

The election campaign must address the housing crisis

The Government's housing policy has been focussed on building 300,000 new homes a year. That target hasn't been reached, and even if it had been, it would still not be enough to address the current housing crisis.

Christine Whitehead and Tony Crook argue that the new Government should adopt a more coherent housing policy that focuses not just on building more homes but making better use of the existing housing stock.

Housing may currently be very close to the top of the political agenda, but traditionally it falls down the list of hotly debated issues by the time of the election itself – mainly because the vast majority of households are well housed. This year however may be different, with so many commentators ranging from a faith group's vision for housing ([Church of England 2024](#)) to a trade body's policy 'asks' ([National Housing Federation 2024](#)). They stress the depth of the housing crisis and the increasing numbers of families worried about how their children are ever going to leave home, let alone get on the housing ladder. The falling owner-occupation rate reflects the fact that people are stuck in private renting where rents have continued to rise significantly faster than earnings, together giving rise to a seemingly untenable situation.

The National Housing Federation suggests we need to build 340,000 new homes a year to deal with newly forming households and the backlog. Of these they suggest 145,000 need to be affordable rented or shared ownership homes. The departing Government's

ambition to build 300,000 new homes each year fell short of this and, crucially, also failed to achieve its target. In the last year for which we have figures (2022-23) 234,000 net additional homes were completed, of which just 63,000 were affordable. We are way short of any suggested target. But even if we were achieving this it adds less than 1 per cent to our housing stock so to make a real dent in the shortfall, we need to use our existing stock much better than we do. We also need to make policy more “joined up” as between government departments.

Emerging pre-election themes

A dozen or more manifestos have been published by a range of relevant organisations over the last few months. Most concentrate almost entirely on increasing new build output, mainly by modifying the land use planning system and usually without specifying how funding might be increased to build the required affordable homes. One of the latest policy statements came from the Labour Party setting out “golden rules” about new build housing. These included designating “grey belt” land, defined as “poor-quality and ugly areas of green belts” which would be available for housing development as long as the proposed development includes at least 50 per cent affordable housing.

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Versions of this proposal have been regularly recommended over the last decades. However, in trying to make the proposal more acceptable to those in favour of maintaining the green belt, they may be achieving the opposite: making it less acceptable to local communities who see the green belt as helping to protect them from large inflows of additional households resulting in overstretched local services. The way many local authorities have responded to the current government’s policy of removing mandatory housing targets has been by withdrawing their local plans to revise targets [downwards](#).

Another practical issue with Labour’s approach is the time necessary to identify each “grey belt” element, while what we urgently need is a strategic review of green belt policy overall. Labour would argue that they would use compulsory purchase powers to ensure land, including grey belt land, is made available – but historically that has just slowed

things down. They have also made statements suggesting that hope value (the increase in land prices that occurs as a result of planning permission being granted) would be ignored in paying compensation when land is compulsorily acquired, so that more affordable homes can be built within existing funding constraints. This raises in stark terms the inequitable treatment between landowners whose land is compulsorily acquired and those owning land which is similarly identified for new development in local plans but would trade privately at full market value.

How we use the existing stock is just as important

Very few of the manifestos say anything about what can be done to incentivise the more efficient use of the 99 per cent of housing already in existence. The Government made some moves in the last two budgets by reducing some of the tax benefits that have encouraged short term lets and enabling local authorities to charge higher council tax on second homes, But these adjustments are fairly limited and, so far, affect only relatively few areas.

Equally important in terms of the existing stock is to address the problems in the private rented sector which has doubled in size in the last two decade and now houses many family households.

The Government also talked of reducing stamp duty to help first time buyers – yet most first-time buyers would gain nothing as they purchase at prices well below the £250,000 threshold above which stamp duty is paid. It would be much more helpful if government concentrated any such stamp duty reduction on the thirty per cent of owner-occupiers who are elderly and who generally live in larger than average homes which are far more suited to family households. These homes are often inadequate, with 15 per cent formally non-decent and over 60 per cent with energy efficiency ratings of D or below. The dwellings are also often unsuitable for the occupants because over 40 per cent of older households have a member with some disability, while many others live on their own and need care and support. Large proportions of these elderly households state specifically that they are put off from moving because they have to pay [stamp duty](#) on their new home. Yet many are asset rich and cash poor, so moving and releasing some cash would make their lives very much better.

Equally important in terms of the existing stock is to address the problems in the private

rented sector which has doubled in size in the last two decade and now houses many family households. A new government will undoubtedly finally ban no fault evictions, but they should also index link within-tenancy rent increases to provide greater certainty and provide local authorities with the resources to monitor and secure decent standards. These suggestions and many others are set out in more detail in our [suggested approach](#).

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Towards a more coherent and consistent housing policy

Making the housing system work better is easy in principle but needs both immediate and long-term commitment from all policy makers. Improving the alignment of government policies and departments is vital to dealing with housing problems successfully. At the national level, housing policy issues are currently dealt with by at least four main Departments with the Treasury usually dominating, as well as by the Bank of England. The result is in-built incoherence.

The immediate objective must be to bring existing proposals together into a more coherent and consistent package. While some require additional resources, others raise funds and still others are investing in the future. Into the longer term, it is necessary to build cross-department and, if possible, cross-party agreement about longer-term objectives and feasible ways forward. These should concentrate on ensuring a more effective and distributionally acceptable use of the existing stock; making sure that land is available for a wider range of new developments; and ensuring necessary infrastructure is provided. A prerequisite for this to occur is a stable flow of funds from local taxation. This can best be achieved by relating housing taxation more closely to housing values thus providing a fairer and more buoyant source of local government revenue.

At the moment, much of what is being discussed in the manifestos points to problems and wish lists rather than to solutions. We can only hope that over the next few weeks the nature and extent of the crisis is recognised and the next Government works towards a more comprehensive approach rather than simply counting numbers.

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