Public sector investment in social rented homes critical - affordable housing should not rely on cross-subsidy from private development
- ❑ Public sector should take equity stakes in new development, including shared ownership
- ❑ National, regional and local investment funds

# Response to Lyons Review (3)

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- ❑ Major new settlements:
- ❑ Need for national spatial plan
- ❑ Stand alone garden cities not the solution if residential dormitories
- ❑ Access to jobs, public transport and social infrastructure
- ❑ Focus on suburban intensification and urban extensions

# Response to Lyons Review (4)

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- ❑ Right to Grow:
- ❑ Failure of Duty to Cooperate
- ❑ Need for statutory sub-regional planning framework
- ❑ Sub-regional evidence base and statutory sub-regional plan

# Response to Lyons Review (5)

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- ❑ Sharing benefits of development
- ❑ Importance of infrastructure planning
- ❑ Limitations to financial incentives
  - New Homes Bonus, CIL
  - neighbourhood component
- ❑ Need to override NIMBYist
  - neighbourhood planning to deliver
  - strategic objectives



# Issues not on Lyons agenda

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- ☐ 200,000 target insufficient
- ☐ Need to focus on affordability for lower and middle income households
- ☐ Improve housing standards in all tenures
- ☐ Greater public control over land
- ☐ Reform land and property taxation
- ☐ Increase LA delivery capacity
- ☐ Public policy objectives should over-ride private interests

# The political debate within and beyond the Labour Party

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- ❑ The Labour Housing Group and the London Labour Housing Group
- ❑ IPPR and the focus on Benefit to Bricks
- ❑ COMPASS critique of home ownership and the Fabian Society on mixed neighbourhoods
- ❑ Homes for Britain – the NHF and SHELTER – increasing housing output
- ❑ The CLASS/UNITI manifesto
- ❑ Defend Council Housing and The Radical Housing Network – the new housing protest movement

# The Labour Party position

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- ❑ General support for Lyons report
- ❑ Increase annual output to 200,000 homes by 2020
- ❑ Double number of first time buyers
- ❑ Hold down rents in private rented sector through cap on rent increases, with 5 year tenancy as default
- ❑ Housing not one of the original 5 key pledges
- ❑ Pledges include reducing deficit/reducing overall public expenditure and controlling immigration
- ❑ Shadow Ministers saying housing will be a priority for investment but .....
- ❑ Miliband supported Tory Starter Homes initiative with housing ISA top ups, but hoped banks would use savings to fund housing development

# Other critiques of the consensus

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- ❑ Lapavistas on the financialisation of capital
- ❑ Dorling on the distributionalist critique
- ❑ The neo-liberal critique of planning - Cheshire, Evans and Policy Exchange
- ❑ The Edwards/ Colenutt critique - Leverhulme research project: The Foresight report
- ❑ Stephen Hill and the critique of land policy
- ❑ The Wolfson 5 garden cities proposals
- ❑ IPPR/ SHH IHR report on Growing Cities
- ❑ John Healey and SHOU - Social Housing Under Threat

# Lyons report - positives

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- ❑ Recognition of need for a national spatial plan
- ❑ Government intervention to deliver 'Right to Grow'
- ❑ Taxing undeveloped sites to incentivise delivery
- ❑ Revolving infrastructure funds
- ❑ Importance of land assembly – use of compulsory purchase powers at existing use value + uplift
- ❑ Guidance on viability assessment

# Lyons Report - negatives

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- ☐ No target for affordable housing
- ☐ No target for investment
- ☐ No land and property tax reform package
- ☐ Inadequate recognition of housing affordability
- ☐ Over-reliance on the market

# Agenda for a new Government

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- ❑ Highbury Group pre-election policy statement: April 2015
- ❑ Focusing on genuinely affordable homes
- ❑ Using existing public bodies more effectively
- ❑ A statutory sub-regional planning framework
- ❑ Land acquisition and compulsory purchase
- ❑ Reforming development viability assessments to maximise affordable housing output
- ❑ Investment subsidy for social rented housing
- ❑ Tax reform to support effective use of housing supply

# The General election campaign

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- ❑ The missing LP housing pledge
- ❑ Homes to Buy and Action on Rents
- ❑ General support for Lyons but no detail and no commitment to investment in social housing and no flexibility on local authority borrowing
- ❑ The 'triple lock' on expenditure
- ❑ Maintaining the benefit cap at £26,000 a year, irrespective of local housing costs – abandonment on the Emma Reynolds proposal for regional variations in cap to reflect differential costs
- ❑ Mansion tax of £2m+ properties
- ❑ The CLASS housing manifesto



# The Conservative agenda

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- ❑ The Starter Homes Initiative and grants to prospective home owners
- ❑ The extension of 'Right to Buy' to Housing associations
- ❑ Reducing benefit cap to £23,000 a year
- ❑ Simplifying planning (again)

# The Labour response

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- ❑ Support grants to home owners
- ❑ Ambiguous on extension of Right to Buy
- ❑ Localism, localism, localism + neighbourhood planning
- ❑ Post election:
  - ❑ - support some benefit cuts
  - ❑ - Drop mansion tax

# The next intervention

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- ❑ The London Mayoral Election 2016
- ❑ Housing as the key issue
- ❑ The City Villages report – maximising development value the wrong approach
- ❑ Campaigns for rent control
- ❑ Campaigns against estate redevelopment
- ❑ Generation rent
- ❑ The Radical Housing Network
- ❑ London Citizens
- ❑ UNITE : Our Homes Our London

# The Response so far

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- ❑ Blairites discover home ownership not the solution  
‘Homes for Londoners’
- ❑ The discovery of the affordability crisis squeezed middle and squashed bottom
- ❑ Making the case for intervention
- ❑ Making the case for subsidy
- ❑ Making the case for public planning
- ❑ Making the case for public development, collective housing home ownership and public land ownership

# The Fundamentals

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- ❑ Control over development land
- ❑ Ownership of assets
- ❑ Money - public investment
- ❑ Accountable Power  
and transparency of political choice
- ❑ Affordability - 30% of net income as definition

# Concluding thoughts

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- ❑ The continuity of the market and deregulatory orientation of policy
- ❑ The limited role of evidence and analysis in policy development
- ❑ The fear of back to the future
- ❑ The electoral politics of the squeezed middle
- ❑ The rejection of Keynes, Bentham and the concept of Government investment for the public good

# The Challenge

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- ❑ The failure of the 'academy' to fully engage with policy and practice
- ❑ Theory needs to relate to policy and political practice
- ❑ Engaging with resistance insufficient on its own
- ❑ We need to argue for policy change based on evidence if we are to impact on the policy debate as well as ensure a shift in the intellectual paradigm
- ❑ The opportunity presented by the Labour Party leadership election and the London Mayoral election