

Home truths

Putting housing policy in context for the 2024 general election

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The housing offers from both main parties for the 2024 general election are similar in many respects, suggesting that the ‘penny has dropped’ when it comes to boosting housing supply, supporting would-be homeowners, and improving the energy efficiency of our country’s housing stock.

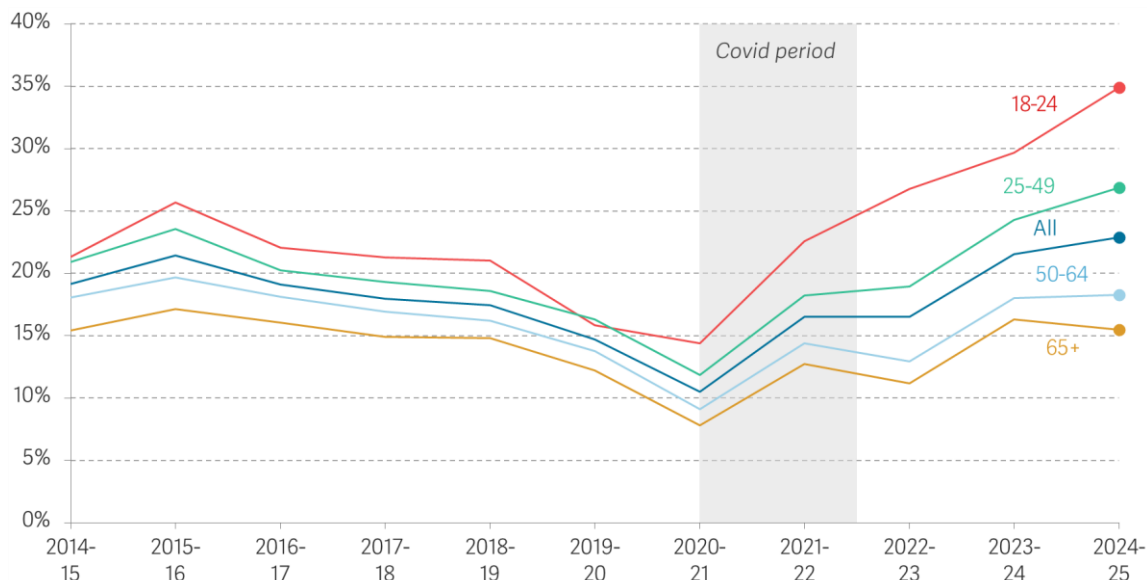
As well as a broad consensus forming around some housing policy areas, much of what both parties propose in their manifestos are essentially ‘continuity’ policies. The Labour Party proposes extending the existing Mortgage Guarantee Scheme; the Conservative Party has promised to make permanent the existing higher Stamp Duty threshold for first-time-buyers; and both have said they would introduce a Renters Reform Bill.

But both main parties are silent on additional funding to drive forward their housing priorities. There is no mention of boosting the Affordable Homes Programme in either manifesto, for example, nor any indication that Local Housing Allowance will be permanently repegged to local rents.

The two main parties’ manifestos are in the public domain, and housing is firmly a feature of general election 2024. In many respects that is no surprise: housing is an issue of growing political concern. Figure 1 shows that, in 2020, 11 per cent of the population identified housing as one of the top three concerns the country faced; going into this election, that figure has more than doubled to 23 per cent. (It is interesting to note how the issue increased in salience during the pandemic period: as we have argued before, [Covid-19 brought the quality of our homes into especially sharp focus](#)). In fact, housing is now behind only the big three of the [economy, health and immigration](#) when it comes to issues people care about in Britain today, and ahead of concerns like crime and education.

Figure 1 **Housing has become a bigger electoral issue for all age groups in recent years**

Proportion of respondents identifying housing as one of the top three issues facing the country, by age group: Great Britain



Notes: Respondents are asked to select up to three issues in response to the question: "What are the most important issues facing the country?". Data is a fiscal year average. 2024-25 data point is averaging April-June.
Source: YouGov, The most important issues facing the country opinion tracker [accessed 12/6/24].

And it is increasingly the case that housing is a concern across the age spectrum. It is perhaps unsurprising that more than one-in-three 18-24-year-olds (35 per cent) are worried about housing today (up from 14 per cent in 2020), but one-in-six (16 per cent) of those aged 65-plus also identify it as a top policy concern (up from 8 per cent in 2020), along with close to one-in-five (18 per cent) of 50-64-year-olds (up from 9 per cent). Those in [older age groups may generally be far more settled when it comes to housing than younger generations](#), but when their children and grandchildren are so clearly struggling, the message to political parties is clear: housing policy matters to voters whatever their age.

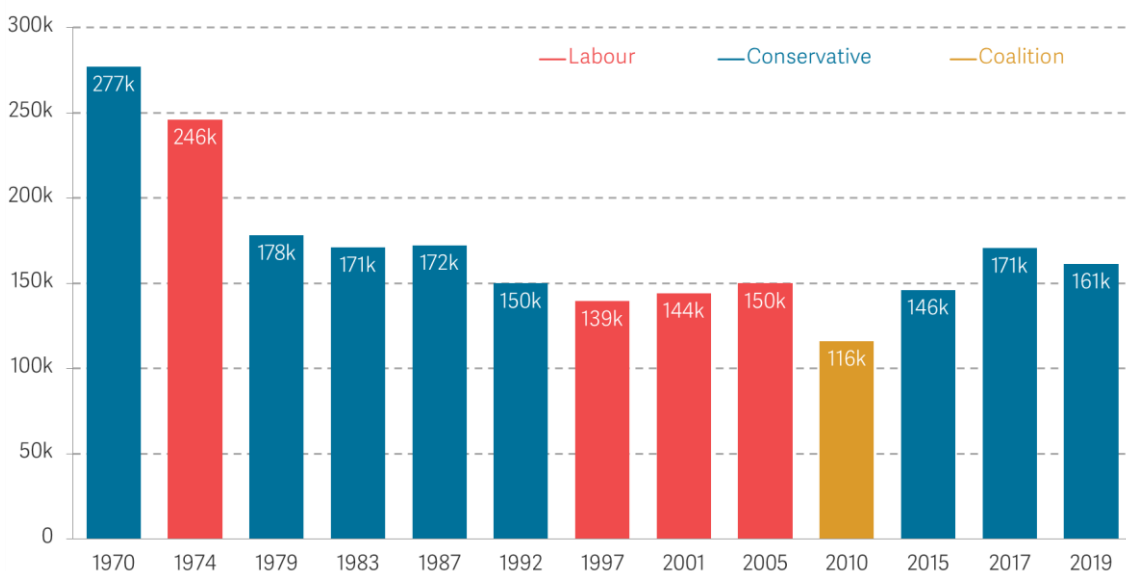
Both main parties have pledged to boost building, but have set themselves challenging targets

So, what are the main parties' offers to the electorate when it comes to housing? The Conservative Party and the Labour Party appear to be in an arms race when it comes to how many homes they say they would build over the next parliament. The [Conservatives have pledged to deliver 1.6 million homes](#) across England over the next parliament, for example, just topping [Labour's commitment to 1.5 million new homes](#) over the same time period.² Given the [high recent and projected population growth](#), plus the [backlog of homes](#) the country needs after years of under-supply, this evidence that the penny has dropped about the need to boost housing supply across the political spectrum is welcome indeed.

However, these are ambitious targets, requiring at least 300,000 new homes be delivered in England in every year of a five-year parliament. Figure 2 brings home just how challenging that would be. There has been no parliament in recent history when annual completions of new homes in England have averaged over 300,000 homes, not even in the 1970s – the heyday of public building.³ But looking back at the last 14 years does give some cause for hope. The early 2010s saw house completions plummet to an annual average of 116,000 new homes in the Coalition years following the financial crisis, but there have been encouraging signs since. In the last Parliament, annualised completions stood at 161,000, higher than all-but-one parliament going back to the late 1980s – a notable achievement given the pandemic, too.

Figure 2 **There has been an uptick in completions since the early 2010s, but reaching either main party’s target would require an almost doubling of current building**

Average number of permanent dwellings completed per year, by parliament: England



Notes: Quarterly DLUHC data for the number of permanent dwellings completed is here matched as closely as possible to the start and end dates of each Parliament. Only financial year data is available pre-1978. 1974 Parliament includes homes built during the 1974 Wilson minority government i.e. between February and October 1974. Year on axis refers to the first year of each Parliament.
Source: RF analysis of DLUHC, Live Table 213.

When it comes to delivery, both main parties are relying on the same silver bullet: planning reform. That’s not surprising given many pin the blame for the country’s low rate of house building on England’s [convoluted planning system](#), and [local leaders who are accused of being overly-sensitive](#) to community objections. While both parties focus on the planning system, the Conservatives remain wedded to the green belt, while Labour’s strategy is to allow some building on lower quality ‘grey belt’ land. Moreover, there is some acknowledgement that it is not just all about the planning rules: the Labour Party has

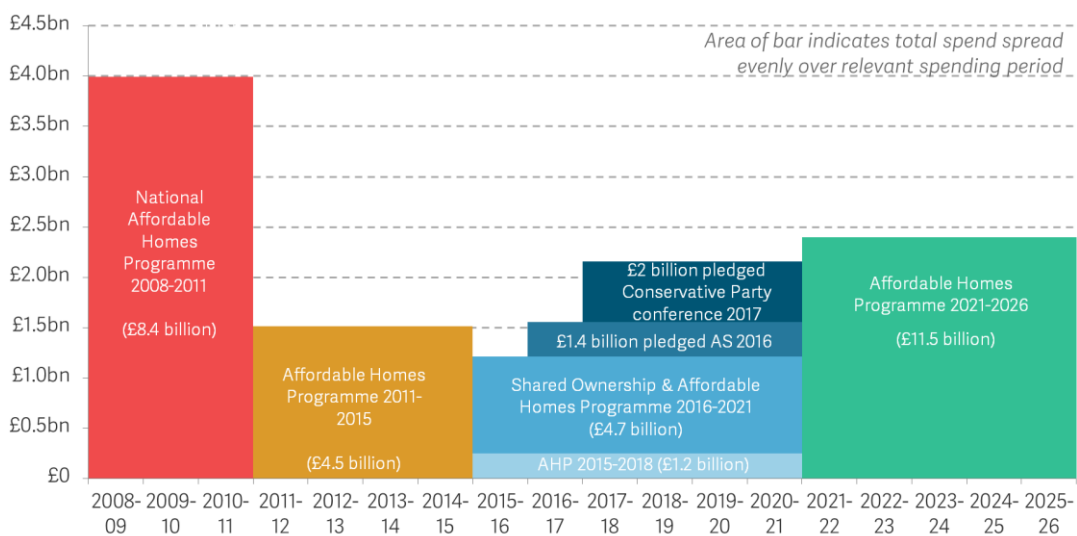
committed to boosting the number of local authority planners by 300 over the next parliament (funded by an increase in the Stamp Duty paid by overseas buyers), equivalent to a 3 per cent increase on [current numbers](#).

Few homes for full social rent have been built in England over the last 14 years, and that does not look set to change

But planning reform alone may not fix England's housing supply problems: the [CMA's recent review of barriers to housebuilding](#) has also identified a lack of commercial incentives for private builders to build at pace. In fact, the time when the country got closest to building at the scale required to deliver on either of the main parties' targets in recent history was a time when the public sector invested significantly in housebuilding: in the 1970s, when around 250,000 new homes a year were being built across England, public housing contributed 45 per cent of that total, compared to just over one-fifth (21 per cent) of new homes built in the 2010s.⁴

Moreover, there is nothing in either of the main parties' manifestos to suggest that this is about to change to any significant degree. Figure 3 sets out the status quo: the current Affordable Homes Programme is funded to the tune of £11.5 billion over five years (2021-22 to 2025-26), making it the most generous funding programme since 2011 in real terms, but still falling short of annual investment levels in affordable housing between 2008-09 to 2010-11. There is a reference, however, in the Labour Party manifesto to "[make changes to the Affordable Homes Programme to ensure that it delivers more homes from existing funding](#)". Which begs the question, how could that be achieved?

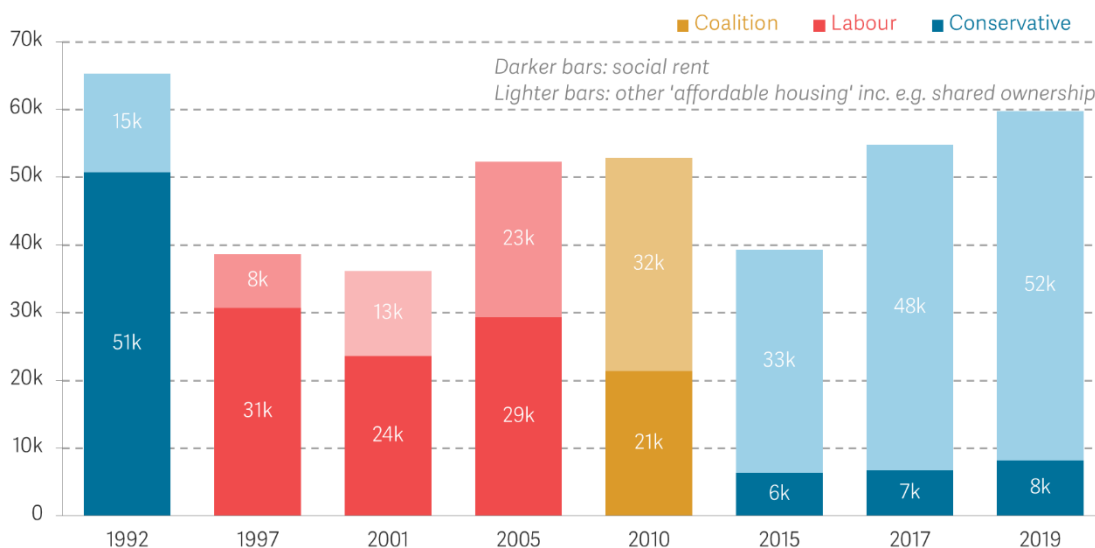
Figure 3 **Funding for the current Affordable Homes Programme comes to an end in 2026**
Real affordable housing commitments over time: England



Notes: Funding commitments in nominal terms at the point they were announced have been GDP-deflator adjusted to 2024-25 prices on an annual basis, then added together to create a new real commitment that is then split evenly over the spending period. The Affordable Homes Programme 2015-18 was operational only between April 2015 and November 2015, at which point it was replaced by the Shared Ownership and Affordable Homes Programme 2016-2021.
Source: Chartered Institute for Housing, UK Housing Review, various dates.

One possible way to build more units with the same amount of public money is to set them at a price point that is still 'affordable' (i.e. sub-market), but is not the most heavily subsidised rate (i.e. full social rent, which is generally around 50 - 60 per cent of the market rent). In recent years, a growing share of sub-market homes have been built for 'affordable' or 'intermediate' rent (rates set at least 20 per cent below local market rents) and shared ownership (where you buy at least a 10 per cent share of a property and pay subsidised rent to a landlord on the remaining share).⁵ This would be in line with recent trends: Figure 4 shows that, although the average number of additional affordable homes built in the last Parliament was strong by historical standards (an average of 60,000 annually), only 8,000 a year on average were full social rent.

Figure 4 **An average of 8,000 full social rent homes were built each year of the last Parliament**
Average number of additional affordable homes per year, by parliament: England



Notes: Financial year DLUHC data for the number of additional affordable homes added to the stock is split equally into four quarters, and these are matched approximately to the start and end dates of each Parliament. For the 2019 Parliament, 2023-24 data is unavailable, so for the final five quarters of data (Q2 2023 - Q2 2024) the number additional affordable homes is assumed to be the same as quarters during 2022-23. Year on axis refers to the first year of each Parliament.

Source: RF analysis of DLUHC, Affordable housing supply statistics (AHS) 2022-23.

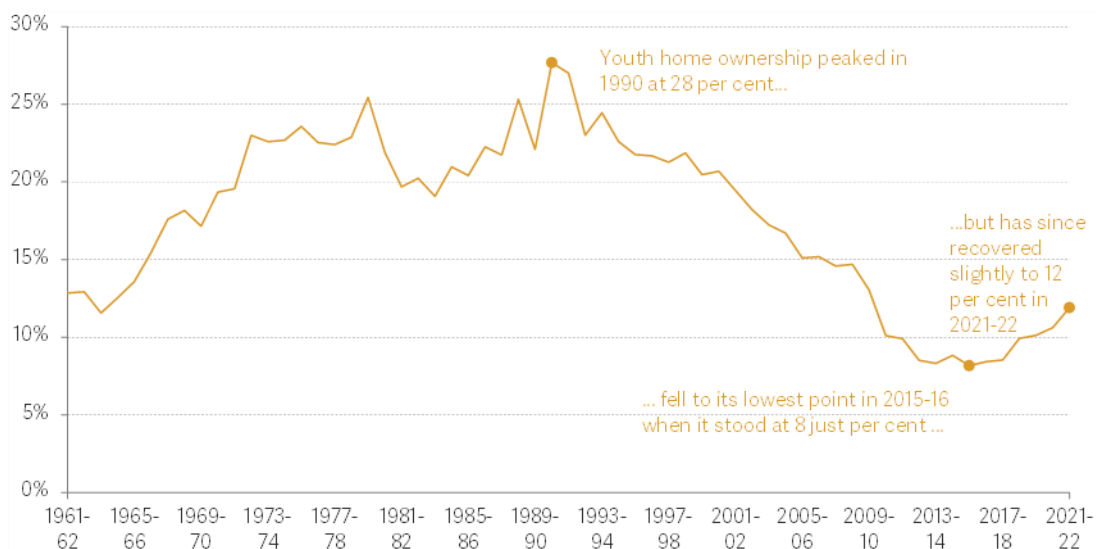
It may be that plans to deliver more affordable housing will rest on private developers delivering on their obligations under planning obligations such as section 106, which requires they build affordable housing (the amount of which is negotiated per development) to 'mitigate' the impact of their development on the local area. This route to building more affordable homes is not without its pitfalls. Developers are often accused of [negotiating down their obligations](#), and under-delivering affordable housing (the Labour manifesto in this vein promises to 'strengthen planning obligations to ensure new developments provide more affordable homes'). Meanwhile, it is also argued that tight planning obligations can place [a further constraint on developers' ability to build at pace](#), particularly when the housing market is less buoyant (the Conservative manifesto promises to lift section 106 obligations on smaller sites to support 'local and smaller builders').

With youth home ownership rates low, both main parties have promised support for first-time buyers

There is ample evidence to suggest that [a large and sustained increase in stock](#) is required to shift the dial on housing costs. So, welcome though the parties' pledges on house building are, it would be optimistic to expect there to be a substantial improvement in housing affordability in the next parliament (housing policy is largely a long-term game).⁶ Given this, it is no surprise to see both Labour and the Conservatives set out their stalls to help more

people onto the housing ladder in the meantime. As Figure 5 shows, taking a long-run perspective, youth home ownership rates are low: the share of families headed by someone aged 19-29-years that own their own home (without – or far more likely, with – a mortgage) fell from a peak of 28 per cent in 1990 to just 8 per cent in 2015-16.

Figure 5 **Although the tide appears to have turned, young people today are still less than half as likely to be home owners as they were 30 years ago**
Proportion of family units headed by 19-29-year-olds owning their home: UK



Notes: A family unit is any single adult or cohabitating couple, plus any dependent children they may have.
Source: RF analysis of IFS, Family Expenditure Survey (1961-83); ONS, Annual Labour Force Survey (1984-91); ONS, Labour Force Survey (1992-2016); DWP, Family Resources Survey (2017-2021).

There has, however, been a slight pick-up in recent years with youth home ownership rates standing at 12 per cent in 2021-22 (a picture curiously more positive than the one painted by [Rishi Sunak in his Panorama interview](#)). As lending restrictions eased following the financial crisis, the number of first-time buyer mortgages being taken out rose by over a quarter since 2015 (albeit with a recent dip in 2023 in reaction to much higher interest rates). However, the deposits required to get onto the housing ladder have remained much higher than pre-financial crisis norms, settling at around 20 per cent of purchase prices since the mid-2010s, and more new mortgagors are taking on longer-term mortgages to meet affordability tests.⁷ So, what offers have the two main parties made to the electorate when it comes to boosting home ownership? The Labour Party’s main promise in this area is to keep the current [Mortgage Guarantee Scheme](#) (MGS), which is due to close in June 2025, which allows lenders to pay a fee in return for the government underwriting the riskiest chunk of a mortgage, thereby allowing them to lend to buyers that have as little as a 5 per cent deposit. It is plausible that making the scheme a permanent feature of the housing market (as is the case in Australia, Canada and the Netherlands, for example) would mean it can have a larger effect than it does currently: the current scheme was used for just [1.3 per cent of all mortgage completions](#) between April 2021 and December 2023.

The Conservative Party have also said they would continue the MGS, and have committed to keeping the threshold at which first-time buyers start paying Stamp Duty Land Tax (SDLT) at £450,000, rather than returning it to £300,000 in April 2025 as currently planned.⁸ They have also promised to supplement these with two further policies. First, they have pledged they would revive the Help to Buy (HtB) equity loan scheme which supports first-time buyers with up to 20 per cent of the cost of a new build home. Similar HtB loans were available from between 2013 and 2023, and assisted over 328,000 thousand first-time buyers in that time. However, such loans are not without their critics ([including us](#)) for two key reasons: the [Government's own evaluation](#) of the schemes suggest they have considerable deadweight given that the majority of users could have bought without government help, and there is evidence that [HtB equity loans can stoke demand](#) and push up house prices of new builds as a result. Second, and more originally, the Conservative Party has also pledged a two-year temporary Capital Gains Tax relief for landlords who sell to their existing tenants, making it easier for renters to transition into home ownership (a policy we've [previously advocated](#)), although [the legislation around this policy would need to be tightly drafted](#) to avoid this relief being fraudulently exploited.

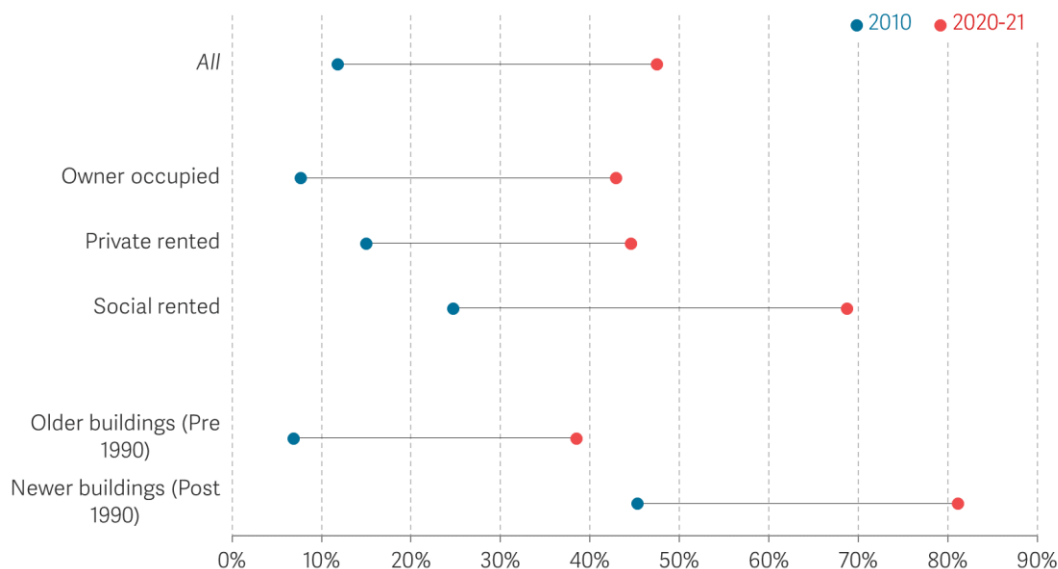
Energy efficiency in homes has improved greatly, but there's still a substantial way to go

In addition to far-reaching challenges in terms of housing supply and home ownership rates, the next government will have to face the challenge of improving the energy efficiency of the UK's housing stock. Although the UK has one of [the oldest \(four-in-ten homes were built pre-1946\) and most poorly insulated housing stocks in Europe](#), the last decade has brought significant advancements in the energy efficiency of homes: Figure 6 shows the share of A- to C-rated homes in England has increased from just over one-in-ten in 2010 to nearly half of all homes a decade later in 2020-21. Improvements in housing quality in the social rental sector have been most dramatic, with nearly 70 per cent of all social homes now rated at C or above, partly reflecting newer buildings, but also the ability of social housing providers to implement insulation programs and boiler upgrades at scale.

Figure 6

Despite significant energy efficiency improvements, over half of homes still lack a decent rating

Proportion of homes with an EPC rating of C or higher, by tenure: England, 2010 and 2020-21



Source: RF analysis of DLUHC, English Housing Survey.

However, progress has not been uniform across all housing sectors, with 11 million private homes (both rented and owner occupied) sitting below an EPC rating of C in 2021. While policy makers have been successful in improving social homes in recent years, this leaves the harder challenge of improving the energy efficiency of private homes, with [one-in-eight owner occupiers with 'poor' or 'very poor' wall insulation](#) in 2021 saying it was 'too much hassle' to improve the efficiency of their walls. This leaves a large and expensive challenge for the next government to tackle. It's therefore welcome that both major parties have mentioned this directly in their manifestos, with the Conservatives reiterating their existing offer of £6 billion of investment to improve the efficiency of around a million homes over the next three years, while Labour seeks to double this investment through their 'Warm Homes Plan', at a cost of an additional £6.6 billion over the next parliament. These ambitions are welcome, but whoever is in government will still face the huge challenge of incentivising homeowners to improve their homes, and questions over how best to support lower income households with the costs of transition.

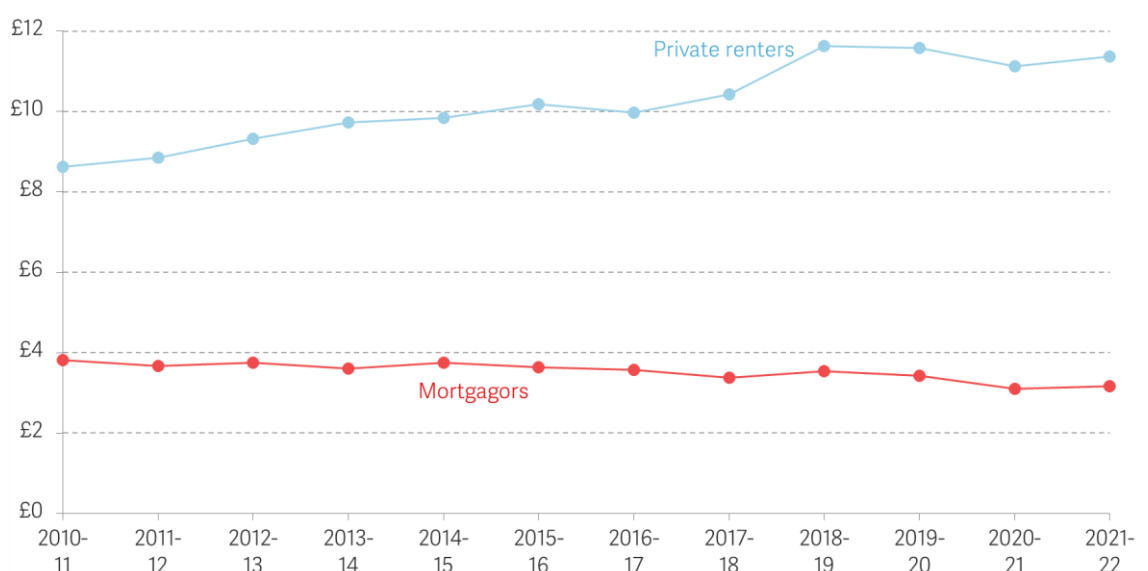
Both main parties' election offer is thinner for long-term private renters than for aspirant home owners

It is welcome to see a strong focus on expanding housing supply, boosting home ownership and advancing energy efficiency across both parties' manifestos. And arguably, the main parties' strong focus on policies to expand home ownership is justified by the substantial share of renters that aspire to be home owners one day ([nearly 60 per cent](#) according to the to

the latest data). However, private renters are a far larger group than in the past (the sector has [doubled in size](#) since the early 2000s); are [often bringing up children in rented homes](#); and for many, may be privately renting in perpetuity. For many, then, private renting is no longer the transitory tenure it traditionally has been, and this changing nature is acknowledged at least in part in both the Conservative and Labour manifestos. Critically, the main parties have both committed to implementing versions of the Renters (Reform) Bill, which was dropped ahead of the last Parliament’s dissolution (having appeared in the 2019 Conservative manifesto), to improve tenant rights and to end ‘no-fault’ evictions. Labour has here sought to distinguish itself by indicating they would legislate to this effect ‘immediately’. However, both parties are noticeably silent on the acute question of housing affordability for private renters: in 2022-23, the average family renting in the private sector spent around a third of their income on housing costs, compared to the average mortgagor who spent closer to a tenth of their income (despite the latter facing far higher interest rates than has been the norm since the financial crisis).⁹ And Figure 7 brings home private renters’ relative disadvantage compared to those who are able to get on the housing ladder in a different way, showing that square metre by square metre, they are paying on average more than three-times as much as mortgagors for their housing (around £11 per square metre for private renters in 2021-22, compared to just over £3 for mortgagors, excluding principal payments). This is despite poor outcomes for private renters in terms of housing quality, with 9 per cent of privately rented homes reported as having damp problems in 2022.¹⁰

Figure 7 **Private renters are paying far more for the same amount of housing than mortgagors**

Average housing costs per square metre, by tenure: England



Notes: Mortgagor housing costs are the interest only and do not include repayments of mortgage principal. Source: RF analysis of DWP, Households Below Average Income; DLUHC, English Housing Survey.

But as our [recent research](#) has pointed out, doing nothing to help at least low-income private renters with housing affordability is likely to be increasingly untenable over the next parliament, not least because of the shockingly high number of households in temporary accommodation (nearly 113,000 by the end of 2023). Critically, although the last Government re-linked the Local Housing Allowance (LHA) to the 30th percentile of local rents in April 2024, [this was a one-off decision](#), meaning that, if no changes are made, LHA will become increasingly disconnected from local rents once again. Repegging housing support permanently to trends in local rents is far from cost-free, but the pressure will build on the next government to do just this as [rents rise rapidly in the coming years](#).

Ultimately, in terms of housing, this election is primarily one of consensus around the key challenges to be addressed, and continuity in terms of the policies used to address them. Given the scale of the challenge ahead, in terms of reducing high barriers to homeownership, as well as dramatically expanding and remediating the country's old and inefficient housing stock, the next parliament will need to be one of decisive action, and long-term strategy in housing policy. But the next government must not forget the challenges facing renters in the short-term, with low-income renters facing rising rental costs without a consistent uprating of Local Housing Allowance in the years ahead.

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² Housing policy is devolved, so we assume these figures are for England only. See House of Commons Library, [Tackling the under-supply of housing in England](#), 19 May, 2023.

³ Completions alone do not capture the full story of additional housing supply (because conversions, changes of use, and demolitions also play a role), but they account for the vast bulk of net addition: between 2006-07 and 2022-23, new build completions made up on average 88 per cent of net additional dwellings. See Department for Levelling Up, Housing and Communities, [Housing supply: net additional dwellings](#), 29 November 2023 for further details.

⁴ Department for Levelling Up, Housing and Communities, [Table 244: Housing supply: indicators of new supply. England](#), 28 March 2024.

⁵ House of Lords Library, [Supply of affordable housing](#), 11 April 2024.

⁶ The decline in home ownership among young people coincides with a dramatic increase in the house price-to-earnings ratio, which increased from 5.1 in the early 2000s to 8.3 in 2023 in England (Office for National Statistics, [Housing affordability in England and Wales: 2023](#), 25 March 2024).

⁷ RF analysis of Bank of England, FCA and ONS, [House price data: annual tables](#).

⁸ Stamp duty relief is available only to first-time buyers purchasing a main residence up to £625,000. Eligible buyers pay 0% on the first £425,000 and 5% on the remainder up to £625,000. GOV.UK, [Stamp Duty Land Tax relief for land or property transactions](#), 29 May 2024.

⁹ RF analysis of Department for Work and Pensions, Family Resources Survey. Data limitations mean these figures are calculated gross of housing support (Housing Benefit or the housing element of Universal Credit). Mortgagor figures are presented excluding costs associated with paying down the principal of the mortgage, on the basis that this creates an asset (as opposed to interest-related mortgage costs, or rental costs which do not).

¹⁰ Department for Levelling Up, Housing and Communities, [English Housing Survey: Chapter 4 Dwelling Condition](#), 2023.