

LAND AND THE HOUSING CRISIS

**Political self interest, myopic pursuit of profit, and sheer bloody madness.
ROBIN HOWELL on the roots of the current housing crisis and how to solve it.**

Either we all live in a decent world, or nobody does
- George Orwell

For most of us, a secure home is the foundation at the heart of our identity, and the base on which our participation in society sits. Failure to address the shortage of decent homes handicaps us in facing the bigger problems. The current housing crisis in the UK is a politically created problem, brought about by a dogmatic reliance on market forces to regulate a market which is not a market. It is both symptom and cause of a divided and fractured society. At the core of this dysfunction, and also at the heart of the remedy, is the ownership and control of our land. It may be less important than global warming in the scheme of things, but it is considerably more real and immediate for many of us.

Where Are We Now?

Average UK house prices are now eight times average earnings and therefore completely unaffordable to those on an average wage. By some measures we need as many as 3.91 million homes by 2031. Having reached 50 percent in the sixties and peaked at just over 70 percent in 2003, home ownership is now heading back to 60 percent. The irony is that there are five million families desperate to mortgage themselves to the hilt if there were houses they could afford to buy, which would help to create space for those who need, or want, to rent.

In 2004 Kate Barker forecast housing need at 250,000 homes per annum over the next 20 years. Even half that annual number has yet to be achieved. The Shelter cross party commission reported in January 2019 that 3.1 million social homes will be needed for rent over the next twenty years.

The National Housing Federation (NHF) say that 40 percent of those renting are paying over 50 percent of their income, despite one third being reckoned to be an affordable maximum. The Joseph Rowntree Foundation (JRF) estimates that the number in temporary accommodation will rise from around 80,000 to over 100,000 in 2020, and that 3.6 million children and two million pensioners are living in bad housing. Rough sleepers have risen by 169 percent since 2010. Forty percent of the Council homes sold under the 1980 Housing Act are now in the hands of private landlords.

There is an endless litany of depressing figures to choose from. On paper these numbers are mere words. As facts they represent nearly half a century of Treasury, civil service and political complacency—or wilful blindness.

As a reality for those trapped in the figures it is the prospect of a lifetime on the edge of being cold and hungry. It is a gut wrenching indictment of the divided society in which we live. Of course, most of us get by. That is the problem. That is why it is so hard to persuade politicians that this is a priority.

How We Got Here

The 1947 Town and Country Planning Land Act laid the foundations for current planning control and strategy. It has been a mixed blessing. It addressed unregulated urban sprawl, and introduced the compulsory purchase powers needed to acquire land for major public housing development. For efficiency, the strategy was to concentrate building on large developments close to well serviced existing centres of population. This strategic view may have been appropriate at the time, but its implications have contributed to current problems.

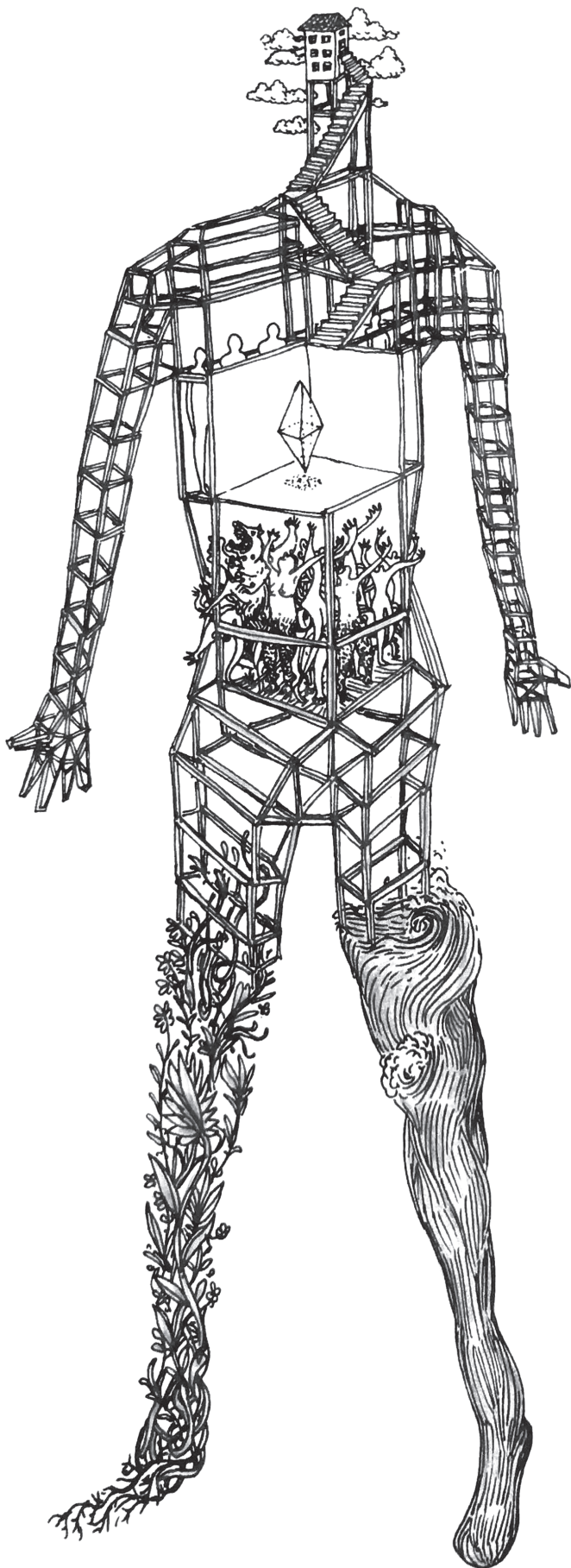
It has led to a “big site” attitude by governments of all parties, enabling the the housing market to be dominated by a few major developers. The UK is almost unique in allowing its housing infrastructure to be manipulated by so few companies. The legacy has been half a century of large, arid developments and the ossification of villages, starved of the organic growth needed to maintain the shops, buses and services they have now lost. Perhaps worst of all it provided an excuse for the growth of disastrous “not in my back yard” attitudes.

Since 1969 house prices and rents have increased at a faster speed than average earnings. This was always unsustainable. It is not just a bad idea; it means that sooner or later the wheels come off. And now they have. 1969 was the first time that home ownership reached 50 percent of home tenure, and the last point at which home ownership was genuinely affordable to those on an average wage. The average house cost about £4,200, and the average wage was about £1,500 a year. At the time this was a ratio of about three to one; building societies regarded it as affordable as it left enough to live on after mortgage payments.

Buying Votes With Homes

Home ownership was, and still is, the aspiration of around 85 percent of people in the UK. This is why the sale of council houses enshrined in the 1980 Housing Act was a political masterstroke, successfully boosting the Conservative vote, as it was designed to. It was massively popular, and in itself not entirely daft. But the Thatcher government needs to be held to account for how and why it was done.

In 1980 Bristol had a population just over 400,000, and around 150,000 dwellings, of which nearly one third were council homes. There was a waiting list of 2000, but a relet rate of one and a half percent. In other words ninety eight and a half percent of tenants never moved; vacancies were about 700 a year. Selling some of our stock to those who weren't going to move, and offering a discount to many who had long since paid for the cost of their home in rent, seemed a reasonable idea. It might have been, if the capital receipts had been used to build more council houses to tackle the waiting



Lucas Almeida

list. But this was not allowed. Most of the money had to be used to pay off council housing “mortgage” which was being perfectly adequately covered by rents.

By the time I retired from the council in 1991 we had sold a third of our housing stock, we had a waiting list of 8,000, kids were sleeping out on the streets, and I think we had built seventeen council homes. That situation was created almost entirely by dogma driven stupidity. Today very few council homes sold under the 1980 Act are within the purchasing power of first time buyers. Forty percent are in the hands of private landlords, many at unaffordable rents.

Act Differently

Over the last forty years or so governments of all parties have set innumerable targets for home building, none of which they have ever met. Only in its last term in office did Labour spend more on social housing than the previous Conservative government. Both parties continued the dogma driven coercive “stock transfer” of council homes to Registered Providers. Almost all attempts to increase home ownership with financial incentives served only to further increase prices. Attempts to encourage increased rates of building have resulted in further failures to meet targets, and bigger profits and bonuses for the big builders. Every government since 1980 has insisted that housing was a priority, but failed to get to grips with the underlying causes that were feeding the problem.

In relative terms it is no more expensive to build a home now than it was fifty years ago when to buy or rent one was genuinely affordable. What has changed is the cost of the land it sits on. With enough free land, we could still build all the affordable homes we need today for rent or purchase.

The land we don't have to buy is that which we already own: public land. And yet such land has been stupidly squandered for half a century, latterly through agencies such as Homes England, in exchange for the myth of affordability. In 2006 Trevor Beattie of English Partnerships announced that he had over 30,000 hectares of public land to dispose of for housing. In addition local authorities of all parties have been forced, bludgeoned, bribed and beguiled into selling their land and social housing, despite considerable resistance by many of them. This policy has demonstrably and spectacularly failed. It has been an act of almost unprecedented stupidity. Out of touch politicians have controlled planning policy in a way that guarantees to throttle market supply of land which inevitably pushes up prices; that is what a market is.

So, stop selling publicly owned land for housing. Stop it at Government level and local government level. Suspend the sale of council homes. Stop the sale of Housing Association homes. Don't stop building. Just stop selling the freehold of the land which is already ours. We should be using this land as a cash free subsidy to provide affordability. We should be granting leases on it so that affordability can be passed on and the freehold remains owned by all of us. Think of it like a giant Community Land Trust, only simpler and universal. In a version which I proposed in 2008, this is called LandHold.

Build on Public Land

LandHold Trust (LHT) would retain the freehold of publicly owned land, and uses that ownership as a cash free subsidy to deliver affordable homes.

For example, suppose Homes England has a five hectare site suitable for a mixed housing development of 150 homes, of which it wants 50 to be available as LHT. Currently, in order to provide this percentage of “affordable” homes, the developer would cut a deal with HE under which it payed little or nothing for the land. In the LHT model, the developer would pay full market price for the unencumbered development potential of two thirds of the site. This represents a very attractive deal for the developer, and also provides HE with a tidy capital receipt.

The developer is given the opportunity to build out the whole site including the LHT homes. The latter can then be offered for sale direct by HE, or by the developers as agents. House price variation across the country is directly linked to land price, meaning that a three bedroom LHT home (ie one without land costs) can be offered for sale at around £150K whether it is in Devon, Durham or Dorking.

This is not part ownership. There is no loan, part rent, “staircasing” or subsidy involved. The home belongs fully to the buyer, and they can stay in for as long as they like. However, if they ever do want to sell it, they sell it back to the LHT and receive only a ‘cost of living’ increase on the original purchase price. This means the house remains affordable for the next purchaser.

In 2008, government regeneration agency English Partnerships (which later became the Homes and Communities Agency, and then Homes England) commissioned a report into the viability of the LHT model from consultancy firm Ikon. This report acknowledged the advantages and practicality of LHT, but concluded that it was “less attractive” than more

conventional ownership options. The argument was that if house price inflation and open market value rose faster than earnings over the next twenty years (a fairly safe bet), owners would find it increasingly difficult to get out of LandHold and into open-market housing, should they wish to move.

However, what their own figures also demonstrated was that in less than 20 years house prices would be unaffordable to anyone on a normal wage. This is exactly what is now happening. The report stated:

“Average earnings inflation is 4%, so purchasers of an [LHT] property could expect 4% pa growth in their property value. With current rates on savings accounts in excess of 4%, this would render an [LHT] property a less attractive investment.”

Note the emphasis on a home as an *investment*. Similarly the tenure was described as a *product*:

“In terms of investment and value growth, shared-ownership appears to be a much more attractive product than an [LHT] property.”

On this logic, then clearly:

“If a [LHT] property is looking to ‘tap in’ to the same market as shared ownership, it might struggle.”

Both the consultants and English Partnerships had completely missed the point. LHT was not trying to “tap in” to this dysfunctional system. It was offering a secure, stable alternative. The meeting ended. Nothing ever came of it. The ‘product’ was dead in the water.

Robin Howell was a Bristol City Councillor from 1979 to 1991.
<http://robinhowell.org/>

Containing the Problem

Housing providers all over the country are failing to offer enough adequate, affordable accommodation, especially for the single. Converting containers into homes is not new, nor necessarily a long-term fix. However, as a short term solution they are structurally sturdy, cheap, transportable, and stackable into confined spaces, ideally suited to the urban landscape.

In 2018 Robin Howell began work on a pilot scheme in Somerset (right) to show that containers can deliver an acceptable, replicable, fully costed one bedroom home, the rent for which can be covered by the LHA (Local Housing Allowance for those on housing benefit). This makes them genuinely affordable and could enable the capital cost (fronted by the housing provider) to be recovered in a reasonable period. Councils should now be able to borrow the capital cost under government permissions to fund housing schemes, or do deals with commercial container home providers and pay for them through rents.

This pilot scheme involves two containers. One is a bespoke 32 x 10 ft and the other a standard 40 x 8ft shipping container. The 40 foot is divided into a small single unit and a tool store and workshop, which can ultimately be used as a work/live unit. The 10 footer is built by Newspace at Lydney (Forest of Dean). The extra width makes for a much more comfortable living space. They are fitted with state of the art heating and cooking units. In short, they are very proper.

Local district councils, including Mendip and South Somerset, voiced initial enthusiasm (they currently pay large sums to private landlords, to house people in accommodation which is often of very poor quality) but failed to deliver sites or support actual projects with planning applications, citing “lack of resources”. Radical measures are needed now to tackle the housing crisis yet those with the power to act seem incapable of diverging from orthodoxy.

At the time of writing Howell was preparing to engage once more with the councils, who following recent local elections, are no longer controlled by Tory majorities or vetos. *The Land* will report back should any of these new Green, Lib Dem or independent councillors decide to take back control of this acute problem and have a go at thinking outside the box.



Howell's 2018 Container “show house”. Builder's yard, Bridgwater Somerset. <http://robinhowell.org/project-diary-2/>

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