

The Choice

The Labour future / The Tory threat

The Choice:

Housing

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1. INTRODUCTION

At next year's election, the British people face a choice on housing. A choice between the Tories who are failing to build the houses we need, turning their backs on generation rent and leaving more and more working people unable to afford the homes they aspire to, and Labour, who will get Britain building again and give families who rent a fairer deal.

David Cameron promised to build more homes, but he is the Prime Minister who saw housebuilding fall to its lowest peacetime level since the 1920s. The Tories claim to be the party of home ownership, but on their watch owner occupation has fallen to its lowest point since 1987. Under David Cameron, the supply of housing has hit its lowest level since records began, and fewer houses have been completed each year since 2010 than in any year under the last Labour Government.

We desperately need to build more homes - as demand outstrips supply, home ownership is becoming increasingly unaffordable for the generation who have yet to get on the housing ladder. That means that more and more people are trapped in an insecure and expensive rental market. There are now 1.3 million families with children living in the private rented sector, where rents are more expensive than ever before. Too many of them are on short-term contracts, knowing that they could be kicked out at two months' notice.

Five more years of the Tories would be disastrous for the growing number of people locked out of the housing market. At the current rate of housebuilding, the gap between housing supply and demand will reach 1.3 million homes by 2020 - the equivalent of three cities the size of Birmingham. And that would push house prices even further out of reach of most working people, with the average house price as much as 13 times the average wage.

Labour will get Britain building again, getting 200,000 homes built a year by 2020. We will unblock the supply of new homes by giving local authorities "use it or lose it" powers over developers who refuse to build on land that has planning permission, and deliver a new generation of New Towns and Garden Cities. And we'll get a fairer deal for families who rent, by making three-year tenancies with predictable rents the norm and banning rip-off letting fees for tenants.

Next May, on housing, the British people will decide between the Tory threat or the Labour future: that's the choice.

2. THE TORY FAILURE

- The Tories said they would make it easier for everyone to get on the housing ladder. But they have failed.
- David Cameron has created an aspiration gap, with demand for housing outstripping supply. Housebuilding is at the lowest peacetime level since the 1920s, the number of affordable homes built is at a record low and the number of owner occupiers is falling with more and more people forced to rely on a private rented sector which doesn't work for them.

The Tories are not building enough homes

- David Cameron said that his Government would build more homes.

"I've made it clear that we want to build more homes."

David Cameron, Online Q and A, Telegraph.co.uk, 11 September 2007

- However the Government has presided over the lowest level of housebuilding in peacetime since the 1920s. Over the past three months, housing completions have fallen by three per cent to 27,670. Completions are now 43 per cent below their peak in March 2007.

"Seasonally adjusted completions for the March quarter 2014 were 27,670, around 3 per cent lower than the 28,600 in the previous quarter, and leaves completions 12 per cent above their level in the same quarter a year ago. Completions are now 43 per cent below their peak in the March quarter 2007."

Department for Communities and Local Government, Housebuilding, March Quarter 2014, 15 May 2014,

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/311515/House_Building_Release_-_Mar_Qtr_2014v3.pdf

- Annual home completions have been lower under the Conservatives than in every year of the last Labour Government.

Financial Year	House completions in England
1997-98	149,560
1998-99	140,260
1999-00	141,800
2000-01	133,260
2001-02	129,870
2002-03	137,740
2003-04	143,960
2004-05	155,890
2005-06	163,400
2006-07	167,680
2007-08	170,610
2008-09	140,990
2009-10	119,910
2010-11	107,870
2011-12	117,600
2012-13	107,820
2013-14	112,630

Department for Communities and Local Government, Table 209: permanent dwellings completed, by tenure and country,

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/311130/LiveTable209.xlsx

- At local government level, the Conservatives are lagging behind Labour in tackling the housing crisis.
- Freedom of Information requests to local authorities reveal that Labour-led councils are planning to build almost 70 per cent more homes than Conservative-led authorities, and more than double the amount planned by Liberal Democrat controlled counterparts.

Political control	Average number of new homes planned per annum, by local authority
Labour	862
Conservative	508
Liberal Democrat	393

Labour Party research using Freedom of Information requests

The number of affordable homes built is at a record low

- Before the election David Cameron said there was an urgent need to build more affordable homes.

“There is an urgent need for more affordable homes.”

David Cameron, Speech to the Guardian Public Services Summit, 26 January 2007

- In government the Conservatives’ actions have not matched their words. George Osborne’s Comprehensive Spending Review in 2010 reduced the affordable housing budget by 60 per cent. This removed £4.4bn worth of funding for building new affordable homes.

“The Chancellor announced a £4.4b investment in capital spend on housing. This suggests that money for new social housing has been cut by 60%, down from £8.8b over the previous three year period to £4.4b over the next four years. Full details of how this figure will break down have yet to be revealed.”

Shelter, Comprehensive spending review briefing, October 2010

https://england.shelter.org.uk/_data/assets/pdf_file/0010/297604/Shelter_briefing_spending_review_Oct10.pdf

- The latest figures show that the number of affordable home completions has fallen by 32 per cent compared with the last full year of the last Labour Government.

Financial year	Number of affordable home completions
2009-10	53,172
2010-11	55,909
2011-12	51,737
2012-13	36,733
2013-14	36,352

Department for Communities and Local Government, Table 1012: Affordable housing starts and completions funded by the HCA and the GLA, <https://www.gov.uk/government/statistical-data-sets/affordable-housing-starts-and-completions-april-2013-to-march-2014>

At the same time as the council housing stock is falling

- David Cameron said his Government would build more social homes.

“the Deputy Prime Minister and I have been working closely on this—to ensure that we use money from the right to buy to build more social housing so that we end the scandal of overcrowded housing.”

David Cameron, Hansard, 19 October 2011, Column 891

- The Tories said there would be no net loss of social housing under them. Grant Shapps, when Housing Minister, said that any housing stock sold would be replaced “one for one”.

“Right to buy was a fantastic, liberating policy which assists where people are hardworking and aspire to own their own home. However it was a mistake then [when the policy was introduced in the 1980s] and would be now not to replace the homes that are sold off. There will be no net loss of housing – this is a one for one policy.”

Grant Shapps, Inside Housing 3 October 2011, <http://www.insidehousing.co.uk/development/shapps-pledges-no-net-loss-of-homes-with-right-to-buy/6518133.article>

- But under the Conservatives, the number of local authority homes has fallen by 103,845 since 2010.

Period	Number of Local Authority homes
2010	1,785,845
2013	1,682,000
Net	-103,845

Department for Communities and Local Government, Live table 100, 17 June 2014,

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants>

Owner occupation is falling

- The Tories claim to be the party for those who aspire to home ownership. However the reality is that on their watch home ownership has fallen to its lowest point since 1988.

Period	Percentage of owner occupiers
1988	65.7
1991	67.6
1992	68.2
1993	68.3
1994	68.7
1995	68.5
1996	68.5
1997	68.6
1998	69.0
1999	69.9
2000	70.6
2001	70.4
2002	70.5
2003	70.9
2004	70.7
2005	70.7
2006	70.1
2007	69.6
2008	68.3

2008-09	67.9
2009-10	67.4
2010-11	66.0
2011-12	65.3
2012-13	65.2

Department for Communities and Local Government, English housing survey, 23 July 2014,
<https://www.gov.uk/government/statistics/english-housing-survey-2012-to-2013-household-report>

- It now takes over 20 years¹ for a low to middle income family to save for a house deposit compared to the three years in 1997².

David Cameron has turned his back on generation rent

- As more people struggle to get a foot on the home ownership ladder, the number of people forced to rely on the private rented sector has grown. The new four million households in the private rented sector face growing costs and insecurities.
- Between 2009/10 and 2012/13 the number of households living in the private rented sector increased by 601,000.

Period	Number of households living in the private rented sector
2009/10	3,355,000
2012/13	3,956,000

Department for Communities and Local Government, English housing survey, 23 July 2014,
<https://www.gov.uk/government/statistics/english-housing-survey-2012-to-2013-household-report>

- Under David Cameron the average monthly rent has reached an all-time high of £747³.
- This means that since May 2010 the cost of rent has increased at almost double the rate of wages⁴.

¹ Resolution Foundation, *The State of Living Standards*, February 2014
<http://www.resolutionfoundation.org/media/media/downloads/The-State-of-Living-Standards-ResolutionFoundation-Audit2014.pdf>

² Resolution Foundation, *Squeezed Middle*, 13 February 2013,
http://www.resolutionfoundation.org/media/media/downloads/Resolution-Foundation-Squeezed-Britain-2013_1.pdf

³ LSL Property Services, *buy-to-let index*, 18 July 2014,
http://www.lslps.co.uk/documents/buy_to_let_index_jun14.pdf

⁴ Office for National Statistics, *Average Weekly Earnings*, 16 July 2014,
<http://www.ons.gov.uk/ons/datasets-and-tables/data-selector.html?cdid=KAB9&dataset=lms&table-id=15>

3. THE TORY THREAT

- We have a cost of living crisis and the biggest housing crisis in a generation, yet the out-of-touch Tories cannot even acknowledge the problem. They complacently claim all the problems are solved and offer no solutions to the challenges we face.
- Five more years of the Tories would mean more of the same failed policies. This would risk millions more locked out of home ownership and forced into an unreformed private rented sector that doesn't work for them.
- Britain can't afford another five years of the Tories.

An aspiration gap caused by a failure to build enough homes

- David Cameron has created an aspiration gap. Under him housebuilding is at its lowest peacetime level since the 1920s and demand outstrips the number of new homes completed.
- Analysis produced by the House of Commons Library confirms that the aspiration gap will continue to grow.
- Comparing demand for housing with supply suggests that, if the current trend continues, by 2020 the gap between housing supply and demand could reach 1.3 million people – the equivalent number of household spaces of three cities the size of Birmingham.

Housing completions by region and the “demand gap”

Region	Total gap 2010/11 – 2019/20
East Midlands	-102,350
East of England	-156,300
London	-383,475
North East	-41,800
North West	-95,850
South East	-214,875
South West	-90,075
West Midlands	-117,925
Yorkshire and the Humber	-114,375
England	-1,317,025

Source: House of Commons library figures using data sourced from the Department for Communities and Local Government, Table 253a, <https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building> and the Town and County Planning Agency, estimate of housing demand and need in England 2011-2031

Millions of households locked out of home ownership

- With the Tory-led Government failing to build the homes we need, many more people with aspirations of home ownership risk being locked out of the market if the current trend continues.
- By 2020, on current trends, the average house price in the UK could be 13 times the average wage in 2020.

Region	May 2010	May 2014	May 2020	Average deposit (May 2020)
East Midlands	£160,437	£179,578	£212,656	£42,531
East of England	£224,470	£268,949	£352,727	£70,545
London	£331,082	£478,697	£832,240	£166,448
North East	£138,544	£149,995	£168,970	£33,794
North West	£152,363	£167,327	£192,575	£38,515
South East	£262,318	£316,426	£419,218	£83,844
South West	£212,948	£238,270	£282,009	£56,402
West Midlands	£169,471	£191,443	£229,857	£45,971
Yorkshire and the Humber	£152,262	£171,505	£205,023	£41,005
England	£214,133	£269,282	£379,745	£75,949
UK	£207,126	£258,047	£358,834	£71,767

Source: House of Commons library⁵

⁵ These figures were calculated by the House of Commons library taking the trends on wage and house price rises over the current parliament and projecting forward to 2020. Average figures are means which may be affected by extreme values (but data for median earnings are not yet available for 2014). Prices and earnings are for the three months ending in a particular month – so as to smooth a volatile data series. Earnings are for GB. House prices are sourced from ONS House Price Index May 2014 Table 2.

4. THE LABOUR FUTURE

Labour will build the homes Britain's communities need.

- Get 200,000 homes built a year by 2020.
- Create the next generation of new towns and Garden Cities building much needed homes as well as new thriving communities.
- Give councils proper compulsory purchase powers to tackle land hoarding and powers to charge developers escalating fees where are they banking land with planning permission.
- Give local authorities that want to expand a "right to grow" with access to a fast-track planning process that will resolve disputes with neighbouring authorities that are blocking development.
- Insist that for any council home purchased using right to buy it will be replaced by a new social home.

Labour will support smaller building firms.

- Require local authorities to include a higher proportion of small sites in their five year land supply.
- Guarantee access to public land for smaller firms and custom builders.
- Guarantee that a proportion of the homes built in the next generation of new towns and Garden Cities will be built by smaller firms.
- We need government guarantees to underwrite loans from the banks to SME builders to get them building.

Labour will reduce the cost of living in the private rented sector and tackle rogue landlords.

- Ban letting agent fees on tenants.
- Legislate to make three-year, not short-term, tenancies the norm for those who rent their homes in the private sector.
- Introduced predictable rents during the period of these new longer-term tenancies.
- We will also tackle unscrupulous landlords by introducing a register of landlords and taking action against those who do not maintain their properties to a high standard.

Labour will tackle the blight of empty homes.

- Clamp-down on empty home loopholes like "buy to leave".
- Increase empty home penalties by allowing local councils to double the rate of council tax they can charge on empty homes in half the time they can now.
- Ensure new homes are advertised in the UK first, not overseas.

Only with Labour will Britain be better off.

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