

# General Election 2017 The Housing Policies of the Main Parties

## Briefing Paper

May 2017



**The United Kingdom Houses of Parliament.  
There will be a General Election on 8<sup>th</sup> June 2017.**

### Introduction

A General Election for the United Kingdom Parliament will be held on 8<sup>th</sup> June 2017. The purpose of this briefing paper is to describe the housing policies of the main political parties, the responses to them in the sector and to provide some commentary. Because housing is a devolved matter in Northern Ireland, Scotland and Wales; housing policy in the United Kingdom Parliament generally relates only to England and so this paper refers to the policies of the three main political parties in England.

### Conservative Party

The Conservative Party made a statement on housing policy on 15<sup>th</sup> May 2017 as follows:

*“Theresa May’s Conservatives are not prepared to duck the big challenges we face as a nation and there are few issues that are greater than the need for good-quality, affordable housing. Whether you rent or buy, everyone needs the security of a place to call home but too many ordinary working families are stuck on council waiting lists, facing unaffordable rents and struggling to save for that first deposit.”*

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*“That’s why we will fix the broken housing market and support local authorities and housing associations to build a new generation of council homes right across the country. They will offer to support the most ambitious councils and housing associations build thousands of new homes, in exchange for them building a new generation of fixed term, high quality council homes linked to a new right to buy for social tenants.*

*“Under the deals, the Government would give councils and housing associations funding and make available housebuilding capability from the Homes and Communities Agency. Councils would be able to assemble land, including derelict buildings or unused pocket sites, more easily under reformed compulsory purchase rules. The deals would require a proportion of the social homes built to be sold after ten to fifteen years, allowing increases in land and housing value to be reinvested in new social housing over time. The tenant would receive the first right to buy on the property at the point of sale.*

*“And because some of these homes will be sold after a limited period, this will ensure that developers consider the private value of homes, improving quality, and return funding for new social homes.*

*“This is all part of Theresa May’s determination to build a better Britain – a country that our children and grandchildren are proud to call home and where everyone has the chance to get on in life. But this is only possible through the economic security that comes from strong and stable leadership.”*

The Conservative Party published its manifesto on 18<sup>th</sup> May 2017. It includes a section entitled ‘Homes for All’ that states that:

*“We have not built enough homes in this country for generations, and buying or renting a home has become increasingly unaffordable. If we do not put this right, we will be unable to extend the promise of a decent home, let alone home ownership, to the millions who deserve it.*

*“We will fix the dysfunctional housing market so that housing is more affordable and people have the security they need to plan for the future. The key to this is to build enough homes to meet demand. That will slow the rise in housing costs so more ordinary, working families can afford to buy a home and bring the cost of renting down. And it will ensure that more private capital is invested in more productive investment, helping the economy to grow faster and more securely in future years.*

*“We will meet our 2015 commitment to deliver a million homes by the end of 2020 and we will deliver half a million more by the end of 2022. We will deliver the reforms proposed in our Housing White Paper to free up more land for new homes in the right places, speed up build-out by encouraging modern methods of construction and give councils powers to intervene where developers do not act on their planning permissions; and we will diversify who builds homes in this country.*

*“More homes will not mean poor quality homes. For too long, careless developers, high land costs and poor planning have conspired to produce housing developments that do not enhance the lives of those living there. We have not provided the infrastructure, parks, quality of space and design that turns housing into community and makes communities prosperous and sustainable. The result is felt by many ordinary, working families. Too often, those renting or buying a home on a modest income have to tolerate substandard developments -some only a few years old -and are denied a decent place in which to live, where they can put down roots and raise children. For a country boasting the finest architects and planners in the world, this is unacceptable.*

*“We will build better houses, to match the quality of those we have inherited from previous generations. That means supporting high-quality, high-density housing like mansion blocks, mews houses and terraced streets. It means maintaining the existing strong protections on designated land like the Green Belt, National Parks and Areas of Outstanding Natural Beauty. It means not just concentrating development in the south-east but rebalancing housing growth across the country, in line with our modern industrial strategy. It means government building 160,000 houses on its own land. It means supporting specialist housing where it is needed, like multigenerational homes and housing for older people, including by helping housing associations increase their specialist housing stock.*”

*“We will never achieve the numbers of new houses we require without the active participation of social and municipal housing providers. This must not be done at the expense of high standards, however: councils have been amongst the worst offenders in failing to build sustainable, integrated communities. In some instances, they have built for political gain rather than for social purpose. So we will help councils to build, but only those councils who will build high-quality, sustainable and integrated communities.*”

*“We will enter into new Council Housing Deals with ambitious, pro-development, local authorities to help them build more social housing. We will work with them to improve their capability and capacity to develop more good homes, as well as providing them with significant low-cost capital funding. In doing so, we will build new fixed-term social houses, which will be sold privately after ten to fifteen years with an automatic Right to Buy for tenants, the proceeds of which will be recycled into further homes. We will reform Compulsory Purchase Orders to make them easier and less expensive for councils to use and to make it easier to determine the true market value of sites.*”

*“We will also give greater flexibility to housing associations to increase their housing stock, building on their considerable track record in recent years. And we will work with private and public sector house builders to capture the increase in land value created when they build to reinvest in local infrastructure, essential services and further housing, making it both easier and more certain that public sector landowners, and communities themselves, benefit from the increase in land value from urban regeneration and development. And we will continue our £2.5 billion flood defence programme that will put in place protection for 300,000 existing homes by 2021.*”

*“These ambitious policies will mean more and better homes, welcomed by existing communities because they add, rather than subtract, from what is already there. This is the sustainable development we need to see happen in every village, town and city across our country. These policies will take time, and meanwhile we will continue to support those struggling to buy or rent a home, including those living in a home owned by a housing association.”*

A section on homelessness states that:

*“We will continue to combat homelessness and rough sleeping including through full implementation of the Homelessness Reduction Act. Our aim will be to halve rough sleeping over the course of the parliament and eliminate it altogether by 2027. To achieve this we will set up a new homelessness reduction taskforce that will focus on prevention and affordable housing, and we will pilot a Housing First approach to tackle rough sleeping.”*

A section entitled 'More People in Work' states that:

*"We will continue to run the welfare system in accordance with our belief that work is the best route out of poverty, that work should always pay, and that the system should be fair both to the people in need of support and those who pay for it. We have no plans for further radical welfare reform in this parliament and will continue the roll-out of Universal Credit, to ensure that it always pays to be in work."*

The National Productivity Investment Fund will invest in infrastructure including housing.

### New Social Homes

Theresa May has expressed a wish to 'fix the broken housing market' and arrest the decline in social housing through a scheme designed to boost the number of new council homes for rent. She has announced a plan to offer funds, loans and new powers to councils and housing associations to help them to build a new generation of social housing for renters. She has also pledged to give the new tenants the option to buy the property after ten to fifteen years. She said that:

*"A Conservative government led by me will not duck the big challenges we face as a nation and there are few issues that are greater than the need for good-quality, affordable housing... Whether you rent or buy, everyone needs the security of a place to call home but too many ordinary working families are stuck on council waiting lists, facing unaffordable rents and struggling to save for that first deposit... That's why we will fix the broken housing market and support local authorities and housing associations to build a new generation of council homes right across the country."*

The Conservative press release promises:

*"Extra borrowing capacity for councils and housing associations"*.

The Conservatives recognise that there are currently 300,000 fewer homes for social rent than there were twenty years ago principally because of the 'Right to Buy' policy that was introduced by the Conservatives in 1980. Social rented housebuilding has plummeted under the Conservatives, with the party cutting housing grant rates in 2011 and funding 'affordable rent' homes instead – that can be up to 80% of market rents. In 2010/11, there were 39,560 additional social rent homes built, but by 2015/16 this had dropped to just 6,800.

The return to offering state funding for social rented properties marks a major reversal of policy for the Conservatives. Since 2010 they have focused funding for higher 'affordable rents' and homeownership.

The plan is that the government would conclude 'deals' with local authorities and housing associations. The homes would be let at social rents for a fixed term of ten to fifteen years after which a proportion of the social housing would have to be sold. The tenant would receive the first offer to buy. Councils would need to demonstrate social housing need and the deals would include checks on the quality of the homes built. Increases in land value would be invested in more social housing.

It is anticipated that local authorities and housing associations would be offered more flexibility around rent setting as part of the deals and that local authorities would be given higher 'borrowing caps' enabling them to borrow money to fund the building of new social homes.

The government has been holding meetings with three local authorities about bespoke deals in recent months. These are understood to be Newark & Sherwood District Council, Sheffield City Council and Stoke on Trent City Council. It also plans to use the £1.4billion of unallocated affordable housing grant announced by chancellor Philip Hammond in the Autumn Statement.

Michael Fallon MP (Conservative) told the BBC that:

*"The money is coming from the £1.4billion we earmarked for capital expenditure from the Autumn Statement last year. It's not new money but the amount for each council will depend on the deals we strike with places like Manchester and Birmingham to get more social housing built in these areas of a high-enough quality that tenants eventually will be able to buy. It's a very attractive policy that will give people a real alternative to waiting and waiting and waiting to get into a council house or flat of their choice."*

Councillor Judith Blake (Labour), Leader of Leeds City Council, told 'Inside Housing' that:

*"We are building 1,000 affordable homes up to 2020, but with further freedoms we could do so much more... the only thing stopping us is the unnecessary and artificial borrowing cap... We will have to look at the detail of any policy that comes forward from central government, but in my view rather than spending time and effort brokering one to one deals or being micromanaged from above about brownfield sites, local authorities need to be let off the leash so we can get on with the job of building a new generation of council homes."*

The statement put no figures on the amount of social housing the Conservatives hoped to build, or the timescales, or the exact rental levels that would be considered 'social'. However, Gavin Barwell, Minister for Housing, told the BBC that he expected that thousands of new homes would be built and said that:

*"The whole policy is about getting innovative councils to come forward with bids to the government... Some of them have got money so they can do it already [but] others are up against their borrowing caps, so this idea is for them to bid to us so they can do it again."*

There are several outstanding questions regarding these proposals including the following:

- The term 'social rent' is usually taken to mean rents set according to the social rent formula that was introduced by the former Labour Government in 2002. These rents are usually lower than the 'affordable rents' that have been favoured by the coalition government and the Conservative government since 2010 that are set at up to 80% of market rents. 'Social' housing therefore requires a higher level of subsidy than 'affordable' housing. It is therefore difficult to see how the number of social / affordable homes being built can be increased at the same time as the balance is shifted towards 'social' housing without a significant increase in resources.
- The existing affordable homes budget is £1.4billion and is intended to fund the building of 40,000 affordable homes. If it is intended to build 'social' homes, higher grant rates would be required. 'Inside Housing' has calculated that a £60,000 grant rate would yield a maximum of 23,000 homes. This raises the question of whether some of the budget would have to be reallocated to less grant-reliant projects to maintain the target level of build.
- Borrowing capacity for local authorities is limited by the 'borrowing cap' that was imposed in 2012. It is assumed that the Conservatives are proposing to increase the 'borrowing cap' but it is not clear by how much, whether all authorities would benefit or only a few that were able to negotiate deals, and what 'strings' would be attached.

- Borrowing capacity for housing associations is not controlled directly by government, but is limited by their ability to generate resources from rents that are controlled by government. It is assumed that the Conservatives are proposing that housing associations should have more flexibility in rent-setting but it is not clear whether all housing associations would benefit or only a few that were able to negotiate deals. The flexibility would be linked to agreements, probably with 'strings' attached.
- It is not clear how the Greater London Authority, or the seven Combined Authorities, would be involved in the process. Conservative spokespeople have suggested that devolved assemblies would be involved in the plans but have not suggested how.
- The Conservatives say that they would favour 'the most ambitious' local authorities and housing associations. However, they do not say how they would define 'the most ambitious' providers. It is possible that the government would invite bids from local authorities and housing associations based on using greater flexibility around rent-setting and borrowing to deliver additional homes; to which allocations of grant would be tied. 'The most ambitious' would be those that had their plans accepted.
- It is not clear whether the 'right to buy' that new tenants will be offered after ten to fifteen years will replace the existing 'right to buy' that can be exercised after three years. Neither is it clear what level of discount will be available under the new 'right to buy'.
- It is proposed that ultimately the homes would be sold to a 'private owner, landlord or institutional investor' but it is not clear if there would be any restriction on the rent that a private landlord would be able to charge. If it would be possible for a private landlord to charge market rents it could be considered inappropriate to use public money to fund what will ultimately be a profit-making asset for private gain.
- It is not clear what checks there would be on the quality of homes.

### Supported Housing

The manifesto does not say anything specific about the government's proposals for the future funding of supported housing. There is a reference to:

*"Supporting specialist housing where it is needed, like multigenerational homes and housing for older people, including by helping housing associations increase their specialist housing stock."*

However, this does not say how the Conservatives would take forward their proposals for the future funding of supported housing. These were set out in a statement in September 2016 and a consultation paper in November 2016, but this approach was recently criticised by a Parliamentary Select Committee.

### Right to Buy and Sale of High Value Council Homes

The manifesto makes no specific mention of extending the 'right to buy' to housing association tenants or of the proposal to fund this through the sale of high value council homes that was included in the Housing & Planning Act 2016 but has yet to be enacted. However, the manifesto does say that the Conservatives would 'continue to support those struggling to buy or rent a home, including those living in a home owned by a housing association'. This could be taken to mean continued support for the extension of the 'right to buy' to housing association tenants but some commentators have concluded that the Conservatives have now abandoned the policy. In a recent interview with 'Inside Housing', Gavin Barwell MP, Minister for Housing, justified the policy by reference to the 2015 manifesto pledge.

## Welfare Reform

It is interesting that the Conservatives 'have no plans for further radical welfare reform in this parliament'.

## Compulsory Purchase

The Conservative press release refers to compulsory purchase orders for 'derelict buildings' in town centres, suggesting that councils would be allowed to buy them at below market value. It said it would allow councils to assemble land using these reformed compulsory purchase rules, with urban councils expected to make the most use of the deals 'assembling industrial land in cities and repurposing it for development of much-needed homes at social rents'. The document stated that:

*"To further incentivise councils to build, the Conservatives also intend to reform compulsory purchase rules to allow councils to buy brownfield land and pocket sites more cheaply... At the moment councils must purchase land at 'market value' which includes the price with planning permission, irrespective of whether it has or not."*

However, legal experts said that these plans could be challenged in Parliament and through the courts. For example, Jacqueline Backhaus, Head of Planning at Trowers & Hamlin, told 'Inside Housing' that any change to compulsory purchase legislation would be difficult to enact – and could be challenged on human rights grounds:

*"Compulsory purchase orders are very complicated and the principle of equivalence underpins the process – that the seller should be no better or worse off... You would have to amend a substantial portion of that legislation to allow land to be acquired below market value... This is more than just English law – it is based on the fair balance principle, between a public interest and an individual's concerns, so there is a human rights aspect... If you undermine fair balance then there could be human rights challenges... I struggle to see how the Conservative Party would achieve lower land values."*

Virginia Blackman, Head of compulsory purchase at property consultancy GVA stated that:

*"Our system is seen as human rights compliant because of the balance we have, but you could have a real issue of (this plan) being fair and reasonable in a democratic society... Most land is not owned by a rich developer just by people not doing anything with it at the moment. It could be owned by a pension fund or be inherited."*

Ms. Blackman also said that allowing sub-value purchases could be counter-productive as it could drive up the amount of legal challenges and slow the system down:

*"It would be very risky for the first councils to try it and let's remember there are lots of other ways councils can try to buy land."*

Graeme Laws, director of the Compulsory Purchase Order team at Deloitte added that councils are generally reluctant to use Compulsory Purchase Order powers, that was mostly to do with a lack of:

*"The appetite, knowledge and ability to proceed; the resource and financial commitment; and, confidence in the system".*

This is an interesting approach from the Conservative Party that has traditionally been reluctant to use compulsory purchase orders, seeing them as a threat to the right of a landowner to use his property as he wishes.

## Labour Party

The Labour Party published its manifesto on 16<sup>th</sup> May 2017. It contains a section entitled 'Secure Homes for All' that starts as follows:

*"Home is at the heart of all of our lives. It's the foundation on which we raise our families, the bedrock for our dreams and aspirations. But for too many people, the housing pressures they face are getting worse not better. Britain has a housing crisis – a crisis of supply and a crisis of affordability.*

*"After seven years of failure, the Conservatives have no plan to fix the housing crisis. Since 2010, housebuilding has fallen to its lowest level since the 1920s, rough sleeping has risen every year, rents have risen faster than incomes, there are almost 200,000 fewer home-owners, and new affordable house-building is at a 24-year low.*

*"It doesn't have to be like this. Labour will invest to build over a million new homes. By the end of the next Parliament, we will be building at least 100,000 council and housing association homes a year for genuinely affordable rent or sale.*

*"Labour will establish a new Department for Housing to focus on tackling the crisis and to ensure housing is about homes for the many, not investment opportunities for the few. Labour's new housing ministry will be tasked with improving the number, standards and affordability of homes. We will overhaul the Homes and Communities Agency to be Labour's housing delivery body, and give councils new powers to build the homes local communities need.*

*"We will prioritise brownfield sites and protect the green belt. We will start work on a new generation of New Towns to build the homes we need and avoid urban sprawl. We will make the building of new homes, including council homes, a priority through our National Transformation Fund, as part of a joined-up industrial and skills strategy that ensures a vibrant construction sector with a skilled workforce and rights at work.*

*"Labour will not only build more, we will build better. We will insulate more homes to help people manage the cost of energy bills, to reduce preventable winter deaths, and to meet our climate change targets. We will consult on new rules on minimum space standards to prevent 'rabbit hutch' properties and on new modern standards for building 'zero carbon homes'.*

*"We will ensure that local plans address the need for older people's housing, ensuring that choice and downsizing options are readily available.*

*"We will keep the Land Registry in public hands, where it belongs, and make ownership of land more transparent."*

With regard to council and social tenants, the manifesto states that:

*"Under the Conservatives, affordable housebuilding has fallen to a 24-year low. Labour will build the genuinely affordable homes to rent and buy that the country needs.*

*"We will remove government restrictions that stop councils building homes and begin the biggest council building programme for at least 30 years. We will ditch the Conservatives' ban on long-term council tenancies to give council tenants security in their homes. We want more people to have a secure tenancy in a home built to high standards.*

*"Labour will scrap the punitive bedroom tax, which has caused many people to be evicted from their home and their community.*



*“More council homes have been sold off under the Conservatives and only one in five have been replaced, despite long housing waiting lists. Labour will suspend the right-to-buy policy to protect affordable homes for local people, with councils only able to resume sales if they can prove they have a plan to replace homes sold like-for-like.”*

With regard to homelessness, the manifesto states that:

*“Homelessness is not inevitable in a country as decent and well off as ours. However, since 2010 the number of people sleeping rough in shop doorways and on park benches has more than doubled. This shames us all. There can be no excuses – it must end. Full stop.*

*“More families are living in temporary accommodation, meaning 120,000 children spent last Christmas without a home to call their own.*

*“This growing homelessness shames the Conservatives. The spiralling rise in street homelessness results directly from decisions made by the Conservatives on pay, housing, mental health and social security.*

*“Labour will set out a new national plan to end rough sleeping within the next Parliament, starting by making available 4,000 additional homes reserved for people with a history of rough sleeping. We will also take action to tackle the root causes of homelessness, including safeguarding homeless hostels and other supported housing from crude Conservative cuts to housing benefit.”*

### Housing Benefit

In a section entitled ‘Dignity for those who cannot work’, the manifesto states that:

*“Poverty in Britain is rising due to the Conservatives’ attempts to balance the books on the backs of the poorest. They have slashed social security over the last seven years, leaving more people in poverty, subject to a punitive sanctions regime, and reliant on food banks.”*

The manifesto proposes to end the ‘bedroom tax’ and reinstate housing benefit for under 21s

### Funding Britain’s Future

The Labour Party has published its costings for its manifesto in a booklet ‘Funding Britain’s Future’. This identifies £4.0billion additional expenditure on social security including restoring Housing Benefit for under 21s and £2billion of additional funding for Universal Credit. However, it does not identify any additional funding for housing.

### Response of the Sector

Terrie Alafat, Chief Executive of the Chartered Institute of Housing said:

*“We know we need to build around 250,000 homes a year in England to get to grips with our national housing crisis, so it’s encouraging to see Labour setting an ambitious target for house building.*

*“But it’s not just about building more homes, it’s about building more affordable homes for people on lower incomes. We need more homes across the spectrum – for home ownership, for private and social rent, and for shared ownership – but we believe more investment is urgently needed in affordable homes to rent.*

*“So Labour’s commitment to build 100,000 affordable council and housing association homes a year is welcome, but matching that ambition with successful delivery will require a long-term plan combined with significant investment. We would like to see more detail on how these commitments would be funded.*

*“With more and more people living in the private rented sector, it’s vital that we look at new ways to improve standards, so we welcome Labour’s focus on this issue.*

*“We have called on the next government to review the welfare reforms that have been introduced since 2012 and the measures due to be rolled out over the next few years. Whoever wins the election needs to take a step back and make sure that welfare policies are not obstructing housing policies designed to make sure people can access a decent home at a price they can afford. It’s therefore encouraging to see Labour making a number of commitments on welfare, including scrapping the bedroom tax, reinstating housing benefit for under 21s and redesigning universal credit.”*

Ruth Davison, Executive Director of public impact at the National Housing Federation, said:

*“We welcome the Labour Party’s focus on housing and its ambition to build the affordable housing the nation needs. Housing associations will be key partners with whoever forms the next government in delivering these new homes, already building around 40,000 a year. The Labour Party is right to recognise the links between housing, infrastructure and construction skills – and we look forward to hearing more detail on an industrial and skills strategy. Housing associations have ambitious skills and training programmes, and are keen to ensure they are used to support those most in need.*

*“Housing associations also share the ambition to drive up standards in the private rented sector. They have already offered to work with the new government to ensure families who rent get a better deal by offering longer tenancies, professional maintenance services and transparency around rent increases.*

*“The Labour Party are right to recognise the links between housing, infrastructure and construction skills – and we look forward to hearing more detail on an industrial and skills strategy. Housing associations have ambitious skills and training programmes, and are keen to ensure they are used to support those most in need.*

*“We also support the move to reverse the abolition of housing benefit for 18 to 21-year-olds. This will help ensure young people on low incomes are better able to meet their housing costs and give housing associations the confidence to keep offering this much-needed accommodation.”*

## **Liberal-Democrat Party**

The Liberal-Democrat Party published its manifesto on 17<sup>th</sup> May 2017. The Party’s priorities for the next Parliament include reaching a housebuilding target of 300,000 homes a year by 2022, including half a million affordable and energy-efficient homes, with direct government commissioning where the market fails to deliver.

### House-Building

A section entitled ‘Building More and Better Homes’ states that:

*“The housing crisis in Britain has become an emergency. For far too long Britain has built many fewer homes than we need; unless we build enough to meet demand, year after year, we will find that housing costs rise further out of reach.*

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*“That is why we have set an ambitious target of increasing the rate of housebuilding to 300,000 a year – almost double the current level. These new houses must be sustainably planned to ensure that excessive pressure is not placed on existing infrastructure. We will:*

- *Directly build homes to fill the gap left by the market, to reach our housebuilding target of 300,000 homes a year, through a government commissioning programme to build homes for sale and rent. We will ensure that half a million affordable, energy-efficient homes are built by the end of the parliament.*
- *Create at least 10 new garden cities in England, providing tens of thousands of high-quality, zero-carbon homes, with gardens and shared green space, jobs, schools and public transport.*
- *Set up a new government-backed British Housing and Infrastructure Development Bank with a remit including providing long-term capital for major new settlements and helping attract finance for major housebuilding projects.*
- *End the Voluntary Right to Buy pilots that sell off housing association homes and the associated high value asset levy.*
- *Lift the borrowing cap on local authorities and increase the borrowing capacity of housing associations so that they can build council and social housing.*
- *Scrap exemptions on smaller housing development schemes from their obligation to provide affordable homes, and strengthen the hand of local government to prevent large developers renegeing on their commitments.*
- *Require local plans to take into account at least 15 years of future housing need – focusing on long-term development and community needs.*
- *Create a community right of appeal in cases where planning decisions go against the approved local plan.*
- *Enable local authorities to:*
  - *Levy up to 200% council tax on second homes and ‘buy to leave empty’ investments from overseas.*
  - *Enforce housebuilding on unwanted public sector land.*
  - *Penalise excessive land-banking when builders with planning permission have failed to build after three years.*
  - *End the Right to Buy if they choose.”*

While a government commissioning programme is proposed to help to achieve the housebuilding target, no detail is provided as to how this is to be achieved and no mention is made of any additional funding. While it is proposed to increase the borrowing capacity of housing associations, no detail is provided as to how this is to be achieved. Presumably this would require either additional social housing grant or greater flexibility on rents.

The party proposes £5billion of initial capital for a new British Housing and Infrastructure Development Bank, using public money to attract private investment but no details are provided of how this bank would work and the extent to which local authorities and housing associations would have access to it.

The party proposes not to implement the provisions of the Housing & Planning Act relating to the extension of the ‘right to buy’ to housing associations and the sale of high value council houses; to lift the ‘borrowing cap’ on housing revenue accounts and to enable local authorities to end the ‘right to buy’. This would represent a significant liberalisation of the financial framework for local authority housing.

## Buying and Renting

A section entitled 'Buying and Renting' states that:

*"House prices are high across the country – even where houses are available to buy, they are often unaffordable for first-time buyers. In many areas, the rental market has also become unaffordable. Young people, in particular, need support from the government to help them find and keep a home of their own. We will:*

- *Help people who cannot afford a deposit by introducing a new Rent to Own model where rent payments give tenants an increasing stake in the property, owning it outright after 30 years.*
- *Improve renting by banning lettings fees for tenants, capping upfront deposits and increasing minimum standards in rented homes.*
- *Help young people into the rental market by establishing a new Help to Rent scheme to provide government-backed tenancy deposit loans for all first-time renters under 30.*
- *Give British buyers a fair chance by stopping developers advertising homes abroad before they have been advertised in the UK.*
- *Give tenants first refusal to buy the home they are renting from a landlord who decides to sell during the tenancy at the market rate according to an independent valuation.*
- *Promote longer tenancies of three years or more with an inflation-linked annual rent increase built in, to give tenants security and limit rent hikes.*
- *Improve protections against rogue landlords through mandatory licensing and allow access for tenants to the database of rogue landlords and property agents.*
- *End the scandal of rough sleeping by increasing support for homelessness prevention and adequately funding age-appropriate emergency accommodation and supported housing, while ensuring that all local authorities have at least one provider of the Housing First model of provision for long-term, entrenched homeless people.*

## Welfare

A section entitled 'Treating People Fairly' states that:

*"The Liberal Democrats are clear – balancing the books on the backs of the poor and disabled, and demonising people who claim benefits, is neither acceptable nor responsible. Although all government budgets must be scrutinised to minimise waste and ensure value for money, this must not be used as an excuse to attack the poor and vulnerable. In any case it is more effective to tackle the causes of the benefits bill – low pay, high rents, unemployment and ill-health.*

*"That's why we will reverse unfair Conservative policies such as reducing support for younger people and cutting the benefits of people not fit for work. We will reinstate the legally binding poverty targets of the Child Poverty Act. We will:*

- *Uprate working-age benefits at least in line with inflation.*
- *Abandon the two-child policy on family benefits and abolish the Conservatives' 'rape clause' where a woman has to declare children that are born as a result of rape in order to access benefits.*
- *Help young people in need by reversing cuts to housing benefit for 18-21-year-olds and increase the rates of Jobseeker's Allowance and Universal Credit for those aged 18-24 at the same rate as minimum wages.*
- *Reverse cuts to Employment Support Allowance to those in the work-related activity group.*
- *Increase Local Housing Allowance (LHA) in line with average rents in an area, ensuring that LHA is enough for a family to pay their housing costs no matter where they live.*

- *Scrap the ‘bedroom tax’, while seeking to achieve the aim of making best use of the housing supply through incentivising local authorities to help tenants ‘downsize’.*
- *Scrap the discredited Work Capability Assessment and replace it with a new system, run by local authorities according to national rules, including a ‘real world’ test that is based on the local labour market.*
- *Withdraw eligibility for the Winter Fuel Payment from pensioners who pay tax at the higher rate (40%). We will retain the free bus pass for all pensioners.*
- *Ensure that those using food banks are aware of their rights and how they can access hardship payments where relevant.”*

The party also wishes to promote tenant management in social housing; work with local authorities to deliver a significant increase in social and affordable housing in rural areas; and devolve more decision-making power over key levers of economic development including transport, housing and skills.

### Response of the Chartered Institute of Housing

Terrie Alafat, Chief Executive of the Chartered Institute of Housing said:

*"We need a swift and significant increase in the number of new homes being built to get to grips with our national housing crisis, so it's encouraging to see the Liberal Democrats setting an ambitious target for house building and proposing to directly commission new homes. Historically we have only built anywhere near the number of homes we need when the public sector has been directly involved in building.*

*"But it's not just about building more homes, it's about building more affordable homes for people on lower incomes. We need more homes across the spectrum – for home ownership, for private and social rent, and for shared ownership – but we believe more investment is urgently needed in affordable homes to rent. So the Liberal Democrats' commitment to help councils and housing associations build more homes is welcome.*

*"Matching these ambitious plans with successful delivery will require a long-term plan combined with significant investment, so we would be interested to see more detail on how these commitments would be funded.*

*"We have called on the next government to make sure that councils have the resources they need to tackle rising levels of homelessness, and to make sure that welfare policies are not obstructing housing policies designed to make sure people can access a decent home at a price they can afford. It's therefore encouraging to see the Liberal Democrats making a number of commitments on homelessness and welfare, including increasing support for homelessness prevention, emergency accommodation and supported housing, reversing cuts to housing benefit for 18-21-year-olds, scrapping the bedroom tax and increasing Local Housing Allowance in line with average rents."*

### **Summary and Conclusions**

All the main parties have identified housing as an important election issue and have made commitments to increase house-building including the building of social and affordable homes by housing associations and local authorities. All the main parties have identified the 'borrowing cap' that has been imposed on councils' housing revenue accounts as a barrier to building council housing and all are proposing to raise or abolish the caps. However, the Conservatives plan to do this through a series of one-to-one deals with individual local authorities that would be designed to deliver specific schemes while the Labour and Liberal-Democrat parties propose a more general lifting of the 'borrowing cap'.

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The Conservatives would offer similar one-to-one deals with housing associations where rent flexibilities would be on offer. However, none of the parties propose to increase the budget for the affordable housing programme.

The Conservatives' wish to facilitate the building of new social housing is a departure from their previous position which was that resources should be focused on reversing the decline in home ownership. Their wish to facilitate the building of new council housing is a departure from the position that they have held since the 1970s and a return to that which they held in the 1950s when Harold Macmillan, first as Housing Minister and later as Prime Minister, championed the building of council houses.

The Conservatives have said very little about the extension of 'right to buy' to housing association tenants, the sale of high value council homes and the funding of supported housing – all policy initiatives that they have taken since 2015. This is leading to speculation as to how these policies would be pursued in future if the Conservatives are returned to office. The Liberal-Democrats would not extend the 'right to buy' to housing associations and would not introduce the sale of high value council homes.

Labour would suspend the 'right to buy' in England while the Liberal-Democrats would allow local authorities to suspend the 'right to buy' if they chose.

On Welfare, the Conservatives state that they do not intend to make any changes in addition to those that have already been announced, while the Labour and Liberal-Democrat parties propose reversing some of the measures that have been taken by the Conservatives. None of the parties has anything new or radical to propose about welfare reform.

I am sure that everyone in the housing sector will be pleased to see that all the parties recognise the extent of the housing crisis and the need to address it. However, I am disappointed with all the manifestos in that their proposals appear generally timid and unoriginal. There are also a lot of unanswered questions. Furthermore, none of the parties is prepared to commit to allocating significant funding to the development of affordable homes. I am not convinced that any of the parties would achieve their stated housing objectives through pursuing the policies that they have outlined in their manifestos.

**Adrian Waite**  
**May 2017**

Note: Our seminar 'Developments in Local Authority Housing Finance in England 2017' will be held during the week following the general election and will consider the implications of the general election result for the finances of local authority housing (see below).

## **Seminar: Developments in Local Authority Housing Finance in England 2017**

**June / July 2017**

We are holding seminars on 'Developments in Local Authority Housing Finance in England' during June and July 2017. This seminar will look in depth at current developments in local authority housing finance in England – especially the implications of the outcome of the 2017 General Election for local authority housing, the Autumn Statement of 2016 and the Budget of 2017, whether the Housing & Planning Act 2016 will be implemented in full, the future funding of supported housing, the vote for Britain to leave the European Union, the affordable housing programme, the public finances, welfare reform, rent reductions, issues around the reinvigorated 'right to buy', sale of high value properties to fund the extension of 'right to buy' to housing associations and new development.

If you want to be up to date with the world of local authority housing finance, this is the seminar for you!

### **The seminar will address the following questions:**

- What is the Political, Economic, Social and Technical Context?
- What will be the implications for local authority housing finance of the new government's policies on housing and welfare?
- How, and to what extent, will the Housing & Planning Act be implemented?
- How can councils develop effective self-financed business plans?

### **Who should attend?**

All those with an interest in developments in local authority housing finance in England, including Managers in Local Authorities and Arm's Length Management Organisations, Elected Members, ALMO Board Members, Housing Accountants and Tenant Representatives. The session will assume a basic knowledge of local authority housing finance but will not assume that delegates are experts.

The session is accompanied by a very useful book entitled: **"Developments in Local Authority Housing Finance in England 2017"**

### **Venues and Dates:**

**London:** Novotel Hotel, Waterloo – Wednesday 14th June 2017

**North:** Novotel Hotel, Leeds – Wednesday 5th July 2017

The price of the seminar is £195 plus £39 VAT, total £234.

For further information or to make a booking, please click here:  
<http://awics.co.uk/developments-in-local-authority-housing-finance-in-england-2017-seminar>

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## Other AWICS Seminars

AWICS holds seminars on a variety of subjects of relevance to public services. Details of all our seminars can be found at: <http://awics.co.uk/seminars2017>

Our next seminars include:

- All You Want to Know about Housing Association Finance
- All You Want to Know about Local Authority Finance
- All You Want to Know about Service Charges in Social Housing in Wales
- All You Want to Know about Local Authority Housing Finance

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## About 'AWICS'

'AWICS' is a management consultancy and training company. We specialise in providing support in finance and management to clients in local government and housing in England, Scotland and Wales. We are well known for our ability to analyse and explain complex financial and management issues clearly.

Our mission statement is 'Independence, Integrity, Value'. We therefore provide support to clients from an independent standpoint that is designed to help the client to achieve their objectives. We are passionate about working with the utmost integrity. We believe that we offer the best value for money that is available today!

For more information about our services and us please visit our website at [www.awics.co.uk](http://www.awics.co.uk) or contact Adrian Waite at [Adrian.waite@awics.co.uk](mailto:Adrian.waite@awics.co.uk).

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