

# HOUSING IN BRISTOL

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BY MOLLY SCOTT CATO  
AND TONY DYER



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# INTRODUCTION

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Bristol's housing crisis touches almost all its residents, whether you are trying to rent or buy a home, or have family and friends in that situation. Buying a home costs almost ten times the average salary, and private renting swallows more than half the average take-home pay.

But this isn't because we've failed to build enough homes – we've more or less kept up with the city's growing population. It's because we're treating homes as investments, fuelled by cheap credit and generous investor tax breaks. At the same time, we've sold off and stopped building council housing. For every £1 the Government spends on low rent homes, it spends £23 fuelling the private market.

This not only means high costs, but also a growing inequality between generations, as young people are left to rent homes off their older and wealthier neighbours.

The Green Party would tackle the crisis with three sets of policies:

1. Hold down house prices, e.g. by scrapping the investor tax breaks.
2. Give renters a fair deal, e.g. with European-style rent controls set by the council.
3. Invest in genuinely affordable council and community-led housing.

A Green MP would work with residents and campaign groups to make this case. With the resurgence of community-led campaigning and house building, Bristol can show the rest of England the way to solve our housing crisis.

*"For every £1 the Government spends on low rent homes, it spends £23 fuelling the private market".*

# WHAT IS GOING WRONG?

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We all know that housing in Bristol is too expensive, and that many people struggle with insecurity and poor conditions.

But the answer isn't only to build more homes, as we're always told.

If the market worked, then increasing the supply of homes would bring prices down and standards up. But the housing market is totally broken. The last government has finally admitted as much, entitling its recent white paper 'Fixing our broken housing market'(1) . If only they had policies to really fix it.

It's not that we have failed to build enough homes in Bristol to meet the needs of a growing population. Rather, it's that homes have been treated as investments, with rising incomes, cheap credit and generous tax breaks leading many to pay ever higher prices to buy homes, and the rest forced to pay ever higher rents for the right to live in them.

Between the 2001 and 2011 censuses, the population in Bristol rose 10%, the number of households rose 13% and the net supply of homes added 14% more housing to the stock (2). So supply kept pace with need. Around two per cent of homes have been empty, so there's enough spare capacity for people to move around (3).

During the same period, the median house price in the city more than doubled from £79,950 to £165,000.

"...the housing market is totally broken. The last government has finally admitted as much, entitling its recent white paper 'Fixing our broken housing market'

Since then the net supply of homes dipped as the recession hit and the Government withdrew funding from affordable housing, but that isn't the main reason why house prices have risen another 44% since 2011 to £237,000 (4).

The main reason is that people have been willing and able to pay ever higher prices to get on the property ladder or buy an alternative to a pension.

Average incomes have risen a lot since 2001, mortgages have been cheap and easy by historical standards, rock-bottom interest rates since the 2007 crash have made ISAs useless, and would-be landlords have enjoyed generous tax breaks. Housing has become as much about investments as about homes. Although only about 7% of British people are landlords, last year 17% of mortgages were taken out by buy-to-let landlords, almost as many as first-time buyers (5), and many other landlords bought with cash.

It's possible that prices could have been held down if we had flooded the market with many more homes, as many neoliberal think tanks advocate, but it's more likely we would then have had the same problem as Ireland and Spain - thousands of empty homes and an even greater investment bubble. Added to this are the ecological consequences including lost agricultural land and a huge carbon and water cost from construction.

This investor frenzy has broken public policy as well as the market. Developers sell a lot of their new flats in Bristol to investors before they're even built; the early sales help them get finance from their bank. If you put off those investors, you would make it harder for the developer to get the homes built in our broken market. So rather than fix the broken market, other political parties have shied away from policies like rent controls because they want to protect the interests of investors so more luxury flats can be built!

*"Housing has become as much about investments as about homes."*

The most obscene end of this market is investors using offshore companies to avoid tax and hide their identity, and sometimes to launder dirty money. The Bristol Cable delved into data obtained by the Private Eye magazine to find that offshore companies had been used to gobble up £1.2 billion of property in Bristol (6).

The Cable also exposed a development of 78 new flats in Southville owned by a company based in Guernsey, which is set to be built without making any contribution towards affordable housing in the city. This kind of investor-led development, common in London in the past decade, is increasingly becoming the norm in cities like Bristol, Brighton and Manchester.

Clearly, just building more homes in this broken market isn't going to help many people in Bristol pay the rent or buy their first home.

"The most obscene end of this market is investors using offshore companies to avoid tax"

# INEQUALITY BETWEEN GENERATIONS

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As house prices have skyrocketed we've witnessed a dramatic growth in wealth inequality, with older and richer households buying up housing stock and renting it to younger generations.

In 2004 only 24% of landlords surveyed were aged 55 or over. But as buy-to-let has become an alternative to pensions, now 60% of landlords are over 55 and a third are in retirement. The median household income for landlords is in the range of £60-69,000, more than double the national average (7).

Successive governments have added rocket fuel with short-sighted subsidies for first-time buyers, and a generous set of tax breaks afforded to investors. While the outgoing government planned just £2 billion of investment in low rent homes, it was planning to put £43 billion into home ownership and the private market (8).

Help to Buy is the latest in a long line of policies promoted by Labour, Lib Dem and Conservative ministers to help first-time buyers. But they all share a major flaw. The Government spends billions each year helping people buy a home they couldn't otherwise afford, which helps house prices rise. So the next crop of first-time buyers need even more help, with more billions of subsidy. Campaign group PricedOut estimated that Help to Buy priced out 6 times as many people as it helped (9).

"Successive governments have added rocket fuel with short-sighted subsidies for first-time buyers, and a generous set of tax breaks afforded to investors."

Investor landlords have also received a generous set of subsidies. The main tax breaks are for 'business expenses', worth an estimated £2.6 to 5 billion in 2010 (10). While some of these are justifiable, and the Government has tightened them up, we are still giving tax breaks on mortgage interest, giving investors an advantage over homeowners and subsidising speculation on house prices.

It's believed that many investors legally avoid capital gains tax, which doesn't apply to your primary residence, by living in a rental property for a period before selling it. Some researchers also suggest a number of unscrupulous landlords illegally evade tax, losing the Government an estimated £0.5 billion in revenue in 2010 (11).

Added to this, private landlords benefit from the housing benefit system, with over £8 billion in Local Housing Allowance paid each year to tenants - and in turn to landlords - to prop up high rents (12). While Government analysis refuted the suggestion that housing benefit increases rent levels, it undoubtedly subsidises landlords.

"Some researchers also suggest a number of unscrupulous landlords illegally evade tax, losing the Government an estimated £0.5 billion in revenue in 2010."



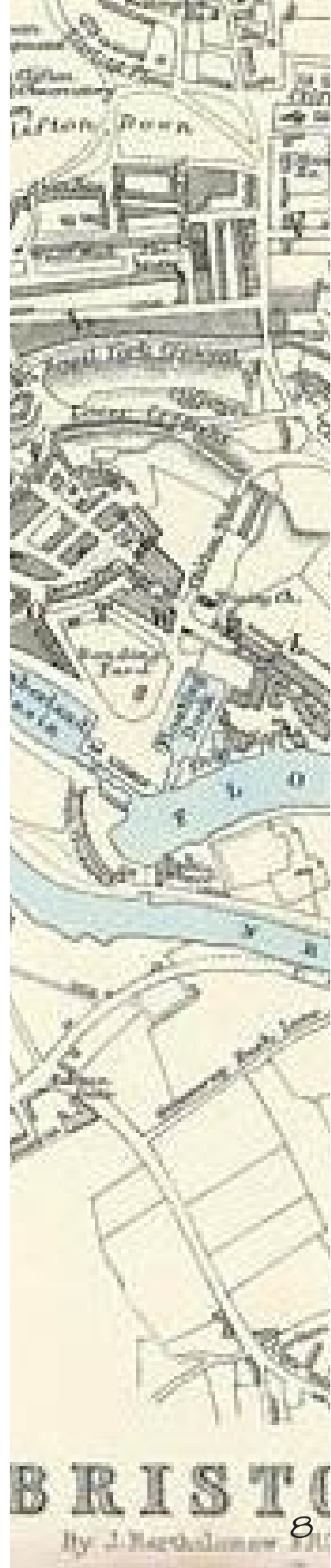
# SOLUTIONS: HOLDING DOWN HOUSE PRICES

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As the population of Bristol grows it will need more houses to be provided, either by renovating empty homes or building new ones. There are fewer than 1,000 long-term empty homes in Bristol, less than 0.5% of the stock (13), so there is still a need to build new homes as well as bring those empty homes back into use. But this cannot be the main solution to the high house prices.

Now that it has admitted the market is broken, the Government needs to take radical steps to fix it, including:

- **Scrap market subsidies.** Tax breaks for landlords' mortgages and schemes like Help to Buy should be scrapped, to stop public money pushing up prices. This money should be put into schemes to deliver more genuinely affordable housing, addressed below.
- **Reform land and property taxes.** The taxes we pay don't reflect the value of our land or homes, but could be used to discourage speculating on homes. Bristol could pilot a Land Value Tax as a fairer replacement for council tax and stamp duty, starting with vacant brownfield land, or a tapered tax that penalises speculators who buy homes and sell them within a year or two of purchase.
- **Give the Bank of England a role.** The Bank should have a duty to aim for stable house prices, giving thought to this when setting interest rates or pumping money into banks through quantitative easing.



# SOLUTIONS: A FAIR DEAL FOR PRIVATE RENTERS

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Private renters in the UK suffer from some of the weakest protections in Europe.

With no rent controls, the median rent in the city last year was £850 per month (14). That's half the average take-home pay for the city. A young person paying off their student loan on that income would have to rent a room in a shared house to bring their rent down to more affordable levels, but to get a place of their own - perhaps to start a family - they would struggle to find anywhere that costs less than half their take home pay. It's no wonder that 10,000 private renters in Bristol need housing benefit to make ends meet (15).

With tenancies lasting 6 or 12 months, renters are vulnerable to eviction and sudden rent rises. The end of a tenancy is now the leading cause of homelessness in England, and landlords issued 1,160 possession notices in the city last year (16).

Whilst many landlords are fit and proper people providing decent homes, a significant minority are either well-meaning amateurs who leave their tenants suffering from real problems, or so-called 'rogue' landlords abusing the weak position that renters are in.

"The end of a tenancy is now the leading cause of homelessness in England, and landlords issued 1,160 possession notices in the city last year."

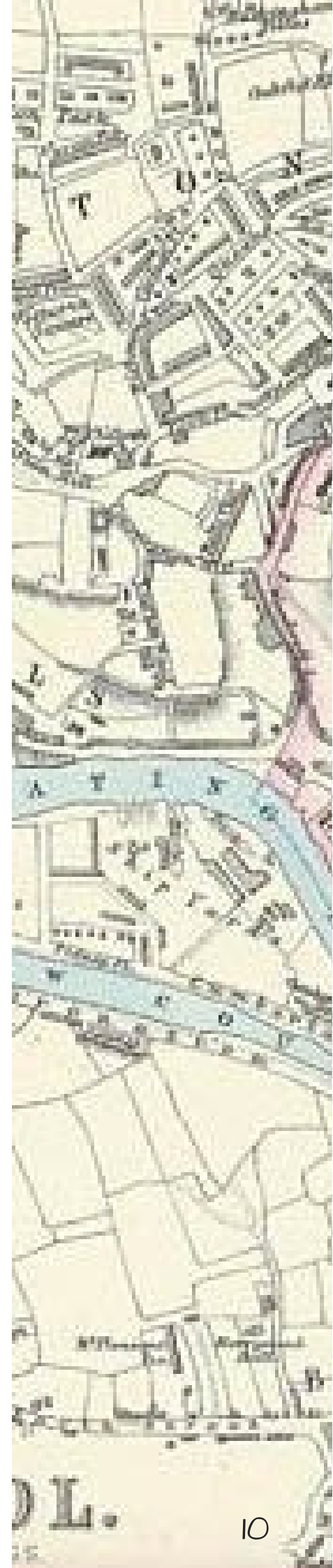
Opponents of better regulation claim any improvements would push up rents and cause landlords to sell up, leaving homes empty. But this needn't be the case. The median household income for landlords is in the range of £60-69,000, twice the national average, half of landlords are mortgage free, and only one in ten has a mortgage on more than 75% of the value (17). So most could cope, and rent controls would prevent any rent rises. Community-led approaches mentioned below can help to bring empty properties back into use if landlords sell up and nobody else will buy them.

We need a new settlement for renters, bringing them sensible protections copied from other parts of Europe and the UK. In its Private Tenancies Bill, the Scottish Government is taking these steps (18). England can too.

This should include:

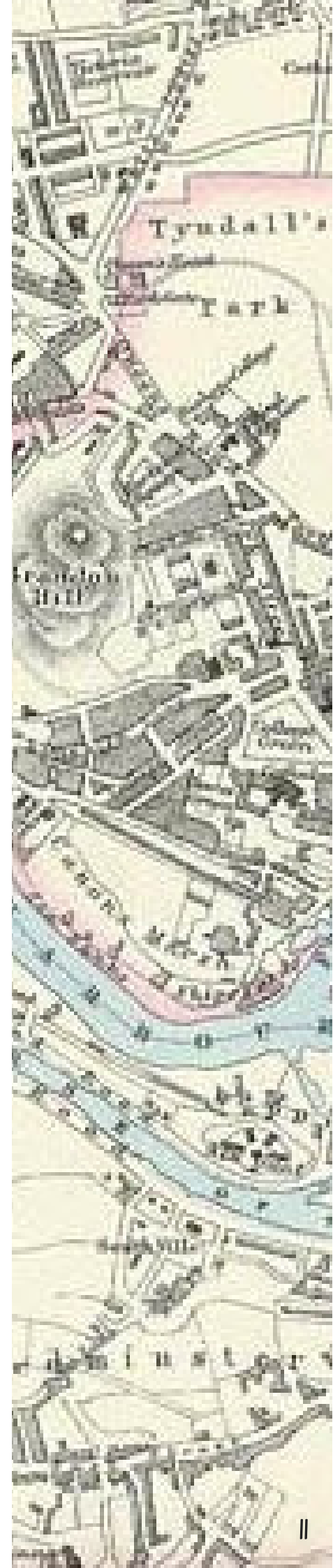
- **More secure tenancies.** A move away from short-term tenancies towards the right for renters to stay in their home so long as they pay their rent and abide by their contract, unless landlords move in or sell the property. This would start with the abolition of the ability for landlords to issue 'no-fault' eviction notices.

- **'Living Rent' controls.** Across England, annual rent increases for any renter should be capped at inflation to protect renters from sudden massive increases. Councils and city mayors should also be given the power to cap rents, either to freeze or cut them, so that the average rent is brought to within one third of the take home pay of the average household - a 'living rent'.



● **Landlord licensing.** Pilot schemes in Bristol improved 700 properties and resolved 199 serious hazards. This should be rolled out to the entire city, and across England, so all landlords are required to have a license to operate, with the fees funding a proactive inspections regime (19).

● **Powers for the city.** The council and mayor should be able to regulate the local rental market, as in many cities across Europe and North America. In Bristol, we should be able to make the Ethical Lettings Charter developed by ACORN a legal minimum, starting with the bronze standard and gradually raising it to their gold standard (20). Green London Assembly Member Sian Berry has pressed the Mayor of London to ask for these powers, though Khan has so far shown little appetite (21).



# SOLUTIONS: PROVIDING GENUINELY AFFORDABLE HOUSING

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As market housing has become extremely expensive to buy and rent, people on low incomes have found it harder and harder to get a council house.

Since 1979 almost 19,000 council homes have been sold off, almost all through the Right to Buy. This isn't just about the Thatcher days. The stock of council homes declined from 34,000 to 28,000 under the last Labour Government, then to 27,000 under the coalition and Conservative governments (22).

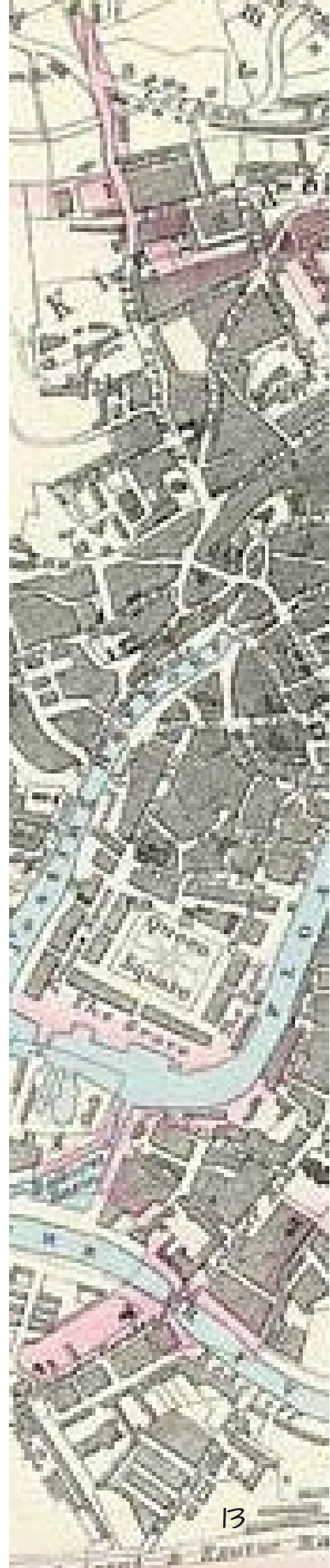
Bristol City Council is not only being forced to sell off its housing, it's also struggling to get new low rent homes built. When the plans for the redevelopment of the former Elizabeth Shaw Chocolate Factory were lodged last year, they included no affordable housing at all, despite a council policy aiming for 30-40% (23).

We need to refocus on providing genuinely affordable homes for the large number of people priced out of Bristol's broken market. We need to help the almost 10,000 households on the council waiting list (24), and the 500 homeless households stuck in temporary accommodation (25).

"We need to help the almost 10,000 households on the council waiting list, and the 500 homeless households stuck in temporary accommodation."

The Government and Bristol City Council should take the following measures:

- **Enforce affordable housing requirements.** National planning policy should give councils stronger powers to stop developers that overpaid for land wriggling out of their social duty with 'viability assessments', and the council should complete the implementation of the motion put forward by Green Party councillor Stephen Clarke (26).
- **End discounted Right to Buy.** The council shouldn't be forced to sell homes at a discount, and should have first right of refusal on previous Right to Buy homes that come up for sale. The new Government should also ditch the idea of forcing housing associations to sell their homes as well.
- **Fund new social housing.** The council should be free to borrow prudently to build new council housing, without having to set up a special company. The Government should invest to build 100,000 council and social rented homes across England each year, saving itself money in the long term by no longer having to pay housing benefit for high private rents (27).
- **Back community-led housing.** Bristol has a long history of individuals and community groups providing their own housing, either through taking on empty homes or building new ones. It is also home to Triodos, a leading lender to community-led housing groups. The council can use its large land holdings and its pension fund to back community-led approaches like Community Land Trusts, co-operatives, cohousing, and self-help groups, meeting the needs of people like those wanting to downsize, to live in a stronger community, or to buy a home where the price is pegged to local wages rather than the broken market price. The Government should secure the future of the Community Housing Fund and ensure community-led groups in Bristol can get access to low cost grants and loans to provide more homes.



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