



# Labour unveils vision for “Housing for the Many”

By [Alexander Peace](#) 25/04/2018 | [Residential](#)



Labour’s green paper for increasing affordable housing proposes massive new council borrowing and lending, a presumption in favour of affordable homes and an end to viability loopholes and public land sales.

The paper, *Housing for the Many*, says that a government under Jeremy Corbyn would build 100,000 social homes a year for ten years to redress the imbalance of housing provision in the country.

It lists extensive proposals for increasing supply, plans an immediate end to right to buy and changes the definitions of affordable. It also re-empowers councils and housing associations to build new stock.

Shadow housing secretary John Healey said: “We will build for those who need it, including the very poorest and most vulnerable, with a big boost to new social rented homes.

“And we will also build Labour’s new affordable homes for those in work on ordinary incomes who are priced out of the housing market and being failed by housing policy, for the ‘just coping’ class in Britain today who do the jobs we all rely on.”

### **Lack of detail**

Commentators have cited a lack of detail about how the homes would actually be built.

“The report needs more in terms of the practical detail in how it would actually work rather than just lots of detailed headlines,” says residential analyst Neal Hudson.

“How will the financing for more social rent work and where would borrowing capacity actually help delivery. And, notably, is it in the right places? What about access to land, availability of skills and expertise. Will this be in the same place as this financial capacity?”

The green paper emphasises building social housing for people other than those most in need and building for the whole country. It says that in 1964, the national survey of housing said council tenants “tended to be in the middle of the income range”. Now, the average household in social housing has an income less than half the income of a home-owning household.

“These policies, while commendable, are unlikely to be deliverable,” says Dean Clifford of Great Marlborough Estates.

“Such measures would limit the investment that flows into the housing market in the first place, meaning fewer homes for all. While they may be affordable for some, it is likely to be at the expense of many.”

### **The proposals**

**New affordability standards: The paper proposes new definitions for affordable homes, against the current classifications, which it says are not affordable.**

- Social rented homes: homes for social rent will be let at well below

market rent at rents set using an established formula based on local incomes, property values and the size of the property – around half the market rent.

- Living rent homes: these will be let at rents at a third of average local incomes, and aimed at low-to-middle-income working families, key workers and younger people.
- Low-cost ownership homes: FirstBuy homes will be promoted as a new type of home to buy, discounted so that mortgage payments are no more than a third of average local household incomes. The discount will be locked into the home so that future buyers benefit too. Shared-ownership and rent to buy homes will be other low-cost options included in this category.

## **How the homes will be built**

### National initiatives

- Department for Housing: Labour plans a new department to spearhead what it describes as a “new deal” on housing.
- OBR-style Office for Housing Delivery: this will be an agency with a remit to monitor ministers and audit delivery on affordable housing promises.
- Devo-housing deals: these will encourage action from town halls to open opportunities for “devo-housing” deals with financial backing from central government to deliver growth and more affordable housing.
- Stopping affordable home loss: a Labour government will suspend right to buy, end the programme of forced conversions to “affordable rent” and scrap plans to force councils to sell the most expensive homes. Labour says ending right to buy and other sales processes will save 53,000 homes a year.

### Funding

- Pump money into system: a Labour government will reset the national housing grant investment to £4bn and make this funding available to councils and housing associations. It will also recycle housing benefit savings from the affordable housing programme into helping tackle the causes of the housing crisis.

- Housing finance grant for councils and housing associations, and stabilised borrowing: a Labour government will aim to maximise the finance councils and housing associations can raise themselves, and provide certainty on rents so they can borrow more.
- Affordable housing borrowing guarantees: Labour will lower the cost of borrowing with affordable housing borrowing guarantees and facilitating housing association access to Public Works Loan Board finance while encouraging long-term investors such as pension funds. The party says that borrowing guarantees reduce the risk and the cost of lending to affordable housing providers.
- Pension fund pooling: a Labour government will pool some local government pension funds to open up new opportunities for funds to invest in affordable housing and will review these and other funding sources and vehicles, including finance for housing as part of Labour's proposed National Investment Bank. A Labour government will widen the range of sources of finance available to social landlords, including finance from pension and insurance funds.
- Increase council borrowing cap: the government will lift the council housing borrowing caps to prudential limits to kick-start the biggest council building programme in 30 years, and review the way borrowing is recorded in the national accounts. It will also consider kick-starting council house building by returning a share of the previous year's right-to-buy receipts.
- Local authority mortgage lending: until the 1980s local authorities helped homeowners get a mortgage. There is an appetite for local authority mortgage lending or topping up deposits to help local first-time buyers and key workers.

#### Land and planning

- Clarity of ownership: the Land Registry will be put back in public hands, and fast-tracked reforms will reveal who owns, and has an interest in, land, including option agreements between landowners and developers.
- Duty to deliver affordable homes for local authorities: a Labour government will impose a new duty to deliver affordable homes linked to better measures of local need, and consult on new accountability

mechanisms to support councils to achieve this, including an increase in the New Homes Bonus affordable homes premium.

- No more viability loopholes: Labour will remove viability loopholes with regard to developments, look into providing greater transparency, claw back greater-than-expected development profits, set standard guidance on section 106 processes and create teams of independent viability experts to support councils in negotiations with developers.

- No development without affordable housing: there will be a presumption of no development without affordable housing, including smaller and rural sites. Labour will also prevent developers from avoiding affordable housing construction through permitted development.

- A sovereign land trust: a Labour government will establish a trust to work with local authorities to enable more proactive buying of land at a price closer to existing use value, and will consider changes to the CPO and compensation rules.

- End public land “fire sale”: Labour will end the public land “fire sale” and will ensure that new housing developments include affordable housing.

- New towns: new legislation will be introduced to start work on the next generation of new towns and garden cities, with a new role for the National Infrastructure Commission.

## Delivery

- Housing revenue accounts for council building: the government will help councils that have transferred all housing to a housing association to set up a housing revenue account to enable building and consider enabling grants to help councils with limited capacity.

- Housing association support: Labour will champion housing associations as major providers of affordable homes with a renewed expectation of social purpose at core, and will prohibit for-profit housing associations, requiring all housing associations to use surpluses to service existing communities and build new affordable homes.

- Housing grants conditional on apprenticeships: apprenticeships will be a condition of receiving a housing grant, and the government will

implement a national affordable housing training scheme for graduates along the same lines as Teach First.

### Regeneration

- Estate regeneration: residents will be balloted before redevelopment projects commence, and councils will receive new powers, funding and flexibilities with regard to redevelopment. Schemes will result in no loss of social housing and all existing residents will be offered a home on the site.
- Encouraging demand and quality in areas with low housing demand: drawing on the renewal pathfinders programme, Labour will tackle low housing demand and work with councils, social landlords and residents on inclusive local growth plans, and encourage social landlords to purchase properties and bring them back into use.
- Empty dwellings in areas of high demand: a Labour government will allow councils to charge a 300% council tax premium on properties that have been empty for more than a year, and strengthen the Empty Dwelling Management Orders to bring homes back into use.

The report also includes extensive recommendations for increasing safety, empowering tenants and boosting standards for decent homes.

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### **COMMENT: The housing association perspective, by David Montague, chief executive of L&Q**

I attended the launch of the Labour Party Review of Social Housing. So what did we hear?

One million genuinely affordable homes over the next ten years: a big, bold, long-term plan to be delivered in partnership with local councils and housing associations. In John Healey's words, "to build more affordable homes, we need to make more homes affordable". It was exactly what we were hoping for.

Labour would create a new Department for Housing, a new OBR-style report to parliament holding government to account over delivery, and deliver help for local authorities to get back in the game.

And it wasn't just about new homes. Labour plans a new Decent Homes 2 programme to bring existing homes to a standard we can be proud of, and a greater say for residents in the regeneration of the places where they lived.

## **Positive report**

An overwhelmingly positive report with plenty for us to get our teeth into. But there were bound to be some things that we need to think more carefully about.

Having found ourselves accidentally classified as public sector organisations with £70bn of housing association debt hitting the government's balance sheet, and having been so carefully placed back into the private sector where our investment plans won't be restricted by public sector borrowing rules, housing associations really don't want to find ourselves back in the jug again.

Housing associations are regulated, independent social businesses. Most are charities. Guided by our social mission, we work with government to deliver homes and communities. It is a formula that has worked for centuries. Key to our continued success is our independence.

So, rather than making us subject to the Freedom of Information Act and requiring residents to sit on housing association boards, we should have a discussion about transparency and accountability. The housing association Code of Governance draws heavily on Nolan's principles of public life and includes "openness and accountability" among our own nine principles.

Perhaps this should be the starting point for future discussions – is the sector holding up these principles, and if not, how can we improve? The Labour Party Review is a consultation document. We have been consulted throughout the process, the party has listened, and I'm sure we can arrive at a position that works for everyone.

## **Reassurance for housing associations**

But did housing associations get the reassurance they were seeking about their place in the future, a future described by Jeremy Corbyn as "a new era of social housing in which councils are the major provider"?

In John Healey's words, the review was "a declaration of intent to support housing associations, but also a challenge to do more and better". This is a challenge we at L&Q accept gladly – we are a regulated charitable housing association with social purpose at our heart.

We want to build more homes and we want as many of those homes as possible to be genuinely affordable. We want to invest in our existing homes and communities. We want to deliver homes and services that we can be proud of. And we want to work in partnership to change the world.

Whatever the future holds, it is in our hands. There is more than enough for all of us to be getting on with. So let's work together and get on with it.

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