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RESEARCH NOTE 46

## Housing MPs in the Olympic Village

With the public outraged by MPs abuses of the Additional Costs Allowance (ACA), the need to reform the allowance system is now widely accepted.

One proposal is to provide government owned accommodation for those MPs whose constituencies are outside commuter range. This solution has been adopted in other countries in response to similar scandals; in Sweden, for instance, their parliament owns around 250 apartments for their representatives. That would prevent a recurrence of scandals when MPs make profits from selling homes financed with taxpayers' money. It might also cut costs over time by removing the need to finance a series of new homes or rental accommodation for new MPs. There is not yet a consensus about a suitable location, and there is little appetite for new capital expenditure while the public finances are in crisis.



*An artist's impression of the Olympic Village after the games*

The best solution could be to make use of those homes being built to accommodate athletes during the Olympic Games:

- Current plans are for the Olympic Village to leave behind a legacy of 3,000 new homes.
- The Olympic Village project has failed to attract the private financing expected in the plans for the London Olympic Games. As a result, the project has been nationalised. That means **there would not need to be any significant new capital expenditure in order to house MPs in the Olympic Village.**
- The only outside financing for the project comes from the social landlords Triathlon Homes, who are expected to pay £268 million for 1,400 affordable homes.
- That provides a market value for obtaining homes in the Olympic Village of roughly £191,500 per home, a similar bill per home would mean that obtaining permanent homes for use by all 572 MPs outside London would cost **£110 million in foregone earnings from selling the homes to private or social developers.**

- This would be offset by an increase in the value of the remaining, roughly 1,000, homes in the Olympic Village. Those homes would likely see a significant increase in price, which would increase the value returned to the taxpayer when they were eventually sold.
- This only offers a rough guide to the potential value that could be realised from selling the homes that will be allocated to MPs under this plan, but it confirms that the cost can be quite modest. The Additional Costs Allowance cost over **£11.5 million** in 2007-08 and could largely be abolished, though significant payments would still need to be made for expenses associated with maintaining a second home such as council tax and utilities bills. Within a decade – the span of two parliaments – it would be reasonable to expect that savings under this scheme would recoup any costs associated with not selling the homes.
- As the Olympics forms a major terrorist target the Olympic Village will already need to be built with security in mind. As MPs are already concentrated during the day, at the Houses of Parliament, security concerns should not rule out concentrating them in the Olympic Village.
- Housing MPs in a single location will make it easier to arrange a variety of services. For example, those MPs entitled to a government car, or driving their own car, could share a ride into Parliamentary offices in the morning.
- As the Olympic Village will contain a variety of sizes of accommodation, it will be possible to provide room for MPs' families where necessary.
- The Olympics Village will be located close to Stratford International station. That station is set to be connected to the London Underground, Eurostar, Crossrail and Dockland Light Railway. That should mean it is easy to access from a range of national and international destinations, and being accommodated there will not leave MPs cut off from their constituents or the rest of the country and Europe.



Matthew Elliott, Chief Executive of the TaxPayers' Alliance, said:

*"We have been paying for MPs' to build their property empires for too long. It is clearly necessary to consider radical proposals to ensure that we don't continue haemorrhaging taxpayers' cash every year. Money is tight, so taxpayers won't want to see large amounts spent buying second homes for MPs when they are struggling to pay their own mortgages. Using the Olympic Village after the Games are over, which is already being built at the taxpayers' expense, would offer an affordable and sustainable way forward and aid the regeneration of the East End."*

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