

Housing for the Many... and the Few?

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Introduction

Labour's manifesto was unlike any other for decades, especially in the radical spirit of its slogan "Secure homes for all". Nevertheless, it bore the hallmarks of an ideologically-divided Parliamentary Party, with socialist rhetoric masking a failure to take on the neoliberal model of speculative housebuilding and wealth extraction from property ownership. The timidity of Labour's approach to the housing crisis was exposed a month after the 2017 General Election by the appalling Grenfell Tower fire disaster in London, in which at least 80 people died from the deadly consequence of privatisation, deregulation, and austerity. With the neoliberal consensus on housing clearly fractured by Grenfell, the next Labour manifesto must embrace a more transformational agenda to achieve safe and secure homes for all.

The Crisis of Housing Insecurity

The 2017 General Election was contested against the background of an acute and worsening crisis of housing insecurity after seven years of cruel Conservative austerity policies that have hit the poorest households and communities hardest. Despite historically low mortgage interest rates, access to home ownership is increasingly blocked off across England by the lowest peacetime building output for over 90 years and house prices outstripping average incomes. If this continues, by 2020, the projected average house price of £270,000 will leave typical first time buyers needing to earn £64,000 a year and have a deposit of £46,000 (Shelter, 2016). Priced out of home ownership, and unable to access social housing after decades of privatisation, today's Generation Rent (Walker, 2012) is fuelling the remarkable resurgence of the private rental sector which has more than doubled in the past two decades and on present trends will soon house one in every four households (Knight Frank, 2017).

With demand overtaking supply, average private rents have risen to 35% of household income, compared to 18% for average mortgage costs, and almost one in seven private renters spends over half their income on rent (LGA, 2017). Increasingly, tenants are in serious arrears, and a record number of official evictions are taking place, up by a third between 2010 and 2016 to over 40,000 a year. Private landlords are exploiting the-called "no fault" repossession route under section 21 of the Housing Act 1988 to eject tenants once their six months are up and re-let at higher rents (Clarke et al, 2017). No wonder homelessness has risen by nearly 60% since 2009 (Shelter, 2017), pushing over 120,000 children into temporary accommodation (LGA, 2017).

Driving this trend is the Conservatives' welfare reform programme. A benefit cap has hit all out of work households and couples working up to 23 hours a week, with

housing benefit the first payment to be cut once the cap is breached. Social tenants deemed to be under-occupying their homes – even though most have no choice – have been hit by the Bedroom Tax, reducing their housing benefit on average by more than £15 a week nationally and £21 a week in London (DWP, 2017). Nearly 90% of council tenants on the Universal Credit system are in rent arrears (National Federation of ALMOs, 2017). Cuts to housing benefit for private renters have drastically shrunk the choice of accommodation available to low-income households and created a growing affordability gap between benefit payments and rents. Shelter (2017) predicts that by 2020 over a million households in Britain could be put at risk of homelessness unless the freeze on housing benefit levels is lifted.

This housing insecurity crisis is most acute in London where average house prices and rents are more than double the rest of England and almost 40% of all evictions take place. With slashed council budgets meeting high real estate values, many London urban authorities, mostly Labour-run, are being pressured - some only too willingly - to cash in by offering public land for private development. Under the bogus guise of 'regeneration', increasing numbers of council estates are being earmarked for demolition and sale to large real estate investors who build almost exclusively private housing for sale or rent, accelerating the gentrification of inner London. When combined with welfare cuts and the growing shortage of social housing, an unprecedented social cleansing is in motion that saw just under 20,000 London households in temporary accommodation moved to another local authority area in 2016, most to the South East and East of England, but some as far away as Birmingham (Guardian, 2017; Hardy and Gillespie, 2016; Watt, 2017).

This 'social cleansing' is driven by the Conservative government's determination to create an urban order in which one's postcode is dictated only by one's wealth. But it is also the long-term consequence of neoliberal policies that have rendered increasing numbers of people structurally invested in the reproduction of unaffordable housing so that personal asset wealth can replace the retreating welfare state as a source of future and current consumption.

Labour's Radical Ambition: Secure Homes for All

Against this crisis, Labour's slogan of "Secure homes for all" was a magnificent marker of radical intent to make housing a universal right, not a class privilege. New Labour would only commit to ensuring housing security for owners occupiers (The Labour Party, 1997), and its promises to tackle housing problems always came with a commitment to be tough on welfare claimants or embracing privatisation. This manifesto offered change unconditionally, viewing home as "the heart of all of our lives... the foundation on which we raise our families, the bedrock for our dreams and aspirations" (The Labour Party, 2017). Such foundations imply legally protected, geographically stable, and physically safe housing for everyone, and the manifesto – and its accompanying New Deal on Housing policy document – contained important policies to this end.

Homeowners were offered a new "Homeowner Guarantee" that unemployment or reduced hours would not lead to repossession, by speeding up access to mortgage

interest loan support and improving support for low-paid homeowners. In common with other parties, Labour would also legislate to protect leaseholders from unfair 'ground rent' increases buried in leases of many new developments, rendering the property increasingly unaffordable and unsellable. (2) For renters, statutory secure council tenancies, abolished by the Tories, would be restored, and the manifesto kept Labour's 2015 promise of re-regulating private landlords. Three year secure private tenancies would be the new legal norm (not six months as present), with tenants able to give two months' notice. Rent rises would be capped by inflation, all landlords would be licensed and councils would have new powers to name, shame and levy fines of £100,000 on those failing to meet new legal minimum fitness standards in a sector where over 400,000 families with children live in homes that fail basic standards (Shelter, 2014). Private tenants would also be given new consumer rights to challenge bad landlords letting out dangerous or substandard homes without fear of retaliatory eviction.

Taken together, these reforms would reduce housing insecurity and the power of monopoly landlordism, but they need to be more ambitious if they are to achieve their goals. The next manifesto should introduce the longstanding idea of a 'right to sell' in which home owners who can no longer cope could sell their home to the council and take up a secure council tenancy (Labour Housing Group, 1984). Private tenants should receive a statutory five year tenancy with an automatic right of renewal linked to satisfactory fitness and safety inspections and section 21 of the 1988 Housing Act should be reformed to end no-fault evictions.

Far less promoted but of equal significance was Labour's commitment to redefine affordable housing as a function of income, not market price. So instead of taxpayers subsidising a 20% discount on so-called Starter Homes for first-time buyers, worth £450,000 in London and £250,000 elsewhere, Labour would invest in 100,000 FirstBuy Homes where mortgage costs would never exceed a third of average local incomes in perpetuity for future buyers. Similarly, the Orwellian-branded 'Affordable Rent' programme of up to 80% market rents would be replaced by Living Rent homes let at a third of local incomes to help private renters save for a deposit on a first home. And, in a gesture against international investor speculation, Labour would introduce a 'first dibs' rule on new housing in which developers would be forced to market new homes to local first-time buyers first, not to overseas buyers or those with no connection to the area.

Yet on what Corbyn himself argued was the key driver of housing insecurity for all tenures - austerity cuts to the benefits system - Labour was seriously timid, promising only to "end the worst excesses of the Conservative government's changes" such as scrapping the punitive sanctions regime and Bedroom Tax, and reinstating Housing Benefit for under-21s. There was no mention of reversing cuts to Local Housing Allowance for private renters or on unfreezing benefit levels to plug the growing affordability gap between falling benefits in real terms and rising rents. Whereas the Lib Dems proposed to match housing benefit to average local rents so that a family could afford "to pay their housing costs no matter where they live" (Liberal Democrats, 2017), Labour would only offer a review of social security

support for housing costs.

The next manifesto must restore the link between income and housing costs within a wider rent restructuring strategy for both social and private rental sectors in which rents are gradually recalibrated to an affordable local income level set by the Low Pay Commission, which currently sets the national minimum wage. It must also reverse the anti-homeless legislation of the Coalition's 2011 Localism Act, reinstate the right of the statutory homeless in England to a secure social housing tenancy, and make all out-of-borough placements illegal, not just those where the local authority fails to properly search for local temporary accommodation. This would be a major barrier to displacement in and out of London, with councils currently free to determine which homeless households are prioritised for social housing and which will be pushed into poor quality private housing on short term tenancies miles away.

New Deal or Same Deal? A Missed Opportunity for Real Change

One of the key tests for the manifesto was how it would tackle the structural dysfunctionality of the supply-side. Recent research shows that because of the current low building rate, England must double the annual supply of new homes, and quadruple this rate in London, just to catch up with new household formation (McDonald and Whitehead, 2015). Corbyn himself has blamed the supply side crisis on previous governments for allowing for-profit landowners and developers to gain control of housebuilding and land supply, and removing not-for-profit actors from that role.

At first glance, therefore, Labour's renewed commitment to council housing augured well. Labour vowed to suspend the right to buy (RTB) in England (it is already suspended in Wales and abolished in Scotland under devolution) until a council could legitimately replace every home sold like-for-like. This was long overdue: the RTB with its generous taxpayer discounts to help tenants buy their council home has caused the loss of 1.82 million council homes in England alone since 1979, of which a staggering 40% are now in the private rented sector (House of Commons, 2016). Labour would also lift current borrowing caps on councils' housing revenue accounts to help "begin the biggest council building programme for at least 30 years". The political significance of this shift should not be underestimated: such was the Blairite hostility to council housing, New Labour built fewer council homes over its 13 years in power than Thatcher built in her final year in office.

Nevertheless, the manifesto's commitments on council housing were a pale imitation of Corbyn's 2016 leadership pitch to build half a million council homes and end RTB. Instead, Labour promised a more ambiguous 100,000 council and housing association homes a year, for both rent and sale. Nor was there a direct commitment to restore government subsidy without which councils' renewed powers to borrow would be unlikely to generate more than 40,000 council homes a year and only then if they diverted investment away from existing homes (NFH, 2012). The RTB itself would not be reformed, meaning no rolling-back of the Tories' disastrous increases to discounts from £38,000 under Labour to £104,900 in London and £78,600 elsewhere, currently generating the loss of around 12,000 council homes a year. Nor

was any promise made to scrap councils' future obligation to sell off their most valuable council houses on the open market when vacant.

Overall, the manifesto's proposals posed a real risk that any net additional supply of new council homes would be largely eroded by like-for-like replacements for existing units sold. This would offer Labour councils little alternative than to carry on setting up Local Housing Companies outside of the housing revenue account, to demolish existing council housing and become speculative developers of private housing for sale and rent. The next manifesto must restore government subsidy to support the construction of 100,000 net additional council homes a year, scrap all current estate regeneration schemes in favour of refurbishment and ballots for residents on development plans, and abolish the RTB and high-value council house sales. It should also reverse all deregulatory measures in the Housing and Planning Act 2016, especially restoring the requirement for housing associations to gain regulatory consent when using their housing stock as collateral to help prevent risky borrowing that is driving some social landlords into bankruptcy, threatening the stock of social housing. Instead, Labour should create a new Right to Own based on Nevitt's (1971) 'communal tenant ownership' vision in which all social tenants are made joint-legal owners of social housing. This would give them rights to security of tenure, to improve their homes, to be represented on local housing management committees, and to enjoy the lowest possible rents based on collective sharing of costs and risks via the state and foregoing the financial stake in the capital value of their homes.

The failure to be much bolder on the RTB and financing new council housing underscored the manifesto's failure to take on the neoliberal model of speculative housebuilding and wealth extraction from property and land ownership. Labour continued the dangerous fetishism of 'aspirational home ownership', proclaiming home ownership as "special" and key to closing the "gulf in wealth and opportunity within and between generations". The commitment to maintain the Help to Buy programme until at least 2027 reconfirms the disastrous long-term cross-party consensus on subsidising home ownership in ways that boost demand without increasing supply, and artificially inflate house prices while doing little to increase affordability. The target of a million new homes by 2022 would also be largely aimed at building homes to buy and would rely on the very same top ten private builders that currently control around half of all housing production (compared to just 9% in 1960) and have used their producer power and land banks to deliberately restrict the flow and increase the price of new housing so as to make huge profits since 2010 (Archer and Cole, 2016). The manifesto offered nothing concrete to tackle house price inflation and the dominance of these rentier capitalists, just frustratingly vague promises to negotiate better deals and give local authorities 'use it or lose it' powers where development is being held up "without good cause". Instead, just as under the Conservatives, these very same commercial developers would be given access to discounted public land.

A future Labour government should prioritise public land for council housing, make clear that house price inflation should no longer be a government policy aim and adopt the New Economics Foundation's recommendations for deflating the UK

housing market, including abolishing Help to Buy and all demand subsidies (e.g. Mortgage Interest Relief) for home ownership, re-regulating mortgage lending to phase out risky and destabilising loans, and raising capital gains taxes on the excess profits of developers and strategic land promoters (Fraser, 2017) to fund its council house building programme (NEF, 2015). In addition, Labour should set up a Land Commission charged with restructuring the dysfunctional land market, setting up a Land Value Tax to capture unearned income from speculation and incentivise productive investment, and compulsorily purchasing new land for housing development at a fair price that does not reward unearned income.

This refusal to subvert private property was reflected in Labour's conservative stance on tackling the scandal of empty and under-occupied homes in the owner-occupied sector. There are currently around 600,000 empty homes in England, of which 246,540 dwellings are classed as second homes and a further 200,000 as long-term vacant (over six months). The manifesto promised councils stronger powers to take over and rent out empty homes, and charge a 300% empty homes premium on properties empty for more than a year, compared to the current rate of 150% after two years. But in many parts of southern England, property values are increasing at a faster rate than the extra tax they would incur, and councils appear unwilling to use their existing tax premium powers with fewer than one in three of the 200,000 homes eligible subject to the 150% council tax in 2016 (see DCLG Local Authority Council Tax base England, 2016).

A future Labour government should make its empty homes premium compulsory with a ratchet mechanism, so that the council tax doubles every six months a home is left empty, and include second homes or holiday homes in this. It should also commit to the decriminalisation of squatting brought in under the Coalition, which has put homeless people in jail while the real criminals who leave homes empty are rewarded with capital gains. Finally, Labour must grasp the nettle of the country's real under-occupation problem in the homeowner sector where 52% of homes have spare bedrooms and recent research found that two-thirds of over-55s with at least two spare bedrooms would prefer to move to a smaller property, freeing 2.6 million family homes and 7.7 million un-used bedrooms (Legal and General, 2015). If Labour combines a council building programme to create the right mix of homes, and the tax and welfare system to incentivise these homeowners to downsize to them, the housing crisis could be solved within a decade.

After Grenfell: Safe and Secure Homes for All!

Labour's commitment to secure homes for all marks a major breakthrough in moving the Party towards a position that has long been a standard bearer for the left – the universal right to housing. But for all its radical rhetoric, the manifesto was a missed opportunity to change the narrative of the problem and thus create oxygen for more radical ideas around which social movements can mobilise. In truth, the headline-grabbing promises on new council housing and regulating private landlords sugar-coated a largely traditional Labour housing programme that would leave the speculators in charge.

Since the election, however, housing has moved centre-stage with the events of 14 June 2017, when Grenfell Tower, a high-rise council block of flats in the country's richest borough, Kensington and Chelsea, caught fire after a fridge exploded. Within minutes, the fire had spread rapidly through the newly-fitted cladding to the entire 24 floors, eventually killing a suspected 100 people and leaving surviving households homeless. Within hours, it emerged that its residents had warned of shoddy and unsafe work over many years, and predicted that only a devastating fire would make the Conservative-run local authority and its arms-length housing management company listen. Over the next days, other tower blocks' cladding across the country was deemed unsafe, austerity was being blamed for cost-cutting exercises to Grenfell that saw the original cladding replaced with a flammable product, and questions were focusing on how such unsafe design and works could have passed building control inspections.

In truth, the Grenfell disaster grew out of decades of industry deregulation and cuts to local authorities' building control departments under both the Conservatives and New Labour. Consequently, work done by almost exclusively private contractors and their long, badly monitored sub-contracting chains is rarely properly checked. Fire safety has been overlooked in housing law for decades. The Housing Act 2004 effectively abolished the legal minimum fitness standard for rental housing and by making local authorities solely responsible for inspection and enforcement in relation to relevant fire hazards, it reduced tenants' already limited rights to enforce safety, and made council tenants such as those living in Grenfell virtually powerless, as local housing authorities are unable to enforce against themselves (Huckle, 2017).

Post-Grenfell, better quality housing is no longer about insulation or regulating private landlords, as the Labour manifesto intended. Instead, we need to overhaul all building and fire safety regulations, regulate the construction industry and ensure that standards are enforced for all existing and new homes of all tenures. This means ending the disastrous regime of self-regulation and investing in a National Housing Fitness and Safety Inspectorate, independent of all social and private landlords, construction companies and industry bodies, with legal powers to inspect and enforce regulations. Tenants and purchasers of homes should have direct access to this Inspectorate to raise concerns about the safety and fitness of their homes and the Inspectorate should investigate independently of the landlord or developer, and enforce repair work without the occupier having to go to court. The costs of the Inspectorate could be met by fines levied against the landlord or developer and if they wanted to contest this, they would have to take the Inspectorate, not the occupier, to court. Funding should be available to ensure that residents can set up their own tenants' and residents' associations independent of local authorities or private landlords.

The Grenfell Tower disaster has dramatically shifted the political terrain of housing to the left and Labour must now seize the initiative and set out a radical programme for ensuring that all homes are both secure and safe to live in and that residents' voices are democratically enshrined in housing governance.

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