

WA BRIEFING

What does the Conservative Party manifesto mean for housing?

19th May 2017

INTRODUCTION AND ANALYSIS

There have been substantial movements in Conservative Party policy since the last election. As in other policy areas, the Tory manifesto contains commitments on housing that would not look out of place in Labour's platform.

Theresa May does not shy away from diagnosing the problem, and does not conveniently land the blame on the last Labour government alone:

"We have not built enough homes in this country for generations ... We will fix the dysfunctional housing market so that housing is more affordable."

Nor does the Tory manifesto avoid facing up to the consequences of what the party is proposing to do. The document warns that the rise in house prices that many voters have become accustomed to will "slow". This is not what reliable Conservative voters – who tend to be older and own their homes – want to hear. Theresa May is offering to take tough, potentially unpopular, decisions to provide a rebalancing between different generations.

It stands in stark contrast to the party's manifesto at the last election, where equity schemes, ISAs and starter homes were all on offer (and, incidentally, all placing even more pressure on prices).

No more of that.

As with the Housing White Paper, this Conservative manifesto focusses on supply-side reforms, and puts more flesh on the bones of what stimulating all parts of the housebuilding industry looks like. Private developers are squarely in May's sights.

Forging a new way forward for her party, and building on the Housing White Paper's recognition that all parts of the housebuilding market will need to be stimulated to deliver on targets, Theresa May is proposing an expansion of council and social housing – albeit on a "fixed-term" with a Right to Buy after 10 to 15 years.

The Conservatives also want to make better use of housing associations by giving them "greater flexibility" to build on their "considerable track record in recent years".

The manifesto proposals challenge Conservative orthodoxy and are tailored to the demographic of voters that Theresa May wants to recruit to her party's cause.

The challenge for the Conservatives, should they return to government as expected, will be to see this through. Parts of the industry have been quick to clamour for more detail.

Below we examine the main proposals in the manifesto.

WHAT ARE THE KEY HOUSING MEASURES IN THE CONSERVATIVE MANIFESTO?

Consumer rights

- Reform the home-buying process so it is more efficient and less costly.
- Tackle unfair leasehold practices, such as escalating ground rents.
- Improve protections for renters, including increasing security for tenants and encouraging longer tenancies as standard.

Housebuilding

- Meet the 2015 commitment for a million homes by the end of 2020. Deliver an additional half a million by the end of 2022.
- Rebalance housing growth across the country, in line with the modern industrial strategy.
- Build 160,000 houses on government land.
- Build better houses, supporting high-quality, high-density housing like mansion blocks, mews houses and terraced streets.
- Maintain existing protections on designated land, including the Green Belt.
- Review and amend regulations, if necessary, to improve disabled access to housing.
- The manifesto restates the Conservatives' commitment to the £23 billion National Productivity Investment Fund, targeting spending to improve productivity on areas such as housing. This was originally announced at the Autumn Statement last year.

Housing associations

- Develop a new generation of “fixed-term” council and social housing, linked to a new Right to Buy after 10 to 15 years.
- Give greater flexibility to housing associations to increase housing stock, building on “their considerable track record in recent years”.
- Help housing associations increase their specialist housing stock.
- Support those struggling to buy or rent a home, including those living in a home owned by a housing association.
- Work with private and public sector housebuilders to capture the increase in land value created when they build to reinvest in local infrastructure, essential services and further housing.

Local authority/planning

- Enter into new Council Housing Deals with “ambitious, pro-development” local authorities to help them build more social housing. Through this scheme:
 - Work with councils to improve their capability to develop good homes.
 - Provide them with significant low-cost capital funding.
- Deliver reforms proposed in the Housing White Paper to free up land for new homes; speed up build-out by encouraging modern construction methods; give councils powers to intervene where developers do not act on their planning permissions; and reform Compulsory Purchase Orders to make them easier and less expensive to use.

Infrastructure

- Launch new rail services to places which host major new housing projects.
- Invest in roads to open up opportunities for new housing and local growth.

Homelessness

- Fully implement the Homelessness Reduction Act.
- Pilot a Housing First approach to tackle rough sleeping.

BEST OF THE REST: WHAT THE OTHER PARTIES ARE SAYING

Although a Conservative victory is by far the most likely outcome at this election, it is worth being aware of the proposals coming from the other main political parties, as they will continue to shape the debate and could always be adopted by a Conservative government.

Labour

- Build over a million new homes. By the end of the next parliament, be building at least 100,000 council and housing association homes a year for affordable rent or sale. Build thousands more low-cost homes reserved for first-time buyers.
- Guarantee Help to Buy funding until 2027.
- End the routine use of leasehold houses in new developments, and ensure ground rent rises are capped.
- Make new three-year tenancies the norm with an inflation cap on rent rises.
- Introduce new legal minimum standard to ensure properties are ‘fit for human habitation’, with tenants able to take action if their rented homes are substandard.
- Suspend right to buy, with councils only able to resume sales if they can prove they have a plan to replace homes sold like-for-like.
- End the ban on long-term council tenancies.
- End government restrictions that stop councils building homes.
- Implement minimum space standards for new developments.
- Initiate a review into reforming council tax and business rates and consider new options, such as a land value tax, to ensure local government has sustainable funding for the long term”.

Liberal Democrats

- New direct spending on housebuilding to help build 300,000 homes a year by 2022.
- End the voluntary Right to Buy pilots for housing association homes and the associated high value asset levy.
- Increase the borrowing capacity of housing associations to build social housing, and lift the borrowing cap on local authorities.
- Create at least ten new garden cities in England, including schools and public transport.
- Scrap exemptions on smaller housing developments to provide affordable homes, and strengthen local government’s ability to enforce planning.
- Require local plans to take into account at least 15 years of future housing need.
- Enable local authorities to:
 - Levy up to 200% council tax on second homes and ‘buy to leave empty’ investments.
 - Enforce housebuilding on unwanted public sector land.
 - Penalise land-banking when builders with planning permission fail to build after three years.
- Ban lettings fees, cap upfront deposits and increase minimum standards in rented homes.
- Promote longer tenancies of three years or more with inflation-linked annual rent increases.
- Establish a Help to Rent scheme to provide deposit loans for first-time renters under 30.
- Introduce a Rent to Own model where rent payments give a stake in the property, owning it outright after 30 years.
- Give tenants first refusal to buy the home they are renting at market rate from a landlord who decides to sell during the tenancy.
- Introduce mandatory licensing for landlords and allow tenants access to the database.



HOW WA CAN HELP YOU

Assessing the impact on your organisation

An assessment of the immediate political and economic implications of the manifesto measures:

1. The latest political developments and implications for you as the new government is formed and the manifesto is implemented.
2. Advice on how to effectively position your organisation within the developing political, media and policy narrative.
3. A presentation to your senior team on the government's proposals and our analysis on how you can inform their development.

Supporting your engagement strategy

A deep-dive into your public affairs, PR and communications strategy to help you maximise impact:

1. Review your strategy and stress-test your messaging in light of the manifesto announcements.
2. Make recommendations on how you revise your strategy to ensure it effectively responds.
3. Support in engaging with the new government post-election.
4. Support in responding to specific proposals post-election.
5. Help you to forward-plan your political engagement against key milestones.

ABOUT WA

WA is the agency of choice for clients with complex public affairs and strategic communications challenges.

WA blends creative, strategic thinking with experience to solve public affairs and strategic communications challenges. We develop and protect clients' reputation, inform the policy debate and help clients get up to speed quickly on the external issues and stakeholders that matter.

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