

# **Liberal Democrats Policy Consultation**

## **Housing**

**Consultation Paper 104**





# Background

This consultation paper is presented as the first stage in the development of new Party policy in relation to housing. It does not represent agreed Party policy. It is designed to stimulate debate and discussion within the Party and outside; based on the response generated and on the deliberations of the working group a full housing policy paper will be drawn up and presented to Conference for debate.

The paper has been drawn up by a working group appointed by the Federal Policy Committee and co-chaired by Richard Kemp and Martin Tod. Members of the group are prepared to speak on the paper to outside bodies and to discussion meetings organised within the Party.

Comments on the paper, and requests for speakers, should be addressed to: Bess Mayhew, Housing Working Group, Policy Unit, Liberal Democrats, 8-10 Great George Street, London, SW1P 3AE. Email: [Bess.Mayhew@libdems.org.uk](mailto:Bess.Mayhew@libdems.org.uk).

Comments should reach us as soon as possible, and no later than 6<sup>th</sup> April 2012.

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# Contents

Contents.....4  
Supply and Demand.....7  
Regulation and Inspection .....9  
Benefits and Finance .....11  
Neighbourhoods .....13  
Appendix: Terms of Reference .....14

# Liberal Democrat Principles on Housing

## 1.0 Introduction

1.0.1 Housing is one of the essentials of life. Apart from the most basic need of shelter from the elements, it provides the scene for individual and family life and, by its location, the society in which individuals and families live.

1.0.2 Adequate and sound housing cannot guarantee a healthy and happy life but makes it much more likely. It contributes to strong and vibrant communities which deliver benefits to the neighbourhood and not just to the people in a single home.

1.0.3 Inadequate and decrepit housing can blight the health of residents and destroys families. It affects the morale of the neighbourhood and spreads its harm beyond one front door.

1.0.4 It is in the interests of all of society that all of our people are decently housed in communities where they can offer and receive mutual support from those around them at all stages of life. The stability thus gained contributes mightily to the sum of human happiness.

1.0.5 Housing is not just about buildings but about people, families, neighbourhoods and communities. What is built, and how and where it is built, must follow from an understanding of how and where we want to live.

## 1.1 The Problem

1.1.1 For far too long housing has been a low priority for governments.

1.1.2 Housing strategy has largely been preoccupied with counting the number of new houses built, rather than on whether they are the right type of home in the right place. It has also focussed on driving owner occupation rather than on bridging the increasing social and economic gulf that exists between home owners and people who rent.

1.1.3 Despite this obsession with headline numbers, we have still failed to deliver sufficient homes or the right kind of homes that people need.

1.1.4 We are now in a housing crisis as a result of this myopic approach. Just some of the problems we must grapple with are:

- Unstable, unaffordable house prices and increasing risk of mortgage defaults
- Rising numbers of people who are homeless or in temporary accommodation and 1.84 million households on the waiting list for social housing, many of whom are in urgent need
- Nearly three quarters of a million homes in England standing empty, including ones in public ownership, many of which could be brought back into use

## Housing

- A growing private rented sector, which, while successful for many, fails some people dramatically and which can be particularly unsuitable for the increasing number of families living within it
- A lack of consensus about the role and purpose of the social rented sector and controversy over its future financing
- An ever-growing housing benefit bill and bitter controversy over how to reduce it
- Rigid divisions between forms of tenure and people unable to move freely to a different type of home or to a different location when their circumstances change
- Many homes still having poor energy efficiency, costing the earth for residents and for us all

### **1.2 Principles for people**

1.2.1 Our goal is that Liberal Democrat policy will, over time, ensure that everyone in this country can live in a home which is affordable, stable, secure, warm, and of a good standard.

1.2.2 But we aspire to housing which does much more than meet the basic human need for shelter and warmth. Our home is not just the building we live in. We recognise that to be truly 'at home' we all need to be part of a community, living fulfilled lives and sustained by social networks.

1.2.3 Achieving these aims will be at the heart of this Liberal Democrat housing policy.

# Supply and Demand

2.1 For decades the number of new households has increased faster than the number of new house builds. While private house building has held at stable levels for several decades, it is the changes in social house building that determine overall supply of houses.

2.2 This lack of supply has driven up house prices and, although the economic downturn has dampened the housing market, the demand for housing remains. In 2009/10 around 630,000 of households in England were overcrowded and at the end of 2011, 49,000 households were living in temporary accommodation arranged by local authorities. Additionally, 1.84 million households are currently waiting for social housing, and many of them have no realistic chance of getting a home.

## Questions

1. *Are we building enough houses? If not, how many more do we need? Where and by when?*
2. *What tenure mix should we encourage? How important is the role of the private rented sector in increasing supply?*
3. *Will the Coalition Government's planning changes help ensure adequate housing supply? What further changes if any are needed? In addition to planning changes, are there barriers in finance or developer land-banking and how can these be addressed? Should we introduce the option of penalties for not building on sites with planning permission? Could land value taxation play a useful role?*
4. *Section 106 agreements have had a critical role in delivering social housing. Should we and how can we ensure that delivery of social housing via this route is protected in the future? What other measures, if any, are needed to ensure adequate social housing supply?*
5. *How important is it to develop mixed communities through co-location of social and private-sector housing of different types and sizes?*
6. *What measures should we take to increase the supply of land?*
7. *What are the barriers to releasing more public land for housing development, including MOD land?*
8. *What are the barriers to self-build and how do we break them down?*
9. *What are the barriers to co-operative and mutual development and how do we break them down?*
10. *Should local authorities be able to limit the number of second homes? If so, how?*
11. *What contribution can bringing back empty homes into use make to solving the housing crisis? What further steps can be taken to bring more homes back into use?*

## Housing

12. *Are there more creative ways to use non-residential empty property to provide local homes? What steps would need to be taken?*
13. *How big an opportunity is addressing under-occupation in the owner-occupier, private rented and social rented sectors? What needs to change to make downsizing a positive choice?*



# Regulation and Inspection

3.1 Effective regulation of the housing sector is essential. This is partly to ensure that the nation's homes are well designed and maintained, provide adequate facilities and are energy efficient. Currently, 6.7 million homes in England alone fail to meet the Government's Decent Homes Standard and 1.4 million children live in bad housing. The private rented sector, which accounts for 15 per cent of all households, is lagging behind the public sector when it comes to sustainability.

3.2 But housing regulation must go beyond concern for the fabric of homes; it must also provide some protection to the people who live in them. Tenants (in both private and social sectors) very often have fewer housing options than freeholders and are therefore vulnerable to bad treatment by unscrupulous or inadequate landlords. Regulation must safeguard their well-being by protecting their right to the 'quiet enjoyment of their home' and ensuring that they have appropriate security of tenure.

3.3 In this consultation we also want to hear views on whether people in other forms of tenure, notably but not exclusively leaseholders and Park Home residents, need further protection. If they do, how should that be provided?

## Questions

### Private rented sector & leasehold:

14. *How can we raise standards of housing management in the Private Rented Sector (PRS)? Do we need new systems of licensing or accreditation?*
15. *What are the barriers to improving environmental standards in the PRS? How do we encourage private landlords to improve environmental standards at the same rate as other sectors?*
16. *Overall, do we need to enforce existing law or make new law when it comes to improving the PRS? What are the barriers to enforcing existing law?*
17. *Should we extend tenure in the PRS?*
18. *Are standards of letting and managing agents adequate? Should this be improved and, if so, how?*
19. *Do Park Home residents need more protection?*
20. *Do leaseholders need more protection?*

### Social housing sector:

21. *Should Social Housing be a short-term safety net or a long-term tenure? What should the role of Social Housing be in the 21<sup>st</sup> century?*

## Housing

22. *How can we continue improving the standards of housing management in the Social Housing Sector?*
23. *To whom should Housing Associations be accountable? Are they accountable enough? How can this be improved?*
24. *How do we measure the contribution of individual Social Housing Providers to the public good?*
25. *How can we further empower tenants in the Social Rented Sector?*

### Building standards:

26. *Do we need stronger building standards? Should this include room sizes?*
27. *Do environmental standards need revision?*

# Benefits and Finance

4.1 We accept the analysis that there is insufficient appropriate housing to meet needs today, and the prognosis that without investment this state of affairs will intensify over time.

4.2 Questions of finance and benefits are inextricably linked, as the benefits system underpins the development of social housing. Housing benefit payments serve to underwrite demand risk in social housing, thereby supporting private sector investment. The business case for investment in social housing relies on assumptions over future housing benefit payments.

4.3 Through social housing grants Government is the largest investor in new housing, yet the grant rate for each new home is today now lower than it has been (as a proportion of the cost for each home), with the expectation that private investment, often secured on existing housing stock, will invest the remainder.

## Questions

### Finance:

1. *What is the appropriate and sustainable balance between government capital grant and higher social rents (e.g. Affordable Rents) to support construction of new social housing?*
2. *What would stimulate greater non-government investment in housing stock, and in what form could such investment take?*
3. *What steps can be taken to reduce the costs and risks of housing construction across all sectors?*
4. *What steps should Local Authorities be able to take to facilitate, encourage or directly contribute to housing development?*
5. *How can we ensure that the mergers or demergers of social landlords lead to better social outcomes? Where such mergers or demergers needed, how can we ensure they do take place?*
6. *Should housing social enterprises, mutuals and cooperatives be encouraged? What barriers are there to success, how can these barriers be overcome?*
7. *Should the New Homes Bonus be used only for building affordable homes?*
8. *How can government investment be allocated to ensure it achieves value for money and optimally meets needs?*

### Benefits:

## Housing

9. *Should social rents for a given property be set based on the circumstances of the household or on the specific property as is currently the case?*
10. *Are the existing structures for determining social rents and housing benefit levels optimal?*
11. *How can government support for housing be optimised to support those most in need?*
12. *If we accept security of tenure, how do we take account of the changing income and wealth of tenants?*
13. *Should financial support from government for housing be available to meet the need and ability to pay across all tenures?*
14. *Should control over housing benefit be devolved to Local Authorities?*
15. *Should government prioritise support for first time buyers and key workers?*

# Neighbourhoods

5.1 Modern communities are vibrant and diverse and there is no 'ideal' model community we should seek to replicate. In some areas, poor housing policy has 'ghettoised' communities, exacerbating social problems and restricting mobility. It is therefore important that Liberal Democrats relate our housing policies to the social issues.

## Questions

28. *What did the previous Government do successfully and unsuccessfully? What about the current Government?*
29. *How do we move away from top-down policy and give people control of their neighbourhoods? How do we encourage people in communities to get involved? Is there more potential for cooperatives and mutuals?*
30. *Should we ensure people can always stay within a neighbourhood and not be forced out? How can we ensure people can live in an area with a variety of tenure, size, type of housing, where people can be encouraged to work, access services and transport links?*
31. *How do we ensure that older people can remain in their communities and ensure they have access to their formal and informal support networks?*
32. *What are the barriers to creating diverse communities? How do we break them down?*
33. *What is the relationship between employment zones and housing zones?*
34. *Should Right to Buy be a decision of local authorities? Should the Government allow receipts from Right to Buy to remain in the area in which they were generated? Does Right to Buy create more balanced housing estates with a variety of housing types? Is Right to Buy needed to preserve aspiration of home ownership for individuals? What impact does Right to Buy have on individuals and neighbourhoods? Are there regional differences in the effectiveness of Right to Buy?*
35. *If there is a change in the use of a property that will have a substantive effect on the neighbourhood (e.g. moving from a family occupation to student occupation), should that need planning permission? If so, how can this be enforced? What is the role of the Neighbourhood Plan in preventing that?*
36. *Can we use the new Neighbourhood Planning proposals to ensure the development of cohesive neighbourhoods? How?*
37. *Do social landlords have a wider responsibility for the neighbourhood in which they are dominant property owners? If so, how can we achieve this?*
38. *Does the market always get it right? If not, does Government have a role in areas where the housing market has failed?*

## Appendix: Terms of Reference

Liberal Democrats believe that everybody has the right to live in a home that is affordable, secure, sustainable and of a decent standard within a strong and stable community. We are also deeply committed to ensuring that decisions on issues such as housing are made at the lowest possible level, as local communities face different challenges that cannot be solved with one single solution. As a party we strive to be on the side of individuals and communities when it comes to housing.

Ensuring Britain has enough good quality, affordable homes in safe and sustainable communities is a pressing issue that successive governments have failed to tackle. Where people live, and in what type of house, determines so many aspects of their lives – the school they go to, the people they know, their state of health, type of job, cost of living and quality of life. It's one of Britain's biggest scandals that where you are born can even determine your life expectancy. Lack of action on housing will only lead to more problems in the future as the population increases and ages.

The Housing Working Group is aiming to develop a distinctively Liberal Democrat approach by putting at its core the needs and aspirations of every individual and every family to be able to choose a safe, decent, secure, affordable home – and asking what national and local government need to do to make that possible.

The Working Group has the task of setting out the broad principles for the party's commitments when it comes to housing, addressing specific policy issues that we have to tackle, such as increasing the supply of housing, improving quality and affordability of homes, and fostering successful communities.

Specific topics the group aims to address include:

- Improving the availability of decent homes for all and getting the best from the existing housing stock
- Improving the quality of housing, especially the environmental quality and resulting energy costs, but also building and design standards and the quality of social housing management
- Ensuring affordability in housing in the public, private and third sectors and across all tenures
- Enabling people to exercise control over meeting their housing needs, including preventing homelessness, balancing flexibility and security in housing and a review of private sector tenure
- The structure and nature of the private housing market, including looking at home ownership, house prices and market stability – and the impact of the housing market on the wider economy
- How to ensure that housing and planning policy fosters strong, safe and sustainable communities, where local areas can meet their specific housing needs in both rural and urban areas

- Examining the wider implications of housing and planning policy, such as the impact of current and new housing on the environment, local services and infrastructure, and how to address such issues
- How to ensure vulnerable people have homes suitable for their needs so they can live as independently as possible

This Consultation Paper is designed to stimulate debate about the reasons for the current state of housing in England, the problems of past or existing housing policy and suggestions for distinctly Liberal Democrat policy on housing. The Working Group has identified key questions it would like to discuss but we also welcome thoughts and suggestions on any other important issues not covered in this paper.