

Funding the Future

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Six hundred high rise blocks in the UK may be unsafe. That may be 60,000 homes and, in all likelihood, 150,000 or more people who might need a new home. Last night Jon Snow asked on Channel 4 News how these new homes might be paid for. So let me answer the question, because the answer is easy to provide. There are a number of ways to achieve this goal, and any combination is also possible.

First, let's make clear that savings from elsewhere could pay for this housing. We could, for example, stay in the EU and save the divorce settlement that is coming our way. How much will that save? No one seems think this sum will be much less than £30 billion. That might pay for many of those new houses. Or we could stop Trident. Or Hinkley Point, [which is going to cost £30 billion](#). The point is money is available when politicians want it.

Second, [we could let local authorities issue bonds](#) to fund the new housing. Bonds are, of course, debt. But, as I have argued, [this country needs more government debt](#). And what is more, it wants that debt. Remember government debt simply provides people with an incredibly safe way to save, which is what they want. So there is almost no doubt that these bonds would be bought. Offer a competitive interest rate and wrap them in a social housing ISA wrapper and they'd be going like hot cakes.

Third, [as I have also long suggested](#), UK pension funds [could be required as a consequence of being offered beneficial tax reliefs to invest 20 per cent](#) of all the contributions they receive in new job creating projects. Under EU rules these could not be directed to the UK alone or even to local funds. But, if the pension fund offered this option to those contributing and those contributors chose to take advantage of that option then that little problem could be circumvented. This could generate more than £15 billion a year.

Then, fourthly we could, course, accept that if none of these options appeal that a government doesn't actually need to raise money to spend it. As I have, [again long explained](#), money can be created out of thin air by the Bank of England on behalf of the government. We know this is true because over the last eight years £435 billion of new money has been created in this way, much of which has eventually led to asset price inflation, including of housing stock in London and the south east of England. There is

no reason why new money could not be created in his way to pay for social housing: this was the whole basis of [People's QE](#) that Corbyn adopted a couple of years ago.

So money is not an issue. Let me be absolutely clear about that.

A shortage of building materials may be.

A shortage of skills might be as well.

And both will be constrained by our desperately conventional view of how houses must be built.

But let's be clear: if you asked me for the money to build these houses and if I was in the Treasury I promise I could deliver it. And so too could anyone else if only they had the understanding and the political will. And in a nutshell it's those last two things that really define this problem. And as result they're the issues needing most attention.