

POLICY PAPER 155

Tackling the Housing Crisis

Liberal 
Democrats

Autumn Conference
Bournemouth 2023

Executive Summary	4
1 Introduction	6
2 A New Approach to Open Market Housing	8
2.1 Introduction	8
2.2 Approaches to Tackling the Housing Crisis: A National Housing Target	8
2.3 Why A National Target Won't Deliver for the Country's Needs	9
2.4 The Causes of the House Price Boom	10
2.5 Market Supply to Meet Market Demand	11
2.6 Local Housing Targets	12
2.7 Garden Cities and Sustainably Expanding Existing Towns	13
2.8 Targeting Scarce Resources	15
2.9 Conclusion	15
3 Genuinely Affordable Homes	16
3.1 Introduction	16
3.2 Genuinely Affordable Homes	17
3.3 Reforming Right to Buy	18
3.4 Housing Allowance	19
3.5 High Standards	20
3.6 Democratising Social Housing	20
3.7 Conclusion	22
4 Energy and Building Standards	23
4.1 Introduction	23
4.2 Meeting the challenge	24
4.3 Higher Minimum Standards	24
4.4 Improving the Existing Stock	25
4.5 Lower Income and Rental Households	25

4.6 Homeowners	26
4.7 Local Action and Environmental Improvement Areas	27
4.8 Conclusion	28
5 Infrastructure, Public Services and Jobs	29
5.1 Introduction	29
5.2 Integrated Planning	30
5.3 Sustainable New Communities	31
5.4 Sustainable Existing Communities	32
5.5 Rural Communities	33
5.6 Conclusion	33
6 Technology, Skills and the Workforce	35
6.1 Introduction	35
6.2 Investing in People	35
6.3 New Talent	36
6.4 Modern Methods of Construction	37
6.5 Attracting International Talent	37
6.6 Conclusion	38
7 Private Sector Tenant and Landlord Rules	39
7.1 Introduction	39
7.2 Licensing and Register of Landlords	40
7.3 Minimum National Standards	41
7.4 Secure Tenancies	42
7.5 Empowered Councils	43
7.6 Conclusion	43
8 Community and Public Engagement	45
8.1 Introduction	45
8.2 Ensuring all voices are heard	46
8.3 Meaningful Consultation	47

8.4 Neighbourhood Planning	47
8.5 Local Plans	48
8.6 Conclusion	48
9 Second Homes and Investment Property	50
9.1 Introduction	50
9.2 Second Homes and Investment Property	51
9.3 A Local Approach	52
9.4 Taxation and Purchase Controls	52
9.5 Conclusion	53
10 Land Markets	55
10.1 Introduction	55
10.2 Capturing Land Value Uplift	55
10.3 An Accurate Land Map	56
10.4 Transparency in the Land Market	57
11 The Planning System	58
11.1 Introduction	58
11.2 Higher Minimum Standards	58
11.3 Viability Assessments	59
11.4 Self-Build Homes	60
11.5 Getting Homes Built and Sold	60
11.6 Leasehold Reform	61
12 Conclusion	63
Tackling the Housing Crisis Working Group	66

Executive Summary

England's housing market is fundamentally unfair; it has left millions of people in insecure, low-quality homes and left a generation of young people unable to achieve the security that older generations once enjoyed. Liberal Democrats seek to correct these injustices, delivering on every person's right to a home of a high standard and in sustainable communities.

Liberal Democrats would enact a fair deal for housing, tackling the crisis head-on and giving people the hope and security they deserve. We will achieve this by:

- Building 150,000 social homes each year, including new Council houses, and giving councils the power to borrow to build.
- Build 10 new garden cities to help tackle the housing crisis.
- A package of proposals to improve the energy efficiency of new and existing homes, cutting bills and combating climate change.
- Investing in the construction workforce.
- Ending exploitation by bad landlords by introducing a national licensing system and register with minimum standards.
- Provide longer tenancies, rent smoothing and strengthen tenants rights, giving renters the security and stability they need.
- Abolishing residential leasehold and capping ground rents to a nominal fee.
- Require developers and councils to undertake meaningful community engagement so that all voices are heard, not just the vocal and powerful minority.
- Managing the impact of second homes with greater powers for

local communities.

- Reform the Land Compensation Act so that councils can acquire land at fair values.

1 Introduction

1.0.1 Shelter is one of the basic human needs. We believe that everyone has the right to a safe, secure and adequate home. For liberals, the challenge of providing decent housing for all has been a central part of political action.

1.0.2 This paper identifies the provision of social housing, both via council housing and through housing associations, as a key action required by government over the next few years. The private sector has a role to play but we are clear that private rented housing is not the way to meet most of the housing needs in England. We will set ambitious targets for the provision of this social housing.

1.0.3 In private housing, the continuing price rises have put much housing out of reach of many buyers, in particular in London and the South East of England and other hotspots. This means that many younger people cannot buy a house, and often cannot see a way in which they will ever be able to do so, in a way their parents and grandparents did. This is fundamentally unfair.

1.0.4 Tackling affordability is complex and will not be addressed by supply alone because the housing market behaves like a bond market, with investment and profit competing with need as reasons for purchase. Having said that, a continued supply of new houses is vital. That is why we plan a rapid increase in building social housing to 150,000 a year, alongside plans to build 10 new garden cities.

1.0.5 Another cornerstone of the affordability problem is the price of land. To a considerable extent this is because of the Land Compensation

Act 1961, which distorts land values and causes the cost of land to inhibit the construction of truly affordable housing, of social housing and of the infrastructure and community facilities new housing development should be accompanied by.

1.0.6 The challenge of climate change and environmental needs is another key challenge for housing in the 21st Century. Housing building is traditionally a big producer of carbon, while heating and maintaining much of the existing housing stock produces about 21% of England's carbon emissions. This paper looks at the challenge and proposes vital improvements.

1.0.7 We propose a series of measures to decarbonise our housing stock and make new house building carbon-neutral. This includes the creation of Environmental Improvement Areas, which would allow local councils to rapidly improve some of the oldest urban housing stock.

1.0.8 A Liberal vision of housing sees empowered local communities and councils, a mixed provision incorporating much more, and much better, social housing provided by both councils and housing associations, alongside affordable home ownership and a properly regulated private rental sector.

1.0.9 Housing is about the development of both homes and communities. The housing stock, new and old, needs to deliver good quality and affordable housing to all, to provide the community facilities that make living in an area attractive and to allow us all to live our lives in ways that reduce our impact on the environment. Housing that is warm, safe and can be delivered in ways that reduce our impact on the climate and on the natural world. Indeed it is vital that it does so.

2 A New Approach to Open Market Housing

2.1 Introduction

2.1.1 England has a housing crisis which is principally understood as a crisis of affordability. The unaffordability of housing for lower income and younger households has pushed many into overcrowded and poor-quality housing stock. Other households have been pushed into a state of homelessness. Many households that could have formed instead remain 'concealed' as they choose to live for longer with parents which could have damaging effects on wellbeing and economic mobility.

2.2 Approaches to Tackling the Housing Crisis: A National Housing Target

2.2.1 At the last General Election, both Liberal Democrats and the Conservatives proposed building 300,000 homes a year to tackle the housing crisis. The Conservatives subsequently abandoned this approach after two leadership elections, in an effort to play to the prejudices of their membership. The 2021 motion *Building Communities* went further than this, calling for 380,000 homes a year, 340,000 of which will be in England and 150,000 will be affordable homes for social rent. This approach is supported by research from the National Housing Federation, Crisis and Heriot-Watt University.

2.2.2 The figure is calculated from working out the UK's backlog of housing needs and then factoring in future household projections. The housing need is calculated from a range of indicators including affordability, suitability of accommodation, and core and wider definitions of homelessness.

2.2.3 There is also an element of classic demand and supply analysis to this approach. By increasing the supply of housing in line with demand, prices will remain stable, instead of increasing as they have generally done over the past 35 years.

2.2.4 We support the aims of this approach - making housing affordable and available for all. However, we disagree about the methods that are the most effective for achieving this aim.

2.3 Why A National Target Won't Deliver for the Country's Needs

2.3.1 Analysis from the UK Collaborative Centre for Housing Evidence suggests that building 300,000 homes a year, every year, for 20 years would reduce UK house prices by around 12%, accounting for inflation. Building 380,000 would reduce prices by only slightly more than this. Financial shocks, such as those driven by the Conservatives' disastrous mini-budget in 2022, have caused similar price changes, with prices expected to fall by at least 10% in 2023/24. Given the UK hasn't built 300,000 homes a year in over 50 years, this is an ineffective way of tackling the housing crisis, if it is possible at all.

2.3.2 There is also a significant disparity in house prices and the affordability across England. The median house price in England in September 2022 was £362,483. In the South East, it was £457,643, in London it was £726,243 whilst in the North East it was £179,325 and in the North West it was £232,170.

2.3.3 The housing crisis is therefore a regional and local issue as much as it is a national one, with significant variations in the nature and cause of the housing crisis across the country.

2.3.4 Along with this, national housing targets have failed to meet the UK's needs. In 1991 (since council house building effectively came to an end and comparative records began) 23% of the homes built by the private sector were 4 or more bedrooms, 31% were 3 bedrooms, 31% were 2 bedrooms and 15% were 1 bedrooms. By 2022, 38% of new homes were 4 or more bedrooms, 40% were 3 bedrooms, 19% were 2 bedrooms and 3% were 1 bedrooms. In other words, we are seeing more large, executive homes with many bedrooms being built, at the expense of 1 and 2 bedroom homes to meet the most acute housing need.

2.3.5 It has also not delivered affordable homes. In 1991, 25,705 social rent properties and 3,969 affordable home ownership homes were built; by 2022 this had fallen to 7,528 and 1,044 respectively. 'Affordable Rent' homes were introduced in 2011, but affordability is set at up to 80% of the market rate - if the market is already unaffordable then so too will the 'Affordable Rent' properties.

2.4 The Causes of the House Price Boom

2.4.1 House prices, and their resultant affordability, are also impacted by the financial system. London, along with other global cities in the UK and abroad, are destinations for global financial investors, with analysis from the IMF attributing the divergence in house prices in cities like London from their surrounding areas to global financial investments. Furthermore, home ownership rates are also largely determined by the availability of credit rather than the price of a home. Home ownership rates peaked during the

boom years of the mid 00s, collapsing as lending, especially to first time buyers, fell during and after the 2007/8 recession.

2.4.2 In other words, the main drivers of the housing crisis are less to do with general housing supply than they are to do with other factors. These are principally;

- The collapse in the provision of social housing, for those who are unable to buy a home.
- The economic prosperity of the area.
- The role of finance.

2.4.3 Our approach is to tackle the first one of these, which can be most easily influenced by the government, as well as changing our approach to planning to contribute towards wider economic equality and development which will help tackle the second. The role of the financial system, especially the global aspect, is outside the scope of this paper.

2.5 Market Supply to Meet Market Demand

2.5.1 Liberal Democrats believe that a fair market economy is the best way to deliver prosperity. Unlike the Conservatives, we do not believe in an untrammelled and unregulated market - that's why we support an ambitious social and affordable housing policy, which is outlined in the next chapter.

2.5.2 As such, we believe that for open market housing it should be demand and supply that determine the number of homes that are built, not a central government target.

2.5.3 The builders of open market housing, developers, are ultimately private companies that seek to make profit. As such, they respond to market signals, not government targets. Put another way, in recessions, they will normally scale back building, despite government targets often not changing, whilst during times of prosperity they will expand building.

2.6 Local Housing Targets

2.6.1 Although we believe in a fair market, we do think there is a role for local housing targets, which serve a very different purpose to national ones. The purpose of a local target is to give local authorities, public service providers, infrastructure providers, utilities and developers certainty around what to plan for in the future.

2.6.2 As part of our efforts to achieve an integrated planning system (see below), we would integrate local housing targets and planned population changes at the heart of decision making. This way, public services, infrastructure and utilities can plan to meet future demand. At its simplest level, schools need to know how many pupils they will have in the future - which will be tied to the number of households that are formed and the number of houses built.

2.6.3 At the moment, local housing targets are often unpredictable and lack transparency in how they are created. Under the Conservatives, local targets have been chopped and changed at the will of the Secretary of State.

2.6.4 In 2018 the government introduced a Standard Methodology for housing numbers, which determines the number of homes to be built in each local authority based on keeping local house prices stable and from

extrapolations from historic population trends. In 2020 they changed the Methodology and then, after a negative reaction, introduced an arbitrary 'urban uplift' requiring urban areas to build additional homes and suburban and rural Conservative-voting areas to reduce theirs. Following a series of leadership elections, they have now made targets advisory - leading to councils changing their plans yet again. Each time a Secretary of State changes the methodology, Local Plans must be torn up, developers need to change their investment plans and infrastructure needs to be redesigned.

2.6.5 Under our approach, as part of the Local Plan making process, local authorities would have to submit house building targets for the 15 year period of the Plan. These would be assessed by the Planning Inspectorate, an independent body that would ensure the evidence and justification for housing targets is appropriate for the local area.

2.6.6 In practice, this wouldn't significantly alter the number of homes built each year, but move where they are built in accordance with the local ability and need to take on more housing and give greater certainty to communities and house builders.

2.7 Garden Cities and Sustainably Expanding Existing Towns

2.7.1 To tackle the housing shortage in the private sector, we believe we need to move away from developer-led, incremental development and instead move towards community led-solutions in existing towns and cities, and adopt the Garden City approach to building the new towns the country needs.

2.7.2 Liberal Democrats already have a history of sustainably delivering homes, working in partnership with the local community. Eastleigh Borough

Council, run by Liberal Democrats without interruption since 1995, has delivered many thousands of homes over the years, often more than legally required by central targets.

2.7.3 Meanwhile, in the Midlands Oadby & Wigston Borough Council, run by Liberal Democrats without interruption since 1991, has delivered both homes and protected green spaces, with housing forming a major part of their successful 2023 re-election campaign.

2.7.4 In the Blue Wall, Liberal Democrats have also delivered new homes whilst working with the community. Over the past decade, Vale of White Horse was the third highest local authority for the net increase in dwellings as a proportion of their housing stock. In 2019 and 2023, Liberal Democrats won landslide victories in this borough - showing how homes can be delivered by working with the community.

2.7.5 Despite opportunistic criticism from the opposition in these councils, particularly from the Conservatives, these Liberal Democrat administrations have delivered, working with the community and not against it to get the right homes built.

2.7.6 Alongside sustainable, community-led development in our existing towns, we would also commission 10 new Garden Cities in England, designing new towns from the ground up with modern infrastructure and sustainable communities. We would learn the lessons from successful and unsuccessful examples and ensure that these new towns have all the proper facilities to thrive. Liberals championed these principles in the 19th and early 20th centuries, and they can be part of the solution today.

2.8 Targeting Scarce Resources

2.8.1 The UK has not built more than 300,000 homes a year for 50 years. Since then, completions have always been lower than this peak and normally been around the 200,000 mark since the end of council house building in the 1980s.

2.8.2 There are several factors involved, including the shortage of available sites, lack of resources in the planning system, a lack of available materials, workers and skills. As mentioned previously, private developers are primarily driven by profit - ultimately they build to meet private sector demand, not the national need.

2.8.3 Given that for the foreseeable future the country will not be able to build the 340,000 homes a year that England needs according to the National Housing Federation, Crisis and Heriot-Watt University, we believe that we should target our scarce resources in a way that delivers the most benefit. This is ultimately through building social housing, the details of which are outlined in the next chapter.

2.9 Conclusion

2.9.1 Liberal Democrats will tackle the housing crisis. From our analysis of the causes of the crisis, we believe that this can best be achieved through an ambitious social housing programme, outlined below, through a more regionally balanced economy and through robust and effective local housing targets.

3 Genuinely Affordable Homes

3.0.1 Liberal Democrats will deliver the social homes England needs by:

- Building 150,000 social homes each year.
- Making this tenure more affordable by linking rents to local incomes, in a more effective way than is achieved by the current social rent formula.
- Reforming Section 106 and Right to Buy, and implementing an enhanced Decent Homes Standard.
- Democratising social housing and increasing tenant participation in the running of services.

3.1 Introduction

3.1.1 With housing costs accounting for a significant proportion of household budgets, especially for those on lowest incomes, the provision of genuinely affordable housing is a key element of the Liberal Democrat mission to ensure that no-one shall be enslaved by poverty. Increasing the supply of social housing is also a critical element in our strategy to boost overall housing supply in England.

3.1.2 The Conservatives have failed comprehensively to deliver social homes, and their proposals to introduce 'Right to Buy' to housing associations will make the situation worse. Not only is confiscating property illiberal, it will also diminish the supply of social housing and make England's housing crisis worse.

3.2 Genuinely Affordable Homes

3.2.1 High housing costs prevent citizens from living the lives they want to lead. On average low-income renting households pay much higher housing costs and spend a higher proportion of their income on housing costs – an astonishing 38% of income for low-income private renters. Data from before the pandemic showed that in the UK, an additional 3.5 million people are pulled into poverty once housing costs are accounted for. Over a quarter of a million people in England were judged as homeless or threatened with homelessness in 2020/21.

3.2.2 Liberal Democrats will change this. A Liberal Democrat government will lower housing costs and boost the supply of secure housing, by committing the funding and resources to significantly increase the supply of genuinely affordable housing: with a target for England of 150,000 social homes each year. This is based on research by Shelter and the New Economics Foundation which estimates that this is around the number needed to meet the country's social housing need.

3.2.3 We will ensure that this programme delivers genuinely affordable homes by scrapping the 'Affordable Rent' model, which has tied council and housing association rents to the dysfunctional private rented market, charging rents at up to 80% of local private rents.

3.2.4 Instead, all 150,000 social homes in our programme will be let at rents linked to local incomes, with the aim of delivering genuinely affordable homes at levels equivalent to traditional social and council rents. Independent estimates suggest that the Conservatives are currently delivering just 7% of the low-cost rented homes England needs.

3.2.5 Councils and housing associations will play a much more active role in housing delivery under Liberal Democrat plans. Long-term certainty will be critical to enabling the step-change we wish to see, and that is why a Liberal Democrat Government will ensure that our housing capital investment programme is long-term, spanning at least two Parliaments. We will also deliver certainty over rental income for councils and housing associations, by using existing regulatory powers to establish an interest-linked rent settlement for social landlords, spanning the same period.

3.2.6 Section 106 'planning gain' has played an important role in the delivery of council and housing association homes, contributing to the delivery of around half of all social housing net additions in recent years. Planning obligations not only make an important financial contribution to the delivery of low-cost housing, but also enable delivery of genuinely affordable homes in mixed-tenure communities.

3.2.7 Liberal Democrats will reform planning obligations to safeguard the delivery of on-site affordable housing; no development would go forward without the delivery of affordable homes. We would also ensure that developers cannot escape obligations through viability challenges or use of permitted development rights.

3.3 Reforming Right to Buy

3.3.1 The preamble to the Liberal Democrat constitution recognises that the independence of individuals is safeguarded by their personal ownership of property. That is why we do not dogmatically oppose council tenants' right to buy the property they live in.

3.3.2 However, low-cost rented housing is a scarce resource and in some communities it can be very difficult to replace these homes once they are sold. That is why Liberal Democrats will pass control over Right to Buy to local authorities, who will be enabled to vary discounts based on local need, or as a last resort, to suspend the Right altogether.

3.3.3 Where council homes are sold, Liberal Democrats will allow councils to retain all the proceeds, provided they are reinvested in social housing. We will remove unnecessary restrictions that limit the contribution Right to Buy receipts can make to scheme costs; and enable Right to Buy receipts to be combined with other forms of funding, including Section 106 receipts.

3.4 Housing Allowance

3.4.1 Where council or housing association homes are not immediately available, support for housing costs through local housing allowance has played an important role in enabling low-income households to rent in the private sector. However, failure to deliver genuinely affordable housing at the scale required has meant that many households have needed this support over a longer period and consequently government spending on support for housing costs has ballooned in recent decades.

3.4.2 Liberal Democrats will link Local Housing Allowance to the real level of local rents, ensuring that it will cover rents in the bottom third of the local housing market. By increasing delivery of low-cost rented housing, we will provide a sustainable solution, producing a better housing outcome for those in need; and deliver long-term savings to the housing benefit bill by reducing reliance on the private rented sector.

3.5 High Standards

3.5.1 It is important that genuinely affordable housing also reaches the highest standards. Data shows that at present, council and housing association housing achieves higher levels of decency than private rented or even owner-occupied homes. However, around one in eight council and housing association homes in England fail the current relatively basic Decent Homes Standard, even though this has been a statutory requirement since 2010. Alongside this, the current energy crisis has shown the vital need to invest in retrofitting our existing housing stock to improve energy efficiency and reduce bills, as well as increasing standards for new homes. This will be covered in the next chapter.

3.5.2 Liberal Democrats will complete the review of the Decent Homes Standard which was instigated after the Grenfell Tragedy, and will regulate and invest to ensure that all council and housing association housing reaches the new higher Standard by the end of the decade. This investment programme will be completed alongside energy-efficient retrofit works.

3.6 Democratising Social Housing

3.6.1 As part of a wider programme to rebuild England's social housing stock, we also want to see a radical change in the relationship between social housing tenants and their landlords.

3.6.2 The government has introduced a Social Housing Regulation Bill, which aims to give tenants greater powers in the running of social housing, with a new 'tenant advisory panel' for the Regulator, greater focus on transparency and the introduction of a 'named individual' responsible for health and safety.

3.6.3 The Bill also introduces new requirements to improve the quality of social housing in other areas, including safety, performance and the removal of the 'serious detriment test'. Whilst we support many of the aims of the Bill, we want to go further and take several steps to democratise social housing.

3.6.4 We would make the boards of housing associations representative of the people they are supposed to serve by requiring tenants and staff representatives to be included on the board, with minimum numbers so they aren't sidelined.

3.6.5 We would also increase resident participation in management, by promoting several methods of empowering tenants, including tenant management organisations to help run services, tenants associations that can really influence their landlords, tenant scrutiny committees, tenant involvement in service reviews and more effective tenant consultation. Local authorities would be tasked with developing the most locally appropriate mechanisms, based on local conditions and enthusiasm.

3.6.6 During recent years the government has promoted mergers of housing associations in an attempt to achieve economies of scale. However, this approach has not always been successful in that it has often created large, bureaucratic and unresponsive landlords. We would reverse this trend and would support smaller community-based housing associations.

3.6.7 Government has also encouraged housing associations to withdraw from providing support services to tenants such as the provision of community centres, furniture stores and training; and instead to

concentrate on providing just 'bricks and mortar'. We would reverse this policy and encourage housing associations to provide support to individuals and communities as well as just housing.

3.6.8 Tenants would also be able to run ballots on proposals put forward by their social landlords. For instance, if a housing association were to merge with another they would have to consult their residents and would have to win a ballot of tenants before they could do so.

3.7 Conclusion

3.7.1 The provision of genuinely affordable housing is critical if we are to deliver on the Liberal Democrat mission to ensure that no-one shall be enslaved by poverty. Liberal Democrats have a comprehensive plan to boost the delivery of genuinely affordable homes, and to ensure that low-cost rented housing is an effective way of cutting housing costs and setting citizens free.

4 Energy and Building Standards

4.0.1 Liberal Democrats will ensure that homes are fit for the future, cut peoples energy bills and tackle the climate emergency by:

- Insulating all Britain's homes to the highest possible Band within 10 years.
- Providing higher minimum energy standards for new builds and rental properties.
- Introducing a package of measures to retrofit existing homes.
- Empowering councils to develop community energy-saving projects, including delivering housing energy efficiency improvements street-by-street.

4.1 Introduction

4.1.1 Humankind is facing one of its greatest challenges – climate change. Alongside this are a range of other challenges, including an ecological emergency, and, most recently, an added requirement to reduce our reliance on external energy supply brought about by the Russian invasion of Ukraine. With millions being threatened with fuel poverty, we need to act now to decarbonise our homes.

4.1.2 Liberal Democrats want to see a future where all homes are able to make a contribution towards tackling the climate and ecological emergencies, which will also cut energy bills and improve residents health and well-being. This work was started in Liberal Democrat MP Diana Maddock's Home Energy Conservation Act 1995. We now need to retrofit existing homes to high standards, and reform the planning system so that all new homes are built to the highest possible standards.

4.2 Meeting the challenge

4.2.1 To decarbonise our housing, we have two separate challenges; refitting the existing housing stock, in particular older housing, and ensuring that all new housing meets the highest standards.

4.2.2 For older, and especially rental housing, considerable investment will be required to make homes carbon neutral. The first target will be to tackle the least efficient housing, especially that lived in by lower income groups.

4.2.3 Our first step would be to appoint Warm Homes and Community Energy tsars in central government to champion these causes - so that they do not lose political momentum over the decade.

4.3 Higher Minimum Standards

4.3.1 New housing provides the opportunity to create housing that is carbon neutral by design and is able to adapt to future environment technology. It can also be designed to reduce transport needs and contribute to environmental protection and biodiversity. Unfortunately, the Conservative Government has failed to take enough action to ensure that new housing is built to tackle climate change.

4.3.2 We will reform planning rules, with higher minimum standards. We will require all new buildings to be built to Passivhaus standards within a year - with no exceptions - and progressively increasing standards as technology improves. We will also require all new homes to be fitted with solar panels, heat pumps and other suitable heat and energy sources. We

would also require all new housing to make full provision for electric vehicles where appropriate.

4.4 Improving the Existing Stock

4.4.1 As well as new builds, we also need to take rapid steps to decarbonise existing homes.

4.4.2 We will undertake an emergency programme to insulate all Britain's homes within 10 years, with a central role in delivering this programme being taken by local authorities, cutting emissions and fuel bills and ending fuel poverty, with non-domestic buildings following.

4.4.3 We would also increase minimum energy efficiency standards for privately rented properties, as part of our wider reforms of the rental sector. We would also adopt a Zero-Carbon Heat Strategy, requiring the phased installation of heat pumps and other suitable heat sources.

4.4.4 We will widen the list of energy and emissions-saving products enjoying the 5% rate of VAT, and extend this lower rate to all household solar PV and battery systems. We would also ensure a strong climate and environment focus in the activities of the new UK Infrastructure Bank, including helping to fund the retrofitting of existing homes.

4.5 Lower Income and Rental Households

4.5.1 Lower income households, in particular in the private rented sector, often live in the least efficient housing in terms of heating. They also struggle the most with energy costs. Such households can face stark choices between food, heating and debt. Measures to improve the heating

efficiency of these homes will both help tackle climate change and tackle poverty and deprivation and so are highly cost effective investments.

4.5.2 We would provide free retrofits for low-income homes, graduating Stamp Duty Land Tax by the energy rating of the property and require all homes of low-income households to reach the highest possible Energy Performance Certificate (EPC) Band within 5 years and other homes within 10 years.

4.5.3 We would also increase minimum energy efficiency standards for privately rented properties and remove the cost cap on improvements - aiming for rented properties to be minimum EPC Band C in the next 5 years and minimum EPC Band B in the next 10 years where feasible.

4.6 Homeowners

4.6.1 We would also introduce measures to help homeowners improve their houses, cutting their bills significantly. Evidence suggests that this is best done when a home changes hands, as it's the time when owners are most likely to undertake significant improvements to the property.

4.6.2 We would work with mortgage providers to encourage them to support energy-saving and zero-carbon measures, including requiring them to report their lending for climate-related home investments, and requiring buyers and mortgage providers to be made aware of the extent to which the property falls below the target energy rating.

4.6.3 We would also introduce changes to Stamp Duty Land Tax, graduating it by the energy rating of the property being sold, and offering

refunds to house purchasers if they improve the rating within one year of purchase.

4.6.4 For those not planning on moving home anytime soon, we would also allow owners to offset spending on insulation, low-carbon heat sources, EV charging points and climate adaptation measures against their income tax bills. We would also introduce grants to improve their property, tapering incentives based on the value of the property so that the least well-off are able to benefit first and take the most advantage.

4.7 Local Action and Environmental Improvement Areas

4.7.1 For existing neighbourhoods, in particular in urban areas with older housing, we will grant councils the powers and resources to create Environmental Improvement Areas.

4.7.2 EIAs, which build on the experience of General Improvement Areas from the 1970s and 1980s, will allow councils to develop locally-tailored plans to improve particular areas. Plans for EIAs will be required to have a high degree of community involvement but will enable councils to both provide the funding to bring all housing in the area up to environmental standard, as well as provide other environmental benefits such as fully providing on-street electric vehicle charging, develop new pocket parks and reduce air pollution.

4.7.3 Crucially, in these areas, all housing will be able to receive grants for the required improvements regardless of ownership model. This will enable the improvement of lower quality rental housing without tenants being faced with unaffordable additional rental costs.

4.8 Conclusion

4.8.1 We need to undertake rapid action to tackle the climate emergency and cut people's energy bills. Through higher standards for new builds and an ambitious programme to retrofit our existing homes, we can tackle the costs of living crisis and ensure a sustainable future.

4.8.2 This paper only considers energy concerns in housing and planning. Environmental issues, including access to green and open spaces, biodiversity and water management, are covered by Policy Paper 156 *Tackling the Nature Crisis*.

5 Infrastructure, Public Services and Jobs

5.0.1 Liberal Democrats would ensure that the planning system delivers the infrastructure and public services our communities need by:

- Integrating public service providers, utilities and transport authorities into the planning process.
- Ensure all public service, transport and infrastructure are ready the day the first residents move into a new development.
- Designing communities around public transport, so it is the obvious choice, and implementing concepts like the 15-minute neighbourhood across the country.

5.1 Introduction

5.1.1 In recent decades, house building has tended to proceed ahead of other important infrastructure, such as schools, GP surgeries, public and active transport, local shops, community facilities and green space, or without it entirely. This has frequently led to the first residents of new housing developments having to endure months if not years with little or no local amenities. There is also a tendency for housing to be built without considering what jobs they will do.

5.1.2 Everyone loses from this approach; developers are blamed and housing opposed due to infrastructure pressures, car dependency is built into new homes and new residents lack the public services and local jobs they need.

5.2 Integrated Planning

5.2.1 There is a lack of integrated planning at a local and national level. Housing is frequently planned by district and borough councils, whilst the county council plans transport and public services are overseen by a range of councils and national government. Utilities provision is provided by a mix of the private sector and national regulators.

5.2.2 We want an integrated planning system, where all the different providers are all at the table when decisions are made. Local development plans should encompass all infrastructure, rather than focus on housing as is currently the case. This would be for both individual planning applications and Local Plans.

5.2.3 Responsibility for transport will be devolved to the lowest practicable level of government – only interregional and intercity infrastructure should remain the responsibility of national government, suburban and intraregional infrastructure should be devolved to the new federal tier of government in England (as set out in Autumn 2021 motion *A Framework for England in a Federal UK*) and local infrastructure to county council or unitary authority level.

5.2.4 We would require utilities, public service providers and other relevant bodies to be active participants in the planning system, rather than just consultees. They would be required to provide detailed input into all stages of planning, from when a developer is investigating a site to completion of building. When necessary, they would have to attend planning meetings, so that they can be held to account by councillors.

5.2.5 Finally, new housing and other infrastructure should be based on local and regional economic and job growth plans, rather than extrapolating from previous trends. This would enable towns, cities and regions to plan and provide the infrastructure, services and spaces they need, so that jobs and prosperity proceed alongside homes.

5.3 Sustainable New Communities

5.3.1 A lack of integrated planning has meant that many new developments have car-dependency built into them from the start. Roads are often the only transport infrastructure ready from when the first houses are occupied, with public transport only coming online later. This approach cannot continue, if we are serious about tackling the climate emergency.

5.3.2 We would require public transport and sustainable transport options to be available from the day the first residents move in, which would be funded through developer contributions. We would also encourage developers and councils to develop locally tailored and innovative approaches. For example, providing free bus travel to new residents for the first year of moving in would help make using buses the default choice over the car.

5.3.3 As well as transport, the location of amenities should be sustainably planned, ensuring most if not all the amenities a person needs are just a short walk, bike ride or public transport trip away. This would include spaces for businesses and other organisations to set up, so that jobs can expand alongside new housing.

5.3.5 We also want communities to be socially sustainable. We would require public spaces and facilities to be publicly owned by default, where frequently at the moment they are owned by the developer. Public space is essentially for mental wellbeing as well as social cohesion - it gives every resident a stake in their community. Public open space forming part of any housing development should always be publicly owned, managed and kept accessible for all if the wider community wants it to be. The options for use of community centres or 'hubs' should be fully explored with all appropriate agencies including local parish, town and community councils before any marketing of the land they use or detailed design of buildings is undertaken.

5.4 Sustainable Existing Communities

5.4.1 In addition to new communities, there is a need to make our existing communities sustainable. In particular, this means reducing traffic and increasing active and public transport use. This is challenging, as many existing communities, especially suburban ones, are relatively low density and designed around car use.

5.4.2 Local councils should develop plans to make such communities sustainable by improving active and public transport infrastructure and promoting mode-switching away from private vehicles. Such plans should also examine the potential impacts on local transport infrastructure from the introduction of autonomous vehicles, which may result in significant changes in the way the local road network is used.

5.5 Rural Communities

5.5.1 Rural communities have tended to lose out when it comes to infrastructure investment. Many rural towns and villages have lost vital local services and amenities, not only making such places less sustainable, but also making accessibility for elderly and disabled residents extremely difficult. Similarly, many rural bus routes have been cut as local councils are no longer able to fund the subsidies that enable them to run.

5.5.2 The route to sustainable transport is most difficult in rural locations as they are most reliant on private vehicles. However, the low population density makes public transport less economically viable and rural areas are likely to be the last to receive EV infrastructure such as charging points. Lessons must be learnt from the failure to roll out high-speed fibre optic broadband to rural communities to ensure they are not left behind again. National government has a responsibility to ensure there is sufficient funding available for local government and rural communities to keep vital local services and infrastructure operating, even if this requires financial support.

5.6 Conclusion

5.6.1 Infrastructure, public services, utilities and sustainable transport must be at the forefront of the planning and housing system. A shortage of vital amenities is often cited as the most common reason for opposing housing developments, and poor planning results in communities that aren't sustainable economically, socially or environmentally.

5.6.2 By integrating the providers of all these different services into the planning system, rather than just having them as consultees, we will ensure

Tackling the Housing Crisis

that services are able to accommodate new developments, ensuring a sustainable future for all communities.

6 Technology, Skills and the Workforce

6.0.1 Liberal Democrats will modernise and upskill our construction sector by:

- Investing in skills, training and wellbeing of the workforce.
- Creating partnerships between local authorities, developers and educational institutions to attract young people into the workforce.
- Providing a regular revenue stream for Modern Methods of Construction so that the sector can invest and grow with greater security.
- Reconnecting with Europe and adopting a fair immigration policy.

6.1 Introduction

6.1.1 England, and the UK more widely, has an acute shortage of workers and skills in the construction and development sector. A survey of developers found that skills shortages were the third most common reason for holding back development. We will never build the number of homes we need or implement our ambitious energy efficient retrofit plans without greater investment in the construction workforce.

6.2 Investing in People

6.2.1 Britain suffers from an acute skill shortage, particularly in vocational skills. For too long, successive governments have unfairly neglected vocational skills and lifelong learning. We want to rebalance our skills policies, and make our construction workforce fit for the future.

6.2.2 Making use of our Skills Wallet policy, we will work with employers, workers and educational institutions to develop bespoke training programmes and opportunities for workers to qualify in the areas the country needs.

6.2.3 In a microcosm, gas boiler fitters will be retrained to install heat pumps, and builders given the skills and qualifications to install insulation and solar panels. This will help tackle the climate crisis, significantly improve the skills and security of the construction workforce and help speed up the delivery of new homes.

6.2.4 Wider investment in skills and training across the economy and the mechanisms and resources to make it a reality will be set out in the Federal Policy Committee's upcoming paper on Opportunity and Skills.

6.3 New Talent

6.3.1 The construction sector is struggling to attract new young people into the workforce. One developer said that over half their workforce is over 50 years old - with a similar pattern elsewhere. Without young people entering the workforce, the number of homes built will start falling significantly. The main reasons for people not wanting to work in the sector is that employment is insecure, with little career progression and is highly demanding work with poor wellbeing.

6.3.2 We would create partnerships between local authorities, developers and educational institutions to develop programmes to attract young people into the sector. This would involve opportunities for vocational training, graduate programmes, clear career progression and

more. The details will be agreed by local partnerships, reflecting the social and economic landscape of the local area.

6.4 Modern Methods of Construction

6.4.1 Modern Methods of Construction (MMC) holds great potential for revolutionising how we build, but so far it is underutilised. The new approach involves offsite manufacturing of parts followed by onsite assembly of homes - sometimes described as factory or flat-pack homes. It has the potential to allow for the rapid building of homes, at a much faster rate than traditional construction.

6.4.2 The sector has struggled to grow due to unreliable investment and demand; there was considerable investment prior to the 2007/8 financial crisis, but this collapsed and has held back investor confidence ever since. The Conservatives have said they are in favour of expanding MMC, but have so far offered no concrete plans to provide the revenue and investment the sector needs to expand.

6.4.3 As part of our ambitious social homes programme, we would make significant purchases of MMC homes each year, guaranteeing a revenue stream for the sector. This would give greater confidence in the sector, both financially and from the public, and help spur investment in this sector.

6.5 Attracting International Talent

6.5.1 As well as the longer term challenges we are seeking to address, we also need to address the more immediate skills and labour shortage

created by the Conservatives shambolic handling of their botched deal with Europe and immigration policy.

6.5.2 As part of our efforts to fix the UK's broken relationship with Europe, we would introduce fairer and more flexible visa arrangements with Europe. This would once again allow the UK to attract talented and hardworking people from Europe.

6.5.3 We would also move away from the Conservatives unfair and inefficient immigration system which allows oligarchs to immigrate but stops many essential workers in construction. We would adopt a fair system based on the nation's needs, not on the wealth of applicants.

6.6 Conclusion

6.6.1 Liberal Democrats want to see a development sector that has the tools to meet the challenges of the future. Through investing in the skills of our existing workforce, attracting a nurturing young talent and adopting a fair approach to immigration, we can meet the challenges of the future and deliver the homes the country needs.

7 Private Sector Tenant and Landlord Rules

7.0.1 Liberal Democrats will give private sector tenants and landlords a fair deal by:

- Introducing a national licensing and minimum standards system for landlords.
- Increasing the default tenancy from 1 to 3 years.
- Introducing rent smoothing to tackle the costs-of-living crisis.
- Giving greater power and resources to councils to tackle bad behaviour from tenants and landlords.

7.1 Introduction

7.1.1 England's private rental sector is fundamentally unfair and under regulated. For decades, the assumption has been that private rental was a temporary stop gap before homeownership, or a lifestyle choice. This is no longer the case; millions of people, especially the young, ethnic minorities and those on lower incomes, are stuck permanently in private rentals, with no prospect of the affordability of a council or housing association home or the security of homeownership.

7.1.2 We want to give a fairer deal to renters and landlords, which will give security and stability to both. We will address the imbalance of power between tenants and landlords, through a system of licensing and standards, longer tenancies, rent smoothing and empowered councils that can properly tackle bad landlords and tenants.

7.1.3 The Conservatives have promised a 'Renters Reform Bill' but it has taken years to take shape and is still not on the statute books. What is promised does too little, failing to give renters the security they deserve.

7.2 Licensing and Register of Landlords

7.2.1 Compared to continental Europe, England's private rental sector is under regulated, which allows many bad landlords to exploit their tenants. We would require all landlords to apply for a licence to rent out their property, and create a national register of landlords as part of this process.

7.2.2 To get a licence, much like getting a driver's licence, we would require landlords to meet minimum standards on safety and service provision. The process would set out what is required of landlords and would be administered locally. This will drive up the quality of service provision in the private rental sector, as bad landlords would have their licences revoked or denied if they failed to meet the requirements.

7.2.3 We would also introduce a similar system for holiday lets, so that there isn't a perverse incentive to switch property from the private rental sector to a holiday let.

7.2.4 This system would also benefit landlords themselves, helping them understand their rights and responsibilities better, which at present many small-time landlords don't know well. This can help them if they have a bad tenant and at present may not know how to respond to them.

7.2.5 We do not believe requiring landlords to get a licence and meet minimum standards would deter investment in the sector. To own a property for rent requires hundreds of thousands of pounds in capital; the

costs of applying for a licensing and demonstrating you can meet standards are small in comparison.

7.3 Minimum National Standards

7.3.1 As part of the new licensing system, we will require all rental properties to meet national minimum standards on safety, the environment and service provision.

7.3.2 All rental properties will have to meet high environmental and safety standards. The national scandal of children and elderly people suffering lung problems from damp must be ended. To tackle the costs-of-living-crisis and the climate emergency, homes need to be insulated to high energy efficiency standards.

7.3.3 They will also need to demonstrate that they can deliver a good service. For instance, they will need to show that when something goes wrong, such as a boiler breaking, they will be able to have this mended in a timely fashion. Many landlords outsource this work to management companies and agencies - so they will also be included in this regulatory framework.

7.3.4 Existing landlords would not have to meet these standards overnight, they would be given three years in order to make the improvements necessary. New landlords would have to meet them before they can begin renting out their properties. Over time, standards on energy efficiency can be raised to help tackle the climate emergency.

7.3.5 Good landlords will be the default under these proposals, not the exception.

7.4 Secure Tenancies

7.4.1 A Survey of England survey from 2021 indicates that 8% of private renters in England have received a no-fault eviction in the past year, while 32% are concerned they will be asked to move out this year. How can anyone live a fulfilling life when the threat of losing their home hangs over their heads? We would give tenants the security that they deserve.

7.4.2 It goes against the liberal principle of equality that landlords have the power to make someone homeless on a whim. We would scrap Section 21 of the 1988 Housing Act, ending no-fault evictions. We would change the rules so that landlords can only evict tenants in specific and proven circumstances, such as failure to pay rent or damaging the property. We would also extend the notice period to two months, except in situations where it can be demonstrated that a tenant has egregiously broken their rental agreement, for example by sub-letting a property or causing structural damage to the property.

7.4.3 We would also extend the default tenancy from 1 year to 3 years. The average tenancy in Germany is 11 years, compared to 2.5 in England. Tenants, especially vulnerable people and children, need stability, whilst not starving the rental market of available properties. We believe 3 years strikes the right balance.

7.4.4 To prevent landlords unofficially evicting tenants by significantly increasing rents and forcing them out of their homes, we would introduce rent smoothing - whereby rent can only increase by the Bank of England Base Rate during the contract period. The interest rate, rather than inflation, is more relevant to the costs a landlord faces since property is a

financial and investment asset rather than a labour-intensive business. This would not lead to the harms caused by blanket rent control, as landlords could increase rents at the end of a contract period.

7.5 Empowered Councils

7.5.1 This system will need to be properly resourced and enforced, which will be done through local authorities. This will be part of a wider Liberal Democrat agenda to empower local authorities and give them back the powers and resources they have lost.

7.5.2 Much like other regulators, the licensing system will be self funded through charges on those it regulates; landlords. As was stated earlier, the costs will be relatively low, so will not act as a deterrent to people investing in the sector.

7.5.3 However, councils will still require additional powers and resources to monitor and enforce standards. Over 10 years of austerity has left councils under-resourced to enforce our current standards. As part of a wider Liberal Democrat commitment to empowered communities, we would ensure that councils have the expertise and resources to prevent bad landlords and tenants.

7.6 Conclusion

7.6.1 Liberal Democrats would create a fair deal in the private rental market, giving tenants the security and stability they need to lead fulfilling lives, whilst ensuring a level playing field for landlords, so that good landlords aren't undercut by exploitative ones.

7.6.2 We do not see evidence that the proposals outlined here would significantly reduce the availability of privately rented properties on the market. Bad landlords who exploit their tenants may leave the market - but ultimately their property would either be sold to better landlords or to new owner-occupiers. The building of thousands of social houses will also increase competition and availability, which will ensure a healthy market.

8 Community and Public Engagement

8.0.1 Liberal Democrats will ensure all voices are heard by:

- Legally requiring councils and developers to seek the views of underrepresented groups.
- Placing a legal requirement on developers to consult before, during and after a planning application.
- Providing communities the resources and expertise to expand the use of Neighbourhood Planning.
- Encouraging councils to use innovative ways of involving the community in development of Local Plans

8.1 Introduction

8.1.1 The current approach to community engagement in the planning process is deeply unfair and has a serious democratic deficit. People often feel that they are powerless; the planning system can seem complicated and impossible to understand and people often feel that councils and developers don't listen to them.

8.1.2 When people do engage with the system, they are often a vocal minority who do not represent the views of the whole community; homeowners and retirees dominate the discussion, whilst younger people, ethnic minorities, renters and those from less well-off backgrounds are marginalised.

8.1.3 The government had proposed giving even more power to a vocal minority through the proposed 'street votes' scheme, which would give greater power to those with the most resources - this is fundamentally

undemocratic, unfair and is inherently elitist. It would exclude the whole community from decision making and mean only a tiny fraction of residents get a say.

8.1.4 Liberal Democrats would create a system where everyone gets a say in the future of their community, not just a vocal minority.

8.2 Ensuring all voices are heard

8.2.1 We want a system where everyone's voice is heard. Polling undertaken by Shelter has shown that 48% of people were supportive of more homes being built in their local areas, with 30% opposed; yet it is the 30% who shout the loudest. Those who do engage in the system are disproportionately older and wealthier than the population, and they are disproportionately opposed to development.

8.2.2 We would legally require councils and developers to seek the views of underrepresented groups; young people, ethnic minorities, renters and the less well off. These people are much more likely to be in favour of housing, but lack the time, resources or confidence to engage in the planning process. By deliberately seeking their views and inviting them to the conversations, we can get everyone's voices heard.

8.2.3 How best to engage these groups would be decided jointly by local councils and developers with guidance from central government. This would range from local citizen's assemblies to help draw up Local Plans and representative neighbourhood forums for individual planning applications.

8.3 Meaningful Consultation

8.3.1 Developers have a duty to consult the public, but at the moment consultation is often too little too late. Consultation often takes place once a planning application has already been submitted, which makes changing any of the proposals difficult and costly. This is deeply unfair and leads to bad outcomes for all.

8.3.2 We want consultation to take place before, during and after a planning application; starting from when a developer first looks at a site, often years before any application is submitted. Consultation should be meaningful and engaging - the local community should be able to shape development and be a partner, not an adversary. We would require developers to listen to this early engagement, and demonstrate how they have adapted their plans based on local engagement.

8.4 Neighbourhood Planning

8.4.1 Neighbourhood Planning has great potential for engaging the community in the planning process, but has been held back; Neighbourhood Plans are largely the preserve of middle-class small towns in the South East of England. We want to see them spread across the whole of England, and for new, alternative approaches to be developed in localities where they are less appropriate, such as large cities and sparsely populated rural areas.

8.4.2 We would provide greater resources, guidance and training to councils and community groups that are interested in developing a Neighbourhood Plan in their area. We would also reform how they interact

with Local Plans, so that they don't lose their weight in planning decisions if the Local Plan changes.

8.4.3 We also want the process to be sped up. At the moment, it can take many years to complete a Neighbourhood Plan, which puts off many people, especially renters and young people, from engaging with the process. With more tools and better guidance, the time it takes to develop Neighbourhood Plans can fall, incentivising more people to get involved.

8.5 Local Plans

8.5.1 Whilst Local Plans involve extensive public consultation over many years, they suffer from the same problems as other parts of the system. Conversations are dominated by a few voices, with thousands of residents who lack the time, resources and confidence to engage in the process left voiceless.

8.5.2 We would encourage councils to innovative ways of involving the community in the development of Local Plans. Citizens Assemblies are a tried and tested method for getting all voices heard on controversial issues. Assemblies could be used before, during and after the development of a Local Plan, so that councillors, officers and developers get to hear the views of all local residents - not just the minority who turn up to meetings.

8.6 Conclusion

8.6.1 Our current approach to community engagement is unfair; millions of people are left voiceless allowing a powerful and vocal minority to dominate discussions. Development has brilliant potential for providing a wealth of opportunities to communities, but this can only be realised

through real community involvement in the decisions that affect them. Our approach is the liberal one, and the right one for building better communities.

9 Second Homes and Investment Property

9.0.1 Liberal Democrats will deliver a fair system for managing Second Homes and investment property by:

- Empowering local councils to manage the impact of Second Homes, investment properties and short term lets with a range of new powers.
- Ensuring that second homeowners pay their fair share of tax.
- Encouraging sustainable communities, with power in the hands of local people.

9.1 Introduction

9.1.1 Second homes, investment property and holiday lets represent a serious challenge in some parts of England. In some parts of the country, especially Cornwall, Devon, the Lake District and London among others, there has been a steep rise in these kinds of properties, which drives up house prices and makes communities unviable. There are estimated to be 550,000 second homes in the UK, double the number of homes we build each year.

9.1.2 This is profoundly unfair; local people are finding that they are being driven out of the communities they grew up in and once vibrant towns being reduced to empty housing. This in turn leads to local infrastructure disappearing, with schools no longer having enough children, buses no longer having enough riders and pubs and shops no longer having enough patrons.

9.1.3 The Conservatives have proposed to double council tax on owners of second homes that are furnished but unoccupied and to introduce new requirements for owners of holiday lets to prove their properties are in fact being rented out. This goes neither far enough, since many second home owners can easily pay the extra tax, nor does it recognise that councils lack the resources to implement these proposals following over a decade of Conservative cuts.

9.1.4 Our guiding approach is John Stuart Mill's Harm Principle; that which doesn't harm others should be permitted. Second homes in many cases don't cause any problems for the community, and we have no desire to penalise these people. When they do start to cause harm to the community, action must be taken.

9.2 Second Homes and Investment Property

9.2.1 Second homes, investment property and holiday lets are causing significant problems to some of England's communities. This is most acutely felt in popular holiday destinations like Cornwall, Devon and the Lake District, where second homes have surged since Covid-19 reduced international travel. In Hope Cove in Devon, 75% of properties are second homes or holiday lets; this is not sustainable.

9.2.2 In many of England's cities, it is investment property rather than second homes that is the problem. Wealthy and powerful people, including many with connections to despotic regimes, frequently buy up properties in places like London. They leave them empty, sitting on them as an investment, which drives up prices and rents for the rest of the population.

9.2.3 However, we do not want to unduly punish those who make use of their second homes. In many cities, small homes are often used Monday to Thursday, with the owner staying at a main home, often with their family, over the weekend. This doesn't harm others, and contributes to the local economy - that's why we would adopt a locally-led approach.

9.3 A Local Approach

9.3.1 The problem of these kinds of property isn't a uniform issue across the country. As such, we want local authorities to be given the powers to manage the problem, rather than having a national approach which could cause harm in some areas.

9.3.2 Councils in places like Cornwall, Devon, London and the Lake District would be granted new powers and resources to manage Second Homes and holiday lets, and ensure that their communities are viable. Whilst all councils would have these powers, they would only be able to use them in specific circumstances - we envision the vast majority of councils would never have to make use of them.

9.3.3 We would create a new planning class for holiday lets and second homes - this would enable local authorities to prevent new ones being built at the planning application stage and decide how many they want in their local area.

9.4 Taxation and Purchase Controls

9.4.1 Frequently, Second Homes do not pay tax; a 'furnished holiday let' can be let out for 105 days a year and then no longer has to pay council tax, paying business rates instead. However, the properties then become

eligible for small business rate relief and can frequently get their entire tax bill cancelled. This is fundamentally unfair; we would scrap this relief for second homes and holiday lets, and require them to pay their fair share of tax and introduce a new planning class for holiday lets.

9.4.2 We would also allow local authorities to increase council tax by up to 500% where homes are being bought as second homes. For existing homes, we would grant councils the power to introduce a stamp duty surcharge paid by the purchaser if they already have another home, with a larger surcharge on overseas residents purchasing such properties. This would provide councils with additional revenue to ensure their communities are sustainable.

9.4.3 We would also allow local authorities to prevent new builds from becoming second homes - with complete restrictions preventing new builds being sold as second homes, investment properties or for short term holiday lets. Such a restriction already exists in many Neighbourhood Development Plans.

9.5 Conclusion

9.5.1 The Conservatives don't want to tackle this issue, they've taken Cornwall, Devon, the Lake District and beyond for granted, ignoring local people and siding with the wealthy and powerful. The Labour Party, on the other hand, proposed a blanket national levy on second homes at the last election, with no regard given to local circumstances.

9.5.2 Liberal Democrats would ensure a firm but fair approach to second homes, allowing people with the means to buy and enjoy second homes without causing harm to the existing community. We would give local

Tackling the Housing Crisis

people and communities the power to control second homes, not developers or politicians in Westminster.

10 Land Markets

10.0.1 Liberal Democrats will create a fairer land market that delivers the homes and infrastructure communities need by:

- Reforming the Land Compensation Act so councils can acquire land for homes and infrastructure at fair values.
- Extending CLL to land that has planning permission.
- Creating a comprehensive National Land Information System.
- Ensuring full transparency in the market for developable land.

10.1 Introduction

10.1.1 All homes and infrastructure are built on land - unlike other factors of production, it is physically limited and doesn't respond to market forces in the way that other factors do. As such, huge unearned profits can be made with the costs falling on the rest of society.

10.2 Capturing Land Value Uplift

10.2.1 The UK underwent a major expansion of housing following the Second World War, delivering huge amounts of council houses and public infrastructure alongside private development. This was largely facilitated by the ability of public bodies to acquire land close to its current value. This meant that council houses and vital infrastructure could be delivered at relatively low cost.

10.2.2 This changed with the 1961 Land Compensation Act, which required public bodies to buy land at its 'hope value' - or what price it would cost if it had planning permission. Whilst its impact wasn't felt at the time, it

has meant that today that councils have to pay hugely inflated prices to acquire land for infrastructure and housing. Land with planning permission for housing can be worth 100 times its agricultural value, driving up the costs for councils. We would remove hope value from the equation, and ensure that land can be brought by public bodies at fair values.

10.2.3 Most European countries base the price paid to landowners of undeveloped sites on their current use plus a mark-up of typically 100-200%. We would set a similar limit, so that landowners receive fair compensation for their loss of future earnings, whilst not preventing the development of public infrastructure and housing.

10.2.4 As part of wider proposals to make Business Rates work better, Liberal Democrats would introduce a Commercial Landowner Levy, which would be applied progressively to land which has been granted planning permission and conditions for development have been met. Not only would this result in greater revenue for local councils and ensure developers make their fair contribution, it would also incentivise developers to get on and build homes and infrastructure - rather than leaving land unused whilst it rises in value.

10.3 An Accurate Land Map

10.3.1 For planners to have a real comprehensive understanding of what they are planning, they need easy access to the right information. Almost all the information they need to plan sustainable communities is available, it's just held across a wide range of different bodies.

10.3.2 For example, Royal Mail owns postcodes; Land Registry holds the only record of land ownership; Ordnance Survey collates all topographic

data for maps; local authorities name and number streets and produce gazetteers of streets and properties, and also define land use for developed land; the Valuation Office values properties for tax purposes.

10.3.4 We would collate all of this into a single National Land Information System, as recommended by the OECD to facilitate efficient management of land. This would be free to use for all public purposes and would be funded through a levy on developers. This would cost 1% of the current planning charges that developers have to pay, so would have almost no impact on house prices.

10.4 Transparency in the Land Market

10.4.1 It is often felt by the public that there is a lack of transparency and accountability in the development sector. The public often feel that decisions are made without any public scrutiny, with landowners and developers taking decisions affecting the future of communities.

10.4.2 Along with efforts to increase public participation in the planning process, we would ensure full transparency in the market for developable land, by requiring all conditional transactions in land where the 'condition' relates to the prospect of gaining planning consent, to be fully registered. This would mean that all beneficiaries from the planning system can be identified, so that the public, councillors and planners would know who will benefit from their decisions.

11 The Planning System

11.0.1 Liberal Democrats would fix the flaws in the current planning system by:

- Requiring higher minimum standards on a range of issues which developers cannot go below.
- Amending viability rules so they cannot be exploited.
- Improving the planning system's approach to self-build homes.
- Abolish leasehold for residential properties and cap ground rents to a nominal fee.

11.1 Introduction

11.1.1 Throughout this paper, we have made a range of proposals that we would introduce to the planning system. Alongside these, we would also make changes to the system that close a range of loopholes and flaws to ensure that the homes and buildings that are built are of high standards and make their full contribution to the community.

11.2 Higher Minimum Standards

11.2.1 Liberal Democrats would introduce new national minimum standards on a range of issues of national importance. These would be similar to the Parker-Morris Standards that set the standards for post-war council house building, although updated to reflect the needs of the 21st Century.

11.2.2 These standards would include measures on energy efficiency outlined above, building safety, social safety including lighting and

anti-crime measures, sustainability of materials, light, space, and the environment.

11.2.3 Developers would not be able to go below these standards, and we would implement them within a reasonable timetable for builders to incorporate these standards into their designs and supply chains.

11.2.4 Local government and planning authorities would be able to require higher standards and locally specific ones on top of these requirements, according to local needs and democratic preferences.

11.3 Viability Assessments

11.3.1 Viability assessments play a legitimate role in the planning system, there are often unexpected developments, such as building materials no longer being available or worker shortages delaying delivery, and the system should be flexible enough to accommodate this.

11.3.2 We would end the practice of viability assessments being used to reduce the amount of affordable housing that is included in a development. This would also include promises made around the environment and contributions towards local infrastructure and public services.

11.3.3 If a developer wishes to change its approach through a viability assessment, it must once again seek the approval of the local planning committee, and only when genuinely unforeseeable circumstances arise.

11.4 Self-Build Homes

11.4.1 Self-build homes can represent the liberal ideal when done well; each individual or family being able to build their own home, with their own resources to meet their own needs and preferences. The UK is an outlier in Europe for low levels of self-build homes, with less than 10% of the UK's homes being self-built compared to a European average of around 50%.

11.4.2 We want to encourage more self-build housing, but would remove some of the loopholes that can be exploited by developers to get around their contributions. Self-build homes would have to make their full contribution towards public services, as with other kinds of development.

11.4.3 To encourage more genuine self-builds, we would provide councils and planning authorities better resources, as part of a wider effort to improve the planning system and local government, to proactively engage with and advise prospective self-builders.

11.5 Getting Homes Built and Sold

11.5.1 At the moment, many thousands of homes are not built after receiving planning permission, or sometimes get left unsold after construction. The most common reasons for homes not getting built after planning permission has been granted is due to:

1. Developers waiting for planning conditions to be discharged.
2. For larger developments, they have to build in phases.
3. For brownfield sites, existing buildings have to be demolished or significantly altered first.
4. A shortage of workers and materials.

11.5.2 We have addressed points 1 and 4 elsewhere in this paper, whilst points 2 and 3 are the nature of construction work.

11.5.3 In some cases however, this will be due to developers waiting for the right market conditions, they are after all private companies that will seek to make the best returns they can.

11.5.4 We would therefore introduce council tax on unsold homes and unbuilt homes that have planning permission, on a timescale agreed with the local authority at the time conditions have been discharged. This would include robust assessments of what the commencement of work looks like and a clear timeline for the building and selling of new homes.

11.6 Leasehold Reform

11.6.1 We would also introduce changes to the planning system to curb the worst excesses of England's leasehold system. Under leasehold, owners can be charged extortionate rents and fees by the owner of the land, a relic of feudalism. This means that despite on paper being homeowners they are in fact still in the insecure situation of renters. England, Wales and Australia are the only countries which still operate a leasehold system, with everywhere else abolishing the system and replacing it with commonhold.

11.6.2 Lloyd George launched a campaign against leasehold in 1909, describing the leasehold system as blackmail, not business. The system remains largely unreformed, although modest improvements were made by the Wilson, Thatcher and Major governments.

11.6.3 However, in England people are once again moving back into privately owned flats on a large scale, especially in the cities. One in four homes in England and Wales are now leasehold.

11.6.4 The Conservatives promised leasehold reform in their manifesto and have pledged to abolish it, but this remains another one of their broken promises. Liberal Democrats would abolish leasehold for all residential properties and completely ban them from all new buildings of any type of property.

11.6.5 We would introduce commonhold systems where appropriate, helping 4.6 million leaseholders move towards the liberal goal of everyone having control over their own lives. We would also cap ground rents at a nominal fee where they remain.

11.6.6 For commercial or mixed use property, we would automatically extend leaseholds to 999 years and reduce ground rents to a nominal fee.

12 Conclusion

12.0.1 England's housing market is fundamentally broken; it has left millions in insecure, low quality and unaffordable homes, with no prospect whatsoever of their situation improving.

12.0.2 It doesn't have to be this way.

12.0.3 We will build 150,000 social homes a year, consisting of council houses and housing association homes, so that the less well-off in our society have the security that others enjoy.

12.0.4 We will build 10 new garden cities to help tackle the housing crisis, with modern infrastructure to ensure sustainable communities.

12.0.5 To provide immediate security for renters, we will introduce a package of measures to give them security and stability, and force all landlords to provide a high quality service.

12.0.6 We will tackle the climate emergency and the costs of living crisis at the same time, through an ambitious programme of retrofitting existing homes and ensuring that all new homes are built to the highest standards, cutting bills and emissions.

12.0.7 We will ensure that every new home built is part of a sustainable community, planned for the long term, with infrastructure, utilities, public services and public transport planned and delivered from when the first resident moves in.

Tackling the Housing Crisis

12.0.8 We'd also make sure that all voices are heard in the planning process, not just the vocal minority, by extending the duty councils and developers have to engage the community in the planning process.

12.0.9 We will deliver a fair housing market, one that meets the needs of today and is fit for the future.

Tackling the Housing Crisis

Policy Paper 155

This paper has been approved for debate by the Federal Conference by the Federal Policy Committee under the terms of Article 7.4 of the Federal Constitution.

Within the policy-making procedure of the Liberal Democrats, the Federal Party determines the policy of the Party in those areas which might reasonably be expected to fall within the remit of the federal institutions in the context of a federal United Kingdom.

The Party in England, the Scottish Liberal Democrats, the Welsh Liberal Democrats and the Northern Ireland Local Party determine the policy of the Party on all other issues, except that any or all of them may confer this power upon the Federal Party in any specified area or areas.

The Party in England has chosen to pass up policy-making to the Federal level. If approved by Conference, this paper will therefore form the policy of the Federal Party on federal issues and the Party in England on English issues. In appropriate policy areas, Scottish, Welsh and Northern Ireland party policy would take precedence.

Tackling the Housing Crisis Working Group

The members of the working group who have prepared this consultation paper are listed below.

Cllr Peter Thornton (Chair)

Richard Cole (Vice Chair)

Cllr Prue Bray

Cllr Judith Derbyshire

Cllr Pippa Heylings

David Knapp

Sarah Lewis

Cllr Susan Lockwood

James Newitt

Iain Sharpe

Cllr Tony Vickers

Adrian Waite

Note: Membership of the working group should not be taken to indicate that every member necessarily agrees with every statement or every proposal in this paper.

Staff

Joseph Wright

Further copies of this paper can be found online at

<https://www.libdems.org.uk/members/make-policy/homes-planning>



Published and promoted by Mike Dixon on behalf of the
Liberal Democrats, 1 Vincent Square, London, SW1P 2PN.

Printed by Sarum Colourview, Unit 8, The Woodford Centre,
Old Sarum, Salisbury, Wiltshire, SP4 6BU

ISBN: 978-1-915375-18-6