

GREAT HOUSING POLICY DISASTERS 1: 2010/2016

Housing history is replete with policy failures but the Coalition and Conservative governments' housing policies from 2010 to 2016 top the fiasco list. Time wasting surpassed Columbia's football team, passes went astray, managers were changed frequently and results were disappointingly poor.

New Labour's housing record was almost as dire as the Cameron-led governments and will be analysed in a future post. Between 2003 and 2007, 159,000 new houses were constructed per year in England with completions reaching 176,640 in 2007. Then came the 'credit crunch' and housing starts averaged only 101,000 per year from 2008 to 2010.

Before the 'credit crunch', New Labour had identified the planning system as a major impediment to new house construction ([Barker, 2004](#)) and, under the 2004 Planning and Compulsory Purchase Act, county-level Structure Plans were abolished. A regional planning tier was established to formulate Regional Spatial Strategies (RSS) that set housing targets for local planning authorities when they devised their local development plans. Influenced by [Kate Barker's 2006 report](#), market signals become a factor in assessing housing requirements.

Regional Spatial Strategies met strident opposition, especially in the South, and, in the 2010 General Election campaign, both the Conservatives and the Liberal Democrats identified vote gains by promising their demise. The Coalition's [Our Programme for Government](#) (2010) stated 'We will rapidly abolish Regional Spatial Strategies and return decision-making powers on housing and planning to local councils, including giving councils new powers to stop 'garden grabbing'. [Eric Pickles](#), Secretary of State for Communities and Local Government in the Coalition Government immediately axed New Labour's 'soviet tractor style' Regional Spatial Strategies. An investigation by Tetlow King Planning demonstrated that local authorities had reduced planning targets by 221,000 dwellings by not adhering to RSS figures with the highest cuts in the South. Housing starts began to fall reaching in 101,030 in 2012.

This planning vacuum started alarm bells ringing in the Treasury. In 2011, Cabinet member Oliver Letwin reviewed housing policy relating to the private housing market, and in his 2011 Budget speech, Chancellor [George Osborne](#) stated that planning was a 'chronic obstacle' to economic growth. He declared that there would be 'a new presumption in favour of

sustainable development'. The 2012 National Planning Policy Framework ([DCLG, 2012](#)) required local authorities to prepare local plans

The [Draft Planning Policy Framework](#) (DCLG, 2011) was a victory for the Treasury in its ambition to make the planning system an economic growth mechanism. It asserted that 'Planning must operate to encourage growth and not act as an impediment'. Although the framework re-emphasised local plan importance, it announced that local authorities should 'grant permission where the plan is absent, silent, indeterminate or where relevant policies are out of date ... there should be 'a presumption in favour of sustainable development'. Reflecting New Labour's approach to setting regional targets, it claimed that 'planning policies and decisions should take into account local circumstances and market signals such as land prices, commercial rents and housing affordability' Each local plan would be examined by an independent examiner, whose role was to assess if the plan was 'sound', that is, objectively ascertained need and identified and maintained a 'rolling supply of specific deliverable sites sufficient to provide five years' worth of housing against their targets.

Although shrill opposition from Tory backbenchers, the Campaign to Protect Rural England, the National Trust and the Telegraph produced a diluted version of the Draft Planning Policy Framework in the final policy statement ([DCLG, 2012](#)), the essential elements remained intact.

From 2012 to 2016 Housing and Planning ministers came and went but despite incentive schemes such as the New Homes Bonus and threats that, on appeal, planning permissions would be granted in the absence of an approved local authority up-to-date local plan, inertia prevailed. Nick Boles, appointed Planning Minister in November 2012, tried hard to boost land release but was removed from the post in 2014, having been asked to apologise for losing Tory seats ([Telegraph, 2014](#)). Little pressure was applied to local authorities to produce an up to date plan and Eric Pickles blocked planning approvals for 9,200 homes in the run up to the General Election ([Inside Housing, 2015](#)).

[Alex Morton](#) (2016) having left his position as housing advisor to the Prime Minister, said:

When I was in Number 10 and dug out the figures (which officials were not keen to share) fewer than ten councils (out of 326) turned out to have an up to date local plan and deliver their housing need. A similar number do so without an up

to date local plan. Thus over 300 councils failed to oversee delivery of housing need. This is the housing crisis in a nutshell.

The DCLG set up an expert group to investigate how the local plan process was operating. Although the complex and disputed nature involved in assessing housing need was recognised as major obstacle to timely local plan production, the Local Plans Expert Group identified political as well as technical problems. These included 'difficulties with the Duty to Cooperate, including the distribution of unmet housing needs' and 'a lack of political will and commitment' ([Local Plans Expert Group, 2016](#)).

In 2017, 40% of local authorities did not have an up to date plan and, according to [Planning for the right homes in the right places: consultation proposals](#) (DCLG, 2017):

At the moment, it is not always clear to local communities or developers how many homes their local area is planning for, let alone needs. These figures are often buried deep in technical reports and hidden away on local authority websites. It can take several hours to track down exactly how many homes a local planning authority has decided it needs — and even then it might not be clear.

A new, standardised, national approach to assessing housing requirements was established. Back to New Labour's approach but, this time, central government set the targets. In the six years from 2010, a wretched 118,500 new homes per year were completed.

The abject failure to release sufficient land for building new homes was only one of the numerous housing policy failures in the Cameron years.

Here, in brief, are four more.

The Right to Buy

In announcing a 'reinvigorated' Right to Buy for council tenants Cameron promised a one for one replacement. This has not happened ([Savills, 2018](#)). One consequence of this broken

promise has been that, between 2013 and 2017, new lettings by local authorities declined from 143,000 to 103,000 ([Stephens et al, 2018](#)).

Help to Buy

Help to Buy was the main Cameron initiative to promote home-ownership. Starting in 2013 it had two main elements. The Mortgage Guarantee, ending in 2016, provided a government guarantee to mortgage lenders granting 95% mortgages. The scheme could be applied to all properties worth less than £600,000 in England and over 86,000 households used the guarantee to buy a home. The Help to Buy Equity Loan continues. With a 5% deposit the government will lend up to 20% (now 40% in London) of the purchase a new-build property up to £600,000 in England. An extra £10 billion was injected into the scheme in October 2017 with the government estimating that 130,000 households would be helped to become homeowners by 2021. By the end of 2017, 158,853 properties had been purchased with an equity loan. 85% of scheme participants had an income of £30,000 plus with 22% £40-50,000, 15% £50-60,000, 16% £60,000 to 80,000 and 10% £80,000 plus ([MHCLG, 2018](#)).

The Help to Buy Equity Loan gives first time buyers an advantage over private landlords (an advantage that could be achieved at lower cost by increasing Stamp Tax Duty levy on second homes) but it has pushed up new-build house prices. An examination of Help to Buy by Morgan Stanley, revealed that new houses prices, with sales boosted by the government's Help to Buy scheme, had outpaced the prices for second-hand homes by 15% since the scheme's start ([Collinson, 2017](#)).

Moreover, although the loans are interest-free for five years, after that borrowers must begin to pay a fee of 1.75 per cent of the value of their loan, increasing each year by RPI plus 1 per cent. The first takers of Equity Loans are now beginning to pay this fee ([Financial Times, 2018](#))

Help to Buy Equity Loan applies only to new build limiting its usefulness to 'second steppers' wanting more space for their growing families. In England 22% of new homes built in 2016/7 were flats and, in London, between 2010 and 2015, 88.8% of all the new houses were flats ([MHCLG, 2018](#)). Thus, most of the home purchases made under the equity loan scheme since its launch on 1 April 2013 were made by first-time buyers, accounting for

81% – 116,898 – of total purchases ([Spencer, 2018](#)). More first-time buyers are getting on the homeownership ladder but potential second steppers are falling off. In 2016/7 143,000 homeowners moved into the private landlord sector ([English Housing Survey, 2016/7](#)) contributing to the continuing fall in the proportion of homeowners in England.

Starter Homes

The Starter Homes scheme was announced towards the end of the Coalition government's term in office and became the flagship policy of Cameron's 2015 government. Under the scheme, people aged between 23 and 40 with a household income of £80,000 or less (£90,000 in London) would be able to buy new-build properties at a discount of at least 20% for which the discounted price is less than £450,000 in London but £250,000 everywhere in England. Starter homes would generally be built on underused or unviable brownfield land previously used for commercial or industrial purposes.

As of May 2018 no starter homes had been completed and only a handful had been started. ([Guardian, 2018](#))

Homelessness

In opposition, the Conservative Party, anxious to ditch its 'nasty' party image, concentrated on 'rough sleeping', the most visible, homelessness issue. Grant Shapps, to become Housing Minister, slept rough to attract attention to the problem, and in 2008, the Conservatives set up the Homelessness Foundation, with an advisory panel with the leading homelessness organisations represented. When the Homelessness Foundation was launched, [Cameron](#) said: 'I think that it is simply a disgrace that in the fifth biggest economy in the world that we have people homeless, people sleeping on the streets, sofa-surfers, people in hospitals'. In power with the Liberal Democrats, the Conservatives government set up a ministerial working group on homelessness was set up, and, in 2011, [Vision to End Rough Sleeping: No Second Night Out](#) was published. It committed the government to working with the voluntary sector to reduce rough sleeping based on six principles, the dominant one being that 'new rough

sleepers should be identified and helped off the streets immediately so that they do not fall into a dangerous rough sleeping lifestyle’.

The ministerial working group on homelessness gradually expired and the official rough sleeping count — almost certainly an undercount — increased from 1768 in 2010 to 4134 in 2016 ([MHCLG, 2018](#)).

Statutory homelessness also accelerated under the Coalition government. Despite stepping up New Labour’s ‘prevention and relief’ strategy from 182,390 cases in 2010 to 215,760 cases in 2016 the number of households in temporary accommodation increased from 48,240 (69,050 children) in 2010 to 75,740 (118,000 children) in 2016 ([MHCLG, 2018](#)). Research [Shelter \(2018\)](#) has revealed that, in 2017, 55% of the households living in temporary accommodation were working. When Director of the Child Poverty Action Group, Frank Field talked of ‘earning your poverty’, now it is ‘earning you homelessness’.

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This draft article is also published in my new blog:

<https://brianlundshousingcrisisblog.wordpress.com/>

It contains comments on UK housing policy, its principal theme being that there is no uniform housing crisis in the UK but a series of housing crises varying by age, class, gender, ethnicity and location.