

“Responses to the Housing Crisis in the UK”

Duncan Bowie

University of Westminster, UK

Faculty of the Built Environment

35 Marylebone Road, London NW1 5LS

d.bowie@westminster.ac.uk.

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Abstract

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Key Words: UK; Housing policy; Labour Party; ideology

This paper will examine the different responses from left of centre politicians, policy makers and engaged academics to the different manifestations of the housing crisis in the period since 2008. This includes both the 2008 recession and the new policies introduced by the 2010 Coalition government, but also relates to more structural dysfunctions within the UK housing market and deficiencies of both policy and implementation under a series of national governments.

The paper will focus on the contest between those arguing for relatively minor adjustments to policy which is market dependent and those arguing for more fundamental reform based on public sector intervention, funding, and control and ownership of land and development. It will consider the work of the Labour Party's review of housing policy, led by Sir Michael Lyons, and will examine the proposals put forward by this group, the Labour Party leadership's response to it, and consider the extent to which the Lyons report fails to recognise the fundamental deficiencies of a policy which is market dependent and proposes adjustments to policy and implementation which are inadequate to deal with the crisis. The paper will draw on the work of progressive research groups and lobby groups as well as the work of the research and policy network convened by the author, which since 2008 has sought to influence the thinking of the Labour Party and other organisations. The paper concludes with a reflection on the role of academics in policy development.

Introduction: The Crisis of Housing Supply in England

There is now a severe crisis of housing supply in many parts of England, notable in London and the South East. The crisis is not just one of a shortage of numerical supply, but of a shortage of affordable homes. Overall output of new homes has continued to be well below estimates of annual housing requirements. It is generally acknowledged that the annual requirement for new homes is between 240,000 and 280,000 a year, while in the last five years, housing output has ranged between 100,000 and 125,000 a year. The housing requirement in London is assessed at 62,000 homes a year, while output in the last decade years has ranged between 15,000 and 18,000. For households unable to access market homes, the position is even more acute. Taking London, the area of greatest housing need where an average market home costs £500,000, more than 18 times average individual incomes of £28,000, more than 50% of households in housing need require some form of sub market housing, - over 30,000 a year, while only 2,000 – 3,000 housing association and council rented homes a year are built. Under-occupation and overcrowding have grown in parallel. We are facing a crisis of undersupply, inappropriate supply, unaffordability and ineffective use of the existing housing stock – problems of quantity, quality, access and distribution.

Critiques of the current consensus

This paper is intended to review both the debates and policy developments within the last decade, focusing on the Labour Party and progressive engaged academics and practitioners in the period before and after the 2015 General election. In doing so, the author is not intending to review academic critiques of the current consensus or the wider debates on the impact of neoliberalism on urban development, including the work of Harvey, Berry and Whitehead among others (Harvey 1989, 2006, 2007a, 2007b; Berry 2014, Whitehead 2012, 2014). It is however necessary to acknowledge that three fundamental critiques exist - the first is the neo liberal critique from academics such as Paul Cheshire (Cheshire et al 2014) and Alun Evans (Evans and Hartwich 2005), a critique shared by many policy advocates working within the Policy Exchange

think tank, including Alex Morton, now policy advisor to the Prime Minister and Nick Boles, the former Planning Minister, that the main constraint on housing delivery and therefore affordability is the bureaucratic and constraining planning system which excludes a significant proportion of land, notably the Green Belt, from development, and that a liberalisation of planning would have a positive outcome. A second perspective is that of Danny Dorling (Dorling 2014), who argues that there is no actual housing supply crisis in England but that there is a problem of distribution –that is the housing stock needs to be more fairly distributed. There is a third critique, that of Costas Lapavistas (Lapavistas 2013), which argues that the housing crisis is primarily the product of the financialisation of capital – that capital is now focused on investment rather than production. The view of the author is that each of these critiques have considerable validity but that the crisis we face is a product of a wide range of factors and that no single theory presents a satisfactory explanation. As argued later in this paper, the current situation arises from a combination of factors, including the ownership of land, the lack of public sector resources, the ownership of housing assets and the distribution of power between public and private sector. The author therefore largely shares the analysis presented in the recent work of Edwards, Cochrane and Colenutt and Hill (Edwards 2015, Cochrane and Colenutt 2015, Hill 2015). The perspective that there are a range of contributing factors produces the conclusion that no single policy intervention will in itself correct the current deficiencies and the purpose of this paper is both to demonstrate the inadequacy of the current policy consensus but also to present a range of options which in combination could provide a more appropriate response to the challenges faced. It also seeks to describe both the extent of policy change over the last decade but also to present a narrative of a range of interventions which have sought to challenge this consensus and generate a fundamental policy shift, a narrative which to date is regrettably a narrative of failure. It is however necessary first to briefly review how the current context is different from that in which outcomes were more positive.

The Collapse of the post-war collectivist consensus

The period after the end of the Second World War witnessed a consensus that the state at both national and local level had a key role in ensuring the

provision of homes for the population as a whole. An initial emergency housing programme of prefabricated homes was undertaken followed by a national programme of investment in new council housing. The 1947 Town and Country Planning Act introduced a comprehensive system of local authority led planning, with all development controlled by local planning authorities and a system for land value appreciation from development being used for public policy purposes. The Government also initiated a national programme of state funded major new settlements – new towns, which contrasted with the private philanthropic settlements of the earlier Garden Cities era. While the later Conservative government first abolished the land value capture system and also boosted private housebuilding, the national consensus that the state had a responsibility to plan, fund and own housing for households who could not afford market provision held through the 1950's, 1960's and early 1970s. (Merrett 1979, Malpass 2003, Bowie 2012). The mid 1960's saw a brief but failed attempt to establish a system of national state planning, with George Brown's short-lived national plan, and a national programme of investment in public housing and it was only with the IMF intervention and the crisis of the Callaghan Government in the late 1970's, with Denis Healey as chancellor that we witnessed a significant withdrawal of the state from public sector investment. The Thatcher Government elected in 1979 pursued an agenda of state withdrawal from welfare provision, privatisation, pursuing a neo liberalist economic agenda. Councils were forced to sell council homes to tenants under the 1980 Housing Act, while from 1988, the role of providing new homes for lower income households was shifted from local councils to housing associations - funded and regulated by the state through the Housing Corporation, but notionally independent. Local authorities were also encouraged and in fact incentivised to transfer their housing stock to housing associations and to transfer the management of their homes to housing associations or private management companies.

The failure of the mixed economy and the marketisation of housing supply

The Labour Party did little to resist this neo-liberal agenda, and the approach of the Thatcher and Major governments was continued by the Blair government which came to power in 1997. The Blair government continued the move to

reliance on the private sector for housing provision. The Government continued to promote the transfer of council housing to private ownership through the continuation of the Right To Buy, but also made funding of the improvement of council estates dependent on local authorities surrendering control of the management of its housing, with grant funding for the decent homes programme being conditional on the transfer of housing management to 'Arms-Length Management Organisations (ALMOs)'. The introduction of the private finance Initiative in fact increased both public sector costs over the long term and the degree of local authority budget control, although the negative impacts for local authorities were perhaps not as severe as the consequences of PFI funding of capital projects for many health trusts. The government sponsored Housing Corporation funding system for new build moved from the initial regime which funded 100% of capital costs, to a mixed funding regime which used private finance repayable from rent income together with levels of grant ranging from 30% to 70% of capital cost, to a programme which relied on competitive bids from providers – not just housing associations by private developers who could become eligible for grant as 'registered providers'. An increasing proportion of the programme- up to 40% of capital investment was used to support home ownership initiatives such as shared ownership and sub market rented initiatives such as the key workers programme, in contrast with the more traditional housing association product of social rented homes. With the reduction of the level of capital grant per new housing association home, housing associations became increasingly dependent on cross subsidy from private developments, often delivered through planning gain agreements negotiated by the local authority. As government funding for new social housing and infrastructure was also constrained, local authorities became increasingly dependent on planning gain to support the essential infrastructure required for major new developments. The Government also introduced a new target rent system, the intention of which was to raise council rents which had previously been locally determined by local authorities, to the somewhat higher level of council rents, including introducing a component of the rent which related to property value, pushing up the level of council rents in higher value areas such as central London.

In 2004, the Brown government commissioned the economist Kate Barker to

review the causes of the undersupply of housing. The Barker review focused on the relationship between overall market housing supply and house-price inflation and did not reconsider the lack of Government investment in housing and infrastructure as a key factor in undersupply, instead arguing that the planning system was at fault both in constraining land supply and in slowing down actual development through its 'bureaucratic' controls. Rather curiously given its focus on market supply, the review did not actually consider the availability of mortgage finance as a relevant factor. In practice, the house-price boom of the mid 2000's had been fuelled by an unregulated supply of mortgage finance, with loans available to middle income households without adequate security and at levels beyond the capacity of households to repay – known in retrospect as sub-prime lending, a practice common with elements of the US mortgage market, where much of the lending was by state supported lenders.

The limitations of neo Keynesianism and the failure to learn from the Global Financial Crisis

The Brown government was to argue that the Global Financial Crisis originated in America. However the extent of deregulation of the financial markets and the lack of controls over borrowing, was a facet of the UK market as well as the American market. The Brown government intervened to bailed out the UK banks and Building Societies who were at risk of default and in doing so contributed to saving the world economy or at least the Anglo-American financial system. The crisis had a dramatic impact on both the housing market and the housing development programme. It generated a mortgage famine, which meant that prospective home owners could not raise the finance to buy, as lenders required deposits of up to 25% of value. Property values fell by between 10% and 20%. Property transactions fell by 50%. Developers had to write off millions of pounds in land values, and the house-builder development programme came to a standstill, some half- built schemes bring mothballed. The Government's intention was to reactivate the lending market and get the housing market back to normal. To rescue the development programme, the Brown government in May 2009 allocated extra resources to the Housing Corporation under the 'Kickstart' programme, to get development going again – in practice this meant providing shared ownership funding and some social rented funding for some stalled market led schemes. The Government however failed to use its ownership of banks and house-builders to redirect finance into the housebuilding sector or to ensure schemes which were no longer viable

were redesigned to provide homes to meet the changed market or to include higher proportions of social rented and shared ownership housing. The Government instead advised local planning authorities to extend the timescale of developer consent to give time for the market to recover. They also put pressure on councils to reduce their requirements for affordable homes and in fact the Coalition Government elected in 2010 went as far as to introduce legislation in the 2013 Growth and Infrastructure Act to allow house-builders to seek Government intervention to revise planning obligation agreements where the developer could show that post-recession they could no longer deliver the agreed affordable housing outputs, normally where the house-builder had overpaid for the land before the recession. The Government took the view that the best way to stimulate was to deregulate planning and incentivise house-builders.

Deregulation and the continuation of the neo-liberal consensus

The Conservative/ Liberal Democrat Coalition Government returned in May 2010 extended the deregulatory approach of the previous government. Its most radical approach was to terminate central government investment in new social rented housing. Not only was the investment budget inherited from the Labour Government cut by about 70%, but the investment in social rent was switched to a new programme, misnamed as 'affordable rent' which was to support a programme of rented homes at much higher rents – up to 80% of market rent. In parts of England where market rents were high, such as London and the South East, this meant that rents for new housing association homes could be twice or three times as high as pre-existing housing association and council rents. The view of the new Government was that this would produce more 'affordable' homes at significantly less cost to the public sector – in London, for example, capital grant per new home fell from about £120,000 to £30,000. This led to a much greater dependence on housing benefit, as households with members in low income employment needed benefit support to pay the higher rents, as well as the unemployed and pensioners. This added to the housing benefit bill which was also climbing dramatically as private rents increased.

The new Government also introduced in the 2011 Localism Act, new powers for local councils to introduce their own criteria for applicants to be eligible for council housing, to set council rents at a higher level and to reduce security for new tenants , with a minimum tenancy length of 2 years. Moreover, housing

associations who sought development funding for new rented homes had also to agree to convert a significant proportion of their existing tenants to the higher rents, when tenants died or moved on. The Government's intention was that these higher rents would fund the new development programme, thus removing the need for any Government subsidy. Many of the new measures were justified under the banner of localism, in that they were giving local authorities more freedom to develop appropriate responses to their local housing context, but this freedom effectively removed any notion that there was a minimum standard to which local authorities were required to perform – the safety net of the welfare state became full of holes, through which the most vulnerable households could fall. While Malpass (2003) referred to housing as the wobbly pillar of the welfare state, by 2015 this pillar had in fact been removed altogether.

The Coalition's housing reforms were only one component of the localism agenda. The planning reforms also introduced. In the 2011 Localism Act also had significant consequences for the supply of affordable housing. In its 2010 election manifesto, the Conservative Party had made a commitment to abolition of the regional planning structure. It was the Regional Spatial Strategies developed by the Regional Assemblies though approved by Central Government, which set local housing supply targets. These had never been popular with county and district councils, the majority of which were Conservative led and were viewed as imposing new development on communities which did not want it. The Government withdrew support for the growth areas which had been initiated by the previous Government's 2003 Communities Plan, taking the view that growth should only take place where it was supported by the local community. Housing targets were seen as a local matter. There was no national perspective on where residential or employment growth should take place. The Localism Act introduced a mechanism for local neighbourhood groups to produce plans for their own communities. This tended to empower groups who oppose new development. The Coalition government of 2010-2015 in effect witnessed the death of strategic planning. While London had a strategic planning authority in the Mayor of London, the Mayor's powers did not extend to the metropolitan region, and while the Mayor supported increased housing development, his focus was on absolute numbers and not whether new homes were affordable by Londoners. The development programme became dominated by the needs of investors and not by the needs of prospective occupiers. The national housing strategy, *Laying the Foundations*, published in November 2011, was not a strategy responding to the evidence of housing need but a list of ad-hoc initiatives, many of which

had the effect of boosting demand rather than boosting supply.

Developing an alternative response to the housing crisis

With the development of the credit crunch and recession in 2008, a number of progressive housing and planning academics came together to see to develop an alternative agenda for responding to the developing crisis. The group took the view that it was important to learn the lessons of both the bust and the boom which had proceeded it. While there was a widespread view in the professional press that 'the system was broken', it was considered that the Labour Government's approach of 'patch and mend' to ensure a 'return to normal' was an inadequate response. The past Government assumption that there would be no repeat of boom and bust and that the historic that house-prices would continue to increase and that home ownership would continue to be the dominant and growing tenure was clearly no longer valid. The credit crunch also coincided with two significant organisational changes – nationally the Government's funding agency for affordable housing, the Housing Corporation was being merged with English Partnerships - a commercially driven government land management and regeneration agency to form the Homes and Communities Agency, while in London, Labour Mayor Livingstone had been replaced by the Conservative Boris Johnson, who was publicly committed to abolishing the 50% affordable housing target in the London Plan. There were also concerns at the potential impact of the new Government's plans to abolish regional spatial planning, national and regional housing targets, and the abandonment of the commitment to focusing housing investment in the growth areas.

The group was called the Highbury Group on housing delivery as it originally met in Highbury in North London at London Metropolitan University. The group moved its base to the University of Westminster in 2010. The group is now a network of over 50 academics and practitioners, the academic membership being limited to ten, all of whom have a direct engagement in research aimed at influencing policy development – from Westminster University, UCL, LSE, University of Northampton, Oxford Brookes, Birkbeck College, and Herriot Watt. The group meets every 6 weeks or so, with an average attendance of 15, and has now met over 50 times since its establishment. The group is interdisciplinary including housing policy specialists, planners and land economists as well as members from related disciplines. The group receives research presentations from academics, think tanks and campaigning groups and also issues its own policy papers, both in terms of submissions to

Government or parliamentary enquiries or in the form of independent policy statements. It is non-party political but has meetings as appropriate with government officials and advisors in opposition parties. While being London based its membership has a wide geographical base, its main focus is on the areas of the UK which have the most acute housing shortage. The group operates a website, which includes over seventy policy documents and research presentations.

The key purpose of the group is to promote policies and delivery mechanisms, which a) increase the overall supply of housing in line with need b) ensure that the supply of both existing and new housing in all tenures is of good quality and affordable by households on middle and lower incomes. c) support the most effective use of both existing stock and new supply, and d) ensure that housing is properly supported by accessible infrastructure, facilities and employment opportunities. In its initial six years, the group put forward proposals to the Homes and Communities for a more interventionist strategy including setting up local infrastructure funds, produced a briefing paper on measures to increase affordable housing supply for the main political parties for the 2010 General Election, made a submission to the Commons select committee on Financing affordable housing, sought to ensure that the provisions of the Localism Bill, especially those for neighbourhood planning, did not obstruct the delivery of strategic planning policies including housing targets, set out preconditions for the establishment of major new settlements, critiqued the Coalition Government's national housing strategy and set out its own set of proposals to ensure the effective delivery of affordable housing supply (Highbury 2008,2009, 2010,2011, 2012,2013, 2014).The group sought to both critique Government initiatives and set out a comprehensive reform agenda covering housing policy and investment, planning policy and taxation and welfare policy. This was based on research evidence but also sought to be deliverable in that each proposition was tested with the practitioners in the group. Many of the proposals put forward originated with practitioners and the purpose of the group was to seek to ensure that no proposition had unintended consequences, with the group ensuring that it presented a policy package based on inter-related propositions. The range of experience and disciplines within the group was critical to this outcome. The group sought to ensure that its output was seen as research based rather than polemical and to demonstrate that it was politically independent.

Progressive policy development in the post- election period

Between the election defeat of 2010 and 2013, the Labour Party kept a very low profile on housing. The Party's focus in Government in the two years after the 2008 recession had been in trying to stimulate the housing market through providing financial support for lenders, borrowers and developers, and the Labour Party at national level provided support for similar initiatives by the Coalition Government, for example increasing stamp duty thresholds, so purchasers in lower value areas were exempt, and the Help to Buy initiative by which the Government guaranteed 20% of purchaser deposits, in effect reducing the norm deposit for a first time buyer from 25% of costs to 5% of cost, an initiative which did much to stimulate the housing market in some areas of the country, but in the context of London where house-prices soon returned to their pre-recession level, did little to make housing more affordable. By May 2013, average house-prices in London had reached £500,000, though Help to Buy provided guarantees up to a maximum purchase price of £600,000. Nevertheless even with the 20% loan guarantee, buying an average priced property in London would require an income of over £80,000 a year.

Despite the fact that home ownership was falling, as incomes did not keep up with house-price inflation, the Labour Party like the Coalition government focused on incentivising home ownership. Labour supporting think tanks such as the Institute for Public Policy Research also saw home ownership as the key policy objective (Hull 2012). The Fabian Society meanwhile focused on the need for mixed communities (Gregory 2009). Both think tanks tended to focus on the squeezed middle, the young professionals who were locked out of the housing market and living in the private rented sector or in their parental homes. Little thought was given to the needs of tenants in the local authority or housing association sector whose rents were being increased and where in some cases through estate regeneration schemes, households were actually being displaced. The Resolution Foundation, established by a former policy advisor to Gordon Brown, Gavin Kelly, also published a series of reports focusing on housing options for the 'squeezed middle' (Resolution Foundation 2012, Alakeson et al 2013a; Alakeson et al 2013b). The solutions focused on institutional investment in private rented sector.

The Labour Party and the Lyons Review

In 2013, the Labour Party leadership committee itself set a target of 200,000 new homes a year by 2020, that is by the end of the following parliament. This

compared with actual housing completions in England of 108,000 in 2012/3. an estimated need of between 240,000 and 280,000 a year. The Labour Leader , Ed Miliband, established a review of housing policy under Sir Michael Lyons, the former chairman of the BBC, to advise how this commitment could be delivered. A commission of 12 members was established, comprising representatives from various interest groups – the housebuilding sector, the TCPA, the Chartered Institute of Housing and the Planning Officer Society. The group included one Labour councillor and one academic. The group had a series of consultations, though little engagement with the Labour Party's own membership, with organised Labour in Local Government or with sympathetic practitioners. The Commission did not however commission its own research. Though nominally independent, it worked closely with the Labour Party's political advisors. Its main focus was on how Government could enable the housing market to work more effectively. It worked on the assumption that there would be no increase in the national housing budget under a Labour government and that it could not consider tax reform, including possible changes to property tax. Michael Lyons was especially sensitive on the latter issue having previously in 2004 conducted a review of local government functions and finance which had proposed a council tax revaluation, only to find that this was regarded as political suicide by the then Government (Lyons 2004).

There were two other assumptions that impacted on the Commission's approach ; firstly that it had to work within the localism agenda which was central to the Coalition governments approach but now endorsed even more enthusiastically by shadow Ministers, notably Hilary Benn, the relatively low profile shadow communities secretary and the shadow planning minister, Roberta Blackman-Woods. The second assumption was what I would describe as the Barker fallacy – the argument put forward in the 2004 Barker review that an increase in new housing supply would automatically lead to a significant improvement in housing affordability.

The development of an alternative approach

The Highbury group In reconfirming its previous policy position considered it to be necessary to challenge some of the fundamental assumptions in the review. In its initial submission to the review (Highbury 2013), the group focused on five key policy areas:

The land market: There was a need to spread development risk between

developers on larger sites to speed up delivery; Funding of transport and social infrastructure must be up front to attract both housing development finance and purchasers; Domestic sources for development finance were required to reduce dependence on internationally financed off-plan sales; and Local Authorities should take long term interest in development on public land rather than focus on maximising initial receipts

Investing in housing and infrastructure: New developments should meet full range of needs for occupation not just requirements of investors; Public sector investment in social rented homes was critical - affordable housing should not rely on cross-subsidy from private development; The public sector should take equity stakes in new development, including shared ownership; and the government and regional bodies should establish national regional and local investment funds to combine public and private finance

Major new settlements: A national spatial plan was essential to guide public and private sector investment; Stand- alone garden cities were not the solution if they became residential dormitories; Access to jobs, public transport and social infrastructure were essential if a new community was to be sustainable; and there was a case for focusing on suburban intensification and urban extensions which were most likely to meet the preconditions for sustainable new settlements

The Right to Grow; The Duty to Cooperate provisions of 2011 Localism Act were an inadequate basis for sub-regional planning for urban growth; There was therefore a need for statutory sub-regional planning framework; and sub-regional/ city regional planning required a sub-regional evidence base and a statutory sub-regional plan

Sharing the benefits of development: Infrastructure planning was critical to housing delivery; Limitations to financial incentives such as the New Homes Bonus and the neighbourhood component of the Community Infrastructure Levy; and there was a need to over-ride neighbourhood planning which obstructed development to deliver strategic objectives

The group also raised a number of issues which were not on the Commission's agenda:

* The 200,000 annual housing target was insufficient to meet projected housing requirements

- * There was a need to focus on affordability for lower and middle income households. A clear definition of affordability was essential.
- * The Commission should focus on improving housing standards in all tenures, including existing social housing and privately rented housing and not just consider standards of new developments
- * The Commission should consider mechanisms for greater public control over land
- * Reform land and property taxation was essential
- * Local authority delivery capacity needed to be enhanced
- * A key principle should be that public policy objectives should over-ride private interests

The Lyons report when published did include some progressive recommendations. The report recognised the need for a national spatial plan, a recommendation which seems to have been largely unnoticed. The report also included mechanisms to assist economically strong cities and towns in under-bounded authorities to expand to meet growing housing needs, though the suggestion that development be imposed on neighbouring authorities led to accusations of centralism. The proposal to tax landowners of developable but undeveloped sites led to similar accusations. The report also proposed revolving infrastructure funds which had been proposed by the Highbury Group as early as 2008. The Commissioners also recognised the importance of land assembly, proposing that councils should be able to acquire development sites at Existing Use Value with a generous uplift. This had been a core component of the Highbury Group's recommendations, though the level of the 'generous uplift' was not specified. The report also recognised that the use of viability appraisals for determining planning applications was problematic and that Government guidance on the parameters for assessments was needed, again something the Highbury Group had been advocating.

There were however serious deficiencies, not surprising given the restricted remit given to Lyons by the Labour Party leadership. There was neither definition nor target for affordable housing. The recommendations still saw increase market housing supply as the key objective. There was recognition that affordability of new housing should have some relationship with local incomes but there was no recognition that a separate target and separate mechanisms were needed to provide housing affordable by lower income households without dependence on housing benefit. This was related to the fact that there was no recommendation to the next Government as to the level of housing investment. It was noted that this was a decision for a future

Chancellor having regard to competing priorities, though Lyons did point out that such investment would be useful. There were no proposals for reform of the tax system, and an assumption that without new tax revenue there could be no new investment. The issue of how tax reforms could lead to a more effective use of housing supply, a key component of the Highbury group's approach, was not considered. Overall there was a continued over-reliance on the market to deliver. Like Kate Barker ten years earlier, Lyons thought that their key role for Government was enabling market delivery rather than trying to manage it.

The growing resistance and the politics of housing in the 2015 Election

The months before the general election saw an increasing public debate about the state of housing in England, but much more critically in London where polling demonstrated that housing had actually become a central political issue. (Evening Standard 15 April 2015). There was much discussion as to how younger professionals were being excluded from the housing market and considerable focus on the extent to which foreigners were buying up properties in the prime London market, for investment as much as for occupation or letting. The coalition government was forced to change the rules on stamp duty exemption for foreign and corporate purchasers, and to increase stamp duty on higher value properties. The Labour Party, having previously avoided any discussion of property taxes, then adopted the Liberal Democrats proposal for a tax on properties with a value of above £2m, a proposal known as the 'mansion tax'. This proposal proved unpopular with property owners in London, including those whose properties were worth nowhere near £2m but who thought that a Labour Government would lower the tax threshold, or who actually realised that with property values increasing by 10% a year, that their property would cross the threshold in 10-15 years' time and they would be liable. The Mayor and many London Labour MPs opposed the proposed tax, with stories of the elderly lady who just happened to live in a £2m property, When it was pointed out that a person in such a position who had insignificant income could defer the tax so it became a charge on the sale of the property, the 'mansion tax' was then attacked as a 'death tax'. Understandably, the Liberal Democrats soon dropped their proposal and switched to supporting higher council tax bands for higher value property.

The months before the General Election also witnessed a growing resistance to the policies being pursued by politicians at national and local level. New organisations were established to campaign for more regulation of the private

rented sector, of which Generation Rent had the highest profile, but there was a wider strengthening of the wider private tenants movement, with organisations such as Advice4Renters. It was however more local campaigns which were most effective, the 35% campaign arguing for more affordable homes within the redeveloped Heygate development at Elephant and Castle in Southwark, the young mothers evicted from the Newham foyer who became known as the Focus E15 group, the tenants of the New Era estate in Hackney who were fighting rent increases as their landlord trust had sold their homes to investors and the tenants of Sweets Way in Barnet fighting redevelopment. Defend Council Housing continues to be a network for supporting council tenants as does the less explicitly political London Tenants Federation. A wider range of activists now operate through the Radical Housing Network which has pursued more direct action approaches, for example protesting at the Olympia international property conference, organising occupation of vacant homes on the Aylesbury estate in Southwark and helping to organise a March for Homes on City Hall in London in January 2015. At the same time, the National Housing Federation, the federation of housing associations organised their own pro housing campaign, Homes for Britain, with a rally at Central Hall at Westminster in March 2015, attended mainly by housing association employees. The platform ranged from Nigel Farage, the leader of the UK Independence Party to the radical Marxist film producer, Ken Loach.

The Labour election manifesto and the election campaign

When it came to writing the election manifesto, the Labour Party was very non-committal on housing. Having previously announced that Labour would double the number of first time buyers, without setting out the mechanism for achieving this, Labour made a rather unspecific commitment to more homes for first time buyers. They also proposed fairer rents for private tenants, having promoted the idea of a three year standard tenancy (though not necessarily a mandatory one) and some control over rent increases (though no control on initial rent levels or on increases once the three year tenancy came to an end). Housing was left off the initial Labour Party election pledge card, though by the time the five pledges became chiselled in a stone tablet , a sixth pledge had appeared: ‘ Homes to Buy and Action on Rents’; When challenged for details, Labour spokespersons would wave a copy of the Lyons report and say ‘ We have a plan’.

It was the Conservatives who pushed housing into the forefront of the election campaign. They had initially focused on the Starter Homes Initiative which had

been announced in the budget, but now moved beyond the Help to Buy loan guarantee to a grant to savers of £50 for every £200 saved through a tax-free Housing Individual Savings Account. Developers could bring forward housing schemes at prices 20% below market value on brownfield sites not previously allocated for housing and with these homes being treated in planning policy as affordable, would be exempt from contributing through planning obligations to affordable housing elsewhere and would also be exempt from paying the Community Infrastructure Levy development tax. Labour's response, not wishing to be seen as opposing the aspirations of would be home owners or to be obstructing the construction of additional homes, supported the initiative, with the caveat that the funding invested in Housing ISAs should be used to finance new development – a suggestion that is not that helpful as in order to protect the investors savings, such reinvestment could only be at market rates of return.

The Conservatives then made a surprise announcement that the Right to Buy for council tenants should be extended to all housing association tenants. This was a position they had first made 23 years early only to lose the legislation in the House of Lords. This time the Conservatives proposed that the right applied to all housing association tenants, subject to a three year qualifying period, irrespective of whether the homes has received Government grant and irrespective of whether the housing associations had charitable status or not. The maximum discount in London was to be £104,000, and £78,000 in the rest of England. The Tories wrong-footed the Labour leadership, as Ed Miliband, the Labour leader, had publicly stated that he supported the Right to Buy. The shadow Chancellor Ed Balls appeared to support the extension to housing associations. Labour was slow to realise that the new initiative was to be funded by requiring councils to sell off their higher value property in order to compensate housing associations for the loss of asset from the enforced disposal.

The third Conservative proposal was to reduce the welfare benefit cap from £26,000 a year to £23,000 a year. The Conservatives were aware that cutting benefits was one of their most popular policies and that Labour would no risk the political consequences of defending benefit recipients. While many benefit recipients were working households in low paid jobs unable to pay increasing rents they were nevertheless perceived by most of the electorate as undeserving scroungers. The furthest Labour would go was to say they would hold the benefit cap at £26,000 a year, a level totally inadequate to reflect London's high housing costs.

When the election campaign started, there was little difference between Labour and Conservative Party positions. Labour felt obliged to support or at least not oppose the series of Conservative announcements. Labour did not focus on the housing issue in the election campaign, partly because they had no distinctive policies which could be seen as potentially vote winning. Labour could make no commitments on investing in social housing, whether in existing estates or new homes, because through its 'triple lock' it had committed itself to further reducing public spending.

The groups working within and with the Labour Party had little or no influence on the development of policy positions for the manifesto or on the political debate. The national Labour Housing Group published a statement summarising key policies for a Labour Government (Labour Housing Group 2015), while its London group published a detailed policy statement on key issues for housing in London both to influence the national debate but to set a base position for prospective Labour candidates in the 2016 Mayoral election (London Labour Housing Group 2015). The Labour Finance and Industry Group, another Labour Party affiliated society which had regular meetings with shadow ministers and their policy advisors, also argued for the party to make commitments to investment in both new social housing and estate regeneration. The Highbury Group was requested by the shadow environment team to set out mechanisms for implementing some of the recommendations of the Lyons review, though this was for use after Labour was in government rather than for any statements during the campaign. Realising this paper was going to be of limited use if left in a drawer for later use, the Highbury Group published its document (Highbury 2015) and circulated to the main political parties, receiving the warmest welcome from the Green Party, who published a housing policy which reflected much of the Highbury Group's approach.

A separate but related initiative to argue for new social housing has been established by a group around John Healey, the last housing Minister in the pre- 2010 Labour Government, including two housing bloggers, Colin Wiles and Steve Hilditch, the latter also being secretary of the London Labour Housing Group. The group, using the acronym SHOUT (Social Housing Under Threat) made an unsuccessful attempt to seek to persuade the Labour Party that it should not focus solely on home ownership. Just before the election, John Healey published a paper for the Fabian Society (which had previously not been very interested in the subject) arguing the case for a new social housing programme (Healey 2015). This approach was at odds with mainstream

thinking within the Labour Party.

A parallel initiative was undertaken by the Centre for Labour and Social Studies (CLASS), a think tank set up by the trade union UNITE. In the run up to the election campaign, CLASS published a series of briefing papers for trade union members, with the housing paper taking up much of the Highbury Group's interventionist agenda (CLASS 2015). There is no evidence that this had any impact on the Labour Party's manifesto or election campaign

Moving On – Beyond the General Election

With the Conservatives winning the May 2015 General Election and no longer having to rely on the Liberal Democrats, they were in a position to move quickly to implement their proposals to extend the Right to Buy to housing associations and to force councils to sell off high value properties. Meanwhile the Labour Party was caught up in a debate over why the election was lost, with a widely held view that the Labour Party was not only seen as not economically competent but as too left wing and not sufficiently recognising the aspirations of working people, including their aspirations to be home owners. With the resignation of the party leader, Ed Miliband, four out of the five candidates to succeed him took the 'more aspirational' position and argued for the need for economic competence, that is recognising the need for cuts in spending and welfare benefits. This included dropping the mansion tax proposal and any suggestions for increased tax for higher earners. Most of the candidates did not appear to recognise housing as a key issue. The exception was however Jeremy Corbyn, the MP for Islington North and the sole candidate on the left of the Labour Party, whose anti-austerity agenda included investment in social housing.

At the same time as the Labour Party is choosing its new leader and is likely to select a leader well to the right of Ed Miliband and reaffirm a neo-liberal, deregulatory and localist agenda, the Liberal Democrats are likely to move to a more radical position by replacing Nick Clegg by Tim Farron, and with their commitment to a 300,000 homes a year target could even move back to the left of the Labour Party, at least in relation to housing policy. There is also a possibility that the Green Party could take a much higher profile in relation to a campaign for investment in new social housing. There is also the possibility that the Scottish Nationalist MPs who operate a much more progressive housing policy in Scotland, where the Right to Buy has been abolished, will add their voices to the argument in the UK parliament, though it must be acknowledged that they do have other priorities. More significant however is the fact that the

Labour Party is also choosing its candidate for the 2016 Mayoral elections. With the crisis of housing affordability being most acute in London housing is proving to be the main issue in the initial debates. Candidates not known for any previous interest in the subject such as Tessa Jowell and Sadiq Khan as well as David Lammy and Diane Abbott, are making commitments to deliver a substantial increase in affordable housing. While there is sometimes a lack of detail on how this is going to be delivered, for example Lammy proposing to raise a £1 billion housing bond apparently without realising that borrowing had to be paid back, there is at least a recognition both of the severity of the housing crisis and the inadequacy of current responses. Candidates with track records in the Blair and Brown governments, either as Ministers or as advisors, including Jowell's deputy Mayoral partner, Andrew Adonis, are now recognising the need for much greater public sector intervention and control of development. There are still however some serious misunderstandings, for example Adonis's view in the City Villages report published by IPR (IPPR 2015) that redeveloping council estates at higher density for market housing will generate the value uplift needed for regeneration, forgetting two key issues – that lower income households actually live on these estates and may not be that enthusiastic about being displaced, and secondly that value uplift also means price uplift – and that many Londoners will not be able to afford the new homes (Bowie 2015).

Initiatives on the margin and challenging the fundamentals

As the Conservative Government make housing policy even more regressive and oppressive, fuelling housing demand while actually reducing affordable housing supply, there is not just an opportunity but the necessity for those who recognise that the housing situation is going to get much worse for hundreds of thousands of households, those on lowest incomes and in the most insecure housing, to put forward policy proposals which will make a fundamental difference. There is always a temptation to adopt a less radical approach and to focus on marginal gains – to work within the current parameters of the politically possible. This can focus on minor incremental change – a Community Land trust here, a Neighbourhood Plan there, voluntary licensing in the private rented sector and encouraging landlords to give tenants more security and not put rents up quite so much. This moderation or pragmatism is demonstrated for example in the recent output of the LSE London housing project. (LSE London 2015). These proposals are well intentioned and showing best practice through good examples is after all welcome. However engaged academics have both the opportunity and

responsibility to do more than this. If the system is broken and current housing policies, so far as they exist as policies with housing related objectives, are inadequate, we need both to demonstrate their failure and propose workable alternatives, even if these alternatives do demand some fundamental changes in economic, funding, governance and political structures. Based on the research of myself and colleagues both within the Highbury Group on housing delivery and beyond this network, and drawing on the recent work of Stephen Hill (Hill, 2015) and consistent with the forthcoming study on housing (Edwards, 2015), I would argue that we need to focus on four fundamentals.

Land : Development land needs to be under public sector control. Not only should local planning authorities be able to use their planning powers to determine the allowable land use or uses for a specific site, they should specify the type of housing to be developed in terms of built form, size of units, tenure and affordability. Local authorities should have the power to acquire any such site at Existing Use Value and should be able to develop directly or transfer land to another agency for development on conditions it sets.

Ownership: Where a private developer is undertaking development, the local planning authority should take an equity stake in the development so part of the benefit of value appreciation is paid to the public sector. Such receipts can be used to fund transport and social infrastructure and housing for lower income households. Public bodies should not dispose of land except where they retain an equity and control the future use of land.

Money: Investment is required to provide housing, even where land costs may be low. Public investment requires subsidy. The ability of public bodies to borrow from the private sector at market rates is not in itself a solution as all borrowing requires repayment. Investment in public assets is an investment in the public good and for future generations.

Power: The balance of power between the public and private sector must be adjusted. The public sector must manage the use of the private sector as contributors to the delivery of public policy objectives. Both funding decisions and the choice of policy objectives must be through democratically accountable bodies and the basis all decisions must be transparent.

Conclusions

This paper seeks to demonstrate that academics can engage in political

debates. While the case study relates to housing, planning and related policies, the approach of an academic/practitioner network which is directly engaged in both research and in policy development can perhaps be replicated in other policy areas. This is not arguing that the experience of the Highbury Group is necessarily unique or that it has had a significant impact on the development of the policy of either Government or other parties who were seeking to prepare for Government. The group's academic membership was drawn from the relatively small group of academics who had a track record of engaging in evidence based policy development sought the format of the group's publications in terms of reports or, conference presentations and documents published through a website, did not meet the academic peer review requirement so essential to the UK's Research Excellence Framework system which preferences peer reviewed papers published in academic journals. While some members would publish academic papers using their Highbury group related work, the group's focus was on direct impact on policy development at political and practice level, rather than on academic outputs. The group sought to reach a readership for whom policy determination was not dependent on the papers published in academic journals. However the work carried out by the Group largely goes unrecognised within academia as well as not been seen as being evidence of research impact and therefore a potential generator of REF related income. This position goes a long way to explain why so few academic researchers are actively engaged in policy debate and working with practitioners and in public, private and independent sectors on mechanism for policy implementation.

Public sector funding for policy related research is limited and targeted at supporting specific government policy objectives, often in a retroactive form, that is to justify policy decisions already made. Research in academic institutions has its limitations, where research areas are in fact determined by funders' priorities and where research output can be manipulated by being used selectively to support either a pre-existing or proposed policy position.

A research network which in effect works on an independent basis and operates on an unfunded basis rather than on the basis of research commissions, has considerable freedom to operate independent and comprehensive policy advice. While many research projects are operating in narrow and constrained policy areas, a group which is independent can focus more on the fundamental issues, and avoid a focus on more marginal areas of policy. This paper therefore concludes that for academic research to have real impact it must avoid being directed by Government or other funders to the margins of policy reform or best practice and that research which fails to

consider the four fundamentals of land, ownership , money and power will not only be both inadequate but would also be difficult to justify in terms of academic and professional ethics.

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