

A Road Map to a Coherent Housing Policy

A report from London School of Economics and Family Building Society

A report commissioned by the Family Building Society, with forewords by Lord Heseltine and Lord Mandelson, is calling on politicians, key national and local government departments, as well as the Bank of England, to cooperate on solving the UK's current housing crisis.

That is the simple way to produce a realistic, coherent and consistent policy, say the authors Professor Christine Whitehead of the London School of Economics and University of Sheffield's Professor Tony Crook. "While we do need to build more homes of the right kind in the right places (1%), the key is to optimise the use of the existing housing stock (99%) to help the elderly to downsize, growing families, and first-time buyers", they say.

"A Road Map to a Coherent Housing Policy" notes that there has been a seemingly unending stream of reports, over decades, saying that the housing system is broken. These usually stress a particular problem, often new build, and advocate a solution which would actually change very little. Without an integrated strategy covering housing as a whole which includes providing housing of a safe and acceptable standard, individual policy solutions are likely to bring very limited success.

Two particularly important elements involve:

1. Focus on stock not mainly on new building.

The authors say while new build of all types is obviously extremely important, and must be increased, at best it only accounts annually for around one per cent of the stock. What can bring larger and more immediate benefits is to use the 99 per cent of housing already in existence more efficiently.

2. Lubricate the market.

It would help use the existing stock better if older households, who own more, and bigger homes had more of an incentive to 'rightsize'. Waiving Stamp Duty for the over 65s, would provide such an incentive. This would free up homes for families and also reduce costs of care. Further it would help the labour market; and generate economic activity related to moving house - increasing tax revenue for the Government.

Overall

The report's aim is to set out a coherent and consistent approach to housing policy starting with what is immediately possible and building on these to spell out a longer-term housing strategy.

Other recommendations in the report include:

- An alignment of key players to a medium-term strategy (including the Bank of England, the Treasury and Department for Work and Pensions as well as the Department for Levelling Up, Housing and Communities and local authorities). This requires government-wide commitment.
- Reducing the time that it takes to get individual planning permissions through the system – which is a massive constraint to increasing house building as the downturn recedes – and which the most recent announcement by secretary of state Michael Gove completely fails to answer.
- Stabilising the situation in the privately rented sector where tensions are concentrated because of the lack of options to buy or to rent social housing. Uncertainties about government policy are part of the reason why rents are rising so rapidly across the country. But the immediate issue is increasing costs.
- Most important is to find the finance to allow local authorities to do their job which it accepts is the most difficult politically. The best approach is to re-value council tax bands, so that they are in line with housing values and the better off pay more. Just allowing a higher percentage increase in council tax rates, which the government has just done, disproportionately places the burden on lower valued homes.
- Producing a medium-term framework with implementation plan which is adaptable to foreseeable changing circumstances and reviewed regularly.
- Any policy must be about the quality, use and price of the whole housing stock and the circumstances of all households.
- Use regional/subregional structures to negotiate where to build and how to raise funds for infrastructure.

“Without a more consistent and coherent approach housing conditions can only get worse. What we need is a strong government working across all government departments as well as private and public sector housing organisations with all following the same road map. Unless they do this, opportunities that can help frame and realise a positive future will not be grasped”, they add.

Mark Bogard, Family Building Society Chief Executive said: “Solving the housing crisis is not that hard if government works with other stakeholders and pursues coherent policies introduced over a sensible timescale. And some things that would make a big difference could be done immediately.

“The Government’s latest long-term plan for housing does not address the issues highlighted in our report. Specifically, there is no mention of making the existing stock more efficient, creating more social rented housing, proper support for home ownership, creating a more effective and affordable rented sector or setting achievable targets and updating local plans to reach those targets.

“There has to be greater coherence, consistency and resilience in housing policy which is why we need a Minister of Housing as one of the great offices of state – not a repeat of the shambles of the last 25 years”.

The full report will be available to download from 10am on Monday 8 January from the Family Building Society website. www.familybuildingsociety.co.uk

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About Family Building Society

The Family Building Society, launched in July 2014, is a trading name of National Counties Building Society.

1. National Counties Building Society is the UK’s eleventh largest building society, with over 60,000 members and £2.2bn of assets. Operating from its head office in Epsom, Surrey, the Society employs approximately 180 people and offers a range of competitive savings and mortgage products throughout the UK.
2. National Counties Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
3. Eligible deposits with Family Building Society are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK’s deposit guarantee scheme.