

Questions on Labour's housing policy

The housing content of the National Policy Forum document is supposed to “shape the Labour Party's policy agenda”. The draft document it has produced, will be discussed by NPF members and, amended by them, will go to a “Clause 5” meeting on which the NEC, CLPs and affiliates sit, together with the Shadow Cabinet. That will determine the Party's General Election manifesto. The document was sent to CLP officers, as well as NPF members, but there was very little time given to send in amendments, with a deadline of May 29th.

We don't know when the Clause 5 meeting will be, though it is likely to be after the Party conference, which will be the last opportunity for the membership to tell the leadership what we want in the Manifesto.

Martin Wicks gives his view on the document which he suggests highlights the contradictions and inadequacy of the Labour leadership's housing policy. Other responses are welcome.

The section of Labour's National Policy Forum document which relates to housing says that “Labour will put genuinely affordable housing, and in particular council housing at the heart of our plan to increase housing supply...” That sounds good until you consider the fact that there are no figures given, no target. Contrast that with the target of 70% home ownership, supported by “a mortgage guarantee scheme”. Here a Labour government will “bring the dream of home ownership to *millions more families*”.

This is completely unrealistic; pie in the sky. The Labour leadership has given no indication of the detail of their scheme nor the funding which will be available. As I have explained [elsewhere](#)¹ the 70% target is unachievable. It would require more than 1.5 million homes to reach that level if the other tenures remained static, which they won't. When you consider that the current government's Help to Buy spent more than £22 billion over 9 years to part-fund 375,000 homes, **how will “the dream of home ownership” be brought to “millions more families”? How much funding will be made available?**

The mortgage guarantee scheme sounds like a version of the Tories Help to Buy which enabled people to borrow 20% of the cost from the government (40% in London) to help them get a mortgage with only a 5% deposit. You borrow the rest – 75% or 60% - from a mortgage lender. In March 2021, in Parliament, Keir Starmer decried Help to Buy because it “fuelled a housing bubble” and “pushed up house prices”. Moreover, it has increased the profits of the big builders who dominate the market. **How will Labour's proposal be any different?** The NPF document says it will help people who can afford a mortgage but can't afford a deposit, so we can only presume that it will minimise the deposit required like Help to Buy. It is likely to drive up prices as well.

“The second tenure”?

At the Labour conference last year Lisa Nandy committed Labour to turning 'social housing' into the second highest tenure (after home ownership). Although she didn't give any figures, to do this would require at least 800,000 extra council and housing association homes. **However this commitment is missing from the NPF document.** Why? Is it another commitment which is made without any explanation, or detail, and then disappears? The 2019 and 2021 Labour conferences called for 150,000 social rent homes a year, of which 100,000 should be council homes. Yet the leadership has fought shy of committing to any numbers and the latest document maintains that stance.

Although Lisa said that Labour's mantra was “council housing, council housing, council housing” her commitment was to 'social housing'. We have had no indication as to the

1 <https://thelabourcampainforcouncilhousing.files.wordpress.com/contradictions-of-labour-housing-policy.pdf>

balance between funding for councils and housing associations. **Will they have to compete for funding from Homes England as they currently do?** Lisa has said nothing about the differences between the two. Housing Associations are private businesses whose Boards are unaccountable to tenants. There has been a polarisation in the sector with a trend towards commercialisation. Most of them capitulated to the government over the 'voluntary Right to Buy'.

And rent?

There is nothing in the document about rent for council or housing association homes. Although Labour has criticised "affordable rent" there is nothing in the NPF document about ending it. Only about 2% of council homes charge AR though 10% of housing association homes do. We have asked Matthew Pennycook, the Shadow Housing Minister, whether Labour is committed to ending AR or, as he said in one Parliamentary debate reviewing it. His response is that they have not come to a decision yet. It is clear that AR is unaffordable. It was introduced by the Tories as a means of cutting funding; part of its austerity programme. Labour should commit to ending AR and to funding only social rent homes. AR is unaffordable and it drives up the housing benefit bill as well.

Development corporations?

The idea of development corporations is problematic, given the emphasis on "partnership" between the state and business. **How will these development corporations be funded? By the Public Works Loans Board or will they have to seek private finance?**² Is this some version of the private companies that councils, including some Labour ones have set up to build housing? The document does not address the experience of these which included the disaster of Croydon Labour council's Brick by Brick building company which collapsed and was partly responsible for dragging the council down with it. Other councils such as Liverpool abandoned their private companies before they built much. Others have built on a puny scale. Given the fact that their funding has to come from commercial sources rental homes they have built have been "affordable rent" (up to 80% or market rent) rather than social rent.

It is not historically unusual for Labour to support home ownership but we have been given no indication as to the balance between funding for home ownership and for social housing. For instance, Labour under Wilson set a target (admittedly unrealistic) of 500,000 homes a year of which half would be for ownership and half council housing. The Labour leadership should come clean about what they are proposing to fund.

Supply and demand doesn't apply

If the aim is to provide home ownership for "millions more working families" then logically the dominant means of providing housing would be through market mechanisms. Yet the document says nothing about the fact that house building is dominated by the big builders. They control both the pace of building and the numbers built in order to maximise their profits. They do not build to address social need. Supply and demand doesn't operate in such a market. Talk of "the failure of the market" is based on the illusion that the market provides the best product at the cheapest price for the benefit of the consumer, that it can be made "to work". This simply doesn't happen in a market dominated by an undeclared cartel in which there is very little competition. The big builders do not undercut each other by lowering prices.

² If anybody suggests that the New Towns development corporations provide a precedent it should be pointed out that they were funded by the Treasury and by late 1966 only 7% of homes were built for sale.

Whatever happened to Grenfell?

The absence of any mention of Grenfell Tower is telling. It possibly reflects the Labour leadership's rose-tinted view of "business". Keir Starmer's assertion that "business is a force for good in society" sits in stark contrast to what private businesses did at Grenfell and elsewhere. More realistic was *Inside Housing* deputy-editor's assertion that our politicians "allied themselves with a corporate world which evinced an almost pathological disregard for human life".

"The world that gave us the Grenfell Tower fire looks irredeemably dishonest. It is a story of corporate structures that allowed human beings to abandon their own conscience and sense of agency and to think only about sales and profit margins. Government institutions placed ideology above human lives at every turn."

Certainly the big builders and developers have ripped off their customers in terms of inflated prices and the quality of the homes they have built, not to mention that they are notoriously small. The customer is certainly not king in the housing market. The big builders are definitely not "a source of good in society".

Right to Buy

The document once again shows the Labour leadership ignoring the overwhelming view of the members that Right to Buy should be ended as in Wales and Scotland. Even now the text does not make it clear what they are proposing. It equivocally says

"Labour will seek to decrease the number of social homes being rapidly sold off through right to buy without like for like new social housing being built to replace it".

With the possible exception of some London boroughs receipts for sales are completely insufficient to fund replacement homes. **Will a Labour government provide funds to make up the difference between sales receipts and the cost of building new homes?** It's unlikely that they will, but if they did, that would be a waste of funding which should be concentrated on grant for building new social rent council homes.

We have been told previously that the Leadership is considering cutting discounts for RTB, or giving discretion to councils on whether to sell or not. Yet after a couple of years we still have no indication as to what they are actually proposing.

Our campaign to end RTB, therefore, remains critical in getting the message across that Labour should commit to ending it as the 2019 and 2021 Labour conferences demanded. You can assist by spreading support for our [statement](https://thelabourcampaignforcouncilhousing.files.wordpress.com/2023/04/rtb-statement.pdf)³.

Decarbonisation?

The commitment on £28 billion a year for a 'green economy' is repeated in the NPF document. In Chapter One it talks of decarbonising transport but *there is nothing about decarbonising* homes which are estimated to contribute 14% of greenhouse gases. It talks of "making our homes energy efficient through a nationwide retrofit and insulation programme." Is it just a confusion over the wording? Worryingly the housing section of the document says only that Labour will "retrofit the UK's draughtiest homes". The section of Chapter One, "warm homes", says that Labour will implement a Warm Homes Plan "upgrading every home that needs it to EPC Standard C within a decade by installing

3 <https://thelabourcampaignforcouncilhousing.files.wordpress.com/2023/04/rtb-statement.pdf>

energy saving methods such as loft insulation...”

Decarbonising homes – that is replacing gas boilers with non-carbon heating – usually involves Standard A or B. **So the question is, is Labour proposing to promote non-carbon heating in all homes, as is required to remove carbon emissions from our housing stock?** It doesn't appear so. Ed Miliband has [indicated](#)⁴ that £6 billion a year will be available for 10 years to insulate 19 million homes. That's an average of only £3,157.

We have written to Ed Miliband to ask whether there is any commitment on funding non-carbon heating but have, after several attempts, received no reply⁵. Whilst £60 billion sounds like a lot that would probably be required to fund retro-fitting and replacing gas boilers, **just for the council housing in England**. As I have explained in *The contradictions of Labour's housing policy* (see Footnote 1) councils simply don't have the funds to decarbonise all their stock without central government grant.

Council housing should be Labour's first priority

What's clear from the Labour leadership is that its *first priority* is home ownership. And yet, its commitment is unlikely if not unachievable. Moreover, the more funding that goes to their “mortgage guarantee scheme” the less will be available for funding social housing.

Lisa Nandy has said she cannot understand opposition to the emphasis on home ownership. The key to resolving the housing crisis is not funding home ownership but progressively ending the shortage of social rent housing. A large scale building programme would provide hundreds of thousands of tenancies for people currently forced into the private rental market or struggling for a mortgage they can ill-afford, or shared ownership (in which they pay rent and mortgage at the same time and are responsible for any repairs themselves). Take hundreds of thousands of people out of the market and *it would be less of a seller's market*. Prices would come down in the private rental market and possibly homes for sale as well, as there would be less people chasing after private properties.

Before RTB it could be said that council housing enabled home ownership because the very good value rents enabled tenants to save up enough for a deposit, take out a mortgage and hand the keys back to the council for somebody else on the waiting list. Better to build hundreds of thousands of council homes than to fund home ownership at extortionate prices; in effect throwing money at the big builders. It is addressing the acute shortage of social rent homes which is the route to resolving the housing crisis.

So it's important to get as many CLPs as possible to pass our [model resolution](#)⁶ and send it in as their motion to this year's Labour conference. Last year housing did not make it through the priorities ballot, so CLPs, where possible, should mandate their delegates to give housing a high priority (obviously we call on people to vote for it as priority one) so the resolutions sent in are debated and delegates have the opportunity in the compositing meeting to try to reassert the policies which the 2019 and 2021 conferences passed overwhelmingly.

Who decides?

One final comment. The Labour leadership has said that every policy will be costed but when asked specific questions about funding for particular policies the reply is 'we will decide on funding closer to the General Election'. The problem with this is that it will be

4 <https://www.theconstructionindex.co.uk/news/view/miliband-sets-out-labours-national-insulation-mission>

5 Retro-fitting means introducing new components into a home which may or may not include a heat-pump. Without stopping heat leakage from existing homes a heat pump will not work properly. It will often need external wall insulation in order for a heat pump to be effective. Where heat pumps have been installed without stopping heat leakage they can be more expensive than a gas boiler.

6 <https://thelabourcampaignforcouncilhousing.files.wordpress.com/2023/04/model-resolution-2023-labour-conference.pdf>

decided by Rachel Reeves as the would-be Chancellor in conjunction with Keir Starmer. By that late stage it will be virtually impossible for the membership to change anything or influence funding. There will be a battle in the Clause 5 meeting but if previous experience is anything to go by delegates to that will not have long to read it. The more radical trades unions will have responsibility for resisting the pressure to go along with whatever the leadership places before the meeting and to demand that the manifesto reflects the policies that the 2019 and 2021 conferences voted for.

Martin Wicks
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