



POLICY BRIEF

500,000 NEW SOCIAL RENTED HOMES BY 2020

FEBRUARY 2015



Green Party
for the common good

SUMMARY

- There are 1.8 million people on waiting lists for social housing.¹
- Cutting spending on building homes has left far too many people struggling and fails to address the underlying causes of the housing crisis.
- We will build 500,000 new social rented homes by 2020.
- We will pay for this by reforming landlord tax allowances to incentivise good practice rather than profit, starting with scrapping the mortgage interest tax allowance.
- Building new homes is not the only answer. We will also bring empty homes back into use, end the right to buy, provide better support for tenants in privately rented accommodation and take action on soaring rents.

¹ <https://www.gov.uk/government/policies/improving-the-rented-housing-sector--2>



INTRODUCTION: THE PROBLEM

The need for more genuinely affordable and decent homes is urgent and desperate.

1.8 million people are on waiting lists for social housing.²

Too many people are being priced out of their homes due to a lack of social rented homes and skyrocketing private rents. House prices rose 10% in 2014.³ In a quarter of the country, average rents are rising by £300 a year.⁴

Soaring rents are leaving more and more people unable to pay the rent, and homelessness is rising as a result. At the end of 2013, more than 80,000 children were living in temporary accommodation such as hostels and B&Bs.⁵

The government pledged in 2011 that it would replace every property sold under its right to buy scheme with a new one.⁶ Yet five times as many affordable homes have been sold under the scheme as have been built.⁷

We are building fewer homes than during any previous peacetime since the First World War. 109,370 homes were completed in England in 2013⁸, compared with around 300,000 a year or more in the 1950s to 1970s.⁹

Leaving housebuilding to the private sector won't work. The private sector responds to the market – building houses for those who can afford to pay top prices for them – and is not interested in meeting the urgent need for affordable rented homes.¹⁰

With such a shortage of social housing, councils house tenants in privately rented accommodation. Around 40% of housing benefit – a total of £9 billion – then ends up in the pockets of private landlords.¹¹ This in turn encourages people to go into buy-to-let, pushes housing prices up, and makes renting less and less affordable.

² <https://www.gov.uk/government/policies/improving-the-rented-housing-sector--2>

³ <http://www.thisismoney.co.uk/money/mortgageshome/article-2921526/House-prices-risen-6-9-year-1980-according-ONS.html>

⁴ http://england.shelter.org.uk/campaigns/building_more_affordable_homes/rent_trap

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http://england.shelter.org.uk/campaigns/why_we_campaign/housing_facts_and_figures/subsection?section=homeless_households

⁶ <http://www.theguardian.com/politics/2015/jan/24/coalition-right-to-buy-pledge>

⁷ <http://www.theguardian.com/politics/2015/jan/24/coalition-right-to-buy-pledge>

⁸ <https://www.gov.uk/government/statistics/house-building-in-england-october-to-december-2013>

⁹ Figure from the Department of Communities and Local Government

¹⁰ <http://www.newstatesman.com/politics/2013/09/how-can-we-solve-britains-housing-crisis>

¹¹ <https://www.gov.uk/government/statistics/benefit-expenditure-and-caseload-tables-2014>



THE SOLUTION: BUILD MORE SOCIAL RENTED HOUSING

We believe everyone has the right to affordable, secure, decent housing.

We are willing to take the bold steps needed to tackle the housing crisis, in the interests of all and for the good of society and our economy.

New housing is urgently needed. Shelter and Crisis - leading charities on housing and homelessness – say that we need to build 1.25 million houses by 2020.¹² We believe 500,000 of them must be social rented homes.

We will therefore build 500,000 new social rented homes by 2020.

All these homes will be built to high sustainability and energy efficiency standards, meaning they will be cheap to heat and power.

This investment will not only help those in desperate need of housing, but will benefit our economy too.

The National Housing Federation calculates that every £1 spent on housing brings over £2.40 back into the economy. Our housebuilding programme is also expected to create 36,000 new, good jobs.

No single silver bullet will solve the housing crisis. Building new social rented homes, along with ending the Right to Buy, is just one part of our housing strategy.

We will also reform property and land taxes to curb speculation and excessive demand, bring more empty homes back into use and convert empty municipal buildings where appropriate, provide tenants with much greater security of tenure and stabilising rent controls, diversify the building industry, insist that landlords improve the energy efficiency of their homes, and begin to rebalance economic prosperity in the UK to reduce demand in London and the south east. Details of these policies will be in our full manifesto.

¹²

http://england.shelter.org.uk/campaigns/why_we_campaign/the_housing_crisis/building_more_homes/building_more_homes



THE NUMBERS

Investment in social rented homes will provide the landlord with ongoing management and maintenance costs, but also a rental stream.

Therefore the up-front cost of providing a social rented home is less than the build and land costs. We estimate it to average £60,000 per home.

We will fund the housebuilding programme by increasing the social housing budget from £1.5bn per year to £6bn by 2017 – a four-fold increase.

Fig. 1: Annual proposed increases in social housing budget

	2015	2016	2017	2018	2019	Total
Existing subsidy	1.5	1.5	1.5	1.5	1.5	7.5
Our additional funds	2.5	3.5	4.5	4.5	4.5	19.5
Total spend	4	5	6	6	6	27

Note: All figures in £billion

We will pay for this in the main by reforming landlord tax allowances to incentivise good practice rather than profit, starting with scrapping the mortgage interest tax allowance. Landlords currently receive a public subsidy for their capital gains by claiming tax relief on buy-to-let mortgage interest payments, which we will abolish. In 2010-11 this was worth up to £5.8 billion. Due to growth in the buy-to-let sector it is now worth more. We take a conservative estimate of a £4.5 billion annual saving from the overall reforms by 2017 (see table above).

New council homes will also mean we save money on housing benefit, as people move out of privately rented homes. The difference in the average benefit payout to a private tenant and a social tenant in England is currently £936 per year.¹³ Based on this figure we estimate that up to £300 million will be saved between 2015 and 2020.

Further savings should arise from improved work incentives, and from reduced health costs given the higher quality housing and extra take-home pay for heating and food.

Finally we will remove the caps on what local authorities can borrow to build new housing. While housing associations and private companies can borrow against their assets to invest in houses, local authorities cannot. This makes no sense and leaves local authorities unable to act to meet their housing needs. Lifting this cap would allow 60,000 more homes to be built over 5 years.¹⁴

¹³ Figure from Department of Work and Pensions

¹⁴ http://england.shelter.org.uk/_data/assets/pdf_file/0011/689447/Solutions_for_the_housing_shortage_-_FINAL.pdf





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