**TCPA article**

**The housing white paper 2017**

In February 2017 the UK government released a new housing white paper, the first major statement of the May government’s plans for housing. The title alone is a stark statement of the extent of the challenge and the government’s appraant ambition: *Fixing our broken housing market*[[1]](#footnote-1). However, it has a partial diagnosis and a partial cure, and sadly will not do what it claims to do on the tin.

The white paper focusses on affordability for would-be buyers and tenants ans the key porbelm, and addressing low supply of new housing as the key soluton. The white paper argues that says, the problem is “very simple”: undersupply leads by a very simple economic model to higher pricesp9.

As we all know all too well, new housebuilding has not matched estimates of need in the UK for at least 20 years. While there is widespread consensus about the extent of undersupply, there is less agreement about what causes it, what it does, and how to overcome it[[2]](#footnote-2). The planning system has been blamed for over a decade[[3]](#footnote-3). Land supply, the cost of infrastructure, and the monopolistic structure of the development industry have also been identified[[4]](#footnote-4). However, a report by Shelter and KPMG said, “central government capital grant is the most straight forward, practical and efficient method for stimulating building”[[5]](#footnote-5). Some have begun to suggest that unmet need could be due to poor distribution of existing housing stock rather than undersupply[[6]](#footnote-6).

Following schemes aimed to get the market started after the Global Financial Crisis, Coalition and Conservative initiatives to deal with underlying problems have already included the New Homes Bonus[[7]](#footnote-7), the idea of central government commissioning homes directly, enabling local authorities to build some homes up to a narrow borrowing limit, delayed payment on purchase of public land, attempt to encourage institutional investment in new homes for private renting, and various small funds to help with infrastructure costs, to bring empty homes into use, and to assist self-builders[[8]](#footnote-8), as well as initiatives to support people into home ownership (see below). The annual number of net additional homes began to creep up in 2015/16, although it was still well off target[[9]](#footnote-9).

The 2017 white paper changes emphasis somewhat. It explicitly identifies the building industry as part of the problem: the small number of companies, lack of innovation, and motives for delaying building even where there is permission[[10]](#footnote-10). In contrast to the previous governments, which saw planners and planning as an obstruction to the market, the May government points to failure by local gove\*The white paper will require local authorities to make plans to meet targets, and suggests further reductions in planning controls on new housing development, particularly in Green Belt areas[[11]](#footnote-11). It suggests policy to encourage smaller private companies, housing associations and even councils as builders. [more??]

These are welcome changes, and are likey to sustain the small recent increase in building. However, they are unlikely to be enough to meet targets or address the backlog of need. \*\*Government’s onw capaicyt to act is going backwards. It is worth bearing in mind that building taregts were not being met in 2009/10, but since then Department of Communities and Local Government budget has been cut by at least 41% in real terms (to 2014/15) and capital spending fell by 54%[[12]](#footnote-12). Local government too??

And while low supply is a big enough problem for one white paper to take on, the housing market is broken in more than one way and needs other fixes too.

The ratio between house prices and earnings has risen over the past twenty years not just because of the undersupply of new homes, but also because of other economic and social changes: the oversupply of money (from low interest rates and lack of alternative investments), relatively uncurbed by property tax, and exemplified by Buy to Let investments, and the unprecendented fliatlining of reasl incomes. Even if prices retruned to ??,

UK home ownership rates in the UK, the ‘nation of home owners’, peaked at 69% in 2003[[13]](#footnote-13). Since then, the proportion of households who own their home has fallen to the European average??.

and the reduced supply of mortgagable households.

Tax concessions form an important part of government support to housing. The Director of the Institute of Fiscal Studies commented, “you have to look a long way to find a part of the tax system that is more damaging and more unfair than the taxation of housing”[[14]](#footnote-14). The system continues to favour owner-occupation and buy to let over renting. Reform of council tax (property-based local government tax) and stamp duty (tax on ownership transactions) have been advocated for decades[[15]](#footnote-15).

The decline of home ownership can’t be reversed without lower prices or a change in the labour market/and longer careers on higher and more secure pay for more people. Affordability?? Rising homelessness could be addressed . The planning system shouldn’t take the blame for these various problems, and using Green Belts won’t help people affected by them.??

What kind of housing should a nation with increasing porpertions of people in low-paid self-employment, ero-hours and other uncertain unerning patterns What is the best kind of housing for someone in marginal self employment or on a zero hours contract and their childnre? Housing which is affordable and secure – someone should invent social housing

However, one cause of the broken housing system is that we have chosen to fracture two major element sof the hosuing afetynet: HB, after a seies of refroms, not onger avaiable to all on low income to pay enough of rent to ensure minimum susbsitatnce, and social housing, no longer all at ’social rents’ or for the long term, and shrinking in size.

Home ownership rates in the UK, the ‘nation of home owners’, peaked at 69% in 2003[[16]](#footnote-16). Since then, the proportion of households who own their home has fallen to the European average??. Ownership rates have fallen particularly sharply amongst younger and blue collar people. In 1996 55% of 25-29 year olds were owners; by 2015 the figure was 30%[[17]](#footnote-17). However, rates are falling even for those aged 45-64[[18]](#footnote-18). Affordability is not just a problem for would-be buyers. The Resolution Foundation found that more than half of working age households have had either real falls or no increase in income 2002-15, if housing costs are taken into account[[19]](#footnote-19). Housing cost increases outweighed income increases for private renters, Londoners, those aged 25-44, and those on below-average incomes, and risk problems of labour mobility and entrenched inequality[[20]](#footnote-20). Government homelessness street counts increased in England by 55% 2010-2014, and a more robust voluntary sector count increased 109%[[21]](#footnote-21). The change is big enough to be visible to members of the public. The number of households accepted by local authorities in England as ‘homeless and in priority need’ under the law increased by 36% 2009/10-2014/15 (and without administrative changes this figure might have been higher)[[22]](#footnote-22). The cost of housing benefit has also grown, despite welfare reform[[23]](#footnote-23).

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Finally?? in addition to reforming housing, government has other priorities, inluding reducing expenditure, increasing work incentives, promoting ’fairess’, and Brexit.

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 [wors than pervious white papers?\*]

Structural problems in the housing system

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abour's shadow housing minister John Healey described them as "feeble beyond belief".

Housing policy is only partly made via legislation. Patterns of expenditure are very important both independently and as a means to put laws into action.

Big cuts in government spending on housing

The latest phase of welfare reform and its impact on housing

In addition to reforming housing, government has other priorities, inluding reducing expenditure, increasing work incentives, promoting ’fairess’, and Brexit.

In the face of this gap and the growing backlog, in 2015 the UK government set itself the task of building 1m homes in total or 200,000 per year to 2020 in England[[24]](#footnote-24). There is widespread consensus about the extent of undersupply; there is less agreement about what causes it, what it does, and how to overcome it[[25]](#footnote-25). For over a decade, the planning system has been blamed[[26]](#footnote-26). Land supply, the cost of infrastructure, and the monopolistic structure of the development industry have also been identified[[27]](#footnote-27). A report by Shelter and KPMG said, “central government capital grant is the most straight forward, practical and efficient method for stimulating building”[[28]](#footnote-28). In addition, some have begun to assert the idea that unmet need could be due to poor distribution of existing housing stock rather than undersupply[[29]](#footnote-29).

The drive to protect owner occupation rates

There is an ambiguous approach t piate renting However, Coalition and Cameron government policies meant that in 2017 social housing seems to be at another, more dramatic turning point, in England, at least. Even the cautious House of Commons researchers refer to the ‘demise of social housing’[[30]](#footnote-30).

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Soial housing is at a histrc turning point.

[build]. A revived Right t uyWhile local authority tenants no longer expect rising rents and, in England, may benefit from the RTB, they may be required to pay to stay, and cannot be sure of a long-term tenancy either.

The housing elemtn of the welfare state safety net, which recues peoe from homelessness and dstitution in case of disasters of illhealth or loss of income, or hoousing) is made up of the exitsnsece of social housing, housing benefit and homelessness legidaltion/laws whcih. This has been weakedn significantly.

Housing porbelms “one of the greatest barriers to progress tday” and housing afordability

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