Radical Solutions to the Housing Supply Crisis

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The Context

- The Highbury Group on Housing delivery and the origins of the research
- Undersupply of housing and critical undersupply of housing affordable by lower income groups- most acute in London
- Insufficient family sized homes being built
- Government funding focused on homeownership
- Losses of social housing through Right to Buy and ' estate regeneration'
- Lower income households dispersed to lower value areas

Public housing investment

- No funding since 2010 for social rented housing at target (controlled) rents
- Funding for rented homes at up to 80% market rent (affordable homes) with limited security of tenure (minimum 2 years) – London target is 65% market rent
- From 2018, funding was to be limited to special needs rented housing and shared ownership
- New Ministers have however agreed to reinstate affordable rent programme. Unclear what proportion of programme nationally and in London will be at lower rents

2016 Housing and Planning Act

- Enacted May 2016
- HA Right to Buy (deferred)
- Sales of ' higher value' council homes (deferred)
- Starter Homes Initiative (to be modified)
- Pay to Stay for council tenants (abandoned)
- 2-5 year tenancies for social housing tenants (not yet implemented)
- Permission ' in principle' (not yet implemented)
- Changes to planning obligations (not yet implemented)
- Contracting out of planning departments (not yet implemented)

What Councils can do now

- Much stricter planning policies used for development management
- Planning briefs for sites based on assessment of housing needs in area
- Public sector to share risk (and potential long term value appreciation)
- LA Land disposals only with conditions
- Direct LA development when cost effective
- Mayor should set income related targets for affordable housing

The key issues

- Funding
- Land ownership
- Planning
- Taxation
- Public sector control

Funding

- Refocus on funding social rented provision with genuine affordable rents and security of tenure
- Bring back the grant regime to affordable housing related to cost (the total cost indicator regime)
- Stop all subsidy to forms of home ownership, including Right to Buy discounts
- Any investment in shared ownership should be on basis of repayable public sector equity stake
- Budget for social and physical infrastructure and fund from taxation
- National funding for estate renewal

Land Ownership

- LA's should acquire land for development of social housing
- LA/ Mayor power to CPO land at Existing Use Value
- LAs should only dispose of land with strict covenants on forms of development and taking an equity stake in any value uplift

Planning

- Government must draft a National Spatial Plan, which identifies areas for residential and employment growth and which links to national infrastructure investment
- Local Planning authorities must allocate sites to meet all housing needs and only approve development proposals which meet these needs
- City regional planning structure to ensure delivery of housing across local authority boundaries with targets based on joint assessments of needs and capacity
- New statutory planning framework for planning of London metropolitan region – must include suburban intensification and urban extensions
- Mandatory minimum standards for all new development

Taxation

- Replace stamp duty by tax on value appreciation as annual tax and/or tax on disposal
- Consider reintroduction of schedule A income tax on imputed rental income for owner occupied property
- Council tax to be reformed to be progressive with higher bands and updating of rating valuation and to relate to effective occupation of property
- Penal tax rates on long-term vacant property
- Reform inheritance tax in relation to inheritance of property

Power

- Remove central government limits on local authority borrowing
- Allow local councils to set council tax rates to increase council resources and remove dependence on central government grant
- LAs to take equity stake in private development as condition of planning consent

Key objective

 Housing policy must be based on ensuring effective occupation of housing not on facilitating asset appreciation by individuals and corporate bodies