

HOUSING PROGRAMME FOR HM GOVERNMENT **2015–2020**

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INTRODUCTION

The housing crisis has been decades in the making, but with strong leadership it can be solved by the next government.

The need is urgent. Every day more people are denied a stable, affordable home to call their own. Millions are struggling to keep up with their rent or mortgage. Frustrated first time buyers are clamouring to get on the housing ladder, whilst high housing costs and the limited supply of social homes inflate the housing benefit bill.

Voters are demanding change.

Piecemeal measures will not work and have not assuaged their anxiety. The country needs a serious plan to transform housing; one that faces up to tough

choices, but also sets a new tone for political generations to come. Solving this problem will take leadership and vision at local and national level, but it can be done.

The first hundred days after the election will be crucial. In building the next government, you will have a once in a generation opportunity to confront the housing crisis head on.

Appointing a Cabinet Minister with responsibility for housing, and a bold plan for action – including a Housing Bill in the first Queen’s Speech – will be a good place to start.

A bold plan for action – top priorities for the next government:

At the heart of our housing crisis lies a severe shortage of homes. To confront this, we need to:

- **Get land into the hands of those who want to build**
- **Increase public and private investment in affordable homes**
- **Ensure new homes built meet the needs of those on low and middle incomes**

Over 1.5 million families with children now rent privately, yet short-term contracts and unpredictable rent increases can force families to leave their homes at just two months’ notice. At the same time, conditions in the sector are notoriously poor compared to other tenures. To fix this, we need to:

- **Make private renting more stable and family friendly**
- **Stamp out dangerous and poor conditions in rented homes**

The housing safety net has been cut back to its limit and has taken on a disproportionate share of responsibility for deficit reduction. We should reduce the housing benefit bill by investing in genuinely affordable homes – but in the meantime, we need to protect people at risk of losing their home, by:

- **Providing an adequate safety net to stop people losing their home.**

The following document sets out exactly what steps are needed to rise to the challenge and meet the priorities detailed above.

OUR PROGRAMME TO KICK-START A LONG-TERM CHANGE

To put our principles into action, HM government 2015–2020 will deliver an ambitious programme of change.

Day one – setting the tone

Promote housing to the Cabinet

A new Secretary of State for Housing should be appointed. This should be someone who is visible and accountable – and has the authority to implement a serious housing delivery programme.

Explicitly state a commitment to new housing

The first Queen’s Speech of the new government should clearly outline housing as one of the defining missions of the government.

Followed by a detailed plan that faces up to tough choices, this will set the tone for the rest of the Parliament.

Within 50 days: investment and tax changes

Not all solutions to the housing crisis require public expenditure – however those that do should be outlined in the first Budget or Comprehensive Spending Review following the election. This should aim to:

- **Announce the creation of a Housing & Infrastructure Bank, based in the Homes and Communities Agency.** The bank will be partly funded by tax-free ‘Help to Buy’ ISAs, but also capitalised with £2 billion up front investment. It will help to fund initial land purchases by development corporations and other joint ventures. And it will reduce Housing Association borrowing costs.
- **Increase the Affordable Homes programme by £800m per year and change its terms so that the extra investment will fund 60% Social Rent and 40% Shared Ownership.** Over five years this extra investment will deliver almost 100,000 extra affordable homes for people on a range of incomes.
- **Announce the creation of a Help to Build scheme providing government guarantees to incentivise banks to lend to small builders. This will use resources from existing contingent liabilities in the Help to Buy scheme.**
- **Launch a rapid review to rationalise the many funding streams that local authorities and Local Enterprise Partnerships currently draw on for local growth, homes, and infrastructure.** The emphasis will be on increasing access to investment to unblock stalled sites.
- **Introduce new tax powers for local authorities, both to levy Council Tax on sites with planning permission and to tax empty homes.**
- **Extend local authorities’ borrowing caps by £1bn, building on the £300m extension in 2013.**

On private renting, the first Budget or CSR should also:

- **Change the rules around landlords' wear and tear allowance to fund investment in private rented sector enforcement.** In order to address 'wear and tear', landlords letting out furnished properties can offset 10% of their annual rental income against their property income tax bill. This amounts to a tax break of around £2.52 billion. In spite of this generous offering, a third of properties let out aren't in a decent standard. Cutting the wear and tear allowance from 10% to 5% would mean landlords still receive help to keep properties in a good condition – but would also divert much needed funding towards local authorities, who are tasked with kicking out rogue landlords and cleaning up the worst private rented properties.

Within 100 days: structural reform

The private housebuilding market also needs to be reformed to ensure it can play the best possible part in the UK's efforts to build the homes we need. Meanwhile, the private rented sector should be repurposed to meet the needs of the 11 million people who now live there – including the 1.5 million families with children. Therefore, a new **Housing and Planning Bill** should:

- **Reform the land market, ensuring cheaper land gets in to the hands of those who want to build.**

This means:

- **Give local planning authorities the power to create New Home Zones – strategic growth areas.** These will deliver higher rates of growth, investment and homes.
- **Strengthen powers of compulsory purchase for new planning authorities (e.g. local authorities, development corporations), and streamline the process for them doing so.** Public bodies should be able to buy land at closer to existing use value, as is the case in the

Netherlands. The credible threat of compulsory purchase will encourage owners of land to negotiate lower prices, or invest their land into a development partnership for long term profit rather than a capital sum.

- **Increase transparency in the land market.** Work with the Land Registry and Valuation Office Agency to publish in a single format all data on land price, ownership and planning status in order that Cadastral maps (as exist in the US) can be created by the private sector or local government. Require option agreements between landowners and developers to be registered and published.
- **Give more power to local people.** This means:
 - **Legislate to allow local authorities within cities to form Joint Strategic Planning Authorities (JSPAs) made up of elected members and chaired by a city Mayor where possible. These should be accompanied by joint city-wide delivery bodies called Local Homes Agencies.** Together, these bodies will be tasked with delivering the high-quality homes the city needs.
 - **Extend the Nationally Significant Infrastructure Projects planning process to enable new housing sites to be combined with major infrastructure schemes, such as new rail or road links, with the approval of local planning authorities.**
- **Review the Greenbelt.** This means:
 - **Give the power of greenbelt review to new Joint Strategic Planning Authorities, who can democratically represent the view of their entire city or city-region and make a review a contingent part of new City Deals.** This will involve a review of the NPPF to allow greenbelt authorities to swap low value agricultural or marginal land out of

the green belt land (currently only some brownfield can be swapped), adding equivalent areas to the green belt elsewhere.

- **At the same time, give city-regions or local authorities the power to set up Greenbelt Community Trusts, development corporations, which can capture land value, uplift and deliver high quality, affordable development that gives maximum benefit to the local community.**
- **Reform the private rented sector.** This means:
 - **Introduce five year private rented tenancies as the legal default.** This will give renters the stability and predictability they need to plan for the future: they could not be evicted without good reason, and during their tenancy rents could not rise above inflation. This contract should include break clauses for landlords – and tenants should be able to terminate at two months’ notice.
 - **Introduce a national register of landlords.** This will equip local authorities with data to proactively manage their private rented sector – and provide national government with data to base any future policy for private rented sector housing on.
 - **Ban letting agents from charging fees to renters.** This will reduce the prohibitive upfront cost many renters face. And it will establish landlords as the true consumer in this transaction – introducing effective competition to the lettings market.
- **Publish a new Housing Strategy for England.** This should include:
 - **A tenure mix plan.** As well as building more homes, we need to build more affordable housing in particular to meet housing need. Shelter argues that delivery across the country should be 50% market, 30% social rent and 20% intermediate.
 - **A plan to ensure construction skills shortages can be met with new apprenticeships and that the industry has the stability for investment in the supply chain.**
 - **A time-line for a review of the current levels of Local Housing Allowance support.** At the very least, housing benefit must provide enough to tide people over in decent private rented accommodation.
- **Include housing in a devolution settlement for England.** Building on Lord Heseltine’s Review for the previous government, we need a clear agenda for greater city autonomy which includes housing as a core part of the devolution agenda. This means:
 - **Use renewed City Deals with the identified “core cities” to promote a housing and growth agenda.** In particular, this settlement should look at devolving Homes and Communities Agency budgets and strategic planning powers to successful city-regions, if they can prove that they will provide long term, cross-boundary strategic leadership on housing and infrastructure growth. Cities that can bring forward ambitious plans for growth, using the tools that have been made available such as New Homes Zones, will be given priority to funding streams and resources.
 - **Offer local authorities the chance to sponsor New Garden Cities as equity partners in development corporations, with the promise that they will gain from the land value uplift of sites in the short term, and make long term revenue from their equity stake.** Establish development corporations where necessary to kick-start the delivery of these sites.
 - **Introduce meaningful penalties for inaction.** Ultimately, city-regions need to collaborate to deliver more homes. However sometimes authorities which bound a city do not want to collaborate and can slow down necessary

growth plans. In extreme cases, the government must be willing to conduct a fast-tracked boundary review to grow city authorities which are under-bounded if the city-region cannot co-operate successfully, with appropriate safeguards in place to ensure that this is done fairly.

- **Launch a review to set clear space and quality standards for new homes.** Task independent review to set clear space and quality standards, to create a level playing field for developers and ensure that the homes we build are homes that people want to live in, and are suitable for changing needs and demographics.

Within one year: consolidating progress

Following investment and reform of the first fifty days, further action will be needed to lock-in the growth in home building for the long term. This requires a government to:

- **Publish plans for new Garden Cities.** Five new garden towns, cities or major urban extensions should be started within the life-time of the parliament. The emphasis will be on quality and local affordability.
- **Link homes and major infrastructure more closely.** The National Infrastructure Plan should be updated, with its objectives on transport and energy infrastructure amended to include new homes. Extending the Nationally Significant Infrastructure Projects (NSIP) process to cover large residential developments linked to new major infrastructure will make it easier to plan on this basis.
- **Require housing needs to be assessed across economic areas.** Create a defined statutory role for Local Enterprise Partnerships (LEPs) in commissioning objective, cross-boundary needs assessments to give planning authorities much better

data on what new homes are needed where.

- **Launch an independent review of property taxation.** Property taxes could be an important lever for stabilising housing markets and realigning developer incentives, and could provide revenue sources for house building. An independent review will provide evidence and recommendations to the new government.

Within two years: going further

At this point a new vision for housing supply will have been consolidated, and many of the reforms necessary to realise it enacted. We will see:

- More investment flowing into affordable housing with housing associations increasing the number of homes they start building, including homes for shared ownership.
- Local authority home building increasing as those constrained by borrowing caps – especially in London and the South East – access the finance to build on their own land.
- Private builders starting stalled sites or selling them to those who will build. More and more small builders accessing new sites and getting building.

To continue to drive the step-change in the number of homes built, the following measures should be undertaken:

- **Consult on the plans for the first new garden city, town or urban extension.** Lessons needs to be learned from the failure of the ‘Eco-Towns’ initiative under the 2005-2010 government and build consensus for the homes we need.
- **Test whether the changes implemented are increasing or decreasing councils’ five year land supply and the number of sites with planning permission.** Comprehensive testing and monitoring of the programme will be essential.

- **Continue to work with small and medium sized builders to overcome the barriers they face.**
- **Monitor the supply chain, the cost of raw materials and labour to ensure that industry is able to gear up to the expansion in home building.** A significant upturn in the level of house building will require a significant upturn in the number of skilled builders that our country produces. It will be necessary to invest in skills for the many thousands more who could be employed in construction, architecture, planning and many other industries to take full advantage of the economic opportunities and make it possible.
- **Launch a competition for the best use of published land and housing market data to improve the effectiveness of the private land market.** The 2015-2020 government will see an effective housing market free from market-failures as being central to increasing supply. This will mean more competition between suppliers and house builders, not less. This will build on earlier measures to bring greater transparency to housing markets.
- **Continue to raise the borrowing cap on local authorities with Housing Revenue Accounts if they prove to be able to deliver affordable homes at scale.** In budgets through 2016 – 2020, the government should continue raising local authority borrowing caps towards prudential borrowing levels. This should not impact on measures of public sector net debt, as the government should bring accounting in to line with international practice.

By the end of the 2015-2020 government: finishing the job

If the plans outlined in this document are implemented, by the final years of the next parliament the number of homes built per year will be heading over 200,000 for the first time in decades. They will be heading towards 250,000 by 2021.

We will secure this step-change in house building for the long-term by:

- **Starting the first new garden cities, towns or urban extensions.** Before the end of the 2015-2020 government work will begin on site of the first new garden cities, towns or urban extensions.
- **Growing the self-build and custom build sector.** Much more scope should be given to local authorities and others to innovate on different ways to get land in to the hand of potential self-build or custom builders.
- **Raising the local authority borrowing cap further if councils prove they can deliver homes at scale and value for money for the tax-payer.** Many local authorities are desperate to build new homes to find homes for people on their housing waiting lists. Where councils are able to demonstrate their capacity to deliver those homes they should be empowered to do so.

FURTHER READING

Shelter and KPMG, [Building the homes we need: A programme for the 2015 government \(2014\)](#)

Shelter, [Safe and Decent Homes: Solutions for a better private rented sector \(2014\)](#)

Shelter, [A better deal: Towards more stable private renting \(2012\)](#)

Shelter helps millions of people every year
struggling with bad housing or homelessness –
and we campaign to prevent it in the first place.

We're here so no one has to fight bad housing
or homelessness on their own.

Please support us at shelter.org.uk

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