



Election 2015: what do the party manifestos mean for housing and welfare?

The purpose of this briefing is to provide CIH members with a concise overview of the major parties' general election positions on housing and welfare, and an analysis of their likely impact. It focuses particularly on positions of the Conservatives, Labour and the Liberal Democrats.

Overall observations

Housing has had a higher profile during the 2015 general election campaign than it did in either 2005 or 2010. Polling by companies such as IPSOS Mori and YouGov have regularly cited housing as one of voters' top 10 concerns, and all of the major parties have given the issue some prominence in their manifestos and in their election campaigns more generally.

There seems to now be an acceptance across the political spectrum that levels of new house building have, for several decades, been insufficient to keep pace with demand and that this is contributing to a still worsening affordability crisis. All major parties are now broadly supportive of the need to significantly increase the supply of new homes. This is positive, although no party has yet gone as far as setting out a comprehensive, long term plan aimed at solving the housing crisis entirely within a generation.

All parties could also go much further in their commitment to affordable housing to rent. Although both Labour and the Liberal Democrats both express in principle for support for up front capital investment in building more homes with lower rents, none of the three major parties included a concrete commitment to invest in new homes for social rent in their manifestos.

On welfare all of the significant parties of opposition, including not only Labour but also UKIP, the Green Party and the Scottish National Party, have all committed to abolishing the bedroom tax. The Liberal Democrats, although still supporting the policy in principle, have proposed significant changes to it, while only the Conservatives continue to support it in its current form. However the same is not true of the £26,000 overall benefit cap which is certain to stay under either a Conservative or Labour led government and which may well be lowered, either in some areas or across the country.

Both Labour and the Conservatives also remain supportive, at least in principle, of universal credit. Therefore while the outcome of the election will certainly affect some elements of its roll out, it is unlikely that the policy will be abolished completely. The situation in Scotland is more complicated as the government is currently considering the devolution of some new powers to Scotland, including on the issue of welfare. At present it is proposed that the Scottish government gain the power to make some changes to universal credit but not to opt out of it altogether. The Scottish National Party have said in their manifesto that they would halt the roll out to allow those new powers to be finalised first.

Finally, it looks very likely that there will be further welfare cuts during the lifetime of the next parliament. The Conservatives have committed to finding £12bn of further savings from the welfare bill and while Labour may well look for a smaller amount, their overall commitment to eliminating the deficit means that it is very likely that they too will look to reduce spending on welfare. To date both parties have only announced





policies which would deliver a relatively small proportion of these savings, meaning that further, as yet unannounced, welfare cuts are very likely regardless of the outcome of the election.

The Conservatives

The Conservatives' overall political message relates to their competence to manage the economy and track record of reducing the deficit. On housing they are focusing principally on promoting access to homeownership by supporting first time buyers. They have also committed to finding significant further savings from the welfare budget.

In summary, their key election pledges on housing and welfare are:

- extending the right to buy to all housing association tenants
- requiring local authorities to sell off their most valuable properties (all of those with valuations in the top one third of homes in the area) as they become vacant and using the money raised to:
 - build replacement homes
 - compensate housing associations for the sale of their homes under right to buy
 - establish a new brownfield fund
- building 200,000 new starter homes, to be made available exclusively to first time buyers under 40 at 20 per cent below normal market values. These would be built on designated brownfield sites and elsewhere as part of developers' s106 contributions
- continued support for help to buy, including establishing a new help to buy ISA
- cutting welfare spending by a further £12bn. This would include:
 - removing housing benefit from under 21s who are in receipt of job seekers allowance
 - lowering the overall benefit cap from £26,000 to £23,000
 - freezing working age benefits for two years.

CIH comment

It is positive that the Conservatives have recognised the need to increase housing supply and to address a worsening affordability crisis. Where starter homes are built on brownfield sites not already earmarked for housing, these should make a contribution to increasing overall housing supply. However we still have some concerns about the way in which the 20 per cent discount is likely to be realised. It is intended that in part this will be achieved by exempting these sites from s106 requirements and from the community infrastructure levy. However this will still leave house builders needing to find further savings and there is a risk that the policy will encourage higher density and/or lower quality developments. Furthermore the proposal to also allow starter homes to be built elsewhere and counted as part of developers' s106 contributions means that on those sites they will be being built directly at the expense of affordable housing to rent.

We are also concerned about the proposals to extend the right to buy to housing association tenants and to require councils to sell off high value homes. If much needed affordable housing is going to be sold, then it is critical that it is replaced. Under the policy as it is currently proposed, it is not certain that it will be possible to replace all of the homes sold. Furthermore [our research shows that the council sector is still facing a significant loss of homes](#) as a result of right to buy sales, despite an existing government commitment to replace these homes on a one-for-one basis. It is also likely that these policies will have a significant impact on both housing association and council business plans and therefore on their ability to build much needed new homes.



Finally, we are also concerned about the proposed further welfare cuts. We consider that further reductions in claimants' entitlement fail to address the root causes of the rising housing benefit bill, most significantly the still rising cost of housing.

Labour

Labour's overall political message is about ensuring that the benefits of the economic recovery are shared by all and about their willingness to intervene where markets are not working for consumers. On housing they have focused particularly on improving conditions for private renters as well as setting out an overall plan to increase the supply of new homes.

Labour's main manifesto commitments on housing and welfare are:

- increasing house building to 200,000 homes per year by 2020. They would achieve this by implementing the recommendations from the Lyons review, which we have published [a separate briefing on](#)
- introducing a package of measures to benefit private renters:
 - three year tenancies as standard with annual rent increases within those three years capped at inflation (CPI)
 - a ban on letting agents charging fees to tenants
 - a national register of landlords
 - reducing the tax allowances available to landlords whose properties do not meet minimum standards
- introducing a three year stamp duty holiday for first time buyers, on purchases up to £300,000
- abolishing the bedroom tax

CIH comment

We welcome the clear commitment to increasing the number of new homes built and the setting of a specific national target for house building. Increasing house building to 200,000 homes a year would represent a significant step in the right direction, however it would still leave us some way short of the 250,000 new homes needed each year to keep pace with demand. We are clear therefore that Labour's target must be a 'stepping stone' towards a larger number still in the longer term.

On private renting, the promise of a ban on letting agents' fees is positive. Furthermore as the sector continues to grow and with more and more households now renting for the long term, including a growing number of families with children, there is certainly an increasing demand for greater security than is currently on offer. It has however been suggested that capping rent rises could reduce investment in both new and existing homes, and on this the detail of the policy is important. There are many different kinds of rent caps and Labour's proposal is to apply them only during the lifetime of three year tenancy. It may be that the impact of this will be fairly limited as landlords are already most likely to increase their rents at the point when a property is relet.

We will need to see more detail before we can properly evaluate Labour's plans to make landlord tax allowances conditional on their properties meeting a certain standard. However we have previously suggested, in a [report published jointly with the Resolution Foundation last year](#), that better targeting of these allowances could help to improve standards.



Finally we welcome the commitment to abolish the bedroom tax, which is both unfair and failing to achieve its stated objectives of reducing the housing benefit bill and ensuring more efficient use of social housing stock.

Liberal Democrats

The Liberal Democrats have positioned themselves between the two larger parties. Their overall political message is about the need to balance fiscal responsibility with a social conscience.

The Lib Dem's main manifesto commitments on housing and welfare are:

- a target to build 300,000 new homes per year. The party would publish a detailed plan setting out how they would achieve this within a year of taking office, however it would definitely include:
 - at least 10 new garden cities
 - setting up a new housing investment bank
 - more direct government commissioning of new homes
- expanding 'rent to own', a means of enabling first time buyers to rent a home while gradually purchasing it by making an additional payment on top of their rent
- giving local councils full control of right to buy in their area
- reforming the bedroom tax so that it is only applied once a tenant has turned down a reasonable offer of alternative accommodation. In addition households who need an extra bedroom for medical reasons would be allowed one and adapted properties would no longer be affected.

CIH comment

We welcome the ambitious target to build 300,000 new homes a year and the commitment to set out a detailed plan to achieve it within a year of taking office. The proposal to expand the direct government commissioning of new homes, first announced as part of last year's Autumn Statement and due to be trialled at Northstowe, is also positive. History shows that as a nation we have only ever built the volume of new homes that we now need to when the state has been prepared to play an active role in doing so.

Although it is encouraging that the Lib Dems now recognise that the bedroom tax is not working and are proposing to make major changes to it, we still believe that the best option would be to abolish it entirely. There is also a danger that the proposed changes, as currently envisaged, could be difficult to implement in practice. For example the suggestion that the bedroom tax is only applied once a reasonable offer of alternative accommodation has been turned down could create legal challenges around the 'reasonableness' of individual offers.

More information

More exhaustive lists of each party's manifesto commitments on housing and welfare are available in the following briefings:

- [what you need to know about the Conservative manifesto 2015](#)
- [what you need to know about the Labour manifesto 2015](#)
- [what you need to know about the Liberal Democrats manifesto 2015](#)

For a summary of manifesto commitments which also covers UKIP, the Green Party and the Scottish National Party, read our briefing [what you need to know about housing and the 2015 general election](#) or [watch a recording of our recent webinar](#).

