

# Labour to ramp-up council house building to fix the housing crisis

## Top lines

- Labour will ramp-up council housebuilding to deliver the biggest increase in council housebuilding since the years immediately after the Second World War, and the biggest overall affordable housebuilding programme since the 1960s.
- The number of Government-funded homes for social rent has fallen by over 90% since 2010, to fewer than 1,000 last year. Only Labour is offering real change to fix the housing crisis.
- We will deliver over a million genuinely affordable homes over the next decade, and by the end of the next Parliament we will be building 100,000 council homes for social rent, and at least an additional 50,000 genuinely affordable homes through housing associations, built to cutting edge design and green standards.

## Background

- Everyone knows someone affected by the housing crisis. There are over a million households on council waiting lists and average house prices are now eight times average incomes, pricing working people on ordinary incomes out of a decent home.<sup>1</sup>
- Experts agree that more state-backed building of genuinely affordable homes is what is needed to fix the country's housing crisis:
  - The major housing industry bodies, the Chartered Institute for Housing and the National Housing Federation say 145,000 affordable homes a year are needed.<sup>2</sup>

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<sup>1</sup> Local authority housing statistics, 2018, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/773079/Local\\_Authority\\_Housing\\_Statistics\\_England\\_year\\_ending\\_March\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/773079/Local_Authority_Housing_Statistics_England_year_ending_March_2018.pdf)

<sup>2</sup> "We have called for a 10-year programme to build 145,000 affordable homes a year"

- The housing charity Shelter's expert housing commission concluded that the country needed to be building an average of 155,000 social homes a year over the next 20 years.<sup>3</sup>
- However, despite the scale of the crisis and the need for more low-cost homes, the Conservatives have slashed funding for low-cost homes. The National Housing Federation say: "Last year the Government spent £1.27bn on affordable housing, making housing one of the smallest government budgets, down 70% on 2010 levels."<sup>4</sup>
- At the same time, the Conservatives have re-branded more homes as 'affordable' to try to mask the scale of the cuts they have made – introducing new 'affordable rent' homes which are priced at up to 80% of market rates, which are out of reach for many households on low and ordinary incomes.
- As a result, the number of genuinely affordable homes for social rent has fallen dramatically. The number of Government-funded homes for social rent has fallen by over 90% since 2010, to fewer than 1,000 last year.<sup>5</sup>

### **Labour will:**

- Scale up council house building so that we are building 100,000 council homes a year by the end of the parliament – up from around 2000 today. These will be built through a combination of councils building directly and public-public partnerships with the Department for Housing and combined authorities.

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[http://www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/British\\_public\\_tells\\_new\\_government\\_dont\\_stop\\_talking\\_about\\_the\\_housing\\_crisis](http://www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/British_public_tells_new_government_dont_stop_talking_about_the_housing_crisis)

<sup>3</sup> "Our vision for social housebuilding would provide an average of 155,000 more homes a year" [https://england.shelter.org.uk/\\_data/assets/pdf\\_file/0005/1642613/Shelter\\_UK\\_-\\_A\\_vision\\_for\\_social\\_housing\\_full\\_interactive\\_report.pdf](https://england.shelter.org.uk/_data/assets/pdf_file/0005/1642613/Shelter_UK_-_A_vision_for_social_housing_full_interactive_report.pdf)

<sup>4</sup> National Housing Federation, June 2019: <https://www.housing.org.uk/press/press-releases/128bn-needed-every-year-to-end-the-housing-crisis/>

<sup>5</sup> MHCLG, table 1012: affordable housing starts and completions funded by Homes England and the GLA [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/809387/Live\\_Table\\_1012.xlsx](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/809387/Live_Table_1012.xlsx)

- Build at least an additional 50,000 homes through housing associations, including homes for social rent, discount homes to buy and homes for living rent.
- Ensure all homes are built to the highest design and environmental standards, in line with Labour's commitment that all new homes will be built to zero carbon standards within three years<sup>6</sup> and the example set by Labour-run Norwich council recently by building a new council development of high-standard, green homes that won the Royal Institute of British Architecture's prestigious Stirling Prize.<sup>7</sup>
- Scrap the Tories' bogus definition of 'affordable' and replace it with a new Labour definition linked to local incomes. This definition will include: homes for social rent, living rent homes with rents capped at 1/3 of local incomes; and new discount homes to buy, with prices linked to incomes.<sup>8</sup>
- Labour's plans are for the biggest increase in council housebuilding under any party in Government since the years after the Second World War when Clement Attlee's 1945-51 Labour Government got Britain building again. It will be the biggest overall programme – including both council and housing association homes – since the 1960s. The last time that we built more than 150,000 council and housing association homes together was 1967.<sup>9</sup>

## Q&A

### How much will this cost?

Half the funding allocated in Labour's Social Transformation Fund - around £75bn -will be allocated to housing. This is a big, long-term investment in the

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<sup>6</sup> BBC News, 2 November 2019, Election 2019: Labour pledges new-build homes 'zero carbon' by 2022 <https://www.bbc.co.uk/news/uk-50273350>

<sup>7</sup> RIBA, 'Goldsmith Street wins RIBA Stirling Prize', <https://www.architecture.com/awards-and-competitions-landing-page/awards/riba-stirling-prize>

<sup>8</sup> Housing for the Many, <https://labour.org.uk/wp-content/uploads/2018/04/Housing-for-the-Many-final.pdf>, p. 14

<sup>9</sup> MHCLG, table 244: permanent dwellings started and completed, England, historical calendar year series [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/835896/LiveTable244.xlsx](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/835896/LiveTable244.xlsx)

future for our country and for the thousands of families and younger people who have been locked out of a decent, affordable home.

Labour's capital spending is from additional borrowing, consistent with Labour's fiscal rules which will balance the budget for day-to-day spending over five years and ensure debt interest payments remain sustainable.

### What does 'genuinely affordable' mean?

The very word 'affordable' has been abused by the Tories, who have branded homes 'affordable' at up to 80% of market rents, which can be over £1500 a month in some areas. A Labour Government will rip up the Conservatives' definition and replace it with a new Labour definition, linked to incomes. This will include social rent, which is set by a national formula and works out about half the level of market rents<sup>10</sup>, living rent, which is set so rents don't exceed a third of local incomes, and discounted homes for low-cost ownership.

### You're ending the right to buy?

Yes, this has already been done in Scotland and Wales, and we can't have a situation where councils are building new homes only to lose them again. We've lost over 150,000 social rented homes in the last five years as a result of this and other Tory policies.<sup>11</sup>

We also know now that over 40% of homes sold under the right to buy are now let out by private landlords.<sup>12</sup> So right to buy has become right to buy to let, at the taxpayers' expense.

Labour will end the automatic right to buy so homes can only be sold to sitting tenants where the council can prove there is a plan to replace the homes sold at least one-for-one and like-for-like.

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<sup>10</sup> MHCLG, social housing lettings in England 2017/18  
<https://www.gov.uk/government/statistics/social-housing-lettings-in-england-april-2017-to-march-2018>

<sup>11</sup> CIH, 2018, More than 150,000 homes for social rent lost in just five years  
[http://www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/More than 150000 homes for social rent lost in just five years new analysis reveals](http://www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/More+than+150000+homes+for+social+rent+lost+in+just+five+years+new+analysis+reveals)

<sup>12</sup> Inside Housing, 'Right to Buy to Let', <https://www.insidehousing.co.uk/insight/insight/right-to-buy-to-let-44479>

### But nine in ten people want to own their home, not rent?

Labour's affordable housing programme will include new homes for low-cost ownership, and we'd want to see these built in every part of the country. But we should remember that low-cost homes to rent can be a route into home-ownership too. Lower rents mean if people wish to they can save for a deposit for buying a home, and that's just not possible for many who rent from a private landlord.

### What is Labour's overall target for housebuilding?

We think 300,000 homes a year is a reasonable ambition for overall housebuilding, but the truth is what we build and who it's for is just as important as how many. Commercial developers building more market-price homes isn't going to fix our housing crisis, so that's why Labour's focus is on building the council and social homes that people on ordinary incomes need.

### Is this going to mean more concrete tower blocks, like the building in the 1950s and 1960s?

Labour's modern council housing will be built to the highest design and green standards, like we saw in the architectural award-winning recent development at Goldsmith Street in Norwich. We want this new public housing to be built to a better standard than the private sector, just like Labour did after the war when new council housing was more spacious with better amenities.

### Is this possible, given we are building so few council and social homes at the moment?

In the years after the Second World War, from a standing start we increased council housebuilding to over 160,000 homes a year in just *three* years – by 1948 - so this is absolutely do-able. There will be additional help from central Government to help councils scale up their capacity.

The sort of scale of council and social housebuilding that Labour is proposing was cross-party common-sense for decades until the 1980s. Given the scale of the housing crisis, it should be common sense again.

### Does the fact that councils will build more homes mean you are turning your back on housing associations?

No. To tackle the housing crisis we need both councils and housing associations building more affordable homes, so our plans will mean more investment for housing associations to build more genuinely affordable homes. But it's clear that councils are the 'missing piece of the puzzle' when it comes to fixing the housing crisis, so Labour's focus will be on building up their capacity.

### What if councils don't want to build these homes?

Whether councils are Labour or Conservative, they know that we need more council housing. For example, the former Conservative chair of the Local Government Association and Conservative Peer, Lord Gary Porter has advocated a return to mass council house building, saying "the shortage in affordable housing is one of the most pressing issues we face as a nation".<sup>13</sup> We will look to work with councils to achieve the rapid increase in building that is needed and provide additional support from central Government, alongside a new duty for councils to plan and deliver the homes their areas need.

### Where will you build these homes?

We know land can be a constraint on building, which is why we've set out plans for an English Sovereign Land Trust, a new Government agency which makes land available more cheaply for our housing programme. We'll also ensure that public land is used for public benefit, which means building genuinely affordable homes rather than selling the land off the highest bidder as the Tories have done.

Labour's proposals don't necessarily mean building more homes than the Government has already committed to, but they do mean changing what homes we build and who they're for. This means fewer executive homes built by commercial developers and more low-cost homes to rent and buy for people on ordinary incomes.

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<sup>13</sup> Inside Housing, January 2018, Councils are ready to resume their historic role as major house builders <https://www.insidehousing.co.uk/comment/comment/councils-are-ready-to-resume-their-historic-role-as-major-house-builders-54076>

Doesn't more public building mean crowding out private sector building?

No. History shows that needn't be the case. During the 1960s for example, we had big public housebuilding programmes alongside some of the highest levels of post-war private housebuilding.