

Radical Solutions to the Housing Supply Crisis

With the Government's delayed Housing White Paper expected any day, it is opportune for progressives to review the alternative options to the approach being pursued by the current Government. While the new housing minister, Gavin Barwell has indicated a shift away from the approach of the Cameron regime and a recognition that rented housing may be necessary and that not everybody can afford to become an owner occupier, however much they might aspire to achieve this status, it is not yet clear how much this welcome change in perspective will lead to the changes in housing policy and funding which we actually require. At the same time it is unclear where exactly the Labour Party and the shadow environment team stand on some key housing policy issues. Labour opposed the 2016 Housing and Planning bill, now enacted, but are uncertain as to whether to repeal it and how to move forward. The purpose in writing my new book was to offer a clear set of policy proposals covering housing policy and funding, planning policy, land policy and property taxation, all of which have an impact on new housing supply but also on the effective use of the existing housing supply.

There is now a deep crisis in housing supply in many parts of England. Policy proposals put forward promoted by Government and many commentators are either just tinkering with the problem, or will actually exacerbate the situation. We have not learnt the lessons of the 2008 credit crunch and in fact we have had a housing deficit whether the country has been in boom or bust. It is time to throw off long held ideological assumptions as to ideal forms of tenure and the relationship of state to market. There is a systemic problem which cannot be corrected by short term measures and more radical solutions are necessary if the housing market is to be stabilised and the delivery of new homes increased. We need to recognise that if we are to tackle inequity in wealth and opportunities, we need to tackle inequity in housing which is now the central component in inequity between households both within and between geographical areas. It is also central to the growth in inter-generational inequality.

The first priority for any incoming Government should be to repeal the 2016 Housing and Planning Act, with the exception of the rogue landlord clauses. The new Housing and Planning Minister, Gavin Barwell, has realised that this legislation will do nothing to increase housing supply, whereas if actually implemented, it would both reduce social housing supply and the security of new social housing tenants.

The second priority is to redirect current Government housing investment and increase the overall level. This means stopping all forms of subsidy, whether direct or indirect, to owner occupied properties and households and new development for individual or corporate private ownership.

The Government should reinstate a programme of capital grant to social rented provision through councils and housing associations on the basis of secure tenancies and controlled rents.

The third priority should be a systematic reform of policy on planning and land. The Government should draw up a national spatial plan which identifies general

locations for residential and employment growth supported by planned transport, social and utilities infrastructure.

Local Planning Authorities should be required to allocate housing sites to meet the full housing requirements in their area, or, where this is not possible, reach agreement with neighbouring authorities in their sub-regional or city regional planning area as to identification of residential development capacity.

Local planning authorities should also have the power to compulsorily acquire any housing site allocated in an approved plan at Existing Use Value (EUUV). This is essential if the cost of development in higher value areas is to be reduced significantly. Where a Local Planning Authority grants planning consent for a private development, they should have the power to take an equity stake in the development, so part of any subsequent value uplift is repayable to the authority.

The fourth priority should be to ensure reform the regime of land and property tax so it supports housing policy objectives rather than obstructs them. Stamp duty on purchase of residential property should be replaced by a tax on the capital gain on land and property on disposal. Inheritance tax should be revised to increase the tax on the transfer of land and residential property through inheritance. Higher rates of taxes should be introduced for higher value property. Rates of tax on individual property should take into account the level of occupation of properties – properties which are under-occupied to be subject to a multiplier relating to the level of under occupation, with penal rates for vacant property. There should be no limits on the ability of local authorities to set rates of council tax. This would enhance local democracy and reduce the dependence of local authorities on grant from central government.

The core components of reform to the housing market and housing supply are land, ownership, money and power. These are fundamental issues, and any proposition, whether from Government, political parties, academics or practitioners, which fails to operate within these parameters will be inadequate. We must return to a housing policy based on effective use of residential accommodation rather than a policy based on individual asset appreciation.

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