

HOUSING FOR THE MANY

A Labour Party Green Paper



April 2018



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Preface – Jeremy Corbyn, Leader of the Labour Party

Whatever measure you choose, Britain's housing system is broken. Homelessness is up by 50% since 2010, rough sleeping has doubled, 120,000 children are without a home to call their own, home ownership is falling and social housing waiting lists rise while luxury flats stand empty, and thousands are living in homes unfit for human habitation. This is a crisis.

Nothing could capture this failure more than the horror of the fire at Grenfell Tower. The image of people burning in their homes in the richest borough in the UK, for the simple reason that they were poor, will haunt a generation. We owe it to all effected to make sure that something like Grenfell never happens again.

Grenfell was an extreme outcome of patterns that are replicated up and down our country. Luxury flats proliferate across our big cities, while social housing is starved of investment and too many people are living in dangerous accommodation at the mercy of rogue landlords.

When housing has become a site of speculation for a wealthy few, leaving the many unable to access a decent, secure home, something has gone seriously wrong. We need to restore the principle that a decent home is a right owed to all, not a privilege for the few. And the only way to deliver on that right for everyone, regardless of income, is through social housing.

When the post-war Labour government built hundreds of thousands of council houses in a single term in office, they transformed millions of people's lives, lifting them out of overcrowded and unhygienic slums and putting them in high quality new homes with hitherto unknown luxuries, such as indoor toilets and gardens. Today's challenges are different, but the same scale of ambition is needed.

When I announced this review in September last year, I also announced the first steps in Labour's social housing revolution. We have promised that no major regeneration scheme will go ahead without the support of residents, and that, when regeneration does go ahead, every resident is offered a property on the same terms on the new site. Real regeneration, not social cleansing.

With this Green Paper, we are taking the next steps, asking how can we put residents in control of how estates are managed? How can we restore the notion that social housing is not just a safety net for those most in need, but a mainstream tenure for the many? How can we make the public sector not just a major builder, but one that sets the benchmark for the highest size and environmental standards?

The Green Paper asks these questions, and many more. It isn't our final word, but rather the starting point in a conversation about how to fix our broken housing system, so that it works for the many, not the few. Now we need to hear from you...



Jeremy Corbyn MP
Leader of the Labour Party

Introduction – John Healey, Shadow Secretary of State for Housing

Home is at the heart of our lives. It is where we live, laugh and love. It is where we withdraw when we're ill and where our children sleep at night. It's the bedrock for our dreams and aspirations. It helps us belong, shaping who we are and what we do.

For too long politicians in Westminster haven't given housing this same priority, or accepted Government's responsibility to secure decent homes for all.

Today in England, 120,000 children are homeless, while millions of people are held in limbo on a never-ending housing waiting list or stuck in sub-standard housing. There's a housing affordability crisis too. Home-ownership has fallen to a 30-year low, the average home now costs eight times the average annual salary and 1.7 million people pay over a third of their income each month to a private landlord. And everyone ends up paying for this failure when over £20 billion a year of taxpayers' money goes in housing benefit payments to plug the gap between housing costs and household incomes.

The housing market is broken, and current Conservative housing policy is failing to fix it.

Ministers talk big about total housebuilding targets, to be reached sometime in the next decade. But what new homes we build, and who they're for, matter as much as how many. That's why eight in ten people think Ministers should be doing more to get affordable housing built.

Simply building more market price homes isn't enough to help many of those faced with the cost of housing crisis because this is only likely to influence prices over the long-term. Conservative housing policy is the wrong answer to the wrong question. We have to build more affordable homes to make homes more affordable.

The Conservatives won't do this, so the next Labour Government must.

This Green Paper – *Housing for the Many* – sets out our framework plan to change the country's approach to affordable housing as part of a new national mission to solve the country's housing crisis.

'Housing for the many' will be Labour's lodestar, as we launch the biggest council housebuilding programme for over 30 years and get more than 100,000 new genuinely affordable homes built each year – a level not recorded since 1978.

We will build for those who need it, including the very poorest and most vulnerable, with a big boost to new social rented homes. And we will also build Labour's new affordable homes for those in work on ordinary incomes who are priced out of the housing market and being failed by housing policy. The 'just coping' class in Britain today who do the jobs we all rely on – IT workers, HGV drivers, joiners, warehouse managers, lab technicians, nurses, teaching assistants, call centre supervisors, shop staff. They are the backbone of the British economy and heart of our public services.

This is the same Labour aspiration that led Aneurin Bevan to talk of the 'living tapestry of a mixed community' when he led Britain's post-War housebuilding drive. For decades housing built and managed by councils and housing associations was a source of pride, security and a start in life. Labour and Conservative Governments saw this as essential in meeting people's housing needs and aspirations.

We will build homes that are more affordable than the private sector but also better to live in too, with new leading-edge design, energy efficiency, safety and smart tech standards.

The very term 'affordable' has been so misused by Ministers that it's now widely mistrusted by the public, so we will establish a new Labour legal definition of an 'affordable home', linked to local incomes not to market prices that means people have enough money left after housing costs to save for a deposit or pay for the other things they need.

Labour in government will start from a rock-bottom base. In the last five years alone 150,000 social rented homes have been lost, with the number of new Government-backed social rented homes built last year falling below 1,000 – the lowest level on record – and the number of new homes for low-cost ownership halving since 2010.

There is no area of the country where there is no need for more affordable housing, so we will ensure every council every year builds or commissions Labour's new affordable homes. We will hardwire Labour's new affordable housing throughout the system, from housebuilding targets to investment priorities to planning rules.

There is no quick fix, which is why we are making a 10-year commitment in Labour's long-term plan for housing so this level of new affordable housebuilding is sustained across economic and political cycles. Big policy, financing, planning and legal changes will be required to establish a housing system fit to deliver these aims. So we propose to:

- Define anew 'affordable housing' as linked to local income, and scrap the Conservatives' so-called 'affordable rent' homes priced at up to 80% of market rates
- Stop the sell-off of 50,000 social rented homes a year by suspending the right to buy, ending all conversions to 'affordable rent' and scrapping the Government's plans to force councils to sell the best of their homes
- Back councils and housing associations with new funding, powers and flexibilities to build again at scale
- Transform the planning system with a new duty to deliver affordable homes, an English Sovereign Land Trust to make more land available more cheaply and an end to the 'viability' loophole that lets developers dodge their contribution to more affordable homes.

The number of council and housing association homes has hit an all-time low but social housing is still home to four million households. These are typically lower cost, maintained to better standards and more secure than private rented homes yet half a million fail the Decent Homes standard and, worse still, survey data show there are a quarter of a million with the worst category 1 hazards, classed as 'unfit for human habitation'.

Then the tragedy of the Grenfell Tower fire shocked the Nation. When a country as decent and well-off as ours cannot ensure something as basic as a safe home for all its citizens, things must change. And when Grenfell survivors contributing to our Review say that 'tenants were victims before the fire' and 'we're treated as second class citizens in social housing', then radical, root-and-branch change is required. So we propose to:

- Make safe homes for all the very highest priority with sprinklers fitted in high-rise blocks and fire safety the first standard in a new Decent Homes 2 programme
- End any institutional indifference or failure to respect tenants with new rights for affordable housing residents, including tenants on boards, consumer rights standards and a vote on estate regeneration schemes

- Help make affordable homes a best choice not a last resort with new leading-edge standards on energy efficiency, design and smart tech
- Promote security for families and stability for communities by scrapping the Government's legislation to end long-term council tenancies.

Government must lead this new housing mission. We will use a fully-fledged new Department for Housing – backed by a new OBR-style Office of Delivery to challenge Ministers at every step – to spearhead our national New Deal on housing; local government will lead it locally.

The review of social housing behind this Green Paper – Housing for the Many – was announced by Labour leader Jeremy Corbyn and completed over the period December 2017 to March 2018. We received over 70 responses to our public call for evidence as well as a number of separate submissions from individuals. We held discussions across the country with a wide range of professionals, housing experts and tenants, including survivors from Grenfell Tower. On behalf of the Labour Party I would like to record my thanks to all those involved.

We publish this 'Green Paper' for consultation and for wider debate on our proposals. We welcome views and more detailed work to help develop our plans.

Above all, we want to build a broad consensus behind the conviction that Labour's new affordable housing is an essential element of any long-term plan to fix the country's housing crisis and meet people's housing needs and aspirations.



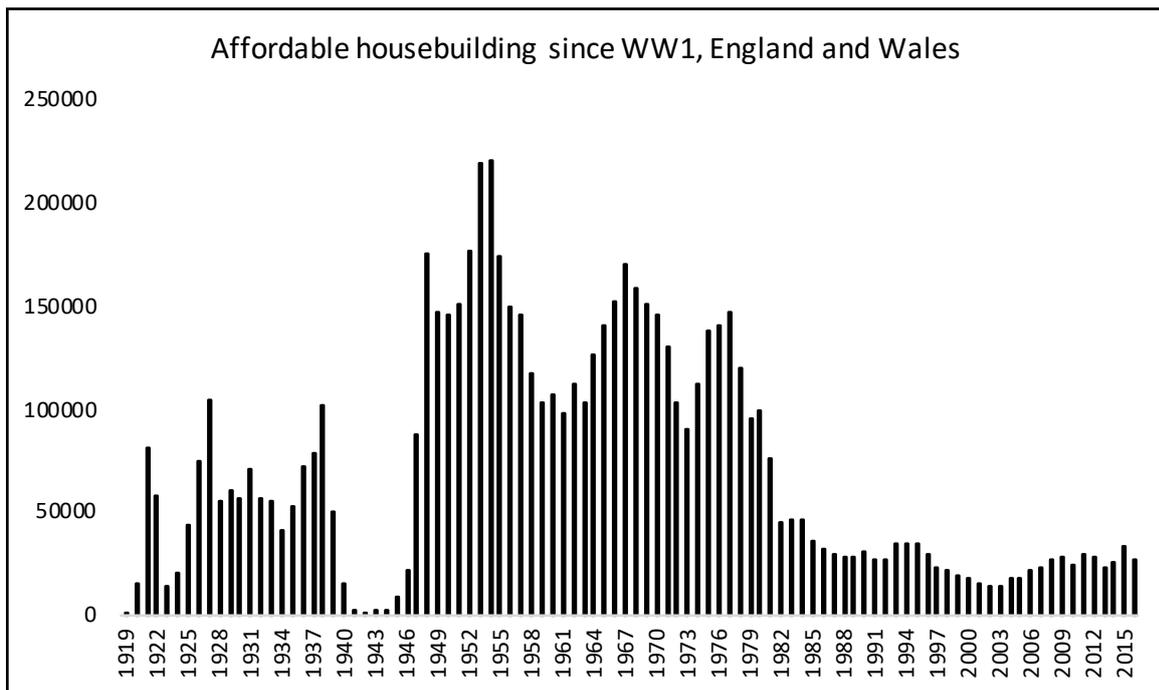
John Healey MP
Shadow Secretary of State for Housing

Section 1 – Why affordable housing?

1. There is a housing affordability crisis in England¹. Home-ownership has fallen to a thirty-year low, the average home now costs eight times the average annual pay packet and 1.7 million households pay over a third of their income each month to a private landlord. Not only is the housing market broken – housing policy is failing to fix it.
2. Conservative Ministers' response to this housing costs crisis has been to outsource housing policy to big developers, to make it more profitable for them to build more homes. Since 2010, we've seen developers' affordable housing requirements watered down, building standards scrapped and £22bn committed to a Help to Buy scheme designed to shore up a shaky market. Inevitably, the number of new affordable homes being built has halved and the level of new social rented homes is the lowest on record.
3. But Conservative housing policy is the wrong answer, to the wrong question. It is not just how many new homes we build, but what we build and who for that counts. We have to build more affordable homes to make homes more affordable.
4. The market is failing and the evidence is clear: building more market price homes can help lower prices only over the long term, so more supply alone can't fix the problem or help millions of families with the housing pressures they face now. The crisis requires Government action to build genuinely affordable homes at scale, and ensure a better balance in the new homes built. The Conservatives won't do this, so the next Labour Government must.
5. By an 'affordable home' we mean a house or flat built with some public backing at a price that means those who live in it have enough money left after housing costs for the other things they need. However, the term 'affordable' has been so abused and misused by Conservative Ministers in recent years that we must establish a new Labour definition of 'affordable', linked to people's incomes not to market prices. One common yardstick for the maximum rent or mortgage payment that meets this test is a third of after-tax household income, and detail of our definition is set out in section three.
6. We will get more than 100,000 genuinely affordable homes built each year, six times current output² and a level not recorded since 1978. For three decades after the Second World War this scale of ambition was seen as common sense by both Labour and Conservative politicians, but for forty years Governments haven't done enough to build affordable housing, and in the last eight years we have gone badly backwards.
7. Present housing policy isn't just failing the poorest, it is failing those on ordinary working incomes too. For Labour, affordable housing should be housing for the many. It should be for people priced out by the failing housing market, as well as the very poorest and most vulnerable. This is the same Labour aspiration that led Anuerin Bevan, Labour's pioneering Minister responsible for housing after the Second World War, to remove what he called the "ridiculous inhibition" that council housing should only be for the working classes³.
8. 'Housing for the many' will be Labour's watchword as we launch the biggest council house building programme for over thirty years and reach levels of new affordable housebuilding not seen since before Margaret Thatcher became Prime Minister. Labour's new affordable homes will help the real squeezed middle of those in work but under pressure from high housing costs, as well as those on lowest incomes, with low-cost homes to rent and buy. We will build homes that are more affordable than the private sector but also better to live in too, with new leading-edge design, energy efficiency, safety and smart tech standards.

1.1 WHY AFFORDABLE HOUSING MATTERS

9. The case for more genuinely affordable homes is overwhelming, in keeping with England's proud tradition of public housing stretching back to the First World War.
10. **Building the homes we need.** We've never built the homes we need without a substantial number being council or housing association homes, and since the Second World War we have only ever built more than 300,000 homes in England when at least 100,000 of them are affordable homes. When the state retreats from funding and policy backing for public housing, as over the last four decades, the private sector doesn't fill the gap. What's more, investing in affordable housing doesn't just increase housebuilding, it sustains it too: kick-starting and speeding up development, and smoothing out the private housing boom and bust cycle.



Sources: Holmans, 'Historical Statistics of Housing in Britain'; MHCLG live tables 244 and 245⁴

11. **Improving living standards and reducing inequality.** More genuinely affordable housing means more households with lower housing costs than in the private rented sector. If we're serious about making housing more affordable, there's no serious alternative to building sub-market homes: we know from the work done for Labour's Redfern Review into the decline of home-ownership, and by Dame Kate Barker previously, that just building more market price homes won't solve the problem of unaffordable housing anytime soon⁵. More low-cost homes also cut the gap between the housing haves and have-nots, helping more lower income households make ends meet, or save for a deposit to buy their first home.
12. **Enabling mixed communities.** Affordable council and housing association homes are central to what Aneurin Bevan called "the living tapestry of a mixed community" where "the doctor, the grocer, the butcher and the farm labourer all live in the same street"⁶. This mix and balance in housing brings generations and communities together, and can help social division and stigma.
13. **Providing stability and security.** Council and housing association homes have traditionally come with secure tenancies to give stability to those who live in them, particularly families with children who then don't have to move home and schools. Stability for communities enables people to invest time and resources back into their local area.

14. **Delivering value for public money.** Affordable housing is one of the best investments Governments can make: not only does it create a home for a family, and regular rental income for the landlord, it reduces housing benefit spending in the more expensive private rented sector too. A recent report by Capital Economics confirmed that a programme of 100,000 genuinely affordable homes a year “will deliver a sustained structural improvement to public sector finances”⁷.
15. **Creating jobs and local growth.** Investing in affordable housing creates jobs and boosts local economies. It’s estimated that every £1 spent on house building generates £2.84 in extra economic activity⁸, and social landlords are also significant local buyers and employers: for every £1 million of housing output, 12 jobs are created⁹.
16. **Making work pay.** Genuinely affordable housing not only helps people into work but also makes work pay. Lower rents mean better work incentives as tenants get to keep more of their pay packet, and many of the best social landlords offer training and employment support to their tenants¹⁰.

1.2 WHO LIVES IN AFFORDABLE HOUSING?

17. Affordable housing is owned and managed by three main types of organisation. Housing associations are not-for-profit landlords and the largest providers of new affordable homes. Local authorities still maintain stock through a housing revenue account in around half of council areas in England, including via arms length management organisations, and around 150 councils also wholly or part own local housing companies, many of which provide affordable housing¹¹. A range of smaller community-led housing providers, including co-operatives and community land trusts, manage around 170,000 homes in total.
18. Almost four million households live in council or housing association homes, still one in six (17%) of all households in England, though down from almost one in three (32%) in 1981, when nearly five and a half million households lived in affordable housing. The English Housing Survey records 2011/12 as the milestone year in which the affordable housing sector became home to fewer households than the private rented sector. The last time this was true was the early 1960s¹².
19. As the stock of affordable homes has declined, the make-up of the people who live in them has changed. Half of households now have at least one member with a long-term illness or disability¹³. In 1964, the author of the national survey of housing found that council tenants “tended to be in the middle of the income range”¹⁴. Now, the average household in a council or housing association household has an income almost 40% below the private rented sector average and less than half the income of a home-owning household.
20. The impact of more recent Government policy has led to the number of new lettings at social rent levels declining by a fifth in the last decade, and one in six new general needs social rent tenancies are now to households qualifying as statutorily homeless.
21. With over half of all current affordable homes built during the heyday of council building between 1945 and 1980¹⁵, the quality is generally better than both the private rented and owner-occupied sectors. One in eight fail to pass Labour’s ‘Decent Homes’ standard, which requires properties to be warm, modern and in good repair, compared to one in five of owner-occupied homes, and one in four of private rented homes.

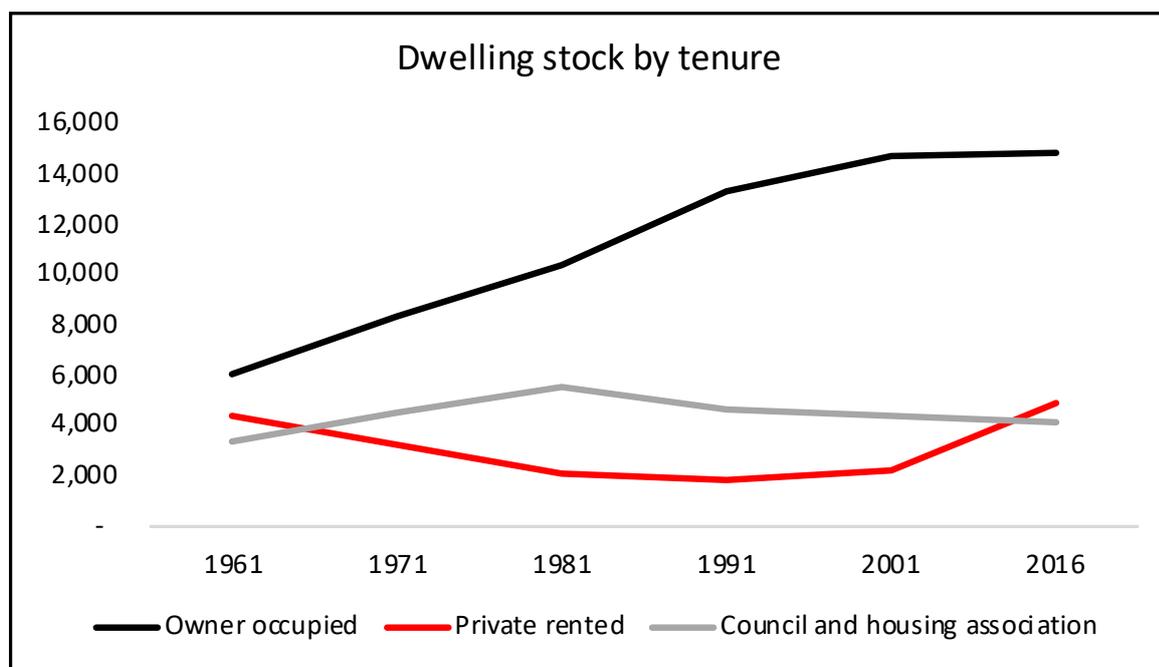
22. Despite the challenges facing the affordable housing sector, and the concerns we heard in evidence from tenants about repairs and maintenance in particular, more than four in five of today's council and housing association residents say they are satisfied with their housing¹⁶. Tenants also made clear to us that, despite some frustrations, they value having homes that are more secure and affordable than in the private rented sector, and which help sustain settled communities.

Section 2 – How did we get here?

2.1 A SHORT HISTORY OF AFFORDABLE HOUSING

23. Pressure for better housing conditions intensified in the late 19th century, led by groups including the Independent Labour Party, a forerunner of today's Labour Party. In the absence of Government action, charitable housing trusts such as Guinness and Peabody were set up to improve housing standards. Eventual Parliamentary recognition of the problem led to a Royal Commission on the Housing of the Working Classes, followed by legislation allowing councils to build general needs public housing for the first time - though without any central funding to do so¹⁷. In total around, 20,000 council houses were built before the outbreak of the first-world war in 1914, primarily in larger cities like Glasgow, Sheffield, Liverpool and London¹⁸.
24. The contribution of council housing became established after the First World War, as the experience of war led to growing confidence in the demands of the poorly housed, and confidence too in the role of Government to make a difference. Significantly, the 1919 Housing and Town Planning Act provided investment to meet the gap between the cost of new housebuilding and the finance that could be raised through rents. The upshot - contrary to commonplace perception of laissez-faire housing policy during the interwar period - was an average of around 50,000 units a year built by local authorities¹⁹. By the outbreak of the Second World War 100,000 council homes a year were being built. Private sector housebuilders were also recipients of large state subsidies during the 1920s. Council housing was of substantially better quality than much private rented accommodation and primarily for the better-off working classes.
25. Under the post-war Attlee Government public housing became a priority for rebuilding Britain. Under Aneurin Bevan, the number of new council houses rose dramatically. From a standing start, over 160,000 council houses were built in 1948 - an eightfold increase compared to just two years earlier. These new council homes were built to a high standard for working families moving out of slums or bomb-damaged homes. Bevan famously said "we shall be judged in a year or two by the number of houses we build, but in ten years' time we will be judged on the type of houses that we build"²⁰, and fought for extra investment to build the sort of homes that were usually the preserve of the rich - spacious, with upstairs toilets and built in local brick or stone.
26. Public backing for new affordable housebuilding was reflected in strong cross-party political support, though council building fell during the 1950s as local authorities were refocused on slum clearance. On election in 1964, Harold Wilson's Labour Government set out the boldest ever plan for housing. Alongside a new investment package for council housing, there was extensive public backing to help families with the cost of home-ownership through help with mortgage repayments. Although Harold Wilson's 500,000 home ambition - with half of them council homes - was never reached, the Labour period in the 1960s remains the only time apart from the late 1930s when we've consistently built over 300,000 homes a year. Alongside quantity, measures were taken to halt the decline in quality seen under the Conservatives, with new Parker Morris standards becoming a requirement for receipt of subsidy.
27. A reduction in overall Government spending in the 1970s led to a new system of funding for public housing with tighter central control. A new grant programme for housing associations meant that for the first time housing associations started building at scale for general needs and topped 20,000 units a year during the late 1970s.

28. After the election of Margaret Thatcher in 1979, funding for new affordable housing was rapidly withdrawn²¹. At the same time, the largest privatisation of public assets in modern history was started, the 'right to buy' of council homes, with 1.3m homes sold between 1980 and 1997. By the end of the 1980s, the number of new housing association homes had halved and the number of new council homes being built had fallen by 85%. Combined with the loss of homes through the right to buy, this meant a million fewer council homes. Homelessness spiralled and the newly introduced housing benefit increased by 400% to almost £17bn a year by the end of the Conservatives' time in office - part of a deliberate shift away from bricks to benefits. By 1997 the number of homes being built by councils and housing associations was just 20,000²².



Source: MHCLG table 104.

29. For the Labour Government in 1997, the top priority for public housing investment was to deal with 18 years of underfunding maintenance and improvement work. Over £20 billion of public investment was made under Labour's Decent Homes programme, improving 1.4 million council homes with double glazing, insulation and heating, and new kitchens. Housing associations were also required to do the same with all their homes, investing over £6bn of privately-raised capital into making more homes meet the Decent Homes standard.
30. 2007 signalled changes in housing policy, as the priority switched again to building more affordable homes. The 2008-11 spending review made the biggest investment in new affordable housebuilding for a generation. Right to buy discounts were scaled back so that by 2009 sales were only around 2,000 a year, compared to 13,000 a year now²³.
31. The 2008 global financial crisis led the Labour Government to step up affordable housebuilding further as part of an economic stimulus programme to help get the country through the deep recession. By 2009, the foundations for a new era of affordable housebuilding were laid with: a £4 billion annual affordable housing programme, backing for councils to receive grant funding and build new council housing, full localisation of council housing finance agreed with the Treasury to boost building still, a programme of progressively higher standards agreed with industry to make all new-build homes zero-carbon by 2016; and new institutions to safeguard tenants' rights in the Tenants Services Authority and National Tenant Voice.

2.2 AFFORDABLE HOUSING UNDER THE CONSERVATIVES

32. Eight years later, in 2018, it's clear the Conservatives have no plan to build the genuinely affordable homes the country needs.
33. Since 2010, public policy has been at best indifferent and at worst hostile to affordable housing. One of the first decisions of Conservative Ministers after the 2010 Election was to cut back new housing investment by more than 60%. As a result, the number of new Government-backed homes for social rent being started each year has plummeted from almost 40,000 homes to fewer than 1,000 last year. The number of new low-cost ownership homes being built has halved. And the plans Labour left to get councils building 10,000 homes a year have been undermined, dashing any hopes of councils being able to build at scale again²⁴.
34. At the same time as the number of new homes being built has fallen, the loss of existing social homes has increased. In 2012 right to buy discounts were hiked to over £100,000 in some areas, and despite a promise for one-for-one replacements, only one in five homes sold has been replaced²⁵. A new kind of publicly-funded housing was introduced with rents set at up to 80% of the market price which was branded 'affordable rent' by Ministers but directly linked to often unaffordable private market rents. Organisations bidding for Government grant were then told to re-let homes for low-cost social rent at the new so-called 'affordable rent' and it's estimated that 150,000 homes for social rent have been lost in the last five years²⁶. More recently, the Conservatives have proposed adding to the sell-off by extending the right to buy to housing association tenants, funded by an extraordinary forced sell-off of council housing to the highest bidder.
35. Housing policy has been largely outsourced to the private sector, and 79p in every public £1 is now spent on private market housing²⁷. Housebuilders have been propped up with billions in help to buy funding, even while the requirement on them to build affordable homes has been cut back. These 'section 106' obligations have helped fund more than half of all new affordable homes in recent years but following budget cuts and loosening planning rules, the number halved from a peak of 32,000 in 2008/9 to just over 16,000 in 2015/16²⁸.
36. The Housing and Planning Act 2016 proposed to override these obligations further, with plans for new 'starter homes' for sale at up to £450,000 to replace traditional affordable housing. The Act also introduced a phased ban on councils offering long-term tenancies which is set to strip the security out of council homes.

2.3 THE SCALE OF THE HOUSING AFFORDABILITY CRISIS TODAY

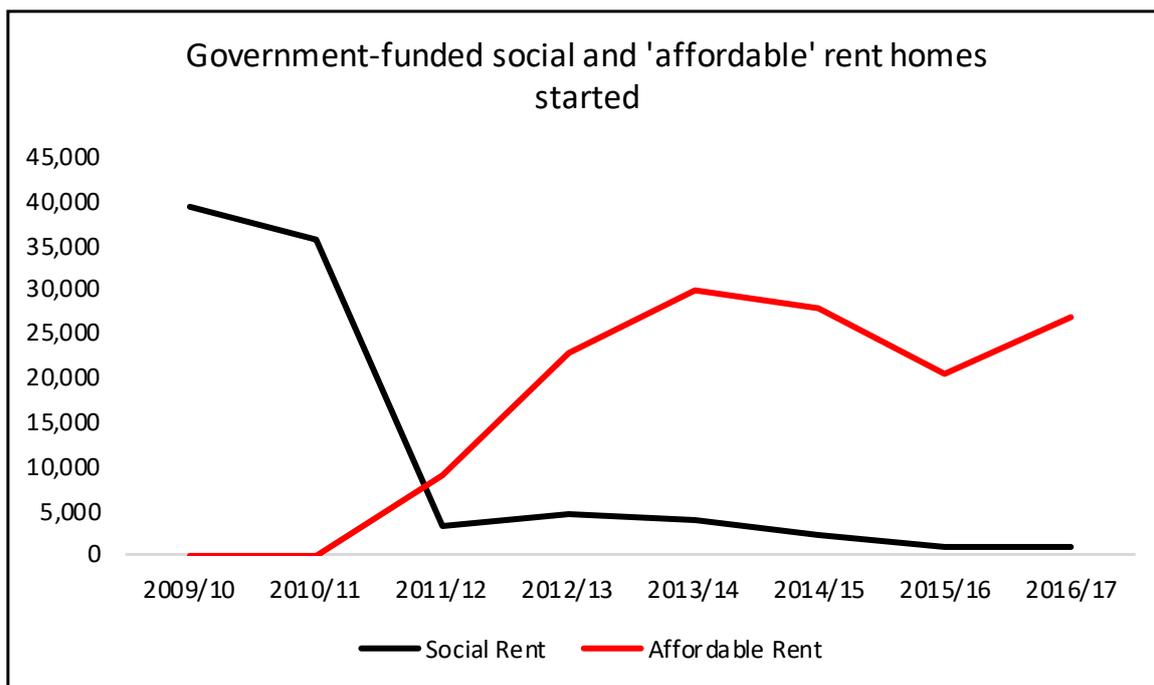
37. A range of lead indicators show the scale of our housing affordability crisis that now exists, which is especially acute for younger people:
 - 1.7m private rented households paying more than a third of their income in rent;
 - 1m owner-occupiers paying more than a third of their income on their mortgage;
 - 1.5m households containing at least one adult who would like to buy or rent their own accommodation, but could not afford to do so²⁹.
38. Whilst there will be substantial overlap, indicators of unmet affordable housing need also include:
 - 80,000 homeless households in temporary accommodation;
 - 1.2m households recorded on local authority housing waiting lists³⁰.

39. In addition, there is a constant newly arising need for affordable homes which, using Government household projections, Alan Holmans has calculated at 78,500 additional sub-market homes each year to keep pace with new demand³¹.
40. What's more the number of genuinely affordable homes is declining – with a further 80,000 social rented homes set to be lost between now and 2020³² - so the scale of the affordability crisis is likely to be greater still at the point Labour enters Government³³.

Section 3 – Labour’s new affordable housing

3.1 THE CONSERVATIVES’ BOGUS ‘AFFORDABLE’ HOUSING

41. Since 2010, the Conservatives have waged a war of misinformation about affordable housing. Ministers have stretched the term ‘affordable’ beyond breaking point, to include homes let at up to 80% of market rents – over £1,500 a month in some areas – and homes for sale up to £450,000. It has become a deliberately malleable phrase, used to cover up a shift in Government policy towards increasingly expensive and insecure homes, so it’s no wonder people get angry when Ministers play fast and loose with the term ‘affordable’.



Source: MHCLG table 1012.

42. What’s more, policy changes since 2010 haven’t just meant more expensive rents and prices for new build homes. The Conservatives have forced the conversion of thousands of existing social rented stock to 80% of market rent and ramped up the right to buy while refusing to allow councils to replace stock sold.
43. The perversion of the term ‘affordable housing’ and public mistrust makes it much harder to have a proper policy debate about dealing with the housing affordability crisis. Labour will change this.

3.2 LABOUR'S NEW AFFORDABILITY TEST

44. For many years, the idea of publicly-funded affordable homes was well used and widely supported. Labour in Government will reclaim and redefine affordable housing. In place of the Conservatives' discredited approach, we propose a new affordability standard with three elements. This will be Labour's new affordable housing.
45. **Social rented homes.** As now, homes for social rent will typically be well below market rent levels and set using an established formula based on local incomes, property values and the size of the property. On an average new let, a social rented home is often around half the rent level of the market equivalent. Homes for social rent will form the core of Labour's affordable housing programme.
46. **Living rent homes.** Living rent homes which will have rents set at no more than a third of average local household incomes. These homes will be aimed at low-to-middle income working families, key workers and younger people who want a better alternative to renting from a private landlord, or who want help saving for a deposit for a home.
47. In Manchester, a property let at a living rent could be around £130 cheaper each month than a private flat, allowing a couple to save £4,700 extra towards a home to buy over three years. In Crawley, a living rent home could be £179 cheaper than the prevailing market rent allowing a household to save almost £6,500 extra towards a house to buy.
48. **Low-cost ownership homes.** FirstBuy homes will be a new type of home to buy, discounted so the mortgage payments are no more than a third of average local household incomes. The discount will be locked into the home so that future generations of first-time buyers benefit too. These homes will be aimed at working families on ordinary incomes, key workers and younger people. Shared-ownership and rent to buy homes will be other low-cost options included in this category.
49. A FirstBuy home in Warwick could be sold to first-time buyers at a 17% discount to the going market rate, allowing a first-time buyer almost £5,000 off a deposit as well as lower mortgage repayments. In Exeter, a FirstBuy home could mean a 26% discount and £7,000 off the money needed for deposit.

3.3 LABOUR'S NEW AFFORDABLE HOUSING AMBITION

50. We are not building enough genuinely affordable homes, and the shortfall is growing. The shortage is now clear in all regions, in urban and rural areas. There is no area of the country where there is no need for more affordable housing, so in government we will ensure every council every year builds or commissions Labour's new affordable homes.
51. Our ambition is to raise new affordable housebuilding to a rate we've not achieved in Britain for 40 years, and to sustain this level across economic and political cycles. There is no quick fix, which is why we are making a 10-year commitment in Labour's long-term plan for housing. In particular, we want to revive the role of councils to build again at scale, and kick-start the biggest council house building programme in more than 30 years.
52. We will start from a very low base, with the country's build rate of genuinely affordable homes now at a record low: local authorities are building just 1,000 new social rented homes a year and housing associations are building around 4,000 a year. In 206 of all 326 local authorities, not a single new social rented home was built last year. And in total, between both councils

and housing associations, only 17,000 homes were built last year that meet Labour's affordable housing standard.

53. Councils' capacity to build or commission new affordable homes has also been severely stripped back. Around half of all councils now have no housing revenue account, so no conventional council housing assets against which to borrow or staff involved in housing management. And according to Government official statistics, housing associations have never built more than about 30,000 homes a year in England.
54. The scale of the challenge demands we look to all sectors – councils, housing associations, community-led organisations and private housebuilders – to do much more. We will hard-wire the affordable housing imperative throughout the system, from housebuilding targets to investment priorities to planning rules. And given the stripped-out state of local government after eight years of deep cuts and weakened powers big policy, legal, financing and planning changes will be required to establish a housing system fit to deliver these aims. Nevertheless, Labour will build the affordable homes the country needs.

A Labour Government will build one million genuinely affordable homes over 10 years, a majority of which will be for social rent.

We will build more than 100,000 of these homes a year by the end of our first five-year term in Government and, ahead of the next election, we will conduct a major piece of work on building local authority capacity to assess how we can reach this level of new home building even sooner and enable councils to deliver as many of these homes as possible.

We will set a longer-term aim for half of all new homes built to be genuinely affordable, with councils at the heart of this programme.

55. The Conservative's 'affordable rent' programme has made housing unaffordable for new tenants. In high-cost areas like London 'affordable rent' is almost two-thirds more expensive than social rent and a single person could have to earn over £37,000 a year for the average affordable rent home to actually be affordable³⁴. More than six out of ten Londoners earn less, despite Government claims that the rent model is for those on lower incomes³⁵. The Conservatives' 'affordable rent' homes can also inhibit building, creating additional borrowing costs for social landlords while using up their borrowing capacity³⁶.

A Labour Government will end the Conservatives' so-called 'affordable rent' and direct all funding to Labour's new affordable housing.

QUESTIONS

Q1 Do you agree with Labour's new affordable housing definition? What weight should a Labour Government give to the components of our programme: social rent, living rent, and homes for low-cost ownership?

Q2 Do you agree with our proposal to scrap public funding for so-called 'affordable rent' homes priced at up to 80% of market rents?

Q3 Are there specific steps beyond those set out in this Green Paper that could deliver an even higher level of Labour's affordable housing?

Q4 Do you have any other comments on our proposals in section three?

Section 4 - Delivering affordable homes for the many

56. To deliver the affordable housing the country needs we have to stop the current haemorrhage of social homes, re-establish the role of Government, expand the capacity in all parts of the housing sector, and make better use of existing homes. This means rebalancing housing policy to provide for the many and ensure Labour's new affordable housing runs through everything from funding to planning, like writing through a stick of rock.
57. We are confident we can get more than 100,000 affordable homes a year built because Labour Governments have done it before. Even as recently as the end of the last Labour Government, and in the teeth of the global recession and downturn, Labour got 60,000 genuinely affordable homes a year built, the majority for social rent. Since then the country has seen Conservative housing policy failing on all fronts and levels of new affordable housing drop dramatically. This section sets out how the next Labour Government will make the big changes needed to secure the highest level of new affordable housing for forty years.

4.1 THE ROLE OF GOVERNMENT

58. After eight years of failure on housing, it's clear that when the country has needed a Government that will step in, the Conservatives have stepped back. Only central Government can lead this national housing drive, demanding more of others as well. We described this ambition in our housing manifesto, published in June last year, as a housing 'New Deal' which expects more from all – from commercial housebuilders to housing associations, from lenders to landlords, and from local councils to central Government³⁷.
59. This is not a zero sum. A bigger role for Government – national and local – does not mean less for other parts of the housing sector. Looking back over the last half century, some of the best years for private sector building have been the best years for council and housing association building too. And we know that more affordable housing can mean housing developments get built out faster because these homes are easier to let or sell.
60. The task of Government is to drive the New Deal on housing. This requires a new authority at the heart of Government, able to develop new policy and force the pace of new building. The Conservatives have now recognised this too but simply renamed the former Department for Communities and Local Government and added 'Housing' to the Secretary of State's title. Labour will do the job properly and put housing at the heart of Government.

A Labour Government will create a fully-fledged new Department for Housing, which will spearhead our New Deal on housing.

61. We know the public want change, but politicians must win back public trust on housing. We've learnt through the last Labour government and present Tory government that people don't believe big target numbers will help them or solve the housing crisis, when they've seen these come and go. Three years ago, the Conservatives promised 200,000 cut-price 'starter homes'. Not a single one has yet been built. And the hard truth for any political party is that most people don't think whatever is done on housing will make a difference to them and their families. Labour will ensure our big ambitions for housing aren't just done, but seen to be done and open to scrutiny from Parliament and the public.

A Labour Government will establish a new OBR-style Office for Housing Delivery, with a specific remit to monitor Ministers at every step and audit delivery on our affordable housing promises.

62. We will need action not just from Whitehall but from town halls too, so we will open up new opportunities for ‘devo-housing’ deals with financial backing from central Government to deliver growth and more affordable housing. Housing problems and pressures differ from area-to-area and the solutions will vary too. Strategic local partnerships between housing associations, councils and central Government have the potential to boost the number of genuinely affordable homes. In London, Mayor Sadiq Khan has announced eight strategic partnerships, which will aim to deliver 38,500 genuinely affordable homes³⁸.

A Labour Government will strengthen Homes England in the regions, encourage bids from councils and combined authorities on new ‘devo-housing’ deals, and support strategic partnerships between councils, housing associations and central Government to boost affordable housebuilding.

4.2 STOPPING THE LOSS OF AFFORDABLE HOMES

63. Submissions and discussions with housing professionals and tenants for this Review and Green Paper consistently called for a stop to the current huge loss of affordable homes: before doing good, first do no harm.
64. The step-change in the overall supply of affordable housing is impossible if the loss of public housing continues at the current rate. The Chartered Institute of Housing estimates that the combined impact of right to buy, the conversion of social housing re-lets to more expensive ‘affordable’ rents and demolition has led to the loss of 151,000 social rented homes since 2012. Without action, the loss will reach 230,000 by 2020³⁹. Moreover, the Government’s legislation and plans to force the sale of council homes to pay for an extended housing association right to buy remain live and a further big risk to current affordable housing.

How to stop the loss of over 50,000 genuinely affordable homes a year

Intervention	Number of affordable homes that could be saved each year
Ending affordable rent conversions	11,500
Suspending the right to buy	18,000
Ending the forced sale of council homes	23,500
<i>Total</i>	<i>53,000</i>

Sources: MHCLG live table 678, MHCLG statistical data return table 50, Shelter analysis of the Housing and Planning Act 2016⁴⁰.

65. The right to buy has led to almost two million homes being sold-off since 1980⁴¹, with discounts recently increased to over £100,000 per property⁴². Despite promises from Ministers that they would deliver ‘one-for-one’ replacements, they haven’t got close. Currently, only one new replacement home is being built for every five sold⁴³. In the midst of an acute crisis of housing costs, this level of loss and lack of replacement is unsustainable and the continuing scale of the right to buy acts as a deterrent to councils’ investment in new homes.
66. The current right to buy programme also gives British taxpayers a raw deal as they have to pay three times over, first to build the home, second to pay for the discount when it’s sold, and third when ‘right-to-buy-to-let’ means former council properties are bought by private landlords and let out at higher rents, incurring a higher housing benefit bill⁴⁴. For this reason, Labour led opposition during the Housing and Planning Act to extending the right to buy to

housing association tenants and pledged an immediate suspension of the right to buy in our 2017 election manifesto, allowing councils to reinstate it only if they have a proven plan to replace homes sold one-for-one and like-for-like.

67. In addition to hiking right to buy discounts, Conservatives Ministers moved quickly after 2010 to force recipients of Government grant funding to convert existing social housing to so-called 'affordable rent' housing at up to 80% of market rents⁴⁵. Since 2012, 102,000 social rented homes have been lost through this conversion process. As the Government itself warned in a 2011 impact assessment this can only lead to higher housing benefit spending as the social security system meets the larger gap between rents and incomes⁴⁶. The introduction of affordable rent has further increased reliance on the private rented sector, adding £1.4bn to the Housing Benefit bill over the next 30 years⁴⁷.
68. In the Housing and Planning Act 2016, the Conservatives legislated to extend the right to buy to association tenants, with discounts paid for by forcing the sale of council homes across the country. Shelter have calculated that this forced sale could lead to the loss of 23,500 genuinely affordable homes a year⁴⁸.

A Labour Government will stop the loss of genuinely affordable homes by suspending the right to buy, ending the Government's programme of forced conversions to 'affordable rent' and scrapping plans to force councils to sell the best of their homes.

4.3 FROM BENEFITS TO BRICKS: FUNDING AFFORDABLE HOMES

69. In the 1970s, over 80% of Government housing spending funded affordable homes, and less than 20% went on housing-related benefits. Today, public spending on housing benefit and support for mortgage interest accounts for 95% of Government spending, with only 5% for new low-cost homes⁴⁹. Affordable homes are a good investment for Government to make, and funding new genuinely affordable housing rather than paying higher housing benefit to private landlords is sound fiscal common sense. It gives communities a valuable asset which is not only a home, but provides the basis for borrowing for more homes to be built.
70. Since the 1980s, the Conservatives' approach to housing has been to cut investment in bricks and mortar and, in the words of former Housing Minister Sir George Young, to let housing benefit "take the strain"⁵⁰. This has proven to be an expensive policy decision. Those who once would have been offered affordable housing have turned to the private rented sector, at a much higher cost to the benefit system. As a result, since 1980 the housing benefit bill has increased seven-fold to over £23bn last year, with £8bn of this going to private landlords⁵¹.
71. Since 2010, the Conservatives have supercharged this failed approach: weakening Labour's plans to help councils build, cutting grant funding by over three-quarters, and undermining the financial basis of councils and housing associations by cutting rental income and forcing the sell-off of stock at the same time as support from central Government is withdrawn. The 'affordable rent' programme means housing associations have had to borrow more, increasing risk and eroding borrowing capacity.
72. A low grant funding regime has forced housing associations to rely on cross subsidy: using surpluses from houses built for sale and market rent to fund new affordable homes. Not only does this require associations to take on a great deal more risk, as the downward trend in the credit ratings for larger housing associations shows, there are hard limits to what this approach can achieve. Non-public funded homes for social rent last year totalled only around 4,000 homes, a tenth of what Labour in Government funded in 2009.

Labour in Government will reset national housing grant investment to the £4bn a year it was at the end of the last Labour Government and make this funding available to councils and housing associations, as well as other community providers.

We will recycle housing benefit savings from our affordable housing programme into helping tackle the causes of the housing crisis, rather than relying on higher housing benefit spending to deal with its effects.

Labour will look at introducing a housing finance grant for councils and housing associations, drawing on the experience of Labour in Wales.

73. Alongside increasing the contribution from Government, we want to maximise the amount of finance that councils and housing associations can raise themselves. We know that it is vital for social landlords that they are able to borrow and invest long term on the basis of certainty over rent levels. Uncertainty in policy since 2010 has led to fewer homes being built and less investment in keeping existing homes at a good standard. We understand the need for certainty on rents and will work with councils and housing associations to achieve a fair and lasting rent settlement.

A Labour Government will consult on setting a new and longer 10 year rent settlement to support sustained investment in a new generation of genuinely affordable homes and in a new Decent Homes 2 standard.

74. Given that almost six in ten social housing tenants receive housing benefit, certainty about social security payments is crucial. However, since 2010 the Government's policy hostility to social housing tenants is encapsulated by the punitive bedroom tax penalising social tenants for not downsizing even when there are no smaller properties available. A Government evaluation found three-quarters of those affected cut back on food spending to pay the tax⁵². A similarly punitive proposal, which has saved little, was to cut the right to housing benefit for 18-21 year-olds.

75. At the same time as cutting social security the Government has introduced Universal Credit. The flawed design and incompetent introduction of the new system has left tenants unable to pay their rent as they wait for their first payment. This has led to severe financial and emotional distress, with many having to turn to pay day lenders as they wait for what can be months. Some have faced eviction as a result⁵³.

We will scrap the bedroom tax, protect housing benefit for under-21s and pause and fix Universal Credit. We will ensure that the effects on housing delivery are taken into account with any future changes to social security.

76. Alongside rent certainty, there are a number of measures that Government can take to help social landlords access finance cheaply. The importance of Government backing for these measures has increased since the Brexit vote, as European Investment Bank funding is now set to be lost when we leave the European Union. Borrowing guarantees reduce the risk and therefore the cost of lending to affordable housing providers. Industry calculations suggest that the cost savings of the current guarantees programme are around 1% per year, which over the long term would support enough additional borrowing to pay for more than 8,000 new affordable homes⁵⁴.

77. Some housing associations are already accessing cheap Public Works Loan Board finance through their local council⁵⁵. However, this financing remains small and direct PWLB to housing association lending has been a dormant function⁵⁶.

78. Housing associations already invest £6 of their own or private finance for every £1 of public money⁵⁷, but there is scope for widening the sources of finance available to social landlords, including from pension and insurance funds⁵⁸. The pooling of some local Government pension funds could also open up new opportunities for funds to invest in affordable housing. We will review these and other funding sources and vehicles, including finance for housing as part of Labour's proposed National Investment Bank.

A Labour Government will look to lower the cost of finance for housing associations and others, including with new affordable housing borrowing guarantees and housing association access to Public Works Loan Board finance. We will encourage long-term investors such as pension funds.

79. A renaissance in council building is at the heart of Labour's plans to increase the number of genuinely affordable homes. The self-financing of council housing, initiated by the last Labour Government through localisation of the national housing revenue account, was intended to usher in a new era of public investment in affordable housing. This has been undermined by the Conservatives who cut down Labour's settlement for councils which was set to deliver 10,000 local authority homes a year by the end of the last Parliament. As it was, fewer than 2,000 homes a year were built. The case for completing Labour's housing revenue account reform is overwhelming, with estimates made of output of 60,000-80,000 additional council homes over five years, which could be increased with central Government support⁵⁹. For years, councils have been set at an arbitrary disadvantage compared to private developers and housing associations by a cap on their ability to borrow to build. Under Labour this will change.

80. Despite the localisation of housing finance and the majority of councils taking on additional debt totalling £13bn as part of the deal, central Government is still keeping a share of right to buy receipts worth over £800m since 2012⁶⁰. This is wrong in principle and counter-productive in practice.

A Labour Government will lift the council housing borrowing caps to their prudential limits to kick-start the biggest council housebuilding programme in at least thirty years, and review the way this borrowing is recorded in the national accounts.

Labour will consider kick-starting council house building by returning in full the previous year's share of right to buy receipts which councils are currently forced to forfeit.

81. In the past local authorities have also stepped in to help home-owners get a mortgage. However, rule changes in the 1980s meant councils faced new constraints, including lending at a specified national standard rate, which Government set higher than commercial lending rates⁶¹. Despite the constraints, after the financial crash there is an appetite for local authority mortgage lending or topping up deposits to help local first time buyers and key workers. Councils have looked to do this in partnership with existing lenders, though others want to use their powers to lend directly to buyers.

A Labour Government will consider steps to enable more local authority mortgage lending to help local first time buyers.

4.4 LAND AND PLANNING

82. Land ownership is cloaked in secrecy and land trading is one of Britain's most opaque markets. We have no way of knowing for certain who owns what and whether land owned by foreign investment companies are domiciled abroad for tax purposes. This lack of information complicates land assembly, especially when a site has numerous land owners.
83. The Conservative's approach to land registration has been confused and disruptive. They threatened to privatise the Land Registry, which has recorded the ownership of property in the UK since 1862. Now, Ministers' plans to create a comprehensive register are not set to be completed until 2030. It will be over a decade until local authorities and housing associations can take advantage of the information.

A Labour Government will keep the Land Registry in public hands. We will fast-track reforms so local communities know who owns, controls and has an interest in land, including 'option agreements' between landowners and developers.

84. Getting enough genuinely affordable homes starts with a proper assessment of local need. The National Planning Policy Framework and planning guidance asks councils to identify the 'objectively assessed need' for affordable housing. However, there is too often a lack of clear, consistent and robust local data on the need for affordable homes. The Government's approach to assessment of housing need continues to have a blind spot when it comes housing affordability, and assumes that unaffordable housing can be dealt with primarily by increasing the overall number of newly-built homes.
85. Once local need for affordable housing has been properly assessed, it is vital that there are the proper mechanisms in place to ensure that it is delivered. Currently, the main responsibility of local authorities is to ensure supply of land for new housing, reflecting the lack of powers to influence housing delivery. With the new powers, funding and flexibilities that Labour will give councils this will change. The Government's proposed housing delivery test not only excludes affordable housing, but uses the imposition of a 'presumption in favour of sustainable development' as a penalty for authorities who fail to comply, entrenching a bias in favour of speculative developers and undermining delivery of affordable housing⁶².
86. Government can do more to back local communities that build more affordable homes. The New Homes Bonus rewards councils for building homes but currently less than 10% is spent on incentivising affordable house building⁶³. According to the Government's own evaluation there is no evidence that the scheme "was providing an additional incentive in increasing support specifically for more affordable homes"⁶⁴.

A Labour Government will introduce a new duty to deliver affordable homes, linked to a better measure of local need for affordable housing. We will consult on new accountability mechanisms to support councils to achieve this, including an increase in the New Homes Bonus affordable homes premium.

87. Planning requirements, also referred to as 'section 106' obligations, have traditionally made a significant contribution to the provision of affordable housing. However, changes made since 2010 have resulted in a sharp fall in section 106 funded affordable homes, down to just 16,000 across the country⁶⁵.

88. This decrease has largely come about because of deliberate changes in housing policy over the last eight years, particularly the loophole of so-called 'viability assessments' following the 2012 National Planning Policy Framework, which makes it easier for developers to negotiate away affordable housing commitments on the basis they reduce the profitability of a development. These changes are likely to have led to higher land prices as developers offer a higher price for land in expectation of providing a lower level of affordable housing.

A Labour Government will remove the viability loophole which allows developers to dodge affordable housing obligations and consider a range of wider reforms to overhaul the system, including greater transparency, giving councils powers to 'claw back' greater than expected profits where developments don't include the required amount of affordable housing, setting out standard guidance on the section 106 process and appointing a team of independent viability experts to back up councils who are in negotiations with developers over affordable housing.

89. Two further recent changes have allowed new developments to proceed without any affordable housing. In December 2014, changes to planning guidance exempted most sites under 10 dwellings from affordable housing obligations, particularly affecting areas where only small sites are available and introducing a perverse incentive for developers to avoid larger development. Furthermore, in changes made permanent by the Housing and Planning Act 2016, Ministers allowed the 'permitted development' of offices to residential buildings without full planning scrutiny, including affordable housing obligations. The Local Government Association estimate that the reforms to permitted development rights has led to the loss of 7,500 new affordable homes⁶⁶.

Labour will introduce a presumption that there is no development without affordable housing, including smaller and rural sites, and end the avoidance of affordable housing obligations through permitted development. We will also review the circumstances in which it is beneficial to calculate affordable housing requirements in floorspace rather than units.

90. Land costs have risen dramatically in recent decades and in many places the price of the land is now a larger component of the cost of building a home than the construction itself. Tackling the high price of land is essential to ensuring the delivery of more affordable homes. Under the current system, as Shelter have shown, there is intense competition for land and affordable housing is shunted to the back of the queue.

91. The value of a piece of land for housing is created by the planning system when planning permission is granted. Land designated for agricultural use increases in price a hundred-fold when designated for residential use, rising from about £21,000 per hectare to £2.1m excluding London, or to £6.9m per hectare including London. For brownfield industrial land, the rise in value is still tenfold in London and fourfold outside of London⁶⁷. One estimate has put the windfall gain to landowners as high as £9bn a year⁶⁸.

A Labour Government will establish an English Sovereign Land Trust to work with local authorities to enable more proactive buying of land at a price closer to existing use value. As part of this we will consider changes to the rules governing the compensation paid to landowners.

92. The release of surplus public land has the potential to boost the supply of affordable housing⁶⁹. Unfortunately, the Government is selling off public land to the highest bidder, with little concern for affordable housing. According to research by the New Economics Foundation, as little as 7% of new homes built on public land are likely to be for social rent⁷⁰. Rather than using surplus Ministry of Defence land for ex-servicemen or NHS land for hospital staff, public land is all too often sold for unaffordable properties⁷¹.

A Labour Government will end the 'fire sale' of public land with no obligation to secure new genuinely affordable homes and ensure that new housing developments on public land include an appropriate amount of affordable housing.

93. At the heart of Labour's post-war public house building programme was the creation of 32 new towns, which today are home to over 2.5 million people. These new settlements helped people into homeownership and delivered much needed affordable rented homes. The Government's approach to new settlements is failing, as typified by Ebbsfleet where there have been 33 Government announcements since 2010 but only around 800 homes built⁷².

A Labour Government will introduce legislation to start work on the next generation of new towns and garden cities, with a new role for the National Infrastructure Commission.

4.5 DELIVERY

94. Fixing the housing crisis and building more affordable homes will demand more from all parts of the housing sector, including councils, housing associations and other providers too.
95. Under Labour's plans councils will be championed to build again at scale, with new freedoms, funding and flexibility to build the homes their local residents need. Councils have been the missing piece of the housing delivery picture in England for nearly 40 years, and the main reason why we haven't built the number or range of homes we need. Currently, around half of councils have no housing revenue account, and many more lack capacity to build the homes their communities need. Under Labour this will change, with councils restored to their proper place as major developers and place-makers, accountable to their communities.

Labour will help councils that have transferred all their housing stock to a housing association establish a housing revenue account and get building. We will consider an enabling grant to allow councils with no or limited current capacity to build.

96. Amongst today's housing associations are some of the best examples of ambitious, developing social landlords with social purpose at their core. We will continue to back housing associations to build more genuinely affordable homes for those who need them, just as we did in Government. In spite of difficult operating conditions, housing associations have increased investment in a range of new homes. The sector calculates it built 38,000 homes last year, of which 12% were social rented, reflecting the constraints of the current Government's grant funding programme⁷³. Savills suggests that housing associations have the financial capacity to more than double the number of new homes they bring forward, delivering up to a total of 84,000 a year by 2029⁷⁴.
97. We will back housing associations to increase the number of Labour's new affordable homes they build, including through new partnership arrangements and funding support mentioned above. We also want to protect the distinctive social mission of housing associations which all staff share but which has been put under pressure by Government policy since 2010. In

the next section we discuss further changes needed to make housing associations more accountable to the communities they serve. In addition, and as a minimum, all housing associations should be non-profit organisations.

Labour will champion housing associations as major providers of genuinely affordable homes with a renewed expectation of social purpose at their core. We will prohibit 'for-profit' housing associations, requiring all housing associations to use surpluses in the service of existing communities and new affordable homes.

We will support smaller housing associations who want to develop their housebuilding capacity, including considering additional advice, support and funding.

98. Many councils, in both urban and rural areas, have used their own land and borrowing powers to set up local housing companies. These companies, which are not subject to the constraints imposed on councils' housing revenue accounts, are independent and self-financing, and are either wholly or part-owned by the council. By building on council land and offering a mix of housing for private rent and sale they're able to cross-subsidise affordable homes in a similar way to housing associations.
99. Labour councils across the country are planning to build new homes through local housing companies: including Oxford, Liverpool, Barking & Dagenham, Newham, Lambeth, Southwark and Croydon. Some Labour councils, such as Nottingham and Wolverhampton, are also using their housing companies as vehicles to support regeneration and kick-start housing schemes. The latest research suggests that the number of local housing companies could reach 200 by 2020, collectively providing an estimated 10,000 homes a year, around 30-40% for low income households⁷⁵.

A Labour Government will remove the threat of right to buy from local housing companies.

100. Our plans for a sustained increase in affordable homes will create new opportunities for alternative affordable housing providers, including community-led housing, co-op housing, local housing companies and tenant and employee co-owned mutual housing societies.
101. Community-led housing⁷⁶ is about people coming together to solve their own housing problems. Labour supports this alternative approach, which is often popular with local communities. Labour councils in both rural and urban areas are providing in-kind support, funding and advice to community land trusts and community self-build projects, but more could be done to raise public awareness and help scale up delivery⁷⁷.

Labour will provide long-term support to community housing through the Community Housing Fund.

102. The housebuilding industry is concerned that there is insufficient capacity to meet demand. One way of bridging the gap is to boost non-traditional modular (off-site) housebuilding⁷⁸. Modular homes meet high quality standards, are eco-friendly, faster and often cheaper to build than traditional housing. They are also suitable for smaller, 'infill sites'. However, output is constrained by the lack of factories and high upfront investment and design costs.

Labour will encourage off-site production of new homes for new affordable housing and we will consult on ways of supporting its expansion, drawing on work by the London Assembly's Planning Committee and the Lyons and Farmer Reviews⁷⁹.

103. Building more affordable homes will mean increasing the capacity of the construction industry. One of the primary challenges is an ageing workforce and a long-standing lack of skilled staff⁸⁰. The building industry also comprises a high number of overseas workers, especially in London, and there is widespread concern that Brexit will exacerbate the problem⁸¹. Given these challenges, it is an inexcusable policy failure that the number of completed construction apprenticeships has fallen by a quarter since 2011, when comparable statistics began.

A Labour Government will make apprenticeships a condition of receiving housing grant, and explore a national affordable housing training scheme for graduates along the lines of Teach First.

Labour will champion the importance of a skilled workforce, local recruitment, trade unions and rights at work.

4.6 REGENERATION AND EMPTY HOMES

104. When done well, regeneration can mean more affordable housing, better neighbourhoods and improved community facilities. However, it is important that regeneration is seen to benefit local people and that residents are fully engaged in big changes to their homes and neighbourhoods, particularly when this involves demolition of occupied housing. Many councils already ensure that this happens, but there is scope for stronger guidance from Government. Labour in Government ensured that where homes were transferred from councils to housing associations via so-called 'large scale voluntary transfers' this was only done with tenant support. It is appropriate to apply this principle in cases of estate regeneration too.

Where a proposed estate regeneration scheme involves demolition of existing homes, a Labour Government will ensure there is support for the proposal through a ballot of residents. This will accompany the new powers, funding and flexibilities for councils set out above. We will also make it a condition of estate regeneration schemes that, at a minimum, there is no loss of social housing and that all existing residents are offered a home on the new site on the same terms.

105. The housing crisis is not confined to the most expensive areas of the country. Most regions of the country now face a shortfall of decent, affordable housing. Labour's community-led housing market renewal pathfinders programme aimed to help turn around the worst low housing demand areas⁸². The programme was axed entirely after the 2010 Election and, according to the Empty Homes charity, there are now no funding programmes for these areas⁸³. Councils and housing associations are doing as much as they can to support regeneration in areas of market failure, but the lack of Government support is holding them back.

Drawing on the experience of the housing market renewal pathfinders programme, a Labour Government will invest in tackling low housing demand and work with councils, social landlords and residents on inclusive local growth plans. We will also consider incentivising social landlords to purchase properties and bring them back into use.

106. There are more than 200,000 empty homes in England that have been empty for more than six months, with the highest proportion in low housing demand areas. However, there are also empty homes in areas where house prices are high and where properties have been bought by overseas investors. Tenants and residents made clear in our discussions with them that this was a concern to them. Councils want to do more to bring empty properties back into use and are calling for stronger powers to act.

A Labour Government will allow councils to charge a 300% council tax premium on properties that have been empty for more than a year. We will strengthen the Empty Dwelling Management Orders to bring homes back into use.

QUESTIONS

- Q5** How can Labour ensure appropriate powers and funding to build more affordable homes in all parts of the country?
- Q6** Do you agree with our proposals to stop the loss of affordable homes through right to buy, conversions to 'affordable rent' and the forced sale of council homes?
- Q7** What additional measures could a Labour Government take to get councils, housing associations and others building more genuinely affordable homes?
- Q8** Do you agree with Labour's proposal to set up an English Sovereign Land Trust? How else might Labour make more land available, more cheaply, to build genuinely affordable homes?
- Q9** How can Labour ensure that estate regeneration maximises affordable housing and improves local areas, including in low demand areas?
- Q10** Do you have any other comments on our proposals in section four?

Section 5 – Safe, Secure and Decent Homes

5.1 HOMES PEOPLE WANT TO LIVE IN

107. We want affordable housing that people want to live in: world-beating, cutting-edge homes that are a first choice, not a last resort. Affordable homes are already typically lower cost, maintained to better standards and more secure than private rented homes. We want them to be better designed, more energy efficient and better equipped for the future too. Affordable homes should look like places that people want to live in, with well-designed communal and public spaces.

Labour will introduce an exemplar design guide alongside the next affordable homes funding prospectus to encourage first-class design. We will consider a funding uplift for bids that use local materials. We will appoint a chief architect for affordable housing to advise on new developments.

108. Social housing landlords recognise the benefits that energy saving and eco-efficiency bring to their residents in cutting bills, reducing consumption and easing fuel poverty. Standards of energy efficiency are already higher than in other sectors. Over half (51%) of council and housing association homes are in EPC (energy performance certificate) band C or above, compared to 27% per cent of private rented and 25% per cent of owner-occupied homes; and the average annual running costs of a band C rated home are £270 lower than the average band D rated home and £650 less than the average Band E rated home⁸⁴.

109. Some councils and housing associations are leading the way in building low carbon homes and adopting the Passivhaus approach which makes new homes so well insulated that almost no heat escapes. But we need to improve the thermal insulation and energy efficiency of all homes and regulate energy prices so that no one is placed in a situation where they cannot afford to heat their home.

110. Since 2010 the Conservatives have watered down environmental standards for new build homes, and axed the programme Labour agreed with the housebuilding industry for all new-build homes to be 'zero carbon' from 2016. No-one should live in cold and damp, or have to choose between heating and eating, because they can't afford their energy bills. And anyone moving into Labour's new affordable homes should expect the highest energy efficiency standards.

A Labour Government will prioritise affordable homes in a new zero carbon homes programme, and ensure all council and housing associations reach EPC band C. We will provide funding for insulating existing homes and support councils and housing associations to build new homes to Passivhaus standard.

111. Homes in England are smaller than many of our European neighbours⁸⁵. Fifty years ago Labour made the Parker Morris space standards mandatory for all council homes and all New Towns development. These standards were axed in 1980 by Conservative ministers, as 'red tape'. The current Government have failed to introduce adequate space standards and have refused to consider the case for a new tougher approach.

112. Higher design and build standards for an ageing population, such as wheelchair access, offer big human benefits and can save public money⁸⁶. Some council and housing association landlords are adopting the Lifetime Homes criteria, which comprises a series of inexpensive design measures to ensure homes are accessible to most and suitable for people at all stages of their life. It is already a requirement in some local plans.

A Labour Government will end the building of new 'rabbit hutch' properties, consider mandatory minimum space standards for family homes and look at making the Lifetime Homes criteria a condition for public funding.

113. New smart devices in the home, such as alarm systems, LED lighting, advanced heating systems and sensors which detect faults and book repairs, offer benefits to both tenants and social landlords. Solar panels, smart lighting and thermostats, for example, can significantly reduce energy bills⁸⁷. High tech monitoring systems can also improve building maintenance and prevent problems like dampness, while built-in high speed broadband or fibre connection not only makes such smart homes function better but makes them great to live in.

A Labour Government will consider ways of making smart tech standard-fit in all new-build affordable homes.

5.2 FIRE SAFETY

114. When a country as decent and well-off as ours does not ensure the homes of all its citizens are safe, then things must change. Labour has pledged – to the Grenfell survivors and the public – that we will not rest until all measures necessary to make sure such a tragedy never happens again are in place.

115. In 2007 Labour made fitting sprinkler systems a requirement in all new-build tower blocks. Residents in older blocks should have the same fire security and safety. So we will see sprinkler systems fitted in all existing high-rise residential blocks to guarantee the spread of any significant fire is slowed or stopped. We have said we will back this big retrofit programme with a £1 billion fund to help make sure council and housing association landlords can do this work, and we will consider a loan fund for private tower block landlords.

116. The Coroners' reports in 2013 into the fatal tower block fires at Lakanal House and Shirley Towers recommended an overhaul of building fire safety regulations. Grenfell Tower in 2017 confirmed the system has comprehensively failed. Fundamental change is urgent.

A Labour Government will ensure all high-rise council and housing association tower blocks have sprinkler systems fitted.

Labour will consult on making our national system of building control and fire safety inspection publicly accountable through local authorities and fire services. We trust the current Hackitt Review's conclusions will be sufficiently strong to overhaul building safety and we will consider carefully the recommendations when the final Review is published.

117. Our 'safety first' imperative must run throughout our housing system, so we propose a new fire safety standard as part of a new Decent Homes 2 plan.

5.3 DECENT HOMES 2

118. We are proud of Labour’s Decent Homes programme, which by 2010 meant the residents in 1.4 million council homes got new bathrooms, kitchens, windows, insulation and other home improvements. Social landlords are still required to maintain homes at the Decent Homes standard, but all national Government funding help has now been cut and resources for councils to do so have been constrained by a centrally-imposed cap on their borrowing for housing.
119. Although the sector has a lower proportion of ‘non-decent homes’ than either owner-occupied homes or the private rented sector, there are still half a million council and housing association homes which fail the Decent Homes standard. Worse still, survey data shows there are a quarter of a million with the worst category 1 hazards, classed as ‘unfit for human habitation’.

Number of council and housing association homes that are non-decent and unfit for human habitation

	Non-decent	Unfit for human habitation
North East	28,000	12,000
North West	62,000	34,000
Yorkshire and the Humber	51,000	31,000
East Midlands	47,000	22,000
West Midlands	68,000	37,000
East	53,000	24,000
London	115,000	56,000
South East	55,000	13,000
South West	47,000	16,000
England total	527,000	244,000

Source: English Housing Survey 2015.

120. Having previously blocked and voted down Labour legislation to give tenants the right to take their landlord to court if they fail to make or maintain their home ‘fit for human habitation’, the Government now say they support this basic legal right introduced by Labour backbencher Karen Buck MP in her Homes (Fitness for Human Habitation and Liability for Housing Standards) Bill.
121. We will press Ministers to make the Parliamentary time to pass this Bill in full. And Labour in Government will ensure all councils and housing association homes are fit for people to live in.

A Labour Government will introduce and aim to fast-track the Homes (Fitness for Habitation) legislation, if the current Government fails to ensure it is enacted before the next Election.

122. Decent Homes is unfinished business for Labour, and so the next Labour Government will launch a new programme to complete the job - Decent Homes 2. What’s more, following the Grenfell Tower fire we will go further and update what is required of all council and housing associations homes to meet the new Decent Homes 2 standard, to include fire safety measures.

A Labour Government will consult on a new fire safety standard to add to the existing four Decent Homes criteria, including retro-fitting sprinklers in high-rise blocks. Our aim is to see Decent Homes 2 completed within the first five years.

123. Standards of housing management in affordable housing are generally high, although concerns over repairs are often top of the list of tenants' complaints with frustration over the performance of contractors and repeat repairs. The English Housing Survey reports that social renters were slightly less satisfied than private renters with the repairs and maintenance carried out by their landlord. Overall, 22% of social renters were dissatisfied compared with 18% of private renters⁸⁸. The best council and housing association landlords have high levels of resident satisfaction, ready access to housing services, a rapid response to repairs needs and a clear complaints system.
124. Evidence submitted by the Association for Public Service Excellence suggested that the spread of sub-contracting in affordable housing has led to a fragmented provider base, which can be costly and inefficient, and that one in four councils who responded to a recent survey had 'insourced' this work or were in the process of doing so⁸⁹.

A Labour Government will consult on developing a new repairs standard with full publication of performance levels and redress for residents in affordable housing.

A Labour Government will end any bias towards outsourcing repairs and maintenance work. We will consult on requiring landlords to publish an annual outsourcing statement, setting out any value-for-money, service standards and residents' satisfaction case for their service contracting policies.

125. Tenants and the public have the right to information on councils under the Freedom of Information Act but not on housing associations, which provide the same essential housing services and receive significant public investment. Labour in 1997 and the Conservative-led Coalition in 2011 both proposed the legislation should cover housing associations but this has not yet been done. Obtaining information from contractors, including on fire safety, can prove a problem, as the Information Commissioner has recognised⁹⁰.

A Labour Government will extend the Freedom of Information Act to housing associations and other social landlords, as well as tenant management organisations; and we will also consider extending the Freedom of Information Act to contractor-held information.

We will ensure the routine release of fire safety reports by all social landlords.

5.4 TENANT EMPOWERMENT

126. Labour's Cave Review of Social Housing Regulation, 'Every Tenant Matters' (2007) set out the need for: a properly funded tenant voice to represent their interests in national debates; extra protection for tenants, particularly the most vulnerable; and tenants to influence the quality of services and properly hold landlords to account. This led to Labour in Government setting up National Tenant Voice, the Tenants Services Authority and regulatory standards to ensure the influence of tenants and residents in decisions taken by their landlord organisation.
127. In 2010 the Conservatives abolished the National Tenant Voice, wound-up the Tenant Services Authority and changed the regulator's remit to focus narrowly on financial viability and professional governance. Not all residents want to be actively involved in tenant groups⁹¹ but most agree that it is essential that their interests are represented and that they have an independent and trusted body they can turn to if needed.

A Labour Government will set up and support an independent national organisation and a Commissioner to give tenants a strong voice in national policy debates and development. We will consult widely, especially with tenants and residents groups, on how to do this and more broadly on how to give residents more involvement, representation, and control over how their homes are managed.

128. We will actively support independent tenant and residents groups, and promote the good practice that exists. Many housing associations have tenants on their board, but the benefits aren't always recognised. Board membership alone does not guarantee that the voice of tenants will be heard but we believe there is a principled case for tenant representation alongside other expertise and skills on housing association boards, as well as benefits in practice with stronger and better balanced strategic leadership.

A Labour Government will consult on the proposal for a new duty to be placed on housing associations to have tenant representatives on their boards. We will also look at ways to improve the representation of council tenants to secure their similar influence and involvement.

129. Since 2010, the social housing regulator has been encouraged to focus on the governance and viability of housing associations over consumer standards and service quality. 'Co-regulation' – where tenants are closely involved in the scrutiny of how their homes are run – is important, but this cannot substitute for clear rules and standards setting out what tenants should expect from their landlords.

A Labour Government will consult on strengthening the regulatory regime to improve consumer standards and the involvement of tenants.

130. The system of complaints and redress for tenants who have suffered a failure of service are currently not good enough. Indeed, the Chief Ombudsman recently concluded that "redress in the housing sector is a really confusing picture for all involved. The patchwork of alternative dispute resolution and ombudsman schemes is a mystery to consumers and therefore is incredibly difficult for them to navigate"⁹². This echoes the views of some tenant groups.

A Labour Government will reform the system of complaints and redress and consult on plans for a single housing ombudsman.

5.5 SECURITY, FAIRNESS, JUSTICE

131. The desire to build our lives, bring up children or care for our loved ones is made nigh-on impossible without the confidence of security in our home. With the number of homeless families placed in temporary accommodation rising every year since 2010 to the current high of nearly 80,000, Government housing policy is failing 120,000 children without a home. The Government also legislated in the 2016 Housing and Planning Act to ban councils from offering security and stability to their residents⁹³ with long-term tenancies.

A Labour Government will scrap the Conservatives' proposed ban on long-term council tenancies.

132. An increasing proportion of those in temporary accommodation are being placed out of their home area – up from around 10% in 2010 to nearly 30% now - breaking their links with family, community and school⁹⁴. And more widely when families have strong roots in an area, they're understandably concerned when their children will not be able to access affordable housing in the area. We heard from tenants that allocations feels unfairly skewed against local people. So we want to ensure that local authorities can place a high priority on those with community connections – whether out-of-area families in temporary accommodation, key workers or local people, young and old.

Labour will clarify the law to make sure that councils can offer homes to local people first without facing challenge in the courts.

133. Fraud and persistent anti-social behaviour erode confidence in the fairness of our affordable housing. Labour in 2009 launched a national anti-fraud drive – sharing data on up to 8,000 fraudsters and setting out plans to offer a reward of up to £500 for anyone who helps catch someone committing fraud. Back-bench, cross-party legislation in 2013 has now made tenancy fraud a criminal matter but there is still more to do⁹⁵. Clamping down on unlawful tenancy fraud such as subletting and illegitimate right to buy applications, frees up homes for people on the waiting list and saves councils' money⁹⁶.

Labour in Government will work with housing providers to launch a new clampdown on illegal sub-letting and right to buy fraud.

134. Legal aid is now only available for limited housing cases that involve homelessness, anti-social behaviour and disrepair that risks serious harm. As a result of restrictions in access, the number of legal aid cases helping people where their landlord may have broken the law has more than halved since 2012, with vulnerable tenants, such as disabled people, losing out most⁹⁷. Furthermore, funding cuts have led to the closure of advice centres and the Law Society reports almost a third of areas in England and Wales now have no or only one legal aid housing advice provider⁹⁸. The deficiencies of the current system were confirmed by former Labour Justice Minister Lord Bach in his review of the system of legal aid in 2017⁹⁹.

We will look at ways of improving access to legal aid in housing cases, drawing on the findings of the Bach Commission.

135. Over a million older households live in council and housing association homes. Meeting their housing needs is a major long-term challenge¹⁰⁰. Many social landlords are developing their own care and support services, but policy and funding decisions taken since 2010 are making it harder to meet growing demand. The National Housing Federation have reported that Government policy changes have caused a fall of 85% in new supported housing¹⁰¹. And at the very time of rising need, Labour's Supporting People funding programme, which provides housing-related support to elderly and vulnerable people, has been cut by a reckless 69% since 2010¹⁰².

A Labour Government will drop the Conservatives' supported housing reforms and work with the housing sector to bring forward a new plan to fund this vital housing adequately for the long-term. We will encourage more homes for older and disabled people.

QUESTIONS

- Q11** What more could a Labour Government do to make affordable housing a first choice, not a last resort?
- Q12** What more can we do to make affordable housing more energy efficient?
- Q13** What measures should form the basis of the fire safety criterion as part of a new 'Decent Homes 2' standard?
- Q14** Do you agree with our proposals to increase social landlords' accountability to tenants? What further measures could a Labour Government take?
- Q15** What more could a Labour Government do to ensure there is sufficient specialist affordable housing for groups including those who are elderly, disabled or homeless?
- Q16** Do you have any other comments on our proposals in section five?

Section 6 – list of questions

- Q1 Do you agree with Labour’s new affordable housing definition? What weight should a Labour Government give to the components of our programme: social rent, living rent, and homes for low-cost ownership?
- Q2 Do you agree with our proposal to scrap public funding for so-called ‘affordable rent’ homes priced at up to 80% of market rents?
- Q3 Are there specific steps beyond those set out in this Green Paper that could deliver an even higher level of Labour’s affordable housing?
- Q4 Do you have any other comments on our proposals in section three?
- Q5 How can Labour ensure appropriate powers and funding to build more affordable homes in all parts of the country?
- Q6 Do you agree with our proposals to stop the loss of affordable homes through right to buy, conversions to ‘affordable rent’ and the forced sale of council homes?
- Q7 What additional measures could a Labour Government take to get councils, housing associations and others building more genuinely affordable homes?
- Q8 Do you agree with Labour’s proposal to set up an English Sovereign Land Trust? How else might Labour make more land available, more cheaply, to build genuinely affordable homes?
- Q9 How can Labour ensure that estate regeneration maximises affordable housing and improves local areas, including in low demand areas?
- Q10 Do you have any other comments on our proposals in section four?
- Q11 What more could a Labour Government do to make affordable housing a first choice, not a last resort?
- Q12 What more can we do to make affordable housing more energy efficient?
- Q13 What measures should form the basis of the fire safety criterion as part of a new ‘Decent Homes 2’ standard?
- Q14 Do you agree with our proposals to increase social landlords’ accountability to tenants? What further measures could a Labour Government take?
- Q15 What more could a Labour Government do to ensure there is sufficient specialist affordable housing for groups including those who are elderly, disabled or homeless?
- Q16 Do you have any other comments on our proposals in section five?

Please send your responses by email to: socialhousingreview@labour.org.uk.

Endnotes

- 1 Unless otherwise mentioned, this review refers to housing in England, which is the responsibility of the Westminster Government.
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- 26 CIH, 'More than 150,000 homes for social rent lost in just five years, new analysis reveals' (31/01/2018) http://www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/More_than_150000_homes_for_social_rent_lost_in_just_five_years_new_analysis_reveals
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