

# 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