

Solving the housing dilemma needs a much clearer vision and a far more positive approach than was set out by Ed Miliband

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*Following Ed Miliband's pledge to build 200,000 homes per year if Labour were to win the 2015 general election, **Christine Whitehead** asks whether this is a suitable figure. Putting the current pledge into perspective, she finds it to be a very modest aspiration. In addition, it implies that there is likely to be very little additional money for social housing during the next Parliament.*



On Tuesday, Mr Milliband pledged to ensure that 200,000 homes per annum would be built by the end of the next Parliament. At one level this looks very high – the latest figures for starts and completions in the UK are running at about 135,000 and 145,000 respectively in 2012/13. If, as is more likely – although unclear – he meant his pledge to apply to England only the figures are even worse at 101,000 starts and 108,000 completions. Moreover the latest quarter (quarter 2 in 2013) shows a year on year decline in completions. So, arguably, he really could be talking about making a step change.

On the other hand there is a relatively healthy 9,000 unit increase in starts in the second quarter this year reflecting the general improvement in confidence that the market has turned a corner. Moreover the affordable housing sector is committed to providing 170,000 new affordable homes between 2012 and 2015. One of the reasons for the low levels of activity experienced in 2012/13 is that it took a long time to get these contracts in place, so much of this total is still to be delivered over the next 2 years. But if it is not delivered there will be hell to pay for the Housing Associations and other providers who have signed the contracts.

In addition there should be some increase in new homes from change of use – which has sometimes added as much as 20-30,000 units to the supply of additional homes, especially as the new planning arrangements for the transfer of offices comes into force. This suggests that output levels should pick up very considerably in 2014 and – as long as the economy continues to improve – even more so by 2015. Although it is probably an over-optimistic scenario – and the current government does not do targets in this context – it is just possible that the trajectory for 200,000 net additions could be clearly in place by the next election – were the coalition to remain in power. This scenario, even if only partially realised, makes Mr Milliband's pledge look pretty minimal – and a very long while to wait to get back to the sorts of levels that we thought were reasonably achievable in the mid-2000.

Indeed in 2007 Gordon Brown promised to provide an additional 3 million homes by 2020 – some 230,000 per annum for a thirteen year period. That was probably unrealistic even without the recession – although there were 207,000 net additions to the housing stock in England that year. What it does do however is to put the current pledge into perspective as a very modest aspiration indeed. In particular it implies that there is likely to be very little additional money for social housing during the next Parliament. This is a very different message from the one that commentators seem to have picked up – and one that housing pressure groups should be fighting to change.

Some commentators today have claimed that reaching 200,000 per annum would solve the housing crisis. This is nonsense. [Reasonable estimates of additional housing requirements](#) based on the 2011 Census and the ONS/DCLG household projections suggest that at least 240,000 homes a year would be necessary to stop housing conditions, and particularly housing affordability, worsening. This is the sort of number we should be aiming for if people are to be reasonably housed and housing is not to act as a drag on the economy. Moreover, if incomes do finally start to rise consistently even more housing will be needed to accommodate the large numbers of potential households who have not been able to find adequate housing especially since the financial crisis. Solving the housing dilemma needs a much clearer vision and a far more positive approach than was set out in Brighton

yesterday.

Note: This article gives the views of the author, and not the position of the British Politics and Policy blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.

About the author

Christine Whitehead is a professor of housing economics at the London School of Economics. Her research interests are mainly in the fields of housing and urban economics, housing finance and policy and more general issues of privatisation and regulation. She is an Honorary Associate member of the Royal Institution of Chartered Surveyors. She acted as specialist advisor to the Environment Select Committee in 1995/96. In 1991, she was awarded the OBE for services to housing.