

# Spring 2018 Policy Motions

## 1 The Leasehold Scandal

**Proposer:** Daniella Parker, Eddisbury & Weaver Vale

**Summator:** Paul Roberts, Eddisbury & Weaver Vale

**North West conference welcomes** Government proposals to outlaw leasehold property sales which allow freeholders

- i) to charge excessively escalating ground rents, and/or
- ii) to demand unreasonably large sums for the subsequent purchase of the freehold.

**Conference is nevertheless very disappointed** that this does nothing to help the 1.3 million households - particularly concentrated in the North-West - already trapped in unfair leaseholds and who are or will be struggling to sell their homes, and demands that the Government also take urgent action to help these people.

This would mean establishing bases for determining a fair price for:

- i) leasehold purchase and
- ii) increases in ground rent

and then using these bases to replace unfair terms in sales contracts that have already been completed.

## 2 Lifting Pensioners from Poverty

**Proposer:** John Edwards, Eddisbury & Weaver Vale

**Summator:** Paul Roberts, Eddisbury & Weaver Vale

**Motion to lift more pensions from poverty by allowing the chance to access their asset value.**

*The Liberal Democrats can enable UK pensioners that are "asset-rich" but "cash-poor" to redress the balance in a low risk manner that brings more property onto the market in the medium term. This would be an attractive proposition, particularly to the "grey-vote" and thus allow the Liberal Democrats to grow vote share, whilst applying pressure on other parties to develop similar policies.*

**Conference notes with concern:**

- a. 1.9 million pensioners live below the poverty line, yet 75% of pensioners own their houses outright (Source: Office for National Statistics).
- b. Whilst the UK's responsibility for pensioners should remain undiminished, raising pensions through further debt will serve only to pass on the debt to the next generation.

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c. Asset value for pensioners is currently £926 billion, thus approaching 1 trillion (Source: Key Retirement Solutions, lead provider recognised by the Equity Release Council).

d. The cost of an entry level property for first-time buyers has risen 20% in the last decade (Source: Office for National Statistics)

e. 250,000 new homes per year are required (170,000 private sector and 80,000 social sector) to keep pace with a growing population (Source: Cambridge Centre for Housing & Planning Research).

## **Conference proposes the following policy as one solution;**

1. Government to provide a voluntary equity release scheme at Government bond interest rates (rather than private sector interest rates). This allows pensioners to stay in their property for as long as is required, without having to re-mortgage through private finance providers.

It is, however, critical that this is a voluntary scheme, in stark contrast to the proposed “long-term plan for elderly care” in the 2015 Conservative Manifesto, known to others as “dementia tax”.

2. Payments made through state pension scheme each month, rather than as a cash lump sum through private finance initiatives. An example might be £5,000/annum, thereby increasing pension income from £8,296/annum to £13,296/annum. This will draw a significant amount of money into the economy, and increased tax revenue into the treasury. Note here that taxation would be according to other income, and so low-income households would be less exposed.

By way of an example as to the level of increased revenue: in 2015 the Pension Schemes Act was passed, enabling pension savers to take out around £27m per day from their savings pots; this brought the total amount of money being transferred from pensions into the economy to £3.5bn in the first year, and generated around £700m extra revenue for the treasury.

3. A notice to be attached to Land Register for each person or household voluntarily on the scheme.

This will allow Social Services to see the debt when considering asset value and thus making financial assessment decisions.

On termination of the loan, this policy will therefore bring equity into either ( I ) Government revenue streams as the estate is settled or property is sold, or ( II ) Government housing stock, thereby increasing the amount of (potential) social housing in the medium term as the policy continues.

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## **Conference believes the above policy proposals to be:**

1. Consistent with the spirit of our constitutional objectives to;
  - i) "...build and safeguard a fair, free and open society..."
  - ii) "...balance the fundamental values of liberty, equality and community..."
  - iii) "...[ensure] no one shall be enslaved by poverty..."
2. A means of enabling pensioners to improve their circumstances without increasing the financial obligations of those still working;
3. A means of achieving cross-party support for a measure that will make a real difference to the living standards of many pensioners;
4. A way of getting increased housing levels into social and private markets in the medium term.

## **Conference recognises that the following questions require further discussion;**

1. How would property value be assessed?
2. Who would be responsible for legal costs concerning the finance and land register?
3. Could the same result be achieved through increasing regulation on existing equity release schemes, and thereby reducing financial exposure?
4. Despite this debt being secured against good assets, can the U.K. stand additional consumer credit?