

18.7.23

Lisa Nandy MP  
House of Commons  
London SW1A 0AA

Dear Lisa Nandy,

### **Housing and Planning Policy**

I am writing to you in your capacity as Shadow SoS for DLUHC on behalf of the Highbury group on Housing Delivery which I chair. The group is a network of progressive housing and planning professionals – experienced practitioners, engaged academics, think tank research staff, officers from professional institutes and policy officers from housing and planning campaigning groups. The network has been meeting regularly for fifteen years and has published a large number of policy statements, research papers and submissions to government and parliamentary bodies. These are on our website: <https://e-voice.org.uk/highburygroup/>

Earlier this year, we had a series of meetings with Matt Pennycook as shadow housing and planning minister and Joe Wright from the LP policy team, at their request, to discuss a wide range of policy issues, both in terms of input into the party's general election manifesto and plans for the next Labour government. A number of group members have sent further papers to Matt and Joe or have participated in bilateral meetings on specific policy areas.

I am writing to you to express some concern at some of the content of recent statements by Keir Starmer and Rachel Reeves which have been somewhat at odds with the approach we have been discussing with your colleagues. We recognise that the Labour party is seeking to make positive statements in a range of policy areas and is trying to make an offer to a range of different groups and that also that the lack of detail on implementation of proposals reflects the party's caution about entering into specific commitments given the uncertainty about sources of funding and the shadow chancellor's insistence on demonstrating fiscal responsibility'. Given resource constraints, it is important that the Party is clear about its priorities, rather than seeking to do something for everybody.

In this note, I will focus on some key issues. Our overall approach and proposals on a wide range of housing and strategic planning policy areas are detailed in our recent published statements. Housing is going to be critical to achieving the Party's stated mission of raising Britain's economic growth rate to exceed other similar countries. Not only is the shortage of housing a real constraint on achieving the economic potential of cities like Oxford and Cambridge, but affordability generally is a divisive

factor in the towns and cities that have suffered from the loss of industrial jobs, like in the North West.

### **Home Ownership.**

We consider that the setting of a target to increase homeownership to 70% is both wrong in principle and undeliverable. The main focus should be on increasing the supply of genuinely affordable rented homes for those unable to access market homes. At a time when mortgage costs are increasing dramatically, to suggest government intervention can somehow increase the number of new home owners, when the key current challenge is protecting existing homeowners from losing their homes. All the historic evidence shows that general subsidies to homeownership, whether through grant, loans or tax exemptions, just increases house-prices in the medium and longer term, and is therefore a misuse of public resources. Moreover, encouraging marginal home-ownership can have the risk of increasing unsustainable homeownership and putting new home owners into serious financial difficulty. It is our view that public resources should be focused primarily on providing and maintaining homes in social ownership available for households in housing need and not in poorly designed subsidies to forms of home-ownership, such as help to buy or discounted sales. Some case can be made for well-designed and targeted shared ownership which entails shallow subsidy and can form part of mixed tenure developments with particular roles in supporting mixed tenure developments, rural affordable provision, family housing in regeneration areas, key worker housing in London, etc. This can make some contribution to increasing home ownership at the margins but will never be more than a minority of new provision.

To rebalance the current tenure mix, local authorities and housing associations should be funded to acquire both privately rented and formerly owner-occupied homes, where appropriate to meet unmet housing need and which are either in good condition or capable of cost-effective improvement. It is noted that some authorities, including the Greater London, are currently funding such programmes. Councils should have the power to buy back for council properties on the basis of market value less the discount applicable under the original Right to Buy disposal.

### **The Right to Buy.**

It follows that continuing the Right to Buy, which involves selling at a discount public sector housing stock to households who are already satisfactorily housed, is a serious error. The current housing context is very different from that current when Right to Buy was introduced in that the current tenure balance is no longer capable of meeting the wide range of housing needs. In England, the social sector housing stock (council and housing association) in terms of households in occupation is only 17% of supply, compared with 32% in 1981. Right to Buy has been the main factor contributing to this decline, as well as contributing to the increase in private rented homes as many Right to Buy purchasers have then let their properties or sold to private landlords. At the same time households in privately rented accommodation have increased from 11% to 19%. To propose an increase in homeownership from the current 64% to 70% implies a further decrease in social housing, unless it is proposed that a quarter of private renters can become home owners, which seems highly improbable in the current context. For Labour to claim credit for introducing council house sales (a proposition made by Hugh Gaitskell in the late 1950's which did not involve discounts or compulsion) was in the context of a social housing stock which was in most parts of the country adequately meeting the need for non-market housing and was on the basis of councils being able to use receipts to ensure replacement of sold homes. Since the 1980's, neither of these criteria have applied. We had understood that Labour was considering allowing Right to Buy 'to wither on the vine' by phasing out discounts and tightening up eligibility, though not following the Scottish and Welsh precedents of

abolition. Given the track record of rates of replacement of sold homes, we are puzzled at the implication that somehow a Labour policy on Right to Buy would guarantee 1:1 like for like replacement, a commitment made by previous governments but clearly not delivered. We would appreciate clarification on this issue.

### **Housing targets, local plans and inter-authority collaboration**

The current focus on housing unit targets is misguided in that it fails to consider the type and tenure of new homes and the issue of who can afford them. Whereas local plans should seek to identify development capacity to meet the full range of housing needs, it is much more important to set targets for the provision of additional socially rented homes for those who cannot afford to access market homes whether for sale or rent. Local planning authorities should therefore be required to set tenure and affordability based targets as well as targets for different types of new homes by bedroom size, based on comprehensive assessments of housing need and development capacity, with a nationally consistent methodology set by government. Such assessments should be set on an inter-authority basis, based on housing market /travel to work areas. This should be mandatory within a statutory strategic planning framework set in legislation. The current Levelling Up and Regeneration Bill is deficient in relation to strategic planning, and to date opposition amendments have not adequately proposed a satisfactory framework. Affordability criteria need to be subject to a national definition which relates to local incomes, with targets for social rented housing to relate to a proportion of lowest quartile household incomes rather than average household incomes. The proportion should be no more than 30% of net household incomes.

### **Development on sites designated as Green Belt**

We welcome the policy shift to recognise that in some circumstances development of land designated as Green Belt may be both necessary and appropriate. However, it is critical that such proposals should be considered within the context of comprehensive housing needs and development capacity assessments and should only be considered where assessed priority housing needs cannot be otherwise met. It is not necessarily helpful to carry out separate Green Belt reviews, as such an assessment needs to be undertaken within the context of a consideration of alternative development options. It is important that Green Belt releases do not encourage speculative development which is unlikely to provide homes to meet the most urgent housing needs. Development of Green belt sites should meet the same criteria as development of other sites in terms of tenure mix, build type and access to transport and other services. Such developments should be local authority led. Focusing on providing appropriate housing is the most effective way of reducing local opposition. It is important that the Labour Party, nationally and locally, should not be seen as allowing a free for all or as enabling speculative development and profiteering by land owners, investors and housebuilders. Ideally, local authorities should acquire appropriate housing sites, whether in the Green Belt or not, at existing use value with planning only granted on the basis of compliance with local authority determined development briefs.

### **Land Acquisition and Compulsory Purchase**

We welcome the Labour Party's recognition that CPO powers need to be extended beyond the welcome reforms in the Government's Levelling Up and Regeneration Bill. In our view Local Authorities and other public bodies should have the power to acquire, compulsorily if necessary, any site identified as appropriate for housing at close to Existing Use Value. Where sites in private ownership with planning consent are not developed within the required timescale, the planning consent should lapse, and the local authority's CPO powers can be invoked. The Party will no doubt want to use housing development and refurbishment as a means of breathing life back into run-

down town centres and the areas around railway stations. As the land is usually in multiple ownership, publicly promoted development could reduce carbon emissions and also generate extra income for local authorities through mixed tenure housing.

### **Funding**

We recognise the difficulty of committing to specific targets in relation to a range of aspects of the required policy change, notably in relation to the funding to be available to Homes England and the Mayor of London to enable the delivery of the required additional social housing and the maintenance of the existing social housing stock, including the correction of historic defects (such as dangerous cladding) and the meeting of new net zero and other environmental and building standards requirements. While we are conscious that this is outside your personal remit, a significant increase in the public sector resources invested is essential, both in terms of grant per new home and in terms of total quantum. We recognise that new sources of revenue for both central and local government are essential for the Labour Party's vision and policy objectives to be delivered. Until the Labour Party is more explicit about how this revenue is to be raised and the priorities of different programmes, there is inevitably going to be some scepticism about whether the vision or objectives are actually deliverable. We would stress the importance of the most effective use of available resources, and this should not include subsidising house price inflation, capital appreciation by individual home-owners, increasing the profit margins of private developers or the receipts of landowners. However, it is also important to ensure that taxes on land and property, including council tax, stamp duty, capital value taxes, and inheritance taxes both optimise government revenue and avoid negative impacts on the housing market and housing affordability. We are aware that the Labour Party is reviewing options for reforming a range of taxes and levies ( including the operation of the proposed infrastructure levy and the Section 106 regime) and we would stress the importance of taking into account the potential direct and indirect effects of different reform options on housing policy objectives, especially in relation to the provision of additional socially rented homes and the affordability and quality of the existing social housing stock

I would stress that the Highbury group is a professional network, reflecting a wide range of organisations and interests. As a group, we have no collective political affiliation or ideological position. Many of us have worked within or with successive administrations at national, regional or local level.

We are happy to have further discussions on the points raised in this letter, and would welcome a meeting with yourself and your team.

Yours sincerely

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Chair, Highbury Groupon Housing Delivery

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<https://e-voice.org.uk/highburygroup/>