It's time for locals bonds to pay for the housing we ne...

Published: January 13, 2026, 6:05 pm

Very occasionally I repost a comment made on this blog as a post in its own right. I felt this comment by a commentator who calls him or herself 'Rural Voter' is worthy of that because of the importance of the issues it tackles and the relevance of the commentary offered:

What puzzles me is why Corbyn et al and/or LDs don’t go on the offensive, faced with actual Tory policies that defy ‘One Nation’ claims? I haven’t a clue why.

Look at some 20th.C political history, although it covers the period when baby boomers grew up. UK public debt in 1955 was 140% of GDP, well above today’s. Harold Macmillan, then Housing Minister, later Prime Minister, was MP for Stockton, a working-class seat. Despite his posh/paternalistic background he was clearly a very one-nation Tory, with economic policies distinctly leftwards of today’s Labour or L.D.s.

To be specific, the Harolds (Macmillan/Tory and Wilson/Labour) presided over a construction rate of over 300,000 homes per year. That’s the sort of figure we need to solve today’s homeless crisis. Yet since 1979, ‘Thatcher and Sons’ [ref.: Simon Jenkins’ book] haven’t managed to build more than 150,000 to 200,000 homes per year. Few have been council flats or houses, which are what’s most needed.

Finding the land? Easy; look at how Letchworth or Milton Keynes did it or at how councils in the Netherlands and Germany acquire land, give it planning permission and sell it to developers or self-builders. Paying for houses? Hardly rocket science either. Before any rental income comes in, issue 40 or 50 year government bonds. Rich pensioners who lend £500k to the government via NS&I could even bequeath these loan notes to their grandchildren. That approach could fix the payments on say £400 bn of spending until 2066, i.e., there is no problem if interest rates go up.

I’d rather see councils do the borrowing for however many rented houses and flats they need, though, so central government needs to return the power to issue bonds to local government. It’s called local democracy;. Most countries have it, the UK doesn’t seem to understand it.

The cost of each million council houses, done to very high specifications and decent space standards? My guesstimate = about £80bn.

Water companies already issue very long-dated bonds. The interest rate on some of their index-linked debt has been about 1% per year. Hardly crippling; at that rate it would cost about £3bn per year to repay £80 bn over 50 years.

The UK has too many deep-seated problems — three being the homelessness crisis, as discussed; missing vocational skills and a huge current account deficit — to spend years arguing about Brexit. The only way to reconcile 52% and 48% seems to be a Norway-like situation, meeting roughly in the middle; i.e., half in and half out of the EU [as Peter Hitchens said].