

Achieving a more coherent and consistent approach to housing policy

An LSE London report
for Family Building Society

5 June 2023

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Table of contents

Preface by Mark Bogard, Chief Executive - Family Building Society	3
Executive Summary	4
Introduction	7
Lessons from Earlier Strategic Reviews	9
Background to the Reviews.....	10
The Housing Policy Review (Department of Environment, 1977)	13
The Inquiry into British Housing (National Federation of Housing Associations, 1985, Joseph Rowntree Foundation, 1991)	14
The Barker Reviews of Housing Supply and of Land Use Planning (Barker, K, 2004 and 2006)	16
The Miles Review of the UK Mortgage Market (Miles, D, 2004)	18
Lloyds Banking Group’s Commission on Housing (Lloyds Banking Group, 2015).....	18
Fixing our Broken Housing Market, Department of Communities and Local Government, 2017) ..	20
The Archbishops of Canterbury and York Commission on Housing, Church and Community, Archbishops’ Housing, Church and Community, 2021)	21
Evaluation	23
Did they Fail? Why? And were there positive legacies?.....	23
Changes that have made coherent policy harder to achieve: more ‘players’	24
The financing of housing and infrastructure and the Department’s responsibilities are also more complicated	25
Big changes in how people view house building	26
Conclusions: Lessons from Earlier Reviews	27
Bibliography	30
Appendix	31
Housing Policy Review 1977	31
Duke of Edinburgh Inquiry into British Housing (1985) and (1991)	33
Barker Review of Housing Supply (2004)	35
Barker Review of Land Use Planning (2006).....	36
Miles D. The UK Mortgage Market: Taking a Longer Term View (2004)	37
Lloyds Banking Group Commission on Housing (2015)	38
Fixing our Broken Housing Market (2017).....	39
Archbishops’ Housing Commission (2021)	40

Preface by Mark Bogard, Chief Executive - Family Building Society

Housing matters

We need leadership, and we need a plan

Housing really matters to everybody, every night when they go to bed and when they wake up in the morning. Housing should surely be one of the Great Offices of State?

Your home is as important to you as security, the Home Secretary, and money, the Chancellor?
Probably more important than foreign affairs, the Foreign Secretary?

What is the point of the Home Office keeping us safe or the Chancellor spending our taxes, if the Government in which they are the leading figures cannot deliver a policy that provides both owners and renters a reasonable choice of decent and affordable properties in locations that have the right infrastructure to support growing communities?

We have seen some 15 Ministers for Housing since 2010. This is unacceptable.

Would we have tolerated 15 different Chancellors or Home Secretaries in the same time?
It is simply not possible to build a consistent, holistic approach to the UK's housing needs against this background. Thinking needs to be elevated and given the prominence it deserves.

This report highlights, the many housing initiatives, and studies, both governmental and non-governmental, since the mid-70s. They have failed to deliver a coherent, integrated housing policy. A plethora of well-meaning but badly conceived help to buy schemes in various guises have simply stoked demand, and at taxpayers' expense, inflated house builders' profits.

Fifty odd years of stop-start housing initiatives may have delivered some valuable modelling experience to help predict future needs but all that has done is confirmed that we are not delivering the right homes in the right locations.

As our report says, there are too many decision makers, each with their own remit, with policies that continue to be siloed.

The time has come for proper leadership and an integrated, long term housing policy.

While this report can highlight the previous failings, it aims to push the national debate into some kind of action. We need politicians to accept that real leadership would be able to deliver the longer-term view required, not just over the term of a parliament; for government departments to work together to realise the often unintended consequences of ministerial decisions and to recognise the role of the private rental sector in the absence of a local authority house building strategy.

We also need to continue the debate on the suffocating effect of Stamp Duty on moving to make better use of the housing stock we already have. There are around 25 million homes in the UK, and while we are fixated on building 200, 250 or 300,000 new homes each year, this only represents around 1% of homes that already exist.

We need the combined efforts of government, the Bank of England, local authorities, policymakers, but most of all commitment and a realisation from all stakeholders that what we have now simply isn't fit for purpose.

Housing policy is broken. The question is, why don't we actually aim to fix it? We could start quickly by making Housing the next Great Office of State.

Executive Summary

Our remit

Earlier in 2023, we published a short paper entitled ‘Why is Housing Policy Such a Mess?’ (Whitehead and Crook, 2023). We concluded that several major factors, taken together, have made policy coherence almost impossible. These include the number of different policy makers; the number of (often inconsistent) objectives; the tendency for individual policies to be developed in silos; and the absence of any transparent way of agreeing priorities.

We recognised that macro-economic concerns must take precedence over the interests of any single policy area, however important - but argued that within the constraints of macro-economic policy, a more strategic approach to housing **must** be developed. In this paper we look at some of the many earlier attempts to bring coherence and consistency to housing policy making, in order to draw lessons about what has worked and what has been less successful.

Learning from past reviews of housing policy

We looked at:

- two reviews undertaken by the departments then responsible for housing:
 - the Housing Policy Review (1977)
 - Fixing Our Broken Housing Market (2017);
- three reviews undertaken in the early 2000s by independent experts, commissioned variously by the Treasury and the department then responsible for housing:
 - the Barker Review of Housing Supply (2004)
 - the Barker Review of Land Use Planning (2006)
 - the Miles Review of the UK Mortgage Market (2004);
- three non-governmental reviews set up to influence policymakers:
 - one chaired by the Duke of Edinburgh (1985 and 1991);
 - one set up by the Lloyds Banking Group (2015);
 - the most recent one, set up by the Archbishops of Canterbury and York. This reported in 2022 and asked not just what the government could do, but also what the Church of England should do.

Successes or failures?

We assessed each review in terms of its remit, its conclusions and recommendations; the extent to which they succeeded or failed in their stated objectives; and what positive legacies they left in place.

They all called for a longer-term commitment to housing policy; for more coherent policy; and for governments to take a more strategic approach. In the main they did not succeed in generating the major direct impacts on housing policies that they intended. But they did increase understanding and provide high quality analysis which influenced thinking and policy development over the longer term.

Inevitably, political change impacted on each of the reviews – most obviously with the election of a Conservative government in 1979 which led to massive deregulation and tenure change. Major economic crises had similarly powerful consequences.

With one exception, the reviews did not set out timelines for implementing their proposals by developing detailing follow up plans. They also failed to build commitment by the key agencies who needed to align their own policies with the reviews' key recommendations and then commit to the proposals.

One of the most important positive legacies of this series of reviews was their contribution to methodological improvement. The Medium-Term Forecast of housing demand and need developed in the mid-1970s informed the estimates of the numbers and types of homes required for forty years. The work that underpinned it also led to the development of far more sophisticated models of the housing market, which in turn meant housing was better understood in macro-economic forecasting. There were similar benefits from the Barker and Miles Reviews – suggesting that where what is required is detailed operational changes the government needs to be directly involved.

We observed a clear distinction between reviews carried out for government and those set up by independent organisations to make proposals to government and to improve debate more widely. The first type ought to be built into future thinking and implementation processes and can be supported by continued transparent evaluation of individual housing policies, as is now part of the remit of the Department of Levelling Up. The evaluation process may be rather mechanistic and siloed but is a good start.

External reviews, to have any chance of success, must build relationships with government during the period of the review and carry this forward after publication. The conclusions must set out a clear timeline on how to proceed after publication and work to bring on board the partners necessary for implementation – there are working examples (eg in the case of national parks) of success in building such relationships.

Addressing core problems

Three Immediate issues stand out:

The multiplicity of decision makers

The deregulation of financial markets and Bank of England independence have made monetary policy far more central to housing policy success as well as strengthening the Bank's role in stabilising the economy. The Treasury has always held the purse strings but also now sees housing as more important to its capacity to meet fiscal objectives. The shift away from supply-side to demand-side housing policies and subsidies has given DWP a central role in housing. The Bank, the Treasury and DWP have less interest in housing-specific issues than the traditional housing ministries. Meanwhile, many of DLUHC's traditional responsibilities are now in the hands of arms-length bodies such as Homes England and the Regulator of Social Housing, while local authorities also have a core role in implementation.

The complexity of financing housing and infrastructure

Housing has been transformed from a simple (nearly) two-tenure system in the 1970s to a much more complex tenure structure with market and quasi-market provision now far more important in the rented sector. Private finance now plays a much more central role in implementing housing policy. UK institutional investors including pension funds are now more involved than in the past. Since the Global Financial crisis, overseas finance has penetrated UK housing including providing funding for housing associations and private landlords.

Changing attitudes to house building

In earlier decades people viewed the provision of additional housing as highly desirable. Nowadays they are more likely to worry about how it will negatively impact on local services and their own housing conditions.

Conclusions

A coherent and consistent long-term strategy with (all party consensus) targets and policies is the aim but probably a vain hope. What is possible, however, is a medium-term framework with implementation plan which is reviewed regularly and can be adapted to changing circumstances. In other words, we must acknowledge that circumstances and priorities change. The policy framework cannot just be about new building - or indeed about particular tenures. It must be about the quality, use and price of the **whole** stock and the housing circumstances of **all** households.

We need to secure the alignment of key players--including the Bank of England, the Treasury and DWP as well as DLUHC and local authorities--to such a medium-term strategy. This requires government-wide commitment. But we cannot depend only on central government and local authorities to solve the problems. Housing markets cross boundaries and regional/subregional structures should contribute to decisions on where to build and how to raise funds for infrastructure.

Is any of this likely to happen? It looks impossible in the current, highly politicised, environment. Yet, there would be massive gains to any political party that managed to generate a set of coherent policies which helped more people find acceptable affordable homes.

Ideally, what we need is a medium-term framework; goals that all stakeholders can agree upon (which is a big ask); acknowledgement that circumstances change; political commitment that the plan must be stuck to for as long as circumstances remain reasonably stable and be able to withstand changes of governing party; and a much greater emphasis on getting the supply side - both new build and the existing stock - to function more effectively.

A government-sponsored, time limited review, including major experts, and learning from earlier successes and failure, might well be a starting point after the next election. Our final report due to be published in the Autumn will aim to set the agenda.

Introduction

The dynamics of a growing population with its diverse needs, increased longevity, worsening income distribution and a volatile economy mean that housing policy is a never-ending job. Demography constantly reshapes needs while economic conditions modify market demand and costs as well as the state's ability to help. Housing policy must adapt to these changes while working towards better outcomes.

We are some way from achieving the government's current ambition to build 300,000 new homes a year in England whilst the long-standing trend of increased home ownership since the war has now stalled. Many working age households, including those with children, are now more likely to be renters.

As a result, there is an increasing dependence on the revived private rented sector, which has more than doubled in size since the turn of the century and on the now much smaller social rented sector, both of which are under strain. There are worsening affordability difficulties for many renters as well as for the state in terms of supporting tenants in both sectors.

Housing costs are now much higher for these younger renting households than for past generations. There has been a long-term trend for young people to live for longer with their parents, which market pressures as well as Covid-19 has strengthened. In the 2021 Census – to the point where the majority of young people are living with their parents. At the same time the low interest rates of the past decade, together with increasing house prices, have kept costs down and increased the wealth of existing, mainly older age, homeowners. The result in housing terms is an unprecedented scale of intergenerational inequality. Any coherent housing policy needs to address these issues directly.

In our short introductory paper earlier in the year we asked the question '*Why is Housing Policy Such a Mess?*' We concluded that there were several major factors which make policy coherence almost impossible. These include:

- There are too many policy makers involved in housing with the Department technically in charge having a relatively limited range of powers. In particular, many of the policies put in place by the Treasury, the Bank of England and the Department of Work and Pensions – all of which have to meet wider objectives – impact heavily and often negatively on the capacity to meet housing objectives.
- At any one time the government is aiming to address too many, often inconsistent, objectives. Individual policies often appear to be developed in a silo without much thought for their impact on other parts of the housing system. As a result, there are inherent inconsistencies between policies and no transparent way of agreeing priorities.
- Within the remit of the Department of Levelling Up, Housing and Communities the emphasis tends to be mainly on the numbers of new homes that should be built – bringing into play the role of local authorities. These authorities have very different constraints and opportunities as well as voter attitudes to additional housing, which can often be negative, especially if local services are likely to be overstretched.
- Most fundamentally, demand for housing can change very rapidly in the face of macroeconomic and market factors, while supply responses is asymmetric. Negative changes in demand and costs can quickly result in significant cutbacks in housing investment. On the other hand, it is only possible to expand supply very slowly in the face of

growing demand. The result is that increases in demand mainly show up in changes in prices rather than in numbers supplied.

We argued in our introductory paper that realism requires that macro-economic concerns must take precedence BUT to achieve housing objectives within this wider environment a more strategic but also more responsive approach to housing policy needed to be developed.

We also suggested that success would require both cultural change in attitudes to new housing development and a common understanding between different parts of the government (both national and local), the Bank of England, mortgage suppliers and housebuilders.

Obviously, these are not new thoughts. And what is required can never be achieved in full. But without an attempt to improve both decision making and implementation it is difficult to see how the housing system can be made to work better.

Lessons from Earlier Strategic Reviews

There have been many attempts in the past to meet similar objectives from which lessons can be drawn. In this report we therefore start by examining what earlier major reviews have done; where they have succeeded or failed; where they have provided useful lessons; and what we can learn from them about how better results could be achieved.

The reviews examined here are not a cross-section of the many reviews that have taken place but a purposive selection to cover the range of approaches. They are drawn from the 1970s onwards and hence are set in different political, housing market and fiscal and monetary policy contexts.

We have chosen to look back at these specific reviews because they were strongly evidence-based and aimed to provide independent analyses of how proposed policy changes might impact on the housing system overall. There have been many other reviews, including by trade bodies, professional institutes and think tanks, but these tend to be focused on the pros and cons of single topics and to emphasise particular perspectives.

We have chosen to examine eight major reports which directly sought to initiate change in housing policy. The chosen reports fall into four main categories:

- (i) Those undertaken internally by the department defined as responsible for housing at that time which led to published Green and White Papers with major proposals for policy change. The 1977 Housing Finance and Policy Review was undertaken under the Labour Government that was elected in 1974. It is by far the most comprehensive in terms of both the range of topics covered and its research base. This is compared with the White Paper 'Fixing our Broken Housing Market', published four decades later in 2017. This concentrated much more directly on the new build market and the need for more affordable homes.
- (ii) A suite of three reviews undertaken by independent specialists for government which aimed to develop policies to improve efficiency in housing supply and finance and were intended to input into the Budgets of 2004 and 2006. This was another Labour Government initiative led by concerns about the impact of housing on the macro-economy and financial stability rather than the other way round. They included two reviews by Kate Barker on Housing Supply in 2004 and on Land Use Planning in 2006 and one by David Miles in 2004 on the UK Mortgage Market: Taking a Longer View. This examined efficiency and access improvements with respect to housing finance and stressed the benefits of long-term fixed interest mortgages – a topic currently of particular interest.
- (iii) Two high profile examples of Independent Reviews directed at Government and national policy:
 1. The Duke of Edinburgh's Inquiry into British Housing Policy (1985 and 1991) which concentrated more on how to help those on lower incomes. It stressed financial mechanisms for generating affordable housing; and emphasised how the potential role for private sector finance might be developed.
 2. The Lloyds Banking Housing Commission (2014) which, while coming from a financial standpoint, put most of its emphasis on setting out a framework for ensuring higher levels of housing output.

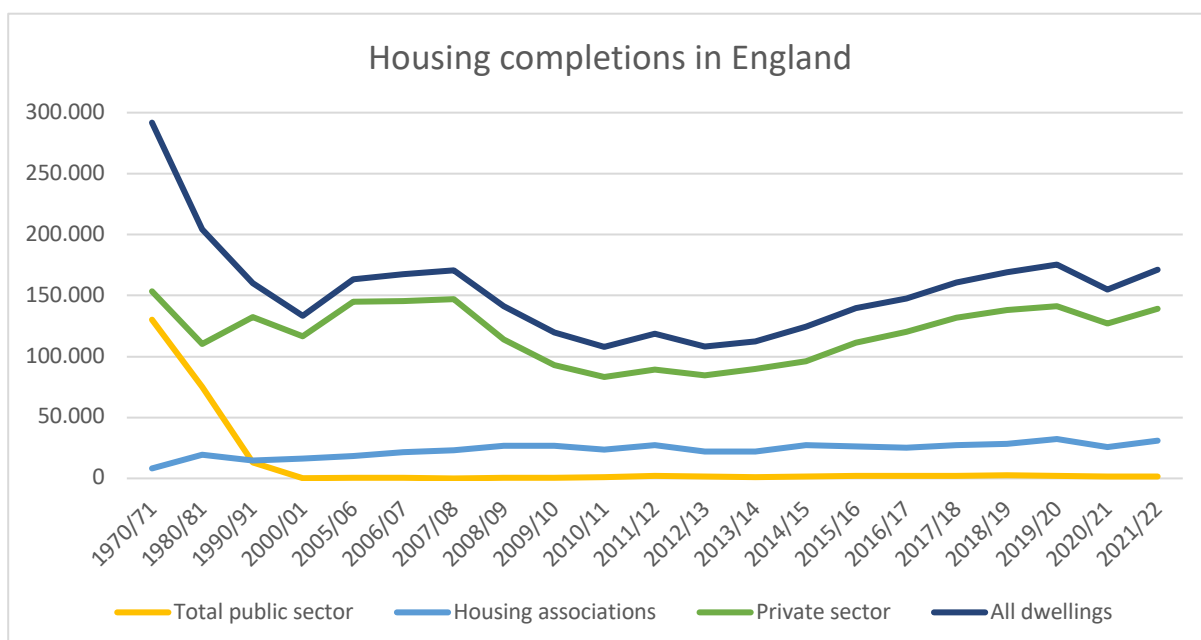
- (iv) An example of a more broadly based approach: the Archbishops’ Housing, Church and Community Commission (2021). This, the latest attempt at a more comprehensive review, stressed identifying what the Anglican Church could do to help provide more affordable housing and ensure well working communities in addition to identifying the role that government needs to play in making housing work for everyone.

We examine the remit of each review; their main recommendations; and any relevant subsequent changes in date order. The appendix provides more detailed descriptions of each review.

In addition to these reviews there was a major research project undertaken in the early years of the twenty first century (Stephens et al, 2005). This was commissioned by the Office of the Deputy Prime Minister and examined in detail every policy initiative by the Department between 1975 and 2000. Its role was rather different from the eight reviews that we review here in that, while it was a very valuable critical analysis of the evidence it did not make recommendations (Stephens, 2018)

Background to the Reviews

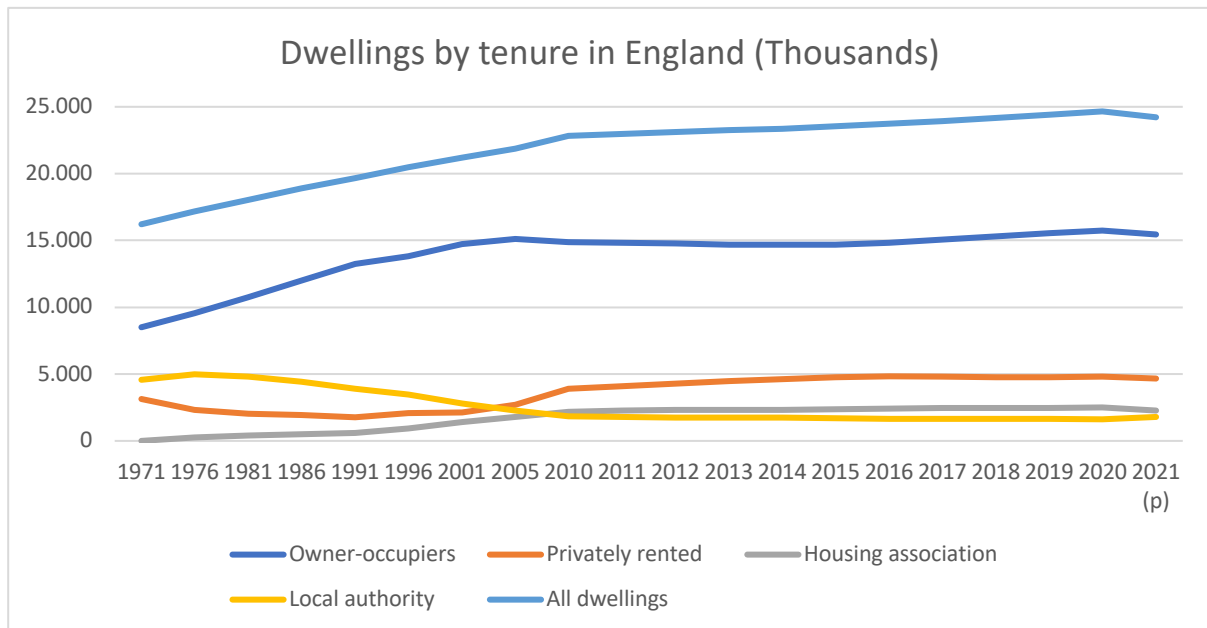
First, we provide some background statistics to help clarify the context in which each review took place and thus where each ‘sat’ in terms housebuilding numbers, the shares of housing tenures and trends in house prices. The data show that total housebuilding has fallen since the peak output of the late 1960s; that in recent years current government ambitions for 300,000 p.a. have not been met whilst attempting to achieve targets in recent decades has depended much more on output from the private sector than in the 1960s and 1970s when social rented housing played a larger role.



Source: DLUHC Live Tables on housing supply

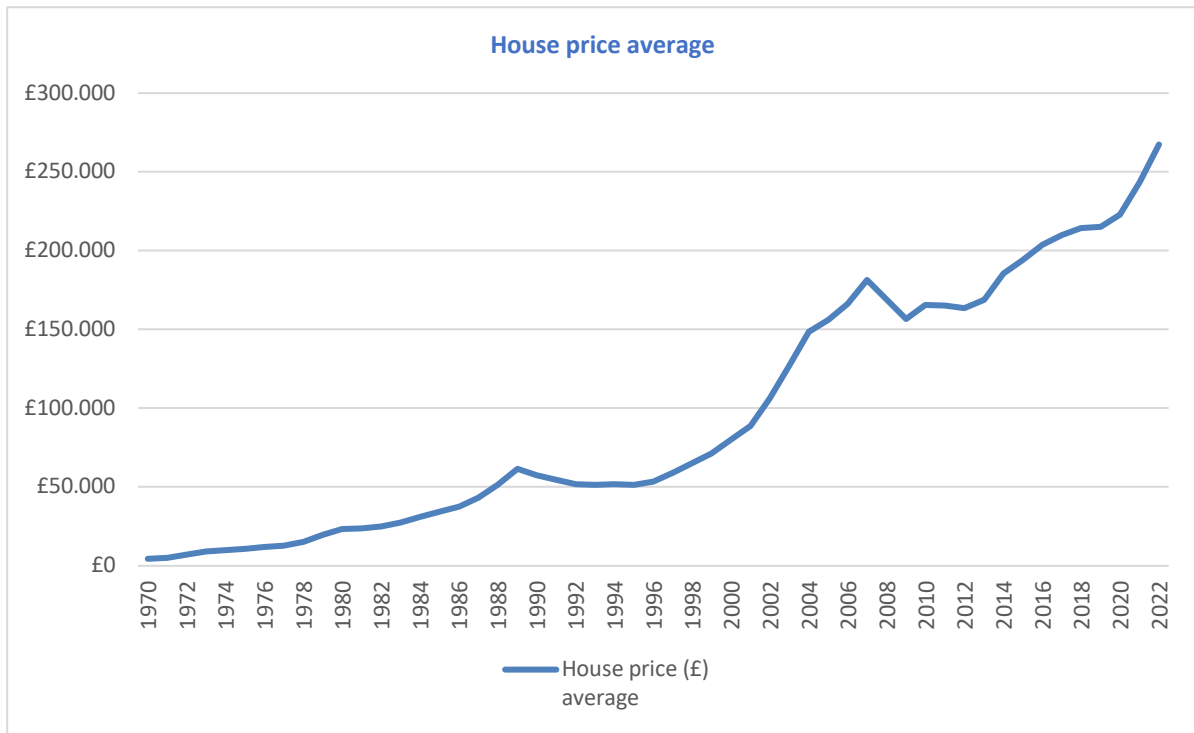
The diagrams also show the major shift in tenure over the last decades - with a long term decline in local authority owned homes (as a result of the marked reduction in building plus disposals through the right to buy and stock transfers); the growth of owner occupied homes but with recent declines;

an expansion in housing association ownership through new construction and stock transfers: and perhaps most significantly a doubling of the private rented sector since the turn of the century..



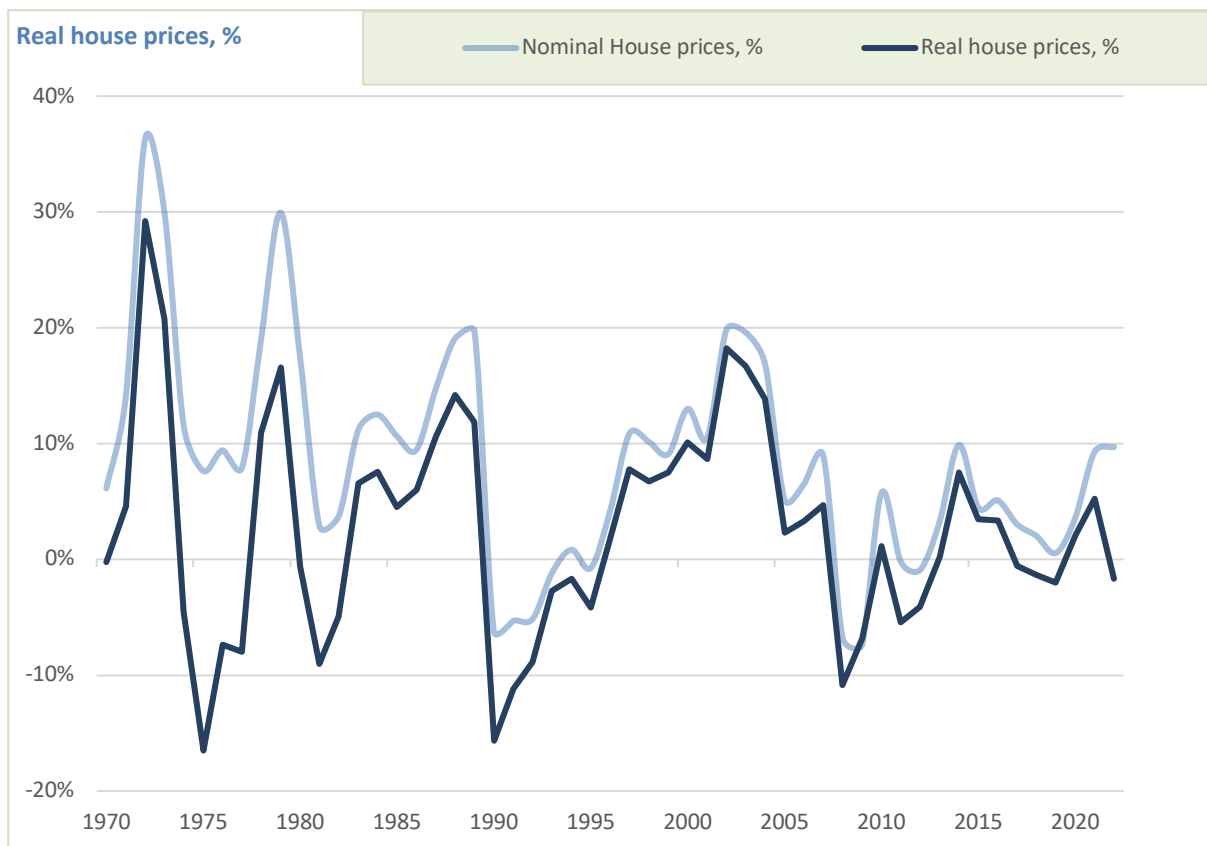
Source: *DLUHC Live Tables, Housing Statistics (various editions)*.

The final diagrams show how much house prices have tended to rise in money and real terms with implications for affordability. The first shows the increasing volatility in more recent decades with marked booms and busts in addition to the upward trend. The problems of affordability and volatility are a reflection not just of house prices but a consequence of the Bank of England’s macro prudential regulation of borrowing to limits risks to the economy. As house prices have gone up, so too has the value of development land with planning permission, providing the government with opportunities to capture some of this increased value to pay for infrastructure and affordable homes.



Source: UK house prices since 1952, Nationwide Building Society

The second one below shows the year on year percentage change in nominal house prices and compares that with the changes in real house prices (ie taking out inflation). The relationship is particularly important at the present time when inflation is high: nominal house prices have fallen but not by much and are expected to recover in 2024. This is important for those with mortgages as it implies that few people will fall into negative equity. But in real terms house prices have fallen very considerably reducing household wealth. This is a similar pattern to the period after the GFC - people are less inclined to worry if nominal prices are stable or rising which helps prices to recover but worsens affordability.



Source: UK house prices since 1952, Nationwide Building Society

The Housing Policy Review (Department of Environment, 1977)

The review was initiated in 1975 by the then Secretary of State for the Department of the Environment, the late Tony Crosland. Initially, the emphasis was on finance – both social sector supply side subsidies, given the impact of inflation in the early 1970s, and individual household support within the context of securing tenure neutrality. It became a broader policy review in its second year. It resulted in a report supported by three technical appendices backed by large numbers of internal research papers.

The ultimate objective was a Green Paper on housing policy setting out a coherent overall housing policy relating to Departmental responsibilities, as the government argued former piecemeal approaches had not worked. Much of the research work on which the review was based involved developing analytic and modelling tools for the first time, notably a medium-term forecast of housing demand and need and measures of tenure neutrality.

Amongst the review's key findings and recommendations were:

- Clarifying the extent to which the social composition of those living in owner-occupied and local authority homes overlapped.
- The extent to which the still mainly controlled private rented sector was becoming increasingly residualised.

- The results of the medium term forecast projecting demand and need which took account of both demographic and income forecasts for the first time. This suggested that up to 300,000 new homes p.a. would be required into the longer term.
- The need for a new subsidy system to encourage local authorities to build new homes as the existing one based on historic costs kept rents too low to provide funds for new building. A system of value-based rents was seen to be required to provide the income to build more and to reduce subsidies.
- A formal comparison of fairness between owner-occupiers (stressing the benefits of mortgage interest relief) and subsidies to local authority tenants which opened up the debate on reducing support to owner-occupiers.
- The need to help fund housing associations, given the growing role of the latter in buying up and improving the older private rented stock as slum clearance policies declined.

There were however important topics excluded from the review. At the time a switch from producer (council subsidies and housing association grants) to consumer based (i.e. rent allowance) subsidies was not pursued even though some initial steps had been taken to introduce these before the review.

Equally although house purchase was almost wholly building society based and the Joint Advisory Committee which aimed to manage flows of funding was set up in 1973 with the Department as members, mortgage finance was not a part of the review's remit.

A detailed assessment by Alan Holmans, who had played a major role in the review, published in 1991 (Holmans, 1991), argued that the review was largely overtaken by later events and changing priorities including:

- Economy wide changes which led to IMF intervention and public expenditure cuts which led to stronger controls on local authority investment.
- The massive political changes which followed the 1979 election which put much greater emphasis on owner-occupation and particularly on the Right to Buy.
- The increasing importance of financial measures - notably deregulation of the banking and mortgage systems which led to the Bank of England and the Treasury having far greater influence on housing policy and outcomes.

Where the review was successful was in producing a large body of worthwhile analysis and modelling. Importantly later studies of housing need and demand, including studies of demand and supply elasticities, were built on the foundations laid by the review's work. The most direct success was in the role of the Medium-Term Forecast which remained in place with much updating and increased sophistication as the central means of assessing the numbers of housing units required for forty years until 2017.

The Inquiry into British Housing (National Federation of Housing Associations, 1985, Joseph Rowntree Foundation, 1991)

The Inquiry tackled the fundamentals of housing finance as well as long standing issues related to unmet need. It was particularly concerned about bringing private finance into new affordable

housing provision. It took the view that tax relief on mortgage interest led to more consumer spending, undermined monetary policy and also pushed up housing prices.

It argued that its proposals were part of a strategy that needed to survive political changes as they were designed to get the long-term changes it thought were needed.

It recommended:

- Building 80-100,000 additional affordable new homes each year but subsidising people in need, not the new construction required.
- A gradual move to fiscal neutrality between tenures, including the phased abolition of mortgage interest tax relief. Importantly, it was argued that this measure could pay the costs of all its other recommendations.
- A single approach to a needs and income based rent and mortgage support paid for by central government.
- An indexed capital value-based rent providing an adequate return to landlords of all rented properties, with some tax exemptions for private rented landlords; lower indexed returns for social rented landlords; all designed to get institutional funding into rented accommodation.
- Local authorities should play a strategic planning role rather than their existing role as owners of housing stock - with stock transferring to others, especially housing associations.

The Inquiry commission reconvened in 1991 to review progress on its recommendations. It noted that many of its recommendations had not been acted upon and reiterated that the whole 'package' was important and hung together. It renewed and reinforced its 1985 recommendations including the need for a 100,000 per annum programme of new social rented construction together with a more plural rented sector including more stock transfers from local authorities to associations.

Subsequent to its recommendations:

- Tax relief on mortgage interest was not immediately curtailed but changes were made to reduce eligibility and it was eventually abolished in 2000.
- There was no support for a universal approach across the rental tenures based on value. Rather the reconvened inquiry thought changes in the housing benefit system had made things worse in the context of rising rents.
- Capital value rents were not introduced and the changes in the private rented system (i.e. deregulation and some tax concessions for company landlords) went against the Inquiry's recommendations. Much later a house price boom and specialised mortgages supported a big revival in private renting via buy-to-let. Also, to a much more limited extent, build-to-rent brought in some institutional equity investment.
- Local authorities faced increasingly severe financial constraints and their enabling role was not developed. Stock transfers had been minimal, but in later years became very substantial.
- Housing finance in the housing association rented sector was transformed with the introduction of private finance, replacing grant income with rents deregulated to fund the increased debt.

- S106 planning obligations became a major means of funding new homes through capturing land value from landowners.

Thus, some developments over the next decades undoubtedly mirrored the Inquiries recommendations put forward in the reports, there was relatively little evidence that any of the changes followed directly from the Inquiry. Even so, it caught the mood of the following decade in terms of mixed funding and limiting the role of local authorities in development and ownership of housing.

The Barker Reviews of Housing Supply and of Land Use Planning (Barker, K, 2004 and 2006)

Both Barker reviews were focused on supply side issues, especially on how to make supply (both land supply and new construction) more responsive to market signals, including house prices.

For the first report, Barker was commissioned by the government to review issues related to long term housing supply in context of increasing house prices, a volatile market and sluggish supply responses. Longer term concerns were also raised that house price growth and inadequate supply was fostering higher consumer demand, redistributing wealth, creating greater macro-economic instability, reducing labour mobility and worsening affordability-all of which still have relevance. The review made estimates of the numbers of new homes needed and estimated that an additional 70,000 homes each year would be necessary to reduce house price trends down to 1.8 percent pa (and an extra 120,000 pa to get trends down to the then EU average).

The housing review made many detailed recommendations to make the supply side more market responsive. Some were within the potential remit of policy makers; others were more general. They included:

- government setting market affordability targets;
- establishing a body to provide an evidence base on the scale and distribution of housing required to meet market affordability targets;
- increased planning flexibility at local level triggered by market signals to secure the release of additional (including green belt) land;
- local revenue incentives for local authorities building more homes;
- a Planning Gain Supplement to tax small proportions of the land value increase that occurs on the grant of planning permission;
- more infrastructure funding to unlock development land; a more strategic approach to planning large scale development; and more involvement of infrastructure providers in development planning;
- providing additional funding for more social rented homes;
- the introduction of REITS (made in Barker's interim report) to help attract institutional funding to the private rented sector;
- greater consumer protection for new home buyers;

- more innovation in the housebuilding industry;
- allocating more small sites and addressing build out rates when giving permissions.

The subsequent land use planning review built on the earlier housing supply report and made recommendations concentrating on generating a more market responsive planning system and ensure necessary infrastructure was provided.

The planning review advocated:

- simplification of national policy;
- the continuation of the local plan led system but one that took more account of the market; was more agile in getting decisions made; took more account of the wider benefits of development across neighbouring local authorities; and involved more collaboration between authorities and included more incentives;
- more funding/training for planning and planners; and
- setting up an Independent Planning Commission to take decisions on infrastructure of national importance (but not to cover housing which should be a matter for local decision).

Over the years since these reviews were completed:

- a national body (NPHAU) was set up to advise on housing numbers and targets but was later abolished and no explicit affordability targets were set;
- regional planning bodies were abolished and housing targets were established by central government;
- the recommended Planning Gain Supplement as not implemented but a new Community Infrastructure Levy was established to raise funds from developers for wider sub regional and regional infrastructure. S106 continued to be important in delivering affordable housing alongside government grants for housing associations;
- REITS were introduced but have primarily been for the benefit of commercial property;
- an independent Planning Commission was established but later abolished;
- local plan preparation has been time consuming with far from universal coverage of adopted and up to date local plans;
- more interest in new settlements as a means of meeting housing needs but little evidence of successful outcomes;
- new consumer protection now in place (18 years after Barker recommended); policies for SMEs were set out with little effect;
- planning policy was greatly simplified, including more permitted development allowed, local housing targets were made mandatory until the policy was changed in 2023;
- In 2018 the Letwin review findings addressed the issue of build out rates as well as the need for more diversity in provision; and finally;
- There has been little evidence of innovation amongst house builders except in the use of their own equity rather than borrowing.

The Miles Review of the UK Mortgage Market (Miles, D, 2004)

The Miles Review was rather different in that, although it was wholly related to the provision of housing finance, it was undertaken for the Treasury where formal responsibility lies. It had major implications for access to owner-occupation and the housing market more generally.

The objective of the Miles Review was to develop a stable and well-informed mortgage market which would be more efficient, extend consumer choice and help the economy as well as the housing market.

The Review made a large number of detailed recommendations which were mainly in line with more general good practice with respect to information and advice to consumers.

It also suggested changes in the regulatory framework to make it easier for lenders to provide a wider range of products and to measure and address risk more effectively.

The review is mainly remembered for advocating long-term fixed-rate mortgages as seen in a number of European countries as well as in the United States, where 30-year fixed-rate mortgages were and are the norm. Miles argued that they provided greater certainty for consumers and suppliers and would help reduce volatility in the mortgage market.

Soon after its publication many of the recommendations in the Miles Report which aimed to help consumers were implemented mainly through changes to the regulatory framework. An increasing range of different types of products was and continues to be developed.

However there has been no take-up of Miles' main recommendation around longer-term fixed-rate mortgages. Consumers continue to choose products mainly on the basis of the initial mortgage repayment. Ex post and until the policy of Quantitative Easing was introduced, it does appear to be the case that - as long as the mortgagor could cope with the variations in outgoings - the consumer paid less. This is in part because the market simply has not developed but it also reflects the continued volatility of the UK finance and housing markets, which makes such long-term products more expensive.

Instead, what developed is a strong market in short term fixed rate and interest only mortgages for both owner-occupiers and landlords. These are currently a major source of concern because the rapid rise in interest rates in the last few months will result in large increases in repayment when they fall due.

Lloyds Banking Group's Commission on Housing (Lloyds Banking Group, 2015)

The Commission was set up to identify how to achieve a long-term commitment to building more homes. It was very focused on supply issues but also on the sources of funds for that supply. The Commission sat after the Global Financial Crisis at a time when there was particular concern about the lack of housebuilding, including affordable homes, and at a time of fiscal austerity but benign monetary policy (in terms of borrowing costs). The Commission specifically noted the low investment in new homes in the UK compared with other advanced economies.

The Commission argued the need for long-term cross-party support for new homes targets. It also stressed the need for stability in the spatial planning framework to enable developers to plan ahead. Policies suggested included maintaining the role of planning obligations to help fund affordable homes; releasing more small sites; and especially selling public sector land. It argued for better design of new homes. It also called for a strategic level of planning at city/region scale which could address new settlement and urban extension strategies.

It recommended:

- building 2m to 2.5m new homes in England by 2025 (less than the government's later target) with a more diverse set of suppliers;
- existing private developers could be expected to build 150,000 pa (provided there was a stable economic environment with less volatility for providers to cope with);
- the balance of 100k pa should come from other tenures meaning more output from housing associations (e.g. 70,000 p.a. by 2025,) funded by private debt and equity finance),
- more new build in the private rented sector, financed by institutional investors;
- a significantly increased contribution from SME private builders (which would need both government and private sector support).

In the years since the Commission made its recommendations:

- annual targets have been broadly met but only if permitted development conversions (e.g. office to residential) are included;
- the economic and financial framework has not been stable, with borrowing costs now rising, skills shortages for builders and rising costs of materials;
- SME output has not grown, despite support;
- relatively little public sector land has been sold;
- there has been some limited expansion of Build-to-Rent as institutions, including overseas investors, search for better yields;
- housing association output has not grown significantly and the cross-subsidy model is now under very considerable strain;
- there has been growth in the build to rent market, mainly for better off households;
- planning obligations have continued to be important in delivering affordable housing;
- the planning framework has not provided the stability the Commission sought with no strategic planning, lack of local plan coverage, and many challenges to housing targets;
- Housing Benefit costs have soared to support tenants both in private rented and housing association sectors.

Fixing our Broken Housing Market, Department of Communities and Local Government, 2017)

This was a government consultation document (i.e. a Green Paper) following internal research and reviews. It was very much focused on housing and land supply issues and the proposed policies were designed to overcome the problem of an inadequate number of new homes being built each year (c 160,000 against an estimated annual need of between 225,000 and 275,000).

This lack of provision was seen to result in house prices increasing in real terms, younger households often unable to buy and paying high rents in the private renting sector (with consequences for government expenditure in supporting rent payments). The lack of new homes was also seen to be harming the economy by reducing labour mobility.

The government thought the inadequate supply had three main causes: (i) local authorities were not planning for the new homes needed and only a minority had up to date local plans; (ii) housebuilding was too slow; housebuilders were not innovative enough and were not building out their sites fast enough but rather slowing down to maximise prices; and (iii) there were not enough housebuilders, particularly small ones, to construct the numbers of new homes needed,

To improve supply the government proposed:

- developing a new method of projecting housing need;
- ensuring local authorities adopted local plans, including co-operating with neighbouring authorities;
- increased fees for planning applications to address delays;
- the reform of planning obligations;
- providing transparency about land ownership;
- introducing a housing delivery test at the local level;
- continuing to protect Green Belts, promote better design and more brownfield development as well as increasing densities of new development;
- better ways of persuading communities to accept the need for more development and to enable them to see the benefits of growth;
- promoting innovation in construction and more diversity in supply, including supporting SMEs; getting more institutional funding into build-to-rent.

Since the Green Paper was published the government has acted on many of the above proposals. However:

- despite introducing new needs measures, these targets have been subject to disputes at inquiries and most recently have been made advisory with the result that many local authorities are aiming to set lower targets;
- there is still inadequate coverage of adopted local plans;
- proposals to reform planning obligations were brought forward in 2020 but are still subject to scrutiny and modification as legislation proceeds through Parliament;

- the number of SME builders remains small, despite support being made available;
- there has been a modest increase in build-to-rent with institutional funding, but the private rented sector remains dominated by small scale buy-to-let landlords;
- construction innovation has been, at best, patchy;
- numbers of new homes completed has risen, but mainly as a result of permitted development with the conversion of offices into residential apartments and the continuation of the government's 'Help to Buy' funding of new owner-occupied homes - which is now closed.

The Archbishops of Canterbury and York Commission on Housing, Church and Community, Archbishops' Housing, Church and Community, 2021)

The Commission's objectives were to reimagine housing policy and practice and to enable the Church of England (CoE) to use its resources more effectively for housing. It was explicitly a values-based approach to housing, not just about affecting central government policy but also about modifying the CoE's own approach to housing needs and its relationship with communities. As well as seeking ways to address the housing crisis and how this impacted on people's lives it also looked at the legal and institutional barriers at diocese and parish levels to using church land for social and providing environmental benefit.

The Commission argued that the current (i.e. as of 2022) housing crisis was neither accidental, nor inevitable. If society wants to resolve it, the costs of doing so need to be more evenly shared. It argued that if its recommendations, outlined below, were implemented over an extended period, it would be possible to create homes and communities that are sustainable, safe, stable, sociable and satisfying for all.

Its key recommendations to government were to:

- develop a coherent cross-party twenty-year housing strategy which should focus of helping those in the greatest need;
- provide additional funding for the strategy and adopt policies to reduce the price of land, including selling publicly owned land for less than market prices if it was used for affordable homes (implementing policies similar to those used in the 1970s Community Land Act of 1974);
- reform the social security system to create a real safety net, including returning the maximum local housing allowance to median rent levels;
- reform tenancy arrangements in the private rented sector to provide tenants with more security (e.g. to abolishing S21 evictions)
- reduce the need for temporary accommodation, introduce new quality standards, resolve the cladding crisis at pace, and ensure tenants had an effective voice.

The Commission also concentrated on how the Church could play a better role in supporting individuals and communities, not only by the provision of affordable housing on Church land but also in terms of support for individuals and groups at both parish and diocesan levels. A great deal of

information was provided at both levels and working methods were streamlined. Work is continuing with the Church Commissioners related to the use of Church of England land.

The Commission sat during the Covid pandemic which affected its work. Even so, it had regular discussions with DLUHC and with members of the House of Lords. There was a great deal of support from the Lords when it debated the report. Interaction appears to have diminished although there are now discussions about putting in place a continuing Commission.

Almost none of the recommendations to government have as yet been accepted, except in the most general of terms. The legislation with respect to S21 evictions is now in train.

Evaluation

Looking back at these reviews as a whole perhaps the main point is that many of them called for a more long-term commitment to housing policy, for policy to be more coherent and to take more strategic approaches (of course each had specific aspects it wanted addressed, e.g. more adopted local plans setting out housing targets, a more innovative housing construction industry etc.). Importantly many wanted to find ways of getting supply to be more responsive to demand (and to needs). Whilst it is clear that they all failed to have the major direct impact on housing policies that they intended, many have left enduring legacies. We discuss whether it is fair to say that they mainly failed to make the impact they intended); if so, why; and, finally, did they have more lasting legacies in terms of the government's housing policy making and implementation?

Did they Fail? Why? And were there positive legacies?

Inevitably political change impacted on each of the reviews – but most obviously in terms of the Housing Policy Review which was followed by a major financial crisis and by the Conservative win in 1979 which led to massive deregulation and tenure change. Unhappily the lesson that many will take is that political pressures mean that reviews that call for a long-term all-party commitment cannot realistically be expected to work except in the most general terms.

Although with some exceptions, the reviews did not set out the timelines and requirements for implementing their proposals by detailing follow up plans. They also failed overtly to build commitment by the key agencies who needed to align their own policies with these reviews' key recommendations and then commit to the proposals. Whilst many advocated a more strategic and comprehensive approach to policy, setting a strategic framework to implement this requires setting out clear objectives to be adopted by all involved.

Equally important is the way policies are inevitably affected by changing economic and financial environments, which impact on demand, prices and government funding making it problematic for even accepted policies to be followed through and implemented. As a result, for example, proposals for tenure neutrality were not taken forward both because of the politics and because of the financing.

Notwithstanding these limited impacts, they have all left positive legacies. One of the most important has been methodological improvement although this applies mainly to those led by government. The Housing Policy Review enabled the development of the Medium-Term Forecast of demand and need which underpinned the forecast of housing numbers for decades but also was a major factor in developing far more sophisticated models of the housing market. These in turn led to housing being more effectively included in macro-economic forecasts. This was made possible by joint working between economists in the Department and the Treasury. The methods used for assessing medium to long term housing need and demand both at national and local level also led to far more detailed data and analysis which brought to light the importance of income in determining household formation which has been a key determinant of how many homes are required. Methodological improvements were also important in the context of the Barker and Miles reviews and were called for in the 2017 Green Paper.

While no individual review can claim ownership, the detailed discussions of the impact of particular policy changes contributed both to the understanding of the potential for a number of structural changes in policy. These have included the ultimate withdrawal of mortgage tax relief; the changing

role of local authorities from providers towards enablers; placing more emphasis on the role of local communities; the potential for private finance to be included in public/private partnerships as well as its increasing role in housing associations; both new building and ownership in the private rented sector; and, still to be addressed, the potential for increased land value 'capture'; making land supply more responsive to demand by amending (albeit not always successfully) the planning system. Even so, in the main the reviews took policy ideas and helped to put them on the agenda rather than directly affecting their implementation.

Changes that have made coherent policy harder to achieve: more 'players'

Even had the calls for more long-term and strategic approaches been heard, other changes have made coherence harder to achieve and it has proved difficult for the government departments responsible for different aspects of housing policy to commit to recommendations made by external reviews. In the 1970s and early 1980s the lead housing department had more powers, significantly because the regulation of mortgage finance lay within the Department; there was an assumption that public funding would be made available to build additional local authority housing to meet needs and replace slum housing; and it was also assumed that the private rented sector would steadily decline and be limited to a residual role.

The later deregulation of financial markets and Bank of England independence have made the role of monetary policy far more central to housing policy success while strengthening its role in stabilising the economy. The Treasury has always held the purse strings but also sees housing as more important to its capacity to meet fiscal objectives than in the past.

Equally in the early years the emphasis was on supply subsidies to increase output and to raise the standards of the existing stock (including slum clearance). The Department set rents and allocated available subsidies. The shift away from supply to demand side policies and subsidies has given DWP a central role but it has less interest in housing specific issues than has the lead government department for housing (currently DLUHC). Meantime many of DLUHC's responsibilities are in the hands of arms-length bodies such as Homes England responsible for the funding of housing associations and the Regulator of Social housing. This has meant that DLUHC is more limited to supply side and spatial planning issues. To achieve wider policy objectives means getting policy alignment and commitment across many more departments and government agencies. This is not easy as the Department has no special powers and other government departments' priorities can make the achievement of DLUHC's own priorities more difficult (for example currently on matters related to biodiversity and nutrient neutrality)

A particular difficulty for the Department has been to ensure local authorities, in their spatial planning role, play a coherent and consistent part in achieving desired outcomes even though their policy planning and decisions on planning applications should be able to play a major role in supply side responsiveness to changing demands and needs. The abolition of regional planning bodies has removed one way of ensuring that national needs targets could be translated into agreed local ones with provision for land supply to meet these in local plans and integrated with infrastructure funding. As the most recent reviews have shown, it has been a major challenge to get alignment between national and local targets as well as to provide the funding needed to achieve these levels of activity. The importance of regional issues and structures were (with exceptions) noticeably absent from most of the reviews discussed above. These structures have now been abolished

creating a vacuum. If it were filled, the regional level could potentially help negotiate and agree land allocations and infrastructure funding at the local level. There is however potential for the growing number of conurbation areas and combined county authorities to take on these responsibilities.

The financing of housing and infrastructure and the Department's responsibilities are also more complicated

Housing has been transformed from the near two tenure system of the 1970s to a much more complex tenure structure with market (and quasi market) provision now far more important in the rented sector. Private finance now plays a much more central role in implementing housing policy. As a result, for example, the Bank of England has laid down more rules about mortgage lending to manage economic and financial risks. Moreover, an ever-widening range of financial institutions are involved in providing both debt and equity funding. UK institutional investors including pension funds play a greater role than in the past. But since the Global Financial crisis, international investors involved in global financial markets have significantly penetrated UK housing including providing funding to housing associations and private landlords. This means that housing is competing with many alternative asset classes for their funding, adding to risks and uncertainties about pricing.

This dependence on the private finance market instead of public grant financing is exemplified by two key developments. First, the use of cross subsidy models to finance new housing association homes. Over the last decade associations are expected to build new market homes to make profits to subsidise new affordable provision alongside mixing borrowing and much more limited government grant funding. This model is currently under considerable threat as interest rates and housing costs rise and demand is uncertain.

The second development has been the use of land value capture mechanisms, including planning obligations, to raise funding from developers (who pass the costs on to landowners) both to finance new affordable homes and to support infrastructure. The latter has become much more significant because of reductions in public spending and the privatisation of many infrastructure providers, including in particular, water and sewerage. The privatisation of infrastructure provision as well as the reliance on land value capture to fund both infrastructure and affordable housing has made new homes supply harder to achieve and more dependent on market cycles. In this context it is not surprising that the government is looking to implement a mandatory Infrastructure Levy to help fund both housing and related infrastructure and aimed at covering all such investment. This lies fully within the remit of the Department but will be both complicated and slow to implement.

Another area where the Department clearly has an increased role is with respect to the regulation of the much expanded privately rented sector. In the 1970s and the early 1980s this sector was expected to continue to decline. However, in fact it is the most rapidly growing tenure. Its growth has in part been an unexpected outcome of the Right-to-Buy (which has over time led to large scale transfers from owner-occupation into private renting) and an outcome of real increases in house prices and lower mortgage rates which have made Buy-to-Let investment attractive to individual landlords. The sector has more than doubled since the year 2000. It now accounts for a higher proportion of the housing stock than the social rented sector and has developed into a mainstream tenure accommodating many households with children. It is still to be seen whether the current changes in economic and taxation conditions will lead to lower growth.

The regulation of the private rented sector is another area where there has been relatively little discussion in any of the major reviews we have examined until the Archbishops' Commission in

2022. This is now a major responsibility for the Department although what they can do is limited by the fact that the DWP controls the income related subsidies which help support the sector. How the Department's responsibilities have increased is reflected in the development of the role of the Ombudsman but most importantly in the Renters' Reform Bill which was tabled this month. It must form a significant element in any strategic housing policy.

There has also been some success in attracting private finance into building for new private renting – what is termed Build-to-Rent. This is significantly funded by overseas investment and there is concern that the output is almost wholly concentrated on accommodation directed at middle- and higher-income households. Rents in this revived sector appear to be increasingly unrelated to local incomes, putting a massive strain on housing support budgets with local housing allowance rates often inadequate to enable people to continue to live in their local area. Again, this issue is central to devising adequate support mechanism which is also affordable to government.

Big changes in how people view house building

Perhaps one of the biggest changes since the earliest of the reviews we looked at has been a growing lack of acceptance that we the public need and want new homes. Recent surveys show that there is a genuine belief that England is being cemented over and that Green Belts are at massive risk of being built on. Many local authorities have addressed this issue by increasing densities on new housing sites (often not all well designed), resulting in antipathy to new building and a desire to concentrate new housing in major cities' brownfield sites, regardless of their housing needs. This has made setting targets to meet projected needs extremely challenging and is the main reason for the current political debate.

Conclusions: Lessons from Earlier Reviews

While we have argued that most Reviews have failed in their own terms there are many relevant lessons to be learned. These include:

- The research on which they were based generated an enormous amount of useful analysis and helped develop much more sophisticated methodologies.
- The reports themselves improved awareness of both problems and potential solutions even though they rarely led directly to change.
- Given their failures it is obvious that recommending governments and oppositions should commit to decades-long housing strategies is as unrealistic as assuming that it is possible to generate cross-party agreement except on generalities or certain individual areas of policy.
- Instead, we need to emphasise implementable proposals and working with the grain of how things are now done and can be done better into the future.
- The Duke of Edinburgh report is in some sense an example of what not to do. It required really big changes that were not really part of the existing discussion and had very little direct impact. Even so, in part because of the published research which underpinned the Inquiry, they did influence thinking and in the end a number of their proposals were implemented in some form.
- Compare this approach to the independent reviews put in place by the Treasury and the Department. These led to immediate changes, although these were mainly about process rather than policy. Arguably the Barker Housing Review in particular is an example that suggests that incremental but more joined up change is the only practical way ahead.
- Recommendations should therefore think not just about long-term desirable outcomes but about the policies needed that will have a chance of working in the immediate environment but also be robust enough to adjust in the context of likely future scenarios.
- The reviews suggest that there is an over-emphasis on the issues around new building. Yet new build, while absolutely necessary, can only be a part of getting housing right. Policies to manage the use of the existing stock are at least equally if not more important.
- The relative inelasticity of new supply points to the relative importance of managing demand which can adjust to policy change quickly. However, there must be concerns that political pressures often favour popular demand side policies rather than aiming for greater stability.
- On the new build side what helps most is a stable economy with as few shocks to costs and interest rates as can be achieved. Whilst affordability issues are now critical, housing need and the requirement to build more houses is just as important now as in the 1970s and 1980s.
- The changed financial environment means that the role of other government departments, apart from the one directly responsible for housing and related matters, are now more significant than in earlier decades. These other decision makers need to be more directly involved if policy is to be consistent and coherent.

- Housing has been transformed from the two-tenure basis of the 1970s to a much more complex tenure structure with market (and quasi market) provision now much more important in the rented sector.
- The private sector is thus now a much more important player and private finance is critical to investment and ownership as well as in terms of land value capture to provide support for affordable housing.
- However, opposition to building has grown in marked contrast to the picture in the 1970s and 1980s. Better architecture is only a small part of changing these perceptions
- The switch to 'people led' subsidies and the reduction of supply side subsidies has resulted in a big increase in state spending on rent support but not in the growth in the rental homes needed.
- Regional issues and structures were noticeably absent from most of the reviews we have discussed. These structures no longer exist making it more difficult to address sub-regional and regional land allocations as well as the provision of infrastructure funding across boundaries.

To summarise:

The development of a coherent and consistent long-term strategy with (all party) targets and policies is probably an illusion.

What is needed is a medium-term framework with an implementation plan which is adaptable to foreseeable changing circumstances and reviewed regularly. In other words, it must be acknowledged that circumstances and priorities change.

There are far more players now involved on both the demand and supply sides which makes implementing coherent policy ever more difficult. We need an approach which generates some potential to get alignment of key players to a medium-term strategy (including the Bank of England, the Treasury and DWP as well as DLUHC and local authorities). This cannot be done by the Department alone but requires a government-wide initiative and strong political commitment particularly to getting the supply side right rather than expanding demand against a near fixed supply.

We probably cannot avoid having dwelling numbers of targets (at least for the medium term) and these need to include ensuring the relevant infrastructure can be provided. Otherwise, how can resources be found and allocated (both in terms of funding and land)?

Any policy cannot just be about new building - but about the quality, use and price of the whole stock. A particular challenge at the present time is how to deal with the affordability challenges of greater number of working youngish households unable either to buy or rent.

In organisational terms we cannot just depend on central government and local authorities. Housing markets cross boundaries and need to use regional/subregional structures to negotiate where to build and how to raise funds for infrastructure.

Is any of this likely to happen? It seems unlikely in the current, highly politicised, environment. But there would be massive gains to any party that managed to generate a set of coherent policies which helped more people to find acceptable affordable homes.

So: what is needed a medium-term plan; goals that all stakeholders can agree upon (which is a big ask); acknowledgement that circumstances change; political commitment that the plan must be stuck to for as long as circumstances remain reasonably stable and be able to withstand changes of governing party; and greater emphasis on getting the supply side to work better.

A government-sponsored, time limited review, including major experts, and learning from earlier successes and failure, might well be a starting point after the next election. Our final report due to be published in the Autumn will aim to set the agenda.

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Appendix

Housing Policy Review 1977

Commission by the Department of Environment	Internal review of housing finance and policy to lead to a Green Paper. Initiated in 1975.	Originally The Housing Finance Review but soon extended to cover policy more widely.
Members	The SoS of Dept of Environment Tony Crossland - as chair; Chief Adviser to SoS; chief executive Chris Foster; an advisory group	
Support	Specific appointments Richard Kirwan & Christine Whitehead. Research undertaken by a large team of civil servants. David Ovens and Alan Holmans ran mainstream research.	Output: Final report plus 3 technical appendices published Based on almost 150 research papers
Objectives	To develop a coherent overall housing policy (based on Departmental responsibilities) as a more piecemeal approach not seen to work.	Much of the programme was about analysing data, developing analysis, and modelling outcomes. In particular, a Medium-Term Forecast of demand and need was introduced.
Context	Initial emphasis in 1975 was on finance – both social sector supply side subsidies, given the impact of inflation in the early 1970s and an emphasis on building tenure neutral subsidy systems more generally with the possibility of introducing income support systems Most important macro-economic context was the UK having to go to the IMF – leading to cuts in funding	Meant to last 1 year but by end of the year only just starting to address subsidy issue. SoS initially had other priorities. SoS moved and was replaced by Peter Shore in 1976. His interests were broader based and more political.
New Building	Need for a new subsidy system which would encourage LA building as they were withdrawing from providing additional council housing. Medium term forecast of housing requirements and tenure mix Numbers – around 200,000 p.a.? The existing historic cost pricing system in the LA sector together with rapid inflation meant many LAs did not need to raise rents. The new system depended on a move towards value-based rents and the introduction of private finance to HAs.	First attempt at forecasting demand and need. Model suggested the overall requirement was around 300,000 per annum. Based on projected demographics, including household size but also on income growth. Led to further, more technical, modelling of income and price elasticities published in 1980.
House purchase finance	Almost entirely building society based – flows of funds were managed by the Department and a Joint Advisory Committee.	Any change depended on deregulation of the banking sector – which was not within the Dept remit.
Slum clearance	Was still a major policy but going out of favour. Shift towards area-based policies.	Considerable problems of difficult to let properties in the LA sector
Neutrality between tenures	Compared assistance between owner-occupation and LA housing	Five measures of neutrality were analysed but little interest in pursuing change. No interest in the PRS Noted overlap in household characteristics between owner-occupied and local authority sectors and the residual nature of the PRS.
Public sector subsidies	1975 Housing Rents and Subsidies Act – a temporary measure HPR proposal was a notional HRA based on the position under the 1975 Act, this enabled rents to be reduced.	LAs lack of interest in building meant that rents did not have to rise to balance historic cost accounts.
Shift to demand side subsidies	Fair Deal for Housing – a Conservative policy set out in 1971 looked to adjust how rents were set and to pay income related subsidies to both public and private sectors	The first steps towards income related benefits were put in place in 1973. Not seen as part of the HPR which was mainly interested in the supply side.
Critique	Core problem was seen to be LAs lack of wish to build because of insufficient demand for tenancies	Almost everything discussed simply in physical numbers of terms. Some recognition of household fission and income growth as determinants of demand No interest in the private rented sector – presumed to continue to be controlled and to decline.
Why nothing much happened	1. Economy wide problems – dependence on the IMF 2. Political changes in 1979 were massive and totally changed the	Did provide useful analyses. Main direct benefit came from

	<p>emphasis of housing policy.</p> <ol style="list-style-type: none">3. Deregulation of banks and building societies in the 1980s changed the operation of the mortgage market.4. Right to Buy, the introduction of private finance into housing associations and stock transfers reduced the importance of council housing.	<p>improvements in methodology and the introduction of the Medium-Term Forecast as the basis for estimating housing numbers required. The Forecast produced by Alan Holman remained in place with improvements until 2015.</p> <p>Introduction of financial deregulation shifted power from DoE and successors to the Treasury and the Bank of England.</p> <p>Some longer-term impact on LA subsidy systems but generally very few recommendations.</p>
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Duke of Edinburgh Inquiry into British Housing (1985) and (1991)

Commissioned by the National Federation of Housing Associations (NFHA)	NFHA CEO set up the Inquiry to celebrate the golden jubilee of the NFHA and the centenary of the Royal Commission on the Housing of the Working Classes in 1885.	Comments
Members	Duke of Edinburgh (Chair); Bishop of Southwark; several from finance (e.g. Midland Bank chair; Francis Cairncross), housing (e.g.. Alan Cherry, Countryside; Peter Naish, Church Hsng), consumer affairs and tenants' groups (e.g., Rachel Waterhouse) and academia (i.e., Valerie Karn).	
Support	Pat Niner, CURS; plus, JRF who analysed submitted evidence together with funded research to support the reconvened Inquiry in 1991 research also funded by North Housing	
Objectives of commission	To develop real leverage for long term lasting change especially on finance and the potential for using private investment	Very much concentrated on supply and finance - with the emphasis on providing and improving affordable housing.
Context	Identified shortages, poor LA housing and lack of choice; inadequate investment both public and private seen as a major cause and housing not high on the public agenda. Interest rates in double figures. Public expenditure cuts. Emphasis on deregulation and privatisation policies; Continued impact of the Right to Buy	The Inquiry drew attention to the state of disrepair of housing stock; low numbers being built; lack of institutional funding for housing provision; fall in public expenditure on housing; the continued decline of the PRS; the poor quality of social rented homes-built post war; scale of homelessness; lack of tenure neutrality re housing finance.
Commissions' key objectives	Stressed that aim was to address long term housing challenges; hence tenure neutrality in support; get private investment into rented housing – particularly housing associations. phasing out mortgage tax relief as distortionary; income related support across all tenures; better tenant engagement and avoiding divisive segregation;	Stressed that it thought its proposals would (and needed to) survive changing economic and political contexts. Considered this to be critical if institutions were to have confidence to invest.
House building	Said very little directly about building as stressed that the big issues were to get finance and regulatory arrangements right. Argued for between 80 and 100k new rented homes pa.	At that time around 60,000 social rental units were being subsidised and developed each year. Almost no investment in private renting.
Supply: tenure implications	Inquiry was keen on stock transfers (especially in its second report); also, on reducing spatial segregation and the stigmatization of social housing.	These 'minor' recommendations have been addressed e.g., through mixed community policies such as S106.
Supply: funding implications and housing finance generally	Looked to a gradual move to fiscal neutrality between tenures, including the phased abolition of MIRAS over 12 years (which it said would pay for all its other recommendations); single approach to needs related rent support for all tenures. Wanted a capital value indexed return for all types of rented properties to attract private (especially institutional) investment.	Some of this happened e.g., MIRAS abolition in a way that almost no one paid more in money terms. However, saving was not used for housing purposes. The recommendations with respect to the PRS were particularly innovative (although never accepted). The greater use of private finance for housing associations has become a core policy (although experiments were underway well before the inquiry)
Supply: planning implications	The Commission said little about this except it wanted LAs to be strategic and enabling and less focused on new supply.	Argued that once finance and effective administration was in place, the rest would follow 'in time' as investment would be attractive.
The Commission reconvened in 1991	The updated report used the findings from the JRF Housing	Argued that the identified

<p>to review impact/progress</p>	<p>Finance Project (and other commissioned research) to reinforce its 1985 recommendations; phased withdrawal of MIRAS; capital value rents; and needs related allowances funded by the saving in MIRAS tax expenditure.</p> <p>It reiterated the argument for a 100k pa affordable rented housing programme and the need for greater emphasis on addressing disrepair in existing stock.</p> <p>It also strengthened its call for a more plural rented sector, emphasizing an increased role for housing associations.</p> <p>A major positive outcome was the research programme funded by the Joseph Rowntree Foundation which for some years evaluated a wide range of policy initiatives and communicated the results effectively.</p>	<p>problems had not been solved in part because the government ‘cherry picked what was a package of measures that should have been taken together’.</p> <p>It noted the MIRAS changes made by government, but thought it had not led to greater price stability.</p> <p>It also noted the changes in Housing Benefit but argued that in the context of rising rents they had worsened the poverty trap.</p> <p>The suggested policies to incentivise investment were not followed.</p> <p>LA had also faced severe financial constraints and their enabling role had not been developed.</p> <p>Housing Association finance had been transformed but had led to higher rents and very little increase in new build. Stock transfers had declined.</p>
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Barker Review of Housing Supply (2004)

Commissioned by the Treasury	Commissioned by the Chancellor and the Deputy PM in 2003. Final report in 2004	Comments
Member	Kate Barker commissioned to do review herself	
Support	Team from HMT plus submissions of evidence and workshops with key organisations/people	
Objectives	Commissioned by HMG explicitly to review issues related to long term housing supply and related factors in context of falling output and increasing house prices.	Fundamentally an economics led review to understand and address the lack of responsiveness of housing supply to market signals.
Context	Falling supply; worsening affordability; housing market volatility and macro-economic instability.	
Issues identified by Barker	<p>The UK has experienced a long-term upward trend in real house prices creating problems of affordability. The volatility of the housing market had exacerbated macroeconomic instability and had an adverse effect on economic growth.</p> <p>Housing is fundamental to communities, to households' balance sheets, to wealth inequality and to the environment.</p> <p>Hence a lower trend in house prices is desirable</p>	<p>Noted that government housing objectives may not align with wider economic and fiscal objectives and policy instruments.</p> <p>Also noted that the then current level of supply would not enable government to achieve their desired housing and wider objectives.</p>
Key Recommendations	<p>Barker's starting point was the need to introduce more economic considerations and market signals into the planning system to make supply more responsive to demand. She also stressed that expectations as well as actual supply were a key to price changes. She also clarified the weak impact that extra new supply had on house prices.</p> <p>She recommended that the government should set out a goal for improved market affordability at national and regional levels.</p> <p>Additional £1.2 to £1.6 billion per annum needed for additional social housing to meet projected future needs (not all of this would be direct government expenditure)</p> <p>Rejected using tax to stimulate more development land coming forward but advocated the introduction of a Planning Gain Supplement to capture some of the development gains that landowners benefit from, to ensure that local communities shared in the value of development.</p> <p>Establishment of a Regional Planning Executive to provide a published evidence base and advice on the scale and distribution of housing required to meet the market affordability target.</p> <p>A large number of specific proposals aimed at incentivising better decisions such as the allocation of additional land in Local Development Frameworks.</p> <p>Allowing local councils to retain council tax receipts for a period after completion.</p> <p>Establishment of a Community Infrastructure Fund to help to unlock some of the barriers to development.</p> <p>More involvement of infrastructure providers in planning and funding arrangements for new housing, especially on large sites.</p> <p>Barker also wanted changes in the housebuilding industry including greater consumer protection and more innovation; recommended allocating more small sites and addressing build out rates in permissions.</p>	<p>Analysis showed that in order to deliver a lower trend in real house prices of 1.8 per cent an additional 70,000 houses pa in England might be required. An extra 120,000 pa would be necessary to align with the lower EU price trend.</p> <p>Did not discuss producer vs consumer subsidy in depth (except some extent in n the Interim Report)</p> <p>Involved scaling back S106 planning obligations to site mitigation and affordable housing). In the end the Planning Gain Supplement was rejected in favour of the Community Infrastructure Levy introduced in 2010.</p> <p>NHPAU established but later closed.</p> <p>Targets were established in Regional Spatial Strategies but these regional bodies were subsequently abolished. Rewards i.e., bonus model established and still running.</p> <p>Barker thought her recommendations would reduce housebuilders' risk averseness and unwillingness to innovate; did not think that builders had deliberately slow build out rates to keep prices up.</p>

Barker Review of Land Use Planning (2006)

Commissioned by Treasury.	Commissioned by the Chancellor and Deputy PM to support the 2006 Budget	Comments
Member	Kate Barker	
Support	Team from HMT and ODPM; took evidence and held workshops (<i>full disclosure</i> ADHC submitted evidence and took part in workshops)	
Objective	To recommend how planning could deliver economic growth/prosperity and sustainable development.	
Starting Point	Barker found that, despite reforms, some aspects of planning policy and planning processes tended to have a negative impact on productivity, contributing to the UK's productivity gap. Also, infrastructure delivery too slow.	
Proposals	<ol style="list-style-type: none"> 1. <i>Flexibility and responsiveness</i> <ul style="list-style-type: none"> • planning slow to respond to price signals (costs local, benefits diffuse) • densification and crowding not the answer • planning should focus on externalities/spillovers etc. • development plans to be delivered more quickly and with less detail • needs more collaboration between LPA over major developments • up to date plan-led system • better financial incentives and flexibility to promote economic development. 2. <i>Process reforms</i> <ul style="list-style-type: none"> • improved framework for the delivery of major infrastructure projects: ministerial engagement and public consultation at the start of the process, • final decisions being taken by a new independent Planning Commission except for housing • simplification of national policy: • rationalisation of consent regimes; a reduction in the emphasis on targets and a greater use of Planning Delivery Agreements so that local planning authorities can focus on outcomes • enhancing skills and resources, • improving efficiency of the planning application procedure, more delegation to officers, and a new Planning Mediation Service as an alternative to appeals. 3. <i>More efficient use of land</i> <ul style="list-style-type: none"> • Decisions about where development should take place were going to be more difficult because of population growth; climate change and biodiversity. • Fiscal incentives needed to encourage development of vacant and brownfield land; • planning authorities and regional planning bodies should continue to review green belt boundaries and improve quality of green belt land, and green space in urban areas; • codes and design guides critical. 	<p>If anything, we have gone backwards.</p> <p>This was set up but later abandoned. New arrangements in place re major infrastructure BUT housing not part of this.</p> <p>Ditto with abolition of regional bodies and now (proposed) withdrawal of duty to collaborate.</p> <p>Progress here e.g., creation of NPPF to replace PPGs BUT then policy requirements have mushroomed since.</p> <p>This now being done at scale.</p>

Miles D. The UK Mortgage Market: Taking a Longer Term View (2004)

Commissioned by the Treasury		Comments
Members	David Miles	Professor and Adviser to the Bank of England
Support	Treasury and Bank of England	
Objectives	To review how the mortgage market might be enabled to work more effectively.	Emphasis on improving information and advice and reducing risk
Context	Deregulation of mortgage markets since 1980s but still a narrow range of products which exposed consumers to unnecessary risk	Considerable volatility in interest rate in general and mortgage rates in particular
Objectives	To develop a more stable and well -informed mortgage market which would extend consumer choice market helping the economy as well as the housing market	Much of the emphasis on good practice but also on the need for longer term mortgage products
Proposals	<p>A range of mechanisms aimed at improving information and advice to potential customers; Mechanisms to help lenders to provide a better range of mortgage products and to ensure cost effectiveness.</p> <p>Supporting the introduction of longer-term fixed rate mortgages which were seen as necessary to reduce risk and help stabilise the housing and associated finance markets.</p>	<p>Many of the good practice proposals were introduced and helped make the market more efficient.</p> <p>However longer-term fixed rate mortgages have not prospered and because of continuing market volatility customers continued to regard variable rate mortgages as the better option.</p> <p>However there has been innovation with respect to short term fixes and interest only mortgages</p>

Lloyds Banking Group Commission on Housing (2015)

Commissioned by	Lloyds Banking Group	Comments
Members	Co-chaired by 2 former housing ministers (Prisk and Raynsford) with members from development, finance, policy (ADHC) and local govt backgrounds	The dual chairs made this interesting as the recommendations focused on the practical and therefore nominally politically feasible
Support	Cambridge University (CCHPR) provided research support and background papers	There was a lot of good background research specially done for the commission including international comparisons
Objectives	To identify what is needed to get a long-term commitment to building more homes and to draw a timeline of changes needed i.e. big focus on building	The timeline a specifically useful approach i.e. what can be done now and what needs change before it can happen, so a bit of focus on implementation
Context	Published in 2015: a time when much concern about lack of housebuilding including affordable homes but at time of fiscal austerity but benign monetary policy in terms of borrowing costs; commission emphasised low investment in new homes in most other advanced economies	.
Overall building targets	2m- 2.5m over ten years i.e. by 2025; existing private developers could build 150k pa provided a stable economic environment , so 100k pa more were needed especially affordable housing; commission emphasised need for less volatility and for long term cross party support for targets etc. and stability in planning etc. to enable suppliers to plan ahead;	<p>Targets were not met, unless conversion via permitted development included.</p> <p>Pandemic and Brexit did not provide the stable economic environment that commissioners stressed was needed.</p> <p>Most recently nimbyism has led many local authorities to reduce local new housing targets</p>
Supply: tenure implications	More diverse supply from SME builders (20k pa projected provided and other support), big emphasis on professional PRS with long term tenancies, via build to rent; more housing association building as latter have capacity to raise private finance (debt and equity) and projected 70k pa by 2025 (including shared ownership/S106 etc.).	<p>SME not grown in output despite support (funding and planning)</p> <p>Some growth in BtR cos institutions were searching for yield of other assets.</p> <p>Housing associations output did not grow significantly though S106 continued to be important in enabling affordable homes.</p> <p>Custom/self-build output pretty stable (the government commissioned a review)</p>
Supply: funding implications	Need to address affordability issues	<p>Not much focus on affordability issues</p> <p>Commissioned modelling of costs to the government of HB vs higher HA grant; HMT appears unpersuaded about the very long-term savings of increasing grant (an hence lower rents and HB costs)</p>
Supply: Planning implications	Crucial emphasis on stability in planning framework , including planning obligations and sustainable, well designed devts; favoured strategic planning at city region scale; also urban extensions and new settlements as well as brownfield and more small sites; big emphasis on releasing land in public ownership; ditto on public engagement in planning	Not much of this happened and stability not achieved; much perturbation of planning policy and procedure; more emphasis on design etc. taken up; loss of strategic planning capability; constant ref to using public sector land but little evidence of large-scale transfers; reform of S106 etc. underway so Commission views 'ignored'

Fixing our Broken Housing Market (2017)

Commissioned by	Department of Communities and Local Government To be published as a White Paper	Comments
Members	Departmental civil servants	
Support	Internal to Department plus evidence from earlier consultations	
Objectives	To solve the long-standing problems in the housing market and ensure that more homes are built in the right places. Clarification of other Departmental policies.	Starting point that owner-occupation unaffordable by first time buyers. Noted the role of Help to Buy and the Affordable Homes Programme Also noted the intention to introduce rental and leasehold reform.
Context	Published in 2017: the problems to be addressed were almost entirely to do with the planning system notably local plans but also the need to build faster and improve the operation of the development industry.	Concern that neither national nor local targets were being achieved and the processes were too complex.
Mechanism for change	Changes to planning policy and legislation in relation to planning for housing, sustainable development and the environment. Strong emphasis on putting up to date local plans in place, building faster and making developers more responsive	Mainly through changes to the National Planning Policy Framework (NPPF) Extended Help to Buy
Planning implications	Proposed revision of the NPPF after further consultation	.
Outcomes	NPPF revision put in place in 2018 and further revised in 2019	Legislation on private renting and leasehold put off until 2023 or 2024 Help to Buy phased out in 2023.

Archbishops' Housing Commission (2021)

Archbishops of Canterbury and York	Archbishops Commission launched in 2019 Published Feb 2021	Major covid issues
	<p>Chaired and led by Charles Arbuthnot Vice chair Graham Tomlin Wide range of commissioners from church and other relevant institutions</p>	
Objectives	<p>To re-imagine housing policy and practice To make the CoE use its resources more effectively</p>	<p>A values based approach to housing Not therefore just about affecting central government policy - but modifying the CoE's policies with respect to land and concentrating more on communities</p>
Support	<p>2 researchers and considerable help from Lambeth Palace diocese and parishes.</p>	<p>Formal analysis – mainly supporting proposals</p>
How did the Commission operate	<p>Organised into subgroups dealing with different issues – one on government policy - which reported to each meeting of the commissioners</p>	<p>Early meetings of the Commission face to face were particularly productive as were a number of meetings with people affected – e.g., Grenfell. Negative impact of Covid on interaction.</p>
Identification of problems	<p>Housing crisis at local and national level – not just numbers of new build</p>	<p>Recognition of impact on how people live their lives</p>
'Internal' objectives	<p>To address the legal and institutional barriers to using church land for social and environmental benefit. Institutional arrangements and some funding put in place at dioceses and parish levels to assist implementation</p>	<p>To enable affordable homes to be built and communities supported. Some regular information set up to help those working in dioceses and parishes. Recommendations for future continuing involvement</p>
'External' objectives	<p>7 main recommendations for what the nation (government) should do</p>	<p>Mechanisms:</p>
	<p>1. Government should develop a coherent, cross party long-term housing strategy, focusing particularly on those in the greatest need.</p>	<p>20-year strategy Need for regular additional funding Specific proposals for reducing land prices</p>
	<p>2. Review social security system to provide a real safety net</p>	<p>LHA to return to median rents</p>
	<p>3. Public land should be sold at below market prices for affordable housing</p>	<p>Linked to the 'community land act style approach</p>
	<p>4. Review tenancy arrangements in PRS</p>	<p>Remove s21. Duty of care on all landlords</p>
	<p>5. Reduce the need for temporary accommodation</p>	<p>Set new quality standard</p>
	<p>6. Resolve the cladding crisis</p>	<p>Speedily</p>
	<p>7. Ensure the tenant voice</p>	<p>Agree procedures together with tenants</p>
	<p>Conclusion This housing crisis is neither accidental, nor inevitable. If we, as a society, want to resolve it, if we are willing to share the cost more evenly and if we implement the recommendations outlined above over an extended period of time, we can create homes and communities that are sustainable, safe, stable, sociable and satisfying for all.</p>	<p>Regular discussions with Dept and H of Lords with a lot of positive comment and apparent support. Debate in Lords positive Some further discussion but basically no real interaction – and the Commission has not so far continued, although there are plans. Discussions with the Church Commissioners have continued and some progress has been made.</p>

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