Responses to the Housing Crisis in the UK

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Focus of paper

- 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

- 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

- 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

- 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

- 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

- 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

- 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

- An academic/practitioner research and policy network, established in 2008
- **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

- Duncan Bowie - University of Westminster (convener); 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 SHELTER; 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 - URBED; Catriona Riddell - Planning Officers Society; Richard Donnell - Hometrack; Pete Redman - Housing Futures; Richard Simmons - University of Greenwich; Richard Blyth / Joe Kilroy - RTPI; Shane Brownie - 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 - LSE; Nicky Morrison - University of Cambridge; Glen Bramley - Heriot Watt University; Tim Marshall - Oxford Brookes University. Alisdair Chant - Berkeley Group.
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
+ 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)

- 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
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)

- 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)

- 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)

- 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

- 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

- 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/UNITE manifesto
- Defend Council Housing and the Radical Housing Network – the new housing protest movement
The Labour Party position

- 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 3 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

- 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/ SHELTER report on Growing Cities
- John Healey and SHOUT – Social Housing Under Threat
Lyons report - positives

- 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

- 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

- 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

- 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

- 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

- 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

- 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

- 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

- 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

- 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

- 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