

Paper from Liz Vincent from Widcombe and Bath South/Bath South West Branches submission to Fulfilling the promise of Britain - to help the Bath and West (CG) branch of The Cooperative Party, to formulate its submission by the 31st May 2013 for the Co-op Party Conference 4-6 October 2013 in Edinburgh.

Housing: building our way out of a crisis

Housing, good housing, is essential for wellbeing, education and health. Housing used to be included in the Department of Health. Good housing is not a luxury. If we start from the premise that our families and friends are the most important people in our lives, we want the best for them and it follows then that we want the best for everyone else.

We should look at the history of housing in England – briefly, 19th century villas for the Tory middle classes, the start of owner occupation in the 1930s, council houses for people after WW1, the rehousing of people after WWII in very difficult times by the Labour Government, later the hollowing out of towns and cities, slum removal in the 1960s, huge increase in home ownership from the 1970s to c. 2007, selling off of council houses, which were not replaced and the removal of council housing from councils to private housing associations. The effects of housing benefit, rents, deposits, lack of properties, waiting lists and available land are involved in this equation.

In 2007 the Labour Party policy was:

- To increase supply of housing
- Provide well designed and greener houses that are supported by infrastructure
- And to provide more affordable homes to buy or rent.

In the past the issues were very much about providing decent homes for all. This must remain the central aspiration. Currently our houses are the smallest, most badly built and expensive in Europe and we have five million people on waiting lists but need to provide 250 000 units pa.

Housing by virtue of location, is being used as a mechanism of control over access to services and as tool of social segregation, squeezing out existing communities.

Providing the nation with sufficient decent and affordable housing is a core value of the Labour Party. It should remain so.

There is a clear need to improve existing housing, build new homes within existing communities and to create new communities in the shape of new towns.

Before leaving office the Labour Housing Strategy¹ set out a plan for an historic increase in house building in England to tackle the current housing shortage and to accommodate the rising rate of growth in the population.

The global financial crisis cut the rug from beneath those plans. Limited mortgage finance has restricted private sector house building to historic lows. The squeeze on the private sector has in turn reduced the social investment derived from Section 106 agreements. Furthermore constraints on public sector funding have led the Tories to slash grant funding for affordable housing.

In 2007 Labour set a target of 240,000 new homes a year by 2016. Most experts do not expect a return to the 2007 build rate of 175,550 by 2016, let alone get near the 240,000 deemed essential. 109,020 new homes were completed in England in 2011.

The Tory housing strategy is bankrupt. It relies on pandering to private house builders who (quite rightly in their terms) want to rebuild shattered profit margins more than expand production. So the problem of poor and inadequate housing is not going away. Under the Tories it is getting worse.

Meanwhile, the 400,000 construction jobs² have been lost. Almost 200,000 are looking for work in construction and unemployment within the traditional recruitment ground of 16 to 24 males has risen by 200,000 since mid 2008. The nation is paying for this waste in lost taxes and benefits. Those people standing idle want work. The nation desperately needs their skills to build homes.

Housing should be central to Labour's growth strategy. The economic multipliers of construction are impressive. The marginal cost to the nation of employing a construction worker is not large - perhaps a third of the wage they would earn. The social benefits are huge. Translated into cash the cost of poor housing³ is estimated to be £2 billion on the crime bill, £2.5 billion on the health bill and a massive £14.8 billion lost in potential lost earnings from this generation in poor housing as their education suffers.

Building homes costs money. But the savings to the nation immediately through lifting workers from the dole queue and in the future through improved social welfare should not be forgotten. Beyond this there are huge environmental benefits to providing new, greener homes to reduce the nation's carbon footprint.

Labour needs a new housing strategy to harness the army of unemployed construction workers in pursuit of building homes, giving them hope and purpose and providing new homes to those in desperate need. While Tories use their quack medicine tinkering with the planning laws, building regulations and housing benefit, it is the duty of the Labour Party to find a lasting cure.

We believe the Labour Party firstly should openly recognise that there is one central cause for today's lack of house building - **lack of finance**. And it should recognise there is a solution.

The Bank of England's Asset Purchase Facility (quantitative easing) provides an ideal vehicle for a build-now-sell-later approach to fast-forward the homes we need tomorrow.

The Bank would provide funding to build new homes immediately which, when traditional funding streams normalise, would be sold into the private sector, not-for-profit sector or public sector as appropriate.

In the meantime workers get jobs and people get houses.

The policy would create a public interest company (PIC), or similar, to manage the funding of new homes, new communities and new towns. Rather than handing public land to private developers on a build-now-pay-later deal the PIC could buy public land outright putting money immediately into those public bodies that are selling off their land.

There are risks attached, such as a house price collapse. But the PIC would have latitude in when it sold homes, so no fire sales. Also the impact on the nation would be limited by the net savings made by the Treasury, which would indemnify the asset purchases. The effective cost to the Treasury would be substantially lower than the market price.

The cost saving to the Treasury simply in terms of reduced benefits and increased employment taxes for building each new home with formerly redundant labour is estimated to be in excess of £20,000. The Treasury would benefit also from the extra economic growth generated through the multiplier effects of construction and there would be other tax gains, such as, stamp duty.

On the balance of risks, it seems more likely that the nation would exit this strategy with a financial surplus rather than with a loss, excluding the huge social gains it will have generated.

Labour Policy should promote:

- Community Land Trusts
- Progressive Environmental Standards
- Properties should be sold by reference to the square meterage rather than number of rooms
- Retrofitting of existing housing stock with zero rate VAT

1 Homes for the future: more affordable, more sustainable July 2007

2 ONS Employment by industry figures

3 Danny Friedman, Ecotec, March 2010