



# Spatial Economics Research Centre

Thursday, 9 April 2009

## Strong Foundations?

The conservatives published their thinking on [housing policy](#) yesterday.

The biggest issue that housing policy needs to address is housing supply. They propose to do this by scrapping regional plans and replacing them with increased incentives to develop. The latter part of this is certainly [a step in the right direction](#). But the incentives seem small (central government will provide matched funding of council tax on new properties for 6 years and as this is part funded by scrapping HDPG it is not all additional). It also doesn't address the crucial question of how one could convince local authorities in, say, [South Manchester](#) to build more housing that might have large benefit for the city-region as a whole. Some kind of higher level body is needed in these circumstances to internalise the (potentially large) cross boundary externalities and provide the right incentives.

At the same time, the proposal is that back gardens will cease to be brownfield while local communities will get to redefine their own green belt. I imagine the overall effect of these two changes will be to reduce the supply of land and it is not clear whether the incentives would be sufficient to overcome this.

There are proposals involve Local Housing Trusts building houses for local people. Community size can be increased by 1% per year if 90% of the local population is in favour. I assume this is aimed at [rural communities](#). Theoretically this could help with very localised problems, although there will be strong disincentives for existing home owners that border the new development to object, so the 90% criteria could be pretty tough. I also think that local houses for local people is a very unappealing principle.

Piloting "right to move" for existing social tenants sounds interesting. Proposals for more complex intermediate shared ownership schemes are less convincing.

Finally, they will scrap HIPS but retain energy performance certificates. These will now only need to be produced once the sale is agreed but somehow it is claimed that this will still change behaviour. I would suggest more that is needed on that particular line of reasoning.

Overall, then, a mixed bag. Some interesting ideas, some marginal and a few odd ones.

Posted by [Prof Henry G. Overman](#) on [Thursday, April 09, 2009](#)

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