

# This election is a choice between more of the same or policies that face the housing crisis head-on



Discussing what the Conservative and Labour manifestos say on housing, [Stewart Smyth](#) concludes that, with the former, the prospects look bleak for those committed to social housing. Labour's pledges, on the other hand, recognise both the full scale of the crisis and offer a series of related policies that have the necessary ambition to tackle it.

With the party manifestos now published, it is possible to review and compare the two main parties' policies on housing. Before doing so it is important to state that, despite the Conservatives' aim to keep this election all about Brexit, when it comes to housing, the link to Brexit only exists at the most macro level – i.e. if Brexit causes an economic crash there will be less housebuilding.

## Housing and the Conservative manifesto

The Conservative manifesto is altogether very light on housing policy details, but the overall impression is that they would continue with the same policies, with the overriding aim being to increase homeownership rates. Old favourite Tory policies, such as the *Right To Buy* and *Help To Buy* remain. Both these policies have been heavily criticised, the former for [not replacing the social housing lost](#) and the latter for [helping those who do not need it](#). And then there is the failed policy of *Starter Homes*, announced in 2014, and on which the government had spent £174 million but did [not built any homes](#).

Also contained in the manifesto is a commitment to renew the *Affordable Homes Programme* (AHP). The AHP was introduced under the Coalition government with the aim of squeezing the housing association sector, which was seen as holding dormant assets that could be utilised as collateral against the private borrowing needed to cover the hole left by cuts in government grant funding. Having analysed the first round of the AHP (2011-2015), [I found that](#) in this programme, government funding grant was cut by nearly two-thirds. This meant that the average cost per new home was £141,000, funded by £20,000 government grant, £75,000 borrowing, and the balance from a range of other sources. The government were nonetheless able to claim the AHP was a successful because the initial target of 56,000 new homes over five years was exceeded and this was achieved with a grant level of £30,000 less than Labour's predecessor scheme.

Yet there are two key problems with this claim. First, [the NAO pointed out](#) that the AHP may appear to perform better than expected, but if the government had used the usual Value for Money measure (of *economic benefit to government cost ratio*) then Labour's policy was significantly better value. Second, the reduced grants and increased borrowing have had a detrimental impact on [the nature of the housing association sector](#).

The major change is that housing associations are now operating in the open market, building homes for sale at full market value to cross-subsidise lost government funding. This is a higher risk activity and in recent months there has been evidence that some [members are suffering from the downturn](#) in the London housing market, with homes going unsold, leading to lower income and higher costs.

## Housing and the Labour manifesto

In comparison, reading the Labour manifesto generated a huge sense of relief and some serious questions: it seeks to recognise the full scale of the housing crisis, as well as to advance a series of related policies that have the necessary ambition to arrest that crisis.

The policy to re-instate a council house building programme of 100,000 homes per year, with a further 50,000 for social rent by others, is understandably the most eye-catching. Throughout most of the 1990s and 2000s, council house building in England was counted in the hundreds. This decade has seen an increase to the low thousands, in the main due to innovative approaches by local authorities who are desperate to build new homes for the estimated [1.1 million people on their waiting lists](#).

What is also heartening is the announced related funding of £75 billion, appears to be a realistic and appropriate amount to deliver the new build programme. The Labour manifesto also contains vital reforms for the private rented sector including the re-introduction of indefinite tenancies and the public funding of tenants' unions, such as ACORN that have been doing such a vital role in [protecting vulnerable renters](#).

However, there are real challenges for Labour. First, they need to win the election. Once in government, based on previous experience, they will face immense hostility to all aspects of their programme for government from vested interests in the capital markets and among big business. Turning specifically to the housing policies there needs to be a major capacity building plan for local authorities to go from building a few thousand homes to 100,000 per annum. Central to this will be the re-establishment of Direct Labour Organisations under democratic control of local councils.

### What choice?

All this raises the question of what the social housing sector will look like after 12 December. After another five years of pro-market policies, the prospects look bleak if you are committed to social housing and see it as an important part of the solution to the housing crisis. So, on housing the choice in this election is between more of the same or an ambition to arrest the actual housing crisis.

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