



REBUILDING LONDON'S COMMUNITIES

January 2015

Housing Manifesto for the 2016 Mayoral Elections

Background

Labour Housing Group is a socialist society affiliated to the Labour Party. Formed in 1981 it represents Labour members interested in housing policy, developing ideas and proposals for inclusion in the Party's programme at national and local level.

London Labour Housing Group was launched in January 2011 at a meeting at the House of Commons of 200 members of London Labour Party. It produced draft manifestos for the 2012 Mayoral election and the 2014 Borough elections, and worked with the Labour Party to campaign on housing issues during elections. It has also contributed to a wide range of housing policy discussions including making a detailed submission to the national Labour Party's review of housing policy, led by Sir Michael Lyons.

While the focus of this document is on the London Mayor's housing powers, this draft Manifesto for the 2016 Mayoral election raises issues of national policy as they impact on London.

Priorities for a Labour Mayor

The Mayor of London has significant housing powers. The Mayor is in charge of the London housing investment budget, the London Plan which sets strategic planning policies for London including policies for new housing and different categories of new 'affordable' housing. The Mayor also has the power to veto, and in some cases to directly approve, planning applications for major new developments. The Mayor has the power to set targets for the number of homes to be built in each borough and to publish guidance on the type of homes to be built. Labour's Mayor will:

- ✓ Increase the overall affordable housing target to 65% and reintroduce a social rent target at 35% of the total housing target. Set targets for each borough. Focus the investment programme on funding social rented and not on funding forms of home ownership and marginally sub-market rented homes
- ✓ Where land is owned by the GLA which is suitable for housing, this should only be used for the development of social rented homes. In order to ensure an appropriate distribution of new social housing across London, the Mayor should directly acquire land for new social housing development, primarily in areas which are predominantly market owner occupied.

- Development proposals which do not meet the Mayor's criteria should not be supported and where a developer or local borough is not prepared to amend a scheme to make it policy compliant, the application should be refused. The Mayor should adopt a robust policy to achieve the maximum planning gain from new development.

London's housing crisis can only be solved through investment

London has failed to build enough homes for more than a generation and has failed to invest sufficiently in the existing stock. Shortage has resulted in excessive property values, excessive rents, a crisis of affordability, overcrowding, involuntary sharing and homelessness. The lack of supply is even more worrying in light of the projections that London's population will continue to grow rapidly. Lack of modernisation has left many homes in poor condition and with poor energy efficiency.

The policies of the Coalition Government and the Tory Mayor have made the situation much worse. They have:

- stopped funding social rented homes
- dropped Labour's plans to regulate the private rented sector
- introduced stringent caps on local housing allowance payments to private tenants, the overall benefit cap which is particularly harsh in London, and the hated bedroom tax
- reduced security of tenure for new housing association and council tenants and increased rents
- reduced the stock of social housing through heavily subsidised council house sales without replacement and pressurised housing associations to convert many social rented homes to much higher rents
- slashed the homelessness safety net and made it much more likely that homeless people will be moved out of London against their wishes
- failed to provide an adequate planning framework that would encourage developers to use their land and get building again and undermined the system of local communities benefitting from 'planning gain'
- removed the social rented homes target from the London Plan and tried to stop progressive boroughs from providing new homes at social rents with security of tenure
- introduced new demand subsidies like 'Help to Buy' which risk increasing house prices further without having a direct impact on supply.

Private finance cannot on its own provide genuinely affordable new homes. A number of Labour boroughs have started to build new council housing using their own resources, including land in their ownership, and work with housing associations to provide more social rented homes. However their ability to make a significant contribution to meeting the backlog of housing need is limited by the absence of central government grant and helpful national and regional planning policy. The new Labour Government will give housing investment higher priority, reform planning and land policy, and reduce the restrictions on councils borrowing prudentially to build new homes.

A Labour Mayor should use all the Office's strategic housing and planning powers to increase the number of new homes in general and the number of social rented homes in particular, through direct investment and by applying robust 'planning gain' policies to private development.

In addition to the obvious benefit of providing much needed homes, government investment in housing would:

- boost the economy in a sustainable way, helping to control inflationary costs in all sectors, helping to tackle an increasingly important restraint on London's continuing economic success
- create productive jobs, reduce people's need for benefits and increase the tax take as people get work – so the Treasury would get most of its money back
- make Londoners healthier and help educational attainment
- reduce fuel poverty and carbon emissions
- reduce inequality and make London fairer, improve opportunity for young people, help vulnerable and disabled people to live full lives, and provide comfort and dignity for older people.

By allowing new development which is exclusively market or near-market, and by pushing the poor into the cheapest parts of London or out of London altogether, the Tories have abandoned the consensus in favour of building mixed income and mixed tenure neighbourhoods in London. Mixed and diverse communities are an attractive feature of London that helps make it such a successful and liveable city. Planning and housing policies that support mixed communities should be a central priority for a Labour Mayor.

We can build more homes

With a new Labour Government and a new Labour Mayor, many more new homes could be built in London:

- ✓ Labour is committed already to achieving 200,000 additional homes a year by 2020, many of which will need to be in London, and to giving greater priority to investment in housing.
- ✓ Available resources in the Mayor's Affordable Housing Budget should be **better targeted by focusing on providing social rented homes** - which are **genuinely affordable and less costly in housing benefit terms**. We oppose the Tory approach of moving towards market rents and believe Labour should end the 'affordable rent' model, with rents of up to 80% of market rents. This is not genuinely affordable in most of London; it is 'intermediate' housing masquerading as social housing.
- ✓ Labour should support households wishing to become home owners for the first time but should **focus help and support on the central problem faced by first time buyers: meeting the high requirement for deposits**. We should not support general demand subsidies like 'help to buy' and concentrate our efforts on increasing supply.
- ✓ A significant proportion of London's existing and new homes are no longer available to Londoners as they are being bought by international investors at prime market prices. They are often left empty or only occupied for part of the time. Londoners are being severely disadvantaged because London property has become the global safe haven for wealthy people moving their resources out of their home country. **A specific tax should be imposed on foreign purchases, with the funds hypothecated for additional social rented housing. It should be a condition of planning permission that all new homes should be marketed at home first.**
- ✓ Labour should urgently review the London Plan. **It should restore the priority given to mixed tenure development on each site. The target that at least 65% of all new homes should be sub market should be reintroduced and Labour should work towards an initial target that at least 35% of all new homes should be for social rent. At least 40% of social rented and intermediate homes should be family-sized.**
- ✓ For new homes to be affordable by lower and middle income households it is essential that the cost of land acquisition is minimised. **Boroughs should be able to zone land for affordable housing and to acquire land to create developable sites and capture increases in value.** National policies like 'use it or lose it' and the agenda agreed by Labour's Lyons Commission will also help to promote more rapid housing development.
- ✓ Labour should accelerate the release of land by the GLA and other public bodies, but only for new social rented homes. **The new Labour Government will bring in its 'use it or lose it' policy and a Labour Mayor should use his/her compulsory purchase powers to acquire appropriate land for the development of genuinely affordable new homes.**
- ✓ The term 'affordable housing' should not be used for homes which are only marginally below market prices or market rents and which are not affordable by the majority of London households in housing need. A Labour Mayor should reintroduce the original London Plan definition of affordable social rented homes that housing costs (rents and service charges) should be no greater than 30% of net household income for the lowest income quartile of households. Shared owners, who take on part equity of a home, should not be required to pay more than 40% of net household income on housing costs (mortgage repayment, rent and service charges).
- ✓ The London Plan should require **all boroughs to contribute to meeting London's need for additional homes, and should insist on affordable housebuilding targets.**
- ✓ Labour should **review the tax treatment of Buy to Let and ensure more of a level playing field between homes for rent and homes for sale.**

- ✓ A Labour Mayor should ensure that the policies in the London Plan to **strengthen space standards, protect green spaces, improve environmental standards, and avoid overdevelopment are fully implemented.**
- ✓ Labour should encourage **evidence-based Neighbourhood Plans** that deliver social and greening infrastructure and other benefits for the community as well as new homes.
- ✓ Labour should **support the regeneration of estates** particularly to benefit current residents, but should also oppose speculative redevelopment where there is a major loss of affordable and social rented homes.
- ✓ Labour should **end the scandal which has seen 40% of council houses sales under the right to buy become privately let homes at much higher rents and, when tenants are on housing benefit, at much higher cost to the state.** There should be much stricter controls on discounts and Councils should be able to keep an equity stake equivalent to the discount provided and have first option to re-purchase. There should be much tighter restrictions on re-sale and re-letting to prevent abuse.
- ✓ To begin to tackle London's housing needs, public housing investment resources should be restored to 2008 levels as a first step. **Labour should lift the unnecessary HRA borrowing caps to enable councils to build more homes.** It should adopt well-established international conventions to enable additional prudential borrowing which will pay for itself over the term of a 30 year Housing Revenue Account Business Plan, especially where the cost of borrowing would be less than the projected cost of housing benefit subsidy to the private rented market.
- ✓ Labour should adopt a long-term strategy of switching back from spending on housing benefit, which currently takes over 90% of housing resources, to **spending on 'bricks and mortar' subsidies that keep rents down.**
- ✓ Following the introduction of the Mansion Tax, Labour should review all property and land taxation and tax reliefs to **introduce a more progressive and fit for purpose system.**
- ✓ Labour should **fully support public, co-operative, mutual and community models that capture the value of land and control speculative value appreciation.**

A charter for private renting

The new Labour Government will act quickly to bring much-needed regulation to the private rented sector. It will introduce longer tenancies and will help stabilise rents by controlling rent increases during a tenancy, similar to the successful German system. It will support the licensing of landlords, enabling much better control of the minority of rogue landlords that the industry attracts. It will strictly control the activities of letting agents, reducing 'churn', which is damaging to the interests of both tenants and landlords, and slashing the cost of taking up a tenancy, which has become prohibitive.

Longer tenancies will provide more stability for families and help people to build links in their communities and develop support networks. Regulation will enable the private rented sector to become a modern professional industry providing a good service and better value for money to tenants - and help end tax evasion. Boroughs will have the lead role in licensing and programmed inspections to ensure standards are being met and that disgraceful abuses like 'beds in sheds' are ended. They will also need to use their powers to purchase, compulsorily if necessary, properties where tenants need protection. The Mayor should co-ordinate and support the boroughs' efforts and provide cross-borough services, such as not-for-profit lettings agency services, as necessary.

Government policy is damaging and contradictory. Benefit caps and cuts to Local Housing Allowance discourage landlords from letting to people on benefits – people in work as well as people who are not - at the same time as councils are re-housing more and more homeless households into private rented housing. Caps do not take proper account of London's very high rent levels and make it hard for people to find an affordable home with a private landlord. Labour will ensure that housing benefit rates and caps recognise that London is a special case.

The Labour Mayor should monitor rents against a new measure - the London Living Rent. Like the London Living Wage this would be a benchmark against which actual rents can be assessed for their affordability.

Tackling the scandal of rising homelessness

Homelessness in London has increased again under a Tory Mayor and Tory led Government after many years of decline under Labour. In future, most homeless families will be placed in private rented accommodation rather than social housing. This will increase the cost of benefits and put greater pressure on the cheaper end of the market. Most boroughs face a shortage of affordable accommodation to discharge this duty, and will look to place families further from home in cheaper areas, placing more pressure on services in some boroughs. Some boroughs face the inevitability of having to move some families away from London, sometimes as far as the Midlands and the North.

A Labour Mayor should co-ordinate London's effort to tackle homelessness, working with boroughs to ensure that homeless families and individuals are only placed in temporary accommodation or re-housed with accredited landlords who meet good standards and offer longer-term tenancies. Families facing a move should be given full support to enable them to settle.

The rise in homelessness is partly explained by draconian benefit caps. Labour's policy of setting regionals cap will take account of London's high rents and will help ease the pressure.

Mayor Johnson failed to keep his promise to end street homelessness by 2012. A Labour Mayor should set a new target, and support schemes such as additional hostel places and commitments to ensure that people do not spend a second night on the streets. A Labour Mayor should advocate for the return of the ring-fence around spending on the 'Supporting People' programme to ensure resources are spent on helping vulnerable homeless people.

Social rented housing

Social rented housing is a critically important and increasingly scarce resource for Londoners on lower incomes. Many more homes are being lost than are being added to the stock due to Government and Mayoral policies.

A Labour Mayor should seek to protect the existing stock of social rented homes and to add to it wherever possible. The so-called 'affordable rent' regime, with rents up to 80% of market rents and insecure tenancies, should be ended, with resources switched to new homes for social rent.

The Labour Government should amend the right to buy. A subsidy of up to £100,000 to buy a council house is unacceptable, and as many as 40% end up being privately let. Councils should be able to keep an equity stake in homes sold, there should be strict conditions on re-sale, and any homes sold should be replaced one-for-one and like-for-like.

A Labour Mayor should monitor stock conditions in the social rented sector and make available funds to support regeneration schemes where there is no loss of social rented housing and decent homes improvements. Many tenants will be helped by the Labour Government's plan to end the punishing bedroom tax and a Labour Mayor should co-ordinate a strategy to tackle both overcrowding and under-occupation, but without severe financial penalties.

A Labour Mayor should insist that all social landlords – councils and housing associations – receiving funding should be more accountable to their tenants and be fully involved in decisions that affect them.

Home ownership

Home ownership remains the most common housing aspiration, but it has been falling in London as many people cannot afford homes in the capital. The only long term way to make homes more affordable is to increase supply and for incomes to rise faster than housing costs. Labour's commitment to 200,000 new homes a year will be an important first step, and Government support will be focused on helping first time buyers with deposits rather than boosting general demand.

A Labour Mayor should support the provision of more shared ownership homes. Shared ownership has become an important part of London's housing supply and helps ensure that not all private sale housing is at the top end of the income scale. It is a form of sustainable home ownership that helps avoid the booms and busts.

Many Londoners are leaseholders and insufficient attention has been paid to the problems they face. Labour supports leaseholders having more influence and control over their properties, for example by improving the regulation of managing agents, helping lessees to buy their freehold collectively and by an extension of the Commonhold form of tenure. Many leaseholders face large increases in service charges, especially in the private sector. A Labour Mayor will support lessees wishing to challenge their service charges or change their agent or become Commonhold owners.

A Labour Mayor will campaign for all boroughs to remove Council Tax exemptions for second homes.

Empty homes

Labour gives high priority to bringing empty homes back into use, whether they are publicly or privately owned. In collaboration with boroughs, a Labour Mayor should target large portfolio holders who operate across borough boundaries and 'buy to leave' speculators. A Labour Mayor should support boroughs in using the full range of powers available to them, including empty property management orders and compulsory purchase, and should insist that the maximum rate of council tax is levied for such properties.

Tackling inequality and discrimination

A Labour Mayor would pay more than lip-service to tackling inequalities and discrimination in housing. All major policy initiatives should be subject to a full equalities impact assessment.

There can be few times in recent history when young people have been so disadvantaged in the housing market, renting or buying. We will work with developers and mortgage companies to develop new products for young people who are first time renters or buyers, and encourage a better supply of starter homes to rent or buy. All planning briefs for major sites should consider the provision of accommodation for younger people within the scheme.

The older population is steadily increasing as we all live longer but most boroughs no longer offer any support to older people who are not deemed to be in critical and substantial need. Private renting is often unsuitable and inaccessible for older people, and landlords are often unwilling to agree to disability aids for increasingly frail older tenants. A Labour Mayor will work with older people's groups to highlight needs, protect the availability of warden-assisted sheltered housing, and encourage downsizing and equity release on fair terms.

Labour will also seek to better meet the needs of disabled people by ensuring that many more homes are built to the accessible Lifetime Homes standard and by improving the supply of wheelchair accessible homes. Wherever possible, new homes should be built to a flexible standard that meets the changing needs of families.

London borough councils have a key role to play

London borough councils have a key role to play in getting the homes we need built. They have a crucial strategic role, analysing the local housing market, assessing housing need and demand, identifying opportunities and working with partners to garner the resources necessary to get housing sites developed for the best possible use. They also have key roles in monitoring the private rented sector - ensuring that standards are enforced and rogue landlords tackled – and in assisting homeless people and people on council waiting lists.

Labour London boroughs, working under the most difficult circumstances with a Tory Government and a Tory mayor, have done their best to defend their communities and have been developing policies to build more homes and to tackle the worst of the private rented sector. Labour boroughs however need the support of a Labour government and a Labour Mayor if they are to meet the challenges they face. To obtain funding from the Mayor, housing associations working with each borough should be required to show that they are using their resources to the full to meet the Mayor's housing priorities.