

Housing policy

The three stark requirements of the Barber Manifesto to solve the housing problems of the UK are to end Council house sales, to impose rent controls and to build more Council houses. Two of these proposals would make the situation worse.

The problem of UK housing has been caused by the potential demand outstripping the supply, leading to increases in the costs of buying or renting a property. The big increase in the number of people coming to our country in recent years has added to the demand side, with the addition of more than 250,000 people a year requiring substantial increases in housing provision. We need to ensure decent provision of homes for those coming to join our society, and to avoid letting down people already settled here. The impact in certain areas is clearly much greater, as the number of migrants is more than double the 250,000 net. To the extent that new migrants wish to live in popular parts of the country with high employment it can increase the demand for more homes in the most stressed parts, as in London and the south east, assuming those leaving the country were more widely spread out. The debate about how many people to invite in to our country and who should have a work permit is relevant to the housing issue. I favour sensible levels of inward migration with better controls over numbers seeking low paid employment.

The problem of supply is not improved by the first two measures in the 3 measures Manifesto. Contrary to the view of the left, selling a Council house to its tenant does not reduce the supply of housing or make things more difficult for people on the waiting list. The family will continue to live in the Council house whether rented or owned. The sale of the property can make a direct contribution to boosting supply, if the proceeds from sale are then used to help build more homes in the public sector.

Rent control is an attractive policy for all those who have a secure tenancy in a decent home and wish to carry on living there. Of course tenants would like their rents to stay the same rather than go up as inflation takes place. It is, however, not good news for landlords, developers and investors in rented property. Whilst there will be no tears shed for them on the left or in the fashionable media, they are essential to solving the housing problem. If rent controls are too draconian for owners then owners seek to sell their properties or to take them off the rental market in some other way. Tough rent controls discourage new investment in privately owned property to rent. The paradox of rent control policy is it can only succeed in holding down some rents at the price of making property scarcer and probably dearer for those who do not yet have a rental contract for a home of their own. The recent experiment in Paris with rent control did not solve the housing scarcity in the central districts where it was applied, and eventually was ended by a court case. Cities that have experimented with long term tough rent controls have ended up with less housing than they need.

Of course building more homes will help meet the needs of families and is an

important part of the answer. To do that we need to harness private capital as well as public capital. Meeting the aspiration of the many to own their own home should also be central to the policy. Selling social homes to their tenants is part of that, and is a policy that can free resources for more homes to be built.